**Rent Policy**

The level of rent paid by a tenant is normally the higher figure of either 10% of household taxable income or the standard rent of £192.50pcm. The standard rent is reviewed annually by the Trustees and any changes come into effect on 1 July.

When a tenant makes an Interest Free Loan (IFL) to RBMHO or takes an Equity Share (ES) the rent paid may be reduced. The RBMHO Trustees agreed a new policy in March 2023 which will apply to all new tenancies and will be applied to existing tenants on a phased in basis in 2024 and 2025.

Each year RBMHO publishes a Normal Maximum Purchase Price (NMPP). In 2023 this is £240,000. If a tenant has additional capital, they may add that to raise the NMPP by up to 50% raising the purchase price to £360,000 (2023). If a prospective tenant has between 50% and 100% of the NMPP in capital at the point of purchase the Trustees will determine the level of capital, they will need to contribute either as ES or IFL. This is up to a maximum of 49% of the actual purchase price.

**Equity Shares**

If a tenant provides capital in the form of an ES which reduces the amount of capital that RBMHO need to contribute the rent will be reduced. To be clear if the capital contributed has simply raised the purchase price and RBMHO have contributed the full NMPP, rent will not be reduced.

As ES tenants are required to share in the landlord maintenance costs in proportion to their share of the property, they will receive a larger discount than IFL tenants.

The reduction in rent will be 100% of the proportion of the NMPP that the ES tenant has provided. If an ES tenant has provided 20% of the NMPP their rent will be reduced by 20%.

**Interest Free Loan**

If a tenant provides capital in the form of an IFL which reduces the amount of capital that RBMHO need to contribute the rent will be reduced. To be clear if the capital contributed has simply raised the purchase price and RBMHO have contributed the full NMPP, rent will not be reduced.

As IFL tenants do not contribute to the landlord maintenance costs the reduction in rent will be lower than that received by ES tenants.

The reduction in rent will be 50% of the proportion of the NMPP that the IFL has provided. If an IFL tenant has provided 20% of the NMPP their rent will be reduced by 10%.

**Current Tenants**

The level of rent charged to ES and IFL tenants has varied over time. This means that many ES tenants have received a rent reduction which was based on the actual purchase price and takes no account of the amount of capital contributed by RBMHO. The Trustees do not consider this to be equitable as some tenants who have been able to afford a more expensive property have received a discount in rent while RBMHO have provided the full NMPP. Other tenants who have made an IFL reducing the level of capital RBMHO have contributed have received no recognition for this. In July 2024 the rent will be adjusted to cover 50% of the variance and in 2025 the normal rent policy will be applied according to the above criteria.

Andy Hughes – April 2023