

MARKET RENT (INVESTMENT HOMES) POLICY

1. Purpose

- 1.1 Twenty11 is a landlord that provides affordable homes at submarket rents based on personal affordability and a portfolio of investment homes that are let at market rent as part of a sustainable yield model. This policy applies to our investment portfolio where market rent is charged and clarifies the details relating to these, including in terms of lettings, type of tenancy agreement, rent, deposits, lettable standard and management.

2. Definitions

- 2.1 **Market rent** is the amount of rent that can be expected for the use of a property, in comparison with similar private rented properties in the same area. It considers factors such as the number of bedrooms, amenities, condition and location of the home. This rent product is only used for a limited number of Twenty11 homes.
- 2.2 **Discounted rent** is sub-market rent that we set in accordance with our Rent Setting Policy and is between 50% and 70% of market rent in the local area for the type of home. Twenty11 homes that are offered at a discounted rent are allocated according to housing need, with a rent level that takes account of the household's income and can flex according to personal affordability.
- 2.3 **Investment Portfolio** refers to Twenty11 homes that are specifically designated to be let at market rent. This is not a static portfolio, and from time-to-time Twenty11 may decide to move homes that were previously classified as market rental homes to discounted rental homes, in order to ensure that Twenty11 continues to meet its charitable objectives.

A **fixed term tenancy**, which is a type of AST that has the duration defined from the beginning. Twenty11 fixed term tenancies have durations between 12 months and five years.

- 2.4 A **Deposit** is the amount of money paid by the tenant to the landlord or their agent as security against the performance of the tenant's tenancy obligations, the discharge of any liabilities, any damage to the premises and/or non-payment of rent.

3. Responsibilities and monitoring

- 3.1 The Head of Relationship is responsible for ensuring that this policy is kept up to date and is consistent with other Twenty11 policies.
- 3.2 The Home Ownership Manager is responsible for the operational management of the investment portfolio of Market Rent Homes.
- 3.3 The Empty Homes & Lettings Manager is responsible for letting the investment homes when they become void.
- 3.4 This policy will be reviewed every three years, or following a change in legislation, case law, regulatory requirements or as a result of learning or good practice.

4. Legal & Regulatory Framework

- 4.1 Twenty11 is registered as a Community Benefit Society regulated by the Financial Conduct Authority under the Co-operatives and Community Benefit Societies Act 2014. Twenty11 is not subject to the Regulatory Framework for Social Housing.
- 4.2 All Twenty11 tenancies will be managed in accordance with the provisions of relevant legislation, this includes but is not limited to the Housing Act 1988, the Landlord and Tenant Acts, Data Protection legislation and related guidance.

5. Policy Statement

- 5.1 Twenty11 is a wholly owned subsidiary of Red Kite with the same charitable purpose. It provides homes with a variety of rentals to suit people's individual circumstances and to meet local housing needs.
- 5.2 To meet our Twenty11 objectives and social ethos, our aim is to have as many homes as possible let at a discounted rent, thus meeting the definition of a charitable home (i.e. less than 70% market rental). However, we have a small number of investment homes that we let at market rent level.
- 5.3 The number of market rent homes will be guided by the development programme approved by the Board and aligned with a yield model that ensures the return required within the business plan. In practice, this will typically equate to approximately 10% of homes within Twenty11, although this proportion may vary at times to support the overall financial viability of the development and cashflow, as agreed by the Board. The overriding consideration will be to protect our status as a charitable organisation focused on delivering affordable homes for the community.

6. Policy Details

- 6.1 The portfolio of investment market rent homes will be let at market rent due to their suitability for this type of rent level, for example to offset the costs of new development or to meet our yield model.
- 6.2 Other Twenty11 homes will have been originally advertised for those in housing need at a discounted rent, but the tenant will be converted to a market rent due to their household's financial circumstances when the tenancy is renewed either at the end of the fixed term period or due to a change of circumstances review.
- 6.3 Our discounted homes are allocated to customers through the Local Authority's choice based letting system based on their housing need, our investment portfolio market rent homes will be allocated on a first come first served basis to customers who demonstrate they can afford to pay the deposit and the required rent for the term of the tenancy agreement.
- 6.4 The investment portfolio market rent homes will be advertised on an online rental platform such as 'OpenRent' or a similar way to market rent opportunities from other private landlords.

- 6.5 The type of Tenancy Agreement used will be the standard Twenty11 Assured Tenancy Agreement market rent.

7. Tenancy Agreements

- 7.1 The main differences between the Twenty11 Assured Tenancy Agreement market rent and the one used for discounted rent tenancies are:

- The rent charged will always be full market rent.
- Market rent tenants of our investment homes will be asked for a deposit to be placed in a government approved deposit protection scheme.
- Tenants will not be offered our Realising Potential approach, which is only available for tenants in Twenty11 homes that are let at discounted rents.
- The Tenancy Sustainment Licence will not apply.
- The tenancy runs from month to month rather than weekly (which is normal for private rented tenancies).
- There is an annual upward only rent review with a maximum increase of 7.5%.
- There is the ability to charge interest on unpaid rent. This contractual term would only be used in exceptional circumstances and with the authority of the Twenty11 Chief Executive.

- 7.2 The Twenty11 market rented tenancies will be offered as periodic tenancies from the outset rolling month to month.

8. Assessment of rent

- 8.1 We will assess the rental value for Twenty11 homes in accordance with our Rent Setting policy. For a new let we will use the online 'Open Rent' rent calculator tool to calculate a market rent valuation.

- 8.2 On the anniversary of the tenancy the rents for the homes that are tenanted under the tenancy agreement (investment properties at market rent) will be increased in line with the higher of the Retail Price Index (RPI) or 3% with a maximum increase of 7.5%.

- 8.3 The caveat to the above is if the market cannot sustain the increase or this would lead to long periods of voids then the Chief Executive or other member of ELT has the discretion to agree a lower increase.

- 8.4 All such valuations will be recorded for reference and audit purposes.

9. Lettable Standard

- 9.1 The homes in our investment portfolio are let at a different standard than our other homes, to reflect competition and the standards in the private rented market, such

as the provision of white goods, hobs, cookers and carpets. Please see the 'Group Lettable Standard' for further details.

10. Deposit

- 10.1 Tenants who rent investment portfolio market homes will be charged a deposit before sign-up. This will be equivalent to one month's rent and the first month's rent in advance.
- 10.2 Twenty11 is registered with the Tenancy Deposit Scheme (TDS) a Government Authorised Protection Scheme which ensures the tenant's deposit is held securely and independently for the duration of the tenancy.
- 10.3 On termination of the tenancy, the deposit is repayable to the outgoing tenant, less any costs owed to Twenty11 in respect of:
- Rent owed
 - Damage to the property or other rechargeable items
 - Costs of any enforcement actions by Twenty11 e.g. court applications
- 10.4 At the discretion of the Head of Relationship, if there are exceptional circumstances, we may consider other options such as a 'deposit free solution' whereby an insurance policy covers this instead.

11. Management and tenancy renewals

- 11.1 We will use an external lettings site such as 'OpenRent' to market our investment homes and the Empty Homes & Lettings Team will lead on the advertising and letting of the home (*which will include gathering landlord reference checks*). The Twenty11 Team will carry out credit checks. Please refer to the 'Market Rent Lettings Procedure'. Rent collection and other landlord responsibilities, such as repairs, will be carried out by relevant teams in the Group.
- 11.2 We will carry out routine inspections, generally on an annual basis, for all our 'Market Rent' investment homes. This is to check whether the property is being maintained in line with the tenancy agreement. During the visit, we will take photos if there are any ongoing repair concerns.
- 11.3 Renewals are carried out for all market rent homes before the end of the fixed term tenancy. Where a home has moved from 'discounted rent' into 'market rent' tenancy, we will carry out a home check at the renewal of a new tenancy which will include a check if the household or financial circumstances have changed. Please refer to the Market Rent Renewals Procedure.

12. Fixtures and Fittings

- 12.1 The investment portfolio homes are let with the following items:
- Hob, oven and cooker

- White goods such as fridge freezer, washing machine and dishwasher
- Carpets, in the lounge, bedrooms and stairs

- 12.2 An inventory detailing makes, model number of the appliances and includes photos of each item including the carpets will be created at point of letting and a copy stored for our records and a copy given to the tenant.
- 12.3 Twenty11 is responsible for the repair and maintenance of these fixtures and fittings, unless the items have been damaged due to tenant misuse or abuse. Where items have been misused or abused tenants will be asked to replace the items to our satisfaction or will be invoiced for replacement. If the items cannot be repaired a replacement will be arranged by Twenty11.

13. Replacement

Twenty11 is responsible for the replacement / repair of the fixtures and fittings as detailed in section 12 due to electrical or mechanical breakdown (white goods and appliances) or where the expected wear and tear lifespan has been exceeded, and the item is in poor condition. We will not repair or replace any item that has been misused or damaged by tenants, family members or any visitor to the home. Where items have been misused or abused tenants will be asked to replace the items to our satisfaction or will be invoiced for replacement.

We recommend all tenants take out home contents insurance to cover the costs of accidental damage.

13.1 Flooring

As a rule of thumb, we will assess the condition of the flooring in between every tenancy to inspect general wear and tear and respond to tenants' feedback about any issues. If carpet is badly damaged or stained at the end of a tenancy, and this is due to tenant misuse we will deduct the cost of a deep clean or even a replacement from the deposit or where there is no deposit the tenant will be recharged in line with our Recharges Policy.

13.2 Appliances

To meet our landlord repairs responsibilities if any appliances go wrong, we will repair or replace unless they are due to tenant misuse and damage and we will assess the condition of appliances in between tenancies.

14. Ending a market rent tenancy

- 14.1 In some circumstances, we may end or not renew a market rent tenancy. This may be for a variety of reasons including when the following occurs:
- A breach of tenancy conditions, such as anti-social behaviour or failure to keep the home in a good condition.
 - Failure to pass right to rent checks, including not providing all documentation

requested.

- Reversion or conversion to an 'affordable' rent home.
- We wish to use the home for another purpose (such as sale or development).
- The home needs extensive refurbishment works and maybe considered for disposal.
- We have concerns about the affordability of the home due to high arrears and/or the sustainability of the tenancy.

14.2 There is no right of appeal for tenants who do not agree with our decision. However, we will follow our Feedback Policy to ensure any dissatisfaction or learning is captured.

Document Controls			
Version	3	Effective date	December 2025
Subject matter expert drafter	Head of Relationships	Policy owner	Head of Relationships
Related pod	<ul style="list-style-type: none"> Relationships Twenty11 Property Feedback Finance 	Related policy	<ul style="list-style-type: none"> Twenty11 Property Tenure Change Policy Twenty11 Rent Setting Policy Red Kite Transfer to Twenty11 Policy
Review period	3 years	Next review due by	December 2028
			YES
The 3 lines of defence have been checked and are valid			<input checked="" type="checkbox"/>
Equality Impact Assessment completed			<input type="checkbox"/>
Delegated approvals			
Approved by ELT	Director of Customer Services	Approved Date	28 th November 2025
Approved by Twenty11 Board	Yes	Approved Date	3 rd December 2025