



# Rent Policy

If you require this policy in a different format please ask a member of staff

**Date of Approval**  
November 2007

**Review Due**  
November 2010



## 1.0 Aims of the Policy

In devising its Rent Policy the Association's aims have been to draw up a framework which is:

- applicable to all housing stock owned by the Association
- takes account of the range of differing factors throughout the stock is flexible
- is easily understood and operated
- will allow the Association to continue to house its traditional client groups including the unemployed, low-paid, the elderly and all others with identified housing needs.
- will take account of the following areas of expenditure :
  - mortgage payments
  - management costs
  - maintenance costs
  - SHQS Delivery
  - major repairs
  - voids and bad debts
  - contingencies/risk management
- will provide sufficient income to enable the Association to continue providing its tenants with a high degree of management services
- will provide rent levels comparable with similar local housing providers.

## 2.0 Background and Regulations

2.1 The Association has been responsible since January 1989 for setting rents for all new tenancies as set out in Part II of the Housing (Scotland) Act 1988, and superceded by the Housing (Scotland) Act 2001 for all Scottish Secure Tenancies. The Rent Registrations (Fair Rents) scheme will still apply for previous Housing (Scotland) Act 1987 Secure tenancies while they remain in their current homes.

2.2 The principle aim of a rent policy is to ensure that rents charged provide sufficient funds to cover the current and future costs of the Association's activities. Developing Housing Associations are required to include a statement of their Rent Policy in the Strategy and Development Funding Plan (S&DFP) submitted annually to Communities Scotland.

## 3.0 Annual Rent Increase Review

### 3.1 Viability

3.1.1 Rent increases are considered as part of the overall financial projections of the Association. These financial projections include anticipated running costs, major repairs funds interest rates, etc. Part of this review considers the risks to the Association should rent levels be projected too low or too high.

3.1.2 A review of our long term business plan is completed in Oct/Nov of each year. This will help determine the rent setting for the following year.

## **3.2 Affordability**

3.2.1 In setting affordable rents the Association wishes to target tenants in low paid employment or on low incomes that are not much higher than state benefit levels; including those who may not be entitled to full or partial Housing Benefit. Tenants whose incomes are below the above levels should have all or most of their rent cost met by Housing Benefit.

3.2.2 The Association wishes to avoid rent levels that are only affordable to tenants in receipt of full Housing Benefit and that places those tenants on marginal incomes (in terms of benefit levels) into a poverty trap. Nevertheless, the Association has to balance the principle of affordability against the need to cover the expenditure required to allow the Association to continue providing a high level of management and maintenance services.

3.2.3 Affordability levels will be reported to Committee as part of the rent setting report. It will draw on statistical information supplied by SCORE which includes income details for new tenants. In addition a three yearly income survey will be carried out in conjunction with our tenant satisfaction survey. This is due in the financial year 2008/09.

## **3.3 Rent Comparables**

The rent increases are projected in consideration of peer group rent increases. Peer group rents will be reported to Committee as part of the rent setting review.

## **4.0 Consultation**

4.1 The Association will advise tenants and interested parties annually on the proposed rent charges. The consultation process will involve the following and will normally take place between December and January each year:

- A newsletter article, outlining the proposed rent increase, the procedure for consultation and major items of expenditure such as planned maintenance.
  - Residents express their views by completing a pro-forma. The outcome of the consultation will be reported to Committee after which the rent increase will be approved.
  - Feedback to tenants who completed a pro-forma will include advising them about the outcome of the consultation process and answer any individual concerns which they highlighted.
  - Feedback to all tenants on the consultation process will be included in the proceeding newsletter.
  - All tenants will be notified in writing at least 28 days before the rent increases take effect.

## **5.0 Rent Setting Formula**

5.1 The rent for the rest of the Association's property is calculated by taking all relevant factors such as the property size, amenities, type, age and location together with a base level for all properties and awarding points to each factor, which reflects the benefit of that factor. Once the points are set they will not change unless there is a change in the property such as

central heating.

5.2 The points awarded to each factor are added together and multiplied by the “poundage” figure.

5.3 The “poundage” figure is the figure that is reviewed annually by the Management Committee.

5.4 The calculation on the “Points Allocation Table” shows how the rent is calculated. This is detailed in Appendix 1.

## **6.0 Rent Increases Due to Improvements to Property**

6.1 If there has been an improvement to a property such as the installation of central heating, the rent will also be increased to reflect this improvement over and above the general rent increase proposed. Any such increase will be applied at the next annual rent increase following the completion of the improvement(s).

6.2 Where the improvement work took place during a void period, the new rent will apply at the start of the tenancy in accordance with the Points Allocation Table.

6.3 The Association phased rent increases for number of properties after the installation of central heating systems. These phased rents are due to end in 2008/09 and phased rent will only apply in such circumstances deemed appropriate by the Committee.

## **7.0 Fixed Rents**

7.1 As part of the letting initiative to re-let empty flats between 6 - 38 Elderpark Street it was agreed in September 2006 that rents would be reduced in order to target those in employment.

7.2 The rents are:

<b>Property Type</b>	<b>Proposed Monthly Rent</b>
1 Bed	£120.00
2 Bed	£140.00
3 Bed	£160.00

7.3 The rents are fixed for 2.5 years. Thereafter there will be a phased increase so that in year 5 the rents will have caught up with similar properties in our stock.

7.4 The properties in 6 -38 Elderpark Street are allocated and any re-lets are charged the full rent as per the rent setting formula.

## **8.0 Registered Rents**

8.1 Registered rents are set every three years by the Rent Officer. The Association will apply to re-registration rents for properties in accordance

with the rent setting formula for Scottish secure tenants, as at the time of registration.

## **9.0 Service Charges**

9.1 Any service, which the Association supplies to tenants or owners, will be charged separately from rent and the Association will charge only the costs, including administration, of providing the service.

## **10.0 Other Leases**

10.1 The Association now has a number of leases or special lets with agencies such as MS Namana and the Angel Group. It is proposed that these rents are increased in line with the increase applied to general stock.

## **11.0 Appeal Procedure**

11.1 If a tenant disagrees with the rent being charged they can, in the first instance, raise it with their Housing Officer. If they remain dissatisfied they can appeal in accordance with the Association's complaints procedure.

## **12.0 Review**

12.1 This policy will be reviewed every three years, the next review being due in November 2010, or sooner if legislative, regulatory or best practice requires this.

## Appendix 1

### Elderpark Housing Association Limited Points Allocation Table

Address	
Apt. Size	

<b>Points</b>		
Tenancy + 2 (Reprovisioning)	30	
<b>House Type</b>		
Flat	4	
Maisonette	5	
House	6	
Bungalow	8	
New Build	7	
<b>House Size</b>		
Living Room	2 (per space)	
Bed Spaces	2 (per space)	
<b>Kitchen Types</b>		
Kitchen Area	1	
Kitchenette	2	
Kitchen	3	
Dining Kitchen	4	
<b>Heating</b>		
Radiators	2 (per	
Storage Heaters	2 (per	
Gas Fires	1 (per	
<b>Garden</b>	0-2	
<b>Amenities</b>		
Additional Toilet	2	
Door Entry	1	
Cooker	1	
Fridge	1	
Home Laundry	2	
<b>Total</b>		
<b>Bathroom</b>		
<b>Additional Deductions</b>		
Rooms below average size	-1 (per room)	
Rooms above average size	+1 (per room)	
Separate apartments	2 (per room)	
<b>Total</b>		

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Rent