



# Rent Policy

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## **1. 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 :
  - a) mortgage payments
  - b) management costs
  - c) maintenance costs
  - d) Strategic Asset Management Plan
  - e) major repairs
  - f) voids and bad debts
  - g) 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. 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January 1989 for setting rents for all new tenancies as set out in Part II of the Housing (Scotland) Act 1988, and superceded by the Housing (Scotland) Act 2001 for all Scottish Secure Tenancies.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.

### **3. 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 business plan and our budget for the following year is completed in Oct/Nov of each year. This will help determine the rent setting for the following year and will inform the scope for rent consultation with tenants over the rent review.

#### **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 has adapted the SFHA definition on Affordability which is as follows:  
*“For a rent (including service charges) to be affordable, households with one person working 35 hours or more should only exceptionally be dependent on housing benefit in order to pay it.”*

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 collated as part of the New Tenant Visit form

#### **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. 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 November February each year:

- A tenants' panel will consider the proposed rent review and where appropriate a range of rent levels will be presented.
- The outcome will help determine what and how we consult with tenants. The consultation will normally include a newsletter or specifically designed flier. Residents will be able to 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 or amended.
- 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. 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 award weighed points which reflects that each pointed characteristic.

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. Rent Increases Due To Improvements To A Property**

6.1 In order to reduce the differentials in rent between new build and traditional tenement property, the rents for traditional tenements will increase by an additional 3 rent points. This will be applied during the planned improved work. What constitutes the modernisation and how this will be implemented is detailed in the Appendix 2.

## **7. Registered Rents**

7.1 Registered rents are set every three years by the Rent Officer. The Association will apply to re-register rents for properties in accordance with the rent setting formula for Scottish secure tenants, 'or pointed rent' as at the time of registration. Where we fail to obtain 'the pointed rent' we will consider appealing to the Private Rented Housing Panel.

## **8. Service Charges**

8.1 Any service, which the Association supplies to tenants or owners, will be charged separately from rent and the Association will charge only the cost of providing the service.

## **9. Other Leases**

9.1 The Association now has a number of leases or special lets with agencies such as Orchard and Shipman. Rents may be set above the 'pointed rent', subject to Committee approval. It is proposed that these rents are increased in line with the increase applied to general stock.

## **10. Appeal Procedure**

10.1 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.

## **11. Review**

11.1 This policy will be reviewed every three years, the next review being due in February 2019, or sooner if legislative, regulatory or best practice requires this.

## Appendix 1

### Elderpark Housing Association Rent Calculation Schedule

<b>Address</b>	
<b>Apt Size</b>	

<b>Base points</b>	<b>Points</b>	<b>Award</b>
1 apt traditional tenement	<b>40</b>	
2 apt traditional tenement	<b>42</b>	
2 apt New build	<b>42</b>	
3 apt traditional tenement	<b>44</b>	
3 apt New Build tenement	<b>46</b>	
4 apt traditional tenement	<b>46</b>	
4 Apt New Build	<b>50</b>	
5 Apt New Build	<b>54</b>	
6 Apt New Build	<b>55</b>	

#### Construction and Type

New Build post 2006	<b>2</b>	
Mini refurbished traditional tenement	<b>3 points (one point applied per year) See Policy</b>	
Fully Refurbished, traditional tenement	<b>5</b>	
New Build - Flat	<b>7</b>	
Flat	<b>4</b>	
Maisonette	<b>5</b>	
House	<b>6</b>	

#### House Size and Amenities

Separate Dining room –	<b>2</b>	
Living and Dining room combined	<b>1</b>	
Bed Spaces	<b>2 (per space)</b>	
<b>Kitchen Types</b>		
Kitchen Area	<b>1</b>	
Kitchenette	<b>2</b>	
Kitchen	<b>3</b>	
Dining Kitchen	<b>4</b>	
<b>Garden</b> point for front and back	<b>1-2</b>	
Door Entry	<b>1</b>	
Balcony	<b>1</b>	
Additional Toilet	<b>2</b>	

Additional Shower Room	<b>3</b>	
Additional Bathroom	<b>3</b>	
En-suite Shower/Bathroom	<b>3</b>	
Rooms below average size, as determined by Elderpark	<b>-1</b>	
Cooker	<b>1</b>	
Fridge	<b>1</b>	
Washing Machine	<b>2</b>	
Community Wi-Fi	<b>1</b>	
Furniture maintenance package	<b>1</b>	
<b>Total</b>		

## Appendix 2

### Implementation of the Policy in relation to: Rent Increases due to Improvements to a Property

The committee report of January 2017, Rent Consultation 2017 outlined how the above would be implemented. It stated that:

#### 3.0 'Effect of Applying Mini Refurbishment Rent Points'

3.1 In terms of administrating the additional points the recommendation is that it would be easier to apply an incremental increase of one point per year for a total of three years because:

- Although the vast majority of mini refurbishments will have the same specification, this will differ if, for example, a new kitchen was fitted at an earlier date. This could prompt debate as to whether mini refurb rent points should be applied.
- Also an incremental increase should take away the incentive of people refusing to get the work carried out because they would be charged an extra £180.00 per annum. The increase in rent points would be applied irrespective if we got access to carry out the work or not.

3.2 The definition of the mini refurbishment is a combination of fitting a new bathroom, floorings, internal doors and kitchens. The extent of the improvement work will depend on when the relevant component has been last replaced and whether it is deemed appropriate to carry out work if the property is occupied. This definition will be included in the rent setting policy.

3.3 The proposed time scale when applying rent points for mini refurbs in Elderpark would be as follows;

Year of Work	Date of Applying an Incremental Point Increase
2016/2017	March 2017
2017/2018	
2018/2019	March 2019
2019/2020	March 2020
2020/2021	

There are 589 properties within the programme for the Elderpark Area, plus two properties out-with the area where points have been applied. Where you apply a one point increase the net effect is to increase the total rental income by £34,985.00 per annum. This represents 41.3% of the rent increase required to meet the budget requirements in 2017/18. To make up the difference we need to apply 1.175% increase all the properties.

The estimated dates for carrying out mini refurbishment in other areas are as follows; remainder of Langlands Road 2022, Ibrox in 2027 and Kinning Park in 2028. In the event that a property out-with Elderpark is being refurbished we will apply the mini refurbished rates.