



RENT POLICY (2015)

1.0 POLICY STATEMENT

The aim of the Association's rent policy is to achieve rent levels affordable to the Association's existing and prospective tenants whilst ensuring that the Association's costs are covered.

The Association also intends to ensure that similar rents are charged for similar property.

2.0 CLIENT GROUP

The Association strives to provide housing for a wide range of needs.

The Association particularly aims to provide housing opportunities for

- ✓ those in low paid employment or
- ✓ in socially disadvantaged situations

and this will be taken into account in any review of the Association's rent policy, rent structure or rent levels.

3.0 AFFORDABILITY

3.1 Measuring Affordability

The Association endorses the Scottish Federation of Housing Association's definition of affordability as recommended in the Guidance Booklet entitled "Rent Setting Guidance" published by the SFHA in March 2010 in order to relate the Association's rent levels to the affordability criteria relevant to its own tenants. This definition is

"For a rent (including service charges) to be affordable, a household with one person working 35 hours or more, and receiving in full all "in work benefits" to which they are entitled, should only exceptionally be dependent on housing benefit in order to pay it"

The Association's position has remained consistent over the years and is determined to ensure that rents are set at appropriate levels and do not discourage tenants from undertaking employment opportunities due to the implications associated with means tested benefits. This position is also consistent with the Associations objectives in terms of developing sustainable communities and encouraging social inclusion. Going forward we will consider adoption of any revised measure of affordability when published by SFHA.

3.2 Affordability Pass/Failure Rates

Part of the guidance on developing affordable rents highlights the need to monitor failure rates and these are reviewed annually and reported to Committee.

4.0 VIABILITY

Rental income requires to be sufficient to cover the Association's costs and in particular costs in relation to management, maintenance, service costs, loan repayments and future cyclical and major repairs obligations.

As a result any review of rent levels will ensure that all of the Association's costs are adequately resourced both in the short and long term.

5.0 COMPARABILITY

In establishing its rent structure the Association will take into account rent levels set by other housing agencies providing similar accommodation on similar tenancy terms in Clackmannanshire, Fife and Stirling.

6.0 RENT SETTING MECHANISM

The Association's rents are set by the Committee of Management. Annual variations in rents also require to be formally approved by the Management Committee.

Rents set by the Association reflect varying sizes and types of accommodation provided and are established by way of a base rent and points/formula system that ensures that rents are further differentiated according to the features of the property.

The Rent Setting Mechanism currently in operation is attached - **Appendix 1**.

The base rent has been established by considering a basic unit element and the revenue costs to be covered by the rent i.e. management, maintenance, voids/bad debts, major repairs including SHQS compliance.

In order to determine the total rent applicable various additions are made to the base rent for such features as the number of bedrooms, dining facilities, type of central heating, whether the property is a flat, amenity flat, house or wheelchair house and additional services provided to the tenant.

This mechanism is reviewed annually in order to consider the appropriateness of its various components in relation to the actual rents that it produces.

7.0 SERVICE CHARGES

Service charges are added to the basic rent or occupancy charge of some properties when costs are incurred by the Association in the provision of additional services and amenities to tenants and to sharing owners.

In the case of owners who receive factoring services, service charges include the costs incurred by the Association in providing the Factoring Service.

8.0 TYPES OF SERVICE CHARGES

The Association will charge tenants, sharing owners and factored owners for the provision of the following services in its developments:

- ✓ Cleaning of communal stairs
- ✓ Cleaning of communal windows
- ✓ Maintenance of hard and soft landscaped areas
- ✓ Maintenance of communal TV aerials providing free to view television and radio services
- ✓ Electricity supply for lighting of communal areas
- ✓ Lift maintenance
- ✓ Administration of services

Listed above are the more common service charges, however there are other services which may be provided to individual tenancies and charges made. These include the following:

- ✓ Servicing of equipment installed for tenants with special needs
- ✓ Provision and maintenance of furniture or white goods, where the furniture or white goods remain in the ownership of the Association

The above lists are not exhaustive and may be added to as required.

9.0 APPLICATION OF SERVICE CHARGES

Where services are provided the costs are pooled across our housing stock as a whole and a service charge levied to each property that receives the service. A service charge is generally the same for all properties receiving that service.

The Association may decide not to fully recover the costs of a service where this would result in unaffordable charges otherwise being payable.

10.0 SERVICE CHARGE CALCULATION AND REVIEW

The principal objective in determining the level of service charges is the recovery of all costs incurred in the provision of the services, including any previous deficits, without making a surplus.

Service charges will be reviewed annually and the charge for the coming year will be calculated on the basis of the cost of providing that service for the previous year taking account of any deficit or surplus carried forward from previous years. Where costs are not known, service charges will be calculated on the basis of costs incurred elsewhere or reasonable estimates of costs that will be incurred

The administration charge will be an additional 5% of the total service charge.

11.0 NOTIFICATION OF SERVICE AND CHARGES

Details of all services provided to a property are detailed in the Tenancy Agreement for tenants and the Occupancy Agreement for sharing owners.

Services provided to factored owners will be described in the Factoring Statement of Service

A minimum of 4 weeks' notice will be given for any change in the overall rental charge with the notification of rent/occupancy charge changes normally being effective from the beginning of each financial year.

Where the Association wishes to introduce new services to an individual property or to a development, we will give 4 weeks' notice and notification of our proposals.

12.0 PAYMENT OF SERVICE CHARGES

Tenants

For tenants, service charges will form an integral part of the rental charge.

Sharing Owners

For sharing owners the service charges are recovered with the occupancy charge.

Outright Owners

For outright owners service charges are recovered by 6 monthly invoicing in accordance with the Association's Factoring Policy and Procedures.

13.0 QUALITY OF SERVICE

The Association aims to ensure high standards of service to its service users and although recognising the direct relationship between costs and standards of service maintains that standards should not be compromised in order to satisfy affordability parameters.

The Association is committed to levels of service and performance contained in relevant Scottish Housing Regulator (SHR) Regulatory publications and which will fulfil the requirements of the Social Housing Charter.

All contractors providing services to the Association's customers are appointed in accordance with the Association's Corporate Procurement Policy and Procedures and are registered on the Association's list of Approved Contractors.

Service delivery is monitored as with other services by inspection and customer feedback.

14.0 RENT REVIEW

Rents are reviewed annually by the Association with new rents being communicated to its tenants by the end of February each year for introduction from the 1 April.

This review will consider the rental income required to maintain the Association's financial viability whilst recognising the desire to keep rents at affordable levels to those in low paid employment.

Of particular relevance to the proposed rent increase will be the most recent rate of both CPI and RPI inflation rates and any emerging trends in these rates, interest

rates and their potential effect on key expenditure issues such as maintenance costs, loan repayments and staffing costs.

Should RPI or CPI be a negative figure the Association will consider, as a minimum, freezing rents for the following year.

15.0 VARIATIONS TO THE RENT POLICY

In the following situations there may be a requirement for variations to the rent policy to be applied:

- ✓ Shared Ownership
Shared ownership occupancy payments will be calculated in line with the Scottish Government's guidance to reflect the sharing owners' responsibility for repairs and the percentage of the property that they own.
- ✓ HAG Approval Stage
Actual rents charged may vary from the policy due to the original rent set at HAG approval stage but will be brought into line as soon as practicable.
- ✓ High Cost Developments
Properties in high cost developments may have additional points allocated to compensate for any shortfall in Scottish Government funding.
- ✓ Supported Accommodation
Supported accommodation projects, where the nature and type of accommodation is not covered specifically by this rent setting mechanism.
- ✓ Mortgage to Rent Properties
Additional points may be allocated to cover any shortfall in the Scottish Government's funding.
- ✓ Mid Market Rent
Mid Market Rent properties will be covered by a separate policy and rent setting mechanism if introduced by the Association.

16.0 POLICY REVIEW

This rent policy is reviewed annually.

Fiona Nicholl
Depute Director

January 2015

Policy Review and Consultation Process

Reviewed by the Management Team on	6th January 2015
Considered by the Finance, Audit & Corporate Governance Committee on	15 th January 2015
APPROVED BY THE MANAGEMENT COMMITTEE ON	29 th January 2015
Date of Next Review	January 2016

APPENDIX 1

RENT SETTING MECHANISM	POINTS	£
Base 2014/15	100	2,497
Kitchen	6	150
Single Room	8	200
Double Room	14	350
Living/Kitchen	2	50
Kitchen/Dining	3	75
Living/Dining	3	75
Dining Room	19	474
2 nd Lounge	19	474
Shower Room	3	75
2 nd Bathroom	5	125
2 nd Toilet	2	50
Laundry Room	5	125
		%
Sustainable Technologies		2%
Sunspaces		2.5%
Cottage Flat		2.5%
House		7%
Wheelchair Adapted House		9%
Wheelchair Adapted Flat		8%
Elderly/All Disabled		4%
Amenity Standard/Ambulant Disabled		3%
Central Heating Electric		9%
Central Heating Gas		12%
LIST OF SERVICE CHARGES “MENU” – charges will be updated once known		£pa
Close Cleaning		
<i>Bridge Terrace</i>		157
<i>Bowhouse Gardens</i>		173
<i>Paton Court</i>		187
<i>Mill Road</i>		252
<i>Old Mill Lane Ph 1</i>		325
Electricity - Landlord Supply		45
Landscape Maintenance		76
Window Cleaning		20
Mill Road Lifts		
Servicing of adaptations		Various