

Rent Setting Policy

|  |  |
| --- | --- |
| Date of Policy | October 2018 |
| Date approved | January 2019 |
| Date for Review | October 2021 |

**1. INTRODUCTION**

1.1 The Scottish Housing Regulator requires that Registered Social Landlords (RSLs) adopt rent policies that take account of affordability, costs of managing and maintaining their homes, and comparability with rents charged by other RSL’s operating in their area. RSL’s are also expected to design a rent setting mechanism which apportions rents fairly to individual properties.

1.2 This document outlines Ruchazie Housing Association’s Policy on setting rents.

1.3 This policy is informed by the guidance provided by the Scottish Housing Regulator and The Scottish Federation of Housing Associations.

**2. POLICY AIMS**

2.1 This policy aims to meet all legislative and regulatory requirements by ensuring that the following aims are achieved.

2.1 Affordability- Rents are the only source of the Associations’ income. It is crucial that we set the right rent levels to make sure they are affordable to our tenants and that the rents we charge are sufficient to provide an efficient and effective housing service.

The SFHA have developed a Guide to Rent Setting to provide landlords with a new approach which encourages constructive consideration by staff, governing bodies and tenants about the affordability expectations of tenants. The Association will use the SFHA Guide to Rent Setting and Affordability tool to test the affordability of their rents and any proposed rent increase. The assessment will be provided to the Management Committee prior to their approval of the rent increase.

Ruchazie Housing Association has adopted the Scottish Federation of Housing Associations definition of affordability (2010) which states:

*‘For a rent (including service charges) to be affordable, householders with one person working 35 hours or more should only exceptionally be dependent on housing benefit in order to pay it’*

We will keep this definition under review to make sure it continues to be relevant and meaningful as things change such as inflation, minimum wage levels, welfare reform etc.

2.2 Fairness- There is a uniformed rent structure for all properties which fairly reflects the amenities of each property, which uses an uncomplicated formula which is easily understood.

2.3 Viability - This Policy will ensure that the Association’s costs are covered now and in the future while remaining affordable to our client group.

The annual review of rent and service charges will be carried out in conjunction with our budget setting process. During this process a detailed assessment of all our relevant costs and future commitments will be made.

2.4 Comparability – we will look at the rents of other local housing providers to test how comparable our rents are. We will provide information on other local rent levels when we propose an increase.

The Association will use the available inflation measures including consumer price index (CPI) and the retail price index (RPI) and the Governments forecasts to measure inflation.

**3. EQUAL OPPORTUNITIES**

3.1 Although this policy has no direct equal opportunities implications, we aim to ensure that all services, including the delivery of this policy, provide equality of opportunity.

3.2 We will respond to the different needs and service requirements of individuals. We will not discriminate against any individual for any reason, including age, disability, gender re-assignment, marriage, civil partnership, pregnancy and maternity race, religion or belief, sex or sexual orientation, or other status.

**4. LEGAL AND REGULATORY REQUIREMENTS**

4.1 This policy aims to be consistent with all relevant and legal requirements including those set out below:

* The Housing (Scotland) Act 2001
* Scottish Secure Tenancy Agreement
* Scottish Short Secure Tenancy Agreement
* Data protection Act 1998
* Human Rights Act 1998
* The Welfare Reform Act 2012

4.2 We will comply with the Scottish Social Housing Charter requirements most relevant to this policy:

**Outcome 2 Communication** – tenants and other customers find it easy to communicate with their landlord and get the information they need about their landlord, how and why it makes decisions and the services it provides.

**Outcome 3 Participation –**tenants and other customers find it easy to participate in and influence their landlord’s decisions at a level they feel comfortable with.

**Outcome 11 Tenancy Sustainment –**tenants get the information they need on how to obtain support to remain in their home; and ensure that suitable support is available, including services provided directly by the landlord and by other organisations

**Outcome 13 Value for Money-**tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.

**Outcome 14 & 15 Rents and service charges –** Social landlords set rent and service charges in consultation with their tenants and other customers so that –

* A balance is struck between the level of services provided , the cost of the services, and how far current and prospective tenants and service users can afford them
* Tenants get clear information on how rent and other money is spent, including details of any individual items of expenditure above thresholds agreed between landlords and tenants.

1. **RENT SETTING**

5.1 For any new developments, rent will be set as part of the development process, and assessed as part of the ongoing business planning process.

5.2 Rent levels will be calculated using a ‘formula’ system (Appendix 1). Rents are currently calculated by attributing Basic Points to all properties, additional points are then added on for various amenities within each property. The additional points added reflect the higher amenity level of some properties. The same calculation will be used for all properties.

5.3 The rent structure in Appendix 1 illustrates the Basic Points and Additional Points which are applied to properties based on their individual amenities. A multiplier is then used based on the following calculation to provide an annual rental figure. The multiplier used is based on the annual rent plus a percentage increase commencing from rental figures for 2017/2018.

5.4 The Association provides additional services through the Estate Management contract which is awarded every year. Currently the cost of this contract is paid for directly from the maintenance budget. The Association reserved the right to review this at anytime.

5.5 There are additional service charges for the replacement of white goods supplied within the new build wheelchair standard bungalows, and stair cleaning services where provided. These services are charged over and above the basic rent charge.

**6. RENT INCREASES**

6.1 We review our rent and service charges every year and we consult with our tenants and other service users before we agree an increase.

6.2 We will look at rental income and what we need to pay for now and other future commitments. We consider what we need to spend and what we need to achieve this. This includes

* What we need to meet our existing commitments to deliver services, repairs, maintenance, employ staff, office costs, loan repayments, contingencies to cover bad debts such as arrears and what we think inflation will be.
* What we need to meet the costs of any service improvements, new projects and initiatives.

6.3 Prior to agreeing any rent increase the Management Committee will consider any representations made to the Association as a result of a consultation exercise on the proposed rent increases conducted under the terms of section 25(a) of the Housing (Scotland) Act 2001.

6.4 All tenants will receive at least one month’s written notice of any increase in their rent and other service charges.

6.5 Any tenant who feels that a rent or service charge increase for their property has been applied wrongly or has been calculated incorrectly may request a reassessment of the charge prior to the increase being applied.

6.6 If a tenant remains dissatisfied they may submit a complaint using our complaints procedure.

**7. CONSULTATION**

7.1 Our tenants have a right under the Housing (Scotland) Act 2001 to be consulted on their rent policy and rent increases. We will make this policy available for consultation on our website and advise our tenants by way of text and on our social media channels.

7.2 We will tell our tenants how they will be involved in our rent setting in our December newsletter, on our website and through our social media pages

7.3 We will write to all tenants in January of each year outlining our proposals with options of different rent increases and what they would mean in terms of investment and services.

7.4 Tenants can tell us what they think of our proposals in writing, by email, by telephone and on our social media pages. We will arrange a drop in session and an open meeting giving tenants the opportunity to discuss in person their views on our proposals.

**8. COMPLAINTS**

8.1 Any tenant may submit a complaint, using our complaints procedure if it is felt that we have failed to apply rent or service charges correctly.

**9. RISK MANAGEMENT**

9.1 The Management Committee will consider the risks associated with their rent setting processes and effectively manage these risks in line with the current risk management policy

**10. POLICY REVIEW**

10.1 This policy will be reviewed every three years or earlier if required by a change in law, guidance or good practice to ensure that the policies continues to be effective and meet the Association’s objectives.

APPENDIX 1

RENT FORMULA

|  |  |
| --- | --- |
| Amenity | Points |
| Base Charge | 80 |
| Double Bedroom | 10 |
| Single Bedroom | 5 |
| Central Heating | 15 |
| Front Garden/Private Entrance | 5 |
| Back Garden/Private Entrance | 5 |
| New build Since 2008 | 10 |
| Additional Shower | 5 |
| Additional WC | 2.5 |
| Utility Room | 10 |
| Dining Room | 10 |
| Porch/Carport | 10 |

RENT STRUCTURE ILLUSTRATION

For the year from 1st April 2018 to 31st March 2019

Value of 1 rent point is £29.22

EXAMPLE 1

3 Apt 4 Person Upper Cottage Flat with Central Heating, Back Garden/Private Entrance, Front Garden. Private Entrance

Base Points 80

Double Bedroom x 2 20

Central Heating 15

Front Garden/Private Entrance 5

Rear Garden/Private Entrance 5

New Build 10

Porch/carport 10

TOTAL POINTS 145

Rent per annum 125 x £29.22 = Annual Rent £4236.96

Monthly rent £4236.96 /12 = £353.08