

Policy on :	Rent Setting
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Compliant with Performance Standard :	GS1.2 Policies and Procedures GS1.3 Commitment to Continuous Improvement
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Compliant with Tenant Participation Strategy:	Consultation still to take place
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Compliant with Equal Opportunities :	Yes
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Compliant with Internal Management Plan :	Yes
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Date Approved Following Consultation:	28th May, 2009
Date for Review :	April 2012

Responsible Officer:	Housing Manager, Michael Byrne
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COMPANY/IMP&POL/HM/HM09/MB/PB/09.06.09

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Appendix 1: Rent Setting Pro-Forma

*This leaflet can be made available in different languages
and alternative formats*

1. Introduction

Communities Scotland requires that Registered Social Landlords adopt rent policies that take account of affordability, costs of managing and maintaining properties, and comparability with rents charged by other RSLs operating in their areas. RSLs are also expected to design a rent setting mechanism which apportions rents fairly to individual properties.

Secure tenancies (with Fair Rents) are regulated by the Rent Officer and are outwith the scope of the rent points system as far as the setting of the rent is concerned. This policy relates to rents which Barrhead Housing Association is able to set for Scottish Secure Tenants under the Housing (Scotland) Act 2001.

The rent setting mechanism has to address equity and consistency issues arising from the difficulty in setting rents which objectively reflect affordability and comparability across our varied housing stock.

The rent setting mechanism adopted in 2000 is based on a points system for rent setting. This is designed to resolve the above issues and ensure transparency of rent setting to tenants, funders and the regulatory authority Communities Scotland. The operation of the rent setting mechanism (the points system) is the subject of annual review.

2. Principles

Barrhead Housing Association's rent setting policy is based on the following principles:

- That the costs of providing the properties should be met from the rents set, in particular that loan charges, voids, management and maintenance costs, including amounts set aside for future expenditure, are met in full.
- That rents should be affordable to tenants using a recognised measure of affordability.
- That rents set should represent good value when compared with rents charged for equivalent properties by other social housing providers in that area.
- Barrhead Housing Association will ensure that the policy complies with and reflects the legal framework and good practice.

Tenants are consulted in the development and implementation of the policy

3. Objectives

The overall objective of Barrhead Housing Association's Rent Setting Policy is to provide a fair and affordable method of calculating rents which ensures that the rents charged are sufficient to provide an efficient and effective housing service.

Barrhead Housing Association has adopted the Scottish Federation of Housing Associations definition of affordability (2001) which states that households with one person working 16 hours or more per week should only exceptionally be dependent on Housing Benefit. Exceptions are expected to be those whose earnings are exempt from minimum wage provisions or those with high formal childcare costs. It is expected that further guidance from SFHA on affordability will be provided in 2008, which will be reviewed and incorporated into this policy.

The specific objectives of the policy are:

- To provide a method of calculating rent which is consistent for all properties.
- To ensure that the rent charged reflects the size, type and amenities of the property.
- To ensure that the method of calculation is transparent and easily understood.
- To ensure that Barrhead Housing Association sets rents at a level which is sufficient to provide quality services that offer value for money.
- To ensure that Association rent levels are comparable to that of other local housing providers
- To continue to use the retail price index to measure inflation despite some local providers using lower consumer price index

4. Rent Setting: New Build Properties

Rent levels at year one will be calculated using a 'Formula System' (see appendix 1)

The rent calculation system is based on the following criteria :

- Size in terms of apartment and bed spaces
- Floor area
- Property type
- Amenities in or attributed to each property.

The formula is as follows :

Base rent + total variable points = total rent points

Total rent points x rent poundage + annual service charge costs = annual rent

Base rent is the weighting given to the property based on the number of bedrooms and person size of the property, for example, 5 points for a 1 bedroom 1 person property, this is then added to a figure based on the meter squarage of the property, for example 70m² = 70 points, the total base rent points in this case would be 75.

Rent Poundage = £1.74 as at 1st April 2008. The rent poundage will be subject to uplift as part of the annual review.

5. Rent Setting: Mainstream Properties

Rents will be reviewed each year in conjunction with inflation as measured by the Retail Price Index (RPI). The RPI figure will be assessed against past trends and future projections. The rent review will take place on the 1st April each year.

6. Rent Setting: Secure Tenancies

The Rent Registration Service has the responsibility for setting rents for secure tenancies. These rents will be reviewed every 3 years

7. Rent Setting: Shared Ownership Properties

Shared Ownership properties will have their rents calculated in accordance with this policy. Rents are set on the portion of the property to be rented by the Sharing Owner

8. Rent Setting: LSVT

The Association took over 260 properties from Scottish Homes in May 2001. Rent guarantees were set at RPI + 1% for the first 5 years. The business plan assumptions assess rents over 30 years at RPI + 1% also. Any decision to deviate from this would be subject to separate discussions depending on the assumptions contained in the business plan.

9. Rent Setting: Special Projects

The rent setting policy will be used to assess the initial rent for all special needs projects. However, individual circumstances may need to be re-assessed at the end of year 1 and annually thereafter. These rents may be subject to a higher increase where the expenditure on the supported projects results in a higher than average repair and maintenance provision.

10. Monitoring and Reporting

The Management Committee will approve annual rent increases.

Reports will be presented to show the effect of implementation of the increase upon existing Scottish Secure Tenancy rents.

The Senior Management Team, as well as the Finance & Staffing Sub-Committee, will measure rental income received against budget projections.

11. Equal Opportunities

Barrhead Housing Association is committed to providing fair and equal treatment to all our customers.

The Association will not discriminate against anyone on the grounds of civil partnerships, race, colour, ethnic or national origin, disability, religion, age, sexual orientation, marital status, civil partnerships, family circumstances, employment status or physical ability.

We will offer customers a range of options for communicating with us, since requiring to contact us may have to be in writing and this may be a deterrent, for example for people with poor literacy skills, visual impairment, or where first language is not English. We will monitor use of our rent setting policy and procedures for ethnic origin and disability to ensure that our procedures deliver fair outcomes for different groups of customers.

12. Complaints Policy

Barrhead Housing Association operates a complaints policy that is open and transparent, should any customer or service user feel the need to make a complaint against an individual or the organisation, the complaints policy and procedure will be implemented. This is covered by a separate policy and you should request a copy if you wish to make a complaint.

In keeping records about complaints and in allowing access to our files we will comply with the legislative requirements including, Access to Person at Files Act 1987 and Data Protection Act 1998.

13. Confidentiality

Barrhead Housing Association will ensure that any personal information provided by an applicant will be treated as completely confidential by any member of staff who has access to the information.

14. Policy Review

The Housing Management Sub-Committee will review the Rent Setting Policy every year. However, improvements in performance and service delivery may be made on a regular basis to reflect change and in light of various factors such as:

- New or revised legislation
- Changes in good practice
- Organisational change, e.g. revision of operational practices
- Views of tenants and other service users
- Auditing practices
- Resource requirements

Appendix 1 : Variable Additions & Deductions

At the time the rent is set:	Points	Total
Built/modernised less than 5 years ago	15	
Built/modernised 5-10 years ago	10	
Built/modernised more than 10 years ago	5	
Built/modernised more than 20 years ago	0	
Property type:		
New Build	5	
Rehabilitation	3	
Sheltered	10	
Detached	20	
Semi-detached	15	
Terraced house	12	
Upper/lower flat	10	
Tenement flat	8	
Maisonette	12	
Amenities:		
Kitchen	5	
Kitchen with white goods	7	
Kitchen combined with another room	3	
Bathroom/wet floor bathroom	5	
Additional WC	2	
Separate shower room	3	
Shower over bath	2	
Separate dining room	3	
Combined dining room	2	
Central heating – full (gas/electric)	10	
Central heating – partial	5	
Single fire	3	
No heating	0	
Private garden	10	
Shared garden	5	
Double glazing	10	
Single glazing	5	
Traditional window frames	- 10	
Individual driveway within curtilage of dwelling	10	
Parking in Development	5	
No Designated Parking	0	
Total Variable Points:		

Base Rent

SIZE	Points	M2 points
1 Bedroom: 1 person	5	
2 person	10	
2 Bedroom: 2 person	10	
3 person	15	
4 person	20	
3 Bedroom: 4 person	20	
5 person	25	
6 person	30	
4 Bedroom: 5 person	25	
6 person	30	
7 person	35	
5 Bedroom: 7 person	35	
8 person	40	
Base Rent Total:	size + M2	