

**RUTHERGLEN & CAMBUSLANG HOUSING ASSOCIATION LTD**

<b>Policy Name</b>	Rent Policy
<b>Policy Category :</b>	Housing Management
<b>Policy Number</b>	HM9
<b>Date approved/amended</b>	April 2008
<b>Next Review Date</b>	April 2011

**POLICY OBJECTIVES**

Rents are the main source of the association’s income and each year the Association reviews its rent levels as part of the budget setting process. Our budget is based on our projected expenditure to ensure that we can manage our properties effectively and meet our repair obligations set out in our cyclical and planned maintenance programmes. The Association is non-profit making and all of our income is reinvested in our housing stock. Any surpluses are set aside for future maintenance obligations.

The Associations housing stock was acquired through a variety of means, as follows;

- ⇒ Old HAG tenement improvement schemes
- ⇒ The transfer of Scottish Homes Stock
- ⇒ New properties constructed through ‘new’ HAG funded schemes

Rents for old tenement properties were set at the time to reflect similar fair rents in the area and rents in our Scottish Homes transfer stock were predetermined at the time of transfer (rent increases to these properties are limited to RPI + 1 as per our transfer agreement). Rents for our new properties are set using base rents for each type and size of property and this process is set out later in this policy.

The Associations Rent Policy objectives are as follows:

- ⇒ Rents will be set at an affordable level for our client group
- ⇒ The policy will be constructed to ensure that the association will generate the income it requires to maintain a good level of service for its tenants, while at the same time keeping rents at an affordable level.
- ⇒ The Association will set a base rents for its standard accommodation and this will be adjusted by the addition or subtraction of set percentages for variations in this standard.

Rents are reviewed annually at 31 March each year following our budget setting process.

The Association charges rent on a calendar monthly basis and rents are debited on or around the 28<sup>th</sup> day of each month. (The rent figure is separate from service charges which apply to certain Association properties).

**RENT SETTING FOR NEW PROPERTIES**

The Association determined base rents for new build properties in 1994 on the basis of an assessment of management and maintenance costs at that time and an assessment of future planned maintenance requirements. These have been the subject of ongoing review to ensure that these continue to generate the required income. Base rents during 2007/2008 are as follows;

	1Apt	2Apt	3Apt	4Apt	5Apt
<b>Base Rent Old stock</b>	<b>£123.09</b>	<b>£172.19</b>	<b>£216.05</b>	<b>£260.05</b>	<b>£330.19</b>
<b>Base Rent New stock</b>		<b>£208.06</b>	<b>£263.71</b>	<b>£291.49</b>	<b>£349.05</b>
<b>Average</b>	<b>£123.09</b>	<b>£190.13</b>	<b>£239.88</b>	<b>£275.77</b>	<b>£339.62</b>

The following will apply to new build developments

Terraced House/ Town House	7%
Semi detached House	8%
Detached House	10%

It is assumed that these properties will have back and front gardens but should this not be the case then a deduction of 2% will be made. Within each apartment size an extra 2% will be added for those with a greater space standard, ie a 3apt4person will be 2% greater than a 3apt3person and so on.

**SPECIAL NEEDS RENTS**

The Association have provided specially adapted accommodation to meet special needs within new build programmes. The cost of providing additional facilities will be provided through capital grants and there is generally no additional allowance within the rent.

With regards to tenancies with other agencies the association will charge the appropriate tenancy rent in the case of a standard property or a rent which will reflect our management and maintenance costs where the property has been acquired on the open market i.e. Sheriff park Avenue and the Quarriers Homes project. A Scottish Secure Tenancy or lease will be entered into with the client/agency.

**REGISTERED RENTS**

The Association still has approximately 5% of its tenancies rents set by the Rent Officer and subject to rent controls. It is the Associations policy to keep Scottish Secure Rents (Previous Assured) and Fair Rents at comparable levels and as a result when applying for re-registration of Fair Rents the inflation figure over the previous three year period is taken into account. In The current financial year (2007) the 3 year figure in this calculation is set at 14%. In future years we will continue to compare increases in our registered rent with those being applied to our Scottish Secure Tenancies over the preceding 3 years.

Existing tenants with a statutory right to have their rent registered with the local rent officer, still retain this right, following the Housing (Scotland) Act 2001.

### **AFFORDABILITY**

Communities Scotland expect Housing Associations to carry out regular Income surveys of its tenants to ensure that the rents that they are charging are affordable in line with their published criteria. The results of the Associations last survey in 2007 indicated that the rents that we charge meet their criteria for affordable rents.

### **RENTS CHARGED DURING DECANT PERIOD.**

A decant takes place when a tenant is moved temporarily to another property, to allow repair or improvement work to be carried out to their existing tenancy - Once work is complete the tenant will move back to their existing tenancy. The tenant shall continue to pay rent for their existing tenancy when they are decanted (a rent adjustment shall be made to their rent account to reflect the difference) and shall sign an Short Scottish Secure Tenancy agreement to cover the period of time they are removed from their existing flat.

Where a tenant is moved to a larger or improved property during their decant period then they shall continue to pay their existing rent. Where a tenant is moved from a larger property to a smaller property then they shall receive the reduction in rent to reflect this. Housing Benefit will continue to apply to a tenant's existing tenancy, as will payment of Council Tax except where they have signed a new tenancy agreement.

Where a tenant is unable to return to their previous flat, for example where the property is subject to demolition, the Association will terminate their existing tenancy and apply a new tenancy agreement and rent charge, depending on the permanence of the move. If the move to the decant flat is to become permanent, an SST will be signed with the tenant. However, if the move is merely temporary accommodation until a permanent property is made ready then a Short SST will be signed. The two tenancy agreements confer similar rights with regard to rent payment and setting, but different rights and responsibilities relating to other aspects, e.g. Right to Buy, which will be explained to a tenant at the sign up.

### **CONSULTATION AND INFORMATION**

Under the Housing Scotland Act 2001 the Association is obliged to consult with all tenants about any proposed increase in rent or service charge and have regard to the tenants opinions before the Association makes a decision in this regard. The tenancy agreement issued to tenants advises that the Association is "entitled to change the amount of rent and any service charge, as long as we tell you in writing at least four weeks before the beginning of the rental period when the change is to start. We will not normally change the rent or service charge more than once every twelve months. You have a right to a statement of our rent and service charge policy".

On request, we will provide any tenant with free information relating to Association policy about setting rent and service charges. We will take into account any views before making a final decision and any consultation undertaken will include giving comprehensive information in an accessible form and allowing a reasonable time to express views.

The consultation exercise will generally take place within the following timescales each year: -

- ◆ December – Projected rent increase figure discussed with Management Committee following preparation of annual budget estimations.
- ◆ Mid/Late January – Consultation letter issued to all tenants advising of proposals for rent increase and encouraging comments (within 2 weeks) prior to Management Committee meeting, generally in mid Feb.
- ◆ Mid February – Management Committee meeting considers consultation responses before finalising the figure for the annual rent increase. Mid/Late February – Letters issued to tenants detailing the rent increase and related information.

### **APPEAL PROCEDURE**

Any applicant who is unhappy about any aspect of the rent setting policy has the right of appeal to the Association's Director and thereafter the Management Committee. Appeals should be made in writing within 10 working days of the notification, and should be responded to within a further 10 working days.

### **REPORTING**

Reporting on rent consultation will be made to the Management Committee annually prior to the February management Committee meeting where the final rent figure for the year is set.