

Rent Policy

1.0 Introduction

- 1.1 This policy relates to rents which the Association sets for Scottish Secure Tenants under the terms of The Housing (Scotland) Act 2001. Secure tenancies with Fair Rents are regulated by the Rent Officer and are out with the scope of this policy although the Association endeavours to keep Fair Rents in line with Secure rents at each 3 year review.
- 1.2 The Scottish Housing Regulators Activity Standard AS1.6 requires us to, “set rents which are affordable to households on low incomes, take account of the costs of managing and maintaining our houses and which enable us to service our borrowings. Have a fair system for setting and apportioning rents between individual properties.”
- 1.3 The Association has consulted with tenants on its rent structure over 2010 and has taken tenants’ views into account in its design. Full details of the considerations behind the rent structure are included in the report of November 2010 from our consultants Arneil Johnston, “Port of Leith Housing Association Rent restructure proposals”.
- 1.4 The Association will review the cost of living uplift it requires each year in line with the Scottish Housing Regulator’s guidance, consulting with tenants on the increase proposed.

2 Principles

- 2.1 Our rent policy is based on the following principles:
- the rent setting mechanism is transparent and accountable and takes into account tenants’ views.
 - rents are set at a level which is sufficient to meet our costs, including projected future expenditure requirements and reviewed annually.
 - We consult with Tenants on rent uplift proposals and consider their views in making the final decision on our annual rent review.
 - rents remain reasonably affordable to tenants using the Scottish Federation of Housing Associations’ (SFHA) measure of affordability and annually benchmarking our performance for new tenants against annual Scottish Core Recording System data (SCORE) on social landlord affordability in Edinburgh and Scotland.
 - The most recent (SFHA) definition of affordability is that a member of the household working 16 hours per week or more should have an income which allows the rent to be paid without reliance on Housing Benefit.

- rents are set at a level which offers value for money, when compared with rents charged for similar properties owned by registered social landlords in our area of operation.
- tenants will be given at least 4 weeks written notice of any increase in rent. The Annual rent review will apply from 1st April each year.
- We will not change rent levels more than once every 12 months, but may extend the period between reviews, should business reasons require this. In this case, the rent level set will reflect the extended period between reviews.

3.0 Targets

3.1 we aim to achieve the following targets in relation to viability, affordability and comparability:

- i. rents are set at a level which generates a prudent operating surplus each year, thereby safeguarding our viability.
- ii. At least 75% of new tenants with a working member in the household should meet the SFHA affordability criteria.
- iii. Rents are annually compared with those of other social landlords operating in Edinburgh to assess good value relative to other providers.

4.0 Rent Structure

4.1 We reviewed our rent structure mechanism in 2010 and have chosen a rent setting system that is fair and transparent and reflects tenants' views of which property attributes deserve a higher rent to be paid. See appendix 1.

4.2 All Secure rents will be calculated using this structure and where significant differences between the old and new structure full charges will be phased in over a 3 year period from 1st April 2011 to 1st April 2013.

5.0 Services

5.1 We may also provide services to tenants, in line with the terms of our Tenancy Agreement. Service charges cover the costs of providing services and goods which are additional to those included in the rent charge. These include the provision of furniture, the cleaning and maintenance of communal areas, the maintenance of equipment, the administration of service charge accounts and the costs associated with the employment of staff for specific services. The services may be provided by ourselves or by a sub contractor.

5.2 Whenever we provide services, we will charge the actual cost of the service provision plus our administrative costs. We will supply full details of the cost of the services, so that tenants understand what they are paying for, on request.

5.3 Services will be adjusted annually in line with changes in actual costs incurred.

6.0 Annual Review

6.1 We will consider the following information as part of the annual rent review process.

- Our costs
- rent levels assessed against affordability measures
- rent levels of other social landlords, including the local Council
- numbers of tenants in receipt of housing benefit
- tenants views of rent uplift proposals

6.2 The rent structure and annual rent review process as described in this policy will be the basis for submitting proposed fair rent levels to the Rent Officer for former secure tenants with pre January 1989 tenancies

7.0 Equal Opportunities

The rent policy and the rent setting mechanism are entirely based on property characteristics and our financial requirements. The operation of the policy is not expected to give rise to any outcomes which could be discriminatory.

8.0 Policy Review

This policy will be reviewed not later than March 2016.

Appendices:

Appendix 1 Port of Leith Housing Association's Rent Structure

Supplementary documentation - Arneil Johnston's report Port of Leith Housing Association rent restructure proposals November 2010.

Appendix 1

Port of Leith Housing Association's Secure Tenancy rent structure

Base Rent 2010	£226.00								
Size Criteria	£	Property Type	£		£		£		£
Bedsit	-£15.00	Basement Flat	£5.00	Minority Owner	-£10.00	Pre- 1900 Tenemental	£0.00	Electric Heating & Gas Fire	-£5.00
2/1	£0.00	Flat	£12.00	Parking	£5.00	Pre 2003	£5.00	Gas Fire	- 10.00
2/2	£15.00	Flat- Ground	£12.00	Lift	£10.00	Post 2003	£7.00	Electric Heating	- 5.00
3/3	£45.00	Flat-Main Door	£15.00			Post 2009	£10.00	Central Heating	£0.00
3/4	£60.00	Flat with Balcony	£20.00					Alternative Energy	£5.00
4/4	£75.00	Flat-Main Door Garden	£20.00						
4/5	£90.00	House Terraced	£35.00						
4/6	£105.00	Semi-Detached House	£35.00						
5/5	£105.00	House	£35.00						
5/6	£115.00								
5/7	£115.00								
6/7	£115.00								

Note

The annual rent uplift will be applied to the figures shown on 1st April each year.

In 2011 this was 5.6%