



hebridean housing
partnership

Rental Policy (New Build)

Section	Operations
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POLICY CHANGE HISTORY

The following interpretation and abbreviations are used in this policy:

Version	Change Applied	Date	By

INTERPRETATIONS & ABBREVIATIONS

Word	Interpretation
<i>HHP or Partnership</i>	Hebridean Housing Partnership
<i>Board</i>	Means the Board of the Hebridean Housing Partnership
<i>Board Members</i>	All Members of the Board including co-opted Members
All references to the masculine gender in this policy shall read as equally applicable to the feminine gender	

RENTAL POLICY

INTRODUCTION

- 1.1 The purpose of this document is to set out the policy of Hebridean Housing Partnership (HHP) in relation to the setting of rents and service charges for HHP's new build properties. It does not relate to properties transferred to HHP from Comhairle Nan Eilean Siar, Scottish Homes or the 5 local Housing Associations.
- 1.2 It is intended to carry out a full scale review of all HHP's rent structures (transferred stock and new build) within the next 2 years to harmonise and equality proof rent setting procedures and structures.
- 1.3 The Rent & Service Charge Policy will ensure full compliance with regard to the relevant rent and service charge provisions of the 1988 and 2001 Housing (Scotland) Acts, and Scottish Government (ex Communities Scotland)/SFHA/COSLA Activity Standards AS 1.6 and 1.7. This will include using a fair system for apportioning rents and service charges between different properties, consulting tenants, and having regard to their views on proposed rent and service charge increases, and making available to tenants, on request, information about the rents and service charge policy.
- 1.4 The policy will be agreed by the Board and will be implemented by HHP's officers until amended by the Board.

RENT & SERVICE CHARGE POLICY OBJECTIVES

- 2.1 HHP's vision is to provide good quality and affordable homes and to secure consistently excellent housing services throughout the Western Isles. Key objectives in our 30 year Business Plan are:
 - Providing efficient effective housing management services of the highest quality whilst keeping rents affordable
 - Delivering value for money
- 2.2 HHP's rent and service charge policy objectives are therefore to:
 - Ensure that the rents meet HHP's relevant costs in order to provide high quality homes for rent and ensure the long term viability of the Partnership;
 - Ensure, whenever possible, that rents are comparable with rents are affordable for those in low paid employment but who do not qualify for Housing Benefit;
 - Ensure, wherever possible, that rents are comparable with rents of other Registered Social Landlords providing similar accommodation in similar areas;
 - Consult tenants on rent and service charge increases;

- Ensure full compliance with regard to the relevant rents and service charge provisions of the 1988 and 2001 Housing (Scotland) Acts, and Scottish Government (ex Communities Scotland) Activity Standards AS 1.6 & 1.7.

2.3 These objectives are explained more fully in the following sections.

LONG TERM FINANCIAL VIABILITY

3.1 Ensuring the long term viability of HHP is the first objective of our rent policy.

3.2 The rents for our houses must ensure that:

- Funds are available to meet HHP's relevant costs such as management and maintenance costs and the servicing of loan repayments;
- Funds are available to meet long term repair costs and investment in such items as windows, external doors, kitchen units and roofs; and
- Funds are available to deliver the refurbishment programme promised during the stock transfer process.

3.3 HHP will continually seek to achieve good value for money for the goods and services it purchases - goods and services which are ultimately funded from rental income. In keeping control of overheads HHP will ensure that proposed rent increases are kept to a minimum.

AFFORDABILITY

4.1 The second objective of our rent policy is to ensure, wherever possible, that rents are affordable for those in low paid employment but above Housing Benefit thresholds.

4.2 HHP recognises that a conflict can arise between setting rents that ensure financial viability and achieving affordable rent levels. HHP will aim to balance both these requirements when reviewing rent levels. An annual analysis of rent arrears will be carried out to establish whether arrears are caused directly by increasing rent levels.

4.3 HHP accepts the Scottish Federation of Housing Associations' (SFHA) measure of affordability as:

"For rent to be affordable, households with one person (head of household or partner) working 16 hours or more should only exceptionally be dependant on Housing Benefit in order to pay it" - SFHA Guidance Booklet No 5 (revised January 2002), Developing Affordable Rents.

4.4 HHP will seek to gather information on rent affordability using the Scottish Continuous Recording System (SCORE) which compiles information regarding all new lets and re-lets. A full tenant income and affordability survey will be carried out in 2010/11 along with a survey of tenants to measure their view of how affordable rents are. Rent affordability will be fully considered by the Board.

COMPARABILITY

5.1 The third objective of HHP's rent policy is to ensure, wherever possible, that rents are comparable with those of other Registered Social Landlords providing similar accommodation in comparable communities.

5.2 The objective is not to seek full financial comparability since there will always be non-financial reasons why tenants choose certain houses/estates over broadly similar houses/estates provided by other social landlords.

5.3 In addition, other social landlords have different:

- Rent structures;
- Forms of funding; and
- Strategic objectives

which means that rents will never be fully comparable.

5.4 Nevertheless, HHP will over time collect available data on rents to allow a benchmark comparison between the various rents charged between local social landlords and social landlords within HHP's peer group.

RENT STRUCTURES

6.1 HHP will seek to work to ensure that each of its current rent structures (transferred stock from CNES, Scottish Homes and local Housing Associations plus new build) will fairly reflect size, condition, house type and facilities.

6.2 Rent increases for all stock type will generally reflect the rent guarantee given to transferring tenants for the 5 years up to 2011/12. Rent increases will be applied in line with appropriate legislation. If this principle for increasing rent levels is not applied it will be for exceptional circumstances and tenants will be advised accordingly.

6.3 The methodology for setting rents for new build properties is at Appendix 1 to this policy.

RENT INCREASES - THE PROCESS

7.1 HHP will consult with tenants and any relevant tenant organisations about proposed increases in rents or service charges. Feedback obtained from tenants will be considered before we make our decision. The tenant consultation period will be for a minimum duration of 6 weeks.

7.2 Rent increases will normally take place only once every twelve months and any increase required will normally be implemented in the first rent week in April.

7.3 In accordance with HHP's approach to long term financial planning, rent increase forecasts will be developed and if practicable presented at the Annual Tenant Conference. Otherwise consultation will be done by letter or other means.

7.4 Rent increases for the forthcoming year will be set at a Board meeting which allows for:

- Adequate time to compile and analyse any Income Survey results for affordability testing purposes;
- Timely production of the forthcoming year's budget;
- Analysis of the impact of the proposed increase and alternative increases on HHP's long term financial plans;

- Adequate consultation with tenants and relevant stakeholders (i.e lenders); and
 - Dispatch of rent increase notifications in writing to tenants.
- 7.5 It will be HHP's policy that rent notifications, informing tenants of any increase in their rent, will be sent out as soon as possible but with at least a minimum of four weeks before the beginning of the rental period for which the increase applies.
- 7.6 Where rent increases are represented in terms of inflation or inflation plus an additional percentage rate, inflation will be the preceding November '*all-items retail prices index - including mortgage payments*'.
- 7.7 Percentage rent increases for existing properties will be applied to the current annual rent as recorded on HHP's rent accounting system.
- 7.8 The agreed percentage increase for proposed new-build properties will be applied to our base rent as detailed in Appendix 1.

SERVICE CHARGES

- 8.1 HHP will set service charges for new build properties where appropriate to reflect actual costs of service provision. Increases in service charges will track these costs and will not be tied to HHP's rent guarantee. Service charges will not be used to generate excess income.
- 8.2 Service charges will always be separately identified from rent, with details of what they relate to and may in exceptional circumstances be adjusted more frequently than the annual rent increase.
- 8.3 As a general point tenants will normally get at least 4 weeks notice of changes to service charges.
- 8.4 Services charges relate to provisions such as:
- Furniture
 - White goods
 - Gardening and janitorial services
 - Communal lighting/heating
 - Gas servicing

BOARD REPORTS

- 9.1 Under HHP's scheme of delegation the annual setting of rent is a function of the Board.
- 9.2 In order that the Board makes an informed decision about any change in rent levels it is critical they are presented with relevant information. Accordingly, the report which accompanies the agenda item should contain the following:

- An option appraisal detailing the financial implication, to HHP of various rent levels and any long term impact. This will mean an annual budget, projected Income & Expenditure Account, projected Balance Sheet and updated 30-Year Financial Projection;
- When it comes available in a reliable form, some type of affordability measure which would indicate whether HHP's rents continue to be affordable to those on low wages and above the Benefit threshold;
- Details of tenant feedback obtained via the consultation process regarding the proposed increase;
- Where available data on comparable rent levels charged by similar RSL's in comparable areas; and
- A recommendation for the forthcoming year's rent increase.

POLICY REVIEW

- 10.1 This policy will remain in place until formally amended and approved by the Board.
- 10.2 The policy will be formally reviewed in November 2009 with any suggestions for amendment made to the Board.

EQUALITY & DIVERSITY

- 11.1 HHP operates under the overarching duty of a Registered Social Landlord to provide housing accommodation and related services in a manner which encourages equal opportunities and in particular the observance of equal opportunity requirements as specified in the Housing (Scotland) Act 2001.
- 11.2 No person or group of persons applying for housing will be treated less favourably than other persons or group of persons because of their sex, marital status, family circumstances, race, ethnic or national origins, disability, age, religion, political orientation or sexual orientation.

HHP RENT SETTING POLICY (NEW BUILD)**RENT CALCULATION METHODOLOGY WITH EFFECT FROM NOVEMBER 2008**

HHP's methodology for rent setting for new build properties is as follows:

Base rent: 2 apartment flat

Base rent at 31.03.08 £2208.96 per annum

PROPERTY CRITERIA

Size	Variation
1 Person	Base
2 Person	+ 10%
3 Person	+15%
4 Person	+ 20%
5 Person	+ 25%
6 Person	+ 30%
 Bedrooms	
1	Base
2	+ 5%
3	+10%
Each Additional	+ 5%
 Property Type	
Flat	Base
Terrace/Semi	+ 5%
Detached	+15%
 Other Factors	
High Amenity (e.g low energy, location amenity)	+ 5% - + 15%
Non Standard Properties (Subject to Report to Board) e.g ROTS	+ 5% - + 30%