



HOUSING MANAGEMENT
RENT SETTING POLICY
APRIL 2021 (Updated February 2023)
APRIL 2026

Policy on :	Rent Setting
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Compliant with Scottish Social Housing Charter	<p>13 Value for Money</p> <ul style="list-style-type: none"> Tenants, owners and other customers receive services that provide continually improving value for money for the rent and other charges they pay <p>14 &15 Rents and Service Charges</p> <ul style="list-style-type: none"> A balance is struck between the level of services provided, the cost of the services, and how far current and prospective tenants and other customers can afford Tenants get clear information on how rent and other money is spent, including any details of individual items of expenditure above thresholds agreed between landlords and tenants
Compliant with Tenant Participation Strategy:	Yes
Compliant with Equal Opportunities :	Yes
Compliant with Business Plan :	Yes

Date Approved Following Consultation:	26th April 2021
Date for Review :	April 2026

Responsible Officer:	Chief Executive
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1. INTRODUCTION

The Scottish Housing Regulator 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 setting system as far as the setting of the rent is concerned. This policy relates to rents which Paisley Housing Association is able to set for Scottish Secure Tenants under the Housing (Scotland) Act 2001.

The Rent Setting Policy does not deal with service charges. The Association has a separate Service Charge Policy for these.

The Association's rent setting mechanism which was adopted in 2016 is designed to ensure transparency of rent setting to tenants, funders and the regulatory authority the Scottish Housing Regulator.

2. PRINCIPLES

The 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. The Association uses the SFHA's affordability toolkit to determine the affordability of its rents annually.
- That rents set should represent good value when compared with rents charged for equivalent properties by other social housing providers in Renfrewshire.
- That the policy complies with and reflects the legal framework and good practice.
- That tenants are consulted in the development and implementation of the policy

3. AIM & OBJECTIVES

Our aim 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.

The specific objectives of the policy are:

- To ensure that the rents charged reflect the size and type of the property.
- To ensure that rents are transparent and easily understood.
- To ensure that rents are set at a level which is sufficient to provide quality services that offer value for money
- To ensure that wherever possible rent levels are comparable to that of other local housing providers providing the same properties and housing services
- To apply Scottish Government's Annual RSL Rent Benchmark Assumptions for new developments

4. RENT SETTING – ALL PROPERTIES

The rent calculation system is based on the following elements:

- Property type
- Size in terms of apartment
- Size in terms of bed spaces

The rent is not set according to how many people occupy the property.

4.1 Structure

The Association rent structure was set in 2015.16. It used a 3apt 4person, non LSVT tenement property, as its base property. It applied 100 points to this property and as the rent in 2015.16 was £360 per month 1 point was valued at £3.60.

The points for each property type was then calculated by using each element of the 3apt 4 person as being zero. Where the property type was more desirable than a tenement flat additional points were added and for those less attractive points were deducted.

For apartment size where properties had more rooms additional points were added and if less, points were deducted.

For bed space size where properties had a single bedroom rather than double points were deducted.

By applying each of these elements as detailed below, each property ended up with a total number of points which was multiplied by the value of 1 point giving it a monthly "target rent".

Type of property

- Tenement flat = 0
- Multi = -5
- Own door flat = +2.5
- End terrace house = +7.5
- Mid terraced house = +5
- Semi detached house = +7.5

- Townhouse (Westerfield) = +10
- Bungalow =+7.5

Size of property

- 0 bedrooms = -20
- 1 bedroom = -7.5
- 2 bedroom = 0
- 3 bedroom = + 7.5
- 4 bedroom = + 15

Bedspaces

- Single bedroom = -0.5
- Single bedspace in 1 bedroom property = -5
- Only single bedspace in 0 bedroom property = -10

When reviewing the policy in 2021.22 the 3apt 4person tenement flat remained the base property with 100 points. The monthly rent for this property is £391.77 so each point is worth £ 3.92. This figure will be used in 2021.22 to calculate any new properties coming off site which do not already have an identified target rent.

4.2 Phasing

In order to bring all of our properties up to their “ target rent “ the Association introduced phasing over a 10 year period starting in 2015.16. Until a property reaches its target rent it will, at the annual rent review, have an increase to reflect the phasing up to target rent plus any increase that is being applied across all of the Association’s property.

Tenants will be advised within their annual rent increase consultation whether their property has reached its target rent or not.

4.3 Changes to tenancies during phasing

Where a property becomes void the Association will apply the target rent for the incoming tenant.

4.4 New Properties coming off site

When undertaking development the Association will seek funding based on its projected target rents. However where these rents are higher than the benchmark rents set out in the Scottish Government’s Affordable Housing Supply Programme: Process and procedures, the rents which will be applied when the properties come off site will be the benchmark rent, with their accepted tolerances. The rent will then be brought up to the Association’s target rent through a period of phasing. The period of phasing will be

determined by the difference between the benchmark rent being applied and the target rent. New tenants signing up for properties affected by the above will be advised of the rent phasing and it being applied in addition to any annual rent increases.

5. 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. The Association only has 2 properties in this category. Once the property becomes vacant it will revert to a rent equivalent to that of our other properties of the same size and type.

6. RENT SETTING: SHARED OWNERSHIP PROPERTIES

The Association only has 2 properties in this category. 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.

7. MORTGAGE TO RENT PROPERTIES

The Association only has 5 properties in this category but this could possibly increase over time. Each MTR property is considered on a case by case basis by the Association in terms of risk and financial viability. Rent will be set according to its size, type and the condition of the property. If the property size, type of the MTR is a property type not currently within the Association's existing rent structure a new rent will be applied to fit within the existing structure.

8. RENT SETTING: SPECIAL PROJECTS & LEASED PROPERTIES

The Rent Setting Policy will be used to assess the initial rent for all special needs projects and leases. These rents are subject to an annual review and may be subject to a higher increase than being proposed for our lettable stock where the expenditure on the supported projects results in a higher than average repair and maintenance provision. The Association currently leases property to Blue Triangle, Women's Aid and Renfrewshire Council.

9. WHEELCHAIR PROPERTIES

The Association has 15 properties in this category. The rents for these properties are calculated in the same way as for general needs accommodation. Wheelchair adaptable properties are also calculated on the same basis.

10. AFFORDABILITY

The SHR within its document highlights as a key message:
"Rent Affordability

There is an important relationship between rents, rent setting and value for money (VFM). RSLs should consider tenants ability to keep paying their rent over the longer term when deciding levels of rent increases and they should:

- be clear on what is affordable for tenants and consider future affordability when determining annual rent increases
- demonstrate transparency on costs and a vigorous pursuit of VFM
- whenever possible give tenants genuine options and choices during rent consultations
- engage in dialogue with tenants about costs versus service levels and
- be clear on how tenants views were taken into account.

The Association has considered the impact on affordability of its rent setting policy on tenants and is phasing the rent structure in over a 10 year period.

Affordability testing is undertaken annually as part of its considerations for an annual rent increase. This testing is based on target rents as these are higher than those phasing up. The outcome of affordability testing is reported to the Board along with the proposal for any annual rent increase.

11. VALUE FOR MONEY

The Association's definition of Value For Money relating to its affordable housing is anyone who rents a property from PHA pays rent in return for:

- a good quality home with affordable rent and service charges
- a fast and efficient repairs service
- friendly and helpful advice service
- their property maintained to modern, efficient standards on a regular basis
- their neighbourhood maintained to the highest standard possible within the limits of PHA's control.

The Association recognises the importance of meeting the requirements of the Scottish Housing Charter in respect to VFM. We see VFM as an area for continuous improvement and strive to reduce costs, increase efficiency and improve satisfaction across all areas of our work. We provide our tenants with an annual report which details our performance against the Charter outcomes and this includes VFM.

12. TENANT CONSULTATION

The Rent Setting Policy was developed in full consultation with tenants in 2015.16. and in this review there are no changes being proposed which would require further consultation. The next review of the policy is due in 2026 which will be end of the 10 year phasing.

The Association will continue to consult with tenants on the annual rent increase as per their tenancy agreement. In determining the annual rent to be consulted on the Board will consider and agree any savings to be taken into account prior to approving the rent to be consulted on. The Board will not offer tenants choice on the % increases to be applied but will ensure that sufficient information is provided in its consultation for tenants to determine if they consider the proposed rent increase to acceptable to them.

The Association will undertake a range of consultation methods to maximise tenants opportunity to respond. The final decision on the annual rent increase to be applied

will take into account the views expressed by tenants through this consultation process.

13. MONITORING AND REPORTING

The Senior Management Team will measure rental income received against budget projections.

The Head of Housing will monitor:

- Any changes in demand for its property and determine any impact caused through the rent setting structure.
- Any changes to turnover and sustainment as result of tenants leaving due to “not being able to afford the tenancy”

14. EQUALITY & DIVERSITY

The Association promotes equal opportunities and will not discriminate between persons on grounds of gender or marital status, on racial grounds, or on grounds of disability, age, sexual orientation, language or social origin, or of other personal attributes, including beliefs or opinions, such as religious beliefs or political opinions. See our Equalities and Diversity Policy.

15. DATA PROTECTION/GDPR

When implementing the policies and procedures of Paisley Housing Association all staff and Board members must adhere to and be aware of the requirements of the Data Protection Act 2018 and the General Data Protection Regulation (EU) 2016/679 (“the GDPR”).

In situations where there may be any doubt about the requirements of the above, the Association may seek the views of its legal advisors.

16. COMPLAINTS

The Association aims to ensure that the service provided to tenants is of the highest quality. If this is not the case, a Complaints Policy and Procedure is in place to allow all residents or affected parties to state their grievance. The Scottish Public Services Ombudsman is the final stage of this process.

17. REVIEW

This policy will be reviewed in full by the association every 5 years. Amendments to the policy will be made in the interim to respond to any changes in legislation or good practice.