



HOUSING MANAGEMENT
RENT SETTING POLICY
JANUARY 2016
JANUARY 2021

Policy on :	Rent Setting
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Compliant with Scottish Social Housing Charter	13 Value for Money <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 14 &15 Rents and Service Charges <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 – consultation carried out with all tenants prior to approval
Compliant with Equal Opportunities :	Yes
Compliant with Business Plan :	Yes

Date Approved Following Consultation:	25/01/2016 (Policy format June 2016)
Date for Review :	January 2021

Responsible Officer:	Director
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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 which is the subject of a separate Policy which will be available in 2016/17.

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

2. Principles

Paisley 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. The Association uses the SFHA's definition of affordability i.e. For a rent (including service charges) to be affordable, households with one person working 35 hours or more should only exceptionally be dependent on Housing Benefit in order to pay it.
- That rents set should represent good value when compared with rents charged for equivalent properties by other social housing providers in that area.
- 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. Objectives

The overall objective of Paisley HA'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.

The specific objectives of the policy are:

- To provide a rent which is consistent for all properties
- To ensure that the rent charged reflects the size and type of the property.
- To ensure that the rent is transparent and easily understood.
- To ensure that Paisley HA 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

4. Rent Setting – all properties

The rent calculation system is based on the following criteria:

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

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

4.1 Structure

The Association has used a 3apt 4person, non LSVT property, as its base property which at 2015.16 had a current rent of £360. The base property has 100 points. 1 point therefore = £3.60

The points for each property type is calculated using the ranking below and then multiplied by the £ point value.

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

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

In applying the new rent structure it creates **a target rent** for each property which may be higher, lower or the same as the 2015.16 rent.

4.2 Phasing

Where the 2015.16 rent was higher than the target rent the rent will be frozen until it reaches the target rent.

Where the 2015.16 rent is the same as the target rent there will be no change to the rent.

Where the 2015.16 rent is lower than the target rent these will be phased up over a 10 year period.

Difference between current rent 15.16 and target rent 15.16	Rent Phasing Period
<£12 per annum	Apply all in year 1
>£12 <£60 per annum	Phase in over 5 years
>£ 60 per annum	Phase in over 10 years

4.3 Changes to tenancies during phasing

Where a property becomes void the Association will apply the rent for that year and advise the incoming tenant of the rent setting policy and the phasing that will be applied to their rent until it reaches the target rent.

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 cases 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 ,Renfrewshire Council and Migrant Help.

9. Wheelchair Properties

The Association has 15 properties in this category all new build. The rents for these properties had been set to reflect higher development and maintenance costs in providing a specially adapted property. The rents for these properties are now subject to the rent setting policy and are solely based on size and type of property.

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. RSL's 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 impacts on affordability of its rent setting policy on tenants and as result of the variances of some properties from 2015.16 to target rent is phasing the rent structure in over a 10 year period.

11. Value for Money

The Association's definition of Value For Money relating to its affordable housing is anyone who rents a property from Paisley HA 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 Paisley HA'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 are developing Tenant Scrutiny to enable tenants to assess our performance.

12. Tenant Consultation

The review of the Policy was lead by the Housing Manger who worked along side the Tenant Participation Working Group and their recommendations were taken into account by the Board prior to going out to full consultation with tenants on the proposed rent setting structure. Tenant feedback was then considered by our Board prior to approval of the Policy.

The Association will consult with tenants on the annual rent increase as per their tenancy agreement. 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 Housing Manager will monitor:

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

An annual report will be presented to Board showing the effect of implementation of the annual rent increase upon existing rents. Information regarding other local housing providers will also be provided for comparison.

14. Equal Opportunities

PaisleyHA 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.

15. Complaints Policy

Paisley HA 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.

16. Policy Review

The Board will review the Rent Setting Policy in 5 years (half way through the phasing period). However a review within this timescale may be required due to any of the following:

- 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