

# THE MORAY HOUSING PARTNERSHIP

## RENT POLICY

**Date Agreed:**

**November 2010**

### **1. POLICY AIMS**

The Moray Housing Partnership (the “Partnership”) states the following to be the key aims of this rent policy:

- to state clearly how the key criteria of affordability, viability and comparability will be used in the setting and the annual varying of the Partnership’s rents;
- to ensure that it has a rent structure that is easy to understand, easy to apply, is flexible, fair and transparent; and
- to promote tenant consultation and involvement in rent setting with all tenants and registered tenants organisations being consulted about any rent or service charge changes, in accordance with the Housing (Scotland) Act 2001

### **2. OBJECTIVES**

This policy complements the aims and objectives of the Partnership’s Business Plan, which includes the following

- the provision of affordable rented housing in Moray;
- working with Moray Council in targeting regeneration and sustainability;
- operating fair and equitable policies and practices;
- continuously improving the quality and value of its services;
- employing robust financial planning in our decision making processes;
- encouraging community involvement wherever possible.

The Partnership recognises the importance of social, economic and political factors in the rent process and endeavours to make best use of forward planning to achieve its aims of affordability and sustainability.

The Partnership will carry out a budget setting process annually, and cashflow projections for a 30 year period to incorporate the longer term view of financial viability and its ability to meet future cyclical repair and major repair obligations.

### **3. CLIENT GROUP**

The Partnership will strive to provide housing for a wide range of needs. It is anticipated that its main client groups will include:

- Families
- Couples
- Single people
- Older people
- People with physical disabilities
- People with other special needs (to be addressed in conjunction with specialist agencies).

In particular the Partnership aims to provide new housing opportunities based primarily on housing need, for those in low paid employment or in socially disadvantaged situations. This will be taken into account in future reviews of the Partnership's rent policy.

**In setting its rents, the Partnership will have regard to the following key principles:**

### **Affordability**

The Partnership will ensure that rents set and annually reviewed will remain affordable to its tenants. It will use the Scottish Federation of Housing Associations '**Minimising Housing Benefit Dependency Measure**' for a rent (including service charges) to be affordable, households with one person (head of household or partner) working 35 hours per week or more should only exceptionally be dependent on housing benefit in order to pay it.

The Partnership will carry out an annual assessment of rent affordability against this measure, using various sources of information to inform its assessment, including:

- income information gathered as part of the Tenant Satisfaction Survey;
- SCORE;
- regional or locally available data on average and earned incomes;
- comparative rents of other RSLs who operate in the same geographical areas to ensure that rental charges remain favourably comparable to other rents in the social rented sector of the property market; and
- rent charging periods and 'rent free' weeks

Any affordability gaps or marked differentials in comparability will be identified and where appropriate, a strategy will be devised to address these.

### **Viability**

The Partnership recognises that rents set and reviewed on an annual basis must sustain the business that it operates, and the service it delivers (i.e. management, maintenance, cyclical and major repairs and loan repayments) thereby ensuring financial viability and the long term sustainability of the organisation.

It is, therefore, necessary to ensure that, if inflation is at or below 0%, a minimum increase of at least 2% will be applied for that year.

### **Comparability**

The Partnership will compare its rent levels to those of other Registered Social Landlords who operate in the same geographic areas, such as Grampian & Langstane Housing Associations, Moray Council and any other appropriate local housing provider.

### **Tenant Consultation**

In accordance with the Scottish Secure Tenancy agreement and the Housing (Scotland) Act 2001, the Partnership will carry out full consultation on any proposed increase, and have regard to tenants' opinions prior to setting the rent level. This will ensure that tenants have the opportunity to have input into the process and are well informed about the reasons for the proposed increase. The Partnership will also carry out consultation on any proposed changes to this rent policy and the accompanying rent structure.

The Partnership will inform tenants in writing at least four weeks before any change in rent is applied.

### **Quality of Service**

The Partnership aims to ensure high standards of service to its tenants and although recognising the direct relationship between costs and standards of service; standards should not be compromised in order to satisfy affordability parameters.

The Partnership is committed to levels of service and performance contained in *Raising Standards in Housing and Performance Standards* published by the SFHA.

### **Rent Structure**

The Partnership's Rent Structure can be found at Appendix 1 to this policy. The rent structure is a points system used to determine the rents charged for different properties within the Partnership's stock. The structure is based on property attributes, including the location and accessibility of local facilities.

In terms of annual varying of rent, the Partnership aims to apply an increase of inflation RPI plus 1.5%. However, it is recognised that in addressing differentials between rents, larger increases may be necessary for some properties, subject to a ceiling, in cash terms of no more than £15 per month increase being applied.

Where Service Charges are applied, these will be varied according to actual cost, in line with the statutory obligation to recoup these costs, and will be assessed separately from the rent structure, in accordance with the Partnership's service charge policy.

### **Rent Differentials**

The points system will identify the annual target rent which should be charged for each property type and size, dependent on its attributes and location.

Where there is a substantial difference between an existing rent and the target rent, any increase to bring it into line may be phased (with no annual increase being greater than £15 per month in addition to the annual rent increase requirement) over more than one year.

Where a property becomes void, the rent charge will immediately be adjusted to the target rent, for the next letting.

## **4. EQUAL OPPORTUNITIES**

The Partnership will ensure that in implementing this policy, no unfair discrimination will take place against any individual, household or group on the grounds of sex or marital status, race grounds, or on the grounds of disability, age, sexual orientation, language or social origin, other personal attributes, including religious or philosophical belief or political opinion.

## **5. MONITORING AND REPORTING**

The Committee is responsible for approval of all rents.

The Chief Executive will be responsible for ensuring that all rents set and recommended for approval to the Committee follow the Partnership's Rent Policy and Rent Structure.

Annual assessment of information on affordability, comparability and viability gathered and used in the rent setting process will be retained and made available publicly to ensure transparency.

## **6. REVIEW**

Once approved by the Committee, this Policy will be reviewed in consultation with staff, tenants and other relevant agencies.

It will be reviewed every 3 years unless amendment is prompted by a change in legislation, or monitoring and reporting reveals that a change is required sooner.

## **7. LEGAL FRAMEWORK**

Housing (Scotland) Act 2001

Data Protection Act 1998

Disability Discrimination Act 1995

Race Relations Act 1976

Race Relations (Amendments) Act 2000

Sex Discrimination Act 1975

Human Rights Act 1998

Equality Act 2010

## Moray Housing Partnership Rent Structure

Characteristics		Points
House Size	Each Public Room	10
	Each Bedroom	15
	Each Bed space	7
	Each additional WC	5
	Each additional Shower room (gr fl)	5
House Type	Base property value	50
	Ground floor/1 <sup>st</sup> floor Flat	60
	Flat 2 <sup>nd</sup> /3 <sup>rd</sup> floor level?	50
	Flat –self contained	60
	Maisonette	60
	Mid Terraced	75
	End Terraced	85
	Semi detached	85
	Detached	105
House Attributes	New Build	10
	New Build over 10 years old	7
	Refurbished	5
Facilities	Near schools	6
	Near medical Facilities	6
	Public Transport available	6
	Near to local shops	6
Travel	Within town (Elgin, Forres, Buckie, Keith)	25
	Under 10 miles to town	10
	Over 10 miles to town	0
Garden	No garden	0
	Shared garden	5
	Private garden	7
Energy Rating	EPC Rating 1 – 68	1
	EPC Rating 69 – 80	3
	EPC Rating 81 – 91	5
	EPC Rating 92 or over	7
Heating Type	Exhaust Heat Recovery System	10
	Gas Central Heating	8
	Oil Central Heating	6
	Electric Wet System	2
	Electric Storage	0

- 1) Relevant costs will be appropriately assessed to establish the budget necessary to maintain the viability of the organisation.
- 2) As per the above table, every property owned by the Partnership will attract a particular number of points according to their attributes.
- 3) The points for all the properties are added together to give a global number of points.
- 4) The set budget figure is divided by the global points total to give a value per point.
- 5) For each property, this point value is multiplied by the number of points attributed to that property, resulting in an individual rent for each property.
- 6) The affordability test will be applied and the proposed rents assessed against this. Any affordability issues will be analysed and, if necessary, steps taken to remedy them.
- 7) Rent levels will be assessed against comparative RSLs based in the locality of the Partnership. Any comparability issues will be assessed and, if necessary, steps taken to remedy them.
- 8) Rents will be recommended for approval to the Committee.