

Rent Policy

Approved on: 9 December 2010
Board of Management



HAPPY TO TRANSLATE

BIELD HOUSING ASSOCIATION LIMITED

Registered Office: 79 Hopetoun Street, Edinburgh EH7 4QF
Scottish Charity No SC006878

BIELD HOUSING ASSOCIATION LIMITED

Rent Policy

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1 BIELD

- 1.1 Bield Housing Association Ltd was formed in 1971 as a non-profit organisation. The Association is registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2001, is incorporated under the Industrial and Provident Societies Acts (No. 1692R(S)) and is recognised as a registered Scottish Charity (No SC006878).
- 1.2 Bield's primary objective is to enable older people to live independent and fulfilling lives by being a leading and innovative provider of high quality housing, care and support services.
- 1.3 In appropriate circumstances, Bield may seek to develop and manage a broad range of high quality housing for other client groups such as families and vulnerable adults.

2 OBJECTIVES OF THE RENT POLICY

- 2.1 Rents will be set at a level which covers the operating costs of the Association, taking account of the costs which enable us to; manage and maintaining our stock, make a contribution to reserves, service borrowings and secures the immediate and long-term financial health of Bield in order to protect the interests of both current and future tenants.
- 2.2 Subject to local market variations, Bield will apportion rents between individual properties on a like for like basis in terms of size, type, design, physical characteristics, amenity and services to ensure a fair rent structure.
- 2.3 We will seek to ensure that rents represent value for money and are affordable to our tenants.

3 SCOPE OF THE RENT POLICY

- 3.1 Bield provides a variety of types of accommodation under different tenure arrangements.
- 3.2 Bield's Rent Policy applies to all rented housing stock owned or partially owned by the Association.
- 3.3 Tenure can be under; a Scottish Secure Tenancy (SST) Agreement, a SST (with Fair Rents) Agreement, Short Scottish Secure Tenancy (SSST) Agreement, Shared Equity Agreement or Shared Ownership Agreement.
- 3.4 Rent is generally divided into basic rent and service charge. A number of tenants are also charged for heating or energy costs within the tenant's accommodation, and also charges for a meal service within very sheltered housing.

4 RENT SETTING

4.1 Costs

- 4.1.1 The operating costs to be recovered will be established on an annual basis through the preparation of the Association's annual budget. These costs are classified either as property revenue costs, to be met by basic rents, or services costs, to be met by service charges. Costs for long-term maintenance are established on the basis of life cycle costing rather than purely annual expenditure in order to avoid significant fluctuations in charges.

4.1.2/...

4.1.2 Property revenue costs are categorised into the following headings:

- management and administration overheads
- routine repairs and maintenance to building fabric
- cyclical maintenance to building fabric
- major repairs, alterations and renewals to building fabric
- buildings insurance
- loan charges and depreciation
- irrecoverable rent due to voids and bad debts

4.1.3 Services costs are categorised as follows:

- scheme-based management services
- heating to communal areas
- heating or energy to individual properties
- light and power to communal areas
- cleaning communal areas
- maintenance and renewal of services equipment
- insurance of communal areas, contents and services equipment
- maintenance of garden and grounds
- meals
- miscellaneous other costs
- central management and administration of scheme-based services
- irrecoverable service charges due to voids and bad debts

4.1.4 Allowance will be made when setting basic rents and service charges for any other income which may be receivable, such as grants from local authorities, or payments from local authorities or other organisations for the use of facilities or services.

4.1.5 Account will also be taken of any statutory, contractual or regulatory restrictions that may apply. The most significant restriction is that of tenants who have preserved rights to have their rent set by an independent Rent Officer, which cannot be varied by Bield except insofar as the service charge may be registered as a variable amount.

4.2 Basic Rents

4.2.1 Basic Rents are charged for all housing owned or partly owned by the Association. The method for setting the rent varies depending upon whether the housing is occupied under an SST Agreement, a Short SST Agreement, SST Agreement (with Fair Rents), Shared Equity or a Shared Ownership Agreement.

4.2.2 Basic Rents will be set by reference to a weighting formula which is designed to reflect significant variations in size, type, design, physical characteristics and amenity. Details of the formula used for dwellings let for the first time from 1st February 2011 onwards are given at Annex 1 to the Rent Policy. The weighting for dwellings let for the first time before that date was set using different factors. These weightings are being maintained and will not be changed to reflect the new formula.

4.2.3 The annual budget for basic rents will be divided by the total points value for all properties to which the budget applies to give a rent charge per point. This figure is then applied to the individual points values for each property to arrive at a basic rent.

4.2.4 Basic Rents for SST Tenants (with Fair Rents) are set by an independent Rent Officer. Bield will apply for Fair Rents timeously. The rent to be applied for will be that which would be charged for the accommodation at the date from which the new Fair Rent will come into effect if it were occupied by a tenant under an SST Agreement.

4.2.5/...

4.2.5 Basic Rents for tenants with a Shared Equity or Shared Ownership Agreement will be set after taking account of any guidance issued by the Scottish Government or the Scottish Housing Regulator and be subject to the detailed provisions contained within individual agreements. Bield will use the basic rent which would apply for the accommodation if it were occupied by a tenant under an SST Agreement as the starting point for the calculation of the rent. This figure will be subject to deductions of the standard Management and Maintenance Allowances as set by the Scottish Government. The Basic Rent charged will be a proportion of the amount calculated in accordance with individual agreements and the share of the equity held. The funding of major repairs will be in accordance with the appropriate guidance notes and contractual agreements as between Bield and the tenant(s).

4.3 Service Charges

4.3.1 Service Charges for SST Tenants in housing are established on an equitable basis for all non-staff related costs with a standard charge calculated annually for each item of service. Tenants will be charged the amount applicable for each item of service available in the development in which their house is situated. Staff costs will be calculated on the basis of the staff team deployed within the development and charged equally between the tenants.

4.3.2 Service Charges for SST (with Fair Rents) in housing are registered by an independent Rent Officer in conjunction with the Basic Rent. Bield will apply for Fair Rents timeously. The Service Charge to be applied for will be that which would apply if the accommodation were occupied under an SST Agreement. Bield will always seek to have service charges for SST Tenants (with Fair Rents) registered as variable in order that they can be altered annually to keep them consistent with Service Charges applicable to SST tenants.

4.3.3 Service Charges for tenants with a Shared Equity or Shared Ownership Agreement will be set at the same level as applies to other tenants or owner occupiers in the same development.

4.4 Rent Review

4.4.1 Basic Rents and Service Charges will be reviewed annually in order to ensure that costs will continue to be met. If necessary rents will be increased on the basis of the budget process, having due regard to other relevant factors, including increases in the Retail Price Index, average earnings, welfare benefit levels, and the need to maintain rents at affordable levels. Particular regard will be had to changes in Scottish Government guidelines and allowances as these relate to the Association's accounts.

4.4.2 The date for the implementation of rent reviews will be 1 April each year except where there are conditions in the Tenancy or other Agreement which require a different review date, e.g., basic rents for SST Tenants (with Fair Rents) will be reviewed as soon after re-registration as practicable.

4.4.3 The level of any rent increases will be in accordance with the Annual Budget Strategy agreed by the Board of Management. Details of the rent increases shall be submitted for approval to the Housing & Care Services Committee in January / February each year.

4.4.4 In addition to the annual rent review, Service Charges may be reviewed during the course of a financial year to reflect variations in the services provided by the Association but only with the agreement of the tenants concerned. In all such circumstances, tenants will be fully consulted and made aware of the availability of independent advice.

4.5/...

4.5 Consultation

- 4.5.1 Tenants will be advised of the Association's Rent Policy through the Tenant Handbook, Tenant Newsletter and through Bield's Website. Where a review of the Policy is undertaken, tenants on the national Partnership Forum and Registered Tenant Organisations will be formally invited to comment. Views expressed by tenants will be considered and taken into account when the Rent Policy and rent levels are being reviewed.
- 4.5.2 When rents are reviewed tenants will be consulted on any proposed amendments, prior to Committee taking a final decision on rent levels. Thereafter, tenants will be given a statement explaining any revisions to their rent and the reasons why.

4.6 Affordability and Comparability

- 4.6.1 Through the annual budget strategy, Bield will set rents to a level which covers the Association's operating costs and aims to secure the immediate and long term financial viability of Association. By doing so, Bield will also endeavour to set rents at such a level which are affordable to tenants on low income. When setting rents, consideration will be given to welfare benefit levels including housing benefit, the Retail Price Index (RPI) and SFHA affordability measures.
- 4.6.2 The Association will try to ensure that rents are within housing benefit eligibility limits, subject to recognition that some service costs do not qualify for housing benefit.
- 4.6.3 The Association will compare its rents with those of other registered social landlords who provide similar housing and services by undertaking national and local market comparisons each year in order to try to ensure that rents are not significantly out of line with other providers. In addition, Bield will participate in a formal benchmarking group comprising of registered social landlords within its peer group, who will compare operational performance indicators, including rent charges.
- 4.6.4 Where rents charges are identified over a period of time as being higher or lower than those applied by other registered social landlords offering similar properties, points may be added or subtracted to the individual points values applied to each property (see Annex 1). This will only occur once a full evaluation of the reasons for the variation have been determined. Approval to increase or decrease the point values for individual properties or schemes must be granted by the Housing and Care Services Committee and will take effect from the start of the next financial year to ensure that any such changes have been taken into account in the budget planning process for the next financial year.

4.7 Reviews and Complaints

- 4.7.1 Tenants have the right to have a review undertaken of the rents and service charges set in accordance with this Policy. Rent Review Notes, which are issued along with any formal Notice of Rent Increase, will include information on how tenants can seek a review.
- 4.7.2 Where exercised, Tenants will be encouraged to state why they feel a review is necessary, rather than simply that they oppose the proposed level of increase. Tenants must intimate their desire for a review, within 28 days from the date of the notice of rent increase, to the Service Manager. The Service Manager will consider the request and respond, in writing, within 14 days.
- 4.7.3 If a tenant remains dissatisfied with the response, or feels that Bield has not complied with the terms of the Rent Policy, or they are dissatisfied with the way the review has been handled, they may make a formal complaint through Bield's Complaints Policy.
- 4.7.4/...

4.7.4 A summary of all reviews made, and the outcome of these, will be presented quarterly to the Housing and Care Services Committee.

4.8 Review of the Policy

The Rent Policy will be reviewed every 5 years.

BIELD HOUSING ASSOCIATION LIMITED**Rent Policy****Basic Rents - Weighting Formula**

This formula is used for dwellings that are let for the first time on 1st February 2011 or thereafter.

Based on the largest percentage of housing type owned by the Bield, the base unit property which the formula uses is a one person, two apartment flat, which has its own self-contained bathroom or shower-room, a kitchen and full central heating.

This base unit is allocated a value of 100. Additions to or deductions from this value are made in recognition of the presence or absence of the under-noted variable features.

Base unit	100
1. Property Size	
Number of Rooms:	
1 person flatlet	-15
1 person bedsit	-10
1 person, 2 apartment	0
2 person, 2 apartment	+10
2 person, 3 apartment	+15
3 person, 3 apartment	+20
4 person, 3 apartment	+25
4 person, 4 apartment	+30
5 person, 4 apartment	+35
6 person, 4 apartment	+40
2. Design / Amenities	
Double glazing	2