

Lochfield Park Housing Association

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Rent Policy

FUNCTION	DOCUMENT	DA	TE
Housing Management	Rent Policy	Review: Approved:	October 2017 October 2017
	· ·	Implemented: Next review:	October 2017 October 2019

1 Introduction

- 1.1 The Association's Rent Policy was formulated in 2004 and subsequently reviewed in 2017. The Policy currently in place has met the aims and objectives of the Association over the last 13 years and has proved to be flexible, easy to understand and easy to administer.
- 1.2 The Association's current stock profile is as follows:

R	ente	d Pro	perties
-		-	

New & Improved	457
Brucefield Park / EHI	38
Shared Ownership	19
Total	514
Homestake	6
Owner Occupied	29
Total Units	549

2 Policy Aims

- 2.1 To provide a basis for rents to be set and revised on an annual basis.
- 2.2 To ensure that the Association's total rental income covers its total expenditure, including related management costs, maintenance services, loan charges and prudent provision for the future repair of its properties.
- 2.3 To maintain rents within limits which are affordable to those on low incomes who are responsible for paying all or part of their rent.
- 2.4 To maximise rental income by efficiently and promptly administering rent setting and rent increase procedures.
- 2.5 To achieve consistency in rent setting across the entire housing stock reflecting size and type of accommodation, amenities and facilities included within the accommodation.
- 2.6 To be fair, comprehensive and easily understood
- 2.7 To ensure service charges are affordable and cover the cost of services provided.
- 2.8 To retain comparability of rent levels with other local housing providers.
- 2.9 To ensure the Association's rents are sufficient for the continued provision of a quality housing service to its customers.

2.10 To ensure sufficient income is generated to allow the association comply with all loan covenants to private lenders.

3 Policy Review

- 3.1 The ever changing financial environment where emphasis is placed on financial prudence and lenders requirements, dictates a need to review the rent policy regularly.
- 3.2 It is also vital that the rent policy is flexible enough to meet the current needs and future aims of the organisation.

4 Scottish Secure Tenancies

4.1 All of Lochfield Park's tenants have Scottish Secure Tenancies where the responsibility for rent setting lies with the Association.

5 Area of Operation

- 5.1 The Association operates in the Lochend Area of Greater Easterhouse. In common with many peripheral estates the area has traditionally suffered from high unemployment with many families on low incomes.
- 5.2 Approximately 70% of current tenants are on full or partial housing benefit.
- 5.3 The Association is committed to set rents at levels, which are affordable to those tenants in low paid employment.

6 Affordability

The Association previously adopted the SFHA's definition of affordability as "an affordable rent is that level of rent which a tenant can pay without having to forego any other reasonably perceived needs".

However, since 2014, SFHA changed the way it measures affordability as a result of Welfare Reform.

As a result, the Association now employs the use of the SFHA's Affordability Tool to provide accurate, up to date, assurance that its rent is affordable to its tenants.

7 **Comparability**

7.1 Annual comparability exercises are carried out with other housing providers in the area.

8 Viability

- 8.1 While Affordability and Comparability are important elements in the rent policy, the **overriding priority** must be that income covers projected expenditure as detailed in the Associations Business Plan.
- 8.2 The Association will determine rent levels from the annual appraisal of operating costs which include:-
 - Management and maintenance costs
 - Loan charges
 - Planned maintenance provision (including the Scottish Housing Quality Standard)
 - Reserves
 - Voids and bad debts

9 Rent Setting Mechanism

- 9.1 The formula used by the Association incorporates a "basic charge" and "value system".
- 9.2 The "basic charge" relates to management and maintenance allowances with added surcharges to reflect the potentially higher management and maintenance costs of larger properties.
- 9.3 This "basic charge" ensures management and maintenance costs are covered for all property types.
- 9.4 The "value" system places a monetary value on property size, amenity and service level and this is added to the "basic charge". This formula distributes the differentials between smaller and larger properties more evenly.
- 9.5 To calculate the annual rent for each property it is necessary to calculate the "value" points relevant to the property and add these to the "basic" charge.

Rent Levels - 2008/2009									
House Size		2 Apt/2P	3 Apt/3P	3Apt/4P	4Apt/4P	4Apt/5P	4 Apt/6P	5Apt/6P	5Apt/7P
Base Rent		£2,084.25	£2,245.95	£2,370.90	£2,412.90	£2,537.85	£2,661.75	£2,699.55	£2,705.85
GAS C/H	+191								
PRIV F/B DOOR	+229								
PRIV F DOOR	+191								
ADD W.C	+96								
DINNING ROOM	+115								
UTILITY ROOM	+115								
END TERRACE	+96								
MID TERRACE	+58								
WHEELCHAIR AMENITY	+212								
DRIVEWAY	+58								
SHOWER & W.C	+212								
WETFLOOR SHOWER	+294								
Total Charges									
CHARGEABL	E RENT								

10 Rent Review

- 10.1 Rent Review will take place in November / December each year and cognisance will be taken of RPI at November and any increases in costs. The overriding consideration for the association however will be to ensure that the annual rent increase provides sufficient income to meet the association's business requirements as identified in the budget setting process. The implementation date for new rents will be the following 1st April.
- 10.2 Tenants will be consulted annually on any proposed rent increase in line with the requirements of the Housing (Scotland) Act 2001.
- 10.3 Regular Tenant Surveys will be carried out and feedback sought on satisfaction with Rent Levels.
- 10.4 Rent increase letters will be issued annually, at the end of February, giving tenants the required 4 weeks notice.
- 10.5 Whilst responsibility, for setting rents and rent increases lies with the Management Committee, the Association will comply with the requirements of the Housing (Scotland) Act 2001, to consult with and take the views of its tenants into account wherever possible, consequently regular surveys will be carried out and tenant's feedback will be sought on current rent levels.

11 Service Charges

- 11.1 As well as setting rents the Association also has responsibility for setting service charges. The Association will undertake regular reviews of service provision and seek the views of its tenants on which services to provide.
- 11.2 The costs of services will be calculated and a fixed charge added to individual rents to cover costs. Only those tenants receiving services will be charged.
- 11.3 Any charges not eligible for housing benefit will be itemised separately in the rent statement.

12 Good Practise

- 12.1 The Association will regularly review the Rent Policy to ensure that it continues to meet the needs of the Association.
- 12.2 The next review will be in two years time.