RENT POLICY

POLICY NO. 3

Date Reviewed:	February 2025
Date of Next Review:	February 2028
Regulatory Standards of Governance and Financial Management	**Regulatory Standard 2** The RSL is open and accountable for what it does. It understands and takes account of the need and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities. **Guidance**: 2.4 **Regulatory Standard 3** The RSL managed its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay. **Guidance**: 3.1; 3.4

1. INTRODUCTION

1.1 The aim of the Association's rent policy is to set and maintain rents which are fair, reasonable and affordable to tenants and prospective tenants, whilst covering the Association costs and ensuring Glen remains a viable business.

1.2 Rent levels must promote tenant and community confidence in the Association.

1.3 Rental income is the most important source of revenue income for the Association.

1.4 The Policy and associated procedures follow best practice and take into account:

- the Housing (Scotland) Act 2001
- SHR Regulatory Standard 3

  "The RSL manages its resources to ensure its financial wellbeing and economic effectiveness".

- Social Housing Charter indicators:

  <u>Outcome 13</u> – Tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.
  <u>Outcome 14</u> – Social Landlords set rents and service charges in consultation with their tenants and other customers so that a balance is struck between the level of services and how far current and prospective tenants and other customers can afford them.
  <u>Outcome 15</u> – Tenants get clear information on how rent and other money is spent, including any details of individual items of expenditure above thresholds agreed between tenant and landlord

2. COVERING THE COST OF SERVICES

The basic costs which must be covered by rental income are as follows:

2.1 Management

These mainly involve staff costs for the provision of housing management services, general office, administration and corporate costs and community development.

2.2 Maintenance

These involve the cost of reactive repairs, cyclical and long term major planned maintenance and staff time and overheads required to organise and supervise these works.

2. COVERING THE COST OF SERVICES (Continued)

2.3 Loan Charges

These cover the cost of the Associations loan repayments due to Banks/ Building Societies. They will vary from time to time due to the level of interest rates.

2.4 Voids and Bad Debts

These costs cover rents lost when houses are empty awaiting re-letting and rent lost due to the write-off of former tenant arrears and other recharges.

At present an allowance of 1.25% for Bad Debt and 0.5% for voids is assumed for the above.

2.5 Depreciation of Housing Stock

Annual provision must be made for the depreciation of the housing stock as a requirement of Accounting Standards.

2.6 Insurance

Covers the cost of insuring all the Association’s properties.

2.7 Risk

There is a high customer service, reputational and regulatory risk if we fail to implement the rent policy appropriately. This risk is mitigated by ensuring we adhere to regulatory and legislative requirements and open consultation processes for tenants.

3. AFFORDABILITY

3.1 In rent setting, the key issue is to establish the extent to which the Association’s ability to charge rent to cover costs is constrained by the aim of affordability.

The Association wishes to set rents which are affordable to those in employment and on low wages. In addition, the Association is aware of the "poverty trap" which exists in the benefit and taxation system and does not wish to be in a position where only those in receipt of full housing benefit or universal credit can afford to rent its houses.

Establishing affordability and income levels is an ongoing process which the Association will pursue by the following means: -

- Comparing information from all appropriate sources, particularly other local housing providers

- Use of the rent affordability tool supplied by SFHA to review proposed rents as part of any rent setting process

4. RENT SETTING MECHANISM

4.1 We aim to charge similar rents for similar properties as far as possible. The rents for individual properties will be set using a base rent which will apply to **all** property types and a matrix structure which attaches a percentage weighting to the amenities of each property.

This matrix was originally adopted following consultation with tenants during a detailed review of the Association's rent policy in November 1997 and has since been regularly reviewed and approved as appropriate. The rent matrix, indicating the weighting attached to a property's amenities, forms Appendix 1 of this Rent Policy.

4.2 The Association has taken all necessary action to ensure this rent setting mechanism is efficient, at the same time as being fair, consistent and transparent, and is understood by staff, Board Members and residents.

4.3 In addition, we will ensure that the structure is capable of setting affordable rents for the different sizes and types of properties in our stock without the necessity to apply additional weighting for new build properties we may acquire. It is acknowledged that to apply this principle, it is extremely important that there continues to be an effective planned maintenance programme in place which addresses replacement components at the appropriate times over all the Association's stock.

5. SERVICE CHARGES

5.1 Where services additional to the landlord's statutory requirements are provided to tenants, the actual cost of providing this may be passed on to tenants.

It is the Association's policy to pass on the actual costs incurred for the provision of any service of this nature, normally with a 5% administration fee added.

6. RENT COLLECTION

6.1 The collection of rents is a priority task, and detailed procedures can be found in the Association's Rent Arrears Policy.

6.2 <u>**Rent Periods**</u>

Rents will be charged on a monthly basis due on the **first** of each month in advance. However, payment methods will be discussed with each tenant and payment patterns may be tailored to suit individual circumstances, e.g., weekly, fortnightly etc.

6. RENT COLLECTION (Continued)

6.3 Payment Methods

The following methods are available for tenants to adopt the most suitable for their circumstances:

- Standing Order
- Cheque (by post or in person at Association offices)
- Pay-in book at any Royal Bank of Scotland branch
- By debit/credit card – in person at the Glenrothes office or by telephone
- Bank Transfer

For security reasons cash payments of rent will not normally be accepted at the Associations offices without prior arrangement.

7. RENT REVIEW

7.1 Rents will be reviewed annually and will consider actual expenditure in the previous year, any known or anticipated change in costs and longer term future requirements for major repairs. Consultation with tenants on proposed rent increases will take place each year prior to agreeing the final figure. Any necessary increase in rent will be implemented on 1st April and tenants will be given one month's written notice of any proposed increase.

7.2 This policy supports the strategic requirements of the Associations Business Plan. Each year the Association reviews detailed financial projections covering the following 30 years. This 30 Year Financial Projection model considers a number of variables including assumptions for developments, general repairs and major long term maintenance costs. These projections will be utilised in any rent review.

These projections are also monitored to ensure a long-term positive cash flow enabling the Association to meet its maintenance and general requirements over the coming period and achieve long term sustained financial viability.

It is our policy to increase rents by the minimum level consistent with providing the highest level of quality and service we can and the effective management of the Association.

7.3 The Association will take cognisance of the RPI (Retail Prices Index) and the CPI (Consumer Prices Index) measure of inflation at December each year for the following April's rent setting rates.

7.4 The Association will carry out an option appraisal before making a final decision on the rent level/structure to be applied to any new developments, based on:

(a) the existing matrix.
(b) the actual cost of finance for that particular development.
(c) impact on existing tenants' rents.

8. COMPLAINTS

As per our Complaints Handling Procedure, Glen Housing Association is committed to providing high-quality customer services. However, if a tenant, or anyone acting on their behalf wishes to raise a complaint, they can do so in person at any of our offices, by telephone, in writing, by email or using our complaints form on www.glenhousing.co.uk

9. OUR COMMITMENT TO EQUALITY & DIVERSITY

Glen Housing Association is committed to promoting fair and equal treatment for all and is opposed to any form of unlawful discrimination. We operate an Equality & Diversity Policy which informs all aspects of our business and ensures we adhere to the Equality Act 2010.

In line with our commitment and upon request, the Association can make this Policy available, free of charge, in a variety of alternative formats including large print, audio, Braille and community languages.

10. GENERAL DATA PROTECTION REGULATIONS

The Association will treat all personal data in line with its obligations under the current data protection regulations and its own Privacy Policy. Information regarding how personal data will be used and the basis for processing it is provided in the Association's Fair Processing Notice.

11. POLICY REVIEW

This policy will be reviewed every 3 years.

APPENDIX 1: RENT MATRIX STRUCTURE

Base Rent April 2024 – March 2025: £290.27

Amenity	Weighting
1. Single Bedroom	+ 10%
2. Double Bedroom	+ 15%
3. Non-Flatted Property	+ 20%
4. Flatted with Private Entrance	+ 10%
5. Maisonette	+ 15%
6. Private Parking	+ 5%
7. En-Suite Bathroom/ Shower Room	+ 5%
8. Box Room/Dining Room	+ 5%