



OAK TREE HOUSING ASSOCIATION

Rent Policy

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|-----------------|--------------|---------------|------------|
| Adopted | October 2000 | Last Reviewed | April 2018 |
| Next Review Due | April 2021 | | |

1.0 Introduction

- 1.1 This policy determines the framework for setting rent & occupancy charges for all properties and lays out the principles underpinning the way rents are set. The provision of high quality housing and services relies on generating sufficient income to allow Oak Tree Housing Association Ltd to fulfil its aims and objectives. An effective policy for setting rents is an important part of the policy framework.
- 1.2 The policy has been drafted to comply with the Scottish Social Housing Charter:

Outcomes 14 and 15: Rents and Service Charges

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 provided, the cost of the services, and how far current and prospective tenants and other customers can afford them;
- 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.

2.0 Definition of the Association's Client Group

- 2.1 The Association aims to provide housing for those who are inadequately housed or homeless or who have a particular housing requirement, which cannot be met at prices within their means or at all within the housing market.

The target group for rented accommodation includes people with housing needs who fall into the following categories: -

- Unemployed
- Non waged
- In low paid and/or insecure employment

In addition to the provision of rented accommodation, the Association has developed Shared Ownership Units for those who wish to access owner occupation but cannot otherwise afford to buy. The target group for shared ownership accommodation includes: -

- Households in the social rented sector who aspire to home ownership
- Owners in financial difficulties
- First time buyers
- Applicants with particular needs unable to purchase a suitable property
- People leaving the armed forces and veterans who have left the forces within the last year.

3.0 Aims of the Rent Policy

The aim of the Association's Rent Policy is as follows:

- 3.1 To lay down a clear rent setting methodology to cover all the Association's stock and will apply fairly to all tenures and types of property and which fairly reflects the amenity of different properties.
- 3.2 To set rents which are affordable to households on low incomes.

- 3.3 To generate sufficient income to meet the Association's financial needs including the cost of managing and maintaining our homes and providing services to our customers.
- 3.4 To achieve rents which are consistent with other social landlords providing social rented housing locally of a similar type or amenity.
- 3.5 To allow the Management Committee flexibility in rent setting to allow the development of properties and management initiatives to meet the community care objectives of the association's and its partners.

4.0 Rent Setting Methodology

- 4.1 The Association is required to provide a mechanism for setting rents for the following:
 - 4.1.1 Properties occupied by tenants with a Scottish Secure Tenancy or Short Scottish Secure Tenancy excluding all of the categories below.
 - 4.1.2 Properties occupied by tenants who have a Secure Tenancy with the right to have a fair rent registered. These tenancies were converted to a Scottish Secure Tenancy in September 2002. To have been a secure tenant with a housing association your tenancy must have started before 1989.
 - 4.1.3 Properties occupied on a Shared Ownership basis.
 - 4.1.4 Properties acquired in the stock transfers from Scottish Homes to James Watt Housing Association and Victoria Housing Association (referred to as 'LSVT stock').
 - 4.1.5 Stock in the Bow farm Area previously owned by Bow Farm Housing Association (referred to as 'BFHA stock').
 - 4.1.6 Properties designed or managed to meet the community care objectives of the association and its partners.
 - 4.1.7 Commercial premises.

The policy will deal with each of the categories mentioned above in turn.

4.2 Basic Methodology for Rent Setting for Properties Occupied by Tenants with a Scottish Secure Tenancy

The methodology for rent setting shown below applies equally to first lets and re-lets of properties. It covers new build, improved, and unimproved properties.

The rent for a property will be set by awarding points according to the size, type and attributes of an individual property. The points are converted into a yearly rent by the application of a multiplier, which is set on an annual basis by the Management Committee of the Association.

4.2.1 Base Rents

| Property Size | | Points | Clarification |
|---------------|-------|--------|--|
| 1 per | 1 apt | 161 | Bedsit |
| 1 per | 2 apt | 174 | Living room & 1 single bedroom |
| 2 per | 2 apt | 182 | Living room & 1 double bedroom |
| 3 per | 3 apt | 195 | Living room & 1 double, 1 single bedroom |
| 4 per | 3 apt | 203 | Living room & 2 double, 0 single bedroom |
| 4 per | 4 apt | 208 | Living room & 1 double, 2 single bedroom |
| 5 per | 4 apt | 213 | Living room & 2 double, 1 single bedroom |
| 6 per | 4 apt | 218 | Living room & 3 double, 0 single bedroom |
| 5 per | 5 apt | 221 | Living room & 1 double, 3 single bedroom |
| 6 per | 5 apt | 226 | Living room & 2 double, 2 single bedroom |
| 7 per | 5 apt | 234 | Living room & 3 double, 1 single bedroom |
| 8 per | 5 apt | 242 | Living room & 4 double, 0 single bedroom |

4.2.2 Points are added or deducted according to the attributes of the property as follows: -

| Features | Deductions |
|--|------------|
| Lack of full double glazing | 2 points |
| Lack of drying green in a flat | 1 point |
| Features | Additions |
| Extra w.c. | 5 points |
| High demand | 5 points |
| New build | 10 points |
| Exclusive use of garden (house) | 3 points |
| Shared use of garden (main door flat or four in block) | 1 point |
| In curtilage car parking or garage | 2 points |
| Small dining area (within kitchen or outwith) | 3 points |
| Larger dining area (within kitchen or outwith) | 8 points |
| Separate multi-functional room | 13 points |
| Additional shower facility in addition to bath or other shower | 2 points |
| Integral porch or integral porch and bin store | 1 point |
| Utility room | 2 points |
| House type - house | 10 points |
| House type – four in block or main door flat | 5 points |
| Lift | 9 points |
| Stair lift | 9 points |
| Specialist bath | 6 points |
| Door opener | 14 points |

The resulting total is multiplied by a factor set by the Management Committee each year.

4.3 Secure Tenancies

The fair rents for the properties occupied by secure tenants of OTHA are set by the Rent Registration Service and reflect the amenity offered by the property, the rent charged for similar properties locally and the tenure type. OTHA proposes a rent to the Rent Assessment Officer who can decide to determine a rent higher or lower with both the Landlord and tenant having the right to appeal. The rent, once determined, is set for a three-year period.

The rents proposed for any property will reflect the rent which would be charged for a tenant with a Scottish Secure Tenancy using the rent setting methodology described in part 4.1 above.

4.4 Shared Ownership

The occupancy charge is set at the time of development and first sale. Inflationary increases are applied each year subject to the decision of the Management Committee. The rent setting methodology used was as follows: -

1. The rent is set as for a tenant with a Scottish Secure Tenancy using the methodology detailed in part 4.1 above.
2. The Management and Maintenance allowances are deducted. These are set by the Scottish Government on a yearly basis.
3. The remaining total is multiplied by the percentage owned by the Association (i.e. 100% minus the tranche purchased by Sharing Owner).
4. The Management Allowance is added back on to the resulting figure.
5. The costs of buildings insurance and any service charges are added on to the total.

4.5 LSVT Stock

LSVT properties purchased under a stock transfer agreement were subject to agreed restrictions:

- That rents would not increase more than 1% above RPI subject to a power, which allowed higher rent increases to be imposed under limited circumstances namely where additional works not contemplated in the LSVT contract have been carried out and the value of these works is reflected in the rent increase proposed.
- Adjustments to the relative rents could only be effected once in a five-year cycle and with the consent of the Scottish Government.

These restrictions have been removed and rents will now be reset under the standard rent policy according to the timetable for implementation agreed by the Management Committee.

4.6 BFHA Stock

The rents set for properties previously owned by BFHA, were set according to the Rent Policy of BFHA at the time the properties were developed. Rents will be reset under the standard rent policy according to the timetable for implementation agreed by the Management Committee.

4.7 Community Care Projects

The association recognises that assisting with community care provision, in purpose built projects or in properties managed for specific client groups, may result in additional costs to, and risks incurred by, the association. To manage the risk involved and to meet the costs incurred by our contribution to community care provision, the Management Committee reserves the right to set rents for individual projects to reflect the requirements of the individual project. An allowance may be built in to cover a range of factors including additional void or maintenance costs, or the development costs of additional areas such as communal kitchens, staff offices

or sleepover accommodation. New or innovative services may be required and the costs incurred will be recouped via a service charge.

4.8 Commercial Properties

Rents for commercial premises will be subject to the conditions of the relevant lease and will normally be set based on a surveyor's valuation and negotiations with the proposed leaseholder.

5.0 Service Charges

5.1 Service costs may exist for a range of services in relation to any specific property and in line with the tenancy agreement. The service charges will be set for the forthcoming financial year in January/February each year according to the separate Service Charge Policy.

6.0 Review of Rent Policy

6.1 The Rent Policy will be reviewed every 3 years or more often if required by the Management Committee.

Each year from November to February, the level of rent increase for the forthcoming financial year will be determined with due consideration of: -

1. The affordability of the current and proposed rents to the Association's existing and prospective tenants and sharing owners
2. The costs to be covered by the rent charged and the long term viability of the Association.
3. The comparability of OTHA's rents to those of other local landlords.
4. Consultation on the rent increase and budget setting process in line with the Housing (Scotland) Act 2001 and the Scottish Social Housing Charter.