

Bridgewater Housing Association Ltd Policy

Approved by Board on 29 November 2017

Review Date: November 2020

Ref: RENT POLICY

1. INTRODUCTION

The Association manages and provides good quality housing at an affordable rent to people in housing need. We operate primarily in Erskine, Renfrewshire. Under the terms of the Housing (Scotland) Act 2001 the Association is responsible for setting rent levels for properties within its ownership and for consulting tenants. This document explains how we set our rents for rented and leased properties, and how we try to ensure that these are affordable to our customers. We have a separate policy on Service Charges.

Details of how we assess affordability are detailed at section 8 of this policy. Section 9 explains how any proposed rent increase will be applied.

2. THE SCOTTISH HOUSING REGULATOR

The Scottish Housing Regulator (SHR) monitors, assesses and reports on how social landlords perform their housing activities as well as their financial wellbeing and standards of governance. The SHR will intervene to secure improvements where necessary. The SHR was established under the Housing (Scotland) Act 2010 with one statutory objective: “to safeguard and promote the interests of current and future tenants of social landlords, people who are or may become homeless and people who use housing services provided by Registered Social Landlords and Local Authorities.” They have published a set of Regulatory Standards of Governance and Financial Management and the relevant standards in relation to this policy are:

1. The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.
2. The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities.
3. The RSL manages its resources to ensure its financial well-being and economic effectiveness.
4. The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation’s purpose.

The SHR requires to be notified of any significant or exceptional issue, event or change within our organisation (a notifiable event) and how we intend to deal with it. The events relevant to this policy would come under the Regulator’s heading of Performance and Service Delivery issues or Financial and Funding issues. The SHR’s Guidance on Notifiable Events gives examples of notifiable events and can found on their web site.

3. THE SCOTTISH SOCIAL HOUSING CHARTER

The Scottish Social Housing Charter sets out the standards and outcomes that all social landlords should aim to achieve for their tenants and other customers when performing their housing activities.

The relevant standards and outcomes for the Rent Policy are:

Outcome 13: Value for money

- tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.

In order to meet this standard, we will regularly retain feedback from customers on whether their rent or service charges provide value for money and we will act upon the feedback we receive.

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.

In order to meet these objectives, we will do four things:

- We will consult with tenants ahead of any increase
- We will assess the affordability of the proposed new rents
- We will give tenants a range of options when presenting our annual rent review proposals
- We will provide details on our web site and in our annual report on the charter as to how tenants' rent money is spent.

4. OBJECTIVES

Rent is the main source of the Association's income, enabling us to maintain and improve our existing homes as well as fund and build new ones. In addition to this, we deliver a range of tenancy related housing services, repay loans, pay staff and maintain our offices, while funding and delivering a much wider role within the community, to help our tenants and the community generally in Erskine.

The objectives of the Rent Policy are intended to ensure that:

- The mechanism for setting rents generates sufficient income to meet our financial requirements.
- The rent structure is capable of setting affordable rents for the different types and sizes of properties in our stock.
- The mechanism for setting rents is transparent and is understood by staff, board members and customers.
- The policy complies with the Scottish Housing Regulator's guidance by ensuring that where possible, rents set by the policy are affordable to those on low incomes and who do not receive housing benefit.

5. SCOPE

This policy relates to rents set for Scottish Secure Tenancies under the Housing (Scotland) Act 2001 (including any tenancy converted to a Short Scottish Secure Tenancy).

Rents require to be sufficient to cover the costs of managing and maintaining all properties owned by the Association, in addition to making provision for future major repairs and improvements and private finance loans on developments.

Costs covered by rental income include:

- Housing management costs – costs associated with managing all aspects of a housing service and determined by the annual budget.
- Voids (empty homes) and bad debts – a provision to cater for income lost through voids or rents being unrecoverable
- Maintenance costs – costs associated with undertaking day to day repairs on our properties
- Major repairs and improvements – costs associated with planned maintenance and replacement of components within houses such as kitchens, heating systems, roofs etc.
- Loan charges – costs associated with servicing private loans taken out by us to fund the building of additional houses to meet demand
- Insurance and overheads – costs associated with building, public and liability insurances which we are obliged to have in place
- Staffing costs and pension provisions – costs associated with employing staff to deliver the services

6. CONTEXT

We set charges that take account of a number of factors. Affordability is at the core of our decisions, however importantly there are other considerations for the Board to take account of:

- **Affordability** - rents are affordable to households on low/moderate incomes
- **Viability** - sufficient income is generated to meet all of the Association's financial requirements and any associated borrowing
- **Housing Quality** - sufficient income is generated to meet the Association's on-going programme of work for stock improvements and tenants' aspirations for modernisation and improvements
- **Transparency and Fairness** - provision of a fair system of setting and apportioning rents for different sizes and types of property which is easy for our tenants to understand and can be justified.
- **Comparability** - rents are broadly consistent with comparable rents charged by other social landlords in the area and elsewhere, providing similar types and standards of property services and neighbourhoods.
- **Value for money** - maximising the use and impact of each pound spent to improve housing or other intended outcomes.

7. PRINCIPLES OF THE RENT STRUCTURE

The Association is committed to providing a fair, transparent and consistent rent structure with similar rents being charged for properties of a similar type and size.

The stock transfer from Scottish Homes in 1998 accounts for the majority of our housing stock, however the Association's development programme has enhanced this with the addition of 1 block of amenity flats; 2 extra care housing developments; and 92 general needs properties. Additional properties (66 at October 17) have been acquired through 'Rental Off The Shelf' (ROTS), Mortgage to Rent (MTR) and purchase on the open market.

The rent structures for the LSVT and other housing is provided at Appendix 1.

It is the policy of the Association, that when it increases rents, it will do so by the same % to all house types, thus maintaining an appropriate differentiation between house types and house sizes.

8. AFFORDABILITY

The Association's aim is to ensure that our rents are affordable to tenants on low/moderate incomes.

The previous SFHA (Scottish Federation of Housing Associations) definition of affordability was: *'For a rent (including service charges) to be affordable, a household with one person working 35 hours or more should only exceptionally be dependent on Housing Benefit in order to pay it.'*

The definition was based on the assumption that rents should be low enough to be affordable to the vast majority of working tenants without the need for Housing Benefit.

However, reform in Welfare Benefits, and in particular Housing Benefit, in recent years has led to more complexity in the relationship between Housing Benefit, other benefits, income and rent. The introduction of the Spare Room Subsidy (Bedroom Tax), reliance on Discretionary Housing Payments (DHPs), rollout of Universal Credit, implementation of Benefit Caps and so on all impact on our tenants of working age.

In light of these (and other) complexities, an updated approach to testing affordability has been developed by SFHA through an 'Affordability Tool', which is based on local authority moderate income levels for a range of household types. This allows housing associations to test different rent scenarios. Outcomes for the Association as at October 17 can be found at Appendix 2.

In testing the affordability the Association will adopt the following approach:

- We will apply the SFHA measure of affordability to determine if rents are affordable to tenants and prospective tenants.
- We will ensure that rents and the annual rent increase, on average, does not unreasonably exceed levels set by other housing associations working in the same area, where the current rent, type and size of property, and the location and service is comparable. We will, however, take our inherited rent levels into account in this process along with the financial impact of our landscape maintenance responsibilities, which we believe add approximately £3 per week to our rents.
- We will compare our rents and annual rent increase with our partners in the Federation of Local Associations in Renfrewshire (FLAIR).
- We will take into account feedback from our annual customer survey on rent review proposals.
- We will take into account customer feedback on refusals for offers of tenancies and reason for terminating tenancies.

9. RENT REVIEWS

The Association's rent charges are payable every month in advance, with each rental period running from the 29th day of one month until the 28th day of the next month. Our Scottish Secure Tenancy Agreement states that *'We are entitled to change the amount of rent and any service charge, as long as we tell you in writing at least four weeks before the beginning of the rental period when the change is to start. We will not normally change the rent or the service charge more than once every twelve months.'*

The Association will normally review rents on an annual basis, with rent reviews coming into effect on 29th March each year.

10. CONSULTATION

Feedback from the Association's tenants has been central to the LSVT stock rent structure and to the annual rent review.

The Association has been critically aware of the shortcomings of postal questionnaires in consulting tenant on the annual rent review. Consequently, the Association will adopt a process whereby consultants will be commissioned to undertake a telephone survey of around 200 tenants each year,

but with each tenant given the option to participate. Tenant profiles will cover self-payers, tenants on full and partial housing benefit, and tenants in receipt of Universal Credit. The purpose of the survey will be to obtain customer feedback on the proposed rent increase in relation to:

- Satisfaction with services
- Awareness of Bridgewater rents compared to private sector rents
- Satisfaction with consultation and information on annual rent increase
- Views on proposed rent increase
- Affordability of proposed rent increase
- Support for proposed rent increase
- Value for money

Respondents will be asked if they have any other comments about the rent consultation process or value for money and with effect from 2017, an 'Open Day' will be held in the office when senior staff are available to speak to customers about the proposed increase.

The Association will aim to provide tenants with options in relation to rent increases so that they can make an informed decision about what increase they would like the Board to agree.

11. EQUALITY AND DIVERSITY

The Association's strategy is to ensure that our Equality and Diversity Policy is applied fully, fairly and consistently across the Association, as an integral part of business planning processes and the services we provide. It recognises that all people are different and aims to ensure that we treat each individual with dignity and respect. To achieve the aims of our overall strategy we will take action to address discrimination experienced by particular groups, as well as action to promote and achieve diversity in employment, governance and service delivery.

12. MONITORING AND REVIEW

This policy will be subject to regular review and will be reviewed at least every three years.