

RUTHERGLEN & CAMBUSLANG HOUSING ASSOCIATION LTD

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Rent Policy

1.0 INTRODUCTION

Rutherglen and Cambuslang Housing Association is a registered social landlord committed to providing good quality affordable housing and related services, specifically the management and maintenance of the properties. At the same time the Association is required to operate as a self sustaining business and as such must ensure that it generates sufficient income to cover its expenditure in meeting all of its management and maintenance commitments.

As rents are the main source of revenue income for the Association it is imperative that the Association ensures that rents are set at levels which are not only affordable to its tenants but which also cover all of its revenue costs such as loan repayments, management costs, reactive and cyclical maintenance costs. This means that the rent setting process must be an integral part of the Association's internal management including budgeting and longer term planning. The policy is also intended to ensure that both individual property rents and annual rent increases are set within a framework which can be seen to be consistent, fair and equitable. The policy is intended to explain and clarify the rent setting and rent review processes to both staff and residents within the Association's rented and shared ownership properties.

2.0 AIMS AND OBJECTIVES

The primary aim of the Rent Setting Policy is to put in place a logical and understandable framework which ensures that rents for individual properties are set in a consistent manner

that fairly reflects the amenities provided within the property. The policy also aims to set the rent setting process within the context of the need to maximise rental income to secure the Association's continuing viability whilst ensuring rents remain affordable to our tenants.

Arising from this overall aim the key objectives of the Rent Setting Policy are;

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 borrowings

Transparency and Fairness – there is a fair system of setting and apportioning rents for different types of property for tenants

Comparability and value for money – rents are broadly consistent with comparable rents charged by other social landlords in the area providing similar types and standards of property, and services.

Reflects Good Practice - The Association abides by all legal and good practice requirements when implementing its rent setting process.

3.0 Legal and Good Practice Standards

3.1 Legislation

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 with the residents involved.

3.2 Social Housing Charter

The Scottish Government, through the Social Housing Charter, sets the outcomes it expects social landlords to achieve for its residents.

In terms of how rent and service charges are applied the relevant Social Housing Charter indicators include:

Outcome 13 – Tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay

Outcome 14 – 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

Outcome 15 – 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.

3.3 Good Practice

The SFHA Rent Setting Guidance and Affordability Tool 2022 has been taken into account in development of this policy.

3.4 Business Planning

This policy supports the strategic requirements of the organisation's Business and Development Plans, Standing Orders and the organisation's strategies.

4.0 RENT SETTING CRITERIA

4.1 Viability

The Association has a responsibility to ensure that the rental income generated by its housing stock is sufficient to ensure that the costs it incurs can be met both in the short and the longer term. When setting rents the Association will therefore take into consideration a full and realistic assessment of the relevant costs including;

- Housing Management Costs
- Reactive & Cyclical Maintenance Costs
- Contribution to the Planned Maintenance Programme
- Contribution to Reserves
- Cover for Voids and Bad Debts
- Loan Charges
- Insurance and Overheads
- Staffing and Pension Costs

The level of provision required for each criteria will be assessed in line with the Association's Financial Regulations and Procedures and will be carried out as part of the budgeting process.

4.2 Affordability

Rents should be affordable to tenants on low / moderate incomes.

Rutherglen and Cambuslang Housing Association uses the SFHA measure of affordability to check if rents are affordable to tenants and prospective tenants.

Rutherglen and Cambuslang Housing Association 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, the type and specification of the property, the location and the service is comparable.

Rutherglen and Cambuslang Housing Association will also have regard for feedback from applicants from surveys on their reasons for the refusal of offers of tenancies, for comments made by new tenants at the new tenant home visit and the reasons for leaving cited by former tenants in exit survey.

5.0 COMPARABILITY

5.1 Measuring Comparability

The Association is also committed to ensuring that it remains an attractive housing option for those in housing need both in terms of the quality of housing it provides and in financial terms. The Association will therefore seek to ensure that the rents it charges are broadly consistent with rents charged by other registered social landlords in the Association's area of operation.

In identifying appropriate landlords with which to make rent comparisons the Association will take into account;

- The number of units in the landlord's management
- The client group of the organisation
- The location of the organisation and its area of operation
- The type of property the organisation manages

In order to ensure that its rents are comparable globally the Association will compare its charges with those of similar Association's outwith its area of operation by considering the average rents of registered social landlords within the same peer group as identified in the summary of the annual statistical returns produced by the Scottish Housing Regulator.

5.2 Comparability Failure

The Association recognises that there may be legitimate variations in rents highlighted during the comparability assessment. Reasons for legitimate variations may include;

- Other landlords not providing similar levels of management and maintenance services
- Significant differences in the costs to be covered by rental income
- Incompatible methods of producing rent figures (e.g. use of average rents versus use of 'typical rent' for a property type or size)

However, where the comparability assessment highlights significant differentials that cannot be justified the Association will seek to identify the reasons for the failures and,

where necessary and appropriate, will adopt a remedial strategy to address the key differences.

6.0 RENT SETTING STRUCTURE

6.1 Purpose of Rent Setting Structure

The rent structure determines the rent that will be charged for individual properties, taking into account specific property characteristics such as property size and type and the amenities and facilities provided within the property.

The key objectives of the structure is to ensure that similar rents are charged for similar accommodation and that the rents charged fairly reflect the level of amenities provided in different properties.

6.2 Rent Setting Methodology

The Associations housing stock was acquired through a variety of means, as follows;

- ⇒ Old Housing Association Grant improvement schemes
- ⇒ The transfer of ex - Scottish Homes Stock and Glasgow District Council
- ⇒ New properties constructed through 'new' grant funded schemes
- ⇒ Off the shelf acquisitions such as mortgage to rent properties

Rents for old tenement properties were set at the time to reflect similar fair rents in the area. In subsequent new build developments the association set a base rent in 1997 to reflect the amenity attached to each type of property with adjustments to reflect any variation to our standard specification.

Rents in our Scottish Homes transfer stock were predetermined at the time of transfer and were limited to annual increases of RPI + 1% for the first 5 years as per our transfer contract.

In 2003 the Association recognised that there was a variation in the rents being charged for similar properties as a result of the variety of routes that our properties have been acquired or developed. A rent harmonisation process was undertaken at that time which produced a typical rent for every property in our ownership. Subsequently these have been increased each year by applying a percentage rent increase across the board to reflect our ongoing and future management costs.

This was reviewed again in 2017 as part of the rent policy review process and the resulting rent structure is contained within appendix 1(Updated figures 2022). When new properties are constructed or acquired the rents set based on the same property type contained within the list.

6.3 Service Charges

6.3.1 Services Provided

The Association will seek to provide all services required to ensure that the properties and environmental factors under its management are maintained to the highest possible standard. Where appropriate, the costs of service provision will be included in the rent.

The services covered by service charges will commonly include;

- Landscape Maintenance
- The provision of common lighting (e.g. back courtyard & close lighting)
- Stair and bin store cleaning

6.3.2 Non-Housing Benefit Eligible Service Charges

Service charges that are not eligible for housing benefit will only be made in exceptional circumstances and where completely necessary and unavoidable.

6.4 Tenant Improvements

Where a tenant carries out work in the house that qualifies as a tenant improvement under the terms of the Association's policy on Residents' Improvements and Alterations, no increase in the rent for additional amenities will be made as the tenant will retain responsibility for the maintenance of the fittings for the period of their tenancy.

However, when the tenant leaves the property and the Association assumes responsibility for the maintenance of the fittings, a re-assessment of the rent may be carried out prior to the property being re-let where alterations are of a significant nature. Where applicable, a charge will be made for the additional amenities which reflects the cost to the Association of maintaining the fittings and ultimately replacing the items.

6.5 Factors not Considered in the Rent Setting Process

Services and provisions either administered, promoted or directly provided by the Association that are not considered as part of the rent setting process include;

- Home Contents Insurance
- Charges for the provision of Medical Adaptations
- Additional charges for the provision of special needs housing
- Individual residents' eligibility for housing benefit

7.0 RENT REVIEWS

7.1 Date

The rent/service charge will only be reviewed annually and variations applied from 1st April every year. However, previous secure tenants of the Association have retained the right to have their rent determined by the Rent Service Scotland under provisions of the Housing (Scotland) Act 2001. The Association will therefore continue to apply to the Rent Registration Services for a rent review for previous secure tenancies every three years unless the tenant chooses to opt out of the fair rents scheme. In order to keep rents across the stock as consistent as possible the proposed rents presented to the Fair Rents Officer will be determined using the rent setting structure outlined in this policy.

7.2 Method of Determining Level of Variation

7.2.1 Previous Assured Tenancies and Shared Ownership Properties

The Association recognises that, in all probability, any variations to the rent charges will be an increase in order to ensure that the Association's rental income keeps pace with the rising costs in the wider economy. However, in order to keep rents as affordable as possible the increase will reflect the Consumer Price Index published in November.

7.2.2 Previous Secure Tenancies

The assumed percentage increase applied to the rents for previous secure tenancies shall be reviewed every three years.

7.3 Tenant Consultation

In line with the legal requirements of the Housing (Scotland) Act 2001, the Association will consult with all affected tenants on the proposed level of increase in rent and/or service charge prior to implementation.

Affected tenants will be invited to participate in the consultation exercise by submitting comments on the proposals. All opinions, comments and suggestions relevant to the proposed rent increase that are submitted within the consultation period will be presented to the Association's Management Committee for consideration prior to final approval for the rent increase being given.

8.0 Complaints and Appeals

All tenants and sharing owners have the right to make a formal complaint if they feel aggrieved at the treatment they have received from staff during the rent setting, rent

increase and/or consultation exercises. Complaints will be dealt with in accordance with the Association's complaints procedures.

A copy of the Complaints and Procedure is available from the office on request.

Previous secure tenants of the Association retain the right to appeal the level of rent charge to the Rental Valuation Officer.

Sharing owners may appeal against any new charges to be levied and have the right to take their appeal to either a surveyor appointed by the Royal Institute of Chartered Surveyors (RICS) or to a panel of valuers from the RICS, the Rent valuation Officer and a person approved by the Scottish Government. However as invoking this appeals procedure would involve a cost to both the Association and the sharing owner, the Association will at all times seek to resolve such appeals internally and in consultation with the sharing owner.

9.0 Equality and Diversity

This policy has been reviewed and complies with Rutherglen and Cambuslang Housing Associations policies on equality and diversity.

10.0 DELEGATION OF RESPONSIBILITY

The practical implementation of the rent setting and rent increases processes will be undertaken by staff of the Association. As rental income is so fundamental to the ongoing viability of the Association and its ability to provide management and maintenance services, the process of setting and varying rents will be seen as a multi-departmental exercise and carried out in tandem with the budget setting process, the process and timetable for this is contained within appendix 2

No rent variation will be implemented without the approval of the management committee.

11.0 INFORMATION & ADVICE

A copy of the Association's Rent Setting Policy will be made available on request.

12.0 REVIEW OF THE POLICY

The full Rent Setting Policy will be reviewed by at least once every three years. Full reviews of the policy will only be implemented after consultation with tenants and sharing owners of the Association in line with the Association's Consultation Strategy.

October 2017

Appendix One; Rent Structure

Rent Setting

The Association has obtained its stock by a number of methods ranging from the rehabilitation of tenements, stock transfers and new build development. We have a large variety of stock as a result and accordingly a wide range of rents that we charge. Historically the Association set rents for its own properties by using a formula for the type, size and amenity of a property and this has been updated as we have expanded. The rents for stock transfer stock, however, were already set by the previous landlord and these have had to be merged with our own structure over time. The Association looked at comparable rents in its rent structure in October 2017 and it was agreed that the convergence of the rents had produced a fair structure.

The Associations Rent Structure

The Associations rent structure acknowledges that rents charged will vary within its stock depending on a variety of factors, as follows;

Number of Rooms	This takes house size into account.
Floor Area	This takes this into account as well as the actual number of bedrooms, or may take into account bedroom and person size.
Property Type	This takes property type into account. Flats are distinguished from houses. Different types of flatted properties are further distinguished e.g. four in a block, tenement type, cottage flats.
New Build	The association distinguishes between new build and other properties on the ground that the new build properties are being built to a higher specification and are more energy efficient.
External Amenities	Additional amenities, such as a private garden, garages or parking are also taken into account.
Location	This can relates to geographical location - the popularity or desirability of the neighbourhood will be taken into account.

The tables below shows typical/average rent comparisons for property across the full range of our stock (based on those with 3 bedrooms). This is split into three sections as follows;

1. **Flats;** Properties that either share a common access or are 4-in-a blocks. This includes our tenement properties, improved Circuit properties and 4-in-a blocks in Westburn. (These were part of the 1997 Scottish Homes transfer).
2. **Stock Transfer Houses;** These are all located in the 5 estates that we acquired from Scottish Homes in 1997. All properties are in desirable areas with back and front doors.
3. **New Build Houses;** These are new build properties that have been produced through our development programme. These rents are set using our rent policy formula and therefore all future new build rents will be based on these.

	Location/ Description	Monthly Rent				Comments
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	Location/ Description	Monthly Rent (£)				Comments
		2 Apt	3 Apt	4Apt	5 Apt	
Flats	Tenement Flat	265.08	298.42	340.62	-	Modernised tenement usually with internal bathroom. This also includes some old registered rents.
	Rutherglen New Build Flat	323.27	358.43	-	-	First new build – space standards not as good as more recent schemes
	Rutherglen New Build Flat	352.09	408.05	420.07	-	King Street/Queen Street/Reid Court – better standards and amenity
	Circuit Modernised Flat	321.46	356.44	431.34	-	Modernised 1930's flat
	Circuit 4 in a Block	-	-	464.41	-	Modernised 1930's Flat
	Greystone Gardens	345.59	409.84	-	-	New Build Flat Burnside
	Westburn 4 in a Block	-	353.63	-	-	Modernised 1926 steel houses (transferred from Scottish Homes)
	Freeneuk	-	389.61	-	-	New Build
	Circuit	339.55	-	-	-	New Build
	Mill Road	360.97	411.35	-	-	New Build
	Mclver Street	-	406.57	427.04	-	
	Glenroyal	360.97	-	-	-	New Build
Hamilton Road	360.97	-	-	-	New Build	
Mclver 4 in block	340.53	370.66	396.01	-	New Build	

		2 Apt	3 Apt	4 Apt	5 Apt	
Stock Transfer Houses	Halfway House	-	414.74	482.97	516.35	1970's terraced houses in 'new town' type estate
	Westburn House	-	372.21	-	-	Modernised 1926 steel houses transferred from Scottish Homes
	Fernhill House	-	395.79	429.69	-	Terraced 1950's houses
	Hillend House	-	394.37	451.54	-	Terraced 1950's houses
	Broomieknowe House	-	439.62	505.34	-	Semi-detached 1950's houses
	Spittal House	-	-	473.20	-	

	Location/ Description	Monthly Rent				Comments
		2 Apt	3 Apt	4 Apt	5 Apt	
New Build Houses	Central Rutherglen	-		449.26		Part of King Street/Queen Street Development Regent Drive
	Greystone			459.66	580.03	Mid Terraced
	Circuit	-	430.86	457.75	533.41	Completions since 2005
	Freeneuk Wynd Cambuslang	-	456.38	495.38	583.83	Completed 2004
	Cathkin	-	442.51	488.61	598.52	Completed in 2008
	Overton/Mill Road, Halfway	-		505.08	521.23	Townhouses completed in 2012
	Westburn	-	429.92	459.45	579.84	Completed 2004
	Halfway Cas C		432.49			New Build
	Glenroyal		417.28			

	Location/ Description	Monthly Rent (£)				Comments
		2 Apt	3 Apt	4 Apt	5 Apt	
Village Road	Hallside Modernised Houses	-	255.02	281.05	-	
Misc	Mortgage to rent, Buckingham, Kingsheath, McArthur		385.17	508.68		

Notes

- The cheapest rents are for improved tenement flats in Central Rutherglen and Cambuslang. Although these properties benefit from a central location, their amenity value is not as attractive as a back and front door. Neither do they have the advantage of modern building/space standards i.e. most has internal mechanically ventilated bathrooms and galley type kitchens. Only the larger flats will have a dining kitchen. Some of these properties also have exemptions from the Scottish Housing Quality Standard as it is not possible to adapt them to modern standards because of physical restrictions e.g. kitchens.
- The improved flats in the Circuit and Westburn, which have been modernised more recently and have more generous space standards with naturally ventilated bathrooms. These are, however classified as our 'hard to let' properties.
- The highest flat values are in our new build properties and there is a differentiation between our Castle Street project and our Queen Street which reflects the higher amenity of the latter and the better standard of design. The Queen Street rents will be used as the basis for new rents going forward.
- Our stock transfer houses, although fairly similar in style and age, do have varying rent levels. This reflects their location and popularity i.e. the stock in Broomieknowe,

Rutherglen is much more sought after than Westburn Village. This was the rent structure that we inherited but it does reflect accurately the popularity and amenity of the various estates.

- Our new build properties are the most expensive and reflect the fact that they are built to a higher standard i.e. barrier free with second toilets, modern heating systems, driveways, gardens and better insulation qualities.

October 2022