



Dunbritton Housing Association Limited

Name of Policy	Rent and Service Charge
Responsible Officer	Operations Manager
Date approved by Board	14 February 2018
Date of next Review	February 2021
Section	Customer Services
Reference	CS7

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1. INTRODUCTION

- 1.1 Dunbritton Housing Association is a registered social landlord established in 1992 to provide housing for social rent and services to owners through factoring.
- 1.2 We are governed by our Board, which is supported by a number of Committees. Our governance arrangements set out clearly the roles and responsibilities of our Board, Committee members and our members of staff.
- 1.3 Operational services are delivered through our office based in 32 High Street, Dumbarton G82 1LL.
- 1.4 The Scottish Housing Regulator requires the Association to adopt rent policies that take account of affordability and that are comparable with the rents charged by other social landlords operating in the areas where we have housing for rent. In addition the Association has to reflect the costs of managing and maintaining our properties. The Regulator expects landlord's to design a rent setting mechanism which apportions rents fairly to individual properties.
- 1.5 Dunbritton Housing Association is committed to providing good quality affordable housing and related services to its tenants and shared owners, particularly in the management and maintenance of its properties.
- 1.6 Following consultation with tenants in relation to the harmonisation of rents and service charges, a new rent setting structure was phased in by the Association from 1 April 2016. Service charges are only applied on an individual basis to shared ownership properties and supported accommodation units.

2. PRINCIPLES AND OBJECTIVES

Our Rent Policy has the following aims and objectives:

- To provide a method of calculating rents which is consistent, fair and equitable.
- To ensure that the rent reflects the size, type and amenities of the property
- To keep rents affordable, fair and comparable with other landlords.
- To ensure our income is sufficient to cover the costs of providing a high quality service and maintain our properties, reflects our business planning requirements and ensures long term financial viability.
- To ensure, where service charges are applicable for owners and supported accommodation units, that we recover the total costs incurred in providing the service including any associated service administration charges.

2.2 When setting rents the Association therefore will take into consideration a full and realistic assessment of its relevant costs including:

- Management costs
- Reactive & cyclical maintenance costs
- Planned maintenance costs
- Contribution to reserves
- Cover for voids and bad debts
- Loan charges

3. LEGAL AND GOOD PRACTICE

3.1 Dunbritton Housing Association will ensure that the Policy complies with and reflects legal and current good practice.

3.2 We comply with the Scottish Social Housing Charter, outcome 14, Rent and Service charges, which states that social landlords will set rent and service charge levels in consultation with their tenants and other customers.

3.3. We shall consult with tenants and key stakeholders, including our Residents' Consultation Groups in developing and reviewing this Policy. We will also consult annually when we review the rent levels and, where applicable, service charges.

3.4 The Association has provided the Scottish Housing Regulator with a report which outlines the Association's new rent restructure and the methodology used to set rents.

4. AFFORDABILITY

4.1 The 2012 Scottish Federation of Housing Association guidelines on affordable rent suggest that or rent (including service charges) to be affordable, households with one person working 35 hours or more should, only in exceptional circumstances, be dependent on housing benefit to pay for it.

4.2 In June 2017 the SFHA issued a Guide to Rent Setting which incorporated a rent affordability tool. This tool has been used to test the rent levels across our properties and the tool has indicated that these are within acceptable levels.

4.2 Dunbritton Housing Association will continue to set its rents at a level affordable to the majority of its tenants and shared owners who do not get housing benefit.

4.3 The Association has welfare benefit support services established in our local authority areas of operation to ensure that support, where required, is available to all tenants, shared owners and occupants of supported accommodation.

4.4 The Association will regularly assess the external environment and consider any potential negative impact on our tenants and customers. If it transpires that the Association's rents are not affordable then the Association will agree to implement a suitable action plan to address these issues. The plan would consider the following:

- Reasons for the emerging issues.
- The need to review the Association's actual rent setting structure.
- Re-assessing the amount of income required by the Association to meet its budgeted costs.
- Cost savings available to mitigate any reduction in expected income

5.0 FINANCIAL MATTERS

5.1 Comparability

We shall aim wherever possible and appropriate to have our rents comparable to the rents of other social landlords operating within similar areas and providing similar accommodation.

5.2 Service charges

Service charges are not applied on an individual basis to the Association's general needs tenants.

5.3 Sharing Owners and Supported Accommodation (Care Units)

Where we provide services to the shared owners (SO) and Occupants of supported accommodation (OSA) that are considered additional to the rent of a property, the full cost of providing these services will be recharged to the respective SO and OSA.

5.3.1 The services for which we may apply a separate service charge to Shared owners and occupants of supported accommodation may include but are not limited to:

- Gardening, landscaping and grounds maintenance.
- Communal area/bin store maintenance and cleaning.
- Court/stair lighting and cleaning.
- Maintenance and replacement of controlled entry systems.
- Alarm maintenance, replacement and line rental.
- Communal aerial maintenance, and power.
- Legionella testing.
- Houses in Multiple Occupation- License.

5.3.2 To avoid complicated charging arrangements a SO/OSA cannot avoid a service charge by undertaking the service themselves.

- 5.3.3 Service charge information, where applicable, will be included in the annual rent review consultation and will be supplied along with their annual occupancy review notification letter.
- 5.3.4 For all other tenants service charges are pooled within rents.
- 5.3.5 Information on the services provided and their cost, where applicable, will be provided at sign up with the Association and highlighted in the legal agreement with the Association.

6. RENT SETTING STRUCTURE

General Properties:

- 6.1. The term 'rent structure' refers to the system used by a landlord to determine the rents charged for different properties within its stock.
- 6.2 A rent consultation exercise took place with tenants. The Dunbritten Board approved a proposal to harmonise its rents on 11th January 2016. It was recognised that the mix of rents arising from stock transfers, new build developments and acquisitions was no longer appropriate. The aim of the rent harmonisation was to provide a fair, consistent and transparent rent structure.
- 6.3 The revised rent structure was phased in (projected over a 5 year period) - from 1 April 2016. This phasing in will ensure that monthly rents are not increased per month by more than £10 plus the Association's agreed annual increase. The exception to this is where a property becomes void; in this case the rent will be harmonised immediately.
- 6.4 Historically the Association has adopted an annual increase of October RPI plus 1%, which is implemented on the 1st April each year. Following the rent harmonisation exercise the Association will now consider, on an annual basis, the actual costs to operate the business and apply any increase, if appropriate, to cover current and projected business costs.

The Association, as part of this process, will also consider the impact on costs of inflation based on the October Consumer Price index (CPI) and the Retail Price Index. (RPI)

- 6.5 For new build and acquired properties the Association will adopt the current methodology in our rent structure from 1 April 2016 to set rents.
- 6.6 A table setting out the criteria for the harmonised rent structure is provided at Appendix 1.

Shared Ownership:

Shared Ownership Occupancy Charges

- 6.7 The annual charge for shared ownership properties will be set using the same criteria as that used for rented properties. Deductions from the base rent will be made for:
- Recognising that shared owners are wholly responsible for the repairs and maintenance of their properties. The applicable allowance deducted is set by the Scottish Government.
 - Recognising that shared owners are not responsible for any services charges previously pooled in the rented sector.
- 6.8 The basic annual occupancy charge will be calculated on a pro-rata basis to reflect the actual share in the property rented from the Association. The monthly occupancy charge to the shared owner will also highlight the additional applicable service charges. All shared owners will receive an annual occupancy review notification letter.

Garages

- 6.9 We shall review rents for garages annually but these will not be subject to a consultation process.
- 6.10 Adjustments to charges will usually be notified and effected on the same timescales as other rents and service charges.
- 6.11 We reserve the right to amend charges for garages on a different scale or basis from other rents.

7. RENT REVIEWS AND ANNUAL RENT SETTING

- 7.1 Rents will be reviewed annually in November and tenants will be consulted in connection with any proposed increase during December/January. The Board will decide the final increase, if any, at the February Board meeting. Any changes to rent levels will be introduced on the 1st April of each year.
- 7.2 The Operations Manager and Finance Manager will provide the Board with reports which include a range of rent review options, information on the impact of each option and feedback from the tenant consultation.
- 7.3. Changes to rent and service charges will follow the time line requirements set out in the tenancy agreement with all changes taking effect on 1 April each year. The Association will provide 4 weeks written notice to the tenant.

8. CUSTOMER SERVICE AND POLICY REVIEW

- 8.1 The Association recognises the important role of customers in shaping service improvement. Feedback arising from complaints or disputes relating to rent levels will be reflected in future policy review.
- 8.2 This Policy will be reviewed to ensure compliance with any relevant legislation, guidance and best practice.

9. EQUALITY AND DIVERSITY

- 9.1 As a service provider and employer we recognise the requirements of the Equality Act 2010, oppose any form of discrimination and will treat all customers, internal and external, with dignity and respect. We recognise diversity and will ensure that all of our actions ensure accessibility and reduce barriers to employment and the services we provide.

10. LINKS TO OTHER POLICIES

- 10.1 This Policy has links to the following Policies
- Complaints Policy
 - Customer Service Standards
 - Data Protection Policy
 - Equality and Diversity Policy
 - Internal Management Plan and Business Plan

APPENDIX 1

Rent Harmonisation – criteria and rent levels Rents are set based on the following criteria

Rents applicable following rent restructure.

Base rent is £290 and included in the under noted figures within the table.

Type/Size	Flat	Bungalow	House Terrace	House Semi	House Detached
1	£295	£300	£305	£310	£315
2	£315	£320	£325	£330	£335
3	£335	£340	£345	£350	£355
4	£355	£360	£365	£370	£375
5	£375	£380	£385	£390	£395

Additional elements (per month)
Communal Landscaping £8.00
Communal Electricity £8.00
Communal Cleaning £5.00

Deduction elements per month
Electricity as main source of heating - £10.00

Note: Once the final figure has been calculated add 1% for the 2016/17 increase.

Example. 2 bedroom flat in receipt of landscaping and close cleaning with electric heating.

£315 +£8 (landscaping), +£5 (communal cleaning) = £328 - £10 (electric heating) = £318. Add 2016/17 annual increase of 1 % (£3.18) =**£321.18**