



# Cassiltoun

## Housing Association

### RENT SETTING POLICY

<b>Date to be Approved</b>	<b>Proposed Review Date</b>
<b>DECEMBER 2011</b>	<b>DECEMBER 2014</b>
<b>Chair Person/Office Bearers Signature:</b>	

# **CASSILTOUN HOUSING ASSOCIATION LIMITED**

## **RENT SETTING POLICY**

### **1. Introduction and Background**

i) We operate in an area of relative social economic deprivation and our rent setting policy recognises this while underpinning our main objectives:

- To provide sustainable high quality housing and services
- To secure a regenerated and revitalised community
- To secure the Association's financial viability
- To maintain rents at levels that can be afforded by low wage-earners
- To cover our current and future costs, To ensure a fair and proportional differentiation of different sized properties with differing level of amenities.

Our rent setting policy thus attempts to reconcile the relatively high costs of service provision with the relatively low incomes earned by our tenants, while ensuring the Association's financial viability.

We believe that these objectives are mutually interdependent and are in line with –

Scottish Housing Regulator Performance Activity Standard AS1.6;

“We set rents that take account of affordability, the costs of managing our houses, comparability with other social landlords in the area, and that enable us to service existing loans and fulfill contractual obligations. We have a fair system for apportioning rents between individual properties.”

Scottish Housing Regulator Performance Standard AS1.7;

“We price the services to our tenants and recover costs in a fair and accountable manner.”

iii) With the exception of our single residential care home, this policy applies equally to all Association properties, including furnished accommodation, shared ownership and special lets.

### **2. Client Groups**

i) The demand for Association houses is reviewed annually: the present and historic trend is of the high need for mainstream family housing for existing Castlemilk residents, supplemented by the need for family housing from the (enlarged European Union) recent immigrant community.

ii) The economic status of our main client group dictates a level of “affordability” of rents, which the Association gauges as detailed within section 3 iv).

### **3. Rental Charges**

i) Rental charges are calculated annually to generate sufficient income to cover all our costs on a global basis: housing management, property and estate maintenance,

mortgage loan repayments, cyclical maintenance, future major component replacements, development and wider role operations.

- ii) The costs of furnished accommodation, factoring and other services are recovered on a recuperation charging basis.
- iii) Over the long term we aim to generate sufficient rental revenue to continuously increase free reserves, and to maintain cash balances at sufficient levels to meet forecast requirements.
- iv) We aim to set rents at a level comparable with other landlords servicing a similar client group, and we conduct detailed benchmarking of local community ownership groups' rental comparators annually. In addition we conduct detailed benchmarking of the Scottish Housing Regulator's APSR peer groups' rental comparators annually.
- v) We review rents annually in accordance with the terms of the Scottish Secure Tenancy Agreement and Short Scottish Secure Tenancy Agreement. Rental increases will be notified to tenants one month in advance under the terms of their agreements and will apply from the Monday nearest to 1<sup>st</sup> April each year.

#### **4. Tenant Participation**

- i) All rent increases and any changes to this policy which are likely to have a significant impact on tenants will be the subject of consultation with all tenants and registered tenants' organizations under the terms of Section 25 and 54 of the Housing (Scotland) Act 2001.
- ii) Specifically (but not exclusively) such consultation will include;
  - Indication of annual rent increase.
  - Changes to Amenity Points.
  - Introduction of any new service charge.

#### **5. Rent Setting Strategy**

- i) The Association sets its rents in such a way as to ensure uniformity, consistency, simplicity and fairness, via the amenity pointing methodology described in section 6 and pointing structure in Appendix 1.
- ii) The Association sets its annual rental increase relative to inflation in accordance with its medium and long-term budgetary forecasts as detailed within the five-yearly and thirty-yearly projections contained within its Internal Management Plan.
- iii) The Association has a small percentage of *Fair Rent* stock - rents set by the rent officer, which it attempts to balance and integrate into the global charging structure. The Association's rent registration procedures for Fair Rents aim to ensure global rental comparability over the registration period

#### **6) Rent Calculation Methodology**

- i) All Association rents are set according to a standardised charging structure relative to house size and amenity provision. This is a simple way of ensuring fairness of the system and allows a transparent demonstration of the rent calculation.

- ii) The rental charge for each property reflects the specific amenities associated with that property based on a 'points' system. The Board approve the list of amenities and the specific points assigned to each which is given at Appendix 1
- iii) The Association's current amenity pointing structure is given in Appendix 1. As new developments come on-stream, new amenities may be added to this list and assigned a relative points value.
- iv) The points value assigned by this method remains static but the charge relative to each point (the unit point charge value) is reviewed annually in line with the applicable rental increase.
- v) The amenity pointing total of each property is simply calculated by adding together its applicable amenity points. This total is then multiplied by the unit point charge value to arrive at the respective annual rent chargeable figure.

**7) Policy Review**

This policy will be reviewed at least every three years. This general policy review will be in addition to the annual rent review.

## APPENDIX 1

	<b>Amenities</b>	<b>Points</b>
1	1st Single bedroom	200
2	1st Double bedroom	300
3	Living room	300
4	Kitchen	200
5	1st Bathroom/WC	200
6	Heating	150
7	Environmental	125
8	Extra double bedroom	90
9	Extra single bedroom	75
10	Extra public room	75
11	Extra WC	60
12	Dining kitchen	45
13	Back & front garden/grounds	70
14	Front garden	30
15	Burglar Alarm	30
16	Private car park	45
17	Double glazing	60
18	Insulation	45
19	Terrace (End)	90
20	Terrace (Mid)	60
21	Cottage	45
22	Shower	25
23	Warden alarm	120
24	Lift	70