



RENT AND SERVICE CHARGE POLICY (Ref: CS/10)

Purpose of Policy: The policy sets out how the Association calculates rent and service charges and what factors it is required to consider during the process.

Policy Monitoring Details	
Department:	Corporate Services
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Status:	Association Policy
Date Approved by Board:	31 October 2018
Updated:	November 2018
Planned Review Date:	November 2023
Regulatory Outcomes being achieved:	<p>Charter: Getting good value from rents and service charges (managing all resources effectively)</p> <p>Regulatory Standards: The RSL manages its resources to ensure its financial well-being and economic effectiveness. The RSL conducts its affairs with honesty and integrity.</p>
Tenant Consultation Required:	Yes

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1. Introduction

1.1 The primary aim of Manor Estates Housing Association is to provide good quality, affordable and sustainable housing and services to meet a wide range of housing needs. The principles on which its rent policy is based must enable the Association to ensure its rents are affordable and comparable to those of other, similar providers. The context for the rent policy is the need to maximise rental income in order to ensure continuing viability.

1.2 This rent policy identifies the client groups the Association is seeking to house while addressing the issues of affordability and comparability. It also sets out the methodology the Association will adopt for setting and reviewing rents. The Association's policy on service charges is included in this rent policy statement

2. Equalities Statement

2.1 The Association is committed to equal opportunities. A summary of this Policy can be made available in alternative languages or formats on request.

2.2 Specific reference to how we will make sure that this policy does not discriminate against any tenant on the grounds of "*sex or marital status, or racial grounds, or on grounds of disability, age, sexual orientation, language or social origin, or of other personal attributes, including beliefs or opinions such as religious beliefs or political opinions*"¹ is made throughout the policy.

3. Client Groups

3.1 Within its housing stock the Association provides a wide variety of housing for a range of client groups, including:

- Single people and families needing mainstream accommodation
- Retired people in need of an onsite management service
- Amenity and wheelchair standard housing for people with mobility difficulties or who have a disability
- Housing for those with special needs with support provided by specialist agencies

4. Rent Setting

4.1 The Association sets rents for all properties using a points system which takes account of a range of factors including property size and type. The rent points table is set out on Appendix 1.

4.2 The points system is fair and transparent and works by establishing the key characteristics of each property and calculating the total number of points per house. The points of all properties are then summed and this total is divided into the required amount of rent. This produces an amount per point which is used to determine the appropriate rent for each property.

¹ The Scotland Act 1998

4.3 The rents for the Association's stock transferred from Scottish Homes in 1995 were set on the basis of the historic rateable value and did not take account of the rent point factors. In 2001 the Association decided to move away from the historic rents and the correct pointed rent was established for each property. These attributes were reviewed in 2018 and the process of harmonisation began again. In most cases the revised 2018 pointed rents were different from the historic 2001 pointed rents and from April 2019 the Association will gradually adjust rents to bring them into line with the correct pointed rent. This is done in two ways:

- annually at the rent increase stage where a £10 maximum amendment is made to the monthly rent and
- by implementing the pointed rent immediately when a new tenant moves into an empty property.

The aim of this realignment process is to ensure that rents move to the correct pointed value over time.

4.4 Rents for future stock acquired through development or other initiatives such as Mortgage to Rent will be set using the points system outlined above. Where grant funding has been secured for new build properties, the new build premium in the rent set will take account of any conditions included in the offer of grant.

4.5 MEHA will honour commitments on rents given to tenants who transfer from other organisations, but will seek to review the rents after 5 years in order to begin the process of harmonisation.

5. New Build Properties

5.1 In some cases, where a newly built property rent is set through the pointing process detailed above, the result will be a higher rent than that set by the HAG application guidelines and CEC benchmarks. In all new build properties, a rent review needs to take place 5 years after completion in order to start the process of rent harmonisation.

6. Viability

6.1 The rental income generated by the Association's housing stock must be sufficient to ensure that all costs incurred can be met both in the short and longer term. It is the Association's policy to set rents at a level that will cover the costs of:

- Management and maintenance of the properties
- Future major repairs and renewals
- Private finance required to fund acquisition and/or development

6.2 In setting rents, the Association will take account of the income and expenditure identified within its 25 year Business Plan which is updated on an annual basis. This will ensure that rents are set at a level that protects the Association's long term viability.

7. Affordability and Comparability

7.1 The Association recognises that there is no simplistic formula that can be applied which will ensure that housing is “affordable” to all current and prospective tenants. Nevertheless, as a charitable Housing Association, Manor Estates is committed to housing those in need.

7.2 As a result the Association will often be housing applicants with low incomes, with many dependent on welfare benefits to sustain their tenancies. A key aim of the Association’s Allocations Policy is to assist in developing and sustaining balanced communities. This will mean housing applicants in employment, in many cases in low paid positions.

7.3 In view of the client groups being housed it is essential that rents are maintained at “affordable” levels, taking account of the need for continuing organisational viability. The Association subscribes to the SFHA’s definition of affordability and has developed a tailored version of their Affordability tool in the review of this policy. MEHA aims to ensure that tenants on an average moderate household Income will not be expected to pay more than 25% of their income in rent. In setting rents, the Association will also ensure that rent levels continue to be broadly comparable to other similar housing providers in Edinburgh.

8. Rent Review

8.1 Rents and service charges will be reviewed annually. The rent increase will be influenced by the level of inflation as measured by the CPI in September and December of each year and the BMI Maintenance Cost Index.

8.2 In line with the requirements of the Housing (Scotland) Act 2001, the Association will consult tenants on the proposed annual rent increase. Taking account of this, the principle means of consultation will be through an article in the Association’s newsletter issued in December each year. This will give tenants approximately one month to raise and communicate any views on the proposed increase. We will also encourage tenants’ involvement in the consultation process through electronic means (website, social media, text and email) and by organising ad hoc tenants’ meetings. The outcome of the rent increase consultation will be recorded and reported to the Board in January each year.

8.3 Rent and service charge increases will be decided by the Board each January. Approved increases will be implemented with effect from 1 April each year and tenants will be given a minimum of 28 days written notice of the increase.

8.4 Also in accordance with the provisions of the Housing (Scotland) Act 2001, tenants will subsequently be advised as to what account was taken of their views in reaching the final outcome.

9. Service Charges

9.1 Where the Association provides additional services, these services and the costs involved are specified in the tenancy agreement. Examples of additional services include a management service in the sheltered housing developments and stair and window

cleaning for flats in some areas. The cost of providing these services will be recharged to the tenants benefited. The Association will ensure that the service charges levied meet the full cost of the services provided.

10. Payment of Rent

10.1 Rents are due for payment one month in advance on the 1st day of each calendar month. The Association will provide a variety of rent payment methods to make it as easy as possible for tenants to pay rent. These include:

- At any Post Office, using the payment card provided
- By post, cheque or postal order
- By Standing Order
- By Direct Debit
- Online by debit or credit card

10.2 Payment of rent will only be accepted at the Association's office, or by Neighbourhood Officers on site, in exceptional circumstances. This will include, for example, tenants in substantial arrears who are threatened with eviction.

10.3 The Association will provide advice and assistance to tenants about Universal Credit, Housing Benefit and other Welfare Benefits both at the tenancy sign up and regularly thereafter.

10.4 Any tenants experiencing problems in paying rent will be encouraged to contact their Neighbourhood Officer at the earliest possible stage for advice and assistance. The Association's arrears policy sets out the steps taken to manage rent arrears.

11. Complaints

11.1 Any tenant with a complaint on how their rent is calculated should raise it in accordance with MEHA's Complaints Handling Policy (G/03).

12. Publicising this policy:

12.1 This Policy will be available on the Association's website and a hard copy will be issued to anyone who requests it.

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Property Attributes & Points

Attribute	Points
Base Points	200
Double Bedroom	30
Single Bedroom	15
Boxroom	5
Separate Dining Room	15
Living / Dining Room Combined	5
Open Plan Kitchen	5
Kitchen / Dining Room	10
2 in a block, 4 in a block, or maisonette flat	5
Terraced Cottage or House	10
Semi Detached Cottage or House	15
Detached Cottage or House	25
Without Gas Central Heating	-5
ESSH 'Fail'	-5
Private Garden	15
Shared Garden	5
Private Area in Shared Garden	10
Private Parking	10
Garage	15
Additional WC	10
Additional WC & Shower Room	15
Local Authority outwith City of Edinburgh - Fife	-20