Rental Policy

The Association aims to ensure that the income generated from rent and service charges is sufficient to support the long term viability of the organisation and its properties, whilst rents remain affordable to tenants, prospective tenants and sharing owners.

Objectives

The objectives of the rental policy are:

1. To generate sufficient rental income to cover the following costs:

- Management and Administration
- Day to Day Maintenance
- Planned Maintenance
- Provision for Major Repairs
- Loan Repayments
- Allowances for Voids and Bad Debts
- Health and Safety Requirements
- Compliance with Scottish Housing Quality Standard(SHQS)

2. To generate sufficient service income from each scheme to annually cover the costs of providing the services where are specific to that scheme. In assessing these costs the Association is conscious to review services regularly to ensure cost effectiveness and quality.

3. To set rents and service charges which are affordable, using an analysis of relevant information available from direct and indirect sources. This analysis may include information gathered on the income levels of the Associations client groups, the comparative level rents charged by other housing providers in the area and the results of feedback from tenants on perceptions of affordability.

4. To ensure that the rent setting mechanism prioritises the need for properties to be fairly compared particularly in respect of size, location, age, facilities and condition.

5. To ensure that the information relating to rent and service charge setting and review is conveyed to tenants in a clear and concise manner and is in accordance with the legal requirements described in the tenancy agreement (tenants) or deed of conditions (sharing owners).

Governance

It is the responsibility of the Association's Management Committee to approve and review the rental policy on 3 year cycle and to approve any adjustments to rent levels prior to annual implementation. The pounds per point amount will be updated to the policy annually.

Any issues pertaining to individual tenancies in respect of rent or service charge will be reviewed by the Housing Management Sub Committee as will issues arising from rent registrations for secure tenancies.

Scottish Secure Tenancies (SST)

Rent Setting Mechanism

To assess appropriate rent levels for each property the Association uses a points based system (appendix 1). Each property is pointed according to a range of factors:

- Scheme location (with an allowance for urban/rural differentials)
- Type of property
- Age of property
- Size of property (no of apartments, no of persons able to be accommodated)
- Facilities provided (e.g. central heating, double glazing, external drying)
- Other characteristics (e.g. sheltered housing)

Adjustments made to the points awarded to individual properties or schemes will be considered as required.

The Association may also at this time to agree a lower points level if a property or scheme is proving the below demand and thus attracting high void loss.

To calculate the rent for a property, the number of points is multiplied by the value of a "*pounds per point*" level in operation for the financial year (noted on appendix 1).

SST Rent Review

The Association reviews SST rents once each year with effect from the 1st of April. Rents will be set with reference to the rate of inflation (RPI index) published for the previous September.

Any rent increase over the level of inflation will be kept to the minimum necessary to ensure that the Association is collecting sufficient income to meet its projected costs, both in the short and longer term. Consideration of planned maintenance costs will be a significant factor in the decision.

Fair Rent Reviews

The Association uses current SST rents for similar properties as a basis for applications to the Rent Officer for re-registration of fair rents. As a fair rent is fixed for three years, in general the aim is to achieve a fair rent which is broadly equivalent to the SST rent in the second year of the three year period.

Where the Rent Officer re-registers a rent at a figure higher than that project for SST rents, the Association may opt to charge the fair rent tenant a lower figure to keep rents similar to those of SST tenants in an equivalent property. Where this situation arises, the Director of Housing Services has the authority to approve the lower rent level and subsequently report the case to the Housing Management Sub Committee.

Fair rents will only apply to tenants whose tenancy commenced prior to 1989 and who wish to continue to have their rents set by the Rent Officer

Rent Review Notification

All SST tenants and sharing owners will receive one clear month's notification of the annual rent and service charge review. Right of appeal is advised within the Tenants/Sharing Owners Handbook. Individual tenants wishing to make an appeal are advised to contact the Association's office for full details of how to make an appeal. Alternatively, the Citizens Advice Bureau and Shelter (Scotland) will be able to offer advice on appealing the rent review. Contact details for these organisations are listed in the Tenants Handbook.

Secure Tenants are notified of the periodic re-registration of rent and service charges in accordance with the appropriate legal procedure. Appeal mechanisms are detailed to each tenant at the time of re-registration by the Rent Registration service.

Shared Ownership Rents

Rents for shared ownership properties are calculated using the points system in the same way as for rented property. There is a 15% reduction as a full maintenance service is not provided out of rental income. Rent is then calculated in accordance with the size of tranche purchased with the same management charge being included regardless of the size of tranche. The Association provides a factoring service for the maintenance of the external structure of the property and this forms part of the service charge.

Shared Ownership rent reviews are implemented from 1st April each year.

Service Charges

The Association sets service charges on a scheme by scheme basis according to the actual cost incurred or likely to be incurred in the coming financial year. A service equalisation account is kept for each scheme and surpluses or deficits are carried forward from year to year.

Tenants are advised of the service they received in their tenancy agreement.

In some schemes where there is a communal boiler for heating, a heating charge for individual flats in included in the service charge.

With regard to Scheme Manager costs in sheltered housing, costs for individual schemes providing a similar level of service and pooled and a charge is made to each tenant. Thus costs vary primarily according to whether the service is provided using a full time or part time Manager, rather than being based on the number of units in the scheme.

The Association undertakes to consult with tenants on any proposed changes to the services which may result in alterations to their rent and service charge.

Rent Collection and Rent Arrears

Rents are debited by the Association on a calendar monthly basis and information about payment methods to the Association are detailed within the Tenants Handbook.

All arrears of rent and services are pursued by the Associations staff and all possible steps are taken to provide advice, assistance and support to tenants in arrears, in order that the debt can be recovered without pursuing legal means. Where it is deemed necessary and all possible non legal action has been taken, it may be necessary to take eviction action and/or recover the debt through the legal process. Eviction is a last resort and the details of all possible steps that can be taken are detailed in the Association's Debt Recovery Policy.

It is the Association's policy not to write off rent arrears debt except in the case of former tenant arrears where despite extensive investigation, the person cannot be traced or where a tenant has died and there are no available funds from their estate to clear the debt.

Former tenant arrears of up to £50 can be written off the Housing Manager. Larger write offs require to be approved by the Housing Management Sub Committee.

The Association's comprehensive Debt Recovery Policy is available on request.

16/17 Pounds per point £6.035

Points Scheme

Attribute	Description	Points	Comment
Base			Rent for first bedspace in standard property with central heating and double glazing
	Aberdeen City	40	
	Homechoice area towns (large)	35	Stonehaven, Banchory, Inverurie, Ellon
	Homechoice area towns (small)	32	Portlethen, Newtonhill, Blackburn, Kintore
	Rural	28	Includes small villages in Homechoice Area
Property Type	Basement Tenement Flats	-1	
	Other flats	0	
	Terraced house/cottage	4	
	Semi detached house	5	
	Detached House	8	
Age	Pre 1970	0	
	1971-1980	2	
	1981-1989	4	
	1990-1997	8	
	1998 - 2011	12	
	2012 onwards	14	
Bedspaces	1 apt, 1 person (bedsit)	-3	
	2apt, 1 person (no separate kitchen)	-2	
	2apt, 1 person (sep kitchen and bath)	0	
	2apt, 2 person	3	
	3apt sheltered	7	
	3 apt, 3 person	8	
	3 apt, 4 person	9	
	4 apt, 4 person	12	
	4 apt, 5 person	14	
	4 apt, 6 person	16	
	5 apt, 6 person	20	
	6 apt, 6 person	24	
	Floor area >10% below standard	-4	
	Floor area >10% above standard	4	
Additional Facilities	Common Room	2	
	Laundry	1	
	Guest Room	1	
	Communal Kitchen, mean facility	1	
	Access to communal disabled bath	1	
	Access to additional facilities	2	
	Exclusive off street car parking	2	
	Second Toilet	1	
	Extra Shower Room	2	
	Balcony/direct garden access/own	1	Flats only
	front door	1	Flats only

	White Goods supplied	1	Per item, but oven and hob=1, excl tumble driers in schemes with no external drying areas
	Energy Efficiency – part house/whole flat	2	
	Energy Efficiency – whole house	4	
	Ground Source Heating	2	
	Air Source Heating	2	
Absence of facilities	Electric heating only (not gas or oil)	-2	
	No double glazing	-2	
	Partial double glazing only	-1	
	No local parking	-1	
	No external drying area	-1	
	No door entry system	-1	
	No stair lighting	-1	
Desirability and Demand	Central location	1	
	Remote location	-2	
	Poor local infrastructure	-3	
	Poor internal fabric/design	-2	
	Obstructed outlook	-2	
	Area of low demand	-2	
	Area of very low demand	-4	
	Area of high demand	2	
	Area of exceptionally high demand	5	