



RENTAL POLICY

Reference	HPS-H-16
Information Classification	Public
Review Frequency	Three yearly – with rent levels reviewed annually
Date Reviewed/Approved	October 2022
Next Review Due Date	October 2025
Applicable Committee(s)	Management Committee
Owner - role	Director of Housing Services

Record of Updates/Changes			
Current Version	Date Approved	Approved By	Changes
V1	2016	Housing & Property Services	
V2	2022	Management Committee	<ul style="list-style-type: none"> • Updated rent structure following consultants' review • Inclusion of policy context • 5 year rent convergence detailed • Shared ownership occupancy charge information updated
V3	2024	Management Committee	<ul style="list-style-type: none"> • Update to reflect change in to IL across all LA areas • Add further clarification about services charges • Update Appendix one

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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.

Castlehill's rent policy was reviewed in 2021 with the support of an external consultant and taking into account tenants' views and feedback. A robust affordability assessment was carried out as part of this review.

OBJECTIVES

The objectives of the rental policy are:

1. To set rents at a level which is sufficient to provide quality services that offer value for money as well as safeguard the financial viability of the Association. 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.
3. To set rents which are affordable, using an analysis of relevant information available from direct and indirect sources. This analysis will include using the SFHA's affordability tool using a moderate incomes approach, reference to the comparative level rents charged by other housing providers in the areas and the results of feedback from tenants on perceptions of affordability.
4. To ensure that the rent setting mechanism is transparent and fair in its weighting of rental charges particularly in respect of size, location, and type. To ensure that the information

relating to rent setting and review, including the right to appeal, 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).

POLICY CONTEXT

This policy will also comply with relevant legislation and good practice such as follows but not limited to:

- the Housing (Scotland) Act 2001 requires social landlords to consult with tenants in relation to rent levels.
- The SFHA Rent Setting guidance (2018) has been used in developing this policy
- The Scottish Government, through its Social Housing Charter sets out the outcomes it expects landlords to achieve in relation to value for money and rents:
 - o Outcome 13 – tenants receive services that provide continually improving value for money for the rent and other charges they pay
 - o Outcome 14 -social landlords set rents and service charges in consultation with tenants and other customers so that a balance is struck between the level of services and how far current and prospective tenants can afford them.
 - o Outcome 14 – tenants get clear information about how their rent and other money is spent

RENT REVIEW

Castlehill will review its rents annually during its budget setting process. The review will consider the rental income required to maintain the Association's financial viability at the same time as recognising the need to keep rents affordable. It is the responsibility of the Association's Management Committee to approve and review the rental policy on an annual basis and to approve any adjustments to rent levels prior to annual implementation.

If an increase is considered necessary, the level will be guided by a range of factors including CPIH and any emerging trends in interest rates and their impact on key expenditure issues such as management and maintenance and loan repayments.

As part of the annual review, Castlehill will consult with tenants, aiming to give clear information on any proposed increases to rents and why it considers that any increase is necessary. Information will be provided on realistic options, and feedback from the consultation will be provided to the Management Committee to consider as part of its decision making process.

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

A key objective of the policy is to ensure the continued financial viability of the Association. Where it is identified that rent levels in particular areas are perceived to be significantly undermining its ability to re-let properties, Castlehill may vary the rent structure to reduce risk and protect the viability of a particular development. Any such action would only be taken with prior approval of the Management Committee.

RENT CONVERGENCE

IN 2021, Castlehill reviewed its rent policy. Following tenant consultation, it was agreed to converge rents over a period of 5 years as opposed to implementing all new rents in April 2022. Thus, tenants whose rents are increasing or decreasing in line with the revised rent policy will have these changes implemented equally over 5 years. As this is in addition to any annual inflationary uplift that may be agreed by the Management Committee for all tenants, the Committee will agree a value based on rental increases each year. Rents for new lets will be charged at the full value according to this policy.

RENT SETTING MECHANISM

To assess appropriate rent levels for each property the Association uses a values system. (appendix 1). A base rent is set, and then property features listed below are assigned values which are added to the base rent to calculate the total property rental value:

- Property size
- Property type
- Location of property
- Accommodation type

RENT REVIEWS

SCOTTISH SECURE TENANCIES

The Association reviews rents once each year with effect from the 1st of April.

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 projected 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 Management Committee.

SHARED OWNERSHIP OCCUPANCY CHARGES

Occupancy charges for shared ownership properties are calculated in the same way as for rented property. There is a 15% reduction applied as a maintenance service is not provided. The occupancy charge is 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 occupancy charges are implemented from 1st April each year.

SERVICE CHARGES

A service charge, the cost of providing a service to a tenant, forms part of the tenancy agreement and is in addition to the basic rent. A service charge is property specific and calculated on the basis that the Association covers the full cost of providing the service and the cost is fair and reasonable. Service charges are reviewed annually to ensure the income generated is sufficient to cover the cost of that service and tenants will receive annually a breakdown of the service charges including any increase or decrease to these costs in their formal rent increase notification. In assessing these costs the Association is conscious to review services regularly to ensure cost effectiveness and quality.

All new tenant will receive a breakdown of the service charges prior to signing the tenancy agreement and this amount will be included in the contractual rent on the tenancy agreement.

Service charges are based on the actual cost incurred or likely to be incurred of providing services. The services for which a charge will be made include:

- Environmental Services ie gardening
- Communal Cleaning - Stairs, windows, external cleaning, bin and bin store cleaning
- Community Alarm - Line rental, maintenance contract
- Maintenance - External paint work and replacement of floor coverings (for shared ownership properties only)

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

An administration fee of 10% of the annual contract value is applied to services charges to cover the Association's costs, including managing the contracts

Tenants are advised of the service they receive at the start of their tenancy it is detailed in their offer letter and a service charges schedule alongside the tenancy agreement.

With regard to Scheme Co-ordinator costs in housing for older people, costs for individual schemes providing a similar level of service are 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 onsite member of staff, 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 (e.g an additional or removal of a service charge) which may result in alterations to their rent and service charge.

RENT REVIEW NOTIFICATION

All SST tenants and sharing owners will receive a minimum of 28 days' notification of the annual rent/occupancy charge and service charge review. Right of appeal is advised within the Tenants/Sharing Owners Handbook. Individual tenants/sharing owners 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 and on our website.

Fair Rents (Rent Registration)

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.

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 and on our website.

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 £200 can be written off by the Housing Services Manager. Larger write offs require to be approved by the Management Committee.

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

APPENDIX 1

Castlehill Housing Association rent setting formula (values at 2023/24)

For each property, values are added or subtracted according to property size, type, location and accommodation type. As shown in the table below.

Each year, following the annual rent review, any increase is applied proportionately to all values.

Base rent	Criteria 1 Size		Criteria 2 Property Type		Criteria 3 Location		Criteria 4 Accommodation type	
	283.59	Bedsit	-	Tenement	16.37	Aberdeen City	16.37	General needs
1 Bedroom		54.54	Flat	32.72	Aberdeen market Area	-	Sheltered	39.26
2 Bedroom		109.07	House	54.54	Rural	-65.44	Very Sheltered	67.63
3 Bedroom		163.61						
4 Bedroom		218.15						
5 Bedroom		272.69						