



<b>RENT POLICY</b>	
<b>Policy Number</b>	HM 3.2 Version 1.0
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<b>Reviewed and Approved by</b>	MHP Committee of Management & AHP Board

# AHP GROUP RENT SETTING POLICY STATEMENT

***Both AHP and MHP (referred to as the Group) believe that effective and efficient rent setting is vital to the success of maintaining good quality services for all our tenants and provide value for money.***

We embrace quality property management and this is encompassed in our Core Values;

✓ **AMBITION**

*empowering through innovation and challenge*

✓ **(E)QUALITY**

*doing the best for individuals and communities in a fair and equal way*

✓ **RESPECT & PROFESSIONALISM**

*towards each other, the people we work with; the people we serve and our environment*

✓ **ACHIEVEMENT**

*delivering outcomes that matter and make a real difference – now and in the future*

## **1. INTRODUCTION**

The AHP Group incorporates Aberdeenshire Housing Partnership (AHP) and Moray Housing Partnership (MHP). Both AHP and MHP are Registered Social Landlord's (RSL) and are required by the Scottish Housing Regulator to adopt a rent policy that takes account of affordability, viability, and comparability. RSLs are also expected to design a rent setting mechanism which apportions rents fairly to individual properties.

The rent setting mechanism has to address equity and consistency issues arising from the difficulty in setting rents which objectively reflect affordability and comparability across an extremely varied housing stock. The rent setting mechanism adopted is based on a points system for rent setting that was established via the rent harmonisation process carried out by both AHP and MHP independently.

The rent setting point structures are attached as Appendix 1 (AHP) and Appendix 2 (MHP). The point structures vary between AHP and MHP to take into account the housing stock types of each RSL and the local area they serve.

## **2. POLICY AIMS**

The Group's primary rent policy aims are to;

- i. state clearly how the key criteria of affordability, viability and comparability will be used in the setting and the annual varying of the Group's rents;
- ii. ensure that it has a rent structure that is easy to understand, easy to apply, is flexible, fair and transparent; and
- iii. promote tenant consultation and involvement in rent setting. With all tenants and Moray & Aberdeenshire Housing Partnerships Tenant Association (MAHPTA) being consulted about any rent or service charge changes.

## **3. OBJECTIVES**

This policy complements the aims and objectives of the Group's Business Plan, which includes the following

- i. the provision of affordable social rented housing;
- ii. continuously improving the quality and value of its services;
- iii. employing robust financial planning in our decision making processes;
- iv. encouraging tenant involvement wherever possible.

The Group recognises the importance of social, economic and political factors in the rent setting process. The Group will carry out a budget setting process

annually, and produce a detailed Financial Business Plan for a 30 year period. The Business Plan will incorporate the short, medium and longer term view of financial viability; the ability to meet future capital renewal, major and cyclical repair obligations.

#### **4. POLICY PRINCIPLES**

In setting its rents, the Group will have regard to the following key principles:

##### **Viability**

- i. Sufficient income: the costs of providing the properties should be met from the rents set, in particular that loan charges, voids, management and maintenance costs, including amounts set aside for future expenditure, are met in full.
- ii. The Group recognises that rents set and reviewed on an annual basis must sustain the business that it operates, and the services it delivers to tenants thereby ensuring financial viability and the long term sustainability of the organisation.

##### **Affordability**

- i. Affordability: rents should be affordable to tenants. We use a recognised measure of affordability which applies to households with at least one person in full time employment.
- ii. We will also develop measures which take account of the impact on rent affordability, other factors such as the energy efficiency of properties and the limitations on tenants to access benefits to meet housing costs.
- iii. Where Service Charges are applied, these will be varied according to actual cost, in line with the statutory obligation to recoup these costs. Service Charges will be taken into account for affordability measures. However such charges will be assessed separately from the rent structure, in accordance with the Group's Service Charge policy.
- iv. Limited increases: based on our understanding of current and foreseeable economic circumstances any increase in rental income will reflect the following:
  - a. limiting any increase by the equivalent of the year on year increase in inflation + **no more than 2%** as measured each September and published annually in October;
  - b. Ensuring Best Value for tenants by applying the lowest % rent increase that can be sustained by the Financial Business Plan and service delivery. All rent increases will be in consultation with MAHPTA, service enhancements development etc

##### **Comparability**

- i. Comparability: rents set in each area of operation should represent good value when compared with rents

- charged for equivalent properties by other social housing providers in that area. This will also take into account AHP and MHP's financial commitments and stock profile.
- ii. The Group will compare its rent levels annually as part of the Annual Return on the Charter and associated Landlord reports. This will be compared against other RSLs who operate in the same geographic areas and any other appropriate local housing provider.

### **Tenant Consultation**

- i. The Group is committed to involving tenants and will adopt a flexible approach to enable tenants to engage as fully as possible in the development of the rent policy. Consultation on policy changes will be carried out with MAHPTA prior to the relevant Governing Body approval.
- ii. In accordance with the Scottish Secure Tenancy agreement and the Housing (Scotland) Act 2001, the Group will carry out full consultation on any proposed rent increase, and have regard to tenants' opinions prior to setting the rent level. This will ensure that tenants have the opportunity for input into the process and are well informed about the reasons for any proposed increase.

AHP/MHP will inform tenants in writing at least four weeks before any change in rent is applied

### **Rent Differentials**

- i. Individual rents may vary by greater or lesser percentages but only with Governing Body approval in the following circumstances:
  - a. to allow for changes to the property or its surroundings, as a result of which the number of points applicable to the property change; or
  - b. to allow for rent phasing or freezing of rents which are still being adjusted from levels applied before the introduction of this policy and rent setting mechanism; or
  - c. Rents for newly built or acquired properties. The rent for new developments may vary dependant on the individual development funding for each particular scheme

## **4. EQUALITY & DIVERSITY**

The Group is committed to ensuring and promoting diversity and equality of opportunity in housing, employment and provision of services for all people within its range of work. The Group will treat all people equally and in accordance with the Equality & Diversity Policy.

## **5. MONITORING AND REPORTING**

The following areas will be subject to monitoring on a continuing basis:

- i. Outcomes expected from the Scottish Social Housing Charter
  - a. Charter outcome 13: Value for money - tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay
  - b. Charter outcome 15: Rents - Tenants get clear information on how rent and other money is spent
- ii. Risk management – Strategic risk matrix and Key Performance Indicators
- iii. Training and information for staff

The Group is committed to involving tenants. The Group adopt a flexible approach to enable tenants to engage as fully as possible in monitoring Charter outcomes and other assessments of performance by the Group in relation to this policy. Consultation and communication with MAHPTA is continual and on-going.

Rental income received will be measured against budget projections during periodic financial reports to the Group's Governing Bodies. Annual rent increases and associated consultation processes will be assessed by the Joint Housing Committee, Resource and Governance Committee and MAHPTA, before being approved by the appropriate Governing Body.

## **6. REVIEW**

This policy will be reviewed every 3 years unless the following criteria dictate that it would be best practise to review sooner:

- i. applicable legislation, rules, regulations and guidance, both those which affect the Group directly and those which affect the resources available to significant numbers of our customers to enable them to sustain tenancies
- ii. changes in the organisation
- iii. continued best practice

## **7. OTHER RELATED DOCUMENTS**

Policies which are linked to this policy and which should be read in conjunction with it, are:

- Group Business Plan

- Financial Business Plan
- Asset Management Strategy
- Tenant Participation Policy
- Service Charge Policy
- Equality & Diversity Policy

## APPENDIX 1

### AHP Rent Point Structure

Characteristics		Points
Apartment Size	1	20
	2	40
	3	60
	4	80
	5	100
	6	120
House Type	Bungalow	100
	Detached	150
	End Terrace	100
	Flat	50
	Mid Terrace	75
	Mobility Bungalow	100
	Semi Detached	125
GFA Band	0-29	15
	30-39	30
	40-49	45
	50-59	60
	60-69	75
	70-79	90
	80-89	105
	90-99	120
	100-109	135
	110-119	150
	120-129	165
Glazing Type	Double	30
	Single	0
External Doors	1	10
	2	20
Door Entry		20
Garden	Communal	10
	None	0
	Private – enclosed	30
	Private – Large	30
	Private – Medium	30
	Private - Small	20

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Paths	Private	20
	Shared	10
Parking Type	Communal	0
	Private or Driveway	20
	None	0
Heating	Full heating system	40
Facilities	Bath	10
	WHB	
	1	
	2	10
		20
	WC	
	1	10
	2	20
	Separate Shower	
	Over-bath Shower	20
	Level Access Shower	10
		20
	Kitchen	
Basic	15	
Fully Fitted	30	

**MHP Rent Point Structure**

<b>Characteristics</b>		<b>Points</b>
House Size	Each Public Room	10
	Each Bedroom	15
	Each Bed space	7
	Each additional WC	5
	Each additional Shower room (gr fl)	5
House Type	Base property value	50
	Ground floor/1 <sup>st</sup> floor Flat	60
	Flat 2 <sup>nd</sup> /3 <sup>rd</sup> floor level?	50
	Flat –self contained	60
	Maisonette	60
	Mid Terraced	75
	End Terraced	85
	Semi detached	85
	Detached	105
House Attributes	New Build	10
	New Build over 10 years old	7
	Refurbished	5
Facilities	Near schools	6
	Near medical Facilities	6
	Public Transport available	6
	Near to local shops	6
Travel	Within town (Elgin, Forres, Buckie, Keith)	25
	Under 10 miles to town	10
	Over 10 miles to town	0
Garden	No garden	0
	Shared garden	5
	Private garden	7
Energy Rating	EPC Rating 1 – 68	1
	EPC Rating 69 – 80	3
	EPC Rating 81 – 91	5
	EPC Rating 92 or over	7
Heating Type	Exhaust Heat Recovery System	10
	Gas Central Heating	8
	Oil Central Heating	6
	Electric Wet System	2
	Electric Storage	0

