



Rent Harmonisation

September 2024





The purpose of this consultation event is to give a full understanding of the proposed changes to how we charge rents and to provide an opportunity to hear your views on the proposed new criteria.

Project timeline

- Data verification project – completed June
- Newsletter article – issued July
- Individual tenant letters – issued 31st July
- Staff training – completed July/August
- Series of tenant events – September
- Online events – September
- OTRA meeting – 24th October
- Final approval sought from board – 27th November
- Proposed date of implementation – April 2025



What is Rent Harmonisation?

Harmonising rents is a process where the components used to calculate rent points/charges is reviewed and changed, going forward from a specific date.

This is done with a view to making rents fairer, more consistent and to ensure that they are charged in a transparent way.





**The key aim is to
make the rent system
simpler, more
consistent and fairer
for all going forward.**

Why do we need to harmonise our rents?

1. Osprey Housing are made up of a combination of three organisations who all had different pointing systems – Osprey Moray, Aberdeen Soroptimists and Osprey original stock.
2. Benchmark rents were previously applied by Scottish Government for new builds – resulting in every development since 2016 having different rents applied. This is no longer applicable when building new properties.



Why do we need to harmonise our rents?

Our current combined rent structure (as of 31st March 2024)

Property Bedroom Size	Number of Properties	Number of Rent Levels	Ratio of Properties to Rent Levels
1	309	93	3.3
2	793	155	5.1
3	542	136	4.0
4	109	44	2.5
5	3	3	1.0
6	1	1	1.0
Total	1757	392	4.5

Proposed system going forward reduces number of rent levels from **392 to 78** for a fairer more consistent system that's fit for the future.

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The current rent criteria

The current rent structures vary between Osprey and the former Moray area stock. They include a high number of variable factors such as;

- Property size – by bedrooms
- Property type – semi-detached, terraced, flat, maisonette
- Property attributes – age/construction type
- Glazing type
- Number of external doors
- Number of WC's or WHB's
- Parking – driveway, shared, street
- Garden – points allocated by size
- Paths and access
- Floor space – square metres
- Heating type
- Energy rating
- Bathroom components – such as showers
- Kitchen components
- Local facilities
- Travel distances

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Proposed criteria- Summary



Criteria 1 – Property size

Criteria 2 – Property type

Criteria 3 – Location factors

Baseline points

- Local Authority
- Age of property
- Remote Rural

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Criteria 1 – Property size

No. of bedrooms with a bedspace 'multiplier'

Example –

3 bed / 5 person will be allocated less points than a 3 bed / 6 person property.



Criteria 2 – Property Type

- **House (2 storey)**

- Mid Terrace
- End Terrace
- Detached
- Semi detached

- **Bungalow**

- Mid Terrace
- End Terrace
- Detached
- Semi detached

- **Flat**

- Cottage/4 in block flat (own access)
- Block/terraced (internal door access)
- Maisonette



Criteria 3 – Location factors



The Scottish Index of Multiple Deprivation (SIMD)

provides a relative ranking of the data zones in Scotland from 1 (most deprived) to 6,976 (least deprived) based on a weighted combination of data for seven domains:

- **Income**
- **Employment**
- **Health**
- **Education**
- **Skills and training**
- **Geographic access to services**
- **Crime**
- **Housing**

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Basepoints

1. **Local Authority** – factors in the Local Housing Allowance applied by each Local Authority.

2. **Year of Build** – 3 grouped age brackets taking into account the relevant building standard changes.

- Pre 2000
- 2000 – 2009
- 2010 +

Allows for future bands to be added if Building Regs change.

3. **Scottish Government Urban Rural Classification** - application to remote rural areas only.





Do you support the need to harmonise our rents to make a fairer system?

Do you have any comments on the key criteria being proposed?

Are there any factors we should be including or excluding based on what you have learned today?

Implementation Principles



- If your revised points result in a **lower rent charge** your rent will be frozen until the rental value meets or exceeds your existing rental charge.

The figures below demonstrate an example of how a rent freeze would apply on a revised rent of £450.

	2024/25		Year 1		Year 2		Year 3		Year 4		Year 5	
Inflation			2%		2%		2%		2%		2%	
Current charge	£	500.00	£	500.00	£	500.00	£	500.00	£	500.00	£	500.00
Proposed charge	£	450.00	£	459.00	£	468.18	£	477.54	£	487.09	£	496.83
Difference	£	50.00	£	41.00	£	31.82	£	22.46	£	12.19	£	3.17

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Implementation Principles



- If your revised rent points result in an **increased rent charge** the uplift will be capped and implemented annually until the rents match. We propose to cap the increase at a maximum of £20 per monthly rent charge which can be phased over 5 years.

The figures below demonstrate an example based on a revised rent increase from £450 to £500.

	2024/25	Year 1	Year 2	Year 3	Year 4	Year 5
Inflation		2%	2%	2%	2%	2%
Current charge	£ 450.00	£ 479.00	£ 508.52	£ 530.60	£ 541.21	£ 552.03
Proposed charge	£ 500.00	£ 510.00	£ 520.20	£ 530.60	£ 541.21	£ 552.03
Difference	£ 50.00	£ 31.00	£ 11.68	£ 0	£ 0	£ 0

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Organisational Impact



Ospreys overall rental income will be increased by 1.8 % over the 5 year period. However, this increased income will enable Osprey to commit to inflation only rent increases in the future which will apply more fairly than it does to the existing rent system.

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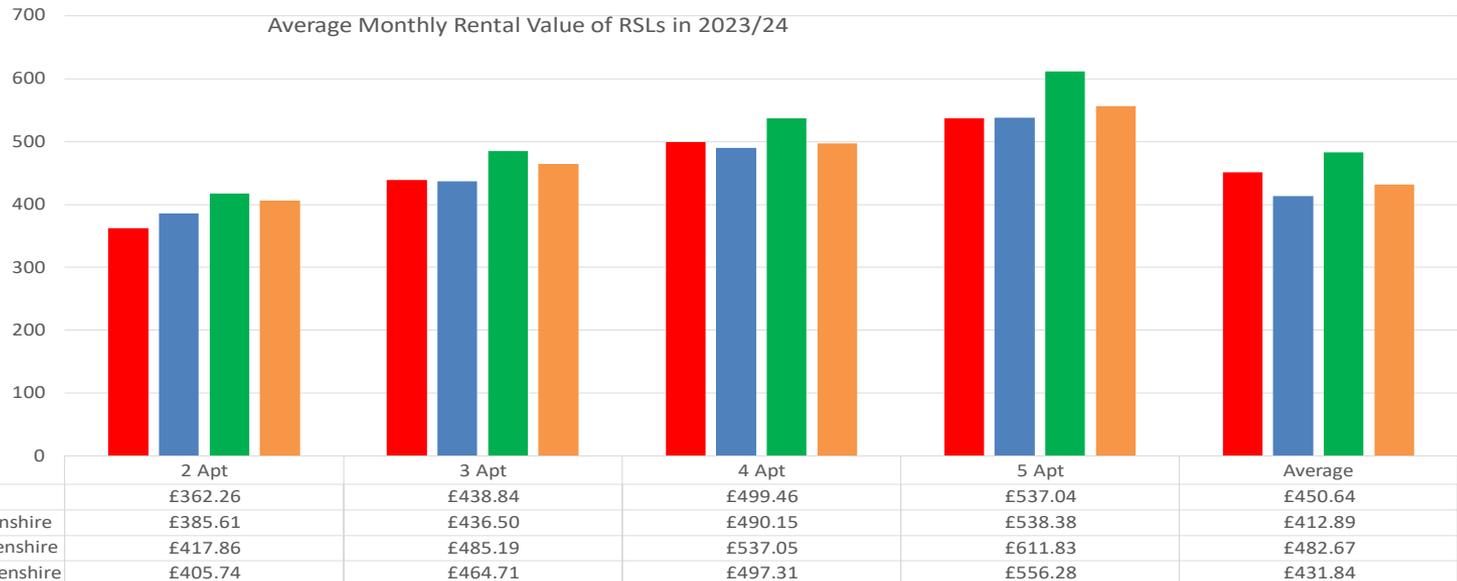


Osprey carry out an annual affordability assessment to understand the impact of our rent levels on our tenants.

Our current affordability assessment



Property Size	Osprey	RSLs Average Rents	2023/24	
			Difference	%
1 bedroom	£362.26	£403.07	-£40.81	-10%
2 bedroom	£438.84	£462.14	-£23.30	-5%
3 bedroom	£499.46	£508.17	-£8.71	-2%
4 bedroom	£537.04	£568.83	-£31.79	-6%



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Our current affordability assessment



	Affordability %				
	Minimum Wage < 23	Minimum Wage > 23	Living Wage	UC Single Person	UC Couple
1 bedroom - Single person 1* Multiplier	23%	23%	22%	29%	
1 bedroom Couple (1.5x Multiplier)	16%	15%	15%		20%
2 bedroom - Single Person 1 * Multiplier	28%	28%	27%	36%	
2 bedroom - Single Parent 1.3x Multiplier	22%	21%	20%	36%	
2 bedroom - Couple Multiplier *1.5	19%	19%	18%		24%
3 bedroom - Couple Multiplier *1.5	22%	21%	20%		27%
3 bedroom - Family 1.8x Multiplier	18%	18%	17%		27%
4 bedroom - Couple 1.5x multiplier	23%	23%	22%		29%
4 bedroom - Family 1.8x Multiplier	19%	19%	18%		29%
Average	20%	20%	19%		

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The affordability outcome based on new criteria

	2024/25 actual		Rent structure Proposed	
	Av. Rent	Liv Wage	Av. Rent	Liv Wage
1 bedroom – single person 1* multiplier	£ 387	22 %	£ 389	22%
1 bedroom – Couple 1.5* multiplier	£ 387	15 %	£ 389	15%
2 bedroom – single person 1* multiplier	£ 468	27 %	£ 471	27%
2 bedroom – Couple 1.5* multiplier	£ 468	21 %	£ 471	22%
2 bedroom – Single parent 1.3* multiplier	£ 468	18 %	£ 471	18%
3 bedroom – Couple 1.5* multiplier	£ 534	20 %	£ 549	21%
3 bedroom – Family 1.8* multiplier	£ 534	17 %	£ 549	18%
4 bedroom – Family 1.8* multiplier	£ 575	18 %	£ 601	19%

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The tenant impact

We understand from scenario testing and analysis that the tenant impact is likely to affect;

- **New builds** (post 2016) will have biggest increases – however, they are also the most efficient properties in terms of whole household costs.
- **Larger properties (3+ bedrooms)** will see the biggest increases – however, will be aligned with affordability data to ensure that they meet the % of income scenarios per property size.
- The majority of **trickle transfer properties** will see a consistent reduction across all property types.

The phasing of the increases will be over a number of years to mitigate the immediate impact on households facing increased rent levels.

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**Do you agree with
the proposed criteria?**

**Do you agree with
the timeline?**

**Do you agree with
the implementation
principles?**