



# RENT AND SERVICE CHARGE SETTING POLICY

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# RENT AND SERVICE CHARGE SETTING POLICY

## 1.0 INTRODUCTION

This policy sets out how HHA 2000 will approach the setting of (i) rent levels and (ii) service charges. It takes account of the requirements of the Scottish Secure Tenancy Agreement and the outcomes of the Scottish Social Housing Charter.

The Housing Manager will take the lead role in the implementation of the Policy.

## 2.0 AIMS AND OBJECTIVES OF THE POLICY

In developing a Rent & Service Charge Setting Policy, there are a number of objectives for HHA 2000 to consider:

- Covering the day-to-day costs of providing services to tenants and others
- Endeavouring to keep rents affordable to all tenants
- Taking cognisance of rents of other housing providers in the area.
- Taking cognisance of the undertakings given in the Stock Transfer Agreement.
- Securing the long term viability of HHA 2000
- Ensuring that HHA 2000 can deliver on its new-build and planned maintenance programmes; meet new standards of energy efficiency and comply with future legislative requirements
- Ensuring that the differentials in rent levels fairly reflect the different sizes, characteristics, amenities and demand for different types of housing stock
- Ensuring that rents for similar housing stock are equalised where they are out of step due to the timing of construction or improvements
- Working towards achieving the relevant outcomes as set out in the Scottish Social Housing Charter and in particular :
  - **Outcome 4** – tenants' homes, as a minimum, meet the Scottish Housing Quality Standard (SHQS) when they are allocated; are always clean, tidy and in a good state of repair; and also meet the Energy Efficiency Standard for Social Housing (ESSH) by December 2020.
  - **Outcome 5** – Tenants homes are well maintained, with repairs and improvements carried out when required, and tenants are given reasonable choices about when work is done
  - **Outcome 6** – Tenants and other customers live in well-maintained neighbourhoods where they feel safe

- **Outcome 13** – Tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.
- **Outcome 14** – A balance is struck between the level of services provided, the cost of the services, and how far current and prospective tenants and other customers can afford them
- **Outcome 15** – Tenants get clear information on how rent and other money is spent, including any details of individual items of expenditure above thresholds agreed between landlords and tenants

### **3.0 HHA 2000'S COSTS**

Ensuring that the cost is covered, of providing all of HHA 2000's services, must be the guiding principal when setting rents. These costs comprise :

- Management (staff salaries, office running costs etc.)
- Reactive, Planned and Cyclical Maintenance
- Void Loss and Bad Debts
- Private Finance (where applicable)

### **4.0 AFFORDABILITY**

We will use the prevailing best practice models for the sector to analyse affordability. This will be done for a variety of average household types and sizes represented within our tenant base, and include calculations for those of working age and for pensioners. Currently an affordable rent is considered to be one which is less than 25% of moderate income.

### **5.0 COMPARABILITY**

Rent comparability studies with other RSLs will be carried out on an annual basis and used as base information for monitoring HHA 2000's rent levels.

Comparability of rents across HHA 2000's own stock is also important in order to ensure that rents fairly reflect the size, type, condition and amenities of each property. This will be considered each year as part of the annual rent review exercise.

### **6.0 NEW BUILD HOUSING**

6.1 The inclusion of private finance in HHA 2000's costs for new build, can present considerable challenges to affordability guidelines.

Based on current maximum grant levels, the private finance required for new build properties is likely to push rents to a considerably higher level than for existing stock and may therefore fail to meet affordability guidelines for many working tenants.

Affordability for tenants who are not in work or who work part-time is less of an issue since any increased rent is covered by Housing Benefit or Universal Credit. However HHA 2000 must ensure, as far as is possible that new build rents are not pushed up to a level which deters tenants from taking up employment in the future.

6.2 The current structure for determining rent levels for new build housing is given in Appendix 1 however this may be modified to achieve comparability with similar housing in other phases; or where private finance dictates that higher rents must be set.

## **7.0 SERVICE CHARGES**

### **7.1 Existing Stock**

Pre-transfer rents for East Dunbartonshire Council included the cost of current services. These were :

- landscape maintenance
- annual gas servicing
- annual servicing of mechanical systems including controlled entry.

HHA 2000's transfer undertakings included the cost of these existing services. If, after consultation with tenants, new services are introduced, an additional charge to cover the cost of that service may apply. Such costs will be based on the direct cost of provision, uplifted by an administration fee of 10% of the cost.

### **7.2 New Build & Rehabilitated Stock**

In order to ensure uniformly high standards, HHA 2000 has taken the decision to carry out landscape and garden maintenance on behalf of all residents of new build housing (tenants and owners).

In rehabilitated stock, additional services such as stair cleaning and garden maintenance may be provided.

From April 2013, this has no longer been shown as a separate charge but is incorporated into the rent charge for each property.

## **8.0 IMPLEMENTATION AND REVIEW**

8.1 The impact of the Rent Policy will be reviewed annually with reference to the following :

- HHA 2000's annual Budget setting process
- Rent levels of the local authority and other Associations in East Dunbartonshire along with Associations in other areas, particularly those which participate in benchmarking groups with HHA 2000.
- Affordability calculations for a number of average household types and sizes.

8.2 Any future rent structure adopted by Hillhead Housing Association will be implemented in a way which is equitable and fair in its operation.

8.3 Rents will be reviewed annually by the Management Committee and any change will take place on 28th March each year.

8.4 The annual rent review will consider recognised measures of inflation, along with the Business Plan assumptions made in relation to the Association's longer terms financial projections.

8.5 Rents for new build stock will generally be increased by similar levels to transferred stock. Rent levels may however be subject to rent restructuring to ensure that they reflect the amenity of the stock where this is higher than the transferred stock; and comparability between different phases.

8.6 The Housing (Scotland) Act 2001 places a legal obligation on registered social landlords to consult with tenants about any planned rent increase in advance of it taking effect.

8.7 HHA 2000 will consult with tenants sufficiently well in advance of the date of the proposed increase, to enable Committee to be made aware of tenants' views prior to agreeing the revised rent levels.

8.8 HHA 2000 will give at least 28 days notice of any change in rent and / or service charges payable by tenants.

#### 8.9 **Rent Collection**

HHA 2000 will provide cost effective and convenient methods of collection which will include :

- Allpay Swipe card at local shops or Post Office
- Cheque

- Standing Order
- Payment by Bank Card by phone or personal visit
- Allpay Internet payment
- Direct debit

Tenants wishing to pay by cash will be asked to use their swipe card at a Post Office or outlet displaying the Pay Point sign.

- 8.10 HHA 2000 will assist tenants to apply for benefits which provide assistance with rental payments. HHA 2000 provides a Welfare Rights service for this purpose.
- 8.11 A close working relationship will be maintained with East Dunbartonshire Council, Housing Benefits Section and the Department of Work and Pensions to minimise any difficulties in connection with benefit claims and to maximise the general take up of benefits.

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