

KINGSRIDGE CLEDDANS HOUSING ASSOCIATION

RENT POLICY



Date of Last Approval	March 2017
Date of Review	28 January 2020
Approved	04 February 2020
Date of next Review	January 2021

1. INTRODUCTION

Kingsridge Cleddans Housing Association is required by the Scottish Housing Regulator to formulate a rent setting policy, which will allow the Association to set affordable rents for all our housing stock.

In adopting this policy, the Association should ensure that the rental income will cover running costs and be comparable with other rents in the area.

2. AIMS AND OBJECTIVES OF THE POLICY

The Association's aim is to set rents based on a rental policy, which is both easy to administer and easily understood by staff and committee.

The Association is also committed to ensuring that rent levels do not exceed those of comparable RSL properties in the area.

The Association must also take account of approximately 50% of our tenants are reliant on either Housing Benefit (HB) or Universal Credit (UC) to pay their rent and accordingly we will seek to minimise the burden for the tax payer and we will seek to encourage employment through maintaining a truly affordable rent structure.

While taking the above factors into account, the Association must ensure that rent levels provide sufficient funding for:

- a) Management and Maintenance costs.
- b) Future repairs, including major repairs.
- c) Repayment of loan charges.
- d) Voids and bad debt provision.
- e) Inflationary indicators

3. RENT LEVELS AND AFFORDABILITY

The Association will try to ensure that rents are affordable for working households not reliant on housing benefit. Affordability is subjective and can be influenced by spending patterns, lifestyle choices and other household debts. There is no current measure of affordability, but it is important to recognise that rent levels have to be sufficient to cover the cost of maintaining our properties in good condition, meeting statutory obligations and covering all operating costs.

The Association being mindful to keep rent levels at truly affordable levels will use the affordability tool developed by SFHA and Housemark which measures the effects of proposed rent increases against different household income ranges and property sizes. This tool is updated every year taking account of existing rent charges throughout Scotland and any income benefit changes applying to households.

Being mindful of the tough economic conditions the Association will also take into consideration the current and projected rates of inflation measures and will use the Consumer Price Index (CPI). The CPI rate has historically been lower than the RPI rate. This should ensure that our rents not only remain affordable but also remain lower than the Drumchapel our peer group and Scottish average.

4. RENT SETTING METHOD

The system the Association initially adopted for development funding purposes was based upon the use of a base rent which is then adjusted by using values attached to additional property characteristics used to make up house types in ownership. This method no longer applies, and rents are now based solely on size of accommodation.

Property rent charges for 2020-21 (excluding service charges) are as follows:

<u>NEWBUILD PROPERTIES</u>	<u>MONTHLY RENT</u>	<u>ANNUAL RENT</u>
2apt 2p flat	£288.13	£3406.44
2apt 2p house	£303.73	£3644.76
3apt 3p house	£318.94	£3827.28
3apt 4p house	£326.80	£3921.60
3apt 4p flat	£317.45	£3809.40
3apt 4p amenity flat	£352.38	£4228.56
3apt 4p Bungalow	£350.25	£4203.00
4apt 4p house	£341.26	£4095.12
4apt 5p house	£365.31	£4383.72
4apt 6p Supported Accommodation	£198.80	£2385.60
4apt 6p house	£377.27	£4527.24
5apt 6p house	£388.98	£4667.76
5apt 7p house	£410.37	£4924.44
6apt 8p house	£435.24	£5222.88
<u>REHAB PROPERTIES</u>	<u>MONTHLY RENT</u>	<u>ANNUAL RENT</u>
2apt 2p flat	£286.96	£3443.52
3apt 3p flat	£306.79	£3681.48
3apt 3p m/d flat	£312.87	£3754.44
4apt 4p flat	£332.10	£3985.20
5apt 5p flat	£363.55	£4362.60

5. COMPARABILITY

The Association's rent levels for each property type will be compared against other landlords operating within Drumchapel on an annual basis.

This will be done by extracting information on rent levels from a Drumchapel wide rent comparison spreadsheet

The Table below refers to average weekly rents charged by the other RSLs, including GHA, within the Drumchapel area for the year 2018/19 and are meant as a comparison guide only.

RSL	2 Apartment	3 Apartment	4 Apartment	5+ Apartment	6 Apartment	AVE Weekly Rent
K.C.H.A.	64.09	70.33	78.22	86.39	0	71.61
Cernach	61.65	71.77	92.80	90.20	0	75.47
Pineview	64.23	71.23	83.65	92.02	0	76.40
Kendoon	69.93	80.22	89.12	102.25	0	82.84

GHA	76.91	81.84	95.68	104.80	0	83.51
Drumchapel	78.72	79.42	93.19	101.9	0	83.85
SCOTTISH AVERAGE	76.10	77.70	84.43	93.49	0	79.07

6. ANNUAL RENT INCREASES

The Association's rents will increase annually at the 1st April with rent increase letters being issued at least 28 days in advance of this date.

Rent increase consultation letters will be issued to all tenants in December/January each year to allow the opportunity for comments

The Management Committee will consider and approve annual rent increases prior to 28th February each year.

7. POLICY REVIEW

The Policy will be reviewed every year in line with rent increases being reviewed and agreed on an annual basis.