

HORIZON HOUSING ASSOCIATION LIMITED	CORPORATE POLICY
TITLE	RENT POLICY
DATE OF APPROVAL	FEBRUARY 2008
DATE OF REVIEW	FEBRUARY 2011

1. AIM

This policy aims to set rents that meet the following objectives:

- Are affordable to our tenants
- Are comparable to the rents of other RSLs within the areas we operate
- Ensure the continuing financial viability of the Association

Service items are not included within the rental charge and are covered under a separate policy.

2. MAIN OBJECTIVES

The main objectives of this Rent Policy are set out below.

2.1 Affordability

The Association takes the view that rents charged should not exceed what our tenants can afford to pay. In our assessment of affordability we are guided by the current SFHA definition of affordability. This states "For a rent* to be affordable, households with one person (head of household or partner) working 16 hours or more should only exceptionally be dependent on Housing Benefit in order to pay it."

The Association will participate in SCORE (Scottish Continuous Recording System) that assesses new and relets and the rent affordability. This also enables some assessment of comparability with other RSLs who participate in SCORE.

2.2 Financial Viability

In all decisions about rent setting we will aim to ensure that the pointing method used contributes to the continuing financial viability of the Association, including projected future funding requirements based on our Life Cycle Costing exercise.

The policy will set rents at a level which ensures that this principal source of revenue income meets the Association's main costs:

- Management
- Maintenance
- Planned and major works and renewals
- Loan repayments
- Contribution to reserves
- Insurances

- Provisions for voids and bad debts

2.3 Comparability

The Association assesses our rents against those charged by other Registered Social Landlords. The Association will maintain comparisons with Registered Social Landlords who have similar housing stock within our area of operation, or who are within our "Peer Group", as defined by Communities Scotland, i.e. operating across more than one Communities Scotland Region.

We will consider the impact of rent levels on our continuing ability to let properties, carrying out a risk analysis as necessary.

2.4 Fairness and accessibility

The Association is committed to equal opportunities and wishes all policies to reflect this commitment. In particular, we do not believe that disabled people should be financially disadvantaged as a result of the additional space standards they may need to meet their particular needs. The increased space standards provided in wheelchair properties will not result in a higher rent being charged.

- (ii) The Association is committed to a long-term maintenance programme and our aim is to ensure consistency in the building and design standards across our housing stock. Therefore, regardless of the age of the property, a similar rent will be charged.
- (iii) The Association aims to set rents which are perceived by tenants to be fair and to adopt a rent setting system which is understandable. In addition, tenants' views will be sought on the perceived value of amenities within and around their home.

3. CONSULTATION AND PARTICIPATION

3.1 In terms of the 2001 Housing (Scotland) Act, the Association has a duty to consult tenants and to give due consideration to their views prior to agreeing any rent increase. The final decision rests with the Management Committee, which will take all relevant views into account in making its decision.

3.2 The Association will encourage tenants to express their views, both on the policy and on proposed rent increases.

4 RENT STRUCTURE

4.1 The purpose of our rent structure is to calculate the amount of rent that should be charged for each property type.

A rent pointing system has been selected as the preferred rent setting method. The benefits of this method are firstly, that it directly relates the rental paid to the property and its features. Secondly, it is flexible and can be adapted to fit a wide range of property types including those acquired

rather than built by the Association.

Individual points are allocated to amenities within each property. The Association sets a base rent, which is then increased according to what amenities, (for example, bedrooms, heating, bathing facilities) the property has.

Flats attract lower rents than houses of the same size. Bungalows designed with increased floor areas to meet the needs of wheelchair users do not attract increased rental for that feature.

The Association has some properties designed for sharing by unrelated adults, commonly known as group homes. Such properties may have additional amenities and the rent formula allows additional points to reflect these. Due to the higher level of wear and tear, additional rental points will also be apportioned to reflect this where necessary.

The list of qualifying amenities can be found in the rent setting formula table (Table 1) below.

By dividing the total sum that must be raised from Rental Income by the total number of Rental Points that the Association has in its Housing Stock and allowing for completions and shared ownership sales, the value of a rented point can be calculated.

The rental point value in 2006/07 was £26.59

The proposed rental point value for 2008/09 is £27.92

Table 1

Feature	Points Value
Base Rental	67
House (detached)	9
House (semi)	6
House (mid terrace)	3
First double bedroom	15
Second/other double	9
Dining Kitchen	7
Kitchen	5
Extra WC	4
Gas Central heating	11
Electric Heating	8
Utility room	3
Wet Floor Shower	3
Dining or other additional reception room	9
Garage	5
In curtilage parking	2
Additional bathing facility	1
Conservatory	5
Pointing affecting shared/group style living	

Shared house kitchen area	2
Sleepover room	8
Staff office	10
Additional bathroom	10
Amenity room	9
Additional wear and tear	discretionary

6. RENT VARIATION

6.1 The over-riding objective of this policy is to ensure the continued financial viability of the Association. Within this policy, therefore, we reserve the right to vary the rent setting structure and formula, where it is identified that rent levels in a particular area are perceived to be a significant factor in undermining our ability to let properties. This flexibility will reduce risk and protect the viability of a particular estate. Such action may only be taken with the prior approval of the Management Committee.

7.0 REVIEW OF THIS POLICY

7.1 This Policy shall be monitored annually and approval sought on a three year cycle **to ensure its main objectives are being achieved.**

Reviewed by
Elizabeth Anderton
Director of Housing Services
January 2008