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Milnbank  
HOUSING ASSOCIATION



# **RENT SETTING POLICY 2016-2017**

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## **1. INTRODUCTION**

The aim of the Rent Setting Policy is to look in detail at how rents are set by the Association as Milnbank Housing Association (MHA) has many variations of rent charge which reflects the different house types, sizes and tenancies.

## **2. COMPLIANCE WITH THE SCOTTISH SOCIAL HOUSING CHARTER**

In reviewing this policy, the Association recognises the need to work towards achieving the relevant outcomes as set out in the Scottish Housing Charter and in particular:

- **Outcome 13** - Tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay
- **Outcome 14** - Social landlords set rents and service charges in consultation with their tenants and other customers so that: 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. OBJECTIVES**

The objectives of the Rent Setting Policy are:

- To have a system of setting rents that ensures that they are affordable to tenants.
- To ensure MHA strikes a balance between the ability of the tenant to pay and maximising the Association's rental income.
- To be transparent, easy to explain and can be understood by those affected by it.

- To enable MHA to provide and maintain a high level of service provision.
- To ensure that MHA's financial viability is maintained at all times.
- We will consult with tenants in developing and reviewing this Policy, including consultation on any proposed rent increases.

#### **4. AFFORDABILITY AND COMPARISONS**

##### **(a) Affordability**

MHA aims to strike a balance between the ability of the tenant to pay, in particular those on low incomes who are not reliant upon Housing Benefit, and maximising the Association's rental income. Tenants will be surveyed periodically in an attempt to assess income levels.

##### **(b) Comparisons**

The Association attempts to charge an affordable rent and at level which is fair when compared to other rent levels of similar Social Landlords within our Peer Group, while at the same time allowing the Association to meet its costs.

#### **5. CATEGORIES OF RENTS**

MHA has different types of tenants and as such the rents are calculated differently.

##### **(a) Pre 1989 Former Secure Tenancies**

All 'fair' rents are determined by a Rental Valuation Officer. Although MHA proposes rental charges the final amount is determined by the Rental Valuation Officer. Each tenant has the right to appeal this figure. The Association also has the right to appeal against this figure. MHA strives to ensure parity between Former Secure and Scottish Secure Tenants. These tenants receive a rent increase every 3 years in accordance with Legislation.

##### **(b) Scottish Secure Tenancies (MHA Post Transfer Stock)**

All Scottish Secure rents with the Modernised Right to Buy are determined and set by the Association's Management Committee

and are subject to review annually. There will be no more than one rent review a year.

The Association will set rents at a sufficient level to cover the costs of managing and maintaining all types of property under its control. In addition to this provisions are made for future major repairs and renovations and private loans on developments.

Tenants are notified of the agreed rent increase in February of each year. This is done by letter and will take effect from 1 April of each year. It has been agreed that a flat rate percentage increase will be applied to the current rent charge rather than continue with the points system.

(c) **Scottish Secure Tenancies (MHA Post Transfer Stock)**

As part of the Second Stage Transfer, from Glasgow Housing Association, MHA guaranteed rent increases of no more than inflation (RPI) plus 1% for five years following transfer. Therefore these rent charges will be subject to the same flat rate percentage increase determined by the Management Committee on an annual basis.

As stated above this increase has been guaranteed for 5 years and MHA plans, but does not guarantee, rent increases for the remainder of the 30 Year Business Plan at no more inflation (RPI) plus 1% each year.

Tenants are notified of the agreed rent increase in February of each year. This is done by letter and will take effect from 1 April of each year.

(d) **Leased Properties**

The Association have some Leased properties with external agencies including The Richmond Fellowship Scotland, Orchard & Shipman and Glasgow City Council. These rent charges will be subject to the same flat rate percentage increase determined by the Management Committee on an annual basis.

(e) **Lock Up's**

The Lock Up charges will be subject to the same flat rate percentage increase determined by the Management Committee on an annual basis. Tenants are notified of the agreed rent increase in February of each year. This is done by letter and will take effect from 1 April of each year.

(e) **Service Charges**

In addition to rental charges, where applicable, some tenants maybe liable for other charges in relation to their tenancy (e.g. furniture charges)

**6. MONITORING AND REVIEW**

The Rent Setting Policy will be monitored by the Housing Services Manager and reported to the Scottish Housing Regulator through the Annual Return on the Charter (ARC) and also to other agencies/groups for the purposes of performance benchmarking.

The Rent Setting Policy will be reviewed on an annual basis, or as otherwise required, by the Management Committee.