

RENT SETTING POLICY 20/21

MM/February 2020 / Ref: P43



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1. INTRODUCTION

The aim of the Rent Setting Policy is to examine in detail at how rents are set by Milnbank Housing Association (MHA) as there are a range of variations of rent charges which reflect different house types, sizes and tenancies.

2. COMPLIANCE WITH REGULATORY GUIDANCE

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

a) Scottish Social Housing Charter

- 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

b) Standard 3, Governance & Financial Management – The Association manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford.

3. PRINCIPLES OF RENT SETTING

The principles of the Rent Setting Policy are:

- Ensure the rent increase generates enough income to allow services to continue at the current level or to improve.
- A monetary increase will be applied and any increase will be calculated in line with the current rent charge which is charged for each property. This is to assist Milnbank Housing Association with the equalisation process .
- MHA are committed to not charging any rent above the Scottish Average. This means any MHA rent charges which are above the Scottish Average will not be increased.
- MHA will aim to keep rents as affordable as possible for those tenants in employment on a low income.

4. CONSULTATION ON RENT SETTING

In line with recognised good practice guidance, MHA is required to consult annually with tenants in relation to the rent setting principles, achieving value for money, affordability and the level of services that are provided. Employment details are also collated as this assist the Association to meet the principle of keeping rents affordable to those tenants who are employed and on low incomes.

The Association has an active Rent Strategy Group who meet on a regular basis. A key objective of the group is to seek tenant's views on rent setting which is reported to the Management Committee.

5. 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 Universal Credit, and maximising the Association's rental income. Tenants will be surveyed each year in an attempt to assess income levels.

The Association will ensure any future rent increase that no current rent charge will be raised to a level which is above the Scottish Average. Any rent charge we currently have which is above the Scottish Average will be froze until it comes back in line with the Scottish Average.

(b) Comparisons

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

6. RENT CHARGES

(a) Scottish Secure Tenancies – rent calculations

MHA have a number of different rent charges for each size of property and have developed a strategy to equalise rent charges over a period of time.

All rent charges are assigned on a tier basis depending on how much higher or lower the rent charge is in comparison to the MHA average rent for the specific size of property. Based on each tier this will determine how much the rent will increase each week. This will be a monetary increase rather than a percentage increase.

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.

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.

(b) **Pre 1989 Former Secure Tenancies**

For those tenants who have resided within MHA stock for a number of years have their rent level determined by a 'fair' rents system which is set by a Rental Valuation Officer. This applies to a small proportion of the stock and is gradually declining.

(c) **Leased Properties**

The Association have a small number of Leased properties with external agencies including The Richmond Fellowship Scotland, Mears 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.

(d) **Lock Up's**

Lock Up charges will be subject to the same flat rate 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 1st of April of each year.

6. MONITORING AND REVIEW

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

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

7. DATA PROTECTION

MHA controls the personal information that we collect, this means that we are legally responsible for how we collect, hold and use personal information. It also means that we are required to comply with the General Data Protection Regulations (GDPR) when collecting, holding and using personal information