

Milnbank  
HOUSING ASSOCIATION



## MILNBANK HOUSING ASSOCIATION

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RENT STRATEGY 2013-2014

**PH/FEBRUARY 2013**

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## 1. INTRODUCTION

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The purpose of the Rent Strategy is to look in detail at how rents are structured and will also outline our procedures for dealing with rent arrears.

The objectives of the Rent Strategy are:

1. To have a system of setting rents that ensures they are affordable to tenants.
2. To ensure the Association strikes a balance between the ability of the tenant to pay and maximising the Association's rental income.
3. To set rents to reflect the variations in housing stock due to different sizes and types of properties and the amenities within them.
4. To be transparent, easy to explain and can be understood by those affected by it.
5. To enable the Association to provide and maintain a high level of service provision.
6. To ensure that the Association's financial viability is maintained at all times.
7. We will consult with tenants in developing and reviewing this Policy, including consultation on any proposed rent increases.

## 2. AFFORDABILITY AND COMPARISONS

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### a. Affordability

Milnbank Housing Association 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.

All new and transferring tenants will be encouraged to complete S.C.O.R.E. (Scottish Continuous Recording) data in order to assess income levels

### 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 property within the wider Glasgow area, while at the same time allowing the Association to meet its costs. The following example demonstrates the effectiveness of the Association's Rent Strategy.

Organisation	Example1: 2 person – 2 apt flat with CH	Example1: 3 person – 3 apt flat with CH	Proposed Increase
Milnbank HA	208.25	227.58	2%
Thenue HA	259.00	294.00	4.9%
Parkhead HA	230.00	250.00	3%
Tollcross HA	N/A	N/A	4%
Reidvale HA	216.92	235.75	2.5%
Shettleston HA	218.60	250.80	4.1%
GHA (Keystone)	260.00	323.00	3.8%
Private Sector	495.00	595.00	N/A

### 3. **CATEGORIES OF RENTS**

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The Association have 2 different types of tenants and as such the rents are calculated differently.

(a) **Pre 1989 Formerly Secure Tenancies**

All 'fair' rents are determined by an independent Rent Officer. Although Milnbank proposes rental charges, compiled from the Rent Policy, the final amount is determined by the Rent Officer. Each tenant has the right to appeal this figure, which is reviewed every three years. The Association also has the right of appeal. The Association strives to ensure parity between former secure and former assured rents. These tenants receive a rent increase every 3 years in accordance with Legislation.

(b) **Scottish Secure Tenancies (Formerly Assured Tenants)**

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 lettered every February informing them of any proposed rent increases which will become effective from 1 April, a summary of how the rent figure is determined is given to the tenant.

(c) **Leased Properties**

The Association have some Leased properties with external agencies including The Richmond Fellowship Scotland, Orchard & Shipman and Glasgow City Council.

These rents are not broken down into the points system and will receive an annual increase equivalent to the points value increase eg. If points increase by 4% the overall rents for Leased properties will increase by 4%. At times it may be necessary for the Association to impose a higher increase.

## 4. RENT CALCULATIONS

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It is important to have a system of setting rents that will ensure that rents are affordable to tenants, as well as reflecting differences within the housing stock. For example, rental variations because of differences in the amenities, size and type of housing stock available for let.

The Association have adopted a points based system for calculating rents. A number of points are allocated to each property based on the size, type and amenities within the property.

The Management Committee agree the points total for each year and this is multiplied by the number of points for each property to obtain the annual rent.

### a) RENT ELEMENTS

When calculating the points value there are 4 elements to take into account:

#### Property Type (Base)

The Base Rent makes up the largest element of the rent and this is based on the type of house and when the property was constructed.

Some properties have a higher base element than others due to the type of house and also the amount of private finance required allowing the properties to be built in the first place.

#### Size of Property

The size of the property is determined by how many people can potentially live in the property without overcrowding. This is not based on how many people actually live in the property.

#### Additions

As some properties have more amenities than others and in order to make the rent setting fairer additions are included so that tenants are paying for the amenities their property provides. Examples of additions include central heating, replacement kitchen etc .

#### Deductions

As the Association recognises that some properties have amenities that could be deemed less desirable some deductions are taken from the rent charge. These deductions include kitchen within livingroom and shower only with no room for a bath.

b) PROPERTY TYPES

There are Appendices to this document which gives a full breakdown of points to be allocated to each Property Type:

- Tenemental (Appendix 1)
- New Build @ Appin Road/Appin Crescent (Appendix 2)
- Culloden Street/Crinan Street (Appendix 3)
- Todd Street/Ledaig Street New Build (Appendix 4)
- Corsock Street New Build (Appendix 5)
- Great Eastern New Build (Appendix 6)
- Transferred stock (Appendix 7)

The rents for each type of property are calculated using the points detailed in these Appendices.

Properties included in the Second Stage Transfer from GHA are not subject to the points system for calculating rent charges.

As part of the Second Stage Transfer Milnbank Housing Association guaranteed rent increases of no more than inflation (RPI) plus 1% for five years following transfer.

Milnbank Housing Association plans, but does not guarantee, rent increases for the remainder of the 30 – year Business Plan at no more than inflation (RPI) plus 1% each year.



## 5. **RENT ARREARS**

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Some tenants fail to remember that paying rent for your property is not a matter of choice and seem to think that paying their rent is low on the list of priorities behind holidays etc.

As a tenant it is your legal duty to pay for the property you reside in. At the point of signing a tenancy agreement it is agreed that you should pay your rent on time.

Tenants are expected to take responsibility for ensuring that rent is paid regularly and on time (this includes applying for Housing Benefit).

When rent arrears accrue this may result in the Association having difficulties in providing services or meeting the costs required to maintain and repair your home.

### **Face up to rent arrears problems**

The Association understands that there are various reasons as to why people may find themselves in arrears.

We recognise that people may find it difficult to face up to financial problems and may not know where to start.

If you are experiencing financial problems it will make the situation worse if you ignore correspondence and attempts to contact you.

We can either speak with you in the office or arrange to come to visit you at home at a time suitable for you.

Milnbank H. A. are providing in partnership with Great Easterhouse Money Advice Project (GEMAP) a locally based independent advice agency service that is free, impartial and confidential. We can pass your details to GEMAP who can arrange to meet with you at a suitable time and location.

### Preventative Action

The Association have preventative measures in place to advise of the necessity to pay rent and the possible consequences of non-payment.

- All housing application form packages include details of the various rents for applicants to determine whether they are able to afford to rent a property before applying

- During housing interviews applicants are referred to the sheet with regards to the rent charges and are advised of the necessity to pay their rent and of the procedures for dealing with arrears.
- When tenants are signing their tenancy agreement they are given details of what rent charge is due, when this is due and again that it is necessary for this rent to be paid. They are advised at this stage of the need to contact the Association immediately should there be any problems with making payments.
- All this information is reiterated at the post allocation visit.
- Rent arrears information is included in the Associations newsletter
- Leaflets giving details of rent arrears procedures and actions are included with arrears letters sent out to tenants.

#### Rent Arrears Procedure

The Association will focus on making personal contact at the early stage of rent arrears being identified. Personal contact is preferable to impersonal communication because letters can be more easily ignored or misunderstood, because personal contact helps staff understand reasons for arrears, and because this provides an opportunity for negotiation.

When negotiating repayment agreements, we will offer tenants the option of lump sums, instalments or a combination of the two. Direct deductions from benefits or earnings will be considered.

#### **Up to 2 months arrears**

Personal contact will be made when rent arrears are identified. This personal contact will take the form of visits, telephone calls, texting or e-mails.

If there is no response to this contact a letter will be sent to make the tenant aware of the amount of arrears outstanding.

## **2 months arrears**

At this stage if no response to previous action tenants will be sent a letter to attend an interview in the office with one of our Housing Services Staff.

If tenants do not attend this interview a visit/phone call/text/e-mail will be sent to chase this up.

## **3 months arrears**

A Housing Services Officer will carry out a visit, phone call, text or e-mail to the tenant.

Again this will be followed up by letter if no response.

## **Pre Action Requirements (PAR)**

Prior to legal action being initiated the Association has to following certain Pre Action Requirements which includes a Pink Warning Letter, a Pre Notice of Proceedings Letter, PAR1 and PAR2 letters. These are the last stages before a Notice of Proceedings is raised for legal action. Whilst these stages are ongoing tenants are actively encouraged to obtain money advice and this can be arranged and provided by the Association.

## **Legal Action**

A Notice Of Proceedings will only be served if there is intention to follow through to Court stage.

Legal action will be initiated if no attempts are made to make any payments or if arrears go over the £1000 threshold with no arrangement in place or no extenuating circumstances.

An advice leaflet on rent arrears has been drawn up to be issued to tenants in an attempt to get people to face their problems.

If you are experiencing financial problems it will make the situation worse if you ignore correspondence and attempts to contact you. Please contact us as soon as possible so that we can offer help and advice before this becomes a major problem.

## 6. COLLECTION OF RENTS

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Milnbank Housing Association aims to maximise the Association's rental income through an efficient and effective method of collection. The highest possible level of rent collection should also be available to tenants.

(a) ALLPAY

All tenants will be issued with an ALLPAY payment card. This will allow for rent payments to be made at any Post Office as well as a number of Pay Point or Pay Zone outlets ranging from shops to garages. Payments can be made 24 hours a day 365 days a year. Payments can also be made by debit card on the telephone and internet through ALLPAY.

(b) Standing Order

Payment can be made via a Standing Order. Details will be given by the Association to assist tenants to set up this facility.

(c) Cheque

Payment by cheque is acceptable either by handing this into the office or through the post.

(d) Cash

For security purpose it is not the Association's practice to receive cash at the office, however tenants who are in arrears with payment plans may be requested to contact the office directly on a weekly or other basis in order that payments can be monitored.

(e) Direct Debit

A Direct Debit payment scheme is in operation and operated via the ALLPAY network. Details can be obtained from the Association's office. No fee is charged for setting up a direct debit, however in the event of non payment the tenant will incur charges by their own Bank.

(f) Housing Benefit

Information and advice on Housing Benefit is given to tenants before they sign a Tenancy Agreement. Tenants who are in receipt of Housing Benefit are encouraged to have their rent paid directly to the Association.

Association Staff will seek to develop a good working relationship with the relevant Benefit Agency Office and with Glasgow City Council Staff responsible for administering Housing Benefit.

Milnbank retains the right to instruct the Housing Benefit Department to have a tenant's rent mandated to the Association if the level of rent arrears reaches 2 months.

Glasgow City Council has recently set up an ECLAIMS option for Housing Benefit which allows staff or tenants to calculate and claim Housing Benefit and Council Tax Benefit.

The benefit claim and calculator can be used to:

- **see** how much Housing Benefit and Council Tax Benefit you could get if you rent - then claim online!
- **check** and claim Council Tax Benefit if you own your home
- **find out** if you're entitled to Income Support, Pension Credit or Tax Credits

It's quick, easy and secure.

Housing Management staff will use this resource when tenants come into the office to advise them of the level of benefit they will be entitled to. This may encourage more tenants to attend the Housing Benefit office if they know that they are definitely entitled to make a claim.

(g) Greater Easterhouse Money Advice Project (GEMAP)

The Association work in partnership with GEMAP to assist tenants to obtain assistance with regards to maximising their income and assisting with money advice and debt issues. Interviews will be arranged and set up with individual tenants for these issues to be discussed. These interviews are held 2 days a week in the Association's office and house visits can be arranged where necessary.

(h) Debit/Credit Card

The Association have a facility set up whereby tenants pay by debit or credit card. This is an additional method of payment and can be used for telephone payments or payments can be made in the office.

## **7. MONITORING AND REVIEW**

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The Association aims to maintain that the arrears level do not exceed 4% of the total rents receivable.

The Services Committee shall closely monitor the arrears level on the following criteria:

(a) Monthly Basis

A detailed arrears report will be presented on a monthly basis to Services Committee Members to obtain an over view on Housing Benefit details and sum of arrears. Decisions are made in relation to court action cases.

(b) Bi-annually

Every six months the Services Committee shall be presented with full details of the arrears position which have occurred over the past half year.

(c) Annually

When reviewing the Rent Strategy, the Services Committee will examine the rental activity, including arrears, for the full year.

**TENEMENTAL STOCK**

This information should be used to calculate rent charges for tenemental properties.

		<u>Element</u>	<u>Points</u>	<u>£ per point</u>	<u>amount</u>
<b><u>BASE</u></b>	Flat	1 apt	111	18.53	2056.83
		2 + apt	122	18.53	2260.66

<b>SIZE</b>					
	1 person	1 apartment	1	18.53	18.53
	1 person	2 apartment	2	18.53	37.06
	2 person	2 apartment	5	18.53	92.65
	3 person	3 apartment	11	18.53	203.83
	4 person	3 apartment	17	18.53	315.01
	5 person	4 apartment	22	18.53	407.66
	6 person	4 apartment	28	18.53	518.84
	6 person	5 apartment	41	18.53	759.73
	7 person	6 apartment	45	18.53	833.85
	8 person	6 apartment	49	18.53	907.97

<b>ADDITIONS</b>					
		Central Heating	11	18.53	203.83
		Dining Kitchen	5	18.53	92.65
		Additional W.C.	5	18.53	92.65
		Double Glazing	1	18.53	18.53
		Replace Kitchen	1	18.53	18.53

<b>DEDUCTIONS</b>					
		Poor Outlook	6	18.53	111.18
		Ground Floor – no garden	6	18.53	111.18
		Breakfast bar Kitchen	5	18.53	92.65
		Shower Unit (only)	5	18.53	92.65

**NB:- (A) No deductions will be made for ground floor amenity flats.**

**(B) No deductions will be made for New Build Stock.**



## APPENDIX 2

### NEW BUILD APPIN ROAD/APPIN CRESCENT

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This information should be used to calculate rent charges for houses and flats for within Appin Road/Appin Crescent Development

		Element	Points	£ per point	Amount
<b>BASE</b>	Flat	Flats	122	18.53	2260.66
	House	Mid Terrace	142	18.53	2631.26
		Semi-detached	149	18.53	2760.97
		Detached	171	18.53	3168.63
		Bungalow	179	18.53	3316.87

<b>SIZE</b>					
	1 person	1 apartment	1	18.53	18.53
	1 person	2 apartment	2	18.53	37.06
	2 person	2 apartment	5	18.53	92.65
	3 person	3 apartment	11	18.53	203.83
	4 person	3 apartment	17	18.53	315.01
	5 person	4 apartment	22	18.53	407.66
	6 person	4 apartment	28	18.53	518.84
	6 person	5 apartment	41	18.53	759.73
	7 person	6 apartment	45	18.53	833.85
	8 person	6 apartment	49	18.53	907.97

<b>ADDITIONS</b>					
		Central Heating	11	18.53	203.83
		Dining Kitchen	5	18.53	92.65
		Additional W.C.	5	18.53	92.65
		Double Glazing	1	18.53	18.53
		Replace Kitchen	1	18.53	18.53

**NB:- (A) No deductions will be made for ground floor amenity flats.**

**(B) No deductions will be made for New Build Stock.**

**CULLODEN STREET/CRINAN STREET**

This information should be used to calculate rent charges for properties within the Culloden Street/Crinan Street Area.

		Element	Points	£ per point	Amount
<b>BASE</b>	Flat	Post 1965	132	18.53	2445.96
	House	Post 1965	155	18.53	2872.15

<b>SIZE</b>					
	1 person	1 apartment	1	18.53	18.53
	1 person	2 apartment	2	18.53	37.06
	2 person	2 apartment	5	18.53	92.65
	3 person	3 apartment	11	18.53	203.83
	4 person	3 apartment	17	18.53	315.01
	5 person	4 apartment	22	18.53	407.66
	6 person	4 apartment	28	18.53	518.84
	6 person	5 apartment	41	18.53	759.73
	7 person	6 apartment	45	18.53	833.85
	8 person	6 apartment	49	18.53	907.97

<b>ADDITIONS</b>					
		Central Heating	11	18.53	203.83
		Dining Kitchen	5	18.53	92.65
		Additional W.C.	5	18.53	92.65
		Double Glazing	1	18.53	18.53
		Replace Kitchen	1	18.53	18.53

<b>DEDUCTIONS</b>					
		Poor Outlook	6	18.53	111.18
		Ground Floor – no garden	6	18.53	111.18
		Breakfast bar Kitchen	5	18.53	92.65
		Shower Unit (only)	5	18.53	92.65

**NB:- (A) No deductions will be made for ground floor amenity flats.**

**(B) No deductions will be made for New Build Stock.**

**APPENDIX 4****TODD STREET/LEDAIG STREET/LEDAIG PLACE NEW BUILD**

This information should be used to calculate rent charges for properties within the New Build Development at Todd Street, Ledaig Street and Ledaig Place

Please note the cost per point is different for these properties as there has not been an increase since 2008 due to the already high rent levels.

		Element	Points	£ per point	amount
<b>BASE</b>	Cottage House	Upper/Lower	184	16.55	3045.20
		Semi	215	16.55	3558.25
		Bungalow	230	16.55	3806.50

<b>SIZE</b>					
	1 person	1 apartment	1	16.55	16.55
	1 person	2 apartment	2	16.55	33.10
	2 person	2 apartment	5	16.55	82.75
	3 person	3 apartment	11	16.55	182.05
	4 person	3 apartment	17	16.55	281.35
	5 person	4 apartment	22	16.55	364.10
	6 person	4 apartment	28	16.55	463.40
	6 person	5 apartment	41	16.55	678.55
	7 person	6 apartment	45	16.55	744.75
	8 person	6 apartment	49	16.55	810.95

<b>ADDITIONS</b>					
		Central Heating	11	16.55	182.05
		Dining Kitchen	5	16.55	82.75
		Additional W.C.	5	16.55	82.75
		Double Glazing	1	16.55	16.55
		Replace Kitchen	1	16.55	16.55

**NB:- (A) No deductions will be made for ground floor amenity flats.**

**(B) No deductions will be made for New Build Stock.**

**APPENDIX 5****NEW BUILD CORSOCK STREET, AITKEN STREET, APPIN ROAD & TODD ST**

This information should be used to calculate rent charges for properties within the New Build Development at Corsock Street, Aitken Street, Appin Road and Todd Street. Please note the points value has been frozen for the period 2013/2014.

<b>BASE</b>	Cottage	Upper/Lower	174	18.17	3161.58
	Houses	Terraced	176	18.17	3197.92
		Semi	181	18.17	3288.77

<b>SIZE</b>	1 person	1 apartment	1	18.17	18.17
	1 person	2 apartment	2	18.17	36.34
	2 person	2 apartment	5	18.17	90.85
	3 person	3 apartment	11	18.17	199.87
	4 person	3 apartment	17	18.17	308.89
	5 person	4 apartment	22	18.17	399.74
	6 person	4 apartment	28	18.17	508.76
	6 person	5 apartment	41	18.17	744.97
	7 person	6 apartment	45	18.17	817.65
8 person	6 apartment	49	18.17	890.33	

<b>ADDITIONS</b>	Central Heating	11	18.17	199.87
	Dining Kitchen	5	18.17	90.85
	Additional W.C.	5	18.17	90.85
	Double Glazing	1	18.17	18.17
	Replace Kitchen	1	18.17	18.17

**NB:- (A) No deductions will be made for ground floor amenity flats.**

**(B) No deductions will be made for New Build Stock.**

**NEW BUILD AT DUKE STREET & DUKE WYND**

This information should be used to calculate rent charges for properties within the New Build Development at Duke Street and Duke Wynd. Please note the points value has been frozen for the period 2013/2014.

	Element	Points	£ per Point	Amount
<b>BASE</b>	Flats	174	18.17	3161.58

<b>SIZE</b>					
	1 person	1 apartment	1	18.17	18.17
	1 person	2 apartment	2	18.17	36.34
	2 person	2 apartment	5	18.17	90.85
	3 person	3 apartment	11	18.17	199.87
	4 person	3 apartment	17	18.17	308.89
	5 person	4 apartment	22	18.17	399.74
	6 person	4 apartment	28	18.17	508.76
	6 person	5 apartment	41	18.17	744.97
	7 person	6 apartment	45	18.17	817.65
	8 person	6 apartment	49	18.17	890.33

<b>ADDITIONS</b>				
	Central Heating	11	18.17	199.87
	Dining Kitchen	5	18.17	90.85
	Additional W.C.	5	18.17	90.85
	Washer/Dryers	5	18.17	90.85
	Double Glazing	1	18.17	18.17
	Replace Kitchen	1	18.17	18.17
	Fitted Wardrobes	1	18.17	18.17

**SERVICE CHARGES**

The properties within the new build development at Duke Street and Duke Wynd are subject to the following services charges along with the rent charge.

<u>SERVICE</u>	<u>MONTHLY CHARGE</u>
Common Window Cleaning (Duke Street only)	<u>£5.42 per month</u>

**NB:- (A) No deductions will be made for ground floor amenity flats.**

**(B) No deductions will be made for New Build Stock.**

**SECOND STAGE TRANSFER PROPERTIES**

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As part of the Second Stage Transfer Milnbank Housing Association guaranteed rent increases of no more than inflation (RPI) plus 1% for five years following transfer.

For the financial year 1<sup>st</sup> April 2013 to 31<sup>st</sup> March 2014 the Association have applied a 2% increase to the rental charge.

If the Association had applied the formula of RPI + 1% the rent increase would be 4.1% which is a saving of 2.1% to tenants. In addition to this some of the higher level rents have been frozen for the period 2013/2014.

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