

Investment & Regeneration

Rent Policy - New Build

Introduction

1. Our rent policy aims to provide affordable rents for our tenants, while ensuring the viability and development of the Association.

Principles

2. The guiding principles of our rent setting policies are that:
 - Our rents are affordable for our customers
 - Rent levels allow us to operate as a viable organisation, manage and maintain stock, develop new accommodation as required and meet loan/contractual obligations
 - Rents reflect the local economic context and are comparable to those of other landlords in the Argyll and Bute area.
 - Rents are charged through the application of a fair and consistent structure
 - Our commitment to the rent guarantee given to tenants transferring from Argyll and Bute Council
3. This policy has been developed in accordance with Communities Scotland Performance Standards AS1.6 (Rents) and AS1.7 (Service charges)

Affordability

4. The Association will ensure that its rents remain affordable to tenants and potential tenants. The Association will adopt the Scottish Federation of Housing Association's definition of affordability (2002). This defines an affordable rent as one which:

*"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"*¹

5. In order to monitor affordability we will conduct periodic tenants' surveys which will, inter alia collect data on household incomes. Affordability will be considered in rent increases.

Comparability

6. The Association aims to have rents which are comparable with other Associations in our operating area.

¹ SFHA, (2002) *Developing Affordable Rents*, Guidance Booklet No. 5 (Revised)

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Rent Setting

7. The Association will apply historic rents to its transfer stock and will therefore not be, at least in the short-medium term, setting rents for these properties.
8. The Association envisages a substantial new house building programme and this policy covers the process of setting rents for these. One of the underlying principles of this will be to set fair and realistic differentials between transfer stock and new build stock.
9. In assessing the amount of rental income required by the Association we will take into account the following:
 - Housing management and maintenance costs
 - Planned maintenance
 - Voids and bad debts
 - Loan obligations
 - Overhead costs
 - Interest cover/surplus
10. These factors will be reflected in our calculation of the rental income we require.

Rent Structure

11. In order to cover the costs detailed in section 8, in relation to new build property the Association calculates a base rent to reflect the size and whether the property is a house or a flat.
12. The base rent has been calculated using the existing average rents of our transfer stock. Rents for new build housing will be set at 10% higher than the comparable transfer property rent.

Average annual rents at 2009/10 levels are for transfer stock and proposed for new build stock are:

Size/ Type	1 apt	2 apt H	2 apt F	3 apt H	3 apt F	4 apt H	4 apt F	5 apt H	Avg
Transfer	£2,544	£2,653	£2,514	£3,029	£2,854	£3,290	£3,093	£3,464	£2,938
New Build	£2,800	£2,915	£2,765	£3,341	£3,140	£3,618	£3,399	£3,802	£3,232

F- Flat

H- House

We also propose to include in certain cases a number of “add-ons” to these base rents. These are:

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Detached house – base rent +5%

Flat with own entrance (e.g. four in block) – base rent +5%

House designed to wheelchair space standards – base rent +5%

Where a new build property is constructed to a standard or with facilities which are not covered (in full or in part) by grant funding, the rent of the property will be set to include the costs of any additional borrowing this may require. This will be added to the base rent.

Rent Reviews

13. Rents will be reviewed annually, with any increases taking effect from 1st April. Rent increases for our “transfer” stock are covered for the first five years after transfer by a rent guarantee, whereby increases are limited to a maximum of RPI+1%. Rents in new build properties will also be reviewed annually on the same basis. It is ACHA’s policy to increase rents by the minimum level consistent with providing the highest level and quality of service we can and the effective management of the association.
14. Tenants will be notified of rent increases at least 30 days in advance of any increase becoming effective.
15. In accordance with our tenant participation policies, tenants will be consulted on changes to rent increases or rent structures.

Rent Payment

16. Rents can be paid weekly, fortnightly and four weekly.
17. Tenants will be able to pay their rent at ACHA area and local offices, at banks, post offices and by post. It is planned that during 2007 tenants will be able to pay by telephone using debit/credit card. We also plan to introduce incentives to encourage tenants to pay rent using direct debit.

Maximising Rental Income

18. In order for the Association to maximise its rental income, our Rent Arrears Policy contains a range of measures to maximise the rent that is collected. This is reinforced by assistance to tenants in order to maximise the uptake of housing benefit and other welfare benefits.

Service Charges

19. There is separate policy on service charges.

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Monitoring

20. The Director of Housing and Neighbourhood Services is responsible for ensuring that this policy is implemented.
21. This policy will be reviewed by the Board of Management every three years.

Tenant Information, Consultation and Complaints

22. Copies of this policy will be available from housing offices on request.
23. Tenants will be provided with clear breakdowns of rent and service charges on an annual basis.
24. Tenants will be consulted on changes to rent levels or structures.
25. Tenants will be able to comment or complain about rents in accordance with our Customer Comments/Complaints policy and procedure.