

ALBYN HOUSING SOCIETY RENT POLICY

Document information				
Version Number		V2		
Type	Operating Procedure <input type="checkbox"/> Corporate Policy <input type="checkbox"/>		Customer Policy <input checked="" type="checkbox"/> Staffing Policy <input type="checkbox"/>	
Scope	Albyn Group <input type="checkbox"/> Albyn Housing Society <input checked="" type="checkbox"/>		Highland Residential <input type="checkbox"/>	
Approver	Board <input checked="" type="checkbox"/>		Leadership Team <input type="checkbox"/>	
Responsible Director	Executive Director of Group Services			
File Location	Policy & Procedures SharePoint folder			
Approval & Publication				
Approval Date		22 August 2023		
Date of next planned review		3 Years		
For website publication (Y/N)		Yes		
Distribution	All Staff <input checked="" type="checkbox"/> Customers <input type="checkbox"/> Albyn Board <input type="checkbox"/> Highland Residential Board <input type="checkbox"/>		Finance & Corporate Services <input type="checkbox"/> Human Resources <input type="checkbox"/> Property Services & Subsidiaries <input type="checkbox"/> Customer Services <input type="checkbox"/> Highland Residential <input type="checkbox"/>	
Summary of changes to document				
Date	Action by	Version updated	New version number	Brief description (e.g. updated job titles, reviewed section on delivery, whole document updated, corrected typos)
25/09/2022	Andrew Martin		V1	New policy drafted replacing historic policy document
23/06/2023	Andrew Martin	V1	V2	Tenant comments integrated into final draft for approval

Contents

1.0	Introduction & Policy Statement	1
2.0	Aims and Objectives of the Policy	1
3.0	The Principles of Rent Setting	2
4.0	Remit of this Policy	3
5.0	Legal and Good Practice Standards	3
6.0	Business Planning	3
7.0	Affordability	3
8.0	Review of Rental Charges	4
9.0	Monitoring and Review	4
10.0	Data Protection	4
11.0	Equalities	4
	Appendix 1 – Rent Setting Matrix – 2023/24 Rent Year (Example)	5

1.0 Introduction & Policy Statement

- 1.1. A key aim of Albyn Group is to build the mission, values, and vision of the organisation into its policy and decision making on a daily basis. The Albyn Group aims to follow its guiding principles in all policies: <https://www.albynhousing.org.uk/about-us/>
- 1.2. This policy document sets out the principles and framework for the setting of rent levels for our properties and also details how we will consult with our tenants on these charges.
- 1.2 The level of rent charged by Albyn Housing Society (The Society) are critical in achieving our aim of providing good quality affordable homes to people in housing need.
- 1.3. In accordance with our vision, the Society will set rents which are: -
 - Affordable to our customers for the different type and size of properties in our stock portfolio using a recognised measure of affordability.
 - Ensure that the Society's income is sufficient to meet the reasonable financial requirements as set out in our medium and long-term plans.
 - Able to meet the Society's costs for managing and maintaining housing stock to an appropriate standard.
 - Comparable with the rents charged by other social landlords in the area.
- 1.4. This policy sets out the principles and framework for the setting of rent levels for our properties and also details how we will consult with our tenants on these charges.

2.0 Aims and Objectives of the Policy

- 2.1 The Scottish Housing Regulator requires that Registered Social Landlords set rents which are affordable for tenants.
- 2.2 Albyn Housing Society will utilise the Scottish Federation of Housing Associations (SFHA) rent affordability tool to test its rents on an annual basis to ensure that they meet affordability criteria.
- 2.3 The SFHA Rent Affordability Tool provides a model for social landlords to use in testing rent affordability against a range of income levels as measured by the Annual Survey of Hours and Earnings (ASHE). Whilst it is not possible to set rents based on individual circumstances as this information is not collated and will change as tenants move from one home to another, or their circumstances change over time, taking a moderate-income approach is a useful measure.
- 2.4 Rent levels for our properties will be tested against the moderate-income threshold of the ASHE.
- 2.5 This threshold has been chosen because moderate incomes just above Housing Benefit eligibility are a useful measure at which benefits cease to support housing costs. At earnings levels just below Housing Benefit eligibility levels households with different earnings end up

with very similar incomes after Housing Benefit, due to the income levelling impact of the benefits system.

2.6 For this reason, the moderate incomes tested are just above the level of income that would make households typically eligible for Housing Benefit. At this level, rent should not represent more than 25% of income.

2.7 The objectives from taking this approach to affordability testing are:

- Affordability – Rents are affordable to households on low and moderate incomes
- Viability of the Society – Sufficient income is generated to meet all of the Society's financial requirements and any associated borrowings
- Transparency and Fairness – That there is a fair system of setting and apportioning rents for different types of property for tenants
- Comparability and value for money – Rents are broadly consistent with comparable rents charged by other social landlords in the area providing similar types and standards of property, and services.

3.0 The Principles of Rent Setting

3.1 When we set rents for each of our properties, we will follow these key principles:

- We will apply a fair and consistent rent structure;
- We aim to charge similar rents for similar properties, in similar locations, with similar services as far as possible;
- We will honour commitments on rents given to tenants who transferred from other organisations (e.g. other RSL's); and,
- Rents will be comparable in so far as is possible with those of other landlords and property types for similar services in the area.

3.2 The Society sets rents according to an attribute model which aims to reflect the relative difference in characteristics of each property for rent. The model in use at Albryn is included at **Appendix 1** to this Policy document.

3.3 Rents should be sufficient to cover the costs of managing and maintaining all types of property under its control.

3.4 In addition to this, provisions are made for future major repairs and renovations and payment of interest and capital on commercial loans on new property developments.

3.5 Examples of the types of costs that need to be covered by rental income include:

- Housing management costs
- Voids and bad debts
- Maintenance costs
- Major repairs and renewals
- Loan charges
- Insurance and overheads
- Staffing costs and pension provisions

4.0 Remit of this Policy

- 4.1 This policy relates to rents set for Scottish Secure Tenancies under the Housing (Scotland) Act 2001. Other tenancy types operate under different arrangements as set out in the specific tenancy agreement.

5.0 Legal and Good Practice Standards

- 5.1 Under the terms of the Housing (Scotland) Act 2001 the Society is responsible for setting rent levels for properties within its ownership and for consulting with the residents involved.
- 5.2 The Scottish Government, through the Social Housing Charter, sets the outcomes it expects social landlords to achieve for its residents.
- 5.3 In terms of how rent and service charges are applied the relevant Social Housing Charter indicators include:

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, 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.

- 5.4 The SFHA Rent Setting Guidance and Affordability Tool has been taken into account in the development of this policy.

6.0 Business Planning

- 6.1 This policy supports the strategic requirements of the organisation's Business and Development Plans, Standing Orders, and the organisation's strategies.

7.0 Affordability

- 7.1 Rents should be affordable to tenants on low and moderate incomes.
- 7.2 We will ensure that rents and the annual rent increase on average, does not unreasonably exceed levels set by other housing associations working in the same area, where the current rent, the type and specification of the property, the location and the service is comparable.
- 7.3 We will also have regard for feedback from applicants from surveys on their reasons for the refusal of offers of tenancies, for comments made by new tenants at the start of their tenancy and the reasons for leaving cited by former tenants.

8.0 Review of Rental Charges

- 8.1 Albyn will carry out an annual review of rent charges. This is to ensure that the needs of the business plan and changes in the economic environment are reflected in the levels of charges applied.
- 8.2 We will consult with tenants each time we propose a change to rent levels. This will include providing a consultation document which sets out the basis for the review, the key changes in economic indicators (such as the level of inflation) and the impact on the delivery of the society's objectives.
- 8.3 Tenants will be given a number of options from which to select their preference. All tenants will be invited to provide their views.
- 8.4 The consultation on rent levels will usually take place between September and December each year in order that any proposals for change can be properly considered and implemented for the start of the following financial year.
- 8.5 The information collated will be used to make recommendations to the Board of the Society. Decisions made by the Society in relation to rent levels will be made available to tenants through our website.

9.0 Monitoring and Review

- 9.1 The application of the Rent Policy will be monitored by monitored by the Executive Director of Group Services and the Executive Director of Operations and subject to compliance review.
- 9.2 The Policy will be reviewed in line with the timescales set out within this policy.
- 9.3 Under The Housing (Scotland) Act 2001 section 25, tenants must be given four weeks' notice of any rent or service charge increase. However, before that notification the landlord must:
 - a) consult those of its tenants who would be affected by the proposal, and
 - b) have regard to the views expressed by those consulted.

10.0 Data Protection

- 10.1 This policy will not directly result in the collection of any personal data which would require the protection of Data protection legislation. As a result, there has been no requirement to carry out a data protection impact assessment.

11.0 Equalities

- 11.1 The content of this policy is not expected to give rise to any specific tenant grouping which would provide an adverse outcome in relation to equalities obligations.

Appendix 1 – Rent Setting Matrix – 2023/24 Rent Year (Example)

Base Rent		Property Size			Property Type		Heating Options		Specialised Adaptations		Car Parking Options		Garden Options		Chargeable Rent							
		Bedsit		-20%	Flat (common entry)		2%	Gas Central Heating		5%	Integral garage		6%	Shared garden		0%						
		1 Person	2 Apartment	0%	Flat (private entry)		4%	Special Energy Efficiency		10%	Designated parking		3%	Private garden		3%						
		2 Person	2 Apartment	7%	Terrace/Semi Detached		12%															
		2 Person	3 Apartment	10%	Detached		18%															
		3 Person	3 Apartment	14%																		
		4 Person	3 Apartment	17%																		
		3 Person	4 Apartment	20%																		
		4 Person	4 Apartment	23%																		
		5 Person	4 Apartment	26%																		
		6 Person	4 Apartment	29%																		
		4 Person	5 Apartment	32%																		
		5 Person	5 Apartment	35%																		
		6 Person	5 Apartment	38%																		
		7 Person	5 Apartment	41%																		
		8 Person	5 Apartment	44%																		
		5 Person	6 Apartment	47%																		
		6 Person	6 Apartment	50%																		
		7 Person	6 Apartment	53%																		
		8 Person	6 Apartment	57%																		
		9 Person	6 Apartment	60%																		
		10 Person	6 Apartment	63%																		
																Monthly rent						
£	310.23			£	31.02	+	£	12.41	+	£	15.51	+	£	-	+	£	9.31	+	£	-	£	378.48
Example: 2023/24 Rent for a 2 person 3 apartment private entry flat with gas central heating with designated parking and a shared garden.																						
																				Annual Rent Charge	£	4,541.81