



## Rental Policy

V.6 – 03.19

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<b>Consultation Required</b>	<b>Yes</b>	<b>x</b>	<b>No</b>	
<b>Equalities Impact Assessment</b>	<b>Yes</b>		<b>No</b>	<b>x</b>
<b>Added to Website</b>	<b>Yes</b>	<b>x</b>	<b>No</b>	

<b>SSHC Reference</b>	13 Value for Money 14 and 15 Rents and Service Charges
<b>SHR Reference</b>	

### Related Documents

- Rent Arrears and Prevention Policy
- Complaints Policy
- Factoring Policy
- Tenant Participation Strategy
- Maintenance Policy

### Sources/Legislation

- SFHA – Rent Setting Guidance
- The Scottish Housing Regulator Statistical Information
- Scottish Social Housing Charter
- Fyne Homes Corporate Plan

## **Translation Statement**

We can give you this document in another way .Please tell us what you need. Contact us if you need help

## **Compliance**

This policy has been drafted to ensure that it complies with current legislation and industry good practice.

## **Equality & Diversity**

Fyne Homes is committed to providing services which embrace diversity and which promote equality of opportunity. As an employer we are also committed to equality and diversity within our workforce. Our goal is to ensure that these commitments, reinforced by our Values, are embedded in our day-to-day working practices.

## **Openness & Confidentiality**

Fyne Homes believes that its members, tenants and other interested parties should have access to information on how it conducts itself. This means that unless information requested is considered commercially sensitive or personally confidential it will be made available on request.

## **Data Protection**

Fyne Homes recognises the importance of data protection legislation, including the General Data Protection Regulation, in protecting the rights of individuals in relation to personal information that we may handle and use about them, whether on computer or in paper format. We will ensure that our practices in the handling and use of personal information during the processes and procedures outlined in this policy comply fully with data protection legislation. More information is available from our Data Protection Officer.

## 1. Introduction

1.1 Fyne Homes aims to provide high quality, affordable housing to a variety of client groups in a range of different house types and sizes throughout our areas of operation within Argyll and Bute.

1.2 We further aim to take a consistent and fair approach when determining rent levels taking into account the property attributes such as the size, type and amenities offered whilst ensuring that the costs of the Association continue to be covered so that we can still deliver the high standards of service expected by our tenants.

1.3 Our rental policy was previously changed to a points based system. ([See Appendix 1](#))

The new system has succeeded in that it has brought the majority of our rents into line over the last 13 years, with a few variances remaining. The points based system also allows us to add additional attributes as we make enhancements to our properties.

1.4 We need to ensure this review takes account of all these factors to guarantee our continuing viability for the future whilst also ensuring that our rents are affordable to those who wish to live in our houses. It is also worth noting that our rents are broadly comparable with either the rest of our peer group or indeed, the whole of Scotland ([See Appendix 2](#)).

1.5 The current financial climate makes this particularly important as we need to balance the increasing costs of managing and maintaining our houses with the fact that more and more households are likely to require our services in future.

1.6 We have made a clear commitment to the above and this is reflected in our strategic priorities within our corporate plan.

- ***Meeting housing need***
- ***Meeting needs and aspirations of customers***
- ***Ensuring value for money***

1.7 A profile of Association stock as at 31<sup>st</sup> March 2018 is attached as [Appendix 3](#) for information.

## 2. Aim

2.1 The main objectives of the policy are to ensure:

- That rental income is sufficient to protect the financial viability of the Association
- That our rents are affordable for current and future tenants
- That our rents provide value for money and are comparable with other similar providers
- That the policy for rent setting and method of calculation of rents is clear, impartial and understandable.

- That the Association develops ways in which to objectively monitor and review this policy and the continuing affordability of our rents.

### **3. Key Principles of the policy**

#### **3.1 Equality of Opportunities**

The Association will at all times carry out its functions with a strict regard to its Equality and Diversity Policy. This means that there will be no discrimination on the grounds of Race, Gender, Gender Reassignment, Disability, Sexual Orientation, Region or Belief, Age, Marriage or Civil Partnerships, pregnancy and maternity.

Further details are available in the Association's Equality and Diversity Policy.

#### **3.2 Consistency**

The Association will apply this policy in a consistent manner across its area of operation so all residents are treated in a similar way.

#### **3.3 Openness**

This policy will be a published document, available for public use and, when requested, will be made available in other languages, in Braille, in large print or in audio format.

#### **3.4 Accountability**

The Association wishes to be accountable to all tenants and, when requested, will always give a clear account of the reasons for action taken and, similarly, will listen and give cognisance to the views of its customers.

#### **3.5 Tenant Participation**

Consultation and discussion is invaluable and allows us to achieve a policy and working procedures that will deliver, as far as possible, what our tenants want and need. We will therefore consult with tenants/residents on all reviews of this policy in accordance with our Tenant Participation Strategy.

### **4. Financial Viability**

4.1 As rental income is by far the Associations main source of funding, we must ensure first and foremost that the rents charged are sufficient to cover the costs incurred in delivering our services. Income from basic rents must therefore meet the costs of:

- Housing management including voids and bad debts
- Repairs and maintenance, including cyclical repairs and provision for day to day maintenance
- Provision for future major repairs and renewals, including those required by the Scottish Housing Quality Standard which had to be achieved by 2015 and was then superseded by the Energy Efficiency Standard for Social Housing (ESSH)
- Loan repayments
- Insurance

4.2 The Association sets a budget every year including all income and expenditure relating to the properties which allows us to achieve our objectives as per the Corporate Plan.

4.3 When setting the rents we look at the Retail Price Index at September of that year, with the option to include a percentage increase.

4.4 Furthermore, we maintain a rolling Life Cycle Costing for each property we own which details all the works required over the next 30 years and an estimate of what these works are likely to cost. These future costs must be covered by the rents collected for the properties

4.5 The implementation of the Scottish Housing Quality Standard which all Registered Social Landlords and Local Authorities stock had to meet by 2015, resulted in works planned for future years being brought forward to ensure we achieved the standard by March 2015.

4.6 The Energy Efficiency Standard for Social Housing (EESH) published in October 2013 set a high standard to which all social rented stock is required to meet. Funding to deliver the EESH will be sought via government schemes such as ECO (Energy Company Obligation) however capital investment from our existing budgets is also likely to be required to top up any funding awarded.

## **5. Affordability**

5.1 Whilst our first objective must be to make sure the Association can continue to be financially viable, we also aim to make our rents affordable for those in low paid employment. We realise that these two issues can conflict with each other but will try to deliver both wherever possible.

5.2 However it should be noted that this measure applies to the whole of Scotland and does not therefore take into account location and other wider issues for Associations such as ourselves operating in rural areas. For instance, opportunities for employment in Argyll & Bute differ from other areas, added to that are the increased costs of items such as building materials, transport and maintenance of houses which all affect what income local households will have.

5.3 Therefore whilst we would use the above as an indicator of affordability for our tenants, it cannot be said to accurately reflect our situation in Argyll & Bute. We will however, use the SFHA's affordability calculator as a guide when determining rents.

5.4 It is also relevant for us to look at how our rent increases impact on both our current and former tenant arrears on an annual basis to see if there is any connection between these factors. We can also analyse the reasons why tenants terminate their tenancies. This information can then be used to form future rent increases to ensure that our properties remain affordable and desirable.

5.5 We also carry out regular Tenant Satisfaction Surveys which gather similar information as described above, and help us to ensure that we pinpoint any areas where affordability is an issue.

5.6 The Association will also take into account external or economic factors which may affect tenant affordability, and establish new property attributes values using our rent calculation system prior to building new developments.

## 6. Comparability

6.1 The Association recognises that rent levels have a great effect on whether existing or potential tenants choose to remain or become customers of Fyne Homes and that we must therefore compete with other similar landlords. With this in mind, we aim to set rents that are broadly comparable with other Registered Social Landlords (RSLs) similar to ourselves in that they have over 1500 units and provide accommodation in mainly rural areas.

6.2 Attached, as [appendix 2](#) is a table of how our rents compared with these other RSLs as at 31<sup>st</sup> March 2017-18.

6.3 This clearly showed as at 31<sup>st</sup> March 2018, the Association's rents were broadly comparable with our peer group and on par with the whole of Scotland, for every property size we own.

6.4 As with affordability, this is not an exact science as different Associations have different ways of charging rents, funding their business and spend varying amounts on repairing their properties. However, we have always taken the view that the upkeep of our properties is very important to us and we have always managed to achieve high standards whilst keeping our rents comparable to rural and national averages.

## 7. Rent Structure

7.1 We recognise the need for a structure that is fair and even-handed in its operation which will be understandable for our tenants and other stakeholders. We also want to be able to charge similar rents for similar properties, irrespective of where they are geographically located.

7.2 The Association therefore needs a structure that takes account of the following factors:

- Type of property
- Size of property
- Type of heating
- The condition of the property
- Access to a garden area
- Others such as car parking, door entry, renewables
- Energy Efficiency
- Other amenities available to specific developments/properties

7.3 Having used a points system for the last 13 years, we are confident that this delivers the objectives we want to achieve.

7.4 We would not therefore be recommending any change to how we structure rent but with the option to adjust the points attribute table to more accurately reflect ongoing changes.

7.5 Rents are set according to the factors listed above with points being awarded at different levels for different sizes of property etc. The table of points against factors is attached as [Appendix 1](#). Using this matrix, a total number of points are calculated for each unit.

7.6 Around November each year the Business Services Director, with input from the Management Team, calculates the budget for the forthcoming year. From this we can see how much income from rents is required to cover all relevant costs as mentioned in section 5 above. This total cost is divided by the total number of points attributed over all Association stock to give a cost per point.

7.7 This cost per point is then applied to each property by simply multiplying the number of points by the cost per point to get a total basic rent figure.

7.8 This system is simple to operate and also lends itself well to alterations year on year should they be required. For instance, it would be easy to add another factor into the matrix for new items or items that we find are more desirable to our tenants. Similarly we may, over time, find that something attracting points becomes the norm and therefore should not attract separate points or be weighted so heavily.

## **8. Service Charges**

8.1 In addition to the basic rent, some tenants may also require to pay a service charge to cover the cost of providing particular services which are specific to that property or development these charges will be specified in the tenancy agreement, for example:

- Stair cleaning
- Landscape maintenance
- Lift maintenance
- Communal lighting
- Digital Switchover

8.2 Current service charges are based on previous year actual costs with an inflationary increase each year in line with the increase applicable to rents.

## **9. Sharing Owners**

9.1 The Association currently has 46 sharing owners throughout the stock. The rent for these is calculated according to Scottish Government Guidance though this policy will be used to provide the base rent for this calculation.

9.2 To reflect the fact that sharing owners do not benefit from all the services provided by the Association a suitable reduction will be made dependent on the level of ownership tranche held.

9.3 All other services provided to sharing owners are charged back through our factoring system and are therefore subject to the Association's Factoring Policy.

## **10. Fair Rents**

10.1 The Association currently has 7 Fair Rent tenants who still require to have their rent increases approved by the Rent Officer on a 3 yearly basis.

10.2 When calculating new levels of rent to be levied on these properties, this policy will be used to establish the current Scottish Secure rent for that type and size of property. This will then be subject to an inflationary increase in line with the Retail Price Index (RPI) prevailing at that time to give the figure for proposal to the rent officer. Ultimately the Rent Officer will determine the level of rent registered as 'Fair'.

10.3 Service charges for these tenancies should all be registered as variable to enable the Association to increase or decrease these annually as necessary in line with other Scottish Secure tenants in the development.

10.4 Where a property that was previously subject to a Fair Rent is to be re-let to a Scottish Secure tenant, the rent will be revised and set as per this policy.

10.5 When a tenant with a fair rent transfers to another property either within Fyne Homes stock or to another landlord, the right to have the rent registered is lost and any subsequent rents will be charged according to this policy.

## **11. Large Scale Voluntary Transfer (LSVT) Stock**

11.1 The rents charged to any stock transferred to the Association via the Large Scale Voluntary Transfer route (this is the name given to a number of houses which are transferred from one landlord to another at the same time) will be subject to separate contract agreed by both parties at the time of transfer.

11.2 This contract will include any agreements and relevant timescales relating to rent increases. On expiry of any such agreement, future rents will be charged in line with this policy.

## **12. Improvements**

12.1 Any work carried out to stock which is included in the Life Cycle Costing mentioned at point 5 above will already be included in the rent calculation. However, should the Association make any improvements to properties not included in the programme of works, an increase in rent may be charged to reflect the added benefit of this item to the tenant. We further reserve the right to amend the attribute sheet to take account of any new items we may install.

## **13. Energy Efficiency**

13.1 The Scottish Government's proposal for a new Energy Efficiency Standard for Social Housing (ESSH) was published in October 2013. The aim of the Standard is to build on the achievements of the Scottish Housing Quality Standard (SHQS) in order to meet energy efficiency targets set for 2020 (42% reduction in carbon emissions) and then set a series of milestones towards 2050, the target date for an 80% reduction in carbon emissions as set out in the Climate Change Act (Scotland).

13.2 A minimum EPC (Energy Performance Certificate) rating which will be classed as the Environmental Impact score (EI) will be set and every social rented dwelling will be required to meet this score by 2020. It should be noted that the Standard (EI) will vary depending on the dwelling.

13.3 Fyne Homes will work towards achieving the EESSH by 2020 through sourcing funding via government schemes such as ECO (Energy Company Obligation) however capital investment from our existing budgets may also be required to top up any funding awarded.

#### **14. New Build Rents**

14.1 Rents for new build properties will be calculated in line with this policy and the points system agreed. We may from time to time include items in new builds that we haven't previously, in this situation we reserve the right to amend the attribute sheet accordingly to ensure that extra benefit of these is reflected in the rent calculation.

#### **15. Relets**

15.1 For the avoidance of doubt, any properties becoming vacant during the year will be subject to this rent policy. In the case where the existing rent charge has not yet reached its maximum due to phasing of increases, the Association will charge the full rent due for that property to the ingoing tenant.

#### **16. Appeals/Complaints**

16.1 Our Rent Setting Policy should be easily understood and allow tenants to check that the elements included in their rental calculation are accurate and reasonable.

16.2 However, should a tenant disagree with any aspect of their rental charge, they should first bring this to the attention of the Business Services Director who will confirm whether the rent has been accurately assessed in line with this Rental Policy and give a clear explanation in writing.

16.3 If the tenant is still not satisfied then they should refer to our Complaints Policy.

#### **17. Monitoring and Review**

17.1 The Association's budget is reviewed on an annual basis and therefore the cost attributed to each point is likely to alter on an annual basis and this will be used as the basis for the rents for the oncoming year.

17.2 We will continue to monitor the rents being charged by our peers and other landlords in similar situations on an annual basis to ensure our rents continue to be comparable within our area of operation.

17.3 We have several methods of gathering information to inform us whether our rents remain affordable:

- We use the SFHA affordability calculator to inform us of how affordable our rents are for our local authority area
- We carry out a major satisfaction survey every three years and this includes information on affordability.
- We monitor our arrears on a monthly basis and this would highlight problems with affordability for those tenants not in receipt on housing benefit.

- We analyse former tenant arrears and reasons for terminating tenancies.

17.4 This policy will be reviewed in line with the respective current Fyne Homes' policies, and/or where a change in legislation arises.

17.5 If there is a procedural delay in the policy revision then the relative legislation in force at the time will prevail.

<b>Version number</b>	<b>Revision Date</b>	<b>Part of doc revised</b>	<b>Reason for revision</b>	<b>Approved by</b>
<b>6</b>	<b>6.3.18</b>	<b>All</b>	<b>Policy review</b>	

## Appendix 1 - Points Based System

### Property

Attic Flat	16
Flat	22
Cottage Flat	26
Terraced Property	30
End Terrace	32
Semi-Detached House/Cottage	34
Detached House/Cottage	38

### Size

1 apt, 1 person (bedsit)	16
2 apt, 1 person	22
2 apt, 2 person	26
3 apt, 2 person	29
3 apt, 3 person	31
3 apt, 4 person	33
4 apt, 4 person	36
4 apt, 5 person	38
4 apt, 6 person	40
5 apt, 5 person	43
5 apt, 6 person	45
5 apt, 7 person	47
5 apt, 8 person	49
6 apt, 6 person	52

### Heating (Based on main heating source)

Gas Fire only	2
Electric Heating (storage heaters)	6
Electric Heating (wet system, radiators)	8
Gas Central Heating	10
Gas Condensing Boiler System	12
Energy Efficient Heating e.g. bio-mass, ground source heat pump	14
Electric Heating (partial storage)	3

### Condition

Rehabilitated	10
New Build 1990 - 1999	12
New Build 2000 – 2009	14
New Build 2010 – 2019	16

### Property Parking

Car Parking Communal	1
Parking (Private)	2
Communal & Private Parking	3

### Additions

Play Area	2
Utility Room	2
Conservatory	4
En Suite	2
Extra Cloakroom	1
Extra Shower/Bathroom	2
Door Entry System	1

### Garden

Communal	1
Private	3
Communal & Private	4

### Renewables

Solar panels	2
Super Insulation	2
Multi fuel burners <sup>1</sup>	2

### Energy Efficiency

<sup>1</sup> Updated November 2018

## Appendix 2 – Rent Data

RSL Name	1 apartment	No of units	2 apartment	No of units	3 apartment	No of units	4 apartment	No of units	5+ apartment	No of units	All Apartments	Total Units
BT Loch Aillse agus an Eilein Sgitheanaich Ltd-Lochalsh & Skye	0	0	68.00	189	74.00	262	81.65	164	86.67	34	74.85	649
Clydesdale Housing Association Limited	0	0	71.50	203	76.43	372	83.81	154	99.16	9	76.89	738
Rural Stirling Housing Association Limited	0	0	69.91	189	79.22	251	86.65	101	91.60	20	77.86	561
Pentland Housing Association Limited	0	0	57.55	11	66.91	139	83.29	262	95.46	71	79.78	483
Dunbritton Housing Association Limited	0	0	71.94	158	78.15	357	84.23	198	90.82	73	79.61	786
Orkney Housing Association Limited	55.05	8	74.22	265	81.17	315	87.41	155	95.32	25	80.22	768
Albyn Housing Society Ltd	52.65	41	71.18	676	80.56	1418	88.18	632	99.00	129	80.46	2896
Homes for Life Housing Partnership	0	0	74.21	112	83.84	116	90.05	47	0.00	0	80.98	275
Eildon Housing Association Limited	0	0	73.12	1020	85.85	700	91.98	467	100.63	80	81.91	2267
Loreburn Housing Association Limited	63.27	27	75.23	895	84.63	889	92.06	422	101.15	25	82.22	2258
<b>Fyne Homes Limited</b>	<b>62.16</b>	<b>27</b>	<b>73.91</b>	<b>549</b>	<b>85.67</b>	<b>676</b>	<b>97.42</b>	<b>227</b>	<b>110.16</b>	<b>35</b>	<b>83.31</b>	<b>1514</b>
Osprey Housing Moray (Moray Housing Partnership)	0	0	68.90	86	82.31	219	89.74	149	101.05	52	84.14	506
Lochaber Housing Association Limited	0	0	76.59	73	82.77	378	90.72	194	96.43	26	84.93	671
Hjaltland Housing Association Limited	66.78	6	79.04	288	87.33	209	91.21	174	102.89	25	85.27	702
West Highland Housing Association Limited	48.18	1	76.24	246	88.74	377	97.46	141	115.21	20	87.01	785
East Lothian Housing Association Limited	0	0	77.90	326	89.30	600	98.26	335	109.42	42	89.40	1303
Osprey Housing Limited (Aberdeenshire Housing Partnership)	0	0	87.61	174	94.40	504	111.80	293	124.03	40	99.45	1011
<b>Rural Average</b>	<b>58.85</b>		<b>73.48</b>		<b>82.36</b>		<b>90.76</b>		<b>100.35</b>		<b>82.82</b>	<b>18173</b>
<b>Argyll Community Housing Association Limited</b>	<b>65.64</b>	<b>90</b>	<b>73.69</b>	<b>1328</b>	<b>77.75</b>	<b>2114</b>	<b>86.06</b>	<b>1350</b>	<b>93.87</b>	<b>137</b>	<b>79.13</b>	<b>5019</b>
<b>Scottish Average</b>	<b>67.44</b>		<b>73.33</b>		<b>74.94</b>		<b>81.37</b>		<b>90.39</b>			
<b>Scottish Average excluding local authority rents</b>	<b>65.19</b>		<b>75.61</b>		<b>80.37</b>		<b>87.85</b>		<b>98.18</b>			

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## Appendix 3 - Stock

### Fyne Homes Limited

#### Stock Held as at 31<sup>st</sup> March 2018

#### Types of Stock

Area	General	Ambulant Disabled	Medium Dependency	Amenity	Wheelchair Housing	Other Specially Adapted	LCH	Total
Bute	393	8	14	76	5	21	13	530
Cowal	276	15	0	29	4	21	10	355
Mid-Argyll	258	9	8	23	13	9	29	349
Kintyre	159	2	0	63	7	20	1	252
<b>Totals</b>	<b>1086</b>	<b>34</b>	<b>22</b>	<b>191</b>	<b>29</b>	<b>71</b>	<b>53</b>	<b>1486</b>

#### Bed spaces/Apartment Sizes (excluding Low Cost Home Ownership)

Area	1 Apt	2 Apt	3 Apt	4 Apt	5 Apt +	Total
Bute	29	230	211	31	16	517
Cowal	0	187	129	21	8	345
Mid-Argyll	0	43	206	63	8	320
Kintyre	0	57	91	101	2	251
<b>Totals</b>	<b>29</b>	<b>517</b>	<b>637</b>	<b>216</b>	<b>34</b>	<b>1433</b>

