SOCIAL HOUSING RENT AND SERVICE CHARGE POLICY (Ref: CS/10)

Purpose of Policy: The policy sets out how the Association calculates social housing rent and service charges and what factors it is required to consider during the process.

Policy Monitoring Details	
Department:	Corporate Services
Author:	Kathryn Miller
Status:	Association Policy
Date Approved by Board:	October 2024
Updated:	August 2024
Planned Review Date:	November 2031
Regulatory Outcomes being achieved:	**Charter**: Getting good value from rents and service charges (managing all resources effectively) **Regulatory Standards**: The RSL manages its resources to ensure its financial well-being and economic effectiveness. The RSL conducts its affairs with honesty and integrity.
Association Values	▪ Committed ▪ Agile ▪ **People-Focussed –** this policy explains how we will consult with our tenants on rent increases. ▪ **Professional** – we have ensured that our affordability measure is relevant during the recent review.
Relevant Legislation	Housing (Scotland) Act 2001
Tenant Consultation Required:	Yes
Equalities Impact Assessment	Initial

Content List:

1.0 Introduction
2.0 Client Groups
3.0 Rent Setting
4.0 New Build Properties
5.0 Viability

6.0 Affordability and Comparability
7.0 Rent Review
8.0 Service Charges
9.0 Payment of Rent
10.0 Complaints
11.0 Publicising this Policy

1. Introduction

1.1 The primary aim of Manor Estates Housing Association is to provide excellent quality affordable homes and services that create safe, resilient, and inclusive communities. The principles on which its rent policy is based must enable the Association to ensure its rents are affordable and comparable to those of other, similar providers. The context for the rent policy is the need to maximise rental income in order to ensure continuing viability.

1.2 This rent policy identifies the client groups the Association is seeking to house while addressing the issues of affordability and comparability. It also sets out the methodology the Association will adopt for setting and reviewing rents. The Association's policy on service charges is included in this rent policy statement.

2. Client Groups

2.1 Within its housing stock the Association provides a wide variety of housing for a range of client groups, including:

- Single people and families needing mainstream accommodation
- Retired people in need of an onsite management service
- Amenity and wheelchair standard housing for people with mobility difficulties or who have a disability
- Housing for those with special needs with support provided by specialist agencies

3. Rent Setting

3.1 The Association sets rents for all social housing properties using a points system which takes account of a range of factors including property size and type. The rent points table is set out on Appendix 1.

3.2 The property points system is fair and transparent and works by establishing the key characteristics of each property and calculating the total number of points per house. The total of the property points is then multiplied by the rent point value to arrive at the property's monthly pointed rent.

3.3 The rents for the Association's stock transferred from Scottish Homes in 1995 were set on the basis of the historic rateable value and did not take account of the rent point factors. In 2001 the Association decided to move away from the historic rents and the correct pointed rent was established for each property.

3.4 These attributes were reviewed in 2018 and in most cases the revised pointed rents were different from the historic pointed rents. From April 2019 the Association gradually adjusted rents to bring them into line with the correct pointed rent. This harmonisation process is done in two ways:

- annually at the rent increase stage where a £10 maximum amendment is made to the monthly rent and
- by implementing the pointed rent immediately when a new tenant moves into an empty property.

The aim of this realignment process is to ensure that rents move to the correct pointed value over time.

3.5 Rents for future stock acquired through development or other initiatives such as Mortgage to Rent will be set using the points system.

3.6 MEHA will honour commitments on rents given to tenants who transfer from other organisations but will seek to review the rents after 5 years in order to begin the process of harmonisation.

4. New Build Properties

4.1 In some cases, where a newly built property rent is set through the pointing process, the result will be a higher rent than that set by the HAG application guidelines and CEC benchmarks. A rent review for each new build estate should be programmed to take place 5 years after completion in order to commence the process of rent harmonisation if required.

5. Viability

5.1 The rental income generated by the Association's housing stock must be sufficient to ensure that all costs incurred can be met both in the short and longer term. It is the Association's policy to set rents at a level that will cover the costs of:

- Management and maintenance of the properties
- Future major repairs and renewals
- Private finance required to fund acquisition and/or development.

5.2 In setting rents, the Association will take account of the income and expenditure identified within its 30- year Business Plan which is updated on an annual basis. This will ensure that rents are set at a level that protects the Association's long-term viability.

6. Affordability and Comparability

6.1 The Association recognises that there is no simplistic formula that can be applied which will ensure that housing is "affordable" to all current and prospective tenants.

6.3 In view of the client groups being housed it is essential that rents are maintained at "affordable" levels, taking account of the need for continuing organisational viability. The Association subscribes to the SFHA's definition of affordability and has developed a tailored version of their Affordability tool in the review of this policy. MEHA aims to ensure that tenants on an average moderate household Income will not be expected to pay more than 25% of their income in rent. The Board recommitted to using this tool after their review in October 2023. In setting rents, the Association will also ensure that rent levels continue to be broadly comparable to other similar housing providers in Edinburgh.

7. Rent Review

7.1 Rents and service charges will be reviewed annually. The rent increase will be influenced by the level of inflation as measured by the CPI in September and December of each year and the BMI Maintenance Cost Index.

7.2 In line with the requirements of the Housing (Scotland) Act 2001, the Association will consult tenants on the proposed annual rent increase. The consultation will be through a combination of the following methods over the Summer:

- Online questionnaire sent by email /text message.
- The same questionnaire will be signposted through MEHA's website and social media accounts.
- For those tenants who prefer to receive a hardcopy of the questionnaire, this will be posted out to them.
- Direct phone calling.
- In person completion of the questionnaire (assisted by a staff member at ad hoc tenants gatherings, retirement schemes etc)

This will give tenants their opportunity to raise and communicate any views on the proposed increase as well as any other issues that they might want to raise.The outcome of the rent increase consultation will be recorded and reported to the Board in November each year.

7.3 Rent and service charge increases will be decided by the Board each November. Approved increases will be implemented with effect from 1 April each year and tenants will be given a minimum of 28 days written notice of the increase (in accordance with the provisions of the Housing (Scotland) Act 2001).

8. Service Charges

8.1 Where the Association provides additional services, these services and the costs involved are specified in the tenancy agreement. Examples of additional services include a management service in the retirement housing developments and stair and window cleaning for flats in some areas. The cost of providing these services will be recharged to the tenants benefited. The Association will ensure that the service charges levied meet the full cost of the services provided.

9. Payment of Rent

9.1 Rents are due for payment one month in advance on the 1st day of each calendar month. The Association will provide a variety of rent payment methods to make it as easy as possible for tenants to pay rent. These include:

- At any Post Office, using the payment card provided
- By post, cheque or postal order
- By Standing Order
- By bank transfer
- By Direct Debit
- Online by debit or credit card
- Mobile App – by debit or credit card
- Phone – by debit or credit card through AllPay's automated phone payment service

9.2 Payment of rent will only be accepted at the Association's office, in exceptional circumstances: for example, tenants in substantial arrears who are threatened with eviction.

9.3 The Association will provide advice and assistance to tenants about Universal Credit, Housing Benefit and other Welfare Benefits both at the tenancy sign up and regularly thereafter.

9.4 Any tenants experiencing problems in paying rent will be encouraged to contact their Housing Officer at the earliest possible stage for advice and assistance. The Association's arrears policy sets out the steps taken to manage rent arrears.

10. Complaints

10.1 Any tenant with a complaint on how their rent is calculated should raise it in accordance with MEHA's Complaints Handling Policy (G/03).

11. Publicising this policy:

11.1 This Policy will be available on the Association's website and a hard copy will be issued to anyone who requests it.

APPENDIX 1

RENT AND SERVICE CHARGE POLICY (Ref: CS/10)

Property Attributes & Points

Attribute	Points
Base Points	200
Double Bedroom	30
Single Bedroom	15
Boxroom	5
Separate Dining Room	15
Living / Dining Room Combined	5
Open Plan Kitchen	5
Kitchen / Dining Room	10
2 in a block, 4 in a block, or maisonette flat	5
Terraced Cottage or House	10
Semi Detached Cottage or House	15
Detached Cottage or House	25
Without Gas Central Heating	-5
EESSH 'Fail'	-5
Private Garden	15
Shared Garden	5
Private Area in Shared Garden	10
Private Parking	10
Garage	15
Additional WC	10
Additional WC & Shower Room	15
Local Authority outwith City of Edinburgh - Fife	-20