

KEY HOUSING ASSOCIATION

POLICY REGISTER

ITEM B2

POLICY: RENT POLICY

First approved:	December 1996
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This policy is reviewed annually
at the January meeting of Management Committee

KEY HOUSING

RENT POLICY (March 2021)

CONTEXT

As at March 2021, Key's housing stock consists of a total of 713 properties and, with some of these consisting of shared accommodation, a total of 736 tenancies are allocated.

The majority of these tenancies (612) are allocated to adults with learning disabilities who have been assessed as requiring support by the relevant local authority. Most of these individuals (550 people) are also supported by Key or its subsidiary Community Lifestyles, although a significant minority (62 people) are supported by other organisations. In addition, Key also has 109 properties allocated to unsupported tenants.

As a further feature, Key also leases a total of 77 properties (with 106 tenancies), mainly from other registered social landlords, where tenants are also supported by Key or Community Lifestyles.

Key's housing stock is principally new build and is of a good quality to the extent that all properties meet the requirements of the Scottish Housing Quality Standard. Over the last decade an extensive programme has been undertaken to comprehensively remodel large shared housing into a range of smaller (1 or 2 bedroom) properties. This has seen a large reduction in the number of properties which are licensed as Houses in Multiple Occupation where more than two non-related adults share (there are now only 9 such properties compared with over 60 ten years ago).

The housing stock is thinly spread throughout Scotland, across the Central belt and also within the Highlands and Dumfries and Galloway.

AIMS OF THE POLICY

The overall aim of the rent policy is to achieve a committed rental income that enables Key to offer a high-quality management and maintenance service to all its tenants.

The factors which Key will consider in achieving this overall aim are expanded below.

Aim 1 – Viability

To meet all the costs of providing these services

Key aims to maintain the financial viability of its housing services by ensuring that all costs associated with the provision of the housing management and maintenance services, and mortgage interest repayments, are recovered through rental income.

The cornerstone of this is a projection of income and expenditure for the forthcoming 30 years which takes account of expenditure on major repairs, as determined by detailed spend in accordance with a life cycle costing analysis.

From these projected costs the rent levels for particular categories of properties are calculated, based on the rent setting formula described below.

As a particular factor, the geographic dispersal of the stock impacts adversely on the costs of the provision of management and maintenance services. This is also a feature of supported tenancies which can also contain have high levels of specialist equipment.

Aim 2 - Affordability

To charge rents that are broadly affordable to its tenants, particularly those in low paid employment

As the majority of housing is allocated to people referred by local authority social work departments, Key does not hold a waiting list for its housing. It is therefore difficult to determine whether the current or future rent levels are affordable for new tenants in relation to local housing markets.

Existing tenants are therefore the only source of information available to determine whether rent levels are broadly affordable. On this basis tenant satisfaction surveys provide the data on which the Association can best assess affordability.

The issue of affordability will become even more relevant with the forthcoming welfare reform changes which will impact on a range of benefit entitlements of Key's tenants.

To date the effect of the early phases of welfare reform through the introduction of the 'bedroom tax' has been extremely limited in Key as supported accommodation has been exempted from these regulations. The majority of Key's housing stock has been categorised as 'Supported Exempt Accommodation' and as such ought not to become part of the regime where Universal Credit become the mechanism for the payment of housing cost subsidies to people with low incomes.

Aim 3 – Comparability

To set rent levels which are sustainable in the local housing context

In this aspect Key considers the rents of comparable properties of other Registered Social Landlords, through a range of mechanisms including direct contact with other landlords, membership of a specific benchmarking group and use of the comparative rental data published by the Scottish Housing Regulator on its website.

Aim 4 – Consistency

To set rents fairly in accordance with consistent characteristics.

It is an aim of the Policy to create a framework where rents are charged on a consistent basis throughout Key's housing stock. The process for determining individual property rents is described further below.

Aim 5 – Transparency

The Rent Policy is easily understood and tenants have the opportunity to comment on any proposal.

There is a requirement for Key to consult with tenants over the proposed annual rent increases.

Integral to this process is the provision of a clear explanation of the proposed method by which rents are calculated for each property owned by Key alongside a clear consultation framework where tenants can make their views known.

RENT SETTING FORMULA

In arriving at rent levels all costs will be incorporated, with the principal elements comprising:

- Staff costs associated with providing a housing management and maintenance service.
- Costs associated with maintaining properties which include the renewal of major building components at the end of their life (the main examples are kitchens, bathrooms, heating systems, windows, doors and roofing which are replaced cyclically); response repair work (day to day repairs in response to faulty, broken or inoperative items); external redecoration; servicing (gas, electrical and fire safety installations) and landscape maintenance.
- The repayment of mortgages
- An element to meet void losses (rent lost when properties are vacant between lets)
- The cost of property insurance.

In addition, service charges are levied for specific tenancy related services (for example furnishings costs) with the approach on charging for services outlined below.

RENT FORMULA

The process outlined above will allow Key to calculate an annual rent for a one-bedroom property and provides a 'base' rent level.

In arriving at rents for all of Key's properties this base rent is subsequently adjusted by two principal factors:

Adjustments to Reflect Property Size

For larger properties, this base rent is increased by 5% for each additional bedroom to reflect the additional costs associated with maintaining larger properties. For bedsit properties a 10% reduction is applied.

On this basis for financial year 2021/22 (ie for rents charged from 28 March 2021) rent levels are as follows:

Property Size	Annual Rent
Bedsit	£3,993
1 bedroom	£4,437
2 bedroom	£4,658
3 bedroom	£4,880
4 bedroom	£5,102

Adjustments for Sharing (ie where there is more than one tenancy within a property)

Key has 59 properties where more than one tenant shares and where separate tenancy agreements are issued (within housing let to tenants who are also supported). In these cases, to reflect the additional activity associated with managing multiple tenancies, an additional management charge of £561.36 per additional tenant per year is added to the annual property rent (so for example if three people share a property and all have a separate tenancy an additional £1,122.72 per year is added to the rental charge).

Additionally, where large shared properties (there are 9 of these where three or more people share) an additional annual charge of £2,539.68 is added to the rent for the property to reflect the additional costs associated with obtaining and maintaining a licence for a House in Multiple Occupation (HMO).

Finally, there are 5 shared properties in the housing stock where a second kitchen has been installed (to ease pressures associated with the sharing of facilities). These properties have a £670.56 annual premium on their rent to reflect the associated additional maintenance costs

This approach to the determination of rent levels will apply in all settings across Key's stock with the following exceptions:

- A very small number of tenancies (6 in total) date from a time when the tenancy provided a 'registered rent' where increases are applied/agreed by the relevant local authority every 3 years. All registered rents are increased by the maximum amount allowable if they are not at the formula rent for that property at each rent registration date.
- Key has also purchased a small number of properties over the years, which are allocated to tenants who are also supported, with partial or no grant support (13 in total). This has resulted in these properties carrying a large mortgage repayment and as such these properties have individual rent levels based on these higher repayments.
- There is also accommodation which is let internally to Key for support provision. Principally there are 4 flats which are used to provide short break accommodation. As a consequence of the high levels of equipment (and care home registration in some instances) rents are set at a higher level for these properties. Additionally, where (self-contained independently located) bedrooms are used as a sleepover location an annual charge of £606.12 is made.

In shared housing Key will seek to charge the full rent for a property (where possible) regardless of occupancy levels (for example in a property previously occupied by three tenants, where the number is permanently reduced to two, the full rent will be divided between the two remaining tenants).

In leased properties rent levels are determined by the charge made to Key by the property owner. In addition, Key adds a management fee to this rent to reflect the additional costs of managing the properties (by definition leased properties require the frequent re-issue of Short Scottish Secure Tenancies to occupants by Key). This management charge is £572.52 per year for the first tenant in a property and £286.26 for each subsequent tenant.

INTENSIVE HOUSING MANAGEMENT CHARGE

In properties where Key Community Support/Community Lifestyles provide support an Intensive Housing Management charge is levied per tenancy. It reflects the additional housing management activity carried out by Key Community Support/ Community Lifestyles staff. From March 2021, it will also cover more of the property costs related to supported tenancies. This charge is currently £2,039.52 per year.

POLICY ON CHARGING FOR SERVICES

Key will charge the cost of any service identified in the tenancy agreement, over and above the normal management and maintenance cost. This will be recovered as a service charge additional to the rent.

These charges and costs will be detailed on rent accounts and notified to tenants on an annual basis.

The detail of service charges and the basis of their calculation are outlined below.

The following table provides an analysis of the frequency of servicing items and the budget from which servicing, repairs and replacement costs are met.

Service Charge	Frequency	Servicing met from :	Repairs met from:	Replacement met from:
Gardening	As contract	Service Charge	Service Charge	Service Charge
Stair Cleaning	As contract	Service Charge	n/a	n/a
Stair Lighting	Ongoing	Service Charge (electricity costs)	n/a	n/a
Furnishings	Ongoing	Service Charge	Service Charge	Service Charge
Fire Alarm Monitoring	Monitoring Service	Service Charge	Service Charge	Service Charge
Laundry	Facility	Service Charge	Service Charge	Service Charge
CCTV	Facility	Service charge	Service Charge	Service Charge
Specialist Equipment				
Fire Panels	Quarterly	Service Charge	Response Repairs	Major Repairs
Repeater Panels	Checked 4 years	Service Charge	Service Charge	Service Charge
Sprinklers	Annually	Service Charge	Response Repairs	Major Repairs
Blender Valves	Annually	Service Charge	Response Repairs	Major Repairs
Hoists (fixtures)	Annually	Service Charge	Response Repairs	Major Repairs/ Stage 3
Specialist Beds	Annually	Furnishings	Furnishings	Furnishings
Specialist Baths	Annually	Service Charge	Response Repairs	Major Repairs/ Stage 3
Lifts	Quarterly	Service Charge	Response Repairs	Major Repairs
Door openers	Annually	Service Charge	Response repairs	Major Repairs/ Stage 3
Incomaster	Annually	Service Charge	Response repairs	Major Repairs
Other Servicing				
Gas appliances	Annually	Rent	Response Repairs	Major Repairs
Smoke detection	Every 2 years	Rent	Response Repairs	Major Repairs
Emergency Lighting (closes)	Every 6 months	Rent	Response Repairs	Major Repairs

Service Charge	2020/21	Basis of charge
Gardening	Varies	We have a few gardening contractors who provide a ground maintenance service – grass cutting, general weed control and litter picking during the growing season and litter picking (where necessary) in the winter. The charge is the actual cost for the area divided up between residents, dependent on the area covered.
Stair Lighting (electricity charge)	Varies	This pays for the electricity used by the landlord supply of electricity in stairwells. This supplies the door entry system, lighting and emergency lighting and sometimes external lights adjacent to paths. Charge is based on a review of actual bills paid during the preceding year to ensure we are covering costs.
Stair Cleaning	Varies	This pays for a stair cleaning company in some areas. The charge is based on a review of actual bills paid during the preceding year and confirmation of any increase in charges from the stair cleaning contractor for the next financial year
Furnishings	Varies	Full 1 person - £679.44 Partial 1 person £556.20 Full 2 person (sharing) - £876.96 Partial 2 person (sharing) - £716.40. This pays for the provision and replacement, on an average 8-year cycle, of white goods and a package of furniture. The charge is either for a full or partial furnishing service.
Fire Alarm Monitoring	£174.72	This charge pays for the fire monitoring service provided by Bield and an element towards replacement on the Tunstall units
Laundry (Madras Court)	£38.64	This charge is for the provision and upkeep, with an element for replacement of the communal laundry facility. Only charged in one location.
Servicing of Equipment		
Sprinklers	£115.08	This charge covers the yearly visit to service the sprinkler system
Blender Valves	£78.48	This charge covers the yearly visit to service the blender valves.
Clos-o-mat	£229.08	This charge covers the yearly visit to service the Clos-o-mat.
Hoists	£81.60	This charge covers the yearly visit to service the hoist.
Lift	£272.52 - Espedair St £204.36 – King St £24.24 - Rutherglen	This charge covers the quarterly or 6 monthly service and repair costs.
Stair Lift	£204.00	This charge is for the yearly service of the stair lift.
Specialist Baths	£94.20	This charge is for the yearly service of the specialist bath.
Specialist Beds	£70.68	This charge is for the yearly service of the specialist bed.
Automatic Door Openers	£326.28	This charge is for the yearly service of automatic door openers.
Incomaster	£319.68	This charge is for the yearly service of the Incomaster (large shared properties divided by no of tenants).
Shower Trolley	£61.20	This charge is for the annual service of the shower trolley.
CCTV	£28.08 – Hutton £17.04 – Garscube	This charge is for the service, repairs and replacement costs of CCTV cameras.
Fire Panel	£84.36	This charge is for the quarterly service of fire panels and repairs
Repeater Panels	£41.04	This charge is for the checking, maintenance and repairs to the repeater panels and pagers