



**KINGDOM**  
Housing Association

# Rent, Services & Occupancy Charges Policy

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**Approved: January 2015**  
**Next Review: January 2020**

## RENT, SERVICES AND OCCUPANCY CHARGES POLICY

### 1. Introduction

We provide affordable housing for those in need in Fife and East Central Scotland. This document sets out how we set our rents, services and occupancy charges for social rented properties, lead tenancies, leased properties, other tenures and shared ownership properties and how we try to ensure that these are affordable to our customers.

Details of how and when we assess affordability are detailed at section 9 of this policy.

The policy objectives are detailed below and the rent structure detailing the specific mechanisms by which we set social and lead tenancy rents is set out in appendix 1.

The rents for our Mid Market Rent Properties are set by Kingdom Initiatives Ltd and the mechanism for setting these rents is set out in a separate policy.

As part of our overall business strategy, we have adopted a Sustainability Policy. The principles of that policy will be applied to the implementation of this policy.

In line with our commitment to equality and diversity, this Policy can be made available in a variety of formats, including large print, translated into another language or on audio tape. Reasonable adjustments will also be made to assist individuals who have a disability.

### 2. The Scottish Housing Regulator (SHR)

The Scottish Housing Regulator (SHR) assesses and reports on how social landlords are performing their housing services, Registered Social Landlords' (RSLs') financial wellbeing and RSLs' standards of governance. The SHR will intervene to secure improvements where necessary. The SHR was established under the Housing (Scotland) Act 2010 with one statutory objective: "to safeguard and promote the interests of current and future tenants of social landlords, people who are or may become homeless and people who use housing services provided by registered social landlords and local authorities".

The SHR requires to be notified of any significant or exceptional issue, event or change within our organisation (a notifiable event) and how we intend to deal with it. The events relevant to this policy would come under the Regulator's heading of Performance and Service Delivery issues or Financial and Funding issues. The SHR's Guidance, Notifiable Events 2012 gives examples of notifiable events.

A link to the SHR's Guidance is below:

<http://www.scottishhousingregulator.gov.uk/publications/notifiable-events>



### 3. The Scottish Social Housing Charter

The Scottish Social Housing Charter sets out the standards and outcomes that all social landlords should aim to achieve for their tenants and other customers when performing their housing activities.

The relevant standards and outcomes for the Rent, Services and Occupancy Charges Policy are:

#### Charter Indicator 13: Value for Money

Social Landlords manage all aspect of their business so that:

- Tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.
- To meet this objective we will regularly retain feedback from customers on whether their rent or service charges provide value for money and we will act upon the feedback we receive.

#### Charter Indicators 14 and 15: Rent and Service Charges

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 provided, the cost of the services and how far current and prospective tenants and other customers can afford them.
- Tenants get clear information on how rent and other money is spent.
- In order to meet this objective we will do four things:
  - (i) We will consult with tenants ahead of any increase
  - (ii) We will assess the affordability of the proposed new rents at the annual rent review
  - (iii) We will give tenants / sharing owners a range of options when presenting our annual rent review proposals
  - (iv) We will provide details on our website and in our annual report on the charter as to how your rent money is spent

### 4. Objectives

The objectives of this policy are intended to ensure:

- The mechanism for setting rents and occupancy charges generates sufficient income to meet our financial requirements.



- The rent structure is capable of setting affordable rents for the different type and size of properties in our stock.
- The mechanism for setting rents and occupancy charges is transparent and is understood by staff, board members and customers.
- The policy complies with the Scottish Housing Regulator’s guidance by ensuring that, where possible, rents set by the policy are affordable to those on low incomes and who do not receive housing benefit.

## **5. Costs to be Covered**

The rent structure provides a framework for setting rents for individual properties, which, when combined, will provide an annual income sufficient to cover all relevant costs incurred by us. Costs to be recovered by rental income will include:

- Housing Management costs – costs associated with managing all aspects of a housing service and determined by the annual budget.
- Maintenance costs – costs associated with undertaking day to day repairs on properties.
- Voids and bad debts – a provision to cater for income lost through voids or rents being unrecoverable.
- Major repairs and renewals – costs associated with planned maintenance and replacement of components within houses such as kitchens.
- Loan Charges – costs associated with servicing private loans taken out by us to fund the building of additional houses to meet demand.
- Insurances – costs associated with building, public and liability insurances which we are obliged to have in place.

## **6. Rent and Occupancy Charges**

We set charges that take account of affordability, the costs of managing and maintaining our houses, comparability with other social landlords in the area and that enable us to service existing loans and fulfil contractual obligations.

We have a fair system for apportioning rents between individual properties.

## **7. Service Charges**

Service charges are calculated and charged, where applicable, separately from rents and occupancy charges and are calculated on the basis that we aim to be fair and reasonable and we cover the full cost of providing services such as landscaping and stair cleaning to our customers.

A brief description on how the different service charges are calculated is shown in Appendix 2 and is designed to ensure consistency of approach, be affordable to those in low paid employment not in



receipt of housing benefit and generate enough income to cover costs and ensure that the standards set by us are met.

## **8. Rent Setting Categories**

We have a number of tenure types and the rent setting mechanism for each tenure as outlined below.

### Social Rented (Pre 1989) Tenancies

The number of these tenancies is diminishing but the rents for these properties are set by the Rent Officer once every 3 years.

We will conform to the provisions of the Housing (Scotland) Act 1984 in the re-registration of rents and service charges, but seek at the time of re-registration to minimise differentials between rents, taking account of the three year cycle of re-registration.

### Social Rented Properties (Post 1989)

The rents for these properties are set in accordance with Appendix 1. The rent structure includes a base rent for each property and an additional charge, in pounds (£) for each of a range of characteristics which apply to individual properties.

This approach is designed to be a consistent approach to calculating rents based on fair principles, reflective of the benefits and amenities provided by the property, simple to understand and transparent.

### Lead Tenancies

Lead tenancies are properties that are owned by another landlord but are managed by Kingdom Housing. Lead tenancies will be reviewed at the same time as the other tenures and will be set in accordance with Appendix 1.

### Leased Properties

Leased properties are properties that we own and are subsequently leased to a local authority, other RSLs or a charitable organisation. Lease properties are not set in accordance with Appendix 1 but will be reviewed at the same time as other tenures. The rents for leased properties will be uplifted each year by the same percentage as applied to our social rented properties (post 1989). We will also add all costs we incur in terms of renewing leases and applying for House in Multiple Occupation (HMO) licences where these are required. The leased property rents are set on an annual basis at the same time as our other rents.



## Other Tenures

In addition to the previous tenures, we also provide garages, 2 market rent properties, 3 tele-cottage properties and garages. These properties are not set in accordance with Appendix 1 but will be reviewed at the same time as other tenures. The rents for these properties will be uplifted each year by the same percentage as applied to our social rented properties (post 1989).

## Shared Ownership Properties

The occupancy charge calculation for shared ownership properties is under review and the occupancy charges will remain at 2014/15 levels until 1 April 2016.

## **9. Affordability**

One of our key objectives is to provide good quality, affordable housing to those on low incomes therefore we take affordability very seriously. The financial viability of the organisation is crucial for our survival and therefore must also be at the core of any debate on affordability.

We recently carried out a comprehensive Affordability Study using an external consultant to arrive at a baseline understanding of the affordability of Kingdom Housing rents over all tenures. Following the above study, we have adopted the following definition:

“Rents are considered to be affordable if the household pays no more than 25% of their income on housing costs.”

We will consider the following key factors in our affordability assessments:

- We will take account of the rents charged by the other Housing Associations in our areas of operation.
- We will take account of house purchase costs for low cost home ownership and market entry level housing.
- We will compare our rents with market rents in the private rented sector.
- We will take account of household income, using Consolidated Analysis Centres Inc (CACI) Paycheck statistics.

## **10. Annual Review of Charges and Tenant Consultation**

Rents and occupancy charges are due on the first day of every month and there are no rent-free periods.

We will consult with tenants and other customers regarding potential rent and service charge increases, giving reasonable and real options to consider and taking account of their views before finalising rent increases.



We will normally review our rents and charges once a year and all customers will receive one month's written notice of any change to their monthly charge.

If improvements are made to a property after the annual rent review, we reserve the right to increase the rent for that property before the next scheduled review to cover the cost of the improvement so long as we give one month's notice of our intention to do so.

The revised charges will apply from 1 April each year.

## **11. Policy Review**

This policy will be reviewed 5 years from the date of implementation or latest review, which will be the date the policy is approved by the Committee of Management, or earlier if deemed appropriate.

In the event that this policy is not reviewed within the above timescale, the latest approved policy will continue to apply.

Any policy likely to significantly impact on the tenant or changes to the standard of service must be consulted on.



## APPENDIX 1 – Rent Setting Structure

### Base Rent Values

<b>Base Rent (All properties)</b>	<b>£240</b>
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### Criteria and Values

<b>Criteria</b>
Criteria 1 - Property Size: Double Bedrooms
Criteria 2 - Property Size: Single Bedrooms
Criteria 3 - Property Type
Criteria 4 - Bedsit
Criteria 5 - EPC Banding
Criteria 6 - Energy Efficiency Enhancements
Criteria 7 - Private Garden
Criteria 8 - Private Driveway
Criteria 9 - Carport
Criteria 10 - Additional WC
Criteria 11 - Additional Bath/Shower
Criteria 12 - Dining Room
Criteria 13 - Study
Criteria 14 - Gas Heating
Criteria 15 - Refurb
Criteria 16 - Person Size
Criteria 17 - Utility Room

<b>Criteria 1 - Property Size: Double Bedrooms</b>	<b>Add Rent</b>
0 Double Bedrooms	-
1 Double Bedrooms	£10.00
2 Double Bedrooms	£20.00
3 Double Bedrooms	£30.00
4 Double Bedrooms	£40.00
<b>Criteria 2 - Property Size: Single Bedrooms</b>	<b>Add Rent</b>
0 Single Bedrooms	-





1 Single Bedrooms	£ 5.00
2 Single Bedrooms	£15.00
3 Single Bedrooms	£25.00
4 Single Bedrooms	£35.00
5 Single Bedrooms	£45.00
<b>Criteria 3 - Property Type</b>	<b>Add Rent</b>
Flat - Common Access	£ 5.00
Flat - Private Access	£15.00
Terraced	£30.00
Semi Detached	£40.00
Detached	£45.00
<b>Criteria 4 - Bedsit</b>	<b>Add Rent</b>
Bedsit	-£10.00
Non Bedsit	-
<b>Criteria 5 - EPC Banding</b>	<b>Add Rent</b>
A	£15.00
B	£10.00
C	£ 5.00
D or lower	-
<b>Criteria 6 - Energy Efficiency Enhancements</b>	<b>Add Rent</b>
Other Energy Efficiency Enhancement	£ 5.00
Solar Thermal Panel	£ 5.00
Photo Voltaic Panel	£10.00
No Energy Efficiency Enhancements	-
<b>Criteria 7 - Private Garden</b>	<b>Add Rent</b>
Private Garden	£10.00
No Private Garden	-
<b>Criteria 8 - Private Driveway</b>	<b>Add Rent</b>
Private Driveway	£10.00
No Private Driveway	-
<b>Criteria 9 - Carport</b>	<b>Add Rent</b>
Carport	£ 5.00
No Carport	-
<b>Criteria 10 - Additional WC</b>	<b>Add Rent</b>
Additional WC	£ 5.00



No Additional WC	-
<b>Criteria 11 - Additional Bath/Shower</b>	<b>Add Rent</b>
Additional Bath/Shower	£10.00
No Additional Bath/Shower	-
<b>Criteria 12 - Dining Room</b>	<b>Add Rent</b>
Dining Room	£10.00
No Dining Room	-
<b>Criteria 13 - Study</b>	<b>Add Rent</b>
Study	£ 5.00
No Study	-
<b>Criteria 14 - Gas Heating</b>	<b>Add Rent</b>
Gas Heating	£15.00
No Gas Heating	-
<b>Criteria 15 - Refurb</b>	<b>Add Rent</b>
Refurbished	-£25.00
Non Refurbished	-
<b>Criteria 16 - Person Size</b>	<b>Add Rent</b>
1 person	-
2 person	-
3 person	-
4 person	-
5 person +	£20.00
<b>Criteria 17- Utility Room</b>	<b>Add Rent</b>
Utility Room	£ 5.00
No Utility Room	-



## **APPENDIX 2 – Service Charges**

The main groups of estate management services we provide are as follows:

1. Communal Gardening Services.
2. Communal Cleaning Services.
3. Communal Lighting.
4. White Goods, Carpeting and Furniture.
5. Administration on behalf of external factors.
6. 'Factoring' Service for Owner Occupiers.

### **Communal Gardening**

The charges for the gardening contract are calculated by examining the contract cost of each development based on the measurements. The unit cost is then calculated by dividing that cost by the number of properties which have access to the service. We then add a provision for contingencies and the filling of the grit bins. In certain schemes where we carry out snow clearing there is an additional charge added for providing this service.

### **Communal Cleaning**

The charges for this service are applied by calculating the unit cost for cleaning over all the properties receiving the service. We also add a provision for contingencies and the uplift of items left in the communal areas.

### **Communal Lighting**

The communal lighting charge is applied to flats with a common entrance and for developments where the site lighting is not adopted by the Council. The communal charge is based on the previous year's expenditure for lighting plus an allowance for inflation. There are two bands of charges applied, one for flats to cover their share of the stair lighting and site lighting and another for the houses for their share of the site lighting.

### **White Goods**

We are now only providing and maintaining white goods for a limited number of properties. We work out a monthly charge for each white good item provided on the basis of the previous year's expenditure, plus an allowance for inflation.



## **Furnishings**

In the few instances where furnishings, carpets or soft furnishings have been provided, the monthly charge is calculated by dividing the total cost of the goods provided by 60 as we make an assumption that the furnishings will have a 5 year life.

## **Administration on Behalf of External Factors**

We currently have some rented units in developments where external factors carry out services on our behalf. We contact the factor prior to the rent review to obtain details of their management fee and services for the following year. We then take the total cost for each development and divide by the total number of units in the development.

## **'Factoring' Service for Kingdom Owner Occupiers and Sharing Owners**

We maintain the developments, provide block building insurance where appropriate, correspond, invoice and collect payments. The calculation of factoring service costs are based on the actual cost for the development and are apportioned as set out in the title deeds. In addition, we charge an annual management fee which is reflected in the cost of providing the factoring service. Details of these charges are set out in the sharing owners or owners Written Statement of Services.



**KINGDOM HOUSING ASSOCIATION LIMITED**

**RENT, SERVICES AND OCCUPANCY CHARGES POLICY**

Policy drawn up with reference to: Housing (Scotland) Act 1984  
Housing (Scotland) Act 2001  
Housing (Scotland) Act 2010

Reference made to the following sources and other guidance: Scottish Social Housing Charter

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