

WEST GRANTON HOUSING CO-OPERATIVE LIMITED

POLICY DOCUMENT

RENT POLICY

This policy was reviewed and approved by the Committee of Management on 12th December 2018.

The multiplier for the rent increase of 2.5% for 2019-20 is 0.61443 (point 20).

This policy should be reviewed no later than December 2019

WGHC aims to comply with all relevant legislation and best practice. The following in particular have been considered in relation to this policy:

Housing (Scotland) Act 2001

Guide to Rent Setting & Affordability Tool: SFHA 2017.

WGHC has a suite of policies and procedures covering all aspects of our operations.

The policies and procedures most closely linked with this policy are:

WGHC Financial Regulations

WGHC Debt Management Policy

WGHC Receipts Procedures

All policies and procedures are on the WGHC internal web site.

1) Introduction

WGHC was established primarily to provide a range of quality housing in West Granton and the surrounding area at rents which people on relatively low incomes can afford to pay.

The key principles in setting rents and other charges will be that they should:

- be affordable to tenants and applicants;
- be comparable with other social landlords;
- cover annual operating costs;
- provide for future maintenance;
- cover loan repayments and interest charges;
- provide long term financial stability.

2) Rents

WGHC will seek to set rents that are affordable to our tenants and will consider changes in earnings, pensions and benefits when reviewing rents.

Membership of a housing co-operative involves participation in the management of the housing stock therefore WGHC wishes to avoid setting rents significantly above or below those of other providers of social rented housing which could encourage or deter applicants purely because of rent levels.

WGHC will take account of the rent levels of other providers of social rented housing in the local area and will seek to set rents which are broadly comparable.

The Co-operative recognises the fundamental importance of ensuring that standards of management and maintenance of the housing stock are of the highest order. Rents will be set which adequately cover management and maintenance administration costs, reactive maintenance, depreciation and other annual operating costs. WGHC will consider both general inflation and WGHC specific cost changes when reviewing rents.

Rental income must also be adequate to cover the interest payable on loan funding and any covenants relating to these loans.

Planned maintenance includes both regular annual works and cyclical maintenance or one off projects. Expenditure in some years is much higher than others. The Co-operative will use long term programming and cash flow projections to assist in adequately providing for planned maintenance.

WGHC will replace housing components (e.g. kitchens and bathrooms) regularly to maintain the quality of and demand for its housing stock. WGHC must also repay development loans. In rent setting and budgeting WGHC will have regard to medium and long term cash flow to ensure rental income is adequate to cover loan repayments and capital investment.

WGHC rents will also include provision for the building up of reserves to cover periods of risk or unforeseeable costs.

Rents will be reviewed once a year. Changes will be approved by the Committee of Management after consultation with tenants.

3) Rent Setting Mechanism

An administrative points system is used to assign points to each property type. Pointing of new developments or alterations to the basic points system must be approved by the Committee of Management. Minor amendments to the pointing of individual houses to reflect changes in amenities etc. may be approved by the CEO.

(a) Basic Points

A basic number of points are assigned to house types. Points distinguish between basic house types to recognise desirability but the differential is fairly minor.

Houses and bungalows have the highest points; four in a block flats second; other flats third and finally flats in West Pilton Drive and Green (where common maintenance is a problem due to mixed ownership).

(b) Equalisers

WGHC believes that people with physical disabilities should not be further disadvantaged by high rents.

Therefore points are not added for features of properties designed to meet the needs of those with physical disabilities. Points are deducted if an increased area or amenity was provided solely to accommodate special needs including physical disability.

(c) Size Points

One point is assigned per square metre of the approximate average floor area of the property type. In accordance with (b) above, additional space provided in relation to disabilities (e.g. wheelchair accessibility) is not counted.

Property size provides the biggest single differential between rents.

(d) Additional Amenities

Points may be added for additional amenities: additional cloakrooms and bathrooms; garden fencing; garden huts etc. The number of points broadly reflect the cost of provision of the amenity.

(e) Flooring

All properties have flooring laid in kitchens and bathrooms.

Some properties have additional floor coverings in the living areas. In Area 3 the flats have carpets throughout. In Area 2 all flats and most houses have laminate flooring.

Points are awarded where this additional flooring is provided. The points reflect the size of the property.

As of 2009 we stopped routinely repairing or replacing flooring in houses in Area 2 when they are relet. The continuing provision of flooring is due to be reviewed in 2017.

(f) Flats – common maintenance

In most blocks of flats there are costs relating to the maintenance of common parts or common services. Costs fall into three main groups:

- In all flatted blocks WGHC will have stairs cleaned on a regular basis.
- Flatted blocks generally have a common electrical supply for stair lighting and/or communal TV aerials/dishes and/or door entry systems and/or alarm systems.
- Other services are specific to individual developments. These can include: fire alarms; lift maintenance and alarms; communal TV aerials/dishes; water tanks, parking areas etc.

The points cover the estimated cost of common maintenance in the property type.

(g) Part Furnished Flats

A small number of WGHC flats are partly furnished (15 in 2014). Furnishings vary from white goods and window blinds in Granton Mill to window blinds in West Pilton Drive and Green. The purpose is to assist (especially) new households to set up home by reducing initial costs.

The points cover maintenance costs, insurance, safety inspections and an allowance for depreciation.

4) POINTS

AREA 1 - 143 properties in Granton Mains/West Pilton Terrace								
type	1bf4	1ba	2ba	2bh (WP)	2bh	3bh	4bh	4bwh - repoint if let as GN
max occupancy	1-2p	1-2p	3p	2p	3p	4p	5p	5p
basic	57	60	60	60	60	60	60	60
common maintenance								
approx. floor area	50	47	65	60	68	79	91	95
extra wc						2	2	2
extra bathroom								2
flooring								
furnishing/appliances								
fenced front garden		2	2	2	2	2	2	2
gdn store								
equaliser								-6
	107	109	127	122	130	143	155	155

AREA 2 - 100 properties in Granton Mill/Granton Mains											
type	1bf	1ba no flooring	1ba	2ba	2bwa	2bh	3ba	3bh no flooring	3bh	4bh	5bh
max occupancy	1-2p	1-2p	1-2p	3p	3p	4p	5p	5p	5p	7p	8p
basic	54	60	60	60	60	60	60	60	60	60	60
common maintenance	9										
approx. floor area	50	52	52	67	69	78	95	97	97	116	126
extra wc							2	2	2		
extra bathroom										2	2
flooring	3		3	4	4	4	5		5	6	6
furnishing/appliances	7										
fenced front garden		2	2	2	2	2	2	2	2	2	2
gdn store		1	1	1	1	1	1	2	2	1	2
equaliser						-2					
	123	115	118	134	134	147	163	163	168	187	198

AREA 3 - 1 flat in West Pilton Drive				Area 4 - 72 properties in Craigmuir Place/West Pilton Park/Ferry Road Avenue					
type		2bf		type	2bmdf	2bf	3bh	4bh	
max occupancy		3p		max occupancy	3p	3p	4p	5p	
basic		50		basic	54	54	60	60	
common maintenance				common maintenance	11	11			
approx. floor area		74		approx. floor area	63	63	83	120	
extra wc				extra wc			2	2	
extra bathroom				extra bathroom				2	
flooring		5		flooring					
furnishing/appliances		2		furnishing/appliances					
fenced front garden				fenced front garden			2	2	
gdn store				gdn store			1	1	
equaliser				equaliser	-5				
		131			123	128	148	187	
AREA 5 - 11 flats in West Pilton Bank				AREA 6 - 45 Flats in Colonsay Close / Waterfront Park					
type	1bf	2bw	2bf	type	1½bw (boiler in 2nd public room)	2bf	2bf	3bf+by with pkg	
max occupancy	2p	3P	3P	max occupancy	2p	2p	3p	3p	4p
basic	54	54	54	basic	54	54	54	54	54
common maintenance	9	11	11	common maintenance	15	15	17	19	19
approx. floor area	55	73	65	approx. floor area	55	77	71	71	80
extra wc				extra wc					
extra bathroom				extra bathroom					
flooring				flooring					
furnishing/appliances				furnishing/appliances					
fenced front garden				fenced front garden					
gdn store				gdn store					
equaliser		-11		equaliser		-13			
	118	127	130		124	133	142	144	153

Key to Property types:

1b = 1 bedroom; 2b = 2 bedrooms etc.

a – amenity bungalow; f = flat; mdf = main door flat; h = house; w = wheelchair;

pkg = parking.

The code used is as simple as possible. Main doors, wheelchair suitability, parking etc. are only noted in the code if the rent is different from broadly similar properties in the area.

5) Multiplier

A multiplier is used to convert the points into rents for each property type.

The level of the multiplier will be set to ensure that the total rental income from the housing stock is sufficient to cover costs and in accordance with the principles set out in sections 1 and 2. The multiplier will be revised annually.

6) Complaints and Policy Review

If anyone wishes to complain about how they were treated in relation to this policy or that this policy has not been adhered to they should refer to WGHC Complaints Policy. Copies are available from the office.

This policy will, where practical, be reviewed annually.