

LISTER HOUSING CO-OPERATIVE LTD

RENTAL POLICY AND RENT POINTS SYSTEM

RENTAL POLICY

1. Lister Housing Co-operative provides affordable mainstream housing for rent for people in housing need. Most of the flats are for general housing need - families, single parents, mature couples, the elderly, etc. Five flats are multiple occupancy (multis) for single people to share. A few flats are designated amenity flats and there are two wheelchair flats.
2. Lister wishes to continue to provide housing for rent for its current client group. This is to meet housing need and to maintain the community structure in the centre of the city particularly in the Lauriston area which is dominated by institutional use.
3. Lister wants to maintain rent levels that are *affordable* to this existing client group. Lister will undertake research into its tenants' incomes and the affordability of its existing rents and proposed rents. This position and average net incomes will have to be monitored over time to see long-term trends.
4. Lister wishes particularly to maintain rents that are affordable to those on low incomes in employment, especially those with variable or part-time work. Lister does not wish to be in a position where the only people who can afford to rent flats are those receiving full housing benefit. Lister is aware of the poverty trap that exists in the benefit and taxation system. Lister is also aware that housing benefit regulations, allowances and tapers can change in the future and thus affect significantly tenants' financial positions.
5. The rents charged should cover the *costs* incurred in running the Co-operative and maintaining the properties, together with putting money aside for future repair and renewal needs. These costs to cover include:
 - a. Management
 - b. Maintenance - day-to-day
 - c. Maintenance - cyclical
 - d. Insurance
 - e. Interest charges on mortgage/private finance.
 - f. Provision for voids and bad debts
 - g. Provision for future improvements
 - h. Provision for future major repairs and replacements through major repairs sinking fund provision for the main and new sites

6. The Co-operative shall have regard to the *comparability* of its rents and the rent levels charged by other housing agencies providing social housing in the localities of Edinburgh near to the Lister site - e.g. Housing Associations, City of Edinburgh Council. Lister feels that because of its central location and the type and character of its flats, comparisons with full market rent levels are not entirely appropriate as the client group able to afford such rents is different from the client group that Lister aims to house. For similar reasons comparisons with the price of flats for sale in the owner-occupied market are not entirely appropriate. The price of such flats is influenced by the scarcity of traditional style flats and the demand from professionals and higher income groups to live in the heart of a city renowned for its culture and architecture. These factors have pushed the rent levels and prices of flats beyond the means of the client groups Lister aims to house.
7. Service charges may be charged on top of the net rent, so as to meet the cost of services provided by the Co-operative (e.g. common stair cleaning). The estimated cost of providing services shall balance the charges levied for these services. An equalisation account exists to balance out any temporary surpluses and deficits, and to smooth out the recouping of any one-off larger expenditure items.
8. Service charges are to be calculated each year based upon the previous years' actual costs and projections for this coming year. The charges may increase or decrease from year to year. The extent of services provided may be varied by the Management Committee.
9. The rent year shall be from 1 April to the following 31 March. Rents are charged at Lister by the calendar month and are due in advance at the beginning of each month as specified in each tenant's tenancy agreement. No flat shall have more than one review in its rent within any 12 month period (unless it comes void and alterations are done which alter the points value, or paragraph 16 below applies).
10. Every year there shall be a rent and service charge review as part of the budget setting process. The Management Committee shall consider a recommendation from its Finance Sub Group or failing that, the Director and/or Finance Officer. The Management Committee will decide upon the rent and service charge review by its February meeting at the latest. This is to enable 28 days notice to be given to tenants before the rent and service charge review is implemented on 1 April each year.
11. In deciding a recommendation the following factors shall be borne in mind: the need to cover *costs* (and projected increases/changes) expected by Lister; the *comparability* of Lister rents to those of similar social rented housing providers in Edinburgh; and the *affordability* of Lister rents in relation to tenants' incomes and any SFHA / Scottish Housing Regulator guidance on affordability. Prior to the February Management Committee meeting, there must be consultation with tenants on the proposed rent review, so that the Committee can consider any comments and feedback from tenants. In practice it is likely that the Management Committee will consider a draft budget in January, prior to going to consultation.
12. The recommendation shall be in the form of a recommended price per rent point per week to apply to all flats from the 1 April that year. The rent points for each flat have been established already using the rent points system and shall only vary from year to year if improvements or alterations have been made to the flat, or if the rent points system is altered by the Co-operative. All tenants whose rent points alter will be given at least 28 days notice of such alteration. Such an alteration, after the 28 days have expired, will only take effect from the next 1 April (unless the flat has just been a void flat).

13. The actual net rent per calendar month for each flat from the 1 April each year shall be calculated by multiplying the price per point for that rent year *times* the number of points for that flat as at 1 April *times* 52 *divided* by 12 *then* rounded to the nearest 10 pence per month. (For multi-occupancy flats, the net rent per month shall be rounded further so it gives an amount per person (in that flat) rounded to the nearest 10 pence per month).
14. This net rent produced by this method excludes any service charges applicable to the flat. On top of this net rent there will any extra service charge applicable to the flat. The charges shall be calculated separately and rounded to the nearest 10 pence per month (and rounded to the nearest 10 pence per person per month in multi occupancy flats).
15. The net rent plus the service charge shall form the 'gross' rent per calendar month, i.e. the rent and service charge. This figure can be multiplied by 12 to give the annual rent.
16. The maximum increase in any flat's net rent each 1 April shall be 20% compared to the existing rent. Any increase above this 20% level will be added to the increase in rent in the following year. If a flat becomes vacant and its current rent is restricted to 120% of the previous rent, then when the flat is relet its rent shall be the full amount without restriction.
17. The rental income flow should be regularly monitored against projections of costs to ensure that in the long term Lister will not be running into deficit. Similarly money put aside for future provision for major repairs should not be used for other purposes.
18. The Co-operative has formulated a Rent Points System which determines the exact rent points level for individual flats. This is based on a weighting system to reflect the various characteristics of flats, size, type, location, facilities etc. The weightings were selected following a survey of tenants' preferences and perceptions. The system has been agreed by tenants at a General Meeting and publicised so that the mechanism is clear and consistent.

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RENT POINTS SYSTEM

1. This rent points system is based on identified characteristics of each flat. It is not based on the tenant's income or financial/ personal circumstances. The list overleaf details the exact characteristics and associated numerical values.
2. Significant changes to the rent points system can be made only at a General Meeting of tenants, apart from in three particular circumstances, listed below, where the Management Committee can make changes:
 - a. The Management Committee can vary the value of a characteristic by up to 10 points.
 - b. The Management Committee can add new characteristics that will apply to either or both sites to reflect improvements or alterations carried out by the Co-operative.
 - c. The numerical value of points for multis can be altered by the Management Committee at its annual review of rents.
3. All new tenants are to get a written breakdown of their rent points and characteristics upon gaining a tenancy.
4. The Office Bearer's Sub Group may hear appeals from tenants aggrieved over the rent points level for their flat. It can make recommendations to the Management Committee or ask the Committee to decide on appeals that the Sub Group cannot agree upon.
5. The appeals procedure shall be as follows:
 - a. Each tenant has the right, upon request, to get a written statement of the characteristics identified for the flat and the associated points attached to each characteristic.
 - b. If the tenant disagrees with the description of the flat in terms of existing characteristics then they should put their complaint in writing to the Director who shall consider the complaint and reply to it. The Director may take the advice of the Office Bearer's Sub Group in reaching a decision.
 - c. If a tenant disagrees with the numerical value of an existing characteristic or wishes a new characteristic to be devised, then the tenant should put an appeal in writing. The Office Bearer's Sub Group will consider the appeal. If the appeal is accepted the Sub Group shall make a recommendation or referral to the Management Committee, for them to consider changing the mechanism. If the appeal is not accepted then the tenant shall be advised.
 - d. If the tenant disagrees with the decision of the Director in (b) or the Office Bearer's Sub Group in (c) then they can appeal further to the Management Committee whose decision is final. Thereafter the tenant can have recourse to the Scottish Public Services Ombudsman.

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