**Steve Biko Housing Association**

**Rent and Service Charge Setting Policy**

**Aims**

This policy describes the Association’s approach to setting rents and service charges for rented properties.

Where Steve Biko Housing Association (SBHA) is the managing agent for a property, this policy does not apply and local arrangements will be in place.

The Association aims to:

* Set its rents in compliance with any relevant legislation and guidance issued by the Regulator of Social Housing.
* Advise tenants of the rent and service charge applying to their home at the start of their tenancy.
* Clearly communicate any changes in rent and service charges to tenants, complying with any statutory, regulatory or contractual obligations.
* Properly consult tenants about changes to services funded by service charges and clearly explain the impact of any changes.
* Ensure rents offer value for money, and are broadly comparable with other housing providers local to our area of operation and are affordable to existing and potential tenants.

**Access and Communication**

SBHA is committed to ensuring that our services are accessible to everyone. We will seek alternative methods of access and service delivery where barriers may exist, that may make it difficult for people to work SBHA or use our services.

SBHA will inform our tenants of how the rent and service charge (where applicable) has been set in the annual rent notification letter.

**Equality & Diversity**

SBHA is committed to ensuring that no person or group of persons will be treated less favourably than another person or group of persons and will carry out our duty with positive regard for the following cores strands of equality; Age, Disability, Sex, Race, Gender re-assignment, sexual orientation, Religion/belief, civil partnership and marriage, pregnancy and maternity.

We recognise that some people experience disadvantage due to their race, socio economic circumstances, employment status, class, appearance, responsibility for dependants, being HIV positive or with AIDS or any other matter which causes a person to be treated with injustice.

SBHA will inform all new and existing tenants of the potential impacts of any welfare reform measures, including those already introduced and any scheduled, on their income and rent payment liabilities.

**Rent Setting**

Rent setting is the responsibility of the owner of the property. SBHA will have regard to the necessary regulation and legislation when setting and managing rents and service charges.

The method of setting rents varies according to tenancy type and the development funding regime applying when relevant properties were developed. The Association will advise tenants which method applies to them at the start of their tenancy.

**Social Rents**

The majority of the Association’s properties are let under assured tenancies with social rents. Social rented properties are low cost accommodation where the setting and management of rents is usually governed by guidance issued by the Regulator of Social Housing in its Rent Standard. This requires rents to be set in line with a formula based on local earnings, property value and property size (measured by number of bedrooms). Increases in rents are then applied in accordance with published guidance and the provisions of tenancy agreements.

However, the Welfare Reform and Work Act 2016 requires social housing providers (including the Association) to reduce rents by 1% per annum for four years from April 2016. This requirement does not apply to service charges.

**Affordable Rents**

Affordable rents are another form of low cost rental accommodation and differ from social rented properties.

Rents for properties developed under the Government’s Affordable Housing Programme are known as “affordable rents” and are set at a level up to 80% of market rents (inclusive of service charges). These rents are also affected by the reductions imposed by the Welfare Reform and Work Act 2016.

**Fair Rents**

The Association has a small number of longstanding secure tenants who are entitled to a Fair Rent registered by the Rent Officer. In these cases, the Association may not charge more than the registered Fair Rent.

**Notice of Changes in Rent**

The Association’s rents change on the first Monday in April each year and the Association provides at least four weeks’ notice of any changes.

**Service Charges**

Service charges are charges made to tenants to recover the costs of services provided to a property or block of flats. Some of the Association’s tenants have to pay service charges for services not included in their rent (for example, cleaning of common areas, grounds maintenance or warden call services). The range of services provided depends upon the nature of each particular property. Tenants will only be charged for services they are able to receive. The cost of these services will therefore, be apportioned accordingly to all tenants able to access the service with no provision for tenants to opt out of any service provision / charge. Any offers of accommodation will clearly identify charges attached to the property and the amounts involved.

The Association operates a system of variable service charges which bases charges on the actual costs of providing services. This involves estimating service charges for a period of one year and carrying any surplus or deficit forward into the following year.

**Provision of Information and Consultation on Service Charges**

The Association will provide each tenant with a breakdown of service charges showing how they have been calculated and will consult tenants over the standard of services provided and any proposals to vary services. Depending on particular circumstances, this may involve either written consultation or meetings with groups of residents affected.

The Association also recognises the need to consult tenants paying variable service charges under Section 20 of the Landlord and Tenant Act 1985 where it intends to:

* Enter into a long term agreement (a contract for a fixed term of more than 12 months where any one tenant must contribute more than £100); or
* Carry out qualifying works (where the cost of the works will exceed £250 for any one tenant).

 **Future Rent Setting.**

The Government announced in October 2018 their intention that from April 2020 social housing providers will be able to increase social rents by CPI plus 1%. The Associations rent and service charge policy will be reviewed January 2020 to take into account any changes.

**Roles and Responsibilities**

The Housing & Neighbourhood Services Manager is responsible for the effective implementation of this policy.

It is the responsibility of the Board to take appropriate decisions in relation to rent and service charge setting in accordance with recommendations, relevant guidance and legislative requirements from the Housing & Neighbourhood Services Manager and the Director.

Reports will be prepared for the Board with recommendations for annual charges to rents and service charges based on SBHA’s Rent and Service Charge Setting Policy.

**Date Approved: 3 December 2018**

**Date for Review: January 2020**