

RENT CHARGING POLICY

1.0 INTRODUCTION

ARK Housing Association (ARK) provides supported housing for tenants with learning disabilities and those without learning disabilities.

ARK, in charging rents, aims to comply with the requirements of Standard 13 (Value for Money) and Outcomes 14 & 15 (Rents and Service Charges) of the Scottish Social Housing Charter which state respectively:

- Tenants, owners and other customers receive services that provide continually improving value for rent and other charges they pay;
- 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, including any details of individual items of expenditure above thresholds agreed between landlords and tenants.

ARK's Rent Charging Policy will ensure that five main aims are met, as follows:

- To ensure that sufficient income is generated to cover the costs associated with developing, managing, maintaining, adapting and improving the stock at the same time as controlling costs and maximising value for money;
- To take account of what current and prospective tenants and other customers are likely to be able to afford;
- To consult tenants about setting rent charges;
- The system we apply will be fair, consistent and easy to understand and will reflect the size and other key criteria of properties;
- To ensure that standards of management and maintenance of the housing stock are of the highest order via effective, efficient, economic and equitable management of housing. Therefore, the system of collection will be efficient, rent arrears will be managed effectively and rent loss from empty homes will be minimised.

Within ARK's stock there are a small number of properties which are classed as exceptions and these are not covered within the rent charging mechanism of this policy. This is discussed in more detail in Section 3.

This policy applies solely to rent charges, as service charges are covered under the [HM03 Service Charges Policy](#).

2.0 RENT CHARGING COSTS

Following a rent restructure exercise in 2013 the rents for each property, with the exceptions of those listed in Section 2.1, are calculated in accordance with a model, the basis of which is as follows:

- A base rent for every property based on the lower weighted quartile average;
- The size of the property based on the square meterage of each property;
- The location of the property and the market rent value based on the figures set by the Scottish Government for the private rented sector;
- Whether the property is a shared property;
- Whether the property is a specialist build which requires a higher build specification i.e. for tenants on the autistic spectrum or tenants with dementia.

Each of the criteria is allocated a value, which is then totalled. This is the basis of the rent value/property. Details of the specific model are contained in **Appendix 1**.

The following property types were excluded from the rent restructuring exercise. A full list of the specific properties within each category is given in **Appendix 2**.

- **Leased Properties**
ARK leases a number of properties from third party landlords, the rents for which are determined by the terms of the lease.
- **Ark Services Ltd**
There are 63 properties owned by this wholly owned subsidiary, the rents for which were agreed with Aberdeen City Council in two separate agreements further details of which can be found in **Appendix 3**.
- **Properties purchased without external funding or subsidy**
At times, in order to address particular housing requirements within particular areas, ARK has purchased a property on the open market. Each of these properties had the rent set at the time of completing the business case and, as such, these properties have been excluded from the rent restructure model.
- **Registered Care Homes**
ARK currently has three registered care homes where a weekly rent is charged per property. This figure was calculated a number of years ago and is dependent on Local Authority funding as agreed with the Commissioning team. Because of restrictions on local authority funding it was agreed that these should be excluded.
- **Developments without any subsidy**
ARK has a development at Southhouse Broadway in Edinburgh. This was developed without any government subsidy and, as such, the rents were based on the financial model used to calculate development costs.

3.0 ANNUAL REVIEW OF RENT CHARGES

Rent charges will be reviewed annually. Any proposed increase will be considered by the Finance Sub-Committee, normally during the meeting in November, and, thereafter, tenants will be consulted prior to a final decision being made normally, January, each year. All tenants will receive a minimum of 28 days notice of any increase in the rent charge and the change will take effect from 1st April each year.

3.1 Exceptions

The following property types are excluded from the annual increase:

- Leased properties

ARK leases a number of properties from third party landlords. Any annual uplift is determined by the terms of the lease. The landlord should give ARK sufficient notice to allow us to apply the uplift and notify the tenant of any increase.

- Ark Services Ltd

The annual uplift on these properties is based on an agreement with Aberdeen City Council. There are agreements in place for properties at Balnagask and Provost Mitchell Circle. Once the agreements with Aberdeen City Council expire a new annual uplift mechanism may be agreed. Any proposed increase in rent in excess of these formulas shall be by mutual agreement. More details are contained in **Appendix 3**.

Ark Services tenants are given a minimum of 3 months notice of any proposed increase.

- ACIL Rentals

ACIL has 14 rooms for student accommodation. This is assessed annually based on the levels of occupancy.

4.0 IMPLEMENTATION AND REVIEW

4.1 The Head of Housing Services is responsible for ensuring that this policy is implemented.

4.2 The Head of Housing Services will ensure that this policy is reviewed at least every three years by the appropriate Sub-Committee.

Approved by the SLT:

January 2014

Approved by the Finance Sub-Committee:

November 2016

Review of policy due by:

November 2019

Complies with:

**SSHC Standard 13 &
Outcomes 14 & 15**

Model Input Assumptions					
Rent Assumptions			Rent Output Assumptions		
Months	12	Input Number of Rent Months	OUTCOME		
RENT			INCREASE :	Lower	Upper
Base Rent	250	Input Minimum Rent	DECREASE :	Lower	Upper
			£0 to £5	-	4.99
			£5 to £10	5.00	10.00
			£10 to £15	10.00	15.00
			£15 to £20	15.00	20.00
			£20 to £30	20.00	30.00
			£30+	30.00	200.00
Criteria and Scores					
Min Rent	250	LQWA			
Criteria	Base rent value				
Criteria 1 - Property Size		Input criteria name			
Criteria 2 - Property Type		Input criteria name			
Criteria 3 -NSC		Input criteria name			
Criteria 4 - Area		Input criteria name			
Criteria 5 - Special Build/Reconfiguration		Input criteria name			
Rent Convergence Inputs - Capped					
Capped Monthly Rent Increase	20.00				
No. of months	12.00				
Current Income	1,437,412.0				
Additional Increase (Next 5 Years)					
Annual Inflation					
Year	1	2	3	4	5
Inflation	3.2%	3.3%	2.0%	5.5%	5.5%
Cumulative	1.03	1.07	1.09	1.15	1.21
Criteria 1 - Property Size		Add Rent			
-	25	50.00	Input criteria and score		
25-30		10.00	Input criteria and score		
31-40		20.00	Input criteria and score		
41-50		30.00	Input criteria and score		
51-60		40.00	Input criteria and score		
61-70		50.00	Input criteria and score		
71-80		60.00	Input criteria and score		
81-90		70.00	Input criteria and score		
91-100		80.00			
101-110		90.00			
111-120		100.00			
121-130		110.00			
131-140		120.00			
141+		130.00	Input criteria and score		
Criteria 2 - Property Type		Add Rent			
Bedsit		15.00	Input criteria and score		
Flat		5.00	Input criteria and score		
Terraced House		15.00	Input criteria and score		
Semi Detached House		25.00	Input criteria and score		
Detached House		35.00	Input criteria and score		
Bungalow		35.00	Input criteria and score		
x			Input criteria and score		
x			Input criteria and score		
Criteria 3 -NSC		Add Rent			
NSC		50.00	Input criteria and score		
0		-	Input criteria and score		
Criteria 4 - Area		SCORE			
Low		-	Input criteria and score		
Medium		10.00	Input criteria and score		
High		15.00	Input criteria and score		
Criteria 5 - Special Build/Reconfiguration		SCORE			
PSB		50.00	Input criteria and score		
SB		100.00	Input criteria and score		
			Input criteria and score		

A) EXCEPTIONS – Leased Properties

Address 1	Address 2	Address	Address 4	Post Code
1 East Newgate	Arbroath			DD11 1BN
2 Marine Court	Hill Street	Arbroath		DD11 1BP
Flat 1	42 Broomhouse Avenue	Edinburgh		EH11 3SQ
Flat 3, Room 1	42 Broomhouse Avenue	Edinburgh		EH11 3SQ
Flat 3, Room 2	42 Broomhouse Avenue	Edinburgh		EH11 3SQ
Flat 4	42 Broomhouse Avenue	Edinburgh		EH11 3SQ
Flat 6	42 Broomhouse Avenue	Edinburgh		EH11 3SQ
Flat 2	42 Broomhouse Avenue	Edinburgh		EH11 3SQ
Room 1	54 Hawthornden Avenue	Bonnyrigg		EH19 2JR
Room 2	54 Hawthornden Avenue	Bonnyrigg		EH19 2JR
47 St Andrew Street	Dalkeith	Midlothian		EH22 1BH
Room 1	11 Fyne Brae	Dunfermlie	FIFE	KY11 8XG
Room 2	11 Fyne Brae	Dunfermlie	FIFE	KY11 8XG
8 Bell Court	Grangemouth	Falkirk		FK3 9BG
7A Stonefield Place	Hawick	BORDERS		TD9 0EY
7B Stonefield Place	Hawick	BORDERS		TD9 0EY
7C Stonefield Place	Hawick	BORDERS		TD9 0EY
7D Stonefield Place	Hawick	BORDERS		TD9 0EY
7E Stonefield Place	Hawick	BORDERS		TD9 0EY
7F Stonefield Place	Hawick	BORDERS		TD9 0EY
7G Stonefield Place	Hawick	BORDERS		TD9 0EY
7H Stonefield Place	Hawick	Borders		TD9 0EY
7K Stonefield Place	Hawick	BORDERS		TD9 0EY
7M Stonefield Place	Hawick	BORDERS		TD9 0EY
7N Stonefield Place	Hawick	BORDERS		TD9 0EY
Flat 1	George Court	2A George	Loanhead	EH20 9DJ
Flat 2	George Court	2A George	Loanhead	EH20 9DJ
Room 1, Flat 3	George Court	2A George	Loanhead	EH20 9DJ
Room 2, Flat 3	George Court	2A George	Loanhead	EH20 9DJ
Flat 4	George Court	2A George	Loanhead	EH20 9DJ
Flat 5	George Court	2A George	Loanhead	EH20 9DJ
Flat 7	George Court	2A George	Loanhead	EH20 9DJ
Room 1, Flat 8	George Court	2A George	Loanhead	EH20 9DJ
Room 2, Flat 8	George Court	2A George	Loanhead	EH20 9DJ
12 Kiln Ridge	Stornoway			HS1 2TY
37A Newmarket	Newmarket	Stornoway	Isle of Lewis	HS2 0DT
11 Parkend	Stornoway	Western Isles		HS2 0AS
23 Seaforth Road	Stornoway			HS1 2SD
87 Seaforth Road	Stornoway			HS1 2SD
2-24 Wharton Square	Edinburgh			EH3 9FG
2-30 Wharton Square	Edinburgh			EH3 9FG
2-32 Wharton Square	Edinburgh			EH3 9FG
2-33 Wharton Square	Edinburgh			EH3 9FG
2-34 Wharton Square	Edinburgh			EH3 9FG
2-35 Wharton Square	Edinburgh			EH3 9FG
Room 1	2-36 Wharton Square	Edinburgh		EH3 9FG
Room 2	2-36 Wharton Square	Edinburgh		EH3 9FG
2-37 Wharton Square	Edinburgh			EH3 9FG
2-38 Wharton Square	Edinburgh			EH3 9FG
2-39 Wharton Square	Edinburgh			EH3 9FG
3-13 Wharton Square	Edinburgh			EH3 9FG

• **Ark Services Ltd**

1 Balnagask Court	Balnagask Circle	Aberdeen	AB11 8TZ
2 Balnagask Court	Balnagask Circle	Aberdeen	AB11 8TZ
3 Balnagask Court	Balnagask Circle	Aberdeen	AB11 8TZ
4 Balnagask Court	Balnagask Circle	Aberdeen	AB11 8TZ
5 Balnagask Court	Balnagask Circle	Aberdeen	AB11 8TZ
6 Balnagask Court	Balnagask Circle	Aberdeen	AB11 8TZ
7 Balnagask Court	Balnagask Circle	Aberdeen	AB11 8TZ
8 Balnagask Court	Balnagask Circle	Aberdeen	AB11 8TZ
9 Balnagask Court	Balnagask Circle	Aberdeen	AB11 8TZ
10 Balnagask Court	Balnagask Circle	Aberdeen	AB11 8TZ
11 Balnagask Court	Balnagask Circle	Aberdeen	AB11 8TZ
12 Balnagask Court	Balnagask Circle	Aberdeen	AB11 8TZ
14 Balnagask Court	Balnagask Circle	Aberdeen	AB11 8TZ
15 Balnagask Court	Balnagask Circle	Aberdeen	AB11 8TZ
16 Balnagask Court	Balnagask Circle	Torry	AB11 8TZ
17 Balnagask Court	Balnagask Circle	Torry	AB11 8TZ
18 Balnagask Court	Balnagask Circle	Torry	AB11 8TZ
Flat 1, Greenfern Lodge	Springhill Road	Aberdeen	AB16 6SA
Flat 2, Greenfern Lodge	Springhill Road	Aberdeen	AB16 6SA
Flat 3, Greenfern Lodge	Springhill Road	Aberdeen	AB16 6SA
Flat 4, Greenfern Lodge	Springhill Road	Aberdeen	AB16 6SA
Office, Greenfern Lodge	Springhill Road	Aberdeen	AB16 6SA
Room 1	1 Provost Mitchell Circle	Bridge of Don	AB23 8AP
Room 2	1 Provost Mitchell Circle	Bridge of Don	AB23 8AP
2 Provost Mitchell Circle	Bridge of Don	Aberdeen	AB23 8AP
3 Provost Mitchell Circle	Bridge of Don	Aberdeen	AB23 8AP
4 Provost Mitchell Circle	Bridge of Don	Aberdeen	AB23 8AP
5 Provost Mitchell Circle	Bridge of Don	Aberdeen	AB23 8AP
6 Provost Mitchell Circle	Bridge of Don	Aberdeen	AB23 8AP
Room 1	7 Provost Mitchell Circle	Bridge of Don	AB23 8AP
Room 2	7 Provost Mitchell Circle	Bridge of Don	AB23 8AP
8 Provost Mitchell Circle	Bridge of Don	Aberdeen	AB23 8AP
9 Provost Mitchell Circle	Bridge of Don	Aberdeen	AB23 8AP
10 Provost Mitchell Circle	Bridge of Don	Aberdeen	AB23 8AP
11 Provost Mitchell Circle	Bridge of Don	Aberdeen	AB23 8AP
12 Provost Mitchell Circle	Bridge of Don	Aberdeen	AB23 8AP
14 Provost Mitchell Circle	Bridge of Don	Aberdeen	AB23 8AP
15 Provost Mitchell Circle	Bridge of Don	Aberdeen	AB23 8AP
16 Provost Mitchell Circle	Bridge of Don	Aberdeen	AB23 8AP
17 Provost Mitchell Circle	Bridge of Don	Aberdeen	AB23 8AP
Room 1	18 Provost Mitchell Circle	Bridge of Don	AB23 8AP
Room 2	18 Provost Mitchell Circle	Bridge of Don	AB23 8AP
Room 1	19 Provost Mitchell Circle	Bridge of Don	AB23 8AP

Room 2	19 Provost Mitchell Circle	Bridge of Don	AB23 8AP
20 Provost Mitchell Circle	Bridge of Don	Aberdeen	AB23 8AP
Room 1	21 Provost Mitchell Circle	Bridge of Don	AB23 8AP
Room 2	21 Provost Mitchell Circle	Bridge of Don	AB23 8AP
Room 1	22 Provost Mitchell Circle	Bridge of Don	AB23 8AP
Room 2	22 Provost Mitchell Circle	Bridge of Don	AB23 8AP
82, School Drive	Aberdeen		AB24 1TA
84A School Drive	Aberdeen		AB24 1TA
84B School Drive	Aberdeen		AB24 1TA
86A, School Drive	Aberdeen		AB24 1TA
Room 1	86B School Drive	Aberdeen	AB24 1TA
Room 2	86B School Drive	Aberdeen	AB24 1TA
86C, School Drive	Aberdeen		AB24 1TA
86D, School Drive	Aberdeen		AB24 1TA
86E School Drive	Aberdeen		AB24 1TA
88A School Drive	Aberdeen		AB24 1TA
88B School Drive	Aberdeen		AB24 1TA
88C School Drive	Aberdeen		AB24 1TA
88D School Drive	Aberdeen		AB24 1TA
88E School Drive	Aberdeen		AB24 1TA

- **Properties purchased without external funding or subsidy**

45 Bowhill View	Cardenden	Fife	KY5 0NP
47 Bowhill View	Cardenden	Fife	KY5 0NP
4 Marine Court	Hill Road	Arbroath	DD11 1BP
14 Rowan Grove	Dunfermline		KY11 8QX

- **Registered Care Homes**

Room 1, 1, Bedford Court	Alloa	Clacks	FK10 1LJ
Room 2, 1, Bedford Court	Alloa	Clacks	FK10 1LJ
Room 3, 1, Bedford Court	Alloa	Clacks	FK10 1LJ
Room 4, 1, Bedford Court	Alloa	Clacks	FK10 1LJ
Room 6, 1, Bedford Court	Alloa	Clacks	FK10 1LJ
Room 8, 1, Bedford Court	Alloa	Clacks	FK10 1LJ
Room 9, 1, Bedford Court	Alloa	Clacks	FK10 1LJ
Room 10, 1, Bedford Court	Alloa	Clacks	FK10 1LJ
Room 8, 49, Roxburgh Street	Grangemouth		FK3 9AL
Room 1, 49, Roxburgh Street	Grangemouth		FK3 9AL
Room 2, 49, Roxburgh Street	Grangemouth		FK3 9AL
Room 3, 49, Roxburgh Street	Grangemouth		FK3 9AL
Room 4, 49, Roxburgh Street	Grangemouth		FK3 9AL
Room 5, 49, Roxburgh Street	Grangemouth		FK3 9AL
Room 6, 49, Roxburgh Street	Grangemouth		FK3 9AL
Room 7, 49, Roxburgh Street	Grangemouth		FK3 9AL
Room 9, 49, Roxburgh Street	Grangemouth		FK3 9AL
Room 10, 49, Roxburgh Street	Grangemouth		FK3 9AL
Room 1, 51, Fairies Road	Perth		PH1 1LZ

Room 2, 51, Fairies Road	Perth		PH1 1LZ
Room 3, 51, Fairies Road	Perth		PH1 1LZ
Room 4, 51, Fairies Road	Perth		PH1 1LZ
Room 5, 51, Fairies Road	Perth		PH1 1LZ
Room 6, 51, Fairies Road	Perth		PH1 1LZ
Room 8, 51, Fairies Road	Perth		PH1 1LZ
Room 9, 51, Fairies Road	Perth		PH1 1LZ
Room 10, 51, Fairies Road	Perth		PH1 1LZ

- **New developments without subsidy**

Room 1	24A Southhouse Broadway	Edinburgh	EH17 8HG
Room 2	24A Southhouse Broadway	Edinburgh	EH17 8HG
Room 1	24B Southhouse Broadway	Edinburgh	EH17 8HG
Room 2	24B Southhouse Broadway	Edinburgh	EH17 8HG

- **ACIL Properties**

Rooms 1 -14	2 West Adam Street	Edinburgh	EH8 9SR
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ARK SERVICES AGREEMENTS WITH ABERDEEN CITY COUNCIL

The agreement states that an average RPI over the preceding 12 months of October – November + 1% will be applied for 10 years from practical completion and then an average RPI over the preceding 12 months of October – November.

BALNAGASK

Length of agreement - 15 years (10 years & 5 years), commencing on the date occurring 14 days after the date of the Practical Completion Certificate for the completion of the development of Property.

Date of Practical Completion: 03/03/2004

Date from which only RPI will be applied 1/4/2015

DUBFORD

Length of agreement – 18 years (10 years & 8 years), commencing on the date occurring 14 days after the date of the Practical Completion Certificate for the completion of the development of Property

Date of Practical Completion: 21/07/2004

Date from which only RPI will be applied 1/4/2015

For 5 years and 8 years respectively thereafter. As from 1st April 2015 only the average RPI will be applied.