

## **Rent Setting Policy**

### **Introduction**

Chippenham Housing Co-op was set up to provide affordable housing to people on low incomes whilst covering all financial obligations and making provision for possible future events. With this in mind it is necessary for the Co-op to have a Rent Setting Policy to review rents on existing properties and to calculate rents for any new properties.

### **Principles of Rent Setting Policy.**

1. The Rent Setting Policy is published and available to any member, tenant, or prospective member, any local or national organisation or any organisation with which the Co-op is affiliated, or any member of the public; upon request, with a stamped addressed envelope.
- 2 All members/tenants will be consulted about any rent increase/decrease which may affect them and will be kept informed about how rental income *is* spent..
3. It is the duty of the Co-op to maximize rental income whilst taking into account the ability to pay of the tenants whom it serves. It is therefore imperative that the rents be set at a level that is affordable for people on low incomes It is also the policy of the Co-op to maintain parity in rents for flats with similar size and facilities whether Assured or Secure tenancies (fair rented or non fair rented).
4. According to Housing Corporation law, it is the responsibility of the Co-operative to review rent every 2 years.

### **Rent Setting**

The level of rent is determined by the level of the following expenditure:

1. Mortgage and loan repayments
2. Insurance cost
3. Office and administration costs (including auditing)
4. Annual repair and maintenance expenditure
5. Provision for cyclical maintenance
6. Provision for major works
7. Social expenses (e.g. Co-op events, creche, garden, tenants welfare)
8. Services (lighting of communal area)
9. Provision for bad debts or voids
10. Provision for taxation
11. Management Costs

5. At the Management Committee Meeting the Treasurer will present the proposed rents to the meeting. Members/Tenants will discuss the proposed rents. After hearing all opinions the Management Committee will vote to accept or reject the proposed rents.

6 If approved by the Management Committee the accepted rents will be notified to the Fair Rent Tribunal for their approval and registration.

7. If the Management Committee cannot approve the new proposed rents, either because it feels that the new rents would not be affordable or would not bring in sufficient income, then it will instruct the Finance Committee to re-convene and to either make budget alterations to make the rents affordable or to ensure that the increase/decrease covers costs. Procedures 3, 4, 5 and 6 will then be repeated.

8. When approved the Co-op will give all tenants 4 weeks notice of any changes in rent.

9. Any tenant who disagrees with the review at this point should then follow the complaints procedure. In addition, any tenant who is "Fair Rented" has the right of appeal to the Fair Rent Tribunal.

### **New Tenants in Existing Properties**

The policy of the Co-op is to maintain parity in rents for flats **with** similar size and facilities and to keep them affordable. If a new tenant moves in more than one year before rent is to be reviewed then they should pay the existing rent but will be warned when the next rent review is to take place. If they move in less than one year before the rent review then they will pay the estimated next rent, as advised by the Finance Committee. **if** this proves to be incorrect then the discrepancy will be adjusted at the following rent review.

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