



Rent Setting Procedures

KARIN HOUSING ASSOCIATION LIMITED

Rent Setting Procedures

1. Karin HA will review its rents every year and adjustments will take place on the first Monday in April.
2. Karin is committed to ensuring that its rents are affordable and are comparable with similar properties in the area. However, Karin recognises that it developed all its properties post-1988 and therefore it does not have the advantages of properties developed with a high level of grant.
3. Until 2002 Karin, in common with other housing associations used its own policies and methods for setting rents. This often resulted in quite different rents for similar homes in the same area. The Government introduced a new rent regime so that 2012, all comparable properties in an area will have similar rents regardless of landlord. This policy will apply to all assured tenancies except market rent properties let on assured tenancies or shortlife properties let on assured shorthold tenancies.
4. The new rent system is based on property values (as at January 1999) and average earnings index (in the case of Greater London £354.10) and the number of bedrooms.
5. Associations have until 2012 to ensure that all rents converge with those produced by the rent restructuring formula in 4 above.
6. To avoid excessive individual rent increases or decreases, no annual increase or decrease will be above the retail price index published by the Government (RPI) plus or minus £2 per week.
7. It is our policy each year to increase rents or freeze them to reach target rents as soon as possible.
8. In addition there are national caps on rents for certain properties.
9. New people beginning tenancies will commence with a target rent for the individual property.
10. In addition to rent, tenants will pay a service charge which is based on the estimated cost of services to be provided in the financial year. The estimate will be based on the cost in the previous year (January to December) and an allowance will be made for any surplus on the service charge account. Conversely, services charges will go up proportionately

if the cost of service exceed the service charge payable in the previous year.

Procedures

11. In January of each year, the Director will prepare a schedule of rents for the year commencing April and compare them to target rents demonstrating convergence by 2012. These rents will be approved by the Management Board at its budget meeting in February. Statutory notices of increase will then be served on the tenants giving the required four week notice and all Housing Benefit departments will be informed of the new rent.
12. Tenants may use the complaints procedure to appeal against rent increase or alternatively refer the new rent to the Rent Assessment Committee or the new service charge to the Leasehold Valuation Tribunal (if applicable).

Rents for shortlife properties

13. Rents for shortlife properties will be based on a budget for shortlife properties. There will be a higher allowance for voids and bad debts as is common for houses of multiple occupation. The rent will be based on:
 - a) Lease charges
 - b) Council tax
 - c) Water rates
 - d) Management costs
 - e) Maintenance costs (there will be no cyclical costs)
 - f) Lighting and heating (if communally provided)
 - g) Furniture (if provided)
 - h) Any other services which are provided
14. Appropriate apportionment between rent and services will be made for the purposes of Housing Benefit claims.

Person Responsible for the review of this policy:
Date of this review:
Date Board approved:
Date next review is due:

Ibrahim Mohamoud
21st October 2008
21st October 2008
21st October 2011