

EastendHomes

RENT & SERVICE CHARGES POLICY

1 Key Objectives

EastendHomes (EEH) key policy objectives are to: -

- operate a rent and service charge policy that meets Government policy guidelines and which ensures that EEH rents are affordable to tenants;
- operate an equitable, open and transparent rent and service charge accounting policy;

2 Key Policy Standards

2.1 Government Policy

The underlying principles for implementation of the Guide to Social Rents Reforms, published by the Government are:

- individual property target rents;
- rents to reflect the size, condition and location of properties, and local earnings;
- complete the restructuring of rents by 2012;
- at the end of 2012, rents on individual properties to be within a band of up to 5% higher or lower than the target rent;
- registered social landlords to have discretion over the pace and timing of restructuring and to change individual rents by no more than £2 per week, in addition to the guideline limit, in any year, based on a 52-week collection year.

2.1.2 The current guideline limit for rent increases is 0.5% a year in real terms from 2002/2003 onwards. The guideline limit will continue to apply to increases in housing benefit eligible service charges, as well as rent.

2.1.3 In establishing the guideline limit for increases, RSL's should use the inflation figure including mortgage payments, commonly known as 'all items inflation' or RPI, for the September before the year of assessment.

2.1.4 Over the 10 year implementation period that ends in 2011/12, target rents will increase by RPI + 0.5% a year. Changes in actual rents charged to individuals during that period are limited to £2 per week in addition to the guidelines limit for increases, i.e. RPI + 0.5% plus or minus £2.

2.2 Rent Plan

2.2.1 Key principles

- EEH will comply with the rent restructuring framework, irrespective of size or of whether rents will need to increase or decrease to achieve compliance,
- EEH will produce an annual rent plan which demonstrates how it proposes to manage the transition over the remainder of the 10 year implementation period,
- A key factor in the Plan will be the assessment of the impact of rent restructuring on EEH's finances. EEH would not be able to comply with the new rent framework if it resulted in the Business Plan becoming unviable.

2.2.2 Formula

EEH will apply the following Housing Corporation formula for calculating target rents:

- The Housing Corporation published figures to be used for the earnings element of the rent formula and the bedroom weightings.
- To achieve a consistent and fair pattern of social rents, a common valuation base and method will be adopted. The Government has determined that January 1999 should be used as the property valuation base for calculating restructured rents and that valuation methods should be the same for Local Authorities and RSL's.
- An Existing Use Valuation (EUV) will therefore be adopted, assuming vacant possession and continued residential use.
- Although it accounts for only a small element of the rent calculation, it is important that the valuations reflect differences in size, condition and location of properties. No figure has been specified by the Housing Corporation or the Government for how many individual valuations an RSL will need to cover its entire stock. Much depends on the variety within their stock and its geographical coverage. However, a valuation of 2-5% of the stock has been suggested.
- the services of an independent valuer will be used to produce the minimum sample of valuations consistent with the principles and formula above.
- Individual rents that above the current target rent will be increased by inflation plus ½% plus a proportion of the

shortfall, up to a maximum of £2 per week, until the target is reached

- Rents at or above the current target rent will have an annual increase or decrease set at a level so that the projected target rent is reached by 2012
- Transferring tenants and new tenants will be treated identically.

2.3 Service Charges for Tenants

EEH will charge tenants for additional services such as block cleaning, estate cleaning, heating, hot water and horticulture. based on the actual costs of providing these services and to include administrative costs.

2.4 Service Charges for Leaseholders

EEH will charge Leaseholders for additional services such as

- Block maintenance and cleaning
- Door entry systems maintenance
- Estate maintenance and cleaning
- Communal energy
- Communal boiler fuel and maintenance
- Horticulture maintenance
- Lift maintenance
- Refuse containers
- TV aerials

In addition a charge will be made for housing management costs and administration.

2.5 Charges to leaseholders in respect of major works and improvements

A separate policy will be adopted in relation to the recovery of the costs of major works and improvements to leaseholders.

2.6 Housing Benefit

Housing Benefit, subject to individual tenant's agreement, will be paid directly into the tenant's rent account.

2.7 Payment methods

Rents will be payable on a 52 week year. The following payment methods are currently available:

- At a Post Office
- At Tower Hamlets LBC cash offices
- By post (cheque payment)
- By direct debit
- By debit and credit cards

3. Key Targets and Performance Indicators

Compliance with Housing Corporation Regulatory Code

Present Housing Corporation Performance Indicators on rents

Rate of convergence for rent restructuring

Benchmarking information from comparator organisations

Business Plan performance on rental stream income

Consultation responses on rent levels from tenants and tenant groups and Tower Hamlets LBC.

4. Monitoring, Review and Consultation process

The Board will receive regular reports on rent performance and rental policy (see also Rent Payment and Arrears Recovery Policy Statement)

Annual budget rent review and rent setting

The reports on rent levels required by the Housing Corporation

Review and monitoring arrangements with the Council agreed at transfer

Tenant consultation

5. Service Development and Continuous Improvement

To be reviewed