

Community Housing Cymru

What did we mean when we talked about local rent setting ?

- **Transparent & accountable** – Board sets local plan, stress tested, inv tenants, annual reporting by WG & assurance via regulation
- **Sustainable** – longer term policy (at discretion of HA) to support business plan & social goals
- **Fair** – free to adjust rents to respond to local market conditions and need
- **Affordable** - models used in determination of rents

What do we know about the future of rent setting?

- Rent policy stays - 5 year settlement (tbc)
- Refinements to the model
- Annual assessment of affordability, cost efficiencies and VFM
- Better and more meaningful engagement with tenants
- Interest in other approaches – e.g living rents
- Continued monitoring of the regime and consideration of the case for changes.
- Clarification and illustration of the flex within the current policy
- Possible link to regulation

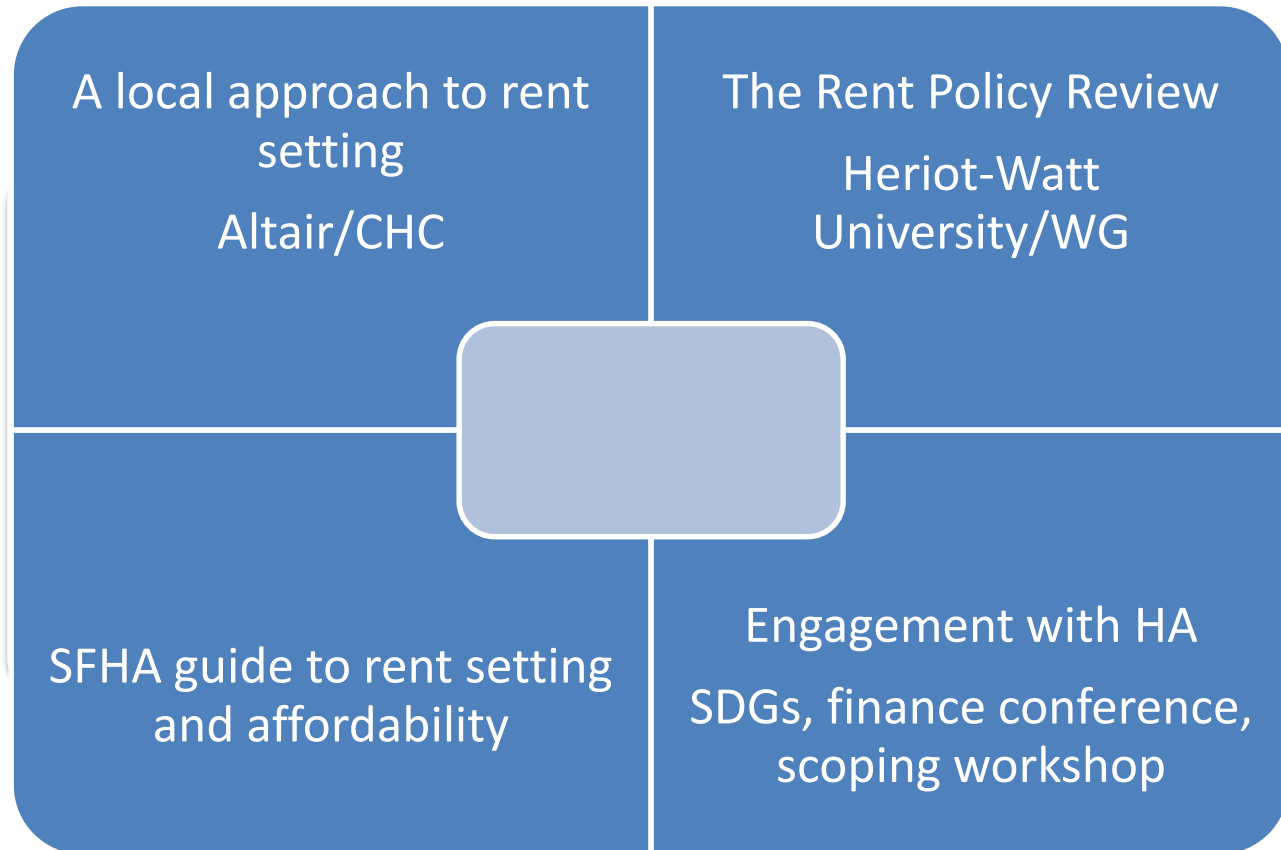
What next?

- Commitment to local rent setting within the current framework

- Support package and joint work to make this a reality

- VFM, perceptions, trust and political positioning

Not a blank sheet of paper



Our objectives

Housing Associations can:

- access tools to support them to understand housing related costs for their tenants;
- access support to assist them to make decisions with tenants & others;
- use this information to make decisions about rent levels and publish a local rent policy.

Affordability – some views from tenants

“It is not very easy to afford as I’m not working. When I am back in work it should be easier”

“I think they (the rents) are alright as long as the wages are alright. It depends what your job is”

“The Bedroom Tax. I want to mention it. It’s awful...I have to pay an extra £20”

“If you lived on one wage...a single person would struggle. Everything is going up .Council Tax, Water, Gas, Electric, food...all the major bills”

What should you consider when charging rent? Views from tenants

- Property size most important
- New vs old
- Affordability
- Mixed views on whether more energy efficient properties should have higher rents
- Location – no consensus
- Setting in line with private sector or other social landlords not important.

HAs think – it's not just about rent

Costs within our control:

Service Charges

Rent

Energy efficiency of the home (part)

Costs outside of our control:

Council tax

Living expenses – food and fuel /travel

Care (childcare or social care costs)

Affordability - models

Rent Review Assessment	<ul style="list-style-type: none">• Rent: income• Residual income levels• Income required to escape HB dependency• Net income after housing costs
JRF Living Rent	<ul style="list-style-type: none">• Not more than 28% of net income spent on housing costs and up to 33% on service charges
JRF Minimum Income Standard	Calculates whether a HH income is enough to maintain a minimum income standard.
SFHA moderate incomes approach	<ul style="list-style-type: none">• Takes into account household type and variations in local incomes• Does not rely on landlords having detailed information about tenants



What is it for?

- Clarity and transparency
- Support choice – size, location, access to jobs/schools
- Objectivity to support the decision making process
- Support a sustainable business plan
- Create sustainable communities
- An articulation of the organisations values

Who is a local policy for?

Tenants – current and future

The association

The regulator

Lenders/Valuers

Politicians (local and national)

How long for?

Not a one off exercise

At least 3 – 5 years

Link the time period to the new grant programme cycle

Need to take account of convergence arrangements for some HAs

How should we make the decision?

- Making decisions and/or shaping strategic principles that guide the decision making
- Surveys and focus groups
- Developing the policy framework
- Triangulation of data and insight
- Developing and testing the policy against the values of the organisation
- Business planning and stress testing

Who is involved in making the decision?

The Board

Tenants

Staff

Policy makers

Local Authorities

Other housing
associations in the
area

Lenders

How can this work support VFM?

- Tenant engagement and challenge
- Transparency over costs and investment decisions
- Making sure that the tenant's view of what constitutes value is factored in to decision making
- Evidencing affordability acts as a way of debating value for money
- Opportunity for organisational reflection

What do HAs need to do to make this a reality by 2021?

- Tenant engagement
- Update policies and data
- Revisit the values of the organisation and think about how they should be applied to the approach to rent setting
- Consider how the association will make information and decisions transparent throughout the process not just at the end

How can CHC help?

- Affordability tool
- Help fill data gaps
- Key data sets to be made available in one place
- Share good practice around engagement and methodologies
- Continue to highlight the work that HAs are doing
- Consider VFM support and guidance

Next steps

Affordability

Co-
production

Policy and
compliance

VFM

Questions for discussion

- How do we support our Board's to engage with this approach in their decision making?
- What are the compliance issues we need to consider?

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Diolch
Thanks

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