

# 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

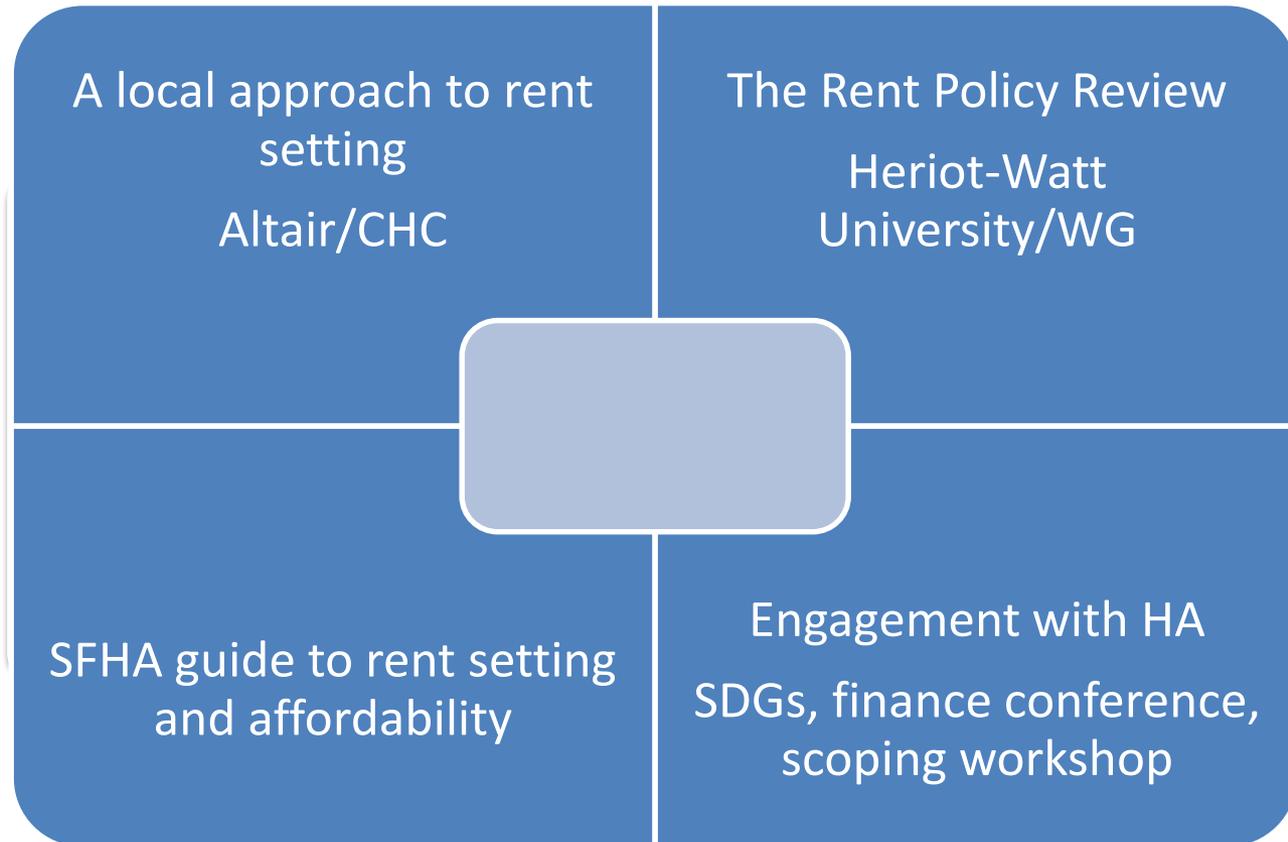
# What next?

- 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 n whether more energy eff 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"><li>• Rent: income</li><li>• Residual income levels</li><li>• Income required to escape HB dependency</li><li>• Net income after housing costs</li></ul>
JRF Living Rent	<ul style="list-style-type: none"><li>• Not more than 28% of net income spent on housing costs and up to 33% on service charges</li></ul>
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"><li>• Takes into account household type and variations in local incomes</li><li>• Does not rely on landlords having detailed information about tenants</li></ul>



# 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

Policy makers

Tenants

Local Authorities

Staff

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?

**Cartrefi Cymunedol Cymru**  
**Community Housing Cymru**



**Diolch**  
**Thanks**

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