



Mid-Market Rent (MMR) Rent Increase Policy

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1. Aims and Objectives

This policy provides guidance on how NGPS will apply an annual rent increase for Mid-Market Rent (MMR) properties.

NGPS will be open and transparent when proposing an annual rent increase.

NGPS aim will be to set rents in reference to the Local Housing Allowance and to always have MMR rents that are lower than private rents.

2. Contractual and Regulatory Context

Any rent increase will be in line with Scottish Government guidance. This includes only one increase can be applied within a 12 month period.

Typically, this requirement will be linked to the Local Housing Allowance rates (LHA). This may also set requirements on how future rent increases are to be applied.

From a Regulatory perspective, MMR must meet all costs and ensure that there is no ongoing subsidy from the charitable parent. The capital funding of this building or acquisition of property for MMR is a matter for the charitable parent (ng homes), The MMR unit is expected to meet all revenue costs and provide a return to the parent at the rate originally agreed.

3. Local Housing Allowance (LHA) and Local Market Rates

The LHA will be the base reference point with all MMR rents. Glasgow City Council's definition of the LHA:

"Is the method of working out the maximum housing benefit entitlement a private tenant can receive"

While the LHA will provide a key reference point and "ceiling" for MMR, the rent increase

policy must also take cognisance of the local private rented market.

4. Local Private Rented Market

The local private rented market will be an important comparator and influence in MMR rent increase. NGPS staff will be expected to regularly monitor local private rents on a neighbourhood basis to ensure that MMR is appropriate to local circumstances.

Consequently, although LHA will be a universal base reference point, MMR rent levels will vary depending on local market conditions.

5. Property Characteristics

In addition to the reference to LHA and neighbourhood market rents, the individual property characteristics will be a factor in increasing rent levels. This will be less prescriptive in comparison to social housing rent settings but will be expected to influence the process. Key characteristics that may influence rent levels will include

- (i) Property size: The number of bedrooms/bed spaces will be reflected in the rent level. (This follows the recognised criteria used in the LHA).
- (ii) Amenity space: Common gardens, lifts, etc may be factored into rent levels.
- (iii) Energy Efficiency and Heating Costs: Properties with high insulation standards, and / or efficient central heating may attract higher rent levels.
- (iv) Property Type: traditional, new build, mini multi tenement.
- (v) Condition of Property: New kitchen with Integrated white goods

6. Mid-Market Rent / Social Rent Setting

As the title suggests, MMR, assumes there is a recognisable 'mid' point between social rented rent levels and private rent levels. Although the 'mid' point is not used with any great exactitude, it assumes there is a general space in the pricing between social and private provision. In some neighbourhoods this may not be the case, and the gap between social rent levels and MMR may be narrow. In this case any provision by NGPS is more akin to the price of 'private' rented accommodation, and NGPS is competing with the private rented sector on quality, management and maintenance standards.

Commercial flexibility is required at an operational level to allow staff to make a judgement

on whether to increase or decrease the rent for specific properties based on the attributable property characteristics. This will ensure that each property is pitched at the correct market level to reduce property turnaround times and ensure sustainability of tenancies. This is an important feature of rent setting with NGPS as a “commercial” subsidiary, as distinct from rent setting within regulated social housing. The MMR Rent Policy gives delegated authority to the Factoring & Manager to reduce rents by up to 5%. The Depute CEO approves all adjustments to property rents before marketing commences.

7. The Role of the NGPS Board in Rent Setting

The NGPS Board will not be involved in individual property rent setting. This will be the operational responsibility of staff. However, the NGPS Board will be expected to review rent levels, at least annually, to ensure these are meeting contractual and regulatory obligations, and following the aspirations set out above in relation to setting a balance between local neighbourhood markets and Local Housing Allowance rates. Staff will therefore be expected to present the NGPS Board with an annual review of rents and this should include references to local market assessments as well as indicators of demand.

The NGPS Board will also be required to set any considerations on rent setting within the wider financial governance responsibilities in budget setting and monitoring and in reviewing the Business Plan.

8. Annual Rent Increase

As part of the annual budget setting process, the NGPS Board will be required to set an annual rent increase for MMR stock. This process is separate and distinct from the rent increase process considered by ng homes for its social housing stock.

As per the PRT a 3 month notice of a rent increase is required to be issued to each tenant.

Rent can only be increased once in a twelve month period.

For further information please refer to - www.mygov.scot/landlord-increases-rent

9. Overview

Rent setting for MMR will be guided by references to LHA and informed by analysis of neighbourhood private rented markets.

The NGPS Board will annually review rent levels on a neighbourhood basis.

The NGPS Board will annually set a rent increase linked to the annual budget setting process.

10.UK General Data Protection Regulation 2021

The ng group will treat your personal data in line with our obligations under the UK General Data Protection Regulation 2021 (UK GDPR) and our own Data Protection Policy. Information regarding how your data will be used and the basis for processing your data is provided in our Fair Processing Notice.

11.Equality Impact Assessment

This policy is equally applicable to all and has no detrimental impact on protected characteristic groups as specified within the Equality Act 2010.

12.Other Related Strategies, Policies and Procedures

- MMR Policy
- MMR Complaints Policy
- MMR Rent Increase Policy

13.Review

Board will review the Policy in three years unless legislation or good practice guidelines require review at an earlier date.