

1. Introduction and scope

- 1.1. This Policy provides details of Elim's approach to the setting of rent and service charges. It applies to all properties owned and managed by Elim Housing Association but does not apply to properties owned or managed by Elim's subsidiary, Lime Property Ventures. Note that where Elim is not the owner of a property, individual arrangements may apply.
- 1.2. Where not governed by legislation or regulation, the approach to rent and service charge setting may change, and this will be reflected in subsequent reviews of this document.
- 1.3. Elim's vision is to *"Address housing need and deliver places for people to call home."* Rent is the main source of income that enables us to pursue this vision. In setting rents and service charges we will always consider the following factors:
 - Legislative and regulatory requirements
 - Affordability for current and future residents
 - Elim's financial requirements

2. Legislation and regulation

- 2.1. As a registered provider of social housing, Homes England (formerly the Homes and Communities Agency) is Elim's government regulator and Elim adhere to their regulatory standards. Relevant regulation and legislation includes, but is not restricted to:
 - Housing and Regeneration Act 2008 (S194 (2A))
 - Social Housing Rents (Exceptions and Miscellaneous Provisions) Regulations 2016
 - Policy Statement on Rents for Social Housing, February 2019
 - Direction on the Rent Standard, 2019
- 2.2. As we have fewer than 100 units of social housing in Wales, we are not subject to the Welsh government's Policy for Social Housing Rents.
- 2.3. The legislation detailed above provides direction on various matters relevant to our rent and service charge setting, including but not restricted to:
 - Calculation of Formula Rent
 - Exemptions from the Rent Standard
 - Rent caps
 - Changes to rents (including annual increases and decreases)
 - Service charges
- 2.4. It should be noted that from time to time, temporary regulatory or legislative changes are implemented that override our policy approach to the setting of rent and service charges, e.g. The Welfare Reform Act 2016. In such cases, the regulation will be reflected in reviews of this document subsequent to the regulatory or legislative change.

3. Responsibility

- 3.1. Overall responsibility for the maintenance and application of this Policy will sit with the Group Finance Director.

4. Service Charge setting

- 4.1. Service charges are collected in addition to rent or ground rent to recover the costs incurred in providing services to a property or estate. Service charges are set with the intention of covering costs, not delivering surplus.
- 4.2. Elim charges fixed service charges to tenants and licensees. This means that the charges are fixed according to our actual and estimated costs and Elim retains any surplus and bears any loss of fixed service charges.
- 4.3. For leaseholders and shared owners Elim operates a variable service charge. Variable service charges are based on actual costs. Any surpluses or deficits will be credited or invoiced to the leaseholder at the conclusion of the financial year.
- 4.4. In estimating costs to set service charges, Elim will typically consider a variety of factors:
 - The cost of the service over the 12-month period covered by Elim's most recent externally audited accounts, increased by the RPI figure of the September preceding the application of the service charge.
 - For new services, any quotes, estimates or fixed contract prices for the service to be received over the coming year
- 4.5. Some service charges have specific methodologies for calculation. Appendix II contains further information.
- 4.6. Where Elim considers introducing a new service charge, it will first consult with residents of the properties affected. Following the consultation process Elim will inform all affected residents in writing of the outcome, including the details of the amount of the charge and the commencement date if it has been decided that the charge will be levied.
- 4.7. In general service charges will be reviewed annually and tenants will be given at least one month's notice prior to the implementation of any changes to service charges. These changes will usually become effective on the first Monday of April in any given year.

5. Housing Benefit

- 5.1. Some residents will receive Housing Benefit (HB) or the housing component of Universal Credit (UC) to help with the cost of their rent or service charge. Elim are not involved in determining the housing benefit or UC award for individual residents. Though we do endeavour to provide the relevant DWP office with the information they require to determine the correct award, it is the resident's responsibility to ensure that any changes in rent or service charge are reflected in their benefit award.
- 5.2. Some service charges are considered eligible for HB/UC, whilst some are not. Elim will confirm with residents which service charges we believe to be eligible or ineligible (see Appendix II), however the responsibility for determining whether a charge is eligible or not is made by the HB/UC Officer.

6. Appendices

- 6.1. Appendix I provides a narrative detailing Elim's approach to rent setting for its different tenure and service types.
- 6.2. Appendix II provides a breakdown of individual service charges, explaining the service that the charge pays for and how the charge is calculated.

Appendix I: Rent setting narrative

| Home Type | New lets | Re-lets | Rent reviews | Notes |
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| Social rented | <ul style="list-style-type: none"> From April 2020, new lets will be set at formula rent, unless specific arrangements are in place for the property. | <ul style="list-style-type: none"> Where a property is re-let to a new tenant, the rent charge will typically be the same as at the end of the previous tenancy. Where a property is re-let to the same tenant, this is considered a continuation of the same tenancy for the purpose of rent setting and no new rent will be set. | <ul style="list-style-type: none"> Elim will observe Homes England guideline limit for rent increases of CPI+1%, using the most recent September CPI figure. | |
| Affordable rent | <ul style="list-style-type: none"> The maximum rent is 80% of the market rent, inclusive of service charges, or the <i>social rent rate</i>, exclusive of service charges, whichever is greater. The market rent should be based on the valuation methods recognised by the Royal Institute of Chartered Surveyors. | <ul style="list-style-type: none"> On each occasion that a property is re-let, Elim will re-base the rent using the same methodology as for a new let. If the accommodation is re-let to the same tenant because of a probationary tenancy ending, the rent will not be re-based. In areas where affordable rents are widely used, providing comparable data, Elim may re-base the rent without conducting a new valuation. Note that in homes developed through S.106, an individual S.106 agreement may override the above. | <ul style="list-style-type: none"> Where a tenant's rent review date does not align with the start of the financial year, the Act overrides the rent review dates in a tenancy agreement to enable the provider to reduce the rent from the start of the relevant year. Elim will observe Homes England guideline limit for rent increases of CPI+1%, using the most recent September CPI figure. | <ul style="list-style-type: none"> Affordable rent terms only apply in relation to accommodation pursuant to a housing supply delivery agreement entered into between a registered provider and Homes England, or accommodation that has been converted to affordable rent through a framework delivery agreement. |
| Intermediate rent | Typically, Elim will set rent levels at no more than 80% of the comparative market rent. | Where an intermediate rent property is re-let, this is considered a continuation of the rent. | <ul style="list-style-type: none"> HE guidance only seeks to ensure that rents remain affordable in the long-term and protect tenants from excessive rent increases. | <ul style="list-style-type: none"> Intermediate rent levels are above social rent levels but below market rent. |

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| | | tenancy for the purposes of rent setting. | <ul style="list-style-type: none"> Elim will seek to observe the regulator's guideline limit for rent increases, currently CPI+1%. | Intermediate rents are exempt from the social rent and rent standards. |
| Market rent | In setting our market rents, we will consider the following: <ul style="list-style-type: none"> Input from local letting agencies Local rent information Property history, e.g. void levels, demand. Market interest. | Re-based as with new lets. | Re-based as with new lets. | |
| Fair-rent tenancies | N/A | N/A | Maximum rent limit calculated on the basis of the change in the RPI since the last registration in the month before the month in which the rent officer determines the fair rent, minus the RPI for the month in which the rent was previously registered, divided by the published RPI for the month in which the rent was previously registered, plus 7.5% for first re-registrations after 1 st Feb 1999 or 5% for subsequent re-registrations. The maximum fair rent is then rounded up to the nearest 50 pence. Elim can apply for registrations of rent after 21 months. | Only applies to tenancies started before 15 th January 1989. For more info, see S.70 of the Rent Act 1977. |
| Shared ownership | Currently set at 2.75% of the unsold equity, but we reserve the right to amend this approach. Typically, up to 3% is acceptable. Properties delivered through S.106 may be subject to the terms of the S.106 agreement. | As new let. | <ul style="list-style-type: none"> Typically, RPI+0.5%, using the RPI rate from the previous September. Some leases allow gross rent times 1.005 | |

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| Gypsy and Traveller | We will typically let properties at circa 80% of market value, however due to the lack of RICS valuers able to work with this type of property we will usually conduct a desktop exercise using comparable pitch fees in the South West. | Where a property is re-let, this will be considered a continuation of the same tenancy for the purposes of rent setting. | Pitch fees are reviewed 12-months from the previous review date. The pitch fee is calculated as (A+B+C)-D, where: A = current pitch fee B = RPI adjustment C = recoverable costs (service charge) D = any relevant deductions | |
| Supported Housing | <p>Supported Housing will come under the same rules as Social rented, however some exceptions should be noted:</p> <ul style="list-style-type: none"> • Elim is exempt from the Rent Standard where temporary social housing (TSH) is developed without public subsidy and in conjunction with the local authority to provide accommodation for the homeless (no current properties) • Where schemes involve the acquisition of the freehold or long lease using private finance and the properties effectively form part of Elim's stock, the exemption for TSH is extended where the following conditions apply: <ul style="list-style-type: none"> i. The acquisition has not been funded with social housing assistance or other public funding, and ii. The local authority retains responsibility for finding a permanent home, and iii. The property is let on an assured shorthold basis • There is a further exemption from the Rent Standard for TSH whether grant funded or not, where it is leased and in some cases improved, in conjunction with local authorities to provide housing for the homeless where the following conditions are met: <ul style="list-style-type: none"> i. The property is available for use by Elim for a period of time covered by a lease or license for longer than 2-years and less than 30-years, and ii. The property is not owned by a registered provider, and iii. There is a nominations agreement with a local authority for housing the statutory homeless and the local authority retains the responsibility for finding a permanent home, and iv. The property is let on an AST basis. <p>Please note that at present, the exemptions detailed above do not apply to any of Elim's Supported Housing.</p> | | | |

Appendix II – Service Charge Explanation

| Charge description | What charge pays for | Factors considered when setting charge |
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| Administration | The administration related to the provision of services | Charge is calculated as 15% of overall service charges. The eligible/ineligible for housing benefit split will mirror that of the service charges it covers. |
| Building insurance | Buildings insurance for properties owned by Elim. | The total cost of Elim's building's most recent buildings insurance policy, divided by the number of units it covers. |
| CCTV provision | The hire, maintenance and repair costs associated with any CCTV provision provided to protect the property through deterrence. | <ul style="list-style-type: none"> • The cost of the service over the most recent 12-month period for which audited accounts are available. • Any quotes, estimates or fixed contract prices for the service to be received over the coming year |
| Cleaning of communal areas | The cost of cleaning communal areas of a property, whether performed by a company paid by Elim to provide the service or by Elim staff themselves. May include cleaning materials. | <ul style="list-style-type: none"> • The cost of the service over the most recent 12-month period for which audited accounts are available. • Any quotes, estimates or fixed contract prices for the service to be received over the coming year |
| Communal Aerial Provision and Maintenance | The leasing and maintenance costs for communal aerials | <ul style="list-style-type: none"> • The cost of the service over the most recent 12-month period for which audited accounts are available. • Any quotes, estimates or fixed contract prices for the service to be received over the coming year |
| Communal equipment repairs | The repairs of any communal equipment provided by Elim not covered in any more specific charge, e.g. furniture in communal lounge. | <ul style="list-style-type: none"> • The cost of the service over the most recent 12-month period for which audited accounts are available. • Any quotes, estimates or fixed contract prices for the service to be received over the coming year |
| Communal equipment hire | The cost of provision of any communal equipment within a property containing more than one household, e.g. door entry equipment, lifts, furniture etc. | Each item of equipment is given an estimated lifespan (see Appendix III). The cost of this equipment is spread across its lifespan to provide the chargeable amount. |

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| Communal gardening and grounds maintenance | The cost of gardening and grounds maintenance, including tree works, for communal outdoor areas, whether done by a company, whether performed by a company paid by Elim or by Elim staff. | <ul style="list-style-type: none"> • The cost of the service over the most recent 12-month period for which audited accounts are available. • Any quotes, estimates or fixed contract prices for the service to be received over the coming year |
| Communal gas, electricity, water rates | The cost of provision of utilities to communal areas of a property containing more than one household. | <ul style="list-style-type: none"> • Where households pay their personal utility costs directly, i.e. not through service charges, the cost is determined by the bill Elim pays for the communal areas. • Where households pay their personal utility costs through service charge, the communal charge is calculated as a proportion of the overall bill for the property. The proportion is based on the square footage of communal and personal areas in the building. • The cost of the service over the 12-month period prior to the setting of the charge • Any quotes, estimates or fixed contract prices for the service to be received over the coming year |
| Communal laundry repairs | Repairs to communal laundry facilities | <ul style="list-style-type: none"> • The cost of the service over the most recent 12-month period for which audited accounts are available. • Any quotes, estimates or fixed contract prices for the service to be received over the coming year |
| Communal laundry servicing | Servicing of communal laundry facilities, or the provision of communal laundry facilities where the appliances are leased by Elim. | <ul style="list-style-type: none"> • The cost of the service over the most recent 12-month period for which audited accounts are available. • Any quotes, estimates or fixed contract prices for the service to be received over the coming year |
| Communal lift helpline | Provision of a helpline service for a communal lift to be used in the event of equipment failure. | <ul style="list-style-type: none"> • The cost of the service over the most recent 12-month period for which audited accounts are available. • Any quotes, estimates or fixed contract prices for the service to be received over the coming year |

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| Communal lift repairs | Repairs for communal lifts | <ul style="list-style-type: none"> • The cost of the service over the most recent 12-month period for which audited accounts are available. • Any quotes, estimates or fixed contract prices for the service to be received over the coming year |
| Communal lift servicing | Regular servicing of communal lifts | <ul style="list-style-type: none"> • The cost of the service over the most recent 12-month period for which audited accounts are available. • Any quotes, estimates or fixed contract prices for the service to be received over the coming year |
| Communal lights maintenance | Maintenance of communal lighting | <ul style="list-style-type: none"> • The cost of the service over the most recent 12-month period for which audited accounts are available. • Any quotes, estimates or fixed contract prices for the service to be received over the coming year |
| Communal window cleaning | The cost of cleaning windows (excluding ground level windows unless they are for communal areas). | <ul style="list-style-type: none"> • The cost of the service over the most recent 12-month period for which audited accounts are available. • Any quotes, estimates or fixed contract prices for the service to be received over the coming year • |
| Communal TV license <i>Not eligible for housing benefit</i> | The cost of a television license for a communal television. | <ul style="list-style-type: none"> • Protected license cost. |
| Council tax | The payment of council tax for any office space on site from which a service is provided to all residents. | <ul style="list-style-type: none"> • The cost of the service over the most recent 12-month period for which audited accounts are available. • Any quotes, estimates or fixed contract prices for the service to be received over the coming year |
| Door entry system maintenance | The upkeep of door entry systems, where they are in use in a property containing more than one household. | <ul style="list-style-type: none"> • The cost of the service over the most recent 12-month period for which audited accounts are available. |

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| Electric, legionella etc. safety testing | The provision of routine safety tests of electric installations, electric appliances provided by Elim, legionella testing of water supply etc. | <ul style="list-style-type: none"> The cost of the service over the most recent 12-month period for which audited accounts are available. Any quotes, estimates or fixed contract prices for the service to be received over the coming year |
| Fire prevention equipment servicing | The regular servicing of any fire prevention equipment provided by Elim. | <ul style="list-style-type: none"> The cost of the service over the most recent 12-month period for which audited accounts are available. Any quotes, estimates or fixed contract prices for the service to be received over the coming year |
| Fire prevention equipment repairs | Repairs for any fire prevention equipment provided by Elim | <ul style="list-style-type: none"> The cost of the service over the most recent 12-month period for which audited accounts are available. Any quotes, estimates or fixed contract prices for the service to be received over the coming year |
| Fire risk assessments | The provision of fire risk assessments for sites containing more than one household. | <ul style="list-style-type: none"> The cost of the service over the most recent 12-month period for which audited accounts are available. Any quotes, estimates or fixed contract prices for the service to be received over the coming year |
| Furniture and white goods rental | The rental of furniture and white good provided within accommodation across a property containing more than one household. | <ul style="list-style-type: none"> Where the furniture and white goods are rented by Elim, this cost will be passed on to residents. |
| Hygiene equipment | Provision for disposing of specific waste products, e.g. used sanitary items, in communal areas | <ul style="list-style-type: none"> The cost of the service over the most recent 12-month period for which audited accounts are available. Any quotes, estimates or fixed contract prices for the service to be received over the coming year |
| Intensive Housing | Only charged in supported housing. IHM covers the additional housing management costs incurred as a result of providing housing to a specific client group. The costs are usually associated with the nature of the client | IHM is calculated using a formula of A-B, where: |

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| Management (IHM) | group and the significantly higher turnover associated with these services, for example increased re-let | <p>A = the total re-let and maintenance costs for a specified support service.</p> <p>B = the total average re-let and maintenance costs for Elim's social housing in let through a nominations agreement with a local authority.</p> <p>The difference is then divided by the number of properties in receipt of the service to create the service charge amount.</p> |
| Personal gas, electricity, water rates. <i>Not eligible for housing benefit.</i> | The provision of gas, electricity and water to individual households within a property containing more than one household, where Elim pays the relevant cost on behalf of the household. This charge does not include provision of utilities to communal areas. | <ul style="list-style-type: none"> • The cost of the service over the most recent 12-month period for which audited accounts are available. • Any quotes, estimates or fixed contract prices for the service to be received over the coming year • Overall costs for the property have the costs for communal areas removed (see Communal gas, electricity, water, above) and are then divided by the number of units. |
| Pest Control | Services provided to control and eradicate the spread of pests through communal areas of a property. | <ul style="list-style-type: none"> • The cost of the service over the most recent 12-month period for which audited accounts are available. • Any quotes, estimates or fixed contract prices for the service to be received over the coming year • Note that as pest control is a highly unpredictable cost, the overall organisational charge is split across all properties managed by Elim to ensure fairness. |
| Rubbish disposal | The disposal of waste associated with a site containing more than one household, where Elim pays for this service. In specific sites, this may include a charge for disposal of clinical waste. This charge may also pay for disposal of fly tipped items in communal areas. | <ul style="list-style-type: none"> • The cost of the service over the most recent 12-month period for which audited accounts are available. • Any quotes, estimates or fixed contract prices for the service to be received over the coming year |
| Security costs | Provision of a security or concierge service to any site, to protect the fabric of the building | <ul style="list-style-type: none"> • The cost of the service over the most recent 12-month period for which audited accounts are available. • Any quotes, estimates or fixed contract prices for the service to be received over the coming year |

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| Sewage pumping station servicing | The servicing of any sewage pumping station serving the relevant properties. | <ul style="list-style-type: none"> • The cost of the service over the most recent 12-month period for which audited accounts are available. • Any quotes, estimates or fixed contract prices for the service to be received over the coming year |
| Staff time spent delivering eligible services | <p>Only charged in supported housing. This charge covers the time spent by staff working at a specific service delivering eligible housing management activities, rather than support activities. Eligible activities may include work relating to:</p> <ul style="list-style-type: none"> • allocations • anti-social behaviour • rent collection or management of rent accounts • enforcing or managing license or tenancy agreements • health and safety • liaison with contractors on site • time spent on property maintenance • time spent on resident consultation relating to the above • time spent on management functions relating to the above | This charge is calculated as a percentage of the staff costs apportioned to a specific service. |
| Tenant's internet costs <i>Not eligible for housing benefit</i> | The provision of internet access to tenants throughout a building or in communal areas. | <ul style="list-style-type: none"> • The cost of the service over the most recent 12-month period for which audited accounts are available. • Any quotes, estimates or fixed contract prices for the service to be received over the coming year |

