



Mid-Wales Housing Association - Policy

Title: INTERMEDIATE RENT SETTING

Introduction

The Welsh Assembly Government (WAG) has issued final guidance on setting rents for intermediate rents. This guidance is called 'Rent First'.

The 'Rent First' framework aims to:

- Provide a sub-market housing solution for those on low incomes,
- Ease demand and pressures on social rented homes,
- Assist people in trying to build a deposit to buy a home,
- Provide a housing solution to those who cannot commit to buying a home at a time of economic uncertainty.

The policy approach is to adopt the WAG 'Rent First' framework principles whilst creating a viable scheme for Mid-Wales.

Policy Statement

In setting intermediate rents, Mid-Wales Housing Association will ensure:

- The rents are determined in accordance with the 'Rent First' framework established by WAG; rents at no more than 85% of the **average** private rent and within Local Housing Allowance (LHA).
- That the rents of individual properties are fair and equitable in comparison with other properties within the 'Rent First' framework.
- That the rent levels and income is maximised within the 'Rent First' framework.

The rents can be increased annually in line with WAG advice in uplifting affordable rents. Any 'Rent First' properties would be outside the Rent Benchmarking framework.

Specific Intermediate Rent Eligibility

Any household applying for an intermediate rent property must be able to afford the rent. Therefore, the rent, inclusive of any service charge should not be more than 30% of household gross income.

In assessing whether a household could have the potential to buy the property the Association needs to ensure household income is sufficient to raise a mortgage.

The properties are to be let on an Assured Shorthold Tenancy (AST).

Where properties are new build they must comply with WAG Design Quality Requirements (DQR). If purchased (including 'off-the-shelf') they need to meet the standards in the SCIF Off the Shelf Procurement Guide 2008.

The scheme can apply to all properties although WAG consent is required if 'Rent First' is being used for 1-bedroomed properties.

Options to purchase

Where a purchase option is included tenants will need to meet pre-agreed eligibility criteria. These will include:

- Compliance with tenancy conditions
- Minimum tenancy periods
- Satisfactory rent account
- Minimum purchase price
- Sufficient income levels and affordability

A long stop date for those exercising the purchase option should cover a 10 year period.

It is expected 'Rent First' will be aimed at households with incomes between £16,000 and £30,000.

Key Performance Areas:

- A. The Director of Operational Services, in conjunction with the Operational Management team, establishes appropriate procedures and training requirements relating to rent charges.
- B. The Association will consult with Tenants, Leaseholders and Shared owners on Rent increases.
- C. The Finance Manager will calculate the levels of Shorhold Assured rent for Intermediate Rent properties annually, with reference to the WAG guidance on increases.
- D. The Finance Manager will instruct a local Estate Agent or the District Valuer bi-annually to obtain information on private market rents to enable intermediate rents to be calculated.

Purpose:	To ensure the Association's rental income is maximised.
Reference No:	
Date of Issue:	15th May 2011
Review Date:	Date: 1 st December 2011
Departments / Sections Affected:	Finance, Housing Management.

Approved By:	Board of Management: 25 th May 2011	
Lead Officer:	Director of Corporate Services	
Statutory Compliance	Housing Act 1985 WAG guidance on intermediate rents	
Strategic Risk Factors	WAG may exclude the Association from bidding for grant if rents are not set in accordance with rent guidance issued by WAG.	
Equality Impact Assessment	<i>How does/will this policy ensure needs are met fairly, particularly with regard to race, gender, disability etc?</i>	The policy aims to ensure a consistent approach to setting rents, thereby avoiding potential for being discriminatory.
	<i>Is it felt that this policy might affect different groups adversely. If so, what is the justification for this and is it legally permissible?</i>	No groups or individuals are expected to be adversely affected.
	<i>Have any representative groups in the locality been asked for their opinion and if so, what was the outcome?</i>	No
Tenant Engagement	<i>How does/will this policy ensure the needs of tenants are met?</i>	The object of this policy is to ensure rents are set in a consistent way.
	<i>How is it felt this policy will impact on the rights and obligations of tenants?</i>	It is not envisaged that this policy affect tenants' rights and obligations.
	<i>Have tenants been consulted and were the outcomes of that consultation taken into account when considering the introduction of this policy?</i>	At this time, tenants have not been consulted on this policy.