

Market Rent Policy

Introduction

Grand Union Housing Group (GUHG) primarily provides affordable housing which is let to people on the basis of housing need. In addition to our affordable housing, we have a portfolio of properties that are available at full market rent; these properties are managed under the Grand Union Living brand.

The portfolio includes a number of social housing properties that were converted to market rent as a result of demand issues or because they are located on a potential development site.

We also manage a portfolio of properties on behalf of another landlord that includes market rented properties.

Policy statement

Market rent properties are available to anyone irrespective of their housing requirement provided they can afford the rent. Market rented housing is a vital and growing part of the housing market that offers a flexible form of tenure, greater choice and meets a wide range of housing needs. This policy sets out how we let and manage our market rent stock.

Objectives

A key strategic objective in the 2015 GUHG Corporate 5 Year Plan is to grow the market rent portfolio. This aspiration is supported in the New Business and Development Strategy 2015-2020, approved in February 2016. One of the key objectives of this strategy is to:

“Grow the market rent portfolio within our existing operational area. Achieve a “critical mass” for this tenure, over 250 units, which will enable service differentiation as appropriate. Adopt a more commercial approach to this tenure, which will include proactive asset management, conversion to other tenures or releasing capital”

GUHG’s objectives for providing housing at full market rent are to:

- Meet housing need from “Generation Rent”.
- Achieve a critical mass that enables tailored service delivery and management processes.
- Take advantage of investment opportunities for bond finance that produce a better return than existing arrangements (i.e. leaving cash in the bank).

- Spread central overheads.
- Generate and grow a strong income stream that is outside government rent control.
- Facilitate a flexible asset management approach that considers capital release based on equity growth, planned maintenance and tenure switch.

Approach

We recognise that the market rented sector requires a different approach to the one taken when managing social housing due to the greater influence of market forces and the flexibility of tenure. Services will be tailored to the needs and expectations of this client group and we will respond to the changing demands of the residential housing market and adapt our product and procedures accordingly.

Prospective customers will need to be working, able to afford a market rent and have passed a number of pre-tenancy checks in order to rent market rent properties.

Our asset management approach will ensure that we understand the economic value of each of the assets in order that appropriate decisions can be made when each property becomes vacant. Decisions around the disposal or change of tenure of individual assets will be referred to the Operational Management Team (OLT).

Assured shorthold tenancies

Assured shorthold tenancies were introduced by the Housing Act 1988 although fundamental changes were introduced in the Housing Act 1996.

Generally, the rules applying to assured tenancies also apply to assured shorthold tenancies. However, there is one main difference; assured shortholds allow the landlord to regain possession at any time, after an initial six month period, by giving two months notice. The landlord does not need to give any reason and, although it still requires a court order to end the tenancy, the court has no discretion over granting possession.

For this reason this type of tenancy has become the usual tenancy type in the private rented sector.

Letting properties

Marketing

- Marketing of vacancies will begin as soon as the outgoing customer gives notice to end their tenancy, which is normally a minimum of two months before the property becomes vacant.
- The marketing of forthcoming vacancies is carried out in house.

- During marketing, we will promote the opportunity to have longer fixed term tenancies which provide more certainty. We offer either six month or 12 month tenancies to suit the needs of our customers.
- We have some flexibility over the rents set for most market rent properties that we own or manage, therefore, before advertising a property, we will review the rent that is achievable in order to maximise rental yield, taking account of the market conditions at that time.

Preparing properties for re-letting

- All landlords are obliged to ensure that a property is safe to live in prior to its occupation.
- Properties owned and managed under the Grand Union Living brand are let unfurnished, however they have fitted carpets/flooring and some kitchen appliances.
- In order to ensure that vacant properties are safe for occupation and are of high quality, we have a re-let standard for market rented properties. This standard includes the statutory safety regulations that all landlords must comply with including:
 - Gas Safety (Installation and Use) Regulations 1998
 - Electrical Equipment (Safety) Regulations 1994 and Low Voltage Electrical Equipment Regulations 1989

Reference checks

- It will be necessary to carry out certain checks such as credit checks to confirm that all prospective customers are suitable to hold a tenancy.

Deposit

- A deposit will be required as a security against loss or damage caused by the breach of any of the customer's obligations under the tenancy agreement.
- The deposit will be held in an appropriate Tenancy Deposit Scheme.
- At the end of each tenancy a full inspection will be carried out and the deposit will be refunded less any deductions made for loss, damage or monies owed.
- Deposits will be refunded within 10 days of the end of tenancy, in compliance with regulatory requirements.

Inventory

- At the start of the tenancy an inventory will be compiled to list and record the contents and condition of the interior and exterior of the property. The new customer will sign to verify that they are in agreement with its contents.
- At the end of the tenancy the inventory will be checked against the current condition of the property to assess whether any deductions need to be made from the deposit.

Tenancy agreement

- New customers will sign an Assured Shorthold Tenancy agreement. The agreement is periodic from the outset, which means that the tenancy does not need to be renewed.
- The tenancy agreement sets out the landlord's duties and the obligations of the customer.
- Details of any services provided and additional fixtures and fittings will be contained within the tenancy agreement.

Payment of rent

- In most cases rent is due in advance on the first of each month.
- Depending on what point in the month the tenancy starts the new customer will be required to pay the amount of rent due for the month at sign up.
- Properties managed on behalf of other landlords may be set up differently to this depending on the wording of the tenancy agreement used.
- Customers are required to pay their rent by direct debit and will be asked to complete a direct debit mandate at sign up to ensure that the ongoing rent is paid promptly.

Staff

- Any GUGH member of staff wishing to be considered for a market rent tenancy will need to follow the guidelines set out in the GUGH Probity procedure.

Managing tenancies

Rents and service charges

- The rent and any service charges are reviewed once a year in April and at least one month's written notice of any change in the rent and service charge will be given.
- Each year customers will be provided with details of any services they are paying for, the total cost of these services in the forthcoming financial year and how much they will pay individually.

Property inspections

- Properties are inspected after the first 3 months and then either 6 monthly or annually to check that they are being kept in good order, to assess their general condition and ensure that communal areas are clean and tidy.
- Customers will be given at least 24 hours notice of inspections so that they can arrange for our staff to have access to the property.
- Communal areas are also inspected every month to carry out fire safety checks and ensure all areas are clean and tidy.

Repairs

- Customers will be required to report any repairs as soon as possible and will be expected to report them on-line.
- However, repairs can also be reported by telephone to the Customer Service team.
- Contact details of our out of hours service will be provided to all new customers at sign up for reporting emergencies.
- Customers will be recharged for any repairs which are considered to be due to damage or neglect by the customer.

Rent collection and arrears management

Rent is normally due in advance on first monthly and customers will be required to pay by direct debit to ensure regular and prompt payment of rent.

We will adopt the following general principles to achieve effective rent arrears management:

- Accounts will be regularly monitored and customers will be contacted promptly in the event of a late or missed payment.
- Customers may incur financial penalties for late or missed rent payments.
- Arrears recovery will be robust.
- In the event of non payment or underpayment we will follow our Arrears Recovery Procedure for Assured Shorthold tenancies.

Anti-social behaviour

We are committed to taking prompt, appropriate action to deal with anti social behaviour committed by or towards our customers and we will follow our Anti-Social Behaviour (ASB) Procedure when handling complaints of ASB received from or about customers living in market rented properties.

Pets

Pets can only be kept with our written consent.

Smoking

Smoking is not permitted in any of our market rented properties or in any of the associated communal areas.

End of Tenancy

- Customers will be required to give written notice of their intention to end their tenancy, in accordance with their tenancy agreement.
- Customers must remove all belongings at the end of the tenancy and the property must be left in the condition that it was let.

- Once the keys have been returned the property will be inspected against the inventory signed at the start of tenancy and arrangements will be made for any repairs and safety checks to be carried out.

Other related policies

Asset Management Strategy
Anti Social Behaviour Policy
Probity Procedure

Monitoring

We will normally undertake a review of this policy every three years to check the validity and effectiveness of the policy against changes in legislation and developments in good practice.

Customer consultation:	N/A
Equality Impact Assessment Carried Out:	Initial Screen
Person responsible for review:	Director of Development and Commercial
Supported in the review by:	Residential Lettings Agent
Ratified by:	Operational Leadership Team
Date of review:	July 2017
Date of next review:	July 2020
Amendments:	September 2018 May 2019