

# **MID MARKET RENT ALLOCATIONS POLICY December 2018**

<b>Name of Policy</b>	<b>Mid-Market Rent Allocations Policy</b>
<b>Responsible Officer</b>	<b>Head of Housing Services, NGHA</b>
<b>Date Draft approved by NGPM Board</b>	<b>3<sup>rd</sup> December 2018</b>
<b>Date approved by New Gorbals Management Committee</b>	<b>25<sup>th</sup> March 2019</b>
<b>Date of next formal review</b>	<b>November 2023</b>

This document can be produced in different formats, for example, in larger print or audio-format, and in other languages, as appropriate.

<b>CONTENTS</b>	<b>PAGE</b>
1. Introduction	3
2. Equalities	3
3. Law and guidance	3
4. Marketing	3
5. Application process	4
6. Mid-Market rent allocation criteria – how we select	4
7. Income criteria	5
8. Priority criteria	5
9. Occupancy levels	6
10. Allocations process	7
11. Advice before allocation	7
12. Policy Review	7

## **1. Introduction**

New Gorbals Property Management (NGPM) is a wholly-owned subsidiary of New Gorbals Housing Association (NGHA). The company has been established to manage the Association's properties which are now let under the terms of the Private Residential Tenancy (PRT). New Gorbals Property Management aims to provide a high quality service at below market rent levels.

To date, the Association has completed two Mid-Market Rent (MMR) new-build developments and these have been successfully let and are managed by NGPM. This updated MMR Allocations Policy takes account of experience from the initial letting process for the completed developments and also of relevant Scottish Government guidance.

This revised MMR Allocation Policy also requires approval by NGHA Management Committee (the parent organisation) under the terms of Intra-Group Agreement between both organisations. NGHA Management Committee approval was received on 25<sup>th</sup> March 2019.

## **2. Equalities**

NGHA and NGPM will ensure that no-one receives less favourable treatment or a disadvantage by conditions or requirements which cannot be justified.

We are committed to providing fair and equal treatment for all our stakeholders, including tenants and applicants and will not discriminate on the grounds of race, colour, ethnic or national origin, language, religion, belief, age, gender, sexual orientation, marital status, family circumstances, physical ability and mental health.

We will endeavour to achieve a fair outcome for all and can provide information in various formats, including key languages, Braille and audio tape.

## **3. Law and guidance**

This Policy also takes account of other related legislation, guidance and policies including:

The Housing (Scotland) Act 1988  
The Housing (Scotland) Act 2014  
The Private Housing (Tenancies) (Scotland) Act 2016  
Scottish Government MMR guidance

## **4. Marketing**

Existing properties that become available for re-let will be advertised primarily through NGHA's own website ([www.newgorbalsha.org.uk](http://www.newgorbalsha.org.uk)) and will also be advertised in the Association's reception areas. Generally, the properties will be advertised for up three weeks with a defined closing date established and made public via the NGHA website.

Assuming adequate interest from applicants at the closing date, then this batch of applications will be assessed with a view to re-letting the property.

Applications will be assessed in line with this MMR Allocations Policy and not on a first come first served basis. In the event of no applications being received or no applications meeting the criteria, NGPM will consider setting a new closing date and/or advertising the property via a commercial lettings website.

In the event of a sizeable number of properties being available for let, for instance due to a new development, we may, in addition, market available properties via the NGHAs newsletter, the NGHAs extensive housing list and other media outlets.

## **5. Application process**

Although we do not operate a housing or transfer list for MMR properties, we will keep a register of New Gorbals Housing Association tenants and those living with NGHAs tenants who have expressed an interest in MMR properties.

The purpose of this register is to hold information on Priority 1 applicants (see Section 6 below) to facilitate a fast and effective MMR letting process for this high priority group. Although, for the avoidance of doubt, all applicants will need to pro-actively comply with meeting any relevant closing date deadlines.

As properties become available for re-let and are marketed on our website, we will normally set a closing date by which applications must be returned. The application form and related guidance will be made readily available from our offices and potentially via a web-based application form.

Applications received by the closing date will then be assessed against our criteria and priorities as set out below.

## **6. Mid-market rent allocation criteria**

The Scottish Government offers grant funding for local authorities and housing associations to provide housing for MMR as another affordable option within the housing market.

MMR is aimed at assisting people on modest incomes to access affordable rented accommodation. MMR aims to help people on incomes that are not quite enough to afford owner occupation, or who need or want to rent for a limited period and can afford to pay more than a social rent, for example, those who expect to be able to buy a house later in their careers.

Generally, applicants will have to meet our income criteria. Those who meet the income criteria will then be assessed further by priority.

Flexibility on income criteria will be applied in appropriate circumstances, for example, where the prospective tenant's household includes someone with a disability.

In all cases prospective tenants must have modest incomes.

In the event of flexibility being applied on income criteria, this decision must be approved by the Head of Housing Services and ratified by the Depute Director or the Director and the reason for the decision recorded for audit purposes.

## 7. Income Criteria

In letting our MMR properties we will set a minimum household income level with the aim of ensuring that the rent can be afforded for those on modest incomes. Likewise, we apply an upper ceiling to ensure that we target MMR housing to those on modest incomes.

Our household income parameters are as follows:

	Minimum Gross Household Income	Maximum Gross Household Income
2 apartment	£18,000	£36,000
3 apartment	£20,000	£36,000
4 apartment	£25,000	£40,000
5 apartment	£25,000	£45,000

Applicants with a gross annual household income in excess of the specified household incomes are ineligible for MMR housing unless special circumstances apply, for example, unusually high costs associated with caring for a dependent.

In exceptional circumstances, where the applicant's income is below the minimum gross household income level we may consider the application under our rent guarantor scheme (further information on our rent guarantor scheme is available on request).

## 8. Priority Criteria

We will accept applications from anyone over the age of 16 years old whose income falls within the income thresholds listed above.

However, we will give priority to the following categories of applicant.

### Priority 1

Tenants of New Gorbals Housing Association or other persons living in a New Gorbals Housing Association property as their main or principle home.

### Priority 2

Other persons living in Gorbals (postcode G5, G41 1PY and G41 1PX) living in mid-market rent and the private rented sector or with friends or family in sub-tolerable, unaffordable, overcrowded, insecure or otherwise unsatisfactory conditions.

### **Priority 3**

Applicants vacating other social rented accommodation or applicants living in the private rented sector or with friends or family in sub-tolerable, unaffordable, overcrowded, insecure or otherwise unsatisfactory conditions.

We may also take other specific circumstances into account. For example, an application may be received from a former service person.

We will not accept applications from owner occupiers, joint owners or those holding equity in property unless a significant change in circumstances has occurred which makes it impossible for the applicant to continue living in their accommodation. Normally, in such cases, the applicant must have sold their property before being allocated a MMR tenancy.

In all cases where there are exceptional circumstances under this Section, the Head of Housing Services will have delegated authority to make approve decisions on the application which must then be ratified by the Depute Director or Director. The number and circumstances of any such cases will be reported to the NGPM Board as well as being recorded for audit purposes.

Should we be required to consider applications in the same priority group then properties will be allocated on housing need as detailed in NGHA's allocation policy. This process will be overseen by the Head of Housing Services.

## **9. Occupancy Levels**

Households can apply for a property which meets their current needs, as defined by New Gorbals Housing Association's current allocations policy which states the following:

- "One bedroom for couples / partners or single person / parents
- One bedroom for 2 children of the same gender under the age of 16 years
- One bedroom for 2 children under the age of 10 years, regardless of gender
- A room for each child unless able to share with another child as above."

These rules will not apply in certain circumstances e.g. if a separate bedroom is required for medical, social or other relevant reason.

Where an applicant has shared custody of children, the children will be counted as part of the household for the purposes of determining the size of property that they can apply for.

In the event of a lack of demand for a particular house type NGPM would consider under-occupation and this would normally be restricted to under-occupying by one bedroom.

In the event of an under-occupation decision at the point of letting then this decision must be approved by the Head of Housing Services and ratified by the Depute Director or Director and the reason for the decision recorded for audit purposes.

## **10. Allocations Process**

The allocations process will be managed on behalf of NGPM by NGHA staff in line with this Policy.

## **11. Advice before allocation**

We are aware of the importance of developing, maintaining and sustaining a new form of housing tenure in the area.

Therefore, we will advise MMR applicants before allocating of their rights and responsibilities and security of tenure under the Private Residential Tenancy (PRT).

Advice will be given on the duration and terms of the tenancy agreement, the grounds for re-possession (both mandatory and discretionary) and we will seek assurance that prospective tenants are in a position to sustain their tenancy and afford the rent and service charge.

The above advice is particularly relevant for applicants who are New Gorbals Housing Association tenants as they will be moving from a tenancy with a higher level of security of tenure (Scottish Secure Tenancy) to a lower level of security of tenure under a Private Residential Tenancy (PRT)

In terms of affordability, tenants of New Gorbals Housing Association and other social landlords will be made aware that they are moving into a higher rental bracket under MMR as average rents in the social rent are markedly lower than those being charged for our MMR properties.

## **12. Policy review**

We will review our income thresholds as set out in this Policy every two years, and will otherwise review the Policy comprehensively every 5 years or earlier as required, for example, to take account of changes in related NGHA policies, legislative or regulatory changes, or relevant Scottish Government or local authority guidance.