



Market Rent Management – Group Policy

SER-POL-40

Version 3.0

Date approved: 19 March 2019

Approved by: Parent Board

1. Policy Statement

- 1.1 Southway is committed to developing a range of housing to meet housing need in South Manchester.
- 1.2 The objective of this policy is to outline the delivery of services and tenancy management to the market rent properties within Southway Housing Trust (Southway) and Southway Plus stock.
- 1.3 This policy applies to all market rented stock across the Southway Group. The Group may amend this policy from time to time due to changes in legislation and best practice.
- 1.4 The Strategic Director of People and Places is responsible for the implementation of this policy.

2. Background

- 2.1 Market Rent is a key strategic priority within the 2015-2020 Futures Strategy. Market rent products have been identified as an ability for Southway Housing Trust to generate income streams to reinvest in core objectives.
- 2.2 The market rent product also allows Southway to deliver core social objectives by providing a housing option for groups with limited access to good quality, well managed homes.

3. Branding

- 3.1 The Southway Housing Group uses the Gecko brand to market and let market rent properties with the term used throughout this policy.

4. Tenancy Types

- 4.1 Gecko will offer all market rent tenancies as fixed term Assured Shorthold Tenancies for a minimum length of 6 months to a maximum of 24 months less one day. After the initial term, unless the tenant or Trust wishes to terminate, then the tenancy will convert to a periodic tenancy.
- 4.2 This will enable the tenant to remain in the property provided that they are paying their rent and complying with all other terms of their tenancy agreement.

Terminating a Tenancy

4.3 During the Fixed Term

If a tenant moves out during the fixed term they must obtain Gecko's agreement.

In line with the Tenant Fees Act 2019 in the event of an early termination, a payment can be requested from the tenant which is either

(a) if requested by Gecko an amount which Gecko can prove is equivalent to its losses due to the early termination e.g. lost rent and re-let costs; or

(b) if requested by Gecko's agent, an amount which the agent can prove is equivalent to its reasonable costs of securing a re-let.

Gecko has the alternative of making the tenant pay all the rent up to the end of the fixed term, but if this is chosen then Gecko cannot re-let the property until the fixed term is over.

Alternatively they may, subject to Gecko's consent, assign the tenancy. The outgoing tenant will be liable for all rent and charges under the tenancy agreement, until the assignment is completed.

The replacement tenant taking over tenancy will be subject to the same application and selection process as a new tenant including payment of an assignment fee.

4.4 At the End of the Fixed Term

Should Gecko wish to bring the tenancy to an end after the fixed term it will follow the provisions of the Housing Act 1988 (as amended) or other legislation in force from time to time.

This will entail the serving of a Section 21 Notice which informs the tenant that they will be required to vacate the property within a period of two months. If they fail to vacate by the end of the notice period, then Gecko will commence court action for possession. This does not limit Gecko's ability to recover possession where premises have been abandoned without the tenant giving notice.

5. Application and Selection Process

- 5.1 Applications to let a property will be submitted to Gecko, or its appointed agents, and will be allocated on a 'first come first served' basis with deposits paid.
- 5.2 Applications will be reviewed and assessed by appropriate representatives of Gecko, or its appointed agents, using the following selection criteria:
- 1) Employment – Applicants must be in full time employment to qualify.
 - 2) Income - Applicants for market rent housing will be expected to be able to pay the rent without assistance from housing related benefits. To qualify for market rent properties the rent, service and any other charges cannot be more than 30% of an applicant's net monthly income. This may also be verified by using external referencing agencies.
 - 3) Age – Applications will be accepted from anyone aged over 18. (Note: in the case of joint applications, both applicants must be aged over 18).
- 5.3 Generally, where the property is let as shared accommodation, this will be let to single households.
- 5.4 Each application and subsequent property offer will be subject to tenancy assessment and suitability, which will include the following:
- i. Identity checks
 - ii. Right to Rent checks
 - iii. Credit checks
 - iv. Income checks
 - v. Affordability assessment
 - vi. Employer references
 - vii. Previous landlord references (if applicable)
 - viii. Property size/suitability.

6. Fees

- 6.1 The Tenant Fees Act 2019 (TFA19) will apply from 1 June 2019. The Act restricts the charging of administration fees by landlords or letting agents to applicants looking to rent a home. Any prohibited fees incurred in securing a tenant will therefore be borne by Gecko, or its appointed agents, after this time.
- 6.2 Fees will be charged for the assignment of a tenancy in line with the Act.

- 6.3 Gecko will demand a standard deposit equivalent to one month's rent.
- 6.4 If permission is given to the tenant to smoke or to keep a pet (cat or dog) then a deposit equivalent to five weeks rent will be requested. This is extra security should the property have deteriorated during the tenancy due to smoking or keeping a pet.
- 6.5 Gecko will consider requesting a standard deposit where the tenant has a medically proven need to keep the pet in relation to a disability e.g a guide dog.
- 6.6 Deposits will be protected in a Government approved tenancy deposit scheme, as required by the Housing Act 2004 (as amended). Gecko may also request a 'Holding Deposit' equivalent to one week's rent as a reservation fee in line with the provisions within the TFA19. This provision will be used to help to identify tenants who are keen to proceed rather than being speculative particularly where there are a large number of properties to let in one development.
- 6.7 This fee will be normally be fully refundable unless used with the new tenant's agreement as part of the deposit or first month's payment.
- 6.8 However, the fee may be retained in certain circumstances; for example, should the tenant fail a rent check or provides misleading information that materially affects their suitability as a tenant. Gecko will retain the funds where permitted by the TFA 2019 but will retain discretion to waive this requirement.

7. Pets & Smoking

- 7.1 Gecko may permit smoking and/ or pets when agreeing a let of a property. However, this remains at the discretion of Gecko and will be property dependant.
- 7.2 Smoking will not be allowed in communal areas of buildings as it contravenes the Health Act 2006.

8. Property Inspections

- 8.1 Gecko, or its appointed agents, will conduct regular inspections of all tenanted properties. These inspections (which are common practice within the market rented sector) serve a number of purposes including:

- Ensuring the persons occupying the property are the ones that entered into the tenancy agreement
- Checking that the property is being taken care of; is clean, with no damage to fixtures and fittings, no unauthorised alterations, etc.
- Allowing preventative maintenance through early identification of issues with the building structure and fittings.

8.2 Where the property is let furnished, the property will be subject to an inspection no less than every 4 months.

8.3 It is a requirement of the tenancy agreement that the tenant allows Gecko access to the property for the purpose of inspection and repair visits.

Anti-Social Behaviour (ASB)

8.4 Gecko does not tolerate Anti-Social Behaviour (ASB) being caused by either its tenants, other members of the tenant's household, tenant visitors or applicants wanting to become tenants. This aspect of the policy sets out how Gecko will approach to resolve any ASB within its communities.

8.5 When considered appropriate, and feasible, Gecko will act upon the conditions of the tenancy agreement to tackle incidents of ASB.

8.6 Gecko will provide information and guidance on reporting of ASB to the relevant authorities (where appropriate), in situations where properties exist outside of Southway's core housing management areas.

9. Rent Collection, Arrears and Debt Recovery

9.1 The recovery of rent and any other charges due under the Tenancy Agreement is the main priority for Gecko.

9.2 Our policy is to maximise income by demanding all payments due under the Tenancy Agreement in a timely manner. We will minimise unpaid rent, rechargeable repairs and sundry debts and actively pursue non payers using all powers and tools that are available to us.

9.3 All rent and service charges (where applicable) must be paid a month in advance by Direct Debit.

9.4 Through the provisions in the TFA19 tenants will be charged interest at a daily rate of 3% above the prevailing Bank of England base rate

Officers may seek permission to waive this charge if it is proven that it would cause genuine financial hardship.

Arrears Management

- 9.5 It is expected that missed rent payments are paid on demand when the tenant is contacted.
- 9.6 Gecko, or its appointed, agents will strive to make personal contact with a tenant in arrears and all means of communication will be used to attempt to engage with tenants in arrears.
- 9.7 Gecko will, if other methods fail, take legal action to recover rent arrears unless an acceptable repayment programme is agreed and maintained by the tenant to clear the debt.
- 9.8 Where Gecko seeks legal action for the recovery of rent arrears, it will use Ground 8 Ground 10 and Ground 11 of the Housing Act 1988, which are mandatory grounds for possession or a Section 21 notice if there are two or more months of rent owing.

11. Gas Safety

- 11.1 Under the Gas Safety (Installation and Use) Regulations 1998, Gecko, or its appointed agents, has a statutory duty to take all reasonable steps to carry out annual safety checks and servicing on all gas installations/fittings present in a rented property.
- 11.2 Gecko has rights of access through the Tenancy Agreement to access the property to carry out gas safety checks and servicing of any of its appliances.
- 11.3 Gecko will keep a record of the safety check for 2 years and issue a copy to each existing tenant within 28 days of the check being completed. A gas safety check will be carried out at each change of tenancy and a copy issued to new tenants before they move in.

12. Rent Setting and Reviews

- 12.1 New let rent setting, and identifying, the rent charge for new properties will be set through the Sales and Commercial Property Team in conjunction with the Development Team, ensuring scheme viability is maintained.
- 12.2 The rents will be set using current market information and may include the use of a local Valuer.

- 12.3 The Sales and Commercial Property Team will be responsible for setting the rent when properties are re-let using current market demands and trends, letting history and local competition.

Annual Rent Reviews

- 12.4 Gecko will review all rents annually and in a timely manner. Rents will not be set using a fixed index but by taking into account prevailing market rents, demand and competition.

13. Responsive Repairs

- 13.1 Repairs to Gecko properties are a joint responsibility between landlord and tenant. As the landlord Gecko has responsibility for the majority of repairs and the overall maintenance of the property. Tenants are responsible for reporting repairs and undertaking those repairs deemed their responsibility in the tenancy agreement.
- 13.2. We will keep in good repair the structure and exterior of the property. We will also keep in good repair and working order the installations for space heating, water heating and sanitation and along with the supply of water, gas and electricity. Gecko will actively seek to recover the cost of any repair which is not its responsibility.
- 13.3 The timescales and response times for repairs will mirror those of Southway Housing Trust's prevailing repairs policy. This will include arrangement for appointments, inspections and out of hour emergency services

14. Safeguarding

- 14.1 Gecko will apply the principles of Southway Housing Trust's Safeguarding Policy for any concerns of its residents.

15. Complaints

- 15.1 Gecko will deal with complaints sensitively, sympathetically and in confidence and to do so in a fair and consistent manner.
- 15.2 Complaints will be dealt with by the relevant Service Manager and a response provided within 10 working days.
- 15.3 There will be no right of appeal.

16. Equality and Diversity

- 16.1 Gecko will ensure that this policy is applied fairly and with sensitivity to the diverse needs of individuals and communities.
- 16.2 This policy and other related policies and publications can be provided on request in other formats (e.g. in an alternative language, in Braille, on tape, in large print).

POLICY REVIEW HISTORY	
<i>To be completed during each review</i>	
Previous versions	
V1 – Parent Board – 22 September 2015 V2 – Parent Board – September 2017	
Date of last EIA:	N/A
Review lead by:	Strategic Director People and Places
<p>Main changes to the policy are:</p> <ul style="list-style-type: none"> ▪ Chain to include Southway Plus and act as a Group Policy ▪ Use of the Gecko brand in the policy clarified. ▪ Edited to remove procedural information. ▪ Amended to reflect the introduction of the Tenant Fees Act June 2019 ▪ Reference has been included to periodic tenancies in line with the way market rent is currently managed. ▪ Reference has been made to the use of ‘appointed agents’ to reflect that the fact that an external agency is managing the Aura market rent development ▪ Consideration of waiving the additional week deposit for pets if there is a service dog and medical evidence ▪ Addition of Ground 11 as a ground for possession following legal advice. 	
Next review due:	March 2021
Approval level:	Parent Board