

What is the CAP?



Some tenants pay up to £10 a month, on top of any rent increase. **But why?**

Here we explain what the CAP is all about...

How your rent is set

When we consulted with tenants in 2014, 85% agreed similar properties in size and type should have similar rents.

They agreed on a 'base rent' which all tenants would pay – but points would be added for extra amenities.

This meant, for example, a two-bedroom flat with a garden would cost more than a two-bedroom flat without any outdoor space.

In addition to base rent, these characteristics would be taken into account to determine the rent charged.

The Association's Board of Management approved the principles of the new rent structure model, based on points for:

- property size (number of bedrooms)
- number of bed spaces (single bedrooms have one, while doubles have two)
- property type
- heating type
- amenities, like curtilage parking
- energy efficiency

Points are given a monetary value, and added to base rent, to arrive at a figure for each property.

Service charges are costs for recurring services not covered within your rent. These are *not* part of the rent increase, or the CAP

In a block of flats, these could be for stair cleaning and/or lighting

These costs will show separately on your rent notice, so you can see what you are being charged and what the service covers

Where the CAP comes in

This review of our Rent Setting Policy brought in a fairer system.

But it meant some tenants were falling far short of what they should have been paying – and bringing them up to the target rent all at once would have caused financial hardship.

We needed to phase in the increase over a number of years.

The answer? A £10 CAP paid monthly, on top of the annual rent increase.

Every year, Almond sets the rent increase in line with inflation, taking into account the money needed to provide maintenance to our properties and extra services.

This is *not* the CAP.

The CAP is an additional payment of up to £10 a month, on top of rent, to gradually reach the target amount for a property.

Not everyone pays a CAP. And once target rent is reached, the CAP will no longer be added.



If you have any questions, speak to your Housing Officer, or see our website at:

www.almondha.org.uk/information-for-tenants/your-rent/what-is-the-cap/

How the CAP works

| Type of Property | Average 2018/19 rent | Average 2019/20 rent (with 2.5% & CAP) |
|-------------------------------|----------------------|--|
| 2 bedroom flat (common entry) | £297 | £306 |
| 2 bedroom terraced house | £343 | £361 |
| 3 bedroom terraced house | £369 | £387 |
| 4 bedroom terraced house | £405 | £425 |
| 3 bedroom semi-detached house | £401 | £419 |

These are examples of average rents – and what they would become next year, with a 2.5% increase and a CAP.

(Remember, rents vary according to amenities, so your rent may differ from the figure given above for a similar property).

The CAP is up to £10 – never more than that – added to your rent after the 2.5% increase, to get you closer to your target rent.

The 2 bedroom flat which is currently £297 per month would incur a 2.5% rent rise of £7.43 – taking it to £304.43. A CAP of just £1.57 is added to reach the target rent for this property.

This means the tenant would have no CAP added the following year.

Please speak to your Housing Officer if you have any questions, or call our office on 01506 439 291



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