

Appendix 1 - Example of Rent Calculation
(before and after Scottish Government changes)

	<u>Previous calculation</u>	
Purchase Costs:		
Open Market Value		80,000.00
Add:		
Repairs	6,256.00	
Administration	900.00	7,156.00
Total approved cost		<u>87,156.00</u>

Scottish Government Assumptions
Rent Calculation

Annual Rent (£75.23 per week)		3,911.96
Less Void allowance (1%)	-	39.12
Annual Rent less 1% voids allowance		<u>3,872.84</u>

Capitalised Rent (A) (A) 68,041.55
Based on SG factor of 17.5689

Operating Cost Calculation

Management allowance		330.00
Maintenance allowance		959.00
Major repairs allowance		576.00
Annual operating costs		<u>1,865.00</u>

Capitalised operating costs (B) (B) 32,766.00

Funding of Mortgage to Rent Property

Costs to be Funded by Rent (A)-(B) 35,275.55
 Based on rent of £75.23 per week

Scottish Government Funding 51,880.45
 Open Market Value (60%)
 Repairs Costs
 Administration
 Revised Scottish Government Funding

Total Funding (£) 87,156.00
Net rent per Scottish Government benchmark: £75.23

	<u>Effective from 1 April 2015</u>	
Purchase Costs:		
Open Market Value		80,000.00
Add:		
Repairs	6,256.00	
Administration	900.00	7,156.00
Total approved cost		<u>87,156.00</u>

Scottish Government Assumptions
Rent Calculation

Annual Rent (£71.61 per week)		3,723.72
Less Void allowance (1%)	-	37.24
Annual Rent less 1% voids allowance		<u>3,686.48</u>

Capitalised Rent (A) 64,766.00
Based on SG factor of 17.5689

Operating Cost Calculation

Management allowance		330.00
Maintenance allowance		959.00
Major repairs allowance		576.00
Annual operating costs		<u>1,865.00</u>

Capitalised operating costs (B) 32,766.00

Funding of Mortgage to Rent Property

Costs to be Funded by Rent (A)-(B) 32,000.00
 Based on rent of £71.61

Scottish Government Funding
 Open Market Value (60%) 48,000.00
 Repairs Costs 6,256.00
 Administration 900.00
 Revised Scottish Government Funding 55,156.00

Total Funding (£) 87,156.00
Net rent to break even: £71.61