

CATHCART STANDARD



CDHA

Cathcart & District Housing Association



The Newsletter of Cathcart & District Housing Association

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Rent Increase 2019/2020



Consultation Paper January 2019

At this time of year we consult with our tenants on the rent increase proposal for implementation from the start of the new Rent Year, 28 March 2019.

Background

Those of you who have been tenants for a number of years will be aware that it is our usual practice to apply a rent rise linked to the Retail Price Index or Consumer Price Index published in October each year. We also take into consideration what our investments plans for the coming year are and carry out a comparison and affordability exercise in line with other member associations of Glasgow West of Scotland Federation of Housing Associations. (GWSF)

The feedback from all our exercises and annual reviews to date are that those tenants responding broadly agreed with this approach. We continue to use this approach.



Annual Rent Increase Consultation Process

This normally takes the format of a Newsletter which asks for feedback as our tenants have expressed this as the preferred way to be consulted.

We would like your feedback on whether you would like to be consulted in a different way, whether any tenants would wish to be part of a discussion group

on rent increases and we have provided space on the attached form for you to tell us if you have any ideas on how we can improve the rent consultation process for you. We have looked at good practice in the housing sector and we are suggesting a few different things this year that we could use in future years.

What's Happening For 2019/20?

- Newsletter and feedback form sent to all tenants
- Rent Briefing posted on our website, distributed in our office and posted
- Would you like Newsletters and consultations to be sent by Email? We have included a space for you to provide your e mail address (we may already have that)

Results of the consultation exercise will be fed back to the Management Committee in February to allow them to decide on the increase to be applied.

Rent Increase Proposals

Through looking at detailed financial plans which are set up to ensure that the organisation can meet its commitments and is financially healthy over the short and longer term, the current view is that we should look at a wide range of potential options. Our Finance Staff are looking at the impact of these and we are looking for your views. Then we can make a decision on the basis of a balance of tenant views and the factors we need to take account of to ensure that we can continue to deliver services, invest in homes and be financially stable.

We have produced this paper to try and explain how we set rent increases. We know that you will have questions and views on this so we have tried to pull together the answers to some questions you may have. We also explain how you can make your views known to us or find out more. **These are complex matters and there is no simple way to communicate all the issues. We hope that this briefing note provides you with some useful information and don't be afraid to ask us if you need any further explanation.**

How are rent increases usually decided?

The Association normally uses a formula linked to inflation (Consumer Price Index CPI). In recent years we have used CPI rates as at October to begin our discussions around and the decision is taken in January/February the following year. Rents are then increased from 28th March for the next rent period.

Before this decision is taken each year, and following consultation, the Management Committee has to make sure the money coming into the Association is adequate to ensure that:

- Financial obligations can be met eg. loans repaid, financial and contractual obligations met and so on.
- Investment priorities can be delivered to ensure that we can deliver the investment programme, continue to meet the Scottish Housing Quality Standard (SHQS), work towards the 2020 Energy Efficiency Standard Social Housing (EESHS), meet Health & Safety obligations – for example Fire Safety
- A good standard of service continues to be provided to you
- Repairs can be carried out to your homes
- Take account of factors which will impact on how we operate eg rising costs, the roll out of Universal Credit and more



- Importantly we also have to ensure that rents continue to be affordable

We do not impose a service charge on our tenants for things like garden maintenance and close cleaning as these costs are included in our overall rent setting arrangements.

What might happen to inflation going forward?

The answer is that there is no certainty.

We know that the UK Government's target is 2% for CPI and that inflation is running above target. The Bank of England's inflation report of November 2018 suggests

that inflation will remain over, but around this target, until 2021 when the target is expected to be met. The economic outlook overall eg growth, wages, investment etc are all expected to be influenced by what is happening with "Brexit".

What does this mean for rents?

Our long term projections are based on rents rising at the start of each new rent year at the rate of Consumer Price Index Inflation (CPI) plus 1%. As a starting point we use the rate of CPI as at October each year.

However we look at rents year on year to see what level of increase should be applied to give us a realistic chance of meeting our commitments and continuing to provide a high level of service so please help us by giving your feedback on your proposals.

What are the Scottish Housing Quality Standard (SHQS) and Energy Efficiency Standard Social Housing (ESSH) and why is it important to meet these?

Scottish Housing Quality Standard (SHQS)

In 2004 the Scottish Government introduced a new standard for all housing association and council houses in Scotland. This is the Scottish Housing Quality Standard (SHQS). It includes standards on energy efficiency, kitchens, bathrooms and safety and security. This has had to be funded from rent money and has meant that the Association has had to find the money to pay for it in the timescale required. We did not have to increase rents specifically for this purpose.

The SHQS Standard needed to be achieved by 2015 and maintained beyond this. It was not optional and we delivered it. 92% of properties are compliant. The SHQS standard recognises that some things may be beyond the control of the landlord and so are held as "abeyances"

There is 1 area of current non compliance for the Association's stock and this is why properties are not 100% compliant.

1. Door Entry Systems (DES) where owners in blocks do not agree to participate in improvement works – we continue to engage with owners to try to get their agreement and do the work. We understand that this can be frustrating for tenants in these blocks but we continue to pursue this and have taken account of DES installations in the financial projections.

Energy Efficiency Standard Social Housing (ESSH 1)

The Energy Efficiency Standard for Social Housing (ESSH) is a Scottish Government standard which aims to improve the energy efficiency of social housing in Scotland. It will help to reduce energy consumption, fuel poverty and the emission of greenhouse gases. This can be achieved in many ways including more efficient boilers, improved insulation, new double glazing and more.

We have our ESSH programme underway and require to be compliant by December 2020. To date we are 74% compliant which compares favourably with the progress made by other landlords but we still have some way to go to ensure we meet the target.

Future Standards & Regulations Changes

Energy Efficiency Standard Social Housing (ESSH 2)

When ESSH was introduced, a review was proposed for 2017 to assess progress towards the 2020 target and to consider future milestones beyond 2020. Phase 1 of the review was completed in October 2017, assessing progress towards the 2020 target and updating the ESSH Guidance for Social Landlords produced by the Scottish Government.

Phase 2 of the Review has been completed and below is an overview of the outcome proposals. The Scottish Government are proposing future activity for ESSH2, as follows:



- a challenging and aspirational target to maximise the number of social rented homes meeting an EPC B by 2032;
- a minimum energy efficiency standard of EPC D is set for a house to be let, subject to limited temporary exemptions.
- a vision for 2040 for social housing's contribution to realising the fuel poverty, energy efficiency and climate change ambitions of the Scottish Government;

An EPC is an Energy Performance Certificate to show the energy efficiency rating of your home, this is similar to the stickers you might see on your white goods.

Consultation on Fire & Smoke Alarms in Scotland's Homes

Following the major fire spread through Grenfell Tower the Scottish Government set up a Ministerial Working Group (MWG) to oversee a review of building and fire safety regulatory frameworks in Scotland. Since 2017 the MWG have made fire and smoke alarms in Scottish homes a priority. The following details are now policy to be installed in social rented properties with a two year period being set down to ensure 100% installation

- Align all rented properties to that of the private rented standard
- Minimum 1 smoke alarm installed in the room most frequently used for general daytime living purposes
- At least 1 smoke alarm in every circulation space (halls & landings)
- At least 1 heat alarm installed in every kitchen
- All alarms to be ceiling mounted and
- All interlinked

In addition to the above, the following may also be proposed:

- To specify a maximum age of ten years for alarms and
- To require carbon monoxide detectors in all homes

We are now underway in achieving the above and this work has been a significant consideration in proposing the levels of increase in this years rent consultation.

Brexit

Implications for materials availability and cost may be an issue.

Health & Safety

Again, and on the back of the Grenfell Tower fire, there are likely to be implications and changes to fire door specifications, materials and general inspection regimes. Again there may be funding implications with this.

What is the rent increase proposal for 2019/20?

We are looking at the impact of rent increases from CPI only at 2.2% +0.7% to CPI + 1.3%

Once we factor in all the things we need to consider to make sure that we can achieve what we need to and taking account of tenants views and priorities, then a decision will be taken on the level of increase to be set within this range.

No decision has been made yet. This decision will be made in February so your views are very important.

Why does the money have to come through an increase in rents?

Our Business Plan sets our estimated income and expenditure over the next 30 years.

We are required to continue to meet the Scottish Housing Quality Standard going forward and also meet the EESSH standard in the set timescale. We also know that there are other areas of investment required and that there are new regulations and requirements likely to be brought into force in the near future such as fire detection measures.

The feedback that we generally receive is that most tenants want to see the quality of their homes improved as quickly as possible and we believe that continuing to make good quality improvements to your homes is very important.

We have been successful in seeking grant money and interest free loans available eg for some insulation and heating works but most improvements to homes have to be paid for from rents.

What would the difference between 3% or 3.5% mean for rents overall?

The difference to our income would be around £12,000 for 2019/20.

This may not seem a material amount but would fund an additional 3 kitchens or more importantly allow us to progress the installation of the new fire regulation installs by 40 houses.

The lower increase would mean less money available in the year and there is also a longer term effect as the reduced income “rolls up” over the life of the business plan.

A lower than 3% increase could mean some reduction in investment or the need for service reductions in the future. However this could possibly be dealt with by further reviewing the timing of work etc or cutting some service areas. These are issues being considered and your views are welcome.

What is the Planned level of spend over the next 5 years on works to tenants homes?



The Planned 5 year programme from 2018/19 to 2022/23 includes:

The Association plans to spend around 1.6 million on planned maintenance and improvements to our tenants' homes over the 5 years from 2018/19 which includes windows, doors, gas boilers, electrical works and new kitchens and bathrooms.

Component	Budget	Property Nos.
Electrical Works Inc Smoke & CO Alarms	£200,000	All stock
Heating – New & Replacement	£300,000	70
Kitchens & Bathrooms	£475,000	95
Windows & Doors	£400,000	125
Other investment & planned maintenance	£200,000	All stock

This is a substantial amount of investment in the housing stock and is spread over all our areas of operation. In addition to this we spend in the region of just under £300,000 per year on repairs and other maintenance services.

What does this mean for my rent?

Sample Weekly Rent	Weekly Increase if 3% applied	Weekly increase if 3.5% applied
£58.00	£1.74	£2.03
£62.00	£1.43	£1.95
£75.00	£1.65	£2.25
£85.00	£1.87	£2.55
£90.00	£1.98	£2.70

How does my rent compare to tenants of other housing associations?

Average Weekly Rent	£	£	£	£
	2apt	3apt	4apt	5apt
CDHA	61.61	74.67	85.31	88.26
New Gorbals HA	69.10	79.06	90.14	102.61
Govanhill HA	79.45	84.70	97.99	116.07
Ardenglen HA	66.79	73.66	82.05	93.51

These figures are taken from the Scottish Housing Regulator site 2017/18

How does CDHA know if rents are “affordable”, and how can you help if I have problems paying my rent?

Affordability is based on the idea that everyone should have access to a warm home that they can afford as the starting point of good health and wellbeing. We appreciate that tenants all have different financial circumstances and obligations.

Rents for individuals

At an individual level we discuss rent payments and obligations with new tenants as they sign up and the Housing Management Team are there to help if tenants have problems in paying rent. We publicise this in our newsletters and would urge anyone experiencing difficulties to contact them. They can help with budgeting and benefits advice and looking at options such as moving to a property with a lower rent.

Rents across the housing stock

The Scottish Federation of Housing Associations' (SFHA) have developed an Affordability Toolkit that lets us use our rent data and data at a local authority area level on household income to consider if our rents are “affordable”. It is based on an assumption of income by household type just above what would typically qualify for housing benefit. This is a “moderate income” approach

Applying this approach across our 2018/19 rent levels demonstrates that whilst rents across our stock continue to be affordable in terms of the model, any increase in excess of 3.5% would see rents for certain household groups (single people, and single parents with 1 child) on the margins of affordability.

We know that everyone is different and if you have any problems paying your rent please get in touch with the Housing Management team who will try to help.

Will CDHA still be able to carry out improvements and repairs?

If we adopt an increase of less than 3% there may have to be some saving for 2019/20 and as noted above it would have a longer term impact too so we would have to look at reducing investment, services or delay some works.



How will CDHA fix rent increases in future?

There are no proposals at this time to change the way in which we consider our rental income.

The Association can continue to invest in your homes, meet the SHQS, EESSH and maintain a good level of service and meet our other obligations provided we

take account of all the considerations when we set the increase.

We will continue to inform and consult with you on rent matters and are happy to listen to your views on how we can make that work for you.

Will CDHA continue to be financially sound in the future?

We are not complacent about what we do. We regularly review our financial position and look ahead. We are subject to scrutiny and make regular returns to the Scottish Housing Regulator on performance and financial matters.

We have produced a summary of our financial position in our Annual Report and we produce Annual Accounts. You can find these documents on our web site.

We are of the view that we can successfully deliver services to you into the future, continue to provide homes at affordable rents without excessive rent increases and continue with our investment in your homes.

What about Value for Money?

Outcome 13 of the Scottish Housing Charter expects Social landlords to manage all aspects of their businesses so that:

Tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.

The main drivers on value for money are:

- Rent levels and affordability Comparability of rents
- Quality of Services such as Repairs / Maintenance Capital Investment in Homes
- The Size of Annual Rent Increases

However we realise that there is no room for complacency and we continue to look at Value for Money and are currently working on our value for money strategy across all areas of our business. We are also a member of a bench marking group where we compare costs and performance across 6 of our peer group of housing associations to ensure we continue to deliver value for money to our tenants.



WAYS TO PAY YOUR RENT



We provide a range of options for you to pay your rent:

You can.....

- Pay by Allpay at the post office or Paypoint outlets in local shops
- By standing order
- By direct debit
- By phone to the office using your debit card
- By attending at the office using a debit card
- By Housing Benefit direct

How to contact us: Cathcart & District Housing Association Ltd, 3/5 Rhannan Road, Cathcart, Glasgow G44 3AZ. Tel: 0141 633 2779 or e-mail info@cathcartha.co.uk

www.cathcartha.co.uk



- Annual Consultation rent increase 2019/20

We are consulting on a rent increase for 2019/20 either 3% or 3.5%. This increase is required to deliver services, cover running costs and improvements to your home. If we are unable to raise rents by at least 3% we may not be able to meet all our improvement plans and deliver the same high service level.

We would be delighted to receive your response and ask that you take a short time to complete this feedback form. Your views will be considered at the February Management meeting.

1. Please indicate your preferred option: Option 1: 3% ☐ Option 2: 3.5% ☐

Do you have any comments on the options?

2. Are you happy with the way in which we consult with you?

Yes ☐ No ☐

3. Would you like to have more consultation and take an active part in discussion on rent increases?

Yes ☐ No ☐

4. **Wider Role activities**

We are always looking at other services we could provide to make improvements to our accommodation. One issue that has become apparent in the recent years is the amount of people using bicycles to travel. We often encounter problems of people trying to keep their bikes in the close which of course is not possible owing to fire risk. We are currently looking at the feasibility of providing bike racks/stores in back court areas. To help us with that study can you indicate if you would be interested in that facility were it to be available.

I would/ would not like the facility to store a bike in the vicinity of my property* *(please delete as necessary)*

Comments:

5. **Name and Address**

Name:

Telephone Number:

Address:

Postcode: