



December 2019

Your Cloch

Special Consultation Edition

RENT & SERVICE CHARGE CONSULTATION

YOUR RENT IS CHANGING – RENT INCREASE PROPOSALS 2020/2021

2.8%
proposed
average rent
increase
2020/21

Welcome to this special edition of 'Your Cloch' for the once-a-year consultation on your rent and service charges. Your views matter and it's important that we hear your opinion on our proposals for 2020/21.

All tenants pay rent, regardless of whether you pay the full charge yourself, receive Universal Credit or Housing Benefit.

For 2020/21 we are proposing an average 2.8% increase in your rent, excluding any changes as a result of the Rent Restructure.

RENT RESTRICTURE

You will be aware that we wrote to you in October advising that your rent would be increasing or would be frozen as a result of changes to how we set rents.

These changes are separate from our once-a-year rent

increase however; the rent you pay going forward will be affected by the rent restructure. Our new rent setting policy reflects the property type, size, age and some property features – this is known as the 'Target Rent'. The 'Target Rent' will increase in line with the annual rent increase agreed each year.

There are 3 ways that your rent could be affected on 1 April 2020 as a result of these changes and the once-a-year rent increase:

1

Rent will Be Frozen

Your rent will not increase on 1 April 2020 so that your rent matches up with our new policy. This will be reviewed each year.

2

Rent will increase by up to 2.8%

Your rent would have been frozen, as the 'Target Rent' is the same as, or less than, what you pay now, but with the 2.8% increase, your rent will now go up to match the new 'Target Rent'.

3

Rent will increase by between £0 - £20 per month and by 2.8%

Your rent is lower than your Target Rent and the increase is being phased in as per the new rent setting policy.

If you are unsure how you will be affected, please see the letter sent with this newsletter or contact your Housing Officer.

HOW WE CALCULATE WHAT YOU PAY

Your monthly charge is made up of rent and service charges.

These charges vary depending on the type of accommodation and services you receive. The rent you pay is explained opposite.

Refer to the Rent Restructure Leaflet that was issued in October and is available on our website for more information on how rents are set.

How Will My Rent Be Calculated?

Base Monthly Rent is 2019/2020 figure.



HOW DO WE WORK OUT WHAT THE INCREASE SHOULD BE?

Our aim is to keep rents as low as possible, while ensuring the Association remains financially viable. The rent needs to be high enough to allow us to manage and maintain your home. We have a 30-year plan for each home to make sure we can cover all the work that will be needed. We try to keep our costs to a low level, but our main costs in managing and repairing our properties may rise by more than inflation.

Our rents need to be affordable to our tenants. With costs increasing higher than most income levels, this is more important than ever. The rents also need to compare with other landlords providing similar rented homes in Inverclyde and beyond.

RENT COMPARISON

We are committed to keeping our rents affordable for our properties.

On comparing our rents with neighbouring and similar housing associations, Cloch's current average charge of £387.41 (self-contained properties only) per month is slightly higher than the neighbouring landlords however, our housing stock is on average newer than other

landlords in the area and we also have a higher proportion of newer, cottage type dwellings which would account for this. We believe that our rents offer good value for the quality of accommodation and level of service our tenants receive.

Helping the community

As a result of tenants voting for an additional small increase in rent back in 2016/17...

...we continue to support and provide employment for 2 Modern Apprenticeships at any one time. This supplies employment and training to local young people and puts them on the path to their future career. So thank you!

...we provide a garden tidy scheme for those most in need. Over 40 tenants who are older or have physical disabilities are benefitting from your generosity... Thank You!



PROPOSED RENT INCREASE 2020/2021

The Association must set the once-a-year rent increase to cover our costs to continue to provide the full range of services to effectively manage and maintain tenants' homes. **The proposed average increase for 2020/21 is 2.8%** which we believe is the lowest rent increase we can apply which will allow us to meet the needs of our Business Plan, taking account of loan repayments which have been necessary to allow us to build homes. This does not apply to our secure tenants whose rent is controlled by the Rent Officer.

Here are some examples of how the proposed increase will affect average monthly rents (self-contained properties, excluding rent restructure changes):

Type	Current average monthly rent	Average with 2.8% increase
1 Apt	£267.06	£274.54
2 Apt	£334.03	£343.38
3 Apt	£392.01	£402.99
4 Apt	£448.15	£460.70
5+ Apt	£511.66	£525.99
All units	£387.41	£398.26

HOW AFFORDABLE IS THE PROPOSED RENT INCREASE?

If you receive Housing Benefit (HB) or Universal Credit (UC), the increase may be covered by your entitlement to these benefits. Tenants in receipt of UC will need to update their claim with new rent details once any increase is applied.

We asked tenants during our latest Tenant Satisfaction Survey in 2018 how many of them felt rents were value for money; 81% of tenants were satisfied that the rent was value for money against the Scottish average of 83% (Source: ARC Performance 2018/2019, Scottish Housing Regulator August 2019). This was one of the reasons that we restructured our rents to make them fairer and all new rents will meet

the Scottish Federation of Housing Association's Affordability Test once this three-year process is complete.

We appreciate however that tenant's financial circumstances can change, sometimes improving and sometimes worsening. We would therefore encourage any tenant who thinks that the proposed increase could cause financial difficulty to contact your Housing Officer immediately to discuss your situation.

SERVICE CHARGES

Service charges are to cover additional services provided to tenants. We recover the full cost of providing any service by dividing the projected cost for the year by the number of tenants/owners who receive the service. You only get charged for a service if you receive it.

Details of any service charges you pay have been explained on the letter issued with this newsletter.

CLOSE CLEANING SERVICE

The close cleaning service is undertaken by contractors hired by Cloch. The service has been introduced to some properties to make sure that all closes are cleaned to a good standard. The average weekly charge for close cleaning for 2019/20 is £4.28. The Association recharges the actual cost of the service plus a small administration fee.

We believe that our contractor's charge for the delivery of the close cleaning service compares well with the amount charged to other Housing Associations for this service.

We are entering year 2 of the current close cleaning contract, the terms of the contract are that the charge will increase by an average of 1.8% for 2020/2021. If this is a service you receive, the new charge is explained on the letter sent with this newsletter.



HOW DO WE SPEND YOUR RENT MONEY?

The rent increase will help fund next year's improvement programme, which includes:



How we plan to spend your rent next year

Planned maintenance/investment programme	£1,225,300
Staff costs & office overheads	£1,830,329
Day to day repairs & void maintenance costs	£917,200
Cyclical repairs (eg gas safety, cleaning gutters & painting)	£423,120
Other estate costs (open space maintenance, grass cutting, insurance etc)	£263,600
Bad debts	£124,241
Wider action community project costs	£55,900
Loan repayments including interest and fees (paying back money we have borrowed to buy and build our houses)	£1,591,400
Total	£6,431,090

HOW CAN I HAVE MY SAY?

The Board will consider the views from all tenants in deciding on the once-a-year rent and service charge review.

You can register your views in the following ways:

- By completing the enclosed rent increase 2020/2021 questionnaire, this can also be done online on our portal "My Cloch" my.clochhousing.org.uk (registration required)
- By writing to the Association at our address, noted below
- By emailing the Association. Our email address is office@clothhousing.org.uk

- By sending us a Direct Message on Twitter. Our Twitter account is [@ClochHA](https://twitter.com/ClochHA)
- By sending us a message on Facebook: [Facebook.com/ClochHA](https://www.facebook.com/ClochHA)
- By completing the contact form on our website www.clochhousing.org.uk

We will report your views to the Board in January to enable them to make an informed decision. The closing date for responses is **Friday 10th January 2020**.

Timeframe:	
Rent increase consultation begins	Mid December 2019
Consultation Drop In	Thursday 9 th January 2020
Consultation closes	Friday 10 th January 2020
Decision by Cloch Board	Tuesday 21 st January 2020
Notification to all tenants	By 1 st March 2020
Proposed rent increase effective from	1 st April 2020

We have arranged a Rent Increase Consultation Drop in Event on Thursday, 9th January 2020 between 2:30pm and 6:00 pm where you can talk to us about the increase proposals.

Once the rent and service charge increase is approved by the Board we will write to tenants no later than the 1st of March 2020 in accordance with your tenancy agreement to

advise you of your new rent from 1st April 2020, which is payable monthly in advance.

If you would like to discuss the Rent and Service Charge Review and how it could affect you please contact your Housing Officer in the first instance, they will record your views and pass them onto the Leadership Team to be reported to the Board as part of the consultation responses.

All completed questionnaires received by the closing date will be entered into a prize draw for a £50 shopping voucher.



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