

Agenda Item: 8

Report to: Management Committee

Date: 14th November 2019

Prepared by: Grant Kennedy, Housing Services Manager
Gary Watson, Finance Manager

Subject: Proposed Rent Increase 2020/21

Background

Listed below is a comparison of previous year's increases, and a comparison of 2019/20 rent charges, with local housing associations. Yorkhill HA average rents are the lowest among the other compared RSLs, and 3rd average increases over the last 6 years.

Rent Increase per Year (%)							
Association	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
Charing Cross	3.7	3.5	2	3	3.8	3.8	19.8
Whiteinch & Scotstoun	3.5	3	3	3.5	3	3	19
Yorkhill	3.6	3	2.1	2.2	2.9	2.5	16.3
Glasgow West	2.9	1.75	2.5	3.5	2.15	2.2	15
Partick	2.2	0.6	2	3	2.9	2.6	13.3
Average Rent Charges							
Association	1apt	2apt	3apt	4apt	5apt	Total	Average
Whiteinch & Scotstoun	£81.12	£88.00	£95.02	£105.93	£118.08	£488.15	£97.63
Glasgow West	£64.81	£80.45	£88.50	£99.37	£106.93	£440.06	£88.01
Partick	£58.54	£74.48	£83.36	£97.07	£104.67	£418.12	£83.62
Charing Cross	£65.38	£71.49	£78.06	£86.17	£96.84	£397.94	£79.59
Yorkhill	£61.66	£71.95	£81.17	£91.82	£89.42	£396.02	£79.20

Proposed Increase

Previous Yorkhill HA rent increases have used the most recent RPI rate of inflation as the basis for discussions. When preparing for the 2019/20 increase October's RPI figure was 3.3%, however following tenant consultation the board decided to implement an increase of less than inflation, with a rate of 2.5% being applied.

Yorkhill HA's rents remain affordable and in order to maintain a healthy financial position it would be recommended that rents are increased by a level to match inflation this year.

The latest RPI figure available to date is September 2019 at a rate of 2.4%. A table is listed below with how this would affect the average weekly rent charges:

	1apt	2apt	3apt	4apt	5apt	Average
Current Rent	£61.66	£71.95	£81.17	£91.82	£89.42	£79.20
Increase	£1.48	£1.73	£1.95	£2.20	£2.15	£1.90
New Rent	£63.14	£73.68	£83.12	£94.02	£91.57	£81.10

It is recommended that residents are consulted on the latest RPI figure – October's RPIs figure will be available approx. 13th November 2019 and the consultation documents will be adjusted to the most recent figure once available. A copy of the proposed consultation documents are attached in *Appendix 1*.

Consultation is scheduled to commence Monday 18th November 2019 allowing a 2 week deadline for responses by Monday 2nd December 2019. A report on these responses will be presented to the Management Committee meeting on 12th December 2019 to assist the board in making a final decision on the rent increase.

For information Glasgow City Council have requested that they are informed of the rent increase figure no later than Friday 7th February 2019 to allow them to organise the Housing Benefit to increase accordingly. A second deadline of Friday 13th March 2019 has been set for new claims made since 7th February 2019 only.

Timeline

The proposed timeline is as follows:

- **Wednesday 13th November 2019** – October 2019's RPI figures published (estimated)
- **Week Commencing 18th November 2019** – Tenant consultation letters to be sent.
- **Monday 2nd December 2019** – Deadline for responses.
- **Thursday 12th December 2019** – Board meeting to finalise rent increase.
- **Friday 7th February 2019** – Housing Benefit deadline for increase notification.
- **Thursday 13th February 2020** – Management Committee Meeting
- **Friday 13th March 2019** – Final deadline for 2nd Housing Benefit increases.

Appendix 1

18th November 2019

TITLE FORENAME SURNAME
FLAT
ADDRESS 1
GLASGOW
POSTCODE

Dear TITLE SURNAME

PROPOSED RENT INCREASE 2020/21

Yorkhill Housing Association is currently reviewing its budget for the next financial year, 2020/21, and the rent charge for our homes is part of this review.

We are committed to achieving the best Value for Money we can in every area of our business, and we strive to ensure that all residents can continue to live in safe, modern, and efficient – but ultimately affordable – homes. In order to continue to deliver this ambition we must ensure that we have sufficient income to cover our costs for next year and in the future.

Last year we were able to set rents at a level which meant they increased at a rate lower than inflation. This meant that Yorkhill Housing Association tenants enjoyed the lowest average rent charges compared with other housing associations in the West End of Glasgow.

This year we believe that we can sustain the excellent performance we have achieved so far by restricting the rent increase to only the rate of inflation, which is currently **2.4%**. This would mean that your rent would increase from **£XXX** per month, to approximately **£XXX** per month from 1st April 2020.

The Association's Management Committee and Senior Management Team would like to hear your views on the proposed rent increase. I have attached a questionnaire which I would appreciate if you could complete and return to me no later than **Monday 2nd December 2019** in order for your views to be considered.

I have enclosed some information detailing how your rent was spent last year, and some other information you may find useful, on the back of this letter. If you would like any further information please do not hesitate to contact me on the details below.

Yours sincerely

Grant Kennedy
Housing Services Manager

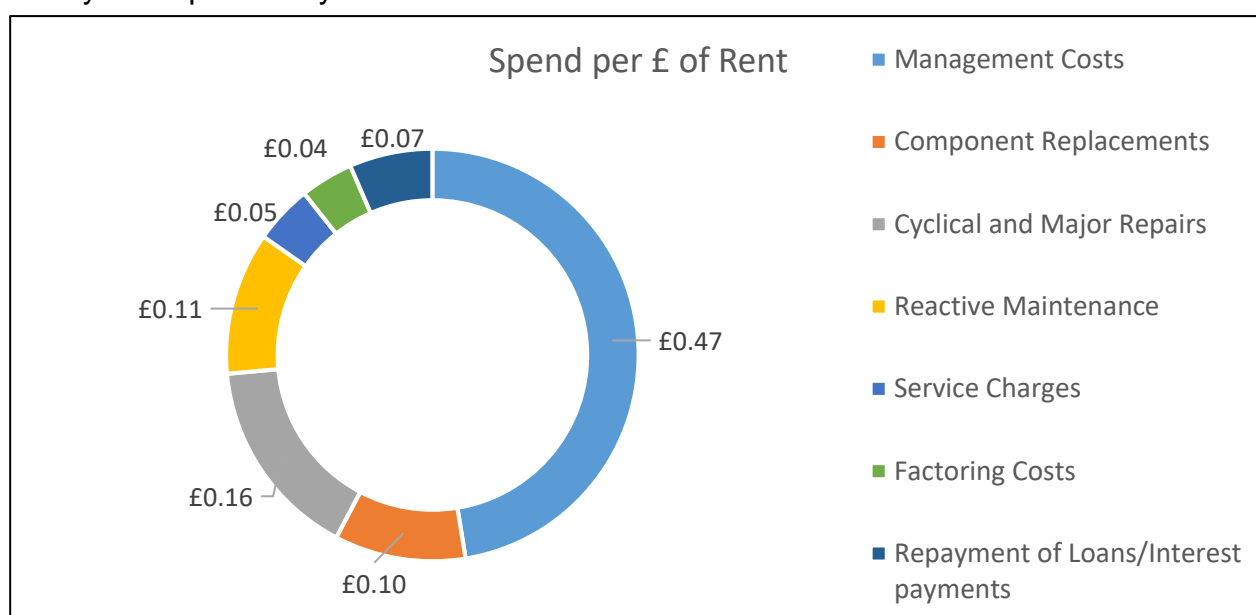
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RENT CHARGES

Yorkhill Housing Association's rents are the lowest in the West End of Glasgow. The table below shows the average rent charge of our properties compared with those of another four housing associations in the local area in 2019/20:

Association	1apt	2apt	3apt	4apt	5apt	Average
Housing Association A	£81.12	£88.00	£95.02	£105.93	£118.08	£97.63
Housing Association B	£64.81	£80.45	£88.50	£99.37	£106.93	£88.01
Housing Association C	£58.54	£74.48	£83.36	£97.07	£104.67	£83.62
Housing Association D	£65.38	£71.49	£78.06	£86.17	£96.84	£79.59
Yorkhill Housing Association	£61.66	£71.95	£81.17	£91.82	£89.42	£79.20

Achieving excellent Value for Money is crucial. The graph below shows how your rent money was spent last year:



Our tenants tell us that they are very satisfied with our performance. Last year our satisfaction rates were as below:

Question	% of tenants satisfied
Taking everything into account, how satisfied are you with the overall service from Yorkhill Housing Association?	94%
Do you feel we are good at keeping you informed about services and decisions?	93%
How satisfied are you with opportunities given to residents to participate in decision making processes?	83%
Are you satisfied with the quality of your home?	90%
How satisfied are you with the management of the neighbourhood?	86%
Do you feel the rent for your property represents good value for money?	89%

Yorkhill Housing Association

Proposed Increase for 2020 – 21 Rent Consultation Comments

	Yes	No
1. Do you agree that increases based on inflation rates are fair?		
If not, would you like to comment?		
2. Do you think your rent represents good value?		
If not, would you like to comment?		
3. Do you feel you are provided with enough information on how rental income is used?		
If not, would you like to comment?		
4. Do you feel your rent is affordable?		
If not, would you like to comment?		

Please hand your completed form to the office or post it using the freepost envelope provided. Alternatively, you can email your responses to:
administration@yorkhillha.org

All responses should be received by Monday 2nd December 2019.

We very much appreciate your time in participating in this consultation. All returned comments will be entered into a draw and two tenants will receive a £30 shopping voucher.

Name:..... Address:
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