

**Agenda Item:** 5

**Report to:** Management Committee

**Date:** 12<sup>th</sup> December 2019

**Prepared by:** Grant Kennedy, Housing Services Manager

**Subject:** 2020-21 Rent Increase and Consultation Feedback

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## 1. Background

- 1.1 The board agreed at the meeting on 14<sup>th</sup> November 2019 to consult tenants on a proposed rent increase of 2.1% - October's RPI figure.
- 1.2 On 18<sup>th</sup> November 2019 the approved consultation letter and questionnaire was sent to all current tenants with a return deadline of 2<sup>nd</sup> December 2019. Tenants were also encouraged at reception to fill these in if they had not done so already.
- 1.3 Glasgow West of Scotland Forum (GWSF) asked all its members to confirm their previous years increase and what they were considering their 2019/20 increase to be. Yorkhill's proposal compares very favourably with the other RSLs; a copy of the published report is attached at *Appendix 1* for information.

## 2. Responses

- 2.1 A total of 71 questionnaires were returned giving a return rate of 15.78%. Further details on the tenants answers are as below: (tenants comments are included verbatim)

<b>Question 1: Do you agree that increases based on inflation rates are fair?</b>		
<b>Yes</b>	63	88.73%
<b>No</b>	7	9.86%
<b>Not Answered</b>	1	1.41%
<b>Comments:</b> <ul style="list-style-type: none"><li>• <i>I think in the ideal world this would be fair, however in the past year I received a 1% wage rise which is not inkeeping with inflation rate of 2.1%. In the past 6 years my hourly rate has risen by £1.20 only.</i></li><li>• <i>Most pensions use Retail Price Index, maybe an option.</i></li><li>• <i>Can't be any fairer.</i></li><li>• <i>It depends on whether wages rise with inflation.</i></li><li>• <i>Very much so for this area.</i></li><li>• <i>Because some incomes don't reflect inflation.</i></li><li>• <i>My salary has not increased in 10 years but you always increase the rent.</i></li></ul>		

**Question 2: Do you think that your rent represents good value for money?**

<b>Yes</b>	62	87.32%
<b>No</b>	7	9.86%
<b>Not Answered</b>	2	2.82%

**Comments:**

- I would say yes considering the flat size, when the association services are good and for the location.
- I have been without heating & hot water a few times now and Alba Gas were out and told me there was a leak, but it was only discovered this week there was water coming from side of boiler and a new part had to be installed.
- Draughts from windows, concrete floors cavity walls and freezing cold 10 months of year.
- My flat is very cold in the winter
- The railings need painted.
- Excellent level of service, very prompt.
- I think I would struggle if going back to work since currently its just affordable.
- Still waiting on windows... The window frames are beginning to crumble, counter productive having central heating & it going out the window.

**Question 3: Do you feel that you are provided with enough information on how rental income is used?**

<b>Yes</b>	67	94.37%
<b>No</b>	1	1.41%
<b>Not Answered</b>	3	4.23%

**Comments:**

- There is usually a snap shot breakdown in the YHA news and I imagine if a more detailed breakdown were requested then it would be provided so on the whole yes.
- No comment
- More details needed – exact info where and for what it spend.

**Question 4: Do you feel your rent is affordable?**

<b>Yes</b>	64	90.14%
<b>No</b>	6	8.45%
<b>Not Answered</b>	1	1.41%

**Comments:**

- I just about manage every year to make the increases due to the consistent increase in food, energy prices, travel costs to work and other utility costs. I think it's a very thin line between being affordable for social housing and not.
- I am at present doing a full-time further education course and although I am receiving a bursary I don't get Universal Credit. I have to pay full rent & council tax.
- Please inform Housing Benefits as my HB has recently reduced - will need adjusting back up.
- Yes at present, however inflation could rise in coming years way over earnings?
- People in jobs aren't getting risings. Hard to live and pay bills.
- I know its not a huge rise but it is the 2nd in a year and the council tax has risen by £40 a month - it wipes out my pension altogether.
- Working it is very good value. Very happy.
- It is harder and harder for me to cover.
- As stated I feel it is competitive but generally rents and properties are priced too high in tenants of those who most require them.
- Going up by £8.44 per month this year and every year. Not good for those who are assured tenants.
- I receive benefits to pay for it.

### 3. Impact on rent levels

3.1 The following table shows the weekly increase to the average rent charges of Yorkhill HA tenancies if the figure of 2.1% is approved:

	1apt	2apt	3apt	4apt	5apt	Average
Current Rent	£61.66	£71.95	£81.17	£91.82	£89.42	£79.20
Increase	£1.29	£1.51	£1.70	£1.93	£1.88	£1.66
New Rent	£62.95	£73.46	£82.87	£93.75	£91.30	£80.87

### 4. Recommendations

4.1 The board are asked to **approve** the rent increase from 1<sup>st</sup> April 2020 at a rate of **2.1%**.

4.2 The board are asked to **note** the remaining timeline as follows:

- Friday 7<sup>th</sup> February 2020 – Housing Benefit deadline for increase notification.
- Thursday 13<sup>th</sup> February 2020 – Management Committee Meeting
- Friday 13<sup>th</sup> March 2020 – Final deadline for Housing Benefit increases on new tenancies since 7<sup>th</sup> February 2020.



RSL	Increase April 2019	Proposed increase for April 2020	Any further commentary
Abronhill HA	3.4%	<b>2.5%</b>	Abronhill will be consulting on 2.5% (CPI +1%) in line with Business Plan assumptions.
Argyll Community HA	3.7%	<b>RPI plus 1%</b>	Rent consultation identifies possible rent increase of RPI plus 1% which will be based on December 2019 RPI, and for info September 2019 RPI was 2.4% which would give a 3.4% increase.
Barrhead HA	3.4%	<b>CPI only</b>	The Association will be looking to consult on CPI only for our imminent increase. We are in year 5 of our rent harmonisation process and currently undertaking a full review of our Rental Policy in conjunction with affordability, our average rents and the Scottish average.
Cadder HA	2.7%	<b>3.8% (RPI plus 1%)</b>	Proposed increase is to meet the increasing needs of the Business Plan. Consultation to take place, the outcomes of which will be taken into account by our Management Committee in reaching a final decision.
Calvay HA	2.9%	<b>2% or 2.5%</b>	Consulting on these two options.
Cassiltoun HA	3.8%	<b>2.9% - 3.5%</b>	The Board agreed to consult on just 2 options this year. The BP's 3.5%, or Sept RPI + 0.5% - so being 2.9%. We are aware of the regulatory view on this but cannot use unrealistic CPI. We have input figures into the SFHA Housemark tool and it shows rent as being 19% of income (that's good) if on living wage, but increases to 67% (!) for a UC household and a 2+2 family.
Cloch HA	3%	<b>2.8% - 3.1%</b>	April 2020 – will consult on 2.8% increase and 3.1% (additional for enhanced tenancy support for vulnerable tenants) We have agreed a new Rent Restructure and this will start to be phased in from April 2020 – effectively this means some tenants will have an additional sum to pay over and above their annual increase, and some will have no rent increase at all as their rents are frozen.
Clydebank HA	3%	<b>2.5%, 3% or 3.5%</b>	Options will take into account tenant satisfaction survey results and meetings with tenants and residents groups
Craigdale HA	2.9%	<b>1.5%, 2% or 2.5%</b>	We have still not confirmed our rent increase for 2020/21 but we are looking at three options 1.5%, 2.00% and 2.5%.

East Kilbride HA	2%	<b>Between 1.5% and 2.4%</b>	Probably going to consult tenants on all of these four options: 1.5%, 1.7% (CPI), 2.0% and 2.4% (RPI). It is possible we may slip in an even higher number for consultation purposes, but it's unlikely we'll actually put them up beyond RPI.
Ferguslie Park HA	2.4%	<b>Oct CPI only (1.5%)</b>	
Glasgow West HA	2.2%	<b>2.2%</b>	In April 2019 the average increase was 2.2% - Phase 1 of rent restructure with a 1% increase for 2apts and a 3.5% increase for all others. We're consulting on average 2.2% increase for 2020/21. This would be implemented through Phase 2 of rent restructure with 2apts receiving lower increases and larger properties with higher increases.
Glen Oaks HA	3.8%	<b>2.6% - 2.8%</b>	Will consult on 2.6% or 2.8% increase (additional to support enhanced community services) We are currently reviewing our Rent Structure and intend to phase this in from March 2020.
Hawthorn HC	2.4%	<b>Oct CPI only (1.5%)?</b>	We are considering going with October's CPI. As things stand we are proposing not to offer an option. This is because we feel that it would not be viable for us in the long term to offer a lower increase, and we wish to keep the increase as low as possible. By offering the option of a higher increase this could result in some rents becoming less affordable, which we wish to avoid.
Hillhead HA	2.6%	<b>3.1%</b>	This year will be consulting on (RPI +1) = 3.1%, after 3 years of Inflation only rent increases. This is in line with our BP and enables us to continue our programme of Environment Improvements (as agreed with tenants) and provides resources for a cyclical painting programme to 51 homes in 2020/21.
Maryhill HA	3.9%	<b>3%</b>	September Board approved consultation on a rent increase at 3% based on a forecast estimate of CPI of 2% +1%.
New Gorbals HA	2.75%	<b>2.4%</b>	We are consulting on an increase of 2.4% (from 11 <sup>th</sup> November 2019 to 23 <sup>rd</sup> January 2020). For April 2019 we consulted on 3.1% but eventually approved 2.75%.
Partick HA	2.9%	<b>2.2% (Sept CPI plus 0.5%)</b>	2020/21 will be Year 3 of a rent harmonisation exercise, so actual rent increases will be slightly different for a small number of affected tenants.
Pineview HA	2.4%	<b>Oct CPI only (1.5%)</b>	we are undertaking a rent and service charge restructure this year so the aim is for an overall rental and service charge income to increase by Oct CPI (1.5%) but the actual increase per customer may vary somewhat once we have finished the restructure exercise.
Prospect CH	2.2%	<b>CPI plus 0.5%</b>	We're currently consulting on CPI + 0.5% maximum for rent increases for the next 3 years to link in to our Business Plan review. It looks like for 2020/21 we'll manage a CPI increase only of 1.7%. We've been working on improving our budgeting approach for a few years so it's good to see the progression which is enabling us to move to a CPI based model rather than RPI.

Queens Cross HA	3.3%	<b>2.4%, 2.9% or 3.4%</b>	We are currently consulting on 2.4%, 2.9% or 3.4% (September's RPI, + 0.5% or +1%).
Rosehill H.C.	3.3%	<b>2.1% (Oct 19 RPI)</b>	This is in line with our business plan commitments to cap any rent increases to inflation only.
Shire HA	2%	<b>1.5% or 2%</b>	We are proposing to consult with tenants on options between 1.5% (CPI) and 2%.
Southside HA	2.9%	<b>2.2%</b>	Our current Business Plan is based on a rent increase of CPI + 0.5%. We usually use the September CPI but as we are carrying out a rent review we started the process earlier and used the August CPI figure of 1.7% (turned out to be the same in September). Our Rent Consultation closed on 8/11/19 and we will take a recommendation of a 2.2% increase to the Management Committee on 28 <sup>th</sup> November 2019.
Thenue HA	3.3%	<b>2.6%</b>	Not offering options.
Thistle HA	3.3%	<b>3.1% or 3.5%</b>	Consulting on Options – 3.1% or 3.5%.
West of Scotland HA	3.4%	<b>Likely to be 2.7%</b>	Board are aware of affordability issue for 1 bedroom properties but more likely to try and address this the following year.
Yorkhill HA	2.5%	<b>RPI only (Oct RPI)</b>	