

# **Involved Residents Group Rent Review Meeting 2017**

11 January 2017

# Involved Residents Group

- \* Introduction , welcome and purpose of meeting
- \* Affordability and Comparability
- \* Proposed rent increase for 2017
- \* Service Charges – Reminder
- \* Preparing for Welfare Reform
- \* Rent & Service Charge Policy Review – proposed changes
- \* Rent Restructuring – Tullibody LSVT
- \* Finance Overview
- \* Investment Programme 2017/18
- \* Question time

# Rent Review Process

- \* Meeting today
- \* Consultation with all tenants – information sheet sent
- \* Committee decision – end of January
- \* Revised rent from April 2017

# Affordability

- \* The affordability calculation used by SCORE is as defined by the Scottish Federation of Housing Associations (SFHA) – is that a tenant in full time work , earning the minimum wage and getting all in work benefits should not qualify for Housing Benefit

# Affordability – Going forward

- \* SCORE – ended 2015
- \* Ochil View plans to set up representative tenant panel in 2017/18
- \* Tenants views and affordability/income and expenditure

# Comparability 2015/16

RSL Name	2 Apartment	3 Apartment	4 Apartment
<b>Ochil View</b>	<b>68.88</b>	<b>75.31</b>	<b>81.06</b>
Paragon	61.68	68.43	74.89
Forth	67.67	75.29	82.49
Rural Stirling	67.38	76.30	83.59
Fife	62.89	76.13	87.21
Average	65.81	73.85	84.34
Difference	+3.27	+1.46	-3.28

# Tenants rating rent paid as “good value for money”

	2016	2013	2010
% of tenants who feel the rent is good value for money	70%	74%	57%

# Tenant Satisfaction Survey 2016

- \* Fencing : 41%
- \* Parking 38%
- \* Gutters 32%
- \* Kitchens 37%
- \* Doors 35%
- \* Bathrooms 29%



# Ochil View trend on rent increases



	Ochil View	All RSL's
2013-14	3.0%	3.5%
2014-15	2.6%	2.6%
2015-16	2.5%	1.8%
Average 2013-16	2.73%	2.63%

# Rent Review Consultation 2017

- \* Ochil View 1.9% (consulting)
- \* RSHA 1.5% or 1.75% (consulting)
- \* Forth HA 1.5 % ( decided)
- \* Fife HA 2.5% (proposed)
- \* Paragon between 1.8% & 2.2% ( consulting )
- \* Link HA 2.5% (consulting)
- \* Clackmannanshire Council 2% ( decided)
- \* Stirling Council 0.3% (consulting)
- \* Fife Council consulting on 2.5%, 3% or 3.5%

# Rent Review Consultation 2017 – others

An analysis of RSL's 31 proposed rent increase (as at 14 December 2016) is as follows:

Increase Band	Nos	%
0 – 0.9%	0	0
1 – 1.4%	2	6
1.5 – 1.9%	7	23
2.0 – 2.4%	9	29
2.5 – 2.9%	8	26
plus 3%	5	16
Total	31	100%

# SERVICES– UPDATE

The main points are as follows:

- \* **Charges for services are included in rental where a service is supplied.**
- \* **Charges for services cover a range of items such as stair & window cleaning, landscape maintenance, electricity to communal areas etc.**
- \* **Contractors are on the Association's list of Approved Contractors**
- \* **Cost of service are 'pooled' and each tenant/property is charged the same**
- \* **All costs are recovered without making a surplus.**
- \* **Charges for services are calculated annually**

# Current SERVICE COSTS (per week)

- \* Landscape Maintenance – £1.21
- \* Shower – £1.00
- \* Stair lighting – £0.82
- \* Close cleaning - up to £2.18
- \* Window cleaning – £0.17
- \* Admin – 5%

These are all subject to further review before April 2017

# Preparing for Welfare Reform

- \* April 2013- Bedroom Tax
- \* From May 2015 Universal Credit rolls out in Clackmannanshire and December 2015 for Fife.
- \* Lets from April 2016 will be affected by Local Housing Allowance shared accommodation rates for single people aged under 35. This will be implemented from April 2018.
- \* November 2016 the Benefit Cap rates are lowered from £26,000 per year to £20,000 and from £18,200 per year to £13,399 for single people without children.
- \* From June 2017 Universal Credit rolls out to all new claimants in Clackmannanshire and December 2017 for Fife.

# Overview

## Bedroom Tax

- \* 121 tenants receive full or partial DHP.
- \* £79,616 in total per year.

## Universal Credit

- \* As at 31/12/16 a total of 30 tenants were in receipt of Universal Credit.
- \* 21 of these tenants were in rent arrears.

## Local Housing Allowance

- \* Since April 2016 we have let 19 properties to single people aged under 35 and 17 of these in receipt of benefit.
- \* The amount of shortfall in rental income if this remains the same is approximately £171.59 per week (£8,923) per year.

# Overview Continued

## Benefit Cap

- \* Currently 11 tenants have been affected by the benefit cap changes.
- \* The amount of shortfall in rental income at the present time is an average of £44.80 per household per week. This is a total of £25,626 per year.
- \* At present the lowest amount a household has had their housing benefit cut by is £14.20 per week and the highest amount is £70.05.
- \* There is no DHP funding available for tenants affected by the benefit cap at the present time.



# What have we done to prepare?

- \* Provided general information
- \* Visited every tenant affected by the bedroom tax
- \* Provide a Tenancy Sustainment Service to all tenants this includes, income maximisation, assistance with benefit applications, DHP, budgeting, fuel poverty and referrals for debt management
- \* Changed Allocation Policy to assist with under occupancy
- \* Joined Homeswapper
- \* Assisted with DHP Applications

# RENT POLICY

Fiona Nicholl

Head of Finance & Corporate Services and Depute  
Director

# RENT POLICY

In accordance with the Association's Rent Policy the Rent Review section 14.0 states that

“of particular relevance to the proposed rent increase will be the most recent rate of inflation, RPI & CPI, interest rates, and their potential effect on key expenditure issues such as maintenance costs, loan repayments and staffing costs”.

This is a move away from the tradition “linking” of September RPI + 1%....

# RENT POLICY

- \* ...and a move towards what the business plan requires to make the organisation financially viable whilst taking account of RPI & CPI and assuming a more general or 'business' rate of inflation.
- \* The rent policy also refers to affordability issues for the tenants and comparability with other housing providers in Clackmannanshire and Fife

# Inflation Trends 2016

- \* Current RPI rate of inflation at Nov 16 is 2.2%.
- \* Average RPI rate over 2016 was 1.68%
  
- \* Current CPI rate of inflation at Nov 16 is 1.2%.
- \* Average CPI rate over 2016 was 0.59%

# INFLATION & RENTS

- \* Proposals for rents to increase by 3.5%, per the long term business plan.
- \* The 30 year business plan assumes a general rate of inflation of 2.5% with a “plus 1%” for rental increases. A 3.5% rent increase is assumed throughout the next thirty years and will be reviewed on an annual basis.
- \* Last year rents increased by 2.5% so well below the business plan assumption

# TULLIBODY (FORMERLY SCOTTISH HOMES) LEGAL MINUTE OF AGREEMENT

## \* Part 13 of the Schedule (Rent Increases)

<u>Years</u>	<u>RENT INCREASES</u>
* 1 – 5	RPI+ 1% (1998/99 – 2002/03)
* 6 – 10*	RPI + 2% (2003/04 – 2007/08)
* 11 – 20	RPI +1.5% (2008/09 – 2018/19)
* 21 – 30	RPI + 1% (2019/20 – 2029/30)

\*2004/05 Restricted to 1½ % & 2007/08 Restricted to 1%

Current RPI is 2.2% + 1.5% = 3.7%

# PROPOSED TYPICAL RENTS FOR 2017/2018 New Build: +1.9%

PROPERTY TYPE		2017/18	2017/18	2017/18
		Annual	Weekly	Increase
		Rent	Rent	Per week
		£	£	£
FLATS	1apt/1p	2,975	57.22	1.07
	2apt/1p	3,392	65.22	1.22
	2apt/2p	3,570	68.66	1.28
	3apt/2p	3,651	70.21	1.31
	3apt/3p	3,831	73.68	1.37
	3apt/4p	4,012	77.15	1.44
	4apt/4p	4,130	79.42	1.48
AMENITY	2apt/1p	3,452	66.39	1.24
FLATS	2apt/2p	3,637	69.94	1.30
	3apt/2p	3,718	71.50	1.33
	3apt/3p	3,901	75.02	1.40
WHEELCHAIR FLATS	2apt/2p	3,827	73.59	1.37
	3apt/3p	4,106	78.97	1.47
	3apt/4p	4,299	82.67	1.54
	4apt/4p	4,425	85.09	1.59



# PROPOSED TYPICAL RENTS FOR 2017/2018

## New Build cont'd

PROPERTY TYPE		2017/18	2017/18	2017/18
		Annual	Weekly	Increase
		Rent	Rent	Per week
		£	£	£
HOUSES	2apt/2p	3,723	71.59	1.33
	3apt/2p	3,879	74.61	1.39
	3apt/3p	4,072	78.31	1.46
	3apt/4p	4,260	81.93	1.53
	4apt/4p	4,389	84.41	1.57
	4apt/5p	4,580	88.08	1.64
	5apt/6p	4,837	93.01	1.73
AMENITY	2apt/2p	3,783	72.75	1.36
HOUSES	3apt/2p	3,946	75.89	1.42
	3apt/3p	4,140	79.62	1.48

# PROPOSED TYPICAL RENTS FOR 2017/2018

## New Build cont'd

PROPERTY TYPE		2017/18	2017/18	2017/18
		Annual	Weekly	Increase
		Rent	Rent	Per week
		£	£	£
WHEELCHAIR	2apt/2p	3,847	73.98	1.38
HOUSES	3apt/2p	4,012	77.15	1.44
	3apt/3p	4,207	80.91	1.51
	3apt/4p	4,406	84.73	1.58
	4apt/4p	4,537	87.24	1.63
	4apt/5p	4,736	91.07	1.70
	5apt/5p	4,801	92.32	1.72
	5apt/6p	4,998	96.12	1.79
	6apt/7p	5,293	101.79	1.90

# PROPOSED AVERAGE RENTS 2017/2018: Tullibody (Formerly Scottish Homes Stock):

1.9%

		2017/18	2017/18	2017/18
		Annual	Monthly	Weekly
		Rent	Rent	Rent
		£	£	£
2apt/ 2p Flat		2,826	235.49	54.34
3apt/4p Mais		3,444	287.02	66.24
3apt/ 4p MT House		3,824	318.63	73.53
3apt / 4 p End Ter House		3,958	329.79	76.11
3apt / 4p SD House		3,713	309.43	71.41
4apt/5p Mais		3,746	312.20	72.05
4apt / 5p FIB Flat		4,294	357.84	82.58

# PROPOSED AVERAGE RENTS 2017/2018: Tullibody (Formerly Scottish Homes Stock):

1.9%

	2017/18	2017/18	2017/18
	Annual	Monthly	Weekly
	Rent	Rent	Rent
	£	£	£
4apt/5p MT House	4,294	357.84	82.58
4apt/5p End Ter House	4,410	367.48	84.80
4apt/5p SD House	4,666	388.82	89.73
5apt/6p FIB Flat	4,106	342.21	78.97
5apt/6p MT House	4,347	362.21	83.59
5apt/6p End Ter House	4,707	392.22	90.51
5apt/6p SD House	4,666	388.82	89.73

# RENT RESTRUCTURING: BACKGROUND

- \* This exercise relates to establishing fair / comparable rents for the LSVT (older) properties in Tullibody only.
- \* Partially implemented since April 2005 for re-let properties where they have the new average rent applied at changes in the tenancy.
- \* The Finance Audit & Corporate Governance (FACG) committee agreed that the policy of moving tenants onto the average rent at changes in tenancy had become less than effective due to falling numbers of re-lets.

# RENT RESTRUCTURING:UPDATE & PROGRESS TO DATE

- \* The FACG Committee agreed on 14 February 2013 “ to increase the lower the rents by 50p per week and reduce all higher rents down to the average rent.
- \* The committee agreed to an implementation date of 1 April 2014 for this exercise and that by the end of year 5 all rents should be brought in line with the average rent.
- \* 351 properties in Tullibody are now on the average rent. This represents 74% of the stock.
- \* 121 properties still require to be moved onto the average rent

# FINANCE OVERVIEW

- \* Fiona Nicholl
- \* Head of Finance & Corporate Services and Depute Director

# Costs – Estimated for 2017/18 (Based on 1st Draft Budget)

- \* Providing management, maintenance, administration and support services - £1.253m
- \* Direct maintenance costs - £2.54m (see next slide)
- \* Other direct housing costs – insurance, legal, services etc. £342K
- \* Office running costs, IT, legal, tenants consultation, audit and regulation costs - £340K
- \* Loan Repayments - £533K



# MAINTENANCE INVESTMENT 2017/18 – (Based on 1<sup>st</sup> Draft Budget)

SHQS & EESSH	£732,000
Reactive	£467,000
Voids	£222,000
Cyclical Maintenance	£224,000
Other Maintenance	£895,000
Total	£2,540,000

# Total Costs & Income

- \* Total costs £6.064m
- \* Turnover (mainly rental income) - £5.9m  
(based on a 1.9% rent increase)

Expected cash increase during the coming year of £164K

# Scottish Housing Regulator

- \* **Some highlights from 2014/15 accounts are as follows:**
- \* **Turnover for the sector increased by 4.2% to £1,374 million (2014 - £1,318 m)**
- \* **Operating costs were £1,131 million (2014 £1,113 million), a 1.6% increase on 2014 and representing 82.4% (2014 84.5%) of turnover**
- \* **Staff costs, at £432 million were also marginally higher (2014 £403 million), and represent 38% of operating costs**
- \* **Long term loan debt rose to £3,563 million, an increase of 7.3% (2014 £3,344 million)**

# Cost Comparisons – Peers Nationally & Other Housing Associations 2015/16

Benchmarking results for 2015/16	Mgt & maint administration £	Planned maintenance £	Reactive maintenance £	Total direct maintenance £	Total mgt & maintenance £
Ochil View Housing Association Ltd	1,096	668	500	1,168	2,264
Forth Housing Association Ltd	1,038	133	360	493	1,531
Rural Stirling Housing Association Ltd	1,310	273	367	640	1,950
Paragon Housing Association Ltd	1,081	632	534	1,166	2,247
Kingdom Housing Association Ltd .	720	110	685	794	1,514
Fife Housing Association Ltd.	1,293	488	700	1,188	2,481
Prospect Community Housing	1,169	510	486	996	2,165
East Lothian Housing Association Ltd	1,334	753	647	1,400	2,734
Melville Housing Association Ltd	1,182	277	496	773	1,955
Sector Median	1,193	395	487	927	2,100

# Cost Comparisons – Peers Nationally & Other Housing Associations

Benchmarking results for 2015/16				
	Voids (%)	Staff costs to turnover (%)	Net Debt Per Unit (£)	Debt Per Unit (£)
Ochil View Housing Association Ltd	0.48	15.35	13,465.73	19,162.99
Forth Housing Association Ltd	0.07	18.44	16,002.98	19,525.23
Rural Stirling Housing Association Ltd	0.25	15.76	15,123.83	17,137.04
Paragon Housing Association Ltd	0.27	28.90	6,975.84	10,730.73
Kingdom Housing Association Ltd .	0.91	37.02	13,030.05	15,920.04
Fife Housing Association Ltd.	1.24	25.49	14,913.42	16,082.58
Prospect Community Housing	0.27	28.90	6,975.84	10,730.73
East Lothian Housing Association Ltd	0.54	20.21	12,638.67	16,304.22
Melville Housing Association Ltd	0.16	13.63	14,528.69	15,155.92
Sector Median	0.58	19.16	7,379.36	10,941.79

# SHQS, INVESTMENT AND MAINTENANCE PLANS 2017-18

**Andrew Gibb**

**Assistant Technical Services Manager**

# SCOTTISH HOUSING QUALITY STANDARD (SHQS)

All RSL's were to achieve the SHQS by the year 2015 however the standard is ongoing.

In broad terms for properties:

- Are they free from serious disrepair?
- Are they energy efficient?
- Do they have modern facilities and services?
- Are they healthy, safe & secure?

Exemption or abeyance allowed to meet the standard.

Progress to December 2016?

# SCOTTISH HOUSING QUALITY STANDARD (SHQS)

Properties	Criteria Failing	Work Content	SHQS Compliance	On Hold (Survey issues)	Access Issues	Comments
Comrie Court Old Mill Lane Cleuch Drive Craigleith View	C	25 Properties require pipe insulation	25	0	0	100% complete
Mar Street Bridge Terrace Mercat Wynd	C	23 properties may require heating upgrade	23	0	0	No action. Boilers have adequate efficiency ratings.
<b>Total</b>		<b>48</b>	<b>48</b>	<b>0</b>	<b>0</b>	



# SCOTTISH HOUSING QUALITY STANDARD (SHQS)

Properties	Criteria Failing	Work Content	SHQS Compliance	On Hold (Survey issues)	Access Issues	Comments
Delphwood Crescent, Redlands Road, Stirling Road, Weavers Way, Comrie Court, South Avenue, The Charrier, Craigleith View, Bridge Terrace, Mercat Wynd, Talisker, Burleigh Way, Burgh Mews, Mar Street, St Mungo's Wynd, Stirling Street, Millbank Crescent, Mitchell Court, Colville Gardens, Dovecot Road, Knowefaulds Road, Ladywell Drive, Newlands Place, St Serfs Road, Broomieknowe, The Braes, Old School Court	D	3 properties may require bathroom upgrade	3	0	0	No action – Bathrooms not requiring replacement.
	D	210 properties requiring kitchen repairs/ alterations.	209	0	1	99.5% complete
<b>Total</b>		<b>213</b>	<b>212</b>	<b>0</b>	<b>1</b>	

# SCOTTISH HOUSING QUALITY STANDARD (SHQS)

Properties	Criteria Failing	Work Content	SHQS Compliance	On Hold (Survey issues)	Access Issues	Comments
Burleigh Way, Bowhouse Gardens, Burgh Mews, South Avenue, Bank Street, Mar Street	E	8 properties may require locks upgraded	8	0	0	No action – Locks fitted meet standard.
	E	49 properties requiring smoke detectors/fans or electrical work.	46	0	3	93.9% complete
<b>Total</b>		<b>57</b>	<b>54</b>	<b>0</b>	<b>3</b>	
<b>Grand-Total</b>		<b>318</b>	<b>314</b>	<b>0</b>	<b>4</b>	<b>98.7% Complete.</b>

# PLANS AND PROGRAMMES

## Maintenance Plans 2017-18

# Maintenance Program 2017-18

Project	Areas	Anticipated Start Date
External Decoration incl. Gutter Cleaning	Mercat Wynd, Alloa (7 units)	June 2017
Gutter Cleaning Only (as part of Cyclical Programme)	Burleigh Way, Alloa (20 Units); Carlyle Street, High Valleyfield (29 Units); Bowhouse Gardens, Alloa (44 Units); Earl of Mar Court, Alloa (22 Units); Old School Court, Alloa (40 Units); Bridge Terrace, Alloa (38 Units); Hill Park/Street, Alloa (36 Units); Dunimarle Street, High Valleyfield (14 Units);	May & October 2017

# Maintenance Program 2017-18

Project	Areas	Anticipated Start Date
Gutter Cleaning Only (Continued)	Weavers Way, Tillicoultry (24 Units); Mitchell Court, Dollar (13 Units); Comrie Court, Tillicoultry (17 Units); Broad Street, Alloa (7 Units); The Charrier, Menstrie (21 Units); Talisker, Tullibody (24 Units); Baingle Crescent, Tullibody (20 Units); Pearson View, Sauchie (28 Units); Kirkgate, Alloa (20 Units); Colville Gardens, Alloa (30 Units); Tinian Crescent, Newmills (16 Units); Paton Court, Alloa (27 Units);	May & October 2017

# Maintenance Program 2017-18

Project	Areas	Anticipated Start Date
Gutter Cleaning Only (Continued)	Baillie Court, Sauchie (15 Units); Alloa Road, Tullibody (27 Units); Old Mill Lane, Oakley (42 Units); St Mungo's Wynd, Alloa (37 Units); South Avenue, Blairhall (30 Units); Kippen Place, Sauchie (20 Units)	May & October 2017
Boiler Replacement Only	Talisker, Tullibody (24 units) Baingle Crescent, Tullibody (20 units)	May 2017
Smoke Detector Replacement	Preston Crescent, High Valleyfield (17 units)	June 2017

# Maintenance Program 2017-18

Project	Areas	Anticipated Start Date
Kitchen Replacement	Knowfaulds, Road, Tullibody (11 Units) Mercat Wynd, Alloa (6 Units) Comrie Court, Tillicoultry (15 Units) Stirling Road, Tullibody (17 Units) Old Mill Lane, Oakley (23 Units)	May 2017
Extract Fan Replacement/ Installation	Talisker, Tullibody (24 units) Baingle Crescent, Tullibody (20 units)	June 2017
External Light Replacement	Weavers Way, Tillicoultry (24 Units)	June 2017

# Maintenance Program 2017-18

Project	Areas	Anticipated Start Date
CO Detector Replacement/ Installation	Burleigh Way, Alloa (20 units) Carlyle Street, High Valleyfield (29 units) Ochil View Drive, High Valleyfield (8 Units) Dunimarle Street, High Valleyfield (14 Units) Stirling Street, Alva (8 Units) Talisker, Tullibody (24 units) Baingle Crescent, Tullibody (20 units) Preston Crescent, High Valleyfield (17 units)	June 2017



# Maintenance Program 2017-18

Project	Areas	Anticipated Start Date
Shower Installations (year 3 of 3)	All areas. Year 3 is focused on remaining properties not yet complete and those difficult to access.	April 2017
Fencing Replacement	Northwood Road, Tullibody (19 Units) Westview Crescent, Tullibody (25 Units) Firs Road, Tullibody (17 Units) Delphwood Crescent, Tullibody (25 Units) Ash Grove, Alloa (33 Units) Paterson Place, Tullibody (26 Units)	May 2017

# Maintenance Program 2017-18

Project	Areas	Anticipated Start Date
Floor Covering Renewal	Bowhouse Gardens, Alloa (Covers communal stairs only)	May 2017
Wall Renewal	Bowhouse Gardens, Alloa Burleigh Way, Alloa - Refers to boundary walls in common areas.	May 2017
Drainage Remedial Work	Tinian Crescent, Newmills (Common areas)	May 2017

# QUESTION TIME

\* Questions/Answers