



HAVE YOUR SAY

Rent Increase
April 2021

This leaflet gives you information about the rent increase due in April 2021.

The rent increase is one of the most important decisions Oak Tree Housing Association (OTHA) makes each year. It affects every tenant and all of our services. **We need your help to get it right.**

This leaflet or any information requested can be made available in large print or another format if required.





When Will Decisions Be Made?

Oak Tree Housing Association's Management Committee meets on **22 February 2021** to decide what the rent increase will be. The budget for the coming year is agreed at the same meeting. The budget covers our income and what we will spend in the year. Tenants are given notice of the increase by the end of February and the increase will start from 1 April 2021.



Rent

The rent for each property is set by our Rent Policy. The Rent Policy awards points for the features of the property such as the number of rooms, the property type, for example.



Services

Service charges are only made where tenants benefit from a service. They cover things like environmental maintenance (landscaping) and fire safety equipment, like sprinkler systems or fire extinguishers. We aim to recover the full cost of providing the service from all the tenants who benefit.

Who Will Be Affected?

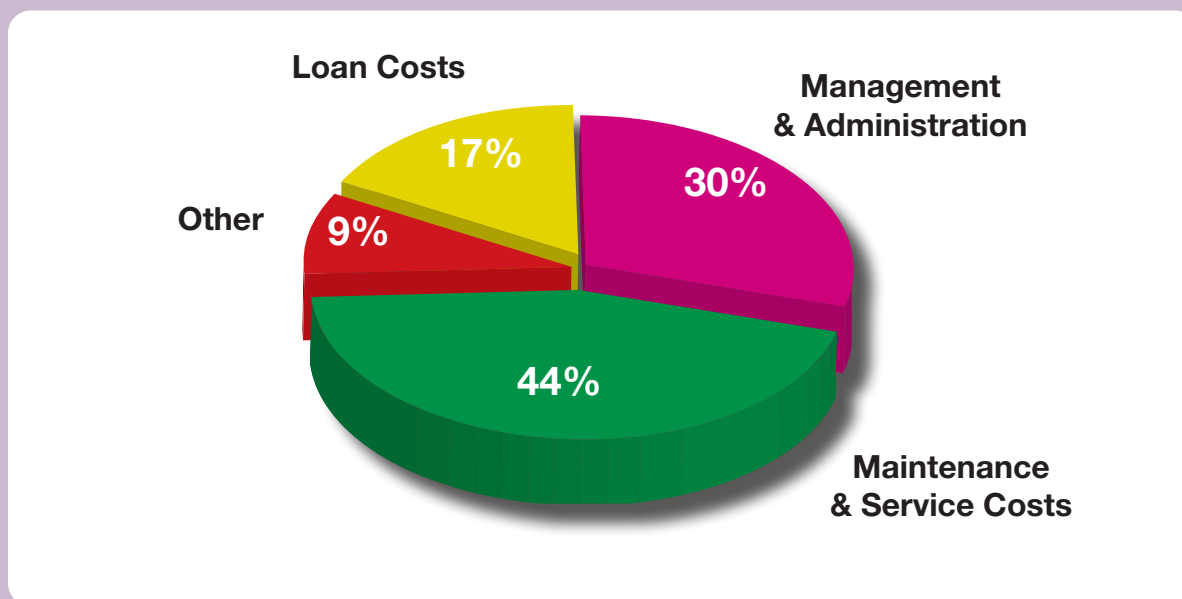
Nearly all tenants are affected by the rent and service charge increase. If you receive Housing Benefit you may not notice changes to your rent charges as your benefit may be increased to cover the change.

If you receive Universal Credit, you need to tell the DWP of the change in your rent. If you don't do this, the housing amount included in your payment will not be increased even though your rent does.

What We Look at when Setting Rents

We have to make sure our income will cover what we need to spend to maintain your home and provide the services to you. We look at what we have spent in the past, what costs are likely to increase, what savings we can make and how much this will leave us with.

This is done over 30 years so that we don't run out of money when we need to spend on big items, like new roofs.



The following has been taken into account in the first draft of our 2021-22 budget;

- **Development** – the Association is still working on delivering the remaining 155 units from an approved 191 unit development programme and expects to spend approximately £12.6 million on this in 2021/22, with this programme of work expected to finish in 2022. Future rents from the new properties will contribute to paying the associated bank loan costs in future years.
- **Planned investment in our properties** – this includes new kitchens, bathrooms, windows and electrical rewiring, which will be funded from our reserves. £1.3 million is also being spent to carry out other work, for example, external painting, comply with new safety requirements, estate improvements and costs associated with the Maple Road demolition project.
- **Staff costs** – salaries, pensions, tax and NI, transport costs, etc. These have decreased by 1.6%, linked mainly to additional posts in 2020/21 for one-year support projects.
- **Reactive and routine repairs** – repairs to our properties and common parts. Costs have increased by 5%, due to inflation uplifts applied by the contractors and additional budget provision being set aside for window and door entry repairs.
- **Bank loans** – bank loan interest has increased by 17% to pay for the additional £12.6 million development loan funding.
- **Overheads** – the cost of running the office like heating, rates, printing, stationary, & phones. Overheads have decreased by 6%, with 2020/21 seeing an increase in costs around some one-off costs relating to the separation from Cloch Housing Association and loan funding set up costs, e.g. legal fees associated with the loan agreements.

The lower than inflation rent increase of 1% has been facilitated by modelling a change in replacement years of some housing components, following the stock condition survey information, e.g. replacing kitchens every 15 years from 10 years, however tenant consultation will be undertaken before a final decision is made on this.

Rental income has also been impacted by having additional properties from the new developments, however this has been offset by the Maple Road demolition project, which will see 65 properties in Maple Road being demolished over the next few years.

The table below shows data from the Scottish Housing Regulator at 31 March 2020 for the different local landlords. It gives details of the increase applied in 2020-21 and the proposed increase for 2021-22. Some have still to finalise their increase for 2021-22. The second table shows the average of weekly rent & service charges for tenants based on the apartment size of their home.

	Oak Tree HA	Cloch HA	Link HA	Larkfield HA	River Clyde Homes
Total No. of Homes	1763	1367	278	381	5789
Actual % Rent Increase 2020/21	2.8%	2.8%	2.5%	2.0%	3.0%
Proposed % Rent Increase 2021/22	1.0%	Up to 1.9%	1.5%	1.5%	1.7%, 1.9% or 2.1%

Average Weekly Rent Levels March 2020

	Oak Tree	Cloch	Link	Larkfield	RCH	Scottish Average
1 Apt	£63.79	£72.46	£66.97	N/A	£78.50	£73.47
2 Apt	£78.12	£82.43	£79.23	£60.79	£85.93	£78.02
3 Apt	£85.52	£91.69	£90.79	£84.74	£89.89	£80.10
4 Apt	£95.19	£103.99	£99.17	£98.17	£96.37	£87.08
5 Apt +	£106.35	£118.08	£108.22	£110.63	£101.90	£96.18

*The lowest local average rents for each size are highlighted in yellow

OTHA rents in March 2020 are:

- Closest to the average for social landlords in Scotland.
- Lower than some local landlords.
- Starting from a reasonably good point before next increase.
- There are differences in housing type and quality between landlords.

The rate of inflation (RPI) in October 2020 was 1.3% and CPI was 0.7% (CPI excludes costs associated with Housing, e.g. mortgage costs, council tax, housing depreciation and building insurance).

Our independent tenant satisfaction survey reported in January 2019. Oak Tree tenants were asked if the rent they paid to the Association represented good value for money. 8 out of 10 tenants agreed that their rent was very or fairly good value for money. This is lower than our last survey in 2016 (87%).

The Impact of Covid 19

The Covid 19 pandemic has affected the Association and its tenants. Our office closed on 20 March 2020 and staff are still working from home and trying to provide the best service possible. We are very aware that our tenants' incomes and employment opportunities have been adversely affected and that is why we are so pleased to be able to offer the lowest increase we possibly can.

Our Proposal For Next Year

OTHA is proposing a rent increase of 1% for 2021/22.



Service Charges

The service charges are based on estimated costs for next year. Some of our supported developments have individual service charges for specialist items and we recover the direct cost of providing these items.

We also provide a landscaping and environmental maintenance service to most of our tenants and owners. There was no increase in the charges applied in 2020-21 from the previous year and this year we are delighted to advise that the majority of tenants will not see a change in their charge from 1 April 2021.

Tenants who live in our estates benefit from a landscaping service and there have been some small changes to the level of service charge. Some charges have reduced which is very welcome news and some have increased by a small amount. The largest monthly increase is £2.27 a month. Details of the change in the landscaping service charge will be provided in the letter sent to all tenants at the end of February 2021 and you will be advised of your new rent and service charge.

Tenants who live in a flat and benefit from a backcourt maintenance charge will, once again, see no change in this charge in 2021. The Association will be reviewing the charges in July 2021 with the contractor but any changes agreed at that time will not take effect until April 2022.



How You Can Have Your Say

We want feedback on our proposals for the rent and service charge increase from as many tenants as possible to help the Management Committee make their decision. The consultation will close on **12 February 2021**.

Due to the office closure, we are not holding face-to-face meetings. So, how can you have your say?

- **By survey** - Complete & return the survey enclosed. We are also sending electronic versions of this survey by text or by email and we may also telephone tenants to speak to you directly and complete the survey with you if you haven't already done so.
- **In writing** - Put your views in a letter to Hazel Aitken, the Housing Manager at OTHA or email us at info@oaktreeha.org.uk
- **By phone or text** - Pass on your comments to any member of staff over the phone or by text.
- **Come to a zoom meeting** or arrange a one-to-one chat with Hazel Aitken or any other member of staff. Just tell us you want to do this, in whatever way you choose and we will set it up.



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