



HAVE YOUR SAY

Rent Increase
April 2024

This leaflet gives you
information about the rent
increase due in April 2024.

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

When Will Decisions Be Made?

OTHA's Management Committee meets on 12 February 2024 to decide what the rent increase will be. OTHA 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 2024**.



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?

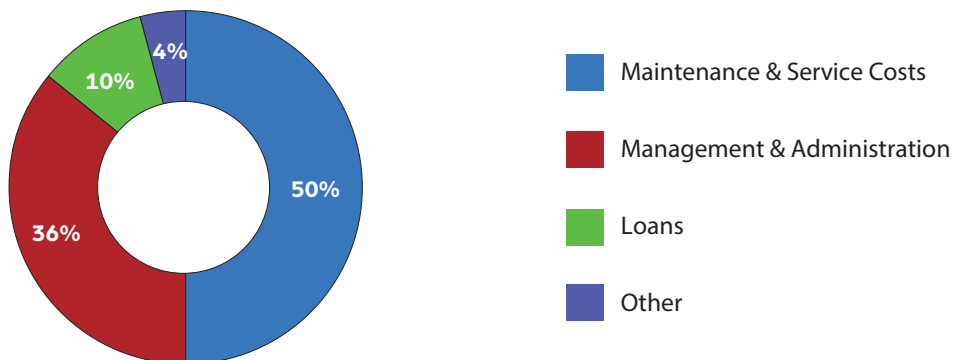
Nearly all tenants are affected by the rent and service charge increase. If you receive Housing Benefit you may not notice changes to your rent charges as your benefit may be increased to cover the change.

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 do not run out of money when we need to spend on big items like new roofs.

Main Areas of Spend in 2024/25 Budget



The following spend has been considered in the first draft of our 2024–25 budget:

- **Development** – the Association plans to re-commence the Strone Farm Development in 2024 with the initial 15 units and hopefully another 50. Discussions are ongoing with the Scottish Government regarding funding. Included within the 2024/25 budget is spend to complete the 15 unit development.
- **Planned investment in our properties** – e.g. replacement windows, electrical rewiring, kitchens, external and internal doors and other parts of the buildings. £1.465 million is expected to be spent on replacements, which will be funded from our reserves. £373K is expected to be spent on other cyclical work, for example, electrical testing, gutter cleaning, estate improvements. The budget is based on estimated costs, these will be updated as and when contract tenders are received.
- **Staff costs** – salaries, pensions, national insurance, transport costs, etc. have increased by 8%, linked to a larger staff team while we pilot an in-house landscaping team along with a cost of living salary increase.
- **Reactive and routine repairs** – repairs to our properties and common parts. Reactive maintenance includes inflation of 6.1% plus a buffer of 2% to allow some flexibility around the instability of the market. The new maintenance framework is now in place and should provide some stability of contractor costs.
- **Loan Costs** – bank interest receivable has increased by 1407% as we see interest rates begin to rise. Loan interest costs have increased by 30% as some of our fixed loan rates come to an end.
- **Overheads** include costs associated with the running of the office like insurance, heating, rates, printing, stationery, computer maintenance & telephones. Aswell as staff training, subscriptions, legal and professional fees. Overheads have increased by 8.6% which is based on estimated costs for the year plus inflation of 6.1% (RPI).

How Do Our Rents Compare With Other Landlords?

The table below shows data from the Scottish Housing Regulator at 31 March 2023 for the different local landlords who only have stock within Inverclyde. It gives details of the increase applied on 1 April 2023.

At this point in the year, most housing associations are still considering their rent increase and carrying out a similar consultation exercise.

The second table shows the average of weekly rent & service charges for tenants of the local landlords based on the apartment size of their home and the average across all of Scotland.

	Oak Tree HA	Cloch HA	Larkfield HA	River Clyde Homes
Total number homes	1838	1427	385	5979
Actual % rent increase 2023/24	6%	6%	4%	5%

Average Weekly Rent	Oak Tree HA	Cloch HA	Larkfield HA	River Clyde Homes	Scottish Average
1 apt	£68.25	£82.15	n/a	£83.87	£75.95
2 apt	£84.32	£88.61	£63.76	£84.12	£83.46
3 apt	£92.53	£96.01	£88.40	£98.06	£86.28
4 apt	£103.37	£107.07	£102.09	£104.83	£93.86
5 apt +	£115.01	£118.42	£104.83	£110.85	£103.72

These rents are an average of all the properties of that size and there will be variations. Rents are set on the basis of the attributes or features of a property. For example the rent for a 2 bedroom newbuild house with a garden is higher than a 2 bedroom tenemental flat.



OTHA rents in March 2023 compared well against the local landlords.

There is no doubt there are challenging times ahead with rising fuel costs and increases in the cost of living. As a provider of social housing, we are keenly aware that our customer's incomes are not rising at the rate of inflation but their costs are rising sharply. Unfortunately, as a business, we are also affected by rising costs.

How Affordable Are Our Rents?

In 2021 we carried out our independent tenant satisfaction survey and this was reported in December 2021. Oak Tree tenants were asked if the rent they paid to the Association represented good value for money. 78% of tenants (nearly 8 out of 10) agreed that their rent was very or fairly good value for money. This is slightly lower than our last survey in 2018 when 80% was reported.

Our Proposals For Next Year

OTHA is proposing a rent increase of 6.1% for 2024/25.

Service Charges

Services are charged to tenants on the basis of the cost charged to the Association. 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 an in house landscaping and environmental maintenance service to most of our tenants and owners.

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.

We are pleased to be able to hold meetings in our new office premises and we have a programme of meetings planned. If there is a demand, we are considering running a bus which could collect tenants at designated pick up points. Please let us know if you would like more details and we will see what we can do.

- **By survey** – Complete & return the survey enclosed. We are also sending electronic versions of this survey by text or by email
- **In writing** – Put your views in a letter to Julie McEwan, Director of Housing at OTHA or email us at info@oaktreeha.org.uk
- **By phone or in the office** – pass on your comments to any member of staff.
- **Come to one of our meetings** which are being held in our offices on:-

Tuesday 16 January 2024 at 6.00pm

Wednesday 17 January 2024 at 2.00pm

Friday 19 January 2024 at 11.00am



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