



hebridean housing
partnership



► Rent Consultation 2018/19

RENT SETTING CONSULTATION

We are required to regularly review tenant rent and service charges and to give an opportunity to tenants to give their views on any proposed changes. This is your opportunity to give your views on the proposals for 2018/19.

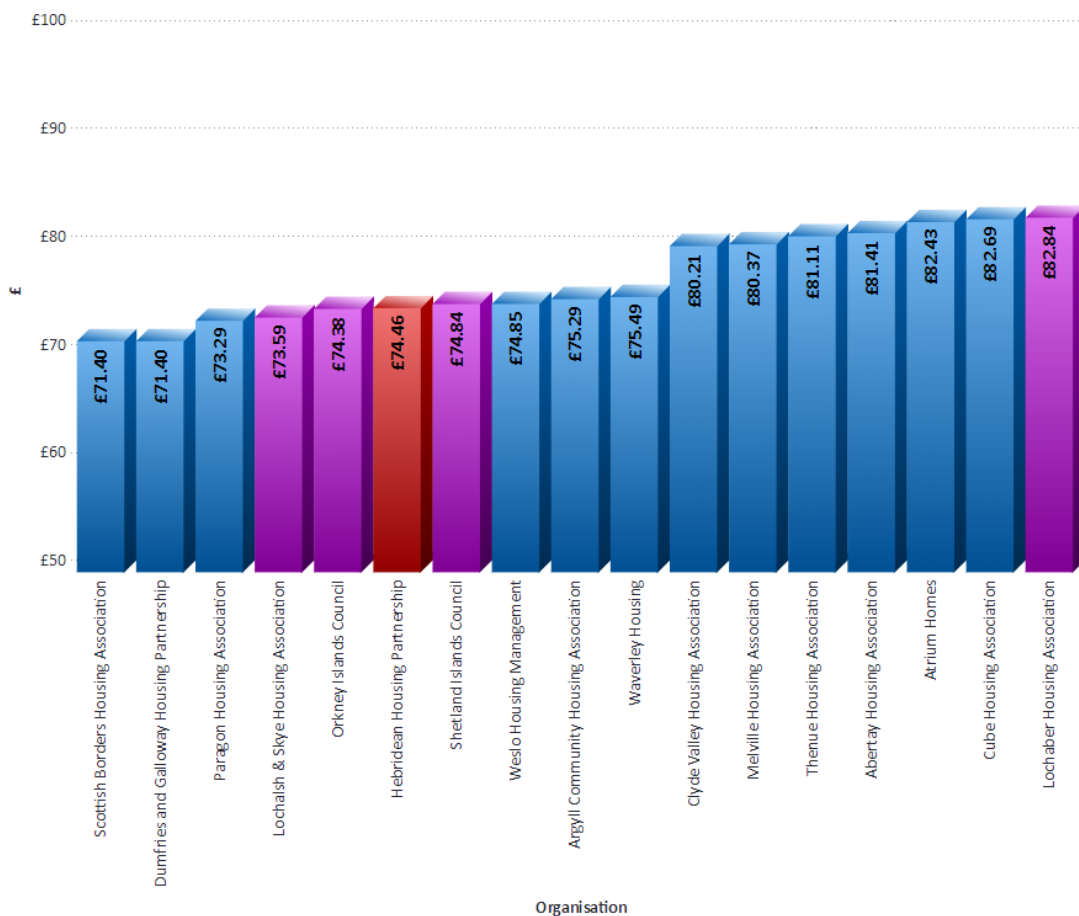
RENT GUARANTEE

2016/17 was the last year of the 5 year guarantee (rents were guaranteed not to increase by more than RPI+1%). Following consultation, the board approved an RPI + 1% increase for a 6th year (2017/18).

When the money we are able to collect from rents is not enough to manage, maintain and pay for the cost of works to improve houses and also build new houses, we need to borrow money from banks to make up the shortfall. Borrowing money means we pay interest and at the end of the loan period we need to repay all the money borrowed. The bank checks every year that we are able to repay the money borrowed and having a rent guarantee in place gives the bank more confidence and should mean we get better interest rates when we borrow money. We intend to consult with tenants during 2018 with proposals on future rent guarantees.

HOW DOES YOUR RENT COMPARE WITH OTHER RSL'S?

C17: Average weekly rent



RENT INCREASE

The average rent for 2017/18 was £74.23 per week. We have reviewed the options available to us to allow us to continue to meet our financial obligations, including a rent freeze from 2017/18 into 2018/19. The Board recognise the current financial pressures on society, including tenants, but are not able to offer this option due to the impact this will have on our ability to provide a continued service level whilst maintaining our obligations to tenants and our funders.

We therefore propose the following 2 options for 2018/19:

	OPTION 1	OPTION 2
Average Rent 2017/18	£74.23	£74.23
30 Nov RPI- 3.9%		
Option 1 - Rent increase 3.9% (RPI only)	£2.89	
Option 2 - Rent increase 4.4% (RPI + 0.5%)		£3.27
Proposed Average Rent for 2018/19	£77.12	£77.50

The Board would like your views on the above 2 options above, **RPI Only** or **RPI + 1%**, which are further explained below:

Option 1 – RPI Only (£77.12 per week)

This option will ensure that there is no reduction in the level of service provided and will be sufficient to absorb the inflationary and potential Brexit driven price increases applied by suppliers and contractors to their costs and will pay for:

- a) Increased management costs anticipated to deal with the annual change in Insurance Premiums for our houses;
- b) Investment of £4.6m in current stock delivering:
 - 56 New Kitchens
 - 65 New Bathrooms
 - 184 Heating System Replacements
 - Various other component replacements E.g., Windows, Roofing, Roughcast, etc.
- c) New build spend of £13.7m in 2018/19 (£13.7m Gross with Grants & LIFT Sales totalling £9.1m equalling £4.6m Net). This represents work commencing on over 80 units in 2018/19.

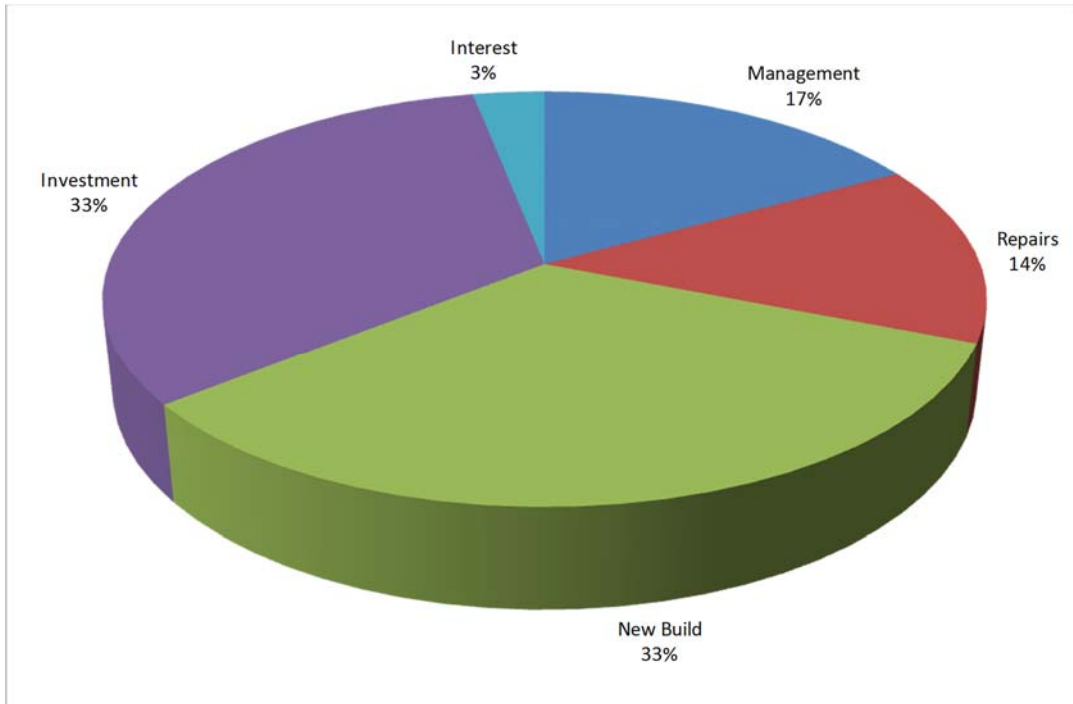
Option 2 RPI +0.5% (£77.50 per week)

This option would generate £37K additional income in 2018/19 (£2.2m over the course of our 30 year plan) and could be used to increase spend in one of the following areas:

- a) Repairs
- b) Improving the Lettable Standard

- c) Enhanced Estate Management
- d) Energy Efficiency Measures
- e) Increased Housing Support Service to Vulnerable tenants
- f) Any Other Area – as deemed appropriate. Please give your views on areas of spend you would like to see.

HOW WILL YOUR RENT BE SPENT



** Increase in % of monies spent on New Build driven by timing of grant drawdown from Scottish Government.*

HOW MUCH MONEY WILL BE SPENT

The majority of the money to fund expenditure comes from rents with some grant monies from the Government for Aids & adaptations. The money HHP receives will be allocated as follows:

	2017/18	2018/19		
	INITIAL	INITIAL	CHANGE	% CHANGE
	BUDGET	BUDGET		
	£		£	
Supervision & Management	2,699,720.00	2,719,160.00	(19,440.00)	(0.74%)
less Fee income	(349,560.00)	(349,560.00)	0.00	0.00%
Net Supervision & Management	2,350,160.00	2,369,600.00	(19,440.00)	(0.85%)
Response Repairs	1,166,500.00	1,256,700.00	(90,200.00)	(7.45%)
Planned Maintenance	644,880.00	653,400.00	(8,520.00)	(1.47%)
Estate Works	52,900.00	53,700.00	(800.00)	(0.52%)
Total Operating Expenditure	4,214,440.00	4,333,400.00	(118,960.00)	(2.82%)
Interest on Funds borrowed	435,450.00	430,300.00	(5,150.00)	(1.07%)
Housing Investment Programme	3,857,230.00	4,565,300.00	(708,070.00)	(18.06%)
Development Programme	1,771,930.00	4,638,200.00	(2,866,270.00)	(150.42%)
Capital Investment	5,629,160.00	9,203,500.00	(3,574,340.00)	(61.34%)
Total expenditure	10,279,050.00	13,967,200.00	(3,698,450.00)	(35.13%)

RESPONSE PAPER

Please provide your comments, suggestions on areas below:

- The proposed rent increase for 2018/19 and on the areas of expenditure planned

Please Mark your preferred option with an (X) below:			
OPTION 1		OPTION 2	
<p><u>Comments</u></p>			

ADDRESS

.....

SIGNATURE

.....

DATE

.....

OPTIONAL

Do you receive housing benefit? *(Please tick if applicable)*

YES

Please return your form at the end of the meeting or to Director of Operations at Creed Court, Gleann Seileach Business Park, STORNOWAY, HS1 2QP or email to customerservices@hebrideanhousing.co.uk. All responses should be received by 31 January 2018.



HHP is a registered society under the Co-operative and Community Benefit Societies Act 2014, Registered Number: 2644R(S). Registered Office: Creed Court, Gleann Seileach Business Park, Willowglen Road, STORNOWAY, Isle of Lewis HS1 2QP. It is a charity registered in Scotland, Charity Number:SCO35767, registered as Registered Social Landlord with the Scottish Housing Regulator, Registration Number:359 and registered as a Property Factor, Registration Number PF000183
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