

Your Annual Rent Consultation for - 2020-21



The annual review of your rental charge has commenced. This means your rent is changing in April 2020 and we want to hear from you!

Why are we conducting this rent consultation?

Your rental income provides the majority of funding that supports us to manage and maintain your home. Your feedback is important to us and we would like to know your views on our proposed increase.

How can you get involved?

After reading our proposed annual rent increase, you can have your say on the proposals by completing and returning the rent consultation survey by **13th January 2020**.

You can complete the consultation survey either online or via post:

Please only submit one survey response, either online or via post. Duplicate survey returns will be rejected.

- **Online:** www.homesforlife.co.uk/Consultations/I44.htm
- **Via Post:** Complete the survey enclosed in this pack and return it using the pre-paid envelope provided.

We will provide feedback on the responses we receive and will confirm the actual increases in writing no later than Wednesday 28th February 2020.



Win!

By just simply completing and returning your feedback form you will be entered in to the prize draw to win one of six £50 high street vouchers.

To be entered your survey must be returned to us by the **13th January 2020**

Annual Rent Increase Proposal 2020/21

By the end of March 2020 the financial budgets for the year ahead need to be set and agreed by the Board. In setting the budgets all anticipated income and expenditure for the year must be taken into consideration.

What we consider when calculating the rent increase:

- Service delivery
- Future planned/cyclical maintenance programmes
- Energy Efficiency & Health & Safety
- Affordability
- Business Planning
- Financial viability & Sustainability
- Economic & Inflationary pressures

To ensure we continue to fulfil our strategic objectives and deliver services we propose an annual rent increase of **2.25%**. from April 2020, this is an average increase of £8.37 per month.

For customers residing in one of our 20 ex East Lothian Council properties whose rents have not yet converged, there will continue to be an additional 2% rent convergence premium. This means you will see an overall increase of 4.25% in your annual rent.

The additional 2% rent convergence premium will continue to be applied until the annual rent for these properties has been brought in line with our other properties

Should you be affected by the additional premium this will be reflected on your enclosed survey form.

How does the proposed rent increase of 2.25% look for you

(Excluding our non-self-contained units & properties leased to ELC & Aberlour.)

Property Size	Number of Units	Current Average Weekly Rent	New Average Weekly Rent after 2.25% increase	Average Increase on Weekly Rent	Average Increase on Monthly Rent
1 Bed Flat / 2 apt	96	£79.51	£81.30	£1.79	£7.75
1 Bed House / 2 apt	10	£83.88	£85.77	£1.89	£8.18
1 Bed House / 2 apt Ex ELC	7	£74.86	£78.04	£3.18	£13.79
2 Bed Flat / 3 apt	62	£87.89	£89.87	£1.98	£8.57
2 Bed House / 3 apt	45	£95.77	£97.93	£2.15	£9.34
2 Bed House / 3 apt Ex ELC	10	£77.61	£80.91	£3.30	£14.29
3 Bed House / 4 apt	41	£98.75	£100.97	£2.22	£9.67
3 Bed House / 4 apt Ex ELC	3	£77.90	£81.22	£3.31	£14.35

More information on what we have taken into consideration

Service Delivery

The cost for service delivery includes the cost of staff delivering services, office running costs and utilities, professional services (legal advice, financial services, surveying and fees), insurance for Homes for Life Housing Partnership stock and a range of other day to day running costs.

Future Planned & Cyclical Maintenance Programmes

We plan to spend a further £0.5m in 2020/21 on planned and cyclical maintenance. This includes external paint work, fire detection upgrades, replacement kitchens and boilers.

Energy Efficiency and Health & Safety

By December 2020 all of our housing needs to meet the Energy Efficiency Standard for Social Housing (EESH). This will involve the addition of extra insulation and the replacement of electric heaters in some houses.

Affordability

We calculate the affordability of our rents using the Scottish Federation of Housing Associations (SFHA) test: **"an affordable rent should be no more than 25% of the net household income"**.

The below results suggest that we have affordability challenges in relation to our one & two bedroom properties for some household types.

Homes for Life's affordability at 2.25% increase

Household Type	Number of bedrooms	% of moderate income spent on rent	Assumed Weekly Income left after rent per week
Single person	1	28%	£209.29
Couple	1	14%	£499.88
Pensioner couple	1	18.7%	£354.59
Single pensioner	1	25.4%	£238.85
Single parent +1 child	2	26.1%	£265.28
Single parent +2 children	2	21.0%	£352.46
Small family +2 children	3	17.7%	£490.69
Large family +3 children	3	14.9%	£577.86

(The above SFHA calculation uses the UK moderate income reported by the Office of National Statistics and the calculation takes into consideration our local authority area.)

Average Rent Comparability with other RSLs - 2018/2019

Property Size	Number of Units	Homes for Life Average Weekly Rent (2018/19)	Local RSL Average Weekly Rent (ex ELC)	Scottish RSL Average Weekly Rent
1 bed/2 apt	112	£76.77	£84.27	£76.10
2 bed/3 apt	116	£87.44	£94.93	£77.70
3 bed/4apt	46	£93.24	£104.47	£84.44

Previous Increases

Previous years annual rent increases comparison.

	2017	2018	2019
<i>Hfl Rent Increase</i>	2%	3%	3%
<i>Average Local RSL Rent Increase</i>	3.3%	3.7%	3.7%

(Increases rounded to nearest decimal place. Source SHR published data.)

Business Planning, Financial viability & Sustainability

We plan to re-procure the Gas, Repairs and Landscaping services within the new financial year. Our aim is to continue to provide good value for money to our tenants and make improvements in service provision where dissatisfaction has been identified. We will also be restructuring our staff team.

We can assume this re-procurement and service improvement will bring an increase in costs. Maintenance materials and labours costs are also likely to increase significantly above general inflation.

Economic & Inflationary Pressures

We recognise a number of financial difficulties have be placed on tenants as a result of the Welfare Reform, but we must be mindful of the economic uncertainty facing us all.

Inflation over the year to October 2019, as released mid November 2019, is reported at 1.5% (CPI) and 2.1% (RPI). Whilst inflation may remain relatively unchanged from the current level, it would be prudent to make provisions for the year ahead, should inflation increase to the region of 2 -2.5%.

The Board initially considered a proposal for a 2.5% rent increase, but settled on 2.25% proposal as striking a reasonable balance.

Help with your rent payments

Around 47.4% of Homes for Life Housing Partnership tenants receive some help towards their rent through universal credit or housing benefit. You may be entitled to some help with your rent payments. If you are unsure if you qualify for universal credit, housing benefit or indeed any other benefit please contact the East Lothian Council Welfare Rights Team on 01620 827827. They can offer you free impartial and confidential advice and support.

HOW TO GET INVOLVED

- Complete and return the enclosed survey **by 13th January 2020** via post
OR
- Complete our survey online at: www.homesforlife.co.uk/Consultations/I44.htm