



**Your Views are Important**

**Have Your Say.....**



**Rent Increase Consultation  
2021/22**

# Your Views are Important

## **Welcome to our Annual Consultation on your rent charge.**

The Co-operative would like to hear your views on the proposals we have for next year's rent charge.

We have aimed to keep the rents at an affordable level while delivering all the range of services you are entitled to as a tenant.

On 1 April 2021 Forgewood Housing Co-operative is proposing to increase its rents and wish to seek tenants' opinions on the level of the rent increase.

Our Management Committee have considered the budgets for 2021/22 and the projected income and expenditure for the next 30 years and based on these figures (and the latest available inflation data) we are proposing a rent increase of 1.7% for 2021/22.

There are a number of factors which we are obliged to consider when setting rents and are detailed below.

## **Challenges.....**

This newsletter will enable you to understand the challenges that we face in making our decision.

We want to deliver the best possible service to our tenants within the resources available to us. To achieve this we have to work as efficiently as possible and work within our budgets.

Setting our rents is an important part of the budget process.

There are a number of factors which we are obliged to consider when setting rents and these are as follows:-

- ✧ We are obliged to consult with tenants when setting its annual rent increase.

**Have Your Say .....**

# Your Views are Important

- ✧ We are bound to meet the conditions of the Scottish Housing Quality Standard (SHQS) which states that every house must meet a certain standard and also the Energy Efficiency Standards for Scottish Housing (EESH).
- ✧ We must generate enough income to meet its short and long term costs which include paying back any loans, paying for maintenance services and for staff salaries and overheads.
- ✧ Planning what major repairs your home needs over the next 30 years which is funded from the rents we receive from tenants. We must therefore raise a certain level of income from its rents in order to meet its repairs and maintenance commitments. This means that we will almost certainly have to increase your rent every year.
- ✧ Getting the best possible price to carry out the works required to your home.
- ✧ Planning what needs to be done to parts of your home and common areas such as external paintwork over a shorter period of time i.e. 5 to 8 years.
- ✧ Working with our tenants to ensure rent is paid on time to maximise the income that allows us to provide the range of services you are entitled to.
- ✧ Making sure our staff and Management Committee are equipped with the skills and knowledge they require to carry out their duties.
- ✧ We must consider the standards and outcomes set by the Scottish Social Housing Charter with regard to rents so that “a balance is struck between the level of services provided, the cost of the services, and how far current and prospective tenants and other customers can afford them”.

**Have Your Say .....**

# Proposed Rent Increase

## What does this mean for you per week?

The table below shows the increase of the average rents per property size and type with a rent increase of 1.7% applied.

| Property Size & Type      | Typical Current Weekly Rent<br>£ | Weekly Rent + 1.7% increase<br>£ | Difference |
|---------------------------|----------------------------------|----------------------------------|------------|
|                           |                                  |                                  | £          |
| 2 bedroom flat            | £71.82                           | £73.05                           | £1.23      |
| 3 bedroom flat            | £71.82                           | £73.05                           | £1.23      |
| 1 bedroom new build flat  | £77.13                           | £78.45                           | £1.32      |
| 2 bedroom new build house | £84.78                           | £86.23                           | £1.45      |
| 3 bedroom new build house | £89.65                           | £91.18                           | £1.53      |
| 4 bedroom new build house | £95.34                           | £96.97                           | £1.63      |

Have Your Say .....



**Proposed Rent Increase - 1.7%**

**An average increase of £1.29 per week**



## **Rent Affordability**

Affordability is about the ability of an individual to pay the rent we charge and we are very much focussed on charging rents which tenants can afford.

We need to achieve this whilst raising enough income from rents to fund services and the investment needed to protect the quality of our housing stock into the long term... our housing is a significant local asset the value of which much be protected for future generations.

When we set rent levels we use a recommended Rent Affordability Tool Guide developed by the Scottish Federation of Housing Associations (SFHA) to check the affordability of our rent charges for a range of household types.

We appreciate that every tenant's circumstances and household budgets are different, but this tool provides us with a strong indication of how affordable our rent charges are.

This approach suggests that where the level of household income spent on rent exceeds 30%, that household is likely to encounter regular difficulty in affording to pay their rent. Ideally, this level should be no more than 25% of household's income.

Most of our homes comfortably meet the 25% of household income measure.

### **Why are we proposing a rent increase of 1.7%?**

This year we are proposing a rent increase of 1.7% which is in line with Consumer Price Index (CPI) at November, 2020 (for October) was 0.7% plus 1%.

## What is Consumer Price Index (CPI)



- It is the rate at which the prices of goods and services bought by households rise and fall;
- The percentage is calculated by comparing prices for the latest month with prices in the same month one year ago;
- Over 700 different goods and services that households typically buy are tracked and their price movements are measured in approximately 20,000 outlets in the UK.

The “CPI” for October 2020 was 0.7% that means the price of the 700 different goods and services were 0.7% more expensive than they were in October 2019.

We have used the lowest increase by taking the Consumer Price Index plus 1%. This is the lowest increase we can afford that safeguards current services and maintains the home improvement programme at the standard that we have already set.

Based on all of the above we feel that our rent proposal for 2021/22 are fair and affordable.

**Do you agree? Please provide comments on the survey form attached.**

We have tried to keep our rent rises as low as possible for the past three years. Please see below:

|                     | 2018/2019           | 2019/2020               | 2020/21                 |
|---------------------|---------------------|-------------------------|-------------------------|
| Rent Increase       | 4%<br>(CPI 3% + 1%) | 3.1%<br>(CPI 2.1% + 1%) | 2.5%<br>(CPI 1.5% + 1%) |
| Average Weekly Rent | £71.44              | £73.69                  | £75.66                  |

**Have Your Say .....**

## How we plan to spend your rent next year:-

Our most recent annual report (issued in December 2020) showed how the Co-operative spent the income we received which was mainly through our rents. A copy can be issued on request and is also available on our website.

We like to inform tenants what we spend our money on and what maintenance will be carried out to their homes and within our estates.

Listed below are some of the day to day and planned work we will be aiming to carry out in 2021/22 –



- In House Repairs
- Gutter Cleaning
- Landscaping Contract
- Gas Servicing & Repairs
- Roof Anchor Testing
- Stair Lighting
- Close Cleaning



- Void (empty property) Repairs
- Cyclical Repairs
- Electrical Testing
- Bulk Uplifts/Skips
- Painter work
- EPC Certificates

### Planned Maintenance



- New Bathrooms in Flats
- Gutters
- Downpipes
- Fascia/Soffits
- Smoke/heat detector install

Given the Covid-19 pandemic is with us, any work carried out by the Co-operative will be subject to health and safety approval from the Scottish Government. In the last year, we still managed to carry out some of the work set out in our Business Plan and included new bathrooms in flats. We hope to have these finished within the next 2 financial years.  
.....*only if safe to do so!*

# We Need You!

You can do your  
bit to provide  
feedback-



## Have your say!

As part of the rent consultation process a virtual Rent Review Focus Group Meeting (by zoom) is scheduled for 21 January 2021 and the feedback will be taken to the Management Committee meeting in February.

Last year we took the views of the Rent Focus Group, which consists of tenants, to the Management Committee.

If you are interested in taking part in the next Rent Review Focus Group Meeting please contact [elaine@forgewoodcoop.org.uk](mailto:elaine@forgewoodcoop.org.uk) for further details.

In addition you can “have your say” by completing the attached Rent Consultation Questionnaire. Details of how you can return this is detailed on the form.

All feedback from the consultation process is important and will help the Management Committee make their final decision. You will receive a letter in February advising you of their decision with details of your rent charge from 1 April 2021.

*In the meantime stay safe and well.*

**Forgewood Housing Co-operative Ltd**  
**Forgewood Community Centre**  
**49 Dinmont Crescent**  
**Motherwell, ML1 3TT**  
**01698 263311 / Fax: 01698 263399**  
**Email enquiries@forgewoodcoop.org.uk**  
**Website www.forgewoodcoop.org.uk**



Forgewood Housing Co-operative Limited is a registered Scottish Charity (charity number SC045344) Registered under the Co-operative and Community Benefits Societies Act 2014 (No. 2439R(S)) and with the Scottish Housing Regulator (No. 271) Registered as a property factor under the Property Factors (Scotland) Act 2011 (No. PF000179)