



Molendinar Park Housing Association



Rent Consultation 2020/21

If you are a tenant of Molendinar Park Housing Association, please read the following article carefully then answer the questions at the end of the form and give your comments as appropriate.

Molendinar Park Housing Association, as an important part of its budget process, is currently reviewing the rents we will charge for 2020/2021. On 1 April 2020, Molendinar Park Housing Association is proposing to increase its rents and wishes to seek tenants' opinions on the level of this rent increase. There are several (sometimes conflicting) factors which Molendinar Park Housing Association is obliged to take into account when setting rents. These are as follows: -

- Molendinar Park Housing Association is obliged to consult with tenants when setting its annual rent increase. This is covered by the Housing (Scotland) Act 2001 and is also recommended practice by the Scottish Housing Regulator.
- Molendinar Park Housing Association is bound to meet the conditions of the Scottish Housing Quality Standard (SHQS) which states that every house must meet a certain standard and the Energy Efficiency Standards for Scottish Housing (ESSH) by 2020.
- Molendinar Park Housing Association has a thirty-year repairs, maintenance and property component replacement programme in place which is funded from the rents received from tenants. Therefore, Molendinar Park Housing Association must raise a certain level of income from its rents in order to meet its repair and maintenance commitments.
- Molendinar Park Housing Association must generate enough income to meet its short and its long term costs which include paying back the loans taken out to purchase the properties from the former Scottish Homes, build new properties, paying for maintenance services and paying its staff salaries and overheads.

- Molendinar Park Housing Association must take into account 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".

Moreover, the Scottish Housing Regulator in a recent paper on rents, published in November 2016, recommends that in relation to consulting tenants about rent increases social landlords should undertake to do the following:

- » ensure that consultation about rent increases is meaningful and give tenants genuine opportunities to participate;
- » consider their tenant profile and the best ways to engage with tenants about rent increases;
- » give tenants easy-to-understand information to help them to express informed views;
- » give tenants genuine options for proposed rent increases and spell out what they mean for levels of investment in homes and the level of services offered; and
- » show tenants how their views were taken into consideration in decisions and give them feedback on the consultation process.

If you wish to read the Scottish Housing Regulator paper on rents, it is available to download from their website <https://www.scottishhousingregulator.gov.uk/>

If you do not have access to their website, please ask at Molendinar Park Housing Association's reception and we will print you off a copy to take away.



Rents Comparability and affordability

The Scottish average rent for 2018/2019 across Housing Associations was £77.83 per week. For 2018/19 the average rent across all its properties for Molendinar Park Housing Association was £67.74 per week – hence at present our rents are less the Scottish Average.

Here is some comparable information from other Housing Associations who operate in the East End of Glasgow:

Housing Association	Average weekly Rent 2018/2019 across all house sizes and types	Number of properties for let
Provanhall Housing Association	£66.26	488
Parkhead Housing Association	£78.95	1643
Reidvale Housing Association	£63.63	897
Tollcross Housing Association	£72.45	2260
Shettleston Housing Association	£71.75	2291
Milnbank Housing Association	£61.05	1668
Average	£69.02	1541

Information on Annual expenditure

Looking ahead to the rent increase for 1st April 2020, Molendinar Park Housing Association's Management Committee has considered the revised budgets for 2020/21 and the projected income and expenditure for the next 30 years and based on these figures (and the latest available RPI data) is proposing a rent increase of 3% for 2020/21. The Committee are therefore looking to consult all our

tenants on this proposed rent increase through the attached questionnaire.

What does this proposed rent increase mean for you individually and Molendinar Park Housing Association as an organisation?

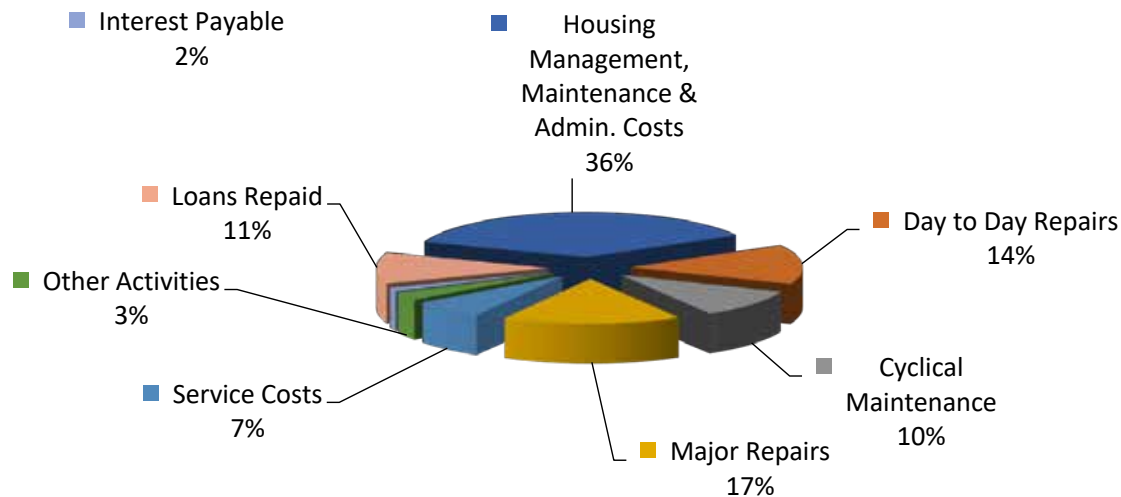
Current average rents across property sizes for Molendinar Park Housing Association are as follows:

Size of property (no of rooms)	2	3	4	5+	overall average
2019-20 Average weekly rent	£59.53	£69.38	£95.21	£114.33	£67.74
Assuming a proposed increase 3%					
2020-21 Average weekly rent proposed	£61.32	£71.46	£98.07	£117.76	£69.78
No of households per size	209	251	17	18	495

On average across all property sizes a 3% increase in rents will mean an additional £2.04 per week per household.



How Your Financial Resources Were Spent



For Molendinar Park Housing Association, a rent increase of 3% will generate an estimated £53,236.00 additional annual income for Molendinar Park Housing Association and will allow us to meet our projected costs in each of the main areas of expenditure highlighted in the pie chart above.

The RPI (Retail Price Index) in October 2019 was 2.1%. Every year Molendinar Park Housing Association must account for increases in our repairs and maintenance contract costs and other Government taxes, such as National Insurance or Insurance Premium tax which increase at levels higher than RPI. Within Molendinar Park Housing Association's 30-year Plan we have currently allowed for inflationary price increases each year of RPI+0.9% and we believe this to be a prudent estimate.

Molendinar Park Housing Association's Management Committee are of the opinion that to offer a rent increase of less than 3% to its tenants could mean cuts in services which could in the long run prove to be less cost effective to Molendinar Park Housing Association. For example, if we were to cut our repairs and maintenance programme – then in the long term our houses could fall into disrepair, leading to lower demand for our properties, leading to more empty homes and being a less desirable places to live which would ultimately lead to more tenants

leaving and lost rental income for Molendinar Park Housing Association. Or if we were to cut back on our staff numbers – either through redundancy or not replacing vacant posts – then this could lead to a cut in services to our tenants, a reduction in our ability to collect rents and manage repairs on our stock – leading to loss of income from empty houses and rising arrears.

Our principle source of income is from your rents and as our main customers, your views are very important to us. We will listen to your comments and endeavour to take on board any suggestions you make. If a significant number of you came back to Molendinar Park Housing Association and told us that a 3% increase would make our rents unaffordable then we would be committed to rethink the services, we offer to you and their costs. However, because our financial plans are not based on annual spend but on the total cost of providing our services over a thirty-year period then this would be a medium to long term exercise to look for further savings and cost efficiencies. If tenants wished to then we can assist them in setting up a working party or scrutiny group to look at Molendinar Park Housing Association's Business Plan, how it is funded and what services (if any) could be realistically cut in order to make our rents more affordable to you – that is, if you judge them to be unaffordable at present.



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