Dear Tenant

Consultation on Rent & Service Charges from 1st April 2023

Introduction

Govanhill Housing Association’s Management Committee is now considering the annual rental charge for 2023/24 which will be applied from 1st April 2023 this year, and through this consultation process is seeking your views.

The Association is legally required to review its rent and service charges annually. Rent is also the Association’s main source of income; therefore, we need to make sure we are generating sufficient income to provide services and to maintain your home now and in the future.

What does this mean and how will this affect your rent?

When reviewing rental charges, we consider factors including price inflation (also known as cost-of-living), service delivery needs, and affordability for our customers. This year has proved very challenging, and we are therefore giving options for you to consider.

We have a Business Plan which calculates that over 30 years we need to increase rents annually by the September figure of the Consumer Price Index (CPI, one of the official measures of inflation) plus one percent. This allows us to maintain our properties in a safe and secure condition and to ensure they have the proper kitchens, bathrooms, heating and other facilities. We use the September CPI because this is the figure the Government uses to increase benefits and pensions.

If we were to follow the Business Plan assumptions, September’s CPI plus one percent would lead to an rent increase of 11.1%. We recognise completely the effects this would have for many of our tenants. Therefore, we have been working hard on assessing the impact and risks of a lower than planned increase.
Our Management Committee has taken the view that we should consult on a rent increase of 11.1% but also on two other options, in recognition of inflation being at such an unexpectedly high level. We are able to propose these alternatives because the independent Office of Budget Responsibility (OBR) is projecting a somewhat lower inflation rate of 7.4% for 2023/24.

It should be noted, however, that a rent increase that is less than 11.1% provides some difficulties for our long-term budget and therefore, in choosing one of the lower options, there may have to be higher than usual rent increases in the future to ensure we have enough income.

**Alternative rent options**

We are therefore consulting on the options below as well as what is set out in our Business Plan:

<table>
<thead>
<tr>
<th>Option 1</th>
<th>Option 2</th>
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</thead>
<tbody>
<tr>
<td>6.75%</td>
<td>8%</td>
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<tr>
<td>Based on the OBR projection minus 0.65%</td>
<td>Based on the OBR projection plus 0.6%</td>
</tr>
<tr>
<td>Based on this being significantly lower than inflation we would need to make savings of £1,143,012</td>
<td>Based on this being significantly lower than inflation we would need to make savings of £819,023</td>
</tr>
</tbody>
</table>

Your exact rent for 2023/24 would depend on your property size and type, as well as the rent you currently pay.

For example, based on the average rent for a 2-bedroom flat:

- Option 1 (6.75%) means an average increase of £6.38 per week
- Option 2 (8%) means an average increase of £7.56 per week
- Option 3 (11.1%) means an average increase of £10.49 per week

If you currently have a service charge this will continue to be charged at cost.

**Rent restructure**

As you may recall, Govanhill Housing Association has for some time been planning to restructure its rents, mainly to make the rents for different types and sizes of properties more consistent and fairer. The restructure outcome overall is a positive one, with 70% of tenants receiving a rent reduction. After consultation, the rent restructure was planned to be phased in over a period of five years from September 2020, however we delayed the start due to the Covid 19 pandemic.

The restructure will now be phased in over five years starting on the 1st April 2023. Please note that the change to the rental charge from 1st April 2023 is separate from the rent changes being made due to the rent restructure.
More information on the rent structure changes and how they will affect your rent is available, just give us a call if you would like to talk about this. There is also information contained on the back page of this letter.

The Associations’ Rent and Welfare Rights teams are also available to provide advice and assistance to all tenants. Do not hesitate to contact them if you are struggling financially just now or need advice on rents and benefits (telephone number 0141 636 3636 or email rent-team@govanhillha.org)

**Change of rent charge day**

You will note in this letter the date your rent will no longer be charged on the 28th of the month but the 1st. All annual increases will be applied from the 1st April going forward - rather than the 28th March or the 28th April. This is a change to bring our charges in line with other Registered Social Landlords in Scotland and recognition of the financial year starting on the 1st April.

**What happens next?**

We are keen to hear from you and welcome your opinions on the rental charge options for 2023/24 as well as your views on the spending priorities of the Association.

If you need more information, please come along to one of our drop in events to find out more about the rental charge options and the rent restructure. These events will be held in Elim Church, 42 Inglefield Street on Tuesday 24th January 2023 2pm – 4pm and Tuesday 31st January 6pm – 7.30pm.

To give us your feedback, please complete and return the survey form enclosed & return in the FREEPOST envelope provided by 10th February 2023 or complete your feedback online using the SurveyMonkey link: [https://www.surveymonkey.co.uk/r/9682GMQ](https://www.surveymonkey.co.uk/r/9682GMQ) and use the below reference number to complete the first question: tenant reference

The Management Committee will consider all responses and comments before deciding on the rental & service charge to be applied from 1st April 2023.

Following the Management Committee’s decision, we will notify you in writing of your new rent and service charges four weeks before the rent increase is due. Please note the rent you will pay in 2023/24 will be adjusted to take account of both the rent increase and the rent restructure.

We look forward to receiving your response to this consultation.

Yours sincerely

John Quinn
Director
Rent Restructure

Back in 2018/19 we commissioned an external consultant to independently review our rents. The implementation of the outcomes from this piece of work was delayed due to Covid-19. However, on the 2nd March 2022 our Management Committee agreed implementation should go ahead in 2023.

We are very pleased to report that the restructure is positive overall - 70% of tenants will see a decrease in the rent they pay.

The restructure means that every property will have what is called a “base rent”. This “base rent” figure is the same for all properties. Then depending on property size, property type and internal property/kitchen layout additional amounts will be added or deducted to make up your new rent charge. For example:

- For anyone living in a 1apt we will deduct money from the new “base rent” for your property
- If you live in a tenement your new “base rent” will not be affected
- If you live in a other type of flat, house or maisonette type property an increase will be added to your new “base rent”. The increase will be different per house type.
- If your kitchen doe does not meet the Scottish Housing Quality Standard (SHQS) a decrease will be deducted from your new “base rent”

We will follow the recommendation made by external consultant and introduce this restructure based on a 5-year harmonisation approach. This means we will set limits on the maximum and minimum increase.

Service Charges

As part of the rent restructure consultation in 2019 tenants told us that service charges should be included within the main rent for the property. We are therefore (whenever possible) incorporating this charge into the rent. Therefore, please note this will be taken into account when calculating your new rent as well as taken account of changes via the rent restructure.

Example of rent increases based on different options

<table>
<thead>
<tr>
<th>Current Monthly Rent Charge</th>
<th>6.75% increase</th>
<th>8% increase</th>
<th>11.1% increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>£325.76</td>
<td>£347.75</td>
<td>£351.82</td>
<td>£361.92</td>
</tr>
<tr>
<td>£367.73</td>
<td>£392.55</td>
<td>£397.15</td>
<td>£408.55</td>
</tr>
<tr>
<td>£443.63</td>
<td>£473.58</td>
<td>£479.12</td>
<td>£492.87</td>
</tr>
</tbody>
</table>

Please remember to get in touch if you have any questions.
We provide information to you in English and in this format unless you tell us this is not suitable for you. As members of ‘Happy to Translate’ if you would like us to arrange for information to be translated or would like it in another format (for example, in large print) please contact us.

The Association employs multi-lingual staff who are happy to assist you in many of the community languages spoken locally.
Response to the 2023/24 Increase Proposal (please tick)

We are proposing options this year for your rent from 1\textsuperscript{st} April 2023. We are proposing two additional options out with what our Business Plan assumes due to the current cost of living crisis and our aim to keep our rents at an affordable level. Please tick one box below to advise your choice:

- [ ] Option 1: increase rent by 6.75%
- [ ] Option 2: increase rent by 8%
- [ ] Option 3: Increase rent by 11.1%

Comments/Other View

Do you think that the rent you pay is good value for money?

- [ ] Yes
- [ ] No

If no, please tell us why?

Are you happy with the level of information and consultation you receive over proposed rent increases?

- [ ] Yes
- [ ] No

If no, please tell us why & what you think we could do better?
Please tell us your top three areas you think your rent should be spent on *(please tick three)*

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<tbody>
<tr>
<td>Windows</td>
<td>Bathrooms</td>
</tr>
<tr>
<td>Heating</td>
<td>Kitchens</td>
</tr>
<tr>
<td>General Repairs</td>
<td>Dealing with Anti-Social Behaviour</td>
</tr>
<tr>
<td>Backcourt Maintenance and improvements</td>
<td>Pest Control</td>
</tr>
<tr>
<td>Other (please state what this might be)</td>
<td></td>
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Please tell us information about you and your household *(please tick most appropriate box)*:

<table>
<thead>
<tr>
<th>I am retired</th>
<th>I am a job seeker</th>
<th>I am unable to work</th>
<th>Full-time carer</th>
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</thead>
<tbody>
<tr>
<td>I work part-time</td>
<td>I work full time</td>
<td>I am a student</td>
<td>Other (please provide more information below)</td>
</tr>
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</table>

Please tell us who lives with you:

<table>
<thead>
<tr>
<th>Name</th>
<th>Date of Birth</th>
<th>Relationship to you</th>
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Through Tenant Participation and Scrutiny, we offer opportunities to be involved. If you wish to be involved please tick box below and complete contact details information and we will be in touch to discuss this with you.

- [ ] Yes
- [ ] No

Contact details

- **Name:** 
- **Address:** 
- **Telephone Number:**

Please complete and return in the FREEPOST envelope provided no later than Friday 10th February 2023. Alternatively, please provide your feedback online using the SurveyMonkey link. Information on this contained within the main letter.

Thank you for taking the time to complete this survey.