

RENTAL INCREASE CONSULTATION

JANUARY 2019

The Association is required to consult on rent increases for 1 April 2019 in line with the Scottish Housing Regulator's expectations. We always want to keep rents as low as possible and balance this with the level of services we offer, the amount we invest in major repairs, our construction plans plus day to day estate upkeep and repairs. The RPI rate published in December is 3.2%. Major repairs will require an expected £695,000 of investment next year according to our updated plans plus the new requirement to install linked (by radio frequency) smoke and heat detectors, therefore our bank balance will decrease in the coming year by £1.3 million once we include the Barlia 3 development activity.

The choices offered are linked to the inflation rate and are 3.5%, 3.8% or 4.8%. The highest level of increase will help us to continue to deliver our services and reflects the cost increases we've experienced over the past 4 years - our running costs and maintenance spending is 6% higher than a year ago. During the year we welcome and encourage comments or questions about our rent levels and the services we provide.

Last year we received 11 replies and we welcome more feedback this year with the outcome of this consultation reported to our Board of Management. You may either use the reverse of this sheet to hand deliver or send your comments to us by Tuesday 22 January 2019, or e-mail housing@cassiltoun.org.uk or text us on 07418 347104.

Our rent levels compared to other local housing associations are published in our newsletter and on display at the office reception.

The final decision on any rental increase is to be approved by the Board in February.

DRAFT INCOME 2019/20

	£ '000s
Rental Income (at 3.5%)	4,202
Service Charges	15
Factoring	52
Bank Interest	20
Revenue Grants	60
Govt grant for Barlia 3	3,800
Loan borrowing for Barlia 3	2,000

TOTAL INCOME	10,149

AVERAGE RENTS PER WEEK

Source: Scottish Housing Regulator
Landlords Performance

	Our avg rent 2017/18	Ardenglen per wk	GHA per wk	Scottish avg per wk
1 bedroom	£ 68.64	£ 66.79	£ 73.40	£ 73.33
2 bedrooms	£ 71.49	£ 73.66	£ 79.19	£ 74.94
3 bedrooms	£ 81.44	£ 82.05	£ 92.71	£ 81.37

3.5% would give us trading income (ignoring development grant and loan) of £4,369k and allow us to continue the money advice service from last years decision. If your rent is £71.55 per week this will be an increase of £2.50.

DRAFT EXPENDITURE 2019/20

	£ '000s
Major Repairs	850
Barlia 3 development	7,036
Maintenance & Estate	945
Staffing Costs	1,388
Office Overheads	458
Community Activities	84
Loan int & Payments	710

TOTAL EXPENDITURE	11,471

CASH DECREASE IN YEAR	(1,322)

3.8% would allow us to continue activities at the same high level as in previous years whilst recognising that cost pressures exceed the income we generate. On rent of £71.55 this is an increase of £2.72.

4.8% would allow 57 homes to receive smoke detectors sooner rather than split 50:50 over the next 2 years and would provide £20k more income. On rent of £71.55 this is an increase of £3.43.

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RENTAL INCREASE RESPONSE JANUARY 2019

Name _____

Address _____

Phone number _____ Email _____

I agree to a new rent of (Please circle) 3.5% 3.8% 4.8% Something else

Comments

(if something else please explain or suggest what you would like to see differently)

If you wish to reply please have your response to us by 22 January 2019 so it can be included in the report for the Board of Management.