

Rent Increase April 2021 - Your views are important. Help us to make the right decision!

Rent Consultation Time

Each year we look at how much rent is needed to continue to provide great services to you and improve your homes. We want to keep your rent affordable, so it's important that we hear your views to help us get the balance right between the rents charged and the services and improvements we provide. We know this has been a difficult year for everyone with the COVID-19 pandemic affecting all aspects of our lives. Some people have lost their jobs and many are struggling financially. So although we have to cover our overheads, we want to keep the rent increase for 2021/2022 as low as possible.

Since the initial lockdown, our staff have continued to deliver essential services, including checking on the welfare of tenants, and providing lots of information and assistance, either directly or indirectly, via joint-working with other support agencies. The safety and welfare of our tenants was, and continues to be, a key focus during this difficult time. We continued to provide all health and safety services and emergency repairs throughout the initial stages of the pandemic, together with open space and garden maintenance, close-cleaning, bin-store cleaning and bulk pull through. We've also provided additional services such as removing bulk rubbish whilst Glasgow City Council's service has been suspended. We resumed our full repairs service, re-letting of houses and improvement works as soon as restrictions allowed. Although some of our investment programmes were delayed due to the pandemic, all major works are now progressing and will be completed, even if it takes a little bit longer.

Our Commitment for 2020/2021 - Total Maintenance Budget of £1.7m.

Calway has committed to a huge range of works this year, including kitchen and bathroom replacements, upgrading of bin-stores to accommodate GCC's Bin Replacement Programme, replacement windows in some of our ex-GHA properties, and upgraded smoke alarms and interlinked heat alarms to all properties to meet government legislation. We've also replaced central-heating boilers and full systems, carried out electrical safety inspections, cyclical painting and roof anchor testing, in addition to the services mentioned above.

Our Plans and Expenditure for 2021/2022

We would generally plan to spend a similar amount on reactive maintenance, and major, cyclical works and services, with all works - other than the bin-store upgrades - continuing into next year. Additional works may include replacement close-doors and entry systems, as well as flat door and boilers or full heating systems.

An additional factor and likely expense that we need to consider for 2021/2022, is the proposed withdrawal of GCC's free bulk uplift service and their plans to introduce a chargeable service in early 2021. While Calway has been providing a bulk uplift and removal service for tenement properties only during the suspension of the GCC service, this is a huge cost that we would need to budget for during 2021/2022, whether provided directly by us or as a chargeable service via GCC. We've also committed to building new homes during 2021/2022 at Garvel Crescent and Blyth Road.

We have to ensure we bring in enough rental income to cover our overheads for the office and Calvay Centre, staff salaries, council tax, insurance and energy bills, as well as paying for bank charges and existing or new loans to build and improve our properties.

Comparability and Affordability

We compare our rents with other landlords, both locally and across Scotland, to make sure they are similar to ours and affordable for our tenants. We also consider what rent increase other landlords are proposing, to make sure ours is similar and rents remain affordable. The SHR's (Scottish Housing Regulator's) report on Calvay's performance showed that our rent levels were lower than the Scottish average for 1, 2, 3 and 4 apartment properties and only slightly higher for 5 apartments. This is mainly due to the rents for the ex-GHA properties that we inherited as part of the stock transfer in 2011, and one of the areas that we've been seeking to rectify as part of our rent restructure. We previously carried out a major review of rent charges and introduced a new points system so we could make sure similar rents are charged for similar properties. We agreed it would take a few years to do this and that some rents would need to go up a bit more than others, while some rents would need to be frozen until all are on the new pointing system.

So what are our Proposals for the 2021/2022 Rent Increase?

Our starting point is to look at the rate of inflation, as this is used when changes are made to benefits and pensions. In September 2020, inflation, i.e. CPI (Consumer Price Index) was 0.5%, which is much lower than last year (1.7%) and the year before (2.4%). Forecasts expect inflation to average 0.9% in 2020, up 0.1% from last month's forecast, and 1.5% in 2021.

Calvay's business plan is based on an assumed annual rent increase of 2% to deliver on our investments, cover our overheads and ensure the Association remains viable. This would equate to September's CPI of 0.5%, plus 1.5%. The rent restructure also assumed that the annual increase would enable some rents to be frozen and others to rise by a maximum increase of 5% until they caught up with the rents for similar properties.

So, when setting our rents for 2021/2022 we have three options:

- **Option 1:** would be to increase rents by inflation only, i.e. 0.5%. However, this would only cover the standard cost of living rise, allowing Calvay to 'stand still' – it would not bring any additional income to enable any further investment or services. It would also delay the rent harmonisation process by a number of years.
- **Option 2:** would be based on the rent and business plan assumptions, with an overall increase of 2%. This would mean approximately 60 rents would be frozen at 0% and 52 rents increased by 5%.
- **Option 3:** would seek to compromise as we recognise that this is a particularly challenging year for people. We want to keep rents as low as possible, while also allowing a small uplift in income and a differentiation between frozen rents, general rents and those that need to increase a bit more. This option would therefore be

based on an overall increase of 1.5%, leaving approximately 60 rents frozen at 0% and 73 rents increased by a maximum of 2.5% (instead of 5%). This would still delay the rent harmonisation process, but only by a year.

And now over to You!

We want to know what you think we should do about the rent increase. So please take a few minutes to complete the short questionnaire included with this Newsletter and return it to us by 8th January at the latest. If you need any more information, just call us on 0141 771 7722 or email enquiries@calvay.org.uk

Thank you