

Calvay Summary Rent Report

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1. Introduction

The Calvay Rent Setting Policy, and the rent structure it contains, have not been substantially reviewed since the association was established in the 1980s. Since then, Calvay have completed a number of new build projects and had a stock transfer from GHA. This means that there are a number of anomalies between rents in similar properties. The policy review requires consultation with tenants, must take into account affordability and assess the impact of the Westminster Govt Welfare Reforms.

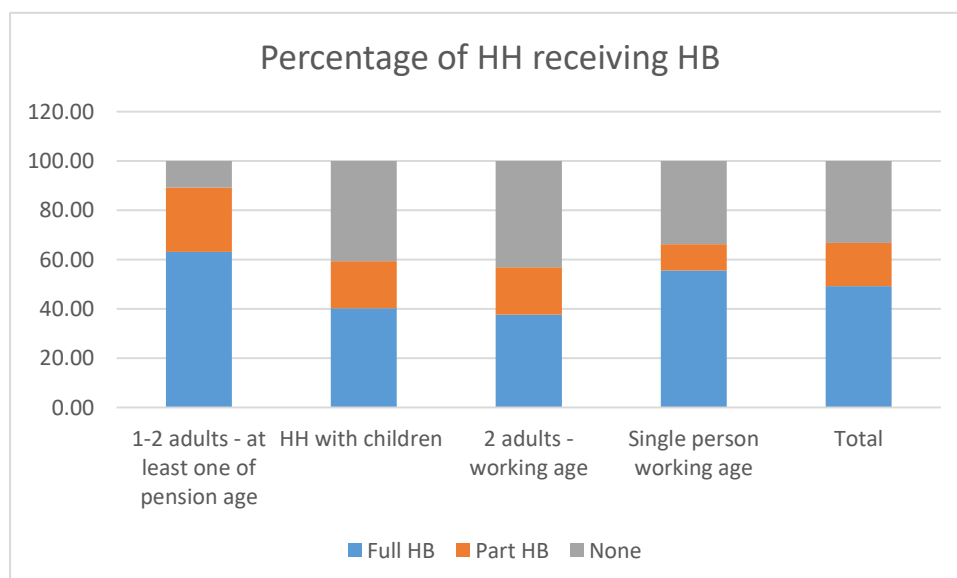
2. Context

The Social Housing Charter states that landlords must set rent in consultation with their tenants so that they strike a balance between the level of services provided and the cost and how far current and prospective tenants can afford them. Affordability is a key criteria.

Currently, RSLs follow SFHA guidance and consider HB take up, the incomes of tenants in full-time employment and comparisons with other social landlords. However, in the light of welfare reform, the SFHA is in the process of updating the guidance and proposing new approaches to affordability. This new guidance is due to be launched early in 2017.

3. Housing Benefit

Using existing measures, it is clear that 66% of Calvay tenants receive full or partial HB. However, while 90% of households with someone of pension age receive HB only 60% of households with children do so.



4. Welfare reform

Welfare Reform is already having a big impact on Calvay tenants.

- Tax credits have been reduced and rates frozen
- Single people who are new claimants are receiving Universal Credit, and this will be rolled out to new claimant couples and families during 2017.
- DLA is being replaced by PIP, which has stricter criteria, so many people are losing their eligibility for this benefit.
- ESA assessments have been strongly criticised for wrongly assessing people as fit for work. Those on the ESA work-related activity rates will have their £30 per week less in April 2017.
- The sanctions regime has hit many claimants, and been criticised for stopping people's benefits for minor infringements.
- The benefit freeze will hit many working age tenants as benefits are frozen, and not increased in line with inflation.
- The benefit cap limiting total benefits (including HB) to £20,000 a year, came into force in Nov 2016. This will affect single parents and larger families living in larger accommodation.
- Housing Benefit will be restricted to Local Housing Allowance rates, which have been frozen. Although most RSL rents are well below LHA rates, single people aged 35 and under are only eligible for the shared room rate of £68.28. Calvay has a number of one bed properties above this rate.
- Single people aged 21 and under will no longer be automatically entitled to HB.

Overall, single people aged 35 and under, single parents and larger families are worst affected by welfare reform. People of working age, with long-term illness or disabilities are also affected. Even those in work in part-time and low paid employment are affected by the changes to tax credits. More Calvay tenants will have to make a choice between paying rent, buying food or heating their homes.

5. Rents

Generally, Calvay Rents are lower than average rents for RSLs in Scotland and in line with neighbouring RSLs. The exception is that some small flats have very low rents and some of the 5apts houses have higher rents than average.

Table 2: SHR Comparison: Average weekly rents at March 2016

Size of home	Number owned	Calvay	Scottish average	Difference
1 apartment	42	£46.68	£65.94	-£19.26
2 apartment	149	£64.77	£70.39	-£5.62
3 apartment	374	£66.01	£71.55	-£5.54

4 apartment	206	£72.47	£77.60	-£5.13
5 apartment	59	£90.20	£85.98	+£4.22

6. Service Charges

Currently, Calvay includes services charges within its rents and does not show them separately. Comparison with neighbouring associations that do put service charges on top of rents show that their rents are generally lower than Calvay's.

Table 4. Services Charges in other RSLs

MONTHLY RENT CHARGE & ANY OTHER SERVICE CHARGES	<u>Provanhall</u>	<u>Blairtummock</u>	<u>Shettleston</u>	<u>Parkhead</u>	<u>Calvay</u>
Rent	£247.37	£ 224.28	£284.53	£263.00	£267.00
Stair cleaning	£7.18	£ 8.36	£12.00	£11.64	
Stair lighting	£2.58	£ 0.73			
Bin space maintenance	£6.48	£ 4.22	£3.83		
Open space maintenance	£2.12	£ 4.22			
Other Service: Admin Charge	£0.47				
Total Rent and Service Charges	266.2	£ 241.81	£300.36	£274.64	£ 267.10

7. Rent system

Calvay has a fairly complex Points system and there is a strong argument for making it simpler and easier for tenants to understand. However, this is a complex exercise which requires consultation with tenants and substantial financial modelling to get it right.

8. Consultation

Consultation with tenants about the rent structure has included:

- Tenant satisfaction survey 2015
- A Survey distributed at the Fun day in Sept
- Follow up survey sent out with the Newsletter

The survey did not have a high response rate but the key findings are that the tenants strongly favoured affordability, rents similar to other RSLs in Easterhouse along with rents based on size and property type. There were mixed views about whether private gardens

should be taken into account and whether service charges like stair cleaning should be considered.

It is proposed to include questions on rents in the Tenant Satisfaction Survey, which is about to go out, and to carry out some focus groups with tenants to get more details on their views.

9. Recommendations

The original intention was to complete this review by December 2016. However, the new SFHA guidance is due early in 2017 and it makes sense to wait and see what that says, before finalising the review.

It is apparent that, rather than tinker at the edges of the policy, there is a need for a full harmonisation of the rents between original Calvary property and the stock which was transferred in the GHA stock transfer.

The review also provides an opportunity to simplify the complex rent 'point' structure to make it easier to understand and to iron out the anomalies.

This is a big exercise and requires more consultation with a wider range of tenants.

Decisions also need to be made on whether service charges should be shown separately and on the status of 'new build' property. There is not time to complete is, and give the necessary notice of the rent increase due for March 2017.

It is recommended that the rent increase for March 2017 aims to tackle the most obvious anomalies – the high rents of ex-GHA 5 apts, the very low rents of small of the smallest properties and stock which previously had rent frozen because the properties had not been modernised. This work has now taken place so the rents should be brought into line with other similar stock.

Further changes, following the review of the rent points, would be introduced in March 2018.