

Rent Review 2022-23

What do I need to know?

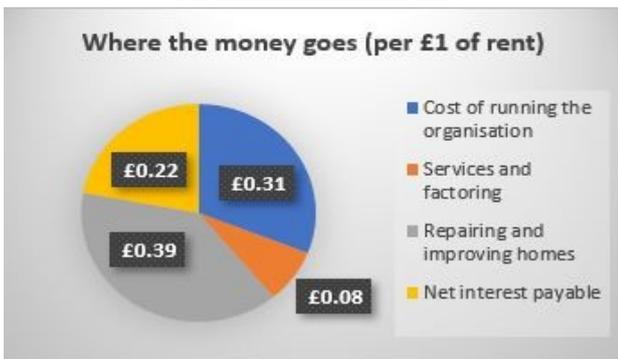
Frequently Asked Questions

Why do we consult?

Our Management Committee are required to review the rents on an annual basis to ensure they are affordable as well as ensuring that we can continue to delivery high quality services, improvements and continue providing new sustainable homes.

The Housing (Scotland) Act 2001 requires social landlords to consult tenants and take account of their views about proposed rent increases.

How is the rent spent? (2020/21)



Why do the rents have to increase?

Rents are the main source of income for the Association and the level of rent is a key determining factor on what we can spend on delivering our services.

We use the Retail Price Index (RPI) which is a government measure of inflation that aims to reflect the cost of living.

This year our preferred proposal is for an inflation less 1% increase of 3.9%. We would also like to commit to inflation only increases for both 2023/24 and 2024/25. Our Management Committee will carefully consider the level of inflation each year before applying any increase. Should there be a risk that level of inflation will result in charges becoming unaffordable we will re-present options to you . This will help us take account of any local and or national economic factors.

Funding New Properties

When we build new properties the costs are only partly funded by the Scottish Government and we need mortgages to meet the remainder of the costs which must be met from the rental income.

As well as providing a service to existing tenants, we are committed to providing housing for the **842** households on our rented housing list.

Can I pay via Direct Debit?

Yes you can. We offer paperless direct debits that can be set up over the phone in 5 minutes. You can also have a direct debit on any day of the week or time of month that suits you best. Contact your Housing Officer if you want to set up a Direct Debit.

Planned Maintenance and Property Improvements

A percentage of the rent you pay goes towards the cost of the longer term planned maintenance of the rented housing stock. This means that all rented properties will, over a set period of time, receive upgrades to certain fixtures e.g. kitchens, windows, doors.

During 2020/21 we were unable to carry out any planned maintenance with the exception of external decoration due to COVID related restrictions. We are catching up on these over the next 2 years and the planned maintenance which is ongoing for 2021/22 includes:

- ◆ **kitchen replacements** - 29 properties
- ◆ **heating upgrades** - 50 properties
- ◆ **window replacements** - 19 properties
- ◆ **External door replacements** - 24 properties

What is the Service Charge for and how is it set?

The Association charges for garden and grounds maintenance, chimney sweeping and stair cleaning (in some areas). Currently, service charges are assessed according to the level of service required. Actual costs are allocated per area and divided equally between the properties who receive that service. For this consultation, we are also seeking your views on the process for setting future service charges.

How do the Association's rents compare with others?

Where services are provided, these are calculated separately but are included in the OHAL weekly rents in the table below. Orkney Island Council (OIC) do not provide any of these services to their tenants hence why their rent averages are lower. This however means OHAL tenants received more for their rental money.

Average Rents by No. of Bedrooms	2020/21 OHAL average weekly	2020/21 OIC average weekly Rent	2020/21 Scottish Average
Bedsit	£61.66	£60.31	£73.61
1 bed	£83.41	£72.93	£79.48
2 bed	£91.78	£86.32	£82.60
3 bed	£98.03	£86.29	£89.81
4+ bed	£106.65	£107.54	£99.87
Total Average	£88.31	£82.68	£85.09

Whilst MC will continue to review the rents annually, their preferred option is for a 3-year consultation.

By increasing rents by RPI, it allows us to implement the objectives set out in our Business Plan whilst proposing a lower level than would normally be the case for 2022-23.

This recognises the increased pressures that tenants have found themselves under during the last 20 months.

Management Committee Preferred Option	
Increase rents for 3 years based on September 2021 RPI –1% (3.9%) and September RPI only in 2022 and 2023.	RPI - 1% for year one and RPI only for years 2 and 3 3.9% for 2022-23
Increase rents for the next 3 years based on September RPI only (4.9% increase 2022/23 and year 2 and 3 TBC).	RPI only for 3 years 4.9% for 2022-23 and year 2 and 3 TBC
Increase rents for next year based on Sept 2021 RPI only (4.9%)	RPI only for one year 4.9% for 2022-23

What are the options?

Management Committee (MC) have a preferred option that balances the need to maintain the services for current tenants and continues to meet the needs of applicants.

How is the rent calculated?

Points for certain characteristics of the property are set and each point has a Rent Point Value (RPV). The RPV is then applied to the characteristics of the property.

Some examples are:

- ◆ Property area;
- ◆ Property type;
- ◆ Single bedrooms;
- ◆ Double bedrooms;
- ◆ Dining room;
- ◆ Additional public room;
- ◆ Separate kitchen;

What Happens Next?

We would like your views so please complete and return the enclosed questionnaire in the freepost envelope or, alternatively, log onto our Facebook page or website at: www.ohal.org.uk and take part in the online survey.

All responses will be collated and a report presented to the Association's Management Committee for their consideration prior to them making a decision on any change to the rent charge. You will be provided with feedback on the consultation and decisions made by our Management Committee.

The closing date for responses to the survey is 12 noon on Wednesday 19 January 2022.

If you want to be entered into the Prize Draw for a chance to win a Kirkwall BID voucher, you will need to complete the Survey and provide us with your contact details.

Contact us:

Telephone - (01856) 875253
 Email - enquiries@ohal.org.uk
 Facebook - @OHALtd
 Website - www.ohal.org.uk

Occupancy Charge Review 2022-23

What do I need to know?

Frequently Asked Questions

Why do we consult?

The Exclusive Occupancy Agreement between you and the Association requires us to consult on any proposed changes to your occupancy charge.

Our aim is to provide clear information on how your occupancy charges are spent and that we are striking a balance between the level of service we provide and the cost to you of providing this.

How is the occupancy charge calculated?

The occupancy charge is set in the same way as rents in that points are awarded for certain characteristics of each property and each point has a Rent Point Value (RPV).

However, as you are responsible for carrying out all the repairs and maintenance to your home, that figure is discounted accordingly.

The occupancy charge is calculated on the percentage of the property owned by the Association. Therefore, the higher the share you own, the less your occupancy charge will be. The management fee, building insurance and any other charges applicable are then added to provide you with a total charge.

Can I pay via Direct Debit?

Yes you can. We offer paperless direct debits that can be set up over the phone in 5 minutes. You can also have a direct debit on any day of the week or time of month that suits you best. Contact your Housing Officer if you want to set up a Direct Debit.

What does the occupancy charge cover?

When we build shared ownership properties we get a small subsidy from the Scottish Government but we also have to take out mortgages. These costs are then spread across all rents and occupancy charges.

There are currently 27 households on the low cost home ownership (LCHO) list and 830 on the rented list. We are committed to continuing to provide a range of LCHO options to people wishing to own their own home.

Why does the occupancy charge have to increase?

We don't receive any public funding to pay for any of our costs so we must ensure that the income we receive from our properties is sufficient to meet all our expenditure.

The past two years your occupancy charge has increased by 2.4% and 1.1% which has been inflation only. This year our favoured proposal is for inflation (4.9%) less 1% increase of 3.9%. We would also like to commit to inflation only increases for both 2023/24 and 2024/25 as part of this consultation. Our Management Committee will however meet annually to review these increases prior to them being implemented. This will help us take account of any local and or national economic factors.

All the choices are on the reverse of this leaflet.

How much is the management fee?

The Management Fee was reduced in April 2016 to £340.08 (£28.34 per month) and has been frozen at this rate ever since.

We are proposing to freeze the Management Fee again this year at £28.34 monthly.

Why is there a Management Fee?

The management fee is the same for all sharing owners and covers:

- ◆ Maintaining the LCHO list and identifying purchasers for sharing owners wishing to sell;
- ◆ Providing a service for sharing owners who wish to increase their ownership;
- ◆ Managing your exclusive occupancy agreement and responding to enquiries;
- ◆ Arranging the buildings insurance and managing claims handling;
- ◆ Collection of occupancy and factoring charges;
- ◆ Actions taken for occupancy charge arrears;
- ◆ Legal costs for dealing with any complex issue;
- ◆ Compliance with the Property Factors Act 2011 and associated registration costs;
- ◆ Dealing with any enquiries from mortgage lenders;
- ◆ Resident involvement, consultation, information and satisfaction surveys;
- ◆ Managing bank loans.

How much is the buildings insurance?

The buildings insurance is a standard charge regardless of the size of property. Following a competitive tender exercise earlier this year the yearly fee will be £64.80 or (£5.40 monthly).

The excess payable by you when making a claim remains at £100.

How are the factoring charges set?

These are calculated separately from the occupancy charge and are charged at cost on an individual scheme basis. For example, if you are charged for common grounds maintenance you are only paying towards the cost of maintaining the area of common ground on the estate on which you live.

Contact us:

Telephone - (01856) 875253
Email - enquiries@ohal.org.uk
Facebook - @OHALtd
Website - www.ohal.org.uk

What are the options?

Management Committee Preferred Option	
Increase charges for 3 years based on September 2021 RPI -1% (3.9%) and September RPI only in 2022 and 2023.	RPI - 1% for year one and RPI only for years 2 and 3 3.9% for 2022-23
Increase charges for the next 3 years based on September RPI only (4.9% increase 2022/23 and year 2 and 3 TBC).	RPI only for 3 years 4.9% for 2022-23 and year 2 and 3
Increase charges for next year based on Sept 2021 RPI only (4.9%)	RPI only for one year 4.9% for 2022-23

What Happens Next?

We would like your views so please complete and return the enclosed questionnaire in the freepost envelope or, alternatively, log onto our Facebook page or website at: www.ohal.org.uk and take part in the online survey.

All responses will be collated and a report presented to the Association's Management Committee for their consideration prior to them making a decision on any change to the occupancy charge. You will be provided with feedback on the consultation and decisions made by our Management Committee.

The closing date for responses to the survey is 12 noon on Wednesday, 19 January 2022.

If you want to be entered into the Prize Draw for a chance to win a Kirkwall BID voucher you will need to complete the survey and provide us with your contact details.