

## **Rent increase consultation 2023-24 What do I need to know?**

### **Can OHAL Increase Rents in April 2023?**

In September 2022 the Scottish Government announced a rent freeze for the social and private housing sector. This was in response to the Cost of Living crisis.

Since then the Government has lifted the rent freeze in the social sector and not imposed a cap on the level of rent increase a social landlord can apply. Registered Social Landlords across Scotland have voluntarily agreed to try and restrict increases to 6.1% where they can.

OHAL normally applies a rent increase on 1 April each year. We are required to consult customers about any change and last consulted in January 2022 for years 2023, 2024 and 2025.

### **Do rents have to increase?**

We know that any rent increase is unpopular. However, the costs of providing our services and keeping our neighborhood's safe and tidy have gone up massively in the last year. They are expected to continue to rise in line with inflation, which is currently about 13%. The cost of some things, such as repairs, will increase at an even higher rate.

The Associations policy is to increase rents in line with inflation (Retail Price Index or RPI). We previously consulted you in January 2022 on a three year plan that would automatically have seen your rent increase by 12.6%. At that time we could not have predicted the increase in inflation 12 months later.

One of our biggest expenses is carrying out repairs, maintenance and investing in our homes and neighbourhoods.

In Autumn of 2022 we carried out our Customer Satisfaction Survey and asked how you are feeling about the cost of living crisis and what you saw as being your top priorities. Your top two priorities both focused on affordability with one being assisting with energy costs and the other being keeping your rents affordable.

### **What happens if we increase rents below inflation?**

Having listened to your views we are not recommending to increase rents in line with inflation and our costs. We will therefore have much less money to spend on your home and the services we provide. We outline what this will mean for your homes on page 3.

### **What about the cost of living crisis?**

Most people are struggling with higher prices for food, energy, and general living costs. Many of you will be making difficult choices about buying food and heating your home.

The Association tries to keep rents affordable for all our customers. Rents are only increased by the amount needed to maintain core services and to meet our statutory and legal requirements.

## What about building new homes?

Our business plan states that we will build 20 new properties each year. These new properties are fully funded by grants from the Scottish Government and loans which are repaid from your rent payments. If we stopped building new properties this would not save the Association money or help to keep rents affordable for existing customers. So, we are planning to keep building new properties for Orkneys communities.

## Are our rents affordable?

We understand that many people are struggling financially, so every year we check to make sure rent levels for the Association are affordable to those on low incomes.

We try to keep the annual increase as low as possible and to charge rents that are similar to those of other Rural Housing Associations such as Hjatland Housing Association in Shetland and Lochaber Housing Association. In fact our rents are lower than those two landlords, on average, for most of our properties.

## Service Charges - Garden Maintenance

The Association has historically provided a service for gardens and communal grounds maintenance. However, in spring 2022 Orkney Islands Council removed financial support for tenants in receipt of certain benefits. This resulted in the Association incurring this cost for 2022-23. We are also very aware that the quality of work carried out in some areas was below the standard that you expect and for that we are sorry. As part of our review of the service in 2022 we mutually agreed to end our arrangements with one of our contractors.

Furthermore, we asked you for your views in our Customer Satisfaction Survey back in Autumn 2022. A large majority of you (50%) told us that you wanted an opt-in service. As a result we are able to provide a trial for 2023 for some parts of Kirkwall and the East Mainland.

Listed below are the streets whereby we can offer this service. If your street is not listed you will be responsible for maintaining your own garden ground in 2023. Should you need support or advice with making these arrangements your Housing Officer may be able to sign post you to appropriate support.

For those tenants living in the selected streets we would be obliged if you could answer question 2 on the last page of this leaflet.

***\*\*Please note these changes do not refer to communal grass cutting\*\****

Kirkwall	East Mainland
McLeod Drive	Storehouse Place, Breckan Brae & Graeme Park
Liberator Drive, Court & Close	Marengo Road & Taftingus Place
Walliwall Road & Place	Greenfield
	Upper Waston Road

## Help we can offer

If you are struggling to make ends meet or to pay your rent, our Housing & Customer Service team can help. There are benefits and grants available that you may not be aware of and our team can support you to access these services.

We also have an Energy Advisor who can talk to you about your energy bills.

Call us on 01856 875253 for an appointment. Staff can meet you in your home, in our office or telephone you at a time that suits you. We also have lots of information available on our website [www.ohal.org.uk](http://www.ohal.org.uk)

## Rent Increase Options

The Management Committee (MC) have a recommended option of 7.5% that balances the need to maintain core services for current tenants whilst recognising the increased pressures tenants have found themselves in. Core services include reactive repairs to keep your property safe and watertight.

Proposed rent increase	Avg Weekly rent based on increase	What this means for you
6%	£100.37	The following planned maintenance works will be postponed for 4 years; <i>Kitchen Replacements</i> — 195 Kitchens <i>Heating System Replacements</i> —104 systems <i>Property Improvements</i> — For example, new, ventilation systems, insulation, water tank jackets, external decoration, and internal close decoration.
7.5% (Management Committee Recommended option)	£101.79	The following planned maintenance works will be postponed for 3 years; <i>Kitchen Replacements</i> — 195 Kitchens <i>Property Improvements</i> — For example, new ventilation systems, insulation, water tank jackets, external decoration, and internal close decoration.
12.6%	£106.62	With this option no planned maintenance work would be postponed and we would invest £3.5 million in homes across Orkney.

### What happens next ?

We would like your views so please complete and return the enclosed questionnaire in the freepost envelope provided or, alternatively, if you have received this by email complete the following link <https://forms.office.com/e/PPZjb36pSx> and take part in the online survey.

All responses will be collated and a report presented to the Association's Management Committee on 22 February for their consideration prior to them making a decision on the 2023/24 rent increase. You will be provided with the outcome of the consultation and decisions made by no later than 4 weeks prior to 1 April 2023 when the changes will take place.

The closing date for the responses to the survey is 12 noon on Monday 13 February 2023.

If you want to be entered into the Prize Draw for a chance to win a cash prize of either £50 or £25, you will need to complete the survey and provide us with your contact details.

## Consultation Questions

The below questions have been provided to seek your views on the proposed rent increase.

### Question 1

Based on the information contained in the rent review leaflet what is your preference from the following options for the rent increase in 2023/24?

6%

7.5%

12.6%

### Question 2

For tenants living in the areas listed in the select Kirkwall and East Mainland selected streets please confirm if you would like to opt-in or opt-out of our grass cutting contract for 2023/24 & 2024/25:

Opt-in

Opt-out

### Question 3

The Association intends to contact tenants as part of our winter contacts programme. However if you are struggling with anything in particular at this moment and require advice/ assistance from your housing officer please provide details in brief below:

Tenant's name

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Address

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The consultation will run until the 13<sup>th</sup> February 2023. The results will be presented to the management committee who will consider the responses with tenants being notified at the start of March of the outcome.

If you require any support completing the survey please contact the Association at:

01856 875253



enquiries@ohal.org.uk



www.ohal.org.uk



Orkney Housing Association



# Occupancy Charge Review 2023-24

## *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 42 households on the low cost home ownership (LCHO) list and 1066 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.

In two of the past three years your occupancy charge has increased by inflation only, with last years increase being below inflation. We use the Retail Price Index (RPI) which is a government measure of inflation that aims to reflect the cost of living.

You may recall last year we consulted and sought your agreement on a three year plan. This would have seen an inflation only increase of 12.6% applied this year. Given the current cost of living pressures facing everyone we have opted to consult you once again on the options over the page.

The originally agreed inflation only increase of 12.6% remains an option. However, as our costs are directly linked to inflation the alternative options would leave us with less money to spend in maintaining our properties and neighbourhoods

Our Management Committee will however meet on 22 February 2023 to consider your response prior to any changes being implemented.

## 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 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.

## Help we can offer?

If you are struggling to make ends meet or to pay your occupancy charge, our Housing & Customer Service team can help. There are benefits and grants available that you may not be aware of, and our team can support you to access these services.

We also have an Energy Advisor who can talk to you about your energy bills.

Call us on 01856 875253 for an appointment. Staff can meet you in your home, in our office or telephone you at a time that suits you. We also have lots of information available on our website [www.ohal.org.uk](http://www.ohal.org.uk)

## What are the options?

### 6% increase (Inflation less 6.6%)

2023/24 Average Monthly Occupancy Charge = £186.26

### 7.5% increase (Inflation less 5.1%)

2023/24 Average Monthly Occupancy Charge = £188.89

### **Management Committee Recommended Option**

### 12.6% increase (Inflationary uplift)

2023/24 Average Monthly Occupancy Charge = £197.86

## What Happens Next?

We would like your views so please complete and return the enclosed questionnaire in the freepost envelope or, alternatively, take part in the online survey at <https://forms.microsoft.com/e/CPe1uVb2qi>.

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 Monday, 13 February 2023.**

**If you want to be entered into the Prize Draw for a chance to win a cash prize of either £50 or £25 you will need to complete the survey and provide us with your contact details.**

### Contact us:

Telephone - (01856) 875253

Email - [enquiries@ohal.org.uk](mailto:enquiries@ohal.org.uk)

Facebook - @OHALtd

Website - [www.ohal.org.uk](http://www.ohal.org.uk)

## Consultation Question

The below questions have been provided to seek your views on the proposed Occupancy Charge increase.

Based on the information contained in the Occupancy Charge review leaflet what is your preference from the following options for the Occupancy Charge increase in 2023/24?

6%

7.5%

12.6%

If you are struggling with anything in particular at this moment and require advice/assistance please provide brief details below:

Name

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Address

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The consultation will run until the 13<sup>th</sup> February 2023. The results will be reported to the management committee who will make a final decision and the sharing owners will be notified at the start of March.

If you require any support completing the survey please contact the Association at:

01856 875253



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Orkney Housing Association

