



<b>Policy Reference and title</b>	HM/POL 4: Rent Policy
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<b>Date of next review</b>	January 2018

**CLYDEBANK HOUSING ASSOCIATION**  
**RENT SETTING POLICY 2017 / 2018**

**Contents**

- 1 General Principles To Be Applied In Rent Setting
- 2 Rent and Service Charges Review
- 3 Rent Mechanism
  - 3.1 Basic Mechanism (Core Stock)
  - 3.2 Former Secure Tenancies
  - 3.3 Transferred Stock
  - 3.4 Cluster Flats / Leased Properties
  - 3.5 Housing Support
  - 3.6 Shared Ownership
- 4 Service Charges
- 5 Appendices
  - 5.1 Analysis of Costs Covered by Rent Charge
  - 5.2 Affordability
  - 5.3 Analysis of Comparable Rents and Other Options
    - 5.3.1 Comparability
    - 5.3.2 Other Options
      - 5.3.2.1 Owner Occupation
      - 5.3.2.2 Shared Ownership
      - 5.3.2.3 Alternative Renting Options
  - 5.4 Worked Examples & Last 6 years rent increase %

## **1. General Principles To Be Applied In Rent Setting**

In formulating the Association's rent policy, the following principles were applied:-

- 1.1 The rent policy should be fair. It should be capable of being applied to all properties and able to reflect the different amenities and facilities that each dwelling offers (section 3.1 on page 5).
- 1.2 The rent policy should set rents at a level that covers the Association's costs and allows it to carry out its Management functions effectively. Costs that must be covered for 2017 / 2018 are laid out in Appendix 5.1 (page 9)
- 1.3 Rents should be set at a level that is affordable to the client group that the Association aims to serve, especially those in low paid full-time employment. (Section 5.2 on page 12)
- 1.4 Rents should be comparable to other local housing providers. (Appendix 5.3 on page 15)

The Association targets its activities at those people who are in greatest housing need and who are failing to meet their housing aspirations by any other means.

In line with other Associations, we can demonstrate that our tenants rely heavily on welfare benefits and are restricted in their choice of housing by their income levels. Approximately 60% of tenants are in receipt of either housing benefit or universal credit which pays for their rent in part or in full.

The Association recognises that although welfare benefits ease the burden on those who have the lowest incomes, the action of high rents exaggerates the 'poverty trap' restricting a tenants' ability to find employment that improves their financial position.

Rents that are not affordable cause hardship and as a result management problems (such as high arrears) are likely to increase. Evictions also lead to homelessness for tenants who then find it difficult to secure alternative accommodation and can lead to social exclusion.

## **2. Rent and Service Charges Review**

The rent review date will be 28 March each year for SSTs, SSSTs, sharing owners and leased properties. The rent review date for former secure tenants (fair rents) will be 3 years from the date the rent was last reviewed if residing in the same property.

Service charges can be reviewed more than once in a twelve-month period, in consultation with the tenant or sharing owner. The annual review date will be 28<sup>th</sup> March each year.

All will be given at least 28 days notice, in writing, of the new annual rent, inclusive of service charges.

We are required to consult with tenants as part of the rent policy review. This year we again undertook an extensive consultation exercise using three methods of consultation.

We consulted with tenants through the September 2016 and December 2016 editions of the Chit Chat newsletter.

We also held a tenants conference in November 2016 which was themed around our rent and service charge policies. Positive feedback was received from the 27 tenants at the conference, with 100% indicating via survey returns that they felt our rent policy was fair and that our rents were affordable.

All tenants and sharing owners (around 1100) also received an individual written consultation containing details of the rent policy along with a questionnaire to gauge satisfaction levels and invite comments/questions.

We received 41 written responses (approx 4% response rate), of which 2 people (5% of responders), stated they wished more information on the rent policy. No negative comments were received about the policy itself.

The rent policy was also covered with the local Radnor Park tenants and residents group at a meeting in early January 2017. The group were positive about the process and had no comments or additions to make.

This overwhelmingly positive response demonstrates that our tenants appear to be satisfied with the rent policy mechanism and understand the reasons for the proposed rent increase.

Results are pleasing and show that our tenants are, on the whole, happy with our rent policy as well as the method we use to set our rents.

### **3. Rent Mechanism**

#### 3.1 Basic Mechanism (Applied to all stock at point of re-let for rent calculation)

The Association's chosen method for rent setting is via an assessment system. The system is based on core rents which reflect the size of a property with additional premiums / deductions depending on the attributes of each property. This provides the yearly rent to be applied to each property. The charge for services is added separately.

The rents and premiums for 2017/2018, are as follows (N.B. figures include a proposed 1.5% rent increase subject to approval):-

<u>House Size</u>	<u>Core Rent Per Annum</u>
2 apartment 1 person	£2712.32
2 apartment 2 person	£2875.10
3 apartment 3 person	£3035.17
3 apartment 4 person	£3193.16
4 apartment 4 person	£3353.48
4 apartment 5 person	£3511.33
4 apartment 6 person	£3671.59
5 apartment 6 person	£4151.72
5 apartment 8 person	£5041.20
6 apartment 10 person	£5112.02
7 apartment 10 person	£5163.18

<u>Amenities</u>	<u>Premium per Annum</u>
Double glazing	£59.77
Central heating	£107.61
Dining kitchen	£71.75
Additional WC or en-suite bathroom	£47.83
White goods	£47.83
Private garden/patio space/enclosed balcony (flats)	£71.75
New build premium	£132.88
Modernised new build premium	£250 per person size
<u>House type premiums</u>	
Flat with private access	£66.42
Four in a block	£95.64
House	£188.66
<u>Negative Amenity Discount Per Annum</u>	
Ground floor flat (unless family sized or special needs)	£47.83
Third floor accommodation	£47.83
Internal kitchen/open plan kitchen	£71.75
Bad neighbour development (e.g. late license shop)	£71.75
No parking facilities	£23.90
Multistorey Flat Discount	£44.93

### 3.2 Former Secure Tenants

The rents relating to former secure tenants where the right to have a fair rent set has been protected under the Housing (Scotland) Act 2001 are set by the rent officer who takes a wide variety of considerations into account. The Association can recommend rents according to its own view of a reasonable rent for any given property. The Association currently calculates the proposed rent as per the rent mechanism for rent setting described above and adds on any relevant service charge.

The rent officer can then assess the rent taking into account such factors as comparability with all local landlords, including the private sector. Tenants have the right to appeal to the Rent Registration Service with regard to their rent increase. Tenants will be given 28 days notice of their rent increase. There are currently 10 tenants who fall into this category.

In instances where the Rent Registration Service sets rents at a higher amount than requested by the Association, the Association will charge the tenant the lower amount requested by the Association.

### 3.3 Housing Stock

Any rent increase applied to the housing stock is based on the management and running costs of the Association. Whilst the December RPI figure is no longer used to calculate any rent increase it still has an influence on our management and running costs, as well as our 30 year business plan. For information, the RPI for December 2016 was 1.6%. Although we have applied below inflation rent increases for four out of the last seven years, it is not viable to continually do so as it would have a detrimental effect on our 30 year plan. Although we have no other confirmed rent increases from other RSL's consultations show comparable landlords looking at between 1% and 3% increases. West Dunbartonshire Council is expected to apply a maximum 4.0% rent increase to its tenants for 2017/18.

### 3.4 Leased Properties

The rent for each of the hostel type properties at Alexander Street will be calculated as if each flat is equivalent to three 2 person 2 apartment properties each with service charges.

The rents for leased properties will initially be agreed by all parties and will form part of the lease agreement. The rent review for leased properties will take place on 28<sup>th</sup> March each year with one months notice being given. The percentage increase will be in accordance with the increase implemented within the stock type i.e. either the core stock increase or the increase applied to the transferred stock.

### 3.5 Housing Support

The Association has entered into management agreements with support providers in relation to some of the Associations tenants who have support needs. Where the Social Work Department has nomination rights to these properties the management agreement may have a clause in relation to a void charge. Individual agreements will specify.

### 3.6 Shared Ownership

For shared ownership accommodation a calculation was applied in 2003 – 2004 that made an allowance for the percentage owned by the sharing owner and made a deduction to allow for the sharing owner to carry out their own repairs. From that base rent there will be annual increase applied by the percentage increase applied to the core stock.

Sharing owners have the right to appeal to the Rent Registration Service (RRS) with regard to their rent increase. The decision of the RRS will be binding on both parties. Costs relating to an appeal will be apportioned by the RRS.

## 4. **Service Charges**

Service charges will be applied as per the service charge policy HM POL12 as agreed at the January 2017 management committee meeting. For 2017/18, the highest increase in service charges will be £1.20 per annum (0.10 pence per month).



## Appendices

### 5.1 Analysis of costs covered by rent charge - Table 5A Viability / Table 5B Major Repairs Sinking Fund

**Table 5A Viability**

The rent review is based on the actual costs of managing and maintaining ALL of the housing stock. All costs are based on results to 31 December 2016, projected costs to the year end and the 2017/18 information from the 2016-21 Financial Plan. In December 2016, the Management Committee approved the tenant consultation levels of a possible increase of between 1.0% and 2.0%. These were the minimum levels required, based on the December report, in order to continue to cover our management and maintenance costs for the forthcoming financial year. For information purposes only, the current RPI (annual inflation movement) is 1.6% for December 2016.

COSTS	NOTES (See Pg 10)	INCREASE:	(RPI + 1%)						
			<u>RENT PLUS 0%</u>	<u>RENT PLUS 1%</u>	<u>RENT PLUS 1.5%</u>	<u>RENT PLUS 2%</u>	<u>RENT PLUS 2.5%</u>	<u>RENT PLUS 3.0%</u>	<u>RENT PLUS 3.5%</u>
Voids& Bad Debts (4%)	1		182,072	165,504	166,323	167,142	167,962	168,781	169,600
Management Costs	2		1,373,200	1,373,200	1,373,200	1,373,200	1,373,200	1,373,200	1,373,200
Maintenance Costs	3		620,000	620,000	620,000	620,000	620,000	620,000	620,000
Service Costs	4		70,000	70,000	70,000	70,000	70,000	70,000	70,000
Loan Repayments	5		515,635	515,635	515,635	515,635	515,635	515,635	515,635
Major Repairs	6		750,000	750,000	750,000	750,000	750,000	750,000	750,000
Other Direct Costs	7		186,000	186,000	186,000	186,000	186,000	186,000	186,000
<b>TOTAL COSTS</b>			<u>3,696,907</u>	<u>3,680,339</u>	<u>3,681,158</u>	<u>3,681,977</u>	<u>3,682,797</u>	<u>3,683,616</u>	<u>3,684,435</u>
<b>RENTAL INCOME</b>	8		<u>3,641,448</u>	<u>3,677,862</u>	<u>3,696,069</u>	<u>3,714,277</u>	<u>3,732,484</u>	<u>3,750,691</u>	<u>3,768,898</u>
<b>(Deficit) or Surplus</b>	9		<u>(55,459)</u>	<u>(2,476)</u>	<u>14,912</u>	<u>32,300</u>	<u>49,687</u>	<u>67,075</u>	<u>84,463</u>

NOTES	
1	Rental voids and bad debts have been reduced from 5% to 4.5% (1.5% and 3% respectively) of the rental income and this is still a prudent estimate in relation to our actual performance of 0.5% and 2.2%. Welfare reform is constantly being monitored on the effect this has on our recovery rates and this revised level of 4.5% will be incorporated into our long term Financial Plans from 2017.
2	Management Costs have been extracted directly from the DRAFT 2017/18 Budget (to be presented to the Management Committee in Jan 2017) and are based on actual spend to 31 Dec 2016, estimated to 31 March 2017 and amounts per the 2016–21 Financial Plan. Included in Management Costs, staff remuneration has been increased due to the annual increment, additional staffing posts and new auto enrolment costs from February 2017.
3	Maintenance costs have been extracted from the revised December 2014 Life Cycle Costing document in respect of all stock. The figure includes £420k of reactive maintenance and £200k of cyclical maintenance. This adjustment for cyclical costs is required to be incorporated into the rent setting process in accordance with the sinking fund.
4	Service costs relate only to those costs which are currently non-recoverable through rents, e.g. common close lighting, caretaker services and supplies and some landscaping works. This figure is reducing as we continue to harmonise the service charges.
5	Loan Repayments are based on all loans we have with Clydesdale Bank and Dexia Public Finance Bank. This amount includes both actual capital and interest payments and agrees to what has been provided for in the 2016-21 Financial Plan. The loan amounts payable for the Graham Avenue development have not been included as the site is not due to complete until near the end of the 2017/18 financial year.
6	Major repair costs have been derived from the December 2014 Life Cycle Costing Programme (LCC) which indicates a provision of at least £750k per annum being set aside for future Major Repairs (Please refer to Table 5B). Target contributions have been deemed at a level necessary to ensure adequate funding for the remainder of the LCC programme.
7	Other direct costs include property insurance, welfare advice costs and legal expenses. These costs will form part of the 2017/18 Budget and are based on actual spend in prior years and what is required to be expended in 2017/18.
8	Rental Income of c.£3.6m is the amount expected for 2016/17 in respect of all rents without applying a rent increase. Comparative figures are made up for a variety of rent rises ranging from 1.0% to 3.5%. No rental income has been included for the Graham Avenue development as the site is not due to complete until near the end of the 2017/18 financial year.
9	Where there are deficits shown ( ), this will prevent adequate Target Contributions to our Major Repairs Sinking Fund. In the short term this may not pose a great problem but will, in the longer term, compromise the ability of the Association to properly address its Major Repair liabilities. These deficits, if not addressed in the medium term, could potentially threaten the future viability of the Association. In the current climate, the Association must demonstrate that it places importance on strong financial health and robust financial controls.

## CLYDEBANK HOUSING ASSOCIATION LIMITED

**FROM:** FINANCE MANAGER **DATE:** 20/11/2015  
**TO:** MANAGEMENT COMMITTEE **REF:** /LL  
**SUBJECT:** MAJOR REPAIRS SINKING FUND

		2016/17	2017/18	2018/19	2019/20	5 Years 2020/25	5 Years 2025/30	5 Years 2030/35	10 Years 2035/45
	Notes	Yr 1 £000	Yr 2 £000	Yr 3 £000	Yr 4 £000	Yrs 5-9 £000	Yrs 10- 14 £000	Yrs 15- 19 £000	Yrs 20-30 £000
FUND B/FWD	1	11,722	12,507	13,060	13,373	13,732	7,290	5,872	3,127
Target Contribution	2	750	750	750	750	3,750	3,750	3,750	7,500
		12,472	13,257	13,810	14,123	17,482	11,040	9,622	10,627
Major Repairs Expenditure*	3	89	327	569	527	10,264	5,226	6,526	10,616
		12,383	12,930	13,240	13,596	7,218	5,814	3,096	11
Interest receivable (1%)	4	124	129	132	136	72	58	31	0
FUND C/FWD	5	12,507	13,060	13,373	13,732	7,290	5,872	3,127	11

### Notes

- The Fund at the beginning of year 2016/17 (year 3 of the LCC plan) is based on current Designated Reserves expected at end of this financial year 2015/16 (£11.1m) together with an expected transfer back to the fund of c. £600k on 31 March 2016 as a result of work being carried forward into 2016/17.
- The Target Contribution for 2016/17 (£750k) is necessary given the Association's Life Cycle Costing Programme (LCC), adjusted for Cyclical Maintenance. Future Target Contributions are at a level necessary to ensure adequate funding for the remainder of the LCC programme. These "Target Contributions" will be incorporated into the Association's future Rent Setting mechanism.
- Expenditure is as per the Dec 2014 L.C.C. document and adjusted for annual cyclical maintenance costs of £200k per annum.

which will be incorporated separately into the annual rent setting calculation. Amounts over £200k are included in the sinking fund calculation. However, long term projections are notoriously unreliable and for this reason our LCC programme should now be reviewed

at least every three years or after any significant change to the organisation to ensure our rents are not set at a level which under/over provides for future repairs.

4 A conservative notional 1% p.a. interest rate is assumed for our purposes

5 Provided Rent Reviews make provision for the 'Target Contribution' and L.C.C. expenditure goes according to plan, then at the end of the period, the Fund is carried forward to future periods to accrue interest and meet future expenditure. However, should the LCC programme prove accurate, then in the last 15 years of the programme there appears to be a dramatic decrease in the reserves which could be funded in part from rents and from additional loans easily secured against our unencumbered housing stock. Given the comments made in Note 3 above, we should not unduly worry about deficits which may or may not arise in 20-30 years' time.

**Please note that the opening balance of £11.7m and the fund levels carried forward are based on the level of designated reserves and not based on the Association's cash balances, which are projected in the long term Financial Plans reviewed annually in May. Due to component accounting in 2011, the designated reserves were increased to reflect the increase in Housing Property net book value and at 31.03.15 the difference between reserves and cash was c. £5.5m.**

**From November 2022, the Association will be in the favourable position of having cleared the outstanding loans due to Dexia and only the Cart Street finance will be outstanding to Clydesdale Bank.**

Next update: January 2018

## 5.2 Affordability

Every RSL must show that its rents are affordable to its tenants who are in **full time employment**. Any affordability gaps should be identified and a strategy put in place to deal with them. The SFHA measures affordability in the following way:

**“For a rent to be affordable, households with one person (head of household or partner) working 16 hours or more should only exceptionally be dependent on housing benefit in order to pay it.”**

### Rent Affordability Study – Current tenants paying full rent (no housing benefit)

We carried out an affordability study of 200 tenants in October 2012 which showed that 89% of those surveyed passed the affordability test. The survey only includes tenants who pay **full rent**, as those in receipt of housing benefit automatically fail the test.

The criteria used to measure affordability is currently under review by the SFHA and the methodology used to carry out our last affordability study is no longer considered an accurate measure. In view of this the most recent SCORE data, tenants satisfaction survey results and comparisons with other local housing providers should be considered as a more up to date measure of affordability.

### SCORE income data for new tenants paying full rent (no housing benefit)

SCORE is a method of recording statistics for all new tenants housed by Housing Associations. Since the Housing (Scotland) Act 2001 Councils must also complete statistical information for all new tenants. The Scottish Government analyses these statistics and produces an annual report comparing Associations with their overall council area, as well as nationally. The pass rate is lower than last year, which given the current financial climate and associated living costs is unsurprising. The data is collected from new tenants at the time of signing up and may not reflect their actual income once in their tenancy. The relevant data for affordability is for full time working households only. See tables 1-3 below, with table 3 (in bold) being the main indicator table for new tenant affordability.

Table 1 Affordability failure rates for full time working households 2011 – 2012

	Clydebank Housing Association	West Dunbartonshire	National
Fails	0%	7%	14%
Passes	100%	93%	86%

Table 2 Affordability failure rates for full time working households 2012 – 2013

	Clydebank Housing Association	West Dunbartonshire	National
Fails	15%	Unavailable	18.9%
Passes	85%	Unavailable	81.1%

Table 3 Affordability failure rates for full time working households 2013 – 2014

	Clydebank Housing Association	West Dunbartonshire	National
Fails	0%	Unavailable	14.6%
Passes	100%	Unavailable	85.4%

**Table 4 Affordability failure rates for full time working households 2014 – 2015 (Most Recent Figures)**

	Clydebank Housing Association	West Dunbartonshire	National
<b>Fails</b>	<b>12.9%</b>	<b>Unavailable</b>	<b>14.9%</b>
<b>Passes</b>	<b>87.1%</b>	<b>Unavailable</b>	<b>85.1%</b>

SCORE offer a National and regional comparison in their data set. SCORE data accuracy depends on households accurately declaring all their income at the sign up for their tenancy. It is not indicative of their income after sign up. As can be seen we had 87.1% affordability last year and our figures compare favourably with the last available local and national figures. **Based on this information, it is recommended that we consider our rents to be affordable to a vast majority of our full time working new tenants.**

#### Tenants Satisfaction Survey

As part of our ongoing survey, we ask tenants two rent related questions:

1. Are you aware what your rent money is spent on?
2. Do you feel your rent offers you value for money?

Although a basic measure, it could be argued that our tenants own points of view offer more of an insight into how affordable their rent is to them than similar financial exercises.

Our most recent figures are to 31 March 2016 showed that 80% of those surveyed were aware of what their rent money was spent on, whilst 93% thought that the rent they paid offered good value for money.

These are encouraging figures and in tandem with our affordability and SCORE data demonstrate that our rents can be considered as affordable.

### 5.2.1 Council Tax

Council Tax adds considerably to housing costs. Many of our properties are graded B and a single person qualifying for the 25% reduction will pay approximately £85 per month. Although this is not taken account of in SFHA's affordability measure it is a high cost to tenants and prospective tenants in relation to housing costs.

### 5.2.2 Welfare Reforms

Government changes to welfare benefits such as the Occupancy Charge (bedroom tax) and Universal credit may in real terms reduce a significant number of tenants income over the next few years. Whilst we must set rents at a level to cover management and running costs, it is prudent to incorporate a budget amount for the potential effects of welfare reform on rent arrears figures.

### 5.2.3 Future Strategy

We will carry out an income survey of tenants at least every 4 years. Affordability information will be used when determining rents for the following year.

We will publish articles in our newsletters regarding the availability of welfare benefits services, the credit union, housing benefit applications and how to apply for a house transfer.

## 5.3 Analysis of Comparable Rents & Other Options

5.3.1 Comparability - Any comparability exercise has to be treated with some caution as Associations have such varied stock types and sizes. This makes it more difficult to assess accurately. Comparability is based on averages and Associations with few of a particular house type or size are likely to have different average rents to Associations with a lot of stock with varying amenities and sizes.

The table on the next page shows the most recent figures available for comparisons between our rents and those of the local providers.

## Comparable rents between West Dunbartonshire RSL's and West Dunbartonshire Council

Average rents (year marked below landlord name). Service charges <u>not</u> included.										
	*Dunbritton 16/17	Cordale 14/15	Bellsmyre 16/17	Trafalgar 16/17	*Faifley 16/17	DPHA 16/17	Cube 16/17	Knowes 16/17	<b>Clydebank 16/17</b>	WDC 16/17
1apt annual	-	N/A	-	-	-	-	-	-	-	-
monthly	-	N/A	-	-	-	-	-	-	-	-
2apt annual	£3,571.92	£3,519.11	£3,205.56	£3,005.26	£3,681.72	£3,034.93	£4,128.96	£3,379.42	<b>£3,079.20</b>	£3,732.28
monthly	£297.66	£284.68	£267.13	£250.44	£306.81	£252.91	£344.08	£281.62	<b>£256.60</b>	£311.02
3apt annual	£3,955.44	£3,835.71	£3,813.12	£3,222.77	£4,032.00	£3,388.25	£5,594.76	£3,589.80	<b>£3,280.08</b>	£3,844.06
monthly	£329.62	£291.73	£317.76	£268.56	£336.00	£282.35	£329.10	£299.15	<b>£273.34</b>	£320.34
4apt annual	£4,294.56	£4,001.27	£4,340.88	£3,681.84	£4,232.16	£3,957.85	£6,195.17	£4,003.71	<b>£4,153.80</b>	£4,077.77
monthly	£357.88	£362.66	£361.74	£306.82	£352.68	£329.82	£387.19	£333.64	<b>£346.15</b>	£339.81
5apt annual	£4,634.64	£4,321.81	£5,325.96	£4,080.40	£4,372.20	£4,841.59	£5,195.88	£4,624.41	<b>£4,932.00</b>	£4,347.04
monthly	£386.22	£366.23	£443.83	£340.04	£364.35	£403.47	£432.99	£385.37	<b>£411.00</b>	£362.25
6apt+ annual	£4,954.32	£4,507.68	-	£4,113.43	£4,351.08	-	-	£5,227.26	<b>£5,622.84</b>	£4,446.45
monthly	£412.86	£375.64	-	£342.78	£362.59	-	-	£435.61	<b>£468.57</b>	£370.54

\*RSL's marked as \* have been unable to separate out their service charges, these figures will therefore be higher than other landlords.

As can be seen, our rents for both 2 apartment and 3 apartment properties are still amongst the lowest in the district. 2 & 3 apartments represent over 80% of our housing stock, meaning over 80% of our tenants have one of the lowest rental charges in West Dunbartonshire for the size of the house that they live in. Our 4 apartment and 5 apartment rents are higher than some organisations, however this is because our properties are generally houses or four in a block properties as opposed to the flats found in other organisations stock.

The rent for our 6apt plus is high in comparison to others. Most of the other landlord's rents for these are for 6 apartments. Like ours, Knowes property is a 7 apartment, however ours is a 3-storey townhouse with an additional toilet downstairs.

It is recommended that our rents are accepted as being broadly comparable, affordable and indeed competitive with other RSL's in the district.



### 5.3.2 Other Options

People who apply to the Association for accommodation have a range of other options that they can consider.

#### 5.3.2.1 Owner Occupation

If an applicant is in secure employment or has savings, owner occupation may be an option.

The minimum price for habitable accommodation in Clydebank is approximately £32,000. This would purchase a one bedroom flat. Only a limited number of flats are available at any one time. Additionally people entering owner occupation can find themselves in financial difficulties if the interest rates were to rise sharply in future.

To purchase even the cheapest accommodation a person must either have a secure income or substantial assets. A purchaser also has to pay solicitors fees and often a mortgage indemnity premium. Owners also have to consider the cost of future maintenance and repairs. In the current financial climate it is also very difficult to obtain a mortgage.

#### 5.3.2.2 Shared Ownership

The number of shared ownership properties available for purchase at any one time is limited to resales, usually only 1 or 2 properties become available each year.

The scheme does make owner occupation more affordable; however it may not always be someone's first choice of accommodation particularly at a time when full owner occupation may be more attractive because of low interest rates.

The sharing owner can increase their mortgage slightly to cover large initial costs such as solicitor's fees, thereby reducing the initial outlay. This does however add to the loan and therefore may mean higher payments.

#### 5.3.2.3 Alternative Renting Options

A limited market for private sector renting exists in Clydebank. A typical starting rent for a self-contained flat would be £370.00 per month and could be much more. Apart from the issue of high rental cost, the standard of accommodation is variable and little security is available.

#### 5.3.2.4 Homestake

Similar to Shared Ownership, but without the occupancy charge aspect this scheme also makes owner occupation more affordable. In practice it can be difficult for applicants to meet the criteria laid out by the Scottish Government on qualifying for Homestake and availability is very limited.

#### 5.4 Worked Examples for 2 apartment and 3 apartment properties 2017 / 2018 - all excluding service charges

##### 2 person 2 apartment flat new build with 1.5% rent increase

Core rent	£2875.10
Double glazing	£59.77
Central heating	£107.61
New build premium	£132.88

**Total for 2017/2018 £3175.36** (Annual total for 2016/2017 - £3128.44)

Monthly rent for 2013/2014 -	£242.35
Monthly rent for 2014/2015 -	£251.32
Monthly rent for 2015/2016 -	£256.35
Monthly rent for 2016/2017 -	£260.70
<b>Monthly rent for 2017/2018 -</b>	<b>£264.61</b>

##### 3 person 3 apartment flat new build with a 1.5% rent increase

Core rent	£3035.17
Double glazing	£59.77
Central heating	£107.61
New build premium	£132.88

**Total for 2017/2018 £3335.43** (Annual total for 2016/2017 - £3286.15)

Monthly rent for 2013/2014 -	£254.57
Monthly rent for 2014/2015 -	£263.99
Monthly rent for 2015/2016 -	£269.27
Monthly rent for 2016/2017 -	£273.85
<b>Monthly rent for 2017/2018 -</b>	<b>£277.95</b>

**Previous Years Rent Increase (last five years) all RPI figures are at the previous December:**

<b>Year</b>	<b>Rent Increase %</b>	<b>RPI %</b>	<b>Comments</b>
28 March 2011	3.0%	4.8%	Below Inflation Increase but less than RPI plus 1%
28 March 2012	4.2%	4.8%	Below Inflation Increase but less than RPI plus 1%
28 March 2013	2.9%	3.1%	Below Inflation Increase but less than RPI plus 1%
28 March 2014	3.7%	2.7%	Above Inflation Increase and equal to RPI plus 1%
28 March 2015	2.0%	1.6%	Above Inflation Increase but less than RPI plus 1%
28 March 2016	1.7%	1.2%	Above Inflation Increase but less than RPI plus 1%

**Proposed 28 March 2017 = 1.5% (RPI 1.6%) Below Inflation Increase and less than RPI plus 1% (If agreed)**

**It is recommended that this rent policy be approved and that a rent increase of 1.5% is also approved for the financial year 2017/18.**