



***"Offering our community more than a home"***

## Rent Policy 2020/21

Management Committee submission:	28 January 2020
Last Approved:	29 January 2019
Date Approved:	
Next Review date:	November 2020

### **CHA Objectives:**

- To provide quality, affordable housing that meets the changing needs of our customers and to ensure fair access to housing within our area.
- To manage the houses provided, in a professional and cost effective manner, for the benefit of our local community and the environment.
- To provide a first class maintenance service which offers value for money and ensures the comfort and safety of our residents while achieving high levels of satisfaction
- To ensure local decision making and community control, we will encourage our tenants and other customers to influence our policy and participate in decisions, which may affect them.
- To ensure that our resources are adequate to deliver our objectives by investing in our people, demonstrating value for money and through robust procurement practices.
- To promote social inclusion by applying principles of equality and diversity to everything we do.

#### **Regulatory Standards:**

- The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.
- The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these objectives.
- The RSL manages its resources to ensure its financial well-being while maintaining rents at a level that tenants can afford to pay.
- The governing body bases its decision on good quality information and advice and identifies and mitigates risks to the organisation's purpose.
- The RSL conducts its affairs with honesty and integrity.
- The governing body and senior officers have the skills and knowledge they need to be effective.

**Any breach or non-compliance with legislation/regulatory requirements in relation to this Policy constitutes a Notifiable Event and the Regulator will be informed via the SHR Portal.**

***This policy can be made available on request in a variety of different formats, such as on tape, in large print and translated into other languages.***

#### **Equalities commitment**

The Association aims to be non-discriminatory in its policies and practices. We aim to promote equal opportunity by the prevention, elimination or regulation of discrimination between persons on grounds as laid out in the 2010 Equality Act. We recognise the nine groups as laid out in the act and full details can be found in our Equal opportunities Policy.

Clydebank Housing Association seeks to embrace diversity, promote equal opportunities for all and eliminate any unlawful discrimination in all areas of our work.

A full equalities impact assessment was carried out as part of this policy review and can be found at the end of the policy.

**CLYDEBANK HOUSING ASSOCIATION**  
**RENT SETTING POLICY 2020 / 2021**

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## **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 2020 / 2021 are laid out in Appendix 5.1 (page 10)
- 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 14)
- 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. During 2018/19, 59% of tenants received either a housing benefit or a universal credit payment at some point during the year to cover their rent either in part or in full. This accounted for £1.84m (46%) of the total rental income received.

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 Charge 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.

## Consultation

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

- We consulted with tenants through the December 2019 Chit Chat newsletter.
- All tenants and sharing owners also received an individual written consultation containing details of the rent policy along with a choice of 3 options for increase. Each option offered a different degree of rent increase as follows:
  - Option 1 - rent increase of 2.5% with existing services
  - Option 2 - rent increase of 3% as at option one, but including a dedicated pot of money for non-scheduled environmental improvements
  - Option 3 - rent increase of 3.5% as at option 2, but including an accelerated feasibility study for updating back court and bin store areas

We received a total of 161 responses (14% response rate, which is the same as in 2018/19). 68% of responders choosing option 1, 22% option 2 and 10% option 3.

- We consulted directly with our local tenants groups at an arranged meeting and received positive comments regarding the rent setting process.
- Although we did not ask a direct question as to whether or not our tenants found the rent affordable, this was covered as part of our tenant satisfaction survey in March 2019 (info on page 14) and also discussed with the local tenant and residents groups, our tenant panel and as part of our tenant conference, all of which is evidenced as part of this year's review process. Going forward, this question will be asked in future consultations.

In view of the consultation outcome, it is recommended that we base our rent increase amount on option 1 as listed above. The table on page 10 details the exact increase percentage required to achieve option 1 based on the now firmed up figures derived after the consultation process.

### **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 2020/2021, are as follows (N.B. figures include a proposed 2.5% rent increase subject to approval):-

<u>House Size</u>	<u>Core Rent Per Annum</u>
2 apartment 1 person	£2,963.76
2 apartment 2 person	£3,141.63
3 apartment 3 person	£3,316.53
3 apartment 4 person	£3,489.17
4 apartment 4 person	£3,664.35
4 apartment 5 person	£3,836.84
4 apartment 6 person	£4,011.95
5 apartment 6 person	£4,536.59
5 apartment 8 person	£5,508.52
6 apartment 10 person	£5,585.91
7 apartment 10 person	£5,641.82

<u>Amenities</u>	<u>Premium per Annum</u>
Double glazing	£65.31
Central heating	£117.59
Dining kitchen	£78.40
Additional WC or en-suite bathroom	£52.26
White goods	£52.26
Private garden/patio space/enclosed balcony (flats)	£78.40
New build premium	£145.20
Modernised new build premium	£273.17 per person size
<u>House type premiums</u>	
Flat with private access	£72.57
Four in a block	£104.51
House	£206.15
 <u>Negative Amenity Discount Per Annum</u>	
	<u>Discount per Annum</u> (does not apply to properties with modernised new build)
Ground floor flat (unless family sized or special needs)	£52.26
Third floor accommodation	£52.26
Internal kitchen/open plan kitchen	£78.40
Bad neighbour development (e.g. late license shop)	£78.40
No parking facilities	£26.12
Multistorey Flat Discount	£49.10

### 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 and Other Landlord Increase Comparisons

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 2019 was 2.2%. Although we have applied below inflation rent increases for five out of the last eight 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 other landlords consultations, as measured through the Glasgow West of Scotland Housing Forum (GWOS), looking at between 1.5% and 3.8% increases. The GWOS average is around 2.6%. West Dunbartonshire Council is looking at around a 2% rent increase to its tenants for 2020/21.

### 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 month's 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 separately as per the service charge policy HM POL12 as agreed at the January 2020 management committee meeting.

## Viability & Affordability

### 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 2019, estimated costs to the year end and the 2020/21 information from the 2019-24 Financial Plan. In November 2019, the Management Committee approved the tenant consultation levels for possible rent increase options of either 2.5%, 3.0% or 3.5%. These were the minimum levels required, based on the November report, in order to continue to cover our management and maintenance costs for the forthcoming financial year. For information purposes only, the current RPI and CPI levels (inflation) are 2.2% and 1.4% as at December 2019.

COSTS	NOTES (See Pg 10)	INCREASE:	<u>RENT PLUS 0%</u>	<u>RENT PLUS 1%</u>	<u>RENT PLUS 1.5%</u>	<u>RENT PLUS 2.0%</u>	<u>RENT PLUS 2.5%</u>	<u>RENT PLUS 3.0%</u>	<u>RENT PLUS 3.5%</u>
Voids& Bad Debts (4%)	1		207,107	209,178	210,213	211,249	212,284	213,320	214,355
Management Costs	2		1,533,969	1,533,969	1,533,969	1,533,969	1,533,969	1,533,969	1,533,969
Maintenance Costs	3		820,985	820,985	820,985	820,985	820,985	820,985	820,985
Service Costs	4		45,000	45,000	45,000	45,000	45,000	45,000	45,000
Loan Repayments	5		424,095	424,095	424,095	424,095	424,095	424,095	424,095
Major Repairs	6		950,000	950,000	950,000	950,000	950,000	950,000	950,000
Other Direct Costs	7		204,300	204,300	204,300	204,300	204,300	204,300	204,300
<b>TOTAL COSTS</b>			<u>4,185,456</u>	<u>4,187,527</u>	<u>4,188,563</u>	<u>4,189,598</u>	<u>4,190,634</u>	<u>4,191,669</u>	<u>4,192,705</u>
<b>RENTAL INCOME</b>	8		<u>4,142,133</u>	<u>4,183,554</u>	<u>4,204,265</u>	<u>4,224,976</u>	<u>4,245,686</u>	<u>4,266,397</u>	<u>4,287,108</u>
<b>(Deficit) or Surplus</b>	9		<u>(43,323)</u>	<u>(3,973)</u>	<u>15,702</u>	<u>35,377</u>	<u>55,052</u> <u>Option 1</u>	<u>74,727</u> <u>Option 2</u>	<u>94,403</u> <u>Option 3</u>

NOTES	
1	Rental voids and bad debts are estimated at 5% (1% and 4% respectively) of the rental income and this is still a prudent estimate in relation to our actual 31 March 2019 performance of 0.33% and 3.59%. Welfare reform is constantly being monitored on the effect this has on our recovery rates and an increased level of 6% has been incorporated into our long term Financial Plans.
2	Management Costs have been extracted directly from the DRAFT 2020/21 Budget (to be presented to the Management Committee in Jan 2020) and are based on actual spend to 31 December 2019, estimated to 31 March 2020 and amounts per the 2019-24 Financial Plan. Included in Management Costs, staff remuneration has been increased due to additional pension contributions for the current scheme, and the part time welfare rights officer costs.
3	Maintenance costs have been extracted from the revised 2018 fully costed Life Cycle Costing document in respect of all stock. The figure includes £456k of reactive maintenance and £365k of cyclical maintenance. This increased amount for cyclical costs is required to be incorporated into the rent setting process in accordance with the sinking fund. A revised LCC document has been prepared for this review.
4	Service costs relate only to those costs which are currently non-recoverable through rents, e.g. common close lighting, caretaker services and grounds maintenance/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 CAF Bank and Clydesdale Bank (Dexia Bank loans fully repaid November 2019). This amount includes capital and interest payments and agrees to what has been provided for in the 2019-2024 Financial Plan. The loans amounts payable for the HEEPS funding (interest free loan of £860k) and the Electric Vehicles interest free loan have also been incorporated.
6	Major repair costs have been derived from the fully costed 2018 Life Cycle Costing Programme (LCC) which indicates a provision of at least £950k per annum being set aside for future major repairs (Please refer to Appendix 1). Target contributions have been deemed at a level necessary to ensure adequate funding of c. £44m of costs identified over the next 30 years.
7	Other direct costs include property insurance, tenant participation expenses and legal and professional services. These costs will form part of the 2020/21 Budget and are based on actual spend in prior years and what is required to be expended in 2020/21.
8	Rental Income of c.£4.14m is the amount expected for 2019/20 in respect of all rents without applying a rent increase. Comparative figures are made up for a variety of rent rises ranging from 1% to 3.5% (consultation options shown).
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 In the current climate, the Association must demonstrate that it places importance on strong financial health and robust financial controls alongside considering the affordability of rents and other charges for customers.

**CLYDEBANK HOUSING ASSOCIATION LIMITED**
**APPENDIX  
1**
**FROM:** HEAD OF FINANCE & CORPORATE SERVICES

**DATE:** 21/11/2019

**TO:** MANAGEMENT COMMITTEE

**REF:** /LL

**SUBJECT:** MAJOR REPAIRS SINKING FUND (November 2019 update)

							5 Years	5 Years	5 Years	10 Years
		As at 01.04.19	2020/21	2021/22	2022/23	2023/24	2024/29	2029/34	2034/39	2039/49
	Notes	Per Budget - based on LCC Yr 1 £000	LCC Yr 2 £000	LCC Yr 3 £000	LCC Yr 4 £000	LCC Yr 5 £001	LCC Yrs 6-10 £000	LCC Yrs 11-15 £000	LCC Yrs 16-20 £000	LCC Yrs 21- 30 £000
FUND B/FWD	1	7,396	6,792	6,492	5,038	4,314	4,314	1,347	849	659
Target Contribution	2	800	950	950	950	950	5,750	8,000	4,750	13,000
		8,196	7,742	7,442	5,988	5,264	10,064	9,347	5,599	13,659
Major Repairs Expenditure based on updated LCC Nov 2019	3	1,438	1,282	2,429	1,696	1,359	8,723	8,503	4,944	13,533
		6,758	6,460	5,013	4,292	3,904	1,341	845	655	126
Interest receivable (0.5%)		34	32	25	21	20	7	4	3	1
FUND C/FWD	4	6,792	6,492	5,038	4,314	3,924	1,347	849	659	126

**Notes**

- 1 The Fund brought forward is based on the opening cash balance as at 1st April 2019 per the audited financial statements.
- 2 The Target Contribution for 2020/21 onwards of at least £950k 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 and contributions are higher in Years 6-15 where cash levels allow. These "Target Contributions" will be incorporated into the Association's future Rent Setting mechanism.

- 3 Expenditure is per the fully costed 2018 LCC document and adjusted for annual cyclical maintenance costs of £365k per annum which has been incorporated separately into the 2019/20 annual rent setting calculation. Amounts over £365k are included in the sinking fund calculation. However, long term projections are continuously changing (due to stock condition, compliance and legislative requirements) and for this reason our LCC programme will be reviewed annually over the course of the next four years. This will ensure all properties have been surveyed and our rents are set at a level which provides fully for future repairs while still considering affordability for customers (next LCC update due December 2019).
- 4 Provided Rent Reviews make provision for the 'Target Contribution' and LCC 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 10 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.

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 and the Graham Avenue finance to CAF Bank.

## 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.”**

In the summer of 2017, the SFHA launched updated affordability guidance, including a rent affordability tool, which allows landlords to input their rent figures and obtain an affordability measure. It is generally accepted that no one should be spending any more than 30% of their income on their rent. We used this as our principle measure of affordability.

We used the tool to look at various apartment sizes and family compositions and simulated a 2.5% rent increase on our current rents. The results are attached at the back of this report as appendices. We also ran a simulation using our highest rent for a 2 apartment single person property at Graham Avenue, incorporating the same 2.5% rent increase.

Although not necessary, we also included council tax within the affordability measure at band B, which is broadly representative of our housing stock. There is no data available for West Dunbartonshire Council in the comparison tool.

Moderate incomes were also assumed when using the tool, as anything below this level of income is likely to be in receipt of some kind of housing benefit, meaning they would automatically fail the test based on income alone.

In using the tool with the above parameters, all rents passed. The tool will be used throughout the year by staff in connection with tenancy sustainment, new tenancies and development rent calculations.

It is pleasing that we had no fails and this helps demonstrate that our rents can be considered to be affordable under this measure.

### 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 tenants own points of view offer more of an insight into how affordable their rent are to them than similar financial exercises.

Our most recent figures are to 31 March 2019 and show that 78% of those surveyed were aware of what their rent money was spent on (down slightly from the 80% in 2017), whilst 89% felt that the rent they paid offered good value for money (down very slightly from 90% in 2017).

Although slightly decreased, these are still encouraging figures and in tandem with our affordability 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.

#### 5.2.2 Welfare Reforms

Government changes to welfare benefits such as Universal credit may continue in real terms to 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 consider carrying out an affordability study during 2019 to gain more accurate data on our tenants. We use the SFHA rent affordability tool across a variety of our rents. 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, credit unions, housing benefit applications and how to apply for a house transfer.

We will monitor the impact of welfare reform measures such as Universal Credit on an ongoing basis and report this to our management Committee.

### 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 2018/19 (service charges included).										
	Dunbritton	Cordale	Bellsmyre	Trafalgar	Faifley	DPHA	Knowes	Clydebank	WDC	Scottish Ave
1apt annual	-	-	-	-	-	-	-	-	-	-
monthly	-	-	-	-	-	-	-	-	-	-
2apt annual	£3,900.00	£3,755.44	£3,438.24	£3,404.96	£3,888.04	£3,961.88	£3,577.60	<b>£3,393.00</b>	£3,905.20	£3,957.20
monthly	£325.00	£312.95	£286.52	£283.75	£324.00	£330.16	£298.13	<b>£282.75</b>	£325.43	£329.77
3apt annual	£4,193.28	£3,867.76	£4,105.92	£3,607.76	£4,246.84	£4,040.92	£3,845.40	<b>£3,576.04</b>	£4,023.24	£4,040.40
monthly	£349.44	£322.31	£342.16	£300.65	£353.90	£336.74	£320.45	<b>£298.00</b>	£335.27	£336.70
4apt annual	£4,507.88	£4,099.68	£4,613.44	£4,021.68	£4,484.48	£4,532.84	£4,277.00	<b>£4,366.44</b>	£4,274.92	£4,390.88
monthly	£375.66	£341.64	£384.45	£335.14	£373.71	£377.74	£356.42	<b>£363.87</b>	£356.24	£365.91
5apt+ annual	£4,845.88	£4,465.76	£5,627.96	£4,387.24	£4,587.96	£5,345.08	£5,084.04	<b>£5,264.48</b>	£4,582.24	£4,861.48
monthly	£403.82	£372.15	£469.00	£365.60	£382.33	£445.42	£423.67	<b>£438.71</b>	£381.85	£405.12
Overall Annual average	£4,269.20	£3,920.80	£4,206.28	£3,760.12	£4,291.04	£4,051.84	£4,017.00	<b>£3,648.32</b>	£3,074.72	£4,112.16
Overall Monthly average	£355.77	£326.73	£350.52	£313.34	£357.59	£337.65	£334.75	<b>£304.03</b>	£339.56	£342.68

As can be seen, our rents for both 2 apartment and 3 apartment properties remain the lowest in the area. 2 and 3 apartment properties make up 85% of our housing stock, meaning a vast majority of our tenants enjoy the lowest rents in the district. Our 4 apartment and 5 apartment rents are higher than some organisations; however this is directly attributable to the fact that our properties are generally houses or four in a block properties with garden areas as opposed to the flats found in other organisations stock.

Our overall average rents are the lowest in the district.

**It is recommended that our rents are accepted as being comparable with other RSL's in the area and affordable in comparison.**



### 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 £45,000. 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 2020 / 2021 - all excluding service charges

##### 2 person 2 apartment flat new build with 2.5% rent increase

Core rent	£3,141.63
Double glazing	£65.31
Central heating	£117.59
New build premium	£145.20

**Total for 2020/2021 £3,469.73** (Annual total for 2019/2020 - £3,385.10)

Monthly rent for 2016/2017 -	£260.70
Monthly rent for 2017/2018 -	£264.61
Monthly rent for 2018/2019 -	£273.88
Monthly rent for 2019/2020 -	£282.09
Monthly rent for 2020/2021 -	£289.14

##### 3 person 3 apartment flat new build with a 2.5% rent increase

Core rent	£3,316.53
Double glazing	£65.31
Central heating	£117.59
New build premium	£145.20

**Total for 2020/2021 £3,644.63** (Annual total for 2019/2020 - £3,555.74)

Monthly rent for 2016/2017 -	£273.85
Monthly rent for 2017/2018 -	£277.95
Monthly rent for 2018/2019 -	£287.68
Monthly rent for 2019/2020 -	£296.31
Monthly rent for 2020/2021 -	£303.72

**Previous Years Rent Increase (last nine 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 and less than RPI plus 1%
28 March 2012	4.2%	4.8%	Below Inflation Increase and less than RPI plus 1%
28 March 2013	2.9%	3.1%	Below Inflation Increase and 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%
28 March 2017	1.5%	1.6%	Below Inflation Increase and less than RPI plus 1%
28 March 2018	3.5%	4.1%	Below Inflation Increase and less than RPI plus 1%
28 March 2019	3.0%	2.7%	Above Inflation Increase but less than RPI plus 1%

**Proposed 28 March 2020 = 2.5% (RPI 2.2%) Above Inflation Increase but less than RPI plus 1% (If agreed)**

**It is recommended that this rent policy be approved and that a rent increase of 2.5% is also approved for the financial year 2020/21 in keeping with the option 1 as chosen by tenants.**

**For office use Only – Actions**

Customer Consultation Required/Arranged	Yes/Yes
Intranet Update	Yes
F Drive Update	Yes
Website Update	Yes
Leaflet change required?	Yes
Newsletter Promotion?	Yes
Other information updated, e.g. posters, automatic email responses, post cards, answering machine messages, etc.	No

# Appendix: SFHA Rent Affordability Comparisons – 2 apartment single person (rent = 26% of income = PASS)

## Rent affordability tool: Rent setting



Proposed weekly rent?  
£68.76

COSTS: Input other costs  
£0.00

COSTS: council tax (undiscounted)  
Band B

How many bedrooms?  
2 apartment (1 bed)

Which local authority?  
West Dunbartonshire Council

Filter - Landlord type  
All

Filter - Clients  
Multiple values

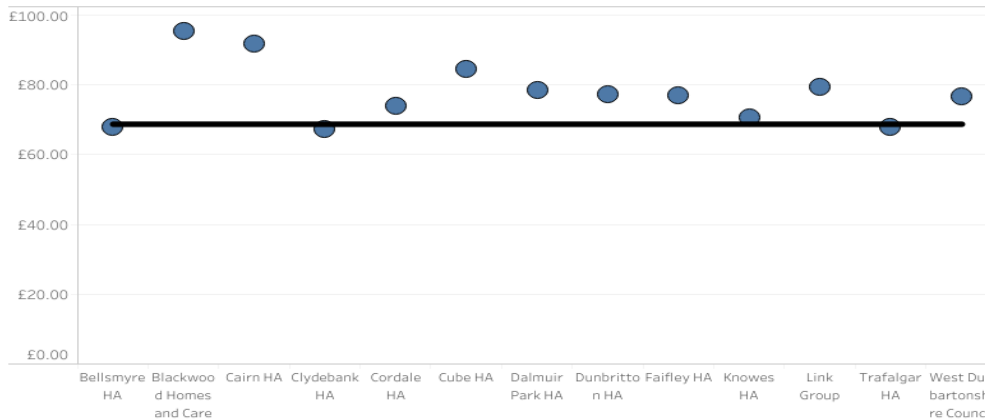
INCOME: Select type to assess against  
moderate incomes (ASHE 30th)

INCOME: Select household  
Single person

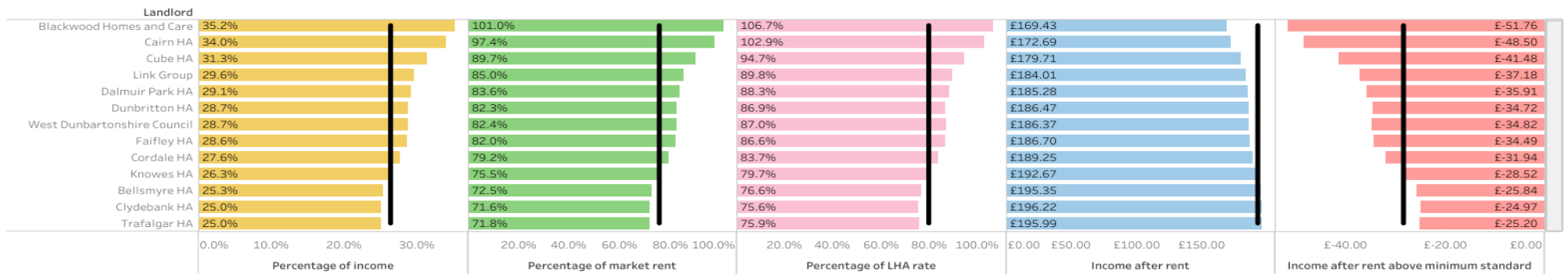
Enter weekly income if 'Input income' chosen  
£0.00

Select household if 'Average UC claim' chosen  
Average of Couple, with child dependant(s)

Comparison with 2019/20 rents (inclusive of service charges) - based on 18/19 rents uplifted



Proposed weekly rent	£68.76
Proposed rent - Percentage of income	26.3%
Proposed rent - Percentage of market rent	75.4%
Proposed rent - Percentage of LHA rate	79.7%
Proposed rent - Income after rent	£192.71
Proposed rent - Income after rent above minimum standard	£-28.48



# Appendix: SFHA Rent Affordability Comparisons – 2 apartment couple (rent = 17% of income = PASS)

## Rent affordability tool: Rent setting



Proposed weekly rent?  
£68.76

COSTS: Input other costs  
£0.00

COSTS: council tax (undiscounted)  
Band B

How many bedrooms?  
2 apartment (1 bed)

Which local authority?  
West Dunbartonshire Council

Filter - Landlord type  
All

Filter - Clients  
Multiple values

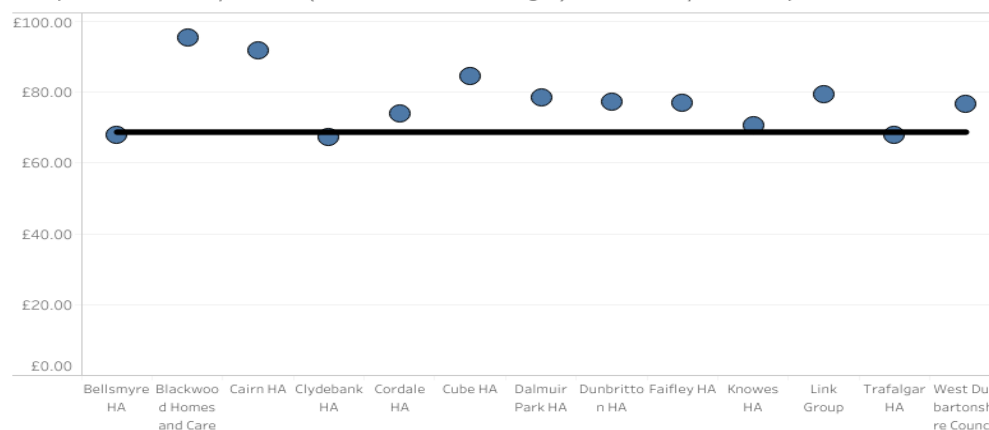
INCOME: Select type to assess against  
moderate incomes (ASHE 30th)

INCOME: Select household  
Couple 1 x PT, 1 x FT

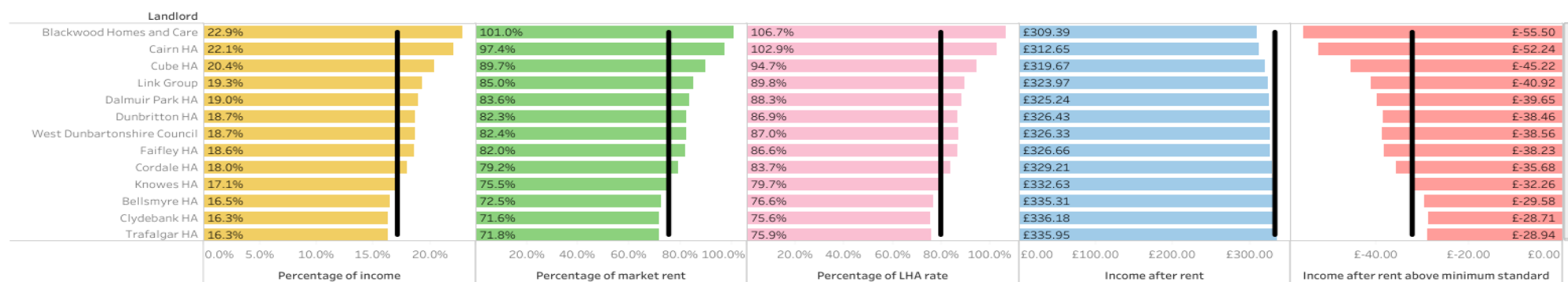
Enter weekly income if 'Input income' chosen  
£0.00

Select household if 'Average UC claim' chosen  
None

Comparison with 2019/20 rents (inclusive of service charges) - based on 18/19 rents uplifted



Proposed weekly rent	£68.76
Proposed rent - Percentage of income	17.1%
Proposed rent - Percentage of market rent	75.4%
Proposed rent - Percentage of LHA rate	79.7%
Proposed rent - Income after rent	£332.67
Proposed rent - Income after rent above minimum standard	£-32.22



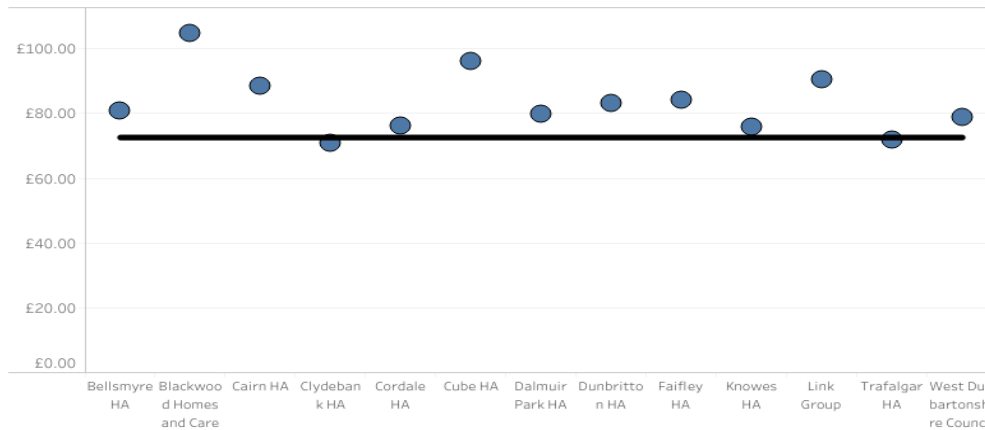
## Appendix: SFHA Rent Affordability Comparisons – 3 apartment single person (rent = 28% of income = PASS)

### Rent affordability tool: Rent setting

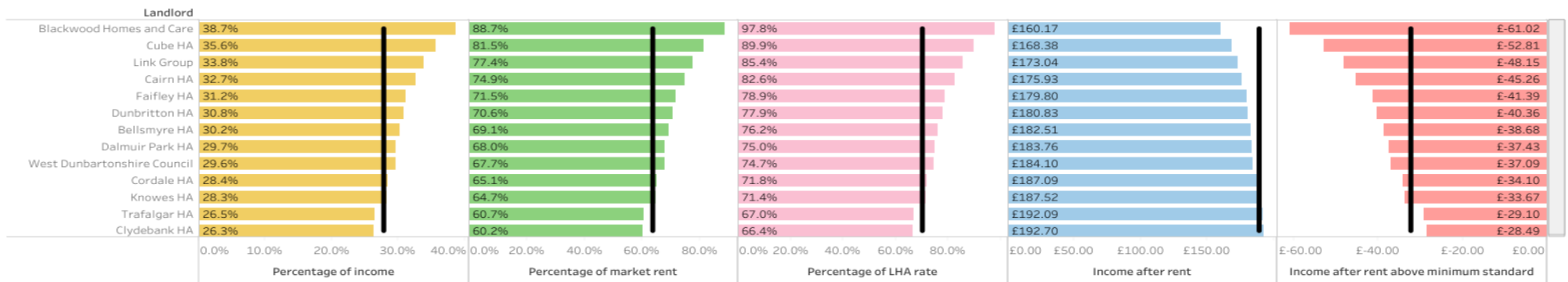


**Proposed weekly rent?** £72.61  
**COSTS: Input other costs** £0.00  
**COSTS: council tax (undiscounted)** Band B  
**How many bedrooms?** 3 apartment (2 bed)  
**Which local authority?** West Dunbartonshire Council  
**Filter - Landlord type** All  
**Filter - Clients** Multiple values  
**INCOME: Select type to assess against** moderate incomes (ASHE 30th)  
**INCOME: Select household** Single person  
**Enter weekly income if 'Input income' chosen** £0.00  
**Select household if 'Average UC claim' chosen** None

Comparison with 2019/20 rents (inclusive of service charges) - based on 18/19 rents uplifted



Proposed weekly rent	£72.61
Proposed rent - Percentage of income	27.8%
Proposed rent - Percentage of market rent	63.6%
Proposed rent - Percentage of LHA rate	70.1%
Proposed rent - Income after rent	£188.86
Proposed rent - Income after rent above minimum standard	£-32.33



# Appendix: SFHA Rent Affordability Comparisons – 3 apartment couple (rent = 18% of income = PASS)

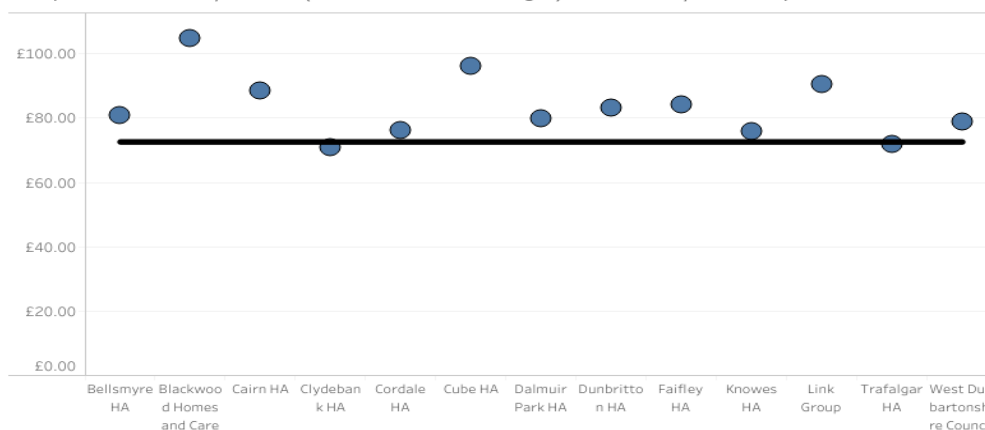
## Rent affordability tool: Rent setting



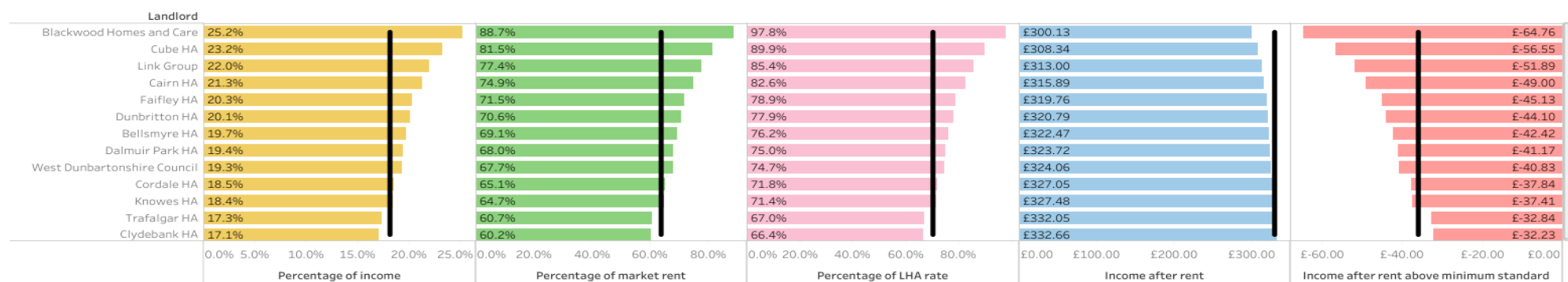
Proposed weekly rent? £72.61 COSTS: Input other costs £0.00 COSTS: council tax (undiscounted) Band B How many bedrooms? 3 apartment (2 bed) Which local authority? West Dunbartonshire Council Filter - Landlord type All Filter - Clients Multiple values

INCOME: Select type to assess against moderate incomes (ASHE 30th) INCOME: Select household Couple 1 x PT, 1 x FT Enter weekly income if 'Input income' chosen £0.00 Select household if 'Average UC claim' chosen None

Comparison with 2019/20 rents (inclusive of service charges) - based on 18/19 rents uplifted



Proposed weekly rent	£72.61
Proposed rent - Percentage of income	18.1%
Proposed rent - Percentage of market rent	63.6%
Proposed rent - Percentage of LHA rate	70.1%
Proposed rent - Income after rent	£328.82
Proposed rent - Income after rent above minimum standard	£-36.07



# Appendix: SFHA Rent Affordability Comparisons – 3 apartment single parent 1 child (rent = 21% of income = PASS)

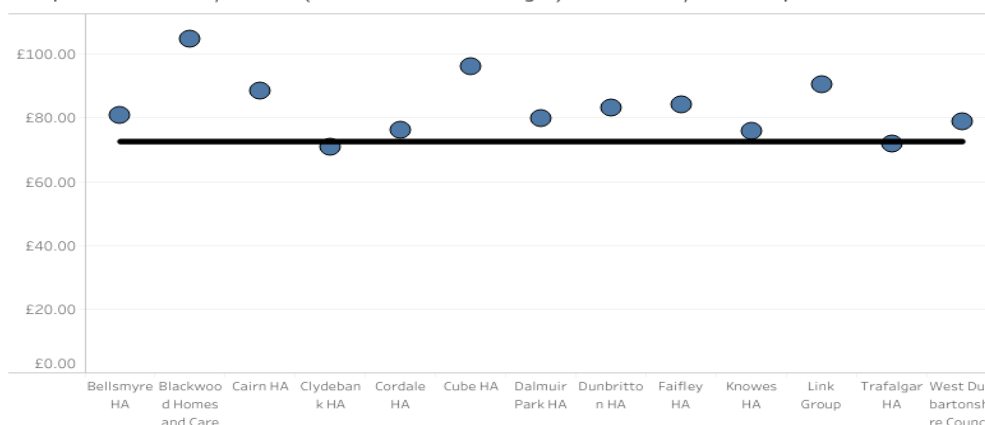
## Rent affordability tool: Rent setting



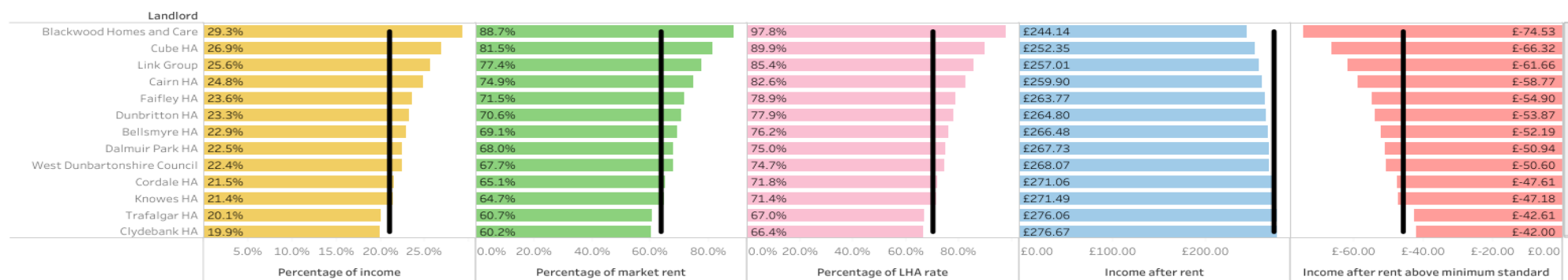
Proposed weekly rent? £72.61 COSTS: Input other costs £0.00 COSTS: council tax (undiscounted) Band B How many bedrooms? 3 apartment (2 bed) Which local authority? West Dunbartonshire Council Filter - Landlord type All Filter - Clients Multiple values

INCOME: Select type to assess against moderate incomes (ASHE 30th) INCOME: Select household Single parent (1 child) Enter weekly income if 'Input income' chosen £0.00 Select household if 'Average UC claim' chosen None

Comparison with 2019/20 rents (inclusive of service charges) - based on 18/19 rents uplifted



Proposed weekly rent	£72.61
Proposed rent - Percentage of income	21.0%
Proposed rent - Percentage of market rent	63.6%
Proposed rent - Percentage of LHA rate	70.1%
Proposed rent - Income after rent	£272.83
Proposed rent - Income after rent above minimum standard	£-45.84





## Appendix: SFHA Rent Affordability Comparisons – 4 apartment single person 2 children (rent = 21% of income = PASS)

### Rent affordability tool: Rent setting



Proposed weekly rent?  
£88.54

COSTS: Input other costs  
£0.00

COSTS: council tax (undiscounted)  
Band B

How many bedrooms?  
4 apartment (3 bed)

Which local authority?  
West Dunbartonshire Council

Filter - Landlord type  
All

Filter - Clients  
Multiple values

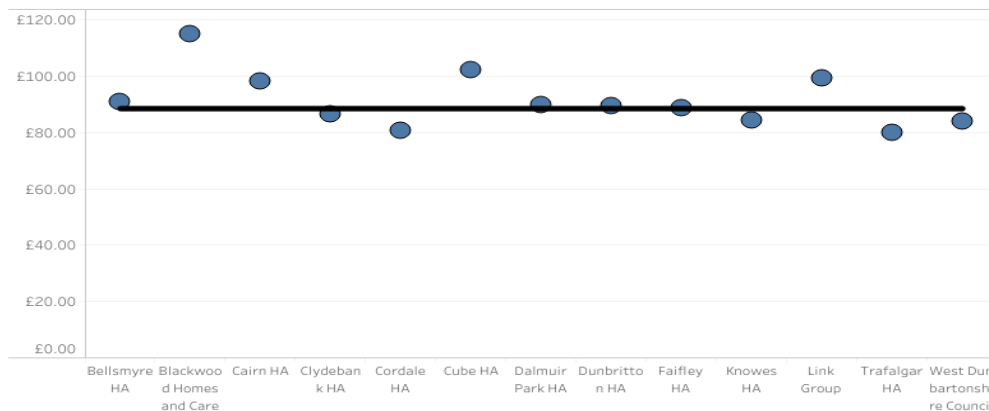
INCOME: Select type to assess against  
moderate incomes (ASHE 30th)

INCOME: Select household  
Single parent (2 children)

Enter weekly income if 'Input income' chosen  
£0.00

Select household if 'Average UC claim' chosen  
None

Comparison with 2019/20 rents (inclusive of service charges) - based on 18/19 rents uplifted



Proposed weekly rent £88.54

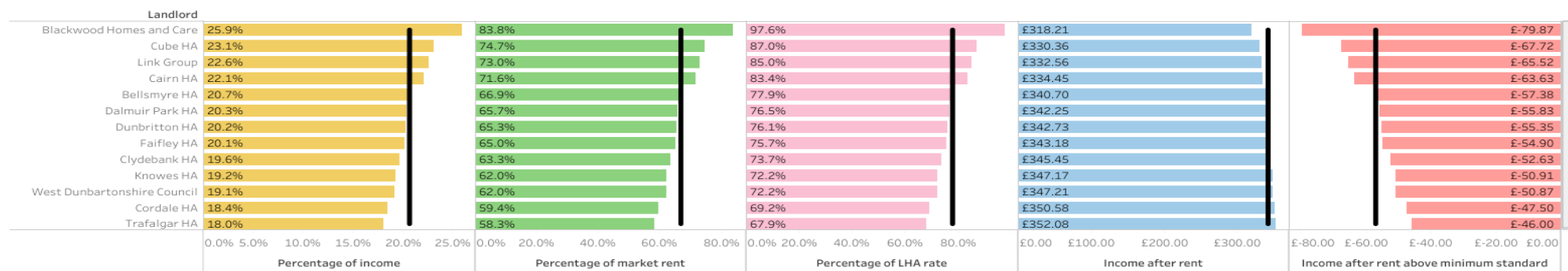
Proposed rent - Percentage of income 20.6%

Proposed rent - Percentage of market rent 66.7%

Proposed rent - Percentage of LHA rate 77.7%

Proposed rent - Income after rent £340.88

Proposed rent - Income after rent above minimum standard £-57.20



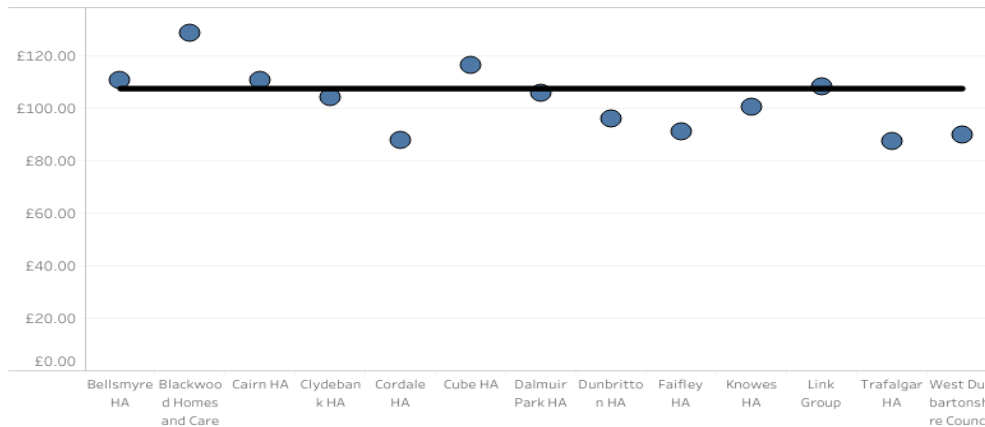
# Appendix: SFHA Rent Affordability Comparisons – 5+ apartment large family 3 children (rent = 17% of income = PASS)

## Rent affordability tool: Rent setting

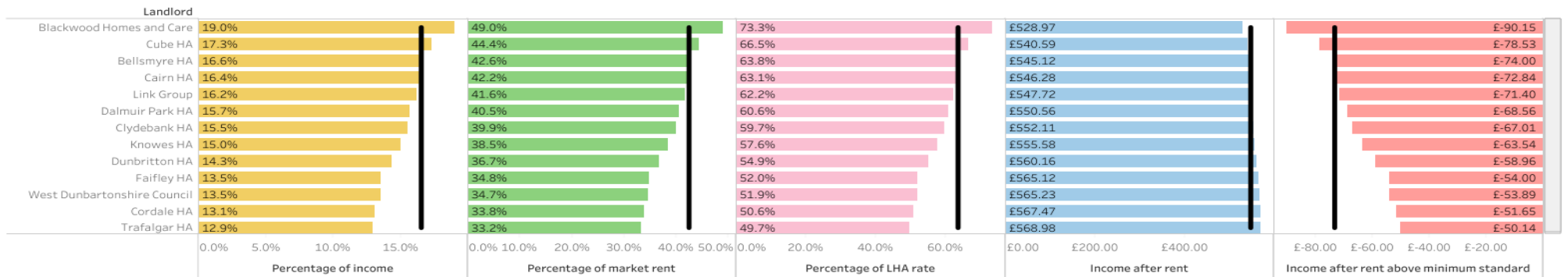


**Proposed weekly rent?** £107.53  
**COSTS: Input other costs** £0.00  
**COSTS: council tax (undiscounted)** Band B  
**How many bedrooms?** 5+ apartment (4+ bed)  
**Which local authority?** West Dunbartonshire Council  
**Filter - Landlord type** All  
**Filter - Clients** Multiple values  
**INCOME: Select type to assess against** moderate incomes (ASHE 30th)  
**INCOME: Select household** Large family (3 children)  
**Enter weekly income if 'Input income' chosen** £0.00  
**Select household if 'Average UC claim' chosen** None

Comparison with 2019/20 rents (inclusive of service charges) - based on 18/19 rents uplifted



Proposed weekly rent	£107.53
Proposed rent - Percentage of income	16.5%
Proposed rent - Percentage of market rent	42.4%
Proposed rent - Percentage of LHA rate	63.4%
Proposed rent - Income after rent	£545.82
Proposed rent - Income after rent above minimum standard	£-73.30



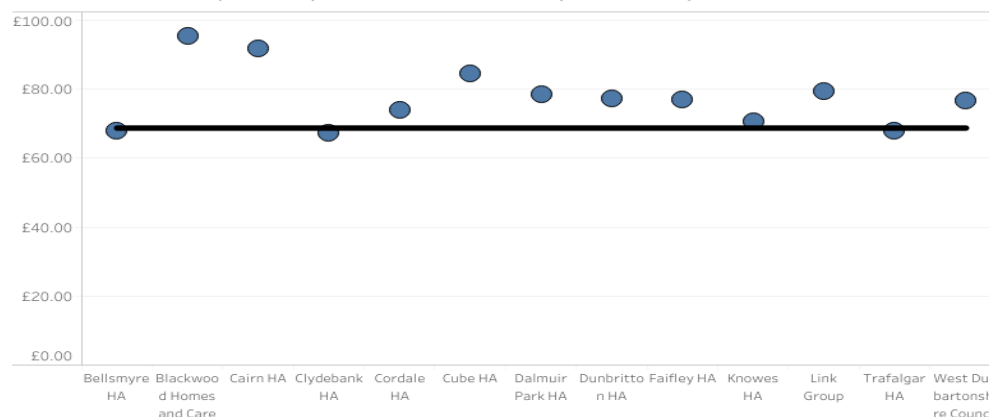
## Appendix: SFHA Rent Affordability Comparisons – 2 apartment single pensioner (rent = 24% of income = PASS)

### Rent affordability tool: Rent setting



**Proposed weekly rent?** £68.76  
**COSTS: Input other costs** £0.00  
**COSTS: council tax (undiscounted)** Band B  
**How many bedrooms?** 2 apartment (1 bed)  
**Which local authority?** West Dunbartonshire Council  
**Filter - Landlord type** All  
**Filter - Clients** Multiple values  
**INCOME: Select type to assess against** moderate incomes (ASHE 30th)  
**INCOME: Select household** Single pensioner  
**Enter weekly income if 'Input income' chosen** £0.00  
**Select household if 'Average UC claim' chosen** None

Comparison with 2019/20 rents (inclusive of service charges) - based on 18/19 rents uplifted



Proposed weekly rent £68.76

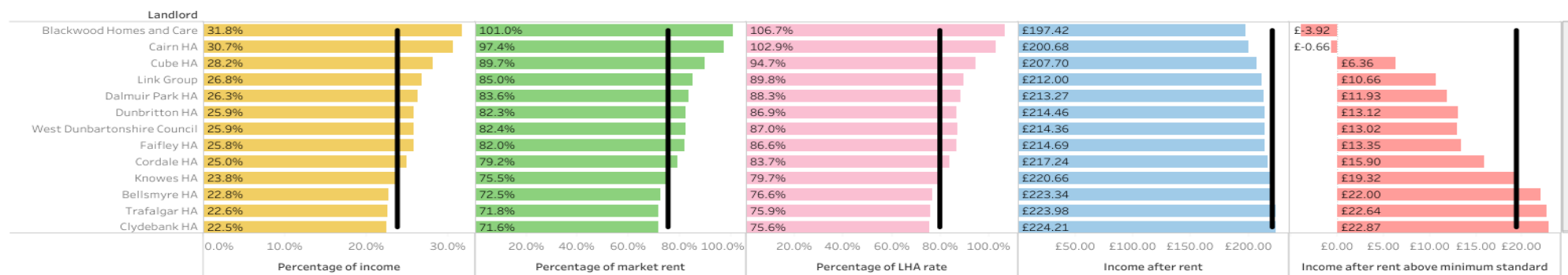
Proposed rent - Percentage of income 23.8%

Proposed rent - Percentage of market rent 75.4%

Proposed rent - Percentage of LHA rate 79.7%

Proposed rent - Income after rent £220.70

Proposed rent - Income after rent above minimum standard £19.36



## Appendix: SFHA Rent Affordability Comparisons – 3 apartment single pensioner (rent = 25% of income = PASS)

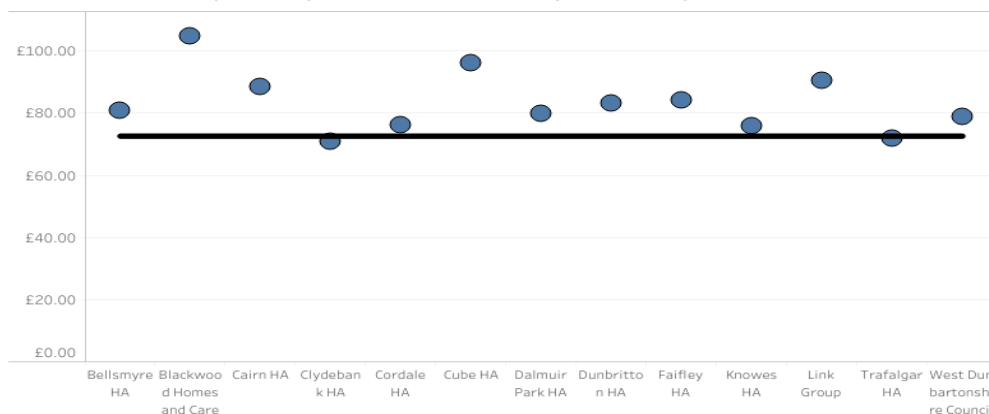
### Rent affordability tool: Rent setting



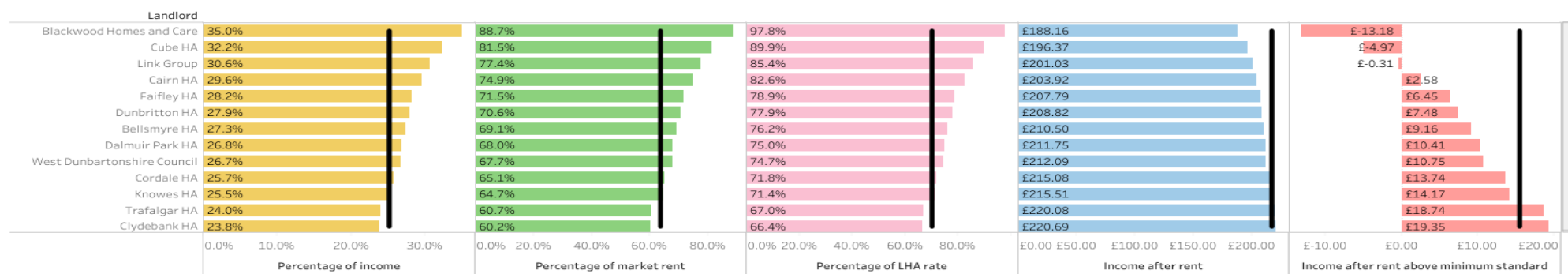
**Proposed weekly rent?** £72.61  
**COSTS: Input other costs** £0.00  
**COSTS: council tax (undiscounted)** Band B  
**How many bedrooms?** 3 apartment (2 bed)  
**Which local authority?** West Dunbartonshire Council  
**Filter - Landlord type** All  
**Filter - Clients** Multiple values

**INCOME: Select type to assess against** moderate incomes (ASHE 30th)  
**INCOME: Select household** Single pensioner  
**Enter weekly income if 'Input income' chosen** £0.00  
**Select household if 'Average UC claim' chosen** None

Comparison with 2019/20 rents (inclusive of service charges) - based on 18/19 rents uplifted



Proposed weekly rent	£72.61
Proposed rent - Percentage of income	25.1%
Proposed rent - Percentage of market rent	63.6%
Proposed rent - Percentage of LHA rate	70.1%
Proposed rent - Income after rent	£216.85
Proposed rent - Income after rent above minimum standard	£15.51



# Appendix: SFHA Rent Affordability Comparisons – Graham Avenue 2 apartment single person (rent = 29.7% of income = PASS)

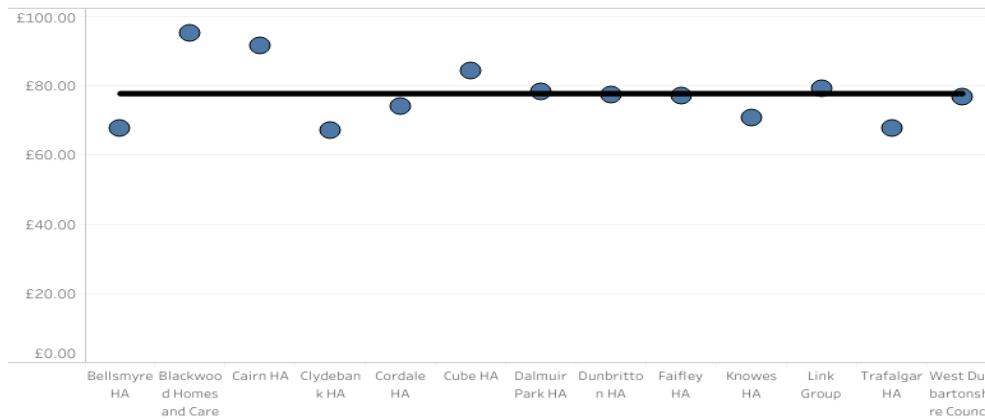
## Rent affordability tool: Rent setting



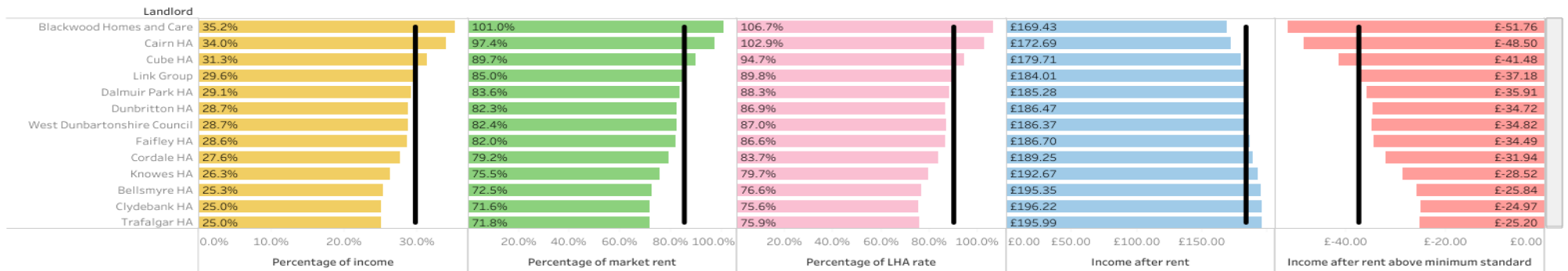
**Proposed weekly rent?** £77.76  
**COSTS: Input other costs** £0.00  
**COSTS: council tax (undiscounted)** Band B  
**How many bedrooms?** 2 apartment (1 bed)  
**Which local authority?** West Dunbartonshire Council  
**Filter - Landlord type** All  
**Filter - Clients** Multiple values

**INCOME: Select type to assess against** moderate incomes (ASHE 30th)  
**INCOME: Select household** Single person  
**Enter weekly income if 'Input income' chosen** £0.00  
**Select household if 'Average UC claim' chosen** None

Comparison with 2019/20 rents (inclusive of service charges) - based on 18/19 rents uplifted



Proposed weekly rent	£77.76
Proposed rent - Percentage of income	29.7%
Proposed rent - Percentage of market rent	85.3%
Proposed rent - Percentage of LHA rate	90.1%
Proposed rent - Income after rent	£183.71
Proposed rent - Income after rent above minimum standard	£-37.48



## Clydebank Housing Association Equality Impact Assessment Tool

Name of the <b>policy / proposal</b> to be assessed	Rent & Service Charge Policies	Is this a <b>new policy / proposal</b> or a revision?	Revised Policies
Person(s) responsible for the assessment	Joe Farrell, Head of Housing Services		
1. Briefly describe the <b>aims, objectives and purpose</b> of the policy / proposal		To have an open and transparent system of rent setting and service charges in line with legal requirements and relevant legislation.	
2. <b>Who is intended to benefit</b> from the policy / proposal? (e.g. <i>applicants, tenants, staff, contractors</i> )		The policy will benefit customers, in that they can be assured that CHA calculates and sets rents taking into account affordability, comparability and viability. Staff will benefit as they will also be able to demonstrate this to customers and ensure that rent calculations are correct and in line with guidance.	
3. What <b>outcomes</b> are <b>wanted</b> from this policy / proposal ? (e.g. <i>the benefits to customers</i> )		Identify any potential or real inequalities that result from the application of the rent and service charge policies & associated procedures.	

<p><b>4. Which <b>protected characteristics</b> could be <b>affected</b> by the proposal? (<i>tick all that apply</i>)</b></p> <p> <input type="checkbox"/> Minority Ethnic    <input type="checkbox"/> Gender    <input type="checkbox"/> Disability    <input type="checkbox"/> Sexual Orientation    <input type="checkbox"/> Age    <input type="checkbox"/> Religion    <input type="checkbox"/> Transgender /Transsexual    <input type="checkbox"/> Marriage /Civil Partnership    <input type="checkbox"/> Pregnancy /Maternity </p>		
<p><b>5. If the policy / proposal is not relevant to any of the <b>protected characteristics</b> listed in part 4, state why and end the process here.</b></p>		
<p><b>6. Describe the <b>likely positive or negative impact(s)</b> the policy / proposal could have on the groups identified in part 4</b></p>	<p><b>Positive impact(s)</b></p>	<p><b>Negative impact(s)</b></p>
	<p>There are no specific positive impacts on any individual groups from this policy. The policy is intended to demonstrate a fair and equal calculation and assessment of rents irrespective of the tenants protected characteristics.</p>	<p>There are no specific positive impacts on any individual groups from this policy. The policy is intended to demonstrate a fair and equal calculation and assessment of rents irrespective of the tenants protected characteristics.</p>
<p><b>7. What <b>actions</b> are <b>required</b> to address the impacts arising from this assessment? (<i>This might include; collecting additional data, putting monitoring in place, specific actions to mitigate negative impacts</i>).</b></p>	<p>None</p>	

Signed: Joe Farrell                      (Job title): Head of Housing Services

Date the Equality Impact Assessment was completed:    24 January 2020