



Rent Consultation 2021/22

If you are a tenant of Molendinar Park Housing Association, please read the following article carefully then answer the questions at the end of the form and give your comments as appropriate.

Molendinar Park Housing Association, as an important part of its budget process, is currently reviewing the rents we will charge for 2021/2022. On 1 April 2021, Molendinar Park Housing Association is proposing to increase its rents and wishes to seek tenants' opinions on the level of this rent increase. There are a number of (sometimes conflicting) factors which Molendinar Park Housing Association is obliged to consider when setting rents. These are as follows: -

- Molendinar Park Housing Association is obliged to consult with tenants when setting its annual rent increase. This is covered by the Housing (Scotland) Act 2001 and is also recommended practice by the Scottish Housing Regulator.
- Molendinar Park Housing Association is bound to meet the conditions of the Scottish Housing Quality Standard (SHQS) which states that every house must meet a certain standard and also the Energy Efficiency Standards for Scottish Housing (EESH) by 2020.
- Molendinar Park Housing Association has a thirty year repairs, maintenance and property component replacement programme in place which is funded from the rents received from tenants. Therefore Molendinar Park Housing Association must raise a certain level of income from its rents in order to meet its repair and maintenance commitments.
- Molendinar Park Housing Association must generate enough income to meet its short and long term costs which include paying back the loans taken out to purchase the properties from the former Scottish Homes, build new properties, paying for maintenance services and paying its staff salaries and overheads.

- Molendinar Park Housing Association must consider the standards and outcomes set by The Scottish Social Housing Charter with regard to rents so that *“a balance is struck between the level of services provided, the cost of the services, and how far current and prospective tenants and other customers can afford them”*.

Moreover the Scottish Housing Regulator in a paper on rents, recommends that in relation to consulting tenants about rent increases social landlords should undertake to do the following:

- » *ensure that consultation about rent increases is meaningful and give tenants genuine opportunities to participate;*
- » *consider their tenant profile and the best ways to engage with tenants about rent increases;*
- » *give tenants easy-to-understand information to help them to express informed views;*
- » *give tenants genuine options for proposed rent increases and spell out what they mean for levels of investment in homes and the level of services offered; and*
- » *show tenants how their views were taken into consideration in decisions and give them feedback on the consultation process.*

If you wish to read the Scottish Housing Regulator paper on rents, it is available to download from their website <https://www.scottishhousingregulator.gov.uk/>

If you do not have access to their website, please ask at Molendinar Park Housing Association's reception and we will print you off a copy to take away.



Rents Comparability and affordability

The Scottish average rent for 2019/2020 across Housing Associations was £80.71 per week. For 2019/2020 the average rent across all its properties for Molendinar Park Housing Association was £67.64 per week.

Here is some comparable information from other Housing Associations who operate in the East End of Glasgow:

Housing Association	Average weekly Rent 2019/2020 across all house sizes and types	Number of properties for let
Milnbank Housing Association	£61.05	1669
Parkhead Housing Association	£78.95	1699
Provanhall Housing Association	£67.72	403
Reidvale Housing Association	£65.54	897
Shettleston Housing Association	£73.62	2291
Tollcross Housing Association	£74.19	2254
Average	£70.17	

Information on annual expenditure

Looking ahead to the rent increase for 1st April 2021, Molendinar Park Housing Association's Management Committee has considered the budgets for 2021/2022 and the projected income and expenditure for the next 30 years and based on these figures (and the latest available inflation data) is proposing a rent increase of 1.7% for 2021/2022. The Committee are therefore looking to consult all our tenants on this proposed rent increase through the attached questionnaire.

What does this proposed rent increase mean for you individually and Molendinar Park Housing Association as an organisation?

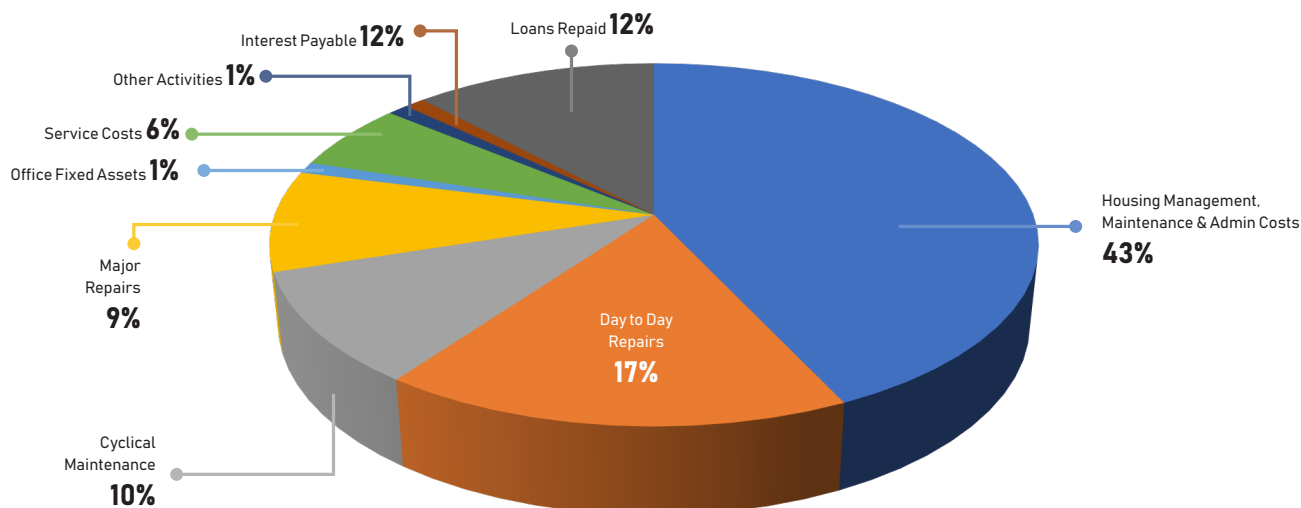
Current average rents across property sizes for Molendinar Park Housing Association are as follows:-

Size of property (no of rooms)	2	3	4	5+	overall average
2020/2021 Average weekly rent	£61.32	£71.46	£98.07	£117.76	£69.78
Assuming a proposed increase 1.7%					
2021/2022 Average weekly rent proposed	£62.36	£72.67	£99.73	£119.76	£70.96
No of households per size	209	251	17	18	495

On average across all property sizes a 1.7% increase in rents will mean an additional £1.18 per week per household.



How Your Financial Resources Were Spent



For Molendinar Park Housing Association, a rent increase of 1.7% will generate an estimated £54,371 additional annual income for Molendinar Park Housing Association and will allow us to meet our projected costs in each of the main areas of expenditure highlighted in the pie chart above.

Inflation in October 2020 was 0.5%. However every year Molendinar Park Housing Association has to account for increases in our repairs and maintenance contract costs and other Government taxes, such as National Insurance or Insurance Premium tax which increase at levels higher than inflation. Within Molendinar Park Housing Association's 30 year Plan we have currently allowed for inflationary price increases each year of inflation + 1% and we believe this to be a prudent estimate.

Molendinar Park Housing Association's Management Committee are of the opinion that to offer a rent increase of less than 1.7% to its tenants could mean cuts in services which could in the long run prove to be less cost effective to Molendinar Park Housing Association. For example, if we were to cut our repairs and maintenance programme – then in the long term our houses could fall into disrepair, leading to lower demand for our properties, leading to more empty homes and being a less desirable places to live which would ultimately lead to more tenants

leaving and lost rental income for Molendinar Park Housing Association. Or if we were to cut back on our staff numbers – either through redundancy or not replacing vacant posts – then this could lead to a cut in services to our tenants, a reduction in our ability to collect rents and manage repairs on our stock – leading to loss of income from empty houses and rising arrears.

Our principle source of income is from your rents and as our main customers, your views are very important to us. We will listen to your comments and endeavor to take on board any suggestions you make. If a significant number of you came back to Molendinar Park Housing Association and told us that a 1.7% increase would make our rents unaffordable then we would be committed to rethink the services we offer to you and their costs. However because our financial plans are not based on annual spend but on the total cost of providing our services over a thirty year period then this would be a medium to long term exercise to look for further savings and cost efficiencies. If tenants wished to then we can assist them in setting up a working party or scrutiny group to look at Molendinar Park Housing Association's Business Plan, how it is funded and what services (if any) could be realistically cut in order to make our rents more affordable to you – that is, if you judge them to be unaffordable at present.



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