

TENANT CONSULTATION ON ANNUAL RENT REVIEW 2018/2019 & CHANGING OUR RENT SETTING POLICY TO MAKE RENTS FAIRER

Each year, the Association consults with tenants on our rent charges and on any proposed increase. You may remember last year, we also told you about our proposals for a major shake-up of the way we set our rents, and as this would be such a major exercise, we were planning to do this over two years. So, here's a short recap on what we did in 2017/2018, before we move on to our proposals for 2018/2019.

Calvay's original rent-setting calculations use a base rent for a flat with a single living space, separate kitchen and bathroom. We then add or deduct points depending on the specific facilities in each property. This means the higher points a property has, the higher the rent charged.

But, this point system was set up in the 1980's, when Calvay Co-operative was first established and we only had tenement flats. Over the years, Calvay has built around 200 new properties of different types and also bought around 300 more properties from GHA. All properties built by Calvay had extra 'new build' points added. But, as the rents for the ex-GHA properties had already been set by GHA, they're not based on Calvay's point system.



This has created some big differences between the rents charged for similar property types and sizes, which is clearly unfair. We therefore

wanted to take a closer look at all of our properties to make sure that similar rents would be charged for similar properties.

We knew this would be difficult, which is why we allowed 2 years and brought in an independent consultant, to help us.

We carried out lots of consultation with our tenants, our committee and other landlords, through our newsletter, AGM, questionnaires, independent surveys and consultation meetings, to gather all views and make sure we got it right.

So here's what we did in 2017/2018 to help kick start our 2 year rent review:-

- Froze the high rents for ex-GHA 5apt houses to help bring them closer to Calvay 5apt houses' rents.
- Increased rents by 3.2% (RPI+1%) for ex-GHA tenements where rents were very low. (These rents were previously frozen by GHA, but have since been extensively upgraded).
- Increased all other rents by a flat rate of £6.67 per month, i.e. 2.2% (CPI+1%). This was to help narrow the margin between some low rents for smaller properties and high rents for larger properties.

NB. This did not affect Registered Rents set by the Rent Officer every 3 years.

We appreciate this review was a bit more complicated than in previous years, but it had to be done, to kick start the process of getting to a position where all rents would be fair and based on the same points system. Since last year, we have compared every property by type and size, when they were built and whether they have a



private garden, additional toilet, dining space, or no separate kitchen, etc. We then altered the points across the board, to make sure all rents are fair in all cases.

ANNUAL RENT REVIEW 2018/2019

So now we have a Proposed Rent for every property based on the same points system. But in order for these proposals to be fair, it means that some rents will need to go up more than others to bring them into line, while some rents may need to stay the same until others catch up with them. How we plan to do this is explained below.

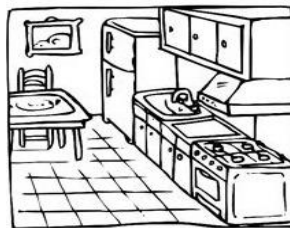
HOW MUCH RENT DO WE NEED?

This year, the Association has fitted new PVC windows in 59 of our ex-GHA houses



and new energy-efficient boilers in 56 other properties throughout our stock.

Our contractors are now in the process of fitting top of the range kitchens and bathrooms in our oldest properties in Calvay Crescent.



This year, we also carried out electrical safety inspections, roof anchor testing and gutter cleaning, landscape maintenance, stair-cleaning, bin store maintenance and bulk uplift. All in all the Association has budgeted to spend around £1.5m on reactive maintenance, major and cyclical works and services during 2017/2018.

Next year we plan to spend a similar amount by replacing some more windows and central-heating boilers, as well as close doors and entry systems. Services and electrical inspections will continue, plus cyclical painting works across our stock.

We must therefore ensure we have enough money coming in to cover these costs, the Association's overheads, loans and other charges. Rent is our main source of income and needs to rise by at least inflation and by more if we want to do more.

We would want most rents to be on the new structure within 5 years (2023), so here's what we propose for 2018/2019 to make rents fairer across all our stock.

The standard increase would be inflation, which is currently 3% (CPI). But for those properties where the rent is already higher than other properties of a similar size and type, there would be no increase, until the rent for similar properties catch up. For those properties where the rent is currently lower than properties of similar size and type, there would be a maximum increase of 5% (CPI+2%), until they catch up with the others. This means, the rent increase for 2018/2019 would vary from 0% for rents that are already too high, to 5% for rents that are currently very low.

The next page gives further details of how this would work and examples for each of the three situations. You can also view or download the full consultation report on Calvay's website, at www.calvay.org.uk

We really want your feedback on these changes to the rent-setting process and our proposals for



2018/2019 before we make a final decision. So please phone, write, email or come in to the office and give us your comments.

Last January we held a consultation event with our consultant Suzie Scott which was a great success. We had a full discussion with a good turnout of tenants, about all aspects of the rent policy and review, over a cup of tea/coffee and a sandwich. We plan to do the same this coming January, so that we can tell you what's been done since last year and discuss the proposals for 2018/2019 more fully.

Please contact the office to let us know if you can join us and we'll arrange a date and time that best suits all.

FURTHER DETAILS AND EXAMPLES OF HOW THE RENT REVIEW WOULD WORK IN 2018/2019

The explanation and table below uses the rents for 3 different properties, to show the effect of the new points system and the proposed rent increase for 2018/2019, if CPI is 3% and CPI+2 is 5%.

A - Is the current rent for 17/18, i.e. what is charged just now

B - Is the reviewed rent, i.e. the rent needed to match similar properties (under the new structure)

C - Is the reviewed rent plus 3% increase, i.e. the standard increase proposed for 2018/2019

D - Is the current rent plus 5% increase, i.e. the maximum amount by which we would increase any rent

This means - If the proposed rent **C** is less than the maximum **D**, we would apply the 3% increase

If the proposed rent **C** is higher than the maximum **D**, we would only apply the maximum 5% increase

If the current rent **A** is already higher than the proposed rent **C**, there would be no increase

Examples of current rents and how they would be affected by the new structure and rent increase.	Current Rent 17/18 A	Reviewed Rent - New Structure B	Proposed Rent for 18/19 B + 3% = C	Maximum Increase Possible A + 5% = D	Increase that should be applied in 18/19 3%, 5% or 0% C, D or A	Actual Rent to be charged 18/19
Rent is almost as it should be so standard increase	£257.38	£258.75	£266.51	£270.25	Reviewed Rent + 3%	£266.25
Rent is lower than others, so needs bigger increase	£354.79	£370.53	£381.65	£372.52	17/18 Rent + 5%	£372.52
Rent is higher than others, so needs to be frozen	£314.49	£300.15	£309.15	£330.21	17/18 Rent + 0%	£314.49

