

Getting Good Value from Rents and Service Charges

Outcomes 15 & 14: Rents and Service Charges

Your Rent

We receive Housing Association Grant from the government towards the cost of building new properties. The grant covers around 60% of the cost and we borrow the remainder from a bank or building society. The rents we charge have to cover all of our running costs – repairs, maintenance, staff, services – and repay the loans.

Percentage of tenants who feel their rent is good value for money:* **80%** *rent increase consultation February 2017

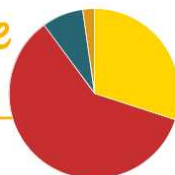
When a Rent Increase Isn't a Rent Increase!

Our rent increase consultation this year focussed on the introduction of our Key Tenant Scheme and whether or not our tenants supported our proposals.

Fortunately, a clear majority were in favour of the one-off initial rent increase needed to introduce the Scheme. In future it will fund itself and, we hope, allow rent increases to be restricted. We hope to disprove the Mad Hatter's assertion that "you can have more but you can't have less"!

Would you prefer an RPI +1% rent increase and us not to introduce rent discounts?

■ Yes
 ■ No
 ■ Blank



Average Weekly Charge (including service charges) 2016/17

Size	4 in a block	Tenement	Other flat	House
1 bedroom	£77.19	£76.01	£75.76	£74.28
2 bedrooms	£81.94	£83.07	£84.49	£86.67
3 bedrooms	n/a	£85.22	£96.55	£94.37
4 or more bedrooms	n/a	£100.90	n/a	£104.43

Annual rent increase:

4.95%

But look how this "increase" can actually reduce rents...

Average Weekly Charge (including service charges) 2017/18 for a Platinum Key Tenant

Size	4 in a block	Tenement	Other flat	House
1 bedroom	£76.40	£75.15	£74.90	£73.34
2 bedrooms	£81.38	£82.57	£84.06	£86.34
3 bedrooms	n/a	£84.82	£96.71	£94.42
4 or more bedrooms	n/a	£101.28	n/a	£104.98



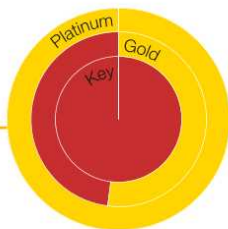
"a balance is struck between the level of services provided, the cost of the services, and how far current and prospective tenants and other customers can afford them."

"tenants get clear information on how rent and other money is spent, including any details of individual items of expenditure above thresholds agreed between landlords and tenants."



Rent Increases for Key Tenants

- Rent increase less than RPI
- Rent increase more than RPI



So the rent went up, but it didn't (very Through the Looking Glass!).

For 80% of our tenants the rent reduced if they gained Platinum Key Tenant Status (KTS) and for 100% of our tenants any increase was less than RPI inflation if they upgraded to Platinum KTS.

For every single Gold or Platinum tenant, their rent is lower this year than it would have been if we applied our normal RPI +1% increase.

What We Spent

Our average weekly rent (excluding service charges which only cover the costs of services provided) is £83.80.

Out of this, we spend on average:

- ✦ £42 per property per week on repairs & maintenance
- ✦ £22 per property per week on loan repayments
- ✦ £20 per property per week on running costs, including office costs, staff etc.

Service Charges

Service charges cover things that not all of our tenants have – like stair lighting, cleaning stairs and communal bins – and are paid on top of the rent by just over a third of our tenants. We use our bulk buying power to get the best deals on electricity and make sure that if we can negotiate a saving on a particular service, the saving is passed on to tenants. For example, we switched half the stair cleaning contract to a social enterprise this year, reducing costs for our tenants.

How Does this Compare to 2015/16?

Despite the help offered by our Money Advisor and a sharp (213%) increase in the number of cases taken to Court, rent arrears increased by over 22%. We believe that the introduction of Universal Credit and other Welfare Reforms, reducing the money available to some of our tenants, is a major factor and are working to find ways to mitigate the impact of Welfare Reform, including the introduction of our Key Tenant Scheme and making sure tenants in receipt of Welfare Benefits can keep their discounts.

Our performance in re-letting empty homes wasn't as good as last year – the average time to re-let went up from 19 to 22 days and rent lost went up from 0.35% to 0.44%. This is still well below our target of 0.75% though.

We saved around £4,000 on postage and phone calls compared to last year. Thanks to everyone who has gone paper-free!



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Outcome 13: Value for Money

We're a non-profit organisation, entirely dependent on tenants paying their rent to keep running. Getting value for money, while providing excellent services, is a big priority for us.

R3 Repairs Limited is a subsidiary company of ELHA, this means that we save money on repairs and maintenance because we don't have to pay VAT on labour costs.



Rent Arrears

We understand that anyone can have problems with money and will always try to help. But we also need to collect the rent – it's what pays for the services we provide.

Amount of rent owed to us at the end of 2016/17:

£ 291,792

To put it into context, that's enough to pay for new bathrooms in all of our properties in Haddington or new front doors for the whole of Tranent or pay for our Garden Care Scheme for 21 years!

Tenants in arrears helped by our Money Adviser:

51

Reduction in rent arrears for Money Advice customers

£33,240

Our Money Adviser was able to help tenants reduce their arrears by an average of £652 – that's an average of £177 more per tenant than last year!



Efficiency

We run a joint exchange list with East Lothian Council – sharing resources means we get a better service for a lower cost.

We are continuously developing our online services with the aim of maintaining excellent services to our tenants and other customers at a lower cost, and offering new services – we had no idea how much money our Money Advice Service would save for our tenants when we launched it!

Court Action

Unfortunately, not everyone uses the help we offer and we do take legal action to recover the money owed to us and prevent arrears from increasing. Evicting someone is always our last resort if all other options have been tried and have failed.

Number of court actions raised:

47 (3.8% of tenants)

Number of court actions resulting in eviction*:

4 (0.3% of tenants)

Cost of taking legal action (added to rent arrears)

£21,220



Empty Homes

We don't receive any rent when a property is empty and there's someone on our list who could be living in it, so we try to ensure that properties don't stay empty for long.

Average time to re-let empty homes

22 days

Amount of rent lost on properties re-let during 2016/17

£ 24,045

Percentage of rent lost through empty homes

0.44%



"tenants, owners and other customers receive services that provide continually improving value for the rent and service charges they pay."