



# Rent Consultation 2021

Your opinion really matters to us and we want to know what your thoughts are on our proposed rent increase for 2022/23. Several factors are considered when setting a rent increase and that includes what is important to you and what you think the priorities should be. We will be launching a new 5 year strategy in 2022 and will take the opportunity to refresh the priorities we have by consulting with you.

When setting our rent we consider how much costs have risen during the year. A number of factors such as salary costs, fuel increase and cost pressures as a result of BREXIT and general inflationary increases are not within our control.

In our plans, we assumed an increase of 4.1% (CPI +1%) but we appreciate in the current financial climate with Covid-19, BREXIT, high levels of inflation and low pension increases this is unaffordable for many of you. Having considered this and a range of other factors we are consulting on a rent increase of between 2.5% and 3.0%.

**This consultation only relates to our rental charges, we will be consulting at a local level on Service Charges and any proposed increases. This exercise will start in early 2022 and again we ask that you get involved and have your say.**



Complete the enclosed card and send it back for a chance to win a £100 voucher



# How much will my rent change?

The table below shows the impact to you of what increases of 2.5% and 3.0% would mean in terms of the current rents. We were asked last year to provide information in the format of monthly increases as we charge our rents monthly. The table below provides what the increase would be monthly and weekly.

For every 1% increase, an additional £215,000 can be invested in your homes. We appreciate the 4.1% increase included in our financial plans is not feasible in these very difficult times, but the costs are increasing, and savings will need to be found to ensure that our plans for investment stay on track. By voting for the lower 2.5% as opposed to 3%, £107,500 of additional savings will need to be achieved and every effort will be made to meet the savings without any adverse impact on the services provided or our performance. More information on our performance can be found in our Annual Report and this is available on our website.

Property size	Average Value of Weekly and Monthly Increases			
	2.5% Weekly	2.5% Monthly	3.0% Weekly	3.0% Monthly
Bedsit / Studio	£1.95	£8.45	£2.34	£10.14
1 bedroom	£2.18	£9.46	£2.62	£11.35
2 bedrooms	£2.45	£10.62	£2.94	£12.75
3 bedrooms	£2.62	£11.35	£3.14	£13.62
4 bedrooms	£2.77	£12.01	£3.33	£14.41
Overall Average	£2.39	£10.38	£2.87	£12.45



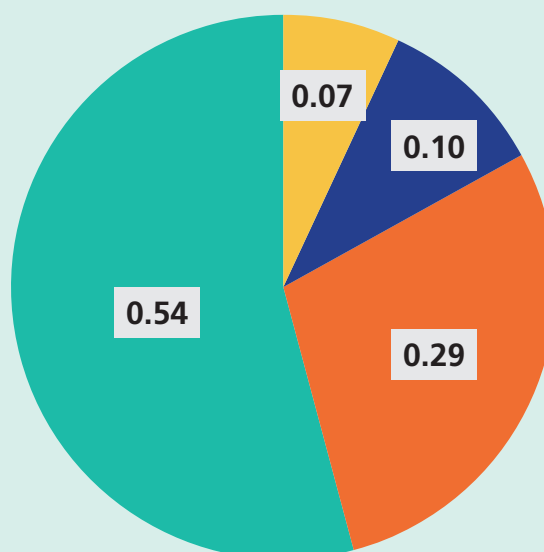
# How your rental income was spent - 2020/21

Your rent allows us to continue to maintain and invest in your homes and provide the services which our residents value and in 2020/21 despite the challenges we delivered:

<b>Employee &amp; Operating Costs</b>	Salaries and associated costs of delivering a landlord service. Running costs of our services, ICT, insurance, equipment costs and tenant participation.	We have an average of 617 employees, and our employee and operating costs in 2020/21 were £6.2m.
<b>Repairs &amp; Maintenance</b>	All costs associated with repairs, maintaining and improving your homes.	We carried out 15,189 reactive repairs with 97.4% completed right first time, which combined with our planned maintenance cost of £3.2m. Emergency repairs completed in an average of 3.97 hours. We invested £0.9m in bathrooms, boilers, lifts, smoke detectors. We invested £1.6m in planned & cyclical maintenance.
<b>Voids &amp; Bad Debts</b>	Lost rent when there are no tenants to occupy the properties and the cost of arrears that become uneconomical to recover.	We had lost rental impact which was significantly impacted by Covid-19 of £886k. There were significant amounts written off £533k in relating to service charges and bad debts.
<b>Loan Charges</b>	Payments to our funders to repay monies we have borrowed to build new developments and modernise your homes.	Due to Covid-19, 91 new units which were originally scheduled to be completed in 2020/21 were delayed. No new loans have been drawn so far in 2021/22 and a further 73 units are expected to be under construction by March 2022. Loan cost for 2020/21 were £1,963k.

## How each £1 is spent

- Loan Charges
- Employee & Operating Costs
- Repairs, Maintenance & Depreciation
- Voids & Bad Debts



# The Proposal

Hanover's Board have considered what is required in order to maintain an affordable rent level whilst delivering tenants' priorities and meeting the rising cost of the services. We are proposing two options and it's important that the Board know what your preferences is and for that chance to win **£100 voucher** please let us know what you would prefer and provide us with any comments you have:

## Option 1: Rents increase by 2.5%

Average Rents would go up by £2.39 a week which is £10.38 a month

In order to maintain the minimum investment in our current properties and provide you with high quality housing management, repairs and advice services we need to increase rents by 2.5%.

## Option 2: Rents increase by 3%

Average Rents would go up by £2.87 a week which is £12.45 a month

We would also like you to consider a second option. Increasing rents by 3% would raise a further £107,500 that could be spent on additional investment in the existing properties.

# Have your say

## How to get involved

Enclosed with this leaflet is a freepost postcard for you to have your say. As part of this consultation, we'd be keen to hear your comments and would wish to encourage you to let us know what you think. You can respond by filling in the postcard, by e-mailing [askhanover@hanover.scot](mailto:askhanover@hanover.scot) or visiting our consultation webpage ([www.hanover.scot/residents/rent-consultation/](http://www.hanover.scot/residents/rent-consultation/)). The consultation period ends on 3 December 2021. We will be in touch early next year to discuss service charges.

## What happens next

All views and comments from the returned postcards will be included in a report to our Board to help inform the rent strategy for the next year, also considering wider factors such as affordability for residents and inflation.

You will be notified of the change in charges at least four weeks prior to them taking effect. This will include notification of any service charge or heating charge changes, these will be based on specific budgeted costs and consider the fund balance position at your development. Contents insurance is proposed to remain at £1.00 per month. If you wish to pay your contents insurance premium annually you can, please contact our offices on 0800 111 4646.

**Don't forget to complete the enclosed card and send it back for a chance to win a £100 voucher**