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## Introduction

During early 2024 the Association's Management Committee will be reviewing rent levels which will take effect from the 1st of April 2024. Prior to making any decision regarding the level of increase that should be applied, the Association is looking for feedback from tenants regarding how affordable they consider their current rent to be as well as tenants' opinions regarding the level of rent increase that should be applied.

When taking its decision, the Management Committee will also consider the affordability of rent levels, how the Association's rent levels compare with those charged by other registered social landlords and the financial viability of the Association.

The cost of living crisis that is affecting tenants combined with the many inflationary pressures that the Association is facing, means it is increasingly important that the consultation finds the right balance between rent affordability and the need for the Association to maintain services and continue to invest in its properties.

In order to allow tenants to provide informed opinions regarding the level of rent increase that should take effect from the 1st of April 2024, this document provides information which details how the Association uses its rental income, how the Association's rent levels compare to those charged by other landlords, how the Association measures the affordability of current rent levels and how different rent increase levels would affect the level of service that the Association provides to its tenants in the future.

The information provided in this document is based on the recommendations published by the Scottish Housing Regulator in their November 2016 publication "How social landlords consult tenants about rent increases – A thematic inquiry". Affordability information generated using the Scottish Federation of Housing Association's Rent Setting Tool has also been provided.

The results of this consultation will be published on the Association's website and in the Association's forthcoming Winter newsletter and will be presented to the Management Committee for consideration when reviewing the rent levels for 2024 / 2025.

This document provides tenants with the following information:

- How the Association uses its rental income;
- How the Association's rents compare to those charged by other landlords;
- How affordable are the rents charged by the Association; and
- The impact of rent increase levels on the future provision of services to tenants.

## How the Association uses its rental income

The Association's income comprises of different elements with the largest component being the rental income due from tenants. The income generated by the Association is used to fund all aspects of the Association's business and the services that are provided to tenants.

The services funded through rental income include planned maintenance, reactive repairs and the provision of housing management and finance services. The Association is a non-profit making organisation and any surpluses generated are re-invested in the maintenance and provision of affordable housing.

The table below provides a simplified view of the Association's income and expenditure. All of these figures are reconciled to the Association's Financial Statements for the year to 31 March 2023.

Income	£	Expenditure	£
Rent due from tenants	2,466,249	Depreciation of housing properties	1,147,753
Capital grants written off	886,973	Staff cost	488,785
Revenue grants receivable	16,655	Reactive maintenance	330,422
Interest due from the bank	59,971	Planned maintenance	424,960
Service charges due from tenants	20,257	Depreciation of offices & other assets	52,783
		Housing property insurance	57,971
		Audit, legal & professional fees	35,733
		Factoring Costs	13,272
		Stair lighting & common electricity	31,433
		Rates & insurance	19,346
		Cleaning, repairs & maintenance	21,688
		Cost of providing services	16,928
		Committee & staff training	20,313
		Affiliation fees	14,286
		Office gas & electricity costs	32,379
		Bank charges	11,421
		Telephone & postage	8,929
		Printing, stationery & other expenses	9,489
		Travel & motor expenses	9,320
<b>Total income</b>	<b>3,450,105</b>	<b>Total expenditure</b>	<b>2,747,211</b>

## How the Association's rents compare to those charged by other landlords

The table below compares the Association's average weekly rent charges per apartment size with those provided by other landlords in the west of Glasgow and Clydebank. The information used is based upon rent figures published by the Scottish Housing Regulator for the year to 31 March 2023.

Landlord	1 Apt	2 Apt	3 Apt	4 Apt	5 Apt	Average
Whiteinch & Scotstoun HA	82.71	90.16	97.20	107.79	120.32	95.12
Glasgow West HA	68.01	85.11	101.08	119.58	129.91	92.67
Wheatley Homes Glasgow	74.51	85.22	91.28	105.90	115.99	92.43
Drumchapel Housing Co-op	-	83.63	84.11	98.90	108.13	88.51
Dalmuir Park HA	68.38	85.37	87.00	97.77	116.15	87.31
Partick HA	59.77	79.73	89.84	108.59	120.36	86.70
Yorkhill HA	68.14	80.13	87.17	99.34	102.69	82.17
Pineview HA	-	69.14	79.28	89.01	98.09	81.76
Cernach HA	46.59	67.94	77.70	93.92	97.56	80.83
Kingsridge Cleddans HA	-	72.40	79.07	87.09	97.02	80.59
Clydebank HA	-	70.76	76.72	91.77	111.06	77.33
<b>Yoker HA</b>	-	<b>69.25</b>	<b>77.44</b>	<b>85.53</b>	<b>100.71</b>	<b>76.18</b>
Trafalgar HA	-	68.95	73.05	81.43	88.84	76.14

The table below compares the Association's average weekly rent charge per apartment size to the Scottish average. The information used was published by the Scottish Housing Regulator for the year to 31 March 2023.

Average weekly rents				
Property Size	Number owned	Yoker HA Ltd	Scottish Average	Difference
2 apartment	273	£69.25	£83.46	£14.21 (17.0%) less
3 apartment	239	£77.44	£86.28	£8.84 (10.2%) less
4 apartment	115	£85.53	£93.96	£8.43 (9.0%) less
5 apartment	21	£100.71	£103.72	£3.01 (2.9%) less

**How the Association's rents compare to those charged by other landlords (Continued)**

The Association increased its rents by 4.9% for the year commencing 1 April 2023. The table below illustrates how the Associations average weekly rent charges from 1 April 2023 compare to those of other local landlords. These figures are based on the average weekly rents and rent increase information that was published by the Scottish Housing Regulator for the year to 31 March 2023.

<b>Landlord</b>	<b>% Increase 2023 / 2024</b>	<b>1 Apt</b>	<b>2 Apt</b>	<b>3 Apt</b>	<b>4 Apt</b>	<b>5 Apt</b>	<b>Average 2023 / 2024</b>
Whiteinch & Scotstoun HA	3.0%	85.19	92.86	100.12	111.02	123.93	<b>97.98</b>
Glasgow West HA	3.8%	70.59	88.34	104.92	124.12	134.85	<b>96.19</b>
Wheatley Homes Glasgow	3.9%	77.42	85.44	94.84	110.03	120.51	<b>96.04</b>
Drumchapel Housing Co-op	5.6%	-	88.31	88.82	104.44	114.19	<b>93.46</b>
Partick HA	7.0%	63.95	85.31	96.13	116.19	128.79	<b>92.77</b>
Dalmuir Park HA	5.0%	71.80	89.64	91.35	102.66	121.96	<b>91.68</b>
Yorkhill HA	6.0%	72.23	84.94	92.40	105.30	108.85	<b>87.10</b>
Cernach HA	5.0%	48.92	71.34	81.59	98.62	102.44	<b>84.87</b>
Kingsridge Cleddans HA	5.0%	-	76.02	83.02	92.31	101.87	<b>84.62</b>
Pineview HA	3.1%	-	71.28	81.74	91.77	101.13	<b>84.29</b>
Trafalgar HA	5.0%	-	72.40	76.70	85.50	93.28	<b>79.95</b>
Yoker HA	4.9%	-	72.64	81.23	89.72	105.64	<b>79.91</b>
Clydebank HA	3.0%	-	72.88	79.02	94.52	114.39	<b>79.65</b>

During the year to 31 March 2023 the Association had the second lowest average weekly rent of the fourteen landlords compared.

The table above illustrates that of the thirteen landlords represented, the Association also has the second lowest average weekly rent for the year 2023 / 2024.

The tables illustrate that the Association's rents are more affordable than those charged by most other local landlords.



## How affordable are the rents charged by the Association?

To determine whether rents are affordable, the Association will consider several factors such as tenant satisfaction levels with the service they receive, the number of tenants who are in receipt of direct payment of housing costs and tenancy sustainment rates.

### Direct Payment of Housing Costs

The Scottish Housing Regulator publishes information provided by landlords in relation to the number of tenants who received direct payments towards their rent. The table below illustrates the percentage of tenants in which the Association received direct payment of either housing benefit or the housing cost element of Universal Credit during the year to 31 March 2023.

Landlord	Percentage of Tenants in receipt of direct housing costs
Partick HA	75.9%
Wheatley Homes Glasgow	72.3%
Cernach HA	70.5%
Whiteinch & Scotstoun HA	69.2%
Pineview HA	64.1%
Drumchapel Housing Co-op	60.8%
Yorkhill HA	56.5%
Clydebank HA	55.8%
Kingsridge Cleddans HA	54.8%
Dalmuir Park HA	54.6%
Trafalgar HA	53.0%
Glasgow West HA	50.3%
<b>Yoker HA</b>	<b>45.3%</b>

The table above illustrates that of the thirteen landlords represented, the Association has the lowest percentage of tenants in receipt of direct payment of housing benefit or Universal Credit.

How affordable are the rents charged by the Association? (Continued)

Direct Payment of Housing Costs (Continued)

The Scottish Housing Regulator publishes information provided by landlords in relation to the amount of rent received as direct payment from either housing benefit or Universal Credit. The table below compares the percentage of rent received as direct payment of either housing benefit or Universal Credit to that received by other local households for the year to 31 March 2023.

Landlord	Percentage of rent as direct housing costs
Wheatley Homes Glasgow	64.3%
Whiteinch & Scotstoun HA	60.7%
Cernach HA	56.1%
Yorkhill HA	55.3%
Pineview HA	54.0%
Drumchapel Housing Co-op	51.9%
Partick HA	49.3%
Kingsridge Cleddans HA	47.8%
Dalmuir Park HA	47.5%
Clydebank HA	46.4%
Glasgow West HA	43.6%
Trafalgar HA	40.6%
<b>Yoker HA</b>	<b>38.1%</b>

The table above illustrates that of the thirteen landlords represented, the Association receives the lowest proportion of rent as direct payment of housing benefit or Universal Credit.





## How affordable are the rents charged by the Association? (Continued)

### Tenancy Sustainment

The Scottish Housing Regulator measures tenancy sustainment by asking landlords to confirm the percentage of tenancies created in the previous financial year that were sustained for more than one year. The table below illustrates the percentage of Association tenancies which commenced in the year to 31 March 2022 and were sustained for more than a year.

Landlord	Percentage of Tenancies sustained for more than one year
Cernach HA	100.0%
Trafalgar HA	100.0%
<b>Yoker HA</b>	<b>96.2%</b>
Dalmuir Park HA	95.3%
Yorkhill HA	93.8%
Whiteinch & Scotstoun HA	92.5%
Glasgow West HA	92.2%
Partick HA	91.3%
Scottish Average	91.2%
Kingsridge Cleddans HA	90.9%
Clydebank HA	90.8%
Pineview HA	90.2%
Wheatley Homes Glasgow	89.1%
Drumchapel Housing Co-op	84.6%

The Association has achieved favourable tenancy sustainment rates compared to other local landlords and the Scottish average. Of the tenancies that were not sustained, none related to issues of affordability.

### Tenancy Refusal Rate

During the year to 31 March 2023 the Association made thirty-four offers of housing to prospective tenants. One (2.9%) offer was refused for various reasons. No offers of housing were refused on the basis of affordability concerns relating to rent levels. This suggests that prospective tenants consider the Association's rent levels to be affordable.

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## How affordable are the rents charged by the Association? (Continued)

### Tenant Satisfaction

The latest tenant satisfaction survey conducted by the Association indicated that **94.2%** of tenants said they were satisfied with the overall service provided by the Association. This was significantly better than the Scottish average of **86.7%**.

The latest tenant satisfaction survey conducted by the Association also indicated that **93.8%** of tenants said they felt that the rent they paid for their property represented good value for money. This was significantly better than the Scottish average of **81.8%**.

In conclusion, the latest satisfaction survey results show a high level of satisfaction with the rent that tenants pay in relation to the service that is provided. The results suggest that tenants consider their rent levels to be affordable and represent good value for money.

### Scottish Federation of Housing Association (SFHA) Rent Setting Tool

The SFHA has developed a Rent Setting Tool that allows landlords to measure current rent levels as a percentage of income. The Association used the Tool to measure how affordable average rent levels for two apartment properties are for single people on different income levels. The Tool was also used to measure how affordable average rent levels for three, four and five apartment properties are for couples on different income levels. The average weekly rents were measured against the following income levels:

- Moderate income for the Glasgow area.
- Living wage.
- Minimum wage for those aged 23 or over.
- Minimum wage for those aged between 21 and 22.
- Minimum wage for those aged 18 and 20.

The analysis indicates that the average rent for two apartment properties is considered affordable for a single person who earns at least the equivalent to the minimum wage for people aged 21 or over. The average two apartment rent was considered moderately affordable for those aged between 18 and 20 earning the minimum wage.

The analysis indicates that the average rent for three apartment properties is considered affordable for couples comprising of 1 full-time and 1 part-time worker who earn at least the equivalent to the minimum wage for people aged between 18 and 20.

The analysis indicates that the average rent for four apartment properties is considered affordable for couples comprising of 2 full-time workers who earn at least the equivalent to the minimum wage for people aged between 18 and 20. The average rent level for four apartment properties is also considered affordable for couples comprising of 1 full-time and 1 part-time worker who earn at least the equivalent to the minimum wage for people aged between 18 and 20.

The analysis suggests that the average rent for five apartment properties is considered affordable for couples comprising of 2 full-time workers who earn at least the equivalent to the minimum wage for people aged between 18 and 20. The average rent level for five apartment properties is also considered affordable for couples comprising of 1 full-time and 1 part-time worker who earn at least the equivalent to the minimum wage for people aged 21 and 22. The average rent level for five apartment properties is considered moderately affordable for couples comprising of 1 full-time and 1 part-time worker who earn at least the equivalent to the minimum wage for people aged between 18 and 20.

### The impact of rent increase levels on the future provision of services to tenants

An annual rent increase of not less than inflation would allow the Association to continue with investment and improvement in its properties over the long-term. The table below provides a breakdown of the expenditure relating to cyclical repairs and improvement works to properties over the last five years to 31 March 2023.

Works Description	Expenditure
Bathroom replacements	£667,503
Central heating replacements	£461,893
Kitchen replacements	£617,360
Environmental improvements	£19,161
Gutter & roof maintenance	£188,442
Window replacements	£25,284
Stonework repairs	£100,220
Close decoration	£220,666
Gas servicing	£82,202
Electrical, Fire & CO upgrades	£126,266
Rear Screen Repairs	£41,274
<b>Total</b>	<b>£2,550,271</b>

In addition to the cyclical programmes and improvements noted in the table above, the Association also uses rent charged to tenants to fund reactive repairs that are reported by tenants on a day-to-day basis. The Association has spent **£1,293,800** on reactive repairs over the last five years to 31 March 2023.

By applying a rent increase of not less than inflation, the Association would be aiming to continue with investment and improvements in its properties over the long-term. If the Association was to apply lower rent increase levels, this would be detrimental to the Association's ability to maintain investment and improvements in its properties.

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## Summary

This document provides tenants with the following information:

- How the Association uses its rental income;
- How the Association's rents compare to those charged by other landlords;
- How affordable are the rents charged by the Association; and
- The impact of rent increase levels on the future provision of services to tenants.

The key information contained within this document is summarised below:

### Comparability

An analysis of weekly rents set by landlords for 2022 / 2023 as published by the Scottish Housing Regulator shows that on average, the Association's rent levels are lower than those charged by most housing associations that operate in the north-west of Glasgow and Clydebank.

The Association increased its rents by 4.9% for the year commencing 1 April 2023. An analysis of each landlords average weekly rent for 2022 / 2023, uprated to reflect their rent increase from 1 April 2023, shows that on average, the Association's rent levels for 2023 / 2024 are the second lowest when compared to those charged by other housing associations that operate in the north-west of Glasgow and Clydebank.

### Affordability

Statistics published by the Scottish Housing Regulator in relation to direct payment of housing costs, tenancy sustainment rates and tenant satisfaction survey results suggest that the Association's rents are affordable to tenants and considered to represent good value.

Measuring the affordability of the Association's average weekly rents as a percentage of income using the Scottish Federation of Housing Association's (SFHA) Rent Setting Tool indicates that current rent levels are affordable to most working households.

### Viability

The Association also uses rent charged to tenants to fund reactive repairs that are reported by tenants on a day-to-day basis, cyclical repairs and improvement works. The Association's short-term budgets continue to indicate no viability concerns based upon current rent levels. However, the Association's long term financial projections indicate that a rent increase of less than inflation may jeopardise the Association's ability to fund future major property repairs and development.