

CASTLEHILL RENT RESTRUCTURE

Based on your feedback as part of the rent consultation we held in July and August 2021, we are changing the way we calculate your rent. We are making this change so that the amount we charge you better reflects the size, type and location of the home you live in. We are calling this process a rent restructure.

WHY ARE WE MAKING THESE CHANGES?

We want to make our rent charges fairer, more straightforward and easier to understand. Following the consultation with tenants, a new rent structure was agreed by our Management Committee in October. This will come into effect for all tenants on 1 April 2022.

This leaflet explains how your rent will be structured under the new policy. This is based on the current annual rent levels and will change depending on the annual rent increase from 1 April 2022. You do not have to make any changes to what you pay just now.

This restructure is not about raising more income from rents - all our rents will change. Some rents will increase, and some will decrease but the total amount of rental income won't change.

HOW DID WE CONSULT YOU?

Independent consultants – Arneil Johnston – looked at how our rents are structured, and carried out an independent survey of tenants on our behalf in July this year. They met with our Registered Tenants Organisation (CaRTO), sent questionnaires to you by email and post, and then held small focus groups with groups of interested tenants. 20% of tenants took part in the consultation and gave us their views.

WHAT DID YOU TELL US?

You said that you wanted a simple structure that was fair, transparent and made it easy to understand how we calculate what we charge you. The feedback we received was that 60% of tenants wanted to include some service charges within the rent, but 40% wanted to keep them separate. You told us that it was important to show how you are charged for some things. Therefore, after considering your views, the Committee decided to adopt a simple rent structure based on the features of each property. They also decided to include some of the service charges but to keep the charges for other services that are contracted out, such as grounds maintenance and communal cleaning, separate. Detailed below is what will be included in the rent and what will be charged separately (for those tenants who receive the services).

Included in the rental charge

- Heat and light for communal areas
- Maintenance of communal equipment
- Laundry facilities
- Provision for replacements e.g. floor coverings in common areas

Kept as a separate charge

- Communal cleaning services
- Grounds maintenance
- Heating charges for individual properties
- Community alarm
- Scheme manager/Co-ordinator charge

From April 2022 we will work out how much rent you will pay based on:

- how many bedrooms you have;
- whether you live in a flat or a house;
- whether you live in Aberdeen, within commuting distance of Aberdeen, or in a more rural area; and
- whether you live in a general needs, sheltered or very sheltered property.

The table below shows how this will work. We start with the monthly base rent and then add or deduct the amounts shown depending on the features of the property.

Base	Criteria 1		Criteria 2		Criteria 3 Location		Criteria 4	
rent	Size		Property Type				Accommodation type	
£260	Bedsit	£0	Tenement	£15	Aberdeen	£15	General needs	£11
					City			
	1	£50	Flat	£30	Aberdeen	£0	Sheltered	£36
	Bedroom				market			
					Area			
	2	£100	House	£50	Rural	- £60	Very Sheltered	£62
	Bedroom							
	3	£150						
	Bedroom							
	4	£200						
	Bedroom							
	5	£250						
	Bedroom							

To determine the three local areas, anything within Aberdeen City Council boundary is considered to be Aberdeen City, or area 1. Areas that are within commuting distance of Aberdeen or near a large town, such as Inverurie or Stonehaven are considered to be within area 2 – Aberdeen market. All other locations are area 3 - Rural.

So, in the new structure, a three bedroom general needs house in Stonehaven would have a rent of £471 per month. A one bedroom sheltered flat in Cullen would be £376 per month. Any service charges for grounds maintenance, communal cleaning or a scheme manager service would be additional to this, and charged at cost.

WHAT ABOUT AFFORDABILITY?

This was an important part of the work that the consultants did, and why the Committee decided to consider location as part of the structure (something which already happens with the current rent structure). The review found that without adding in location as part of the structure so that rents were the same from Aberdeen city through to remote areas of Aberdeenshire and Moray, the rents in the more rural areas would have had to increase to a point where they would not have been affordable.

We recognise that different households will find their rent affordable depending on their income and the number of people living in the household. The consultants who reviewed our rent structure reviewed how affordable the rents are and would be based on national standards which consider affordability for average moderate incomes and take these differences into account as much as possible.

This new model will not lead to a change in overall income for Castlehill and is not about making more

money, it is about making it simpler, consistent and more transparent across all our housing – what many tenants told us they wanted to see.

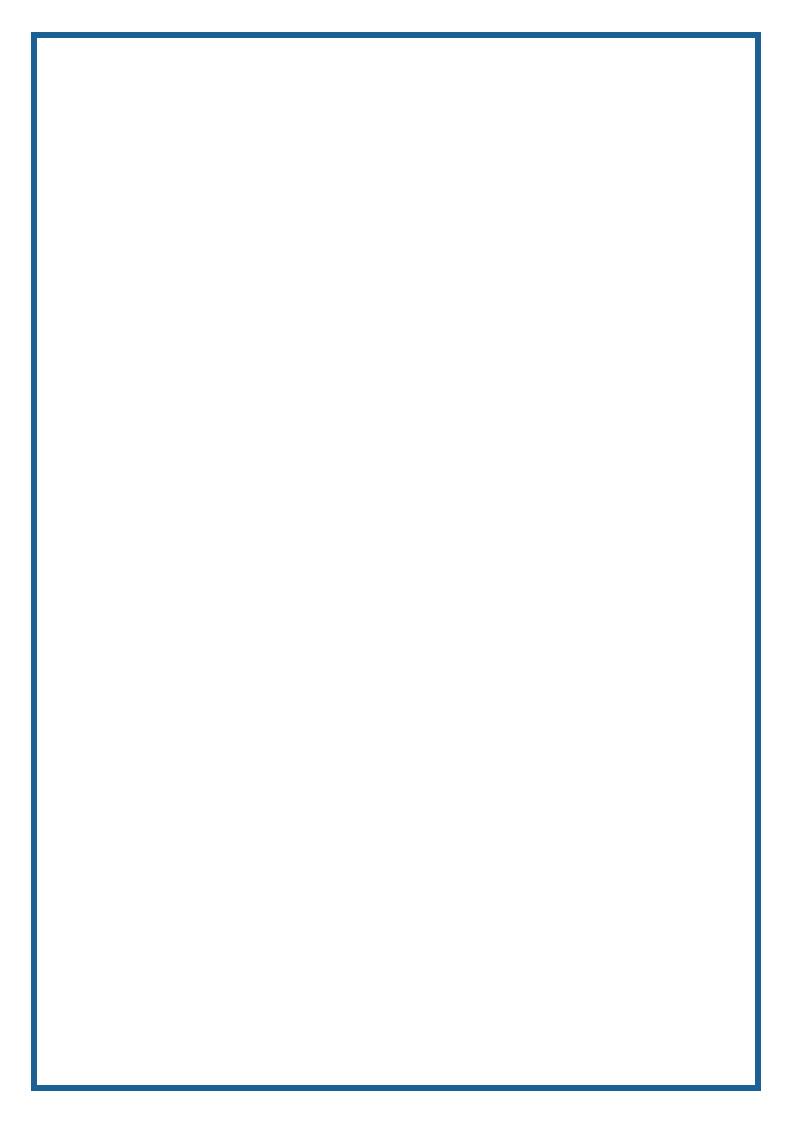
HOW WILL THE CHANGES BE IMPLEMENTED?

With any changes of this nature, some people will see a reduction and some will see increases in their rent costs. To limit the impact of any cost increases, tenants told us that the new model should be phased in. Therefore, these changes will be brought in over 5 years, so there will be increases above any

agreed inflationary rises until April 2027, at which point, all tenants will have reached the new agreed rent level.

WHAT ABOUT THE ANNUAL RENT REVIEW?

Every year we also consider an annual rent increase; this is to cover any year on year increases in the cost of managing your tenancy and maintaining your home. The information on the next page tells you what the Committee is considering and asks for your views. The Committee will then consider your feedback when it meets in December before deciding what increase to apply. This will be applied to the new structure. We will then write to each tenant individually to explain what the increase and the new structure will mean for them, what their individual charge will be, and how this will be phased in over the next five years.



ANNUAL RENT REVIEW CONSULTATION

We understand that many of our tenants are under financial pressure and we want to keep our rents affordable. At the same time we also want to provide you with quality services. We also want to put enough money aside to allow us to maintain and upgrade our homes when necessary. Castlehill is not a profit making body and all our rental income is spent on our properties and on the services we provide.

At its meeting in December, the Management Committee will consider proposals to increase rents from April 2022. Two options will be considered:

- An increase of 2.9% which would allow us to maintain quality services at the current level
- An increase of 3.9% which would give us another £88k to provide some additional or improved services.

The services we could invest in could be planned maintenance or additional support for tenants with things like budgeting, digital access and benefits claims.

The table below shows what these increases would be for some example rents. If you would like to know what difference the two proposals would make to **your** rent please contact the office and ask to speak to your Housing Officer.

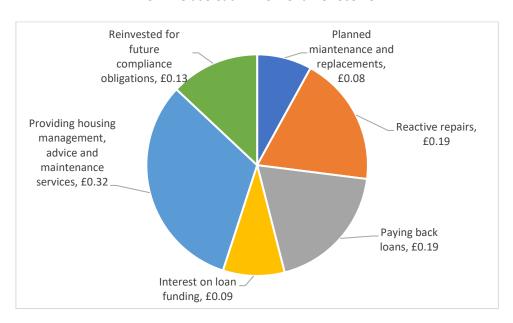
Property type	Weekly rent	2.9% increase	3.9% increase
2 bed flat (Aberdeen market area)	£92.54	£2.68	£3.61
3 bed house (Aberdeen city)	£112.15	£3.25	£4.37
1 bed tenement flat (Aberdeen city)	£81	£2.35	£3.16
2 bed sheltered flat (rural)	£72.92	£2.11	£2.84

What does your rent pay for?

We need rent to:

- Repair, maintain and upgrade our homes
- Ensure our homes continue to meet all current legal standards for residential property
- Maintain our schemes
- Provide housing management and advice services
- Repay loans taken out to build or buy our homes

How we use each £1 of rent we receive:



In 2020/21 we spent £2,144,000 on maintaining and upgrading our homes.

Service Charges

The new rent structure includes a number of items that were previously charged separately as service charges. From April, we will only separate out charges for grounds maintenance, communal cleaning, individual heating and sheltered housing support (where applicable). This is detailed in the information above about the new rent structure. These separate service charges are at cost, which means that we only charge you what it costs us to provide the service. This year, after consulting with you, we went out to tender for our communal cleaning and grounds maintenance service so that we could get the best quality service for you at a competitive price.

How to provide feedback

We would like to hear your views and opinions of the proposed rent increase. To give us your feedback, you can complete the survey at the end of this letter and return it in an envelope addressed to:

CASTLEHILL

FREEPOST

Or you can complete the survey online by going to https://www.surveymonkey.co.uk/r/rent2022

or by scanning the QR code below which will take you directly to the survey.

If you enter your name and address on the survey you will be entered into a prize draw with a chance to win £50 of high street vouchers.

Remember: if you want to talk about any concerns you have about paying your rent, please speak to your Housing Officer. We can help with budgeting advice, advice on benefits and if you are struggling with other debts, we can refer you to agencies that can help. Please just ask – we're here to help.

CASTLEHILL CONSULTATION ON 2022 PROPOSED RENT INCREASE



PLEASE READ THE RENT CONSULTATION LEAFLET AND COMPLETE THIS QUESTIONNAIRE

We feel it is necessary to increase rents from April. What level of increase do you support (tick one box)? OPTION 1 − INCREASE RENT BY 2.9% □ OPTION 2 − INCREASE RENT BY 3.9% □ Please use the space below (or any additional pages) to make any comments						
Please tick if you would like a response to your comments □						
•	re about how different tenants think about the rent increase please tell					
I am retired \square	us about your personal circumstances:					
I work part-time □						
I work full-time □						
I am a job seeker □						
I am unable to work □						
Other □						
Please tell us about your family:						
I have children under 16 years living at home with me \square						
I do not have children unde	r 16 living with me 🗆					
Contact details: You only need to give these if you wish to be included in the prize draw or want us						
to respond to your comments						
Name						
Address						
Final addus :						
Email address Phone number						
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