



# Rent Consultation 2023/24

We have delayed our usual consultation timescales on our proposed rent increase for 2023/24 which would have normally taken place in December 2022. We delayed this because the Scottish Government passed the Cost of Living (Tenant Protection) (Scotland) Act 2022 on 27 October 2022. This prevented social landlords from increasing rents until at least 31 March 2023 with the possibility that the freeze may be extended beyond this date, or that a potential rent cap may be applied. On 12 January 2022 the Scottish Government announced that they would not extend the rent freeze on the understanding that registered social landlords will not increase rents from 1st April 2023 above CPI Inflation (Dec 2022 - 10.5%).



Our Board and staff held a rent setting meeting early November 2022, this was not only to discuss the impact of various 2023/24 rent increases on the Co-operative's financial plans, but also to consider the impact of various scenarios on rent affordability for our tenants.

## Do rents have to increase?

We are aware that increasing rents during the cost-of-living crisis may seem unreasonable, but we are having to balance and consider the costs of providing our services. Costs have dramatically increased over the last year and in some areas are well above inflation for example:

- Repairs and Maintenance costs have increased by an average of 15% due to increased material and labour costs.
- Ground Maintenance costs increased by 28%.
- Energy costs have increased substantially.
- Our loan funding has seen a rise in costs due to the increase in interest rates linked to mortgage rate increases.



As a small community-based Housing Co-operative owned and controlled by our tenants, we depend solely on our rental income to provide services, invest in our homes, and manage and maintain the neighbourhood. We are a not-for-profit charity which means that any surplus income is put aside for future repairs and improvement works such as kitchens, bathrooms, windows, boilers etc. You have told us you want us to continue investing in homes and carry out our planned maintenance programmes, but if rental income is not enough to generate surplus's then the Co-operative will not be able to keep tenants homes up to standard. In short if we do not increase rents, we would need to make significant savings which could include cancelling or delaying planned maintenance programs and possibly reducing services.

# What happens if we increase our rents below inflation?

The impact of a rent increase lower than inflation will reduce the Co-operative's income substantially not just in one year but every following year too. This is important because we forecast into the future to ensure there will always be sufficient resources to fund services and maintain our homes and the surrounding area. If we apply below inflation rent increases and do not reduce our costs eventually, we will run out of money as any surplus we have will be used to make up the shortfall between income and costs.

We have taken our tenants views and concerns into account over the cost-of-living crisis and are not proposing to increase rents in line with inflation and our costs.

We are currently working on our budgets for 2023/24 and have carried out a review to identify where savings can be made to help reduce the rent increase required. We are in talks with contractors for our planned maintenance program to ensure best value. We are also considering early repayment of some low-level loans that would reduce loan interest payments.

## Our commitment to rent affordability

We recognise the impact of the cost-of-living crisis has had on our tenants, 83% of those tenants who completed our cost-of-living crisis survey in November 2022 confirmed that they were experiencing increased costs with food, gas/electricity, fuel and living costs.

87% of tenants find rents affordable as indicated in the Tenant Satisfaction Survey 2022.

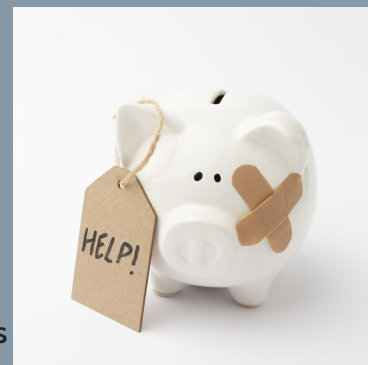
In-line with our Business Plan, we are committed to restricting rent increases to inflation only in October each year which could be either RPI or CPI. Historically, RPI is always higher than CPI so in previous years we have used CPI in October each year when considering rent levels for the forth coming year. This minimises rent increases whilst still ensuring continued future investment in all our properties.

As shown in the table below, over the past 5 years we have applied a cumulative lower rent increase than all housing organisations within the Drumchapel area:

Yearly Rent Increase	Drumchapel HC	Cernach HA	Pineview HA	Kingsridge Cleddans HA	Wheatley Homes Glasgow
2018/19	3%	3%	3%	2.50%	3.20%
2019/20	2.40%	2.40%	2.40%	2.40%	3.30%
2020/21	1.50%	1.70%	1.50%	1.50%	3.40%
2021/22	0%	0%	0.70%	1.20%	1.60%
2022/23	2.10%	3.10%	2.70%	4.20%	1.90%
5-year cumulative rent increases	9.30%	10.59%	10.61%	12.34%	14.12%

# How are we supporting tenants?

Our focus has been to support out tenants wherever we can through the cost-of-living crisis. Some of the services to achieve this go above and beyond normal landlord services include our -



- Weekly Welfare Rights Surgeries held by the Citizens Advice Bureau at our office providing a wide range of advice and assistance. In 2021/22 our tenants seen financial gains of £194,193.39.
- Weekly bulk uplift collection for our tenement blocks.
- Garden Maintenance Assistance Scheme for those who are unable to maintain their garden.
- Tenancy Sustainment Fund - we have issued 57 food parcels, 29 food vouchers and other support including fuel vouchers, Starter Packs for new tenants and other support in 2022/23 so far.

We have been successful in applying for funding to help tenants with fuel costs which has meant us being able to distribute additional fuel vouchers to tenants. We have also recently secured £17,500 from the Social Housing Fuel Support Fund to extend the help we are able to provide to our tenants.

## What are the proposals for the 2023/24 increase?

As stated previously our business plan is to limit any rent increases to October CPI. In October 2022, CPI was 11.1%, however as stated previously we are proposing a below inflation increase in 2023/24. For your reference we have included the table below which shows Oct CPI for the previous five years and the rent increase applied by the Co-operative:

Year	October CPI	Rent Increase
2018/19	3.0%	3.0%
2019/20	2.4%	2.4%
2020/21	1.5%	1.5%
2021/22	0.7%	0%
2022/23	4.2%	2.1%

### *Our Management Board is proposing a rent increase of 5.55% for 2023/24*

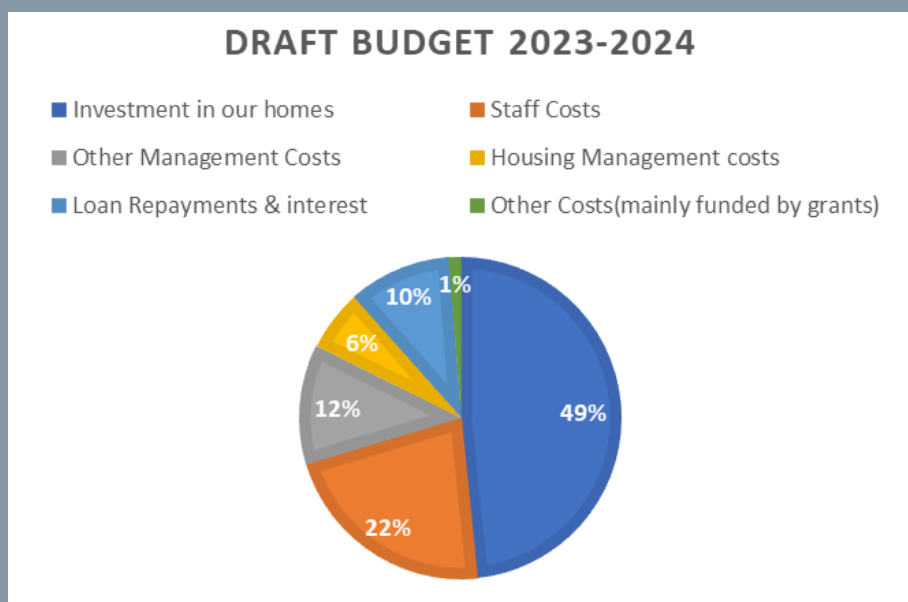
The Management Board had a very lengthy discussion on the rent consultation taking into consideration tenants views on rent affordability and also tenants' priorities regarding their homes and the surrounding environment. Tenants did not want to see a decrease in services we provide but also wanted to see continued investment in their homes such as new kitchens, bathrooms, and boilers. In order to meet tenant expectations, the board feel that a rent increase proposal of 5.55% for 2023/2024 is required. The impact of the Co-operative's finances is that there will be a reduction in cash reserves which would impact on future services and investments in your homes.

In 2024/2025 we may have to look at a rent review consultation of inflation plus 1%. Other options discussed may have resulted in the following 5 years rent review consultation having to be inflation plus 1%. The Management Board agreed that the 5.55% option with the potential that in 2024/25, the rent review consultation may need to be based on inflation plus 1%, this was the best option considering the current economic environment.

Average weekly rents 2022/23		Average weekly rents after proposed 5.55% increase in 2023/24
2 apt	£83.63	£88.23
3 apt	£84.11	£88.73
4 apt	£98.90	£104.34
5 apt	£106.52	£112.38
6 apt	£111.51	£117.64
8 apt	£125.58	£132.48

## What is rent money spent on?

The chart below details how rental income will be spent in 2023/2024 -



## What happens next?

This is the start of the consultation period, it will run until Thursday 9th February 2023. We are asking tenants to take the time to complete and return the survey to the office if you haven't already completed the SurveyMonkey sent via text message. The Management Board will take tenants views and feedback into account before a decision is made at the next Management Board meeting on 21st February 2023.

We are holding two drop-in sessions at the office on the following dates to answer any questions you may have –

- Thursday 2nd February 2023 between 10:30am and 11:30am
- Tuesday 7th February 2023 between 5:30pm and 6:30pm

Thank you in advance for your participation.

**All returned surveys will be entered into a prize draw for the chance to win one of two Love2Shop Vouchers!**