

2022-2023 RENT REVIEW CONSULTATION



Introduction

Elderpark Housing is seeking your views on our proposed rent increase of 3.3%, starting on 1st April 2022, together with an additional increase being applied to those properties listed below, which over the next few years will receive a significant modernisation to their homes. For those who received this by post, see the back of this leaflet on how to give feedback.

The Association takes considerable time to consider what rent increase may need to be applied, recognising that any price increase invariably has an impact on the tenants within our homes. As you may recall last year we limited the increase to 0.5% because of the difficulties that were being faced by everyone at that time. However, this meant that based on what we had originally intended to propose, it meant a large reduction in the income for the year. Unfortunately, it is not sustainable to consider such a low increase this year as it would have a long term effect on our ability to invest in our homes and the community and provide the services that you as tenants use daily.

Like everyone else, we are affected by what is happening in the wider world. Rising inflation has meant the cost of everything we do has risen sharply in the last year, with the most obvious examples being the additional costs in providing the day to day repairs service and increased prices being seen for improvements to our homes. Around £2.5m annually is spent by the Association from the rents you pay on providing a repairs service, meeting legal health and safety compliance (smoke alarms etc) together with modernising the homes in which you live in. The construction/maintenance industry has seen large increases in prices both through a lack of available materials and not enough skilled tradesmen which was meant their wages have risen significantly. Unfortunately, it appears that these additional costs are unlikely to reduce soon and if anything may go up over this year.

We are keen to seek your views on any rent increase but believe that this exercise should be

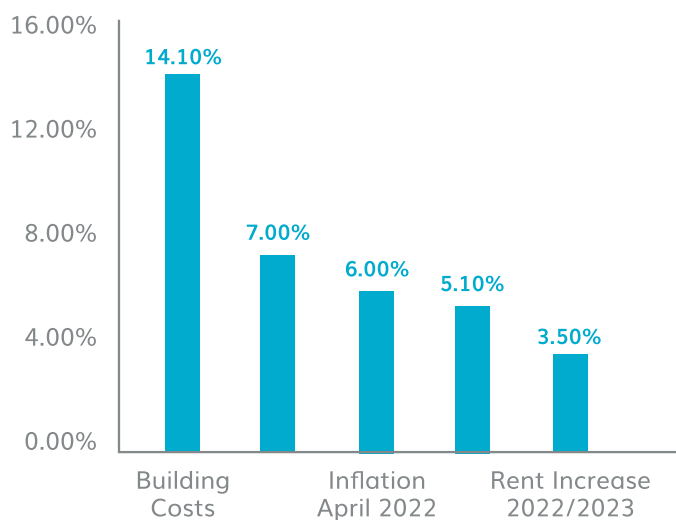
meaningful – the Management Committee has considered the options and determined that 3.5% is the lowest possible increase we could seek to apply without their being future consequences for the investment in our homes and providing the services in a way which meets our tenants' needs. Within this exercise, there was consideration given to whether a range of options should be provided, however, the starting option would have been 3.5% with other options most likely looking at 4% and above. Therefore, it was felt that this wouldn't have been worthwhile and understood that our tenants would prefer that we offer the option which limits the financial increase as much as possible.

We are genuinely mindful of the impact that any rent increase will have on our tenants and have chosen to reduce this pressure as much as possible, by limiting it to something lower than would most likely be required to meet the current environment. If we were solely looking from a 'business perspective' at the costs we will incur next year, particularly concerning the maintenance and improvement aspects, then the increase would have been in the region of 7% or above. We recognised would place significant difficulties on our tenants given you are also experiencing the challenges of increased prices in your every day lives.



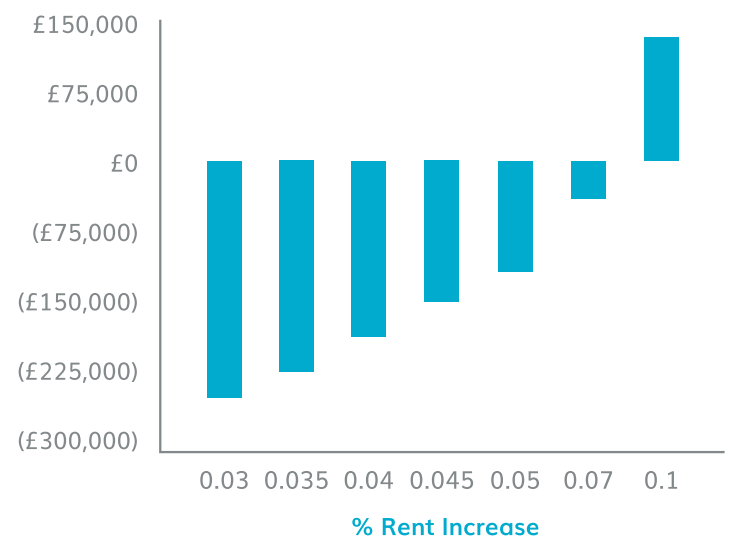
The chart below illustrates that inflation, according to the Bank of England is to peak at 6.0% in April 2022 together with some of the other cost increases being seen in repairs and maintenance. After taking these cost increases into account, a 3.5% rent increase would ensure that we would still be able to continue with the same services and maintain a high level of investment in our homes.

Based on the level of investment planned for next year together with the recognition that prices are rising sharply our annual budget



predicts a cash loss of around £250,000 based upon a rent increase of 3.5% While this is sustainable at the moment we need to be mindful that any organisation cannot afford to spend more money than it has coming in each year or eventually it will encounter financial difficulties. We have decided to incur the cash deficit this year at a level we believe is manageable and will not be detrimental to the medium to long term investment in our homes. This is illustrated in the chart below which shows the impact on our cash in the year based on the different rental increases explored.

Cashflow Balance in 2022/23



Maintaining Investment in Your homes

With this 3.3% rent increase (additional for those homes due to be modernised), we can continue with our planned maintenance programme and provide the same level of service. Our investment plans for 2022/23 are detailed below. Any rent increase below the proposal we have outlined could mean that we would have had to reduce our investment for the next year. However, we understand how important it is to make sure your homes are in excellent and modern condition.

Our Planned Programme of Investment and Other Activities

- We intend to spend £1,700,000 on 101 properties in the Fairfield estate, Garmouth Gardens estate and 4 to 30 Uist St (even numbers) on a combination of new kitchens, bathrooms and boilers.

- We are also planning to fit new windows and doors in Fairfield estate, Garmouth Gardens estate and 12- 30 Uist St (even numbers). This will be phased over two years and we are spending £400,000 in 2022/23.
- Our budget for reactive repairs and voids is £637,000.00
- Cyclical works, which also includes ensuring your home is safe, such as Gas servicing and checks for electrical, legionella and asbestos is budgeted at £262,000.00.
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- We are also employing a Community Regeneration Officer to support and develop the work we do with Moogety Foods on food poverty and food education, Aberlour

with young people, our Govan Fuel Advice Project, employability services including our partnership with Jobs and Business Glasgow and Working rite and the No 1 Befriending agency to help tackle isolation.

- Continuing to provide financial support for Elderpark Community Centre and to seek an investment with partners to refurbish Elder Park Library and turn it into a community learning centre.

- We are exploring the development of new homes at the corner of Elderpark St and Nimmo Drive, which includes an industrial unit and old Community Centre and a site at Langlands Rd/part of Govan Shopping Centre. These two projects delivering around 90 new homes are likely to cost in the region of £16m and to be able to deliver these we will be required to obtain a grant from Glasgow City Council together with borrowing approximately £8m from a lender.

Value for Money - What is an 'Affordable Rent'?

It can be difficult to determine what affordability means in terms of rent and there are lots of definitions that generally use average earnings etc as a way of assessing whether a particular rent would be considered affordable. The Scottish Federation of Housing Associations (SFHA) definition suggests that if you spend more than 25% of your income on rent then your rent could be considered unaffordable. To gauge tenants' income, we follow the SFHA guidance which takes average Glasgow earnings, however, this will vary for individuals based on a host of reasons including age, household composition etc.

Using this definition it identified that rents could be considered marginally unaffordable for single-person households, particularly those younger households living within a new build which has a higher rental cost than our older stock. This is similar to what is identified across all housing associations and is generally because an individual who is younger and has nobody else earning within their home will not have the level of income as other family compositions.

For the remaining household examples used in this assessment, the rent was considered to be affordable.

Family Composition	Property Type	Proposed Weekly Rent	Rent as % of Income
Single person	2 Apt Traditional Tenement	£73.17	24.33%
Single person	2 Apt New Build Flat	£78.72	26.40%
Single person aged 21/22	2 Apt New Build Flat	£78.72	29.30%
Single parent + 1 child	3 Apt Traditional Tenement	£82.20	20.90%
Pensioner couple	3 Apt New Build Flat	£89.05	19.50%
Small family with 2 children	4 Apt House	£103.24	16.00%
Large Family with 3 Children	5 Apt House	£117.44	15.90%

Comparable Weekly Rents

The Association reviews the rents from other local housing associations to ensure that it remains comparable with them. Looking at the other southside Housing Associations our rent is comparable across most of the property sizes, although this will often differ slightly depending on the age of the property, the level of investment in the property and the property type itself. Elderpark has invested heavily in refurbishing homes over the last number of years and is confident that when looking at any comparison of rents these would be favourable in terms of the current condition of the homes together with the rent charge being applied.

Our rents and performance with other housing associations can be compared through the Scottish Housing Regulator's website. <https://www.housingregulator.gov.scot/comparison-tool?landlord=2494>

Summary

The rent increase in an annual exercise which considers what increase needs to be applied to continue to invest in your homes and provide the services which you require. This exercise seeks to ensure that the lowest possible increase is recommended to ensure that any financial impacts are reduced as much as possible. This year is a particularly difficult one due to our decision to limit the increase so significantly last year together with the price increases being seen by the Association this year. The Management Committee are confident that by offering a reduced rent increase than is perhaps required we are taking into account the impact any increase has on our tenants and hopefully the information provided explains clearly why this is the proposal we are consulting on.

Additional Increase for Homes Being Modernised





The properties listed below will also be subject to an additional charge of one rent point the equivalent £65 per annum is applied to properties. These homes are due to be modernised over the next few years and an additional rental point will be added this year, in 2023/24 and 2024/25 to ensure that these rents are then comparable with other modernised traditional tenement properties within the Elderpark area.

Properties to be modernised 72 -78 Craigton Rd

Scotland Street Area Clynder St

231 -243 Langlands Road Brighton Street

Have your say by:

-  Returning this form in the enclosed reply pre-paid envelope
-  Responding to the survey sent to tenants with SMART phones and e-mail addresses
-  Phoning the main office on 0141 440 2244 and speaking to Laura or Aidan
-  Emailing admin@elderpark.org

Do you agree with the proposed 3.5% rent increase?

Yes No

Comments on the Rent Increase