

# 2023-2024

## RENT INCREASE CONSULTATION



### Introduction

The annual rent consultation exercise aims to set affordable rents, this is balanced against our business objectives of investing rent money to deliver quality services, maintain attractive homes and create a vibrant community.

Without the appropriate income, services will likely reduce. In addition, there is also the real possibility that we will be unable to replace and renew items like kitchens, bathrooms, windows, and the external fabric of our properties.

Having carried out various financial assessments to consider what was the lowest possible increase the association could propose we have identified that a **6% rent increase for 2023/24** is the most suitable option.

With inflation at the highest level for 40 years we are seeing price increases across all areas and while we have sought to keep the increase significantly below inflation, anything lower than the proposed 6% would be financially reckless.

### Where are we now?

The decisions around what the proposal should be for our rent increase are always challenging and generally speaking it is based on inflation (currently 11.1%). This year we understand that with the increased costs everyone is having to experience we need to try and support our tenants and increase rents at the lowest level possible. Some of the factors that are relevant for you to consider are:

Elderpark Housing's rents are currently **around 10% below the Scottish average**, this is approximately £8 per week less than the average Housing Association rent

In the previous three years our rent increases have been below inflation resulting in **reduced income of £300,000** for the association which equates to around 100 new kitchens.

The average cost of building a new home has risen from around **£170,000 to around £210,000**

While inflation is 11.1% this is overall and in particular labour and materials shortages have meant that repairs and investment works have seen an increase closer to 30% - **the average cost of a new kitchen has increased from around £3,000 to £4,000**

For all housing associations they are looking at how best to offer the lowest rent increases and absorb some of the increased costs – **the average of the sector is around 6%** based on current information

# Financial Impacts

The Management Committee have a duty to consider the long term impact of decisions that are made today. Our rent increase proposal for this year looks to ensure that Elderpark Housing is in a position to continue to provide safe and warm homes for tenants to live in both now and in the future.



While we have considered that 6% is the lowest we can propose without significant changes to our services and investment in our tenants homes, given the current economy even with this increase changes will require to be made for the next few years including:

- Reduction to our major repairs replacement programme with likely investment around £4.5m over next three years rather than planned £6m
- Reduction in our overheads of around £100,000 through efficiencies
- Review of our loans including potential additional borrowing in 2027 than originally planned
- Reconsider whether the association can look at building the new homes we had hope to do in 2023

## Rent Increase Option

Elderpark Housing is a local community based housing association and our purpose is to provide excellent homes and quality services within your community. The association has been a vital part of the local area over the last five decades and to ensure our continuation for at least the next five decades an increase which is as low as possible but retains our financial health is crucial.

The table below shows you what the proposed rent increase would have looked like in line with our original plans, the option we are consulting on and what financial implications a lower increase would have on our future plans.



Proposed rent increase	Reason for this	Average weekly rent based on increase	What this means for you
12.1%	Our Business Plan is designed around inflation plus 1%	£91.50	In this proposal investment would have remained in line with business plan
6%	This option ensures enough cash in bank in future years	£86.52	This will mean a reduction in investment to homes this year. However, still spending around £2.5m in this area in 2023/24
4%	This option indicates that by 2026/27 we would run out of cash based on current plan	£84.88	This would mean that further savings would have to be achieved over the next few years, mainly in improvement works to your home

# Consultation Questions

The below set of questions have been provided to seek your views on the proposed rent increase. While we recognise that no increase is ever desirable and especially now in the current environment when you are experiencing increases in energy, food and clothing. However while these have been going up by anything between 20-40% in the last year we hope that you can see that the association has tried our utmost to propose an increase which is as low as is possible to restrict the impact on you, protect the investment in your homes and ensure the long term financial position.

## Question 1

Based on the information provided do you consider the rent increase proposal of 6% to be acceptable?

Yes  No  Not Sure

## Question 2

Can you tell us why you have selected yes or no?

## Question 3

What is the most important service the association provides to you or our tenants as a whole?

## Question 4

What is the biggest issue facing you in your home right now?

Name: \_\_\_\_\_

Address: \_\_\_\_\_

The consultation will run until the 26th January. The results will be reported back to the Management Committee who will make a final decision at the end of January and notify tenants at the end of February.

If you require any support in completing this survey please contact the association at [admin@elderpark.org](mailto:admin@elderpark.org) with the subject heading Rent Increase Consultation or alternatively you can visit our office or telephone on **0141 440 2244** for further information.