

"A FLOURISHING SPACE FOR ALL"



H O U S I N G A S S O C I A T I O N

RENT CONSULTATION 2024 - 2025

SOCIAL AND ECONOMIC INFLUENCES IN 2023

Inflation

- Inflation is decreasing slightly over the year, the most recent figure in November indicates inflation at 4.6% This follows a period of high inflation which rose to 11.1% in October last year.

Energy Costs

- The introduction of the energy price cap. The price of your energy is set by Ofgem, and this is set every 3 months. The price can only be predicted and is confirmed each quarter. The current price cap is £1834 and is due to increase to £1928 for January to March 2024.

Ukraine Conflict

- Global supplier of gas & oil – increasing cost of energy
- Major supplier of wheat (30%) & other commodities
- Wide ranging international sanctions causing significant disruption to supply chains
- Further pushing up global manufacturing costs

Labour Costs/Material costs

- Labour costs set to increase by at least 8% (Building Cost Information Service)
- Material costs increase by 7-8% (Office of National Statistics)

Previous rent increases

For a number of years now our rent increases have been lower than inflation, the table below shows our rent increases against inflation in the last 5 years.

Year	Inflation (previous Oct)	Ruchazie Rent Increase
2023/24	11.1%	7%
2022/23	3.8%	3.5%
2021/22	0.7%	1.7%
2020/21	1.5%	2.5%
2019/20	2.4%	2.9%

This time last year - inflation rose to 11.1%.

In the last two years we have set our rent increases below inflation resulting in a rent loss of £65k.

To do everything that we need to maintain our properties both in the short and the long term, we need to recover this shortfall in income.


Performance

The Scottish Housing Regulator collects information on how well social landlords perform, and reports this information on its website. The table below sets out how we performed on a range of key aspects against the Scottish average.

Performance indicator	RHA 2022/2023	Scottish average
Time to complete emergency repairs	4.4 hours	4.2 hours
Time to complete non-emergency repairs	5.5 days	8.7 days
Repairs completed Right First Time	94.7%	87.8%
Anti-social behaviour cases solved	100%	94.2%
Time taken to relet houses	14.2 days	55.6 Days
Rent collected in the year	99.2%	99%

Costs to manage and maintain our homes

Each year, the Management Committee sets out a budget that determines how much we need to spend to maintain our homes and environment. The table below outlines our expenditure for the year 2023/24, and our current budget plans.

Service/works	2023/2024	% of rental Income 
Gas Maintenance and servicing	£23,100	£23,100
Estate Management	£27,800	£30,500
Close Lighting	£8000	£10,100
Internal/External Painting	£54,000	£35,376
Gutter Cleaning	£5184	£0
Electric Checks	£12,000	£6120
Kitchen renewals	£38,000	£102,643 (approx. 20 kitchens)
Boiler renewals	£0	£22,810 (approx 9 boilers)

Rent Comparisons

In reviewing our rent levels for the coming year RHA benchmark with other similar size organisations. The table below sets out the rent levels for community based housing associations operating within Glasgow of similar size to RHA and that of our nearest neighbour Wheatley Homes. The proposed rent increase for our average rent figure is included on the table at row 8.

	Organisation	2 apt	3 apt	4 apt	5 apt
1	Ruchazie HA	£78.34	£85.47	£88.85	£98.52
2	Gardeen HA	£71.72	£82.42	£88.76	£106.56
3	Hawthorn HA	£87.27	£89.74	£98.05	£109.29
4	Abronhill HA	£88.77	£92.87	£100.30	£105.57
5	Blochairn HA	£69.94	£86.11	£95.85	£125.40
6	Wheatley Homes	£88.67	£94.98	£110.19	£120.69
7	Scottish Average	£83.46	£86.28	£93.96	£103.72
8	6.5% proposed rent increase 24/25	£83.47	£91.07	£94.68	£104.98

Affordability

81% of our tenants agreed that the homes and services we provide represent good value for money. In assessing affordability we use the Scottish Federation of Housing Associations affordability toolkit which benchmarks rent affordability at 25% of income.

The table below shows the weekly rent expressed as a percentage of earnings based on different household make ups and house sizes. **Earnings are based on the real living wage.** Apartment size referred to in the table is reported on within our Annual Return on the Charter, **these calculations are based on 6.5% increase.**

Family Composition	2 apt	CTB	HC	3 apt	CTB	HC	4 apt	CTB	HC	5 apt	CTB	HC
6.5%												
single person	£83.47	A	26.2%									
single pensioner	£83.47	A	23.7%									
couple 2 x FT	£83.47	A	12.7%	£91.07	B	13.9%	£94.68		14.6%			
pensioner couple	£83.47	A	17.1%	£91.07	B	18.8%						
couple 1x PT 1x FT	£83.47	A	17.1%	£91.07	B	18.8%	£94.68	C	19.7%			
1PF +2 ch				£91.07	B	17.6%	£94.68	C	18.4%			
small family				£91.07	B	13.3%	£94.68	C	13.8%			
large family							£94.68	C	N/K	£94.68	D	N/K

CTB – Council Tax band HC % of income as Housing Costs

The Management Committee will take into consideration all of the above information and your responses to this consultation before making a final decision early next year. We will let you know the outcome in February 2024 and advise you of your rent increase by 28th February 2024. We are always keen to get your feedback on rent and services and on what services you would like us to provide in the future. **Please provide your name and contact details and we will include you in our prize draw for a shopping voucher.**

What are the proposals for rents?

As we explained in great detail last year and do so again this year, RHA borrowed money to build our properties – running out of cash represents a breach of our loan agreements.... ultimately the bank could sell our properties and the Association would cease to exist and the Management Committee have a duty to consider the long term impact of decisions that are made today.

The rent you pay is our only source of income. Our proposal for the next year takes in to account the current economic situation and the views of our

tenants. Our priority is to support our tenants to live in safe and warm home.

In order to deliver services and improvements to your home we need to consider what income we require, not only in the short term but also in the longer term to protect our assets and as a minimum to keep properties wind, water tight and meeting statutory obligations we MUST replace:

- Boilers
- Windows
- Rewiring
- Roofs

- Re-rendering

We have a 30 year business plan that outlines all of the work we need to do, and in some years we may have to bring work forward or delay, depending on the condition of our properties and their main components outlined above.

You will know that last year we postponed a number of kitchen replacements, instead focusing on providing new energy efficiency boilers to 90 properties. We aim to get our kitchen replacement programme back on track, as well as all the other improvements we require to carry out.

Options	Rent considerations	What increase would apply	Considerations
1	Business Plan assumes CPI only (using the October CPI figure)	4.6%	Our Business Plan assumes a rent increase based on Consumer Price Index inflation (CPI).The published information relating to October 2023 shows CPI at 4.6%. If we were to apply a rent increase of 4.6% we would need to scale back kitchen replacements, window replacements and other component works. With an increase at this level, the financial stability of the organisation would be at risk.
2	What we need to compensate for previous lower than inflation rent increases	12%	A rent increase of 12% would allow us to deliver our plans over a shorter period of time and ensures the longer term financial stability of the Association. However under the current economic environment, tenants may not see this proposal as being acceptable given their own household priorities. It is also acknowledged by the Committee that not all of our tenants receive financial support for housing costs.
3	What we propose	6.5%	Our rent increase in 2023 was below inflation and as result we postponed kitchen replacements. An increase at 6.5% would allow us to get back on track with our original kitchen and boiler replacement programme.A rent increase at this level maintains the financial viability of the association whilst we still seek savings using a national framework for contracts on major works, planned and cyclical maintenance.

The Management Committee have discussed the proposals and considered the current economic climate as well as the challenges facing tenants. We must ensure that we continue to invest in our homes albeit at a slower pace than planned as well as providing a local service for you, and

therefore the Management Committee have agreed to consult on a rent increase of 6.5%

So we propose **a rent increase of 6.5% with some adjustments to our planned programme of works.**

Please tell us what you think of our proposals. You can do this by:

- Completing and returning the Rent Consultation Feedback form enclosed.
- Emailing us at admin@ruchazieha.co.uk
- Private message on our Facebook Page
- Completing the rent consultation feedback form on our website www.ruchazieha.co.uk/rentconsultation
- Completing the questionnaire at survey monkey [here.](#)