

ACHA - Putting Our Tenants and Our Communities First

# RENT CONSULTATION

# 2023 - 24

Each year ACHA consults its tenants on the level of rent increase. It is important we get feedback from you, our tenants. This year we are especially keen to get tenants views given the challenges presented by the cost of living crisis.

Rising costs are also having an impact on ACHA's budget and what ACHA can do too. Inflation and interest rate increases mean it costs ACHA more to carry out repairs, maintenance and investment works as materials, labour and contractor costs increase, more to pay for interest on loans and more for running costs such as our electricity and fuel.

The level of rent increase affects ACHA's income. ACHA's rental income sets a limit on what we have available to spend on services and investment in the housing stock. We are still ambitious about our plans to improve the quality of our houses/your homes and we know these are important but we also know you are concerned about rent increases at the same time as costs are increasing for food and energy.

Looking at how ACHA spends your rent then based on the average weekly rent for 2021-22 of £92.45 ACHA spent:

- £60.79 on the housing stock (£28.48 on repairs and maintenance and £32.31 on investment) allowing us to complete 80 kitchens and bathroom, 70 window and door replacements, 1,065 new heating systems, 240 improvements for energy efficiency and 240 improvements for roof and roughcasting.
- £25.78 to deliver the service to you (this covers staff and other costs for tenancy support, welfare rights, managing rent arrears, reletting houses and running ACHA) and
- £5.88 on interest.

There are 4 proposals we are seeking tenants feedback on. We have set these out over the page with an explanation of the implications of each. All will see a reduction in the money ACHA can invest in the housing stock and in simple terms the lower the rent increase the bigger that reduction is for 2023-24 and for the following 5 years.

## Option 1 – A 7% rent increase

A rent increase of 7.0% will add £6.47 per week to the average ACHA rent. This would be around 69% of what the rent increase would be based on the current rate of inflation of 10.1% which would add £9.34 per week to the average ACHA rent (based on the consumer price index as reported on 19 October 2022). This would result in a gap in ACHA's budget of £2,817,000 which is equivalent to a reduction of 30% in the investment programme. This would mean ACHA could not take forward a proposed refurbishment of Drumfork Court, Helensburgh and would need to reduce the funding to address voids awaiting significant works – this would potentially increase void rent loss. There would be a benefit in future years as it would give ACHA a higher base rental income and in simple financial terms would strengthen the business plan going forward by £2,340,000 over the following 5 years.

## Option 2 – A 5% rent increase:

A rent increase of 5.0% will add £4.62 per week to the average ACHA rent. This would be around half of what the increase would be based on the current rate of inflation of 10.1% which would add £9.34 per week to the average ACHA rent (based on the consumer price index as reported on 19 October 2022). This would result in gap in ACHA's budget of £3,301,000. This would mean a reduction of 35% in the investment programme. In addition to not being able to take forward the refurbishment of Drumfork Court, Helensburgh and having to reduce the funding to address voids awaiting significant works ACHA might also need to delay the project for refurbishment of Ferfadd Court in Rothesay. This would not impact on future years as ACHA's base rental income would be in line with the business plan so it would avoid increasing future budget gaps.

## Options 3 – A 3% rent increase:

A rent increase of 3.0% will add £2.78 per week to the average ACHA rent. This would be substantially less than an increase based on current inflation of 10.1% which would add £9.34 per week to the average ACHA rent (based on the consumer price index as reported on 19 October 2022). This would result in gap in ACHA's budget of £3,783,000. This would mean a reduction of 40% in the investment programme. In addition to not being able to take forward the refurbishment of Drumfork Court, Helensburgh, having to reduce the funding to address voids awaiting significant works and delaying the project for refurbishment of Ferfadd Court in Rothesay ACHA would need to stop all lifecycle replacements for 2023-24 so no new kitchens, bathrooms, windows, doors and heating systems for 2023-24. This would also have an impact in future years as ACHA's base rental income would be lower going forward and mean over the following 5 years ACHA would have £2,490,000 less to spend on the housing stock and would adversely impact on ACHA's ability to invest in and maintain the housing stock.

## Option 4 – A rent freeze:

A rent freeze would mean your rent stays the same but when combined with increasing costs it would leave an estimated gap in ACHA's budget of £4,628,000 for 2023-24. This would mean a reduction of 49% in the investment programme. In addition to not being able to take forward the refurbishment of Drumfork Court, Helensburgh, having to reduce the funding to address voids awaiting significant works, delaying the project for refurbishment of Ferfadd Court in Rothesay and ceasing all lifecycle replacements for 2023-24 so no new kitchens, bathrooms, windows, doors and heating systems for 2023-24 ACHA would also need to defer some expenditure to bring the remaining houses that do not meet the Scottish Housing Quality Standard and Energy Efficiency Standard for Social Housing up to standard thereby impacting on the quality of these homes. This would also have an impact in future years as ACHA's base rental income would be lower going forward and mean over the following 5 years ACHA would have £6,115,000 less to spend on the housing stock which would have a significant impact on ACHA's ability to invest in and maintain the housing stock.

# RENT CONSULTATION RESPONSE 2023-24

Please complete the questions below and then follow the instructions at the end for returning the consultation. Your views do count so please take the time to complete the questionnaire.

*Thank You*

Name: ..... Tel:.....  
 Address: ..... Email: .....  
 ..... H/T Ref:  
 ..... (if known).....

<p><b>Question 1</b> - From the options set out within the 4 proposals above, please choose from the following:</p>	<p>Please circle your response</p>
<p><b>Option 1</b> - A 7% rent increase. Average Rent increase £6.47 per week        Reduction in investment programme 2023-24 £2,817,000 30%        Impact on medium term 2024-25 to 2028-29 – Increase in funds to spend on housing stock of £2,340,000</p>	<p>Yes</p>
<p><b>Option 2</b> - A 5% rent increase        Average Rent increase £4.62 per week        Reduction in investment programme 2023-24 £3,301,000 35%        No impact on medium term 2024-25 to 2028-29 as in line with business plan</p>	<p>Yes</p>
<p><b>Option 3</b> - A 3% rent increase        Average Rent increase £2.78 per week        Reduction in investment programme 2023-24 £3,783,000 40%        Impact on medium term 2024-25 to 2028-29 - Reduction in funds to spend on housing stock of £2,490,000</p>	<p>Yes</p>
<p><b>Option 4</b> - A rent freeze        Rent increase - none        Reduction in investment programme 2023-24 £4,628,000 49%        Impact on medium term 2024-25 to 2028-29 - Reduction in funds to spend on housing stock of £6,115,000</p>	<p>Yes</p>

**Question 2** – Is there any further information that you would like ACHA to include as part of our rent consultation that would be useful to you as a tenant?  
Please tell us here:

**Question 3** – If you would like advice and support on welfare rights or energy efficiency then please tick the relevant box below and one of our staff will be in touch (remember to include your contact details at the top of the survey).  
Yes please get in touch to give me some advice for welfare rights   
Yes please get in touch to give me some advice for energy efficiency

**Question 4** – Would you be prepared to become more involved in the running of the organisation and the development of services, through any of the following (by circling Yes you agree to ACHA contacting you with further information)?  
ACHA make use of virtual meetings where possible to reduce travel and time commitments for those who want to become involved.

- Becoming a member of ACHA for just £1 for life and attending our Annual General Meeting
- Becoming a governing body member – at board or area committee level
- Joining our “Feedb@ck Forum”
- Joining “Your Voice” tenant scrutiny group
- Taking part in consultation and other surveys
- Attending our Tenant and Member Conference
- Becoming a member of a local Registered Tenant Organisation - ACHA currently supports two such groups, one in Cardross and the other in Campbeltown

Please circle your response

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>

**Question 5** – If there is anything else you want to tell us about. Please tell us here:

There are a number of ways to complete and send us your response to this consultation. You can email the completed form to us at [rentconsultation@acha.co.uk](mailto:rentconsultation@acha.co.uk) or go to our website at [www.acha.co.uk](http://www.acha.co.uk) and, using the link provided, submit your response via our online survey. Alternatively, you can complete this form and post it directly to us at the following address **Director of Finance and IT, Argyll Community Housing Association, Dalriada House, Lochgilphead PA31 8JL**

ACHA will be arranging a drop in session at each of the main ACHA office locations for tenants to discuss not only the rent consultation but also our investment programme, energy efficiency and welfare rights. Dates and times for these drop in sessions will be advertised in local press, on ACHA social media and on the ACHA website in advance. Virtual sessions, to be held on Zoom, will also be available.

**The closing date for responses is Friday 16th December 2022**