

RENT REVIEW FOR 2023/24

Albyn Housing Society deliver housing services to over 3,700 tenants across the Scottish Highlands. We want to continue to improve, develop and manage our homes across the area. Our Business Plan sets out our goals of investing in our current housing stock, developing new homes and assuring our financial stability so we can carry out our mission of providing affordable, high quality homes to people who need them.

Current Challenges

You've probably heard that between now and the end of March 2023, all rents – for social housing tenants and for private tenants – have been frozen by the Scottish Government as a result of the cost of living crisis. This hasn't affected your rent yet, as housing associations only set rents once a year, every March/April.

The Scottish Government will decide in early 2023 whether housing associations will be allowed to raise rents, if necessary, in 2023/24. However, both the Scottish Government and Scottish Housing Regulator have said that housing associations should still carry out our normal consultations with tenants on rents for next year.

Everyone is also feeling the impact of the high levels of inflation as it affects the costs of goods and services that we all buy, and this reflects in the costs to Albyn Housing of how we run our business and deliver our services to tenants.

Following the countries emergence from a health pandemic, the economy is now being impacted by the significant effects of inflation and other events putting pressure on the everyday necessities that we buy.

We were able to apply a rent increase of 3.3% in April of 2022 which is well below the level of inflation at that time of 9.0%, and the increase in the cost of goods and services has remained at these high levels ever since.

Continued investment is required to improve our housing to meet the Efficiency Standard for Social Housing (ESSH). At the same time as improving energy efficiency, we are investing in new build developments to provide more social housing to those in need. Funding for these projects is met partly by grants from the Government but also by borrowing. Borrowing incurs costs in the form of Interest, which need to be met through rents payable over the lifetime of our homes.

Rents are the main source of income for Albyn Housing Society and the level of rent is a key determining factor on what we can spend on delivering our housing services, improvements, and new build programmes.

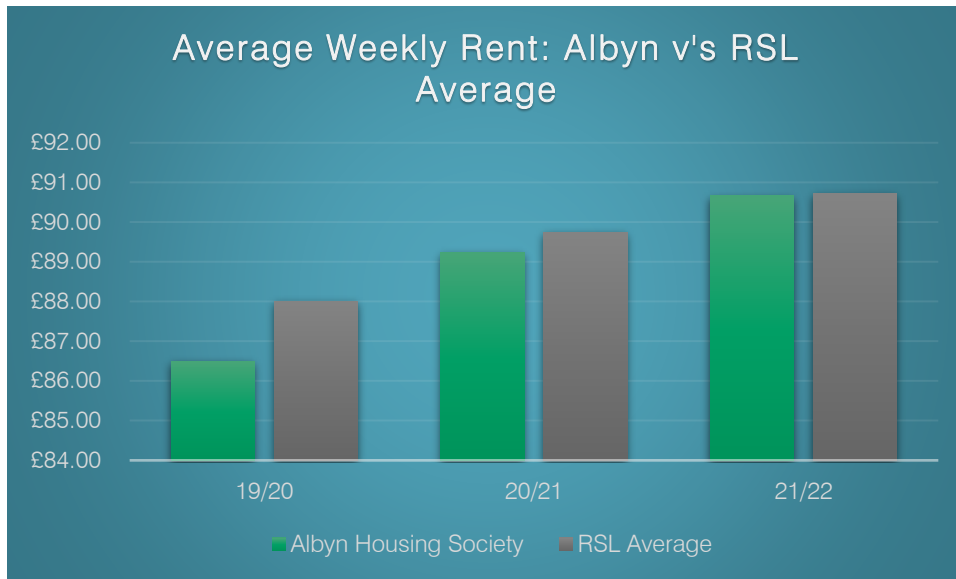
This consultation asks for tenant input into our Rent Review for the levels of rents charged with effect from 01 April 2023.

OUR CURRENT RENT LEVELS – HOW DO WE COMPARE?

The *average* weekly rent for an Albyn Housing Society tenant in 2021/22, the latest year for which all social landlord rents were published was £90.66. This is similar to the average across all Registered Social Landlords (RSL) which was £90.72. Our average rents have been in line with or lower than the RSL average weekly rent for the past three years.

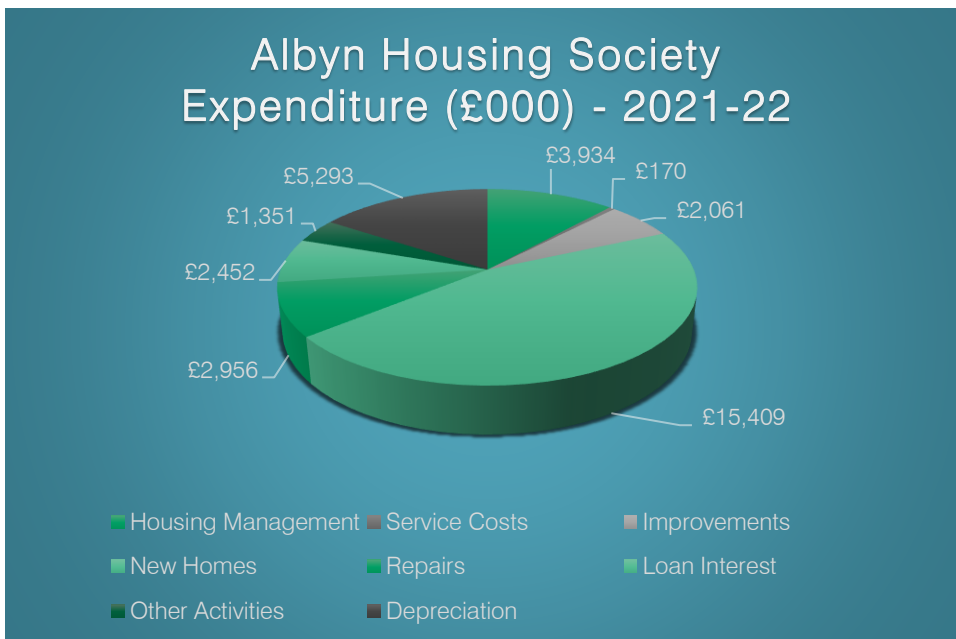
In April 2022 our Board approved the increase of rents by 3.3% following tenant consultation.





OUR INVESTMENT AND PERFORMANCE IN 2021/22

In 2021/22 we spent £33.6 million on new and existing homes across the Highlands.



The largest part of our expenditure was on building new homes where we spent £15.4 million. We spent a further £3.0 million on repairing and maintaining existing homes and £2.1 million on replacing heating systems, kitchens, bathrooms and windows and doors. We spent £3.9 million on our operating costs and £2.5 million on bank interest charges.

During the year we completed 129 homes for social rent and 33 homes for mid-market rent.

We replaced 36 kitchens, 27 bathrooms, 143 heating systems and 36 windows and doors in the year helping to contribute to improved efficiency and quality of existing stock.





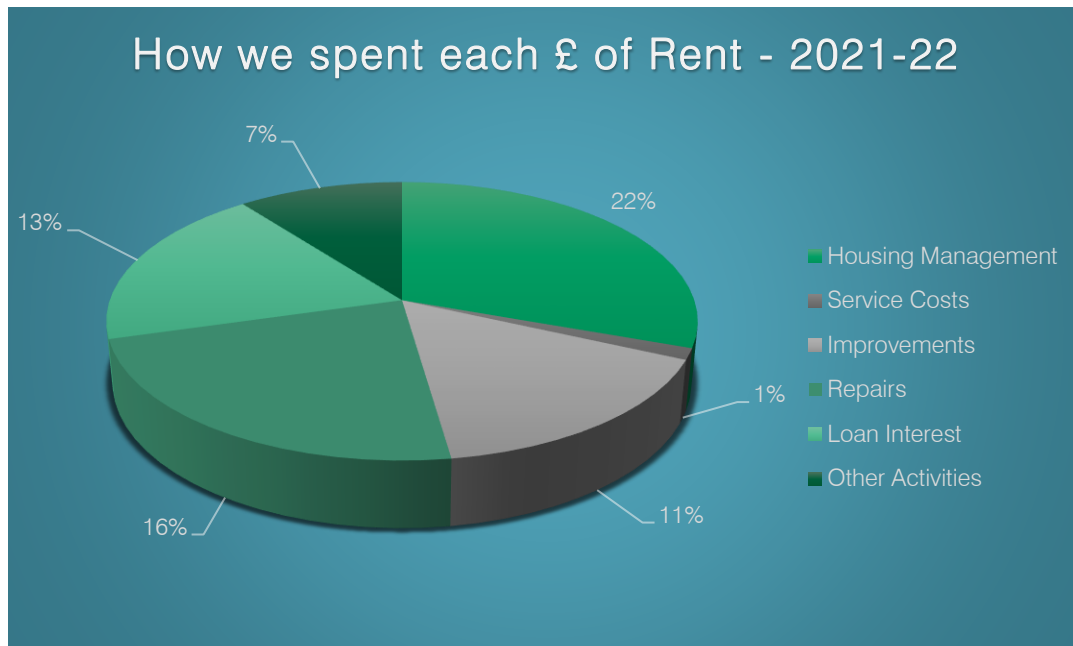
In 2022/23 we plan to replace -

- 113 heating systems or boilers
- 86 kitchens
- 52 bathrooms
- 75 properties windows and doors
- Spending over £3.8m in improvements

We carried out 8,129 reactive repairs to our tenants' homes in 2021/22, with 86.6% completed right first time.

HOW DO WE SPEND YOUR RENT?

The money you pay in rent is put towards the cost of providing the services you receive as an Albyn tenant. The main items of expenditure are housing management, repairs and maintenance and loan interest charges. Based on the average weekly rent, this is how we spent each £1:



CONSULTATION OPTIONS FOR 2023/24

Our policy and Business Plan requires us to continue to set our rents with reference to the rate of inflation, basing the annual increase on the change in inflation as measured in September each year. We use the Consumer Price Index (CPI) which is a government measure of inflation that aims to reflect the change in cost of living and is published by the Office for National Statistics (ONS) on a monthly basis.

However, due to the unusually high rate of inflation as at October 2022 of 11.1%, we feel that to increase rent levels by this amount would place too much pressure on the affordability of rents and after modelling a number of options seek tenants views on three different options which are all well below the rate of inflation.

We have considered what we need to do to keep our rents affordable, but this will impact on the amount of money we can invest in improving existing homes. Whilst we will do all that we can to minimise the impact on the



numbers of heating systems, kitchen, bathrooms, and other improvements we can afford, there will be an impact on what we can afford to do.

Each option presented in this consultation includes the amount we need to save over the next 10-year period:

Option A – 5.0% increase

This is the lowest level of increase that we feel is feasible if we are to maintain reasonable investment in our existing stock and the services that we provide to tenants. If this is the preferred option, Albyn will need to save £7.0million from our investment programme over the next 10 years which could mean that we would need to deliver up to 439 fewer heating system replacements, 658 fewer kitchen replacements or 548 fewer bathroom replacements.

Option B – 6.0% Increase

Under this option we would need to save £5.5million from our investment programme over the next 10 years which could mean that we would need to deliver up to 345 fewer heating system replacements, 517 fewer kitchen replacements or 431 fewer bathroom replacements.

Option C – 7.0% Increase

Under this option we would need to save £3.5million from our investment programme over the next 10 years which could mean that we would need to deliver up to 219 fewer heating system replacements, 329 fewer kitchen replacements or 274 fewer bathroom replacements.

Impact of an extension of a rent cap by the Scottish Government

In the event that the Scottish Government extend the provision of the Cost of Living (Tenant Protection) Bill 2022 beyond 31 March 2023, and the cap on rent increases is below the preferred option chosen from this consultation, we will apply the legislative cap as required.

HOW TO GET INVOLVED

There are several ways in which you can share your views as part of this consultation:

- By completing the survey link when we contact you by text
- By post – you can request a copy of the consultation document by calling the number below

The Consultation period will run until 16 December 2022 and your response will be used to inform our Board's decision making on Rent levels for 2023/24. Changes to rent levels will be effective from 01 April 2023.

You can contact our offices on:

North Team/Head Office 0300 323 0990

South Team 0300 323 0991

Email: office@albynhousing.org.uk

