

3 December 2021

Our ref:

Dear Tenant

Proposed rent increase from 1 April 2022

At its meeting on 24 November 2021, the Board considered the various factors which are likely to have an impact on the rents that the association needs to charge in the year ahead.

We are facing ever increasing price pressures as we try to deliver services and to maintain and improve our stock to the levels that you expect. Like housing associations elsewhere, existing contractors are approaching us and requesting increases to the prices charged for their services. Similarly, we are also experiencing significantly higher prices in the major works programmes despite competitive tendering. In the construction and maintenance sectors, the costs of labour and materials have risen sharply. While contractors may, in some cases, be able to bear some of these increases the reality is that, for most, they are passed on to their customers such as us. Without us meeting these increased costs, contractors would simply be unable to continue to carry out the work at the level we and our tenants expect.

We want to continue to deliver a good repairs service and improvement and renewal programmes such as re-roofing, more efficient heating systems, kitchens, doors, and windows replacements. To do this, our rental income needs to be at the right level.

Ongoing maintenance and improvement works have consistently been identified by you all as the most important aspect of how your rent is spent. Previous tenant satisfaction surveys have shown that most think their rents provide value for money. The vast majority of you expressed very high satisfaction with the level of services the association provides.

Our tenants have also consistently supported the objective of the Board in contributing towards meeting the huge demand for housing in Ayrshire by continuing to acquire and build new housing for rent. This demand for good quality housing for rent is not decreasing and our new build programme is seen by our Board and by the local authorities as vitally important. Most tenants are happy that part of your rent not only helps to maintain your home but also goes in a small way towards providing opportunities for others.

One of the harsh realities of the economic environment in which we currently operate is that the inflation rate, as measured by the Retail Price Index, was 4.9% in September and 6% in October. Using the alternative Consumer Price Index, the rates were 3.1% in September and 4.2% in October. It seems likely that this upward trend will continue into the New Year. There is a huge degree of uncertainty as to when we might see a settling down of prices and the Board's view was that it would be financially prudent to try and ensure that we are in a position where this uncertainty does not jeopardise the association's capacity to continue to maintain our stock and carry out the improvements which our tenants expect.

Here is a breakdown of our likely costs for the coming year:

Projected Budget figures 2022/23		
Maintenance and Improvement Works	35%	£ 3,138,791
Management Costs	24%	£ 2,172,974
Loan repayments	15%	£ 1,332,114
Interest on Loans	14%	£ 1,297,855
Depreciation	10%	£ 944,000
Insurance Costs	1%	£ 72,800
Void and Bad Debts	1%	£ 101,025
Total	100%	£ 9,059,558

Between this current year and next we are planning to spend **£6M** on repairs, maintenance and improvements to our houses. This includes expenditure on replacement doors, kitchens, bathrooms and heating systems. This may make our houses even more comfortable to live in. It will also further improve energy efficiency and reduce fuel consumption.

The Proposal

The Board is consulting on a proposed increase of no more than 4.5% which, for a typical 2-bedroom house, would be an extra £4.21 a week.

From information being shared by our peers elsewhere in Ayrshire and also by associations in Glasgow and the west of Scotland, our suggested increase is in the range of figures being considered elsewhere.

This proposal was agreed after full and careful consideration of all the challenges and pressures that the association and many of you are facing. It was not taken lightly. The Board has a responsibility to you to ensure that the association is financially well managed so that we can maintain our stock into the future as well as deliver day to day services.

The Board is conscious that the proposal is substantially more than last year's figure which was kept as low as possible to reflect the pressures on our tenants from the pandemic. Unfortunately, we are now having to acknowledge and address the increasing price pressures affecting our capacity to deliver services to you.

Support and Assistance

The Board is equally aware of the economic impact on our tenants as a result of the pandemic in particular. As such, the Board wants to assure you that the association remains focused on helping and supporting tenants as much as it can. Our team of Housing Officers is there to help tenants who may have difficulty in paying their rent. Their focus is on working alongside tenants and providing them with support and assistance wherever possible. This includes working with other support providers and agencies who provide invaluable help to many of our tenants facing difficulties.

We also have a dedicated Money Advice service which is there whenever advice and help is needed. The Money Advice Officers are experienced in helping tenants maximise their incomes and provide direct support to access all eligible benefits. They have helped many tenants who were not aware of what they were entitled to.

What Happens Next?

At its meeting in February 2022, the Board will make the final decision on the rents to be charged from 1 April 2022. It wants to hear your views first though.

You can comment in the following ways:

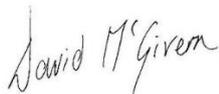
- By completing the enclosed rent consultation survey attached to this letter.
- By writing to the association.
- By completing the survey online using your My Home account or on our website at www.ayrshirehousing.org.uk
- By emailing the association at info@ayrshirehousing.org.uk
- By contacting your Housing Officer and asking for your views to be passed on.
- By posting your comments on our Facebook page www.facebook.com/ayrshirehousing/

If you wish to enter a prize draw for a £25 shopping voucher, please complete and return the attached survey form in the pre-paid envelope provided. There will be 5 lucky tenants who will each receive one of these vouchers.

In order to take part in the draw your completed survey should be received in this office by close of business on **Friday 4 February 2022**. If you give us your views by any other means such as email, telephoning us or by speaking to your Housing Officer please let us know if you also wish to be included in the prize draw.

We will report your views to the Board so that they can make an informed decision. After the Board has taken its decision, we will write to you no later than 1 March 2022 advising as to what your rent, including any service charges, will be from 1 April 2022 which is payable monthly in advance.

Yours sincerely



David McGivern
Head of Housing Services