

5th December 2022

Dear

Consultation on Proposed Rent Increase 2023/24

Rosehill has begun its annual rent review process in relation to any proposed rent increase from April 2023 and as a key part of that we're starting our statutory consultation with tenants on what level of rent is set from April.

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 has no significant impact on housing associations and co-operatives as we only increase rents once a year, every April.

At this stage we can only assume that social housing landlords will be free to set their rents, following consultation with tenants, from next April, and getting those consultations under way now is something that both the Scottish Government and Scottish Housing Regulator are keen to see happen.

Ministers have said that they will take into account what rent increases are being consulted on when they make a decision (no later than mid-January) on what the position is to be on social housing rents from April 2023.

The cost of living situation affecting our tenants, and the many inflationary pressures which Rosehill has been facing, make it especially critical that our consultation with you tries to find the right balance between rent affordability and the need to maintain our services and continue investing in our homes. This includes things like replacing kitchens and bathrooms, and further improving the energy efficiency of our homes to help limit your energy costs.

The attached consultation document sets out the proposed rent increase for 2023/24, the basis for this and how you can engage with us over the proposal. Our Management Committee, after taking account of any feedback received, will make its decision in January. By that time the Scottish Government will have announced its decision about what is to happen with social housing rents from April 2023. We will then notify you of the decision and give you at least 28 days' notice of any increase to be applied to your rent from 1st April 2023.

Yours sincerely

ROSEHILL HOUSING CO-OPERATIVE LIMITED

Kerry Stevenson
Chairperson



Annual Rent Review 2023/24 – Have your Say

250 Peat Rd, Glasgow, G53 6SA

Tel: 0141 881 0595

Email: admin@rosehillhousing.co.uk

Website: rosehillhousing.co.uk

Annual Rent Review Proposal 2023: 5% – Have your Say

In the next few pages we set out the basis for the proposed rent increase and what the increase will mean for your rent.

We want to hear from you...

You can share your views using one of the following options:

- Telephone us on 0141 881 0595.
- Email us: admin@rosehillhousing.co.uk (please include your name/address).
- Write to us at Rosehill Housing Co-operative Limited, 250 Peat Rd, Glasgow, G53 6SA.

We sought the views of our Tenants Scrutiny Panel (Rosehill Tenants' Voice) on how best to engage with our tenants over the proposed rent increase. As a result we intend to be available at the Breakfast Club held in The Hall, Peat Road on Tuesday mornings to give our tenants the opportunity to come and talk to us.

We will be at the Breakfast Club on the following Tuesdays:

6th December 2022
20th December 2022
10th January 2023

Drop-in sessions will be held at our office on the following dates. This will give you a chance to speak with staff and one of our Committee Members, who are also tenants.

Wednesday 14th December from 5 pm to 6:30 pm
Thursday 15th December from 3:00 pm to 4:30 pm
Tuesday 10th January from 10:00 am to 11:30 am

We will also be contacting a random selection of our tenants by phone to ask for their views. This will take place week commencing 9th January 2023.

Please note that the consultation will run until 4 pm on Monday 16th January 2023

Please note that our office will be closed for the festive holidays from 2 pm on 23rd December 2022 until Thursday 5th January 2023.

Getting the right balance

This year’s annual rent review process has been more challenging than ever. We recognise that many of our tenants will be experiencing financial hardship because of the current cost of living crisis and Rosehill does not wish to put any additional financial pressure on tenants where possible. However, Rosehill has seen its costs steadily increase.

Supply shortages in materials and labour (a combined impact of Brexit, Covid-19, and the war in Ukraine) is driving up costs. As a consequence our contractors are increasing their prices for carrying out services such as day-to-day repairs. We are also seeing a significant increase in the costs for carrying out planned maintenance works to our homes such as kitchen and boiler renewals.

Earlier this year we had to pull the contract for the radiator replacement programme in our original stock (houses that first transferred to Rosehill in 1988) as the contractor reported their costs were rising and as such would need to pass these onto us. As we had to ensure we were getting value for money we made the difficult decision to pull the contract and put it back out for tender.

More recent works put out to tender have seen tender returns with costs 30% to 40% higher than would normally be expected. The following examples show what it cost 2 years ago and what it is going to cost now.

	2 Years ago	Now	% Increase
Boiler	£1916	£2550	33%
Kitchen	£1728	£3319	92%
Heating	£1508	£2022	34%

Short-term versus Long-term

We understand that tenants need support now to cope with the cost of living crisis but Rosehill also has a responsibility to consider the longer term position. Decisions made today can have a significant impact on the financial health of Rosehill in the longer term. We need to balance helping our tenants now with protecting Rosehill in the medium to long-term to ensure we can continue to provide homes and services to our tenants in the future.

In response to the financial hardship caused by Covid-19 we applied below inflation rent increases in the last 2 years - 0.9% and 3.1%. This was despite our costs going up by full inflation in both years. Not keeping our income in line with our costs, has quite an impact on our longer-term financial position.

Soaring Inflation

At the point our Management Committee began this year's annual rent review, inflation was sitting at 10.1% (September) compared to 3.1% last September. Inflation has risen further to 11.1% in October.

Reaching a decision

Taking account of the needs of our tenants and our business needs, the Management Committee is proposing a rent increase of **5%** which is **5.1% below inflation** in September.

Despite proposing an increase which is much lower than current inflation rates we are aiming to continue to deliver our normal services, some of which are essential services at this challenging time e.g. our welfare benefits service. It is also our intention to continue to roll out our planned maintenance programme where possible, however, this will be dependent on the tender costs received which have been increasing by as much as 30% to 40%. We have, however, had to put some of our plans on hold such as our plans to build more new housing.

The Management Committee in reaching this decision has recognised that it may be necessary to put recovery plans in place in response to these below inflation increases. Any such plans would involve applying inflation plus rent increases once inflation levels return to normal in the future.

What would this mean for your rent?

Below is a sample of the proposed new rents across a range of property size and type.

House Type	2022/23 Actual £	5% £	Monthly Increase £	Annual Increase £
2 apt semi-bungalow (newb)	349.52	367.00	17.48	209.76
3 apt semi (rehab)	306.01	321.31	15.30	183.60
3 apt tenement flat (Nitshill)	321.36	337.43	16.07	192.84
4 apt mid terrace (rehab)	346.29	363.60	17.31	207.72
4 apt 4 in a block (rehab)	335.71	352.50	16.79	201.48
4 apt semi (newb)	419.23	440.19	20.96	251.52
5 apt semi/end terr (rehab)	371.77	390.36	18.59	223.08
5 apt semi/end terr (newb)	461.05	484.10	23.05	276.60

(Please note these rents are only a sample of a range of rent levels across our housing stock. You will receive 28 days' written notice of your new rent and service charge, if applicable, which will run from April 2023 to March 2024).