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CONSULTATION on PROPOSAL for RENT and SERVICE CHARGE INCREASE for 2021/2022

As you may be aware, the Association reviews and considers rent increase proposals on an annual basis and are required to make a decision by February 2021 on how much rents and service charges are to be increased for 2021/22.

It is a legal requirement of the Housing (Scotland) Act 2001 that we consult with and take account of tenants' views prior to implementing any rent increase.

Prior to deciding by how much rents might change, the Association prepares a budget for the year ahead which takes account of how much we expect to spend on providing a service and how much income we expect to take in.

When setting the budget we need to take account of a number of things including the following:

- Salary costs
- Cost to provide a day to day maintenance service
- Planned maintenance costs e.g. gutter cleaning, gas safety checks etc.
- Mortgage costs in respect of private finance raised against previous new build projects
- Insurance costs
- Office costs e.g. rent, heating, phones, rates etc.
- Legal fees and other professional fees
- Affiliation fees to other organisations
- Staff and committee training
- Day to day running costs e.g. printing, stationery, postage, photocopier charges etc.
- Maintenance of IT systems, office equipment etc.
- Bank charges

INCOME/EXPENDITURE

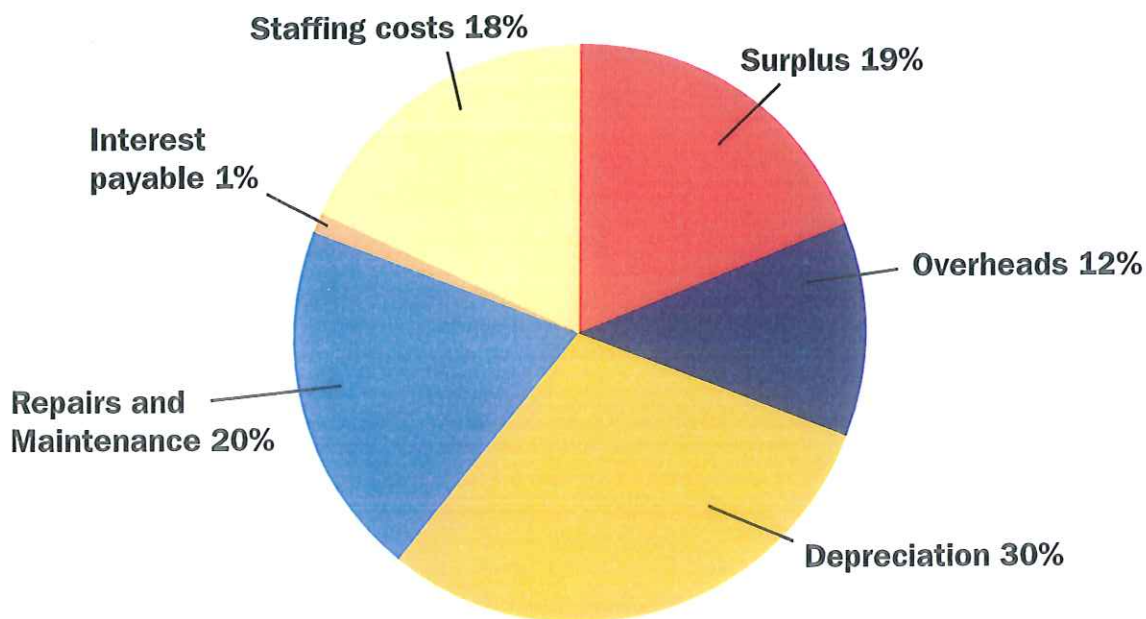
The majority of the Association's income comes from rents and service charges. Other sources of income include bank interest and management fees. Income accrued from bank interest will reduce considerably again this year as interest rates remain at an all-time low.

Maintenance expenditure will increase significantly this year as we have substantial cyclical maintenance and planned renewal works to carry out in the next 12 months.

THE VIABILITY OF THE ASSOCIATION/EXPENDITURE

Every year we are required to generate a surplus that is put aside to cover future major repair costs when we have to replace components like heating systems, kitchens, windows etc. we have to generate sufficient funds to cover these major repair costs and there would be little point in keeping rent levels low only to find that in a few years' time we have to agree substantial increases in order to meet our major repair requirements.

We must always ensure that we can cover our costs and do not spend more than we can afford to year after year.



RENT COMPARISON WITH OTHER HOUSING ASSOCIATIONS

We must also try to ensure that our rents are comparable with other Housing Associations in the area. Each year comparability figures are gathered and a report presented to the Management Committee.

Our average rent charges are either lower or at least comparable with rents charged by other landlords in the area.

Rent increases are influenced by inflationary pressure and actual costs of providing all our services. The average rate of inflation (CPI) from October 2019 to October 2020 was **1.05%** The CPI rate of inflation in October 2020 was **0.7%**.

Based on a **1.2%** increase, the table opposite shows what the **average** rent increase would be, including any service charge.

Property Size	Average Current Weekly Rent	Average Weekly Increase @ 1.2%	Average New Weekly Rent
2 apartment	£68.52	£0.82	£69.34
3 apartment	£75.00	£0.90	£75.90
4 apartment	£83.37	£1.00	£84.37
5 apartment	£91.49	£1.10	£92.59
6 apartment	£100.44	£1.21	£101.65

We are also mindful of the effect that rising prices can have on household budgets and we are proposing an increase taking account of inflation we are proposing an increase of either

0.7% (CPI) OR 1.2% (CPI+0.5%) OR 1.7% (CPI+1%).

Please choose an option ✓ or make a suggestion in the 'Other' box

OPTION 1	OPTION 2	OPTION 3	OTHER please specify
0.7%	1.2%	1.7%	?

If you wish to have your view taken into account, you can contact us by telephone, by e-mail (admin@kc-ha.com) or by completing the comments box below and returning this sheet to the Association's office at the address on the front and last page of this document.

Please return your comments by Monday 18th January 2021.

Comments on Rent Increase Proposals

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NAME:

ADDRESS:

Our Management Committee will formally approve any rent increase for 2021/2022 at a meeting to be held on 26th January 2021. The new rent charges will be notified in writing by 8th February 2021 and will be due from 1st April 2021.

By responding to the Rent Consultation you could win £25.00 in Sainsbury's vouchers. Three lucky respondents will receive £25.00 each in Sainsbury's vouchers.