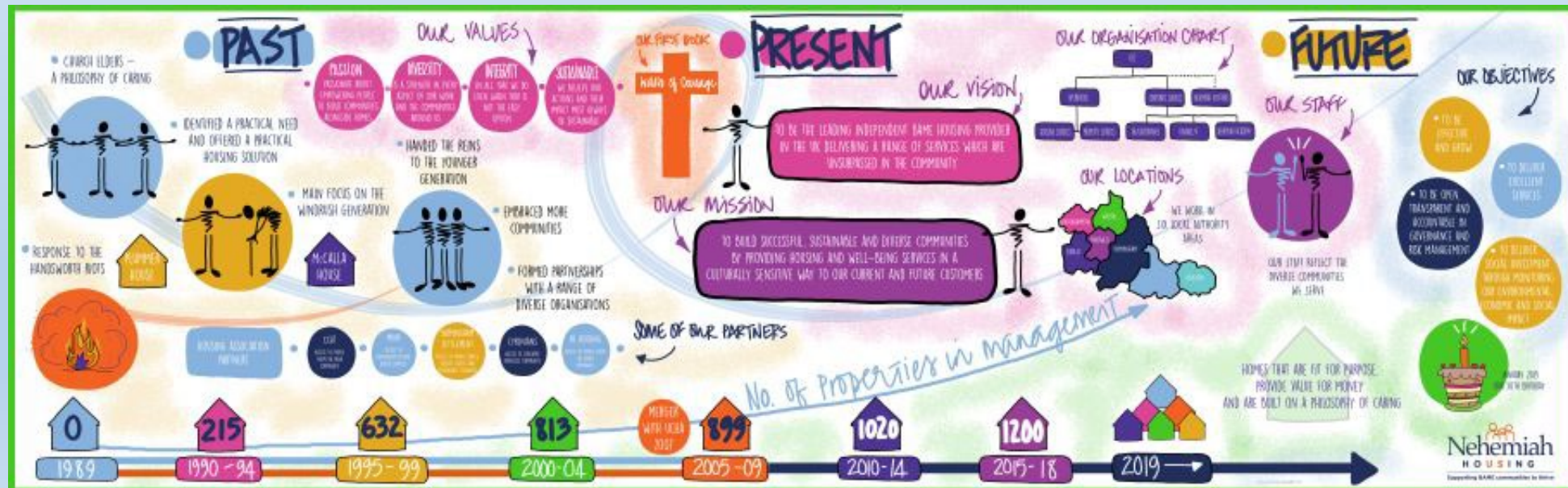


# RENT SETTING CONSIDERATIONS 2024 – 2025

DATE:18 JANUARY 2024



# BACKGROUND

Each year, the amount by which our tenants rent can be increased by is set by the government using the annual Consumer Price Index (CPI) at previous Sept plus 1%.

For 2024/25 max increase 7.7%

As a registered social landlord we try to keep rent affordable for all our tenants. Rents are only increased by the amount needed to invest in your homes to keep them in good condition, maintain services offered and ensure that we can offer housing as a financially viable organisation.

Decision on rent setting will be made by the board in Feb 2024

## Consultation to:

- a) **Set out parameters for the Association's financial plans**
- b) **Provide an overview of the services and outcomes**
- c) **Set out regulatory requirements**
- d) **Priorities set out how funds will be used.**
- e) **Seek a view on tenants priorities.**

# ECONOMIC PICTURE

The current cost of living crisis has placed challenges on business and individuals.

Inflation at highest level for 40 years peaking at 11.1% April 2023 (rents capped 7%)

Interest rates 5.25% up from 3.5% Dec 2022

Energy costs up 63% electricity & 124% gas.

**We strive to find a Balance**

## Our Costs

- Increased Costs for materials
- Supplier costs increased (10-18%).
- More investment needed in safety, home improvements including energy efficiency.
- Investment for “Zero Carbon “ requirements (estimated at £24.7M for Nehemiah).



## Our Tenants

- House grocery increases.
- Utility cost increases.
- Fuel increases.
- Employment security

# OVERVIEW OF COST INCREASES

## History of rent increases

## Forecasts

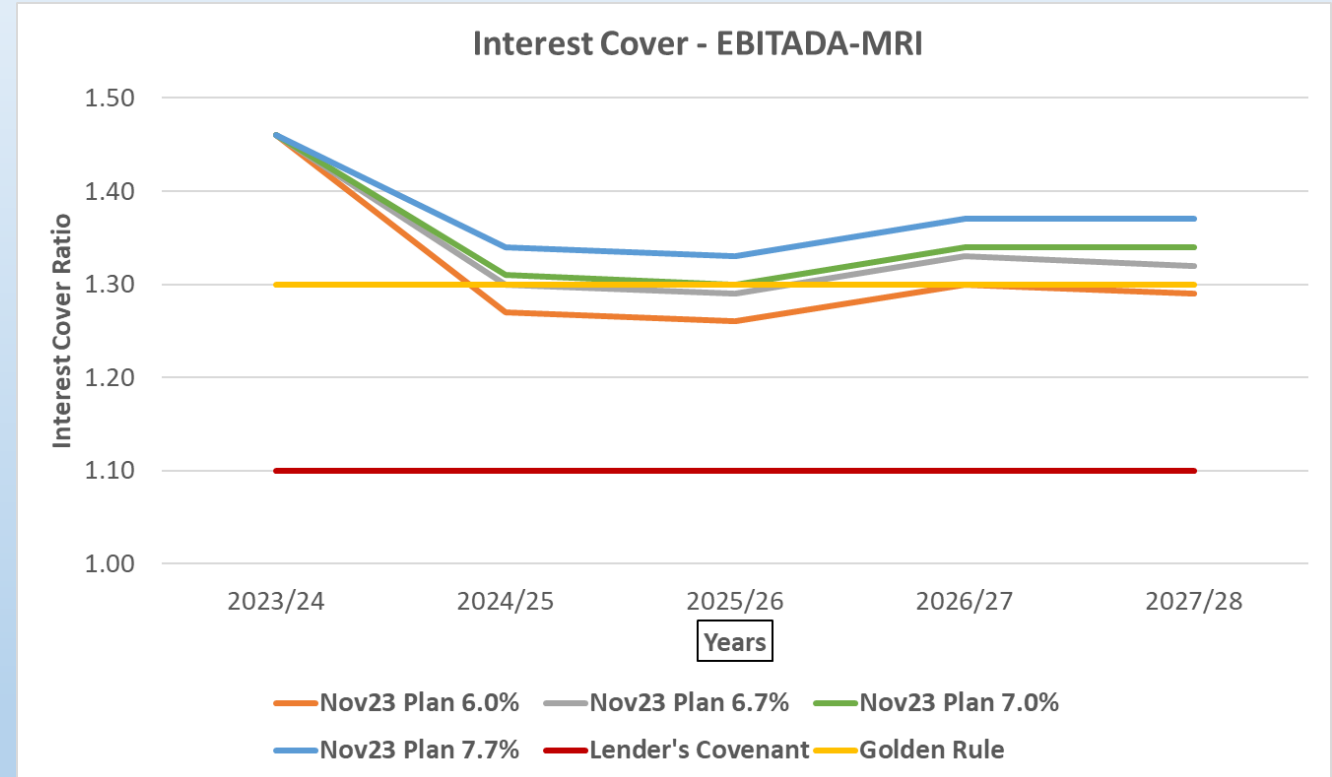
	2021-22	2022-23	2023-24	2024/25
	%	%	%	%
<b>Rent increase</b>	<b>1.5</b>	<b>4.1</b>	<b>7.0</b>	<b>TBC</b>

## Cost Increases faced by the Association

General supplies & services	0.5	3.1	10.1	6.7
Repairs	2.0	7.1	10.1	7.7
Building costs	2.0	7.1	10.1	7.7
Earnings	2.0	3.6	7.0	5.0
Interest rates	4.0	4.00	4.75	5.0

# Forecast of our Financial Viability

Interest Cover	2024	2025	2026	2027	2028
Nov-23 7.7%	1.46	1.34	1.33	1.37	1.37
<b>Nov-23 7.0%</b>	<b>1.46</b>	<b>1.31</b>	<b>1.30</b>	<b>1.34</b>	<b>1.34</b>
Nov-23 6.7%	1.46	1.30	1.29	1.33	1.32
Nov-23 6.0%	1.46	1.27	1.26	1.30	1.29
Golden Rule	1.30	1.30	1.30	1.30	1.30
Lenders' Covenant	1.10	1.10	1.10	1.10	1.10



# HOW DO WE SPEND YOUR RENT MONEY

## Looking after your home

- Making sure home is ready when you first move in.
- Responding as quickly as we can when you tell us a repair is needed.
- Try to make sure your home is as energy efficient as possible.



## Keeping you safe

- Fire safety has always been a priority for us, new standards for smoke alarms, kitchen heat detectors and carbon monoxide detectors.
- Annual gas safety checks. Regular electricity supply checks.
- Anti-social behaviour or neighbour disputes.



Tenants satisfied that Nehemiah Housing provides a home that is safe

83%

## Collecting the rent

- Making sure we collect the rent that's due to us, but supportive to those in need.
- Working with DWP to manage housing benefit & UC.

## Building new homes

- Building new rented homes as a really important way of helping to improve the local community. funded by bank loans repaid with rent.

100%

We have a performance rating of 100% in undertaking fire risk assessments, gas safety checks, legionella, asbestos, lift maintenance and electrical installation condition reports, in line with our five-year programme and best practice.



# HOW DO WE SPEND YOUR RENT MONEY

## Tackling homelessness

- Housing associations have a big role to play in helping the local council to house people who have become homeless.
- Supporting homeless and other more vulnerable people to maintain their tenancy.

## Filling the gaps when other services decline.

- Housing associations are more likely than ever before to be providing services which the local council can no longer afford to do (refuse, grass cutting).

## Helping your community thrive

- Creating and managing links with organisations that support vulnerable (Birmingham Settlement)
- Wherever possible, apply for special funding for initiatives (Gardening schemes).

## Being open and accountable to you.

- Make sure that you can get hold of us when you need to, and that when you need to make a complaint it gets looked into as quickly as possible.
- Customer engagement through meetings, newsletter, website

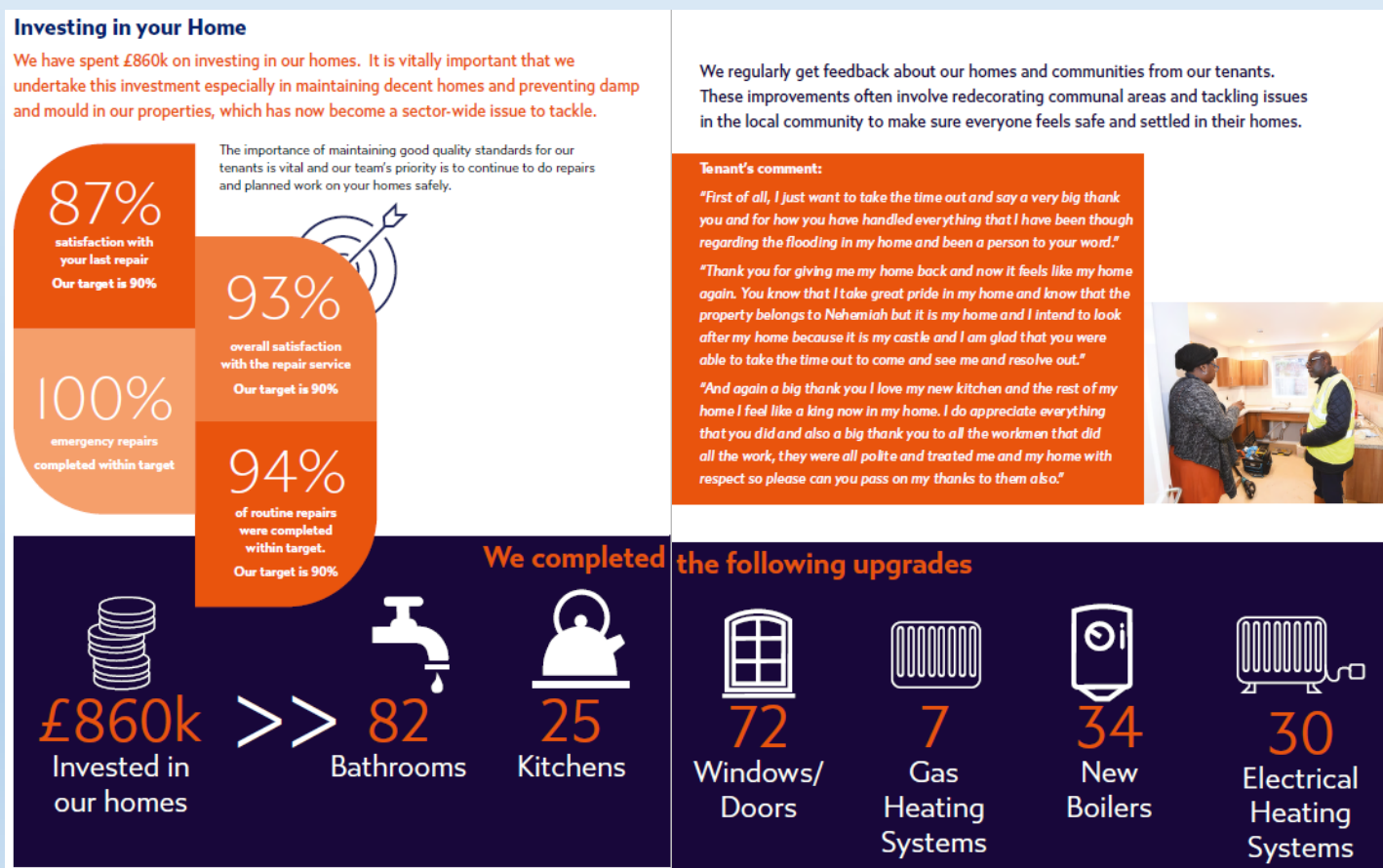
## Dealing with the bodies who regulate us

- All housing associations have to meet important standards set out by the regulator
- Additional bodies Housing ombudsman, Fire safety officer etc



# INVESTING IN HOMES

Our biggest expense is carrying out repairs and maintenance and improving homes and neighbourhoods. We are expecting to spend circa £2.7 m repairing & improving our homes and neighbourhoods in 2024/25.





# Corporate & Financial plan

- Improving tenant homes - £4.3m in next 5 years
- Provision on new homes - 21 new homes £ 4.2m
- Making homes warmer and cheaper - £0.5m next 5 years
- Repairs & Maintenance - £1.7m per year
- Developing services in line tenants needs
- Money advice & Hardship fund

# Consultation Options

What are the options for the April 2024 rent increase?

- a) 7% increase general needs and 7.7% supported housing
- b) 7.7% increase general needs and 7.7%

## Indicative rent rises

	2023/24	2024/25		2024/25	
	Average	7.0% Increase		7.7% Increase	
	£	£	£	£	£
1 Bed	87.00	93.09	6.09	93.70	6.70
2 Bed	96.00	102.72	6.72	103.39	7.39
3 Bed	105.00	112.35	7.35	113.09	8.08

## Private rented weekly averages

1 Bed	£ 231.00
2 Bed	£ 304.61
3 Bed	£ 358.61

Source : West midlands market rent summary

# Impact of options

	2023/24	2024/25	
		Option 1	Option 2
	£'000	£'000	£'000
General Needs	5,084	5,440	5,475
Housing for older people	1,449	1,561	1,561
Supported Housing	41	44	44
<b>Total</b>	<b>6,574</b>	<b>7,045</b>	<b>7,080</b>
Increase		471	506
Option 1 to Option 2 difference £35,000			

**Option 1 :** 7% increase general needs 7.7% Housing for Old People and Supported Housing.

**Option 2 :** 7.7% increase general needs 7.7% Housing for Old People and Supported Housing.

## Impact

Reductions impact on funding available for home improvements equating to 6 kitchens , 7 bathrooms , 10 boilers , 10 electrical heating upgrades

# Cost Of Living Help & Advice

## Money Advice

### Birmingham settlement

- Offer free independent money and benefit advice to tenants to help them manage their finances and ensure that they are maximising their income. If you would like to be referred then contact your housing officer.

### Online benefit check

- If you prefer to do your own online benefit check then you can use the Turn 2 Us website. Turn 2 us are a national charity that help people improve their financial situation and get all the benefits that they are entitled to.

<https://benefits-calculator.turn2us.org.uk/>

### Household Support Fund

- This is a one-off grant to help towards essential costs in the home. Contact your local council to find out more and if you're eligible.

### Cost of Living Payment

- Tenants in receipt of qualifying benefits will be receiving the 3<sup>rd</sup> and final cost of living payments by the within the next few months.

### Further information on the website

- There is further information and some links to useful information on the website

# Questions & feedback

The Association welcomes your views on our options for the increase and views on the services that are important to you.

Information on website at:

