Tenant priorities: your questions and concerns answered

This is our response to the common themes which arose during the rent consultation. Some of you may also receive a personal reply but we apologise that we do not have the resources to do this for everyone. If you would like to ask us new questions, want to talk in more detail about your response or would like to give feedback on this document please contact us* at WeHearYou@LSHA.co.uk or 07825410116.

Current services and value for money

You had mixed reviews on current services. Some people have had good experiences, others not. You don't feel paying higher rent is value for money for current services and want to see improvement.

Why don't you make savings and cuts instead of increasing rents? Most of our biggest costs are not in our control. Almost a third of spend is on debt and interest rates are controlled by the Bank of England. The biggest cost, keeping your homes safe, secure and in good working condition has gone up by 40% in two years because of economic uncertainty and Brexit. Other costs are imposed by the Scottish Government or the Scottish Housing Regulator. We can't stop essential repairs, paying interest, or complying with the law. Budgets and processes are reviewed in all departments annually to ensure that we spend rent money wisely and carefully, making cuts and cost-savings wherever possible as long as this does not compromise a core service or lead to non-compliance with Regulations/the law. Last year you said we should concentrate spend on improving energy efficiency and reducing tenant fuel bills and in 2024 will tackle our worst housing. We are already cutting back on spending money on non-essential repairs that are purely aesthetic (there is nothing broken/not functioning) and paused our programmes for kitchen upgrades and full bathroom upgrades.

The service needs improving if rent has to go up: With high inflation if the rents don't go up services would have to be cut, and many of those services like repairs or advice and support are important to the majority of tenants. We really want you to be able to see and feel service improvements and are always looking for ways to better meet your needs and increase satisfaction. This includes working smarter, being more efficient and being better at communication.

We apologise if you don't get repairs fixed first time, or as quickly as you hope. Repairs are prioritised based on emergencies and non-emergencies so that anyone with urgent issues gets seen first. Sometimes there are delays outside of our control; ordering supplies or materials can take a long time because of our remote location, and if the supplier has low stock or long manufacturing times this can add to timescales. You have the 'Right to Repair' for certain things to be fixed within specific timescales, or be entitled to compensation. Read more about this here.

Our Tenant Portal launched in 2023, allowing you to track repairs on an online account. If you want help with access, contact us*. We want to use technology more - like video calls (saving travel time), to diagnose repair issues quicker and get the fix right first time. See also our tenant satisfaction survey (2022) action plan for improving communication after reporting an issue and the timing/quality of repairs which was last updated with progress in July 2023.

For specific repairs issues mentioned in the consultation, these are being followed up with a visit or call from Property Services.

Rent setting **You questioned how rents are calculated and if it is a fair process.**

How do you set rents? Our rent setting policy can be read on our website. We have a “base rent” that increases based on number and size of bedrooms and property features. For example, a 2 bed/3 person (one double room to sleep two people + one single room to sleep one person) common entrance flat is often a slightly lower rent than a flat of the same size with a private entrance ‘cottage-flat’ style. New build rents can also be affected by caps, as specified in grant agreements provided by the Scottish Government meaning some starting rents cannot be charged above a particular amount.

Why do new builds pay more? Last year a ‘new build premium’ was introduced to our rent setting policy. It is not uncommon for housing associations and councils to do this, placing a value on better energy efficiency, modern insulation, heating systems and higher quality specifications of kitchens, bathrooms space standards and other features. New build construction costs are also increasing. The premium was also a way to try and create more fairness across our stock: many older properties paid similar rents as new builds but their conditions and features were very different standards and in need of upgrades.

Why did we use September CPI for inflation? This is mainly due to timing. If we were to use October, November or December CPI and start the budget process later, there is not enough time for The Board to consider feedback from the rent consultation, approve a rent increase and write to tenants with 4 weeks-notice of changes before the 1st April deadline.

Why not have rent free weeks or rewards for tenants who pay their rent? We will look into rent free weeks as an option if there is demand for it, and the process is not complicated or expensive to set up. The annual rent doesn’t change so you would pay more in the weeks with a charge. We will also review the ways we can better thank or reward tenants who go paperless, look after their properties and pay full rent consistently.

Why not have tailored rents for different incomes, like pensioners? Housing Benefit already provides a subsidy for those on low incomes and adjusting rents on that basis would be too complicated, too costly to monitor and update constantly with staff time and would lead to greater difficulties in financial planning.

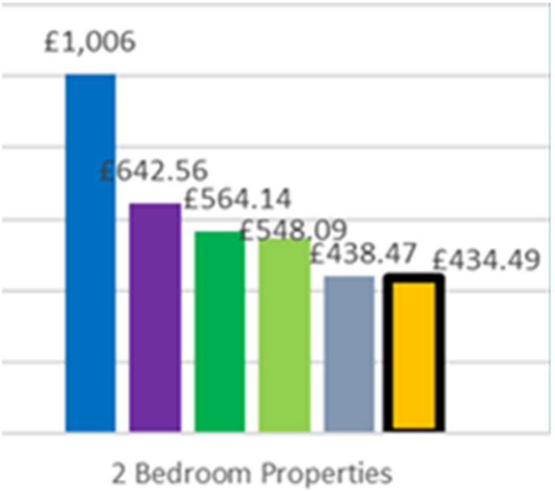
We recognise that any rent setting approach will mean some homes may benefit more than others. But we will review the policy in 2024 with tenants' input to try and create a simple, fair system. If you'd like to be a part of this, please contact us.*

Affordability **You have questioned the affordability of rent**

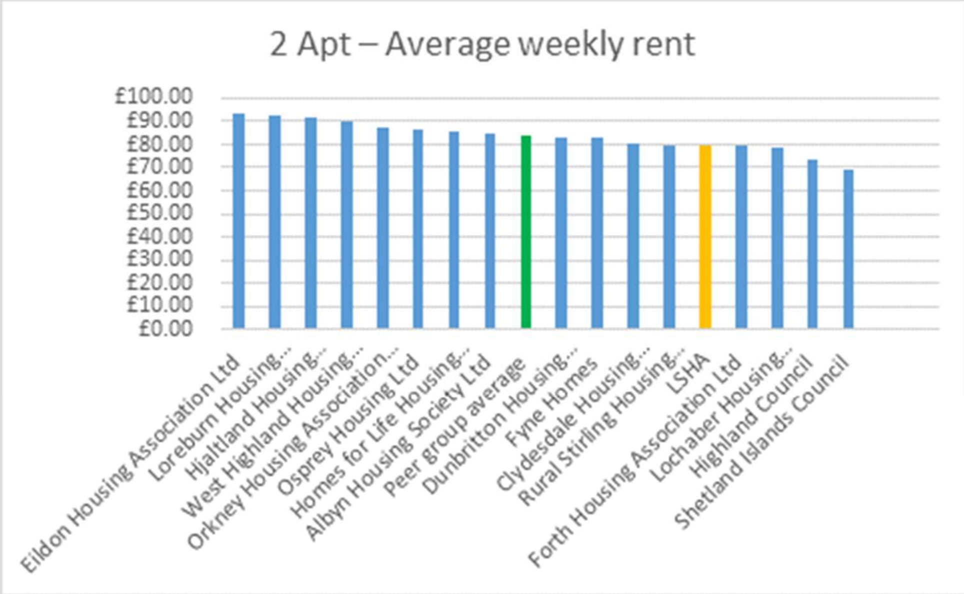
As mentioned in the section above, the Board members review a lot of data before they decide on what rent increase to consult on. This includes analysing how affordable rents would be with different % increases applied. There is no set/agreed definition of what 'affordable' means, and based on tenant feedback, we often find it is something very personal and specific to your own circumstances.

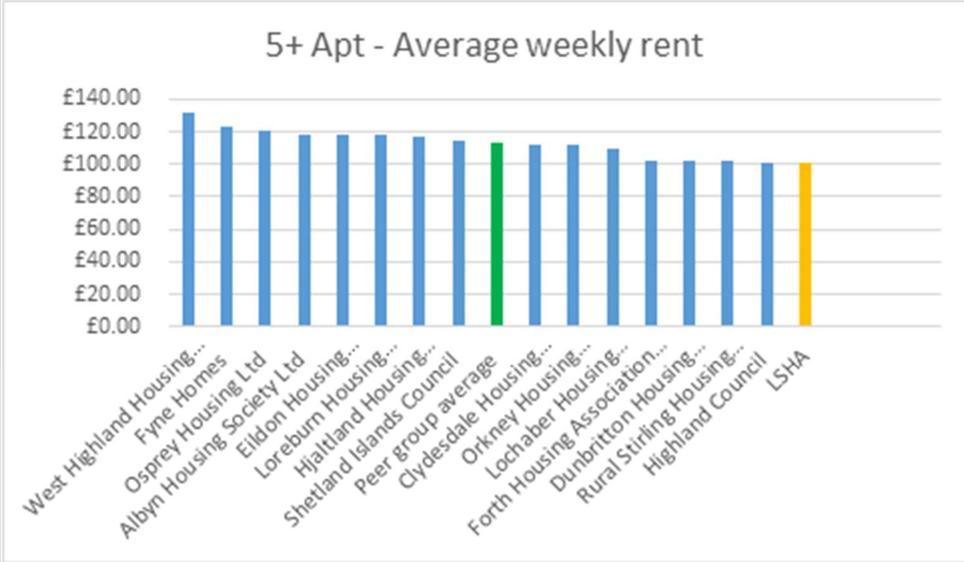
These are just some of the ways we 'test' affordability to try and give assurance that our rents are affordable and that we meet our charitable purpose:

Affordability as a measure of social rent compared to private rented sector (PRS) rent (Local Housing Allowance (LHA), national private rents and regional private rents). Here is an example of average monthly rent comparisons (with a 7.7% increase). It shows that LSHA rents are still hundreds of pounds cheaper than the private rented sector for our region.



Affordability with our peers: We compare ourselves to other rural social housing landlords who experience similar operating challenges and costs to us, to see how we benchmark with rents being 'average' or above/below average. Across smaller and larger properties, we are always at the lower end of the scale of rent charges. Here is an example of how we compare for a '2 apartment' and a '5 apartment' property size with 16 other landlords:





Affordability as a measure of income (which should aim to not exceed 25-30% net monthly income): we compare rents for different sized properties against incomes from £16k - £50k gross annual salary. Here is an example for a 2 bed property:

Gross Annual salary	Net monthly salary	**LSHA current average rent** £403.43	**LSHA rent with 7.7% increase** £434.49
16k or less – likely to qualify for benefits to help pay rent	£1,209	33%	36%
19k Living wage	£1,376	29%	32%
25k Closest to Regional average income	£1,720	23%	25%
35k	£2,287	18%	19%
40k	£2,570	16%	17%
50k	£3,137	13%	14%

In 2024 we will re-start our LSHA affordability working group made up of staff members from rent, development, housing, support, energy and finance to discuss how we can support people in different ways, ensure rents are affordable using different models and give you reassurance on this.

Rent affordability and the cost of living **You have concerns about the cost of living. Financial hardship is getting worse and higher rents won't help.**

We know times are really tough for tenants and that the cost of everything keeps going up because of the impact of global-scale changes. Inflation is still high and energy costs are expensive because of the price of oil and gas. Here are some of the things we are already doing to try and help with cost of living:

- Broadford and Kyle outreach sessions, run monthly at the Church of Scotland or Lighthouse Café rotating between Tenant Advice and Tenant Engagement & Support. The Portree office is always available for pre-booked appointments if you wish to speak to us about money worries or if you're struggling to cope with budgeting, managing your tenancy, accessing food/essentials or furnishing your property. We also promote our direct contact details for any 1-2-1 support through home visits, emails and phone calls.
- Provide you with up to date information on income maximisation and how to seek support for the cost of living/energy updates/heating bills and publish information on our website home page, in the newsletter and Facebook.
- Applied for and secured over £70,000 of funding to help subsidise heating bills for those worst affected this winter.
- Helping tenants most in need with other costs or small crisis grants through our 'extra help' fund.
- Access fuel bank vouchers, and organise/deliver foodbank parcels. We promote free food events, re-use/recycle, food waste reduction projects and warm spaces.
- Actively seek grant funding and secure other types of support to help lower bills or reduce the expense of moving house for new and existing tenants like furniture, flooring and essentials.
- We work closely with CAB to help people with debt or other financial concerns.
- We successfully applied for grant funding to offer free energy advice services to all tenants through ALIenergy which runs until the end of Spring 2024. We ran energy advice outreach sessions in local communities in January, across Dunvegan, Portree, Broadford, Kyle and Sleat.
- Investing in making older properties more resilient through heating and insulation upgrades/energy efficient appliances like shower installations, to save on household costs and expensive energy demand. Designing new properties to have this built-in from the very start.
- Exploring the feasibility for renewable, local energy generation, that is more affordable than market prices.

If you are worried about paying your rent or bills, please reach out; there are lots of ways we can help. We will always try to take a proactive approach to helping anyone with rent arrears and work closely with you to get back on track. We can also signpost to other services if you want independent support.

New build housing
You had mixed views on building more housing.

Why are you spending money on building new houses? The Association exists to improve the supply of affordable housing and we are the main developer in Skye and Lochalsh. There is high demand and public services like the NHS, fragile communities and the local economy need us to build more. The average waiting time for applicants we housed in 2022-2023 was nearly two years and we know many people wait much longer. New housing also helps provide more accessible housing, adapted for medical reasons, which is in short supply. It is in no one's interest for us to stop but it does cost a lot of money to build here.

Only 10p of every £1 of rent money collected is spent on new build housing. We also borrow from the bank and get grant funding for the Government to try and minimise the cost impact on existing tenants. We acknowledge that the cost of building has gone up, and interest rates on borrowing too are up by 70%, but the rental income generated from new build housing still makes it a worthwhile investment and will help us to invest more in older stock.

Damp, mould and cold
You have reported issues and concerns with damp, mould, cold properties. You don't want to pay more rent because you are not happy with your current property condition.

We take these issues very seriously and improving the energy efficiency of our homes will be our main priority for the next decade, and is one of the reasons rents have to go up with inflation. Damp and mould concerns should always be reported via phone or email to the repairs team so they can be investigated, repaired and monitored. If you are cold, we will check if the heating system needs repairs or if it has totally failed, replacement. Our Energy Adviser can do humidity and temperature monitoring and they will independently advise tenants and LSHA on any actions that can be taken to proactively resolve issues. If you would like an assessment please email energyadvice@lsha.co.uk. We have also published top tips, FAQs and a self-help checklist that you can do at home to help identify issues that we can work together to resolve. See the Autumn Energy Statement on our website for more information.

We know and understand the challenges you face with higher energy bills leading to rationing heat; we can see this from our records of historic energy consumption, tenant feedback and knowing new prices. Everyone is encouraged to take weekly meter readings to know your consumption and costs. If you want to send us updated meter readings we can help to calculate what it will cost you; email energyadvice@lsha.co.uk. We will keep updating our Energy Statements on the website home page – this explains the latest costs, what LSHA is doing to try and help and how we're trying to make our homes more resilient against market pressures.

We continue to prioritise insulation and heating upgrades and want to expand this programme to do more upgrades, quicker. We continue to explore the feasibility of better heating system technology/cheaper energy supply solutions in the future, working with specialists in the sector and applying for external funding to put the recommendations into practice. This is all part of our work to develop a dedicated energy strategy launching in 2025 that aims to make homes more affordable to heat, energy efficient and more resilient, while also making sure LSHA can afford the cost of improvements and upgrades.

All new tenants are given information on how to use/get the best out of their heating system and advice on damp, mould and humidity management and are offered an energy advice visit. Our project with ALIenergy (part funded by Scottish Federation of Housing Associations) has allowed us to expand the advice and support we offer to more tenants during Winter 2023-2024. If you'd like their free, confidential and impartial home energy advice and support, covering grants, bills, energy suppliers, heating Systems, and much more, please contact them on 01631565183 or email enquiries@alienergy.org.uk

Frequency of rent reviews

Tenant had concerns about the size of the increase, the frequency of annual reviews.

Why do you increase the rent every year? All tenancy agreements explain that the rent is normally reviewed once a year. Inflation has been extremely volatile over recent years and it is important to manage this. It is therefore not unusual and should not be unexpected that rents increase each year to reflect the cost of running services. However, we are listening carefully to your comments and concerns about the size of increases and whether there are different ways of doing this. For example, we will review whether future consultations could offer rent increases agreed for multiple years. This could provide more certainty for people, help with your budgeting or financial planning and reduce the number of consultations we invite you to take part in. We hope inflation will come down, but we cannot predict this and it is a big external economic factor out of our control. We will always try and apply for grants and funding to help cover costs of projects or special services and minimise the impact on tenants rents, but funding is not always guaranteed and can be very competitive.

Why can't you freeze the rent, or have a lower % increase? Our starting point for rent reviews, is "what is the minimum amount of income needed to keep all current services running" and allow us to comply with legislation in the future. That was calculated at 7.7% for this year. The Board do have the power to decide on a lower % increase, or a rent freeze, but this would mean huge cuts in services (staffing, repairs, maintenance, support/advice services). Even if tenants are happy to compromise certain services for lower rents, there are some activities we cannot cut back because the consequences of not doing them are too high risk, or the services are proactive to help avoid future (larger) costs, or the services are too highly valued by tenants and have a good social and economic value return. A lower % or freeze would mean LSHA risks becoming non-compliant with laws, Government targets and housing regulations because we wouldn't have enough money to complete essential repairs, mandatory safety inspections and improve energy efficiency. We could be fined if we fail in these areas, or the Scottish Housing Regulator could intervene and decide that LSHA needs to be taken over by another landlord in the worst case scenario.

Modernising and upgrading properties:

we continue to prioritise heating and insulation which you largely agreed was most important because energy efficiency and cheaper heating is critical. In addition, you gave us feedback on other priorities if we can find the money to do more upgrades and your thoughts on the planning process.

Strategic replacement

You want LSHA to prioritise carefully and spend money wisely on the upgrades that will give the greatest outcomes.

Tenants largely want us to only replace/upgrade property features when absolutely necessary. If the kitchen/bathroom is functional, and it just 'looks old' or out of date, this does not need to be a priority. If however the kitchen/bathroom is not functional, cannot be repaired and whole-components need replacing then this should be considered for upgrades.
Tenants suggested that 'whole neighbourhoods' need not be done, just because the logistics might be easier to do altogether or because they were 'overdue' but rather plan and inspect what needs done on a case by case basis.

However, other tenants wanted their upgrades completed even if just for aesthetic reasons, as a reward for paying rent and looking after their property. It would be an incentive for others to also do the same.

We are trying to do more shower installations at changes of tenancies and where full-bathroom upgrades cannot be provided, but where a shower could help reduce energy costs. We will also try to help tenants do this themselves where they are happy to seek permissions for self-improvement works.

Proactive maintenance: spend to save **You can see the value in maintenance that will save costs in the longer term.**

Most tenants felt that reactive repairs and maintenance should not be compromised, so this would need to take priority over spending on upgrades. Some issues need more money spent on them early on to ensure there is a longer-term fixes, reducing the risk of more costly reoccurring issues over time. Preventative work like gutter cleaning and external wall painting and wood treatment is important so that small problems don't escalate into bigger, more expensive issues.

Insulation/energy efficiency must include doors and windows

Tenants felt that heating and insulation upgrades must also take into account any issues with windows and doors to keep a house wind/water-tight, retain heat and minimise draughts. We are already completing checks on windows and doors and other fabric improvements when completing heating and ventilation upgrades and will continue to do so in 2024-2025.

Flooring **Why do we let properties without flooring?**

While this is not part of our upgrades/modernisation programmes, tenants did feedback that being allocated properties without flooring was often challenging. Flooring is a big expense on top of moving house and it is useful to have flooring pre-laid to protect the foundations of the property and allow someone to move in, and live there straight away.
LSHA usually rents properties without flooring for health and safety issues (risk of infestation/bacteria/animal dirt or general poor condition) but we do also try and liaise with any outgoing tenant to leave good quality flooring behind for the next person if it is both possible and acceptable to the incoming tenant. For new builds, we do not provide flooring as to give tenants a choice on colour/design/type.

Providing flooring would also add to our costs (for initial purchase, laying, cleaning and regular replacement as they have the highest impact for wear and tear) which would likely need to be covered by a service charge or higher rents. If you need help to pay for flooring, please ask the Tenant Adviser/Tenant Support and we will do our best to find ways of reducing the expense.

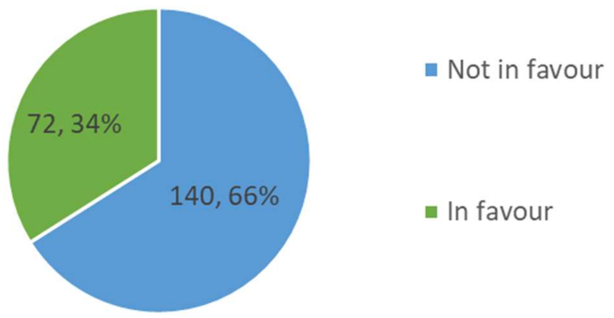
Sound-proofing **LSHA should not cut costs on this, and invest more in good noise insulation.**

While this is also not a standard upgrade and both older properties and new builds should have been built to particular standards that pass sound-tests, we recognise that particularly flatted developments can have noise transference that is disturbing for residents. When designing new builds, we will try not to compromise on this, and if people report issues with noise, we will make reasonable investigations.

Grounds and external maintenance

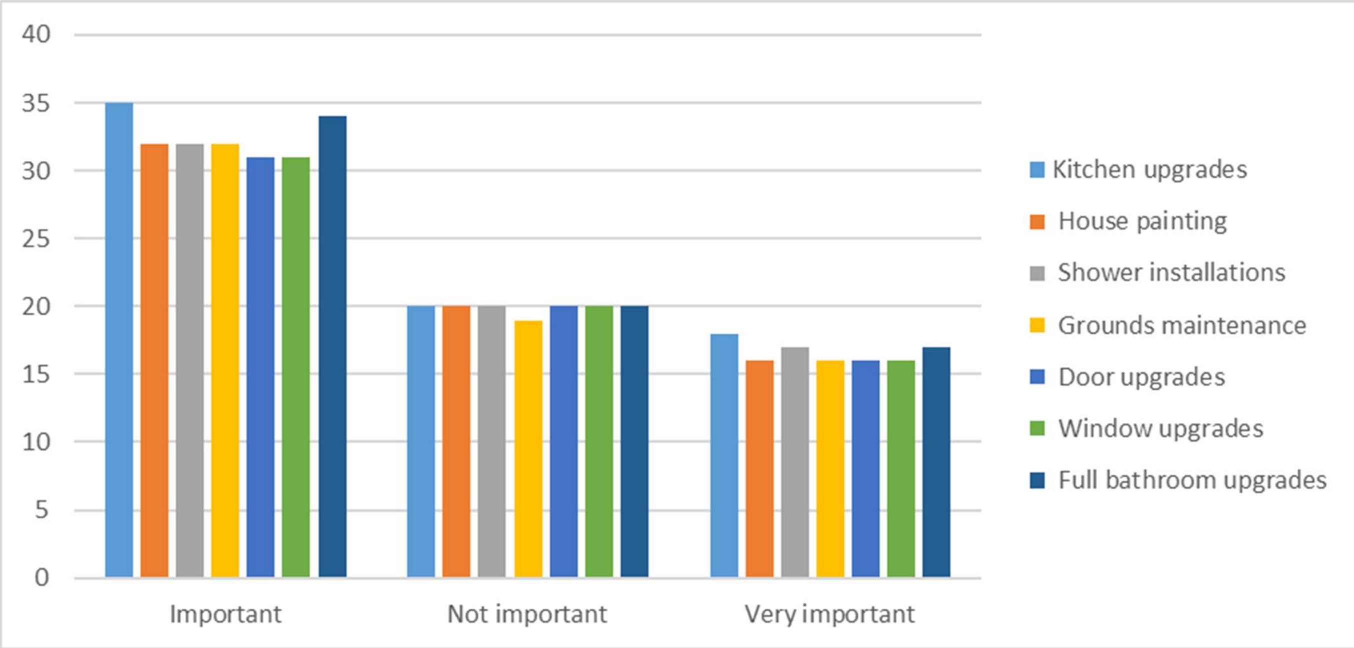
You like neighbourhoods to be well maintained as it helps to keep weeds out and encourages people to look after their own gardens. Although we don't have the capacity or budget currently, you would like us to consider offering private grass cutting for areas that are not communal, where tenants are unable to cut their own grass due to age/disability.

Rent consultation results



Consultation response: There was a high level of engagement with 212 responses by 19th January 2024 via email, post, SMS, phone and online survey. This gave a response rate of 25.96% (over a quarter of all tenancies) and 21.91% (over a fifth of all sole/joint tenants). There were more than 100 additional responses this year in comparison to the 2023 rent consultation. Thank you to everyone who took the time to respond.

66% (two-thirds) of tenants were not supportive of a 7.7% rent increase and 34% (one third) responded 'yes'.



Modernisation priorities: kitchens, bathrooms and showers were most important upgrades if tenants had a choice, over-and-above committed insulation and heating upgrades that are being prioritised already.