

rent consultation



Dear tenant

The decisions we make about your rent, and how we spend the money we collect, are extremely important. We're writing to you because we want you to have a say on this important topic, and to influence the decisions we make.

Each year we consult all our tenants on the level of rent increase which we're considering. It's vital we get feedback on this before we make the final decision on the rent increase, because this decision in turn will impact on our budget and the money we have available to spend - on your behalf - on our housing stock and housing services, next year and in future years.

There are several issues we must consider in setting rent levels. We need to:

- ensure sufficient funds are available to help us deliver our obligations to you under your tenancy agreement;
- invest in and maintain the quality of our houses - your homes - to meet Health and Safety Standards, our own Homes Fit for 21st Century Living Standard (HFF21CLS) and Scottish Government standards;
- ensure our services perform well, meet your needs and are improving;
- meet our legal, financial and regulatory obligations so the business thrives;
- consider how we can balance all of that with making rent as affordable as possible to our tenants.

We've included some additional information in the following pages to help you see our plans for where and how your rent money is spent; the services it covers and how it contributes to the business as a whole. But in summary, we continue to

prioritise the delivery of our HFF21CLS programme and we're still planning to deliver the remaining phases of work, at a total estimated cost of £8million, over the next few years. We're seeking additional loan funding to make this possible, but we think investing in improvements in tenants' homes is the right thing to do.

Inflation has risen sharply in recent months, affecting the cost of food, gas, electricity and other household costs, and it may remain high for some time to come. As a landlord and social business, Atrium is not exempt from the effects of inflation and we're seeing our own costs rise, particularly those related to investment in your homes.

We control our direct costs where we can and we've made savings in some of these areas. We've already made adjustments in our business plan and will look to make more to keep costs as low as we can, without compromising on service standards and investment. Unfortunately, we can't control or influence all our increasing costs, but we've absorbed as many of these costs as we possibly can.

All of this is reflected in our proposed rent increase of 4.7% (October Consumer Price Index + 0.5%).

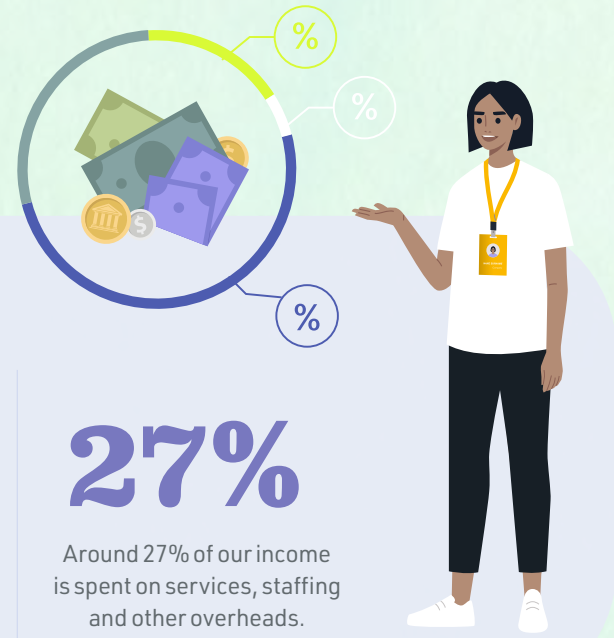
Please help us try to get this decision right by giving us your feedback and comments on the consultation.

Thank you
Joe Keen
Chair, Atrium Homes



how we work

Atrium, like all registered social landlords (and most businesses) has a business plan. In our case, this is a 30 year look into the future to help make sure that the business will remain healthy and be able to continue to operate. We reviewed our business plan in August 2021 to help us ensure that future rent increases can be kept as low as possible, while delivering investment and services.



Where does the money go?

61%

Around 61% of our income is re-invested in your homes.

12%

Around 12% of our income repays money that we have borrowed to invest in your homes.

27%

Around 27% of our income is spent on services, staffing and other overheads.



HFF21CLS - the story so far...

- **What is it?** Homes Fit For 21st Century Living Standard (HFF21CLS) is the name we've given to a major, planned investment programme, covering all of our older housing stock (800 properties). The programme is split into five Phases, across five financial years. By March 2022, we'll have brought 200 properties to HFF21CLS (25% of the target stock).
- **What's included?** The HFF21CLS work will vary slightly from property to property, but covers kitchen upgrades, bathroom upgrades, rewiring, electrical safety and energy efficiency measures, including insulation and heating systems.
- **How much will it cost?** The work will cost on average £15,000 per property or £12 million in total. This is in addition to the roughly £1 million per year we will spend on routine, void and cyclical maintenance, including gas servicing and open area maintenance.
- **When will my home be done?** Our original programme was issued to every tenant in 2019, 2020 and 2021 and can be found on our website (<https://www.atrium-homes.co.uk/your-home-investment/>). We're behind schedule because of Covid, but still planning to catch up.



Keeping costs low

- Since 2020, staff costs have been reduced by £150,000.
- Interest payments have been reduced by £77,250 per year by reorganising loans.
- We've deferred until 2026/2027, £735k investment in external wall insulation in New Farm Loch.
- We've moved to CPI (Consumer Price Index) from RPI (Retail Price Index) as the basis for all future rent increases. This amounts to average annual savings for tenants next year of between £90 and £130.



Where does the money come from?

Rental income – our income from tenants' rents is roughly £5.8 million (2021/22) and we use that to pay for all the costs of the business.

Bank loan – we've borrowed £18 million to invest in your homes and we estimate we'll need to borrow another £6.5 million to complete the HFF21CLS works programme and buy 50 second hand homes.

We plan to invest in our homes and services

HFF21CLS programme – this is our top priority. It's a major, planned investment programme covering all of our older housing stock, costing £12 million, over 5 years.

Maintaining your homes – we'll spend an average £1m per year on routine, void and cyclical maintenance, including gas servicing and open area maintenance.

Re-purposing older homes – we'll buy up to 10 second hand homes per year, then improve and relet them.

Supporting tenants – we'll spend around £60,000 per year on installing medical adaptations allowing people to continue to live safely in their own homes.

Delivering services – we'll continue to deliver top up support services such as money advice, tenancy sustainment and welfare benefits, in addition to our core housing services.



We're planning to spend:

- **£4.7m** on HFF21CLS works to 260 homes for kitchen upgrades, bathroom upgrades, rewiring, electrical safety and energy efficiency measures.
- **£1m** on routine, void and cyclical maintenance, including gas servicing and open area maintenance.
- **£400k** on purchasing 10 second hand homes (receiving £300k Government subsidy to assist).
- **£60k** on medical adaptations to tenants' homes.

Impact of the Proposed Rent Increase

The table shows Atrium's average weekly rents by property size compared to other local providers. It also shows the level by which each landlord is proposing to increase their rents this year.

Rent increase being considered	Atrium		Ayrshire Housing	Shire
	Current Average weekly Rent	If Atrium applied a 4.7% increase, average rents would increase by this amount	Current average weekly rent	Current average weekly rent
1 Apartment	-	-	-	-
2 Apartment	£74.42	£3.50 per week	£80.14	£63.26
3 Apartment	£85.73	£4.02 per week	£90.21	£82.60
4 Apartment	£98.19	£4.61 per week	£98.34	£92.06
5 Apartment	£107.71	£5.06 per week	£110.55	£102.89

Consultation on Proposed Rent Increase in April 2022

We want to hear your views on our proposed rent increase to take effect from 1 April 2022.

Our rent review considers a number of factors, but in particular the income needed to run the overall business and meet current and future investment plans. While the HFF21CLS programme has been affected by Covid-19 restrictions, we're still trying to catch up and get it back on schedule, if we possibly can.

To have the necessary funds to get these investment plans on track, we consider that we should apply a rent increase from 1 April 2022 of 4.7% (October 2021 CPI + 0.5%). This level of increase is the minimum needed to allow us to continue to deliver the HFF21CLS programme and maintain overall service levels.



Please submit your response before Friday 21 January 2022 at 12 noon to ensure it's considered by Board. The final decision on the level of increase will be taken at Atrium's Board meeting on 25 January 2022.

If you wish to express your views, please do so by completing this survey online at <https://www.surveymonkey.co.uk/r/AHrentconsult21>

or by emailing your response to info@atrium-homes.co.uk

or by completing the slip below and returning it to the office:

**Atrium House, 14 Central Avenue, Shortlees
Kilmarnock, KA1 4PS**

CUT HERE 

Rent Increase Consultation 2022

Proposed Rent Increase:

An increase of 4.7% (October CPI + 0.5%) allowing us to deliver our investment plans in line with the published programme.

I support a maximum rent increase of 4.7%

I support a rent increase LOWER than 4.7%

I do not support any rent increase

Name

Address

Additional Comments