

## HOUSING MANAGEMENT &amp; MAINTENANCE REPORTS

9.2.4 – ANNUAL RENT REVIEW 2026 / 2027 – Recommendation Report to the Meeting of the Full Management Committee, Thursday the 22nd of January 2026.

### Tenant Consultation

#### Analysis of Responses for Rent Increase Consultation 2026/27

Prior to making a decision concerning the level of rent increase to be applied from 1 April 2026, the Management Committee must consider the views of tenants expressed through consultation. In order to collect feedback and opinions, the Association consulted with 650 tenants during November and December 2025.

As part of the consultation process, the Association explained that the individual rent increases applied between 1 April 2021 and 1 April 2025 totalled 22.0% which is 1.3% less than the lowest inflationary (CPIH) increase for the same period. The Association also explained that the Association's long-term assumption is that rents keep pace with inflation. Despite this assumption, the Association, in order to ensure that rents remained as affordable as possible, deferred full inflationary rent increases during 2022 and 2023 when CPIH rates were 6.2% and 8.9% respectively.

Given the long-terms assumption that rents keep pace with inflation, the Association has sought to redress the imbalance between inflation and approved rent increases over the last five years by applying above-inflationary rent increases from 1 April 2024 and 1 April 2025. During the consultation, the Association explained that in order to redress this imbalance, a rent increase of CPIH plus 1.5% was applied from 1 April 2025.

Tenants were advised that in order to maintain current levels of service provision, and ensure ongoing planned maintenance and investment in properties, it is necessary to continue to redress this imbalance. The Association therefore sought tenant feedback on a proposal to increase rents by 5.1% (CPIH of 3.8% at the time of consultation plus 1.3%) from 1 April 2026.

During the consultation tenants were also provided with a wide range of information, based on the recommendations published by the Scottish Housing Regulator in their November 2016 publication "How social landlords consult about rent increases – A thematic inquiry". This information included details on how much a rent increase of 5.1% would cost tenants, how the Association's rent levels compare to those charged by other landlords, direct rental costs received by the Association, tenancy sustainment rates and tenancy offer refusal rates. Furthermore, tenants were also provided with information detailing how the Association spends its rental income and how this is re-invested in its housing stock. Affordability information generated using the Scottish Federation of Housing Associations (SFHA) Rent Setting Tool was also provided to tenants.

Tenants were consulted on an individual basis and were encouraged to respond by completing and returning the survey form. Tenant were also provided with an option to respond online via Survey Monkey.

Tenants were asked to provide their views on how affordable they consider their current rent to be and also confirm whether they think it is reasonable for the Association to apply a rent increase of 5.1% from 1 April 2026. Details of the responses received are provided in the tables below.

Consultation Response: Affordability	No.	%
• Very affordable	45	37.2
• Fairly affordable	45	37.2
• Neither affordable nor unaffordable	21	17.4
• Fairly unaffordable	9	7.4
• Very unaffordable	1	0.8
<b>• Total</b>	<b>121</b>	<b>100.0</b>

Consultation Response: Proposed rent increase	No.	%
• Rent Increase of 5.1% considered reasonable	71	58.7
• Rent Increase of 5.1% considered too high	1	0.8
• Rent Increase of 5.1% considered too low	48	39.7
• No answer provided	1	0.8
<b>• Total</b>	<b>121</b>	<b>100.0</b>

The Association consulted with six hundred and fifty tenants. One hundred and twenty-one responses were received representing a response rate of 18.6%.

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#### Tenant Consultation (continued)

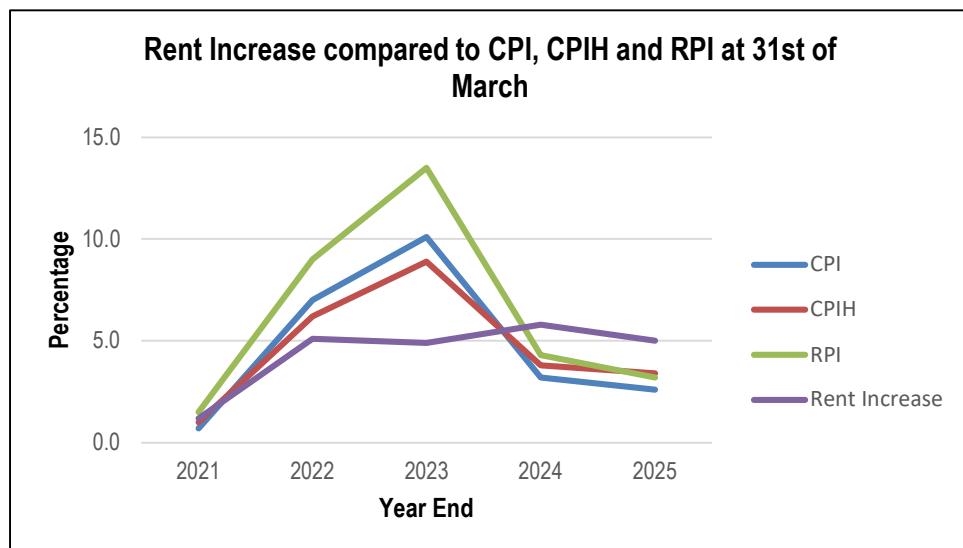
With regards to current rent levels, ninety (74.4%) respondents considered their rent to be affordable while twenty-one (17.4%) respondents considered their rent to be neither affordable nor unaffordable. Only ten (8.2%) respondents considered their rent to be unaffordable.

With regard to the rent increase that should be applied from 1 April 2026, seventy-one (58.7%) respondents agreed that a rent increase of 5.1% is reasonable and should be applied next year. This was followed by forty-eight (39.7%) respondents who considered the proposal to be too high. One respondent (0.8%) considered an increase of 5.1% to be too low.

#### Previous Rent Increases

When making a decision concerning the level of rent increase that should be applied from 1 April 2026, Management Committee should consider inflation levels. The information below provides a five year analysis of Consumer Price Index (CPI), Consumer Price Index including owner occupier housing costs (CPIH) and Retail Price Index (RPI) at the 31st of March compared to rent increase levels that were approved for the following financial year.

The current rates of inflation are CPI (3.2%), CPIH (3.5%) and RPI (3.8%).



The above graph indicates that the rent increase levels applied over the last five years were significantly below the lowest rate of inflation (CPIH). While increasing rents by less than inflation, business and maintenance costs incurred by the Association have increased at levels significantly above headline inflation.

Year	CPI	CPIH	RPI	Rent
2021	0.7%	1.0%	1.5%	1.2%
2022	7.0%	6.2%	9.0%	5.1%
2023	10.1%	8.9%	13.5%	4.9%
2024	3.2%	3.8%	4.3%	5.8%
2025	2.6%	3.5%	3.2%	5.0%
Total	23.6%	23.3%	31.5%	22.0%

The above table shows that the Association's long-term assumption that rents will keep pace with inflation has been eroded over the last five years. An increase of at least CPIH plus 1.3% would be required to redress this imbalance. Since CPIH has reduced to 3.5% since the consultation exercise was completed, a rent increase of 4.8% would be required to redress the imbalance.

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### Maintenance Costs

The cost increase associated with the replacement kitchens, bathrooms and boilers has exceeded inflation. The table below details the level of increased expenditure over the last five years for the property components most commonly renewed by the Association:

	2020/21	2024/25	Increase (%)
Kitchen Replacement	£2,845	£4,707	65.4%
Bathroom Replacement	£2,685	£4,987	58.7%
Boiler Replacement	£1,792	£2,476	38.2%

In addition to the increased costs associated with boiler replacements, all new boilers purchased by the Association after 1 April 2025 have been subject to a “market mechanism levy” of £120.00 applied by boiler manufacturers. This levy is a direct response to the UK Government’s introduction of the Clean Heat Market Mechanism (CHMM) which aims to target the installation of 600,000 Air Source Heat Pumps by 2028 and remove the dependency on fossil fuels for heating and hot water.

The Association has also experienced a 72.1% increase in relation to reactive maintenance costs over the last five years with expenditure increasing from £235,953 in 2020/21 to £406,092 in 2024/25.

### Cost of Living (Tenant Protection) (Scotland) Act 2022

The Cost of Living (Tenant Protection) (Scotland) Act 2022 was passed by the Scottish Parliament on 6 October 2022. This act gave Scottish Ministers the temporary power to set a maximum permitted rate of rent increase (the cap) for private and social tenancies. This cap was set at 0% for the period to 31 March 2023 and applied to any rent increase proposed on or after 6 September 2022. Under the legislation, it was possible for the Scottish Government to vary the cap whilst the emergency measures were in force.

In response to the introduction of the emergency legislation, the Scottish Federation of Housing Associations (SFHA) entered into discussions with the Scottish Government regarding the implications of the rent cap for the sector. Following discussion, a joint Statement of Intent (the Statement) was issued which outlined the commitment of housing associations and the Scottish Government in relation to the financial year 2023/24. The Statement confirmed that Scottish Ministers had decided to expire the powers resulting in no rent cap from April 2023. As part of the evidence base for the Statement, the SFHA undertook research amongst its members regarding their planned rent increase levels for 2023/24. Data shared by individual housing associations indicated an average rent increase of 6.1% across the country, which was a real term cut given the rates of inflation at the time.

In response to the Cost of Living (Tenant Protection) (Scotland) Act 2022, the Association’s decisions to apply a below inflationary rent increase during 2023/24 was consistent with stance adopted by housing associations across the country as well as the Scottish Government’s expectations regarding rent increases for the year. The Association’s increase of 4.9% was significantly less than the lowest rate of inflation of 8.9% (CPIH) recorded at 31 March 2023 and has contributed significantly to the imbalance between inflation and the level of rent increases applied during last five years.

### Proposed Rent Increases – National and Local Context

As a key strategic objective, the Association aims to ensure that rent levels remain affordable to low income households. Analysing how the Association’s proposed rent increase compares to that of other landlords allows the Association determine whether its rents will remain affordable and continue to compare positively to those charged by other registered social landlords.

#### National Context

The Scottish Federation of Housing Associations (SFHA) invited member organisations to participate in their Rent Setting Survey 2026/27 by confirming their proposed rent increase from 1 April 2026.

Fifty-five landlords participated in the survey and the proposed rent increase levels varied significantly ranging from 3.6% to 7.0%. The table below details the number of landlords who are proposing a rent increase within certain ranges. Of the fifty-five landlords, twenty-nine consulted with tenants in relation to multiple proposals. For these twenty-nine landlords, only the lowest proposed rent increase was used for the analysis shown below.

The Association’s proposed rent increase of 4.8% is within the second lowest banding. The majority (58.2%) of landlords were proposing a rent increase of between 4.0% and 4.9%. This was followed by 32.7% of landlords who were proposing a rent increase of between 5.0% and 5.9%. Based on the information provided within the survey and used for the analysis, the average proposed rent increase for the landlords that participated in the survey is 4.95%.

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## Proposed Rent Increases – National and Local Context (continued)

Proposed Rent Increase	No. of RSLs	% of RSLs
3.0% to 3.9%	1	1.8%
4.0% to 4.9%	32	58.2%
5.0% to 5.9%	18	32.7%
6.0% to 6.9%	3	5.5%
7.0% to 7.9%	1	1.8%
<b>Total</b>	<b>55</b>	<b>100.0%</b>

The analysis confirms that the Association's proposed rent increase compares favourably with those proposed by other landlords across Scotland. This indicates that, while redressing the imbalance between inflation and recent rent increase levels, the rent levels charged by the Association would continue to compare positively with those charged by other landlords nationally should a rent increase of 4.8% be applied from 1 April 2026.

Local Context

The following table provides an analysis of the proposed rent increases for 2026/27 for twelve of the thirteen local landlords used for the rent comparison analysis. The information is based on data provided by each comparative landlord.

Landlord	Proposed Increase (%)
Drumchapel Housing Co-op	3.6%
Kingsridge Cleddans HA	4.6%
<b>Yoker HA</b>	<b>4.8%</b>
Pineview HA	4.8%
Cernach HA	4.8%
Dalmuir Park HA	5.3%
Partick HA	5.3%
Whiteinch & Scotstoun HA	5.5%
Trafalgar HA	5.6%
Yorkhill HA	6.0%
Glasgow West HA	6.8%
Clydebank HA	6.8%
<b>Average</b>	<b>5.3%</b>

*\*Wheatley Homes Glasgow did not provide the information requested*

The proposed rent increase levels for the twelve comparative landlords varied significantly, ranging from 3.6% to 6.8%. Of the twelve landlords, four consulted with tenants in relation to multiple proposals. For these four landlords, only the lowest proposed rent increase was used for the analysis shown in the above table. The average proposed rent increase for the twelve landlords is 5.3%.

Out of the twelve comparative landlords, the Association has the third lowest proposed rent increase to be applied from 1 April 2026. Furthermore, the Association's proposed increase is lower than average for the twelve landlords compared.

The Rent Comparability Report confirms that the Association's current rent levels compare very favourably to those charged by the other eleven landlords. On the basis that the Association's proposed rent increase is amongst the lowest in the local area, such an increase would allow the Association to not only redress the imbalance with inflation, but also maintain affordable rent levels without compromising the ability to charge favourable rents compared to the other landlords located in the west of Glasgow and Clydebank.

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**Observations**

One of the Association's key strategic objectives includes the provision of affordable rented housing to those on the lowest incomes. The Association must also consider rent levels set by other local housing providers in order to ensure demand remains for its own housing stock. The affordability analysis confirms that with the exception of young people earning the national minimum wage, the rents charged by the Association are generally affordable for those earning the real living wage or the national living wage. The comparability analysis confirms that the Association's existing rent levels compare extremely favourably to those charged by other local housing providers.

The analysis of rent increase levels proposed by landlords, both locally and nationally, confirms that a proposal to increase rent by CPIH plus 1.3% in order rebalance rent increases with CHPI inflation would not adversely the Association's ability maintain rents that are affordable for low income households. The outcome to the tenant consultation also confirms that tenants generally consider the rents charged by the Association to be affordable.

The issue of financial viability must also be considered. The Association's short-term financial projections do not indicate any financial viability concerns. Medium and long-term financial projections are based upon the assumption that rents will not increase in real terms but will rise in line with the general rate of inflation. The medium and long-term financial impact of failing to increase rent levels in line with general inflation will undermine the Association's ability to meet its repair and maintenance obligations to tenants. The Association will ultimately cease to be financially viable in the long term as a result.

The Association is operating in unprecedented times and is facing increasing business costs and expenditure associated with service delivery, property maintenance and compliance with increased resident health and safety requirements introduced by the Scottish Government. Although there are generally no affordability concerns in relation to current rent levels, any rent increase from 1 April 2026 should be appropriate to ensure that the Association achieves its aim of providing affordable rents while also being sufficient to cover rising business costs and therefore maintaining the Association's financial viability.

**Recommendation**

Given that full inflationary rent increases were not applied in 2022 and 2023, causing an imbalance between rent increase levels and inflation, Management Committee approved CPIH plus rent increases in 2024 and 2025 with a view to redressing this imbalance.

At the meeting on 16 January 2025, Management Committee took the decision to increase rents by 5.0% (equal to CPIH plus 1.5%) in 2025/26 together with a commitment to CPIH plus at least 0.7% for 2026/27 in order to rebalance rent increases with CPIH inflation over a period of two years.

The shortfall between CPIH and approved rent increases over the last five years equates to 1.3%. In the circumstances, a rent increase of 4.8% (CPIH plus 1.3%) would equalise with inflation this year.

It is recommended that a rent increase of 4.8% (equal to CPIH plus 1.3%) is applied this year in order to rebalance rent increases with CPIH inflation over the next year.

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**Purpose of this Report**

This report and policy has been prepared for a decision.

**Conflicts of Interest**

There is a clear conflict of interest to tenant members of the Management Committee. Those committee members should only consider the likely impact of any rent increase on the Association and tenants collectively and not on themselves as individuals.

**Risk Management**

The risks regarding rent levels relate to Financial Viability which is covered by risks 66 to 69 in the Association's Risk Register. The risk of applying inappropriate levels of rent increase could negatively impact on the Association's long-term viability, the Association's ability to obtain its strategic objectives and the Association's ability to obtain future private finance.

The risks regarding rent levels relate to Risk and Value for Money which is covered by risks 133 to 139 in the Association's Risk Register. The risk of applying insufficient rent increase levels could result in the Association being unable to invest in properties and development programmes. The risk of applying insufficient rent increase levels could result in the Association being unable to pay contractors and meet other financial obligations potentially resulting in the Association being subject to litigation actions.

The risks regarding rent levels relate to Arrears which is covered by risks 25 to 30 in the Association's Risk Register. The risk of applying high rent increase levels could result in rent becoming unaffordable to tenants therefore resulting in increased levels of rent arrears, loss of revenue and increased legal costs being incurred.

To mitigate these risks the Management Committee will review rents on an annual basis. As part of this review process the Management Committee will consider various tests used to measure the affordability of current rent levels while also considering the level of rent increase that would be required to ensure that the Association remains financially viable in the long-term and able to meet its financial obligations and strategic aims.

**Scottish Housing Regulator – The Standards of Governance and Financial Management for RSLs**

This report relates to Standard 3 – “The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay”. This report relates specifically to guidance item 3.4.