

# 2021/22 RENT CONSULTATION



YOUR VIEWS  
MATTER

## AFFORDABILITY & HARMONISATION

How do Paragon Rents compare to those of other Social Landlords and the Private Sector, how do we consider Affordability when looking at rent increases and what does Rent Harmonisation mean.

[www.paragonha.org.uk](http://www.paragonha.org.uk)

### 'Apartment' size v number of bedrooms

Paragon currently has 1431 properties across all three local authority areas. We measure 'size' by counting of rooms (excluding kitchen and bathrooms). In Scotland whilst it is customary to refer to a room as an 'Apartment' (Apt), affordability is assessed according to the number of bedrooms in a property. As the table below shows, the number of Apartments is not always the same as the number of bedrooms.

SIZE	NUMBER	OF WHICH
1 APT	8	8 BEDSITS - A BEDSIT IS A PROPERTY WHERE THE LIVING ROOM AND THE BEDROOM ARE THE SAME ROOM
2 APT	162	ONE BEDROOM - 162
3 APT	697	TWO BEDROOMS - 697
4 APT	522	520 ARE 3 BEDROOMS, 2 HAVE AN ADDITIONAL LIVING ROOM OFTEN REFERRED TO AS A DINING ROOM
5 APT	36	15 ARE 3 BEDROOMED WITH A LIVING ROOM AND A DINING ROOM. 21 ARE 4 BEDROOMED
6 APT	6	5 HAVE 4 BEDROOMS ONLY 1 HAS 5 BEDROOMS

The majority of our properties are affordable to all household groups if the household is the 'correct' size. However, there are some situations whereby a property may be a 'misfit' for the household type and may therefore be unaffordable. For example, we will always try and allocate an absentee parent an additional bedroom so they can have children come to stay. This may result in a single person being in a 2 bedroom (3 Apt) property.

### Affordability

Once again we have used the Scottish Federation of Housing Association's (SFHA) Affordability Toolkit to look at affordability of rents. It lets us use our rent data and data at a local authority level on household income to consider if our rents are "affordable" to those whose income is just above what would typically qualify for housing benefit. The Affordability Tool looks at 1, 2, 3, 4 & 5+ bedroomed properties.

We have also looked at our tenant profile enabling us to provide a more meaningful analysis of how affordable Paragon rents are in the real world rather than on a spreadsheet.

In general terms we look at both household size and property size but we acknowledge that occasionally there is a misfit with – for example – a property being larger than is actually needed for the family size.

## HOUSEHOLD TYPES & AFFORDABILITY

The SFHA Toolkit broadly speaking considers 7 Household Types and makes an assumption as to the size property they require. These are:

Household Type	Number of Bedrooms
1. Single Person	1 bedroom (no consideration given to access requirements for children etc)
2. Couple	1 bedroom
3. Single Parent, 1 child	2 bedrooms – does not look at larger single parent families
4. Small Family 2 Children	2 bed
5. Small Family 2 Children	3 bed
6. Large Family 3 Children	3 Bed
7. Pensioner Couple	1 Bed
8. Single Pensioner	1 Bed

The SFHA Toolkit considers a rent to be affordable if a household needs to spend 25% or less of their income on housing costs. If the % spend is between 25.1% & 29.9% then the rent is considered to be on the margins of Affordability.

When using the Affordability Tool we found that no properties would be considered unaffordable to household groups 2, 4, 5, 6, 7. Some properties would potentially be on the margins of Affordability for groups 1, 3 & 8 and a handful of properties would potentially be unaffordable for groups 1, 3 & 8.

In addition to looking at the SFHA Toolkit, we also looked at the information we held on individual tenancies and as at the end of November 2020 we believe that the household breakdown was:

Single Parent	182	12.75%
Single Person	420	29.43%
Couple	400	28.03%
Family	406	28.45%
Total Tenanted	1408	

We also looked at the age of tenants and just under 28% of households have at least one tenant over the age of 60.

Whilst the Association is satisfied that its rents on the whole remain affordable and compares well to other housing associations in the area (see below) it does recognize that due to the way stock came across to the Association at different times there are a wide range of rents in all property sizes.

We also recognise that there is a difference in affordability across the three local authority areas especially with 2 bedroomed properties and especially for small (1 child) Single Parent families.

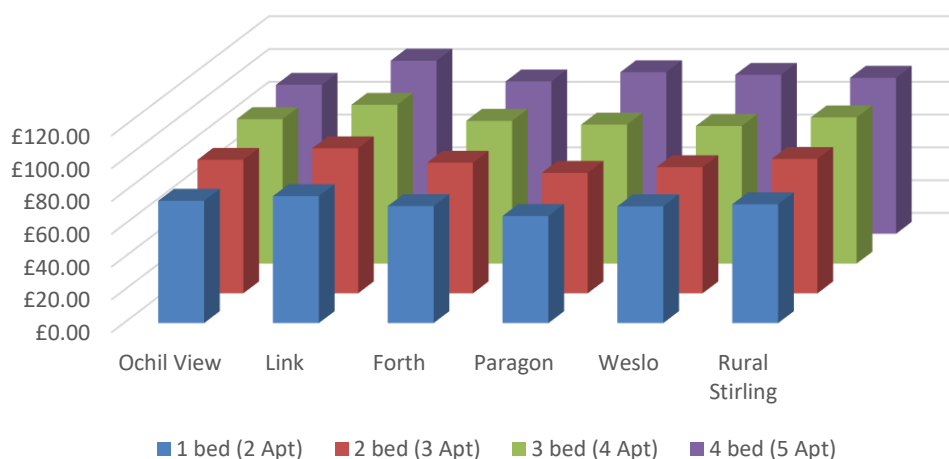
	Total	Nu Affordable	% Affordable	Nu marginal	% marginal for SP 1 Child	Unaffordable for SP 1 child
ALL	695	678	97.55	17	2.45	0
Clacks	220	204	92.73	16	7.27	0
Falkirk	435	434	99.77	1	0.23	0
Stirling	40	40	100	0	0	0

## SO HOW DO WE COMPARE?

In addition to the three councils we also looked at other local housing associations. Whilst council rents are traditionally lower than housing association rents we believe we compare well with other housing associations.

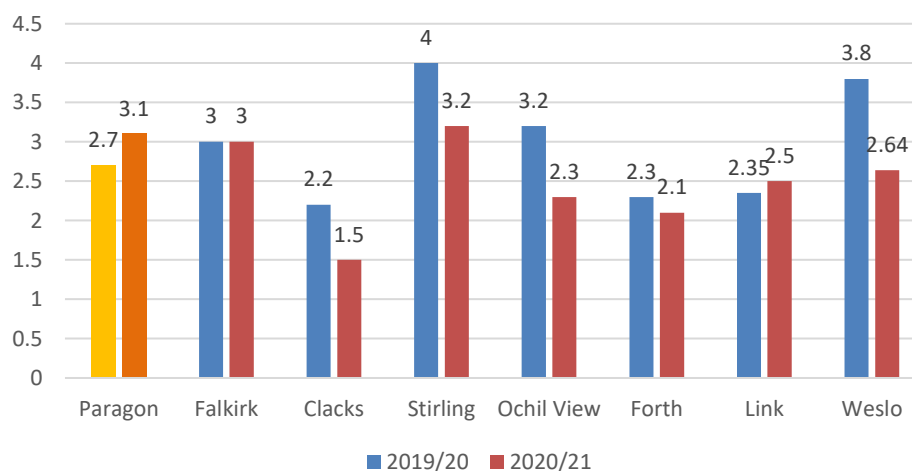
	Ochil View	Clacks Council	Link	Falkirk Council	Forth	Stirling Council	Paragon	Weslo
1 bed (2 Apt)	£77.05	£72.14	£79.23	£58.19	£72.86	£64.89	<b>£69.19</b>	£73.79
2 bed (3 Apt)	£83.96	£73.97	£90.79	£68.09	£81.37	£67.18	<b>£76.61</b>	£79.80
3 bed (4 Apt)	£90.98	£75.87	£99.17	£76.13	£88.92	£69.89	<b>£87.73</b>	£87.07
4 bed (5 Apt)	£94.43	£78.07	£108.22	£87.35	£94.89	£71.71	<b>£102.11</b>	£100.81

2020/21 Average Rents - Local Housing Associations



We also look at what rent increases other landlords apply and for the past 2 years our increase has been in the middle ground.

Rent Increases 2019/20 & 2020/21



## AND THE PRIVATE SECTOR?

One way to look at private rent levels is to look at Local Housing Allowances. This is the level of rent which would be covered by Housing Benefit.

Number of rooms	Weekly rate from 01/04/20	Monthly rate from 01/04/20	Average Paragon Weekly Rent
Shared accommodation rate	£74.12	£321.19	N/A
1 bedroom	£90.90	£393.90	£69.19
2 bedrooms	£115.07	£498.64	£76.61
3 bedrooms	£149.59	£648.22	£87.73
4 bedrooms	£218.63	£947.40	£100.81
5 bedrooms or more	Capped at 4 bedroom rate	Capped at 4 bedroom rate	N/A

We also looked at properties being advertised for rent privately and although we found very little on the same schemes and estates as our properties we found that advertised rents were higher than the local housing Allowance. For example a 2 Bed House in Posthill Sauchie, has recently been advertised at £575 a month (£132.69 a week).

## CONCLUSION ON AFFORDABILITY

In conclusion whilst the Association can show that it's rents are affordable and would remain, on the whole, affordable with the highest proposed level of increase (0.9%) it realises that desk top exercises do not fully reflect the reality of how affordable real tenants find our rents and that there is no room for complacency. This is why we are now looking at harmonisation and more uniform rent charges.

## RENT HARMONISATION

Our average rents compare well with those of other social housing providers and 74.7% of tenants agreed that taking into account the accommodation and services that PHA provides, the rent for their property represented good value for money in our last reality check tenant satisfaction survey. We want to improve that figure.

Every year we review our rent charges and consult with tenants on proposed increases, but we have a mix of properties and a variety of rent charges. This can mean that tenants in similar properties can sometimes be paying different rent charges. We are therefore proposing to simplify rent charges and this is called rent harmonization.

The table below gives an idea of the ranges of rents currently applied.

	Number	Lowest	Average	Highest
2 Apt	162	£57.52	£69.19	£94.96
3 Apt	697	£62.88	£76.71	£115.33
4 Apt	522	£70.97	£87.73	£142.06
5+ Apt	42	£88.24	£102.11	£134.89

We will be setting up a working group with tenants to look at the process and to ensure that the end result is that the rents we charge across our housing stock are affordable, equitable, transparent, consistent and reasonable within the setting of the social housing sector. However it is important to be clear that we are expecting rent harmonisation to be a 'cost neutral' exercise. This means that the total amount of rent that PHA will generate will be the same as before, but individual rents will change – for some tenants their rents will go up, for some their rent will go down and for others their rent will stay broadly the same.

We are looking to have a plan in place for harmonised rents from 1 April 2022, the process may take longer and as we will need to consult on the outcome so it may be the following year before any changes happen. Whenever the new rents are introduced we may look to phase them in over a period of 3 – 5 years. The working group will initially feed into the process of appointing consultants to undertake the harmonization exercise. They will also consider which characteristics we should use to set rents and how these should be weighted. The anticipation is that similar properties will be charged similar rents, taking account of:

- Apartment size (i.e. properties with more bedrooms will be charged higher rents)
- Number of bedspaces (eg single or double bedrooms)
- Property type (i.e. houses may be charged higher rents than flats)
- Property amenities (i.e. higher rents may be charged for properties that are main door flats, benefit from a garage or have an 'extra' living room.

## WANT TO FIND OUT MORE?

If you want more information you can get a copy of our more detailed **Rent Briefing Paper** which will be available from **7th January 2021** or just call us on 01324 878050 and we will try to help

Online 

[www.paragonha.org.uk](http://www.paragonha.org.uk)

There will be a link from the Home Page to the Briefing

By Post 

Phone 01324 878050 and we will post you a copy

E mail 

Request via  
[enquiries@paragonha.org.uk](mailto:enquiries@paragonha.org.uk)

In person 

Call into reception or pick up a copy at our drop in session

## TIMETABLE

Please return your on line and paper surveys direct to the Association by Tuesday **14th January 2021**.

We have asked our research partner, Knowledge Partnership, to carry out a Sample Phone Survey from **6th January to 14th January 2021**. If they phone you, we would appreciate you taking the time to answer their questions. It should take no more than 5 minutes. Also, if you have given Paragon HA your email address, Knowledge Partnership will send you a copy of the survey by email.

## WE REALLY NEED YOUR VIEWS AND WE ARE OFFERING LOTS OF WAYS TO GET INVOLVED

### Focus Group/Drop In / Call Back Service

If you want to attend the Focus Group contact us on 01324 664966 or email [enquiries@paragonha.org.uk](mailto:enquiries@paragonha.org.uk) to tell us if you are coming. We can provide transport if required. If you have any particular needs we may be able to help eg big print materials etc.

For the "drop in" you can just come and chat. We have introduced an after hours "call back" service for people who may not be able to come to the office

<b>Friday 8/1/21</b> <b>10.30 am</b>	<b>Rent Focus Group</b> Zoom Call
<b>Monday 11/01/21</b> <b>2.00 pm – 7.00 pm</b>	<b>Question &amp; Answer Session</b> This will be a virtual Q&A session platform to be confirmed
<b>From 6/01/21 to 15/01/21</b>	<b>Call Back Service</b> Requested a call back (including after hours) by email or phone then our staff will give you a call

### HOW TO TELL US WHAT YOU THINK

**By Paper Survey** - Attached to this newsletter & you can use the prepaid envelope. **You don't have to provide your name & address** but it will help if we need to get back to you on any comments.

**By Phone Survey** – sample survey being undertaken by Knowledge Partnership – see above

**On line Survey** – complete the form on our web site

**By Participating in the Rent Focus Group** – presentation by staff and group discussion with those attending – see table left

**By Participating in the Q&A session** – a chance to chat to staff about rents.

**By Requesting a Call Back** – if you can't come along to any of the face to face sessions then request a Call Back and our staff will phone you – see table left. We can do call backs after 5 pm on certain days.