

2021/22 RENT CONSULTATION



YOUR VIEWS
MATTER

This special Newsletter is to inform Paragon Tenants about the key issues in setting the Annual Rent Increase that will be applied from April 2021.

Most importantly - it gives details as to how you can find out more, tell us what you think and how to get involved.

www.paragonha.org.uk

GET INVOLVED

The Association's commitment is to limit the level of the rent increase to be applied annually by linking it to inflation as at November of the previous year plus a margin. As at November 2020, the Retail Price Index (RPI) measure of inflation stood at 0.9%.

However we appreciate that 2020 has been exceptional and it has brought great challenges for everyone so we are looking at a different approach this year. We have run financial projections based on increases of 0%, CPI at 0.3% or RPI at 0.9% and we want to consult with you on these options.

Any of these choices will impact on the Association's income level and on the longer term investment and service levels but we do appreciate the financial impact of any rent increase on tenants. The Association is in a good financial position and if we adopt a 0% increase we can still meet our obligations and housing standards but might have to slow some projects down a bit and look at reducing some costs. We also have to consider how we pay back loans and meet the terms of our loan agreements but we are confident of working with our lenders to deliver a lower increase.

No decisions have been made on the level of increase to be set. This newsletter sets out how you can get involved, make your views known and tell us what your priorities are.

INFLATION

When calculating proposed rent increases the Association normally uses a formula linked to inflation. Normally we use the Retail Price Index (RPI). We are also looking at the impact of the Consumer Price Index (CPI).

	RPI	CPI
SEPT 20	1.1%	0.7%
OCT 20	1.3%	0.9%
NOV 20	0.9%	0.3%

Our long term projections are based on rents rising at the start of each financial year by RPI plus 1%, using the rate of RPI as at November each year. However we also look at rents year on year to see what level of increase should be applied.

HOW MUCH WOULD MY RENT INCREASE BY?

(The table below shows how average [weekly] Paragon rents would be affected by a rent increase of 0.3% or 0.9%

	Current Rents 2020/21 £83.02	If 0.3% 2021/22	Weekly Increase of	If 0.9% 2021/22	Weekly Increase of
Average	£83.02	-	£0.25	-	£0.75
1 BED	£67.38	-	£0.20	-	£0.61
2BED	£75.80	-	£0.23	-	£0.68
3 BED	£87.39	-	£0.26	-	£0.79

THE CHALLENGES IN SETTING RENTS

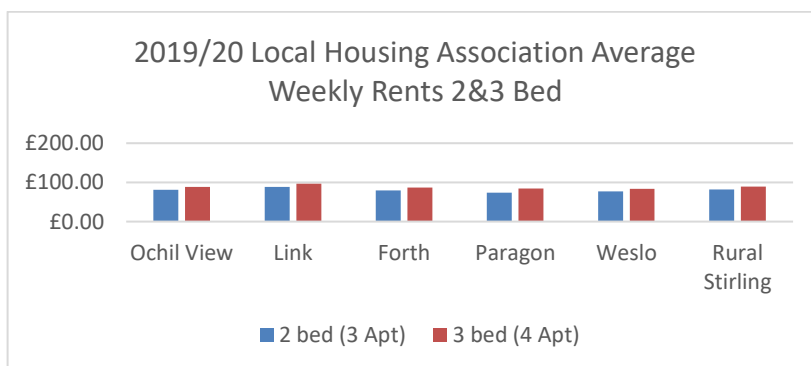
There are a number of challenges when trying to set the annual rent increase – these include

- Keeping Rents Affordable
- Meeting the costs of bringing your homes up to the Scottish Housing Quality Standard and Energy Efficiency Standard – and keeping them there in order to satisfy the Scottish Government's requirements
- Being able to carry out repairs and essential maintenance such as gas servicing
- Delivering effective services to you and taking account of changes and improvements required
- Dealing with increasing costs for delivering services and investment
- Ensuring that the Association remains financially stable now and into the future

AFFORDABILITY: WHAT IS IT ALL ABOUT ?

Once again we are using 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.

This is known as a 'moderate income' approach. We recognise that Affordability is a key factor in deciding what level of rent increase should be applied and we have updated our fact sheet focusing on Affordability and Value for Money. You can view this fact sheet on our website or we can post one out to you. Just let us know if you want a copy.






INVESTMENT 5 YEAR PLAN

Due to the impact of coronavirus we anticipate that we will spend less than planned on investment during 2020/21. A higher level rent increase than those being consulted on would make it easier to catch up with that work however we need to accept that some restrictions on the work we can undertake may continue past April 2021. We will be reviewing our business plan in detail in 2021/22 but expect the following to remain as priorities:

Component	Budget	Property Nos.
Insulation/External Rendering/Roofs	£4.2 million	631
Electrical Works Inc Heat/Smoke & CO Alarms	£2.2 million	All stock
Heating – New & Replacement	£1.0 million	559
Kitchens & Bathrooms	£2.3 million	800
Door Entry Systems- new & replacement	£0.5 million	430
Windows & Doors	£0.5 million	179
Other investment & planned maintenance	£2.2 million	All stock

We have looked at how we compare to other landlords in the area, and on the whole think we compare well. We have also looked at the rent increases other landlords applied in 2020/21 and Paragon's increase was in the middle of the range.

Rent Harmonisation – last year we told you that we wanted to review the way we set rents as there is a wide range of rents across paragon. Although Coronavirus has delayed us in this exercise we remain committed and intend to carry out this exercise before consulting on the 2022/23 increase.

WANT TO FIND OUT MORE?	TIMETABLE
<p>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.</p> <p>Online  www.paragonha.org.uk There will be a link from the Home Page to the Briefing</p> <p>By Post  Phone 01324 878050 and we will post you a copy</p> <p>E mail  Request via enquiries@paragonha.org.uk</p>	<p>Please return your online and paper surveys direct to the Association by Tuesday 12th January 2021.</p> <p>We have asked our research partner, Knowledge Partnership, to carry out a Sample Phone Survey from 5th 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.</p>

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 878050 or email enquiries@paragonha.org.uk
If you have any particular needs we may be able to help e.g. big print materials etc.

For the "Q&A" you can just drop in (virtually) and chat. We have introduced an after hours "call back" service for people who may not be able to attend during the day.

Friday 8/01/21 10.30 am – 12:30 pm	Rent Focus Group ONLINE (ZOOM)
Monday 11/01/21 2.00 pm – 7.00 pm	Question & Answer Session This will be a virtual Q&A session platform to be confirmed
From 6/01/21 to 15/01/21	Call Back Service 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 virtual 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.

Q1. For 2021 to 2022 do you think that Paragon HA's rents should? (Tick one box only)

Increase by 0%	Increase by 0.3% which is Nov Consumer Price Index Inflation figure	Increase by 0.9% which is November's Retail Price Index	Other: In this case, what level of rent increase would you support? (please write in the percentage below)
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Q2. What do you think should be the three main priorities that guide any rent increase decision for 2021/2022? (Please tick up to THREE boxes only representing your three main priorities)

The affordability of rents for tenants	<input type="checkbox"/>	Providing additional services for tenants such as information and advice on welfare benefits, energy advice etc – Responding to the impact of Coronavirus	<input type="checkbox"/>
Improving existing housing stock	<input type="checkbox"/>	Providing extra help for tenants moving into new homes	<input type="checkbox"/>
Building more new homes	<input type="checkbox"/>	Improving the estates in which properties are located e.g. improved common areas, paths, fencing etc.	<input type="checkbox"/>

If you think Paragon HA should have different rent setting priorities, please write these in here:

Q3. Are you satisfied with the level of consultation and information provided in relation to this annual rent increase?

Yes	No
<input type="checkbox"/>	<input type="checkbox"/>

Q4. Do you have any suggestions for how Paragon HA can improve its rent consultation activity?

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Q5. Do you receive housing benefit or universal credit? (Tick one box only)

Full housing benefit	Partial Housing Benefit	Universal Credit	Do not receive any benefits	Rather not say
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Q6. If you would like to be re-contacted by Paragon HA to discuss this rent consultation please provide your contact details below. You only need to provide this information if you want Paragon HA to contact you

Name	Address	Telephone:

Returning your form. Please check that you have completed all of the questions, and then post the survey back to Paragon HA in the pre-paid envelope by **Tuesday 12th January 2021**.