

2022/23 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 2022.

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 2021, the Retail Price Index (RPI) measure of inflation stood at 7.1%. However, we are aware that the current Consumer Price Index (CPI) and Retail Price Index (RPI) are due to extraordinary factors affecting the economy such as Covid, wholesale gas price increases etc. So as a starting point we have looked at forward medium-term inflation forecasts from organisations such as the Bank of England and taking a view on this.

Using these we believe that a reasonable assumption for RPI inflation going forward in the medium term is likely to be between 2.5% and 3.0% and we are looking at a range of increase options between 2.9% and 4.0%.

We are all affected by inflation as individuals and the Association is also affected by increasing costs as costs of items such as materials and labour increases. This impacts on the rent levels we charge. Last year **no rent** increase was applied reflecting the unprecedented impact of the Covid Pandemic.

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.

To ensure that we balance affordability against delivering services and ensuring a good level of investment, our Finance Team is currently calculating the impact of using a range of increases from 2.9% to 4.0%

We know that there is a lot of complex information in this newsletter but there are lots of ways you can find out more.

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
NOV 20	2.2%	1.5 %
NOV 21	7.1%	5.1%

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 do recognize the extraordinary factors in the recent RPI rates.

We look at rents year on year to see what level of increase should be applied.

Last year, following consultation NO rent increase was 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 2.9% or 4.0% - both rates under current RPI/CPI rates)

	Current Rents 2021/22	If 2.9% 2022/23	Weekly Increase of	If 4.0% 2022/23	Weekly Increase of
1 BED	£71.24	£73.31	£2.07	£74.09	£2.85
2BED	£78.88	£81.17	£2.29	£82.04	£3.16
3 BED	£90.88	£93.52	£2.64	£94.52	£3.64

Every year we take a close look at affordability and this year consultants, Arneil Johnston have undertaken a review as part of the rent harmonisation exercise. Overall Paragon's rents remain affordable and compare well to other Housing Associations. You can find a detailed report on our website and our Winter Newsletter gives more detail

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 maintaining homes 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
- Meeting our obligations to lenders
- Ensuring that the Association remains financially stable now and into the future

Property Size	Paragon HA	RSLs Average Rents	Difference	%
Bedsit	£64.52	£69.42	-£4.90	-7%
1 bedroom	£71.24	£77.79	-£6.55	-8%
2 bedroom	£78.88	£87.33	-£8.45	-10%
3 bedroom	£90.88	£95.05	-£4.17	-4%
4 bedroom	£103.30	£101.39	£1.91	2%
Average	£82.95	£85.57	-£2.62	-3%
Average rent comparisons with other housing associations				
PHA Rents are on average 3% lower than the rents of other Housing Associations operating locally				

AFFORDABILITY

Have a look at the Affordability Fact Sheet to find out more on rent affordability. It is on our web site.

	Affordability %				
	Minimum Wage < 25	Minimum Wage > 25	Living Wage	UC Single Person	UC Couple
Bedsit - Single person 1x Multiplier	22%	21%	19%	25%	
1 bedroom - Single person 1x Multiplier	24%	23%	21%	28%	
1 bedroom - Couple (1.5x Multiplier)	16%	15%	14%		19%
2 bedroom - Single Person 1x Multiplier	27%	25%	24%	31%	
2 bedroom - Single Parent 1.3x Multiplier	21%	19%	18%	31%	
2 bedroom - Couple 1.5x Multiplier	18%	17%	16%		21%
3 bedroom - Couple 1.5x Multiplier	21%	19%	18%		24%
3 bedroom - Family 1.8x Multiplier	16%	15%	15%		24%
4 bedroom - Couple 1.5x multiplier	21%	19%	18%		24%
4 bedroom - Family 1.8x Multiplier	18%	17%	17%		27%
Average	20%	19%	18%	32%	22%

These figures are based on certain assumptions on income levels and may not represent the circumstances of individuals. The model shows that PHA rents are in the main affordable across various groups but single tenants in 2 bed properties will need to devote a higher % of income to rent. Households with dual incomes can afford rents more easily.

INVESTMENT 5 YEAR PLAN

The Association plans to spend around £6 million on planned maintenance and improvements to our tenants' homes over the next 5 years from 2022/27. The rent increase applied will have an impact on the work to be undertaken. The planned 5-year programme from 2022 to 2027 includes:

Component	Budget	Property Nos.
Insulation/External Rendering/Roofs EESSH 1 & 2	£1.0 million	Across all stock
Electrical Works Inc Heat/Smoke & CO Alarms	£0.5 million	Across all stock
Heating – New & Replacement	£0.5 million	Across all stock
Kitchens & Bathrooms	£1.7 million	Across all stock
Door Entry Systems - New & Replacement	£0.5 million	Across all stock
Windows & Doors	£0.5 million	Across all stock
Other investment & planned maintenance	£1.0 million	Across all stock
Statutory Compliance – Gas, Asbestos, Legionella, Fire etc.	£0.3 million	Across all stock

We are currently revising the Association's Business Plan to take account of the impact of Covid, EESSH 2 and Statutory Compliances. We plan to have this complete early 2022 and will follow this up by issuing a new Investment Special Newsletter providing a breakdown of works already undertaken and planned for your area/estate over the 5-year period from 2022/27.

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 2022 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>In person  Call into reception or pick up a copy at our drop in session</p>	<p>Please return your online and paper surveys direct to the Association by Thursday 13th January 2022.</p> <p>We have asked our research partner, Knowledge Partnership, to carry out a Sample Phone Survey from 6th January to 14th January 2022. 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 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 e.g., 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

Wednesday 12th January 2022 @ 10:30am,	Rent Focus Group This will be a zoom meeting and a further meeting may be held in the evening if there is any interest in doing so.
From Tuesday 11th January	Message your questions to us on Facebook and we will do our best to answer them
From 10/01/22 to 14/01/22	Call Back Service Request 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 you want us to get back to you on any comments.

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

Online Survey – complete the form on our web site

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

By Participating in the Facebook Q&A Session – posts will be updated all week 10th to 14th January 2022.

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

Paragon HA Rent Survey 2022/23

Use the paper survey or visit our web site on www.paragonha.org.uk for an online version

Q1. For 2022 to 2023 do you think that Paragon HA's rents should? (Tick one box only)

Increase by 2.9%	Increase by 3.5%	Increase by 4.0%
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Increase somewhere between 2.9% and 4.0% <input type="checkbox"/> In this case, what level of rent increase would you support? (Please write in the percentage below)

Q2. What do you think should be the three main priorities that guide any rent increase decision for 2022/ 2023? (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.	<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?

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:	Email address

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 **Thursday 13th January 2022**