



# RENT HARMONISATION

## Working group

### 18/03/2021

# Paragon - The History

- Important to understand where we have come from
- Paragon Housing Association registered 1997
- First stock transfer March 1998
- 995 units from Scottish Homes
- Former SSHA stock
- Grangemouth & Clackmannanshire areas



# Paragon - The History

- Further 3 stock transfers & Tenants Choice campaign
- Tenants Choice 2000/01 : 89 units
- Falkirk & Denny transfer 2001 : 366
- Stirling 2002: 145
- Aberfoyle 2002 : 6

# Key Facts

- 1433 properties
- 3 local authority areas – Clacks, Falkirk, Stirling
- 22 full time staff / 2 part time cleaners
- Turnover approx £6 million per annum
- Income mainly from rental income

# Stock

- Mainly general needs
- Mostly former SSHA stock
- Some acquisitions from local authority which have been rehabilitated
- Around 60 MTR – varied
- Some new build development – most recently 21 Flats in Bo'ness





**PARAGON**  
HOUSING ASSOCIATION LIMITED

# Specific Issues

- Rents charged reflect how properties have been acquired
- Non stock transfer properties eg Mortgage to Rent (MTR) set as each property acquired- grant levels influence rent required
- Now have around 60 MTR properties – may be broadly similar property to neighbouring one but with higher rent
- Also have properties with garages let on same tenancy agreement so rents at high end
- Some properties have dinning room area so rent higher than property with same number bedrooms
- Some properties started with higher rent levels eg former “economic expansion” programme
- Traditional % increases only exacerbate the issue

# Not all about size but.....

Size	Number	Lowest rent	Highest rent	Average Rent
1 Apt (Bedsits)	8	£273.04	£279.49	£277.07
2 Apt	163	£249.26	£411.51	£309.13
3 Apt	695	£272.50	£464.54	£342.37
4 Apt	525	£307.54	£615.60	£392.11
5 Apt plus	42	£382.39	£584.52	£457.17

# How do we address these ?

- Could look at “one off “capping exercise ?
- What would be the criteria ?
- How would we make sure this is “fair” to all tenants ?
- “Rent harmonisation”/ “rent restructure” process option?

# Rent Harmonisation

- A mechanism that, following a review of the current rents allows rents to be set in a fairer and more consistent fashion across the whole stock.
- Some organisations refer to a rent restructure than a harmonisation exercise but both are broadly similar
- Not about increasing annual income, but about redistribution some rents will go up and well as some going down.

# Role of Working Group

Firstly oversee appointment of consultants and then....

- Review and understand how rents have been traditionally set
- Identify inconsistencies
- Consider what key aspects of a property should be taken into account when agreeing rent levels
- Consider what changes could be made to ensure rents are fair, open and transparent
- Report Findings and recommendations to Management Committee
- Agree proposals for consultation with tenants and applicants
- Assist in the consultation process
- Agree an timescale for phasing in of new rents

Whilst not specifically about Affordability and Value for Money that needs to be also considered

# Timetable

- Appointment of Consultants – end May 2021
- Proposals to Management Committee – Sept 2021
- Consultation on Proposals – alongside annual Rent Consultation Exercise
- Approval of proposal(s) and phasing in timescales – March 2022