

RENT CONSULTATION 2022/23

BACKGROUND INFORMATION

As part of the Rent Strategy timeline agreed by the Management Committee, this report provides details of the feedback from the rent consultation which was carried out during December 2020 and early January 2021. The report links into the Special Management Committee Meeting which is scheduled for 22.02.22 where a decision will be made on the rent levels for 2022/23.

METHODOLOGY OF THE CONSULTATION

Using the Home Master system, a rent consultation survey was issued to all 1,573 MHA tenants. This included a stamped address envelope, email, or details to contact the office for responses. In addition, an external consultant carried out a door chapping exercise to help increase the number of responses.

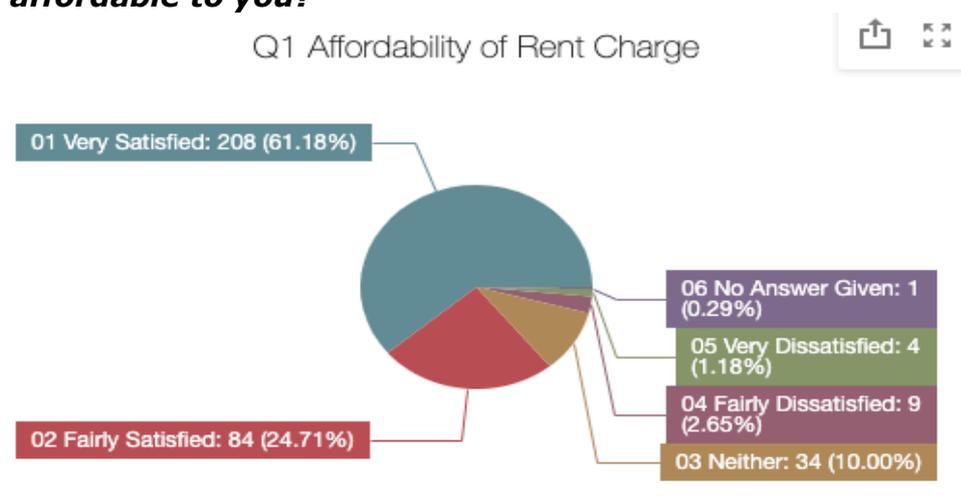
Upon completion, the surveys were collated and entered the Home Master system as this allows for survey forms to be kept against tenant records for audit purposes if necessary.

RESULTS

From the 1,573 surveys issued, a total of 357 completed surveys were received. This translates into a 22.7% response rate. The headlines of the survey feedback are as follows:

QUESTION 1

How satisfied are you with regards to your current rent charge being affordable to you?

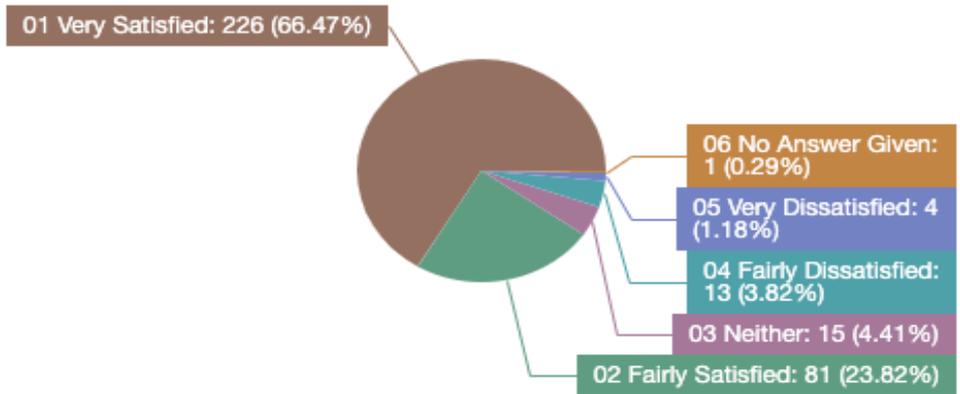


Around 85% said that they were satisfied that their rents were affordable to them. With only just under 4% saying that they were dissatisfied.

QUESTION 2

How satisfied are you with regards to your rent charge being value for money?

Q2 Value for Money

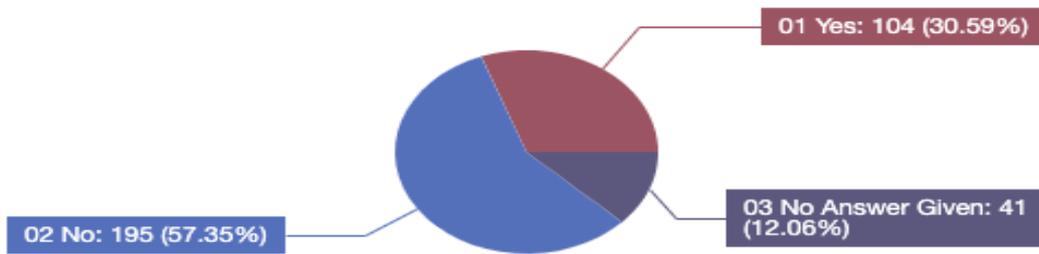


This also demonstrates a high level of satisfaction with 90% saying they were satisfied that the rent was value for money.

QUESTION 3

Would you support a rent freeze with potentially less service?

Q3 Support Rent Freeze?



This shows that nearly 60% of tenants do not support a rent freeze if it meant less service. However, 30% of tenants say they would be willing to consider a reduction in service. It is important to note that this does not detail which service reduction they would be willing to accept. The breakdown of those who would support a rent freeze (117 of respondents) is as follows:

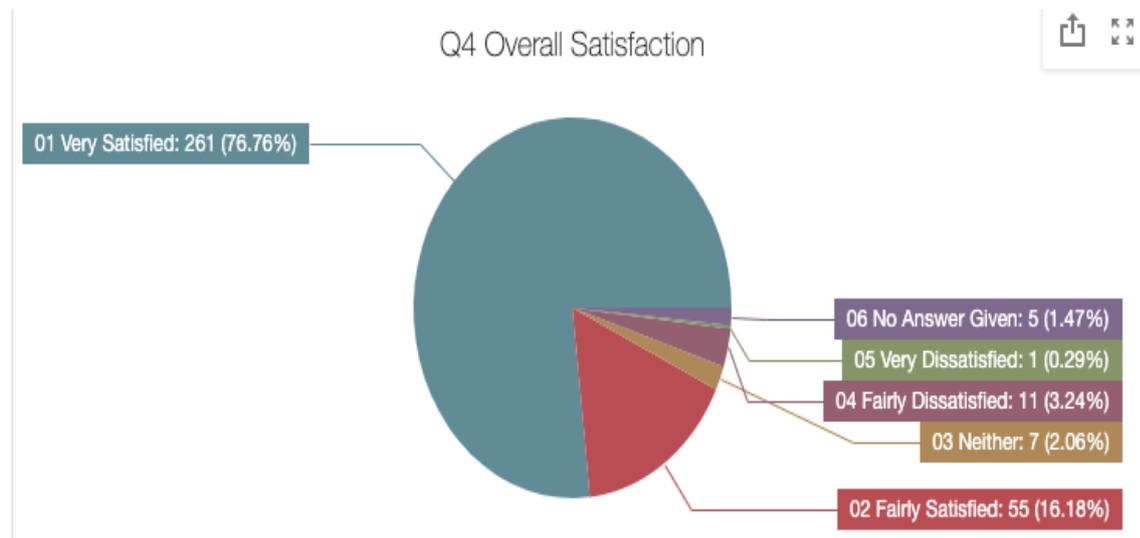
Employment status	Percentage
Full time employment	31%
Part time employment	14%
Unable to work/unemployed	29%
Retired	20.5%
Prefer not to say	5%

Of those who are employed (total 52) and their annual income who would support a rent freeze is as follows:

Salary bracket	Percentage
Less than 10k	29%
Between 10k and 20k	31%
Between 20k – 30k	8%
Over 30k	2%
n/a (prefer not to say)	2%

QUESTION 4

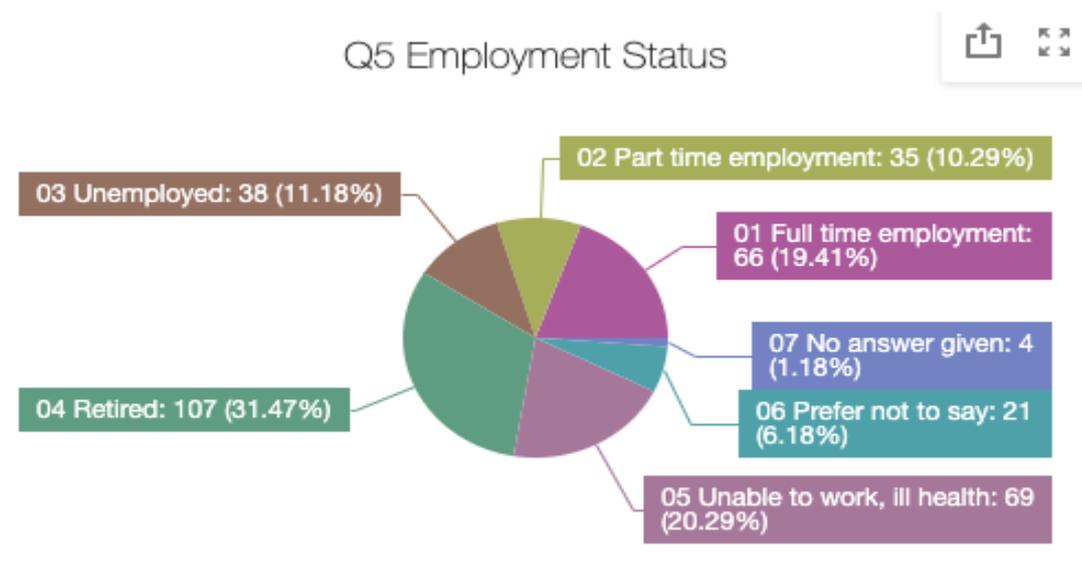
Overall, how satisfied are you with MHA as a Landlord?



The overall satisfaction rate of our services as a landlord sits at 92%.

QUESTION 5

What is your current employment status?

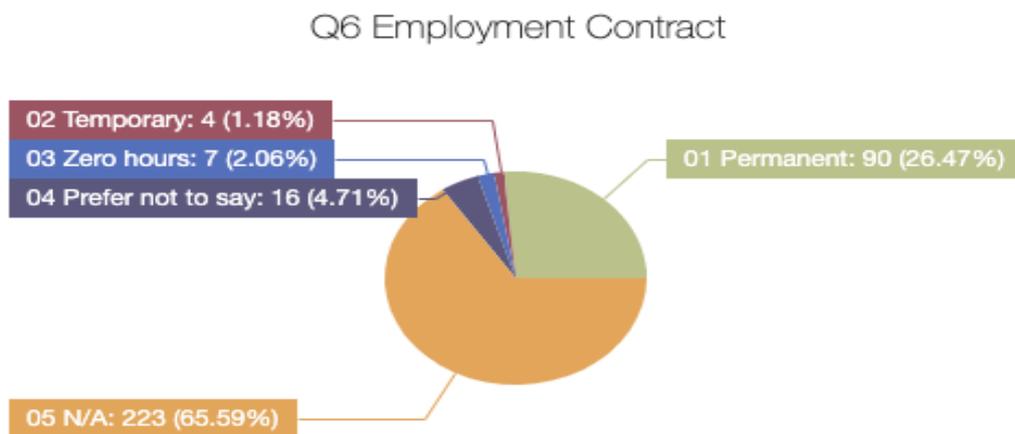


From those who responded to the survey, it shows that MHA tenants that in currently in employment is around 30%. Those unemployed or unable to work due to ill health sitting at 29% and another third of tenants are retired.

This is a change in our traditional demographic if the respondents are indicative of the general population. This would appear to be the case as we have been reporting an increase in households in receipt of direct payments. Our own systems show 966 households are in receipt of direct payments, which is around 60% of current tenants.

QUESTION 6

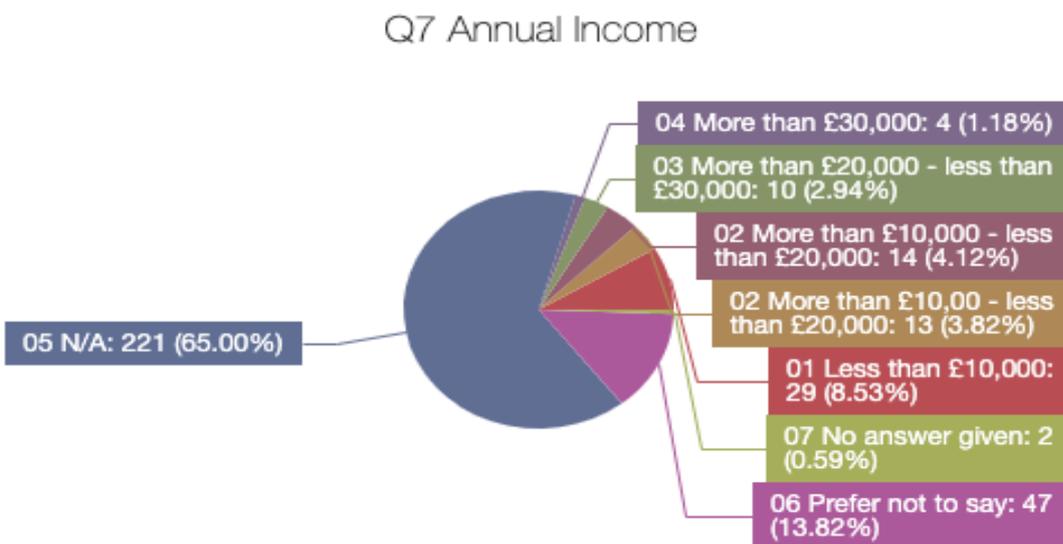
What type of employment contract do you have?



The above figures show the percentages of all responses. Upon further analysis of those in employment: 87% are in permanent employment with 3.6% temporary and a further 3.6% on zero-hour contracts

QUESTION 7

What is your annual income from your employment?



This data is for all responses. Further analysis show that those in employment the breakdown is as follows:

Over £30,000	3.66%
Between £20,000-£30,00	10.1%
Between £10,000-£20,000	26.6%
Under £10,000	23.9%

This shows that many MHA tenants who do work earn below the average wage. It is useful to note that for those who said that their earnings were below £10,000, 3% said that they felt their rent was unaffordable while 85% said their rent was affordable.

Benefit Information

As part of the Rent Consultation report a breakdown has been included of Housing Benefit and Universal Credit cases at the end of December 2021.

The Housing Management system had 256 cases identified as being in receipt of Universal Credit Housing Costs. Of the 256 cases, 181 received a full rent payment. This was 71% of identified cases.

The Housing Management system had 588 cases identified as being in receipt of Housing Benefit. Of those 588 cases, 473 received a full rent payment. This was 80% of identified cases.

In relation to any potential benefit caps, due to the level of MHA rents it is extremely unlikely any tenant would be affected by this.

Rent setting

We have used the same rent setting principles agreed by the Management Committee, ensuring that no rent goes above the Scottish Average. This has resulted in not applying an increase in some properties and others receiving a higher increase as part of the current rent harmonisation.

As per the draft budget and earlier workshops, we have showed that a rent increase of at least £350k is required. This will ensure that MHA remains viable and as such we have tested the proposed increase with two affordability tests. These are:

- 1 - The standard rent setting tool used by MHA in previous years.
- 2 - One like the SFHA rent setting tool

We have looked at rent increases which give us the £350k and a slightly higher rent increase which would give us £387,000.

Option 1 (£350k) would result in a 3-tier increase of £14, £18, £22 monthly which equates to £3.23, £4.15, £5.08 weekly.

Option 2 (£387k) in a 3-tier increase of £15, £20, £25 monthly which equates to £3.46, £4.62, £5.77 weekly.

The tables below give illustrates the effect on averages within our stock based on apartment size.

Option 1 £14, £18, £22, freezes

Size	Current average	New average
1 apt	£231.96	£249.46
2 apt	£264.46	£282.56
3 apt	£299.35	£316.72
4 apt	£344.97	£362.63
5 apt	£363.67	£381.67

Option 2 £15, £20, £25, freezes

Size	Current average	New average
1 apt	£231.96	£311.85
2 apt	£264.46	£284.58
3 apt	£299.35	£318.56
4 apt	£344.97	£364.55
5 apt	£363.67	£383.67

Rent affordability snapshot

This study considers how affordable the new MHA rents will be if one of the two options below are approved as the annual rent increase. The study will consider affordability using the SFHA Affordability Tool and compare this with the more manual calculation used by MHA over the last 3 rent increases. The study will focus on employment and specifically low paid employment. The two options to be considered for a rent increase are detailed below.

Option 1 - £22, £18, £14, freezes

APT SIZE	LOWEST	HIGHES T	AVERAGE
<u>2APT</u>	£56.37	£80.20	£65.21
<u>3APT</u>	£61.54	£89.58	£73.09
<u>4APT</u>	£74.61	£98.14	£83.68

The lowest rent used for 2 apt was £244.27 (2 properties have a lower rent charge however £244.27 is the lowest consistent rent charge)

The lowest rent used for 3apt was £266.69 (1 property have a lower rent charge however £266.69 is the lowest consistent rent charge)

Option 2 - £25, £20, £15, freezes

APT SIZE	LOWEST	HIGHEST	AVERAGE
<u>2APT</u>	£57.06	£80.43	£65.67
<u>3APT</u>	£62.24	£89.81	£73.51
<u>4APT</u>	£75.29	£98.37	£84.13

The lowest rent used for 2 apt was £247.27 (2 properties have a lower rent charge however £247.27 is the lowest consistent rent charge)

The lowest rent used for 3apt was £269.69 (1 property have a lower rent charge however £269.69 is the lowest consistent rent charge)

SFHA Scenarios

The tables below show how much percentage of income a tenant would spend each week on rent using the SFHA Affordability tool. A couple of examples have been carried out for both options above. The tables will also compare the SFHA percentage against the method which MHA has been using during rent increases. We have used colour map to identify the effect of the increases.

Green = 0-25%

Amber = between 25% -29%

Red = over 30%

2APT – Option 1

Scenario	Rent Charge	SFHA Calculation (% of income spent on rent.	MHA Calculation (Based on apt size only)
Single person (minimum wage +23) F/T	£56.37 pw	19%	18.08%
	£80.20 pw	27%	25.72%
	£65.21 pw	22%	20.91%

Scenario	Rent Charge	SFHA Calculation (% of income spent on rent.	MHA Calculation (Based on apt size only)
Couple (minimum wage +23) Both F/T	£56.37 pw	9.5%	18.08%
	£80.20 pw	13.5%	25.72%
	£65.21 pw	11%	20.91%

3APT – Option 1

Scenario	Rent Charge	SFHA Calculation (% of income spent on rent.	MHA Calculation (Based on apt size only)
Single person (minimum wage +23) F/T	£61.54 pw	20.07%	19.74%
	£89.58 pw	30.2%	28.72%
	£73.09 pw	24.6%	23.44%

2APT – Option 2

Scenario	Rent Charge	SFHA Calculation (% of income spent on rent.	MHA Calculation (Based on apt size only)
Single person (minimum wage +23) F/T	£57.06 pw	19.2%	18.30%
	£80.43 pw	27.1%	25.79%
	£65.67 pw	22.1%	21.6%

3APT – Option 2

Scenario	Rent Charge	SFHA Calculation (% of income spent on rent.	MHA Calculation (Based on apt size only)
Single parent (minimum wage +23) F/T	£62.24 pw	19.74%	19.96%
	£89.81 pw	28.72%	28.80%
	£73.51 pw	23.44%	23.57%

This snapshot shows that with either Option 1 or option 2 MHA only breaks the 30% income threshold once. MHA rents remain affordable and well below the Scottish Average.

CONCLUDING COMMENTS FROM THE CONSULTATION

As part of the rent consultation, tenants are invited to provide a comment. The undernoted provides details of the 21 comments received and how MHA actioned them.

(* = letter sent to tenant thanking them for their comment)

NO	COMMENT	ACTION
1	Thanks for helping with my Council tax and spare bedroom rent	*
2	MHA are very good association, friendly and helpful	*
3	Thank you to all staff	*
4	Very satisfied with MHA as a landlord staff are very helpful	*
5	MHA's service is quite good	*
6	Extremely appreciative of all MHA do generally and how you have managed to	*

	keep most of the services (i.e., essential ones) going throughout covid Thank You!	
7	Stay safe Merry Christmas all the best 2022	*
8	Good landlord, would support rent freeze considering fuel bills going up substantially	*
9	On minimum wage and feel increase would impact on other outgoings	Referral made to IMO
10	Rent charge not VFM as I pay £684.72 a year more than the MHA average rent for a 3 apartment	Letter sent explaining the rent rationalisation work
11	Would like to see back court bin area upgraded and more done to encourage tenants to help keep place clean	Inspected and actioned
12	I am fine thank you! The cleaning service is much better in the building steps now. There is a lot of rubbish in the back yard (our small area) and the back door stays open most of the days.	Inspected and actioned
13	I have been waiting for a fence on one side of my garden which has chicken wire and I have two little grandsons and I can't let them play in the garden it's not safe for them	Inspected and actioned
14	Would do away with stair cleaners, staff were off for couple weeks did my own stairs much cleaner. Why always rent payers need to put owners up as well, you put there building insurance up never there bill not a lot to ask	HSM sent explanation to tenant after speaking to Gillian McGuinness, Joanne MacMillan
15	Maintenance of the property is a disgrace! Upkeep of the stair cleaning is appalling! Canopy above front door has never been cleaned in 11years. On the whole the maintenance of the property is a disgrace	Inspection on site with tenant.
16	Should have more than one window cleaner	Send letter explaining Rationale behind decision of employing one window cleaner
17	I am very happy with MHA apart from my kitchen that was fitted in Sep 2001. Numerous workmen have come out and said it needs replaced and recently the independent building surveyor said it should have been renewed after 15 years and he would be recommending it gets renewed this year 2021	Staff visited tenant
18	I called over a month ago to get my boiler fixed and had to wait on a part. I am still waiting.	Tenant advised that the contractor has been trying to make contact, tenant asked to contact office to agree date.

19	Disappointed in some respect regarding service such as the bin situation – constantly asking us to report on neighbours is not resolving the issue which was brought to MHA attention prior to the pandemic is that the bins are too small for purpose and the lids are too heavy! Please resolve!	Staff met with GCC and arranged for bins replacement.
20	MHA ignore complaints, promise action but no action ever comes	Investigated and no complaints noted on the system.
21	I've asked you for another accommodation I can't go out without getting taxi to shop due to immobility	Contacted tenant regarding a transfer