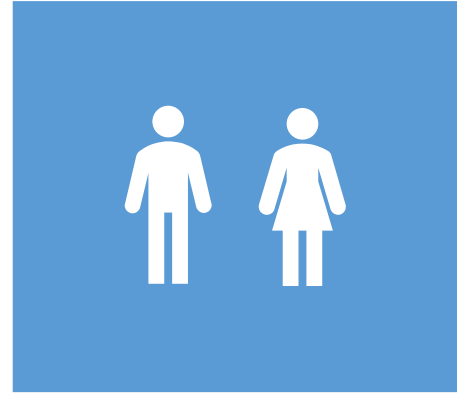




Blochairn Housing Association

Housing Affordability Analysis

Rental affordability analysis



How do BHA rents compare to other social landlords?

Are BHA rents more or less expensive than other housing options?

What do you need to earn to afford a BHA rent?

Are BHA rents affordable to people on low incomes?

How do BHA rents compare?

Peer group

2019/20 rents

Property Size	BHA rents (per week)	Peer Group Rental Value (per week)	Difference	% Difference
1 Apt	-	£63.76	-	-
2 Apt	£63.01	£67.58	-£4.57	-7.25%
3 Apt	£77.32	£76.04	£1.28	1.66%
4 Apt	£85.86	£86.41	-£0.55	-0.64%
5 Apt	£108.92	£96.37	£12.55	11.52%
Average	£77.38	£78.03	-£0.65	-0.84%

BHA rents compare well with other RSL rents, and are on average 0.84% lower.

Comparative RSLs include: Copperworks HA, Craigdale HA, Gardeen HA, Hawthorn HA, Kendoon HA, Provanhall HA, Yorkhill HA and Thistle HA

How do BHA rents compare?

Market Rents

2019/20 rents

Property Size	BHA rents (per week)	Market Rents*	Difference	% Difference
1 Apt	-	£92.30	-	-
2 Apt	£63.01	£135.00	-£71.99	-114.25%
3 Apt	£77.32	£180.00	-£102.68	-132.80%
4 Apt	£85.86	£237.46	-£151.60	-176.57%
5 Apt	£108.92	£373.15	-£264.23	-242.59%
Average	£77.38	£203.58	-£126.20	-163.09%

As expected, BHA rents are significantly lower than market rents and particularly so for larger property sizes. On average, market rents are more than double the weekly BHA rents.

How do BHA rents compare? Local Housing Allowance rate

2019/20 rents

Property Size	BHA rents (per week)	LHA Rate*	Difference	% Difference
1 Apt	-	£80.55	-	-
2 Apt	£63.01	£113.92	-£50.91	-80.80%
3 Apt	£77.32	£149.59	-£72.27	-93.47%
4 Apt	£85.86	£172.60	-£86.74	-101.02%
5 Apt	£108.92	£322.19	-£213.27	-195.80%
Average	£77.38	£167.77	-£90.39	-116.81%

BHA rents sit comfortable below the LHA cap for Housing Benefits.

What is an affordable rent?

How much income should be spent on rent?



What is
an
affordable
level?

Rents are considered to be affordable if a household pays no more than 25% of their income on housing costs (HNDA Guidance)

In reality, most households will spend between 25-35% of their income on housing costs

Income to rent test of BHA rents set at 25% and 30% of income levels

Affordability analysis

Annual income required to be able to afford a BHA property by size

Property Size	BHA rents (per week)	25% income to rent	30% income to rent
1 Apt	-	-	-
2 Apt	£63.01	£13,106.08	£10,921.73
3 Apt	£77.32	£16,082.56	£13,402.13
4 Apt	£85.86	£17,858.88	£14,882.40
5 Apt	£108.92	£22,655.36	£18,879.47
Average	£77.38	£16,095.04	£13,412.53



£15,870
Minimum wage
(25+)

£16,926
Living wage

Income to Rent Ratios

Annual Survey of Hours and Earnings, Office for National Statistics (2019)

Lower Quartile
income in Glasgow
City

£17,305

% income devoted
to housing costs

25% = £4,326

30% = £5,191

Average annual cost

BHA rents = £4,023

RSL rents = £4,058

LHA rate = £8,724

PRS rents = £10,586

£25,916

Median income in Glasgow City

£29,900

Mean income in Glasgow City


Income scenarios: typical earnings & benefits for household profiles

£15,870



1 bedroom

- Single person
- Scenario: employment income & benefits
- Minimum wage, living wage
- Working FT/PT




£19,837



2 bedroom

- Single parent with child; Couple
- Scenario: employment income & benefits
- Minimum wage, living wage
- Working FT/PT




£23,805



3 bedroom

- Single parent: 1-2 children
- Scenario: employment income & benefits
- Minimum wage, living wage
- Working FT/PT




£31,740

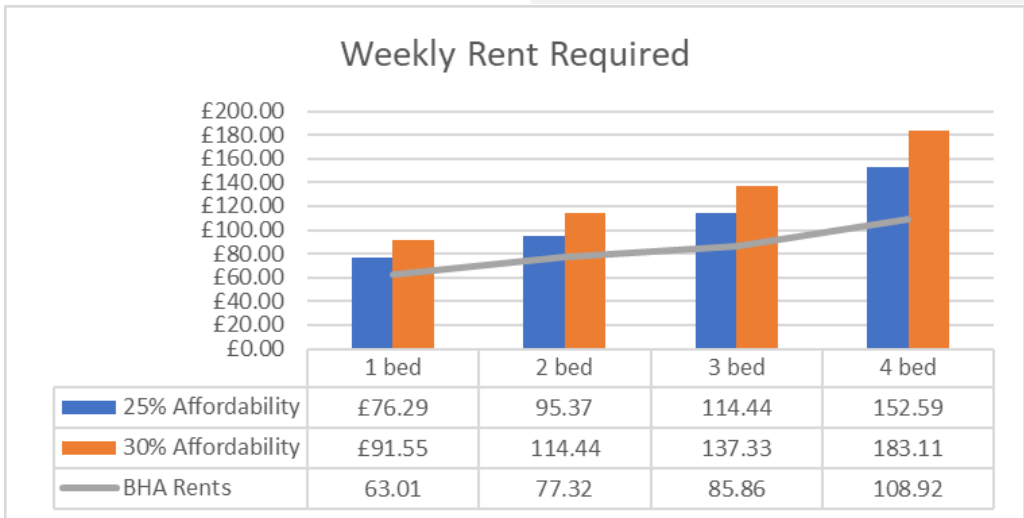


4 bedroom

- Couple with 2-3 children
- Scenario: employment income & benefits
- Minimum wage, living wage
- Working FT/PT



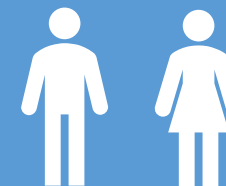
Each average income profile can comfortably meet the costs of BHA rents



Rental affordability conclusions

Key
findings

£



BHA rents
comparer well
with peer RSLs,
mid-market and
market rent costs

BHA rents are
below the LHA
rate

BHA rents are
affordable to
lower quartile
households based
on 30% income to
rent ratio

Based on income
profiling, BHA
rents are
affordable to a
range of different
households types