

## Private renting

### Interest and relevance

- This chapter looks at the private rented sector and the cost of private rents for our housing sub-region. It is relevant to the SHMA because it helps understand an important part of the overall housing market. Data used in this chapter feed into Chapter 10, *Incomes and affordability*.
- Issues affecting benefit claimants in the private sector, and the potential effects of these changes are summarised briefly in section 6.2.4.

### Headline messages

- The 2011 Census shows over 53,000 households (16%) in the private rented sector across our housing sub-region.
- The average rent in March 2012 was £709 per calendar month across the sub-region (Table 3).
- In February 2013 there were almost 12,000 private sector benefit claimants (Table 5).

### Changes over time

- Both nationally and locally there was considerable growth in both the number and proportion of households living in the private rented sector between 2001 and 2011.
- A range of changes are affecting benefits for both private and social tenants, changes to social housing allocations and an emphasis on encouraging more large-scale investment in the private rented sector. These factors are likely to change and possibly expand the sector further.

### Geographical variation

- In 2011 around a quarter of households in Cambridge and Forest Heath lived in private rented accommodation. In other areas of the sub-region, the proportion was between 12% and 16%. The number of households in the private rented sector has increased in all areas since 2001.
- Most of the private rented accommodation is found Cambridge and the market towns.
- Compared to England as a whole and the East of England, the sub-region is a relatively expensive area for rents, with Cambridge is the most expensive area in the sub-region and Fenland the cheapest. Forest Heath is the third most expensive area to rent and the second cheapest to buy suggesting the USA Air Force presence in the district significantly inflates rents.
- Fenland has the largest estimated proportion of private rented households in receipt of benefit (nearly half). Cambridge has a very low proportion of benefit claimants living in private rented accommodation.

### Future monitoring points

- We will continue to monitor the impact of welfare reforms and other recent legislation on issues such as access to the private rented sector for lower income households.
- There are several different rental "markets" recognised nationally. Further work is required to look at these markets locally. There are currently no large-scale build to let homes planned in the sub-region, but some are being built elsewhere. We will continue to monitor this trend.

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## Section 6.1 Introduction

# 6 Private renting

## 6.1 Introduction

- The private rented sector is an important part of the overall housing market in the sub-region. Factors such as affordability of purchase and the national policy environment mean private renting is likely to continue growing in the coming years.
- A more detailed focus on these changes and an improved understanding of different markets within the sub-regional private rented sector is required.
- Understanding the rental market is one of the key outputs of our SHMA. Rents provide an indication of the costs of consuming housing in a market area and long term changes may indicate an imbalance in demand for and supply of housing (2013 draft Assessment Guidance).
- This chapter includes
  - Updated findings about households in the private rental market based on 2011 Census results.
  - Analysis of the number of households in the sector and how many are claiming housing benefit.
  - Average and entry level rents per calendar month (PCM) and trends to support the affordability and affordable need calculations.
- Rental costs are used in the calculation of affordability in Chapter 10 *Incomes and affordability*, and through this in the calculation of affordable need. The relevant tables used are highlighted in pale yellow.
- Data about rental costs are taken from Hometrack and the Valuation Office Agency (VOA).
- The 2013 Estate and Letting Agents Survey which informs this chapter are available at [www.cambridgeshireinsight.org.uk/housing](http://www.cambridgeshireinsight.org.uk/housing).
- Housing stock condition is dealt with in Chapter 4 *Dwelling Profile*.

## Section 6.2 Facts and figures

### 6.2 Facts and figures

#### 6.2.1 Local context

The private rented sector has grown substantially in the past decade. Table 1 shows the change in the number of households renting privately between 2001 and 2011.

Table 1 Households in the private rented sector, 2001 to 2011

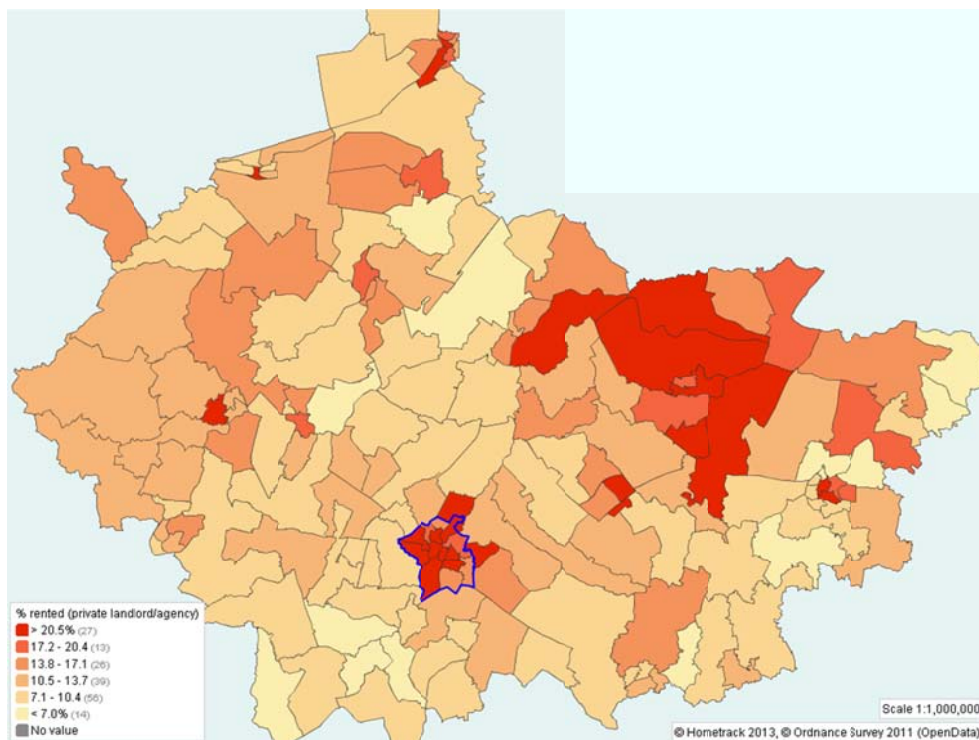
	Private rented 2001		Private rented 2011		Change	Difference
	number	%	Number	%		
Cambridge	8,777	21%	12,258	26%	3,481	40%
East Cambridgeshire	2,684	9%	4,576	13%	1,892	70%
Fenland	3,001	9%	6,341	16%	3,340	111%
Huntingdonshire	5,804	9%	9,770	14%	3,966	68%
South Cambridgeshire	4,247	8%	7,174	12%	2,927	69%
Forest Heath	3,681	16%	6,195	24%	2,514	68%
St Edmundsbury	3,805	9%	6,798	15%	2,993	79%
Cambridge sub-region	<b>31,999</b>	<b>11%</b>	<b>53,112</b>	<b>16%</b>	<b>21,113</b>	<b>66%</b>

Source: [Census 2001 \(Table UV63\)](#) and [Census 2011 \(QS405EW\)](#)

Between 2001 and 2011 the number of households in the private rented sector in the sub-region increased from 31,999 to 53,112.

In Fenland the number of households in the private rented sector has more than doubled. Cambridge (which has the highest number and proportion of private tenants) has the smallest percentage increase in households renting privately but still the second largest numerical increase after Huntingdonshire.

Map 1 % households in the private rented sector (private landlord / agency) Cambridge sub-region 2011



Source: Census 2011 via Hometrack

## Section 6.2 Facts and figures

Map 1 shows the percentage of households renting privately being concentrated around Cambridge and the market towns in each district.

Table 2 shows how the wider Census category breaks down:

Table 2 **The private rented sector, 2011**

	Landlord/ letting agent	Employer	Relative/ friend	Other	Total (=100%)	Private rented sector as % of total housing market
Cambridge	91%	2%	3%	3%	12,258	26%
East Cambridgeshire	91%	2%	6%	1%	4,576	13%
Fenland	91%	1%	7%	1%	6,341	16%
Huntingdonshire	88%	3%	6%	2%	9,770	14%
South Cambridgeshire	87%	5%	5%	3%	7,174	12%
Forest Heath	89%	4%	4%	2%	6,195	24%
St Edmundsbury	87%	5%	6%	3%	6,798	15%
<b>Cambridge sub- region</b>	<b>89%</b>	<b>3%</b>	<b>5%</b>	<b>3%</b>	<b>53,112</b>	<b>16%</b>

*Census, 2011*

Table 2 shows the proportion of private tenants renting from different landlords. About 89% of private tenant households in the sub-region rent from a private landlord, either directly or through a letting agent. Fenland has the largest percentage of households renting from a family member or friend. More detailed tenure cross-tabulations from the Census showing each tenure by age and household structure will be made available later in 2013.

Other sources currently available suggest nationally:

- There are several different markets in the private rented sector: students, recent migrants, families, "Generation Rent" (locked out of ownership), people awaiting access to social housing, young professionals, housing benefit market, slum rentals, tied housing, high income-high rent, transitional renters, temporary accommodation and regulated tenants (Rugg & Rhodes, 2008).
- A more recent paper by the Building and Social Housing Foundation (BSHF) identifies six sub-sectors: higher income working age households, lower income working age households, students, older people, economically inactive households claiming housing benefit and economically active households claiming benefit. Higher income working age households are currently the largest group (46% of the market) and older people are the smallest (5%) (Pearce, 2013).
- Younger households (16-34) are over-represented in the private rented sector and older people (over 55) are under-represented (BSHF). Tenure trend projections by the Joseph Rowntree Foundation suggest around 34% of 18-30 year olds will be housed in the private rented sector in 2020 (Clapham et al, 2012).
- Households in the private rented sector move more frequently than households in other tenures (English Housing Survey 2013) supported by local new development surveys and letting agents surveys.
- More than 60% of private rented households consist of 1 or 2 adults and no children, although the proportion of households in the sector with children is increasing (Pearce, 2013).

## Section 6.2 Facts and figures

- Most (59%) private tenants expect to own. The number who expect to do so within the next two years has decreased from 34% in 2006/7 to 22% in 2011/12 (English Housing Survey 2013).
- The English Housing Survey also shows nationally private rented stock tends to have higher levels of non-decency; to be less warm and more damp than owner occupied homes and homes in the social rented sector. Please see Chapter 4 *Dwelling profile* for links to local stock condition surveys.

### 6.2.2 Average rent per calendar month

Table 3 shows the average rent per calendar month by district in March 2012.

Table 3 **Average rent PCM by number of bedrooms, Cambridge sub-region, March 2012**

	Room	Studio	1 bed	2 beds	3 beds	4 beds	All
Cambridge	£417	£621	£760	£917	£1,024	£1,455	£893
East Cambridgeshire	No data	No data	£486	£598	£763	£1,212	£746
Fenland	£282	No data	£394	£496	£604	£804	£535
Huntingdonshire	£346	£373	£464	£588	£669	£1,093	£634
South Cambridgeshire	£377	£531	£597	£713	£861	£1,296	£823
Forest Heath	£364	£441	£496	£610	£782	£1,184	£773
St Edmundsbury	£399	£445	£521	£614	£758	£1,181	£686
<b>Cambridge sub-region</b>	<b>£380</b>	<b>£530</b>	<b>£521</b>	<b>£628</b>	<b>£756</b>	<b>£1,163</b>	<b>£709</b>

Source: [Valuation Office Agency](#)

Table 3 is used in Chapter 10 *Incomes and affordability*. As with prices for purchase, Cambridge is the most expensive area and Fenland is the cheapest. Forest Heath is the second cheapest area for purchase, but the third most expensive overall for rent.

Table 4 shows the lower quartile (entry-level) rent PCM by number of bedrooms for each district.

Table 4 **Lower quartile rent PCM by number of bedrooms, March 2012**

	Room	Studio	1 bed	2 beds	3 beds	4 beds	All
Cambridge	£355	£550	£675	£760	£875	£1,200	£695
East Cambridgeshire	-	-	£445	£550	£650	£950	£550
Fenland	£238	-	£370	£450	£550	£700	£450
Huntingdonshire	£325	£355	£425	£525	£600	£850	£485
South Cambridgeshire	£350	£475	£550	£650	£775	£995	£650
Forest Heath	£336	£375	£425	£550	£600	£830	£550
St Edmundsbury	£347	£395	£475	£550	£650	£855	£550

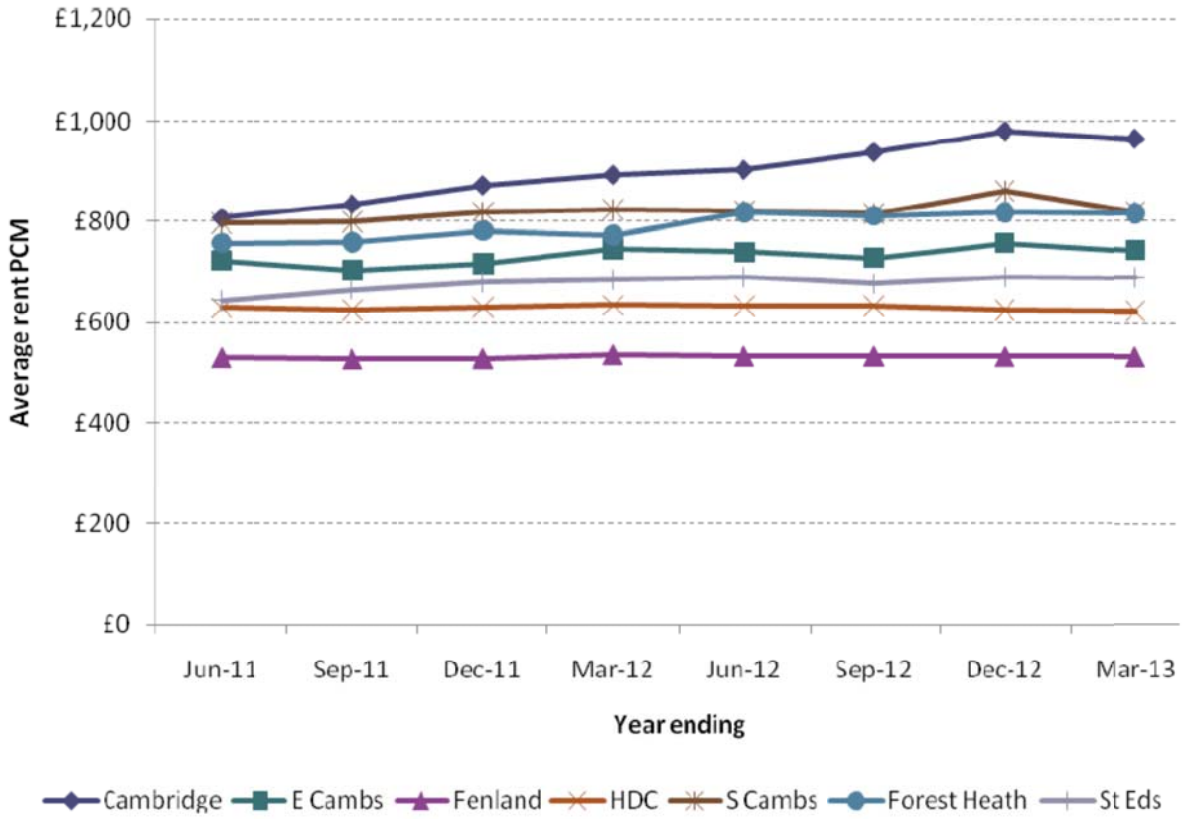
Source: [Valuation Office Agency](#)

Table 4 shows that Cambridge is the most expensive area and Fenland is the cheapest. The lower quartile rents for studios, 1-bed, 2-beds and 3-beds Cambridge are all more expensive than the average rent in all other districts.

Section 6.2 Facts and figures

Fig 1 shows the average rent per calendar month for all properties by district.

Fig 1 Average rent PCM (all properties), Jun 2011 to Mar 2013, Cambridge sub-region



Source: [Valuation Office Agency](#)

A more detailed breakdown of average rents by district and size is shown in Section 6.4.46.4.4.

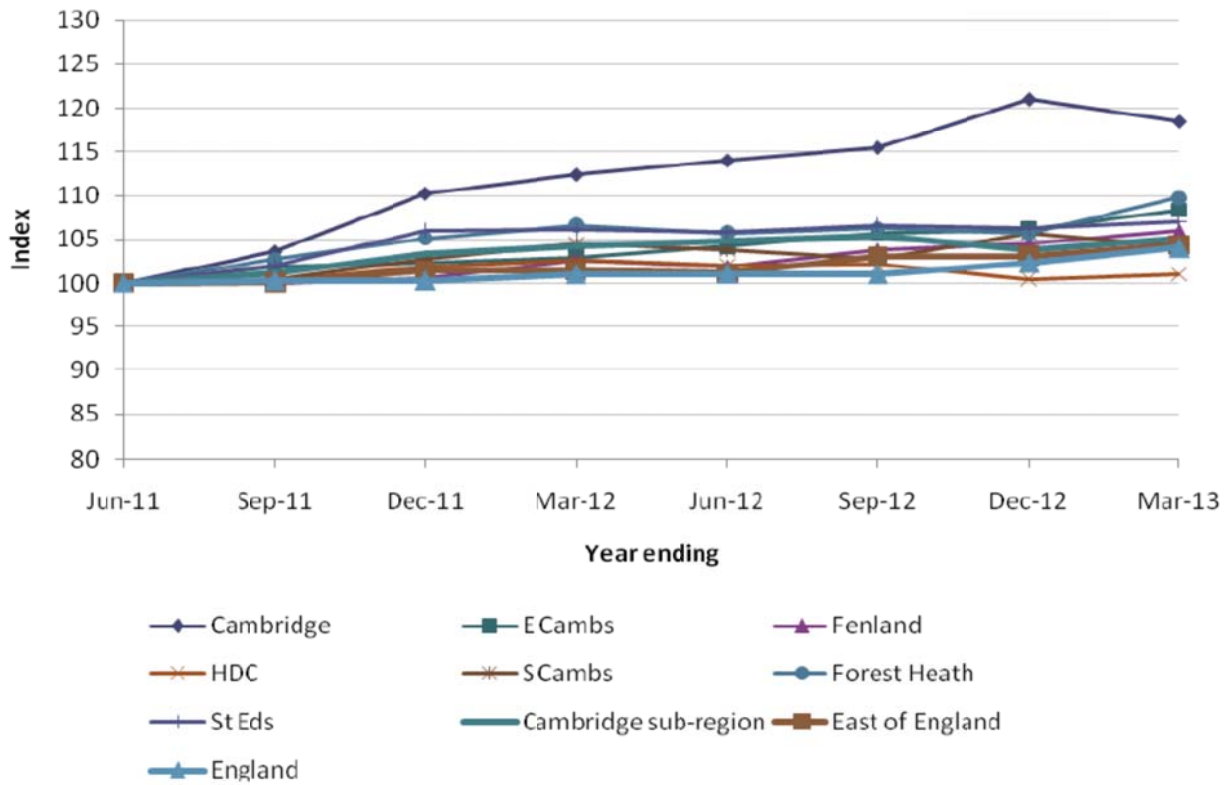
In most areas rents increased between June 2011 and June 2012. In the sub-region as a whole, rents declined slightly between June 2012 and March 2013 when they returned to a similar level as June 2011.

In Huntingdonshire rents in March 2013 were slightly lower on average than in June 2011. As around 17% of the properties included in the dataset are in Huntingdonshire, this also skews the sub-region downwards especially for rooms and four bedroom homes. Cambridge saw the largest increase in rents.

**Section 6.2 Facts and figures**

Fig 2 shows a mix adjusted index of rents from June 2011 for the sub-region districts, sub-region, East of England and England.

Fig 2 **Mix adjusted rent index (based on Jun 2011 rents)**



Source: [Valuation Office Agency](#)

Rents in the sub-region as a whole have increased more sharply than across the whole country and across the region.

Rents in Cambridge have increased especially fast. Rents in Fenland, East Cambridgeshire, Forest Heath and St Edmundsbury all increased by more than 5% between June 2011 and March 2013.

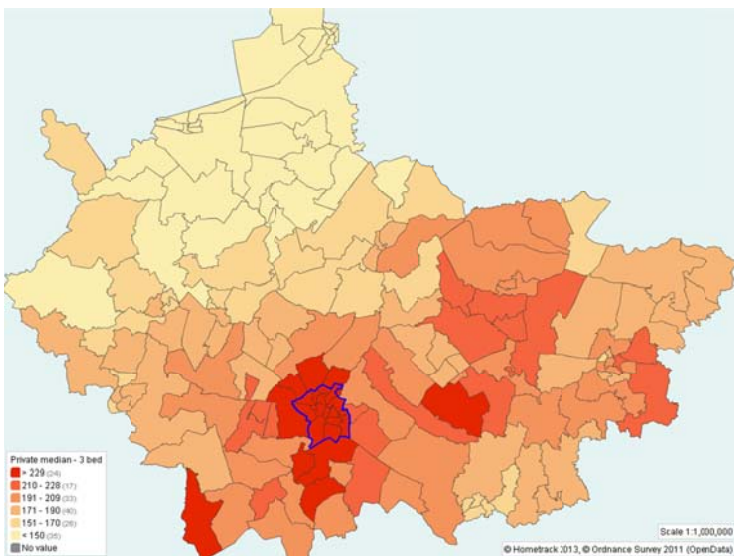
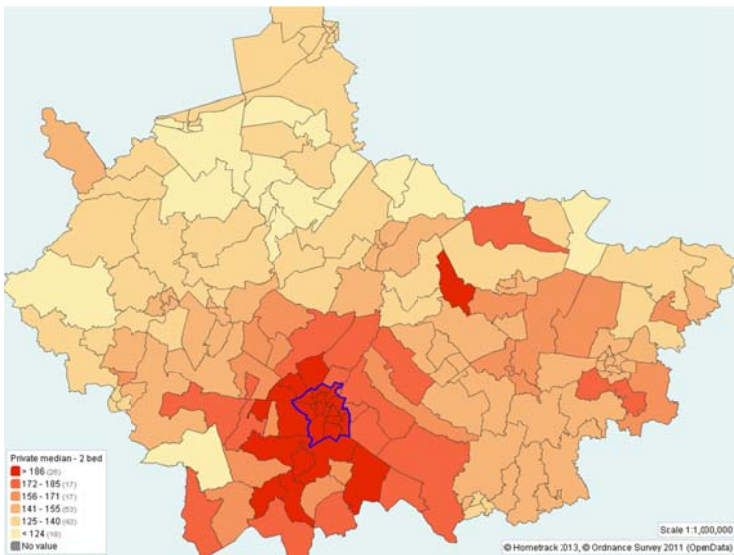
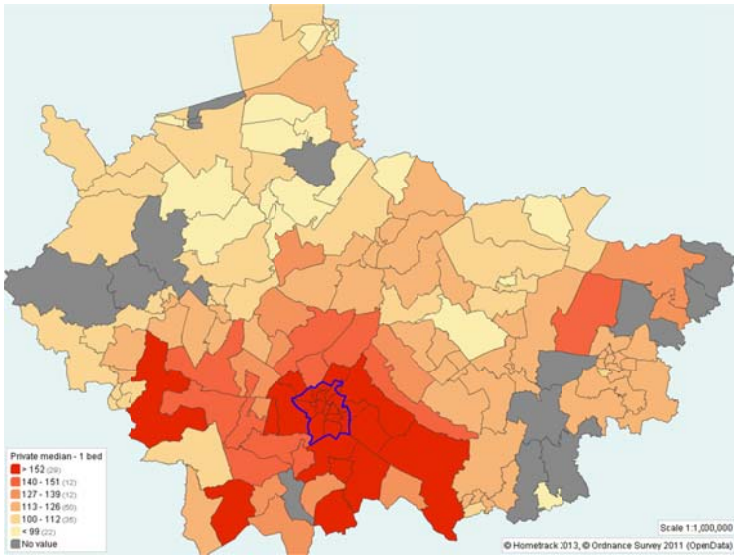
Hometrack provides data on private rent levels, but there is currently no time series for this data and it is only collected for 1 to 3 bedroom homes.

The median rent per week for 1, 2 and 3 bed properties is shown in Map 2, at ward level:



Section 6.2 Facts and figures

Map 2 Median rent per week (1, 2 and 3 bedroom properties), May 2012-April 2013



Source: Hometrack, downloaded June 2013

Grey shading denotes wards with insufficient data to be judged robust.

## Section 6.2 Facts and figures

The median rent across Cambridge is greater than £186 per week; or £806 per calendar month. The wards in South Cambridgeshire which are closest to Cambridge are also expensive.

Forest Heath is the third most expensive districts, but the north east of the district (around Brandon and Thetford) is comparatively cheap and the more expensive parts of the district are around the USAAF bases (RAF Mildenhall and RAF Lakenheath).

There is a split in Huntingdonshire with the more expensive wards in the South of the district along the A14 with wards in the north tending to be cheaper - and closer in price to Fenland.

### 6.2.3 Local Housing Allowance

Table 5 shows the proportion of households in the private rented sector in receipt of Local Housing Allowance (LHA) (see 6.4.20 for definition). The broad rental market areas used to set the rent levels for this type of benefit are shown in Chapter 2 *Defining our market area*.

Table 5 **Private rented sector households and Local Housing Allowance**

	Private tenants receiving LHA (Feb 2013)	Private rented sector households (April 2011)	Estimated percentage of LHA recipients
Cambridge	1,278	12,258	10%
East Cambridgeshire	1,112	4,576	24%
Fenland	3,066	6,341	48%
Huntingdonshire	2,340	9,770	24%
South Cambridgeshire	1,176	7,174	16%
Forest Heath	1,320	6,195	21%
St Edmundsbury	1,675	6,798	25%
<b>Cambridge sub-region</b>	<b>11,967</b>	<b>53,112</b>	<b>24%</b>

Source: DWP, Census, HSSA

Table 5 shows that there are almost 12,000 households in the sub-region as a whole, or about 24% of the estimated private rented sector households in receipt of Local Housing Allowance. Fenland has the highest estimated proportion of private tenants in receipt of benefits at 48%. Cambridge has the lowest at 10%.

### 6.2.4 Recent and future changes affecting the private rented sector

A range of changes to the benefit system have been made since 2010. Some of these affecting Local Housing Allowance include

- Capping the maximum amount of LHA paid to households. The level of cap will mostly affect households in London, and even in higher rent areas like Cambridge this change will have minimal impacts. Overall benefit caps and Universal Credit will have more of an impact when they are introduced from October 2013 onwards.
- Calculating the LHA based on the 30<sup>th</sup> percentile level private rent rather than the median.
- Between 2013 and 2016 benefits including housing benefit will be uprated at 1%, i.e. below inflation.
- Increasing the age bracket for the single accommodation rate from 16-24 years old to 16-34 years old, meaning single people in this age group are only entitled to the rate covering a room in a shared house rather than a self-contained 1 bedroom home. This may lead to an increase in the number of Home in Multiple Occupation (see Chapter 4 *Dwelling profile*, Table 5 for further details on HMOs).

## Section 6.2 Facts and figures

- The under-occupation penalty for people in social rented housing. While this only affects social tenants, because of there being too few smaller properties in the social rented sector for people to downsize to, some households may move into the private rented sector.

The 2011 Localism Act included a range of changes to housing. Mostly these affect social rented housing, but are likely to have an impact on the private rented sector. These include

- The introduction of “affordable rents” which are set at levels up to 80% of the market rent. This means there is a requirement for a greater awareness of market rent levels and a much closer relationship between private rent levels in an area, the viability of new housing where affordable rents are set, and the likely “conversion” of existing affordable rented homes over to the new “affordable rent” regime.
- The introduction of the option of using flexible and fixed term tenures of around 5 years for social tenants (or a minimum of 2 years in special circumstances). This may lead to an increase in demand for private rented properties in the long term for people leaving social rented accommodation at the end of the tenancy.
- Local authorities are able to discharge their homelessness duty by placing a homeless household in private rented accommodation, without the consent of the household. Although this is an added flexibility in finding accommodation for homeless households, in areas of high housing pressure and a shortage of available rented accommodation, this may not be practical as other types of renters may be more attractive to landlords.

The 2012 Montague Review looked at barriers to institutional investment in the private rented sector.

- On the supply side, ARLA identifies most landlords as small-scale investors who own fewer than 5 properties each. Only 1% own more than 10 properties.
- Different types of potential investors want different levels of involvement in the process of developing new homes for private rent.
- Novelty and a lack of experience was also seen as a problem – there are some examples of build to rent schemes, but they are still quite rare.
- Yields were a key concern. Historical rent yields of around 3.5% are too low without a boost from capital appreciation through sale at some point. Changing to building just to rent would require higher rents and/or lower land, construction and management costs to make yields more attractive.
- Problems around the planning system not distinguishing between private rent and owner occupation were also seen as a barrier. The value of the market for owner-occupied properties drives the price of sites for building to rent.

Montague’s recommendations included

- Making use of existing flexibilities in the planning system to plan for and enable the development of privately rented homes where they meet local needs.
- Release public land for development.
- Look at some of the schemes currently being developed to establish a body of best practice and benchmarking and to work with the HCA to establish a task force of officials and private sector specialists to overcome barriers of unfamiliarity around these schemes.
- Developing standards to make good quality private rent an attractive long term tenure.

## Section 6.3 Analysis

### 6.3 Analysis

#### Current Situation

- The average private market rent in the sub-region as a whole in March 2012 was £709 per calendar month. Cambridge is the most expensive area and Fenland is the cheapest.
- Around 16% of households in the sub-region lived in the private rented homes in 2011. The private rental market is mostly concentrated around Cambridge, the USAAF bases in Forest Heath and in the market towns.
- Households in the private rented sector are mostly young, move more frequently than households in other tenures and include fewer household members. In February 2013, an estimated 24% of households in the private rented sector in the sub-region were in receipt of Local Housing Allowance.

#### Changes over time

- Both nationally and locally, the proportion of households in the private rented sector increased between 2001 and 2011, as shown in Table 1. High costs of purchasing a home in the sub-region and high levels of unmet demand for social rented accommodation are important factors driving this. The Rugg Review (2008) and Montague Review (2012) both recognise the sector as playing an increasingly important need in meeting demand.
- Between June 2011 and 2012, rents in the sub-region increased by 2% which is consistent with the national trend. Between 2012 and 2013 overall average rents decreased slightly, but there is considerable variation by property size and district. Between June 2011 and March 2013 rents in the sub-region increased more rapidly than they did both nationally and regionally. Recent guidance on assessing housing need suggests longer term mix-adjusted rents changes may indicate an imbalance between supply and demand (CLG 2013). There is currently only 18 months of data available for this indicator at a local i.e. district level. We will continue to monitor this trend as more data is released.
- Ongoing changes to the benefit system and the way social housing is allocated are likely to increase demand on the private rented sector, especially at the lower-cost end of the market. There are currently no substantial build to let schemes planned for development in the sub-region (a quarter of the £1 billion funds allocated for Build to Rent so far were allocated to projects based in London. A further round of bidding for Build to Rent was announced in September 2013), but this may change if recommendations from the Montague Review are taken on nationally and we will continue to monitor this situation. Further work is also required to look at some of the schemes currently happening in other parts of the country.
- Proposed changes to Local Housing Allowance and Housing Benefit are likely to have a considerable impact on households affected (click here to see the [LHA Changes Atlas](#))
- The reduction of LHA from the figure based on the median rent within a Broad Rental Market Area to the 30<sup>th</sup> percentile rent means pricing some claimant households out of some areas. For example, there are very few properties available for less than the BRMA 30<sup>th</sup> percentile rent in Cambridge, meaning claimants either have a larger shortfall to cover living in the city, or need to look further afield than may be feasible for employment opportunities.

### Section 6.3 Analysis

- Between 2013 and 2016 the LHA rates will be updated at 1% per year. Nationally rents are rising at 2%/year further reducing the areas where the LHA rate covers average rent in full. Typically these more affordable areas are in some of the rural areas where there are fewer properties available.
- Increasing the age boundary for the shared accommodation rate is likely to increase the demand for rooms for rent. A quick glance of sites such as FlatmateWorld and EasyRoommate show very few people willing to let rooms to single people in receipt of benefits. However, some landlords may choose to convert difficult to let larger properties into rooms to let.
- Two changes to households claiming housing benefit in the social rented sector are also likely to have an impact. Firstly, increasing deductions for non-dependent household members may create additional demand for private rented accommodation from these non-dependents. Secondly, reducing payments based on the bedroom standard for working age households and limited availability of 1 bed homes in the social rented sector may mean some of these households looking for alternative accommodation in the private rented sector.
- An increase in the size of deposit required for both market and shared ownership means there is likely to be significant demand for private rented accommodation from low to middle income households (see Chapter 10). For many private landlords, these households are a more attractive tenant type than households with very low incomes who are dependent on benefits.
- Decreasing access to the private rented sector for lower income households is likely to increase rent levels and increase demand for affordable housing in the Cambridge sub-region.

#### Geographical variation

- Cambridge is the most expensive area for private rents and Fenland is the cheapest. Cambridge, South Cambridgeshire and the two Suffolk districts are all more expensive overall than the national average rent PCM from the English Housing Survey 2009/10.
- Forest Heath is the second cheapest place to buy, but the third most expensive for renting, largely due to the influence of the USAAF. The travel to work area for Mildenhall covers parts of East Cambridgeshire and St Edmundsbury, suggesting some influence on these areas too. This is an attractive market because of housing allowances for USAAF personnel and there is at least one letting agent in the district dealing exclusively with this group. Some properties are advertised as having space/ fittings for US appliances.
- Overall rents in Huntingdonshire decreased between 2012 and 2013. This is mostly due to a decrease in the rent for four bedroom properties.
- There are more households in the private rented sector in urban areas and proportionately fewer in more rural areas.

#### What does all this data, combined, tell us?

- The number of households in the private rented sector increased significantly between 2001 and 2011, both locally and nationally. Factors such as changes to the benefit systems, allocations of affordable housing and continued unaffordability of purchase are likely to mean this trend continues.

### Section 6.3 Analysis

- The percentage of privately renting households in receipt of housing benefit also varies between districts. It is low in Cambridge, which is expensive compared to the LHA rate for the area and high in Fenland, the cheapest area of the sub-region.
- Changes to the benefit regime are likely to lead to smaller concentrations of areas affordable for households in receipt of LHA. It may also increase demand for affordable housing.
- Further work is required to better understand the different sub-sets of the rental market in the sub-region and look at the local potential for institutional investment in the private rented sector.

## Section 6.4 Background information

### 6.4 Background information

#### 6.4.1 Links and references

*Correct at November 2013*

ARLA surveys accessed at <http://www.arla.co.uk/information/>

CIH (July 2010) **Briefing Paper on the impact of changes to Housing Benefit and Local Housing Allowance in the Budget** accessed at <http://housing.cih.co.uk/memberbriefing/housingbenefit-July-2010.htm>

CLG (2013) **Assessment of housing and economic development needs** accessed at [http://planningguidance.planningportal.gov.uk/blog/guidance/#Assessment of housing and economic development needs](http://planningguidance.planningportal.gov.uk/blog/guidance/#Assessment%20of%20housing%20and%20economic%20development%20needs)

CLG (2013) **English Housing Survey** accessed at <https://www.gov.uk/government/organisations/department-for-communities-and-local-government/series/english-housing-survey>

CLG (2011) **Planning Policy Statement 3: Planning for Housing. Technical change to Annex B Affordable Housing Definition: Consultation** accessed at <http://www.communities.gov.uk/publications/planningandbuilding/pps3annexconsultation>

Cambridgeshire County Council Research Group **New Development Surveys** are available at <http://www.cambridgeshireinsight.org.uk/housing/new-development-surveys>

Cambridgeshire County Council Research Group **LHA changes atlas** accessed at <http://www.cambridgeshireinsight.org.uk/interactive-maps/localhousingallowance>

Clapham D et al (2012) **Housing Options and Solutions for Young People in 2020**, Joseph Rowntree Foundation access at <http://www.jrf.org.uk/publications/housing-options-solutions-young-people>

HCA **Build to Rent** web pages at <http://www.homesandcommunities.co.uk/ourwork/private-rented-sector>

Local Housing Allowance website accessed at <https://lha-direct.voa.gov.uk/search.aspx>

Pearce, J (2013) **Who lives in the Private Rented Sector?** Building and Social Housing Foundation accessed at <http://www.bshf.org/published-information/publication.cfm?lang=00&thePubID=19F007B2-15C5-F4C0-990836C156D907F7>

Montague, A (2012) **Review of the barriers to institutional investment in private rented homes**, CLG accessed at <https://www.gov.uk/government/publications/barriers-to-institutional-investment-in-private-rented-homes-review>

ONS Results from 2001 and 2011 Census accessed at <http://www.neighbourhood.statistics.gov.uk/>

Rugg J and Rhodes D (2008) **The Private Rented Sector: its contribution and potential**, Centre for Housing Policy, University of York accessed at <http://www.york.ac.uk/media/chp/documents/2008/prsreviewweb.pdf>

**VOA Rents Data** is published at <http://www.voa.gov.uk/corporate/statisticalReleases/PrivateRentalMarketStatistics.html>

Estate and Letting Agents Survey 2013 accessed at [www.cambridgeshireinsight.org.uk/housing/housingmarketresearch](http://www.cambridgeshireinsight.org.uk/housing/housingmarketresearch)



## Section 6.4 Background information

### 6.4.2 Definition of terms

Term used	Abbreviation	Meaning, source or link to relevant website
Broad Rental Market Area	BRMA	Broad Rental Market Areas – Areas used by the Valuation Office to set local housing allowance (LHA) levels. These boundaries are not contiguous with local authority boundaries. Some BRMAs are very large (e.g. Cambridge) and cover several different markets with different prices. <a href="https://lha-direct.voa.gov.uk/search.aspx">https://lha-direct.voa.gov.uk/search.aspx</a>
Local Housing Allowance	LHA	Method of calculating Housing benefit for households in the private rented sector. Previously calculated by continuous collection of data about rents within a Broad Rental Market Area. In June 2010, the coalition government announced plans to stop the data collection and uprate the amount. From 2012 to 2016 the rate will be uprated by 1%. Nationally, rents are increasing by between 2 and 3%.
Mix adjusted rental index		Adjusted rental data to allow for different types of properties rented in each period. The overall average rent can change depending on the balance of the stock let, for example an increase in the proportion of 4 bedroom properties let can make it appear as if the overall average rent has increased. The mix-adjusted rent shows the true change in rents over time by assuming the balance of stock rented is consistent.
Private rent/ other Census category	N/A	The Census category is private rented/ other and includes households living “rent free”. Around 20% of the private rented sector are in this category, which will have included some benefit claimants whose housing benefit at the time was paid directly to their landlord. In Forest Heath it includes USAF personnel living in base accommodation. But some of these will also have described themselves as “renting from employer”. Some housing association tenants may also have been counted as living in the private rented sector because of confusion about what a housing association is.
Private rented sector		All households in the 2001 Census category “Private rent/other”
Per calendar month	PCM	Where rent is given as a weekly amount, multiply by 52/12 to calculate the per calendar month amount.



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### 6.4.3 Data issues

#### Main sources of data

- VOA, Hometrack and the 2011 Census.

#### Recent changes to data

- VOA started to publish data in Sep 2011.
- Hometrack has recently started to display rent data on median rent levels, 30% percentile, 80% of median market rents, and upper quartile rents for 1, 2 and 3 bedroom homes. This is available to district level.

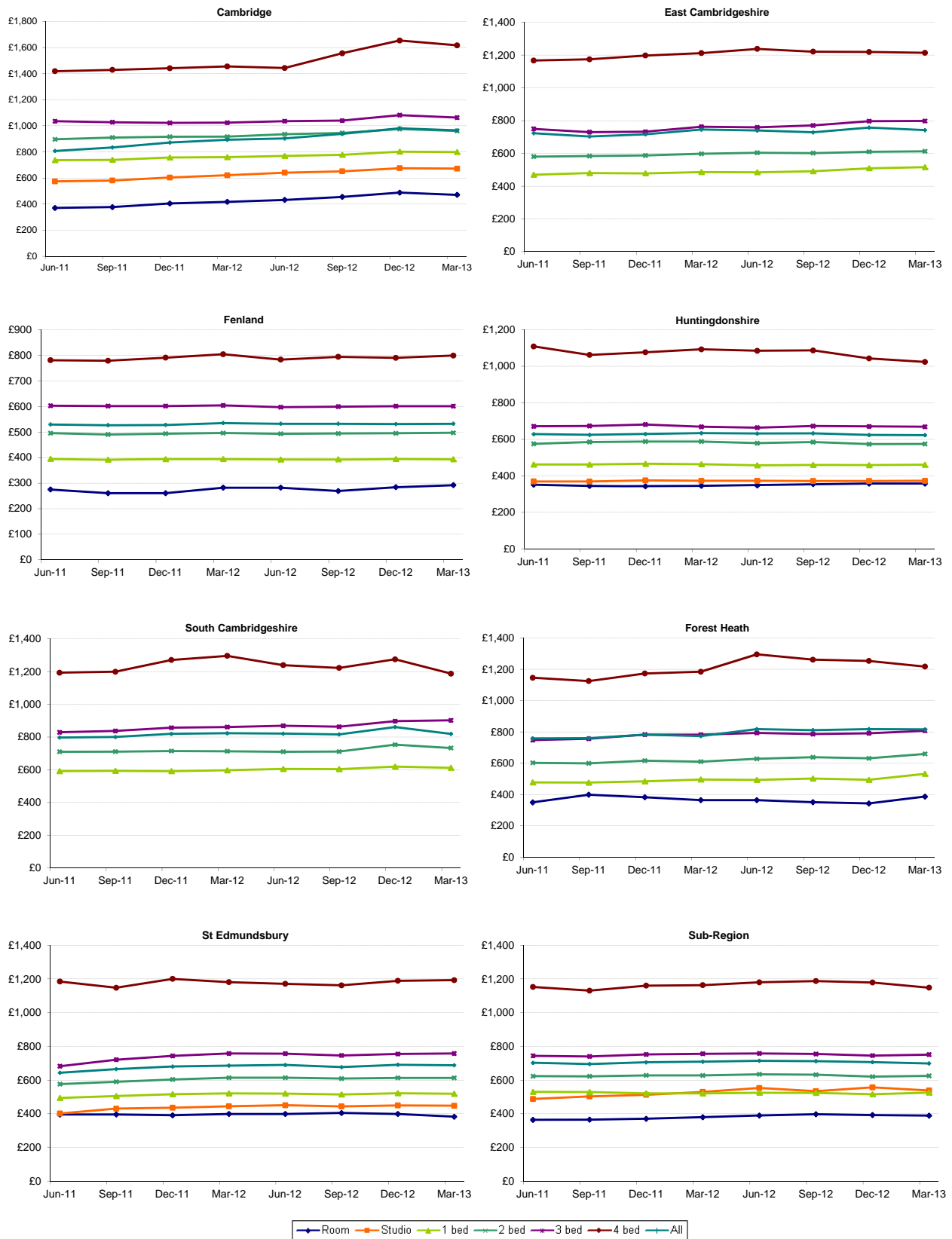
#### Planned changes to data

- More detailed tenure cross-tabulations from Census 2011 showing each tenure by age and household structure will be released late in 2013.

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6.4.4 VOA rent data, published Sept 2011

Fig 3 Average private rent PCM by property size and district, Jun 2011 to Mar 2013



Source: Valuation Office Agency

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### 6.4.5 Local Housing Allowance Rates

The following tables show the LHA rates for the 5 main Broad Rental Market Areas covering the sub-region, as at Mar 2012

Table 6 LHAs per week, by BRMA

BRMA	1 bed	2 bed	3 bed
Bury St Edmunds	£98	£121	£144
Cambridge	£120	£135	£157
Huntingdon	£104	£126	£150
King's Lynn	£90	£107	£127
Peterborough	£91	£113	£127

Source: <http://lha-direct.voa.gov.uk/search.aspx> (downloaded May 2013)

Table 7 LHAs per calendar month by BRMA

BRMA	1 bed	2 bed	3 bed
Bury St Edmunds	£425	£525	£625
Cambridge	£520	£585	£680
Huntingdon	£450	£545	£650
King's Lynn	£390	£463	£550
Peterborough	£395	£490	£550

Source: <http://lha-direct.voa.gov.uk/search.aspx> (downloaded May 2013)

For more detail on BRMAs boundaries please see  
<http://atlas.cambridgeshire.gov.uk/Housing/LHA/atlas.html>