

## Private renting: a summary

### Interest and relevance

- This chapter looks the private rented sector. It is relevant to the SHMA because it helps to better understand an important part of the overall housing market. Data from this chapter is used in Chapter 10, *Incomes and affordability*.
- It looks at the private rented sector and the cost of private rents across the housing sub-region.
- Issues affecting benefit claimants in the private sector, and the potential effects of these changes are also summarised briefly in section 6.7.2.

### Headline messages

- The 2001 Census showed 14% of households in the sub-region lived in the private rented sector. This is likely to have increased (see Chapter 4 *Dwelling profile* Table 1).
- The average rent in January 2010 was £727 per calendar month across the sub-region as a whole (see Table 1).

### Changes over time

- Overall advertised rents have decreased between January 2008 and January 2010, but this may be due to fewer new build rental properties being advertised. Rents for smaller properties have decreased more sharply than larger homes (see Table 3).

### Geographical variation

- The national average rent according to the English Housing Survey was £675 per calendar month in 2009/10. This suggests the Cambridge sub-region is an expensive rental area, particularly Cambridge (£974), South Cambridgeshire (£855), Forest Heath (£797) and St Edmundsbury (£695).
- Cambridge is the most expensive area in the sub-region. Fenland is the cheapest (£529). 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. Cambridge has a very low proportion of benefit claimants living in private rented accommodation.
- In 2001, around a quarter of households in Cambridge and Forest Heath lived in the private rented sector compared to between 10% and 13% elsewhere. Cambridge had the largest rental market (households renting from a private landlord or letting agent).

### Future monitoring points

- The potential impact of benefit changes proposed in the 2010 Comprehensive Spending Review will be monitored closely in future. Increasing the age group eligible for the single room rate from 25 to 35 specifically affects the market for rooms for rent. No room rent data was collected in 2009 or 2010. The 2011 rent review will include room rents.
- Hometrack now makes more rent data available, and the Valuation Office are publishing rent data (see section 6.4 for links). This data will be evaluated and compared to CCRG rent reviews.
- An update to the estate and letting agents survey is required to monitor recent developments on the buy-to-let and the supply side of the private rented sector. This is planned for 2012/2013.

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## Section 6.1 Introduction

# Chapter 6: Private renting

## 6.1 Introduction

- The private rented sector is an important part of the overall housing market in the sub-region. At the time of the 2001 Census, 14% of households lived in the private rented accommodation. National data suggests an increase in households in privately rented accommodation since then.
- Understanding the rental market is one of the key outputs of the SHMA and one of the core outputs of the 2007 CLG SHMA guidance (analysis of past and current housing market trends including balance between supply and demand in different housing sectors and price/affordability).
- The chapter looks at the overall shape of the private rented sector, and average and entry level rent per calendar month (PCM). Rental costs are used in the calculation of affordability in Chapter 13. The relevant tables used are highlighted in yellow.
- Data about rental costs is taken from County Council's January 2010 review of advertised rents. Data about households in the private rented sector is taken from the Census and where possible updated using the English Housing Survey 2008/9. Hometrack made rent data more available from April 2011 onwards as has the Valuation Office, therefore the need to continue gathering primary data on rental costs will be re-evaluated in 2012.
- A distinction is made between the private rented market, where households rent from a landlord either directly or through a letting agent, and the private rented sector which also includes households renting from employers, family/friends, households living "rent free" and other arrangements. Data is more easily available for the private rented market than for the private rented sector as a whole.
- This chapter replaces Chapter 15 and Annex 3 of previous iterations of the Cambridge sub-region SHMA. Chapter 16 of the previous SHMA contained information about Buy to Let, which will be updated and incorporated into this chapter following an update of the Estate and Letting Agents Survey (last completed in 2008).
- Following the 2007/8 economic downturn, the Buy to Let sector of the mortgage market was significantly reduced which led to a reduction in the number of new buy to let entrants, but no significant reduction in existing buy to let owners. Updating the previous estate and letting agent surveys will help us to better understand changes since this time with regard to this part of the market.
- Archived SHMA chapter 17, *Buy To Let* and previous private rent and lettings agent surveys are available for reference at [www.cambridgeshireinsight.org.uk](http://www.cambridgeshireinsight.org.uk)

## Section 6.2 Facts and figures

## 6.2 Facts and figures

## 6.2.1 Average rent per calendar month

Table 1 shows the average rent per calendar month (PCM) by district in January 2010.

**Table 1. Average rent PCM by number of bedrooms, Cambridge sub-region**

	1 bed	2 beds	3 beds	4 beds	All
Cambridge	£748	£894	£1,081	£1,370	£974
East Cambridgeshire	£478	£600	£684	£985	£665
Fenland	£402	£494	£615	£794	£529
Huntingdonshire	£450	£573	£680	£981	£629
South Cambridgeshire	£589	£695	£815	£1,192	£855
Forest Heath	£452	£665	£833	£1,097	£797
St Edmundsbury	£503	£597	£782	£917	£695
<b>Cambridge sub-region</b>	<b>£521</b>	<b>£634</b>	<b>£778</b>	<b>£1,067</b>	<b>£727</b>
England					£675

Source: LGSS Research & Performance Group Review of Advertised Rents January 2010, [English Housing Survey 2009/10](#)

Table 1 shows the average rent by number of bedrooms and district. This table 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, and the second most expensive area to rent a three bedroom home.

The average rent in Cambridge, South Cambridgeshire, Forest Heath and St Edmundsbury are greater than the national average rent.

Table 2 shows the lower quartile (entry-level) rent PCM by number of bedrooms for each district.

**Table 2. Lower quartile rent PCM by number of bedrooms**

	1 bed	2 beds	3 beds	4 beds	All
Cambridge	£668	£753	£895	£1,250	£750
East Cambridgeshire	£395	£550	£629	£850	£550
Fenland	£368	£465	£575	£656	£449
Huntingdonshire	£425	£510	£600	£798	£495
South Cambridgeshire	£550	£653	£750	£950	£695
Forest Heath	£396	£525	£650	£850	£550
St Edmundsbury	£456	£550	£650	£718	£550
<b>Cambridge sub-region</b>	<b>£425</b>	<b>£525</b>	<b>£639</b>	<b>£850</b>	<b>£550</b>

Source: LGSS Research & Performance Group Review of Advertised Rents January 2010

Table 2 shows that Cambridge is the most expensive area and Fenland is the cheapest. The lower quartile rent for Cambridge is more expensive than the average rent in all other districts except South Cambridgeshire and Forest Heath.

## Section 6.2 Facts and figures

Table 3. Average rent PCM 2007<sup>1</sup> to 2010 by district and number of bedrooms

		2007	2008	2009	2010	Difference between 2009 and 2010	% change 2009 to 2010
Cambridge	1 bed	£659	£765	£771	£757	−£14	−2%
	2 beds	£870	£943	£913	£894	−£20	−2%
	3 beds	£984	£1,016	£1,077	£1,081	£4	0%
	<b>All</b>	<b>£965</b>	<b>£1,000</b>	<b>£1,000</b>	<b>£976</b>	<b>−£24</b>	<b>−2%</b>
East Cambridgeshire	1 bed	£546	£560	£514	£478	−£37	−7%
	2 beds	£595	£594	£584	£600	£15	3%
	3 beds	£754	£727	£701	£684	−£17	−2%
	<b>All</b>	<b>£718</b>	<b>£759</b>	<b>£731</b>	<b>£665</b>	<b>−£66</b>	<b>−9%</b>
Fenland	1 bed	£409	£442	£405	£402	−£4	−1%
	2 beds	£505	£520	£498	£494	−£4	−1%
	3 beds	£653	£602	£626	£615	−£11	−2%
	<b>All</b>	<b>£566</b>	<b>£580</b>	<b>£595</b>	<b>£529</b>	<b>−£66</b>	<b>−11%</b>
Huntingdonshire	1 bed	£461	£509	£490	£450	−£41	−8%
	2 beds	£572	£617	£613	£573	−£40	−7%
	3 beds	£709	£740	£741	£680	−£61	−8%
	<b>All</b>	<b>£684</b>	<b>£762</b>	<b>£725</b>	<b>£629</b>	<b>−£96</b>	<b>−13%</b>
South Cambridgeshire	1 bed	£542	£602	£618	£589	−£30	−5%
	2 beds	£707	£695	£720	£695	−£25	−3%
	3 beds	£856	£845	£880	£815	−£65	−7%
	<b>All</b>	<b>£903</b>	<b>£893</b>	<b>£958</b>	<b>£855</b>	<b>−£103</b>	<b>−11%</b>
Forest Heath	1 bed	£505	£498	£615	£452	−£163	−27%
	2 beds	£660	£627	£725	£665	−£60	−8%
	3 beds	£764	£848	£840	£833	−£7	−1%
	<b>All</b>	<b>£714</b>	<b>£746</b>	<b>£851</b>	<b>£797</b>	<b>−£53</b>	<b>−6%</b>
St Edmundsbury	1 bed	£529	£591	£529	£503	−£26	−5%
	2 beds	£674	£692	£646	£597	−£49	−8%
	3 beds	£852	£863	£791	£782	−£8	−1%
	<b>All</b>	<b>£811</b>	<b>£857</b>	<b>£777</b>	<b>£695</b>	<b>−£82</b>	<b>−11%</b>
Sub-Region	1 bed	£508	£612	£588	£523	−£65	−11%
	2 beds	£653	£734	£671	£634	−£37	−6%
	3 beds	£774	£829	£799	£778	−£22	−3%
	<b>All</b>	<b>£756</b>	<b>£841</b>	<b>£805</b>	<b>£728</b>	<b>−£77</b>	<b>−10%</b>

Source: LGSS Research & Performance Group Review of Advertised Rents January 2010

<sup>1</sup> From 2008 onwards the annual review of rents took place in January of each year. The 2007 review actually took place in Nov/Dec 2006. Prior to this date, there is no local rent data available.

## Section 6.2 Facts and figures

Table 3 shows the average rent by property size and district from 2007 to 2010 for 1 to 3 bedroom properties and overall (i.e. including studios and properties with four or more bedrooms). It shows an apparent decrease in rent since 2008 in all areas except Forest Heath. In the same period, the proportion of newer properties (which tend to be more expensive to rent) has decreased, so some of the decrease is due to this. The overall number of rents included in the review for these years is shown in Table 11. Fig 2 shows the proportion of newer homes included.

Cambridge had the smallest rent decrease overall between 2009 and 2010 and Huntingdonshire had the largest. By size, the average rent for three bedroom properties decreased by the least and one bedroom properties by the most. In 2009 in Forest Heath there were a number of very expensive one bedroom properties advertised for rent on one development in the district which skewed the rents upwards in the district in this year.

### 6.2.2 The private rented sector

Table 4 shows general characteristics of private rented households, from a range of sources.

**Table 4. General characteristics of residents living in the private rented sector**

Characteristic	Features	Sources
Age	A higher proportion of younger adults (16 to 34) are housed in the private rented sector. There are fewer older people (60+).	Census 2001 <a href="#">English Housing Survey 2009/10</a>
Size	The average size for households in the private rented sector is smaller than the average household size for "all tenures". Nationally, there are more single person households among private tenants than owner occupiers and social tenants.	Census 2001  English Housing Survey 2009/10
Length of residence/ intention to stay at current address	In 2008, the average length of stay for private tenants renting through a letting agent was 15 months. New development surveys in the sub-region since 2006 also show private tenants intend to stay at their current address for less time than in other tenures. The English Housing Survey shows 53% of private tenants have been resident in their current address for less than two years. The average length of residence in current home is 3.8 years for private tenures, compared to 8 years for social tenants and 12 years for owner occupiers.	<a href="#">Appendix 5: Letting Agents Survey 2008</a> <a href="#">New developments surveys</a>  English Housing Survey 2009/10

Overall, private rented sector households tend to be younger, smaller and more mobile than households in other tenures.

The 2001 Census shows 14% of households living in the private rented sector in the sub-region as a whole (see Chapter 4 *Current dwelling profile and condition*), with a much higher proportion in Cambridge (23%) and Forest Heath (24%).

## Section 6.2 Facts and figures

Table 5 shows how the wider Census category breaks down:

**Table 5. The private rented sector, 2001**

	Landlord/ letting agent	Employer	Relative/ friend	Other	Rent free	Total (=100%)	Private rented sector as % of total housing market
Cambridge	75%	3%	3%	9%	10%	9,758	23%
East Cambridgeshire	62%	2%	5%	2%	29%	3,800	13%
Fenland	68%	1%	7%	1%	23%	3,883	11%
Huntingdonshire	69%	6%	5%	5%	15%	6,856	11%
South Cambridgeshire	62%	7%	5%	5%	21%	5,408	10%
Forest Heath	56%	5%	3%	4%	32%	5,413	24%
St Edmundsbury	63%	6%	5%	5%	21%	4,829	12%
<b>Cambridge sub-region</b>	<b>66%</b>	<b>4%</b>	<b>4%</b>	<b>5%</b>	<b>20%</b>	<b>39,947</b>	<b>16%</b>
<b>East of England</b>	<b>70%</b>	<b>3%</b>	<b>5%</b>	<b>3%</b>	<b>18%</b>	<b>240,479</b>	<b>11%</b>

*Census, 2001*

Table 5 shows the proportion of private tenants renting from different landlords. About two-thirds of private tenant households in the sub-region rent from a private landlord, either directly or through a letting agent. Cambridge has the largest rental market (75%). In reality this may include some households who classed themselves as living rent free<sup>2</sup>. Forest Heath has the highest proportion of households living rent free. This is likely to include USA Air Force (USAAF) personnel. Fenland has the largest percentage of households renting from a family member or friend.

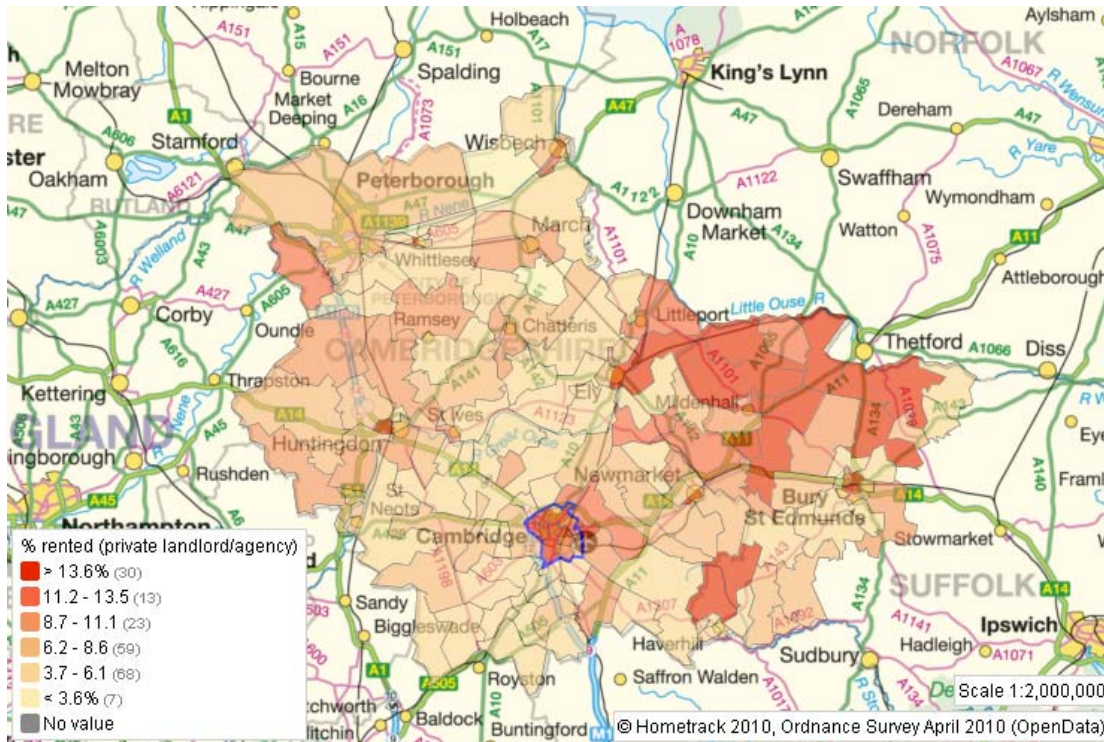
Data from the English Housing Survey shows an increase in the number and proportion of households in the private rented sector since 2001 and the last Census. National level data from the Association of Residential Letting Agents (ARLA) quarterly review of members shows a perception there are more tenants than properties, and a decrease in void periods, suggesting strong demand.

<sup>2</sup> Some households in receipt of housing benefit (in 2001 this would have paid directly to landlords)

## Section 6.2 Facts and figures

Map 1 shows the percentage of households renting from a private landlord or letting agent.

**Map 1 Percentage of households renting from a landlord/ letting agent by ward 2001**



Source: Census through Hometrack

Map 1 shows the rental market is mostly concentrated around Cambridge, areas surrounding the USAAF bases at Mildenhall and Lakenheath and around the market towns. There is very little privately rented accommodation in the more rural areas.

### 6.2.3 Local Housing Allowance

Table 6 shows the proportion of households in the private rented sector in receipt of Local Housing Allowance (LHA), see also section 6.5. The broad rental market areas used to set the rent levels for this type of benefit are shown in Chapter 2: *Defining our housing market area*.

**Table 6. Private rented sector households and Local Housing Allowance**

	Private tenants receiving LHA (Sept 2010)	Estimated private rented sector households	Estimated percentage of LHA recipients
Cambridge	1,260	10,915	12%
East Cambridgeshire	990	4,641	21%
Fenland	2,660	4,581	58%
Huntingdonshire	1,940	7,721	25%
South Cambridgeshire	1,080	5,995	18%
Forest Heath	1,120	6,295	18%
St Edmundsbury	1,450	5,463	27%
<b>Cambridge sub-region</b>	<b>10,500</b>	<b>45,611</b>	<b>23%</b>

Source: DWP, Census, HSSA



## Section 6.2 Facts and figures

Table 6 shows that there are around 10,500 households in the sub-region as a whole, or about 23% of the estimated private rented sector in receipt of Local Housing Allowance. Fenland has the highest estimated proportion of private tenants in receipt of benefits at 58%. Cambridge has the lowest at 12%.

### 6.2.4 The Comprehensive Spending Review 2010

The 2010 Comprehensive Spending Review proposed a range of changes to Local Housing Allowance and housing benefit:

- 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 likely Cambridge, this change will have minimal impacts. Overall benefit caps and Universal Credit will have more of an impact when they are introduced.
- Calculating the LHA based on the 30<sup>th</sup> percentile level rent rather than the median.
- Using the Consumer Prices Index (CPI), which does not include housing costs to uprate benefits.
- Decreasing housing benefit for long term Jobseekers Allowance claimants.
- Currently single person households aged over 25 are eligible to claim the LHA rate for a self contained one bedroom property. This is being changed so only those aged over 35 will be eligible for LHA on a self-contained property. Single people aged less than 35 who are entitled to LHA will only qualify for the shared accommodation rate.

### 6.2.5 The Localism Act 2011

The Localism Act 2011 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 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 will be allowed 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 can have further implications.

## Section 6.3 Analysis

### 6.3 Analysis

#### 6.3.1 Current Situation

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The average private market rent in the sub-region as a whole in January 2010 was £727/PCM. Cambridge is the most expensive area and Fenland is the cheapest.

Around 14% of households in the sub-region lived in the private rented homes in 2001 and based on national trends this is likely to have increased. 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 September 2010, an estimated 23% of households in the private rented sector in the sub-region were in receipt of Local Housing Allowance.

#### 6.3.2 Changes over time

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Locally, rents appear to have decreased since 2008 in most areas, although this may be due to a decrease in the proportion of newer homes advertised as available for rent in these years.

Nationally, the proportion of households in the private rented sector has increased since the 2001 Census, as shown in Chapter 4: *Current dwelling profile and condition*. Given the high costs of purchasing a home in the sub-region and high levels of demand for social rented accommodation, it is likely that the sub-region follows the national trend and that renting privately has increased.

Proposed changes to Local Housing Allowance and Housing Benefit (detailed above in 6.2.4 and 6.2.5) are likely to have a considerable impact on households affected (click here for 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 will mean households will have to meet additional costs or negotiate lower rents with a landlord, or to move a cheaper area or smaller property. Some areas may become no-go areas for lower income households renting privately, particularly Cambridge, where there is already a limited range of properties available which are covered by the current LHA level.
- Typically rents increase by 5.97% each year. The CPI - a measure of inflation which does not include housing costs - increases by 3.4% each year. This means that projecting these figures ten years, the LHA will cover the rent of the cheapest 3 bedroom property in only 16 wards in the sub-region as a whole (and none in Cambridge, South Cambridgeshire, Fenland or St Edmundsbury)
- Increasing the age boundary for single room 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 room lettings.
- 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 a lower proportion of 1 bed homes in the social rented sector may mean some of these households looking for alternative accommodation in the private rented sector.

## Section 6.3 Analysis

- 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 *Incomes and affordability*). 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.

### 6.3.3 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.

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

- The average rent in the sub-region as a whole was £727 per month in January 2010. Cambridge was considerably more expensive and Fenland is cheaper.
- The rental market in the sub-region is likely to have increased since the last Census. Nationally there is evidence of strong demand and the last local letting agents survey (2008) supports this suggestion, but this needs to be updated.
- Cambridge has a larger private rented market than other districts. Other districts have a higher proportion of households renting from employers, family/friends, and living rent free than Cambridge.
- The percentage of households in receipt of housing benefit also varies between districts. It is low in Cambridge, which is still expensive compared to the LHA 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.

## Section 6.4 Links and references

### 6.4 Links and references

*Correct as of January 2012*

ARLA 2010a **ARLA Survey of Members, September 2010** accessed at <http://www.arla.co.uk/buytolet/latestreports.aspx>

ARLA 2010b **ARLA Survey of Residential Investment Landlords, September 2010** accessed at <http://www.arla.co.uk/buytolet/latestreports.aspx>

Blackwell, A. & Park (2011), **A The reality of Generation Rent: perceptions of the first time buyer market** NatCen available at <http://www.natcen.ac.uk/study/the-reality-of-generation-rent->

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 (2010) **English Housing Survey, Headline Report 2008-9** accessed at <http://www.communities.gov.uk/publications/corporate/statistics/ehs200809headlinereport>

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>

Local Housing Allowance website accessed at [http://www.direct.gov.uk/en/Diol1/DoltOnline/DG\\_196239](http://www.direct.gov.uk/en/Diol1/DoltOnline/DG_196239)

LGSS Research and Performance (August 2010) **Item 5 – Local Housing Allowances Note** accessed at [http://www.cambridgeshirehorizons.co.uk/our\\_challenge/housing/crhb\\_meetings.aspx](http://www.cambridgeshirehorizons.co.uk/our_challenge/housing/crhb_meetings.aspx)

LGSS Research and Performance **New Development Surveys** are available at <http://www.cambridgeshire.gov.uk/business/research/housing>

LGSS Research and Performance **LHA changes atlas** accessed at <http://atlas.cambridgeshire.gov.uk/Housing/LHA/atlas.html>

RICS (2010) **Residential Lettings Survey GB October 2010** accessed at <http://www.rics.org/lettingsurvey>

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

## Section 6.5 Definition of terms

## 6.5 Definitions of terms

Term used	Abbreviation	Meaning	Link for further information
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. In June 2010, the coalition government announced plans to uprate Local Housing Allowance amounts, rather than continuously collect data.	<a href="http://www.direct.gov.uk/en/Diol1/DoltOnline/DG_196239">http://www.direct.gov.uk/en/Diol1/DoltOnline/DG_196239</a>
Local Housing Allowance	LHA	Housing benefit for households in the private rented sector	
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”	
Private rented market		Households renting from a private sector landlord either directly or through a letting agent	
Per calendar month	PCM		

**Section 6.6 Data issues****6.6 Data issues****Main sources of data**

Data on rent levels is difficult to obtain and not centrally recorded like house prices. While Hometrack provide some information on average private rents, there is no information available for lower quartile rents – used in the calculation of affordability. The Valuation Office collects data to calculate Local Housing Allowance. This uprating will be based on the CPI, - a measure of inflation which does not include housing costs.

Since Dec 2006 Cambridgeshire County Council/ LGSS Research & Performance Group has conducted an annual review of advertised private rented properties in winter each year. This is not ideal as it includes vacant properties, not let properties. This is a little like basing house price data on advertised asking price and people may be able to negotiate lower rent levels with landlord, especially if a property is vacant for a long period. However, rents are less negotiable than purchase prices so the advertised rents are likely to provide an accurate reflection of true rents, and a review of advertised rents is also the approach used by Hometrack and part of the approach used by the Royal Institute of Chartered Surveyors. The next local survey of letting agents will seek to clarify this point.

**Recent changes to data**

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**

In 2011, data about the costs of room rents will be collected. This information is useful as one other recent benefit reform is the extension of the room rate from single people under 25 to under 35.

More private rent data is being made available. Hometrack has produced some rent data for 1, 2 and 3 bed properties. As it is based on a similar methodology, it is mostly consistent with data from the annual review of rents).

The Valuation Office, who gather data about rents to establish LHA levels started to produce district level rent data in September 2011. This is also fairly consistent with Hometrack/LGSS data but is based on paid rents rather than advertised rents. It is based on a larger sample size and in the long term will be helpful in establishing good time series data.

There will be a repeat survey of local letting agents in the next update of the SHMA, which will help to update some of the information on tenants and landlords in the sub-region. In 2012 we plan to conduct a comparison exercise of the available data sources with a view to discontinuing the annual rent review. This is in keeping with the SHMA's aim to use open source secondary data wherever possible.

LHA/Housing Benefit is likely to be included in the Universal Credit (2014 onwards). How this will affect data availability around private rent levels is unknown.

## Section 6.7 Additional information

## 6.7 Additional information

### 6.7.1 Local housing allowance (LHA)

LHA rents are based around BRMAs, which are not contiguous with district boundaries. The LHA Atlas (see link above) shows the BRMAs covering the sub-region. Maps of each area are also available in Chapter 2, *Defining our housing market area*.

Our housing sub-region is mostly covered by five BRMAs:

- Cambridge which covers all of Cambridge and South Cambridgeshire, parts of East Cambridgeshire, Forest Heath and St Edmundsbury
- Huntingdon, which covers most of Huntingdonshire and part of South Cambridgeshire
- Peterborough, covering parts of Huntingdonshire and Fenland and East Cambridgeshire
- Bury St Edmunds covering most of St Edmundsbury and Forest Heath
- King's Lynn covering the northern half of Fenland.

**Table 7. LHA claimants by BRMA and size**

	Bury St Edmunds	Cambridge	Huntingdon	King's Lynn	Peterborough	Total
1 Room (shared)	131	1,028	113	126	130	948
1 Bedroom	223	461	107	384	675	1,850
2 Bedrooms	638	1,028	239	1,073	2,006	4,984
3 Bedrooms	619	755	193	1,044	1,648	4,259
4 Bedrooms	242	283	80	290	481	1,376
5 Bedrooms	29	83	28	46	112	298
<b>All sizes</b>	<b>1,882</b>	<b>3,058</b>	<b>760</b>	<b>2,963</b>	<b>5,052</b>	<b>13,715</b>

*LHA list of rents, March 2010*

**Table 8. LHA rents per week (based on median rent level) by BRMA and size**

	1 room	1 bed	2 beds	3 beds	4 beds
Bury St Edmunds	£66.00	£101.26	£126.58	£149.59	£230.14
Cambridge	£75.95	£143.84	£161.10	£184.11	£275.01
Huntingdon	£72.50	£103.56	£126.58	£149.59	£218.63
Kings Lynn	£62.50	£92.05	£115.07	£136.93	£181.23
Peterborough	£58.50	£92.05	£115.07	£136.93	£182.96

*Local Reference Rents, March 2010*

**Table 9. LHA rents (based on 30<sup>th</sup> percentile)**

	1 room	1 bed	2 beds	3 beds	4 beds
Bury St Edmunds	£57.33	£94.67	£115.91	£137.87	£208.33
Cambridge	£67.27	£124.44	£146.66	£160.00	£230.76
Huntingdon	£68.00	£100.00	£120.00	£140.91	£194.44
Kings Lynn	£57.33	£87.27	£107.20	£125.00	£160.00
Peterborough	£55.00	£88.00	£110.00	£128.95	£161.76

*Local Reference Rents, March 2010*

## Section 6.7 Additional information

**6.7.2 Local Housing Allowance**

Changes to the LHA system are discussed in detail in 6.2.3 and 6.3.2. Table 11 provides information by district on LHA based on median local rent (old system) and based on 30<sup>th</sup> percentile rent (new system).

**Table 10. Local housing allowance – based on median and 30<sup>th</sup> percentile**

	Median			30 <sup>th</sup> Percentile		
	1 bed	2 bed	3 bed	1 bed	2 bed	3 bed
Cambridge	£623	£708	£808	£399	£499	£593
East Cambridgeshire	£600	£686	£785	£531	£585	£682
Fenland	£399	£499	£590	£380	£474	£549
Huntingdonshire	£448	£547	£646	£429	£519	£616
South Cambridgeshire	£612	£698	£802	£541	£598	£700
Forest Heath	£488	£594	£694	£442	£527	£623
St Edmundsbury	£470	£579	£677	£428	£517	£612
<b>Sub-Region</b>	<b>£512</b>	<b>£609</b>	<b>£707</b>	<b>£466</b>	<b>£542</b>	<b>£636</b>

Valuation Office, September 2010

**6.7.3 Annual review of advertised rents**

Each year, LGSS Research & Performance (previously Cambridgeshire County Council Research Group) gathers information on properties advertised as available for rent usually in January of each year<sup>3</sup>. The data gathered in this first review (December 2006) was largely collected from newspapers, whereas in subsequent years it has mostly been taken from the internet. This is easier, cheaper, gets more results and ensures a more even geographical spread.

The type of properties included affects the overall price – for example, rents for houses are higher than rents for flats, new homes are more expensive than secondhand properties etc. Tables 10 and Figs 1 to 4 provide some context to the type of properties advertised compared to previous years as this can affect the rent levels e.g. asking rents for newer homes are higher than rents for older properties. Fig 5 onwards provides a more detailed analysis by district of the results of the 2010 review.

**Table 11. Number of properties advertised by district, 2006-2010**

	Dec 2006	Jan 2008	Jan 2009	Jan 2010
Cambridge	183	407	308	242
East Cambridgeshire	82	131	260	188
Fenland	155	79	213	232
Huntingdonshire	337	376	582	429
South Cambridgeshire	126	203	286	193
Forest Heath	70	180	280	323
St Edmundsbury	47	132	214	209
<b>Sub-Region</b>	<b>1,000</b>	<b>1,508</b>	<b>2,143</b>	<b>1,816</b>

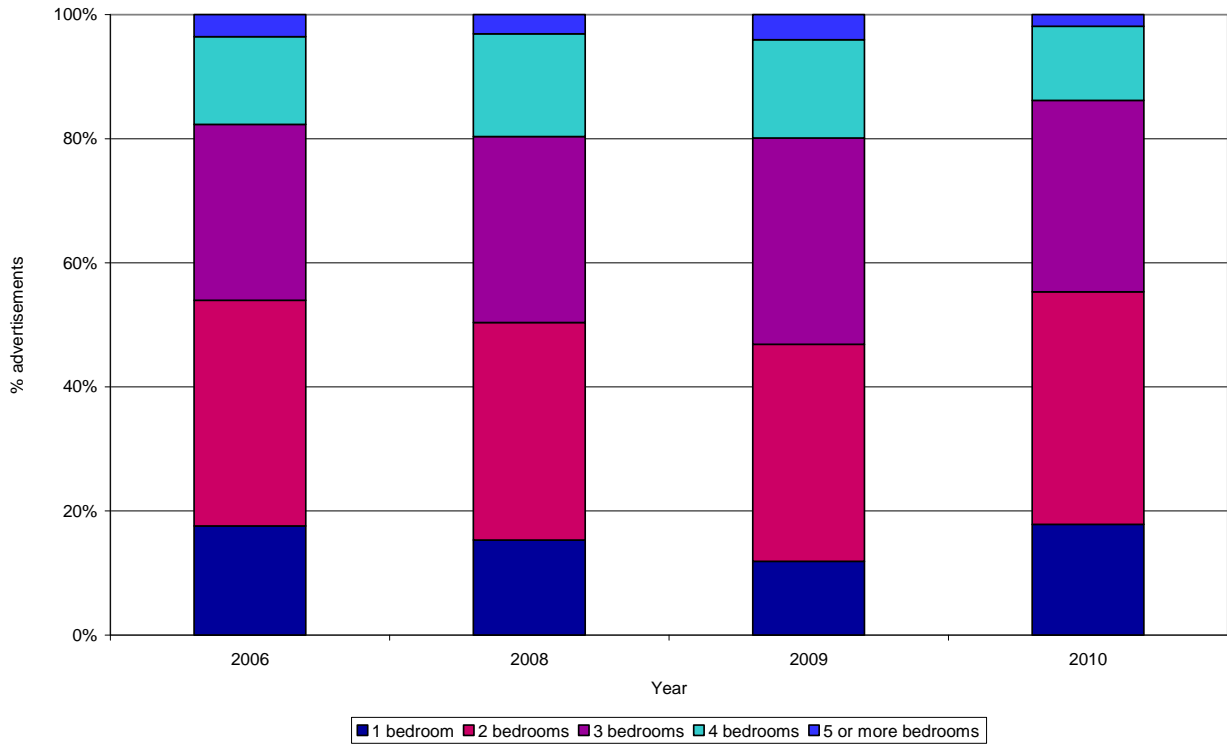
Cambridgeshire County Council/LGSS Review of Rents

<sup>3</sup> The first review however was in December 2006.



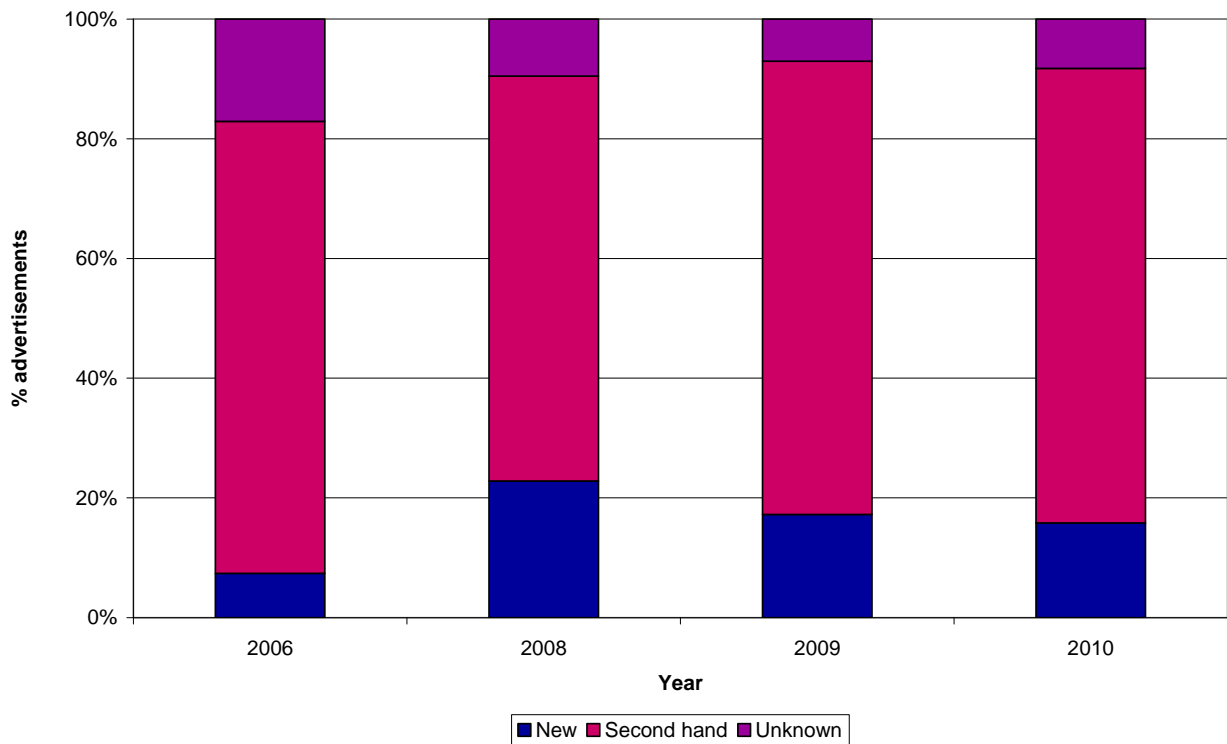
Section 6.7 Additional information

**Fig 1 Properties advertised by number of bedrooms, 2006-2010**



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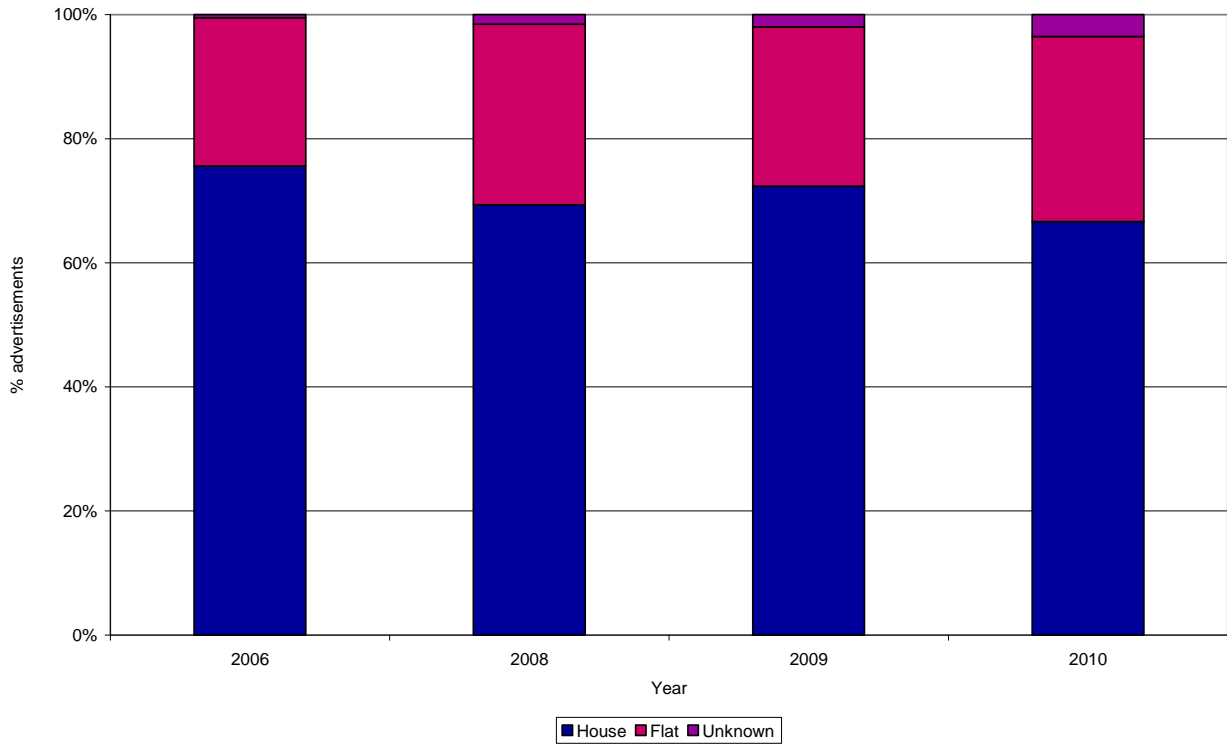
**Fig 2 Age of properties advertised, 2006-10**



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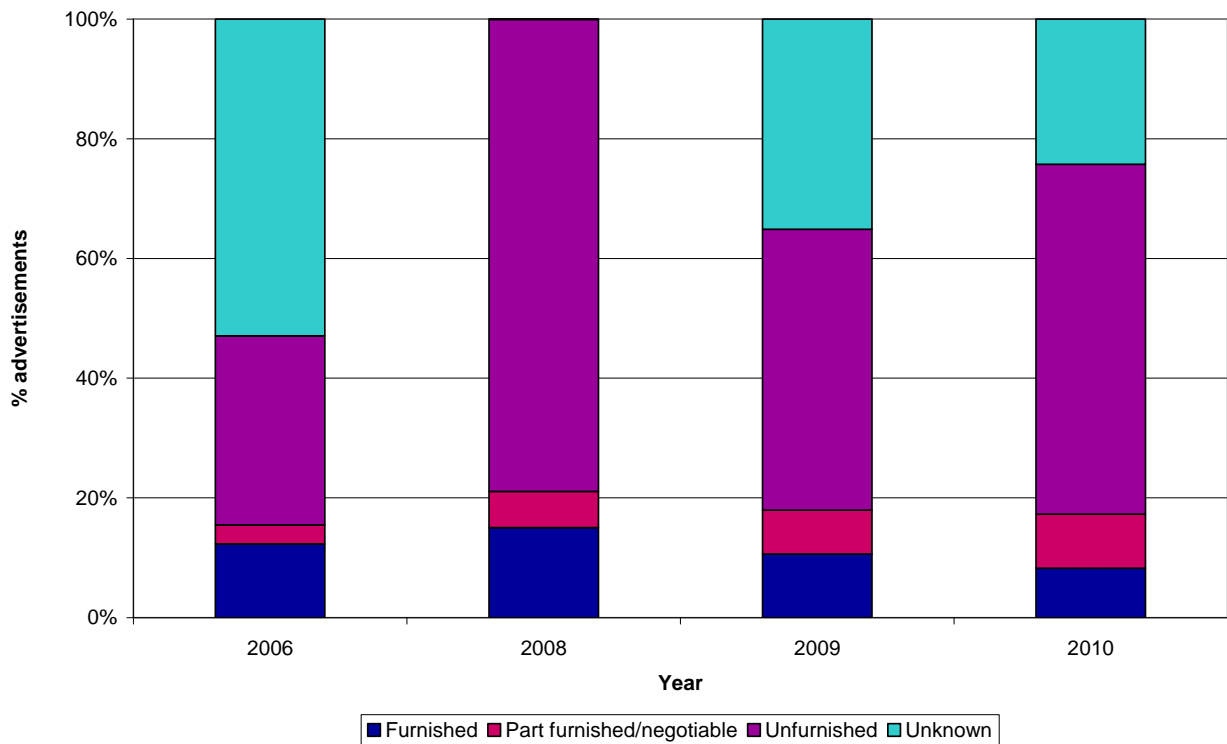
Section 6.7 Additional information

**Fig 3 Type of properties advertised, 2006-2010**



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**Fig 4 Furnished status of properties advertised, 2006-2010**

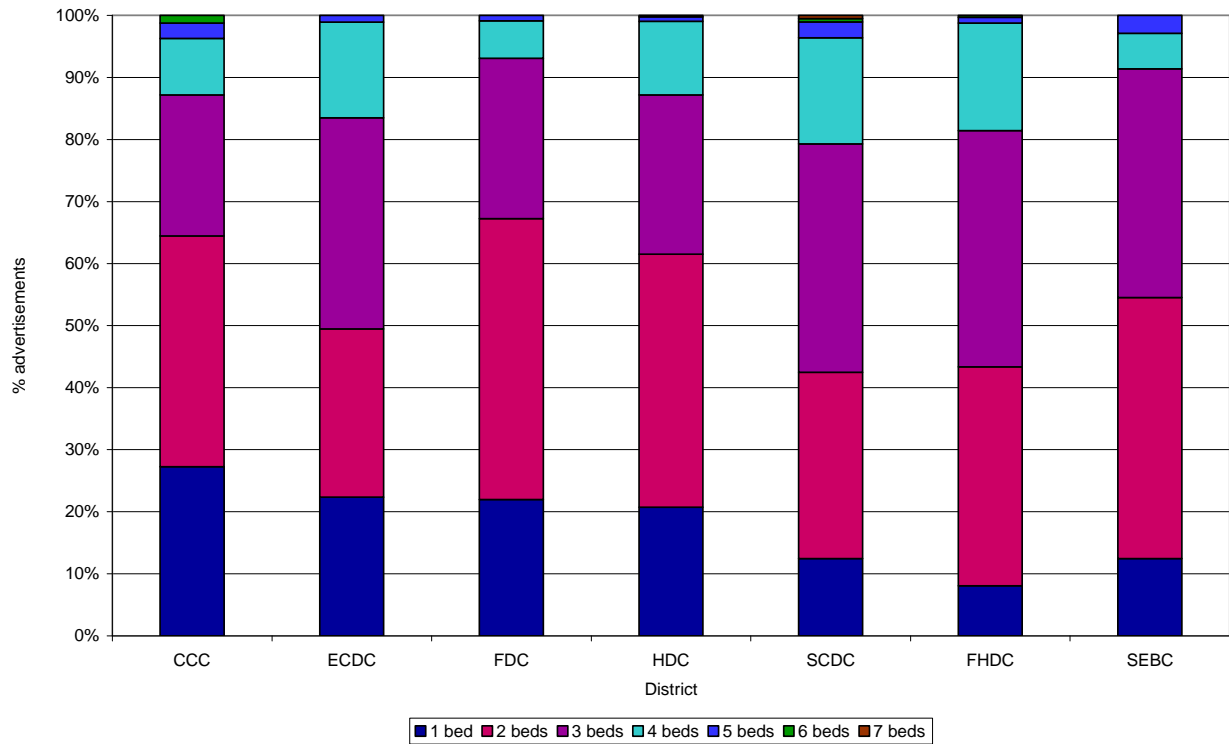


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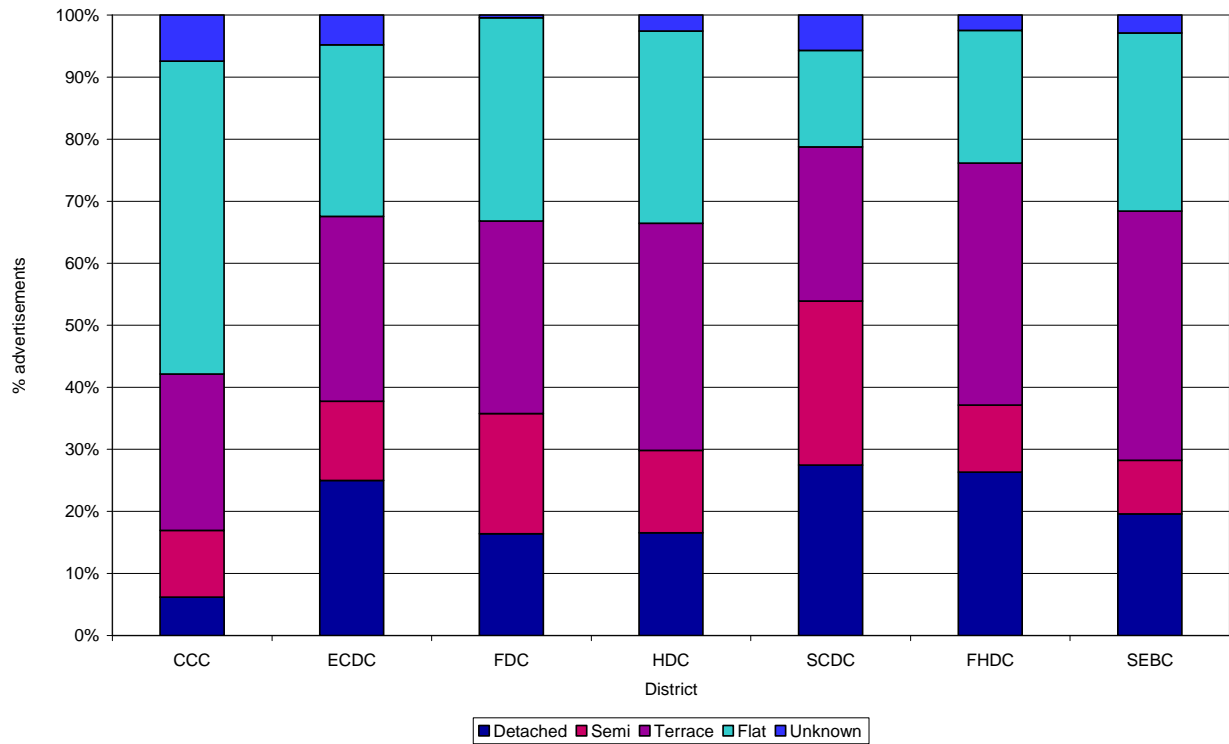
Figs 5 to 8 provide more detailed information by district of the properties advertised in 2010.

**Fig 5 Properties advertised by number of bedrooms, Jan 2010**



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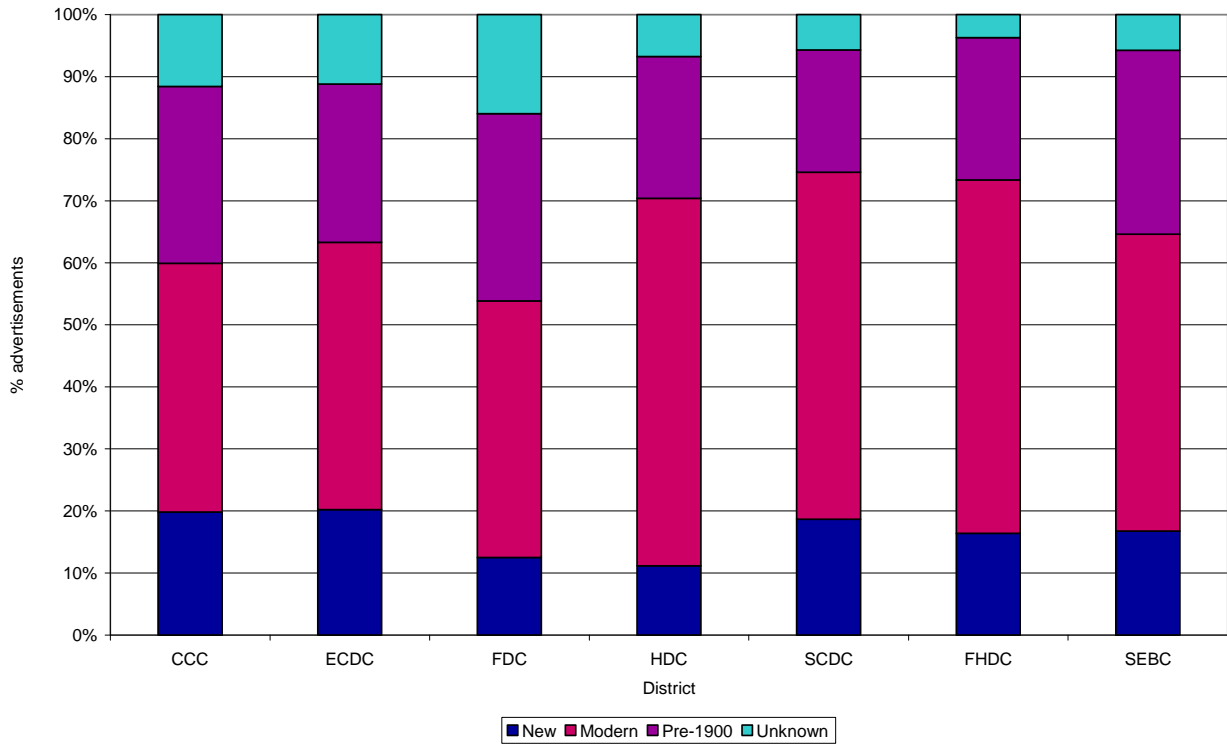
**Fig 6 Percentage of properties advertised by type, Jan 2010**



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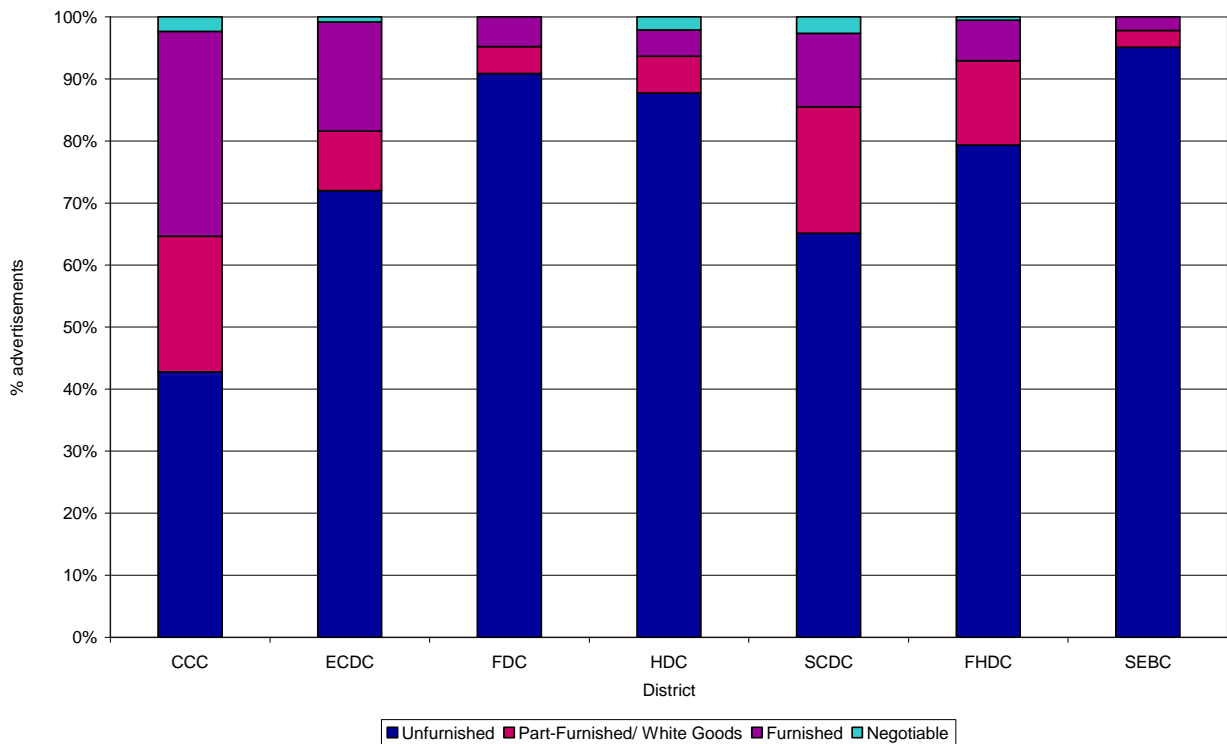
**Fig 7 Properties advertised by age, January 2010**



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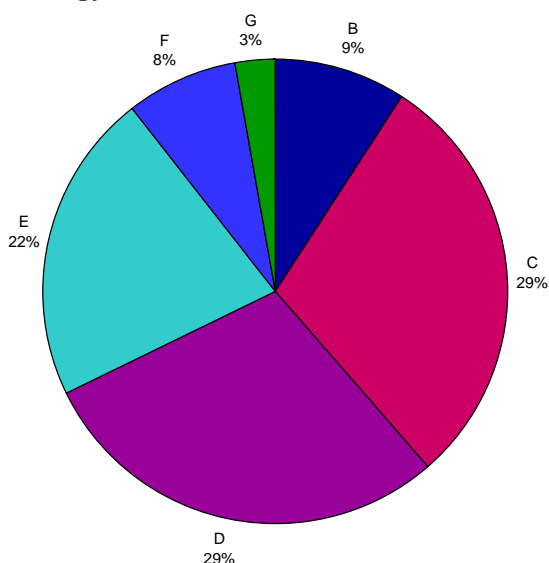
New = built in the last ten years. Modern = 20<sup>th</sup> Century

**Fig 8 Properties advertised by furnished status, January 2010**



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## Section 6.7 Additional information

**Fig 9 Current Energy Performance Certificate, Jan 2010**

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In 2009, the production of energy performance certificates for rental properties was introduced. Only 218 of the 1,816 advertisements reviewed included this information. Fig 9 shows the information available.

**6.7.4 A note about “Affordable rent”**

In Feb 2011, the new “Affordable Rent” model was added to the PPS3 definition of affordable housing and was introduced in 2011. It is described as “a form of social housing...available to registered providers...to deliver affordable homes.” It is defined as

*“Rented housing provided by registered providers of social housing, that has the same characteristics as social rented housing except that it is outside the national rent regime, but is subject to other rent controls that require it to be offered to eligible households at a rent of up to 80 per cent of local market rents” (CLG 2011, p. 9)*

In discussions around affordable rent so far, the median market rent has been used as this is less skewed by expensive outliers in some districts. The median rent for each district is presented below:

**Table 12. Median rent PCM by district and number of bedrooms, Jan 2010**

	1 bed	2 bed	3 bed	4 bed	All
Cambridge	£725	£825	£975	£1,363	£875
East Cambridgeshire	£463	£595	£675	£945	£635
Fenland	£399	£495	£600	£800	£500
Huntingdonshire	£450	£560	£670	£895	£595
South Cambridgeshire	£560	£695	£795	£1,100	£750
Forest Heath	£438	£600	£830	£1,050	£795
St Edmundsbury	£495	£588	£750	£850	£625
<b>Sub-Region</b>	<b>£475</b>	<b>£595</b>	<b>£725</b>	<b>£995</b>	<b>£650</b>