

Private sector rents is Swindon

SHAC believes that many tenants in the Private Rented Sector (PRS) are being ripped off both by lettings agencies and by landlords. Private sector rents are notoriously high. How high in Swindon? We have begun researching them. The Office of National Statistics has produced these estimates¹ for the year to the end of September 2015. We show the increase over the previous year.

Type	Mean rent pcm	Mean rent per week	Increase pcm since Sept 2014	Median rent pcm	Median rent per week	Increase pcm since Sept 2014
Room in shared accommodation	£377	£87	£8 (2.16%)	£375	£86.53	£7 (1.90%)
Studio flat	£476	£109.84	£8 (1.70%)	£500	£115.38	£0
1 Bed	£531	£122.53	£44 (9.03%)	£525	£121.15	£47 (9.83%)
2 Bed	£622	£143.53	£19 (3.15%)	£625	£144.23	£30 (5.04%)
3 Bed	£785	£181.15	£41 (5.51%)	£776	£179.07	£26 (3.46%)
4 Bed	£1,111	£256.38	£31 (2.87%)	£995	£229.61	£20 (2.05%)
All	£625	£144.23	£19 (3.13%)	£600	£138.46	£15 (2.56%)

The mean is the average, the median is the midway point so 50% of rents are below and 50% above. As you can see the trend is well above inflation, which is hovering around zero, with rises from £84 to £564 a year.

Looking at the 'rightmove' website and adding up the Swindon rents of nearly 400 properties, we see the following averages.

Type	Average rent per calendar month	Average rent per week
1 Bed	£640.86	£147.89
2 Bed flat	£731.56	£168.82
2 Bed House	£751.29	£173.37
3 Bed House	£914.13	£210.95
4 Bed house	£1,163.63	£268.53

The higher rents might be the result of a smaller sample than the ONS or of rent rises over the past six months. The big difference in relation to one bed properties probably reflects an increase in new one bed properties where houses are being bought up, refurbished and subdivided into flats.

The 'home.co.uk' website keeps a running total of up to the minute market rents. These are

¹ Based on Valuation Office Agency private rental market statistics with a sample of 1,500.

the figures shown on April 30th based on a sample of 350 properties by bedroom numbers which support a rising trend.

Type	Average rent pcm	Average rent per week	Median rent pcm	Median rent per week
1 Bed	£696	£160.61	£631	£145.61
2 Bed	£731	£168.69	£724	£167.07
3 Bed	£894	£206.30	£875	£201.92
4 Bed	£1,200	£276.92	£1,101	£254.07

The statistics for the year to the end of March 2016 will be out on May 19th.

Shared accommodation

Many young people, of course, have to live in shared accommodation because they cannot afford anything else. We looked at the 'sparerroom' website to check rents in this sector. The ONS statistics don't distinguish between single room size, but 'sparerroom' does. The average price for a single room we found to be £391 per calendar month - £90.23 a week. The average for 'double rooms' was £543 per calendar month - £125.30². Obviously two people sharing a double room (not necessarily very big it has to be said) cuts the cost in half. Both of these usually include all bills. However, anybody on housing benefit, and hence low pay, will struggle.

Local Housing Allowance

According to the English Housing Survey for 2014-15, the percentage of private renters in receipt of local housing allowance was 27%, those in work who are in receipt of it was 18%. The percentage of those in the age range of 25-34 in the PRS was 46% (up from 24% in 2004/05).

The *maximum*³ local housing allowance (the PRS equivalent of housing benefit) in Swindon for 2016-17 is:

Type	LHA per week	LHA pcm
1 Room (shared accommodation)	£60.04	£260.17
1 Bedroom (self-contained)	£103.44	£448.24
2 Bedrooms	£127.51	£552.54
3 Bedrooms	£157.56	£682.76
4 Bedrooms	£198.11	£858.47

One of the 'reforms' introduced by the coalition government was raising the age under

² The sample for single rooms was 30 for doubles 60, reflecting the fact that the majority of rooms on offer are 'doubles'.

³ How much you get obviously depends on your income.

which you only qualify for the lower 'shared accommodation rate'. It previously applied to people under 25 but now applies to everybody under 35, regardless of the type of accommodation they live in. So unless a young person is well paid then they will tend to live in shared accommodation. A single person renting a single room at an average of £391 will have to find £116 a month even if they qualify for the maximum local housing allowance. Using the example of the ONS rents from last September this table shows the amount of rent, over and above LHA, which private renters have to find. The LHA will be frozen for the next 4 years so the gap between LHA and rent will increase.

Type	Maximum LHA	Average rent pcm	Amount needed pcm in addition to LHA
1 room (shared accommodation)	£260.17	£377 (single room)	£116.83
1 Bed flat	£448.24	£531	£87.86
2 Bed flat	£552.54	£622	£69.46
2 Bed house	£552.54	£729	£126.44
3 Bed	£682.76	£785	£102.24
4 Bed	£858.47	1,111	£252.53

With rents having risen since then the amount they have to find on top of LHA will have increased. The shared accommodation rate is especially onerous for people whose situation is exacerbated by the precarious nature of jobs which they tend to have; lower paid, zero hours or temporary contracts. The new 'living wage' does not apply to under 25's. However, the 4 year LHA freeze will increase the financial pressure on private tenants of all ages.

The phenomenal rise of the PRS is one of the reasons why the housing benefit bill has increased significantly. Swindon Tenants Campaign Group examined why in '**Why is the HB bill still rising?**'⁴ HB/LHA is higher for private tenants than 'social tenants' because the rents are so much higher. With uncontrolled PRS rents it's a subsidy for private landlords.

We will look at at the overall cost of renting privately in another article. Private tenants not only have to pay a month's rent in advance, they have to stump up a security deposit and agency fees, which mean finding a considerable sum before you can get a tenancy.

Martin Wicks
May 3rd 2016

4 <http://keepyourcouncilhomes.files.wordpress.com/2015/01/hbrising.pdf>