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17 DECEMBER 2012

OVERVIEW & SCRUTINY PANEL  
(ECONOMIC WELL-BEING)

10 JANUARY 2013

**PRIVATE SECTOR RENT LEVELS**  
**(Report by the Head of Customer Services)**

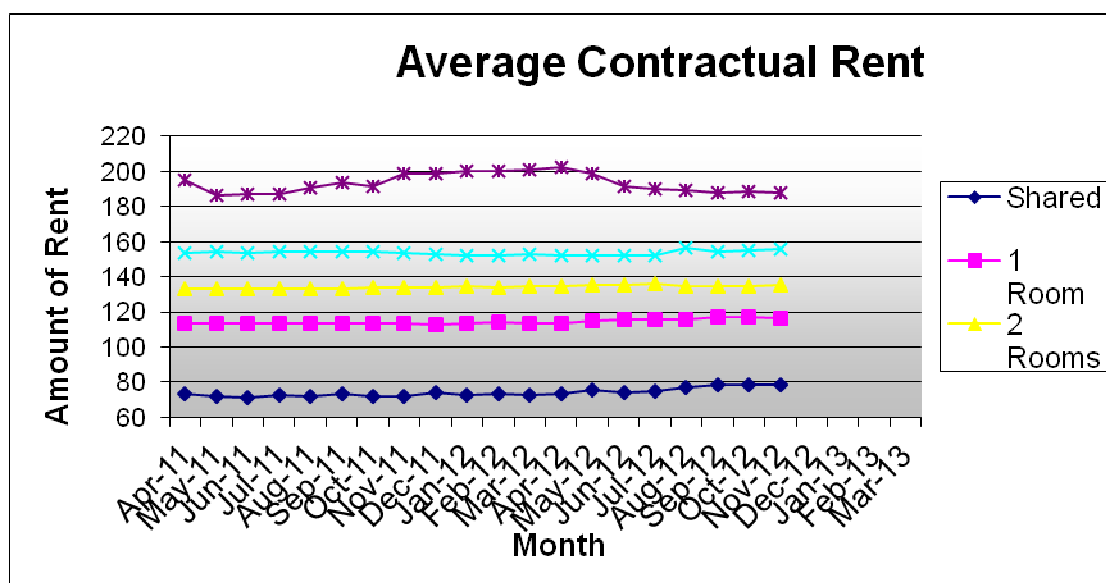
**1. INTRODUCTION**

- 1.1 The Government's policy on the welfare reforms relating to the Housing Benefit system is partly based on the belief that Housing Benefit has driven private sector rent increases in recent years.
- 1.2 The Economic Well-Being Panel requested 6 monthly updates on rent levels within Huntingdonshire, in particular whether the rent levels charged by landlords are reducing in light of the changes within the Housing Benefit system.

**2. RENT LEVELS FOR HOUSING BENEFIT CLAIMANTS**

- 2.1 The welfare reforms relating to Housing Benefit offered a period of 'transitional protection' for existing claimants. This means that although changes were introduced to private sector Housing Benefit claimants in April 2011 most existing claimants did not experience a reduction in their entitlement until nine months after the review date of their claim (which in reality means these took effect sometime between January and December 2012).
- 2.2 Anecdotal evidence on the rent levels that landlords are charging on properties coming to the market suggests that there has been little movement in market rent levels on re-lets, and in some cases rent levels are still increasing.
- 2.3 The table below and accompanying graph shows the average rent levels charged for Housing Benefit claimants, by size of property, since April 2011. These show that for each property size the rent levels charged have increased slightly, since the Government introduced the reforms, apart from with 4 bedroom properties where a slight reduction has been seen.
- 2.4 The average rent levels for all property sizes in November 2012, apart from those for 4 bed properties, exceeded the maximum amount of Housing Benefit payable under the Local Housing Allowance rates.

Average Contractual Rent in Benefit Calculation					
	Shared	1 Room	2 Rooms	3 Rooms	4 Rooms
Apr-11	73.36	113.16	133.09	153.72	194.85
May-11	72.00	113.40	133.37	154.49	186.10
Jun-11	71.58	113.34	133.05	153.75	187.38
Jul-11	73.04	113.63	133.13	154.25	187.38
Aug-11	72.19	113.17	133.08	154.25	190.97
Sep-11	73.12	113.24	132.93	154.28	193.87
Oct-11	72.15	113.65	133.66	153.90	191.24
Nov-11	72.02	113.15	133.87	153.68	198.49
Dec-11	73.88	112.92	134.12	153.07	198.44
Jan-12	72.51	113.76	134.46	152.00	200.09
Feb-12	73.59	114.05	134.09	151.75	200.18
Mar-12	72.83	113.65	134.59	152.57	200.84
Apr-12	73.37	113.67	134.42	151.91	202.28
May-12	75.46	115.20	135.40	151.98	198.89
Jun-12	74.46	115.54	135.52	152.35	191.11
Jul-12	74.95	115.38	135.75	151.98	189.96
Aug-12	77.35	115.74	134.53	156.48	189.52
Sep-12	78.27	116.94	134.52	154.50	187.86
Oct-12	78.57	116.82	134.64	155.11	188.39
Nov-12	78.76	116.36	135.34	155.95	188.07



### 3. CONCLUSION

4.1 For existing private sector tenants, and for properties that are becoming available to let, there is no evidence to suggest that landlords are adjusting their rents downwards as a result of the changes to the Housing Benefit system. This has reduced the number of households the council has been able to work proactively with to prevent homelessness by assisting them into a private sector tenancy

through the Rent Deposit scheme. This in turn has contributed to an increased use in temporary accommodation and the number of households that have to be assisted into social rented housing as a result of the council's duties under the homelessness legislation.

#### **4. RECOMMENDATION**

4.1 The Panel is asked to note the contents of this report.

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