

**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 shows the average rent levels charged to Housing Benefit claimants, by size of property, since April 2011. These show that for claimants in shared housing, and one and two bedroom properties the contractual rents have continued to increase since the Government introduced the reforms. The contractual rents for 3 and 4 bedroom properties have, however, shown a slight reduction.
- 2.4 The average rent levels for almost all property sizes in June 2013 exceeded the maximum amount of Housing Benefit payable under the Local Housing Allowance rates. The LHA rates for the current year are shown at Appendix A.


| 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 |
| Jun-13 | 80.10 | 117.89 | 138.13 | 152.25 | 188.82 |

3. CONCLUSION

- 4.1 There is little evidence to suggest that landlords are adjusting their rents downwards in line with the reduced Housing Benefit Local Housing Allowance rates as a result of the welfare reforms. 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:
- a) receive annual reports in future comparing the average contractual rents against the annually revised LHA rates in order to monitor trends.

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Local Housing Allowance Rates

For the period 1 April 2013 – 31 March 2014

The rates below apply to Housing Benefit claims when renting from a private landlord and making a new claim or moving into a new home.

| | Huntingdon Area | Cambridge Area | Peterborough Area | Northampton Central Area |
|---|-----------------|----------------|-------------------|--------------------------|
| Shared Accommodation Weekly Rate | £63.50 | £76.65 | £57.50 | £57.00 |
| 1 Bedroom Weekly Rate | £103.85 | £120.00 | £91.15 | £80.77 |
| 2 Bedroom Weekly Rate | £126.92 | £137.97 | £114.23 | £103.85 |
| 3 Bedroom Weekly Rate | £150.00 | £160.37 | £129.71 | £121.15 |
| 4 Bedroom Weekly Rate | £212.26 | £207.69 | £165.09 | £161.54 |

These rates apply from 1st April 2013 to 31st March 2014.