

Housing costs

Brief overview of the issue

With rents rising sharply across the country, new UK Government data shows that housing benefit is no longer covering the cost of renting a modest property in most parts of England, with families on the breadline facing, on average, a £372 deficit that they need to make up in other ways. This comes at a time when the cost-of-living crisis is aggressively eating into household budgets, with inflation set to push up yearly food prices by an average of £290 and energy bills expected to rise by nearly £550, taking the combined increase in living costs for the poorest families to an average of just over £1,200 in just one year.

In its briefing calling for increasing social rent homes, the Joseph Rowntree Foundation estimate that almost one million families are paying rents they cannot afford, and that 90% of them are in poverty - some living on more than £100 a week below the poverty line. In addition, nearly 75% of those 1m households are working households, with two thirds of them working full-time. (Joseph Rowntree Foundation, Briefing, Oct 2021 'Renters on low incomes face a policy black hole: homes for social rent are the answer')

This indicates that as well as the issue of Housing Benefit levels not reaching average rent levels, there is an overall affordability crisis in the private rented sector.

With approximately 40% of private rented sector homes occupied by households in the bottom third of incomes, it is less suited to the housing needs of vulnerable people particularly given the comparatively limited security of tenure it offers. The Local Government Association has asserted that the main way to address housing insecurity is to tackle the unaffordability issues, which, it asserts, is the main reason why people lose their tenancies and become homeless.

Local citywide impacts

Brighton and Hove has a large private rented sector, compared to most similar cities; it accounts for 29% of all housing in the city¹. Nationally, the sector accounts for 19% of homes.

ONS states private rental prices paid by tenants in the UK increased by 2% in the 12 months to January 2022, representing the largest annual growth rate since February 2017.²

In comparison the current bank of England base rate is currently 0.75%. The base rate has been at 0.75% or significantly lower since April 2012. Resulting in landlords

¹ Citizen's Advice Brighton and Hove report on 'The post pandemic impact on poverty and financial inclusion in Brighton and Hove 2022-2023'

²<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/indexofprivatehousingrentalprices/january2022>

enjoying a long period of low interest rates on their mortgages/borrowing whilst steadily increasing rents for the properties they own. This is likely to have resulted in higher profits for some landlords, although estate agents locally have spoken of many smaller local landlords pulling out of the private rented sector market as a result of the government changes to mortgage interest tax relief that came fully into effect in 2020.

Looking at the numbers of properties advertised, there has been an increase of Air b'n'b and short-term let homes, which contributes to the affordability and availability of housing nationally as well as locally. However, this is not a regulated housing sector, so it is difficult to know the exact numbers or to gauge the real impact.

Although inflation has risen pushing up the price of day-to-day essentials such as food and energy, and wages have failed to keep up with inflation, rents have nevertheless increased year on year, irrespective of the fact that interest rates have not risen dramatically. In a city such as Brighton and Hove with a significant private rented sector this could push a number of the city's population into financial difficulties.

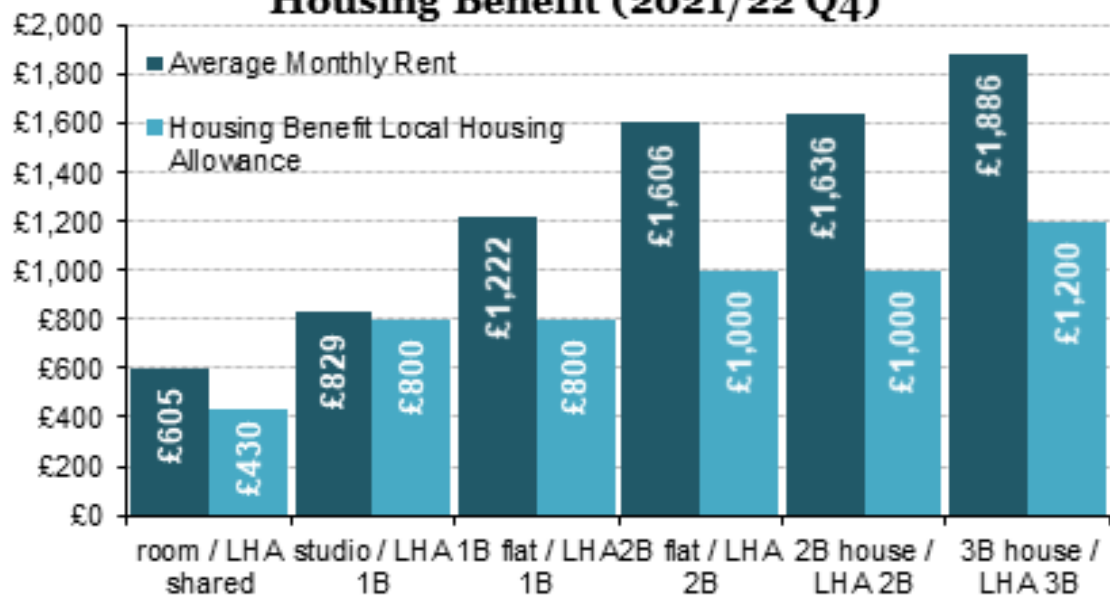
Rent & Housing Benefit Comparison

The Local Housing Allowance (LHA) is a standard Housing Benefit rate based on the number and age of people in the household and the number of rooms that the household needs. It was originally set to reflect the average cost of renting different sized homes, i.e. the 50th percentile. In 2011 this was reduced to the 30th percentile which meant that 3 in 10 properties should fall within the LHA rate. The LHA is a maximum amount payable, which may be reduced due to income and savings.

Since 2011 the LHA rate has been increasing below the rate of inflation while rents have increased above the rate of inflation, causing the gap between rents and housing benefit to widen.

In April 2020 there was an increase in LHA rates. The table below shows that despite these increases the Local Housing Allowance is, for some property sizes, still significantly less than average rents. This reduces the chances of those on benefits finding an affordable home.

Brighton & Hove Monthly Average Private Sector Rents & Housing Benefit (2021/22 Q4)



Note: The housing benefit local housing allowance calculated is only based on the number of bedrooms required, as all tenants are entitled to a kitchen and bathroom.

The issues of access to housing and the affordability gap for people dependent on Housing Benefit is further demonstrated when looking at proportions of advertised properties that meet LHA levels. The table below shows that of the 1,710 single household homes advertised within the Brighton & Hove Broad Rental Market Area (stretching out to Shoreham to the west, Newhaven to the east and Lewes to the north) during 2021/22, only 4% were within LHA rates.

Single household homes	Advertised	Within LHA limit	%
Studio flat	101	55	54%
1 bed flat	221	4	2%
2 bed flat	498	0	0%
2 bed house	30	0	0%
3 bed house	115	0	0%
4 bed house	745	2	0%
Total	1,710	61	4%

It is noteworthy that it is essentially single people who have a higher opportunity to secure affordable housing if they are reliant on Housing Benefit, however in order to qualify for the LHA rate they generally have to be aged 35 or above. Therefore, the figure masks disproportionate impacts on single people who are younger than 35

who will normally only receive the shared accommodation rate which is up to 50% less than the LHA rate.

Over the year the annual average advertised cost of renting a room and all flats has increased with 1-bed flats showing the greatest increase at +17.4%.

Annual			
Average Monthly Flat Rent & Inflation			
Size	2021/22 Q4	2020/21 Q4	Increase
Room	£605	£555	+8.9%
Studio	£829	£801	+3.5%
1 bed	£1,222	£1,040	+17.4%
2 bed	£1,606	£1,412	+13.7%

However, the table below demonstrates that between January and March 2022, average rent levels were seeing a slight decrease.

Quarterly			
Average Monthly Flat Rent & Inflation			
Size	2021/22 Q4	2021/22 Q3	Increase
Room	£605	£604	+0.1%
Studio	£829	£912	-9.1%
1 bed	£1,222	£1,276	-4.2%
2 bed	£1,606	£1,777	-9.7%

Local impacts on specific communities

Families requiring 2 bedrooms or more within the city have less opportunity than single people or couples to find rented accommodation that falls within LHA rates.

Single people under the age of 35 who are subject to the 'single room allowance' will be restricted in terms of the housing options available to them if they are dependent on welfare benefits.

There are disproportionate impacts of the cost-of-living crisis (and the Covid-19 pandemic) on single parent households, people living with a disability, Black and

minority ethnic households, our younger tenants and children of our tenants, and people experiencing domestic violence.

We will need to consider the intersectional impacts for example on people who are living with a disability, are within the LGBTQ community, and from BME communities where there are higher concentrations of those groups in the private rented sector, and living on low incomes.

Council focus will also increasingly be on the impacts that poverty, debt, insecure housing or inappropriate housing, domestic abuse, unemployment and anti-social behaviour can have on people's mental health.

National mitigations

The government seeks to increase affordable housing supply through the Homes England Affordable Housing Programme 2021 – 26 which essentially provides grant funding to registered housing providers to build affordable homes for rent and low-cost purchase. It has an annual housebuilding target of 300,000 homes; and an ambition to deliver 6,000 homes for social rent a year for five years.

There is also the possibility that the government will in future consider a national private rented sector registration scheme.

The COMF funding will increase the local budget available for discretionary housing payment.

Local mitigations

The Housing Revenue Account contributes to discretionary housing payments to ensure there is a wider reach of support to council tenants.

The council provides advice to people at risk of homelessness to try to prevent loss of secure accommodation, and helps to ensure people are in receipt of their entitled benefits to enable them to maintain their tenancies. This also can be in relation to negotiating with landlords and offering landlords and tenants independent mediation.

The Housing Options Service work proactively with landlords and tenants in order to sustain tenancies, including targeted early intervention where required. The service offers a range of housing solutions and has a flexible and innovative approach to sustainment issues, not limited to intervention in arrears. We also have operational links to both statutory and third sector organisations and agencies which allows effective signposting to engage tenants with the support most appropriate to their needs.

Housing maintain a contract with Money Advice Plus to provide independent money and budgeting support to council tenants.

All new homes built or acquired by the council are kept at LHA rent rates or lower, and the addition of council homes means that not only are the homes affordable but they also offer security of tenure.

The council has created a rent reserve within the Housing Revenue Account (HRA) to enable greater numbers of additional council homes to be provided at lower living rents or social rents. The council's Home Purchase Policy has also been expanded and, overall, an average of 109 additional council homes at affordable rents has been achieved across the programme for each of the last three years, making the council significantly the largest provider of affordable rented homes in the city. Significantly, the partnership with Hyde Housing is enabling the delivery of 176 social rented council homes in 2023 and 2024, making a major contribution to truly affordable housing in the city.

The council also takes steps, working with developers and registered providers to increase the supply of affordable housing, thereby increasing the number of local residents able to access homes they can afford.

The council are using more modern methods of construction and sustainability features that ensure newly build homes are well insulated thereby addressing fuel poverty issues. In addition, energy efficiency measures are being retrofitted to council homes to reduce their energy consumption.

People supported to apply for benefits in order to maximise incomes
Contracts procured all seek levels of social value - e.g. local recruitment and apprenticeships - increase of national minimum wage contributes to mitigations

Homelessness services transformation work to improve the quality and timeliness of our responses to people experiencing or threatened with homelessness, as well as the quality of accommodation provided to people housed in an emergency.

The council has committed to review examples of 'ethical landlord' charters and progress this with key stakeholders and landlords which could contribute both to less disrepair and lower rents among participating landlords.

Gaps

There appears to be a need for more conclusive information about housing standards in the private rented sector.

There is a widely held view that standards and conditions in private sector housing are much poorer than they are in other housing sectors. There are national reports of comparatively higher percentages of properties in the private sector that do not meet the Decent Homes Standard, than in social housing, however, there has not been the same national requirement that exists in social housing.

Housing campaign organisations have reported that private rented sector tenants who report disrepair issues then experience eviction as a consequence.

Locally the councils Private Sector Housing Team visit homes where any disrepair reports are made and initially work informally, as they are required to do, with landlords to address the issues. If the work is not carried out, the formal process is then evoked, where the property is also then given a hazard category under the Housing Health & Safety Rating System or HHSRS.

Arguably, if the informal then formal process is where the governments retaliatory eviction legislation falls, because tenants are only protected if they have made a complaint and an Improvement Notice served before they are served with a Section 21 Eviction Notice. If landlords are minded to evict on the basis that their tenant has formally reported disrepair, they would serve their eviction notice before the council would have had an opportunity to serve a formal Improvement Notice.

Housing is exploring preventative and proactive work with landlords to identify where improvements and action are needed to avoid improvement notices and is also exploring the possibility of issuing improvement notices without warning where landlords do not engage with us to protect tenants from unethical landlords evading 'revenge eviction' legislation.

Conclusions

In order to increase our collective understanding of the issues facing our communities and are able to respond accordingly, we are increasing our customer facing service contact hours and our staff training – particularly in our responses to people who are at risk of or are experiencing homelessness or poor housing conditions.

The council is committed to its purposeful strategic housing role and its responsibilities as a service provider and social landlord. This means it will continue to join up council services and work closely with communities, local services, landlords and businesses to support residents and address cost-of-living crisis issues.

