

Research into the availability of property within the local housing allowance in Nottingham City



December 2018
Hannah Clemson
Policy and Communications Officer

Following last year's report into the private-rented sector and housing benefit, Advice Nottingham decided to undertake research into the availability and affordability of accommodation in Nottingham City.

When renting in the private sector, Housing Benefit received to pay rent is called the Local Housing Allowance (LHA); and the Allowance operates as a cap on the amount a household can receive. LHA sets rates of payment and is based on the rental market in the area, and changes according to locality. The amount received is based on entitlement and specifically how many bedrooms are allocated per household. The number of bedrooms a household is entitled to can be calculated here <http://lha-direct.voa.gov.uk/bedroomcalculator.aspx>

Nottingham City's local housing allowance rates are:

Shared Accommodation Rate: **£69.00 per week**
One Bedroom Rate: **£90.90 per week**
Two Bedrooms Rate: **£108.26 per week**
Three Bedrooms Rate: **£120.29 per week**
Four Bedrooms Rate: **£151.50 per week**

For the sake of comparison, the Royal London Borough of Kensington and Chelsea's local housing allowance rates are:

Shared Accommodation Rate: **£144.84 per week**
One Bedroom Rate: **£268.46 per week**
Two Bedrooms Rate: **£311.40 per week**
Three Bedrooms Rate: **£365.09 per week**
Four Bedrooms Rate: **£429.53 per week**

The LHA is based on rental information and is calculated on the 30th percentile of a list of rents in the broad rental market area. See below for data from the *Valuation Office Agency* which shows the minimum and maximum rents per category in Nottingham City. The government froze LHA rates in 2016, and will not look to increase rates until 2020, any rent increases have been ignored during this time.

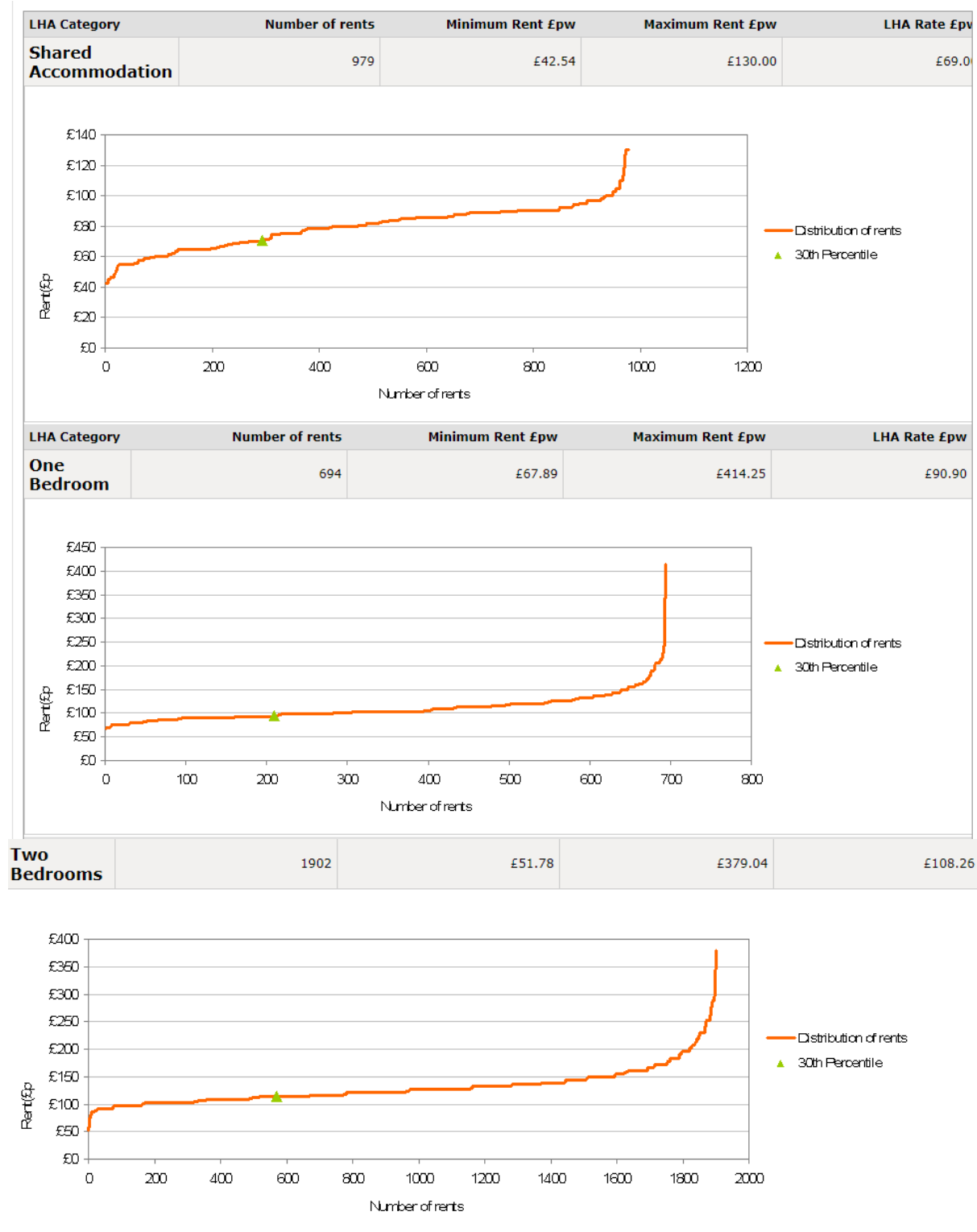
The number of the households claiming the Local Housing Allowance

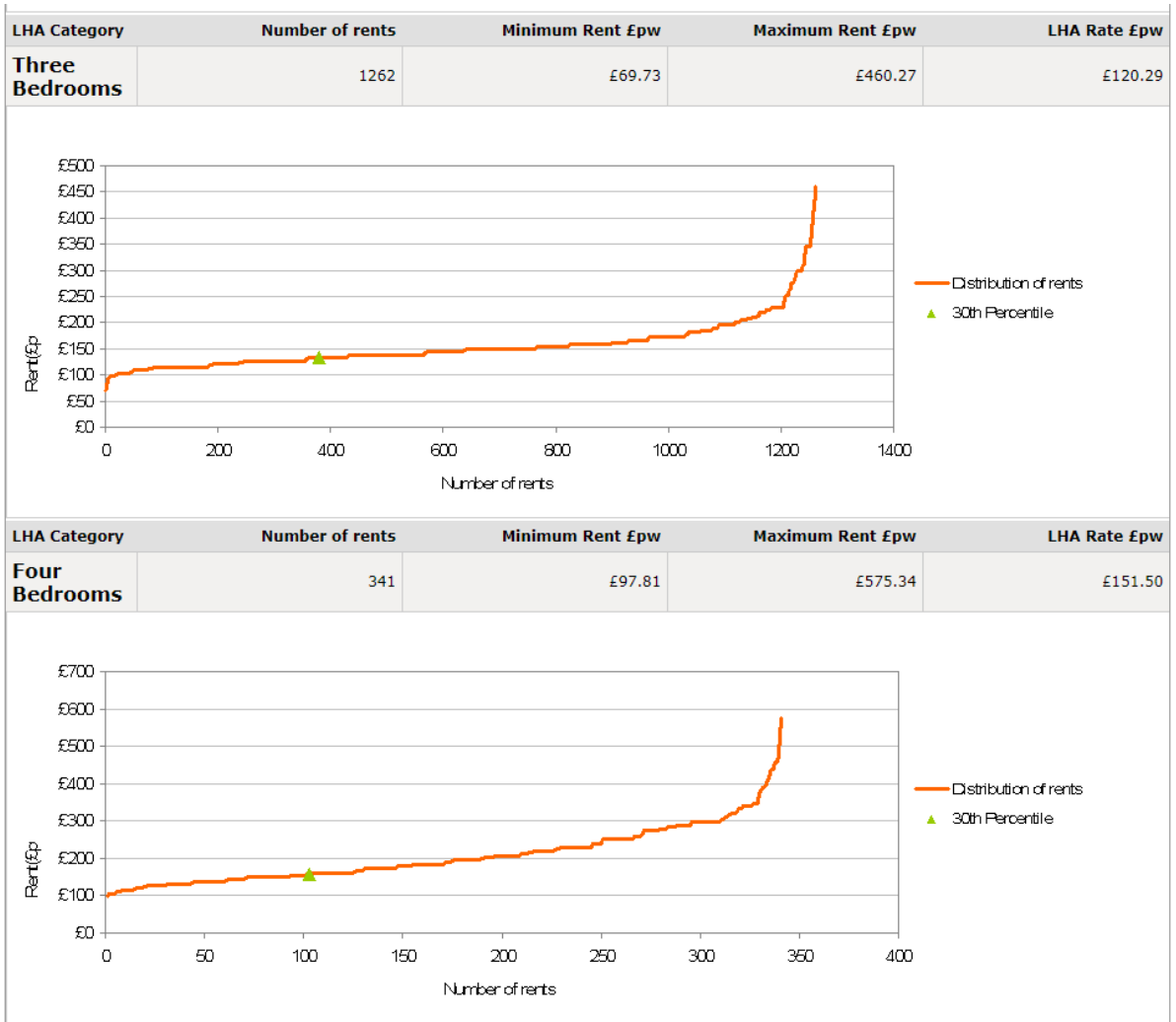
The *Valuation Office Agency* released data in March 2018ⁱ stating that 8,105 households are claiming the Local Housing Allowance in Nottingham City.

- 1,228 are entitled to the shared accommodation rate (up to £69.00)
- 2,140 can claim for 1 bedroom (up to £90.90)
- 2,722 for 2 bedrooms (up to £108.26)
- 1,406 for 3 bedrooms (up to £120.29)
- 509 for 4 bedrooms (up to £151.50)
- For 100 people the number of entitled bedrooms is missing

For shared accommodation, about 90% of people receive the full amount, this falls to 75% for one bed, 50% for two and three bed, and 35% for four bed. People may not claim the full amount if their accommodation is cheaper than their entitlement or if they are in work and not entitled to the full amount.

The rates, which haven't increased since 2016, show rent as low as £42.54 pw, however **our research found the cheapest to be £63 pw, over £20 pw more.** It may be that tenants are remaining in cheaper properties because of the lack of other affordable accommodation, or that more expensive properties became out of reach for families affected by the benefit cap. The data shows dramatic rises in rent for one, two, three and four-bedroom properties.





How much does it cost to rent a property?

The government says that the local housing allowance meets local need and that properties can be found for the weekly rents given. We know rents are too high and that local people are struggling to find affordable accommodation. Considering this, we decided to research the property market in Nottingham City to find out how many properties were available within the LHA rates.

We undertook this research in November 2018 within a one-week period. Using *Rightmove*, *Zoopla* and *Gumtree*, we searched the Nottingham City area to find properties. Many properties were listed as monthly, where this is the case the monthly figure has been multiplied by 12 and divided by 52.

Student properties

There are 37,000ⁱⁱ students living in Nottingham and the City has two Universities. 29.6% of the population are aged 18 to 29, and full-time university students comprise about 1 in 8 of the population.

Although, there are many benefits to having a thriving student population, one of the downsides is the inevitable proliferation of house shares and student only accommodation within the city. When searching for properties there are hundreds of listings for student properties. Many houses have been transformed into house

shares with multiple bedrooms and are being marketed directly at students. Whilst someone receiving the LHA could approach a landlord and ask them to consider renting to someone who wasn't a student, these properties are marketed directly at students. Given that council tax is exempt if all members of a household are full-time students, having a tenant who is not a full-time student could mean full council tax needs to be paid. It is sometimes possible to get a reduction; however, the cost of council tax would likely fall to the non-student tenant.

Nottingham was recently cited as a 'buy-to-let' hotspot for student landlords in a recent report by *TotallyMoney*ⁱⁱⁱ. The report said "locations with a high student population, like Nottingham, Liverpool, Manchester, Leeds and the North East, boast some of the UK's highest rental yields." It identified properties "in the NG1 postcode — a prime location for students attending Nottingham Trent University — has an average rental yield of 11.99%. The NG7 postcode also makes it into the top 5, offering an average yield of 8.89%."

Shared accommodation

One thing is for sure, there has been a steady growth in shared accommodation. Whether this is house shares for students, or homes of multiple occupation (HMOs) which are open to all. LHA rates for under 35s are restricted to shared accommodation. This restriction could encourage landlords to divide houses and let individual rooms, rather than offering a whole flat or house up for rent. Even small two or three bed houses are sometimes classed as shared accommodation, which really limits the pool of available accommodation for families.

Nottingham City Council did seek to address the growth of shared accommodation and HMOs within the city with their [Article 4 Directions](#), however, in practice it is still incredibly difficult to find accommodation outside of the shared accommodation available.

Financially, shared accommodation is much more profitable for landlords. During our research, we found only one four-bedroom house available for rent. This house was priced at £575 pcm. If this house was sold as a four-bedroom house share instead, it would bring in nearly £1200 pcm.

Four bedrooms at £69 pw = £276 pw
x 52 weeks = £14,352 per annum
monthly earnings = £1196 pcm

Listings

We searched for property in Nottingham City plus 15 miles to ensure all Nottingham City areas were listed. We removed any property outside of Nottingham City wards. To find property, we searched *Rightmove*, *Zoopla* and *Gumtree*.

The data

Household	Weekly LHA	Number of available properties and weekly cost	Wards	Student accommodation
Single, under 35		£63 pw	Radford and Park	Yes

<p>£69 pw</p> <p>Shared accommodation</p> <p>12 available properties</p>			
	£275 pcm (£63.46 pw) inc bills	Bridge	No
	£65 pw	Arboretum	Yes
	£65 pw	Basford	No
	£65 pw	St Ann's	No
	£65 pw	Radford and Park	No
	£69 pw (inc. bills)	Radford and Park	No
	£69 pw	Arboretum	No
	£69 pw	Arboretum	Yes
	£69 pw	Radford and Park	Yes
	£69 pw	Basford	Yes
	£69 pw	Wollaton East	Yes
<p>Single, over 35</p> <p>£90.90 pw</p> <p>One bedroom flat</p> <p>5 available properties</p>	£81 pw	St Ann's	
	£365 pcm (£84.23 pw) studio	Radford and Park	
	£380 pcm (87.69 pw) studio	Mapperley	
	£75 pw studio	Berridge	
	£75 pw studio	Berridge	
<p>Two people, for example a single parent with one child</p> <p>£108.26 pw</p> <p>Two bedroom flat/house</p> <p>2 available properties</p>	£435 pcm (£100.38 pw) – 2 bed flat	Basford	
<p>Four people, for example a couple and two children (1 female and 1 male), both over 10 years</p> <p>£120.29 pw</p> <p>Three bedrooms</p> <p>3 available properties</p>	£405 pcm (£93.46 pw) – 3 bed flat	Arboretum	
	£95 pw – 3 bed flat	Radford and Park	
	£475 pcm (£109.61 pw) – 3 bed house	Berridge	
<p>Six people, a couple with 4 children, two females over 10, 1 male child over 10, and 1 male child under 10</p>	575 pcm (£132.69 pw) – 4 bed house	Bestwood	

£151.50 per week		
Four bedroom flat/house		
1 available property		

The housing register

There are currently 7803 people on the housing list:

46.7% are single

10.13% are couples

7.02% are families with two children

45.29% are under 35

It's important to state that any Nottingham City resident can join the list, including people who are housed in permanent accommodation, however the number does give an indication of the need for social housing – something which is commonly perceived as permanent and affordable.

There are currently 318 people in temporary accommodation, 34 people sleeping rough, with around 900 open cases at Housing Aid.

The Homelessness Reduction Act and preventing homelessness

The homelessness reduction act (HRA) was brought into force in April 2018. It placed greater duties on local authorities to prevent homelessness. To meet regulation, Nottingham City Council's Housing Aid office, is required to work with people who are threatened with homelessness and to devise a housing plan to prevent possible homelessness. We are now regularly seeing housing plans which cite 'looking for private rented accommodation' as a possible solution - often this is the only possible solution listed on the plan. Whilst it is understandable that Housing Aid should include private rented sector accommodation as a housing option, there are simply not enough properties to meet the need. In addition to the lack of the availability, there is lack of willingness from private landlords to rent to people receiving LHA, as discussed in our last report.

CASE STUDIES

“Last week I met with two clients, one already homeless and one threatened with homelessness. The housing plans given by Housing Aid were almost identical and contained instructions to the client to look for 'affordable' accommodation in the private sector. The local housing allowance was quoted as a guide towards affordability, but no other guidance was given about how the client should go about this or what difficulties, if any, they would be likely to encounter. No other support was offered, at least for the next few weeks. Both clients were, or had been, living in the Meadows and preferred to remain local and needed to be near local schools.

Under the LHA, both clients were entitled to a three-bedroom home. I logged onto Rightmove and using a 3-mile radius as a start, which would fit in with school transport rules, I began my search. I was shocked to find there was not a single property available for rent less than £50.00 a month above the local housing allowance. I extended the radius to 5 miles, which revealed one property in Bulwell, this met the local housing allowance."

Martyn Neal, Meadows Advice Centre

"It is increasingly difficult to find property at a fair market rent, this means many people are being pushed into renting unaffordable accommodation. This can often lead to rent arrears and sadly evictions. In 1989 the Housing Act 1988 came into force introducing assured and assured shorthold tenancies. It was no longer possible to apply for a fair rent to be set. The Fair Rent process regulated private sector rents as it set a maximum that the landlord could charge. In the current rental market where there is a shortage of social housing there is an increased demand on the private sector. This means that landlords can charge more due to the demand. The Local Housing Allowance which restricts the maximum Housing benefit payable has not increased in line with increasing rents so benefit claiming tenants are left having to cover a shortfall in rent even when they are entitled to full Housing benefit. They cannot do anything to challenge the level of rent and cannot move to cheaper accommodation as it does not exist. We see clients regularly who are struggling to pay for unaffordable rents. If an unexpected expense occurs, or there is a change in income (like the 5-week wait under Universal Credit), people can very easily fall into rent arrears and risk losing their homes."

Sally Denton, Nottingham Law Centre

ii <https://www.nottinghaminsight.org.uk/population/>

iii <http://www.totallymoney.com/buy-to-let-yield-map/>