

<b>DECISION-MAKER:</b>	SCRUTINY INQUIRY PANEL
<b>SUBJECT:</b>	THE AFFORDABILITY OF PRIVATE RENTED HOUSING
<b>DATE OF DECISION:</b>	21 DECEMBER 2023
<b>REPORT OF:</b>	SCRUTINY MANAGER

<b><u>CONTACT DETAILS</u></b>			
<b>Executive Director</b>	<b>Title</b>	<b>Executive Director – Corporate Services</b>	
	<b>Name</b>	<b>Mel Creighton</b>	<b>Tel: 023 8083 3528</b>
	<b>E-mail</b>	<b>Mel.creighton@southampton.gov.uk</b>	
<b>Author:</b>	<b>Title</b>	<b>Scrutiny Manager</b>	
	<b>Name</b>	<b>Mark Pirnie</b>	<b>Tel: 023 8083 3886</b>
	<b>E-mail</b>	<b>Mark.pirnie@southampton.gov.uk</b>	

<b>STATEMENT OF CONFIDENTIALITY</b>
None

<b>BRIEF SUMMARY</b>
In accordance with the Inquiry Plan, at the second meeting of the inquiry the Panel will be considering the affordability of private sector rented housing in Southampton.

<b>RECOMMENDATIONS:</b>
(i) The Panel is recommended to consider the comments made by the invited guests and use the information provided as evidence in the review.

<b>REASONS FOR REPORT RECOMMENDATIONS</b>
1. To enable the Panel to compile a file of evidence in order to formulate findings and recommendations at the end of the review process.

<b>ALTERNATIVE OPTIONS CONSIDERED AND REJECTED</b>
2. None.

<b>DETAIL (Including consultation carried out)</b>																								
<b><u>The cost of renting</u></b>																								
3. Average private rents in Great Britain have soared by more than a quarter since the start of the Covid pandemic. <sup>1</sup>																								
4. The ONS Private rental market statistics in England from April 2022 to March 2023 identified that the median monthly rent in Southampton was £875 <sup>2</sup> . This is £50 higher than the national median but £123 lower than the South-East median.																								
<table border="1"> <thead> <tr> <th>2022/2023</th> <th>Room</th> <th>Studio</th> <th>One Bedroom</th> <th>Two Bedrooms</th> <th>Three Bedrooms</th> <th>Four or more</th> <th>All categories</th> </tr> </thead> <tbody> <tr> <td>England Median Rent</td> <td>£460</td> <td>£625</td> <td>£725</td> <td>£800</td> <td>£900</td> <td>£1500</td> <td>£825</td> </tr> <tr> <td>Southampton Median Rent</td> <td>£420</td> <td>£600</td> <td>£700</td> <td>£900</td> <td>£1100</td> <td>£1450</td> <td>£875</td> </tr> </tbody> </table>	2022/2023	Room	Studio	One Bedroom	Two Bedrooms	Three Bedrooms	Four or more	All categories	England Median Rent	£460	£625	£725	£800	£900	£1500	£825	Southampton Median Rent	£420	£600	£700	£900	£1100	£1450	£875
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<sup>1</sup> Savills UK | Residential research update: November 2023

<sup>2</sup> Private rental market summary statistics in England - Office for National Statistics (ons.gov.uk)

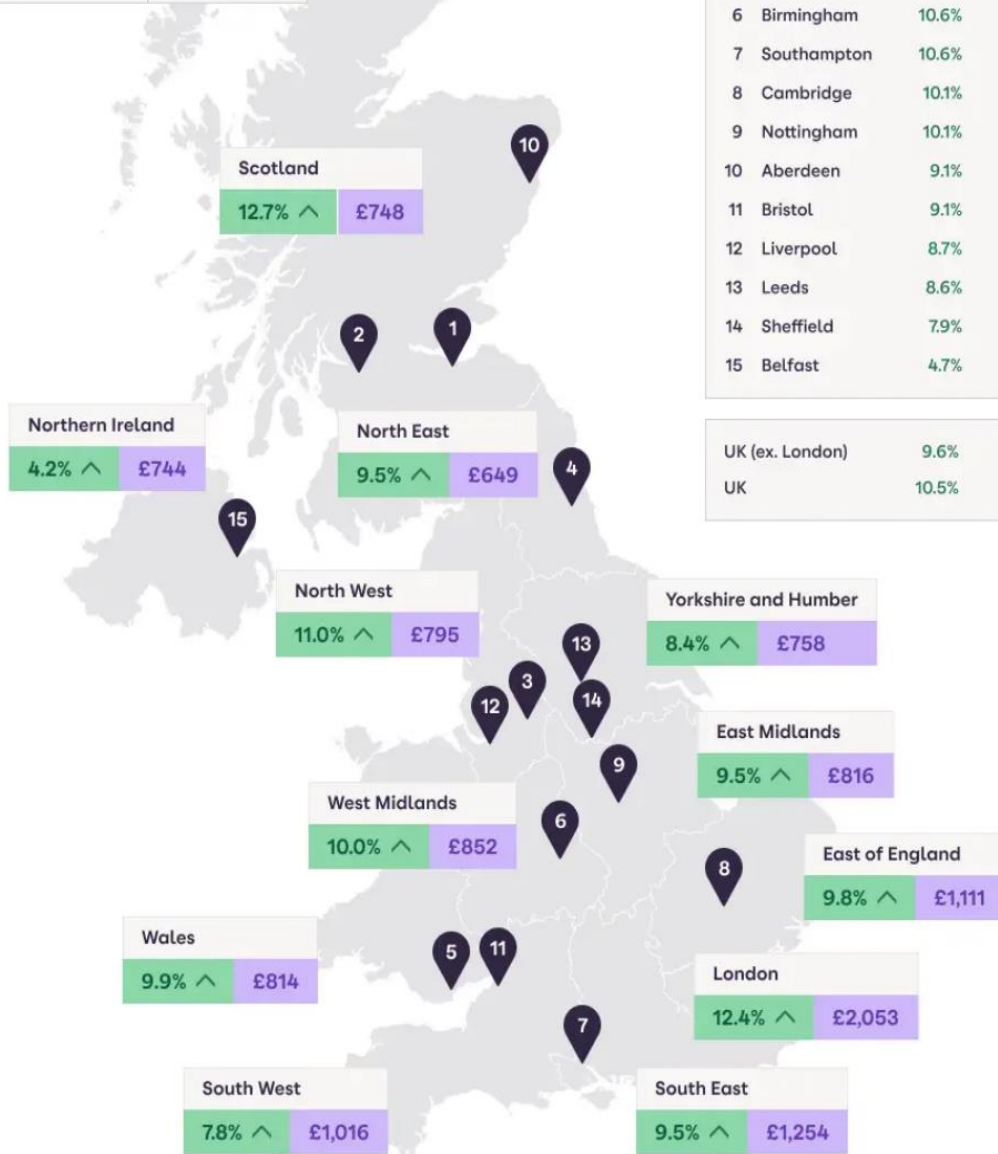
5. Utilising a different dataset, data published by Zoopla in September 2023 further illustrates the rise in the cost of renting across Great Britain from July 2022 to July 2023.<sup>3</sup>

## ZOOPLA

July 2023  
(Published September 2023)

Source: Zoopla Rental Market Report

Region/City	
Annual % change in rents	Average rent (pcm) *



\*Average 1-4 bed properties

<sup>3</sup> [The cheapest places to rent a home in 2023 - Zoopla](#)

6.	<p>Zoopla's data, for the average monthly rents for new lets for January each year, outlines the post pandemic increase in the cost of renting in Southampton.<sup>4</sup> The data comes from Zoopla's property listings, adjusted to reflect differences between asking and actual rents. The average rent figures shown are based on the median of one, two, three and four-bedroom homes every January, adjusted to reflect the mix of private rented homes in each area.</p> <table border="1" data-bbox="325 443 1439 640"> <thead> <tr> <th data-bbox="325 479 775 533">Area</th> <th data-bbox="775 443 938 533">Growth in past year</th> <th data-bbox="938 479 1101 533">2020</th> <th data-bbox="1101 479 1264 533">2021</th> <th data-bbox="1264 479 1426 533">2022</th> <th data-bbox="1426 479 1439 533">2023</th> </tr> </thead> <tbody> <tr> <td data-bbox="325 568 775 640">Southampton</td> <td data-bbox="775 568 938 640">9%</td> <td data-bbox="938 568 1101 640">£867</td> <td data-bbox="1101 568 1264 640">£887</td> <td data-bbox="1264 568 1426 640">£949</td> <td data-bbox="1426 568 1439 640">£1,034</td> </tr> </tbody> </table>	Area	Growth in past year	2020	2021	2022	2023	Southampton	9%	£867	£887	£949	£1,034
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7.	<p>Whilst the figures vary, reflecting the different data sources and time periods in which the data applies, rent levels nationally, and in Southampton, have been rising. This is supported by the findings from the Tenants Survey, undertaken for the inquiry and attached as Appendix 1, which identified that, for 59% of respondents their rent had increased over the past 12 months, compared to 37% whose rent had remained the same, and 4% whose rent had decreased.</p>												
<p><b><u>Why have rent levels been rising?</u></b></p>													
8.	<p>This is complicated. The dramatic increase over the past three years or so has been largely attributed to demand for rental properties greatly outstripping supply, this has been exacerbated by the increase in the cost-of-borrowing. There are also underlying reasons that have resulted in rent increases.</p>												
<p><b>Supply of new homes</b></p>													
9.	<p>Demand for properties, including rental properties, is partly linked to the supply of new homes. According to one estimate commissioned by the National Housing Federation (NHF) and Crisis from Heriot-Watt University, around 340,000 new homes need to be supplied in England each year, of which 145,000 should be affordable.<sup>5</sup></p>												
10.	<p>New housing supply is currently lower than the Government's ambition of 300,000 new homes per year. Around 234,000 additional homes were supplied in 2022/23. New housing supply increased year-on-year from a low point of 125,000 in 2012/13, reaching a high point of 243,000 new homes in 2019/20.<sup>6</sup></p>												
11.	<p>There were 63,605 affordable homes delivered in England in 2022-23, an increase of 7% compared with the previous year. This is the highest number of completions since 2014-15.<sup>7</sup></p>												
<p><b>Decline in social housing</b></p>													
12.	<p>Affordable housing to rent is provided by housing associations and local authorities - but it has several forms:<sup>8</sup></p>												

<sup>4</sup> [Rent prices: How much have they gone up in your area? - BBC News](#)

<sup>5</sup> [Housing supply requirements across Great Britain for low-income households and homeless people: Research for Crisis and the National Housing Federation: Main Technical Report — Heriot-Watt Research Portal \(hw.ac.uk\)](#)

<sup>6</sup> [Housing supply: net additional dwellings, England: 2022 to 2023 - GOV.UK \(www.gov.uk\)](#)

<sup>7</sup> [Affordable housing supply in England: 2022 to 2023 - GOV.UK \(www.gov.uk\)](#)

<sup>8</sup> [Affordable housing schemes: 'Invisible' renters earning £30k not eligible - BBC News](#)

	<ul style="list-style-type: none"> <li>• <b>Social rent</b> - known as council or housing association homes - renters are prioritised on their needs. In 2011, this accounted for nearly all new affordable housing rental properties, now it's 20%. Rents, based on local incomes and property values, are about half that in the private rented sector.</li> <li>• <b>Affordable rent</b> - introduced in 2011. Part of austerity measures by the UK coalition government which cut social rent funding by more than 60%. To help offset some financial losses, councils and housing associations were able to charge higher rents, up to 80% of local market levels.</li> <li>• <b>Intermediate rent</b> - for renters wanting to save towards buying a home. Rents are capped at 80% of local market levels. London Living Rent is an example.</li> </ul>
13.	<p>As identified in the chart below, social rent has largely been replaced by affordable rent over the previous decade.</p> <p>New affordable housing for rent in England, 1991-2022, year to 31 March</p> <p>Legend:</p> <ul style="list-style-type: none"> <li>Social Rent (Blue)</li> <li>Intermediate Rent (Red)</li> <li>London Affordable Rent (Orange)</li> <li>Affordable Rent (Purple)</li> </ul> <p>Source: Department for Levelling Up, Housing and Communities <span style="float: right;">BBC</span></p>
14.	<p>The stock of social rented housing in England has been falling for some time. Over the period 2012-19 the net loss totalled 181,000 social rented homes.<sup>9</sup> Only 8,386 new social homes were built in England in 2022-23.</p>
15.	<p>The link between the loss of social housing and the increase in private sector rent has been recognised by Kate Henderson, Chief executive of the National Housing Federation, who said:</p> <p><i>“The chronic shortage of social housing is having wide-ranging impacts, not only for those becoming homeless and living in poverty and overcrowding, but also in the private rented sector, where increased demand from people who cannot access social housing has pushed up rents and, in turn, house prices.”<sup>10</sup></i></p>

<sup>9</sup> [ukhr-briefing-2020.pdf](#) (CIH)

<sup>10</sup> [Six times more newly homeless families than new social houses. England data shows | Social housing | The Guardian](#)

	House prices																																													
16.	The average house price in the UK is currently over 8 times national average earnings. <sup>11</sup> Households therefore face a high financial barrier when attempting to get on the property ladder. This results in more people staying in private rented accommodation and for a longer period.																																													
17.	In Southampton the average house price is currently 6.8 times the average earnings of somebody who works in the city. <sup>12</sup> In 2022 it was 7.4. <sup>13</sup> The average house price in Southampton in August 2023 was £247,757 compared to the UK average of £292,882.																																													
18.	<p>In addition to the cost of raising the required deposit, the rise in mortgage rates means it is cheaper, as of June 2023, to rent a home than to buy one for the first time since 2010, according to Zoopla.<sup>14</sup> The property website said the average UK rent is £1,163 per month, while average mortgage repayments are £1,285 for first-time buyers on a 15% deposit. London and the South East are the worst affected locations for higher mortgage costs versus rent forcing many would-be homebuyers to stay in the rental sector for longer, fuelling demand.</p> <p>Average monthly <b>rent</b> and <b>mortgage repayment</b> in June 2023</p> <table border="1"> <caption>Average monthly rent and mortgage repayment in June 2023</caption> <thead> <tr> <th>Region</th> <th>Rent (£)</th> <th>Mortgage Repayment (£)</th> </tr> </thead> <tbody> <tr> <td>London</td> <td>£2,053</td> <td>£2,546</td> </tr> <tr> <td>South East</td> <td>£1,254</td> <td>£1,469</td> </tr> <tr> <td>East of England</td> <td>£1,111</td> <td>£1,301</td> </tr> <tr> <td>South West</td> <td>£1,016</td> <td>£1,184</td> </tr> <tr> <td>United Kingdom</td> <td>£1,163</td> <td>£1,285</td> </tr> <tr> <td>East Midlands</td> <td>£816</td> <td>£868</td> </tr> <tr> <td>West Midlands</td> <td>£852</td> <td>£890</td> </tr> <tr> <td colspan="3"><b>Buying is cheaper</b></td> </tr> <tr> <td>Wales</td> <td>£799</td> <td>£814</td> </tr> <tr> <td>Yorks &amp; Humber</td> <td>£731</td> <td>£758</td> </tr> <tr> <td>Northern Ireland</td> <td>£700</td> <td>£744</td> </tr> <tr> <td>North West</td> <td>£736</td> <td>£795</td> </tr> <tr> <td>North East</td> <td>£531</td> <td>£649</td> </tr> <tr> <td>Scotland</td> <td>£620</td> <td>£748</td> </tr> </tbody> </table> <p>Note: Mortgage repayment assuming 30-year term, 15% deposit, 6.2% rate.</p> <p>Source: Zoopla</p>	Region	Rent (£)	Mortgage Repayment (£)	London	£2,053	£2,546	South East	£1,254	£1,469	East of England	£1,111	£1,301	South West	£1,016	£1,184	United Kingdom	£1,163	£1,285	East Midlands	£816	£868	West Midlands	£852	£890	<b>Buying is cheaper</b>			Wales	£799	£814	Yorks & Humber	£731	£758	Northern Ireland	£700	£744	North West	£736	£795	North East	£531	£649	Scotland	£620	£748
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<sup>11</sup> [UK House Price Index \(data.gov.uk\)](https://data.gov.uk) & [Employee earnings in the UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

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<sup>13</sup> [Housing affordability in England and Wales - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

<sup>14</sup> [Renting now cheaper than first-time mortgages, says Zoopla - BBC News](https://www.bbc.com/news)

	<b>Landlord's are selling properties or raising rents reflecting increased costs</b>
19.	The Royal Institution of Chartered Surveyors (RICS) reported in their October 2023 UK Residential Market Survey that tenant demand increased in the three months to October, while landlord instructions continued to fall, with most UK areas seeing a further reduction in such listings. <sup>15</sup> The number of homes currently available for rent is nearly a third below the five year average. <sup>16</sup>
20.	The trade body for estate agents, Propertymark, outlined that rents were increasing due to fewer houses being on the market. This was because many landlords have decided to sell properties because of rising taxes, charges and maintenance costs. <sup>17</sup>
21.	Many landlords with buy-to-let mortgages have experienced costs rising dramatically after 14 consecutive interest rate rises, prompting some to increase rents by a significant amount, and others to sell up.
	<b><u>The impact of rent levels rising and growing demand - National</u></b>
22.	The substantial increase in the cost of renting in the private sector, the increasing demand for rental properties and interest rate rises has resulted in a number of developments and changes within society.
	<b>Rent levels are becoming unaffordable to more households</b>
23.	Affordability is a measure of how easily households, given their income and financial capacity, can afford to rent. Limited availability of affordable housing restricts employment mobility and can create a shortage of essential workers.
24.	The Affordable Housing Commission concluded that when rents or purchase costs exceed a third (33%) of household income for those in work, it can lead to financial difficulties, arrears, debts and personal problems. These difficulties become critical where housing costs are 40% or more of household income. <sup>18</sup>
25.	Conor O'Shea, Policy and Public Affairs Manager at Generation Rent, identified in his presentation to the inaugural meeting of the inquiry, that rents are at peak unaffordability with the highest percentage of incomes since records began being spent on rent.
26.	Figures regarding the percentage of gross earnings that are currently being spent on rent differ depending upon the sources quoted. Research by Shelter has found that almost a third (32%) of private renters are spending half their monthly household income or more on their monthly rent. <sup>19</sup>
27.	Savills estimated the average tenant household was now spending 35.3% of their income on rent – up from 33% in 2021-22. <sup>20</sup>
28.	Zoopla research and earnings data put the figure at 28.4% in July 2023. As identified in the following chart this represents an increase on their 10 year average of 27.2%.

<sup>15</sup> [10. WEB October 2023 RICS UK Residential Market Survey tp.pdf](#)

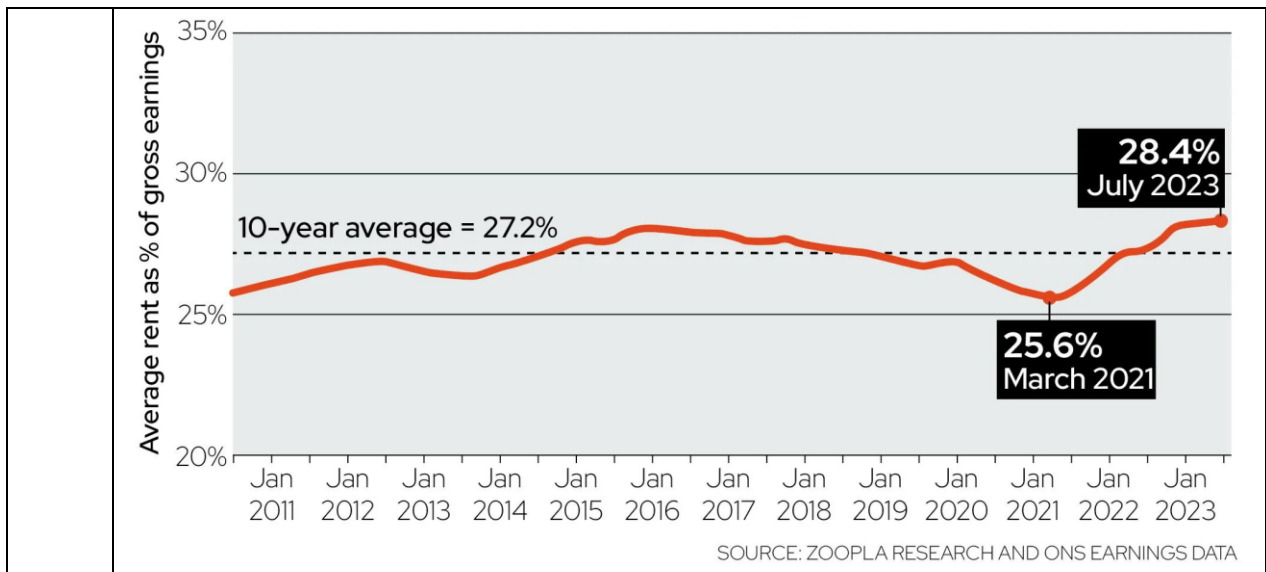
<sup>16</sup> [Why is the cost of renting so expensive right now? - Zoopla](#)

<sup>17</sup> [Growing share of under-30s pay unaffordable rent - BBC News](#)

<sup>18</sup> [Defining and measuring housing affordability \(nationwidefoundation.org.uk\)](#)

<sup>19</sup> [Cover the cost \(ctfassets.net\)](#)

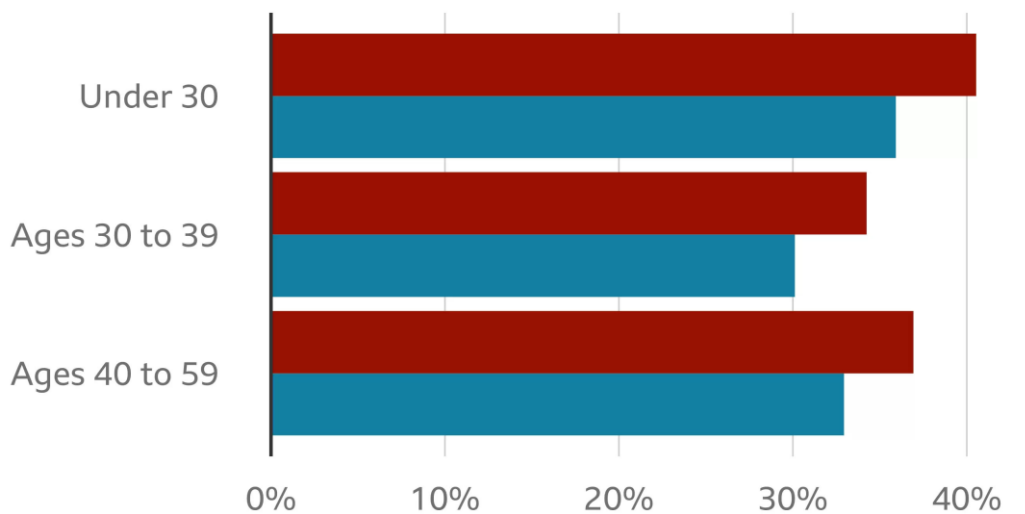
<sup>20</sup> [Average rent in Great Britain up by more than a quarter since start of Covid | Renting property | The Guardian](#)



29. A survey by Dataloft, published by the BBC, suggests that those under 30 are most likely to be spending over 30% of their earnings on rent but that the figures have increased for all age categories.<sup>21</sup>

Proportion of renters spending over 30% of earnings on rent, by age group, year to end of June

■ 2022 ■ 2019



Source: Dataloft

**BBC**

30. Further analysis by Dataloft<sup>22</sup> identified that, based on rents achieved in 2022, only 1% of one-bed flats in London were available to a lower-quartile earner. Outside of London the situation for one person households is not much better. Just 7% of one-bed flats in the rest of the South East were affordable to a lower-quartile earner and 30% in the rest of the UK,

31. For households with two lower-quartile earners, there is more scope. They are able to meet the affordability test for the vast majority of one-bed flats in the South East and three quarters of the two-beds.

<sup>21</sup> [Growing share of under-30s pay unaffordable rent - BBC News](#)

<sup>22</sup> [Dataloft Briefing notes 12: Rental affordability – a spotlight on lower income households — Dataloft](#)

32.

Three bed flats are largely out of reach for households even with two lower-quartile earners in London where only 7% of three bed flats would be affordable. That rises to 49% in the wider South East and 63% in the rest of the UK.

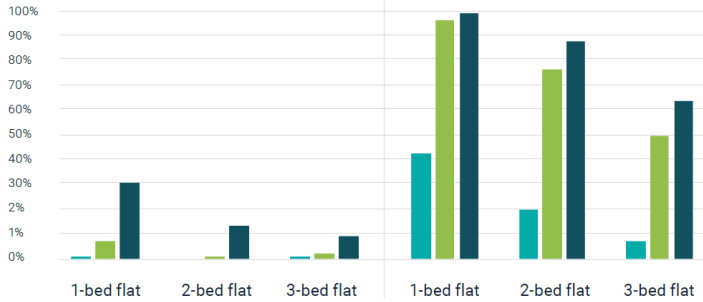
### Rental homes affordable to low-income households

% of homes **one earner can afford**

	1-bed flat	2-bed flat	3-bed flat
London	1%	0%	1%
South East	7%	1%	2%
Rest of UK	30%	13%	9%

% of homes **two earners can afford**

	1-bed flat	2-bed flat	3-bed flat
London	42%	20%	7%
South East	95%	75%	49%
Rest of UK	97%	87%	63%



Dataloft Rental Market Analytics, ONS Annual Survey of Hours and Earnings

Comparing average size of rental homes

**Families with one earner**

Region	Higher earners	Low earners
London	949 sq ft	782 sq ft
South East	951 sq ft	797 sq ft
Rest of UK	962 sq ft	814 sq ft

Comparing quality of rental homes

**Proportion with EPC rating A to C\***

Region	Higher earners	Low earners
London	62%	53%
South East	55%	50%
Rest of UK	54%	49%

Higher earners have incomes above median  
\*As a proxy for quality.

### Affordability is impacting on decisions regarding the size, quality and location of rental homes chosen

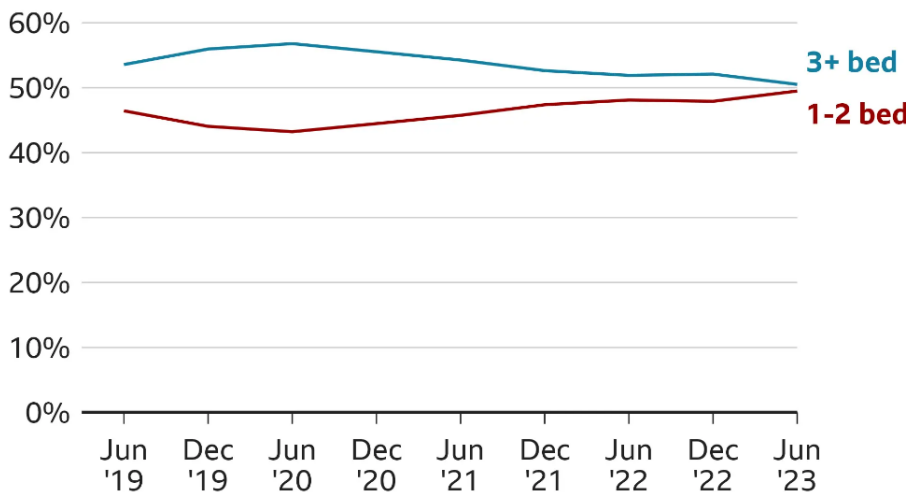
33.

The above chart indicates that lower-income households compromise on size and quality of rental homes. Based on families with a single earner, the average home of those with below median income is around 19% smaller than those with above median income.

34.

The affordability of rental properties has also resulted in more families renting smaller homes.<sup>23</sup>

Percentage of tenancies started by households with children and income between £30,000 and £70,000 by size



Note: Dates represent six-month periods ending June and December

Source: Dataloft



<sup>23</sup> [Renting: Rising cost and lack of choice forcing families to smaller homes - BBC News](#)



35.	Evidence has recently identified that, with the reduction in social housing and more low-income households being accommodated within the private rented sector, there has been a steady exclusion of poorer households from more central locations in the UK's towns and cities, a phenomenon known as the suburbanisation of poverty. For the ten largest cities, it is estimated that one-in-nine low-income private rented sector households were displaced in just eight years as a result – 15,000 households in total. Changes were particularly stark in the largest conurbations but were by no means confined to those cities. <sup>24</sup>
	<b>A rise in homelessness and housing benefit claimants</b>
36.	A survey published by the ONS showed that private renters were most likely to be stretched by housing costs. Some 43% of tenants said they were finding it difficult to afford the rent between February and May 2023. That compares with 28% of mortgage holders struggling with repayments. <sup>25</sup>
37.	Since the start of the pandemic the number of households claiming housing benefits (legacy housing benefit or universal credit housing allowance) has risen by 16%. Most of this increase, an additional 422,000 households, is made up of private renters. 1 in 3 private renters now receive housing benefit to help pay the rent. <sup>26</sup>
38.	Despite the rise in housing benefit claimants, analysis by Shelter <sup>27</sup> indicates that increasing rents and rising bills are pushing more households towards the brink of homelessness. Low-income renters are finding that they're falling short on their rent to the tune of £1,812 a year, because the amount they can claim in housing benefits has been frozen since March 2020, while rents have increased. The local housing allowance (LHA) freeze is leaving people with substantial shortfalls each month.
39.	In their report ' <a href="#">Cover the Cost</a> ', Shelter conclude that low-income private renters are being squeezed out of the private rental market and the severe shortage of social rented homes means that, if private rents are unaffordable to homeless households, they are likely to end up in temporary accommodation. The most recent statistics showed a record number of households were found to be threatened with homelessness due to the end of a private tenancy in the first three months of this year, and the number of families becoming homeless and ending up in temporary accommodation is rising.
40.	According to the Local Government Association councils are spending £1.7bn a year renting temporary and often overcrowded accommodation for more than 100,000 households, more than at any time in the past 25 years. <sup>28</sup>
	<b>Increase in student poverty</b>
41.	According to research from Unipol and the Higher Education Policy Institute, in the last two years, average student rent has gone up by 14.6%, while student maintenance loans have risen by 5.2%. <sup>29</sup>

<sup>24</sup> [Private renting and the suburbanisation of poverty | Urban Big Data Centre \(ubdc.ac.uk\)](#)

<sup>25</sup> [Impact of increased cost of living on adults across Great Britain - Office for National Statistics \(ons.gov.uk\)](#)

<sup>26</sup> [Cover the cost \(ctfassets.net\)](#)

<sup>27</sup> [Cover the cost \(ctfassets.net\)](#)

<sup>28</sup> [£1.74 billion spent supporting 104,000 households in temporary accommodation | Local Government Association](#)

<sup>29</sup> [Rent now swallows up virtually all of the average maintenance loan as the student accommodation market reaches 'crisis point' - HEPI](#)

42.	The average annual rent for students in England is £7,566, while the average maintenance loan received for the current academic year is £7,590, leaving £24 a year to cover other essentials.																																																				
43.	Chloe Field of NUS UK, commenting on the research, stated that: " <i>Poorer students are forced, in effect, to attend university part-time,</i> " ... " <i>They must juggle their studies with paid work in order to simply eat and put a roof over their heads. We are now at the point where accommodation costs are pricing students out of certain universities, which will have disastrous consequences for students from poorer backgrounds being able to access education.</i> " <sup>30</sup>																																																				
	<b>Increase in landlords with mortgage arrears</b>																																																				
44.	According to research from UK Finance, rising interest rates have put pressure on homeowners, with 87,930 in arrears, up 18% compared with July to September 2022. <sup>31</sup>																																																				
45.	Among landlords, the number in arrears doubled in a year. UK Finance said the number of buy-to-let mortgages in arrears was 11,540 in the third quarter of 2023, up 29% on the previous three months and double the level of a year ago.																																																				
46.	The trade body's report said: " <i>The increases in arrears are driven by the combined impact of both cost-of-living pressures and higher interest rates. In particular, interest rate pressures are felt more acutely in the buy-to-let sector, where landlords may not be able to raise rents to cover the increases in their payments.</i> "																																																				
	<b>Rising competition for rental properties</b>																																																				
47.	<p>The shortage of properties to rent has resulted in increased competition for rental homes. According to figures commissioned by the BBC from property portal Rightmove, there were 20 requests to view each available property in May 2023, up from six in pre-pandemic 2019.</p> <p><b>Rental enquiries have more than trebled</b> Enquiries per rental property in May 2019, 2022 and 2023</p> <table border="1"> <thead> <tr> <th>Region</th> <th>2019</th> <th>2022</th> <th>2023</th> </tr> </thead> <tbody> <tr> <td>North West</td> <td>7</td> <td>20</td> <td>30</td> </tr> <tr> <td>Scotland</td> <td>8</td> <td>20</td> <td>27</td> </tr> <tr> <td>South West</td> <td>7</td> <td>20</td> <td>27</td> </tr> <tr> <td>West Midlands</td> <td>6</td> <td>20</td> <td>25</td> </tr> <tr> <td>East of England</td> <td>7</td> <td>20</td> <td>24</td> </tr> <tr> <td>Wales</td> <td>5</td> <td>20</td> <td>20</td> </tr> <tr> <td>South East</td> <td>5</td> <td>20</td> <td>20</td> </tr> <tr> <td>Yorks &amp; Humber</td> <td>5</td> <td>20</td> <td>19</td> </tr> <tr> <td>East Midlands</td> <td>6</td> <td>20</td> <td>18</td> </tr> <tr> <td>North East</td> <td>3</td> <td>20</td> <td>17</td> </tr> <tr> <td>London</td> <td>5</td> <td>20</td> <td>15</td> </tr> <tr> <td>Britain</td> <td>6</td> <td>20</td> <td>20</td> </tr> </tbody> </table> <p>Source: Rightmove <span style="float: right;">BBC</span></p>	Region	2019	2022	2023	North West	7	20	30	Scotland	8	20	27	South West	7	20	27	West Midlands	6	20	25	East of England	7	20	24	Wales	5	20	20	South East	5	20	20	Yorks & Humber	5	20	19	East Midlands	6	20	18	North East	3	20	17	London	5	20	15	Britain	6	20	20
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<sup>30</sup> [Student maintenance loans almost entirely used up by rent, report warns - BBC News](#)

<sup>31</sup> [Arrears and possessions | UK Finance](#)

48.	In his presentation to the Inquiry Panel, Generation Rent's Conor O'Shea noted that in many areas demand for homes in the private sector outstrips supply and that gazumping and bidding wars for rental properties have been witnessed.
	<b><u>The impact of rent levels rising and growing demand - Southampton</u></b>
	<b>Affordability</b>
49.	As already stated, the Affordable Housing Commission concluded that when rents or purchase costs exceed a third (33%) of household income for those in work, it can lead to financial difficulties, arrears, debts and personal problems. These difficulties become critical where housing costs are 40% or more of household income. <sup>32</sup> Analysis of Southampton's Tenants Survey, conducted in October 2023, identified that 60% of respondents were spending over 40% of their monthly income on rent. Indeed, 24% of respondents said that they were spending 60% or more of their income on rent.
50.	48% of women said that they spend more than 50% of their monthly income on rent, more than 16% points more than men on 32%.
51.	There was a similar disparity when comparing responses from disabled people to those without a disability. Respondents with a disability said that they spend more than 50% of their monthly income on rent, compared to 38% of the respondents without a disability.
52.	41% of respondents described their household finances as either difficult (29%) or very difficult (12%), compared to 59% who said that they were comfortable (13%) or coping (46%). Again, a greater percentage of female and disabled respondents identified their financial position as either difficult or very difficult compared to men and people without a disability.
	<b>Housing benefits</b>
53.	Only 11% of respondents to the Tenants Survey indicated that they were in receipt of the Local Housing Allowance. However, Department for Work and Pensions data estimates that, mirroring the national average, 33% of private renters in Southampton were claiming housing benefit in June 2022. <sup>33</sup>
54.	As at December 2023 the weekly Local Housing Allowance (LHA) Rates for Southampton were as follows: <b>Southampton BRMA (Broad Rental Market Area)</b> <ul style="list-style-type: none"> <li>• Shared Accommodation Rate - £77.44 per week</li> <li>• One Bedroom Rate - £136.93 per week</li> <li>• Two Bedrooms Rate - £178.36 per week</li> <li>• Three Bedrooms Rate - £212.88 per week</li> <li>• Four Bedrooms Rate - £276.16 per week</li> </ul>
55.	Using a one bedroom property as an example, as outlined in Paragraph 4, the average cost of rent per month in Southampton between April 2022 and March 2023 was £700. The LHA was £595 per month leaving, on average, a monthly deficit of £105 between LHA, and monthly private rent.

<sup>32</sup> [Defining and measuring housing affordability \(nationwidefoundation.org.uk\)](https://www.nationwidefoundation.org.uk)

<sup>33</sup> [Private renters claiming housing benefit by local authority, June 2022 \(dwcdn.net\)](https://www.dwcdn.net)

	<b>Homelessness</b>
56.	Southampton City Council's Homelessness Strategic Assessment <sup>34</sup> published in September 2023 states that in Southampton there has been a decline in the number of available social houses for rent due to many being purchased under the Right to Buy scheme. In 2021 21.9% of households lived in social rented housing compared 23.3% in 2011. <sup>35</sup> Partly as a result of this, the demand for social housing in the city far exceeds the supply with 7,379 households on the social housing waiting list in Southampton at the end of March 2022.
57.	The Strategic Assessment also states that the pool of private rented accommodation is also reducing as some landlords are selling up and exiting the sector due to various reasons. People in Southampton face a lack of viable options if they do become homeless or are threatened with homelessness. SCC is having to use temporary accommodation in higher numbers and for longer periods to house people who are homeless.
58.	In the four quarters from October 2021 to September 2022, Southampton experienced a sustained increase in the rate of households threatened by homelessness, with the Southampton rate significantly higher than the national average for the most recent three quarters (Q1 to Q3 2022). <sup>36</sup>
59.	The most frequent reason for households being threatened by homelessness in Southampton during 2021/22 was family and friends no longer willing or able to accommodate (205, 37.8%), which is significantly higher compared to England (25.5%). The second most frequent reason was the end of assured shorthold privately rented tenancy (150, 27.7%). Similar patterns are also observed for households assessed as homeless with family and friends no longer willing or able to accommodate (381, 35.9%) and the end of assured shorthold privately rented tenancy (143, 13.5%) top for Southampton in 2021/22.
	<b>Student poverty</b>
60.	Attached as Appendix 3 is a brief overview from Pollyanne Gouldthorpe, Housing Advisor at Southampton Solent University, articulating some of the cost pressures students are experiencing in Southampton. Rents for purpose built student accommodation student accommodation have increased by an average of 17.5% in Southampton over the past two academic years. The briefing paper also provides examples of financial challenges students are experiencing due to rent issues and trends.
	<b><u>What action has been proposed to improve the affordability of renting? - National</u></b>
	<b>Local Housing Allowance increase</b>
61.	In the Autumn Statement the Chancellor announced that the Local Housing Allowance (LHA) will be unfrozen and increased to the lower 30% of rents nationwide from April 2024 onwards.
62.	Government analysis states that the initiative will mean that the 1.6m low-income households in receipt of LHA will be around £800 a year better off on average next year. This follows long campaigns by almost every group within

<sup>34</sup> [Strategic Assessment - Homelessness Prevention Review](#)

<sup>35</sup> ONS - 2011 census and 2021 census

<sup>36</sup> [Strategic Assessment - Homelessness Prevention Review](#)

	the private rented sector, who have all been arguing that the gap between housing benefit and real-world rents has become so great that it has been driving homelessness. <sup>37</sup>
	<b>Call for rent freezes / Rent control</b>
63.	In February 2023 the Mayors of Manchester, Liverpool and London called for an immediate rent freeze and a ban on evictions to be introduced in England to help renters deal with the cost of living crisis. <sup>38</sup>
64.	It would bring the country into line with Scotland, where the government announced a total rent freeze and ban on evictions in September 2022. The scheme was extended to September this year, but from April 2024 it will begin to allow rent increases of up to 3% and evictions in extreme circumstances.
65.	Local leaders in England, including those in London and Bristol, have been calling for Westminster to grant them powers to set rent controls in their own areas. In response to the request in February 2023, Housing Minister - Felicity Buchan, replied: “ <i>The government do not support the introduction of rent controls in the private rental sector.</i> ” She said controls would “ <i>discourage investment, lead to declining property standards and may encourage illegal subletting.</i> ” <sup>39</sup>
	<b>Buy existing private homes and convert to social rented housing</b>
66.	In November 2023, Sadiq Khan, Mayor of London, announced a programme to help councils buy 10,000 existing private homes over the next decade to boost social housing stock. <sup>40</sup>
	<b><u>What action has been proposed to improve the affordability of renting? - Southampton</u></b>
	<b>Southampton’s Housing Vision</b>
67.	Attached as Appendix 2 is a briefing on the emerging Southampton City Vision Local Plan. The City Vision includes a vision for housing in Southampton that includes plans to increase the housing supply by 18,002 new dwellings over the plan period.
68.	It is proposed that a broad variety of new homes will be delivered to meet the housing needs of different city residents. This housing will include types such as: <ul style="list-style-type: none"> <li>• Private housing – both for ownership and Build to Rent;</li> <li>• Affordable housing of various tenures including First Homes, affordable rent and shared ownership;</li> <li>• Self and custom build housing;</li> <li>• Shared rental living such as Houses in Multiple Occupation (HMOs) and co-living schemes;</li> <li>• Specialist accommodation for older persons, Disabled People and others with specialist housing needs; and</li> <li>• Purpose Built Student Accommodation (PBSA).</li> </ul>

<sup>37</sup> [Calls grow louder to raise Local Housing Allowance for benefits tenants \(landlordzone.co.uk\)](https://landlordzone.co.uk/calls-grow-louder-to-raise-local-housing-allowance-for-benefits-tenants/)

<sup>38</sup> [#RentFreezeNow open letter | London Renters Union](https://www.rentersunion.org.uk/news/rent-freeze-now-open-letter/)

<sup>39</sup> [City mayors call for rent freeze and eviction ban for England’s tenants | Housing | The Guardian](https://www.theguardian.com/housing/2023/feb/23/city-mayors-call-for-rent-freeze-and-eviction-ban-for-englands-tenants)

<sup>40</sup> [Mayor launches major new programme to convert private housing into council homes – with an aim for 10,000 additional council homes in the next decade | London City Hall](https://www.london.gov.uk/press-releases/major/mayor-launches-major-new-programme-to-convert-private-housing-into-council-homes-with-an-aim-for-10000-additional-council-homes-in-the-next-decade)

69.	Reflecting the growth plans of both the <a href="#">University of Southampton</a> and <a href="#">Southampton Solent University</a> the emerging City Vision predicts there will be a continued demand for Purpose Built Student Accommodation (PBSA) and consequently, the loss of PBSA is not permitted by the City Vision.
	<b>SCC budget proposals out for consultation</b>
70.	In November 2023 the Council published a number of proposals for consultation with a view to introducing them in April 2024. The key proposals relating to private sector housing are: <ul style="list-style-type: none"> <li>• To introduce a council tax premium of 100% on second homes (subject to legislation being approved)</li> <li>• To introduce a council tax premium of 100% where a property has been empty for more than 12 months (subject to legislation being approved).</li> </ul>
71.	As of 27 September 2023, there are 906 properties in Southampton currently registered as being unoccupied and furnished, and therefore potentially second homes. As of 27 September 2023, there are currently 278 properties in Southampton that have been empty for between 12 months and 24 months.
72.	The published impact assessments for the proposals state that – ‘The proposals to introduce the council tax premiums for second homes and properties that have been empty for 12 months or more, could incentivise homeowners to release their properties onto the market, for either sale or rent. If offered for rent, this could help ease local housing pressures. The majority of the properties are in the lower council tax bands (A to C) so could help ease pressures in the private rented sector.’ <sup>41</sup> The proposals could also deter rental properties, or private homes from becoming holiday lets in Southampton.
	<b>Invited Guests</b>
73.	To provide context to the information above, a number of guests have been invited to present at the second meeting of the inquiry: <ul style="list-style-type: none"> <li>• <b>Cllr Tom Renhard - Cabinet Member for Housing Delivery and Homelessness, Bristol City Council</b></li> <li>• <b>Alfie Thomas - Policy, Strategy and Public Affairs Officer, Bristol City Council</b></li> </ul> <p>Reflecting concerns about rising rent levels, Bristol City Council have recently undertaken a <a href="#">Living Rent Commission</a> to explore how Bristol could become a living rent city. The Executive Summary of the final report is attached as Appendix 4.</p> <p>Cllr Renhard and Alfie Thomas have been invited to present the findings from the Living Rent Commission, including support for Rent Controls.</p> <ul style="list-style-type: none"> <li>• <b>Chris Dixon – Chief Officer, Citizens Advice Southampton</b></li> </ul> <p>To provide context to the statistics outlined in this report, Citizens Advice Southampton have been asked to provide an insight into the impact that rising rent levels are having on Southampton residents.</p>

<sup>41</sup> [Draft Equality and Safety Impact Assessment - Council Tax proposals \(southampton.gov.uk\)](#)

	<ul style="list-style-type: none"> <li>• <b>Southampton Tenants Union</b></li> </ul> <p>At the 21 December meeting the Tenants Union have been asked to provide a tenants perspective on the availability of rental property in Southampton and the affordability of rent levels.</p> <ul style="list-style-type: none"> <li>• <b>Representatives from Landlord Organisations</b></li> </ul> <p>Liz Mackenzie, Regional Representative from the NRLA, Sam Watkins, Senior Policy Officer at the NRLA and Peter Littlewood, Chief Executive Officer at iHOWZ have been asked to provide the Panel with a landlords perspective on the availability of private rented accommodation in Southampton and rising rent levels.</p> <ul style="list-style-type: none"> <li>• <b>Professor Helen Carr and Dr Mark Jordan from the <a href="#">People, Property and Community Research Centre, Southampton Law School, University of Southampton</a></b></li> </ul> <p>Expert Advisers to the Panel, Professor Carr and Dr Jordan, will provide an overview of legislation relating to the cost of renting and examples of approaches being applied, or considered, elsewhere to increase the affordability of renting in the private sector.</p>
74.	<p>The invited guests will take questions from the Panel relating to the evidence provided. Copies of any presentations will be made available to the Panel and will be published on the Inquiry Panel's pages on the Council website:</p> <p><a href="#">Browse meetings - Scrutiny Inquiry Panel - How do we get a better deal for private sector renters in Southampton?   Southampton City Council.</a></p>
<b>RESOURCE IMPLICATIONS</b>	
<b><u>Capital/Revenue/Property/Other</u></b>	
75.	Resources to support the scrutiny review will come from existing budgets.
<b>LEGAL IMPLICATIONS</b>	
<b><u>Statutory power to undertake proposals in the report:</u></b>	
76.	The duty to undertake overview and scrutiny is set out in Part 1A Section 9 of the Local Government Act 2000.
<b><u>Other Legal Implications:</u></b>	
77.	None
<b>RISK MANAGEMENT IMPLICATIONS</b>	
78.	None
<b>POLICY FRAMEWORK IMPLICATIONS</b>	
79.	None
<b>KEY DECISION?</b>	No

<b>WARDS/COMMUNITIES AFFECTED:</b>	None
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SUPPORTING DOCUMENTATION

**Appendices**

1.	Southampton Private Rented Sector Survey - Report
2.	Housing and Planning Briefing note
3.	Student housing overview – Southampton Solent University Housing Advisor
4.	Bristol Living Rent Commission – Executive Summary
5.	The issues pertinent on this inquiry from Disabled People’s Viewpoint – Spectrum CIL

**Documents In Members’ Rooms**

1.	None
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**Equality Impact Assessment**

Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out?	No
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**Data Protection Impact Assessment**

Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out?	No
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**Other Background Documents**

**Other Background documents available for inspection at:**

Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential
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1.	Bristol Living Rent Commission <a href="#">The Bristol Living Rent Commission - Bristol One City</a>
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