

Cambridge Centre
for Housing &
Planning Research

Analysis of the private rented sector in Richmond upon Thames and surrounding areas

Cambridge Centre for Housing and Planning Research

Anna Clarke and Chihiro Udagawa

July 2012

Contents

1. Introduction	3
2. Private rented sector in Richmond upon Thames	3
3. Rent levels in the PRS	6
4. A typology of the rental market in and around Richmond upon Thames.....	9
5. Access to the PRS for those claiming Local Housing Allowance	14
Annex 1: rents data	22
References.....	24

Key findings

- In 2001 14,450 households in Richmond upon Thames lived in the private rented sector – 21.5% of all households. This is estimated to have increased to over 24,000 by 2011 - 34% of all households.
- Private rented housing in Richmond upon Thames is concentrated in the east of the borough and particularly along the river and near railway stations.
- Two thirds of the private rented homes in Richmond upon Thames are flats.
- Richmond upon Thames is an expensive area in which to rent a home, with high quality housing popular with wealthy households. Rent levels are highest in the east of Richmond upon Thames. Less expensive properties can be found most often in the surrounding areas such as Hounslow.
- The rental market in the borough is clearly strong with properties being let very quickly.
- Rent levels for smaller properties have risen steadily for the past eight years, whilst those for larger properties rose rapidly prior to 2008, then fell and are now back to close to 2008 levels.
- Lettings agents confirm that the largest part of the market in the borough is for self contained family housing, or self contained flats rented by young professionals. There is a substantial corporate lettings market in the borough but no significant student market, despite the presence of several colleges nearby.
- Access to good schools and transport links into the city were the biggest drivers of rent levels.
- DWP figures suggest that around 3000 households in Richmond upon Thames claim housing benefit in the private rented sector. This represents around 12% of all private renting households - a low proportion by national standards.
- Properties available for rent within the Local Housing Allowance are scarce, and becoming harder to find, particularly for the larger sizes of properties. Fewer than 2% of properties with four or more bedrooms advertised online fell within LHA limits, rising to just under 12% of one bedroom properties. For those requiring family sized accommodation only 7.4% of two bedroom and 5.7% of three bedroom newly advertised properties were within LHA limits.
- Households dependent on Local Housing Allowance to pay their rent also face additional barriers in finding landlords to let to them.
- The market for tenants dependent on LHA is largely a distinct and separate part of the market. Landlords either take LHA tenants or they don't. Existing tenants losing jobs and starting to claim LHA was almost unheard of by the letting agents interviewed, further highlighting the gap between the very wealthy tenants in much of Richmond upon Thames and the smaller number of low income households dependent on LHA.
- The council's schemes help many low income tenants to access the PRS each year, though finding accommodation within the Local Housing Allowance limits is becoming more difficult.
- There is potential for low income households to find accommodation within neighbouring boroughs, especially to the west of Richmond upon Thames.

1. Introduction

1. Under the 2011 Localism Act, in 2012 every local authority in England is required to develop a Tenancy Strategy.
2. The London Borough of Richmond upon Thames, together with Richmond Housing Partnership (RHP¹), are currently jointly commissioning research in order to help them to understand the housing market and housing demand to inform their tenancy strategy, RHP's development programme, to develop intelligence to make best use of their housing stock and to understand both aspirations and realistic expectations of RHP's tenants when moving home.
3. This report has been undertaken in order to supplement the evidence base for the tenancy strategy by improving understanding of the private rented sector (PRS) in Richmond upon Thames and nearby areas. The focus is on access to the sector for lower income households.
4. The methods consisted of analysis of comprehensive rental data (see Annex 1), mapping of census data, interviews with 11 local letting agents and six other experts including the council rent deposit scheme managers, the representative for Richmond upon Thames of the National Landlord's Association representing up to 40 local landlords and a voluntary sector agency working with the homeless.

2. Private rented sector in Richmond upon Thames

5. Richmond upon Thames Council does not hold data on the size of the PRS. Up-to-date data on the size of the sector in Richmond upon Thames will soon be available from the 2011 census but for now the latest data available at local authority level comes from 2001. However we know that nationally the proportion of private sector housing that is rented grew considerably by 59.5% between 2001 and 2010². In 2001, 21.5% of the privately owned stock in Richmond was rented. If the sector has increased at the national rate, then today we would expect 34.3% of it to be privately rented. Table 1 therefore estimates the size of the PRS in Richmond upon Thames by applying the national increase proportionately to the 2001 figures.

Table 1: Estimating the size of the PRS in Richmond upon Thames

Size of PRS in Richmond upon Thames in 2001	14,450
Number of privately owned dwellings in Richmond upon Thames in 2011	71,980
Estimate of size of PRS in Richmond upon Thames in 2011	24,684

Source: English Housing Survey (DCLG, 2011), 2001 census and CCHPR analysis

6. The profile of the PRS stock in 2001 is shown in Table 2, below.

¹ RHP is the largest Registered Provider in the borough. It was formed following a stock transfer of council properties in July 2000 and today manages over 6,000 social rented homes in Richmond as well as some in neighbouring Hounslow.

² English Housing Survey

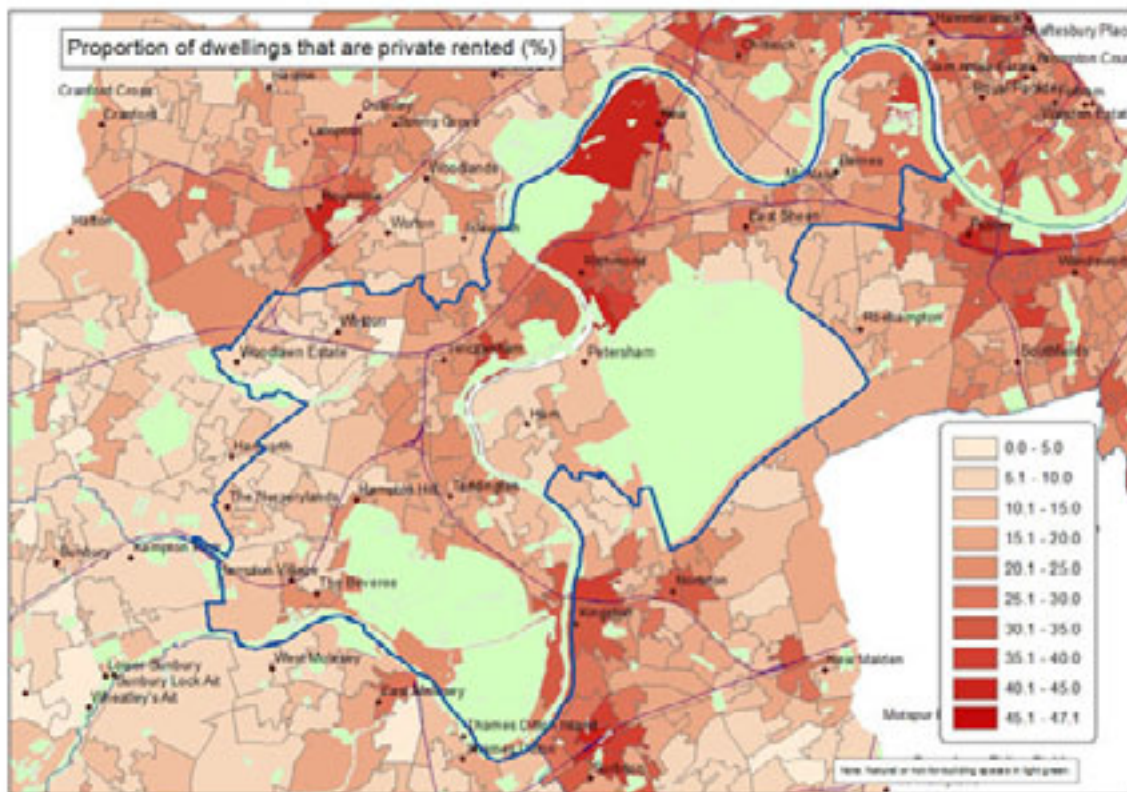
Table 2: Profile of PRS stock in Richmond upon Thames

Detached house or bungalow	484	3.8%
Semi-detached house or bungalow	1,359	10.6%
Terraced house or bungalow	2,145	16.7%
Flat, maisonette or apartment - In purpose built block	4,421	34.4%
Flat, maisonette or apartment - Part of a converted or shared house (includes bed-sits)	3,188	24.8%
Flat, maisonette or apartment - In a commercial building	987	7.7%
Caravan or other mobile or temporary structure	45	0.4%
In a shared dwelling	226	1.8%
Total	12,855	100.0%

Source: 2001 Census

- As can be seen from table 2, the private rented housing stock in Richmond upon Thames in 2001 was primarily flatted accommodation, both purpose built blocks (34.4%) and house conversions (24.8%).
- Map 1 (below) shows the location of the private rented stock in Richmond upon Thames in 2001.

Map 1: Proportion of dwellings that are private rented³



Source: 2001 Census

- Map 1 shows that the private rented stock is concentrated in the east of Richmond upon Thames, concentrated in Richmond, Kew and Barnes. There is also higher levels of private rented housing in a line between Hampton Wick, Teddington, Twickenham and St Margaret's. This follows the railway and suggesting that it is particularly popular

³ In this map, and all others in this report, the green areas represent parkland.

with commuters, a factor that the interviews with letting agents also picked up on (see section 4, below).

10. The lowest proportions of private rented housing are to be found in the west of the borough, and over the border in Elmbridge.

Turnover rates

11. There is no locally robust source of information on turnover rates. Nationally, the latest data from the English Housing Survey are shown below in Table 3.

Table 3: Length of residence in current home by tenure, 2010-11

	Under 1 year	1-2 years	2-3 years	3-4 years	5-9 years	10-19 years	20-29 years	30+ years	Total
Owner occupiers	3.1%	2.9%	4.0%	11.0%	20.0%	24.0%	16.7%	18.3%	100.0%
Social renters	8.4%	6.6%	8.2%	12.5%	21.5%	22.9%	10.3%	9.5%	100.0%
Private renters	35.0%	19.3%	13.1%	14.0%	9.2%	4.9%	2.0%	2.6%	100.0%
All tenures	9.3%	6.3%	6.2%	11.7%	18.5%	20.7%	13.1%	14.2%	100.0%

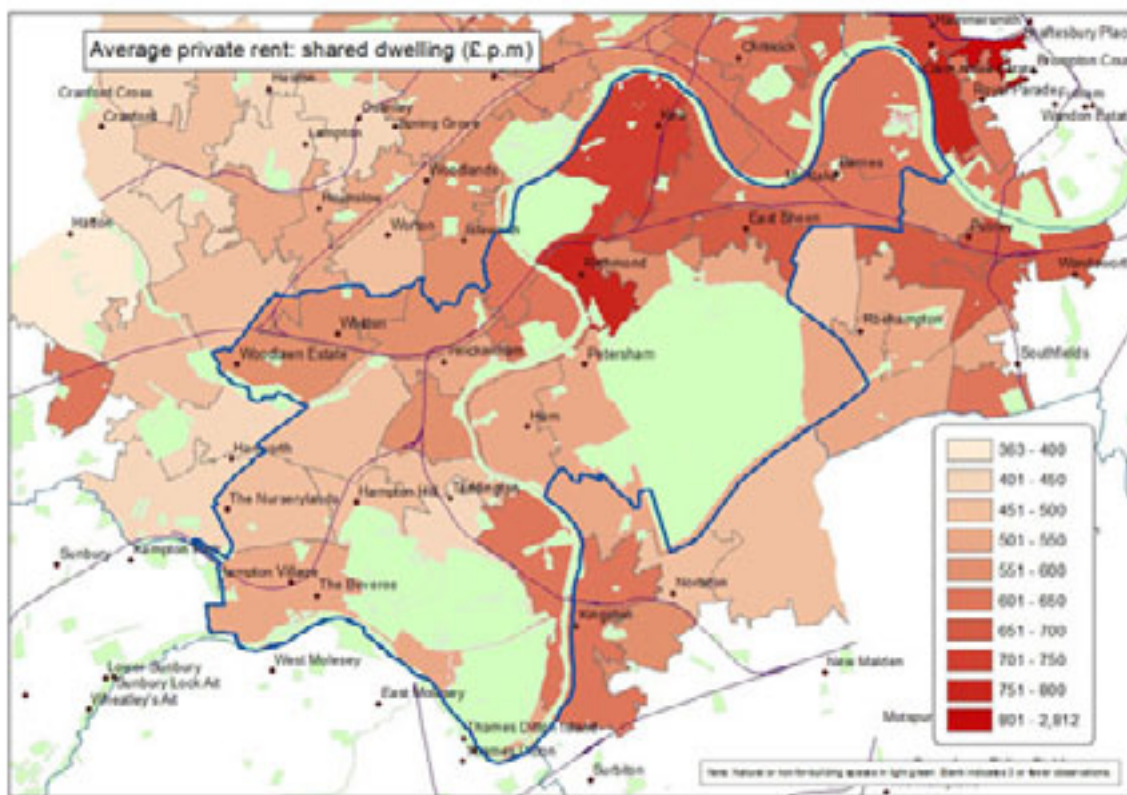
Source: DCLG, 2011

12. Private renters move much more often than any other tenure. The median length of residence nationally is just a year, though the mean is 3.7 years, reflecting the small group of private renters who have been resident for much longer periods of time. The English Housing Survey data suggests that there was an increase in mobility within the PRS between 2009-10 and 2010-11. It also shows that the PRS plays a vital role in accommodating newly forming households, with 68% of all newly forming households doing so into private rented accommodation.
13. Local letting agents were asked about their views on mobility. Generally it was felt that Richmond upon Thames had a fairly mobile renting population with young professionals without children being likely to move on most often. The majority of letting agents reported that most people looking to rent housing in Richmond upon Thames were moving from outside the Borough, often from other parts of London, and quite often from abroad into corporate lettings. For newly forming households, moving out of the family home into the PRS were common, as were moves by families or couples upgrading from more central London accommodation. Moves from owner-occupation or social renting were rare, though moves within the PRS were reported as becoming more common by households settled in the area but unable to afford to buy locally.
14. The rental market in Richmond upon Thames is clearly strong. The letting agents were unanimous in their view that there was almost no hard-to-let property in the district, and that properties generally let very quickly, though family housing could take somewhat longer to let as the majority of families were looking to buy rather than rent, and often needed longer to arrange a move.

3. Rent levels in the PRS

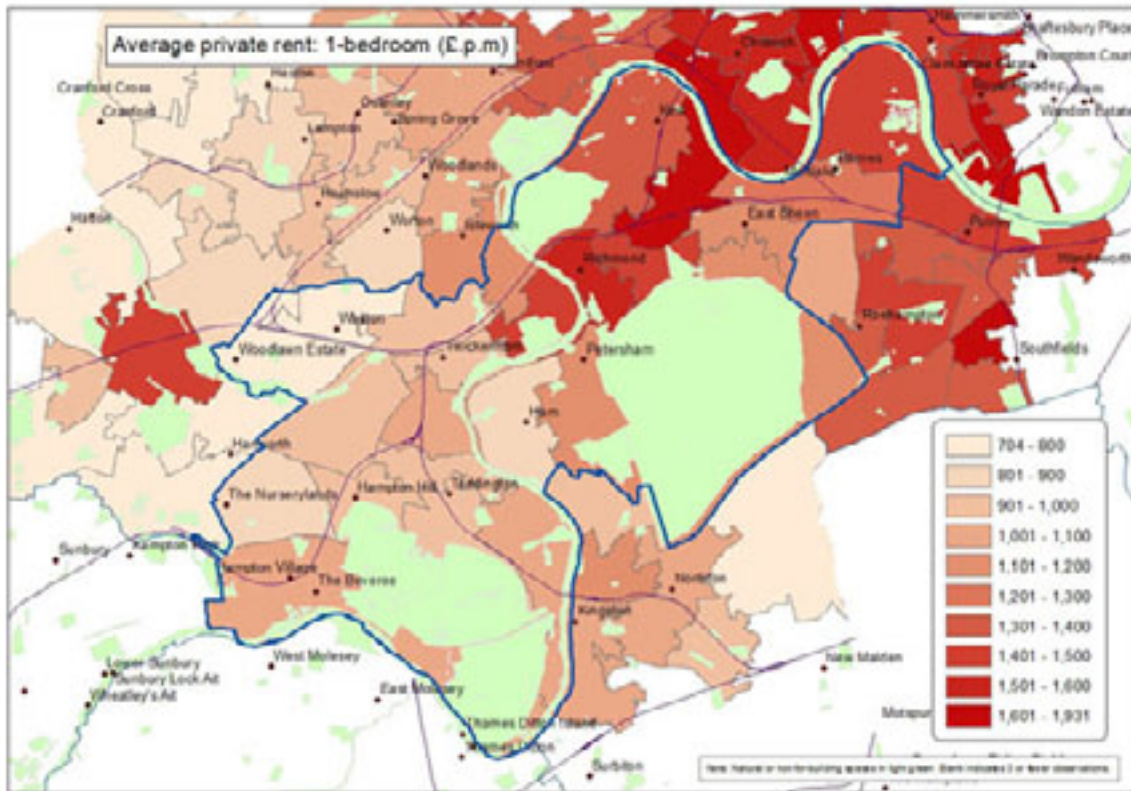
15. Data on private rent levels at a small spatial scale can be hard to obtain. The Valuation Office Agency (VOA) data on rents is not produced below local authority level.
16. For this project we have used data obtained from home.co.uk on adverts for rented property within either a four mile radius of the centre of Richmond upon Thames, or a four mile radius of a point one mile to the West of the centre of the borough, to ensure that surrounding areas where households might also look for accommodation were adequately covered. A sample of over 8500 rents advertised during the last twelve months were used, see Annex 1 for details.
17. Maps 2-6 show the average rent level for properties advertised during the twelve month period by the number of bedrooms advertised.

Map 2: Average rent advertised for a room in a shared house



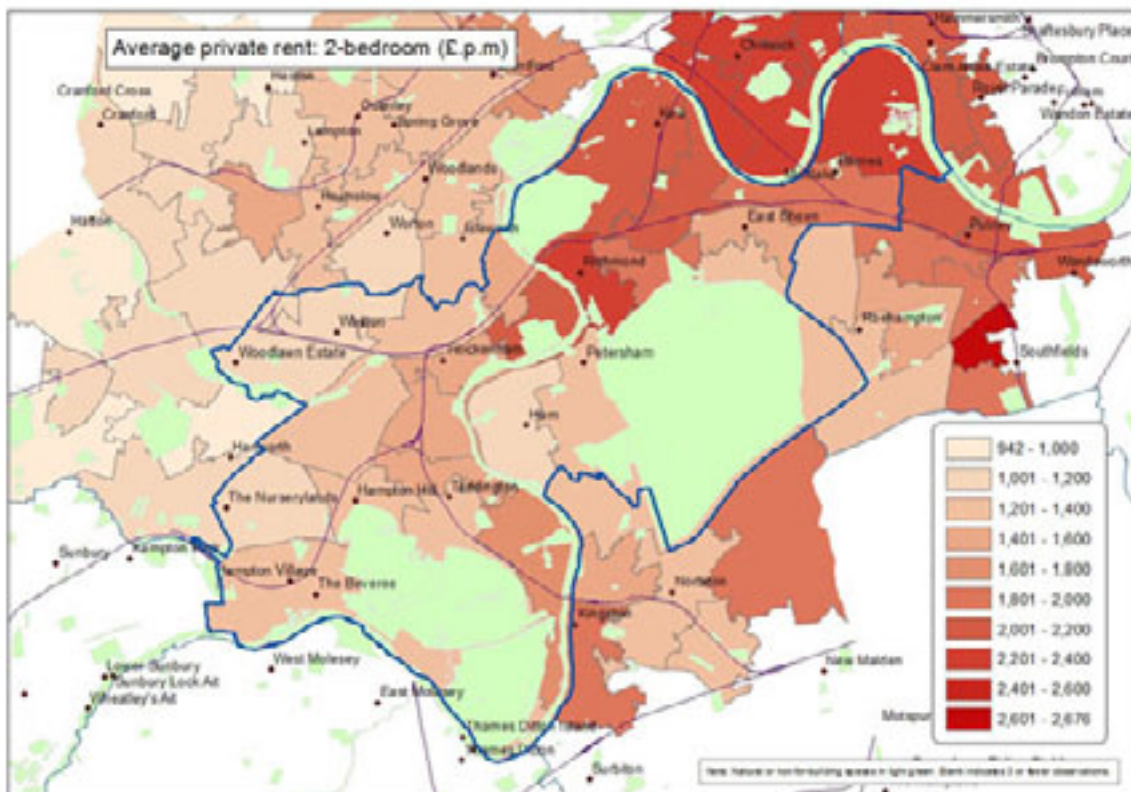
Source: home.co.uk data May 2011-May 2012, CCHPR analysis

Map 3: Average rent advertised for a 1 bedroom property



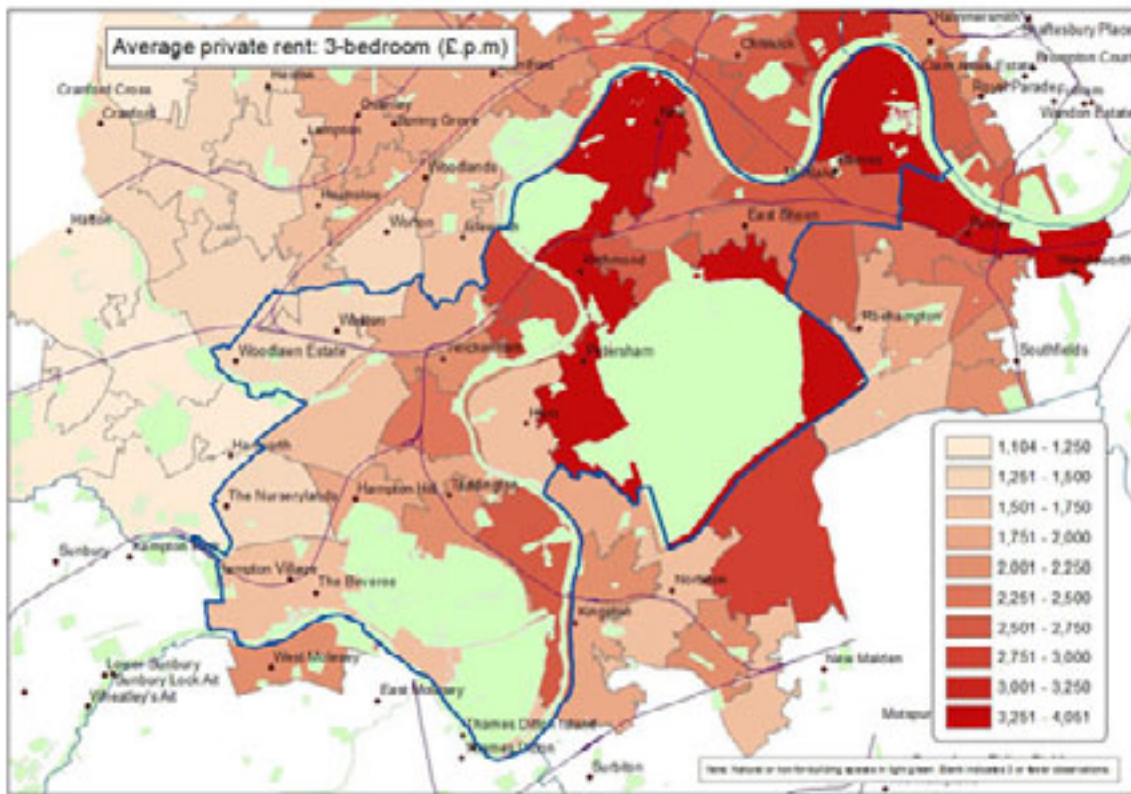
Source: home.co.uk data May 2011-May 2012, CCHPR analysis

Map 4: Average rent advertised for a 2 bedroom property



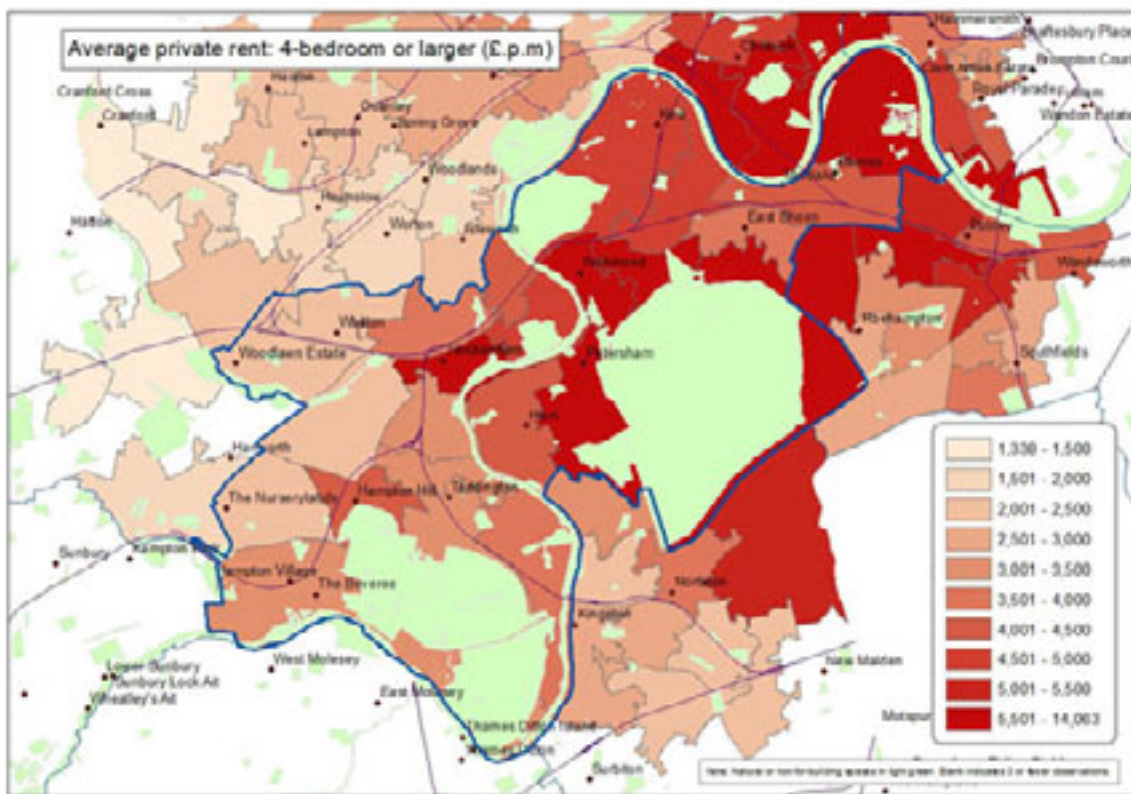
Source: home.co.uk data May 2011-May 2012, CCHPR analysis

Map 5: Average rent advertised for a 3 bedroom property



Source: home.co.uk data May 2011-May 2012, CCHPR analysis

Map 6: Average rent advertised for a 4 bedroom property



Source: home.co.uk data May 2011-May 2012, CCHPR analysis

18. As the maps show, the west of the borough has lower rent levels for all property sizes, and cheaper properties can also be found in parts of Hounslow. The differences in rent levels are much higher for the larger sizes of properties, suggesting that there are some extremely expensive large homes for rent in areas around Richmond park and along the river in particular, with average rents of over £4000 a month common for larger houses in much of the east of the borough.
19. Rent levels for smaller properties do not show such extreme variation; though follow the same broad geographical pattern.

Changes in rent levels

20. Data made available for this project from Hometrack shows the changes in rent levels over time (Table 4)

Table 4: Average rent levels in postcodes partially or entirely within the borough of Richmond upon Thames 2004-2012⁴

Year	1 bed	2 beds	3 beds	4 beds
2004	£1,128	£1,483	£1,855	£2,760
2005	£1,092	£1,429	£1,774	£2,920
2006	£1,141	£1,461	£1,891	£3,452
2007	£1,234	£1,708	£2,232	£4,108
2008	£1,344	£1,903	£2,647	£4,544
2009	£1,243	£1,876	£2,489	£4,009
2010	£1,332	£1,855	£2,479	£4,123
2011	£1,411	£1,947	£2,569	£3,994
2012	£1,449	£2,013	£2,560	£4,336
Increase 2004-2012	28%	36%	38%	57%

Source: CCHPR analysis of data provided by Hometrack

21. As can be seen, the average rent of one and two bedroom properties rose steadily throughout the last eight years. The rent of three and four bedroomed properties rose more steeply until 2008 and then fell after the financial crash, but has now nearly returned to 2008 levels. Overall rents rose faster in real terms over this period, as overall inflation between 2004 and 2012 was 24%.

4. A typology of the rental market in and around Richmond upon Thames

22. Richmond upon Thames overall is an expensive area in which to rent a home, with high quality housing popular with wealthy households. The letting agents active in the area are primarily concerned with the high end lets to people working in the city or with corporate lets. However, there is some diversity within the borough. There are some areas with accommodation that is more moderate in price and home to a wider variety of income groups.

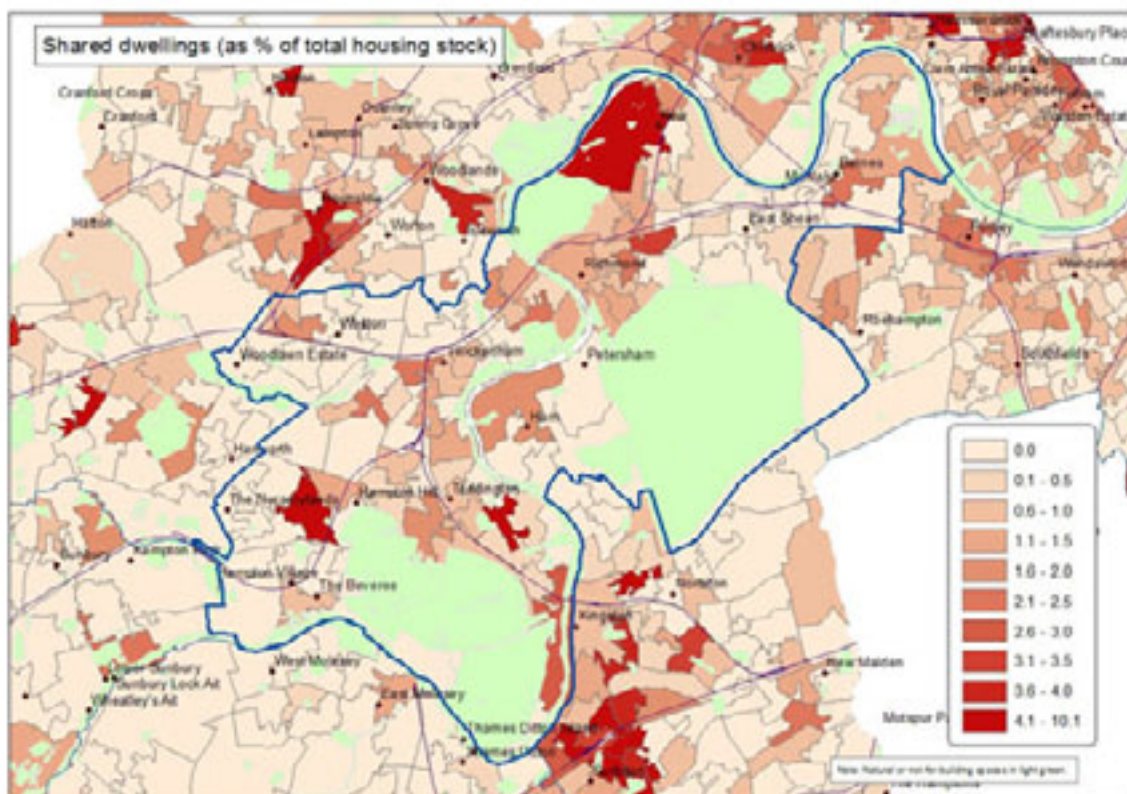
⁴ These data are derived from advertised open market rents and also data from a lenders' survey based on surveyors' data when assessing the market rent for buy to let mortgages. The data for 2012 is based only on data from the first two quarters.

23. The letting agents confirmed that the largest part of the market in the borough is for self-contained family housing, or self-contained flats rented by young professionals. The market for rented accommodation for families was more limited because most families prefer to buy.

Shared accommodation

24. There is a limited market for shared accommodation, but it does exist especially in older properties that have been sub-divided.

Map 7: Proportion of household spaces in a shared dwelling



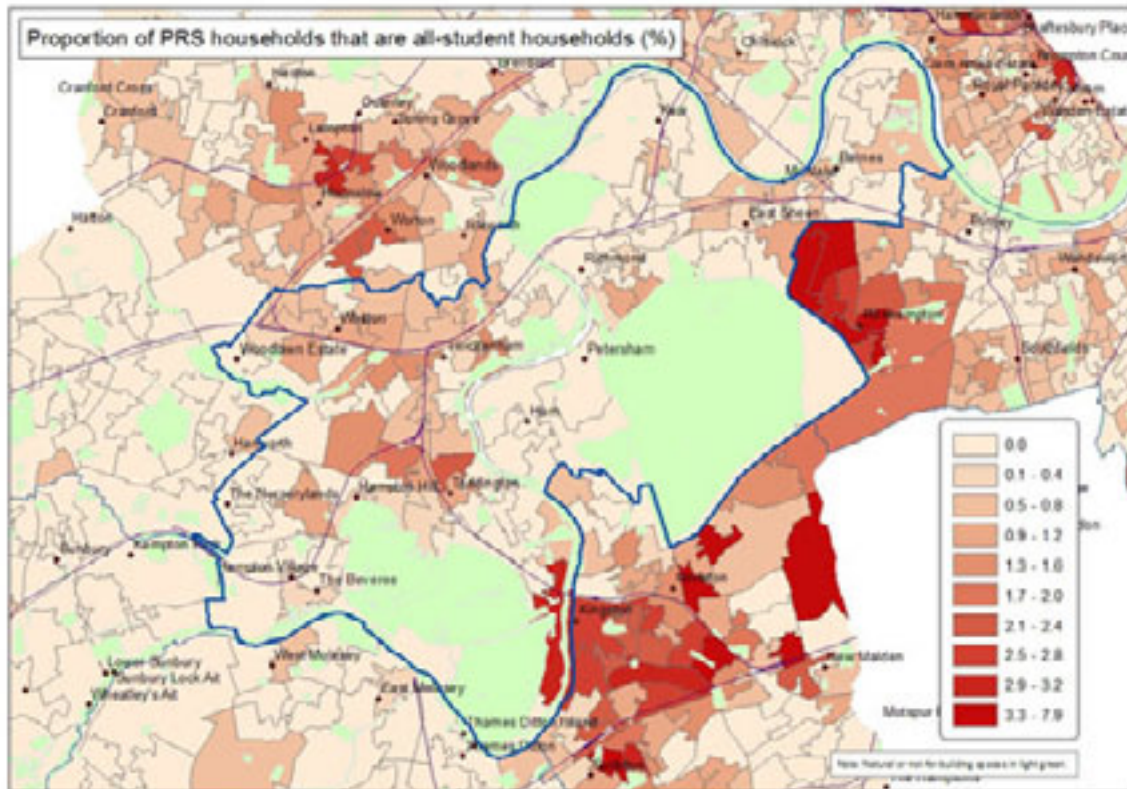
Source: 2001 Census

25. Map 7 shows that shared housing was sparse throughout the district, and found most often near the centre of Richmond and Twickenham.
26. The changes in LHA to pay the shared accommodation rate to single people up to the age of 35 could increase demand for shared housing. However the impact on Richmond upon Thames is not likely to be severe because of the low numbers of benefit-dependent households in the borough. The planning system does not currently prevent housing switching between the small HMO category (3-6 persons) and family homes. The planning policies of Richmond upon Thames council do allow for reversions of shared accommodation to family homes if it can be demonstrated the loss of units will be outweighed by environmental, street scene, transport or parking benefits, which could result in the loss of HMOs. No change in demand as a result of the LHA changes has yet been observed through planning applications.

Students

27. In the main, Richmond upon Thames does not have a large student market. Map 8 shows the location of all-student households in 2001.

Map 8: Proportion of PRS households that are all-student



Source: 2001 Census

28. Map 8 shows that student households were predominately located in Kingston and Wandsworth, with smaller numbers located around the Twickenham and Teddington areas of the borough.
29. St Mary's in Twickenham is the main academic institution in Richmond upon Thames, with a total of 4,500 students enrolled. 90% of first year undergraduates seeking accommodation are accommodated by the university's own accommodation. Other students are advised to remain living with their parents, or to seek lodgings with a family, as a more affordable option than renting an entire house. Those who do want to rent a house are advised to consider Whitton, Isleworth, St Margaret's and Hounslow to find more affordable accommodation⁵. Neighbouring Roehampton University has 6,118 students enrolled, though its accommodation webpage currently has no properties listed in Richmond upon Thames⁶
30. Student numbers overall have increased since 2001, though their demand for housing has been largely offset by the increasing numbers who remain within their parents' home. The letting agents interviewed confirmed that students were not a major client

⁵ www.smuc.ac.uk/student-life/accommodation/docs/Guide-to-Off-Campus-Accommodation-Mar11.pdf

⁶ <http://www.roehampton.ac.uk/Templates/Pages/GeneralContent.aspx?id=2147487379>, accessed 19.7.12

group in the borough, because students cannot generally afford the high rents. Some lets were reported to wealthy and/or international students.

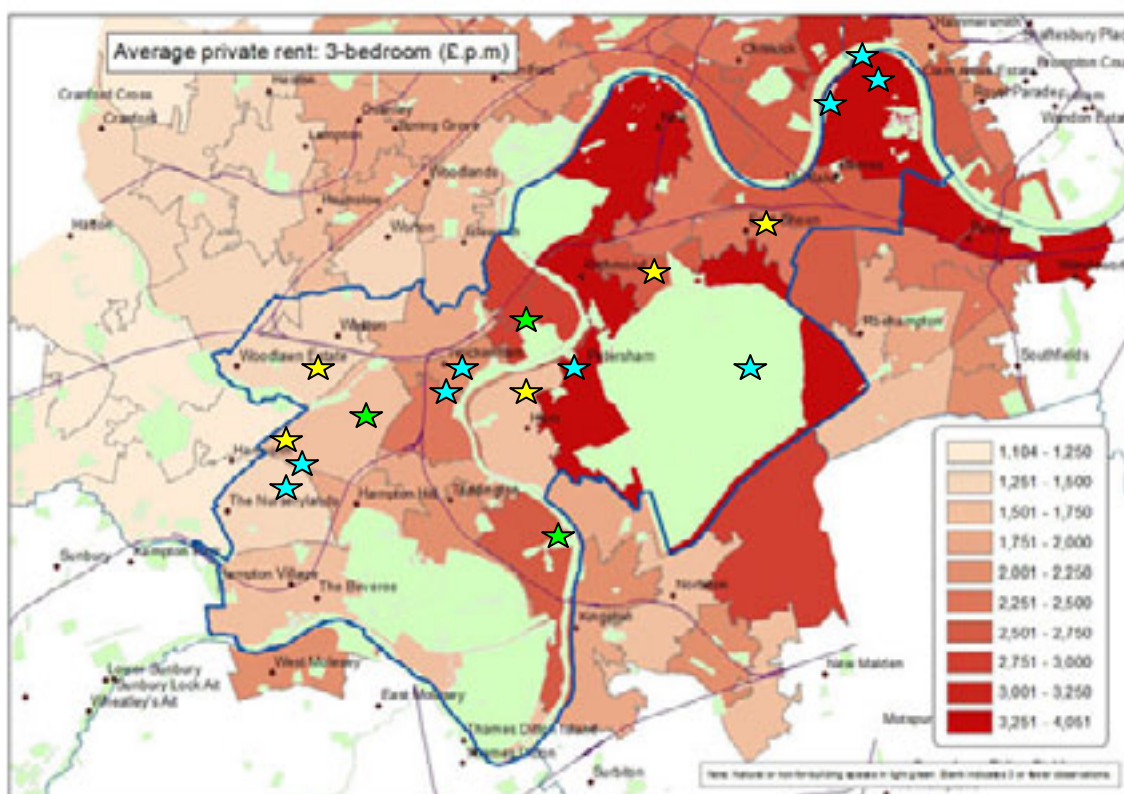
Corporate lets

31. Corporate lets were mentioned by almost all letting agents as a significant part of the market in Richmond upon Thames, making up more than half their business in several cases. They were considered a reliable source of good tenants and income, despite higher rates of turnover in some areas. Those looking to arrange corporate lets were straightforward in their requirements, as they needed to choose properties suitable for their range of clients. The areas popular for corporate lets were generally those to the east of the river with good transport links to the city: Barnes, East Sheen, and Ham were all considered popular with families, and good schools were a key factor for this group, whilst Richmond and Kew were cited as popular for younger singles seeking good amenities and nightlife. Some also seek additional features such as river frontage, car parking and gated entry.

Drivers of rent levels

32. Richmond upon Thames is an attractive area of west London, with good accessibility into the city. The factors most likely to affect rent levels mentioned by letting agencies were transport (proximity to a station), good schools (for families) and proximity to a high street (for younger households). Map 9 shows the average rent for 3 bedroom properties (a likely size for families to be renting) along with the location of secondary schools in the borough.

Map 9: Average rent advertised for 3 bed property and location of secondary schools in Richmond upon Thames



Source: home.co.uk data May 2011-May 2012, CCHPR analysis

Key

- ★ State secondary schools with highest demand from first choice applicants/most oversubscribed
- ★ Other state secondary schools
- ★ Independent secondary school

33. Richmond upon Thames is unusual in that independent secondary schools outnumber state schools at secondary level, reflecting the affluent nature of the population. The independent schools are concentrated along the river. Map 9 does appear to show inflated prices near to two of the three oversubscribed state secondary schools, supporting the views of the letting agents that catchment areas for popular schools was a key determinant of rent levels for family sized housing. However, looking back at Map 3, the same pattern can be observed in rent levels for one bedroomed properties, suggesting there may be other factors behind the price differentials as these properties would not normally rent to families. The effect of catchment areas does not from the mapping appear to be overriding, although was clearly believed to be a major factor by letting agents.
34. Other factors mentioned by letting agents as affecting demand for renting housing included the availability of appropriate sized housing and a friendly atmosphere for families, and proximity to the high street for young singles. Transport links to the city were considered highly important to all groups, and the effect of proximity to a railway station on prices can be clearly seen on maps 1-5.

35. Private gardens and proximity to parks were not commonly mentioned by letting agents, though maps 1-5 clearly show that the housing in immediate proximity to the parks fetches higher rents.

5. Access to the PRS for those claiming Local Housing Allowance

36. Table 4 shows the number of tenants in the PRS currently in receipt of Local Housing Allowance (LHA) or Housing Benefit (HB)

Table 4: Private rented tenancies in receipt of LHA/HB December 2011⁷

	Private regulated tenant ⁸	Private deregulated tenant (LHA)	Private deregulated (non-LHA) ⁹
Under 25	0	120	10
25-34	0	560	60
35-44	0	650	120
45-54	0	240	70
55-64	10	100	50
65 and over	270	150	180
All ages	320	2,080	590

Source DWP

37. Table 4 shows that there are currently around 3,000 households living in the PRS and in receipt of LHA or HB in Richmond upon Thames. Around 10 percent of these are in regulated tenancies (almost all of whom are over 65) and 22% of the remainder are in non-LHA tenancies.
38. As discussed above, the PRS overall is estimated as 24,684 dwellings in Richmond upon Thames, which suggests that only a small proportion are currently occupied by tenants in receipt of LHA/HB - around 12%. Nationally, around 39% of tenants in the PRS are in receipt of LHA/HB¹⁰. This suggests that there is strong demand for housing in the borough from households who do not need help to pay their rent.
39. The local housing allowance is set at the level of the Broad Market Rental Area (BMRA). Richmond upon Thames sits across three separate Broad Market Rental Areas. Table 5 shows the local housing allowance for each of these three areas.

⁷ Figures have been rounded to the nearest 10 by the DWP. The age groups do not sum to the total given because of rounding errors and because the age group figures exclude those of unknown age.

⁸ These would generally be tenancies dating from pre 1989.

⁹ This includes those with a continuous Housing Benefit claim dating from prior to April 2008. It also includes exceptional types of housing such as caravans, houseboats and hostels or where board and lodgings is provided.

¹⁰ Source: DWP SHBE and CLG, 2011

Table 5: Local housing allowance limit (weekly)

	Single room	1 bedroom	2 bedrooms	3 bedrooms	4 bedrooms
Inner South West London	£85.38	£229.62	£288.46	£340.00*	£400.00*
Outer South West London	£80.77	£201.92	£253.85	£311.54	£400.00*
Outer West London	£77.35	£167.31	£207.69	£253.85	£300.00

Source: <https://lha-direct.voa.gov.uk> July 2012

* LHA is capped at £400 for a four bedroomed home, and £340 for 3 bedrooms, rather than being set at the 30th percentile as it would otherwise be.

40. The data on advertised rents used in the section above has been analysed here to establish the proportion of properties advertised that fall at or below the Local Housing Allowance by property size. Table 6 shows the overall proportion of newly advertised properties at or below the LHA limit in Richmond upon Thames.

Table 6: Proportion of newly advertised properties at or below LHA level in Richmond upon Thames

Number of bedrooms	Number of properties advertised (May 2011-May 2012)	Number where advertised rent within LHA at time of advert	Proportion within LHA limits
Room only	277	14	5.1%
1	2,016	238	11.8%
2	3,393	252	7.4%
3	1,519	87	5.7%
4+	1,374	23	1.7%

Source: home.co.uk data May 2011-May 2012, LHA rates at time of advert applied, CCHPR analysis

41. The proportion of four bedroom properties in the Inner and Outer South West London BMRAs would be expected to be lower than 30% because it has been capped, and the same is true for three bed properties in the Inner South West London BMRA.
42. It is also to be expected that less than 30% of properties might be within the LHA limit in Richmond upon Thames because there may be other areas within each of the three BMRAs which fall across the borough that are cheaper, and also because longer standing tenancies tend to have lower rents than newer tenancies (see Annex 1).
43. Nevertheless, it is clear from Table 6 that finding somewhere to rent within LHA limits is likely to be very difficult for households in Richmond. This is particularly the case for those needing larger properties.
44. Larger households will also be affected most severely by the overall welfare cap for out of work households of £500 a week that will come in next April. This will effectively reduce the amount of money left over for rent to considerably under the current LHA cap for four bedroom properties and further reduce the number of properties that would be affordable to out of work households on benefits.
45. For example, a couple with four children would currently be living off £406 a week¹¹, with housing benefit on top of this. The welfare cap would reduce the amount they would have left for rent to £94, which would afford them nothing of a suitable size in Richmond upon Thames. If they were to rent a four bedroom home at LHA limit (for Inner or Outer South West London BMRAs) this would leave them only £100 a week for living expenses for six people. Such households are therefore likely to need to find

¹¹ ¹¹Calculated as consisting of JSA, tax credits and child benefit.

work, leave the borough to access lower priced private rented accommodation elsewhere or apply for social housing (although the borough has only a limited number of nominations to housing association properties available each year).

46. Smaller households are also likely to be affected. A couple with two children would currently be receiving £267 a week for living expenses, which would leave only £233 below the cap for rent, well below the LHA limit even for two bedroom properties in Richmond upon Thames.
47. Local letting agents and the National Landlords Association representative were asked about their views and policies on letting to households in receipt of LHA. The letting agents interviewed were selected from the list supplied by the council of local letting agents and from a sample of landlords independently selected who were currently advertising the cheapest properties available online, in order to try to help understand the lower end of the market. Nevertheless it was clear that most did not let to households in receipt of LHA. Just one letting agent reported that they would. Of the others, five said no as a matter of policy, three reported that it was up to the landlords, but in practice the landlords would not let to them, and two others said they might in principle, but in practice never had done so as their properties were too expensive. The landlord's representative reported similar views from landlords that let direct to tenants.
48. The main reason given for not letting to households in LHA was that the LHA was too low to compete with market rents, and had fallen relative to local rents in recent years. Other issues raised by some were that it was paid in arrears, tenants on LHA typically lacked deposits and references and were considered more likely to damage properties, and that better tenants less likely to run into arrears were easily available in Richmond upon Thames.
49. Some agents and the landlords' representative raised fears around the introduction of Universal Credit and payment of rent direct to tenants next year. It was reported that landlords were looking to get out of the "DWP market" before this comes in to effect because of fears of tenants not paying the rent. These worries may in fact be unfounded, as the council already pays rent to tenants unless they are directed to pay direct to the landlord landlords at commencement of the tenancy because of the vulnerability of the tenant. It is also paid direct to landlords if a tenant accrues eight weeks rent arrears. The DWP is currently considering the precise circumstances in which rent may be paid to landlords under Universal Credit, but it is likely that some option of paying direct to landlords of vulnerable tenants will remain in place.
50. There were also concerns raised that if a tenant was being evicted and was applying to the council as homeless that they were being told by the council to remain in the property after their notice to quit expired until they were actually evicted, otherwise they would not be rehoused. This was a source of worry to landlords who feared rapidly rising arrears in the several months that it took to evict a tenant (a minimum of four months being cited for the court process to be concluded). Tenants in receipt of LHA were considered the sorts of tenants who might look to the council for rehousing, and the threat of losing income should this happen was clearly cited as a reason not to let to households in receipt of LHA.
51. Council officers asked about this issue felt it was the landlords' interpretation of the situation. The Council advises tenants of their rights once a valid notice had been served (the Council is under a legal duty to provide advice to all households threatened with homelessness) and their protection from eviction. The Council does not tell them they will not be re-housed if they leave before a Court Order. If a homeless applicant

meets the criteria required under the Housing Act 1996 the Council will offer them temporary accommodation at some stage between the notice being served and the possession order, depending on availability. The issue arises when tenants refuse this accommodation in the belief they will be offered something more desirable/in a better location if they wait. Council officers also highlighted that if a tenant with a valid notice chooses to leave earlier in the eviction process they are not disadvantaged because of it. A household cannot be found Intentionally Homeless if they leave a property that would not have continued to be available for their occupation. Officers also stated that a lot of cases will be single people with no 'priority need' to whom the Council have no re-housing duty. For these individuals if they have nowhere else to go they may choose not to leave until they have to.

52. Letting agents did however report that if an existing tenant was to lose their job and start to claim LHA they would seek to work with the tenant to allow this to happen. No agent reported that they would look to evict in this situation, though it rarely happened.

Assistance into the PRS

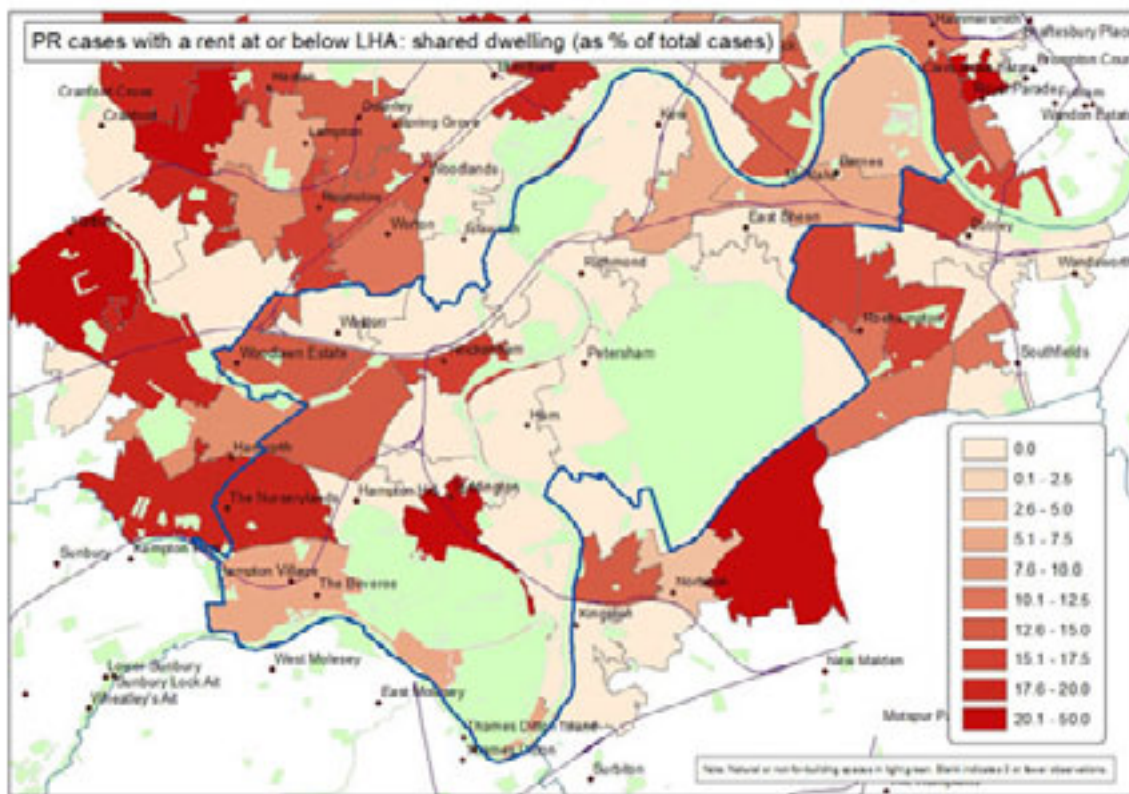
53. The council run two separate schemes to help people on low incomes into the PRS. The private sector leasing scheme has a current stock of around 200 properties leased from landlords for periods of two to five years for use by people who have made homeless applications to the council and whom the council has a duty to accommodate temporarily until an offer of permanent housing is made, or whilst their application is undergoing assessment. The council provide a full management service for the properties and guarantee to pay rent regardless of whether the property is occupied. This is attractive to some landlords as is it relatively risk free. Nevertheless the rent per week does not compare well with potential gains from the open market given the constraints of LHA, making it hard to find sufficient properties. Most of the households accommodated in this manner choose to wait for social housing rather than remain in private rented accommodation, though this may change when the rules allowing councils to discharge their duties by offering a private rented tenancy come into effect following the outcome of the current Government consultation.
54. The rent deposit scheme assists other households to gain access to the PRS. Prospective tenants applying for the scheme will compete with each other as the landlord can choose which tenant they prefer. Alternatively some people approach the scheme when they have already found a potential property and the council is able to help with the deposit. Here too, there are difficulties in finding sufficient numbers of landlords who will accept clients on the scheme, as most will be dependent on LHA.
55. In addition to the council schemes, there is also a voluntary sector agency, SPEAR, helping homeless people into accommodation. They use a variety of means to do this – including providing deposits, post-tenancy support, helping ensure LHA is set up to pay direct and appealing direct to landlords to help them house people who have been homeless. SPEAR also report that this work is becoming more difficult as LHA rates fall below market rents. One solution that was currently being considered was to place people with no other option two to a room on a temporary basis.
56. CRI, a health and social care charity also run a rent deposit scheme for ex offenders. who have been involved with the criminal justice system in the last 12 months and those who have previously had a drug problem but have been abstinent for the last three months. It provides help with the deposit and tenancy support.

57. What was very clear throughout this research is that the market for tenants dependent on LHA is largely a distinct and separate part of the market. Landlords either take LHA tenants or they don't. Existing tenants losing jobs and starting to claim LHA was almost unheard of by the letting agents we spoke to, further highlighting the gap between the very wealthy tenants in much of Richmond upon Thames and the smaller number of low income households dependent on LHA.
58. At the lower end of the market, landlords that are familiar with the LHA rules may take tenants on benefits. The rent deposit scheme manager reported that it was common for existing landlords to come back for more tenants when theirs moved on. In the rest of the market, the majority of landlords and letting agents prefer to have nothing to do with tenants who depend on LHA.

Areas more accessible to households on Local Housing Allowance

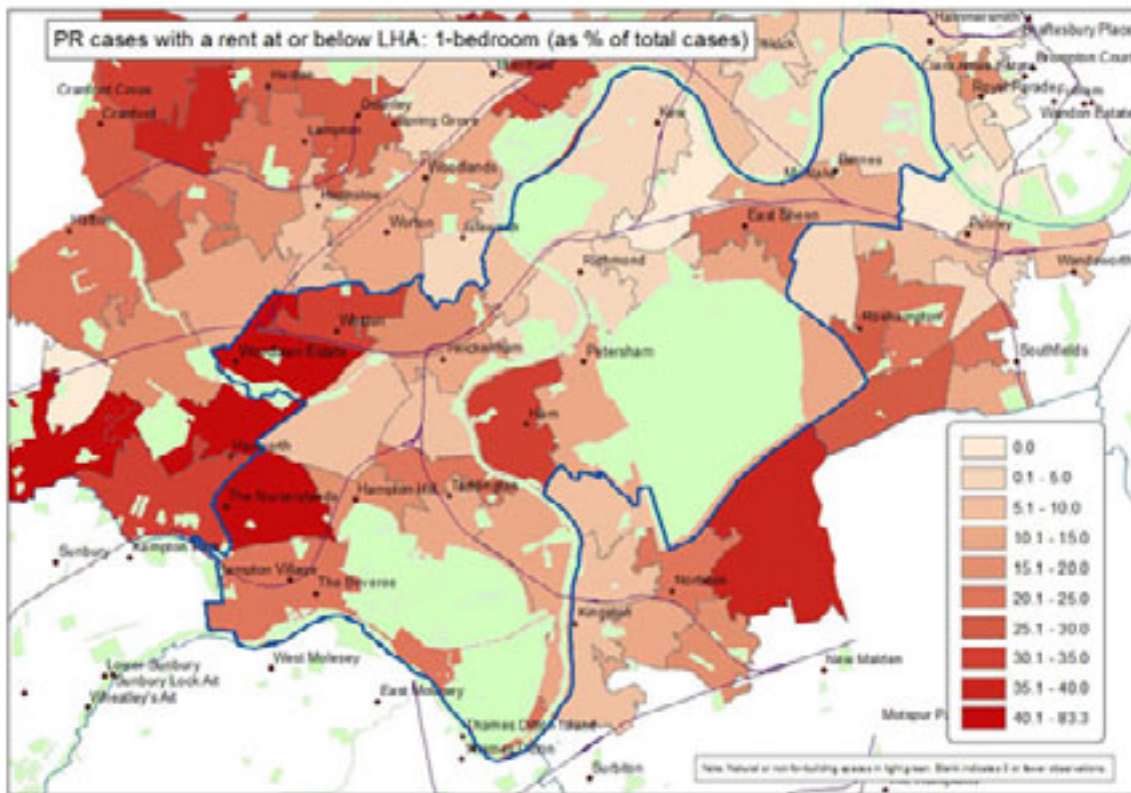
59. The research sought to analyse where in or nearby to Richmond upon Thames low income households might most easily be able to afford to live. Maps 10-14 show the proportion of properties that fall within the LHA limits by size:

Map 10: Proportion of advertised rooms that fall within the LHA shared accommodation rate



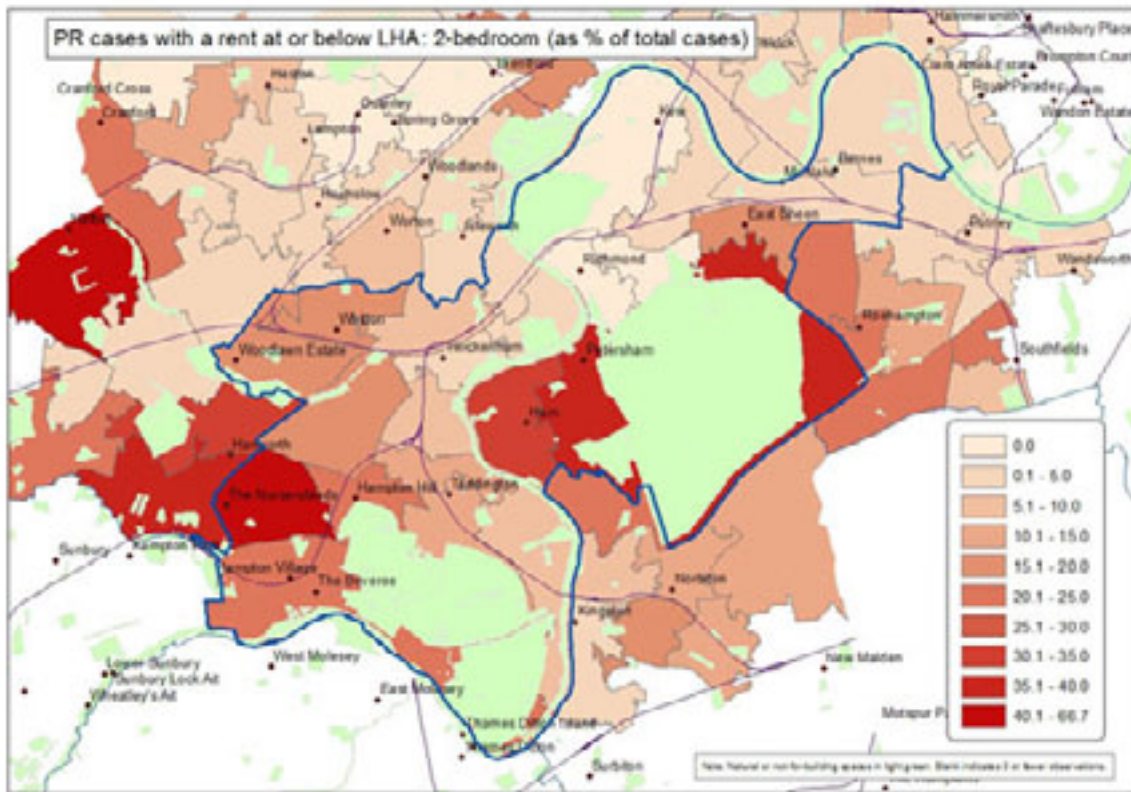
Source: home.co.uk data May 2011-May 2012, LHA rates at time of advert applied, CCHPR analysis

Map 11: Proportion of advertised 1 bed properties that fall within the LHA 1 bed rate



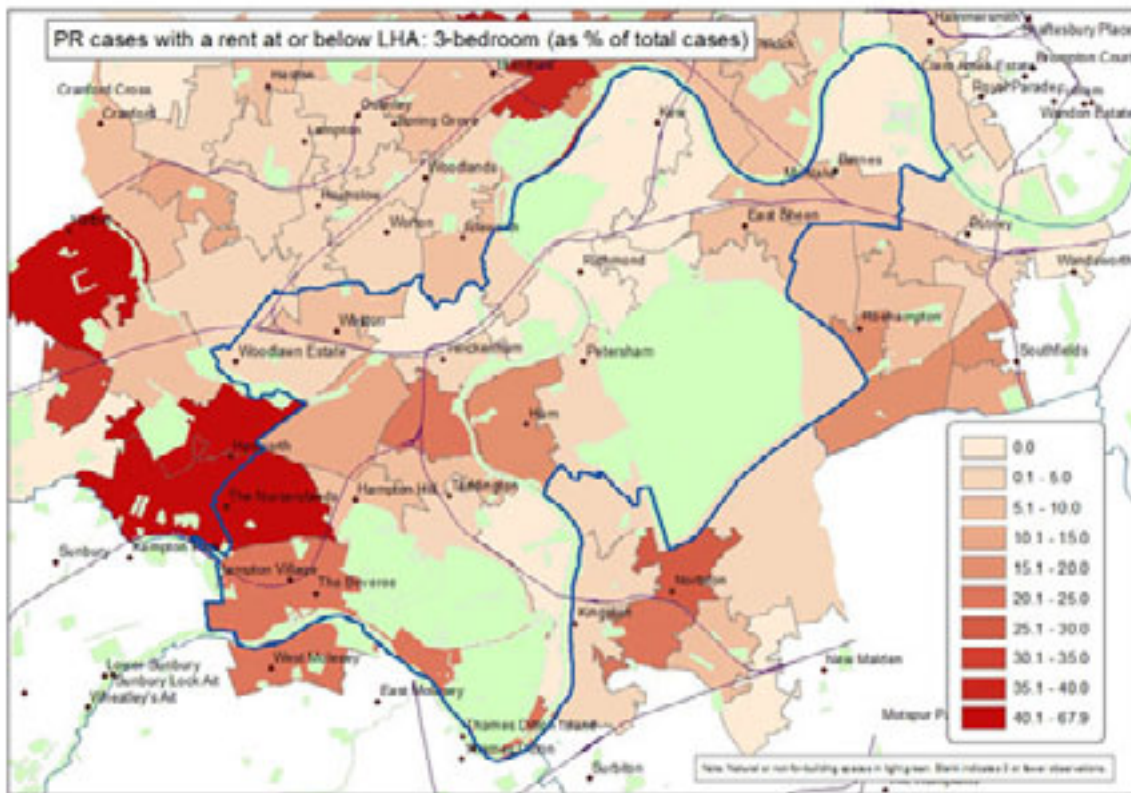
Source: home.co.uk data May 2011-May 2012, LHA rates at time of advert applied, CCHPR analysis

Map 12: Proportion of advertised 2 bed properties that fall within the LHA 2 bed rate



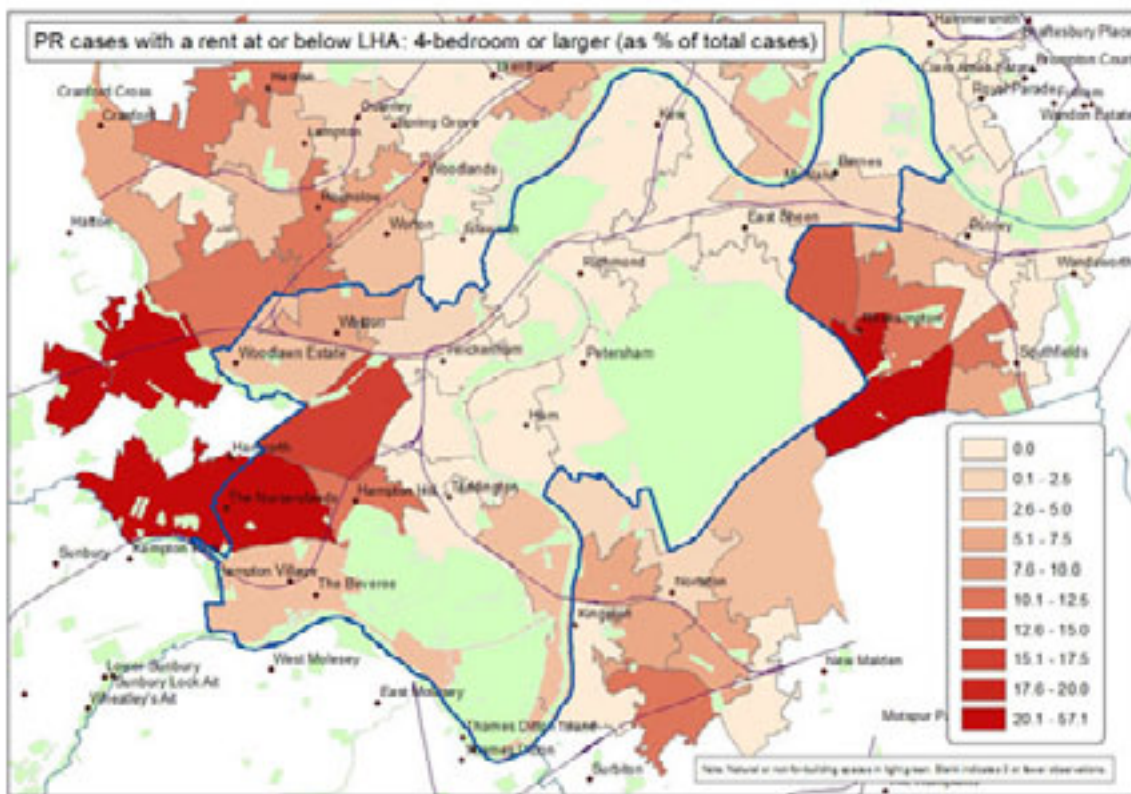
Source: home.co.uk data May 2011-May 2012, LHA rates at time of advert applied, CCHPR analysis

Map 13: Proportion of advertised 3 bed properties that fall within the LHA 3 bed rate



Source: home.co.uk data May 2011-May 2012, LHA rates at time of advert applied, CCHPR analysis

Map 14: Proportion of advertised 4 bed properties that fall within the LHA 4 bed rate



Source: home.co.uk data May 2011-May 2012, LHA rates at time of advert applied, CCHPR analysis

60. These maps show that accommodation within LHA limits is scarce throughout Richmond upon Thames, and that what there is is concentrated in parts of the west of the borough around Hampton, Whitton and The Nurserylands. One and two bedroomed properties within the limits are somewhat more dispersed, and also found in some other parts of the south of the borough, possibly reflecting the presence of small flats in these areas.
61. The larger number of properties within LHA limits in the south of the borough is probably the result of the higher priced BMRA in which this area sits, meaning that households can claim higher levels of LHA in these areas (see Table 5).
62. Interviews with local letting agents confirmed that the areas most likely to be accessible to lower income households were primarily in the west of Richmond upon Thames with Whitton and Hampton mentioned most often as areas offering more affordable rents.
63. As can be seen from maps 10-14, and confirmed also in the interviews with letting agents and other professionals, moving out of Richmond upon Thames is one way in which low income households can find more affordable accommodation, with Hounslow in particular offering more affordable housing and a greater proportion of lets within LHA limits.
64. Letting agents were more positive than council officers about households' willingness to move out of borough – possibly because the council work more closely with a less mobile and lower income population. The council's experience of letting social housing outside of borough has been problematic, possibly due to the lack of a choice-based letting system meaning that those who are offered the housing prefer instead to hold out for something in the borough and the smaller number who might be interested in moving out cannot easily be found from the large numbers on the waiting list. For private lets outside borough to be popular, it would be important to ensure a good choice of properties are advertised to a wide range of prospective tenants to maximise the chances of suitable matches being found. There is also a need to manage expectations – something that was acknowledged as being particularly difficult when looking to move households out of temporary accommodation in attractive parts of Richmond upon Thames and into the very bottom of the private rented market.
65. The council's leasing scheme and rent deposit scheme only occasionally use out of borough accommodation at present, though expansion of the scheme and sub-regional working is currently being considered. The majority of properties in the Rent Deposit Scheme are currently within Richmond upon Thames but the scheme offers choice to applicants and some decide to move to Hounslow and Kingston upon Thames. Scheme applicants may also be affected by LHA limits, discussed above, and national welfare reform changes which may make certain areas of the borough less affordable. A small minority choose to move further, to Surrey or other London Boroughs. Working closely with neighbouring authorities should help prevent local authorities essentially competing for the same stock and potentially driving up prices for the LHA section of the market.

Annex 1: rents data

66. The data on the cost of private rented housing was supplied by home.co.uk. Nationally, home.co.uk links to 982,328 homes for sale and rent, 18,563 estate agents and 18,571 letting agents.
67. The data used were based on a weekly snapshot of properties advertised for rent from a wide variety of websites¹² over the 12 months prior to the 21st May 2012. The data includes property type (flat or house), number of bedrooms (including room only lets) and advertised rent. The data has been filtered to ensure that where a property is advertised for more than one week, it nevertheless only appears once in the dataset. Table 7 shows the sample size and profile.

Table 7: Sample size and profile of rents data used¹³

Number of bedrooms advertised	Flat adverts	House adverts	All property adverts
Room	277		277
1	1,896	120	2,016
2	2,752	641	3,393
3	620	899	1,519
4	94	784	878
5+	14	482	496
Total	5,653	2,926	8,579

Source: home.co.uk data May 2011-May 2012, CCHPR analysis

68. The data used is advertised rents, which are not necessarily the rent actually achieved. Letting agents interviewed for this research, however, suggested that advertised rents were universally achieved in Richmond upon Thames.
69. In comparing the profile of advertised rents with the LHA, it should be noted that advertised rents may contain elements not eligible for Housing Benefit (such as ineligible elements of service charges). This is particularly likely to be the case for rooms in shared houses, where the rent may include utility bills or other elements not eligible for housing benefit.
70. It is also likely that the rents data used here will differ from that used to calculate the LHA because the LHA is set using data on actual rents paid by existing tenants (rather than properties currently on the market). It is known that long-standing tenants on average pay substantially lower rents, even when their tenancies are assured or assured shorthold tenancies that are technically market rates. Tenants resident over ten years paid an average of £109 weekly in 2010-11 as compared with £170 for tenants resident for less than three years (DCLG, 2011). This may be because tenants paying lower rents are more likely to stay put, or because landlords are more likely to raise rents when they relet a property than during a tenancy. Rents on properties available to let are therefore likely to be higher than the average price paid by existing

¹² Nationally, Home.co.uk links to 982,328 homes for sale and rent, 18,563 estate agents and 18,571 letting agents. The four mile radius of the centre of Richmond will produce approximately 2,500 properties for rent each month. For further information, see www.home.co.uk/company/about.htm

¹³ Incomplete data, for instance where the number of bedrooms was unknown, or the property type unknown have been removed from the sample.

tenants, however the data presented here provide a picture of the situation facing households looking for new accommodation within LHA limits.

71. The data used here are based on snapshots of properties advertised for rent on a wide range of property websites. It is possible however that lower priced properties were disproportionately likely not to be advertised online, or to be advertised for less than a week and so to be missed from the sample¹⁴. Letting agents in Richmond upon Thames interviewed for this research differed in the lengths of time they would typically advertise a property – some did indicate that advertising for less than a week was not uncommon. They reported that this would tend to be the smaller properties (popular with single people), but not disproportionately the cheaper ones, suggesting that there is no significant bias in the data from this source. Letting agents also confirmed that they always obtained the advertised rents, except in a few cases where long-term corporate lettings were arranged at a lower fee in return for a longer let. It is therefore unlikely that households looking to rent with LHA would be able to rent property for less than the advertised rent.

¹⁴ Properties advertised for more than one week were however only included once in the sample.

References

DCLG, 2011. *English Housing Survey: Headline report 2010-11*, London: Communities and Local Government.