



**Greater Norwich Housing Market
Assessment**

The Private Rented Sector Sub-Tenures

Draft 14 May 2007

1 SUMMARY AND CONCLUSIONS

Introduction

This report considers the sub-tenures of the private rented sector. The main sections of the report...

- Identify the various sub-tenures.
- Look at the characteristics of the sub-tenures using information from the Survey of English Housing.
- Look at the sub-tenures as they affect Greater Norwich.

This report will provide background to two further tasks...

1. To help understand and manage the section of the private rented sector which houses people in receipt of benefit.
2. To identify how is the private sector used to accommodate need?

The first of the outstanding tasks is a local objective from the original project plan. The second task is new. It is one of the two additional tasks identified in the Strategic Housing Market Assessments Practice Guidance.

Conclusions

The private rented sector is complex. Of the total private rented stock some is not available in the market because...

- Landlords restrict access.
- Some existing tenants have regulated tenancies.

A landlord may restrict access to friends and relatives, employees or other defined groups. Many of these tenants pay sub-market rents or no rent at all.

In Greater Norwich about 1/3rd of tenancies are not open to the market. But there are wide variations. In the Aylsham housing market area nearly 50% of tenancies are not open to the market. In Norwich City only 20% of tenancies are not open to the market.

1.1 THE MAIN SUB-TENURES

Within the private rented sector the Survey of English Housing (SEH) identify four main types of tenancy...

1. Assured and assured shorthold tenancies.
2. Regulated tenancies.
3. Tenancies not accessible to the public.
4. Resident landlord lettings.

Assured and Assured Shorthold Tenancies

Assured tenancies come in two forms. An assured shorthold tenancy sets the length of the tenancy at the start of the tenancy. The shorthold version is now the most common variety.

An assured shorthold tenancy of six-months has become the norm in the private rented sector. This allows the landlord to end the tenancy after six months provided he has previously given two months notice.

The market sets assured rents.

Regulated (Secure) Tenancies

With very few exceptions all regulated tenancies commenced before January 1989. Landlords cannot grant new regulated tenancies. So, this sub-tenure is in gradual decline.

Landlords have no automatic right to end a tenancy. The landlord or tenant can ask the Rent Officer to set a 'fair' rent. In most cases 'fair' rents are below the market rent.

Tenants with regulated tenancies tend to be older than tenants with assured tenancies. Many regulated tenancies commenced in the 1960s and 1970s and the tenants have aged with the length of the tenancy.

Tenancies not Accessible to the Public

These tenancies are not open to everyone seeking housing in the market. Examples include...

- Lettings by employers to employees.
- Rent free (or very low rent) lettings to friends and relatives.
- Some student lettings where the landlord is a university or college and where the accommodation is only available to students.¹

¹ It does not include halls of residence, which are classed as communal establishments. Nor does it include property let to students by private landlords.

Resident Landlord Lettings

The SEH definition includes both...

- Lodgers renting a room and sharing amenities such as a kitchen and bathroom with their landlord.
- Tenants with a self-contained flat within the landlord’s property.

For our purposes tenants with self-contained flats with a resident landlord are similar to assured or regulated tenants occupying self-contained accommodation. Whilst lodgers are clearly a distinct form of tenancy.

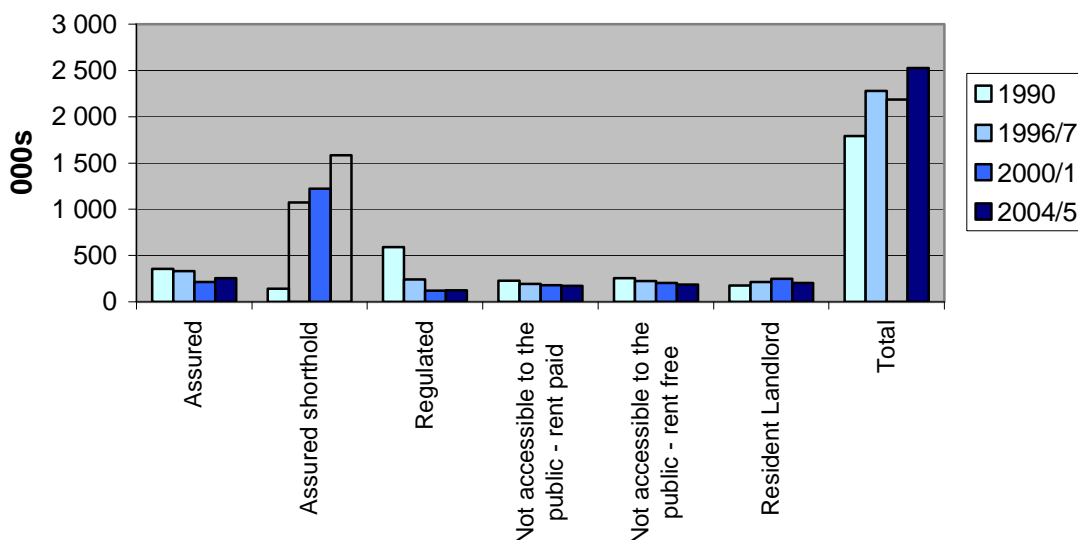
1.2 SURVEY OF ENGLISH HOUSING

There is limited information available at the local level about rented sub-tenures and rents.

The Survey of English Housing provides annual information. The sample size is not large enough to provide information at anything other than the national level. But we can use trends for England as a whole to help understand what is happening in the Greater Norwich sub-region.

Changing Mix of Sub-tenures

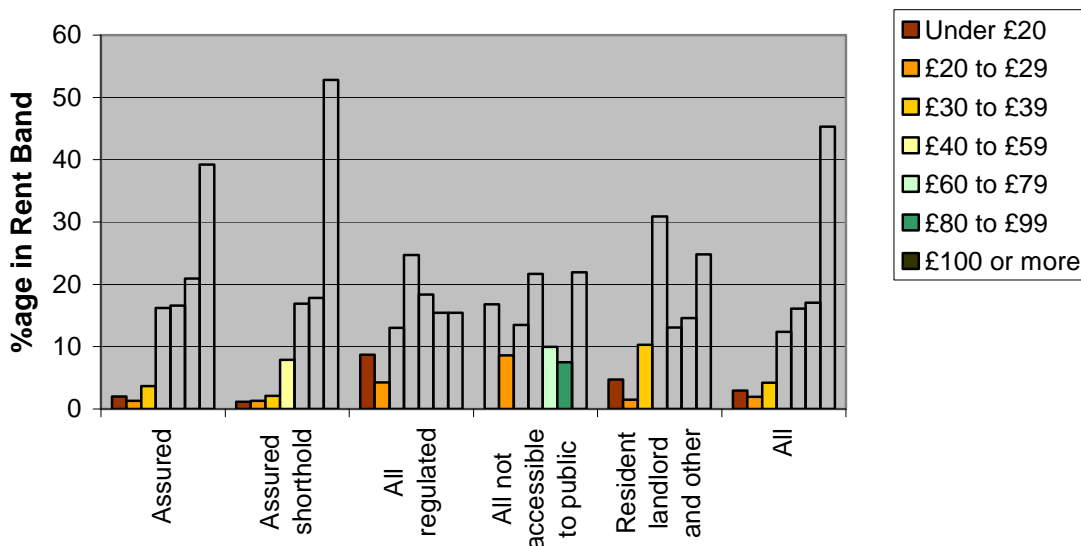
Number of Tenancies by Sub Tenure



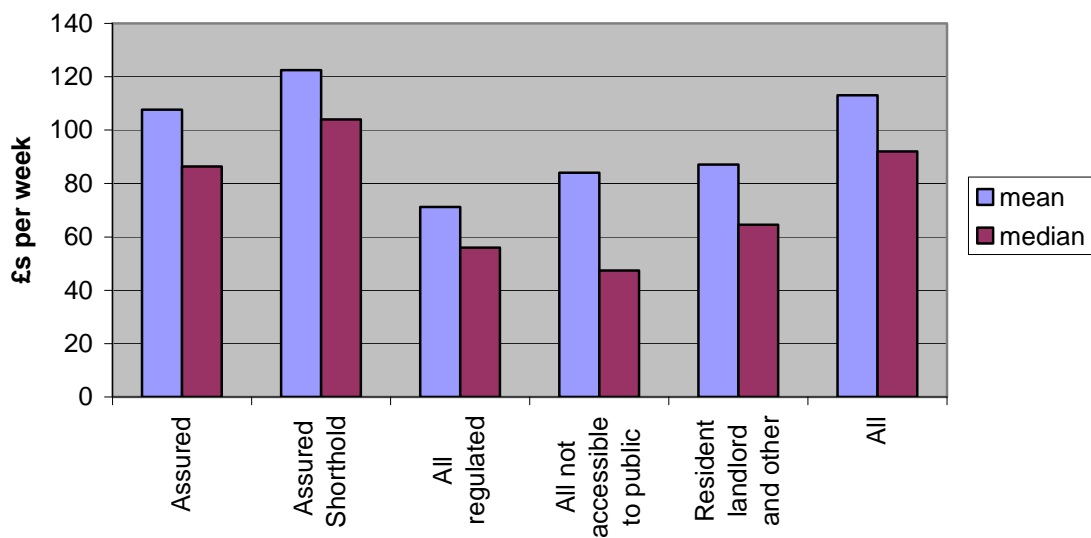
There has been steady increase in the number of private rented tenancies. Nearly all the growth is for assured shorthold tenancies. Most other sub-tenures are fairly static but regulated tenancies have declined quite sharply.

Rent Levels England

Weekly Rent Net of Services - 2004/05



Mean and Median Rents 2004/05

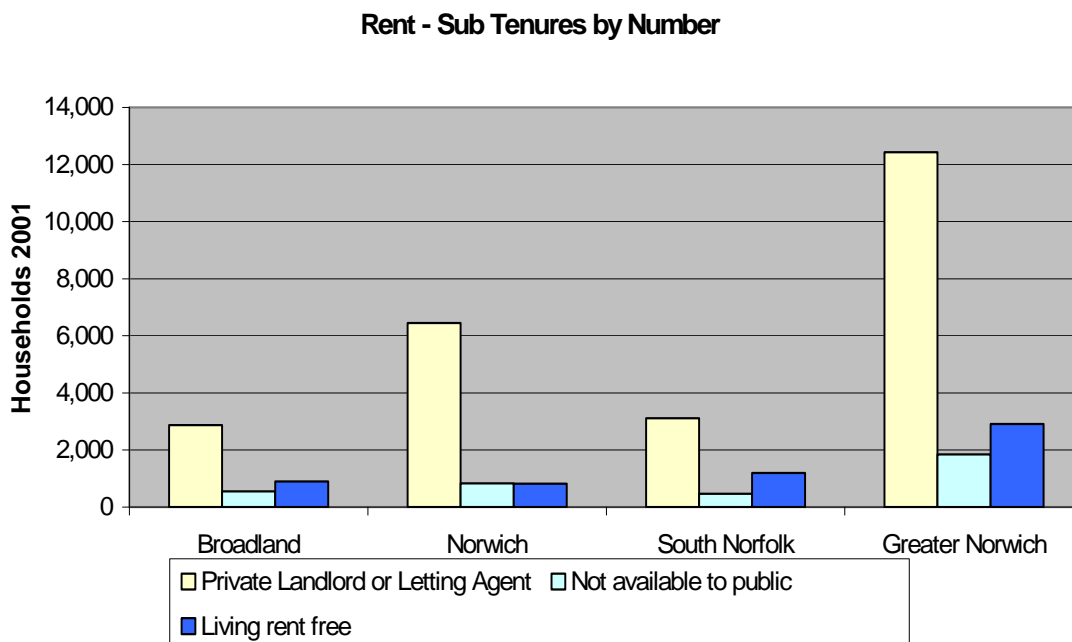


Source: Survey of English Housing 2005

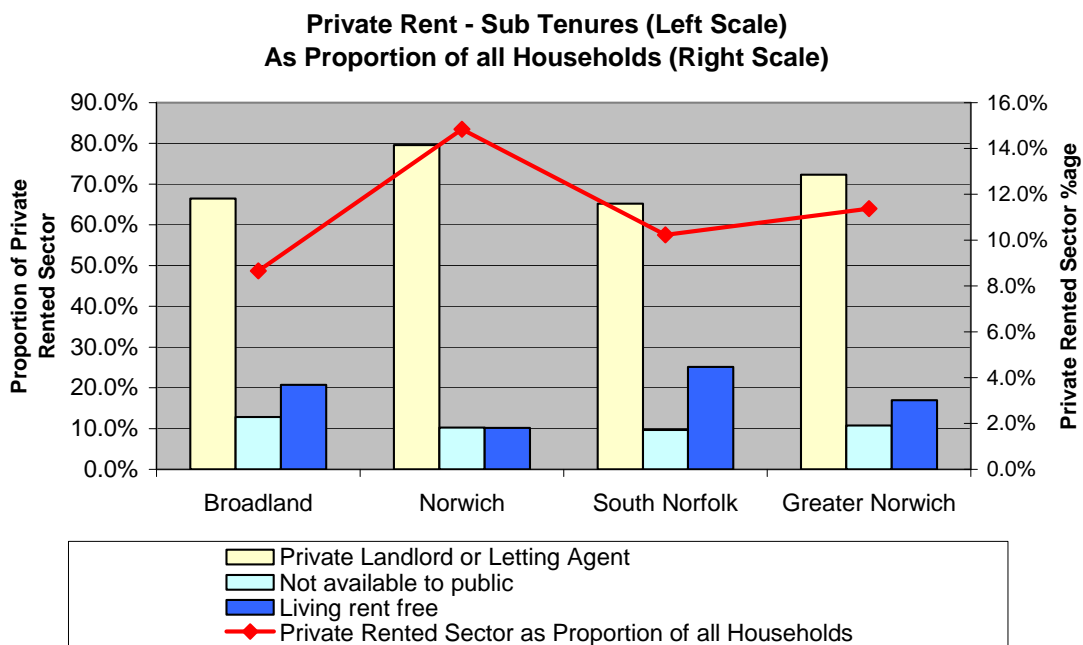
Assured shorthold tenancies have the highest rents. The rents for assured tenancies are next highest. Regulated tenancies unsurprisingly have the lowest mean rents. Rented properties not accessible to the public have the lowest median rents. Many of these properties are let at a zero rent.

1.3 GREATER NORWICH PRIVATE RENTED SECTOR

Sub Tenures by District



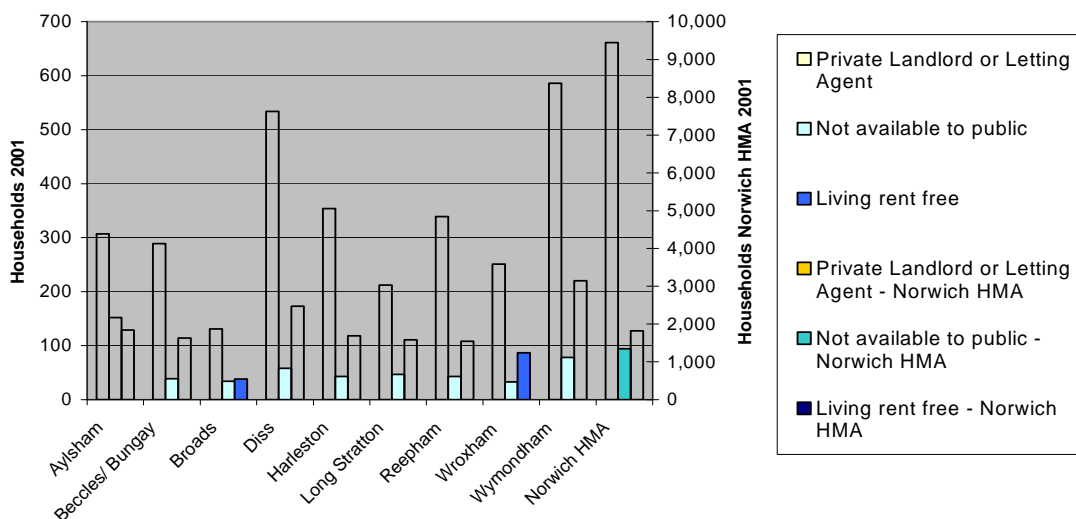
Source: 2001 Census.



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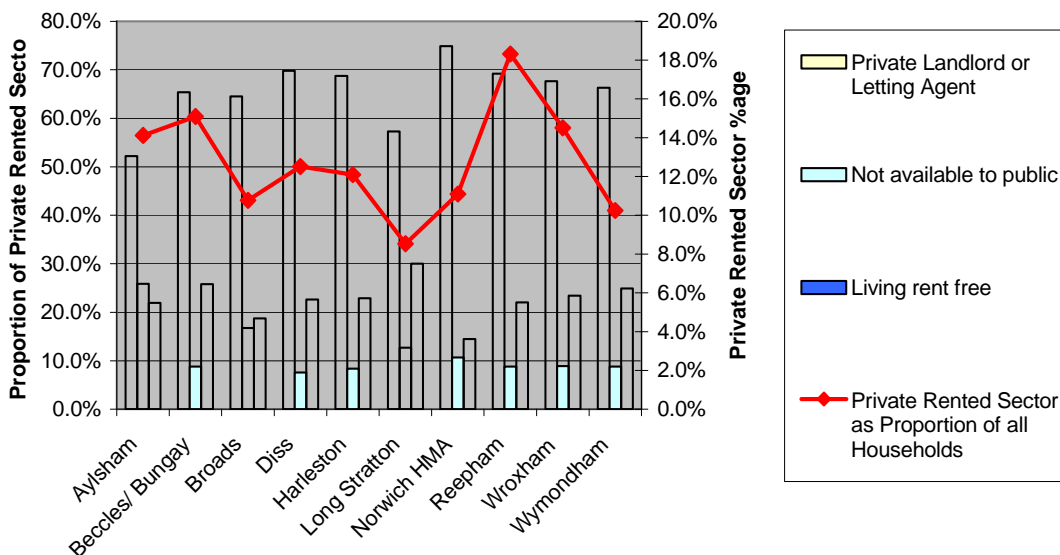
Sub Tenures by Housing Market Area

**Private Rent - Sub Tenures by Number
Norwich HMA (Right Scale)**



Source: 2001 Census.

**Private Rent - Sub Tenures (Left Scale)
As Proportion of all Households (Right Scale)**



Source: 2001 Census

The census provides data for the number of privately rented homes in the sub-region. This available data is in a different format to the data from the Survey of English Housing (SEH). But we can make some linkages.

The Census ‘not available to the public’ and ‘living rent free’ categories correspond to the SEH ‘not available’ to the public category. This leaves the Census category ‘private landlord or letting agent’ to include all the remaining SEH categories...

- Assured
- Assured shorthold
- Regulated
- Resident landlord²

The Private Rented Market

At the time of the census there were 17,200 private rented sector tenants. This represented 11.4% of households in the sub-region. Opinion Research Services (ORS) in their Study of Housing Need and Stock Condition found a slightly higher proportion of 12.5%. ORS carried out their survey in 2005/06. So the ORS result is consistent with the gradual increase in the proportion of privately rented homes nationally. Our own research showing an active ‘Buy to Let’ market also suggests the private rented market is growing.

But within this rental market nearly 30% of tenancies are not available to the public. In addition regulated tenancies are not available to new tenants. The SEH recorded 5% of tenancies nationally as regulated in 2004/5. In all about a third of all tenancies in the sub-region are not available to people seeking a home to rent.

The Norwich housing market area has concentrations of private rented housing in the City of Norwich but relatively low levels in the remainder of the market area.

	Norwich Housing Market Area	Norwich City	Norwich HMA excluding Norwich City
All households	113,646	54,584	59,062
Privately rented households	12,610	8,100	4,510
% privately rented	11.1%	14.8%	7.6%
% not available to the public	1.2%	1.5%	0.9%
% living rent free	1.6%	1.5%	1.7%
% open to the market	8.3%	11.8%	5.0%

Source: Census 2001

² Some private rented tenancies with resident landlords will not be available to the public. The census does not provide information to break this into component categories.

The Norwich Housing Market area is typical of the sub-region. But the private rented sector is concentrated in Norwich City. If we exclude tenancies 'not available to the public' and 'living rent free' the remainder – the open market³ – is twice as large in Norwich City as it is in the rest of the Norwich housing market area.

In other housing market areas the 'open market' is relatively small. In Long Stratton the 'open (rented) market' is only 4.9% of all tenures. In Aylsham, tenancies 'not available to the public' and 'living rent free' represent 47.8% of the private rented sector – nearly one in every two tenancies.

³ This includes a small proportion of regulated tenancies.