

Newcastle upon Tyne East Parliamentary Constituency

This is the second bulletin of 2016 produced by Northern Housing Consortium (NHC) providing analysis of housing-related data for the Parliamentary Constituencies in the North of England. The report provides analysis of the impacts of welfare reform and the housing market in the constituency.

We have used the following symbols to indicate your performance against the relevant regional or national statistics.



Above average



Reference point



Below average

Private rented sector



Valuation Office Agency data shows that in Newcastle LA area there were 2,990 private rents between 1st October 2015 and 30th September 2016. This is out of a total of 9,160 in Tyne & Wear (32.6%).



Figure 1 below shows the average private rent for different property sizes and the corresponding Local Housing Allowance (LHA) rate for the Tyneside Broad Rental Market Area (BRMA). It shows that average rents outstrip the LHA rate and can range from £76.85 for a room to over £350 for larger properties.



DCLG data shows that in Newcastle, there were a total of 8,666 properties in the local authority area with a Housing Health and Social Care Rating category 1 hazard. Of these, all were in the private sector.



It is estimated that the cost of removing all category 1 hazards from the private sector in Newcastle would run to £21.2m. In 2013/14, 229 private properties were made free of category 1 hazards as a direct result of Newcastle Council.

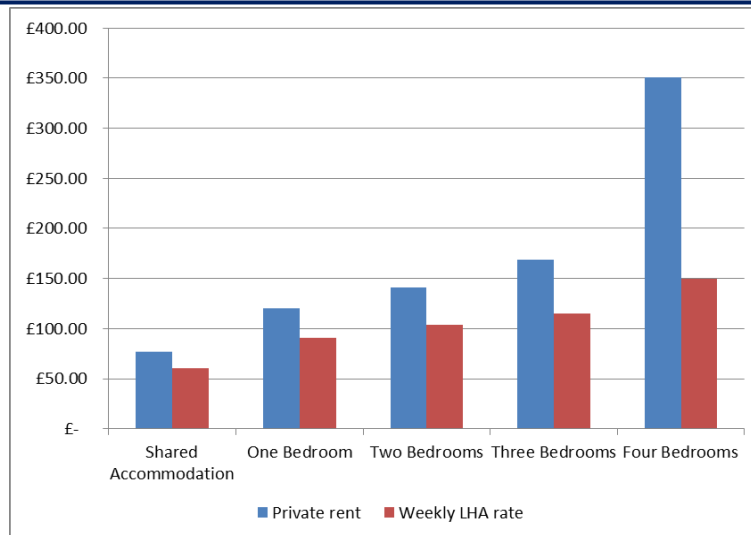


Figure 1: Private rent and LHA rate

LHA and Supported Housing



As Figure 2 below shows, LHA rates for the Tyneside Broad Rental Market Area (BRMA) ranges from £60.00 for shared accommodation to £149.59 for four bedroom accommodation.



LHA awarded to single people aged below 35 will be restricted to the shared accommodation rate. This is to encourage single people younger than 35 years old to share accommodation which will in turn lead to empty properties elsewhere. Using the average supported rent as a benchmark, this leaves this cohort £22.60 short on their rent.



Furthermore, the Statistical Data Return (SDR) shows that there are 2,374 housing association-owned supported units in Newcastle owned by large housing associations with an average net weekly rent being £82.60. This is above the weekly LHA rate for shared accommodation of £60.00. Therefore, where private rents are cheaper, LHA may not cover supported accommodation costs but will in more expensive areas.



This is causing concern for housing providers with reports that new supported schemes are being put on hold until there is more certainty over how local authorities will administer the fund to top up the cost of supported housing from Government.



Large housing associations own 8,179 units in Newcastle. Introducing a regulatory fee of £5 per property to large associations would equate to a cost of £40,895. Furthermore, using average rents and a 52 week rent year, these associations also face a £344,797 fall in rental income in the first year of the 1% rent reduction for stock in Newcastle alone.

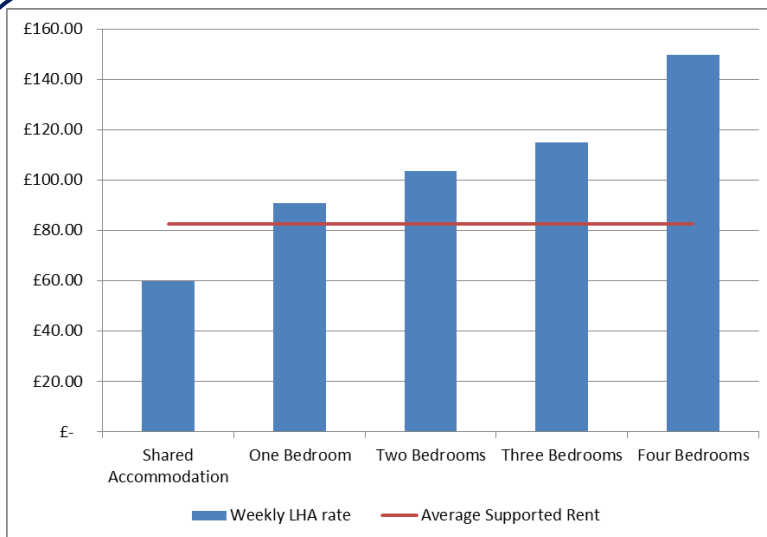


Figure 2: Average weekly supported rent and LHA rate

If you have any queries regarding the content of the APPG briefings, please contact:
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