Housing Delivery Strategy for South Oxfordshire and Vale of White Horse

Background Paper 2: The Private Rented Sector in South and Vale

Submitted to
South Oxfordshire DC and Vale of White Horse DC
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Wessex Economics
QV Offices
25-27 Queen Victoria Street
Reading RG1 5RY

T: 0118 938 0940

Contact: chris.cobbold@wessex-economics.co.uk

1. Introduction and Scope of Work

1.1 This Background Paper presents information on the scale and the character of the private rented sector (PRS) in South and Vale. This provides context for the discussion set out in Background Paper 1 of the scope to encourage purpose-built private rented housing in South and Vale.

2. The PRS in South Oxfordshire & Vale of White Horse

The Tenure Profile of South and Vale

2.1 In 2011 the private rented sector accounted for 13.3% and 13.6% of households in South Oxfordshire and Vale of White Horse respectively. This is below the sub-region, regional and England average. In actual numbers this amounts to 7,200 and 6,700 households respectively.

Figure 1: Detailed Tenure Profile, 2011

% Households	Total Households	Owned	Shared Ownership	Social Rented	Private rented	Other
South Oxfordshire	54,104	72.9	0.8	11.4	13.3	1.5
Vale of White Horse	49,407	70.3	1.0	13.3	13.6	1.7
Oxfordshire	258,855	65.5	1.1	14.2	17.5	1.7
South East	3,555,463	67.6	1.1	13.7	16.3	1.3
England	22,063,368	63.3	0.8	17.7	16.8	1.3

Source: Census (2011)

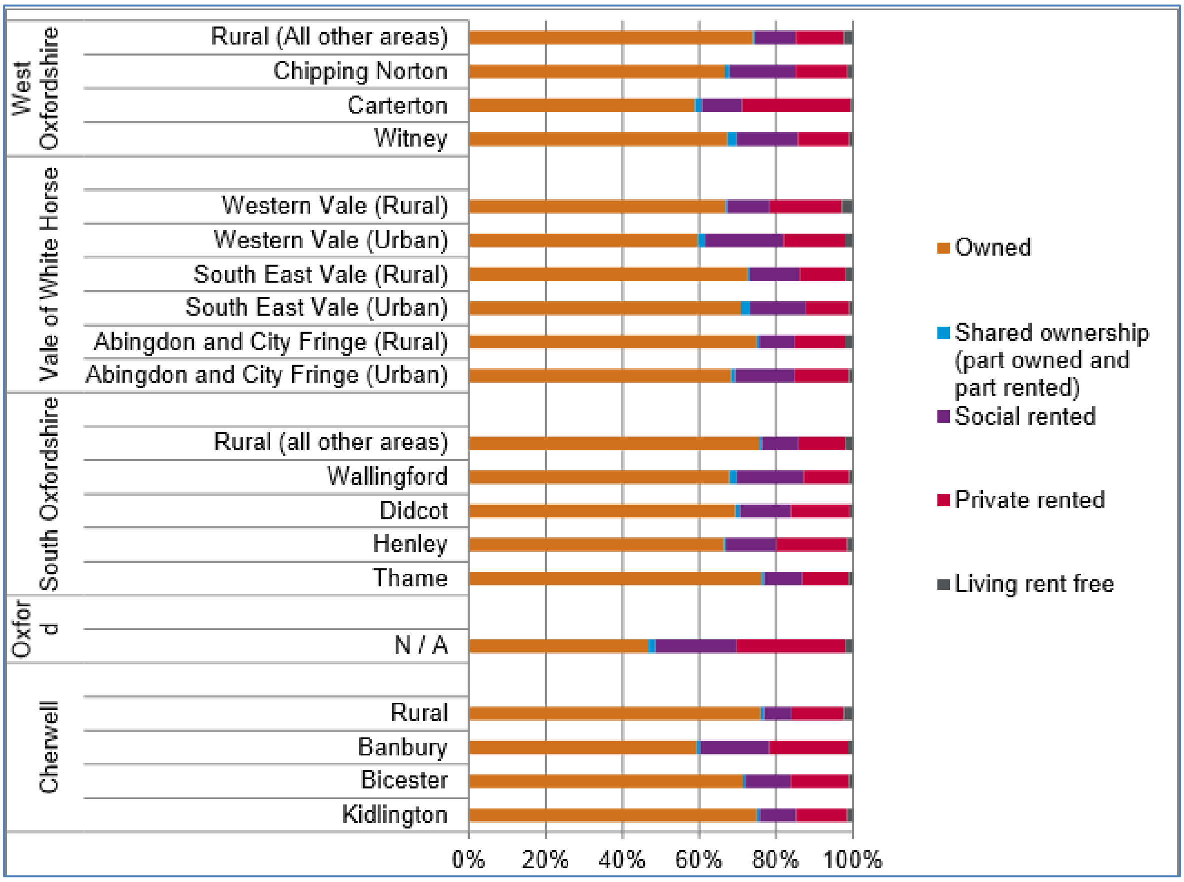
2.2 In terms of local tenure differences in the housing offer, Figure 2 presents the tenure profile by sub-market area in 2011. Generally, the proportion of households that rent is higher in the towns of South and Vale than in the rural areas. This is to be expected, since the rural areas of South and Vale generally have larger, more expensive dwellings. The smaller properties which are more generally associated with private renting are concentrated in the towns.

2.3 The private rented sector has been a key growth sector in the housing market across England between 2001 and 2011, linked to a number of factors including the availability of mortgage finance and buy-to-let mortgages, and the attractiveness of housing as an investment.

2.4 The number of households living in the Private Rented Sector between 2001-2011 increased by 3.3 percentage points across the Oxfordshire HMA. However, this increase is less than the average growth of the PRS in the South East (+5.5 percentage points) and less than the increase in England + 6.2 percentage points).

2.5 The proportion of households that are renting private increased across all areas in Oxfordshire in the period 2001-11. South Oxfordshire and Vale of White Horse experienced a percentage point increase of 2.8 and 2.5 respectively during the 10 year period 2001-11, much less than the in growth in Cherwell (+5.6 percentage points) and Oxford (+6.3 percentage points).

Figure 2: Tenure Profile by Sub Market Area, 2011



Source: Oxfordshire Strategic Housing Market Assessment: April 2014

Figure 3: Detailed Tenure Profile, 2001-2011

	South Oxfordshire	Vale of White Horse	Oxfordshire	South East	England
Owned - 2001	73.8%	68.9%	65.8%	68.4%	63.7%
Owned - 2011	72.9%	70.3%	65.5%	67.6%	63.3%
Social Rented - 2001	11.4%	12.9%	14.4%	14.0%	19.3%
Social Rented - 2011	11.4%	13.3%	14.2%	13.7%	17.7%
Private Rented - 2001	12.0%	12.8%	15.9%	12.1%	12.0%
Private Rented - 2011	14.8%	15.3%	19.2%	17.6%	18.2%

Source: Census (2001 and 2011)

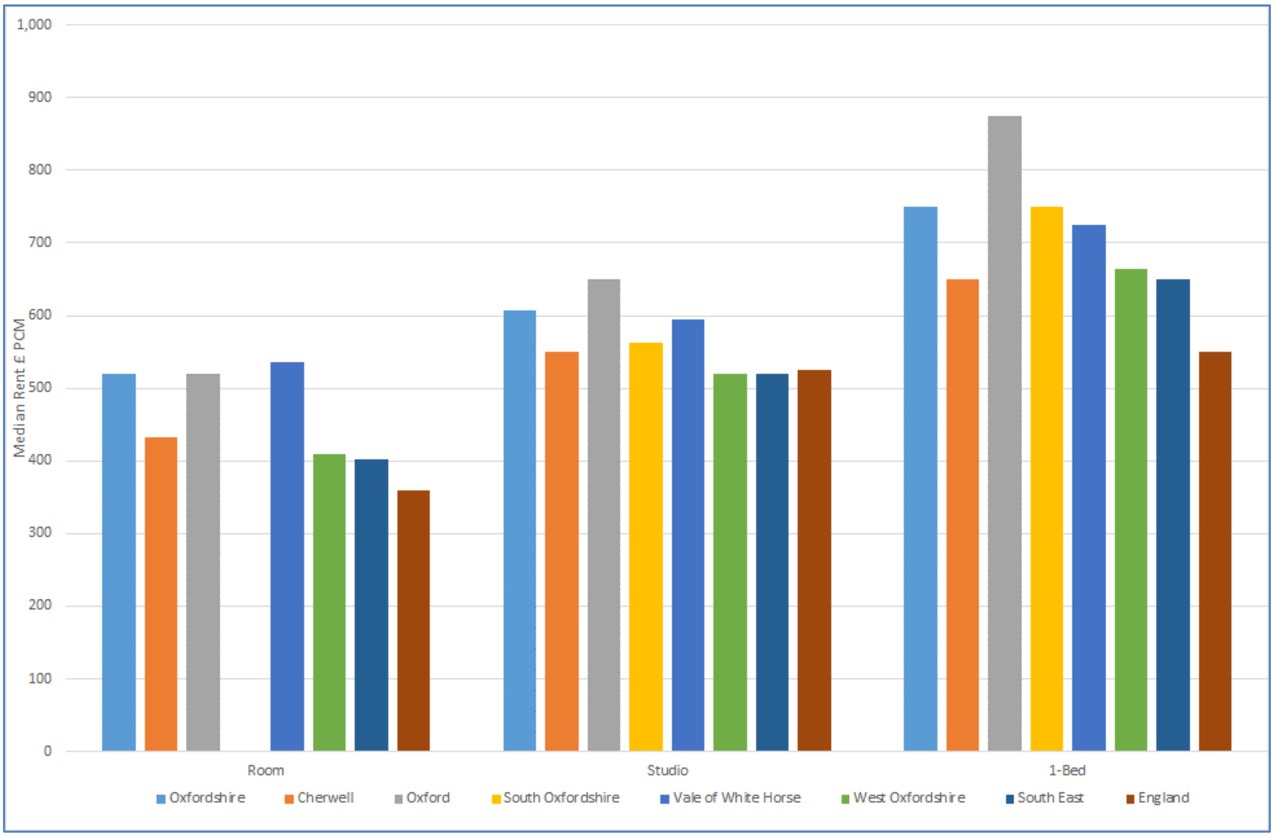
2.6 Over the last eight years, events such as the credit crunch, the economic recession and wider market trends have restricted household's ability and appetite to buy a home. First-time buyer levels have been low, although levels have increased since 2012. Alongside and linked to this trend, has been an increase in the demand for rented homes and rents.

Private Rents in Oxfordshire, South and Vale

2.7 Private housing rental prices have increased significantly at a regional and national level since 2008. Figures 4, 5 and 6 highlight how private rents vary across Oxfordshire for different sizes of property. The key points to mention include:

- Rooms for rent: rooms are the cheapest accommodation to rent in Oxfordshire as a whole. The highest rents are found in Vale of White Horse at £535 per calendar month (pcm), slightly more expensive than Oxford (£520 pcm).
- Studios: Oxford is the most expensive place to rent a studio in the county at £607 pcm, closely followed by £595 pcm in Vale of White Horse.
- 1-bed Properties: The median rents for 1-bed properties across Oxfordshire was £750 in 2016. Rents are highest in Oxford at £850, with rents in South Oxfordshire at £750 pcm and £725 pcm in Vale of White Horse.

Figure 4: Private Rents (1 April 2015 to 31 March 2016), Rooms, Studios and One-Bed Properties



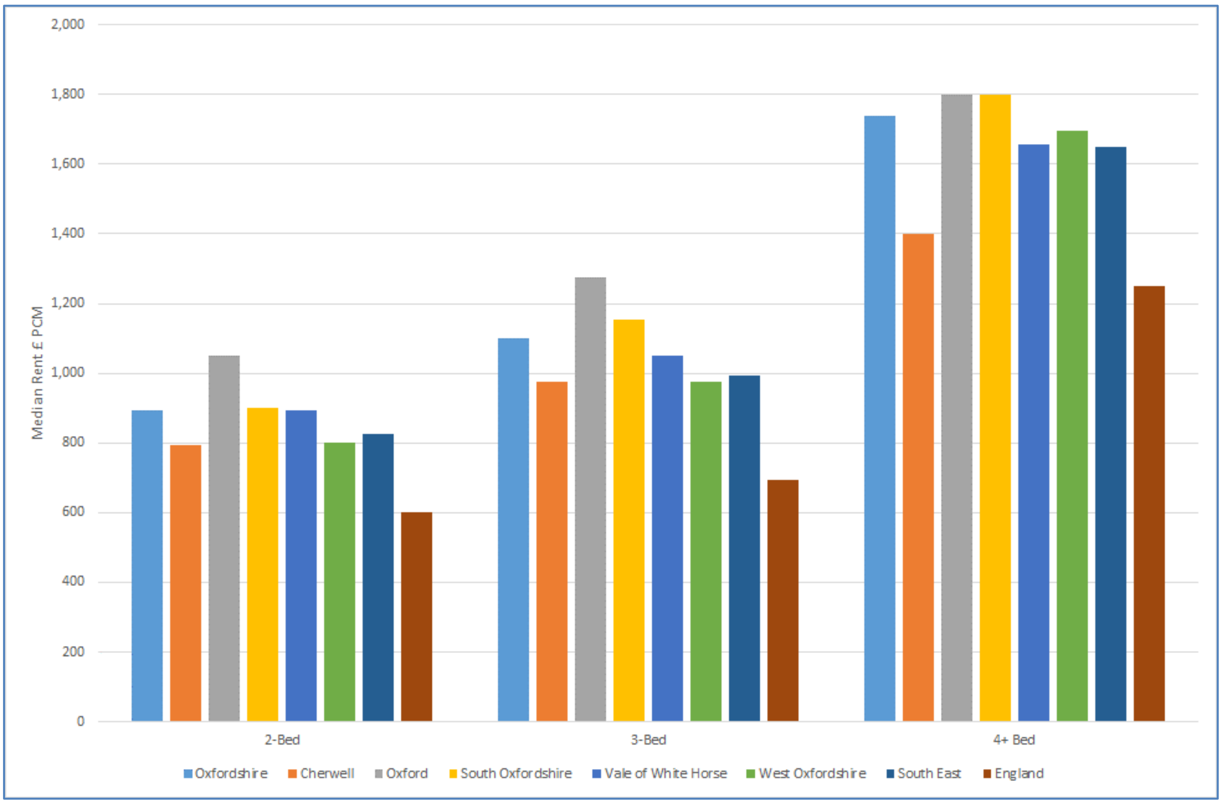
Source: VOA Private Rental Statistics, May 2016

2.8 Rents on properties of more than 2-bedrooms (see Figure 5and more are as follows:

- 2-bed Properties: The median rent across Oxfordshire equates to £895. Oxford has the highest rent at £1,050 pcm, followed by South Oxfordshire at £900 pcm and Vale of White Horse at £895 pcm.

- 3-bed Properties: The median rent across the country is £1,100 for 3-bed properties. In Oxford the rent is £1,275 pcm, £1,155 pcm in South Oxfordshire and £1,050 pcm in Vale of White Horse.
- 4-bed Properties: The median rent across Oxfordshire was £1,737 pcm, higher in Oxford and South Oxfordshire at £1,800 pcm, followed by £1,658 pcm in Vale of White Horse.

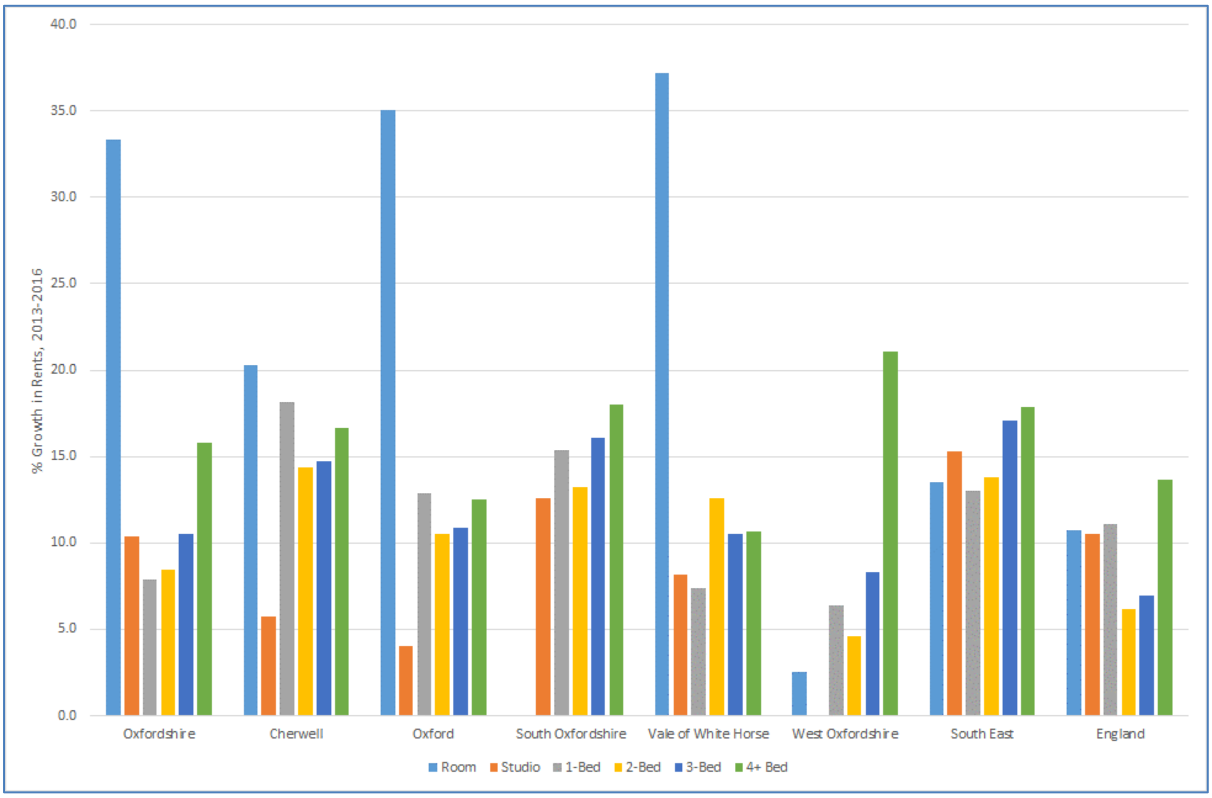
Figure 5: Private Rents (1 April 2015 to 31 March 2016), Properties with 2 or more Bedrooms



Source: VOA Private Rental Statistics, May 2016

2.9 Figure 6 illustrates growth in median rents between 2013 and 2016 by property type and area. Over this three year period, rents increased for all property sizes. The most significant increase was in this period has been for single rooms, with the rental growth driven particular by this segment of the market in Oxford City and Vale of White Horse in particular. .

Figure 6: Trends in Median Private Rents (1 April 2015 to 31 March 2016), 2013-2016



Source: VOA Private Rental Statistics, May 2016

Who Lives in the PRS in South and Vale

2.10 The private rented sector plays a number of roles in Oxfordshire, ranging from meeting the housing needs of households in receipt of Benefit/Local Housing Allowance (LHA) system, through lone parents, cohabiting couples, younger households to international professionals.

2.11 Data from the Department of Work and Pensions shows that, as of February 2013, there were 10,895 benefit claimants living in the private rented sector in Oxfordshire. This is a 5% increase on the number observed two years earlier (February 2011). Comparing this to the total private rented sector stock in the County suggests that benefit claimants account for around a quarter of the sector.

Figure 7: Number of People claiming LHA in the PRS (February 2011 and February 2013)

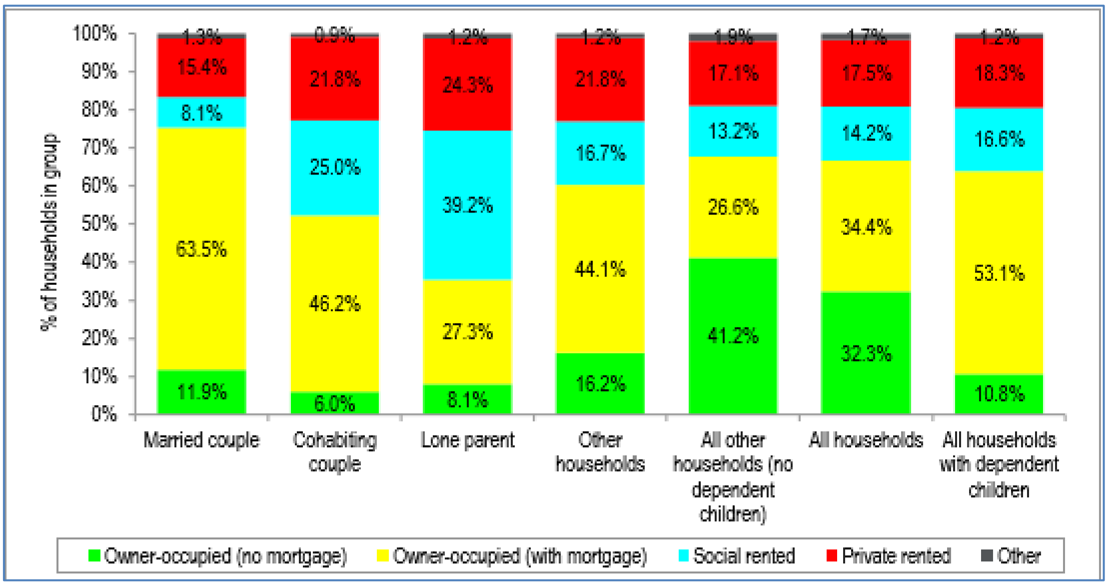
	February 2011	February 2013	Absolute change	% change
Area				
Cherwell	2,690	2,645	-45	-1.7%
Oxford	3,500	3,670	170	4.9%
South Oxon	1,550	1,712	162	10.5%
VoWH	1,200	1,406	206	17.2%
West Oxon	1,400	1,462	62	4.4%
County	10,430	10,895	555	5.4%

Source: Oxfordshire Strategic Housing Market Assessment (April 2014

2.12 Of these lettings, the SHMA estimates 5,877 private sector lettings per annum in Oxfordshire. Applying the 24% rented by benefit claimants, implies a total of 1,416 lettings per annum to LHA claimants. The SHMA states that '*while the private rented sector is not recognised as a genuine affordable housing product, it is important to recognise that, in practice, the sector makes a significant contribution to meeting housing need and filling a shortfall in genuine affordable housing projects.*'[1]

2.13 Figure 8 shows the tenure of households with dependent children in 2011. There are a higher proportion of lone parents, cohabiting couples and other households living in private rented accommodation than other groups.

Figure 8: Tenure of Households with Dependent Children – Oxfordshire

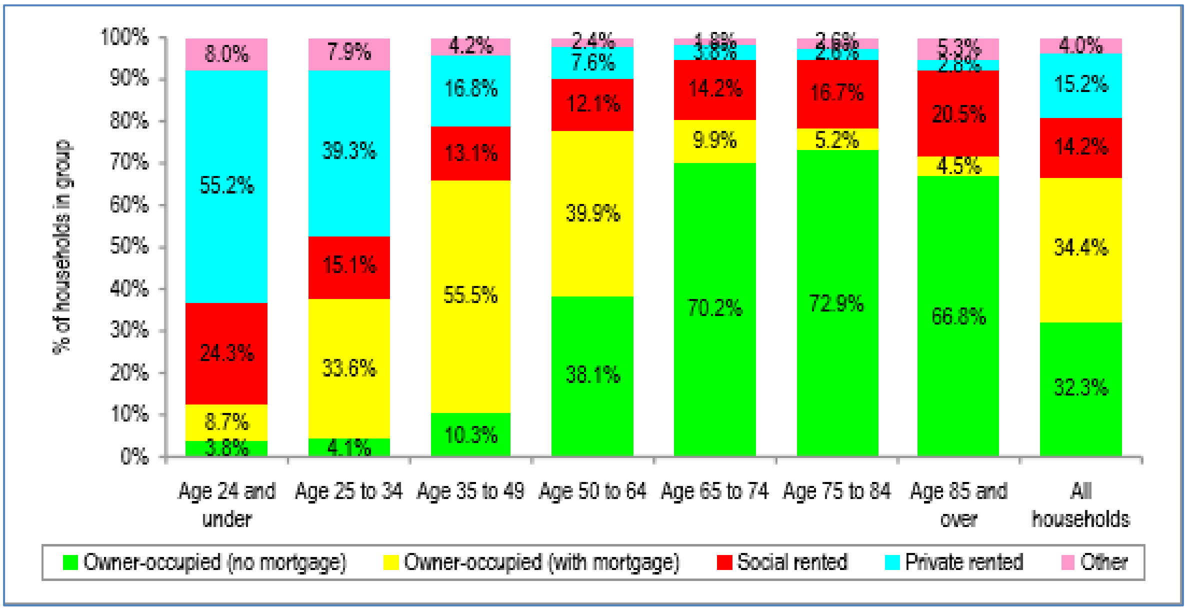


Source: Oxfordshire Strategic Housing Market Assessment (April 2014)

[1] Source: Oxfordshire Strategic Housing Market Assessment (April 2014)

2.14 Figure 9 shows the tenure groups of younger person households compared with other age groups. As can be seen, younger households are particularly reliant on the private rented sector.

Figure 9: Tenure by Age of Household Representative Person – Oxfordshire



Source: Oxfordshire Strategic Housing Market Assessment (April 2014)