

# Arun and Chichester Citizens Advice

## Local Private Rented Sector Research

### Contents

Background and introduction.....	2
Historic rents levels .....	3
Local Housing Allowance (LHA) Rates .....	4
Discretionary Housing Payments (DHP).....	5
Current availability and rent levels.....	6
Recent trends in rent levels .....	9
Gap between current rent levels and LHA rates .....	9
Conclusions and recommendations .....	10

## Background and introduction

The cost-of-living crisis is being exacerbated by increasing housing costs, whether that is increasing mortgage costs for owner occupiers caused by rising interest rates, or increasing rents for local authority, social housing or private sector tenants. For tenants who rely upon benefits to pay their rent, the impact of rent increases is made even worse by the freezing of Local Housing Allowance (LHA).

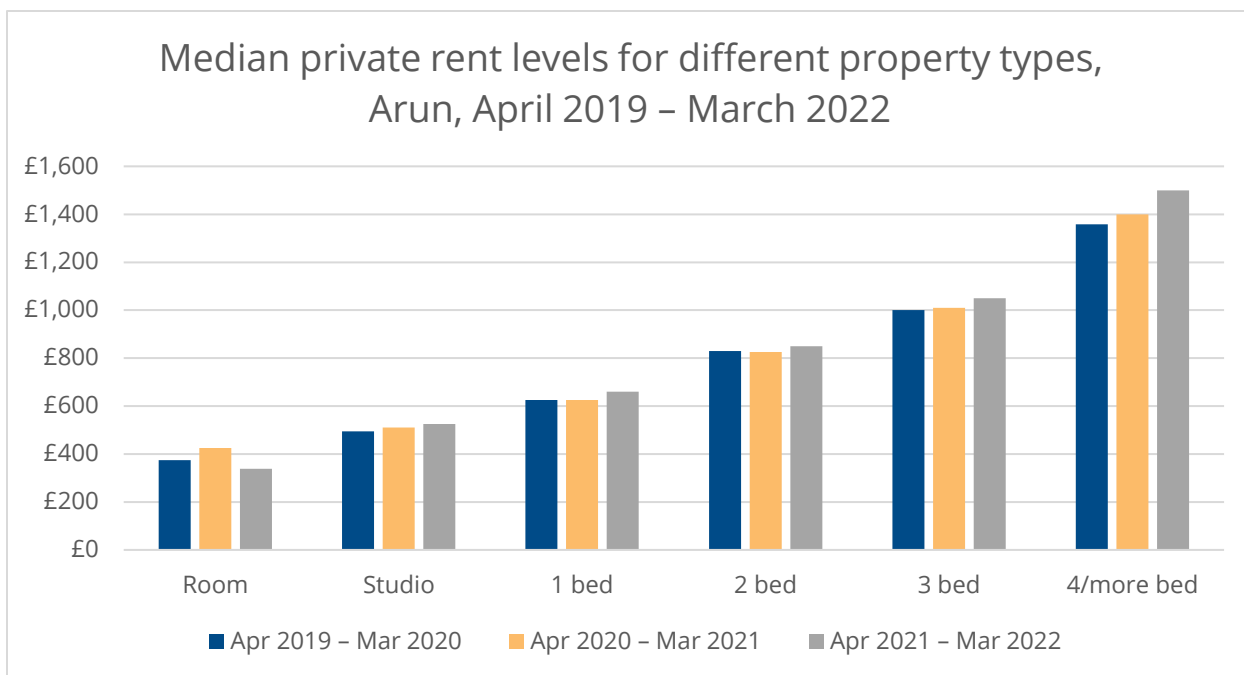
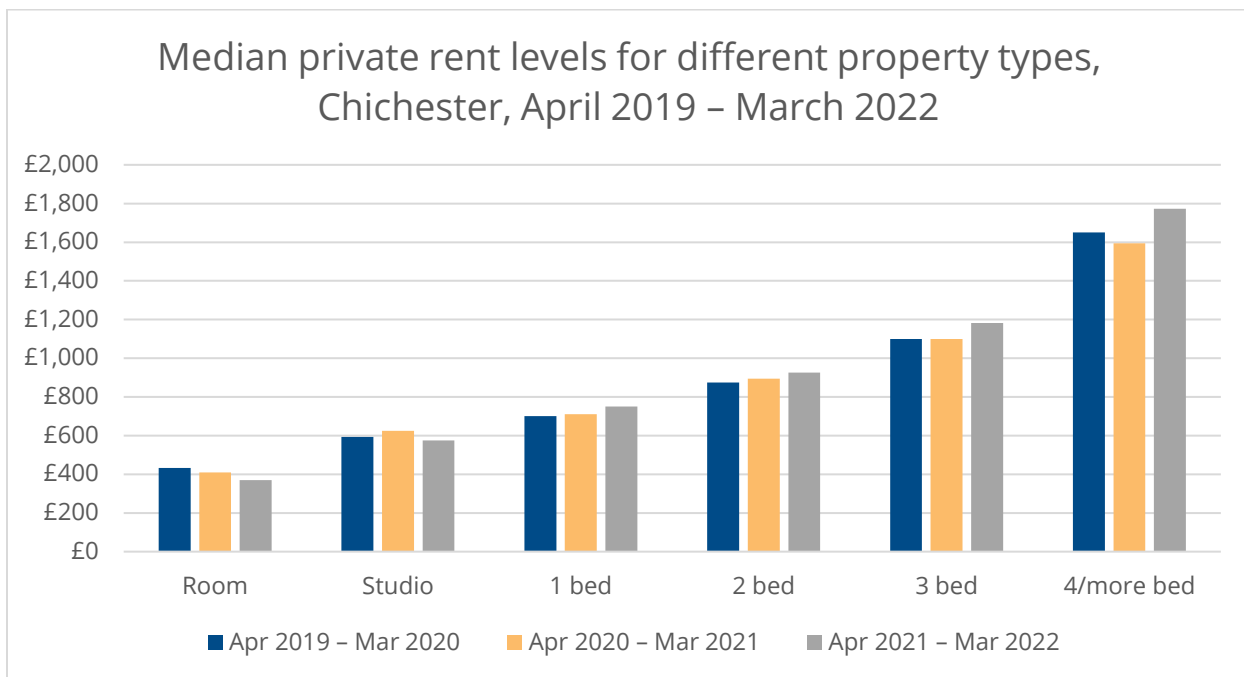
According to Shelter, 1 in 3 private sector tenants have had their rent increased in the past month and of those 3.5 million tenants, 800,000 saw it rise by more than £100 per month and 200,000 by more than £300 per month. Also, 2.5 million renters are either behind or constantly struggling to pay their rent. (Source: Shelter [link](#)).

Research by The Guardian confirms that rents in the private sector are becoming unaffordable for increasing numbers of people, with the ONS finding that rents in 48 local authority areas are now classed as unaffordable when compared with median income levels. According to figures supplied to the Guardian by the property data company TwentiCi, in June, across the UK, average advertised rents were 5% higher than 12 months earlier, but by October they were up by 12% from 12 months previously. According to this research, rents in Arun district increased by 37% in the 12 months to October 2022. (Source: The Guardian [link](#)). This gives a strong indication that there will be a widening gap between rent levels and LHA in the coming months.

This paper looks at the private rented sector in the Chichester and Arun District council areas, to identify trends in the rent levels and availability of private rented homes, to compare rent levels with the LHA rates and to look at how Discretionary Housing Payments (DHP) are being used to cover shortfalls between LHA payments and rent levels.

## Historic rents levels

Charts A - ONS Historical Data – median private rent levels for different property types, April 2019 – March 2022



Source: Office for National Statistics [link](#)

Key Points (all figures to nearest %).

- In Chichester, between April 2019 and March 2022, median rent levels decreased by 15% for rooms and 3% for studios
- In Arun, they decreased by 10% for rooms; studios increased by 6%
- In Chichester, 1 bed, 2 bed, 3 bed and 4 or more bed properties' median rent levels increased by between 6% and 8%.
- In Arun, 1 bed, 2 bed, 3 bed and 4 or more bed properties' median rent levels increased by between 3% and 11%.
- Overall, the fluctuations in median rent levels during this 3-year period were relatively modest.

## Local Housing Allowance (LHA) Rates

Table B - Local Housing Allowance (LHA) Rates November 2022

Local Housing Allowance rates are calculated according to 'Broad Rental Market Areas' (BRMA), which differ to district authority boundaries. Chichester District mostly falls within the Chichester BRMA; small proportions of the district area on the border fall within the Guildford BRMA & Portsmouth BRMA however within this report we will focus on the Chichester BRMA only as this applies to the majority of accommodation referenced. Properties in Arun District fall under the Chichester BRMA and the Worthing BRMA. Both urban centres Bognor Regis and Littlehampton fall under the Worthing BRMA.

### Chichester BRMA

Accommodation type	Weekly LHA	Equivalent per month
Shared	£78.59	£341
1 bedroom	£149.59	£648
2 bedroom	£189.86	£823
3 bedroom	£228.99	£992
4 bedroom	£310.68	£1,346

### Worthing BRMA

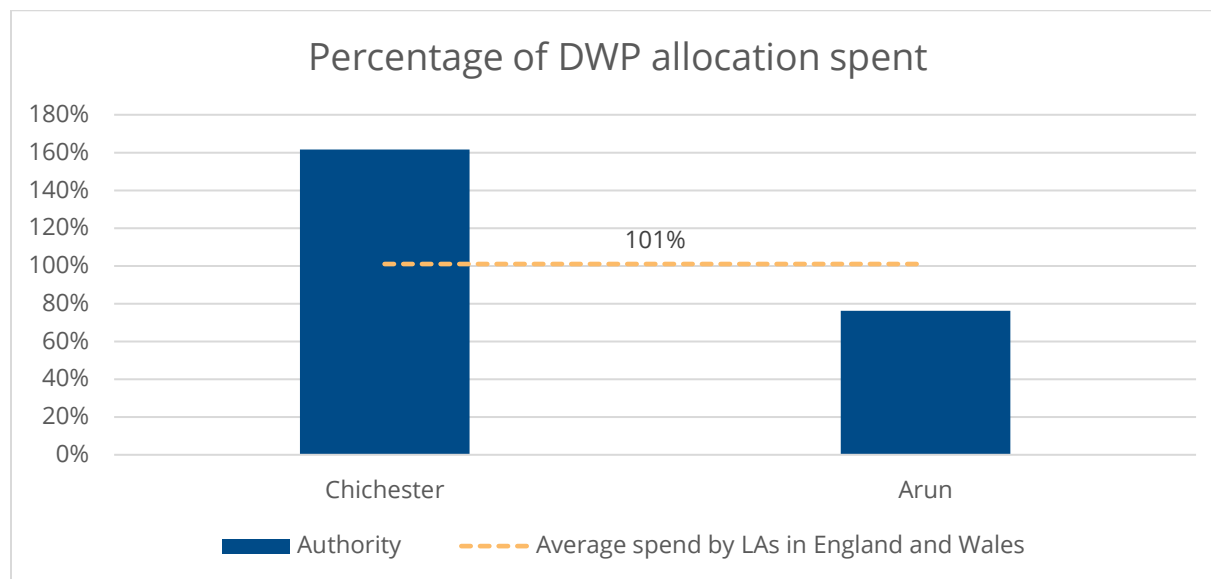
Accommodation type	Weekly LHA	Equivalent per month
Shared	£71.50	£310
1 bedroom	£143.84	£623
2 bedroom	£184.11	£798
3 bedroom	£223.23	£967
4 bedroom	£287.67	£1,247

Source: gov.uk [link](#) (see BRMA maps to view the boundaries)

LHA rates have been frozen at pre-pandemic levels until at least March 2023, despite cost-of-living increases and recent rapid increases in rent levels. (Source: Inside Housing, [link](#))

## Discretionary Housing Payments (DHP)

Meetings were held with officers from Chichester District Council (CDC) and Arun District Council (ADC) to discuss their Discretionary Housing Payments (DHP). Data from the ONS shows that in 2021/22, ADC spent 76% of its annual DHP allocation from the DWP and CDC spent 162% (topping up the DWP allocation with its own funds).



The average spend by local authorities in England and Wales, in terms of % of allocation, was 101% in 21/22. Relative to all other local authorities in England and Wales, CDC was in the top 1% in terms of percentage of DWP allocation spent; ADC fell in the bottom 10%. (Source: gov.uk statistics, [link](#))

ADC attributed their 2021/22 spending shortfall partly to applicants' unwillingness to provide supporting evidence with their applications (although more evidence was forthcoming when ACCA were involved). This suggests that there may be potential for ACCA and ADC to work more closely together in helping clients to apply for DHP.

At the time of writing, CDC were forecasting actual spend on DHP in 2022/23 of £335,610. In 2021/22 it spent £332,191. They have experienced a big increase in DHP applications because of the increasing shortfall between LHA and market rents and also because of cost-of-living increases (food, utilities, etc.) putting a squeeze on funds available for rent. CDC are expecting a substantial decrease in DWP funds for DHP's in 2023/24 and a lack of other available CDC funds to top up the DWP allocation with. The DWP funding allocations are unlikely to be announced until February 2023. This suggests there could be a serious impact on people in the rented sector arising from a lack of DHP funds in the next financial year.

ADC advised that, in mid-December 2022, they had little left in their 2022/23 DHP budget. They received a top up from DWP of only £2k and had only £12k to last until the end of March 2023 which would likely be spent. 63% of 2022/23 DHP payments have been due to UC being insufficient to cover current rent levels. An increase in rents has led to an increase in no fault evictions. They are receiving c.14 new applications for DHP per month. There has been no significant increase in the number of applications of late.

## Current availability and rent levels

Table C - Rightmove data (15/11/22) - Number and type of properties for rent

(\*) numbers in brackets indicate retirement properties

Area / Rent £pcm	Accommodation Type / Numbers							Totals
	Share/ st	1 bf	2 bf	3 bf	1 bh	2 bh	3 bh	
<b>Chichester</b>								
<700	0	0	0	0	0	0	0	0
700 - 800	0	2	1	0	0	0	0	3
801 - 900	1	1	0	0	0	0	0	2
901 - 1000	0	4(2)	0	0	0	0	0	4
1001 - 1100	0	3	0	0	0	1	0	4
1101 - 1200	0	0	3	1	0	0	1	5
<b>Totals</b>	<b>1</b>	<b>10(2)</b>	<b>4</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>18(2)</b>
<b>Bognor</b>								
<600	0	0	0	0	0	0	0	0
600 - 700	2	3	0	0	0	0	0	5
701 - 800	0	6	0	0	0	0	0	6
801 - 900	0	3(2)	1	0	0	0	0	4
901 - 1000	0	1	5	0	1	0	0	7
1001 - 1100	0	0	0	0	1	0	0	1
1101 - 1200	0	0	2	0	0	1	0	3
<b>Totals</b>	<b>2</b>	<b>13(2)</b>	<b>8</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>26(2)</b>
<b>L'hampton</b>								
<600	0	0	0	0	0	0	0	0
600 - 700	0	1	0	0	0	0	0	1
701 - 800	1	3	0	0	0	0	0	4
801 - 900	1	3(1)	1	0	0	0	0	5
901 - 1000	0	3(3)	3	0	0	1	0	7
1001 - 1100	0	0	0	0	0	1	0	1
1101 - 1200	0	0	2	0	0	1	1	4

<b>Totals</b>	<b>2</b>	<b>10(4)</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>1</b>	<b>22(4)</b>
<b>Rural areas*</b>	<b>Share/st</b>	<b>1 bf</b>	<b>2 bf</b>	<b>3 bf</b>	<b>1 bh</b>	<b>2 bh</b>	<b>3 bh</b>	
<700	0	0	0	0	0	0	0	0
700 - 800	0	0	0	0	0	0	0	0
801 - 900	0	1	0	0	1	0	0	2
901 - 1000	0	0	1	0	0	0	0	1
1001 - 1100	0	0	1	0	0	0	0	1
1101 - 1200	0	0	1	0	0	0	0	1
<b>Totals</b>	<b>0</b>	<b>1</b>	<b>3</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>5</b>
<b>Grand totals</b>	<b>4</b>	<b>34(8)</b>	<b>21</b>	<b>1</b>	<b>3</b>	<b>5</b>	<b>2</b>	<b>71(8)</b>

\*Petworth and surrounding rural area ('3-mile radius', including Midhurst and Pulborough)

Green = rent below LHA; Orange = rent range includes LHA; Red = rent above LHA (see Table B above for LHA levels.)

#### Table C – Key Points

- Whilst this is a snapshot of one website's selection of private rented properties, it does suggest that across the Chichester and Arun area, there is a very limited selection of properties available.
- There is a particular lack of 3-bedroom properties: only 3 in total across the 4 locations.
- Almost half the properties available are 1-bedroom flats.
- Of the 71 properties in total, only 5 are at rent levels below or around the LHA level (green or orange shading): 1 in Chichester; 3 in Bognor; 1 in Littlehampton; none in the rural areas.
- There is no shared or studio accommodation at rent levels below or around the LHA level.
- There is only 1 property with rent below LHA in Chichester and none in the other areas.

Table D - Median Rent Levels - Rightmove Data 15/11/22

Accomm. Type	Area / Median Rent Levels £pcm			
	Chichester	Bognor Regis	Littlehampton	Rural Areas*
Share/st	801 - 900	600 - 700	701 - 900	No data
1bf	901 - 1000	701 - 800	801 - 900	801 - 900
2bf	1101 - 1200	901 - 1000	901 - 1000	1001 - 1100
3bf	1101 - 1200	No data	No data	No data
1bh	No data	901 - 1100	No data	801 - 900
2bh	1001 - 1100	1101 - 1200	1001 - 1100	No data
3bh	1101 - 1200	No data	1101 - 1200	No data

- Whilst there are some gaps in data, all of the median rent levels shown in Table D above are higher than the relevant LHA level in Table B above.

Table E - Rent Levels – 4-bedroom properties with rent up to £2000 pcm, Rightmove data 21/11/22

Rent pcm	Area / Numbers (below 1500 rent in brackets)				
	Chichester	Bognor Regis	Littlehampton	Rural Areas	Totals
<1500	0	0	1 (1395)	0	<b>1</b>
1500– 1600	1	1	1	0	<b>3</b>
1601 – 1700	0	0	0	0	<b>0</b>
1701 – 1800	0	0	1	1	<b>2</b>
1801 – 1900	0	0	0	1	<b>1</b>
1901 – 2000	1	1	1	1	<b>4</b>
<b>Totals</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>11</b>

This table has been included to give an indication of the lack of large properties available for rent and the high rent levels (there were other properties available at even higher rents). All of the rent levels are above the relevant LHA level of £1346pcm (see Table B above).



The massive increase in Airbnb and other short lets in recent years has had an adverse effect on the availability of property for private renting. A CPRE research report’s analysis of data on properties listed on Airbnb and other short let sites shows that 148,000 homes that could have otherwise been – or in some cases, previously were – used as homes by local families are instead being put up on short-term and holiday lets. (Source: Landlord Today, [link](#)). This trend is likely to continue and will put additional upward pressure on rent levels. Arun and Chichester are popular holiday and short stay destinations, so the area is likely to be disproportionately affected by this trend.

### Recent trends in rent levels

- If we compare the median rent levels for April 2021 to March 22 in Table A with the median rent levels for the 15/11/22 Rightmove data in Table D above, the following changes have occurred:-
  - Increases of at least 14% for rooms or studios in Chichester, Bognor and Littlehampton.
  - Increases of at least 6% for 1 and 2 bed properties in Chichester, Bognor, Littlehampton and rural areas.

Whilst the number of properties generating the data in Table D is relatively small, the consistently higher median rent levels across all property types apart from one 3 bed property in Chichester gives a strong indication that rent levels have begun to rise rapidly in the past 6 to 8 months.

### Gap between current rent levels and LHA rates

Table F – Differences Between Table B LHA Rates and Table D Median Rent Levels

Accomm. Type	Area / LHA £pcm minus Median Rent £pcm			
	Chichester	Bognor Regis	Littlehampton	Rural Areas*
Share/st**	-460 to -559	-290 to -390	-391 to -590	No data
1bf	-253 to -352	-78 to -177	-178 to -277	-153 to -252
2bf	-278 to -377	-103 to -202	-103 to -202	-178 to -277
3bf	-109 to -208	No data	No data	No data
1bh	No data	-278 to -477	No data	-153 to -252
2bh	-178 to -277	-303 to -402	-203 to -302	No data
3bh	-109 to -208	No data	-134 to -233	No data

\*\* using ‘shared’ LHA rate

Table F – Key Points

- Whilst there are some gaps in data, the available data consistently indicates that there is a gap between the LHA rates and current rent levels
- That gap is largest for shared and studio accommodation

- The gap is higher for properties in Chichester than the rest of the area under consideration, with the exception of 2 bed houses, where Bognor Regis shows the highest gap
- As long as LHA rates remain frozen and rent levels continue to rise, the gap will grow, along with all the implications in terms of affordability, rent arrears and evictions

## Conclusions and recommendations

The data and other information gathered above points clearly to a developing crisis in the Arun and Chichester private rented sector. A combination of very limited availability of affordable private rented property, increasing rent levels, frozen LHA rates and diminishing DHP funds is already leading to an increase in rent arrears and no-fault evictions and this trend looks set to continue well into 2023.

In light of these findings and in order to avert or reduce the effects of this growing crisis, we would make the following recommendations:

- We would urge the DWP to immediately lift the freeze on LHA rates and to increase them in line with the increasing private sector rent levels
- We would urge the DWP to increase the DHP allocations for 2023/24 in order to enable local authorities to satisfy the growing demand from private sector tenants for support to cover shortfalls between rent and benefits
- We call upon local authorities to increase their contributions towards DHP funds and to explore with ACCA and other relevant agencies the possibilities for greater collaboration in providing private sector tenants with advice and support in claiming DHP, thereby reducing the level of arrears and evictions and the resulting impacts on local authorities in terms of homelessness, etc.