Sheffield Hallam University | Centre for Regional Economic and Social Research

Why has private renting grown and what should we do about it?

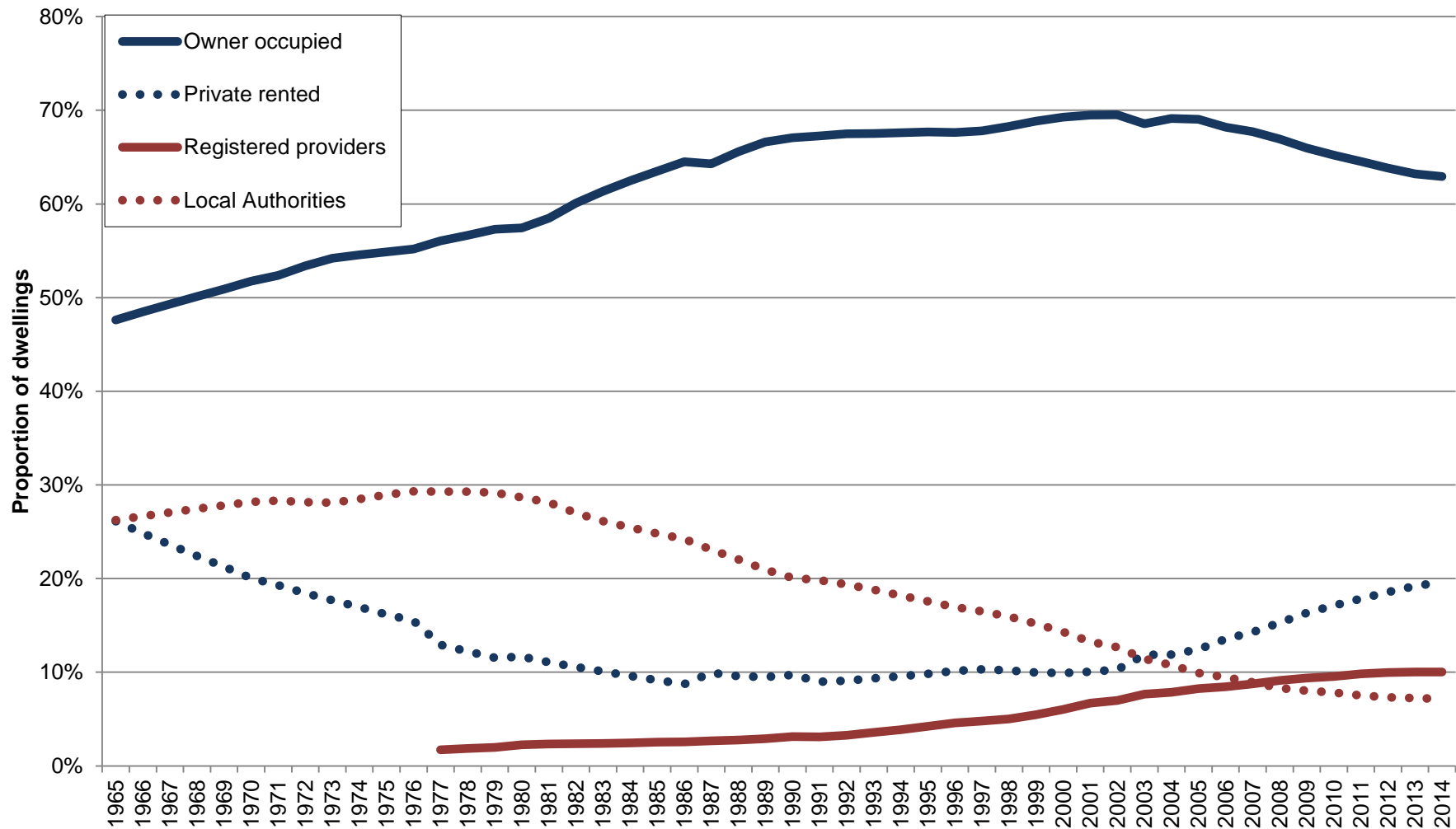Future of Social Housing: Is private rented the new social housing?

6th June 2016

Ben Pattison

Summary

- Background and policy context
- National overview
- Diversity within the private rented sector (PRS)
- Niche analysis of Birmingham
- How can we respond
- Key findings and conclusions

'Generation Rent': Changing tenure mix

Relative tenure change, England, 1965 to 2014
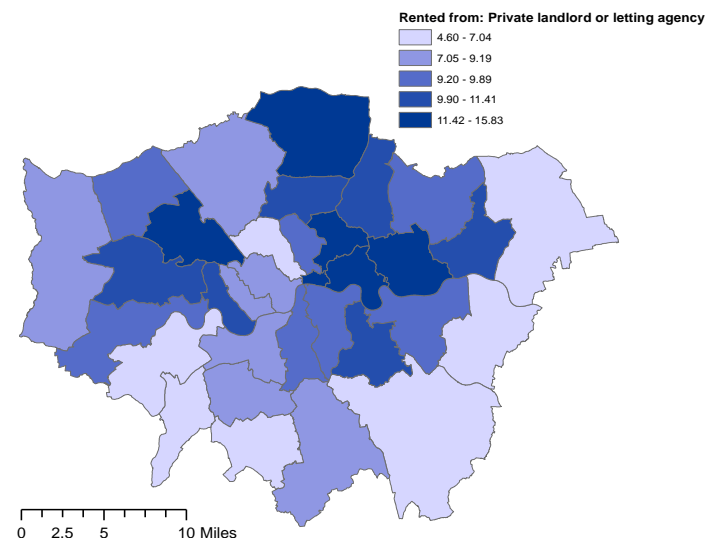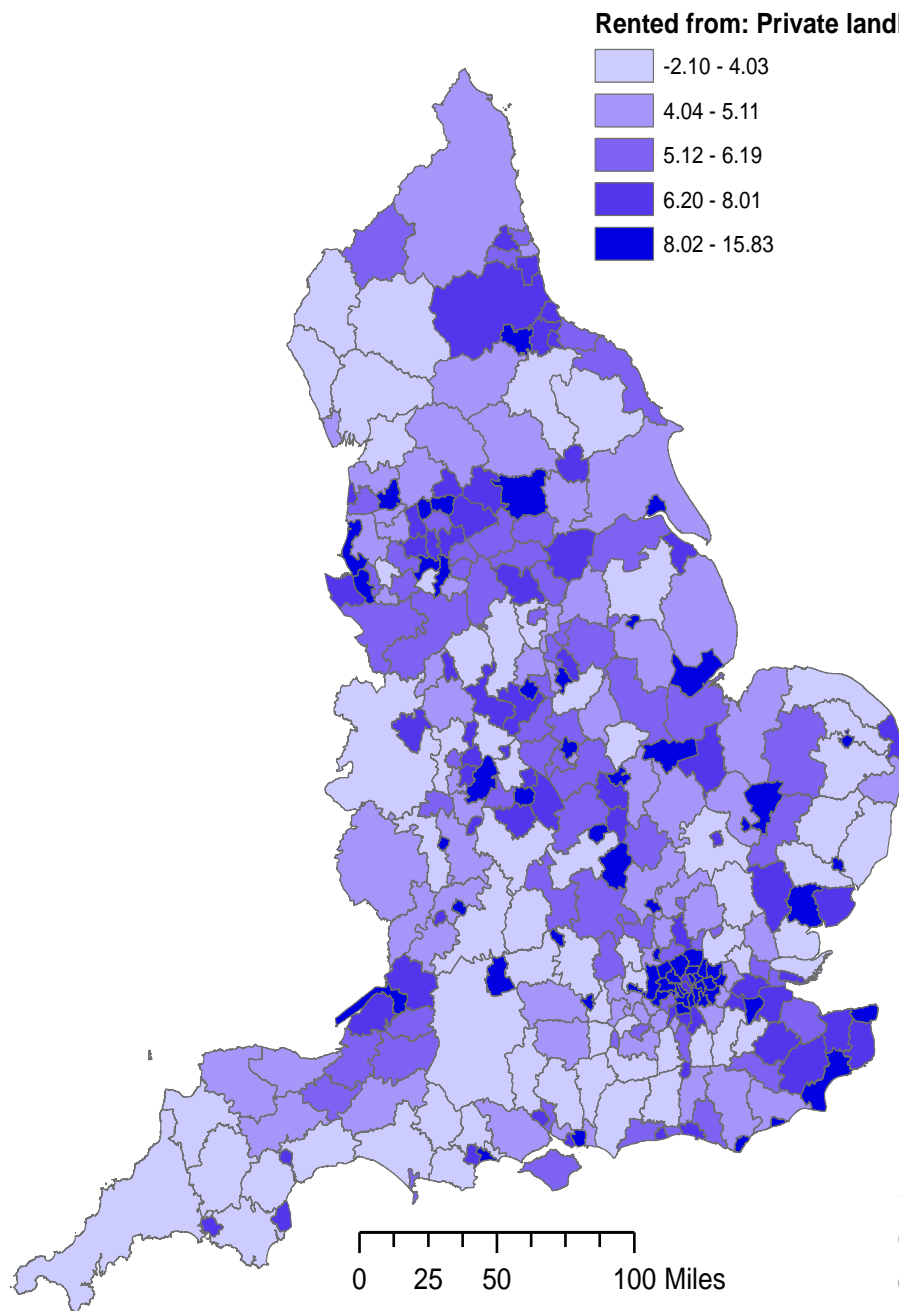
"From generation rent to generation buy"

"A greater Britain must mean more families owning a home of their own. It goes back to those Conservative beliefs, reward for hard work"

Has 'generation rent' been 'priced out'?

Generation Rent: Half a million people blocked from the property ladder since the Government launched Help to Buy (03/10/14)

Change in relative size of the private rented sector, 2001 to 2011, England, percentage points

Rented from: Private landlord or letting agency
- -2.10 - 4.03
- 4.04 - 5.11
- 5.12 - 6.19
- 6.20 - 8.01
- 8.02 - 15.83

Rented from: Private landlord or letting agency
- 4.60 - 7.04
- 7.05 - 9.19
- 9.20 - 9.89
- 9.90 - 11.41
- 11.42 - 15.83

Source: Author's calculation based on 2001 and 2011 censuses
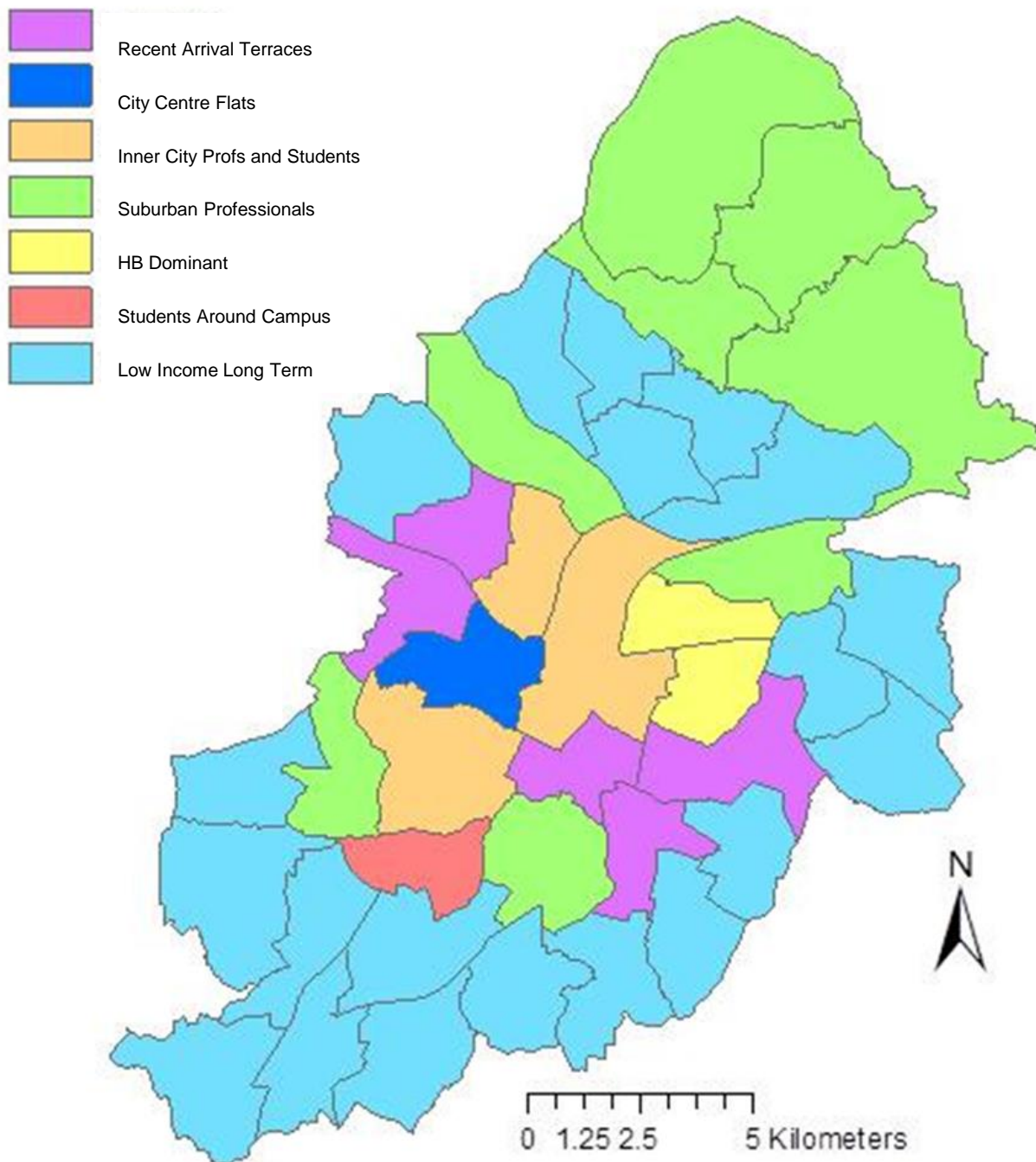
Drivers for the growth of private renting

- Key drivers for the growth of private renting at a local authority level include
  - Higher population growth (particularly students, multi-person households and recent arrivals)
  - Active labour markets
  - Stock availability (more property transactions)
- What happens within local authorities?

Investigating niches in Birmingham

- Builds on work of Rugg and Rhodes Review of PRS (2008)
- Define a niche as a distinctive spatial configuration of tenants, landlords and stock within the private rented sector
- What niches are found in the PRS in Birmingham?
- Methodology:
  - Geodemographic analysis of census data for household and stock at output area level (K means cluster analysis)
  - Housing Benefit data (April 2011) then added at ward level
  - Seven key variables derived from initial analysis (relating to PRS, households and stock)
- Key limitation: landlord data

Housing Benefit within PRS in Birmingham

- Housing Benefit (HB) claimants accounted for:
  - 38% of PRS in April 2011
  - 40 to 55% of growth of PRS in the city between 2001 and 2011
- Key trends within HB:
  - Younger households
  - Single persons households (40% of HB claimants)
  - Growth of in-work claimants (Pattison, 2012)
  - Smaller properties (e.g. 2/3 bed terraced)

Legend:
- Recent Arrival Terraces
- City Centre Flats
- Inner City Profs and Students
- Suburban Professionals
- HB Dominant
- Students Around Campus
- Low Income Long Term

Dominant niches in Birmingham at ward level:

- Recent Arrival Terraces
- City Centre Flats
- Inner City Profs and Students
- Suburban Professionals
- HB Dominant
- Students Around Campus
- Low Income Long Term

0 1.25 2.5   5 Kilometers

Niche summaries

	Number of wards	Proportion of households in the PRS in 2011	Proportion of growth of PRS between 2001 and 2011	Label
1	5	14.6%	12.6%	Recent Arrival Terraces
2	1	10.4%	14.2%	City Centre Flats
3	3	9.8%	8.6%	Inner City Professionals and Students
4	8	18.0%	16.6%	Suburban Professionals
5	2	4.8%	4.1%	Housing Benefit Dominant
6	1	5.1%	2.5%	Students Around Campus
7	20	37.4%	41.5%	Low Income Long Term

Key findings

- The PRS in Birmingham is very diverse
  - Spatial diversity
  - Rates of growth
- Diversity consists of both households and stock (potentially also landlords)
- Several niches are highly spatially defined
- The role of Housing Benefit and students challenges the 'priced out' narrative which dominates discussion of 'generation rent'
- At best, 'generation rent' provides a partial description of the growth of private renting

Conclusions and wider implications

- Highlights the diverse circumstances within the PRS
- Responses to this growth need to reflect the diversity within the PRS
- Local responses (e.g. licensing) will need to respond to different groups within the tenure
- Housing Benefit is very important for operation of PRS
- Welfare reform will be crucial for future of PRS
- Government focus on access to owner occupation doesn't reflect the realities of the PRS

Any questions?

Feel free to contact me

b.pattison@shu.ac.uk

@bmpattison

Cluster summaries

	1	2	3	4	5	6	7
PRS density (%)	23.8	45.6	31.0	8.5	17.3	42.6	10.6
HB density (%)	48.0	6.3	10.0	21.1	93.6	10.5	51.2
Terraced (%)	51.4	8.2	10.6	10.4	47.5	45.9	31.6
Flats (%)	11.9	79.4	48.2	14.1	10.7	9.5	16.8
Students (%)	10.3	23.2	32.7	3.1	9.3	53.2	4.5
Recent arrivals (%)	20.4	27.1	16.2	1.6	15.4	14.2	5.5