

Affordable for who?

According to Adzuna Swindon is “the most affordable place to rent in the UK”. Reality is somewhat different.

People in Swindon who rent in the private sector will have read with much amazement the assertion of Adzuna that Swindon is “the most affordable place to rent in the UK”. This assertion was supposedly based on a comparison of average salaries with average rents. According to the report in the Daily Mirror Adzuna said that the average rent in Swindon would only take up 11.5% of the income of two people sharing the rent equally and each earning an “average salary.”

Adzuna is a job advertising site. You can check what the average salary is in your town. However, the “average” is of the jobs that are advertised at any one time. When I first checked its website they suggested an average salary for Swindon of £38,732. So this “average” couple would earn between them £77,464. Looking today it shows an “average” of £41,500. In reality the average is much lower. According to the government's NOMIS website the average salary in Swindon in 2017 was £28,470 well short of the figure quoted by Adzuna. The English Housing Survey for 2016-17 estimated that the average outlay on rent for private tenants was 34% of household income. Nearly a quarter of private renters were recipients of housing benefit.

The fact that rents in Swindon are lower than places such as London, Oxford and Reading, doesn't mean that rents are easily affordable for people who live in the town. Comparing the average rent to the average earnings tells you little about the real situation. The Adzuna estimate ignores single people and takes no account of the fact that many people are in part-time jobs. Two people each earning an “average” wage does not apply to many households.

The HMRC data on earnings is usually a couple of years behind. The latest data available is for 2015-16. However, it gives you an indication of the spread of incomes in Swindon against which to compare the “average” couple apparently earning £77,464. The average earnings of taxpayers (non tax payers are not included so the real average income for the population overall would be lower) was £28,000. However, the median was only £21,600. Since the median is the middle point, 50% of 93,000 employees in Swindon earned less than that. Two people on the median would earn £43,200.

Rents rising above inflation

If you look at rents reported by the government's Valuation Office Agency the trend has long been one of rent increases way above the level of inflation. According to the VOA in March of this year the average rent was £716 a month or £8,592 a year. As you can see from Table 1 below the average lower quartile rent is £625 a month. The average increase of private rents over the last four years has been above 20%.

The steepest increases, however, have been in the cheapest, lower quartile rents, impacting especially hard on single people. Those who qualify for local housing allowance (LHA – the private sector equivalent of Housing Benefit) have found that the amount of rent

they have to pay, over and above LHA, has increased significantly. The government changed the rules so that people under 35 (without children) can only claim the shared accommodation rate (SAR); that is renting a room and sharing facilities. SAR provides only £276.03 a month. This means that somebody receiving the maximum LHA has to find slightly under £2,000 a year to cover their rent.

Young people are increasingly living in shared accommodation because they cannot afford the rent for a one bed flat/apartment. Even the lower quartile rent for a 1 bed increased by 22% over the past four years and was on average £550 pcm in March of this year.

Crisis of affordability

Swindon's housing situation has long been dominated by a crisis of affordability, be it for buying or renting. The Centre for Cities report suggested that the average cost of buying a house was more than 8 times earnings (see Swindon – the real picture, [Part 1](#) and [Part 2](#)) As these figures show it certainly is not one of the most affordable places to live in the country so far as rent is concerned. Far from it. One final point. The shortage of council housing (Swindon has [less council stock than six years ago](#)) is one of the reasons for the pressure in the private rental sector which enables landlords to push up rents way above the level of inflation. You can see the difference between council rents ('social rent') and private rent in Table 3. One of the consequences of these much higher rents is that where LHA is paid to private tenants it is more expensive than HB for council tenants.

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Table 1. Private sector rents in Swindon

	Year to March 2014	Year to March 2018	% increase
Room only			
Mean	£371	£459	23.7%
Lower Quartile	£340	£440	29.4%
Median	£370	£450	21.6%
Upper Quartile	£400	£500	25.0%
Studio flat			
Mean	£465	£541	16.3%%
LQ	£400	£475	18.75%
Median	£500	£550	10.0%
UQ	£500	£575	15.0%
One Bed			
Mean	£483	£606	25.5%
LQ	£450	£550	22.2%
Median	£475	£595	25.3%
UQ	£500	£650	30.0%
Two Bed			
Mean	£589	£704	19.5%

LQ	£550	£650	18.2%
Median	£585	£695	18.8%
UQ	£625	£750	20.0%
Three Bed			
Mean	£734	£865	17.8%
LQ	£650	£795	22.3%
Median	£725	£850	17.2%
UQ	£795	£900	13.2%
Four Bed			
Mean	£1,039	£1,200	15.5%
LQ	£850	£975	14.7%
Median	£950	£1,138	19.8%
UQ	£1,200	£1,295	7.9%
All			
Mean	£594	£716	20.5%
Lower	£495	£625	26.3%
Quartile	£575	£697	21.2%
Median	650	£775	19.2%
UQ			

Table 2. Comparison of private rent with local housing allowance Swindon

	LHA pcm	Rent pcm LQ	Shortfall pcm	Shortfall annual	Rent pcm Median	Shortfall pcm	Shortfall annual
Room only	£276.03	£440	£163.97	£1,956	£450	£173.97	£2,087.64
1 Bed	£475.54	£550	£74.46	£893.52	£595	£109.46	£1,313.52
2 Bed	£569.14	£650	£80.86	£970.32	£695	£142.46	£1,709.52
3 Bed	£703.25	£795	£91.75	£1,101	£850	£167.24	£2,006.88
4 Bed	£884.21	£975	£90.79	£1,089.48	£1,138	£253.79	£3,045.48

Table 3. Comparison of Council rent 2016-17 with LHA maximum

	Social rent pcm	LHA maximum	Difference
Bedsit	£290.33	£461.67	+ £171.34
1 Bed	£320.23	£461.67	+£141.44
2 Bed	£352.21	£552.54	+ £200.34
3 Bed	£378.95	£682.76	+ £303.19
4 Bed	£433.63	£858.47	+ £424.84