

Appendix A: City of York Living Rent

A1 City of York Living Rent Summary

Affordable Rents should in all cases meet City of York Living Rent expectations that:

- Rents are set in accordance with the government's Rent Standard and National Planning Policy Framework definitions, at up to 80% of market rent inclusive of service charge (for a new tenant)
- Rents are set at up to Local Housing Allowance rates as provided by central government, or
- In exceptional cases where robust viability evidence demonstrates that Local Housing Allowance levels would not be viable for a housing development, rents are set up a maximum of 35% of local low income levels for a relevant household (see A3 below)

A2 Evidence Review: Rents and Incomes

The Affordable Rent¹ tenure enables higher rates to be charged to support expansion in delivery of social housing. Homes provided under the scheme by Registered Providers, including the council, are fully eligible for Housing Benefit/Universal Credit Housing Element. The data that comprises the evidence base in this Appendix and reference figures for decision making will be indexed to relevant measures on an annual basis.

Affordable Rent levels are set up to a maximum of 80% of market rent, which can be significantly higher than traditional Social Rents, calculated via the Target Rents system. Affordable Rents must include any service charges. It is proposed to use a lower level in the City of York, taking into account local incomes and market rent levels.

¹ <https://www.gov.uk/government/publications/rent-standard>

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Social Rent is used as the required rented tenure for most Section 106 affordable housing through the planning process. In cases where there are exceptions to this, for example when national policy requires the use of Affordable Private Rent² which is a similar tenure to Affordable Rent, a similar evidence based policy approach is applied alongside viability and planning law considerations.

In the City of York it is recommended to use Affordable Rent for additional affordable supply only where it is clearly demonstrated that additional affordable homes are provided as a result. This is in view both of the exceptional need for affordable homes locally, and the estimated 60-65% of social housing tenants who will be in receipt of Housing Benefit / Universal Credit Housing Element.

There are a number of considerations to take into account in utilising Affordable Rent:

- An affordable rent may create financial challenges for households in lower paid employment if they are not entitled to Housing Benefit / Universal Credit Housing Element or in receipt of benefits and subject to a non-dependent deduction.
- If an Affordable Rent investment plan is agreed with Homes England, a certain number of re-lets across the landlord's entire stock may be expected to be re-let at the Affordable Rent level. There is no such agreement in place by the council currently however local RPs may be required to do this.
- Affordable rent is unlikely to be affordable to the lowest quartile of incomes unless in receipt of Housing Benefit / Universal Credit Housing Element.

² <https://www.gov.uk/guidance/build-to-rent> this is comparable to Affordable Rent in some respects, for Build to Rent purpose built private rental schemes

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In York, with its expensive private rentals market, a rent level set at 80% of market is not likely to be genuinely affordable. and any social landlord in York using Affordable Rent would need to utilise a lower percentage of market rent.

This is shown in the table below using recent market evidence, and a reference household earnings amount of £41,606, **reference income**: this is 1.5x the 2025 Lower Quartile full-time earnings for the City, of £27,737 as provided by the Office of National Statistics (using the Work Geography measure to represent lower paid employment in the City)³. A typical affordability benchmark is that housing cost below 30% or 35% of gross earnings.

A review of individual Rightmove lettings carried out recurrently and last updated during October 2024, provided evidence for the typical advertised market rent average for the York area. Lower end market rents for 3-bed properties were identified between £1,095/month and £1,400/month, or from 32% to 41% of reference income. Of relevant for new build develop rent setting however, new build examples range from £1,650/month to £1,990/month (48%-58% of reference income).

Property / rent type: advertised rents in York	Average rent	% of reference household earnings	Comments
3 bed average private rent property in York @ 100% of advertised market price	£1,812/month	53%	Most Affordable Rent homes will be new build. This may be higher still albeit there is significant variability within the whole-market advertised average.

³ <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/placeofworkbylocalauthorityashetable7>

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Property / rent type: advertised rents in York	Average rent	% of reference household earnings	Comments
Source: home.co.uk average advertised rent, March 2025			The dataset of new build only private rent properties in the City is too small to provide a meaningful reference point.
3 bed @ 80% of market price	£1,450/month	42%	Maximum permitted within tenure type however this is not recommended for the City of York.
3 bed @ 65% of market price	£1,178/month	34%	Approximately double equivalent social rent, but potentially affordable for lower income working households in many circumstances
3 bed @ 45% of market price	£815/month	24%	Likely to achieve sustainable affordability for higher value properties
City of York Local Housing Allowance (LHA) for a 3 bed property ⁴	£824.99/month	24%	Local Housing Allowance is here for comparison only as 'Affordable Rent' homes are still a form of social housing.

A3 Affordable Rent: evidence review summary

⁴ <https://www.york.gov.uk/LHARates>

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Affordable Rent within the City of York may be considered against three affordability thresholds, dependent on the property type and its individual valuation, as this can vary significantly between properties and schemes.

- 65% of typical market rent: risk of unaffordability, in particular for higher market value homes
- 45% of typical market rent: reduced potential for unaffordability
- Local Housing Allowance currently at 46% of typical market rent: wider affordability, and significantly below 35% of Reference Income

A3 Reference Income table by bedroom need as at February 2025

Bedroom need	Example lower income house type	Reference income (RI)	Monthly Rent: 35% of RI	Monthly Rent: LHA
1-bed	Single full-time Lower Quartile earnings	£27,737	£809	£674.99
2-bed	1.25 full-time Lower Quartile earnings	£34,671	£1,011	£775.02
3-bed	1.5x full-time Lower Quartile earnings	£41,606	£1,213	£824.99
4-bed	2x full-time Lower Quartile earnings	£55,474	£1,618	£1,199.98

Source: ONS Work based geography, annual full-time income for York

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/placeofworkbylocalauthorityashetable7>

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