

Dwelling Operating Budgets for Minimum Wage 2021

	1 Bedroom Flat						3 Bedroom House					
	1 tenant			2 tenants			1 tenant + 2 children			2 tenants + 2 children		
RENT												
Minimum wage ages (1)	18-20	21-22	23+	18-20	21-22	23+	18-20	21-22	23+	18-20	21-22	23+
Hourly minimum wage	6.56	8.36	8.91	6.56	8.36	8.91	6.56	8.36	8.91	6.56	8.36	8.91
Hours per tenant	9	9	9	6	6	6	7	7	7	7	7	7
Annual rent	3,070	3,912	4,170	4,093	5,217	5,560	2,388	3,043	3,243	4,776	6,086	6,486
<u>Comparison</u>												
Annual market rent (1)	13,068	13,068	13,068	13,068	13,068	13,068	22,248	22,248	22,248	22,248	22,248	22,248
Rent as % of market rent	23%	30%	32%	31%	40%	43%	11%	14%	15%	21%	27%	29%
Local Housing Allowance (LHA) (2)	9,574	9,574	9,574	9,574	9,574	9,574	14,360	14,360	14,360	14,360	14,360	14,360
Rent as % of LHA	32%	41%	44%	43%	54%	58%	17%	21%	23%	33%	42%	45%
COSTS												
Building insurance	200	200	200	200	200	200	250	250	250	250	250	250
Regulatory and safety	350	350	350	350	350	350	480	480	480	480	480	480
Equipment, maintenance, rent loss, other	1,450	1,450	1,450	1,450	1,450	1,450	2,000	2,000	2,000	2,000	2,000	2,000
Total	2,000	2,000	2,000	2,000	2,000	2,000	2,730	2,730	2,730	2,730	2,730	2,730
SURPLUS												
Surplus for re-investment	1,070	1,912	2,170	2,093	3,217	3,560	-342	313	513	2,046	3,356	3,756

(1) Rates of minimum wage effective from 1st April 2021

(2) Brighton and Hove City Council's Private Sector Rent and Local Housing Allowance Comparison Report August 2020
<https://www.brighton-hove.gov.uk/private-sector-rent-and-local-housing-allowance-comparison-reports-2019-2020>

(3) The Local Housing Allowance is the maximum financial help from the government towards private sector rent, via Housing Benefit or Universal Credit