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Rent  
Sector  
Study

# Housing associations and movement to target rents, 2004 to 2005

This Sector Study compares actual (net) rents to target rents as at 31 March 2004 and 31 March 2005 and examines the extent to which actual rents have moved towards target rents. It also describes the annual change in gross rents for the period 1 April 2004 to 31 March 2005.

## Key findings

- In 2005 the average actual rent (excluding service charges) for England was £62.05 and the average target rent was £64.37. At the national level the gap between the actual rent and target rent has closed from £2.87 in 2004 (target 4.9% higher than actual rent) to £2.32 in 2005 (target 3.7 % higher than actual rent).
- At the regional level there has been a continued movement towards target rents. In 2005, in all regions, with the exception of London, the difference between the regional average actual rent and the target rent was no more than 2.5%. In London the average target rent (£83.33) was 11.5% above the average actual rent (£74.76). However, this is a smaller percentage difference than in the previous year (14.7%).
- In London, in 2005, a significant proportion (13.0%) of the average target rents reported by individual HAs were above the rent cap. The rent cap, which varies by property size, limits the target rent on individual properties. This means, in effect, that the average actual rent for London does not need to make such a large upward adjustment to meet target. Other regions were less affected by the rent cap - in the South East only 2.3% of reported average target rents were higher than the rent cap and in all other regions the proportion was less than 0.5%.
- At the local authority area level, the number of local authorities where the HA average actual rent for two bedroom properties was within  $\pm$  5% of target rent rose to 185 out of 354 local authorities (52.3%) in 2005 from 164 (46.3%) in 2004. This improvement can be observed across all the regions.
- The number of local authorities where the HA average actual rent was more than 10% below target fell from 50 (14.1%) in 2004 to 37 (10.5%) in 2005. In 2005 over a third (37.8%) of such local authorities were in London.

- The number of local authorities where the HA average actual rent was more than 10% above target fell from 36 (10.2%) in 2004 to 27 (7.6%) in 2005. In 2005 more than a half of such local authorities were in the East Midlands (29.6%) or the North West (22.2%).

### Averages by local authority reported by individual housing associations

- A higher proportion of average actual rents reported by individual housing associations were within  $\pm 10\%$  of target rents in 2005 (70.1%) than in 2004 (63.1%). This improvement can be observed within all bedsizes.
- There is a clear relationship between bedsize and the likelihood that actual rents differ from target rents by more than  $\pm 10\%$ . Larger sized properties were more likely to have an actual rent that was higher than target by more than 10%. Smaller sized properties were more likely to have an actual rent that was lower than target by more than 10%, especially bedsits.
- Focusing on the differences between average actual and target rents for two bedroom properties (which form the largest proportion of stock):
  - In 2005 a higher proportion of average actual rents for two bedroom properties were within  $\pm 10\%$  of target (69.9%) than in 2004 (62.7%).
  - Very large-sized HAs (>10,000 units) reported the lowest proportion of average actual rents within  $\pm 10\%$  of target (63.8% in 2005), but had made the most progress over the year (from 53.3% in 2004). Large-sized HAs (5,000-9,999 units) reported the highest proportion of average actual rents within  $\pm 10\%$  of target (77.0% in 2005).
  - In 2005 a higher proportion of LSVT HAs reported average actual rents that were within  $\pm 10\%$  of target (78.3%) than non-LSVTs (68.8%). Non-LSVT HAs were more likely to report average actual rents that were more than 10% above target rent (16.5%) than LSVT HAs (8.6%).
  - In 2005 a higher proportion of non-BME HAs reported average actual rents that were within  $\pm 10\%$  of target (70.2%) than BME HAs (64.3%). BME HAs were more likely to report average actual rents that were more than 10% above target rent (21.4%) than non-BME HAs (15.3%).

## The annual change in gross rents

- Across all social general needs tenancies, the average gross rent increase over the year to 31 March 2005 was 3.7%. The guideline limit for 2004/05 was 3.3%, although in addition, net rents for individual properties were permitted to rise by an additional £2 if necessary, in order to progress towards target rent.

## Introduction

In April 2002 the Government introduced the rent-restructuring regime (Quality and choice: A decent home for all, DETR, 2000) with the aim of bringing greater coherence to rents in the social housing sector. From 1 April 2002 most housing associations (HAs) have been required to calculate a target rent for each of their social housing properties and to adjust the actual net rent to meet the target rent in real terms over a ten-year period.<sup>1</sup> At the end of the ten-year restructuring period rents on individual properties should normally be within a band of five percent either side of the target rent.

Housing associations calculate the target rent for each property using the formula and data set out in the Guide to Social Rent Reforms (DTLR, December 2000). The formula is based on a 70/30 split between relative county earnings and the relative value of each individual property, together with a bedsize weighting to help create differentials between property sizes. In order to mitigate the effect of the formula on a small proportion of properties in high value areas, all target rents are subject to a rent cap that varies by property size. In 2004/05 the rent cap was £90.62 for bedsits and one bedroom properties, £95.94 for two bedroom, £101.28 for three bedroom and £106.60 for four or more bedrooms. Both target rents and rent caps are set in relation to net rents, i.e., exclusive of service charges.

To avoid excessive year-on-year increases in rents whilst allowing gradual convergence between actual rents and target rents, the Government sets a guideline limit for rent increases in any one year of RPI (all items) +0.5 percent, although, in addition, individual property rents may change by up to a further plus or minus £2 per week to move towards target rents. For the period 1 April 2004 to 31 March 2005 the guideline limit was 3.3% (2.8% + 0.5%).

HAs are not compelled to increase actual rents to meet target rents (or rent caps), providing that they are able to fulfil their commitments to tenants, lenders and other stakeholders, as well as meeting future repairing obligations on their stock. By the same token, where target rents are lower than actual rents, HAs can reduce actual rents to meet target in less than ten years, providing they can continue to meet their commitments.

The analysis looks first at regional and local authority patterns of average actual and target rents and examines whether there has been a general movement towards target rents over 2004 to 2005; and second at the comparison between actual and target rents in both 2004 and 2005, with respect to property size and type and size of housing association. Finally, it describes the annual change in gross rents over 2004 to 2005.

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<sup>1</sup> The Government recognises that a very small proportion of HAs will be prevented for financial reasons from completing their restructuring within ten years. Those that are unable to do so are permitted, with agreement from the Housing Corporation, to adhere to restructuring plans that deliver as much progress as is considered possible. In addition some HAs (for example some LSVT HAs) have been permitted to defer the implementation of target rents although they should still aim to achieve target rent levels by the end of the implementation period in March 2012 if possible.

## Methodology

### Movement to target rent analysis (Tables 1 to 5 and Map 1)

- Data for target rent analysis are taken from Part I of the 2004/05 Regulatory and Statistical Return (RSR) and 2003/04 RSR.<sup>2</sup>
- Data from all HAs that reported their target rents in the long version of the RSR (Part I) and made a valid return are included.<sup>3</sup>
- Only self-contained stock is included.
- Data include social general needs housing.
- Estate Renewal Challenge Fund stock is included.
- Target rents are compared to net rents (average assured and secure weekly rents combined – service charges are excluded).
- All rent data are expressed in pounds (£s) per week.

### Increase in gross rents (Table 6)

- Data for rent increase analysis are taken from Part H of the 2004/05 RSR and 2003/04 RSR.
- Data from all HAs that completed the long version of the RSR (Part H) and made a valid return are included.
- Data include social general needs housing.
- Estate Renewal Challenge Fund stock is excluded.
- Rent increases cover the period 1 April 2004 to 31 March 2005. Percentage change in rents is calculated on gross rents, that is, average assured and secure weekly rents combined plus service charges eligible for housing benefit.
- All rent data are expressed in pounds (£s) per week.

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<sup>2</sup> Data are as reported by HAs.

<sup>3</sup> In general those HAs that own or manage more than 250 homes and/or bedspaces, including shared ownership dwellings, complete the long version of the RSR. LSVT HAs registered during the period April 1999 to 31 March 2001 were not required to report target rents in the 2003/04 RSR. LSVT HAs registered during the period April 2000 to 31 March 2001 were not required to report target rents in the 2004/05 RSR.

**Table 1 Average regional actual (net) rents and target rents (£s per week) at 31 March 2005 and 31 March 2004**

HC investment region	Average actual rent for	Average target rent for	Percentage difference <sup>a</sup>
	region	region	
	2005 2004 £	2005 2004 £	
London	74.76	83.33	11.5%
	70.17	80.48	14.7%
South East	71.73	72.45	1.0%
	67.30	68.43	1.7%
South West	62.33	61.52	-1.3%
	58.91	58.87	-0.1%
Central	58.99	60.48	2.5%
	56.32	58.30	3.5%
North	53.28	54.60	2.5%
	51.18	52.42	2.4%
England	62.05	64.37	3.7%
	59.25	62.12	4.9%

Notes

a. The difference is calculated by subtracting average actual rent from average target rent and is expressed as percentage of actual rent. A negative percentage indicates that the average actual rent is higher than the average target rent

**Regional average actual rents and target rents**

Comparison of the differences between average regional actual rents and target rents in 2004 and 2005 gives a broad indication as to whether actual rents are converging towards target rents. Table 1 describes average regional and national actual and target rents as at 31 March 2005 and 31 March 2004. The final column shows

how much of a difference exists between the regional (and national) average actual rent and target rent in 2005 and in 2004. The difference is calculated by subtracting the average actual rent from the average target rent and is expressed as a percentage of actual rent. A negative percentage indicates that the average actual rent is higher than the average target rent.

The data indicate that the pattern of convergence to target rents at the regional level observed over 2003 to 2004<sup>4</sup> has continued between 2004 and 2005. In 2005, in all regions, with the exception of London, the difference between the regional average actual rent and the target rent was no more than 2.5%. In London the average target rent (£83.33) was 11.5% above the average actual rent (£74.76). However, the percentage difference has fallen from 14.7% in 2004.

In London, in 2005, a significant proportion (13.0%) of the average target rents reported by individual HAs were above the rent cap. The rent cap, which varies by property size, limits the target rent on individual properties. This means, in effect, that the average actual rent for London does not need to make such a large upward adjustment to meet target. Other regions were less affected by the rent cap - in the South East only 2.3% of reported average target rents were higher than the rent cap and in all other regions the proportion was less than 0.5%.

At the national level the gap between the actual net rent and the target rent has closed from £2.87 in 2004 (target 4.9% higher than actual rent) to £2.32 (target 3.7% higher than actual rent).

## Differences in average actual rents and target rents for two bedroom properties by local authority area

Map 1 illustrates the variation in the differences between average actual and target rents across England at the local authority level as at 31 March 2005. Two bedroom properties are selected as an example because they form the largest proportion (36.0% in 2005) of self-contained target rent stock.

The difference for each local authority area is calculated by subtracting its average actual rent from its average target rent and is expressed as a percentage of the average actual rent. The map groups the average percentage differences for the 354 local authority areas into five bands:

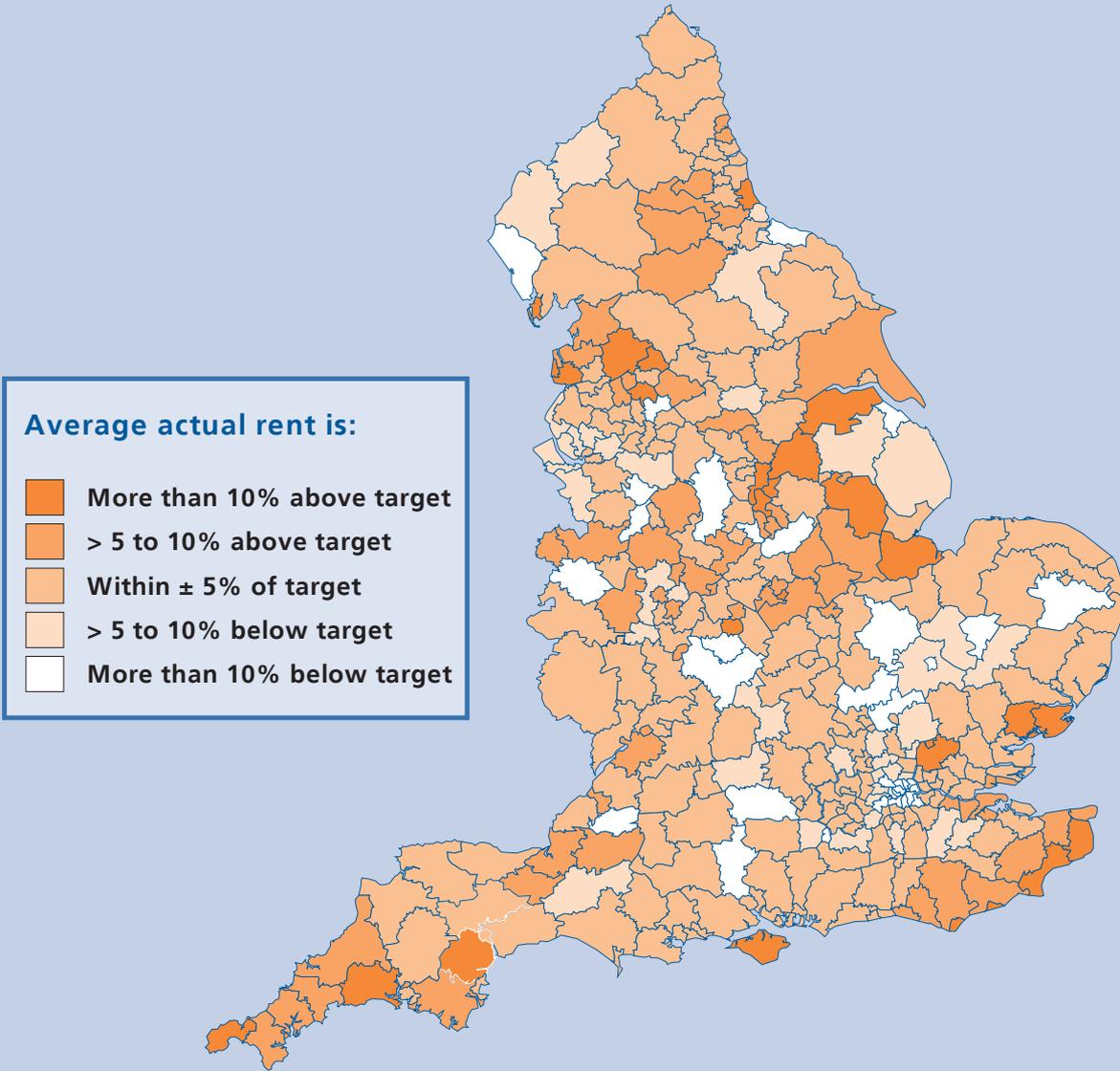
- Average actual rent is >10% above the average target rent  
Percentage of local authorities 2004: 10.2%  
Percentage of local authorities 2005: 7.6%
- Average actual rent is >5% to 10% above the average target rent  
Percentage of local authorities 2004: 18.4%  
Percentage of local authorities 2005: 17.5%
- Average actual rent is within  $\pm$  5% of the average target rent  
Percentage of local authorities 2004: 46.3%  
Percentage of local authorities 2005: 52.3%

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<sup>4</sup> See Sector Study 37 Housing associations and movement to target rents 2003 to 2004, Housing Corporation (2004).

**Map 1**

**Difference in average actual rents and average target rents for two bedroom properties by local authority area, 31 March 2005**



- Average actual rent is >5% to 10% below the average target rent  
Percentage of local authorities 2004: 11.0%  
Percentage of local authorities 2005: 12.1%
- Average actual rent is >10% below the average target rent  
Percentage of local authorities 2004: 14.1%  
Percentage of local authorities 2005: 10.5%

The number of local authorities where the HA average actual rent was within  $\pm 5\%$  of target rent rose to 185 out of 354 local authorities (52.3%) in 2005 from 164 (46.3%) in 2004. This improvement can be observed across all the regions. However, with the exception of London, every region had at least one local authority in every band of difference. None of the local authorities in London had an HA average rent that was more than 5% above the average target rent.

The number of local authorities where the HA average actual rent was more than 10% below target fell from 50 (14.1%) in 2004 to 37 (10.5%) in 2005. In 2005 over one-third (37.8%) of such local authorities were in London.

The number where the HA average actual rent was more than 10% above target fell from 36 (10.2%) in 2004 to 27 (7.6%) in 2005. In 2005 more than half of such local authorities were in the East Midlands (29.6%) or the North West (22.2%).

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<sup>5</sup> Two bedroom properties are selected as an example because they form the largest proportion of stock.

<sup>6</sup> It should be noted that each case represents an average that is based on varying quantities of stock. Depending on the degree of rental variation an HA has within each property size and local authority, the average may or may not be an accurate reflection of all their rents.

## Differences in average actual rents and target rents by property size and type and size of housing association

This section examines the differences between average actual and target rents in 2005 in comparison with 2004 by:

- Bedsize
- Size of HA (for two bedroom properties)<sup>5</sup>
- LSVT HAs and non-LSVT HAs (for two bedroom properties)
- BME and non-BME HAs (for two bedroom properties)

HAs report average target and actual rents by bedsize for each local authority area in which they own stock in Part I of the RSR. The unit of analysis used in Tables 2 to 5 is the percentage difference between the reported average actual and target rent. Thus an HA that owns two bedroom properties in six different local authority areas contributes six cases to the data presented in the tables. The percentage differences for each case are grouped into one of three categories:

1. Average actual rent is more than 10% above the average target rent
2. Average actual rent is within  $\pm 10\%$  of the average target rent
3. Average actual rent is more than 10% below the average target rent

Columns two to four of Tables 2 to 5 show the percentage of cases falling within each of the three categories of actual to target rent difference. The final column gives the number of cases<sup>6</sup> included in the analysis. Cases that fall within the middle category have an average actual rent that is already close to, or on target. Cases falling within the other two categories have an actual rent that requires more adjustment in order to converge with the target rent.

## Difference between average actual and target rents by bedsize

Table 2 gives a breakdown of the three categories of actual to target rent difference by size of property. It should be noted that there were a significantly lower number of cases reported for bedsits and one bedroom properties in 2005, compared to 2004 (22.4% fewer cases for bedsits and 13.6% fewer for one bedroom properties). The most likely explanation for this is the introduction of new definitions in the 2005 RSR<sup>7</sup>. In the 2004 RSR general needs housing included some dwellings classified as sheltered housing for older people. This type of housing mainly consists of bedsits and one bedroom properties. In the 2005 RSR the sheltered housing classification was abolished and dwellings that met certain design criteria moved out of the general needs category and into a new category, housing for older people. Thus the basis for comparison over 2004 and 2005 has changed, although it is mainly only bedsits and one bedroom properties that are affected.<sup>8</sup>

**Table 2 Difference<sup>a</sup> between average actual and target rents (percentage of cases<sup>b</sup> within each bedsize category) at 31 March 2005 and 31 March 2004**

Bedsize		Actual rent more than 10% above target rent	Actual rent within $\pm$ 10% of target rent	Actual rent more than 10% below target rent	Total number of cases
<b>Bedsits</b>					
	2005	10.1%	62.4%	27.5%	1097
	2004	8.8%	46.7%	44.6%	1414
<b>One bedroom</b>					
	2005	14.5%	67.8%	17.7%	3434
	2004	13.3%	59.8%	26.9%	3975
<b>Two bedrooms</b>					
	2005	15.6%	69.9%	14.5%	4041
	2004	16.4%	62.7%	21.0%	4260
<b>Three bedrooms</b>					
	2005	21.1%	67.2%	11.7%	3703
	2004	23.7%	61.5%	14.8%	3724
<b>Four-plus bedrooms</b>					
	2005	26.0%	61.0%	13.0%	2189
	2004	29.3%	54.9%	15.8%	2120
<b>All properties</b>					
	2005	16.2%	70.1%	13.7%	4692
	2004	15.8%	63.1%	21.1%	5117

**Notes**

a. The difference is calculated by subtracting average actual rent from average target rent and is expressed as percentage of actual rent.

b. Each case represents the difference between the average target rent and average actual rent reported by each HA for each of the local authority areas within which it owns stock.

<sup>7</sup> For more information about the new definitions and their impact on data collected in the 2005 RSR see "Impact of changes in definitions in supported housing and housing for older people between the RSR 2004 and 2005, Dataspring (2005)".

<sup>8</sup> It should be noted that the impact on the region and local authority averages described in earlier sections is very small since these averages are weighted by stock. In 2004 only 14.2% of general needs housing was classified as sheltered and not all of this stock moved into the new, housing for older people category in the 2005 RSR. Dwellings that did not meet the design criteria remained in general needs housing.

A higher proportion of average actual rents reported by individual housing associations were within  $\pm 10\%$  of target rents in 2005 (70.1%) than in 2004 (63.1%). This improvement can be observed within all bed sizes (see Column 3 of Table 2).

The data suggests that there was particularly rapid progress for bedsits (62.4% of reported actual rents were within  $\pm 10\%$  of target rent in 2005 compared to 46.7% in 2004). A certain amount of this progress may be attributable to the movement of stock, formerly defined as sheltered housing, out of the general needs category. However, further investigation of the data suggests that the improvement is not due to a loss of dwellings that had relatively large differences between the actual rent and target rent in 2004. Rather it is explained by the upward adjustment of average actual rents towards target.

### **Difference between average actual and target rents by size of housing association**

Table 3 gives a breakdown of the three categories of actual to target rent difference by size of HA for two bedroom properties. The data indicate that there has been a continued convergence to target rents within each size category of HA.

The most marked improvement was within the very large HA (>10,000+ units) category. The proportion of average actual rents that were within  $\pm 10\%$  of target rent increased from 53.3% in 2004 to 63.8% in 2005 - this is in contrast to the period 2003 to 2004 when there was very little change. Despite this progress, very large HAs reported the lowest

proportion of average actual rents within  $\pm 10\%$  of target. Large-sized HAs (5,000-9,999 units) reported the highest proportion (77.0% in 2005).

Small HAs (<1,000 units) made the slowest amount of progress towards target rents - in 2005 68.3% of reported average actual rents were within  $\pm 10\%$  of target rent, compared to 66.4% in 2004.

### **Difference between average actual and target rents for two bedroom properties by LSVT and non-LSVT housing associations**

Over 2004 to 2005 the proportion of average actual rents that were within  $\pm 10\%$  of target rent increased for both LSVT HAs and non-LSVT HAs (Table 4). Non-LSVT HAs made the most progress (68.8% of reported actual rents in 2005 compared to 61.2% in 2004), but the proportion was higher for LSVT HAs (78.3% in 2005). Most of this difference is accounted for by the relatively high proportion (16.5%) of the average actual rents reported by non-LSVT HAs being more than 10% above target rent, compared to LSVT HAs (8.6%).

**Table 3 Difference<sup>a</sup> between average actual and target rents for two bedroom properties (percentage of cases<sup>b</sup> within size<sup>c</sup> of HA category) at 31 March 2005 and 31 March 2004**

Housing association size	Actual rent more than 10% above target rent	Actual rent within $\pm$ 10% of target rent	Actual rent more than 10% below target rent	Number of cases
<b>Small (&lt; 1,000 units)</b>				
2005	15.3%	68.3%	16.4%	426
2004	14.4%	66.4%	19.2%	464
<b>Medium (1,000 – 4,999 units)</b>				
2005	10.4%	73.2%	16.3%	1398
2004	11.1%	66.3%	22.6%	1463
<b>Large (5,000-9,999 units)</b>				
2005	14.7%	77.0%	8.3%	723
2004	17.4%	72.0%	10.7%	788
<b>Very large (&gt;10,000+ units)</b>				
2005	20.9%	63.8%	15.3%	1494
2004	21.4%	53.3%	25.2%	1545
<b>All Sizes</b>				
2005	15.6%	69.9%	14.5%	4041
2004	16.4%	62.7%	21.0%	4260

**Notes**

a. The difference is calculated by subtracting average actual rent from average target rent and is expressed as percentage of actual rent.

b. Each case represents the difference between the average target rent and average actual rent reported by each HA for each of the local authority areas within which it owns stock.

c. HA size is calculated on ownership of stock (units and bedspaces, including leasehold housing where less than 100% of the equity has been purchased, but excluding leasehold housing where 100% of the equity has been purchased and excluding staff units).

Source: RSR Parts A and B.

**Table 4 Difference<sup>a</sup> between average actual and target rents for two bedroom properties (percentage of cases<sup>b</sup> within LSVT<sup>c</sup> and non-LSVT categories) at 31 March 2005 and 31 March 2004**

Type of housing association		Actual rent more than 10% above target rent	Actual rent within $\pm 10\%$ of target rent	Actual rent within $\pm 10\%$ of target rent	Number of cases
LSVT					
	2005	8.6%	78.3%	13.1%	489
	2004	11.3%	74.6%	14.1%	476
Non-LSVT					
	2005	16.5%	68.8%	14.7%	3,552
	2004	17.0%	61.2%	21.9%	3,784
All types					
	2005	15.6%	69.9%	14.5%	4,041
	2004	16.4%	62.7%	21.0%	4,260

#### Notes

a. The difference is calculated by subtracting average actual rent from average target rent and expressed as percentage of actual rent.

b. Each case represents the difference between the average target rent and average actual rent reported by each HA for each of the local authority areas within which it owns stock.

c. LSVT HAs registered during the period April 1999 to 31 March 2001 were not required to report target rents in the 2003/04 RSR. LSVT HAs registered during the period April 2000 to 31 March 2001 were not required to report target rents in the 2004/05 RSR.

### **Difference between average actual and target rents for two bedroom properties by BME and non- BME housing associations**

BME HAs and non-BME HAs both continued to make progress towards target rents over 2004 to 2005 (Table 5). In 2005 non-BME HAs reported a higher proportion of average actual rents within  $\pm 10\%$  of target (70.2%) than BME HAs (64.3%). Virtually all of this

difference is accounted for by the relatively high proportion (21.4%) of the average actual rents reported by BME HAs being more than 10% above target rent, compared to non-BME HAs (15.3%).

**Table 5 Difference<sup>a</sup> between average actual and target rents for two bedroom properties (percentage of cases<sup>b</sup> within BME and non-BME categories) at 31 March 2005 and 31 March 2004**

Type of housing association		Actual rent more than 10% above target rent	Actual rent within $\pm$ 10% of target rent	Actual rent within $\pm$ 10% of target rent	Number of cases
<b>BME</b>					
	2005	21.4%	64.3%	14.3%	168
	2004	24.0%	60.6%	15.4%	175
<b>Non-BME</b>					
	2005	15.3%	70.2%	14.5%	3873
	2004	16.0%	62.7%	21.2%	4085
<b>All types</b>					
	2005	15.6%	69.9%	14.5%	4041
	2004	16.4%	62.7%	21.0%	4260

**Notes**

a. The difference is calculated by subtracting average actual rent from average target rent and expressed as percentage of actual rent.

b. Each case represents the difference between the average target rent and average actual rent reported by each HA for each of the local authority areas within which it owns stock.

## Changes in rents

HAs were required to keep annual individual rent increases within a limit of RPI+0.5% (2.8+0.5=3.3%). In addition, HAs were permitted to change individual net rents by up to an extra plus or minus £2.00 per week if the actual rent differed from the target rent. Across all social general needs tenancies, the average gross rent increase

over the year to 31 March 2005 was 3.7%. This means that on average, changes in HA rents were within the set bounds, particularly since at the national level, there needs to be an upward adjustment to meet target and therefore the overall increase should be slightly above RPI + 0.5%.

**Table 6: Average assured and secure gross<sup>a</sup> rent**

No. of HAs	2004		No. of HAs	2005		2004/05 Increase
	Social general needs stock (total units)	Average gross rent		Social general needs stock (total units)	Average gross rent	
497	1,540,036	£61.21	490	1,430,539	£63.46	3.7%

### Notes

a. Average gross rent increase includes service charges eligible for housing benefit.

## Conclusion

A comparison of the differences between average actual rents and average target rents in 2004 and 2005 indicates that, as in the previous twelve-month period, actual rents have continued to converge to target rents. This can be observed at the national, regional and local authority level, as well as at the level of average rents by local authority that are reported by individual housing associations.

London continues to stand out as having a relatively high proportion of local authorities with an average actual rent that will need to increase by more than 10% in order to meet target. However, in some cases the target rent on an individual property will be subject to the rent cap, which means that the actual rent will need less of an adjustment. In addition, HAs are not compelled to increase actual rents if they can demonstrate that they can fulfil their commitments to tenants, lenders and other stakeholders, as well as meeting future repairing obligations on their stock. There are areas where actual rents will need to decrease by more than 10% in order to meet target, particularly in the East Midlands and the North West, although even here there has been progress over 2004 to 2005. The Housing Corporation's work on assessing the financial viability of HAs, and the extent to which HAs have approached the Corporation with concerns over their ability to comply with expectations on rent influencing, suggests that on the whole they are able to cope with the required decreases.

A detailed examination of actual to target rent differences for two bedroom properties, by size and type of HA shows that progress has been made throughout the sector. Very large HAs reported the lowest proportion of average actual rents that were within  $\pm$  10% of target, but had made the greatest amount of progress since the previous year. Non-LSVTs were more likely to report average actual rents that were more than 10% above target rent than LSVTs, and BME HAs were more likely to report average actual rents that were more than 10% above target rent than non-BME HAs.

At the national level the overall increase in gross rents, at 3.7%, indicates that, overall, HAs have made adjustments to net rents without breaching the guideline limit of 3.3% plus £2.00.

## Further information

This Sector study was written by Wendy Solomou of Dataspring, Cambridge Centre for Housing and Planning Research, Department of Land Economy, University of Cambridge.

This Sector Study can be obtained from the following websites:

[www.housingcorp.gov.uk](http://www.housingcorp.gov.uk)

[www.rsrsurvey.co.uk](http://www.rsrsurvey.co.uk)

[www.dataspring.org.uk](http://www.dataspring.org.uk)

Further information on the Sector Study series can be obtained from Siobhan McHugh, Sector Analyst, Regulation Division, on 020-7393 2024 or email [siobhan.mchugh@housingcorp.gsx.gov.uk](mailto:siobhan.mchugh@housingcorp.gsx.gov.uk)