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Evolution of rent caps

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TSA TENANT SERVICES AUTHORITY

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Summary

1. Objectives

The regulatory requirements on rents set in place in the rent influencing regime in Circular 30/01 set out details of rent caps to be applied to higher rented properties in order to dampen the effect of high capital values on affordability. The Three-Year Review introduced additional bedroom weightings for larger properties (i.e. five and six plus bed sizes) with associated higher rent caps from 2006/07.

This paper updates and builds on previous analyses[1] to present the current picture. The main objectives are:

- to show how rent caps have affected rent determination since the rent restructuring regime was introduced;
- to clarify how the numbers potentially affected have changed;
- to assess the extent to which the introduction of a larger number of property size bands and higher rent caps has reduced the incidence of rent caps.

2. Methods

To test for the extent to which rent caps can potentially affect rent determination, the best approach, given the data, is to estimate the numbers of dwelling units owned by each housing association (HA) where their local authority (LA) average for the appropriate property size is at or above the relevant rent cap. This does not give an exact figure but provides a good estimate of where the constraints are likely to apply.

The analysis also looks at average rents which are close to the rent cap and therefore where some properties may potentially be affected.

This analysis has been carried out for 2002/03, the time when the target rent/rent cap regime was implemented, for 2005/06, just before the introduction of the additional bedroom sizes to the cap regime, 2006/07, and 2007/08 – the latest data available.

[1] Cao and Whitehead (2007) *The Use of Rent Caps in Rent Restructuring Regime, 2005/06 and 2002/03,* unpublished Dataspring report: Cambridge Centre for Housing and Planning Research and Banks and Whitehead (2008) *Property size and rent caps*, TSA, London (published on www.dataspring.org.uk).

3. Findings

Table 1: Summary of findings

Year	Number of units above the rent cap	Number of Local Authorities affected	Number of Local Authorities with >100 units affected	Number of HAs with units affected	Number of units within £5 of the relevant cap*	Proportion of 4+ bed units affected
2002/03	4,396	107	13	81	10,000	47%
2005/06	2,170	82	5	62	8,000	56%
2006/07	1,522	83	2	59	6,900	40%
2007/08	2,294	81	7	62	5,900	29%

* These figures are rounded to the nearest 100 units

Table 1 shows a summary of key findings in each of the four years discussed in this paper.

The number of dwellings where HA rents at LA level were above the relevant rent cap has declined since the rent cap regime was introduced, from 4.396 in 2002/03 to 2,294 in 2007/08 (48%) which to some extent can be associated with the new higher caps for larger properties (four, five and six or more bedrooms) introduced in 2006/07. The total figure did however increase by 772 units between 2006/07 and 2007/08 due to large increases in the number of properties above the rent cap in three LAs in particular (Basildon, Hackney and Hounslow), all of which saw an increase of over 100 units.

Although the proportion of four plus bed units within all properties above the rent cap had decreased since 2002/03 (from almost half to just under a third in 2007/08) a disproportionate number of units are still affected particularly within these larger bed size categories.

In 2002/03 there were 107 HAs with one or more affected units and by 2007/08 this figure had dropped to 81. By 2006/07 the number of LAs with more than 100 units above the rent cap had decreased from 13 (2002/03) to just 2. However, this figure increased again in 2007/08 to 7 LAs. In all years, units were heavily concentrated in London (and to a much lesser extent in the other Southern regions).

The numbers of HAs with stock above the rent cap in one or more LA area had also declined since 2002/03, from 81 to 62 in 2007/08.

In terms of units close to the relevant rent cap (within £5), and therefore those which could potentially be affected, the figure decreased significantly by 2007/08 and stood at around 5,900 units (a decrease of 41% since 2002/03).

1. The question

The regulatory requirements on rents set in place in the rent influencing regime in Circular 27/01 states that housing associations (HAs) should keep their annual increases to no more than the set guideline. This guideline clarifies maximum average increases per annum of RPI +0.5%; and specific dwelling rent changes of no more than RPI +0.5% ± £2 to enable adjustment to target rents by 2011/12 (although the Three-Year Review of Rent Restructuring included requesting HAs to ignore the downward constraint where necessary). In addition, Circular 30/01 sets out details of rent caps to be applied to higher rented properties in order to dampen the effect of high capital values on affordability. Rent caps are set by bedroom size. They therefore constrain both the absolute levels of rents and the maximum relative rents between property sizes. Rent caps rise by RPI +1% per annum. The Three-Year Review introduced higher bedroom weightings for larger properties (i.e. five and six plus bed sizes) with associated higher rent caps from 2006/07.

The objective of this paper is to show how the position has changed since the Rent Restructuring regime was introduced; to give some understanding of the magnitude of the impact of rent caps on rent determination; and to assess the extent to which the introduction of a larger number of property size bands and higher rent caps has reduced the problem.

The paper also looks at where the rent caps bite and whether the impact is concentrated among a particular range of property sizes. Table 2 sets out the rent caps from 2002/03, when the regime was first introduced, through to 2007/08, the latest year for which data are available. The rents against which the rent caps apply are net of service charges. Service charges are dealt with separately in the rent restructuring regime.

Table 2: Rent caps specified in the rent regulation regime

	Rent cap 2002/03	Rent cap 2005/06	Rent cap 2006/07	Rent cap 2007/08
Bedsits and one bedroom	£85	£94.34	£97.83	£102.33
Two bedroom	£90	£99.87	£103.57	£108.33
Three bedroom	£95	£105.43	£109.33	£114.36
Four plus bedroom	£100	£110.97	n/a	n/a
Four bedroom	n/a	*£110.97*	£115.08	£120.37
Five bedroom	n/a	*£116.52*	£120.83	£126.39
Six plus bedroom	n/a	*£122.07*	£126.59	£132.41

Note: Rent caps for five and six bedroom properties although available for 2005/06 are only applicable from 2006/07.

In previous research, on which this paper provides an update, the extent to which potential rent caps were concentrated among larger property sizes was discussed

(Cao and Whitehead (2007)[2]. Now that data on larger properties are available, our focus is based particularly on the impact of rent caps on four, five and six plus bed properties and their rents.

Rent figures are reported in the Regulatory and Statistical Return (RSR), an annual census of associations registered with the TSA and their stockholdings, and these rents are broken down by local authority (LA) area and by property size up to six plus bedrooms for the latest year. To test for the extent to which rent caps can be expected to result in rent adjustments the best approach is to estimate the numbers of dwelling units which are owned by HAs where their LA average for the appropriate property size is at or above the relevant rent cap. This analysis has been carried out for 2002/03, the time when the target rent/rent cap regime was implemented, 2005/06, for 2006/07 when the new bedroom sizes were introduced and 2007/08 – the latest data available. In addition, it is useful to clarify the number of dwelling units where actual rents are close to the rent cap to assess the potential impact of the regulation. We have therefore estimated the number of units where average rents by HA at the LA level were within £5 of the rent cap in the same years. The analysis can only be indicative because it is based not on individual rents but on the average rent set by the HAs by bedsize in each LA area.

2. The position in 2002/03

The analysis showed that on March 31st 2003 there were 4,396 dwellings where the average rent was greater than or equal to the relevant rent cap. Some 65% of these dwellings, 2,838 units, were located in 13 local authorities where there were more than 100 units in the relevant category. Two of these areas included more than 500 units. There were 20 local authority areas where only one unit was in the category and a further 38 with fewer than ten units affected. 37 other local authority areas had between ten and 100 units. The CR_4 i.e. the proportion of properties of the total stock in the top four areas was 43%; the CR_{10} was 60%; and the 13 authorities with more than 100> units accounted for two thirds of the relevant stock.

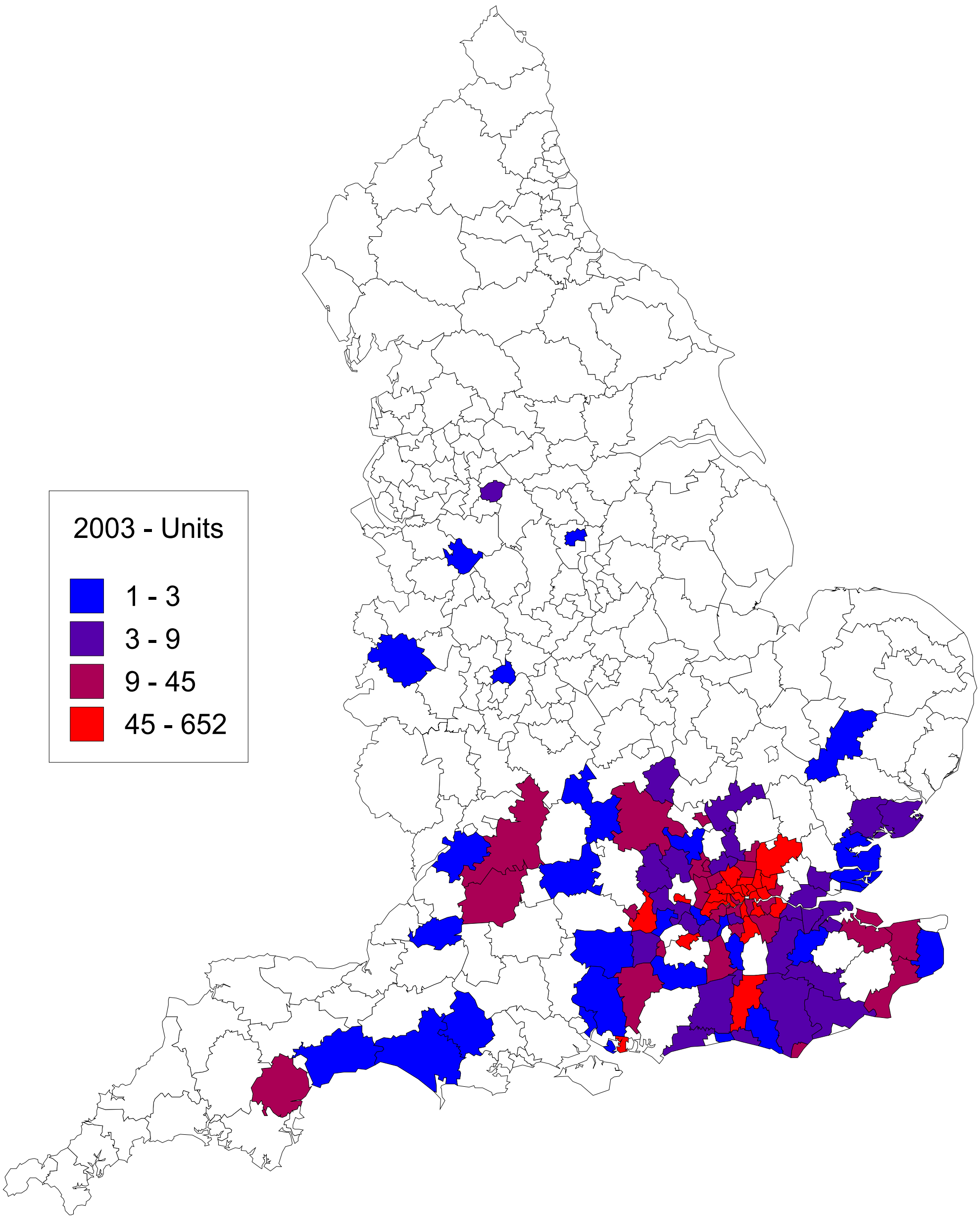
Table 3 identifies those local authorities with more than 100 cases. All but one was within the Greater London Authority (GLA) area; the other was in Epping Forest which is just outside London. The area with the highest number of cases outside London and the South East was Cotswold, 38th on the list of 107 authorities, with 16 units in this category. Map 1 shows the spatial distribution of all the 4,396 units by quartile.

[2] Cao and Whitehead (2007) *The Use of Rent Caps in Rent Restructuring Regime, 2005/06 and 2002/03,* unpublished Dataspring report: Cambridge Centre for Housing and Planning Research.

Table 3: LAs with more than 100 HA properties with average rents > than rent cap, 2002/03

Croydon	652		Haringey	113
Camden	567		Westminster	108
Hackney	437		Waltham Forest	107
Tower Hamlets	218		Brent	104
Barnet	149		Islington	104
Bexley	143		Epping Forest	101
Redbridge	139			

Map 1: Distribution of the 4,396 dwellings where the average rent was greater than or equal to the relevant rent cap by quartile, 2002/03



Appendix 1 lists the full set of authorities by the numbers of dwellings where average rents for the property size by HA were at or above the rent caps. It also shows the proportion of total stock directly affected by rent caps. Six authorities: Croydon, Camden, Woking, Wokingham, Redbridge and Epping Forest had proportions of stock affected greater than 5%. Interestingly Woking and Wokingham in the South East were the two highest in proportional terms.

Table 3 shows the 4,396 dwellings categorised by property size, the number of LAs in which properties occur and the number of HAs owning such properties. There were very few cases among bedsits and one bedroom properties and even two bed properties accounted for only 14% of all cases. Most of these dwelling rents will be outliers of one kind or another, reflecting variations in rent determination rules across HAs. The numbers of cases in these categories could be expected to decline rapidly under the rent restructuring regime. It is only among three and four plus properties that there was evidence in 2002/03 that the rent cap had a real effect in relation to the general formula. In the case of four plus bedrooms over 40% of LAs had some cases where average rents were above the rent cap. While many of these may have been outliers, others reflected situations in which rents would have been higher on the rent restructuring formula but for the rent cap principles behind the policy – i.e. larger households are likely to require lower rents in order to achieve affordability.

Table 4: Possible occurrence of rent caps by property size, 2002/03

		No. of LAs	No. of HAs	No. of dwellings	Rent caps by size category (%)
Bedsits	£85	3	3	66	2
One bed	£85	8	8	139	3
Two bed	£90	49	24	618	14
Three bed	£95	85	33	1,524	35
Four bed plus	£100	163	65	2,049	47

The numbers of HAs affected by rent caps were relatively small. Overall there were 81 HAs with stock in one or more areas. Table 3 shows the number of HAs affected by property size. This number increased with property size but it is also clear that some HAs had stock affected in more than one property size.

Table 5: Number of LAs in which HA average net rents per annum are greater than or equal to rent caps by property size (top ten HAs), 2002/03

HA name	Bedsits	1 bed	2 bed	3 bed	4+ bed	Total LAs
Hyde			3	5	13	20
Housing 21		1	8	15	2	19
Asra Greater London				4	14	15
English Churches	1		6	4	1	12
Ujima				3	10	12
Warden			4	2	9	11
London & Quadrant HT				1	9	10
Network		1	2	1	6	9
Shaftesbury	1		2	6	2	9
Presentation					7	7

Table 5 shows the ten housing associations with stock affected in the largest number of local authority areas. This again clearly illustrates the tendency for rent caps to mostly affect larger property sizes with only irregular occurrence in the bedsit and one bed property sizes.

Appendix 2 provides the full list of HAs affected and the number of LAs where they hold relevant stock by property size. It shows that for the smallest units (bedsits and one bed) no HA held such stock in more than one LA. With respect to two bed units there were only two HAs that have stock in five or more LAs. There were only four such HAs with stock in five or more LAs for three bed units. There were only eight with four bed plus in five or more areas. Table 6 lists the seven HAs which have stock in more than ten LAs. All of these HAs, unsurprisingly, have large stock holdings in London and the South East.

Table 6: HAs with stock average rents > than cap in ten or more local authorities, 2002/03

	HA code	No. of LAs
1.	LH0032	20
2.	L0055	19
3.	L3534	15
4.	LH0724	12
5.	LH2967	12
6.	L0658	11
7.	LH0115	10

Finally, there were some 10,000 units where the average rent was within £5 of the rent cap for the relevant size category. These were concentrated among three bed units, and accounted for less than 1% of the total stock.

Overall therefore, in 2003 the picture was straightforward. There were fewer than 5,000 units located in districts where HAs had average rent for that property type, at

LA level, at or over the rent cap. These properties were concentrated among larger units, and especially among four plus bed properties. They were also concentrated among a relatively small number of LAs; in London and the South East; and particularly in a small number of HAs.

3. Main findings for 2005/06[3]

By 2005/06 the numbers of properties in areas where the district average for the relevant property size was above the rent cap had fallen to 2,170, i.e. by just over 50% since the introduction of the policy. Some 48% of these properties were in the top five authorities, the only ones with 100 or more dwellings affected. The CR_4 was 44%; the CR_{10} which actually includes all those with 50 units or over, was 67%. Thus the concentration of cases at or above the rent cap across authorities had increased slightly. All five LAs with 100 units or more were in London, as indeed were the top ten.

Table 7: Number of LAs, HAs and dwelling by property size, 2005/06

		No. of LAs	No. of HAs	Dwelling Nos.	Rent caps by size category (%)
Bedsits	£94.34	1	1	1	---
One bed	£94.34	7	7	166	8
Two bed	£99.87	33	18	326	15
Three bed	£105.43	40	23	458	21
Four bed +	£110.97	44	46	1,219	56

The overall pattern with respect to local authorities was similar to that in 2002/03, although the numbers involved had declined in line with the overall numbers of units and was even more heavily concentrated in London and the South East. The numbers of HAs had declined but to a lesser extent. The overall pattern with respect to units was more concentrated in four plus bed units and less in three bed units. Overall therefore the picture was of fewer outliers and a somewhat different pattern of three versus four plus bed dwellings. It is this pattern that led to the change in regulation at the top end of the property sizes, extending the range so that five and six plus bed units were separately identified with higher rent caps.

In 2005/06 there were some 8,000 units within £5 of the relevant rent cap concentrated among three bed units. This was 20% fewer than in 2002/03.

[3] Full findings from 2005/06 were produced in *Cao and Whitehead (2007) The Use of Rent Caps in Rent Restructuring Regime, 2005/06 and 2002/03.* Unpublished Dataspring report, Cambridge: Cambridge Centre for Housing and Planning Research.

4. Main findings in 2006/07[4]

In 2006/07 the numbers of properties in areas where the district average for the relevant property size was above the rent cap had fallen further to 1,522, i.e. by over 65% since the introduction of the policy, or 30% since 2005/06. Some 38% of these properties were in the top five authorities. The CR_4 was 34%; the CR_{10} was 56%.

Table 8: Number of LAs, HAs and dwelling by property size, 2006/07

	Rent Caps	No. of LAs	No. of HAs	Dwelling numbers	Percentage of total rent caps	Percentage of total stock
Bedsits	£97.83	4	4	8	0.5%	0.04%
One bed	£97.83	7	6	83	5.5%	0.03%
Two bed	£103.57	31	17	393	25.8%	0.07%
Three bed	£109.33	37	22	438	28.8%	0.08%
Four bed	£115.08	40	29	390	25.6%	0.8%
Five bed	£120.83	18	16	127	8.3%	2.9%
Six bed plus	£126.59	26	27	83	5.5%	8.4%

In 2006/07, there were 83 authorities with one or more properties affected, one more than in 2005/06 but a reduction from the number in 2002/03 (107). Of these, 21 authorities (25%) had only one and a further 35% had fewer than ten units affected. Thus, 33 (40%) authorities had between ten or more units.

The overall pattern of dwellings within local authorities was similar to that in 2002/03 although the numbers involved obviously declined. The incidence of potential rent caps was even more heavily concentrated in London and the South East. The number of HAs had also declined but to a considerably lesser extent. The overall pattern with respect to units, despite falling numbers, was quite similar to earlier years, with more cases in the larger property sizes.

In 2006/07 there were almost 6,900 units within £5 of the relevant rent cap concentrated among three bed units. This was 31% fewer than in 2002/03 and 14% less than 2005/06.

5. The picture in 2007/08

In 2007/08 the numbers of properties in areas where the district average for the relevant property size was above the rent cap had increased to 2,294, a rise of 51% since the previous year. This increase was mainly due to three LAs (Basildon, Hackney and Hounslow) among which properties above the rent cap increased by 297, 285 and 112 units respectively. However, since the introduction of the policy in 2002/03, the overall total had decreased by 48%.

[4] Full findings for 2006/07 can be found in *Banks and Whitehead (2008) Property size and rent caps*, TSA, London, Published on www.dataspring.org.uk

Some 57% of these properties were in the top seven authorities, the only ones with 100 or more dwellings affected. The CR_4 was 43%; the CR_{10} was 67%. Thus the concentration of cases at or above the rent cap across authorities has increased.

It was the particular concentration in four plus bedroom properties in 2005/06 that led to the change in regulation at the top end of the property sizes, extending the range so that five and six plus bed units were separately identified and have higher rent caps.

The RSR 2007/08 dataset identifies 58,381 four plus bedroom dwellings owned by HAs as at 31 March 2008 (Table 9). Within this total 4,703 (8%) were five bedroom units and 1,104 (2%) were six plus bedroom units. In total four plus bedroom units accounted for only 4% of the total general needs stock held on that date. Only 0.07% had six bedrooms or more.

Table 9: Four plus bedroom stock by region in England, 2007/08

Region	4 bed	5 bed	6+ bed	General needs	4 bed	5 bed	6+ bed
London	13,442	1,721	452	259,001	5.19%	0.66%	0.17%
South East	5,995	228	47	230,713	2.60%	0.10%	0.02%
South West	3,303	162	37	135,626	2.44%	0.12%	0.03%
East Midlands	2,252	159	44	94,044	2.39%	0.17%	0.05%
East of England	4,949	393	88	176,711	2.80%	0.22%	0.05%
West Midlands	5,528	610	155	183,502	3.01%	0.33%	0.08%
Yorkshire & Humber	3,839	464	84	123,561	3.11%	0.38%	0.07%
North East	2,626	246	17	106,673	2.46%	0.23%	0.02%
North West	10,640	720	180	309,282	3.44%	0.23%	0.06%
England	**52,574**	**4,703**	**1,104**	**1,619,113**	**3.25%**	**0.29%**	**0.07%**

Table 10 shows the numbers of properties where average rents exceeded the rent cap, again focusing on four plus bedroom dwellings. In terms of larger dwellings the increase since 2006/07 was relatively small. In 2007/08 there were 664 four plus bedroom properties with average rents exceeding the rent cap (64 cases more than the previous year). This is, however, a reduction of 49% when compared to the figure for 2005/06 (1,219 cases) and therefore it is clear that the new larger size rent caps have played a key role in reducing the total numbers of units potentially affected by the rent cap.

Table 10: Four plus bedroom stock where average rents exceeded the rent cap by region in England, 2007/08

Region	4bed	5bed	6+bed	Total units exceeding rent cap	4bed	5bed	6+bed
London	397	128	71	1,719	23.09%	7.45%	4.13%
South East	31	5	10	168	18.45%	2.98%	5.95%
South West	11	2	1	34	32.35%	5.88%	2.94%
East Midlands	0	0	0	0	n/a	n/a	n/a
East of England	4	1	1	364	1.10%	0.27%	0.27%
West Midlands	1	0	1	9	11.11%	0.00%	11.11%
Yorkshire and the Humber	0	0	0	0	n/a	n/a	n/a
North East	0	0	0	0	n/a	n/a	n/a
North West	0	0	0	0	n/a	n/a	n/a
England	**444**	**136**	**84**	**2,294**	**19.35%**	**5.93%**	**3.66%**

It is also clear that a disproportionate number of particularly four bed units continue to have rents that may be above the rent cap and that these are heavily concentrated in London and to a lesser extent in the other Southern regions. More generally the four plus bedroom stock makes up almost 30% of all those above the cap.

Looking in more detail at the LAs in which these properties are located, Table 11 sets out the top ten authorities and compares this with Table 3.

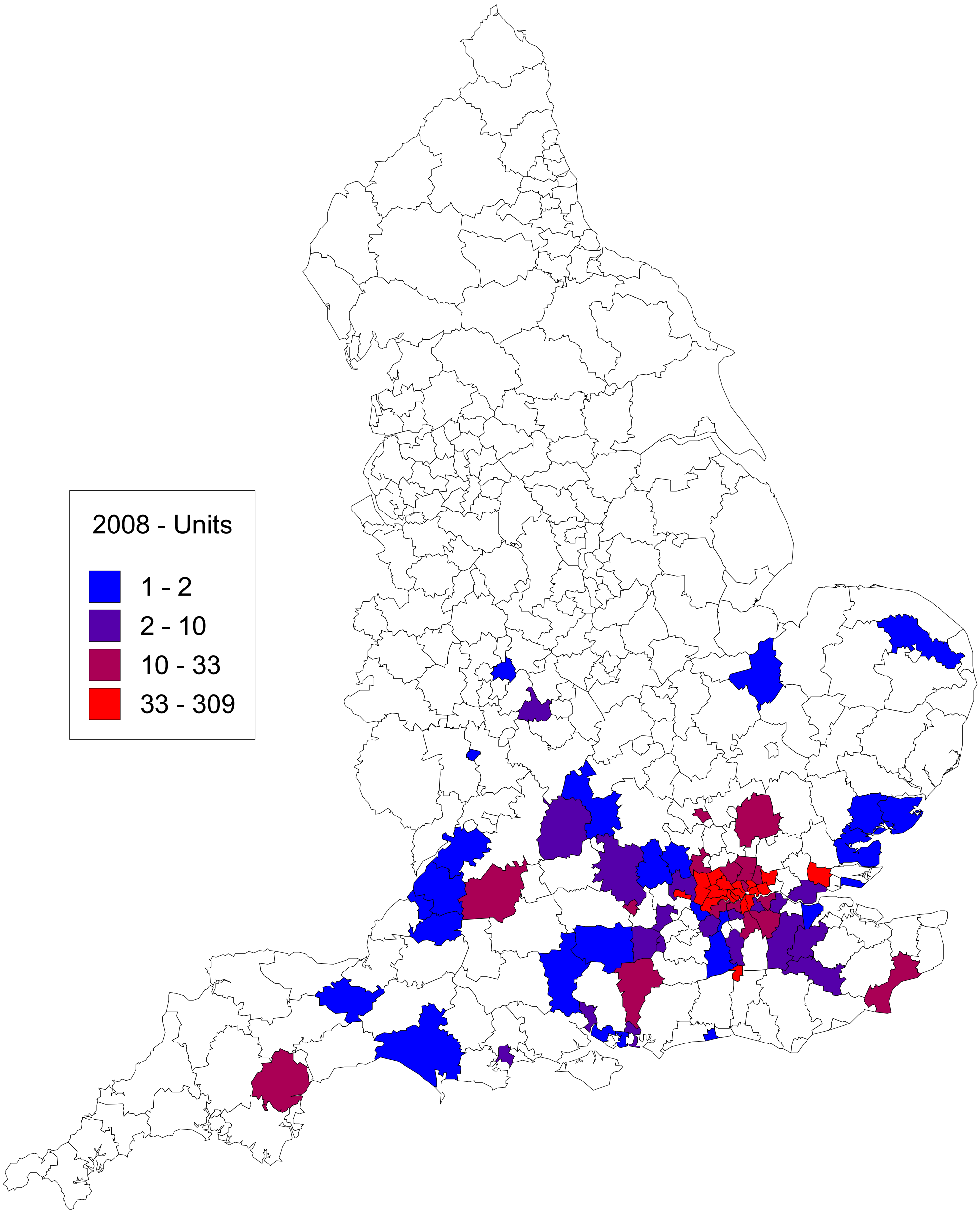
Table 11: LAs with more than 50 HA properties with average rents > rent cap (position in 2002/03 in brackets)

LA	**No. of units**			**LA**	**No. of units**		
Hackney	309	(3)	↑	Hammersmith and Fulham	105	(22)	↑
Basildon	297	(75)	↑	Lambeth	100	(18)	↑
Camden	224	(2)	↓	Kensington and Chelsea	97	(30)	↑
Hounslow	147	(24)	↑	Ealing	70	(21)	↑
Westminster	117	(9)	↑	Southwark	61	(51)	↑

All LAs in the top ten (Table 11) were in London. Three of the authorities were in the top ten positions (with 100 units or over) in 2002/03. In two of the authorities in the top ten the numbers of units affected had actually gone down quite substantially; Hackney, from 437 to 309 cases and Camden from 576 to 224 cases. Westminster had increased slightly since 2002/03, but only by 9 cases.

In 2007/08, there were 81 authorities with one or more properties affected, almost the same as in 2006/07 and 2005/06, but a reduction from the number in 2002/03 (107). Of the 81 affected, 26 authorities (32%) had only one dwelling affected and a further 19 (23%) had fewer than ten units affected. Thus, 36 (44%) authorities had ten or more units. Map 2 shows the spatial distribution of these units by quartile and Appendix 3 provides the full set of LAs affected by numbers of properties. The map reflects the smaller number of LAs affected but otherwise shows a very similar picture to that in 2002/03. However, the picture with respect to the proportion of total stock was very different from 2002/03 with Basildon having the highest proportion at almost 7%.

Map 2: Distribution of the 2,294 dwellings where the average rent was greater than or equal to the relevant rent cap by quartile, 2007/08



Comparing the list of LAs in 2002/03 to that in 2007/08, 68 of 81 authorities in the 2007/08 list were on the 2002/03 list suggesting that some new cases have entered the system but that the majority are existing units where rents are being adjusted to the cap.

Table 12 shows the 2,294 dwellings categorised by property size, the number of LAs in which properties are located and the number of HAs owning such properties. The overall pattern with respect to the LAs is similar to that in 2002/03 although the numbers involved have obviously declined. The incidence of potential rent caps was even more heavily concentrated in London and the South East. The number of HAs has also declined but to a considerably lesser extent. The overall pattern with respect to units, despite falling numbers, was quite similar to earlier years, with more cases in the larger property sizes.

Table 12: Number of LAs, HAs and dwellings by property size

	Rent Caps	No. of LAs	No. of HAs	No. of dwellings	% of total rent caps	% of total stock
Bedsits	£102.33	3	3	38	1.66%	0.18%
One bed	£102.33	11	9	334	14.56%	0.10%
Two bed	£108.33	29	18	481	20.97%	0.08%
Three bed	£114.36	39	20	777	33.87%	0.13%
Four bed	£120.37	38	31	444	19.35%	0.84%
Five bed	£126.39	24	18	136	5.93%	2.89%
Six bed plus	£132.41	26	26	84	3.66%	7.61%

Table 13 shows the ten HAs with stock affected in the largest number of LA areas. This again clearly illustrates the shift in emphasis away from the larger property sizes.

Table 13: Number of LAs in which HA net rents are greater than or equal to rent caps by property types (top ten HAs)

HA name	1 bed	2 bed	3 bed	4 bed	5 bed	6+ bed	Total no. of LAs
HOUSING 21	1	5	12	2			14
UJIMA		1	7	8	8	4	14
PLACES FOR PEOPLE	2	6	5	5			13
ASRA GREATER LONDON			4	3	3	3	10
ENGLISH CHURCHES		6	5	2			8
STADIUM	1		4	2	2		7
PRESENTATION	2			3	2	1	6
COOP HOMES		1	2	4			4
COMMUNITY				2	2	3	4
JOHN GROOMS			3	1		1	4

Overall, there were 62 HAs with properties in one or more areas: 77% of the number involved in 2002/03 and many were the same HAs. The list is given in Appendix 4.

Looking first at numbers of HAs with property in more than one LA by dwelling size, we find just two HAs with one bed properties in two LAs. There are three HAs with two bed properties in five or more areas and four HAs for three bed units. Among four bed units there were still only two cases of eight and five respectively. For five bed units, there was just one case of eight and for six plus there were none at all. Table 14 shows the four cases with ten or more instances across all property sizes. All but one also had more than ten instances in 2002/03.

Table 14: HAs with stock average rents > than cap in ten or more LAs

HA code	No. of authorities
L0055	14
LH2967	14
L0659	13
L3534	10

6. Numbers of dwellings with rents just below the rent cap

Another important issue in relation to rent caps is whether the number of units with rents near the cap is increasing. Table 15 shows the pattern of rents within £5 of the relevant rent cap. In 2002/03, there were some 10,000 units in this category concentrated among three bed units. This total accounted for less than 1% of the relevant stock. By 2007/08, the number had declined by 42% to around 5,900 units.

This is a slightly smaller decline than for the number of dwellings with rents over the rent cap. On the other hand, if the cap were biting, one might have expected the number to rise. This had only happened for the one and two bed categories. Overall, the evidence suggests that, as rents move toward targets based on capital values and local incomes, only a very small proportion of dwellings are close to the rent cap.

Table 15: Number of cases within £5 of rent cap

	2002/03	2005/06	2006/07	2007/08	Change 2006/07 to 2007/08	Change 2005/06 to 2007/08	Change 2002/03 to 2007/08
Bedsits	8	0	8	0	-100.00%	n/a	-100.00%
One bed	84	41	112	119	6.25%	190.24%	33.30%
Two bed	682	984	913	1,033	13.14%	4.98%	33.90%
Three bed	5,735	4,624	3,829	2,695	-29.62%	-41.72%	-33.20%
Four bed plus	3,548	2,373	n/a	n/a	n/a	n/a	n/a
Four bed	n/a	n/a	1734	1,682	-3.00%	n/a	n/a
Five bed	n/a	n/a	253	274	8.30%	n/a	n/a
Six bed plus	n/a	n/a	38	57	50.00%	n/a	n/a
Total	10,057	8,022	6,887	5,860	-14.91%	-26.95%	-31.50%

7. Conclusions

The evidence from RSR data can only be indicative because the data available are only district level averages. However, the evidence shows that:

- The number affected by rent caps cannot be estimated accurately because only average figures are available. However, by implication, it was estimated at around 0.3% of total stock in 2002/03 and perhaps only 0.07% in 2007/08

- The total numbers that might be affected have declined significantly since 2002/03 in all regions and with respect to all property sizes

- The incidence of potential rent caps was heavily concentrated in larger sized units in the early years. The concentration has declined since the introduction of the additional larger categories

- Units were heavily concentrated within London in particular and to a much lesser extent in the South East

- There were still a fairly large number of HAs involved, although this was partly simply a matter of outliers

- Only a very few HAs had properties affected by the rent cap across a significant number of local authorities. All of them held stock in London and to a lesser extent the South East

The evidence further suggests that the reduction in the numbers affected by rent caps was an outcome of four factors:

(i) a reduction in the number of outliers as a result of the general rent restructuring regime;

(ii) the increase in the number of categories;

(iii) the fact that the rent cap has increased by RPI +1% per annum rather than RPI 0.5% as for rents in general;

(iv) a positive approach to achieving rent cap outcomes especially for larger units which will further reduce the number of units directly affected over the next few years.

Appendix 1

2002/03 – net rent
Total cases for LA: net rents are greater or equal to rent caps

LA short name	Total cases (>=rent cap)	Total all cases	Percentage
Croydon	652	7,998	8.15%
Camden	567	6,667	8.50%
Hackney	437	17,363	2.52%
Tower Hamlets	218	13,332	1.64%
Barnet	149	4,447	3.35%
Bexley	143	12,171	1.17%
Redbridge	139	2,707	5.13%
Haringey	113	8,444	1.34%
Westminster	108	11,202	0.96%
Waltham Forest	107	9,561	1.12%
Islington	104	9,033	1.15%
Brent	104	11,102	0.94%
Epping Forest	101	1,059	9.54%
Woking	96	833	11.52%
Mid Sussex	93	5,273	1.76%
Wokingham	93	956	9.73%
Portsmouth	88	3,920	2.24%
Lambeth	78	14,830	0.53%
Newham	66	8,221	0.80%
Slough	57	2,350	2.43%
Ealing	52	6,873	0.76%
Hammersmith and Fulham	45	9,821	0.46%
Lewisham	45	7,477	0.60%
Hounslow	45	4,628	0.97%
Canterbury	41	1,278	3.21%
Enfield	41	5,081	0.81%
Luton	39	2,762	1.41%
Greenwich	34	8,727	0.39%
Harrow	25	2,443	1.02%
Kensington and Chelsea	24	10,965	0.22%
Eastbourne	24	1,977	1.21%
Richmond upon Thames	22	8,939	0.25%
Bromley	21	16,082	0.13%
Hillingdon	19	3,884	0.49%
Sutton	19	3,103	0.61%

Swale	18	7,523	0.24%
Barking and Dagenham	17	2,072	0.82%
Cotswold	16	4,795	0.33%
Broxbourne	15	1,030	1.46%
East Hampshire	15	4,553	0.33%
Three Rivers	15	808	1.86%
North Wiltshire	14	6,819	0.21%
Watford	14	859	1.63%
Rushmoor	13	5,278	0.25%
Aylesbury Vale	12	967	1.24%
Reading	11	2,584	0.43%
Shepway	11	1,210	0.91%
Mole Valley	11	469	2.35%
Wandsworth	10	7,854	0.13%
Teignbridge	10	1,034	0.97%
Southwark	9	9,679	0.09%
Welwyn Hatfield	8	1,775	0.45%
Windsor and Maidenhead	8	7,084	0.11%
Wealden	8	1,308	0.61%
Wycombe	7	1,896	0.37%
Crawley	7	1,313	0.53%
Chiltern	7	4,407	0.16%
Rother	6	3,791	0.16%
Elmbridge	6	4,990	0.12%
Sevenoaks	6	5,560	0.11%
Tunbridge Wells	6	6,398	0.09%
Colchester	6	2,144	0.28%
Horsham	5	5,715	0.09%
Hart	5	2,504	0.20%
Arun	5	1,977	0.25%
Gravesham	5	577	0.87%
North Hertfordshire	5	2,087	0.24%
Thurrock	4	1,079	0.37%
Hertsmere	4	6,503	0.06%
Medway	4	2,835	0.14%
Merton	4	3,772	0.11%
Tameside	4	19,368	0.02%
Dartford	3	787	0.38%
Tendring	3	1,898	0.16%
Basildon	3	4,310	0.07%
Milton Keynes	3	5,275	0.06%

Runnymede	3	558	0.54%
Brighton and Hove	3	4,388	0.07%
Basingstoke and Deane	2	10,791	0.02%
Adur	2	686	0.29%
Spelthorne	2	4,796	0.04%
Rochford	2	709	0.28%
Chesterfield	2	1,229	0.16%
Winchester	2	1,417	0.14%
Eastleigh	2	4,966	0.04%
West Dorset	2	5,544	0.04%
Dacorum	2	1,970	0.10%
Bath and North East Somerset	1	10,580	0.01%
Bracknell Forest	1	1,583	0.06%
Cherwell	1	2,621	0.04%
Tonbridge and Malling	1	6,745	0.01%
Southend-on-Sea	1	2,434	0.04%
St. Edmundsbury	1	7,082	0.01%
Shrewsbury and Atcham	1	5,816	0.02%
Reigate and Banstead	1	5,798	0.02%
Stroud	1	845	0.12%
North Dorset	1	3,436	0.03%
Vale of White Horse	1	5,500	0.02%
Kingston upon Thames	1	1,435	0.07%
Congleton	1	3,950	0.03%
Maldon	1	2,674	0.04%
Gosport	1	1,386	0.07%
Walsall	1	29,933	0.00%
East Devon	1	1,103	0.09%
Dover	1	1,735	0.06%
Waverley	1	873	0.11%
Lewes	1	1,031	0.10%
TOTAL	**4,396**	**536,010**	**0.82%**

Appendix 2

2002/03 – net rent
Total LAs for HA: net rents are greater than or equal to rent caps by property type

HA code	Bedsits	1 bed	2 bed	3 bed	4+ bed	Total LAs
C3022					1	1
C3675			1		1	1
H1313	1					1
L0006					2	2
L0014					1	1
L0031			1	2	3	5
L0035					2	2
L0055		1	8	15	2	19
L0125					1	1
L0247			1	3	1	4
L0248					1	1
L0310					1	1
L0407					1	1
L0457					2	2
L0461					1	1
L0525		1	2	1	6	9
L0658			4	2	9	11
L0659		1	4	1		4
L0695			1			1
L0699					1	1
L0726					2	2
L0732					3	3
L1410			1	1		2
L1446			1			1
L1527	1		2	6	2	9
L1556		1			5	6
L1558					7	7
L1688		1	1	1	1	4
L2194			1	1		1
L2502				2	4	4
L3076			1	4	3	4
L3534				4	14	15
L3705			2	4	3	5
L3845					1	1
L3885			1			1
L3915					1	1
L3979					1	1
L4073				1		1
L4142					1	1
L4148					1	1
L4251		1	3	2		3
LH0030					1	1
LH0032			3	5	13	20

LH0034				1	2	2
LH0036					1	1
LH0103				1	1	2
LH0115				1	9	10
LH0121				2	3	5
LH0155					1	1
LH0171				3	3	3
LH0391					1	1
LH0495					1	1
LH0676					2	2
LH0724	1		6	4	1	12
LH0888					1	1
LH0931					1	1
LH1026					1	1
LH1321					1	1
LH1722		1	1	1		1
LH1836		1				1
LH2066					2	2
LH2429				1		1
LH2967				3	10	12
LH3673					1	1
LH3702					2	2
LH3728				1	3	4
LH3796					1	1
LH3811			1	2	3	5
LH3829				5	3	7
LH3859					2	2
LH3877					1	1
LH3883				1	2	2
LH3940				1	1	2
LH3947					1	1
LH3958					1	1
LH4031			1			1
LH4095			1	1		2
LH4214			1			1
LH4323					1	1
SL3124				2		2
SL3155					1	1
TOTAL	**3**	**8**	**49**	**85**	**163**	**261**

Appendix 3

2007/08 – net rent
Total cases for LA where net rents are greater than or equal to rent caps

LA name	Total cases (>= rent cap)	All cases	Percentage
Hackney	309	13318	2.32%
Basildon	297	4397	6.75%
Camden	224	6371	3.52%
Hounslow	147	5409	2.72%
Westminster	117	10052	1.16%
Hammersmith & Fulham	105	10284	1.02%
Lambeth	100	16369	0.61%
Kensington & Chelsea	97	10234	0.95%
Ealing	70	6869	1.02%
Southwark	61	10280	0.59%
Harrow	53	2289	2.32%
Brent	52	11623	0.45%
Tower Hamlets	50	22830	0.22%
Newham	48	8097	0.59%
Crawley	44	1276	3.45%
Hillingdon	44	4465	0.99%
Redbridge	34	2461	1.38%
Slough	33	2268	1.46%
Enfield	28	5116	0.55%
Islington	27	10536	0.26%
Wandsworth	26	6834	0.38%
Luton	25	2519	0.99%
Haringey	23	7624	0.30%
Greenwich	21	8222	0.26%
Barnet	20	4442	0.45%
Three Rivers	16	4184	0.38%
East Hertfordshire	15	6108	0.25%
Croydon	13	7850	0.17%
North Wiltshire	13	5995	0.22%
Waltham Forest	12	8180	0.15%
Richmond-upon-Thames	12	8165	0.15%
East Hampshire	11	4081	0.27%
Reading	11	2621	0.42%
Shepway	10	1059	0.94%
Teignbridge	10	3226	0.31%
Bromley	10	14546	0.07%
Solihull	7	1290	0.54%
Rushmoor	6	4909	0.12%
Sevenoaks	6	5080	0.12%
Elmbridge	6	3947	0.15%
Bexley	6	10671	0.06%
Poole	5	1704	0.29%
Lewisham	5	13699	0.04%
Thurrock	5	1209	0.41%

Hart	4	2189	0.18%
Eastleigh	4	4471	0.09%
West Oxfordshire	4	4722	0.08%
Merton	4	3709	0.11%
Reigate & Banstead	4	5611	0.07%
Tonbridge & Malling	3	6637	0.05%
South Bucks	3	2863	0.10%
Tunbridge Wells	2	5916	0.03%
South Oxfordshire	2	4934	0.04%
Havant	2	3644	0.05%
Bracknell Forest	2	6681	0.03%
Bath & North East Somerset	1	8135	0.01%
Worcester City	1	5192	0.02%
Taunton Deane	1	1157	0.09%
Basingstoke & Deane	1	10325	0.01%
Bristol	1	5195	0.02%
Broadland	1	3969	0.03%
West Dorset	1	4305	0.02%
Walsall	1	25505	0.00%
Cherwell	1	5185	0.02%
Chiltern	1	4138	0.02%
Colchester	1	2510	0.04%
Worthing	1	3587	0.03%
Maldon	1	2007	0.05%
Tendring	1	1513	0.07%
Kingston-upon-Thames	1	1449	0.07%
Stroud	1	726	0.14%
Spelthorne	1	4688	0.02%
Southend-on-Sea	1	2454	0.04%
Fareham	1	858	0.12%
Fenland	1	4210	0.02%
Gravesham	1	431	0.23%
South Gloucestershire	1	8288	0.01%
Portsmouth	1	3468	0.03%
Mole Valley	1	3312	0.03%
Wycombe	1	1709	0.06%
Test Valley	1	5510	0.02%
TOTAL	**2294**	**473912**	**0.48%**

Appendix 3a

2007/08 – net rent
Total cases for LA where net rents are greater than or equal to rent caps (four, five and six plus bedrooms)

	4 bed			5 bed			6+ bed		
LA name	Total cases (>= rent cap)	All cases	percentage	Total cases (>= rent cap)	All cases	percentage	Total cases (>= rent cap)	All cases	percentage
Barnet	4	238	1.68%		36	n/a		1	n/a
Bath & North East Somerset		177	n/a	1	10	10.00%		1	n/a
Bexley		549	n/a	3	10	30.00%	3	3	100.00%
Bracknell Forest	2	253	0.79%		1	n/a		1	n/a
Brent	34	633	5.37%	12	127	9.45%	2	17	11.76%
Bristol		231	n/a		17	n/a	1	4	25.00%
Broadland	1	55	1.82%		1	n/a		0	n/a
Bromley		555	n/a	1	32	3.13%		6	n/a
Camden	132	382	34.55%	31	51	60.78%	27	27	100.00%
Cherwell		156	n/a	1	3	33.33%		0	n/a
Chiltern		47	n/a		1	n/a	1	1	100.00%
Colchester		120	n/a		3	n/a	1	1	100.00%
Croydon		641	n/a	12	55	21.82%	1	7	14.29%
Ealing	1	329	0.30%		26	n/a	1	8	12.50%
Elmbridge	6	92	6.52%		8	n/a		0	n/a
Enfield	3	305	0.98%		28	n/a	1	10	10.00%
Fareham	1	11	9.09%		0	n/a		0	n/a
Fenland	1	103	0.97%		1	n/a		0	n/a
Gravesham		25	n/a	1	1	100.00%		0	n/a
Greenwich	9	580	1.55%	11	35	31.43%		2	n/a
Hackney	64	973	6.58%	4	129	3.10%	1	29	3.45%
Hammersmith & Fulham	3	400	0.75%	2	64	3.13%		4	n/a
Haringey	2	297	0.67%	7	48	14.58%	1	11	9.09%
Harrow	1	110	0.91%	1	26	3.85%		0	n/a
Havant	1	127	0.79%		12	n/a		1	n/a
Hillingdon	10	183	5.46%		4	n/a		0	n/a
Hounslow	3	289	1.04%		39	n/a		1	n/a
Islington	7	512	1.37%	12	98	12.24%	4	12	33.33%
Kensington & Chelsea	16	371	4.31%	4	25	16.00%		3	n/a
Kingston-upon-Thames		76	n/a		3	n/a	1	2	50.00%
Lambeth	79	1000	7.90%	8	102	7.84%	13	33	39.39%
Lewisham	5	709	0.71%		62	n/a		8	n/a
Maldon	1	33	3.03%		2	n/a		0	n/a
Merton	2	178	1.12%		5	n/a		3	n/a
Mole Valley	1	36	2.78%		2	n/a		0	n/a
Newham	4	627	0.64%	1	80	1.25%		69	n/a
Portsmouth	1	132	0.76%		4	n/a		4	n/a
Reading	3	70	4.29%		8	n/a		3	n/a
Reigate & Banstead	3	168	1.79%		6	n/a	1	1	100.00%
Richmond-upon-Thames		266	n/a		6	n/a	1	1	100.00%
Shepway	9	42	21.43%		2	n/a	1	1	100.00%
Slough	2	152	1.32%	3	23	13.04%		2	n/a

Solihull	1	22	4.55%		0	n/a		0	n/a
South Oxfordshire	2	107	1.87%		0	n/a		2	n/a
Southwark		555	n/a	2	87	2.30%	2	7	28.57%
Spelthorne		116	n/a		4	n/a	1	1	100.00%
Taunton Deane	1	42	2.38%		21	n/a		1	n/a
Teignbridge	10	64	15.63%		0	n/a		0	n/a
Tendring		43	n/a	1	6	16.67%		1	n/a
Test Valley		203	n/a		1	n/a	1	1	100.00%
Three Rivers	1	59	1.69%		3	n/a		0	n/a
Tonbridge & Malling		155	n/a		0	n/a	3	3	100.00%
Tower Hamlets	7	1448	0.48%	6	403	1.49%	9	159	5.66%
Tunbridge Wells		122	n/a		3	n/a	2	2	100.00%
Waltham Forest		318	n/a	9	64	14.06%	3	10	30.00%
Wandsworth	11	257	4.28%		32	n/a	1	13	7.69%
West Dorset		68	n/a	1	2	50.00%		0	n/a
Westminster		223	n/a	2	18	11.11%		3	n/a
Worcester City		137	n/a		0	n/a	1	1	100.00%
TOTAL	**444**	**16172**	**2.75%**	**136**	**1840**	**7.39%**	**84**	**481**	**17.46%**

Appendix 4

2007/08 – net rent
Total LAs per HA: net rents are greater than or equal to rent caps by property type

HA Code	bedsits	1bed	2bed	3bed	4bed	5bed	6+bed	Total LAs
L0055		1	5	12	2			14
LH2967			1	7	8	8	4	14
L0659		2	6	5	5			13
L3534				4	3	3	3	10
LH0724			6	5	2			8
L0525		1		4	2	2		7
L1558		2			3	2	1	6
C3675			1	2	4			4
LH0030			1		1	3	2	4
LH0171					2	2	3	4
L1688				3	1		1	4
L0717					1	2		3
L0726					1		2	3
LH0115					2	1		3
LH0032				1		2	1	3
L0247				2			1	3
L4470		1	1	3				3
LH0455			1		1	1		3
L0425			1		1	1		3
LH3702			1	1	1			2
L3076					2			2
LH4149					1		1	2
L4072		1	1	1	1			2
L0031							2	2
L4251			1	1			1	2
LH0121						1	1	2
LH4138			1				1	2
LH0172					1		1	2
LH0036				1		2	1	2
L0517					1			1
LH0676					1			1
L3535							1	1
L1408			1	1				1
L0020					1			1
L0018							1	1
L4143							1	1
LH0391						1		1
L4048		1	1					1
LH1682		1						1
LH4007					1			1
LH0050							1	1
L4489					1			1
LH4471			1	1	1			1
L0523							1	1
L0277	1							1
L4263							1	1

LH3947					1			1
L0125						1		1
L4130				1				1
L0035				1	1			1
L3915						1		1
L0266			1					1
LH3922							1	1
LH4026	1	1	1	1				1
L0310					1			1
L4334							1	1
L1556					1			1
L0014						1		1
L4060							1	1
L4221	1							1
L0457							1	1
LH4323						1		1
TOTAL	**3**	**11**	**32**	**57**	**55**	**35**	**36**	**165**