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**Housing associations and the
movement to target rents,
2008 to 2009**

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Chihiro Udagawa

With

Christine Whitehead, Daniel Banks and Jennie Spenceley

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Further information:

Dataspring

Cambridge Centre for Housing and Planning Research

Department of Land Economy

University of Cambridge

19 Silver Street

Cambridge

CB3 9EP

Tel: 01223 337118 Fax: 01223 330863

Email: landecon-dataspring@lists.cam.ac.uk

Web: www.dataspring.org.uk

This paper compares actual net rents (i.e. excluding service charges) in the Housing Association (HA) sector with target net rents as at 31 March 2008 and 31 March 2009 and examines the extent to which actual net rents have moved towards target net rents. It also describes the annual change in gross rents for the period 1 April 2008 to 31 March 2009.

Key findings

- In 2009 the average actual net rent for general needs social rented housing in England was £73.50. This represented an increase of 5.1% over 2008. The average target net rent was £75.79 - 4.3% higher than in 2008.
- At the national level the gap between the average actual and target net rents has narrowed from £2.70 in 2008 (target 3.9% higher than actual net rent) to £2.29 in 2009 (target 3.1 % higher than actual net rent).¹
- The differences between the average actual net rent and the target net rent were within a $\pm 5\%$ range in all regions in England except London (7.7%). In particular the South West showed almost no difference (-0.1%), followed by the South East (0.9%), Central (1.8%) and the North (3.2%). One reason why the difference between the regional average actual net rent and the target net rent in London was more than 5% was that larger numbers of units had 'target' rents above the relevant rent cap.
- The difference in London declined by 0.1 percentage points over the year. The difference in the South East, North and Central regions also declined from last year by 1.4, 1.2 and 0.7 points respectively. In the South West, the gap widened negligibly by 0.1 points.
- In 2009 a large proportion (13.6%) of average target rents reported by individual HAs at local authority level in London, were above the rent cap. (The rent cap limits the actual net rent on individual properties.) Other regions were less affected by the potential rent cap - in the South East 2.9% of reported average target net rents were higher than the rent cap. In all other regions the proportion was below 1%.
- The number of local authorities where the HA average actual net rent for two bedroom properties was within $\pm 5\%$ of target net rent rose to 269 out of 354 local authorities (76.0%) in 2009, from 225 (63.6%) in 2008.
- The number of local authorities where the HA average actual net rent for two bedroom properties was more than 5% **below** target fell from 70 (19.8%) in 2008 to 45 (12.7%) in 2009. In 2009 one in three such

¹ The comparison is based on Housing Associations with 1,000 plus properties which filled in the long RSR form in both years.

authorities were in London (15 local authorities), while the North and Central regions had 13 local authorities for each.

- The number of local authorities where the stock-weighted HA average actual net rent for two bedroom properties was more than 5% **above** target fell from 59 (16.7%) in 2008 to 40 (11.3%) in 2009.
- A higher proportion of average actual net rents (all self-contained properties) for each HA at local authority level were within $\pm 5\%$ of target net rents in 2009 (62.0% as compared to 58.0% in 2008). Similar improvements were observed for all the other property size categories.
- Focusing on the differences between average actual and target net rents for two bedroom properties, for each HA at local authority level:
 - In 2009 a higher proportion of average actual net rents for two bedroom properties were within $\pm 5\%$ of target (61.9%) than in 2008 (57.5%).
 - In 2009 large-sized HAs, those with 5,000-9,999 units reported the highest proportion (64.8%) of average actual net rents within $\pm 5\%$ of target. This was followed by medium-sized HAs, 1,000-4,999 units (64.1%).
 - In 2009 a higher proportion of LSVT HAs reported average actual net rents that were within $\pm 5\%$ of target (66.8%) than was the case for non - LSVTs (61.0%).
 - In 2009 the proportion of BME HAs reporting average actual net rents that were within $\pm 5\%$ of target (54.4%) was lower than the equivalent for non - BME HAs (62.1%).
- Across all social rented general needs tenancies, the average gross rent increase over the year to 31 March 2009 was 5.1%; the same as the average net rent increase. This suggests that service charges have risen overall at the same pace as net rents.

Introduction

In April 2002 the Government introduced the rent-restructuring regime originally specified in *Quality and choice: A decent home for all*, (DETR, 2000). The aim was to bring greater coherence to rents in the social housing sector. From 1 April 2002 housing associations (HAs) have been required to calculate a target net rent for each of their social rented properties and to adjust the actual net rent to meet the target net rent in real terms over a ten-year period.² 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 net rent.

Housing associations calculate the target net 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, target net rents are subject to a rent cap that varies by property size. In 2008/09 the rent cap was £107.34 for bedsits and one bedroom properties, £113.64 for two bedroom, £119.96 for three bedroom, £126.27 for four bedroom, £132.58 for five bedroom and £138.90 for six or more bedrooms.³ Both target net rents and rent caps are set in terms of net rents, i.e., exclusive of service charges.

To avoid excessive year-on-year increases in rents the Government sets a guideline limit for rent increases in any one year of RPI (all items) +0.5 percent. For the period 1 April 2008 to 31 March 2009 the guideline limit was 4.4% (3.9% + 0.5%). Target rents should also be increased by the guideline limit.⁴ In addition, to allow gradual convergence between actual and target rents individual property rents may change by up to a further plus or minus £2 per week.

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

The analysis looks first at national, regional and local authority patterns of average actual and target net rents and examines whether there has been a

² 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 Tenant Service Authority, 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 net rents although they should still aim to achieve target net rent levels by the end of the implementation period in March 2012 if possible.

³ See Housing Corporation (currently, Tenant Services Authority); *Circular 04/08: Rents, Rent Differentials and Service Charges for Housing Associations*; October 2008.

⁴ *Ibid.*

general movement towards target net rents between 2008 and 2009; second, it looks at the comparison between actual and target net rents in both 2008 and 2009, with respect to property size and type and size of housing association. Finally, it clarifies the annual change in gross rents (i.e. rents plus service charges) between 31 March 2008 and 31 March 2009.

Methodology

Movement to target net rent analysis (Tables 1 to 6 and Map 1)

- Data for target net rent analysis are taken from Part I of the 2008/09 Regulatory and Statistical Return (RSR) and 2007/08 RSR.⁵
- Data from all HAs that reported their target net rents in the long version of the RSR (Part I) and made a valid return are included.⁶
- Only self-contained stock is included.
- Data include only social general needs housing.
- Estate Renewal Challenge Fund stock is included.
- Target net 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 7)

- Data for rent increase analysis are taken from Part H of the 2008/09 RSR and 2007/08 RSR.⁷
- Data from all HAs that reported their target net rents in the long version of the RSR (Part H) and made a valid return are included.⁸
- Data include social general needs housing.
- Estate Renewal Challenge Fund stock is excluded.
- Rent increases cover the period 1 April 2008 to 31 March 2009. Percentage changes 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.

⁵ Data are as reported by HAs. Extreme values as well as values which are associated with those outliers (in total 34 values from 11 cases in 2007/08 RSR and 68 values across 14 cases in 2008/09 RSR) were excluded from the analyses in order to avoid possible biases.

⁶ In general, HAs that own or manage 1,000 units or more have completed the long version of the RSR since 2006/07.

⁷ Data are as reported by HAs. Extreme values as well as values which are associated with those outliers (in total 36 values from 12 cases in 2007/08 RSR and four values across one case in 2008/09 RSR) were excluded from this table in order to avoid possible biases.

⁸ As Footnote 6.

National and regional average actual net rents and target net rents

Table 1 sets out average national and regional actual and target net rents as at 31 March 2009 and 31 March 2008. The final column shows how much of a difference exists between the average actual net rents and target net rents in 2008 and in 2009. The difference is calculated by subtracting the average actual net rent from the average target net rent and is expressed as a percentage of actual net rent. A negative percentage indicates that the average actual net rent is higher than the average target net rent.

The table shows that average net rents in England rose by £3.54 or 5.1% (from £69.96 in 2008 to £73.50 in 2009) – sixteen percent above the RPI+1/2% requirement (4.4%). In part this reflects the process of adjustment to target rents. By region, the largest increase was observed in London and the North regions (5.5% for each) followed by the Central region (5.3%).

Comparison of the differences between average actual net rents and target net rents in 2008 and 2009 gives a broad indication as to the extent to which actual net rents are converging towards target net rents. The data indicate that at the national level the difference between the average actual net rent and the target net rent has narrowed from £2.70 in 2008 (target 3.9% higher than actual net rent) to £2.29 in 2009 (target 3.1% higher than actual net rent). The gap for England excluding London was £1.40 or 2.0% - down from £1.94 (2.9%) in the previous year.

In all regions in England except London (7.7%) the differences between the average actual net rent and the target net rent remained within a $\pm 5\%$ range. In particular in the South West there was almost no difference (4 pence or -0.1%), followed by the South East (0.9%), Central (1.8%) and the North (3.2%).

In London, there was continuing convergence towards target net rents between 2008 and 2009, albeit losing momentum – the gap in the region narrowed by only 0.1 percentage points between the two years. The difference in the South East, North and Central regions also declined from last year by 1.4, 1.2 and 0.7 points respectively. In the South West region, where rent convergence seems to be close to complete, the gap widened negligibly by 0.1 points.

One reason why the difference between the regional average actual net rent and the target net rent in London was more than 5%, is that a larger number of units had 'target' rents above the relevant rent cap. Of the average target net rents reported by individual HAs 13.6% were above the rent cap, which limits adjustment to target net rent on individual properties according to property size (see Table 2).⁹ Other regions were less affected by the rent cap - in the South

⁹ Based on the number of cases reported by each HA for each local authority areas for any non self-contained property size (i.e., not on a stock base).

East 2.9% of reported average target net rents were above the rent cap. In all other regions the proportion was less than 1%.

Table 1 Average actual net rents and target net rents (£s per week) at 31 March 2009 and 31 March 2008

Region	Average actual net rent	Average target net rent	Percentage difference ^a
	2009 2008 £	2009 2008 £	2009 2008
London	90.35	97.33	7.7%
	85.63	92.30	7.8%
South East	84.61	85.38	0.9%
	80.67	82.50	2.3%
South West	73.38	73.34	-0.1%
	70.11	70.13	0.0%
Central	71.02	72.33	1.8%
	67.44	69.15	2.5%
North	63.43	65.49	3.2%
	60.15	62.80	4.4%
England	73.50	75.79	3.1%
	69.96	72.66	3.9%
England excluding London	70.34	71.74	2.0%
	66.98	68.92	2.9%

Note:

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

Table 2 Number of cases^a with the average target net rent above the rent cap for any self-contained property size at 31 March 2009

Region	Total number of cases	Cases with a target rent above the rent cap	Proportion (%)
London	2745	372	13.6
South East	2659	76	2.9
South West	1762	5	0.3
Central	4592	29	0.6
North	3238	3	0.1
England	14996	485	3.2

Note:

a. Cases represent those with average target rents reported by individual HAs at local authority level.

Differences between average actual net rents and target net rents for two bedroom properties by local authority area

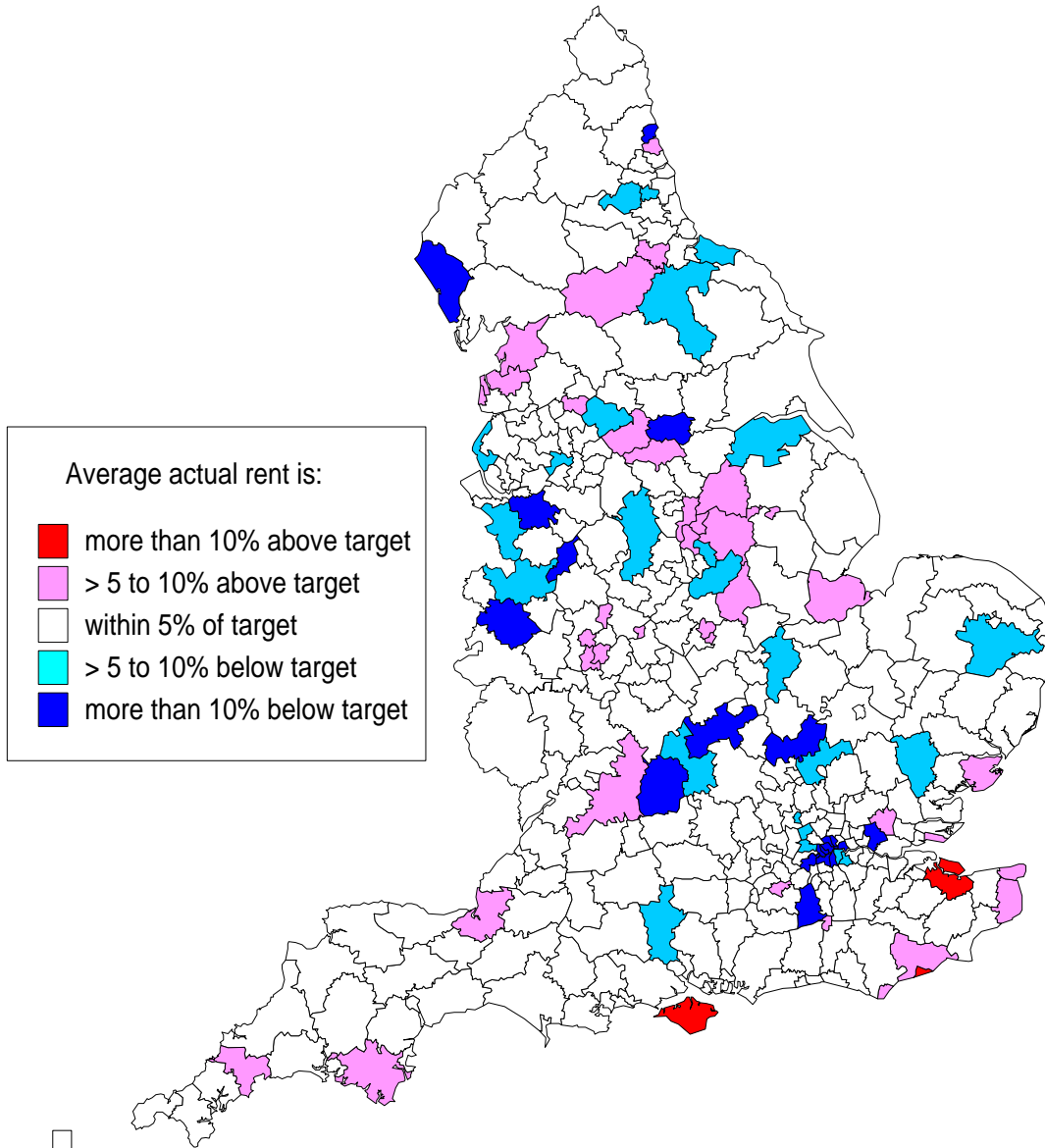
Map 1 illustrates the variation in the differences between average actual and target net rents across England at the local authority level as at 31 March 2009. Two bedroom properties are selected first because the property size has been used as the baseline in the target rent calculation formula,¹⁰ and secondly, because largest number of cases are reported in this size category (see Table 3).

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

- The average actual net rent is > 10% **above** the average target net rent
Percentage of local authorities 2008: 1.4%
Percentage of local authorities 2009: 0.8%
- The average actual net rent is >5% to 10% **above** the average target net rent
Percentage of local authorities 2008: 15.3%
Percentage of local authorities 2009: 10.5%
- The average actual net rent is within $\pm 5\%$ of the average target net rent
Percentage of local authorities 2008: 63.6%
Percentage of local authorities 2009: 76.0%
- The average actual net rent is >5% to 10% **below** the average target net rent
Percentage of local authorities 2008: 13.0%
Percentage of local authorities 2009: 6.8%
- The average actual net rent is > 10% **below** the average target net rent
Percentage of local authorities 2008: 6.8%
Percentage of local authorities 2009: 5.9%

¹⁰The weights are assigned as 0.80, 0.90, 1.00, 1.10, 1.20, 1.30 and 1.40 respectively. According to the number of bedrooms, from zero to six or over. (source: as Footnote 3). Two bedroom properties form one of the largest proportions (37.2% in 2009) of self-contained target net rent stock. The other largest category was three bedrooms property (36.5%).

Map 1 - Difference in average actual rents and average target rents for two bedroom properties by local authority area 31 March 2009



The number of local authorities where the HA average actual net rent was within $\pm 5\%$ of target net rent rose from 225 (63.6%) in 2008 to 269 out of 354 local authorities (76.0%) in 2009. None of the local authorities in London had an HA average rent that was more than 5% **above** the average target net rent. In the North, the Central and the South West regions, there were no local authorities with an HA average rent that was more than 10% **above** the average target net rent. In the South East region there was at least one local authority in every band of difference.

The number of local authorities where the HA average actual net rent for two bedroom properties was more than 5% **below** target fell from 70 (19.8%) in 2008 to 45 (12.7%) in 2009. In 2009 one in three such authorities were in London (15 local authorities), while the North and Central regions had 13 local authorities for each.

The number of local authorities where the stock-weighted HA average actual net rent for two bedroom properties was more than 5% **above** target fell from 59 (16.7%) in 2008 to 40 (11.3%) in 2009.

Differences between average actual net rents and target net rents by property size and type and size of housing association

This section examines the differences between average actual and target net rents in 2009 compared with 2008 by:

- Bedsize
- Size of HA (for two bedroom properties)
- LSVT HAs and non-LSVT HAs (for two bedroom properties)
- BME and non-BME HAs (for two bedroom properties)

HAs report average actual and target net 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 3 to 6 is the percentage difference between the reported average actual and target net rent in each authority. 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 three categories:

1. The average actual net rent is more than 5% **above** the average target net rent
2. The average actual net rent is within $\pm 5\%$ of the average target net rent
3. The average actual net rent is more than 5% **below** the average target net rent

Columns two to four of Tables 3 to 6 show the percentage of cases falling within each of the three categories of the differences between actual and target net rent. The final column gives the number of cases included in the analysis.¹¹ Cases that fall within the middle category have an average actual net rent that is already close to or on target. Cases falling within the other two categories have an average actual net rent that requires more adjustment in order to meet the convergence criteria.

Differences between average actual and target net rents by property size

Table 3 gives a breakdown of the three categories of actual to target net rents for differences between sizes of property. A higher proportion of average actual net rents reported by individual housing associations were within $\pm 5\%$ of target net rents in 2009 (62.0%) than in 2008 (58.0%). This improvement can be observed across all bedsizes (see Column 3 of Table 3).

The data suggest that there was particularly rapid progress, of 6.0 percentage points, for four bedroom properties (57.1% of reported actual net rents were within $\pm 5\%$ of target net rent in 2009 compared to 51.1% in 2008). This was followed by five bedrooms and two bedrooms; the increases were 5.3 points (45.7% in 2009 from 40.4% in 2008) and 4.4 points (61.9% in 2009 from 57.5% in 2008) respectively. With the exception of bedsits and properties with six or more bedrooms, the remaining five size categories (i.e. one to five bedroom properties) experienced increases of 4.0 points or above.

¹¹ 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.

Table 3 Differences^a between average actual and target net rents (percentage of cases^b within each bedsize category) at 31 March 2009 and 31 March 2008

Bedsize	Actual net rent more than 5% above target net rent	Actual net rent within \pm 5% of target net rent	Actual net rent more than 5% below target net rent	Total number of cases
Bedsits				
2009	19.4%	54.2%	26.3%	896
2008	19.1%	50.3%	30.6%	879
One bedroom				
2009	20.5%	60.9%	18.6%	3207
2008	23.4%	56.6%	19.9%	3154
Two bedrooms				
2009	21.3%	61.9%	16.8%	3921
2008	25.0%	57.5%	17.5%	3822
Three bedrooms				
2009	19.6%	60.0%	20.5%	3631
2008	24.0%	55.8%	20.2%	3543
Four bedrooms				
2009	16.0%	57.1%	26.8%	2251
2008	18.4%	51.1%	30.5%	2162
Five bedrooms				
2009	15.0%	45.7%	39.4%	742
2008	14.7%	40.4%	44.9%	713
Six-plus bedrooms				
2009	19.5%	34.5%	46.0%	348
2008	18.7%	31.8%	49.5%	321
All properties				
2009	19.7%	62.0%	18.3%	4386
2008	23.2%	58.0%	18.8%	4273

Notes:

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

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

Differences between average actual and target net rents by size of housing association

Table 4 gives a breakdown of the three categories of the differences between actual to target net rents by size of HA for two bedroom properties. Overall the data indicate that there has been continued convergence towards target net rents.

In 2009, the highest proportion of average actual net rents that were within $\pm 5\%$ of target net rent was observed in the Large HA (5,000-9,999 units) category – 64.8%. This was followed by the medium HA (1,000-4,999 units) category – 64.1%.

The most marked improvement from the previous year was within the very large HA ($\geq 10,000$ units) category where the proportion of average actual net rents that were within $\pm 5\%$ of target net rent increased by 5.4 percentage points – from 53.8% in 2008 to 59.2% in 2009. This was followed by the medium HA (1,000-4,999 units) category with 4.0 points – from 60.1% in 2008 to 64.1% in 2009.

Table 4 Differences^a between average actual and target net rents for two bedroom properties (percentage of cases^b within size^c of HA category) at 31 March 2009 and 31 March 2008

Housing association size	Actual net rent more than 5% above target net rent	Actual net rent within \pm 5% of target net rent	Actual net rent more than 5% below target net rent	Number of cases
Small				
(<1,000 units)				
2009	26.2%	54.1%	19.7%	61
2008	28.0%	50.7%	21.3%	75
Medium				
(1,000 – 4,999 units)				
2009	16.4%	64.1%	19.5%	1197
2008	19.4%	60.1%	20.5%	1277
Large				
(5,000-9,999 units)				
2009	19.2%	64.8%	16.0%	917
2008	22.1%	60.9%	17.0%	913
Very large				
(\geq 10,000 units)				
2009	25.6%	59.2%	15.2%	1746
2008	31.0%	53.8%	15.2%	1557
All Sizes				
2009	21.3%	61.9%	16.8%	3921
2008	25.0%	57.5%	17.5%	3822

Notes:

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

b. Each case represents the difference between the average target net rent and average actual net 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.

Differences between average actual and target net rents for two bedroom properties by LSVT and non- LSVT housing associations

In 2009 a higher proportion of LSVT HAs reported average actual net rents that were within $\pm 5\%$ of target (66.8%) than non - LSVTs (61.0%).

From 2008 to 2009, the proportion of average actual net rents that were within $\pm 5\%$ of target net rents for LSVT HAs increased by 5.6 percentage points, while the equivalent for non - LSVT HAs rose by 4.2 points.

Table 5 Differences^a between average actual and target net rents for two bedroom properties (percentage of cases^b) within LSVT and non - LSVT categories at 31 March 2009 and 31 March 2008

Type of housing association	Actual net rent more than 5% above target net rent	Actual net rent within $\pm 5\%$ of target net rent	Actual net rent more than 5% below target net rent	Number of cases
LSVT				
2009	13.0%	66.8%	20.2%	629
2008	15.0%	61.2%	23.9%	654
Non - LSVT				
2009	22.9%	61.0%	16.1%	3292
2008	27.0%	56.8%	16.2%	3168
All types				
2009	21.3%	61.9%	16.8%	3921
2008	25.0%	57.5%	17.5%	3822

Notes:

- The difference is calculated by subtracting average actual net rent from average target net rent and expressed as percentage of actual net rent.
- Each case represents the difference between the average target net rent and average actual net rent reported by each HA for each of the local authority areas within which it owns stock.

Differences between average actual and target net rents for two bedroom properties by BME and non- BME housing associations

In 2009 the proportion of BME HAs reporting average actual net rents that were within $\pm 5\%$ of target was 54.4%. The equivalent for non - BME HAs was 62.1%.

Over 2008 to 2009, the proportion of average actual net rents that were within $\pm 5\%$ of target net rent for BMEs increased by 3.3 points owing to a decrease in the proportion of average actual rents that were more than 5% above the average target net rent. The $\pm 5\%$ proportion for non - BME HAs increased by 4.4 points from the previous year.

Table 6 Differences^a between average actual and target net rents for two bedroom properties (percentage of cases^b within BME and non - BME categories) at 31 March 2009 and 31 March 2008

Type of housing association	Actual net rent more than 5% above target net rent	Actual net rent within \pm 5% of target net rent	Actual net rent more than 5% below target net rent	Number of cases
BME				
2009	27.8%	54.4%	17.8%	90
2008	33.0%	51.1%	15.9%	88
Non - BME				
2009	21.1%	62.1%	16.8%	3831
2008	24.8%	57.7%	17.6%	3734
All types				
2009	21.3%	61.9%	16.8%	3921
2008	25.0%	57.5%	17.5%	3822

Notes:

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

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

Changes in gross rents

The discussion of rents presented so far relates only to net rents. Tenants actually pay gross rents, i.e. rents including service charges, which may rise at a different rate than net rents. It is therefore important to monitor the changes in rents across the sector including service charges.

Across all general needs social rented tenancies, the average gross rent increased over the year to 31 March 2009 by 5.1% (see Table 7) – the same rate as the average net rent increase. This suggests that service charges have risen overall at the same pace as net rent development.

Table 7: Average assured and secure gross rent^a

2008			2009			2008/09
No. of HAs	Social general needs stock (total units)	Average gross rent	No. of HAs	Social general needs stock (total units)	Average gross rent	Increase
381	1,594,464	72.18	378	1,663,983	75.89	5.1%

Note:

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

Summary

A comparison of the differences between average actual net rents and average target net rents in 2008 and 2009 indicates that, as in the previous twelve-month period, actual net rents have continued to converge towards target net rents. This can be observed at both the national and regional levels. Only in London was the difference outside the $\pm 5\%$ range. At the local authority level the proportions of average actual net rents that were within $\pm 5\%$ of target have increased, reflecting continued movement towards target net rents.

London still stood out as having a relatively high proportion of local authorities where average actual net rents would need to increase by more than 10% in order to meet their target, as well as having the largest rent increases during the year. However in 13.6% of cases the average target net rent was above the rent cap so adjustment can only be to this lower level. More generally, HAs are not compelled to increase actual net rents if they can demonstrate that without such increases they can fulfil their commitments to tenants, lenders and other stakeholders, as well as meet future repair obligations on their stock.

A detailed examination of differences between actual and target net rents for two bedroom properties, by size and type of HA shows that progress has been made throughout the sector. In particular medium or larger HAs increased the proportion of average actual net rents that were within $\pm 5\%$ of target to over 60%. The proportion for LSVT HAs was higher at 66.8% than that of non-LSVT HAs, but the proportion for BME HAs was lower at 54.4% than the non-BME equivalent.

The average increase in gross rents during the year to March 2009 was 5.1%, the same growth rate as for the average annual net rent. This suggests that service charges and net rents have increased at the same rate.