

**Comparison of stock, rents and
service charges among different
types of social landlords**

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1. Introduction

Over the past two decades, a series of social housing policies have changed the picture of rental sub-markets in England resulting in four types of social landlord: traditional or mixed funded Registered Social Landlords ¹(traditional RSLs), RSLs that have taken over council housing stock (LSVT RSLs), LAs retaining council housing and the related operations (traditional LAs), and those outsourcing housing management (ALMO LAs).

In 2009, Dataspring undertook comparative analyses between these four types of social landlords on stock, rents and service charges. Following that baseline study, this paper updates the analysis and further investigates whether or not substantial differences exist between these landlords. Additional time series analysis has been included to help clarify this. Because of internal differences within the above-mentioned landlord types, it is useful to undertake this analysis using six rather than four categories which are outlined in the table below:

Categorisation of landlord types

LA sector	RSL sector
traditional LA *	traditional RSL †
partial transfer LA **	LSVT RSL †† i) local ii) diversified
ALMO LA ***	

* LAs having retained whole ownership and the relevant operation of council housing.

** Partial transfer LAs have a mixed style of stock ownership, which means (a) they retain council housing units after partial transfers to RSLs, (b) they may own units subject to a partial transfer but the programme was not implemented at the survey point and (c) they may own units subject to a partial ALMO programme.

*** These may include LAs whose ALMO scheme was incomplete at the end of 2008/09.

† These RSLs include those that own former council housing stock through partial LSVT packages.

†† These are newly established RSLs which arise from whole stock transfer from an LA to an LSVT RSL. They are then disaggregated by their stock location - stock in their original LA areas are termed i) local and stock in diversified areas, ii) diversified.

The paper is structured as follows. Section 2 sets out the sources and definitions of datasets in use and notes some caveats of employing these datasets for comparative purposes. Section 3 clarifies the distribution of stock across the landlord types from various perspectives, such as location and property size. The next four sections compare landlord types with respect to net rents (Section 4), target rents (Section 5), rent convergence rates (Section 6), and service charges (Section 7). All comparisons are carried out at national, regional and local level. Based on the latest typology of social landlords, Section 8 looks at the development of net rents, target rents and rent convergence rates by landlord type over the period of 2001/02 to 2008/09. The final section provides a summary and discussion. More in-depth statistics are attached as annexes.

2. Data sources and definitions

The datasets used in this paper come from different sources. In order to ensure appropriate comparisons we use self-contained housing stock – bedspaces are not included. All rent and service charge data are expressed in pounds per week, unless specified. Although the datasets to be presented are the most comprehensive among the available materials, they are not free from caveats and limitations for comparative purposes, as summarised in Annex 1.

¹ From 2010, Registered Social Landlords (RSLs) are known as Registered Providers of Social Housing, although as the analyses in this paper are based on 2008/09 data, we use the original term 'RSLs'.

2.1 Housing Association (RSL) sector

The source of the latest RSL sector data is the long version of the Regulatory and Statistical Return (RSR) 2009, which contains RSL stock and rent levels as at 31 March 2009. RSLs that completed the RSR are those that own or manage 1,000 or more dwellings and/or bedspaces, including shared ownership dwellings. The data used include general needs housing (assured and secure tenancies) as well as supported housing and housing for older people (henceforth, special needs housing). Where necessary, however, statistics will be disaggregated by housing needs.

Net rents are calculated as those charged before any service charges are applied. Service charges, which are separately analysed, consist of two subsets depending on eligibility for housing benefit. The averages of net rents or service charges are calculated as stock-weighted averages for the corresponding area, but their stock base might not necessarily be equal, as some dwellings are not accompanied with service charges. The time series analyses in Section 8 are based on each year's RSR data reported by the RSLs who completed the RSR 2009. For further details on data and definitions, see Dataspring, *Guide to Local Rents Part II: Social Landlord Rents* (various issues).²

2.2 Local authority (LA) sector

Data on Local Authority rents and stock are taken from the *Guide to Local Rents Part I: Cross Tenure Rents* (various years publications),³ which was based on the returns made annually to the Office of the Deputy Prime Minister (up to 2005/06) and the Department for Communities and Local Government (onwards). The original datasets are unaudited, and the figures are therefore likely to contain errors or inconsistencies. The figures used by Dataspring are aimed at minimising these problems and are therefore used to provide more acceptable comparisons. Due to a change in the treatment of a year-gap issue (as described below), rents data in 2004/05 were not be presented in *Guide to Local Rents Part I: Cross Tenure Rents*, but this should not significantly affect our time-series analyses in Section 8.

Net rents in this sector are estimates (made by each local authority) for a year from 1 April to 31 March of the following year based on the quantity of stock reported by LAs at the beginning of the corresponding period. This means that there is a twelve-month gap between the dates at which local authority rents are recorded and the date at which RSL rents are recorded in the RSR on 31 March of the following year. However, in general, LAs change their rents on the 1 April and they then remain constant throughout the year, so that these two sector's rents are comparable in terms of time periods on this basis. For stock analyses, readers would be advised to note this year-gap issue, but where substantial double counting (notably whole stock transfer from an LA to an LSVT RSL) is observed for the latest static analyses, we withdraw such stock from the LA data. Unlike the RSL sector, no service charge data are reported, and there is no demarcation of housing stock between general and special needs. The average net rents are stock-weighted. For further details of data and definitions, including any error corrections, see *Guide to Local Rents Part I: Cross Tenure Rents*. Target rents of LA landlords are drawn from DCLG, *The Housing Revenue Account Subsidy Determination 2009-2010 and the Item 8 Credit and Item 8 Debit (General) Determination 2009-2010*.⁴ As the data source does not have corresponding stock size, net rent stock is employed for calculation of stock-weighted average target rents. The 2008/09 targets are compared to net rents in April 2008 to produce rent convergence rates.

² Available at www.dataspring.org.uk/projects/detail.asp?ProjectID=78.

³ *Ibid.*

⁴ Available at www.communities.gov.uk/publications/housing/hrasubsidydeterminations0910. In the LA sector, the target rent is termed as a formula rent but the calculation formula is the same.

2.3 Definition of LSVT RSLs, traditional RSLs, traditional LAs and ALMO LAs

The definition of an LSVT RSL is one which was newly established through a whole LSVT by the 31st March 2009.⁵ The remaining RSLs are categorised as traditional RSL, and thus, they could own former council housing through partial LSVT packages.⁶ The list of LSVT RSLs was derived from two separate databases issued by the TSA and DCLG respectively in order to restrain impacts of possible errors and omissions arising from the complexity of RSL mergers or creation of group structures.⁷

The categorisation of traditional LAs, ALMO LAs and partial transfer LAs is drawn from the UK parliament report, which aggregates LAs by approach to the Decent Homes standard (DHS), that is, 'whole LSVT', 'retention', 'ALMO' and 'mixed approach' as at 1 May 2008.⁸ The report refers to all the English LAs including those which had implemented whole LSVTs before the introduction of the DHS – such LAs are categorised as 'whole LSVT'. In this paper, we refer to the last three groups of LAs (above) as 'traditional LAs', 'ALMO LAs' and 'partial transfer LAs'. The 'traditional LAs' group includes four LAs, which had not finalised their approach in the report. The following five LAs (in the table below), opted for LSVT but the transfer was incomplete as at March 2009 and were therefore categorised as traditional LAs. The definition of ALMO LAs does not employ a similar adjustment, so the category could include LAs whose ALMO scheme was incomplete at the end of 2008/09.

LA	note
Rutland	incomplete (successful tenant vote on 08/09/2008)
Merton	incomplete (expected in March 2010)
Plymouth	completed in November 2009
North West Leicestershire	incomplete
South Cambridgeshire	rejected by tenant vote in July 2009

⁵ Since the LSVT programme began in December 1988, 171 LAs completed LSVTs – many of which created new RSLs. A 'whole LSVT' package can establish two or more LSVT RSLs – each of them, thus, received 'partial' LA stock, for example, transfers from Wychavon, Basingstoke & Deane and Windsor & Maidenhead.

⁶ For example, City West Housing Trust, a partial stock transferee from Salford, belongs to the 'traditional' RSL group. Also, there are cases where already operating LSVT RSLs took over housing from other LAs. For example, West Links Housing Ltd (currently ACIS group Ltd), which was established in October 1999 by taking over West Lindsey council housing, took over part of Sheffield council housing stock in March 2007 – the stock in Sheffield is termed as 'diversified' stock for the RSL in this paper.

⁷ The list from the TSA (unpublished) has also been used for our previous research such as Dataspring '*Housing associations and the movement to target rents, 2008 to 2009*', forthcoming at www.dataspring.org.uk. The DCLG list is available at www.communities.gov.uk/documents/housing/xls/completedsvts.xls. In addition, the following four RSLs are added as LSVT RSLs based on the information from each council, and thus their corresponding LA housing data were withdrawn from the analyses.

Transferee RSL	Transferor LA	transfer data
Geling Homes	Gedling	Nov-08
Three Oak Homes	Blaby	Nov-08
Berwick Boro Housing	Berwick-upon-Tweed	Nov-08
SBH	Sedgefield	Mar-09

We have observed, however, that LSVT RSLs defined solely by either of the sources was not substantially different from those in this paper.

⁸ Available at www.parliament.uk/deposits/depositedpapers/2008/DEP2008-1437.doc. All LAs which have council housing stock at that point are required by the Government to improve to the DHS by 2010. Prior to that, they were required to undertake an option appraisal by July 2005 to show how to meet the standard

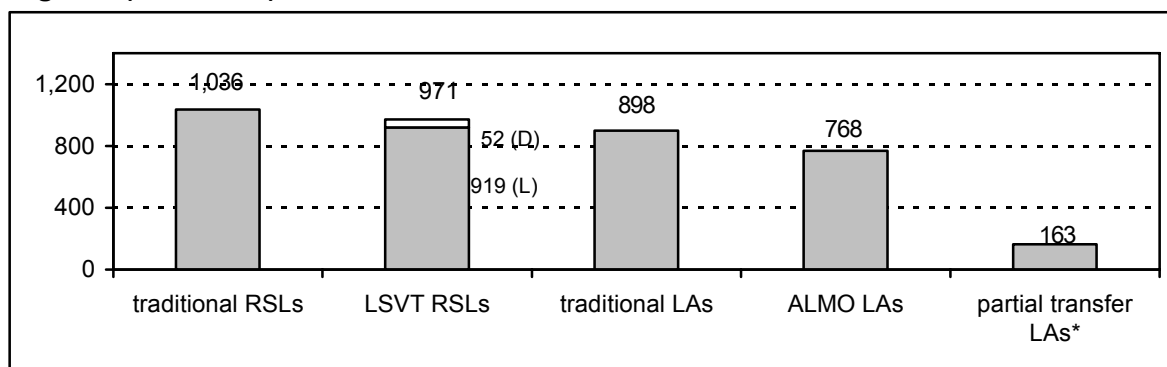
3. Social rented housing stock

This section looks at the stock distribution across six different landlord types: traditional RSLs, LSVT RSLs with stock in their original LA areas (local LSVT RSLs), those with stock in diversified areas (diversified LSVT RSLs), LAs retaining their housing and pertinent operations (traditional LAs), those using ALMOs (ALMO LAs) and LAs opting for a mixed approach to the Decent Homes Standard (partial transfer LAs) – mainly those which carried out partial transfer programmes.⁹

Figure 3.1 sets out total social rented housing stock of each social landlord type in England.

- Traditional RSLs had the largest stock of 1,036,000 units in total.
- LSVT RSLs had 971,000 units, of which 919,000 (95%) were located in their original LA areas.
- LSVT RSLs had 52,000 units in diversified areas, which are presumably post-transfer investment.
- 1,829,000 units were owned by LAs. Of those, 898,000 were also managed by LAs themselves, while 768,000 were estimated to be managed by ALMOs.
- Around 163,000 units were LA housing stock that remained as such after partial LSVT and/or ALMO programmes. This type of landlord was observed only in large urban concentrations.

Figure 3.1 Quantity of social rented housing stock by social landlord type: all sizes, England ('000 units)



Note: * LA housing stock in LAs with a mixed style, which means (a) the remaining council housing units after partial transfers, (b) units subject to a partial transfer but the programme was not implemented yet at the survey point and (c) units subject to a partial ALMO programme. Traditional RSLs might have former council housing stock transferred through partial transfer packages and/or amalgamated LSVT RSLs – LSVT RSLs which were merged into traditional RSLs and did not have dominating stock proportion in the merged entity are now belonging to the traditional RSL category. A decline in the diversified stock of LSVT RSLs from the last year's study is mainly due to such amalgamations. Sources: Author's calculation based on the datasets described in Section 2.

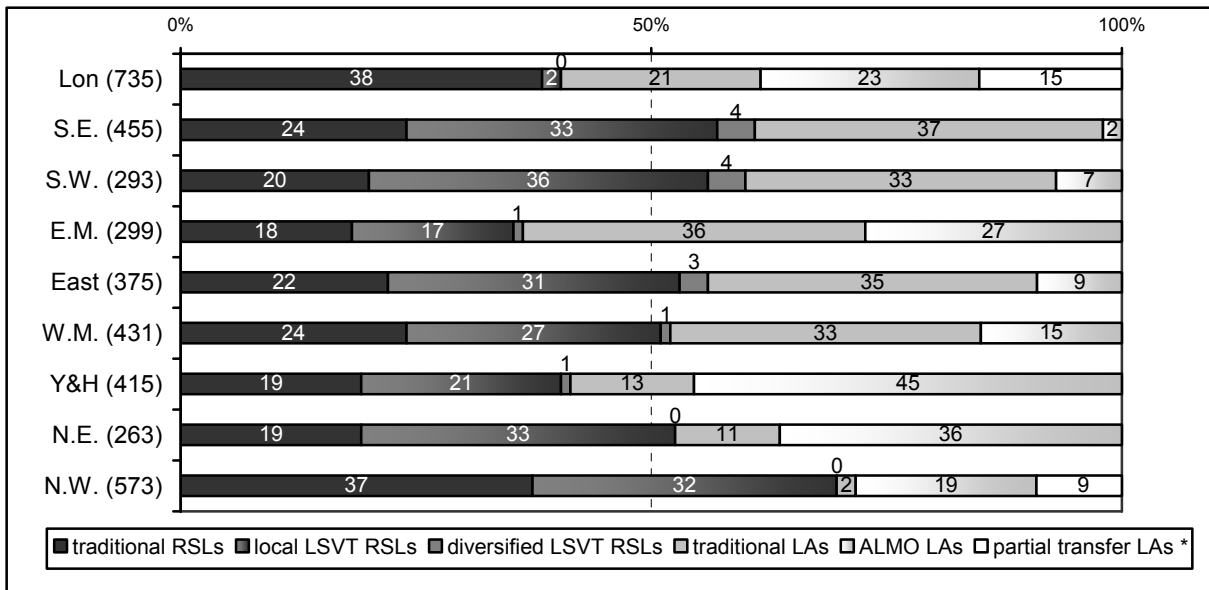
Figure 3.2 sets out the proportion of social rented housing stock by landlord type across the regions.

- Between regions, the proportion of stock held by traditional RSLs ranged from 38% in London to 18% in the East Midlands.
- LSVT RSLs' stock share was significantly small in London (2%). Large proportions were observed in the South West (36% in original LA areas and 4% in diversified areas) and the South East (33% and 4%).

⁹ Partial transfer LAs have a mixed style of stock ownership, which means (a) they retain council housing units after partial transfers to RSLs, (b) they may own units subject to a partial transfer but the programme was not implemented at the survey point and (c) they may own units subject to a partial ALMO programme.

- The proportion of stock held by traditional LAs was diminutive in the North West (2%) however; proportions in the South East, the East, the South West and the West Midlands were over 30%.
- In Yorkshire and the Humber, nearly half of the social housing stock was held by ALMO LAs. By contrast, ALMO LAs in the South East accounted for just 2% of the stock.
- Stock owned by partial transfer LAs was observed only in London and the North West.

Figure 3.2 Proportion of social rented housing stock (%) by social landlord type and region: all sizes, quantity ('000 units) in parentheses



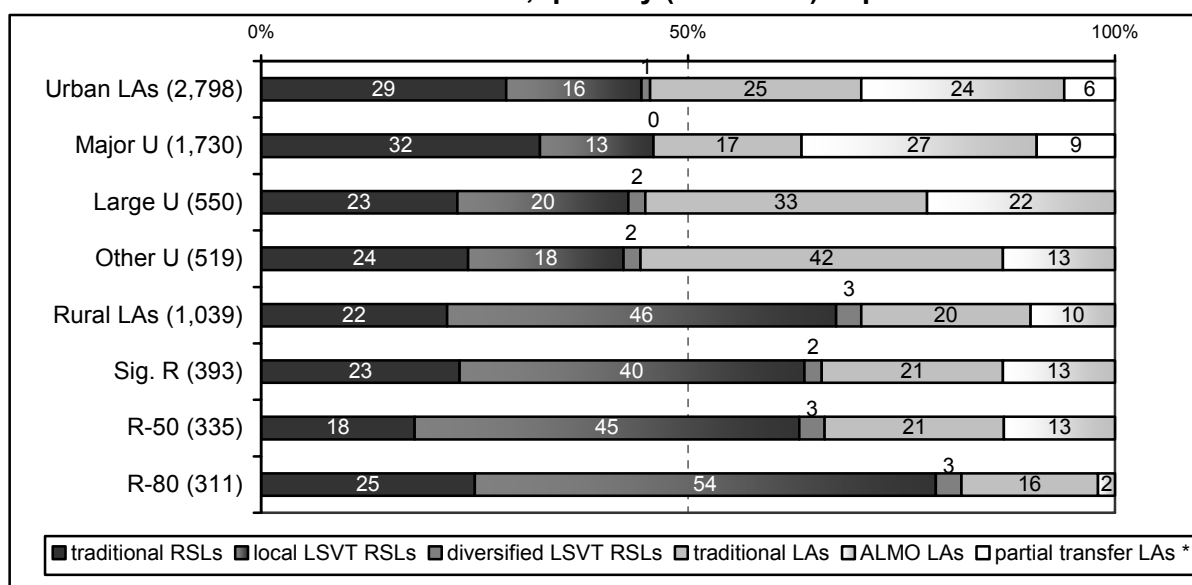
Note & Source: As Figure 3.1

Figure 3.3 reorganises the previous figure by urban/rural LA classification.¹⁰

- In the most rural LAs (Rural-80), more than half of the social rented stock belonged to LSVT RSLs while one in four were held by traditional RSLs, and modest proportions were held by LA landlords.
- The most urban LAs (Major urban) had social stock that was more evenly distributed across the landlord types.
- Both Large urban and Other urban had the largest proportions of stock held by traditional LAs, which was followed by traditional RSLs and LSVT RSLs.
- For Significant rural and Rural-50, the largest proportion was held by LSVT RSLs (over 40%).

¹⁰ The urban/rural LA classification is from the Department for Environment Food and Rural Affairs (DEFRA), 2006, *Rural Definition and Local Authority Classification*, available from <http://www.defra.gov.uk/evidence/statistics/rural/rural-definition.htm>. The classification is based on the snapshot population as in 2005.

Figure 3.3 Proportion of social rented housing stock (%) by social landlord type and urban/rural LA classification: all sizes, quantity ('000 units) in parentheses

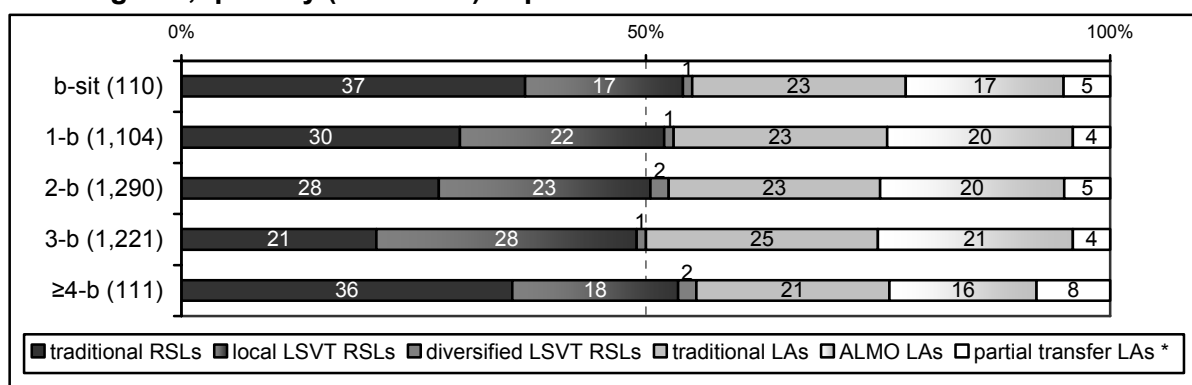


Note: The urban/rural LA classifications are: from the most to the least urban categories, Major urban, Large urban, Other urban, Significant rural (Sig. R), Rural-50 and Rural-80. Other notes and source: As Figure 3.1

Figure 3.4 sets out the proportion of social rented housing stock by landlord type for each property size.

- Traditional RSLs showed the largest proportions of stock in all size categories except three-bedroom. In particular, their shares of stock were highest in the bedsit, and four plus bedroom categories (37% and 36 % respectively)
- In the three bedroom category, LSVT RSLs held the largest proportion (28%) with the former and current LA housing stock amounting to nearly 80% on aggregate, suggesting that council housing policy had/has been inclined to family home provision.

Figure 3.4 Proportion of social rented housing stock (%) by social landlord type and size: England, quantity ('000 units) in parentheses

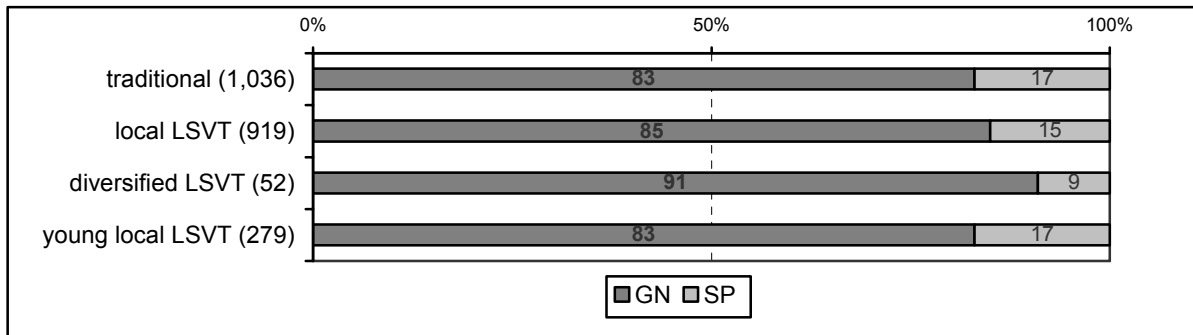


Note & Source: As Figure 3.1

Figure 3.5 sets out stock proportions by landlord type and housing needs. Please note that the LA sector data did not provide the needs disaggregation; we employed stock owned by 'young' local as the best available estimate – 'young' represents five years or less from completion of transfer. However, the validity of the substitute is subject to usual caveats (see Section 6).

- Both traditional RSLs and the LA landlord substitute (young local LSVT) each held 17% of special needs stock.
- The equivalent for LSVT RSLs in their original LA areas was slightly smaller at 15%.
- With a further contraction to 9%, they were more likely to appear as a general housing provider than as a specialist in diversified areas.

Figure 3.5 Proportion of social rented housing stock (%) by the RSL type and housing needs: England, quantity ('000 units) in parentheses



Note & Source: As Figure 3.1

Table 3.1 sets out the proportion of stock given over to the Choice Based Lettings (CBL) scheme for each landlord type. Please note that the comparison is not straightforward: The proportion for the RSL sector was available from data source we used but it includes bedspaces. The LA sector's stock data source did not provide the equivalent figure and thus, the table draws on the count of LAs operating a common waiting list with RSLs in 2009.¹¹

- In the RSL sector, LSVT RSLs in diversified areas held the largest CBL proportion at 64%.
- Their comparative figure in original LA areas was also relatively large at 61%.
- The proportion of CBL stock among traditional RSLs was smaller at 46%.
- In the LA sector, the fraction of LAs with the common waiting list remained at around 40%, regardless of landlord type.

Table 3.1 Choice Based Lettings (CBL) proportion (%): 2008/09 (RSL), 2009 (LA)

	CBL stock ('000 units)	total ('000 units)	proportion (%)
traditional RSLs	500	1,098	46
LSVT RSLs (L)	563	924	61
LSVT RSLs (D)	36	56	64
LAs operating common waiting list			
		total LAs	proportion (%)
traditional LAs	47	117	40
ALMO LAs	21	59	36
partial transfer LAs	3	7	43

Note: The RSL stock contains bedspaces. Source: Author's calculation based on the datasets described in Footnote 10.

Tables 3.2 and 3.3 estimate competitiveness among social landlords in each LA area by regarding an LA housing department as a single social landlord in each area where it exists.¹² The tables list twenty areas with high and low competitiveness respectively. The

¹¹ Sources: For the RSL sector, the RSR 2009 Part O. For the LA sector, CLG (2009) available at www.communities.gov.uk/documents/housing/xls/table600.xls.

¹² RSLs were counted on the code base used in the RSR 2009, and therefore if a group structure of RSLs exists in an area they would not be treated as a single large RSL landlord.

degree of competitiveness of social landlords is based on the Herfindahl Index (HI) – for the calculation and interpretation of HI, see Annex 3.

- The table of the twenty most competitive areas was dominated by major urban LAs with Liverpool (HI 0.13 points), Tower Hamlets (0.16) and Manchester (0.18) as the top three.
- By region, half were in London.
- Twenty LA areas had an LA landlord but its stock proportion was below 60% in each area, partly because four areas carried out partial transfers.
- There were eight whole LSVT areas. All of them, except Halton, had two or more recipient RSLs in transfer schemes (the counts are not presented in the table).
- Notably in Basingstoke & Dean, nearly 9,000 former council units were split and transferred to two RSLs in 1995 due to the government's upper limit of 5,000 dwellings in any one transfer package at that time.¹³
- The twenty areas showed relatively high CBL proportions but the variable's correlation with the HI failed to be significantly positive among all localities in the examination (see Table A.3.3 in Annex 3).
- In the table of the twenty least competitive areas, Chiltern came first with a HI of 0.94, followed by North East Derbyshire (0.87) and Ryedale (0.84).
- The stock proportions of LA landlords (where they operated) were around 90%.
- The comparable local LSVT RSLs' figures were also high, partly because their transferred stock sizes were below the limit (albeit the relative size was large in each area) so that a single RSL had taken all in a transfer programme.
- The transfer of over 30,000 units in Wakefield was undertaken shortly after the removal of the size limit in 2005, producing one dominant local LSVT RSL.¹⁴

Table 3.2 Twenty LA areas with high competitiveness (low H-index) between social landlords

LA	region	U/R	LA housing*	HI	landlords (count)	total stock ('000)	stock proportion (%) by landlord type				CBL**	
							traditional RSL	LSVT (L)	LSVT (D)	LA	RSL (%)	LA
Liverpool	NW	MU	LSVT	0.13	26	54	47	53	0	0	86	No
Tower Hamlets	L	MU	partial T	0.16	34	38	66	0	0	34	89	Yes
Manchester	NW	MU	partial T	0.18	39	78	63	0	0	37	55	Yes
Kensington & C	L	MU	ALMO	0.20	29	18	63	0	0	37	57	Yes
Brent	L	MU	ALMO	0.23	25	22	58	0	0	41	73	No
Medway	SE	OU	traditional	0.25	20	7	50	0	4	46	30	Yes
Tameside	NW	MU	LSVT	0.27	23	20	29	71	0	0	78	No
Halton	NW	OU	LSVT	0.27	15	14	55	45	0	0	14	No
Basingstoke & D	SE	SR	LSVT	0.28	27	12	17	73	10	0	42	Yes
Bexley	L	MU	LSVT	0.28	17	12	100	0 [†]	0	0	24	Yes
Westminster	L	MU	ALMO	0.30	23	24	48	0	0	52	69	No
Herefordshire	WM	R50	LSVT	0.31	24	11	19	67	14	0	88	Yes
Waltham Forest	L	MU	ALMO	0.32	28	20	47	0	0	53	81	No
Thanet	SE	OU	traditional	0.32	15	7	57	0	1	42	59	Yes
Hammersmith & F	L	MU	ALMO	0.33	32	24	47	0	0	53	75	No
Redbridge	L	MU	ALMO	0.33	25	8	44	0	0	56	62	No
Cherwell	SE	SR	LSVT	0.34	17	7	18	76	6	0	89	Yes
Lewisham	L	MU	partial T	0.35	28	35	44	0	1	56	76	Yes
E. Hertfordshire	E	SR	LSVT	0.35	18	7	15	84	1	0	91	Yes
Hackney	L	MU	partial T	0.35	29	41	42	0	0	58	65	No

Note: N=350 (Rugby, West Lancashire, Isle of Scilly and Wear Valley were excluded because of some omissions in the LA sector data). Ranked by HI before rounding. * LSVT indicates whole LSVT. ** CBL indicates a stock proportion measured as in Table 3.1 for the RSL sector and whether or not the LA operate common register.

[†] The original LSVT RSL was merged into a large traditional RSL. Other notes are as Figure 3.1. Source: As Figure 3.1 and Table 3.1.

¹³ The threshold was introduced in 1993, raised to 12,000 units in 1997 and removed in 2005. The initial purpose of the limit was to avoid the risk of "a local monopoly by creating a single new predominant landlord in an area." (Department of Environment. *Voluntary Transfers: Consultation Paper*. 1992 p.7)

¹⁴ For the impact of the LSVT RSL in and around Wakefield area, see Udagawa, C. (2009) *Annual Analysis of the Current Pattern of Registered Social Landlord Rents, 2007/08*; available at www.dataspring.org.uk/outputs/.

Table 3.3 Twenty LA areas with low competitiveness (high H-index) between social landlords

LA	region	U/R	LA housing*	HI	landlords (count)	total stock ('000)	stock proportion (%) by landlord type			CBL**		
							traditional RSL	LSVT (L)	LSVT (D)	LA	RSL (%)	LA
Chiltern	SE	SR	LSVT	0.94	11	5	3	97	0	0	0	No
N.E. Derbyshire	EM	R50	ALMO	0.87	12	9	7	0	0	93	50	No
Ryedale	YH	R80	LSVT	0.84	8	3	100	0 [†]	0	0	0	No
Wansbeck	NE	R50	LSVT	0.84	6	6	9	91	0	0	2	No
Gravesham	SE	MU	traditional	0.83	12	7	8	0	1	91	12	Yes
Congleton	NW	R80	LSVT	0.82	8	4	9	91	0	0	0	No
Spelthorne	SE	MU	LSVT	0.82	6	5	99	0 [†]	1	0	83	Yes
Mole Valley	SE	MU	LSVT	0.82	13	4	9	91	1	0	87	No
Barnsley	YH	SR	ALMO	0.82	12	22	10	0	0	90	10	No
Wakefield	YH	MU	LSVT	0.82	19	34	10	90	0	0	92	No
City of London	L	MU	traditional	0.82	3	2	10	0	0	90	69	No
Chester-le-Street	NE	MU	LSVT	0.81	12	5	10	90	0	0	5	Yes
Stratford-on-Avon	WM	R80	LSVT	0.81	6	6	100	0 [†]	0	0	81	Yes
Surrey Heath	SE	OU	LSVT	0.81	10	3	9	90	1	0	95	Yes
Lincoln	EM	OU	traditional	0.80	12	9	11	0	0	89	53	Yes
Thurrock	E	OU	traditional	0.80	14	12	11	0	0	89	43	No
Wigan	NW	MU	ALMO	0.79	14	26	11	0	0	89	35	Yes
Hambleton	YH	R80	LSVT	0.79	13	5	11	89	0	0	0	No
Doncaster	YH	SR	ALMO	0.79	15	24	11	0	0	89	12	No
North Lincolnshire	YH	R50	LSVT	0.79	15	11	11	89	0	0	0	No

Note & Source: As Table 3.2.

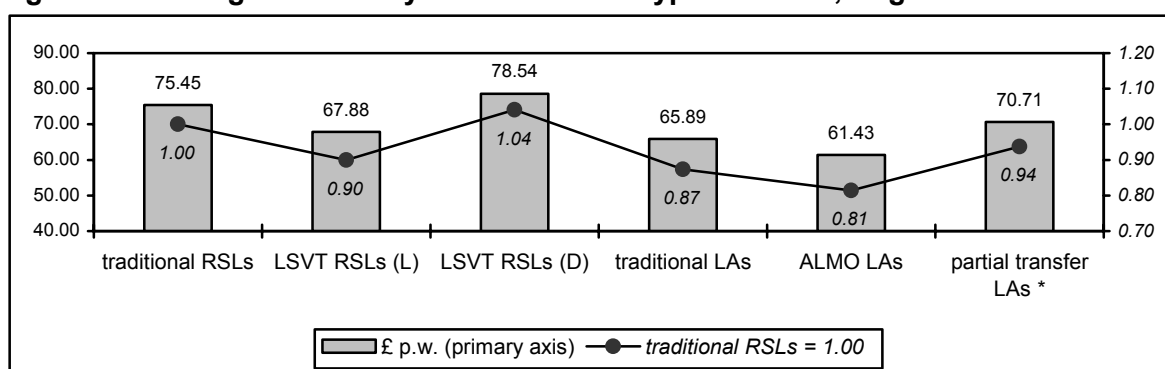
4. Net Rent

England

Figure 4.1 sets out the average net rent of each social landlord type in England for all property sizes.

- Excluding partial transfer LAs, which are biased by urban settings, the remaining five social landlord types can be categorised into two groups: a group with relatively high rents made up of landlords in the RSL sector (except local LSVT RSLs), and a low rent group consisting of LA landlords and local LSVT RSLs.
- Diversified LSVT RSLs had the highest average net rent of £78.54.
- The average net rent charged by traditional RSLs was reasonably close to this level, at £75.45 – a gap of 4% (using the traditional RSL level as reference).
- The average rents of local LSVT RSLs (£67.88) and traditional LAs (£65.89) were relatively close to one another – 10% and 13% below the traditional RSL average respectively.
- The lowest average was from ALMO LAs (£61.43 or 19% below the standard).
- The partial transfer LAs showed a relatively high average of £70.71 (only 6% below) because their rents contain urban factors (see Figure 3.3).

Figure 4.1 Average net rent by social landlord type: all sizes, England

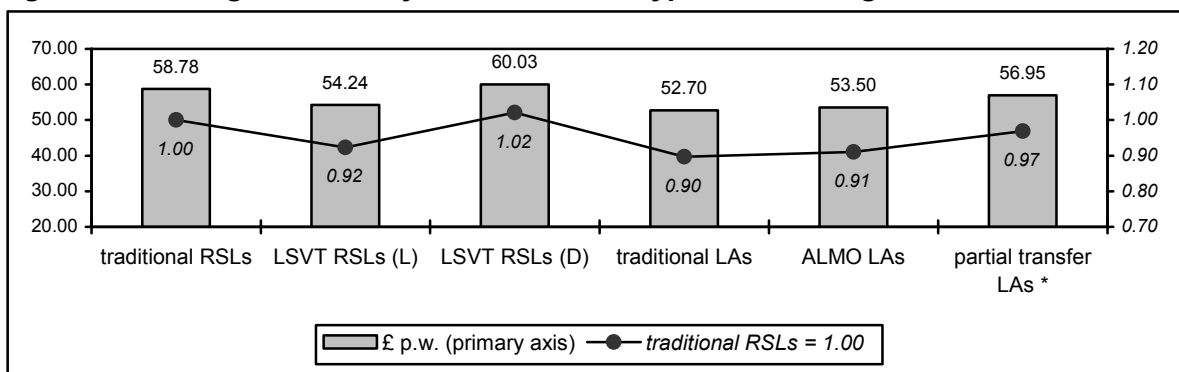


Note & Source: As Figure 3.1.

Figures 4.2 to 4.6 disaggregate the above chart by property size.

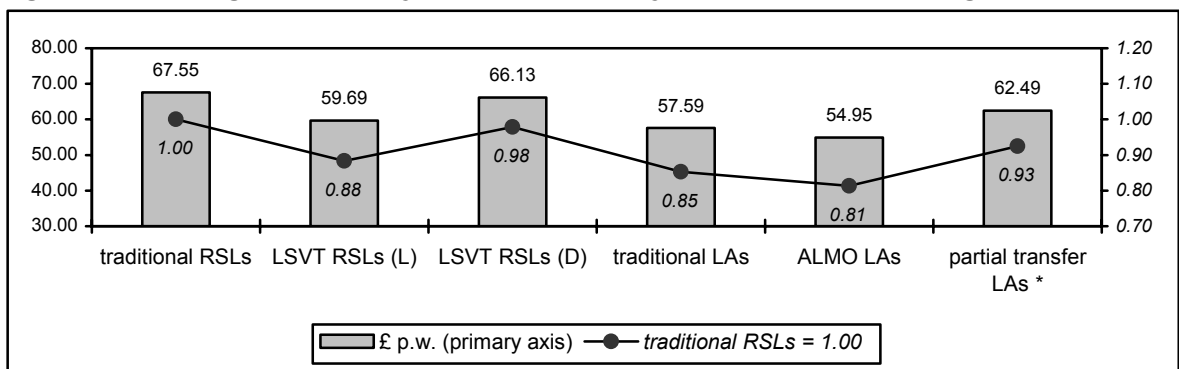
- Overall each size category had a similar picture to the aggregate pattern.
- Diversified LSVT RSLs showed the highest averages in all size categories except one-bedroom, where traditional RSLs were highest.
- ALMO LAs consistently had the lowest averages except in the bedsit category, in which traditional LAs had the lowest rents.
- The difference between the landlord types, measured by the traditional RSL average as a reference, was the smallest in bedsits (0.12 points) and the greatest in three-bedroom properties (0.24 points).

Figure 4.2 Average net rent by social landlord type: bedsit, England



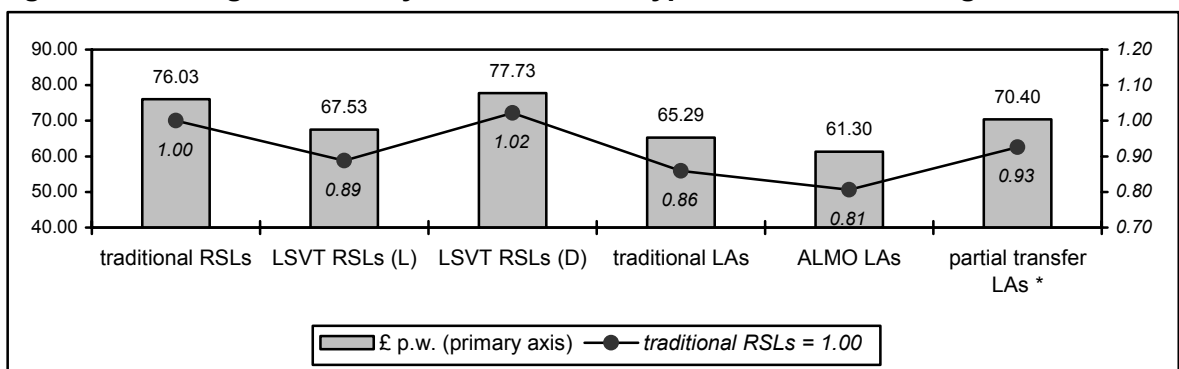
Note & Source: As Figure 3.1.

Figure 4.3 Average net rent by social landlord type: one-bedroom, England



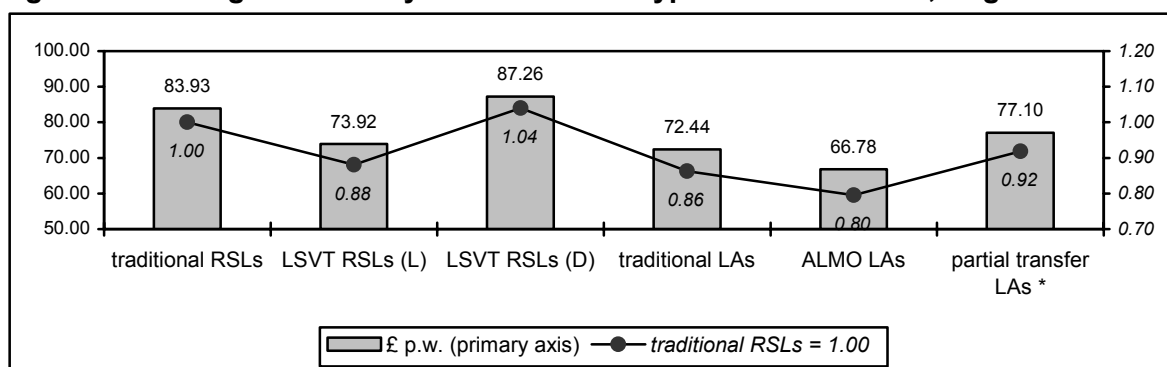
Note & Source: As Figure 3.1.

Figure 4.4 Average net rent by social landlord type: two-bedroom, England



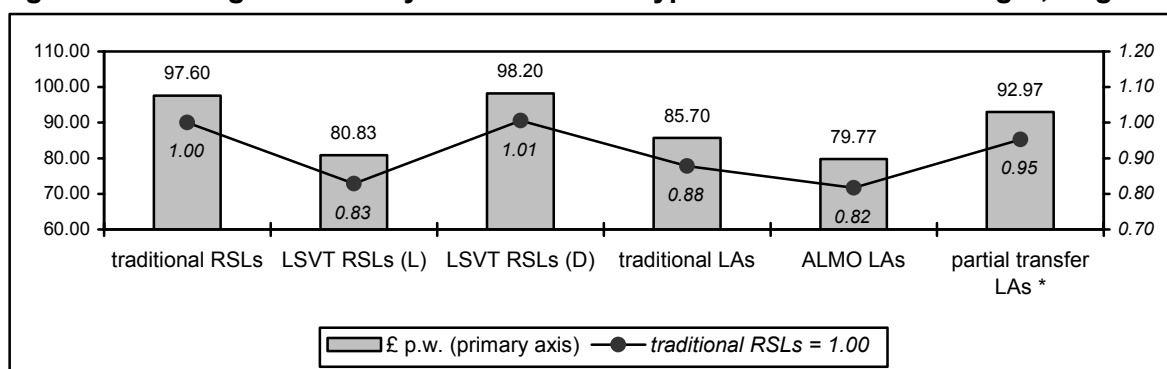
Note & Source: As Figure 3.1.

Figure 4.5 Average net rent by social landlord type: three-bedroom, England



Note & Source: As Figure 3.1.

Figure 4.6 Average net rent by social landlord type: four-bedroom or larger, England



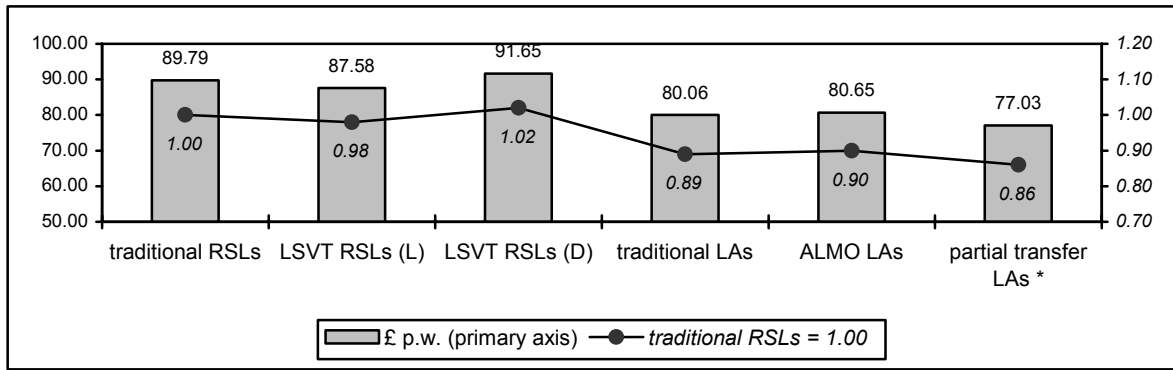
Note & Source: As Figure 3.1.

Regions

Figures 4.7 to 4.15 set out the regional average net rents for two-bedroom properties by landlord type. Partial transfer LAs were observed only in London and the North West. For the other size categories, see Table A.3.3 in Annex 3.

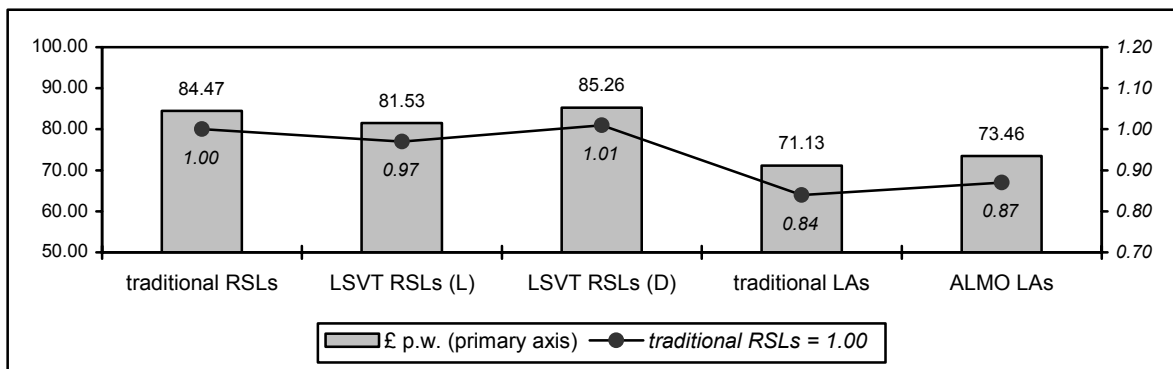
- Diversified LSVT RSLs showed the highest averages in seven regions with the remaining two regions' highest average net rents coming from traditional RSLs.
- The lowest averages in all regions were observed among the three LA landlord types – notably, partial transfer LAs had the lowest average rents in London and the second lowest in the North West which is a marked contrast to their overall high rents, nationally.
- While local LSVT RSL average rents were generally close to those of LA landlords, this pattern was not uniform across the regions.
- Drawing on the averages relative to the traditional RSL levels, five regions (London, the South East, the South West, the North East and the North West) saw local LSVT RSL rents closer to traditional RSLs than to any LA landlord group.
- The average difference between landlord types was largest in the North East (0.26 points) and smallest in London (0.16).

Figure 4.7 Average net rent by social landlord type: two-bedroom, London



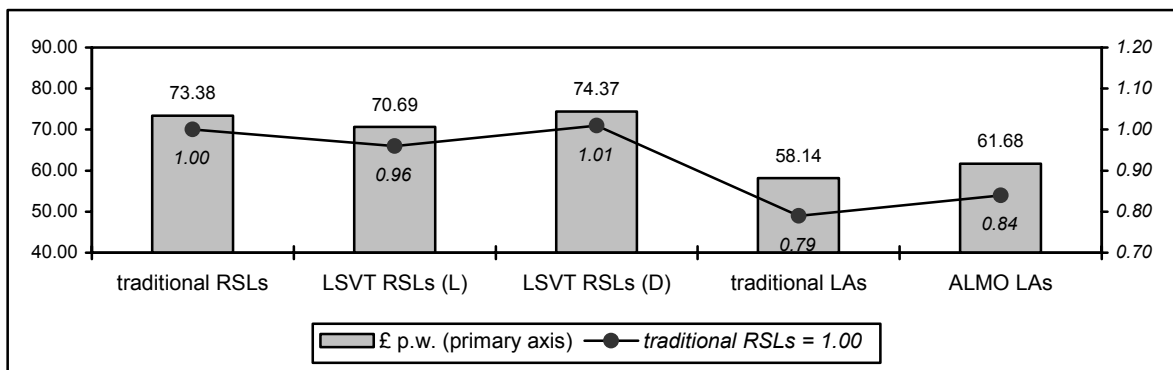
Note & Source: As Figure 3.1.

Figure 4.8 Average net rent by social landlord type: two-bedroom, South East



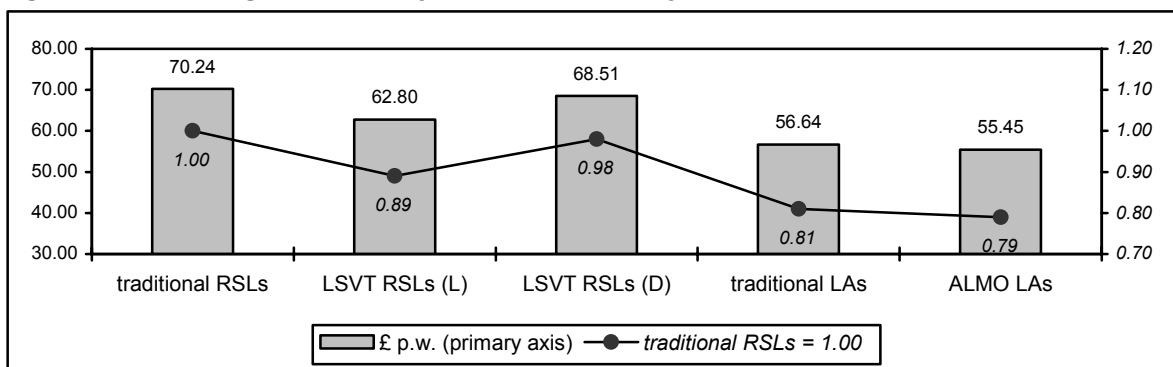
Note & Source: As Figure 3.1.

Figure 4.9 Average net rent by social landlord type: two-bedroom, South West



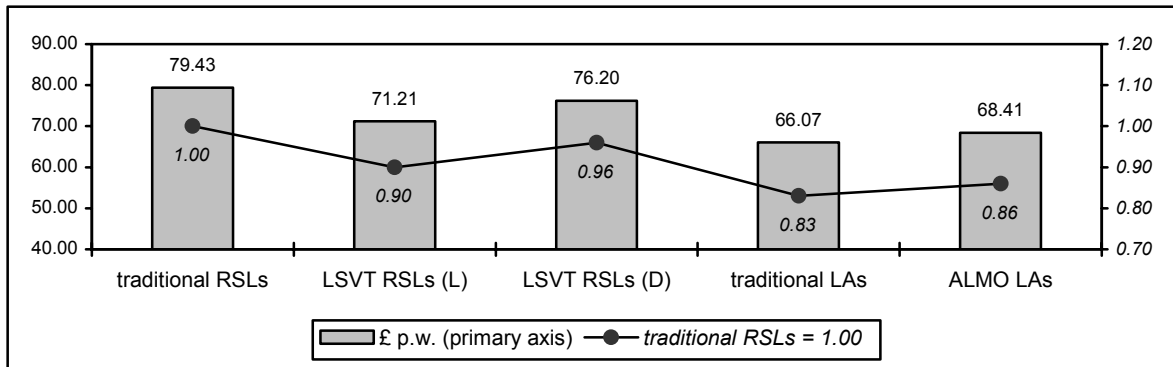
Note & Source: As Figure 3.1.

Figure 4.10 Average net rent by social landlord type: two-bedroom, East Midlands



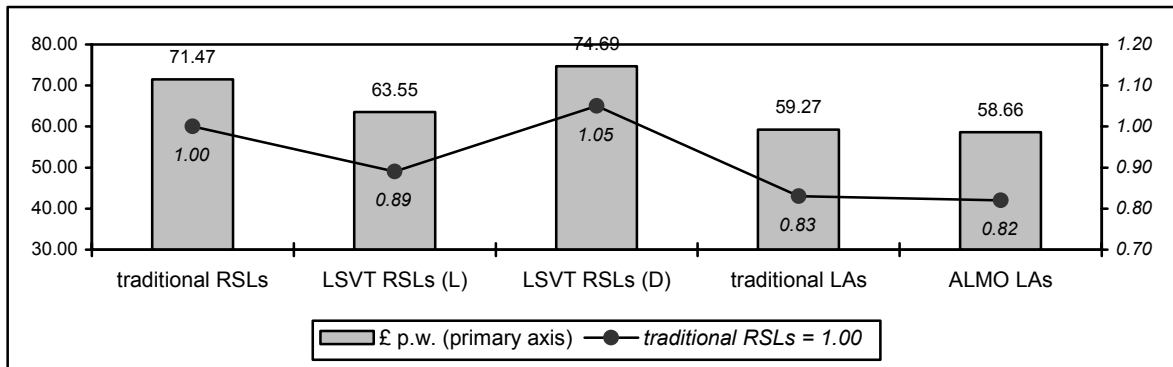
Note & Source: As Figure 3.1.

Figure 4.11 Average net rent by social landlord type: two-bedroom, East of England



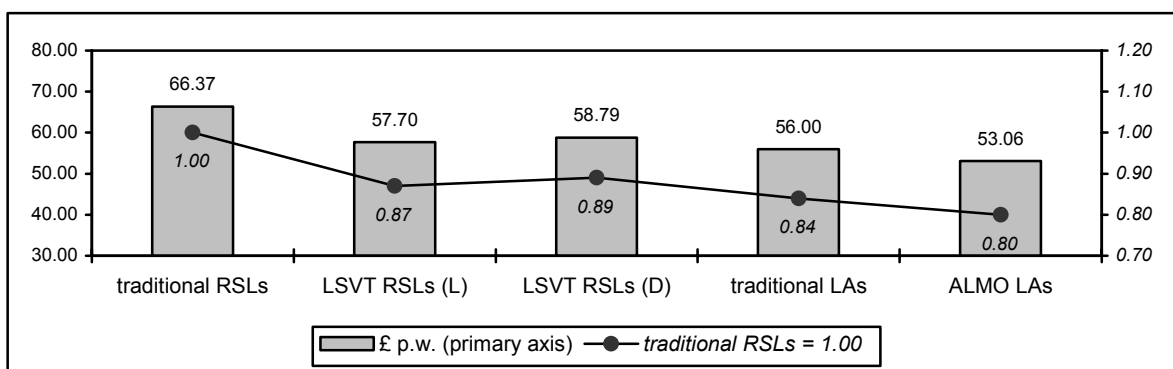
Note & Source: As Figure 3.1.

Figure 4.12 Average net rent by social landlord type: two-bedroom, West Midlands



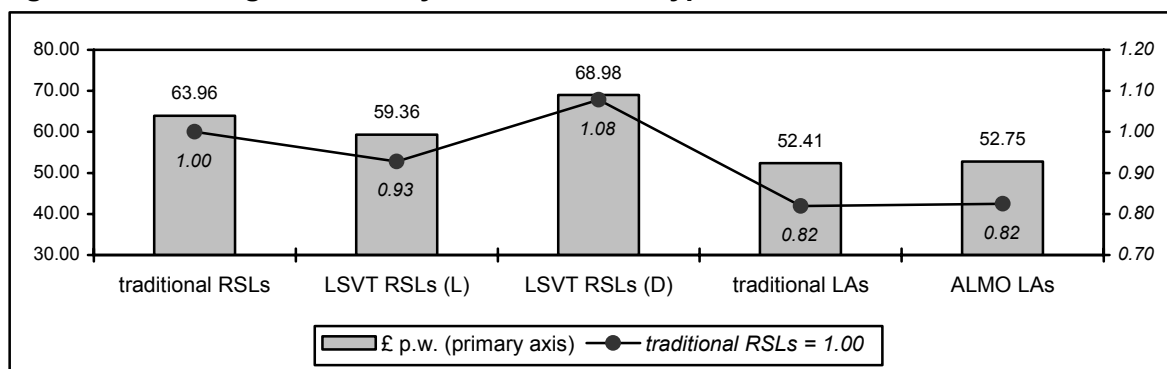
Note & Source: As Figure 3.1.

Figure 4.13 Average net rent by social landlord type: two-bedroom, Yorkshire & the Humber



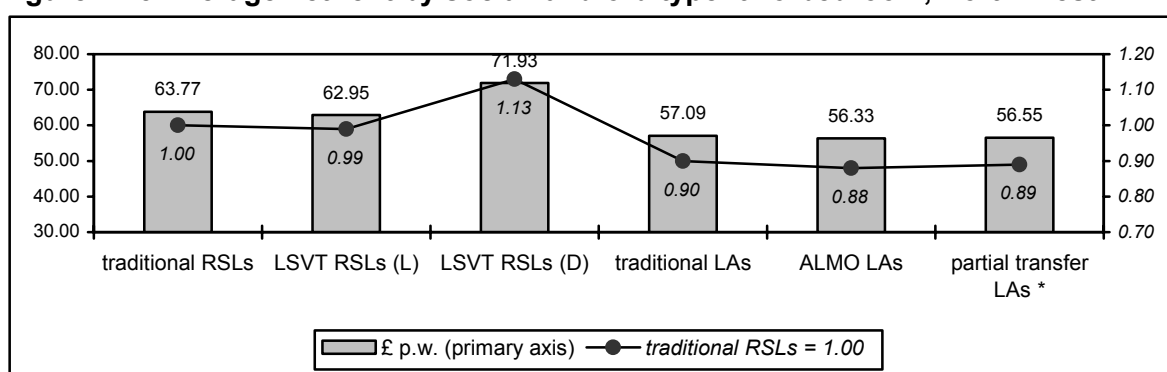
Note & Source: As Figure 5.1.

Figure 4.14 Average net rent by social landlord type: two-bedroom, North East



Note & Source: As Figure 3.1.

Figure 4.15 Average net rent by social landlord type: two-bedroom, North West



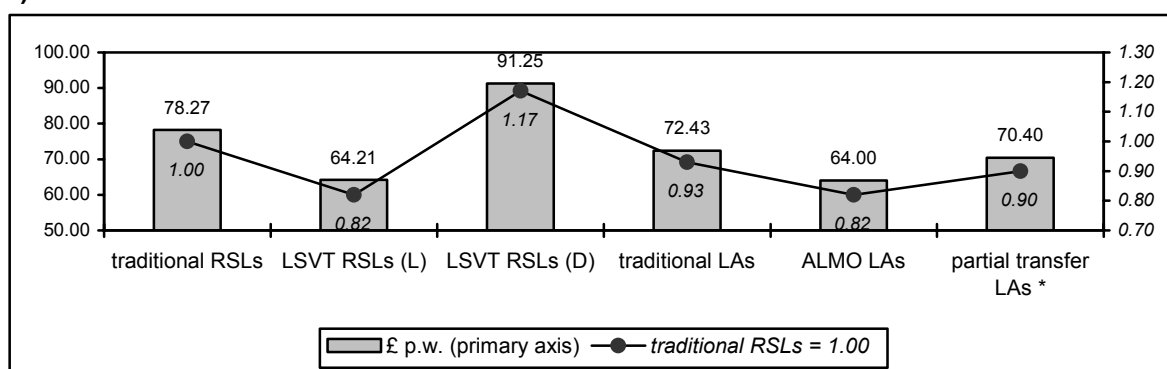
Note & Source: As Figure 3.1.

Local authority (LA) areas

Figures 4.16 and 4.17 set out the two-bedroom average rent for each landlord type in the most urban LA areas and the most rural LA areas respectively. Note that partial transfer LA landlords were observed only in the most urban areas. For the other urban/rural LA groups and the other size categories, see Table A.3.6 in Annex 3.

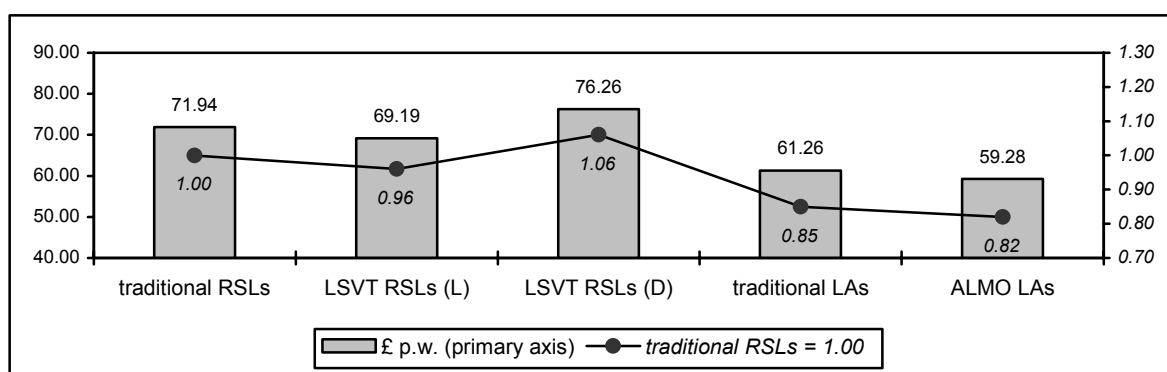
- The major contrast between the urban and rural areas was observed mainly in the average rents of LSVT RSLs – both local and diversified.
- In the urban chart, local LSVT RSLs had an average net rent (£64.21) far below the traditional RSLs' level (£78.27) and even lower than the traditional LA average (£72.43), with proxy to ALMO LAs (£64.00).
- In the rural context, the equivalent (£69.19), apart from the LA landlord levels, was approaching the traditional RSL average (£71.94), owing presumably to the maturity of rural LSVTs (see Figure A.2.4 in Annex 2).
- The diversified LSVT RSLs average was higher than the traditional RSL standard in both charts, but the margin was much greater in the urban areas (0.17 points) than in the rural areas (0.06).

Figure 4.16 Average net rent by social landlord type: two-bedroom, Most urban (Major U) LAs



Note & Source: As Figure 3.3.

Figure 4.17 Average net rent by social landlord type: two-bedroom, Most rural (S-80) LAs



Note & Source: As Figure 3.3.

Tables 4.1 and 4.2 list the LAs with the widest and narrowest rent differences between landlord types for two-bedroom properties. To control a bias from extremes with fewer quantities of stock, LAs with no or more than 29 units of diversified LSVT RSL stock were examined. Table 4.3 sets out the key statistics.

- The table of the widest rent differences was dominated by LAs retaining housing stock with fifteen traditional LAs and three ALMO LAs.
- Fourteen LAs had diversified LSVT RSLs. This landlord type set the highest rents in twelve of those areas.
- Eight LAs had traditional RSLs which set the highest rents.
- In the narrowest difference list, fourteen LAs completed LSVTs – of those, eleven had five years or more since transfer.
- Six LAs remained as a social landlord, of which three were in London and five were urban LAs.
- On average, the difference in rents between the landlord types, across all LA areas was £10.85.

Table 4.1 Twenty LA areas with a wide gap in average net rents between landlord types: two-bedroom

LA	region	U/R	LA housing*	Gap (£)	Average net rent (£) for each landlord type					HI	landlords (count)	CBL **		
					traditional RSL	LSVT (L)	LSVT (D)	traditional LA	ALMO			partial T	RSL	LA
Crawley	SE	OU	traditional	67.81	85.37		153.18	86.11			0.69	15	49	No
Worcester	WM	OU	LSVT ††	46.33	69.41	62.33	108.66				0.54	19	86	Yes
Luton	E	OU	traditional	28.62	75.28		90.29				0.56	19	24	No
Bristol	SW	LU	traditional	25.14	75.96		78.77				0.60	25	58	Yes
Sutton	L	MU	ALMO	24.88	91.42		102.96		78.08		0.45	25	63	No
Oxford	SE	OU	traditional	24.84	88.77		98.37				0.50	17	73	Yes
Southampton	SE	LU	traditional	24.72	83.11		87.05				0.59	24	59	Yes
Thurrock	E	OU	traditional	23.62	79.55						0.80	14	43	No
Newham	L	MU	ALMO	22.17	89.37				67.20		0.46	29	79	No
Maidstone	SE	SR	LSVT	21.61	82.51	70.25	91.86				0.73	15	65	Yes
Hinckley & B.	EM	SR	traditional	21.22	71.43				50.21		0.53	14	8	No
Slough	SE	OU	ALMO	20.69	92.37		100.10		79.41		0.51	22	43	Yes
Woking	SE	MU	traditional	20.32	92.82		103.43		83.11		0.66	15	33	No
Fareham	SE	LU	traditional	20.29	83.91		88.05		67.76		0.49	20	55	Yes
Uttlesford	E	R80	traditional	19.16	83.79		89.60		70.44		0.54	18	56	Yes
Oadby & W.	EM	LU	traditional	18.92	73.83				54.91		0.60	10	46	No
Barking & D.	L	MU	traditional	18.62	89.07		83.13		70.45		0.74	25	75	No
Winchester	SE	R50	traditional	18.51	92.18		91.95		73.67		0.56	17	61	Yes
Melton	EM	R80	traditional	18.01	74.25				56.24		0.65	10	37	Yes
Nuneaton & B.	WM	OU	traditional	17.96	74.70				56.74		0.65	14	7	No

Note: N=256 due to (1) omissions of the LA sector's rent data (see Annex 1); (2) employing LAs with thirty or more units owned by LSVT RSLs (D) or LAs without this type of landlord; (3) exclusion of eight LAs who completed LSVT but did not have LSVT RSLs (L) (also, see Annex 1). The maximum and minimum are shaded in grey and black respectively. †† 5 years or less since transfer completion. The other notes and source: As Table 3.2.

Table 4.2 Twenty LA areas with a narrow gap in average net rents between landlord types: two-bedroom

LA	region	U/R	LA housing*	Gap (£)	Average net rent (£) for each landlord type					HI	landlords (count)	CBL **		
					traditional RSL	LSVT (L)	LSVT (D)	traditional LA	ALMO			partial T	RSL	LA
Torbay	SW	OU	LSVT	0.07	68.32	68.26	68.33				0.38	11	92	Yes
Breckland	E	R80	LSVT	0.35	69.73	69.49	69.84				0.71	15	1	Yes
Waltham Forest	L	MU	ALMO	0.83	86.29				85.46		0.32	28	81	No
South Hams	SW	R80	LSVT	1.00	71.85	71.51	72.51				0.61	11	0	Yes
Burnley	NW	OU	LSVT	1.02	65.63	64.61					0.62	12	78	No
Kensington & C	L	MU	ALMO	1.30	91.49				92.79		0.20	29	57	Yes
Tameside	NW	MU	LSVT	1.36	63.88	65.25					0.27	23	78	No
Broadland	E	SR	LSVT	1.59	70.49	70.01	71.60				0.71	8	92	Yes
North Dorset	SW	R80	LSVT	1.69	78.14	79.84	78.25				0.68	14	7	No
Restormel	SW	R80	LSVT	1.87	66.38	68.14	66.27				0.63	12	96	Yes
Sunderland	NE	MU	LSVT	2.04	62.89	60.85					0.75	18	88	No
Halton	NW	OU	LSVT ††	2.13	64.49	62.36					0.27	15	14	No
South Ribble	NW	LU	LSVT	2.34	68.29	70.62					0.54	11	73	No
S. Bedfordshire	E	OU	traditional	2.42	80.61		83.03	80.77			0.59	16	21	No
Castle Morpeth	NE	R80	LSVT ††	2.42	61.60	59.18					0.75	7	4	No
Liverpool	NW	MU	LSVT ††	2.83	64.94	62.12					0.13	26	86	No
Westminster	L	MU	ALMO	2.86	100.97				103.83		0.30	23	69	No
Waverley	SE	R50	traditional	2.92	92.85		89.93	90.61			0.69	17	58	Yes
Salford	NW	MU	partial T ††	3.03	59.07					56.04	0.41	22	72	No
Wychavon	WM	R80	LSVT	3.10	70.13	73.23					0.43	13	91	Yes

Note & source: As Table 4.1 except shading.

Table 4.3 Key statistics on average net rents and their difference between landlord types across LAs (£): two-bedroom

	average	median	S.D.	range	minimum	maximum	N
gap between landlord types	10.85	10.32	6.69	67.74	0.07	67.81	256
rent of traditional RSLs	75.95	73.92	9.92	43.09	57.88	100.97	256
rent of LSVT RSLs (L)	68.88	67.46	9.16	35.91	52.79	88.70	122
rent of LSVT RSLs (D)	78.72	77.24	11.18	96.97	56.21	153.18	141
rent of traditional LAs	65.76	63.21	10.63	50.72	50.21	100.93	84
rent of ALMO LAs	63.60	57.86	13.20	55.91	47.92	103.83	45
rent of partial transfer LAs	74.56	75.53	11.10	28.18	56.04	84.22	5

Note & source: As Table 4.1.

5. Target rent

Regardless of the sectors to which they belong, social landlords have been adjusting their actual net rents towards target rents since April 2002 as part of the rent restructuring framework, with the completion deadline as 2012. The latest target rent for each rental property is explained as the following equation for the both RSL and LA sector:¹⁵

$$\text{Target rent} = g \bar{r} \left(0.7 \frac{e}{\bar{e}} w + 0.3 \frac{p}{\bar{p}} \right) \quad \text{where}$$

\bar{r} : each sector's national average net rent in April 2000;

p : individual property value in terms of the January 1999 price;

\bar{p} : each sector's national average property value in January 1999;

e : the average earnings in a county where the property is located;

\bar{e} : the national average earnings;

w : property size weight, which takes 1.0 for two-bedroom properties¹⁶ ; and

g : cumulative inflator since the introduction¹⁷

Some of the variables in the above equation vary depending on the landlord's sector and/or the location of the property, while the remaining variables do not – such variation is summarised in the table below which indicates:

- When controlling property sizes, difference in target rents at the national level depends principally on each property value, the sector's average net rent and the county earnings.
- At the local area level, the last variable loses its influence on variation of the target rents.
- The national average net rent in April 2000 was £53.50 for the RSL sector and £54.62 for the LA sector, providing an LA to RSL ratio of 1.02.¹⁸

¹⁵ In order to mitigate the effect of the formula on a small proportion of properties in high value areas, adjustments to target net rents are subject to a rent cap that varies by property size. 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 Services 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.

¹⁶ For other sizes, $w=0.80$ (bedsits), 0.9 (1-bed), 1.1 (3-bed), 1.2 (4-bed), 1.3 (5-bed) and 1.4 (≥ 6 -bed).

¹⁷ Specified by the Government regulator's guideline limit for each year – RPI + 1% from 1 April 2000, and RPI + 0.5% from 1 April 2002.

¹⁸ Until 2005/06, the LA sector's average of £45.60 with the different inflators was employed.

- Therefore, for properties with the same value in the same area, LA landlords had targets that were 2% higher than the RSL equivalent.

Table 5.1 Variation patterns of the variables in the target formula by landlord's sector and property location

		by locations		
		equal		varied per property
		across the nation	within a country	
By sectors	equal	$g^{*,\dagger}, w, \bar{p}^*, \bar{e}$		e
	varied	\bar{r}		p

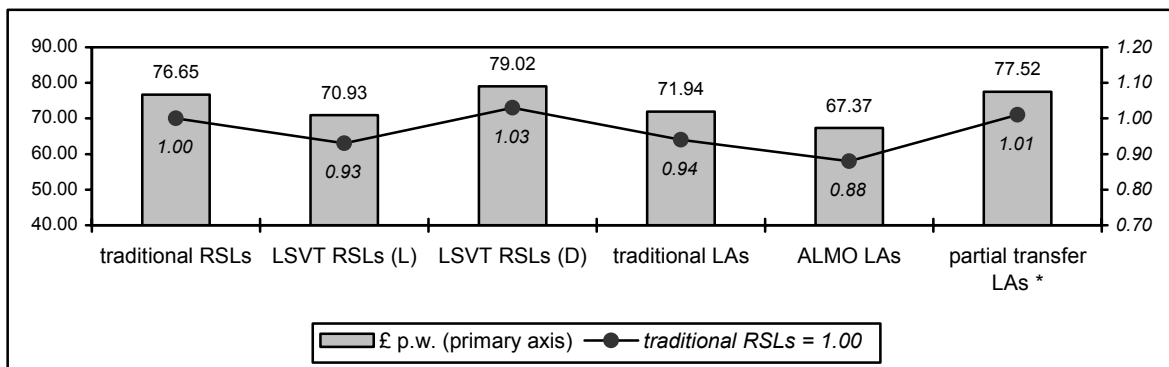
Note: * By the LA sector's revision applied from 2006/07, the two sectors were equal. † In the case of employing the Guideline limit. Source: Author's creation based on DETR (2001) *Guide to Social Rent Reforms* and ODPM (2005) *Commentary on the Housing Revenue Account Subsidy Determination 2006-2007*.

England

Figure 5.1 sets out the average target rent of each social landlord type in England for all property sizes. Taking into account the above classification, the landlord types with higher targets provide three untested hypotheses:

- They had many high valued properties.
- They had many properties in high income areas.
- They had many larger sized properties.
- Diversified LSVT RSLs had the highest average target rent of £79.02, followed by partial transfer LAs (£77.52) and traditional RSLs (£76.65).
- The landlords with the lowest target rents were; ALMO LAs (£67.37), local LSVT RSLs (£70.93) and traditional LAs (£71.94).
- The differentiated pattern of net rents between landlord types was also evident in the pattern of average target rents. The differences here, however, were less significant.
- Drawing on the relative rent, based on the traditional RSL average, the target difference was 0.15 points, compared to 0.23 points in net rents.

Figure 5.1 Average target rent by social landlord type: all sizes, England, 2008/09



Note: The averages for LA landlords were weighted by stock with net rents. The average rent for LA housing stock in LAs with a mixed style. Other notes are as Figure 3.2. Source: Author's calculation based on datasets described in Section 2.

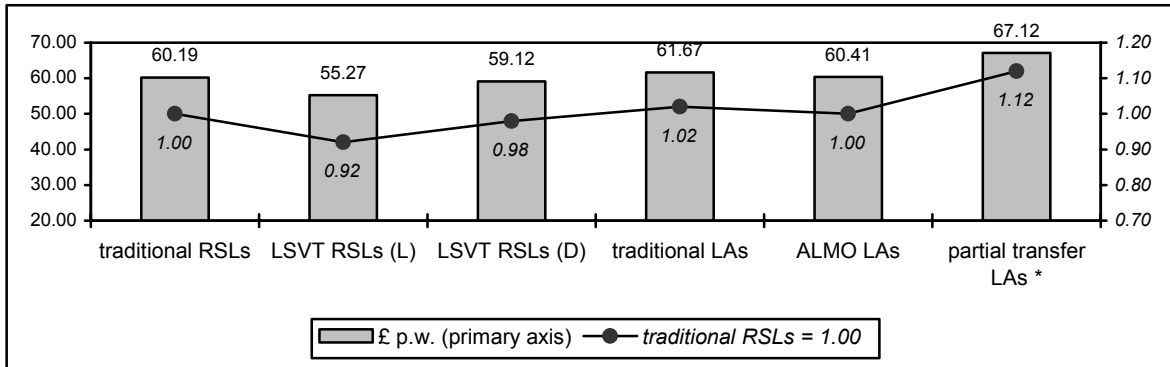
Figures 5.2 to 5.6 disaggregate the above chart by property size.

- Overall, the target rents picture for each separate size category (except bedsits) was similar to that of 'all properties'.
- For bedsits, partial transfer LAs and traditional LAs had the highest two average target rents and local LSVT RSLs had the lowest. This is mainly because the

smallest properties within LA stock were more frequently located in major urban areas while transferred stock were more evenly distributed across urban and rural settings (see Table A.3.6 in Annex 3).

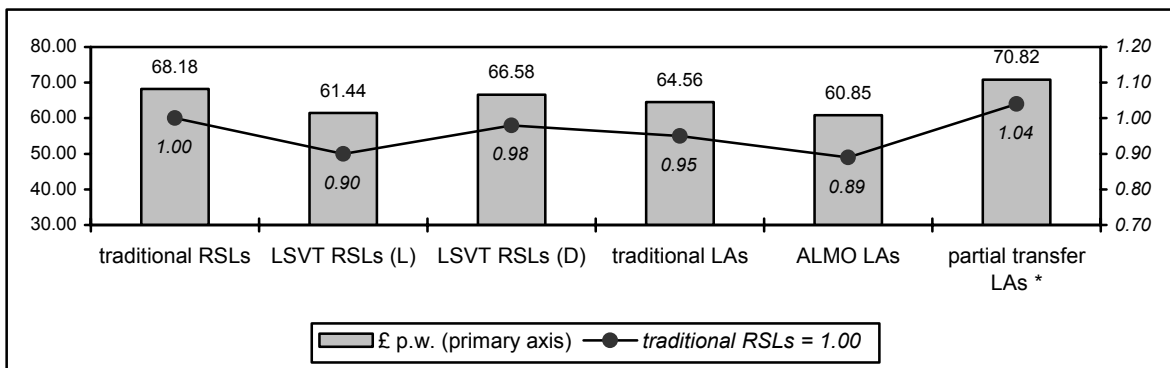
- Partly reflecting the objective of target rents – coherence in social rent structure, the target differences between the landlord types appeared somewhat moderate in all size categories, in comparison with the net rent differences, again except bedsits,.
- The relative differences ranged from 0.14 points (two-bedroom) to 0.20 (bedsit).

Figure 5.2 Average target rent by social landlord type: bedsit, England



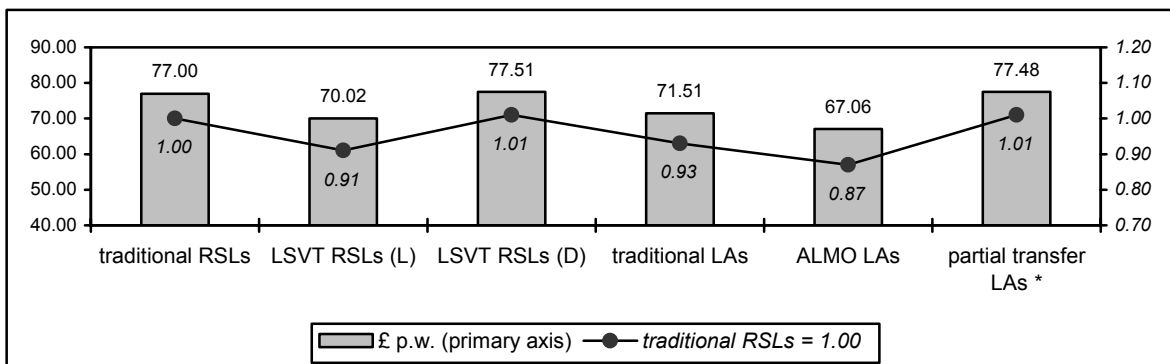
Note & source: As Figure 5.1.

Figure 5.3 Average target rent by social landlord type: one-bedroom, England



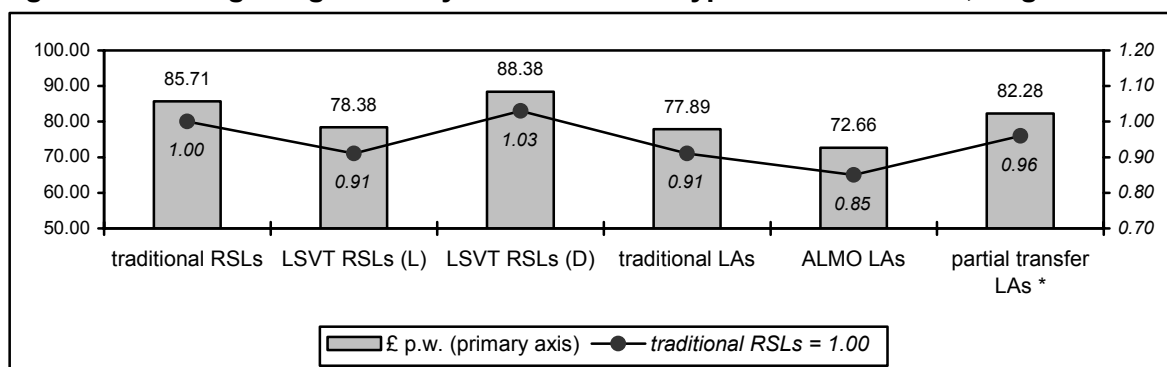
Note & source: As Figure 5.1.

Figure 5.4 Average target rent by social landlord type: two-bedroom, England



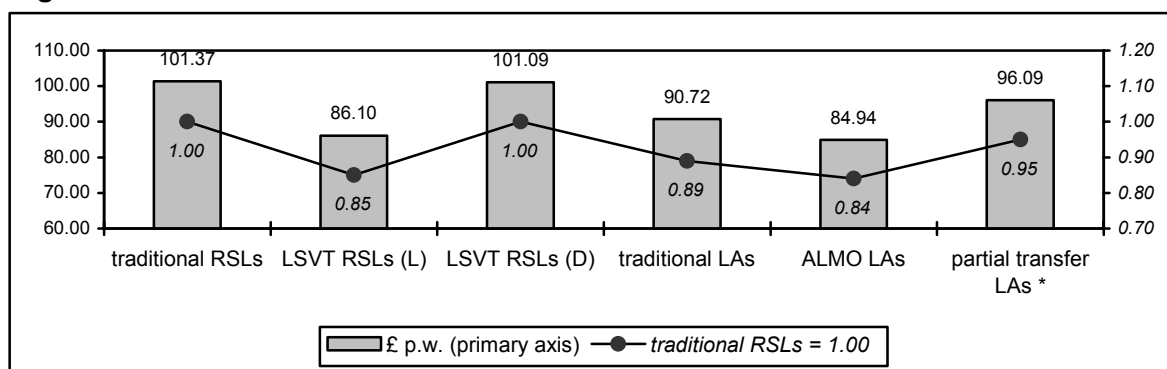
Note & source: As Figure 5.1.

Figure 5.5 Average target rent by social landlord type: three-bedroom, England



Note & source: As Figure 5.1.

Figure 5.6 Average target rent by social landlord type: four-bedroom or larger, England



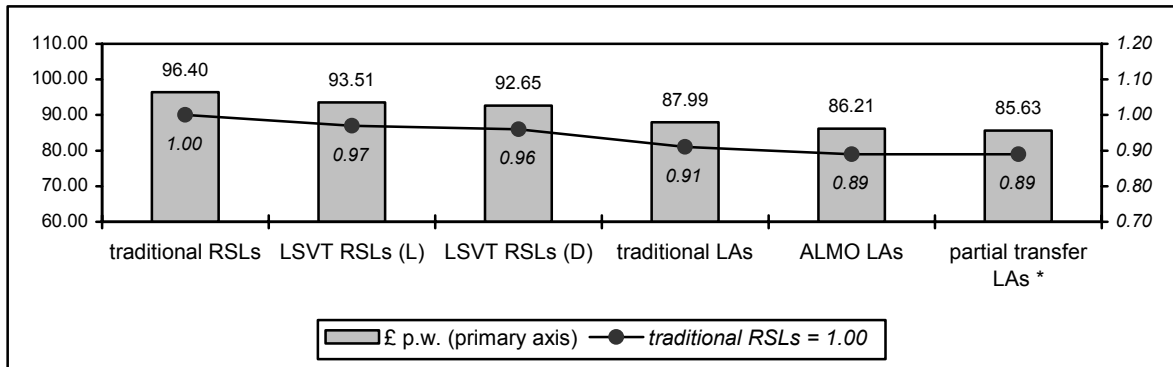
Note & source: As Figure 5.1.

Regions

Figures 5.7 to 5.15 set out the regional average target rents for two-bedroom properties by landlord type. Partial transfer LAs were observed only in London and the North West. For the other size categories including all sizes, see Table A.4.1 in Annex 4.

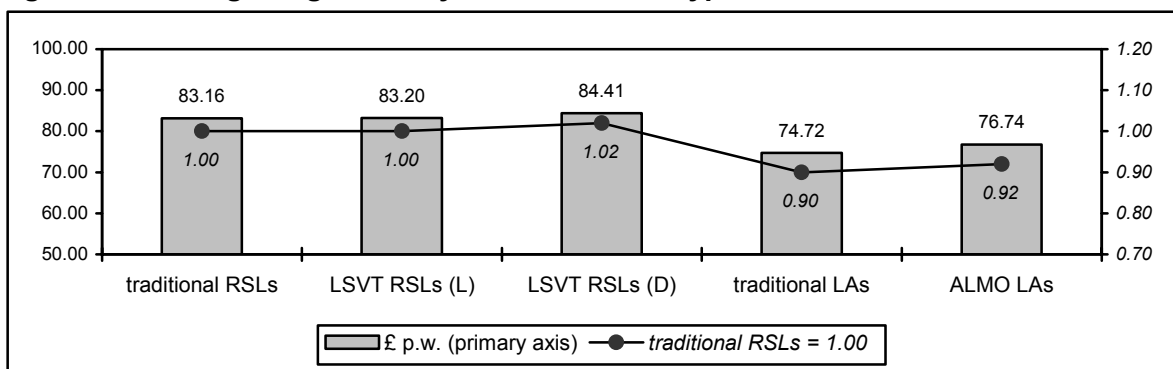
- Either traditional RSLs or diversified LSVT RSLs showed the highest target in each region.
- The lowest averages came from the three LA landlord types in all regions – notably, partial transfer LAs which had the lowest target rents both in London and the in the North West.
- The target differences between landlord types were, however, insignificant across the regions, and were much narrower than observed in the net rent cases.
- In particular, the East of England and Yorkshire & the Humber had differences which were narrower than 0.1 points.
- The widest was observed in the West Midlands (0.20).

Figure 5.7 Average target rent by social landlord type: two-bedroom, London



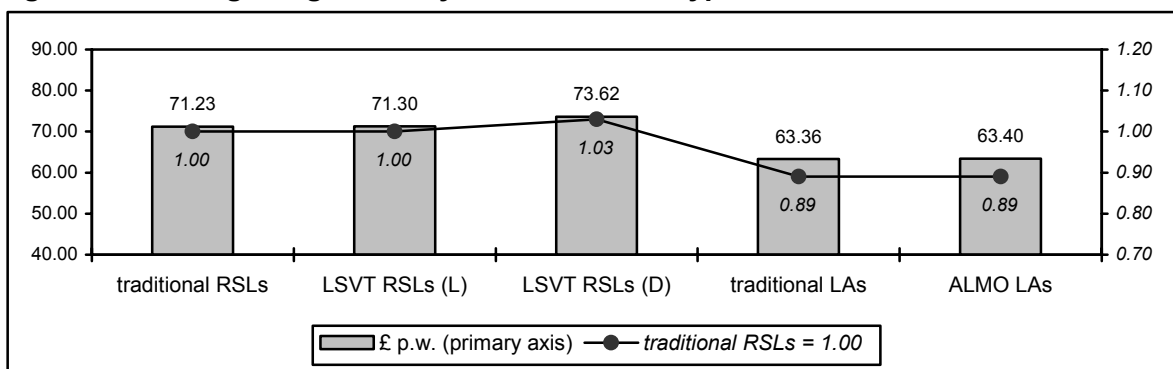
Note & source: As Figure 5.1.

Figure 5.8 Average target rent by social landlord type: two-bedroom, South East



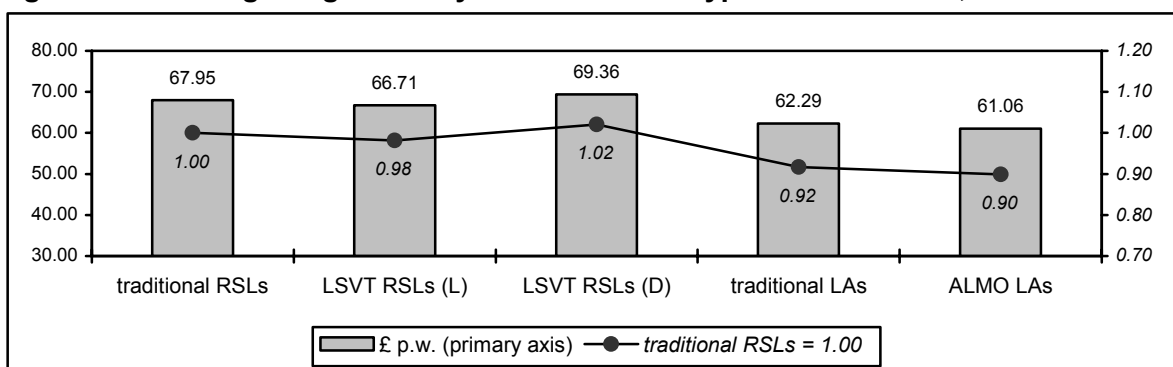
Note & source: As Figure 5.1.

Figure 5.9 Average target rent by social landlord type: two-bedroom, South West



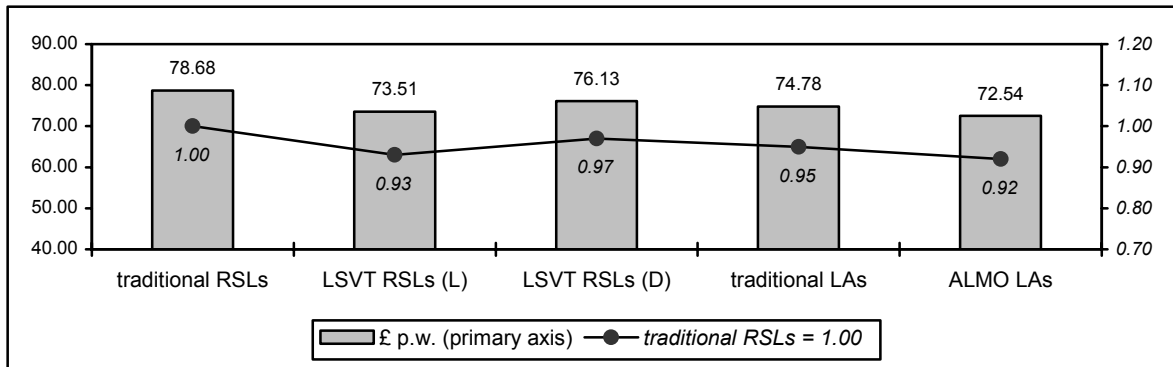
Note & source: As Figure 5.1.

Figure 5.10 Average target rent by social landlord type: two-bedroom, East Midlands



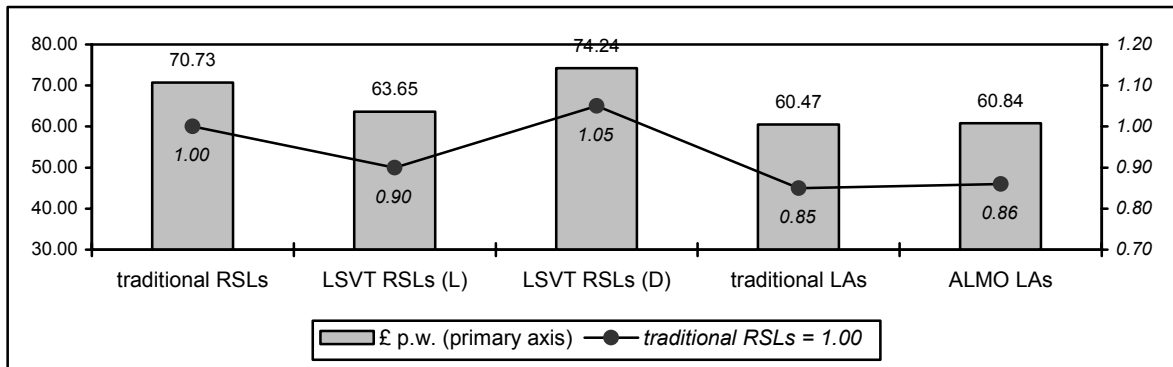
Note & source: As Figure 5.1.

Figure 5.11 Average target rent by social landlord type: two-bedroom, East of England



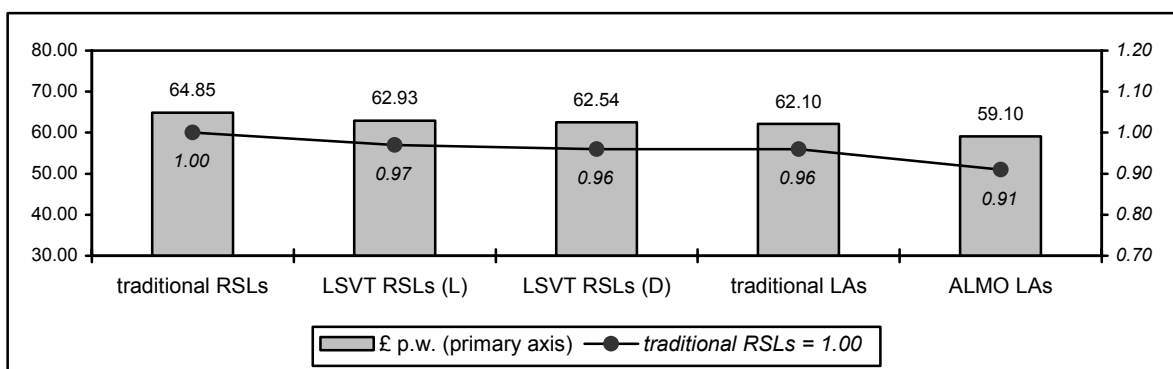
Note & Source: As Figure 5.1.

Figure 5.12 Average target rent by social landlord type: two-bedroom, West Midlands



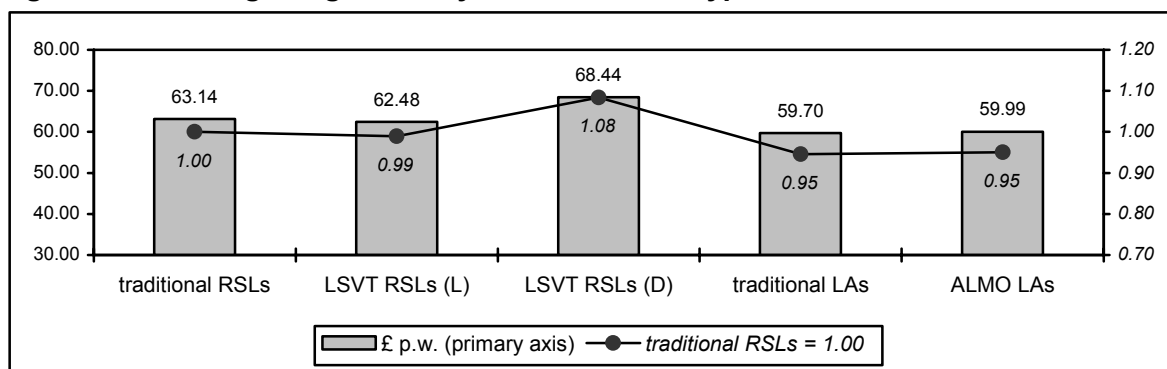
Note & Source: As Figure 5.1.

Figure 5.13 Average target rent by social landlord type: two-bedroom, Yorkshire & the Humber



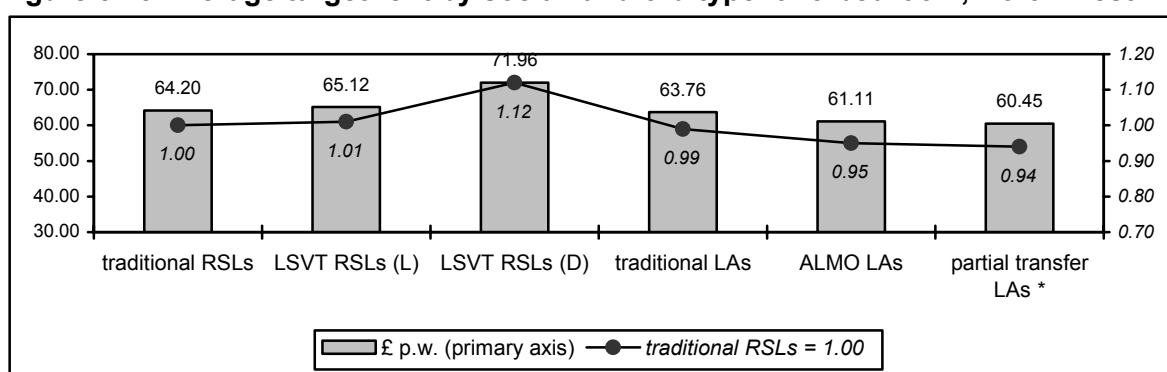
Note & Source: As Figure 5.1.

Figure 5.14 Average target rent by social landlord type: two-bedroom, North East



Note & Source: As Figure 5.1.

Figure 5.15 Average target rent by social landlord type: two-bedroom, North West



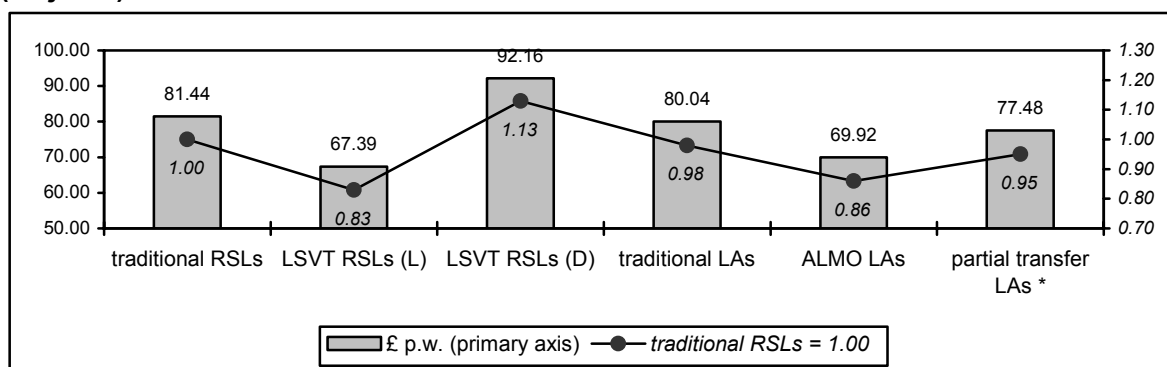
Note & Source: As Figure 5.1.

Local authority (LA) areas

Figures 5.16 and 5.17 set out the two-bedroom average target rent for each landlord type in the most urban and the most rural LA areas respectively. Partial transfer LA landlords were observed only in the most urban areas. For the other urban/rural LA groups and the other size categories, see Table A.4.2 in Annex 4.

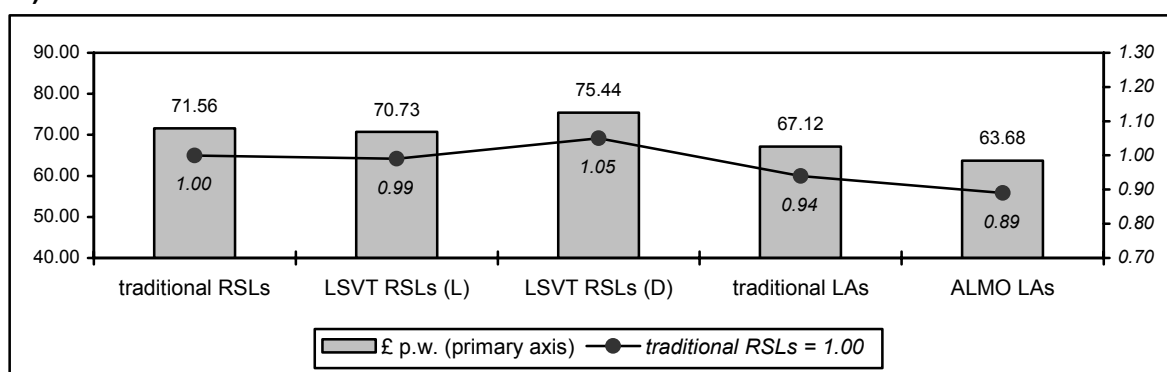
- In both the urban and rural charts, diversified LSVT RSLs showed the highest target rents – £92.16 for the most urban and £75.44 for the most rural.
- The lowest target rents came from local LSVT RSLs in the urban areas and by ALMO LAs in the rural areas.
- The target difference between landlord types was much greater in the urban areas (0.30 points) than in the rural areas (0.16).
- But both area groups had much narrower gaps compared to the net rent equivalents.

Figure 5.16 Average target rent by social landlord type: two-bedroom, Most urban (Major U) LAs



Note: The categorisation of Major urban LAs is as Figure 3.3. The other notes and source: As Figure 5.1.

Figure 5.17 Average target rent by social landlord type: two-bedroom, Most rural (S-80) LAs



Note & Source: As Figure 5.15.

Tables 5.2 and 5.3 list the LAs with widest and narrowest target rent differences between landlord types for two-bedroom properties. To restrain a bias from extremes with fewer quantities of stock, LAs with no or more than 29 units of diversified LSVT RSL stock were examined. Table 5.4 sets out the key statistics.

The same sized properties in the same LA area tend to have target rent formation elements that are almost equal, with the exception being property values. The target rent gaps shown in the tables therefore, arose largely from these differences in property values which vary individually. A £10,000 difference in a property value in the 1999 price is estimated to change the latest target rent by £4.22 in the RSL sector and by £4.31 in the LA sector (for the estimation methodology, see Annex 5).

- The table of the widest differences was dominated by LAs maintaining ownership of council housing stock – nine ALMO LAs and eight traditional LAs.
- In these areas, LA landlords set the lowest averages, perhaps suggesting that LA dwellings were less valued, presumably due to relative drawbacks in *inter alia*, location, age, type, built from or design, affiliated facility and maintenance standard.
- Eight LA areas in the list were in London. Including them, fifteen were categorised as urban, suggesting that property valuation varied to a greater extent in such populous areas.
- Five areas in the list (Crawley, Maidstone, Sutton, Southampton and Oxford) had also displayed wide differences in net rents (see Table 4.1).
- Maidstone was unique in that the target rent difference (£21.59) was fairly close to the net rent equivalent (£21.61), but rents and target rents were almost equal among each landlord group (see the 15th rank in Table 6.2). This implies that although actual

rents between landlord types varied widely in the LA area, such variation could be seen as relatively normal within the rent restructuring regime.

- In the narrowest difference list, eleven LAs had completed LSVT.
- Eight areas within this list also had narrow net rent differences (see Table 4.2).
- The average of all LA areas' target differences was £6.18, which is narrower than the net rent equivalent.
- Areas with this standard would have property values that varied by around £14,500 (in terms of the 1999 price) between the landlord types.

Table 5.2 Twenty LA areas with a wide gap in average target rents between landlord types: two-bedroom

LA	region	U/R	LA housing*	gap (£)	Target rent (£) for each landlord type					HI	landlords (count)	CBL **	
					traditional RSL	LSVT (L)	LSVT (D)	traditional LA	ALMO			partial T	RSL
Crawley	SE	OU	traditional	26.21	83.40		109.37	83.16		0.69	15	49	No
City of London	L	MU	traditional	24.76	112.53			87.76		0.82	3	69	No
Maidstone	SE	SR	LSVT	21.59	81.58	70.47	92.06			0.73	15	65	Yes
Isle of Scilly	SW	R80	traditional	20.97	83.34				62.37	0.67	3	0	Yes
Ealing	L	MU	ALMO	18.28	101.97				83.68	0.42	29	84	No
Sutton	L	MU	ALMO	17.08	92.27		102.96		85.88	0.45	25	63	No
Kensington & C	L	MU	ALMO	16.01	119.30				103.29	0.20	29	57	Yes
Hammersmith & F	L	MU	ALMO	15.77	109.66				93.88	0.33	32	75	No
Southampton	SE	LU	traditional	14.64	83.07		76.37	68.43		0.59	24	59	Yes
Bournemouth	SW	LU	traditional	14.37	79.31		80.47	66.10		0.46	17	51	No
Brighton & Hove	SE	LU	traditional	14.34	72.96		82.11	67.77		0.51	21	52	Yes
High Peak	EM	R50	ALMO	14.09	73.27				59.18	0.66	14	21	Yes
Blackpool	NW	LU	ALMO	13.86	64.32		70.87		57.01	0.60	12	5	Yes
Kerrier	SW	R50	LSVT	13.71	62.79	76.51	65.12			0.54	10	0	No
Tewkesbury	SW	R50	LSVT	13.61	72.34	67.92	81.53			0.52	12	1	No
Hillingdon	L	MU	ALMO	13.21	98.03		100.93		87.72	0.45	31	79	Yes
Oxford	SE	OU	traditional	13.02	90.16		100.18	87.15		0.50	17	73	Yes
Redditch	WM	OU	traditional	12.91	65.22		76.03	63.13		0.70	17	29	Yes
Hounslow	L	MU	ALMO	12.90	96.80		86.41		83.90	0.50	29	76	No
Westminster	L	MU	ALMO	12.86	113.54				100.67	0.30	23	69	No

Note: N=259 due to (1) employing LAs with thirty or more target rent units owned by LSVT RSLs (D) or LAs which do not have this type of landlord operating in their boundaries; and (2) exclusion of eight LAs who completed LSVT but did not have LSVT RSLs (L) (see Annex 1). The maximum averages between landlord types are shaded. The other notes and source: As Figure 5.1.

Table 5.3 Twenty LA areas with a narrow gap in average target rents between landlord types: two-bedroom

LA	region	U/R	LA housing*	gap (£)	Target rent (£) for each landlord type					HI	landlords (count)	CBL **		
					traditional RSL	LSVT (L)	LSVT (D)	traditional LA	ALMO			partial T	RSL	LA
Tameside	NW	MU	LSVT	0.06	64.05	64.11				0.27	23	78	No	
Derwentside	NE	R80	LSVT ^{††}	0.08	58.05	58.12				0.74	13	2	No	
Castle Morpeth	NE	R80	LSVT ^{††}	0.12	61.87	61.99				0.75	7	4	No	
Burnley	NW	OU	LSVT	0.13	61.08	60.95				0.62	12	78	No	
Mid Bedfordshire	E	R80	LSVT	0.25	82.72	82.47	82.54			0.70	14	7	No	
Sandwell	WM	MU	ALMO	0.32	66.13				65.81	0.74	21	60	No	
Coventry	WM	LU	LSVT	0.55	65.26	64.71				0.54	15	92	Yes	
Halton	NW	OU	LSVT ^{††}	0.55	63.78	64.34				0.27	15	14	No	
N. Warwickshire	WM	R50	traditional	0.67	72.11			71.44		0.61	9	7	No	
Liverpool	NW	MU	LSVT ^{††}	0.67	65.08	64.41				0.13	26	86	No	
Broadland	E	SR	LSVT	0.72	70.31	69.59	70.15			0.71	8	92	Yes	
Wolverhampton	WM	MU	ALMO	0.90	65.92				65.02	0.68	14	0	No	
Daventry	EM	R80	LSVT ^{††}	0.96	73.55	72.60	72.59			0.52	11	4	Yes	
Salford	NW	MU	partial T ^{††}	0.97	62.23					61.27	0.41	22	72	No
Ellesmere Port & N	NW	LU	traditional	0.98	65.68			66.66		0.79	11	16	No	
Waverley	SE	R50	traditional	1.02	90.87		91.89	91.08		0.69	17	58	Yes	
Gateshead	NE	MU	ALMO	1.03	62.38				61.36	0.69	17	24	No	
Newcastle upon T	NE	MU	ALMO	1.03	61.54				60.51	0.69	18	27	No	
Wigan	NW	MU	ALMO	1.10	64.20				63.10	0.79	14	35	Yes	
Wansbeck	NE	R50	LSVT ^{††}	1.10	62.96	64.05				0.84	6	2	No	

Note: ^{††} 5 years or less since transfer completion. The other notes and source: As Table 5.2 except shading.

Table 5.4 Key statistics on average target rents and their difference between landlord types across LAs (£): two-bedroom

	average	median	S.D.	range	minimum	maximum	N
gap between landlord types	6.18	5.20	4.38	26.15	0.06	26.21	259
target of traditional RSLs	75.10	71.69	12.03	64.07	55.23	119.30	259
target of LSVT RSLs (L)	71.60	69.69	9.29	44.65	57.51	102.16	121
target of LSVT RSLs (D)	77.81	76.41	9.23	49.03	60.34	109.37	141
target of traditional LAs	71.18	67.24	10.36	46.79	53.81	100.60	87
target of ALMO LAs	68.11	62.93	12.98	50.38	52.91	103.29	46
target of partial transfer LAs	80.41	80.73	12.32	31.56	61.27	92.83	5

Note & Source: As Table 5.2 except shading.

6. Rent convergence toward target

This section compares the rent convergence (RC) rates (the rate at which actual net rents are converging towards target rents) with net rents and target rents employed in the previous two sections. The RC rate, which should be within a $\pm 5\%$ range of target by the completion of rent restructuring in 2012, is defined as below:

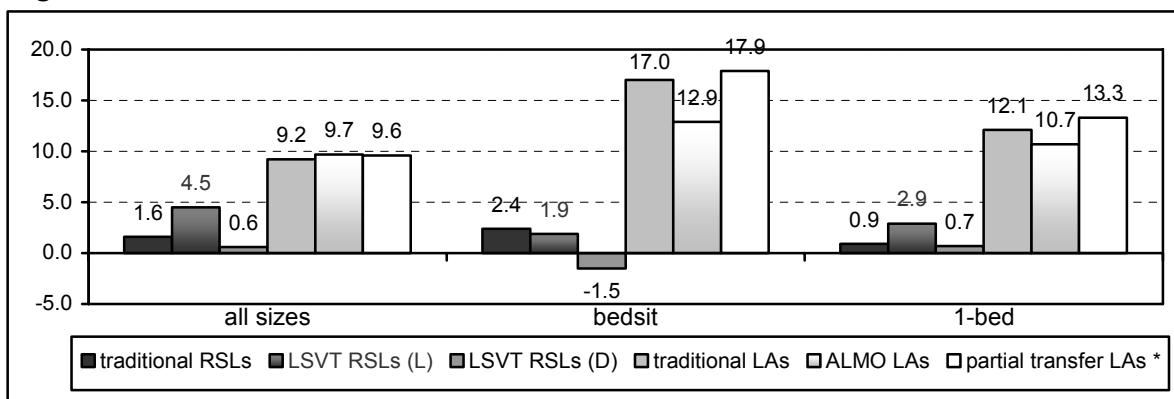
$$\text{RC rate (\%)} = (\text{target rent} - \text{actual net rent}) / \text{actual net rent} * 100$$

England

Figures 6.1 and 6.2 set out the national average RC rates for all property sizes by landlord type.

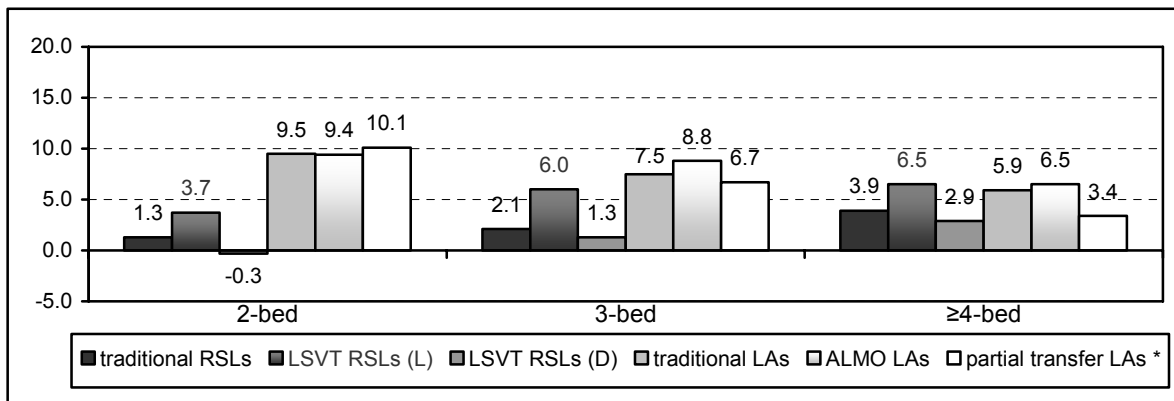
- Taking all properties together, the three RSL landlord types had rents which had converged with target rents to within the agreed regulation range of $\pm 5\%$.
- The average net rent among diversified LSVT RSLs in particular was almost equal to their average target rent.
- All of the three LA landlord groups had not reached the agreed level of convergence and were more than 5% below target.
- Even when broken down by property size almost all RSL rents were within the 5% range
- Among LA landlords almost all were outside the 5% range. Even though rents for smaller properties rose more rapidly they were still furthest away from target.
- In the four-bedroom or larger category, partial transfer LAs had an average net rent that was within 5% of target. This was the only case where LA landlords had rents within the $\pm 5\%$ range.

Figure 6.1 RC rate (%) by social landlord type: all sizes, bedsit and one-bedroom, England



Note & source: As Figure 5.1.

Figure 6.2 RC rate (%) by social landlord type: two- to four-plus-bedroom, England



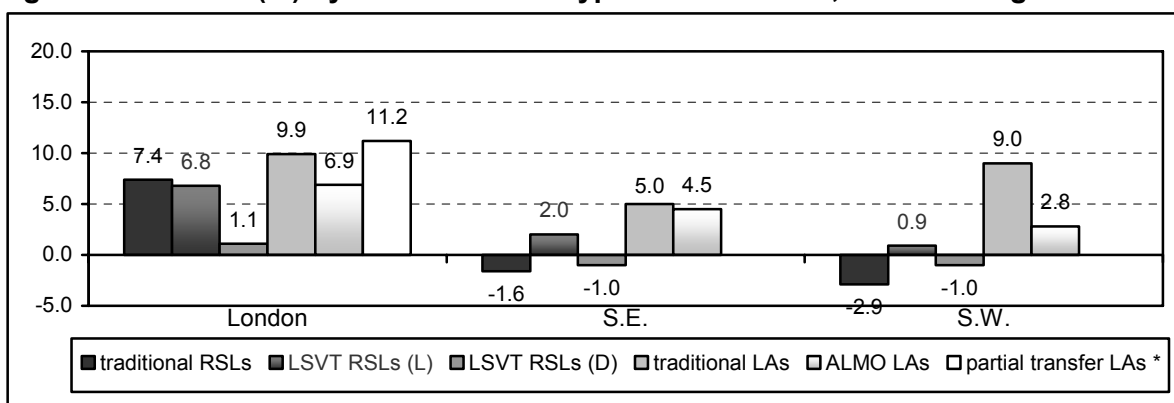
Note & source: As Figure 5.1.

Regions

Figures 6.3 to 6.5 set out the regional RC rates by landlord type for two-bedroom properties. For the other size categories, see Table A.4.3 in Annex 4.

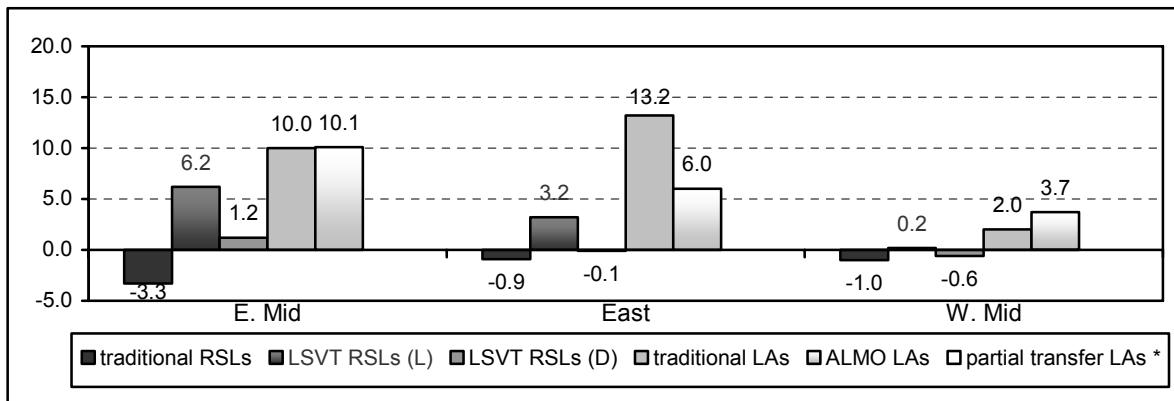
- Although at a national level, the LA landlords' average rents were rarely within 5% of target, this was not necessarily the case when looking at the regional picture.
- In the South East and West Midlands, both traditional LAs and ALMO LAs had net rents that were approaching target levels (within -5%). Indeed, all types of landlords in both these regions had RC rates within $\pm 5\%$ range.
- Diversified LSVT RSLs had net rents that were within $\pm 5\%$ of target in all regions except Yorkshire and the Humber.
- Local LSVT RSLs, on the other hand, were within range in five of the regions but in the remaining four they needed to increase their rents further towards targets.
- Traditional RSLs had rents within range in all regions except London.

Figure 6.3 RC rate (%) by social landlord type: two-bedroom, southern regions



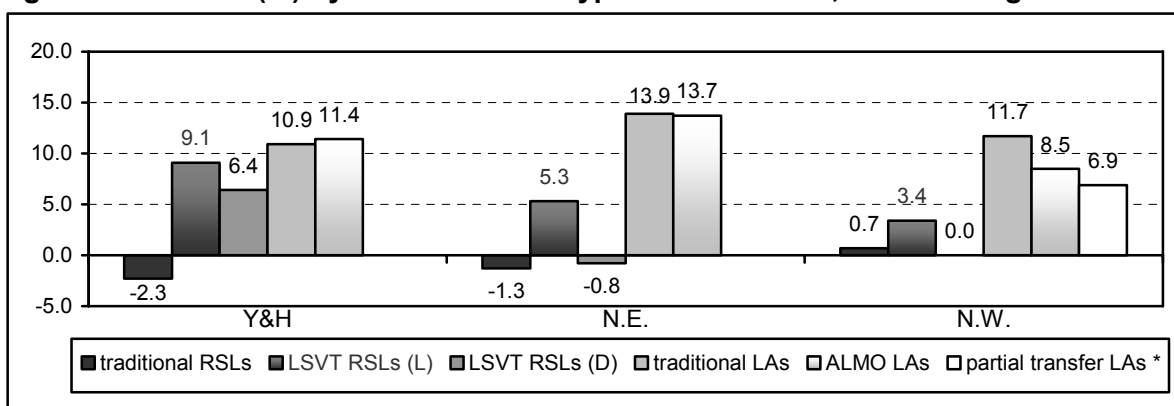
Note & source: As Figure 5.1.

Figure 6.4 RC rate (%) by social landlord type: two-bedroom, central regions



Note & source: As Figure 5.1.

Figure 6.5 RC rate (%) by social landlord type: two-bedroom, northern regions



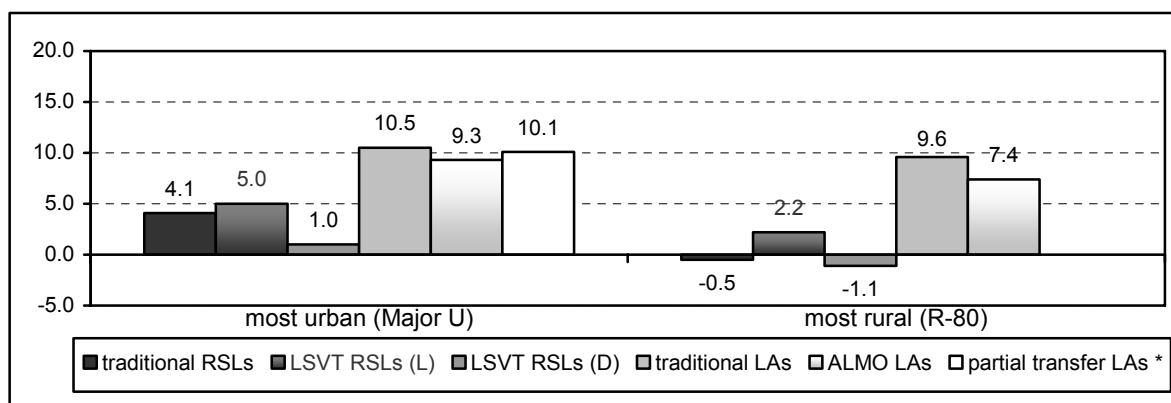
Note & source: As Figure 5.1.

Local authority (LA) areas

Figure 6.6 sets out the RC rates by landlord type for two-bedroom properties in the most urban and the most rural areas. For the other urban/rural areas and property sizes, see Table A.4.4 in Annex 4.

- Both area groups followed the national pattern –RSL landlords generally had net rents that were within $\pm 5\%$ or target and LA landlords tended to have much lower rents.
- In particular, the diminutive RC rates of the RSL landlords in the most rural areas suggests that the rent restructuring framework would have almost completed with two years left to the deadline in the rural RSL sector.

Figure 6.6 RC rate (%) by social landlord type: two-bedroom, most urban and rural LA areas



Note & source: As Figure 5.15.

Tables 6.1 and 6.2 are the lists of LAs with widest and narrowest RC rate differences between landlord types for two-bedroom properties. To control a bias from extremes with fewer quantities of stock, LAs with no or more than 29 units of diversified LSVT RSL stock were examined. Table 6.3 sets out the key statistics.

- In the table of widest differences, all twenty LA areas had at least one landlord type with an RC rate outside of the regulatory zone.
- Fourteen areas had LA landlords, all of which (except Crawley) set their actual rents far below the targets, widening the areas' RC rate gap.
- In four areas, local LSVT RSLs also widened the local RC rate gaps with actual rents significantly below targets.
- Diversified LSVT RSLs with RC rate outliers all had actual rents that were above the targets except in Chelmsford.
- Traditional RSLs generally had RC rates within the accepted regulatory range and were therefore unlikely to be a cause of local discrepancies, except in four areas where their actual rents were much higher than target, resulting in wide RC rate gaps between them and traditional or ALMO LAs.
- In the narrowest difference table, fourteen areas completed whole LSVT.
- All the areas, except Burnley and Islington, had RC rates that were within $\pm 5\%$ of target.
- The key statistics in Table 6.3 show that overall the RSL landlords RC rates were comfortably within the $\pm 5\%$ regulatory range.
- The LA landlords, did not set their actual rents substantially higher than the target rents – and therefore their minimum RC rates also remained within the agreed range.

Table 6.1 Twenty LA areas with a wide gap in the RC rates between landlord types: two-bedroom

LA	region	U/R	LA housing*	gap (%-pt)	RC rate (%) for each landlord type					HI	landlords (count)	CBL **		
					traditional RSL	LSVT (L)	LSVT (D)	traditional LA	ALMO			partial T	RSL	LA
Hinckley & B	EM	SR	traditional	31.70	-3.81			27.89			0.53	14	8	No
Luton	E	OU	traditional	30.27	-1.91		-16.46	13.81			0.56	19	24	No
Ellesmere P&N	NW	LU	traditional	28.35	-3.38			24.97			0.79	11	16	No
Crawley	SE	OU	traditional	26.30	-2.30		-28.60	-3.42			0.69	15	49	No
Thurrock	E	OU	traditional	25.94	-1.67			24.26			0.80	14	43	No
Bristol	SW	LU	traditional	24.81	-0.52		-2.89	21.92			0.60	25	58	Yes
Uttlesford	E	R80	traditional	24.50	-1.67		-10.51	13.99			0.54	18	56	Yes
W. Oxfordshire	SE	R80	LSVT	24.32	2.58	18.20	-6.12				0.51	11	9	Yes
Oadby & W	EM	LU	traditional	23.66	-6.79			16.86			0.60	10	46	No
Vale Royal	NW	R50	LSVT	23.53	-1.65	21.88					0.73	12	1	No
Southampton	SE	LU	traditional	22.06	-0.05		-12.26	9.79			0.59	24	59	Yes
Blaby	EM	LU	LSVT ††	22.06	-4.46	17.59					0.38	14	5	No
Hastings	SE	OU	LSVT	21.47	-3.66	-22.64	-1.16				0.52	15	73	Yes
Newark & S	EM	R50	ALMO	21.00	-6.33				14.67		0.61	14	79	No
Shrewsbury & A	WM	SR	LSVT	20.95	-4.15	16.79	0.56				0.75	14	1	No
Barnsley	YH	SR	ALMO	20.86	-3.17				17.69		0.82	12	10	No
Wolverhampton	WM	MU	ALMO	20.85	-7.85				13.00		0.68	14	0	No
Doncaster	YH	SR	ALMO	20.53	-5.56				14.97		0.79	15	12	No
Chelmsford	E	SR	LSVT	20.49	-0.91	-9.06	11.43				0.53	15	72	No
South Tyneside	NE	MU	ALMO	20.34	-0.80				19.54		0.67	15	3	No

Note: N = 255 (LAs subject both to Table 4.1 and Table 5.2). RC rates outside of a ±5% range are shaded. The other notes and source: As Table 5.2.

Table 6.2 Twenty LA areas with a narrow gap in the RC rates between landlord types: two-bedroom

LA	region	U/R	LA housing*	gap (%-pt)	RC rate (%) for each landlord type					HI	landlords (count)	CBL **		
					traditional RSL	LSVT (L)	LSVT (D)	traditional LA	ALMO			partial T	RSL	LA
Redbridge	L	MU	ALMO	0.13	0.31				0.17		0.33	25	62	No
Northampton	EM	OU	traditional	0.14	0.55			0.69			0.63	23	28	No
Chiltern	SE	SR	LSVT	0.21	3.29	3.08					0.94	11	0	No
South Ribble	NW	LU	LSVT	0.29	-3.81	-3.52					0.54	11	73	No
Sunderland	NE	MU	LSVT	0.47	1.64	2.11					0.75	18	88	No
Tynedale	NE	R80	LSVT	0.78	-0.49	-1.27					0.73	10	2	No
Bromley	L	MU	LSVT	0.87	1.72	2.60					0.49	26	76	Yes
Wycharon	WM	R80	LSVT	0.90	-2.11	-1.22					0.43	13	91	Yes
Elmbridge	SE	MU	LSVT	1.00	4.02	3.01					0.73	11	4	Yes
Huntingdonshire	E	R80	LSVT	1.07	1.85	2.61	1.54				0.47	18	77	Yes
Burnley	NW	OU	LSVT	1.26	-6.92	-5.66					0.62	12	78	No
Carrick	SW	R80	ALMO	1.29	-2.54		-1.25		-1.79		0.61	9	66	Yes
West Devon	SW	R80	LSVT	1.37	-1.96	-1.50	-2.88				0.58	12	93	Yes
Islington	L	MU	partial T ††	1.43	11.66					10.23	0.48	31	68	No
Maidstone	SE	SR	LSVT	1.44	-1.12	0.32	0.22				0.73	15	65	Yes
Knowsley	NW	MU	LSVT	1.44	4.42	2.97					0.63	15	3	No
Kingston upon T	L	MU	traditional	1.48	2.21			3.70			0.56	23	63	Yes
North Dorset	SW	R80	LSVT	1.69	-2.07	-1.98	-0.38				0.68	14	7	No
Broadland	E	SR	LSVT	1.79	-0.24	-0.60	-2.03				0.71	8	92	Yes
Milton Keynes	SE	OU	traditional	2.00	-0.37		1.63	0.78			0.43	29	9	No

Note: & Source: As Table 5.4.

Table 6.3 Key statistics on RC rates (%) and their difference (%-point) between landlord types across LAs: two-bedroom

	average	median	S.D.	range	minimum	maximum	N
gap between landlord types	9.79	8.82	6.35	31.57	0.13	31.70	255
RC rate of traditional RSLs	-1.39	-2.01	4.46	38.96	-8.57	30.39	255
RC rate of LSVT RSLs (L)	4.15	3.30	6.46	44.52	-22.64	21.88	121
RC rate of LSVT RSLs (D)	-0.60	-0.27	4.72	40.03	-28.60	11.43	140
RC rate of traditional LAs	8.76	7.62	6.54	31.31	-3.42	27.89	84
RC rate of ALMO LAs	7.96	9.70	6.39	23.13	-3.59	19.54	45
RC rate of partial transfer LAs	7.84	8.98	2.58	6.46	3.77	10.23	5

Note: & Source: As Table 5.4.

7. Service Charge

Unlike net rents and target rents, service charges in the LA sector are not available from the data source released by DCLG. As a proxy (although as discussed previously, it is not free from caveats)¹⁹, an average for 'young' local LSVT RSLs has been employed – 'young' represents five years or less from completion of transfer.²⁰ The service charges examined in this section have been grouped by those eligible for Housing Benefit and those not eligible (henceforth, ESC (Eligible Service Charge) and NES (Non-eligible service charge) respectively).

Property size is one of the determinants for service charges but not as influential as for net rents, mainly because it does not represent quantity of services as clearly as quantity of utility. Thus, besides property size (mainly one-bedroom properties), this section will employ housing needs (general needs or special needs) as a comparison.

Figures 7.1 to 7.4 set out the average ESC and NES by landlord type for all properties and one-bedroom properties – these small properties are quite often flats which tend to have communal services for which charges are made and therefore impact greatly on the overall picture.²¹ For the other property sizes, see Annex 5.

- For all property sizes, the highest ESC was charged by traditional RSLs (£10.14 per week) and the second was diversified LSVT RSLs (£7.51).
- Local LSVT RSLs had the lowest average ESC of £5.04 or almost half of the traditional RSL level.
- The profile of average service charges that were not-eligible for housing benefit varied less between the landlord types.
- Although the highest and lowest charges were from the same landlord types as in the ESC case, their difference was only 0.16 points.
- One possible explanation for the general uniformity in NES is that unlike ESCs, which do not affect other household expenses for the majority of social housing tenants²², non-eligible service charges are more likely to be paid directly by consumers and are therefore more constrained.
- The averages for one-bedroom properties set out similar patterns. The NES gap (0.16 points) was much narrower than the ESC equivalent (0.60).

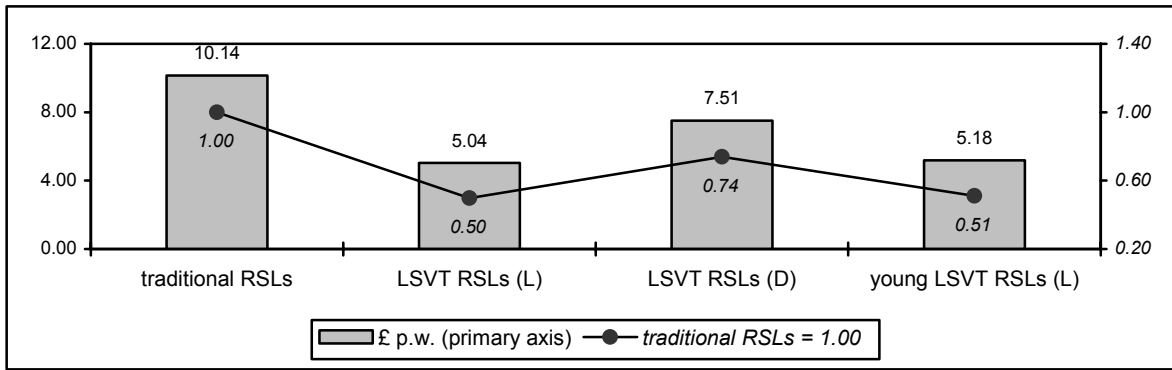
¹⁹ See Section 2 and Annex 1.

²⁰ The criterion is drawn from the fact that a so-called 'rent-guarantee' period is normally five years. For the period, rents and service charges of transferred dwellings have remained around those which a former landlord would have set. In terms of net rents, however, the national averages of LA landlords (£64.45) and young LSVT RSLs (£62.45) failed to have statistical significance in equality. Therefore, readers would be advised to use the substitute as reference but not as a perfect alternative.

²¹ For example, see Udagawa, C., Spenceley, J. and Whitehead, C. *Annual Analysis of the Current Pattern of Registered Social Landlord Rents 2008/09*. Forthcoming at www.dataspring.org.uk/.

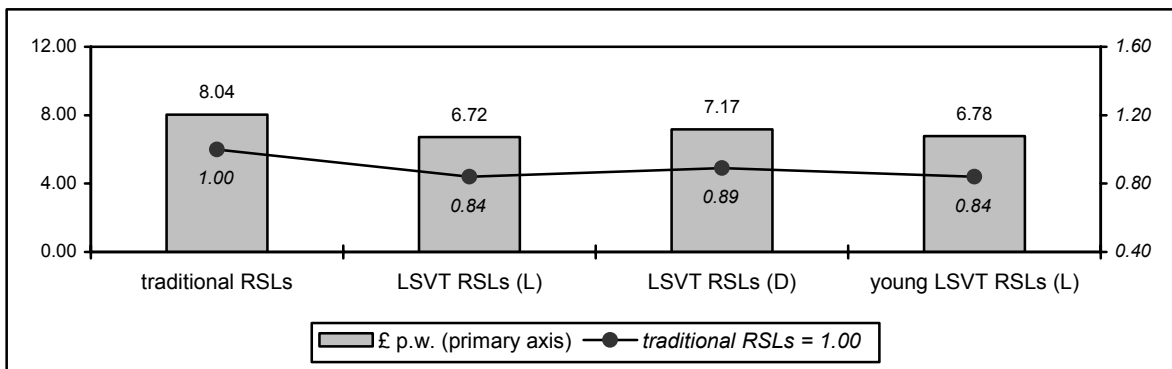
²² The recent proportion of Housing Benefit recipient households in the social rented sector was around 60 % (CLG, *The Survey of English Housing* (updated in November 2008), available at www.communities.gov.uk/housing/housingresearch/housingsurveys/surveyofenglishhousing/sehlivetables/socialrenters/ehold).

Figure 7.1 Average eligible service charge by social landlord type: all sizes, England



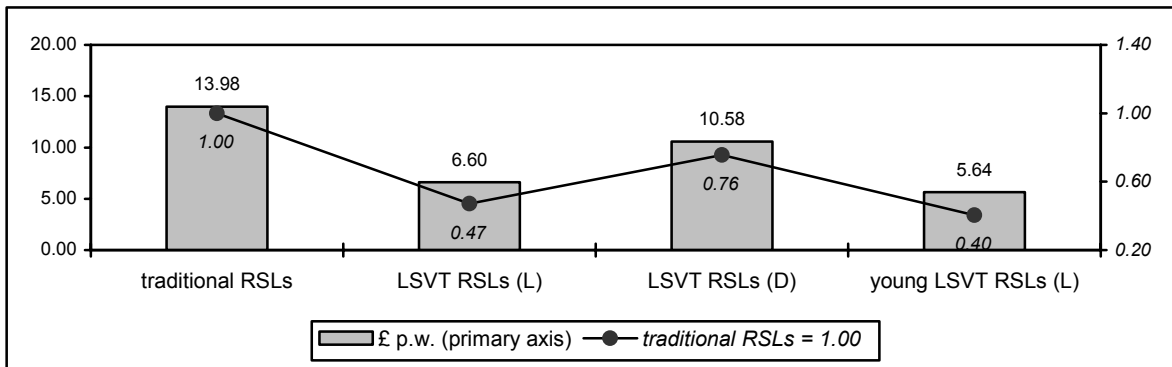
Note: General needs and special needs are combined. The other notes and source: As Figure 3.1.

Figure 7.2 Average non-eligible service charge by social landlord type: all sizes, England



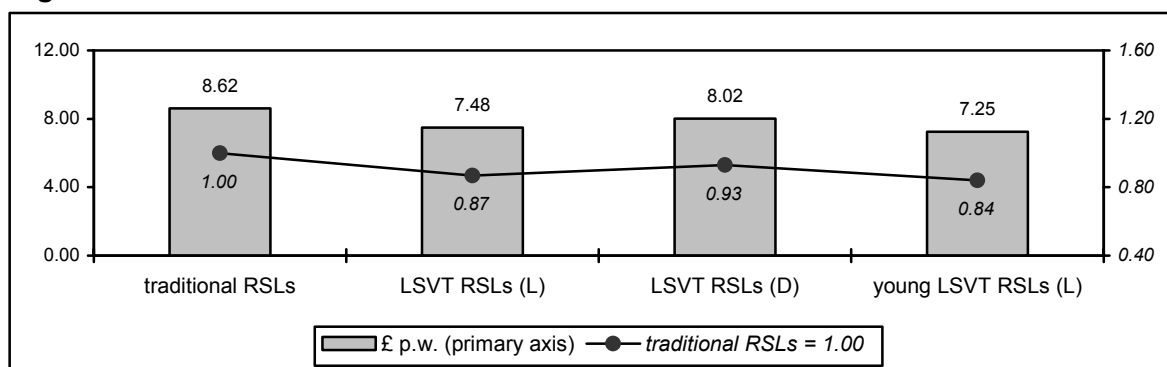
Note & Source: As Figure 6.1.

Figure 7.3 Average eligible service charge by social landlord type: one-bedroom, England



Note & Source: As Figure 7.1.

Figure 7.4 Average non-eligible service charge by social landlord type: one-bedroom, England

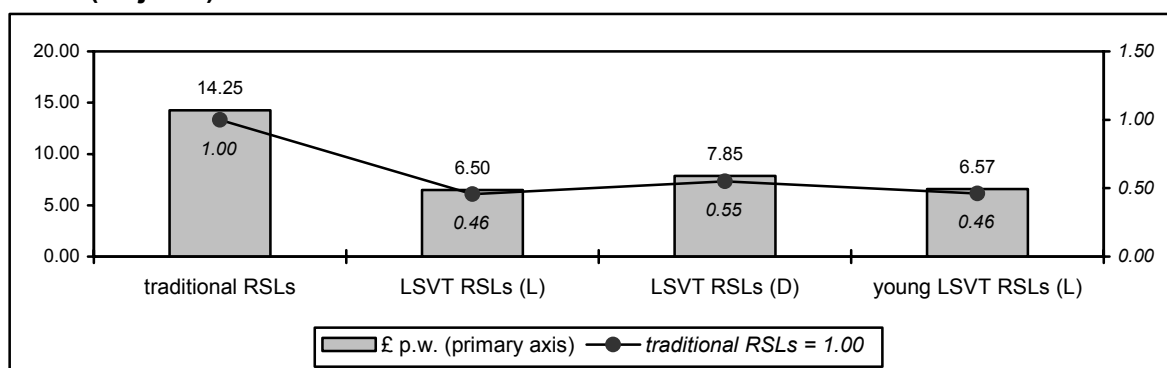


Note & Source: As Figure 6.1.

Figures 7.5 and 7.6 set out the average ESC and NESC in the most urban LA areas for one-bedroom properties. Figures 7.7 and 7.8 present the equivalents in the most rural LA areas.

- In the most urban areas, traditional RSLs had the highest ESC (£14.25), which is almost twice as high as any other landlord's average, providing a 0.54-point gap between landlord types.
- Following the national pattern, the NESC averages differed moderately, with the smaller gap of 0.35 points.
- The most rural areas, by contrast and against the national pattern, saw a wider gap in NESC (0.53 points) than in ESC (0.38), as diversified LSVT RSLs' average (£5.53) was less than half the LA landlords substitute charge (£10.03).
- Two possible explanations for the differences are that housing in remote areas has higher service costs and also tenants are less likely to be involved in decisions regarding these costs.²³

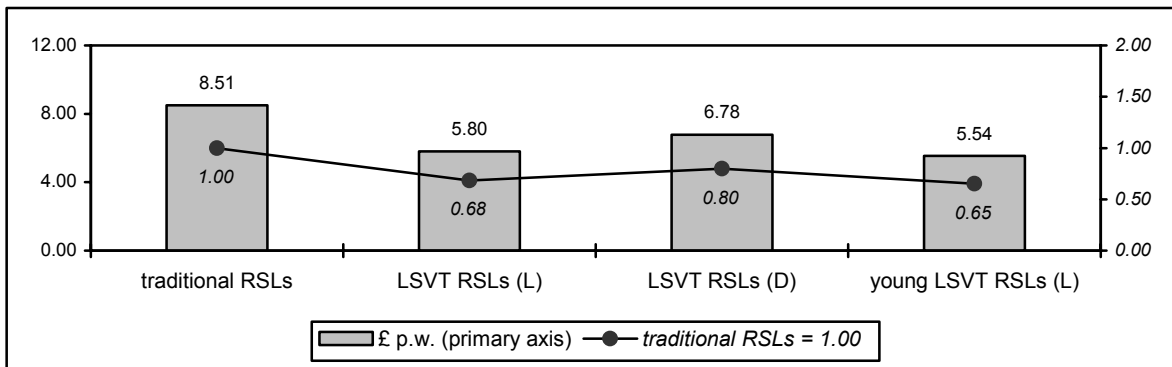
Figure 7.5 Average eligible service charge by social landlord type: one-bedroom, most urban (Major U) LAs



Note & Source: As Figures 3.3 and 6.1.

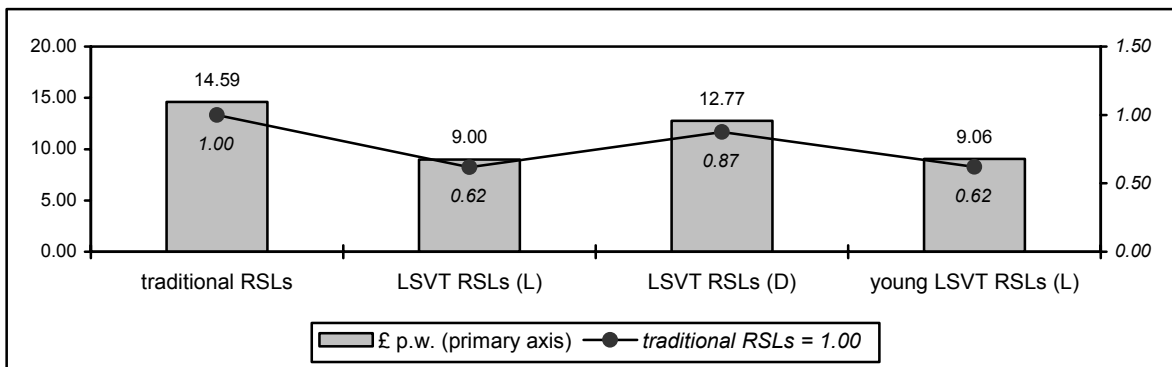
²³ As remote social landlords' problems, Webb (2007) has found, *inter alia*, less likelihood of tenant involvement and increases in costs to other landlords/partners in an area. (Webb, S. *The rationalisation of housing association stock*. A policy and practice report March 2007. Chartered Institute of Housing : Coventry.)

Figure 7.6 Average non-eligible service charge by social landlord type: one-bedroom, most urban (Major U) LAs



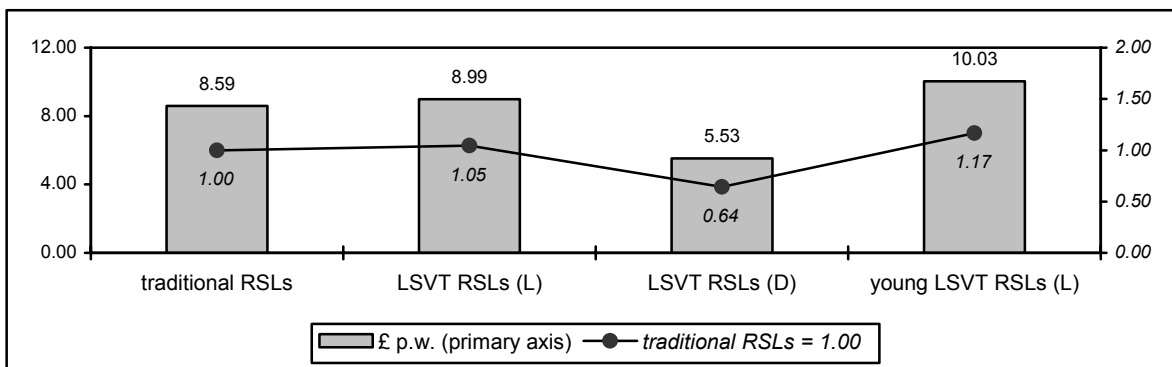
Note & Source: As Figure 6.7.

Figure 7.7 Average eligible service charge by social landlord type: one-bedroom, most rural (R80) LAs



Note & Source: As Figures 3.3 and 6.1.

Figure 7.8 Average non-eligible service charge by social landlord type: one-bedroom, most rural (R80) LAs



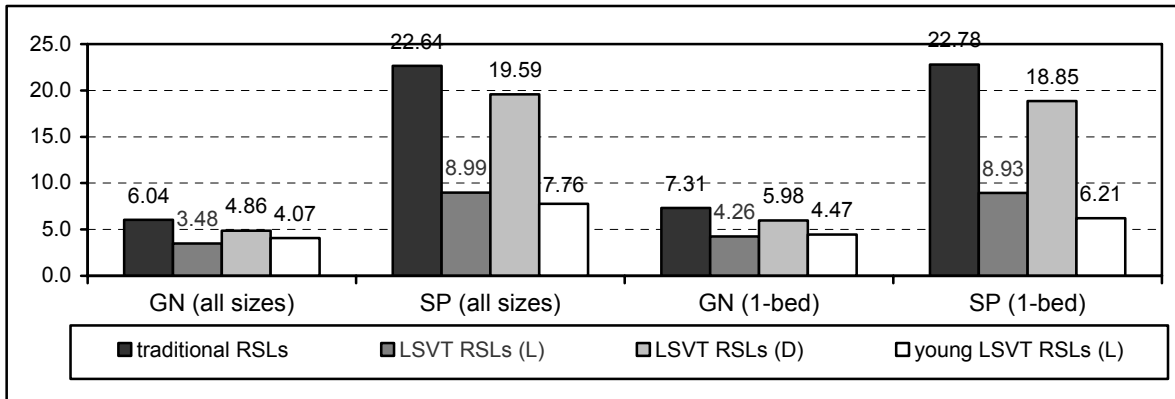
Note & Source: As Figure 6.7.

Figure 7.9 sets out each landlord type's average ESC by housing need for all properties and one-bedroom properties. Figure 7.10 presents the NESCS equivalents.

- In the ESC chart, traditional RSLs and diversified LSVT RSLs showed particularly high averages for special needs housing.
- For one-bedroom properties, their averages (£22.78 and £18.85 respectively) were three or more times above the lowest of young local LSVT RSLs (£6.21).

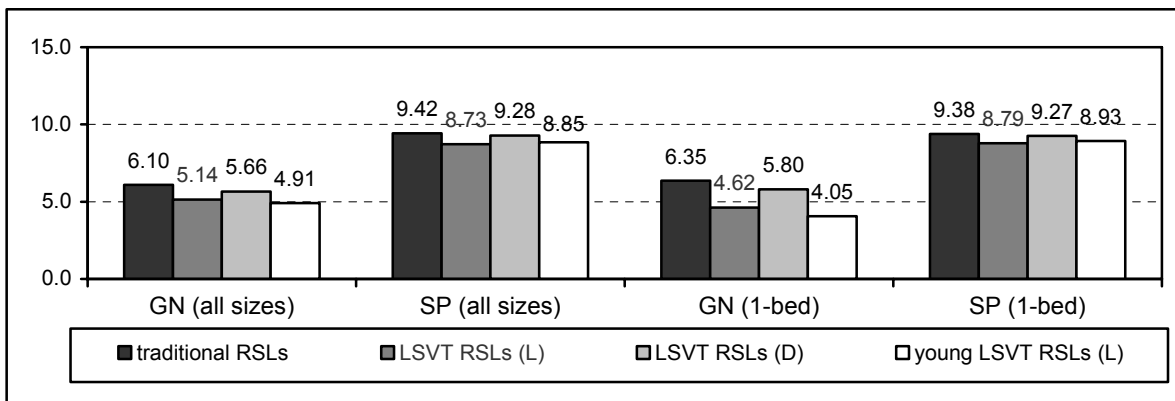
- The NESC chart did not have such extreme values and service charges were therefore much more evenly spread. Only a 59-pence gap was shown in the comparative category.

Figure 7.9 Average eligible service charge by social landlord type and by housing needs: England



Note & Source: As Figure 3.1.

Figure 7.10 Average non-eligible service charge by social landlord type and by housing needs: England



Note & Source: As Figure 3.1.

8. Rental developments from 2001/2 to 2008/09

This section shows how rents have developed over the last eight years by sampling RSLs who reported in the RSR 2009. For the LA landlords, the 2008/09 typology is adopted through the period. Therefore, the count of the RSLs changed during the period – notably every year saw new participants of freshly established local LSVT RSLs and the diversified equivalents expanding to different areas.²⁴ The number of LA landlords has been practically unchangeable (albeit there were a few missing cases in the data source for each year), but some stock of partial transfer LAs were moved to any RSL landlord type through partial transfer packages. ALMO LAs have been categorised as such regardless of the timing of management outsourcing.

The variables are based on two-bedroom properties. The reason for the restriction is firstly, that this category accounts for the largest proportion of stock in the social rented market. Secondly as the reference size, two-bedroom properties have kept a consistent target rent formula throughout the observation period.²⁵ As described in Section 2, the 2004/05 data in the LA sector were not available, but this does not substantially affect the time series analyses with the inference from the nearest two years. Only data for general needs housing are examined for the RSL sector, as only this housing type provided rents at the LA area level throughout the period, which is vital to capture performances of local or diversified LSVT RSLs.

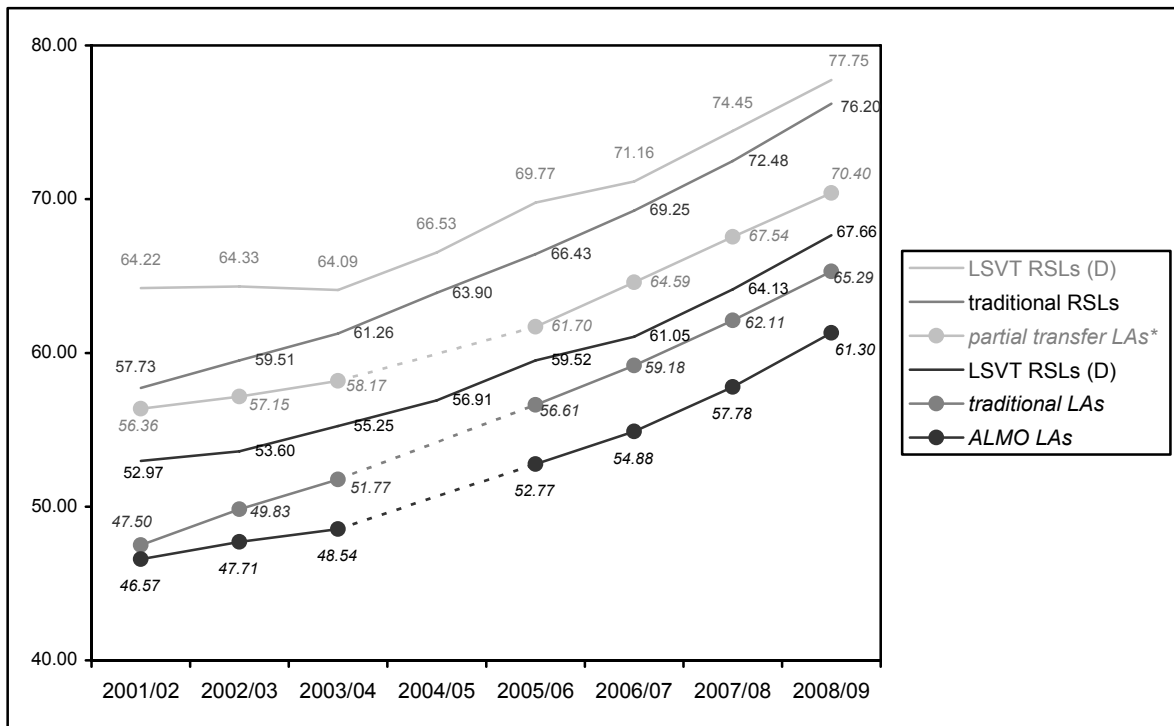
Figure 8.1 sets out the changes in average net rent by landlord type over the last eight years in terms of nominal absolute values. Figure 8.2 presents the equivalent measured by a rent index drawing on the traditional RSL average as reference. For the changes in real terms, see Figure A.6.1 in Annex 6.

- All landlord types (except diversified LSVT RSLs in 2003/04) showed continuous net rent increases for two bedroom properties throughout the observation period.
- The rank order has been stable, with diversified LSVT RSLs charging the highest rents and ALMO LAs charging the lowest.
- The range narrowed from £17.65 in 2001/02 to £16.45 (inflation-adjusted £13.15) in 2008/09.
- The difference of the rent indices also contracted from 0.30 to 0.22 for the period.

²⁴ The identifier of an LSVT RSL in each year's RSR is an RSL code. This means that LSVT RSLs which changed their codes but practically kept to operate as the same organisation were excluded from the analysis (albeit the case is rare).

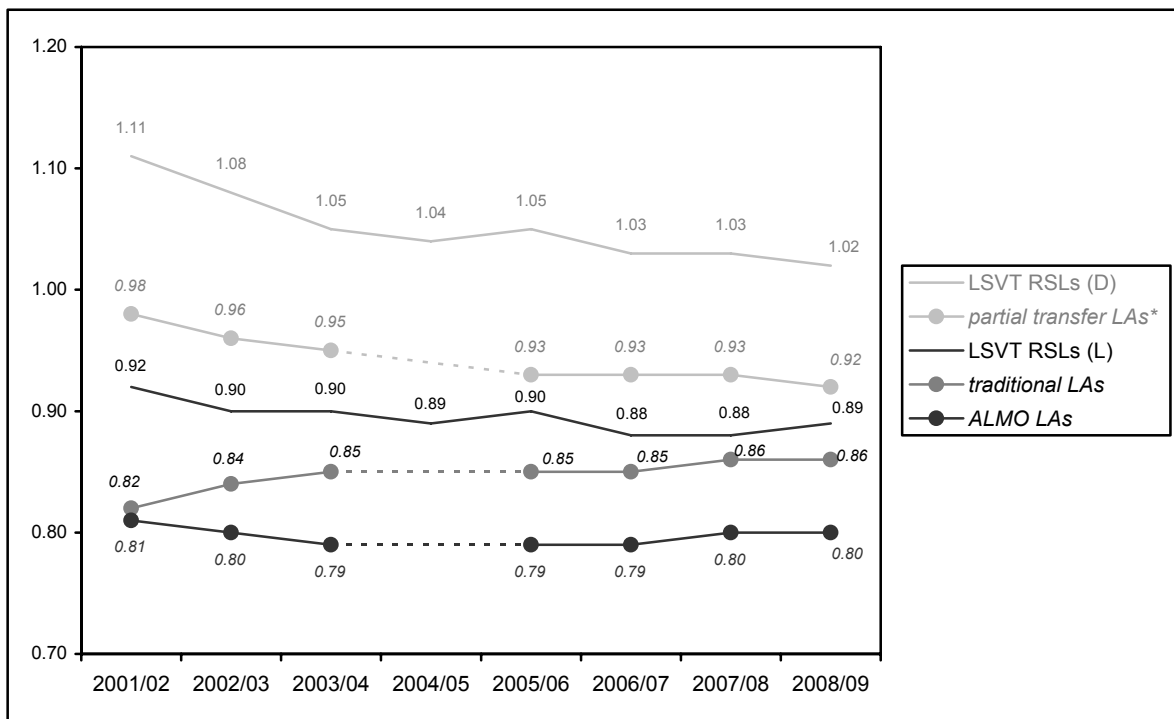
²⁵ The weightings in the target calculation were revised in 2006/07, with more weight allocations to larger properties and disaggregation of a size category of four-bedroom or larger into three categories. For details of the revision process, see ODPM (2004) *The Three-Year Review of Rent Restructuring*.

Figure 8.1 Average net rents (£) by landlord type from 2001/02 to 2008/09: two-bedroom, England



Note: For the RSL sector, general needs housing only. The 2008/09 grouping of landlords applied to each year. The other notes and source: As Figure 3.1.

Figure 8.2 Average net rents (traditional RSLs = 1.00) by landlord type from 2001/02 to 2008/09: two-bedroom, England

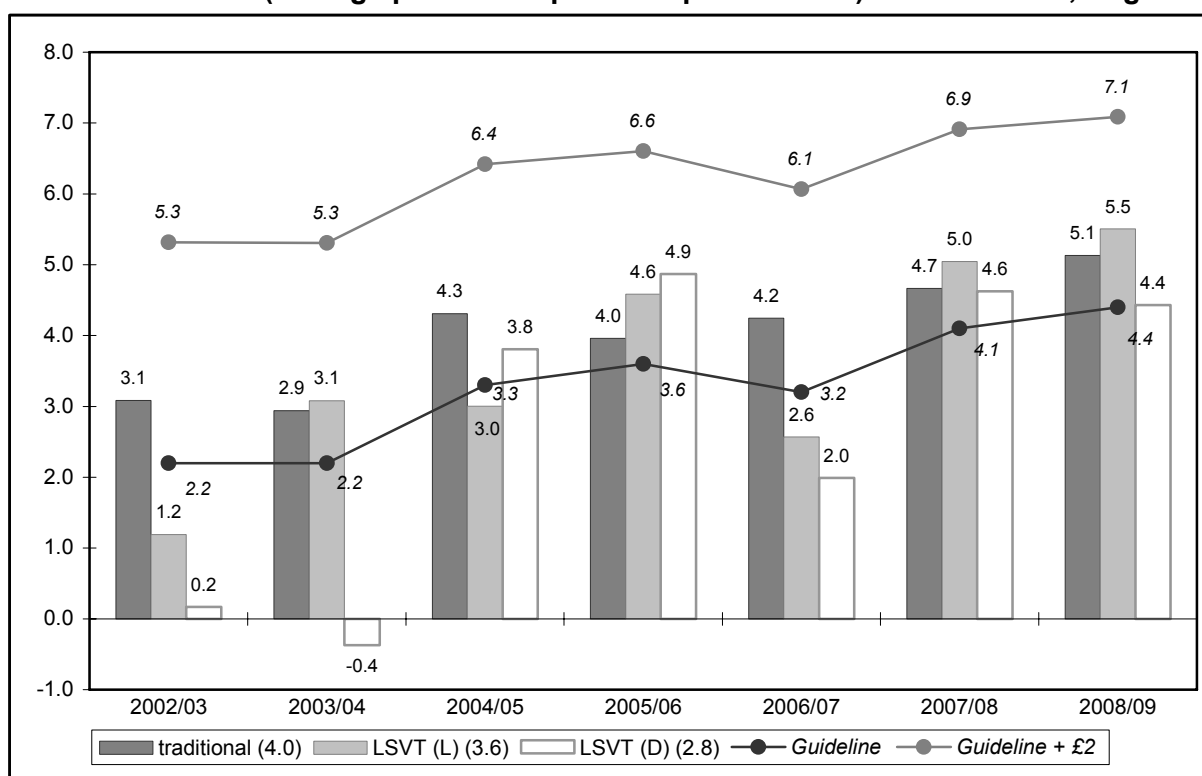


Note & source: As Figure 8.1.

Figures 8.3 and 8.4 set out annual growth rates of the nominal average net rents for two-bedroom properties in the RSL and LA sectors respectively. Each figure plots the guideline limit for the annual rate increase, that is, the retail price index (RPI for all items) in September of the previous year plus 0.5%. In addition, a further £2 can be added on the guideline for each property for the purpose of rent convergence. The maximum allowed level is also presented by converting the additional element into percentage terms based on the previous year's highest average in each sector.

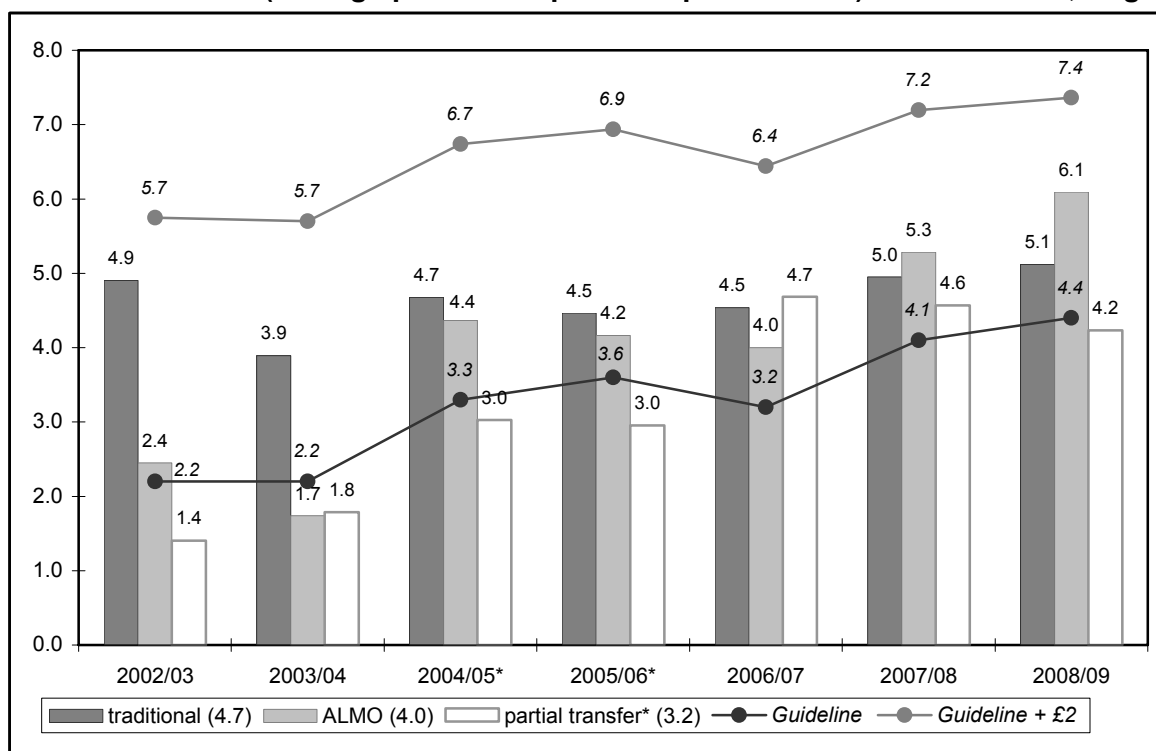
- All the landlord types successfully controlled their annual growth rates below the maximum allowed level over the last seven years.
- Without a £2 allowance, however, traditional RSLs and traditional LAs would have exceeded the regulatory limit for the entire period and ALMO LAs would have done so except in 2003/04 – the annual average rate for the period was 4% or over for these three landlord types.
- The remaining three types occasionally placed their growth rates below the guideline. This is partly because these groups' stock portfolio changed more drastically by transfers or new investments which could involve the inflow of relatively low rents and outflow of relatively high rents.

Figure 8.3 Annual growth rates of average net rents (%) by RSL landlord type from 2002/03 to 2008/09 (average p.a. for the period in parentheses): two-bedroom, England



Note: £2 allowance was converted to percentage terms based on the previous year's highest landlord's average. The other notes are as Figure 8.1. Source: For the Guideline, Housing Corporation (currently, TSA) *Rents, rent differentials and service charges for housing associations* (various issues). For the other variables, As Figure 8.1.

Figure 8.4 Annual growth rates of average net rents (%) by LA landlord type from 2002/03 to 2008/09 (average p.a. for the period in parentheses): two-bedroom, England

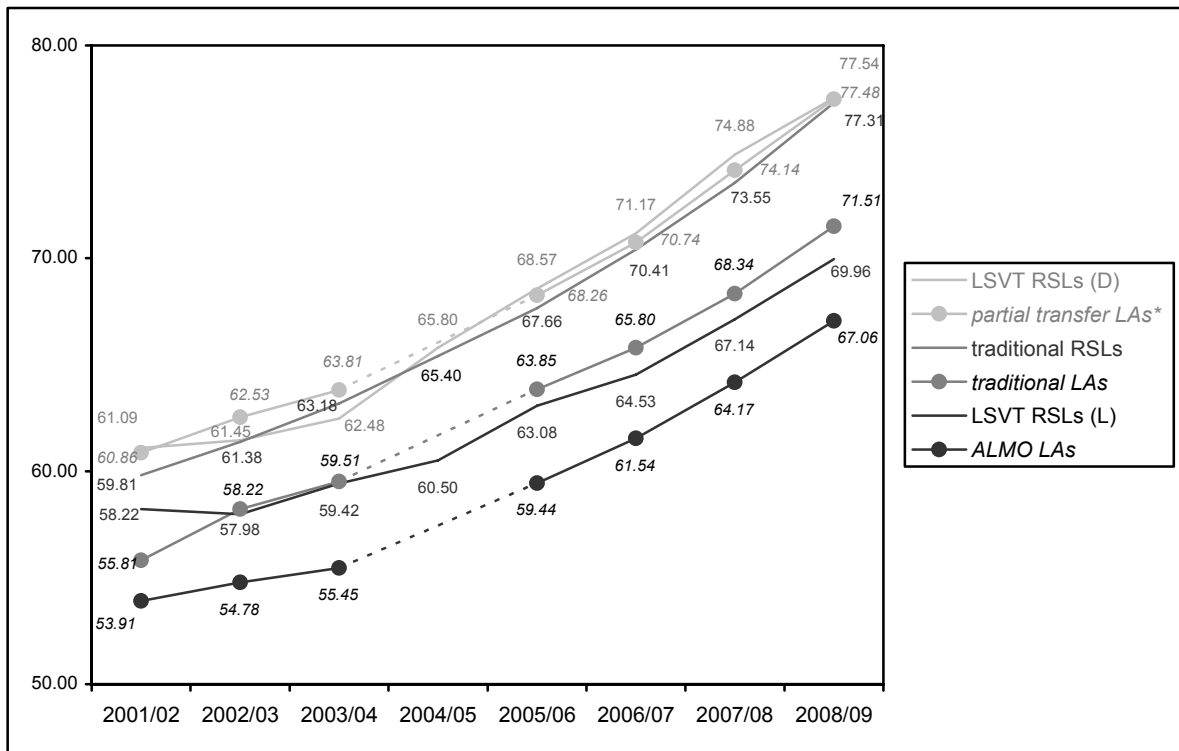


Note: * Based on the 2004/05 average rents estimated with the nearest two years' averages. £2 allowance was converted to a percentage term based on the previous year's lowest landlord's average. The other notes are as Figure 8.1. Source: For the Guideline, DCLG, Circulars (various issues). For the other variables, As Figure 8.1.

Figure 8.5 sets out the changes in average target rents by landlord type over the last eight years in terms of nominal absolute values. Figure 8.6 presents the equivalent measured by a rent index drawing on the traditional RSL average as reference.

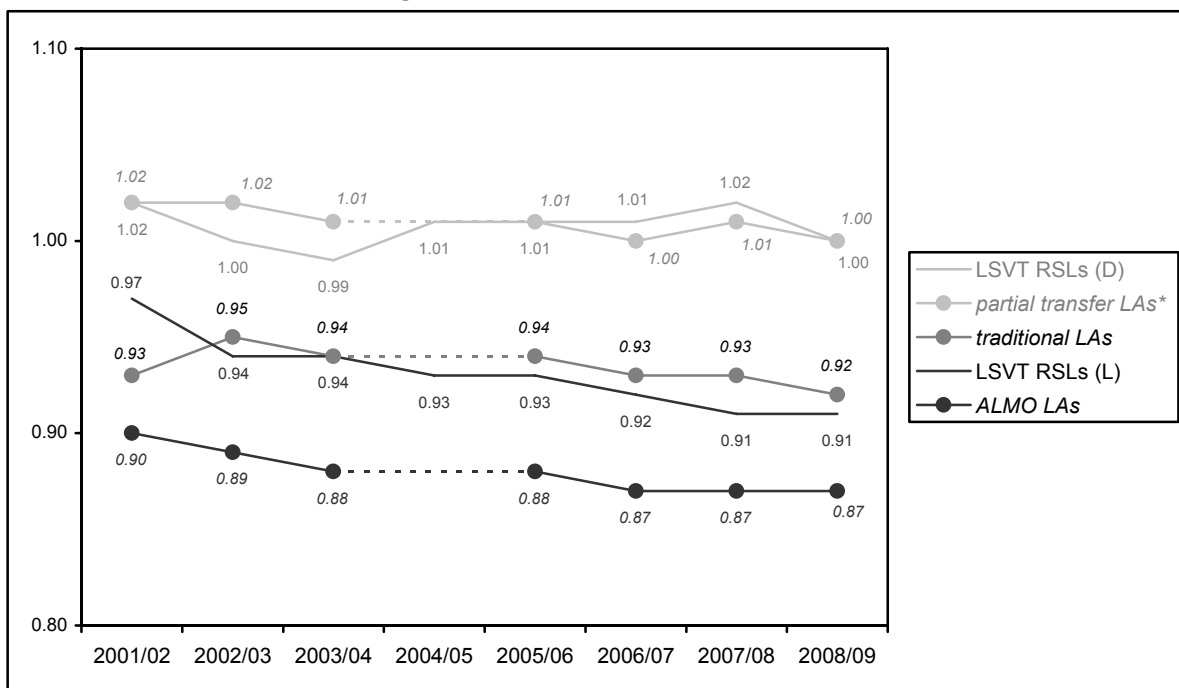
- For the period, all the landlord types have continuously increased their average target rents, except local LSVT RSLs in 2002/03 – a year which saw the most stock transfers taking place (see Figure A.6.4 in Annex 6).
- Diversified LSVT RSLs, partial transfer LAs and traditional RSLs had target rent levels that were close to each other as the highest three during the period, while ALMO LAs always had the lowest.
- The range in absolute terms widened, albeit to a fairly moderate extent – from £7.18 in 2001/02 to £10.48 (inflation-adjusted £8.38) in 2008/09.
- The movements of the rent indices were relatively inert through the period except a drop of local LSVT RSLs in 2002/03.

Figure 8.5 Average target rents (£) by landlord type from 2001/02 to 2008/09: two-bedroom, England



Note & Source: As Figures 8.3 & 8.4.

Figure 8.6 Average target rents (traditional RSLs = 1.00) by landlord type from 2001/02 to 2008/09: two-bedroom, England

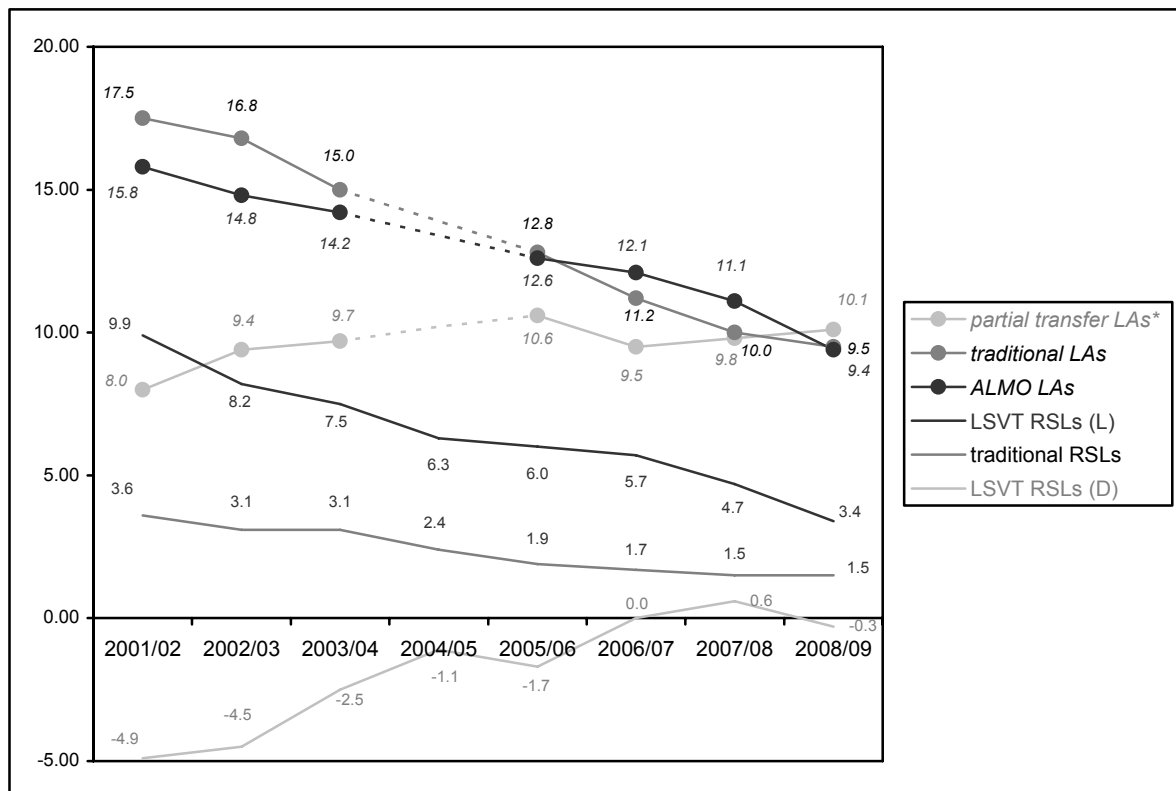


Note & Source: As Figures 8.3 & 8.4.

Figure 8.7 sets out the developments of the Rent Convergence (RC) rate of each landlord type over the last eight years, that is, the rate at which average net rents are moving towards target rents.

- Since 2001/02, traditional RSLs and diversified LSVT RSLs rents within the agreed regulation zone of $\pm 5\%$ of target.
- From 2007/08 local LSVT RSLs have brought their net rents within range of target rents, progressing 6.5 percentage points over the period.
- With the latest convergence rates showing net rents at around 10% below target, all LA landlord types need further rent rises if convergence is to be achieved.
- Traditional LAs and ALMO LAs, however, showed great improvement for the period with declining margins of 8.0 and 6.4 points respectively.
- Partial transfer LAs were the only type that appeared to be diverging from the target zone, compared to 2001/02. It is too early, however, to interpret the trend as deterioration in that partial transfers often involved less problematic properties with respect to rent setting, leaving the rest under the partial transfer LAs' ownership.

Figure 8.7 Average RC rates (%) by landlord type from 2001/02 to 2008/09: two-bedroom, England



Note & Source: As Figures 8.3 & 8.4.

9. Summary and discussion

Following on from last year's baseline study, this paper provides in-depth comparisons of the latest rents, stock and service charges between traditional RSLs, LSVT RSLs (local or diversified), traditional LAs, ALMO LAs and partial transfer LAs. To investigate the consistency between these groups, we have also looked at how rents have developed over the last eight years.

The most recent data show that social rented housing stock in England was more or less evenly distributed among traditional RSLs, local LSVT RSLs, traditional LAs and ALMO LAs, with a small proportion being owned by partial transfer LAs and diversified LSVT RSLs.

The latest net rent comparison reflected the pattern seen in the original baseline study. Excluding partial transfer LAs, which were concentrated in urban areas, the landlord types can be split roughly into two subsets: a high rent group made up of landlords in the RSL sector (except local LSVT RSLs), and a low rent group consisting of LA landlords (including local LSVT RSLs). In the former group, diversified LSVT RSLs, which were using post-transfer business strategies, showed net rents close to those of traditional RSLs. In the latter group, traditional LAs and ALMO LAs had similar average net rents. Some regional and local level data especially in areas with more mature LSVTs (for example, in most rural areas and in the South East), however, suggested that local LSVT RSLs were closing the gap on traditional RSLs. This implies that LSVT policy has functioned to raise rents in the lower segments of the social rented market more towards RSL levels in addition to resulting in stock-reallocation.

Target rents followed the same patterns, although with less difference between the landlord types. Net rents among the three RSL landlord types were converging towards target rents and had achieved the agreed regulation zone of $\pm 5\%$, while traditional LAs and ALMO LAs showed continuing convergence over the last eight years. The gap in rents between the social landlord types has declined.

Although the analyses were limited by data availability, service charges showed a similar picture to net rents. While non-eligible charges appeared relatively evenly spread across the landlord types, those eligible for housing benefit were more varied. This may be partly because some accommodation costs and all non-eligible service charges are more likely to be paid directly by consumers and are therefore more constrained, whereas service charges that are eligible for housing benefit do not tend to affect household expenses for the majority of social tenants and are therefore more likely to vary.

The findings of this study suggest that at least three mechanisms are functioning to bring coherence to the social rent structure. These include the LSVT process, the rent restructuring regime and, at least potentially, consumer discipline. While the first two depend on a top-down approach from the government (although early LSVTs were often led by local initiatives), the last tool is principally bottom-up. The LSVT programme in its current form has passed its peak, suggesting that its impact will be less prominent in the future except to the extent that ALMOs are transferred. The rent restructuring framework will be complete within two years and it is not yet clear what will replace it. Consumer pressure on rent setting, on the other hand, may well increase as greater emphasis is placed on giving tenants the opportunity to voice their opinions and concerns.

Annex 1 Data quality issues

Although the datasets presented above are the most comprehensive among the available materials, they are not free from caveats and limitations for comparative purposes. The issues are summarised below:

Rent:

The latest RSL rents are a snap shot as at 31 March 2009, while the latest LA rents are estimation for the period of 1 April 2008 to 31 March 2009. This twelve-month gap applied for each year in the observation period.

Service charge:

Service charges for LA stock are not available from the DCLG data. As a proxy, we use an average for 'young' local LSVT RSLs in Section 6 – 'young' represents five years or less from completion of transfer. In terms of net rents, however, the national averages of LA landlords and young local LSVT RSLs failed to have statistical significance in equality. Therefore, readers are advised to use the substitute as a reference but not as a perfect alternative.

Stock:

There is no demarcation between general needs and special needs for LA stock. There is also a year lag between the two sectors' survey points – for example, the latest stock quantity was as at 31 March 2009 for RSL stock and as at 1 April 2008 for LA stock.

Treatment of ALMO LAs and LAs with mixed ownership and management style:

As all the former council housing transferred through partial LSVT schemes were received by traditional RSLs for the observation period, data on such stock belong to traditional RSLs. For council housing stock retained by LAs with the mixed style, information on rents and stock quantity is included in a category of 'traditional LAs' in Sections 4 and 5 – this means there is a possibility, although it can be negligible, of the data containing LA stock managed under partial ALMO schemes. In the Annexes, however, such information is separated from traditional LAs and included in a 'partial transfer LAs' category. Stock for ALMO LAs could contain that which is to be managed by ALMOs although not at the survey point date.

LA data quality:

The original data from the DCLG is unaudited, and the figures contain errors, inconsistencies and omissions. For some LAs the total and average figures for all property sizes do not agree with a sum or average derived from the constituent property sizes' figures. Due to this, we follow the methodology used in the *Guide to Local Rents 2008 Part I: Social Landlord Rents*. There are a few LAs reporting stock without any rent information, even though they are not 'LSVT LAs'. Such stock is excluded from the corresponding totals and average rents at regional levels.

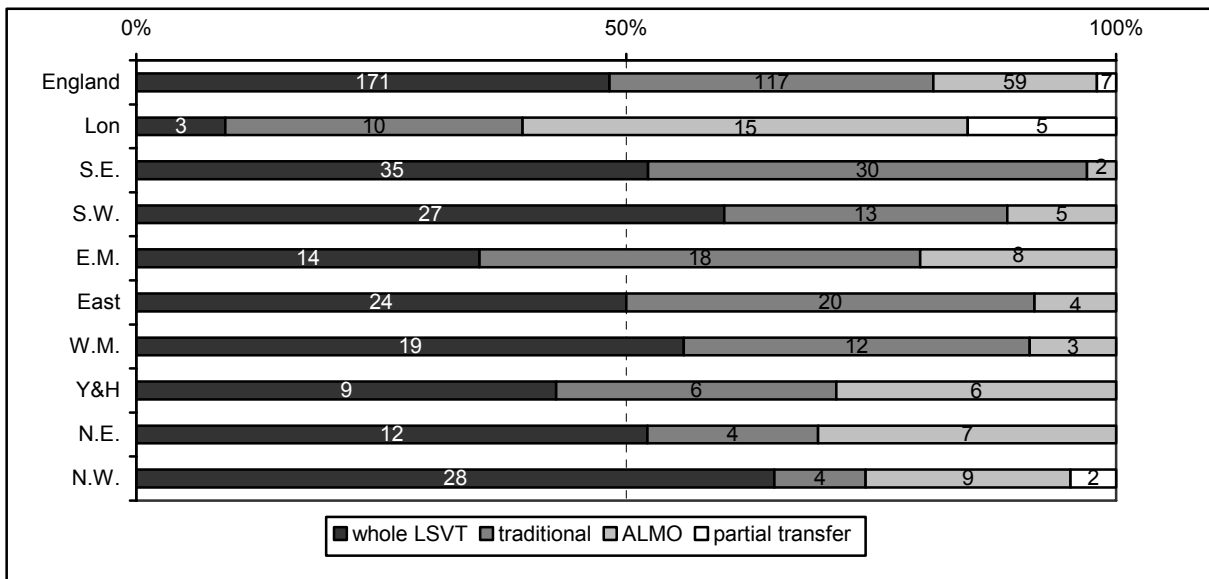
Definition of local LSVT RSLs:

Due to the complexity of RSL mergers or creation of group structures, the following LAs, which have completed whole LSVTs, were treated as those without local LSVT RSLs in their boundaries.

LA	RSL reporting ex-LA stock in RSR09	Note on the original transferee RSL	category of the stock
Ryedale	YORKSHIRE HL	amalgamated with a larger RSL or parented by a larger RSL in a group structure	traditional RSL
Craven	YORKSHIRE HL	amalgamated with a larger RSL or parented by a larger RSL in a group structure	traditional RSL
South Bucks	L&Q HT	amalgamated with a larger RSL or parented by a larger RSL in a group structure	traditional RSL
Tunbridge Wells	TOWN & COUNTRY HOUSING	transferee was an existing RSL	traditional RSL
Hart	SENTINEL HAL	amalgamated with a larger LSVT RSL	LSVT (D)
Hertsmere	WILLIAM SUTTON HA	amalgamated with a larger RSL or parented by a larger RSL in a group structure	traditional RSL
	ALDWYCK	transferee was an existing RSL	traditional RSL
Maldon	MOAT HOMES	amalgamated with a larger RSL or parented by a larger RSL in a group structure	traditional RSL
Spelthorne	A2 SOUTH	amalgamated with a larger RSL or parented by a larger RSL in a group structure	traditional RSL
Stratford-on-Avon	HEART OF ENGLAND	amalgamated with a larger RSL or parented by a larger RSL in a group structure	traditional RSL
Bexley	ORBIT SOUTH HOUSING	amalgamated with a larger RSL or parented by a larger RSL in a group structure	traditional RSL
	L&Q HT	amalgamated with a larger RSL or parented by a larger RSL in a group structure	traditional RSL
Copeland	HOME GROUP LIMITED	amalgamated with a larger RSL or parented by a larger RSL in a group structure	traditional RSL
Teesdale	n/a	Due to its small size, the transferee was not required to fill the RSR09 Long form	n/a

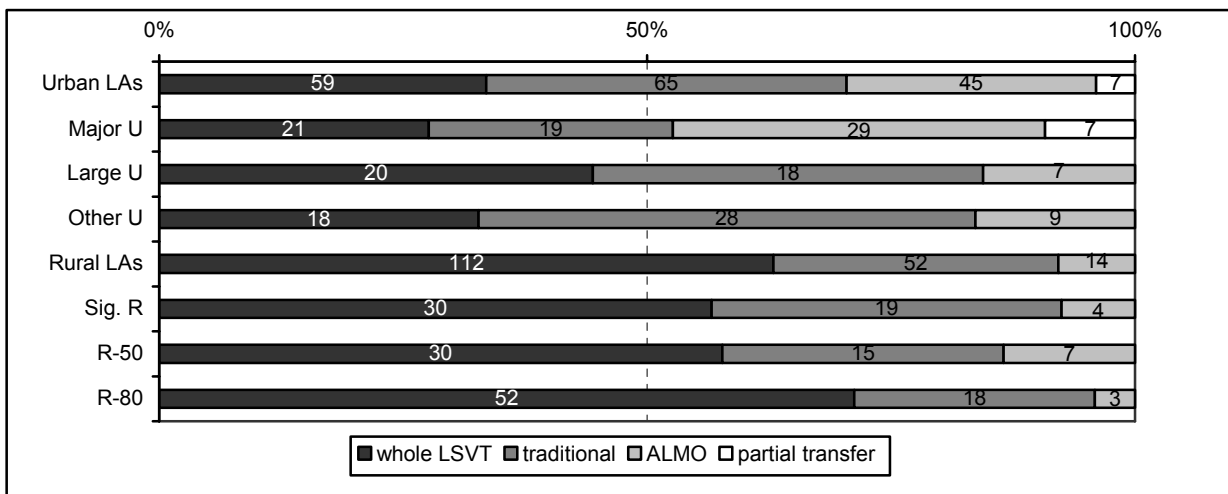
Annex 2 Supplemental data on LA housing ownership and management style

Figure A.2.1 LA counts by LA housing ownership and management style: 2008/09*



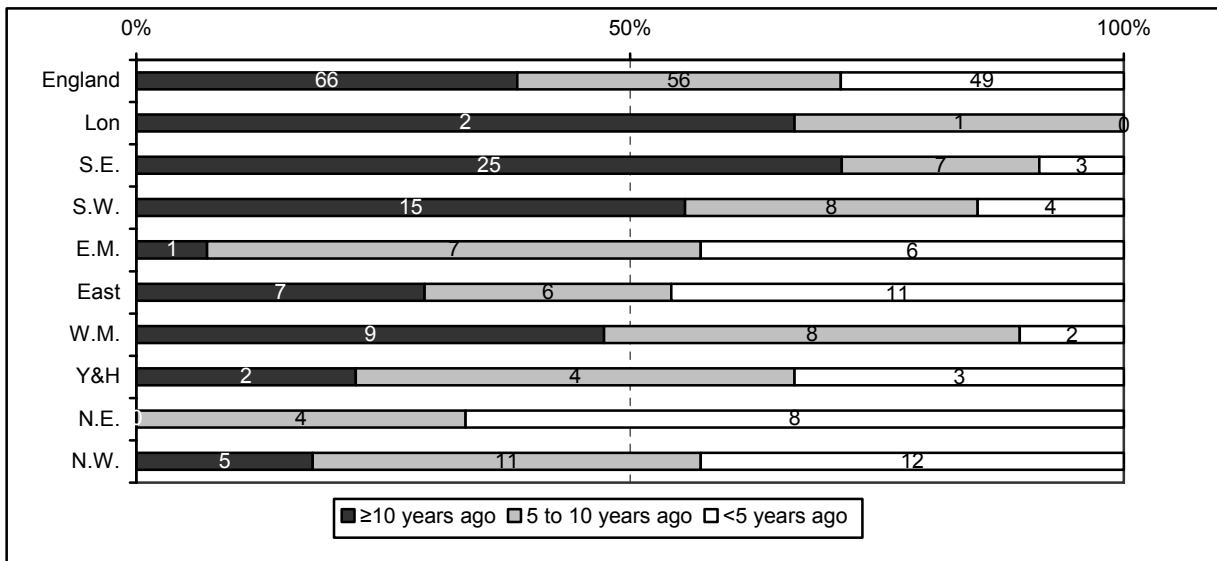
Note: * Whole LSVT LAs are categorised on the completion base as at 31st March 2009. LAs with incomplete LSVT (see Section 2) belong to 'traditional'. ALMO and partial transfer LAs are on the planning base as in May 2008. Source: Author's creation based on the information described in Section 2.

Figure A.2.2 Urban and rural LA counts by LA housing ownership and management style: 2008/09*



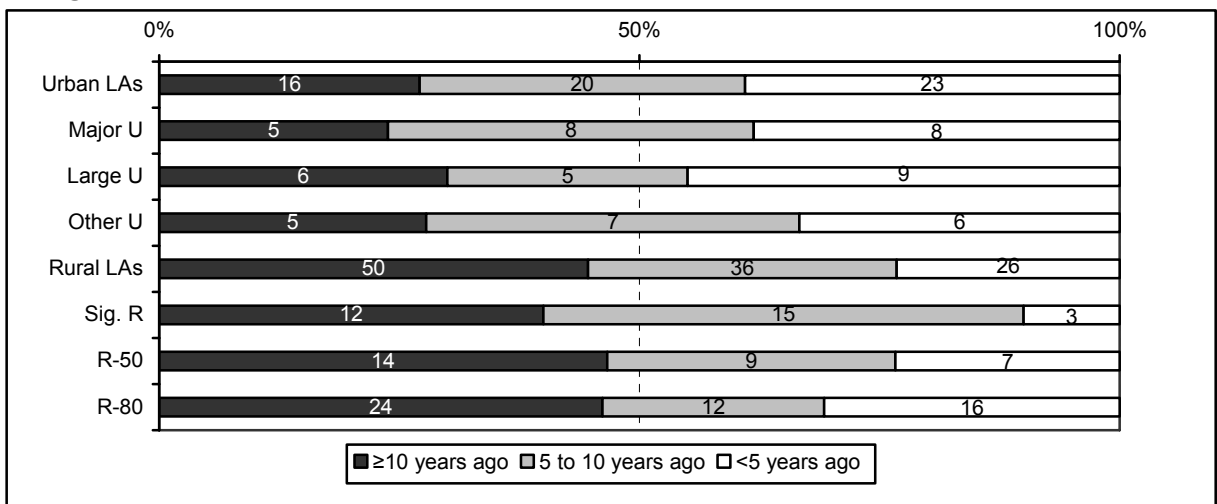
Note & source: As Figures A.2.1 & 3.3.

Figure A.2.3 Whole LSVT LA counts by completion timing as at 31st March 2009



Note & source: As Figure A.2.1.

Figure A.2.4 Whole LSVT LA counts by urban/rural classification and completion timing as at 31st March 2009



Note & source: As Figure A.2.2.

Annex 3 Supplemental data on social rented housing stock and net rents

The Herfindahl index (HI) is an indicator for degree of competition among business players (in this paper, RSLs) in one specific area (in this paper, each LA area). In short, it is measured by summing squared market shares – the market share, in this paper, is defined as a proportion of general needs housing stock. Table A.2.1 exemplifies the HI calculation for Allerdale and Barrow-in-Furness, both are in the North West and had seven social landlords operating in their boundaries for each. Of those in Barrow-in-Furness, one is the council itself, as it has opted for council housing retention, whereas Allerdale completed LSVT. The HI takes from 0 (indicating most competitive) to 1.0 (monopolistic). In case of the two LAs, Barrow-in-Furness appeared to have a more concentrated social housing sector with a relatively high HI arising from the large proportion of the LA landlord.

There are a few caveats to interpret the HI in this paper. First, the market share is based on owned rental stock, thus, the market presence of any social landlord managing housing stock on behalf of others and of low-cost ownership stock is out of consideration. Second, RSLs in our examination are those completed the RSR long form, in other words, making small sized RSLs out of scope. Third, although selecting an LA area as a unit of market size as the HI was used for the analyses at the LA level, in reality RSLs and LAs in England could be collaborating and/or competing at upper geographical level, for example, in fund-raising for regional or sub-regional investment programme.

Table A.3.1 HI's for Allerdale and Barrow-in-Furness

LA	landlord type	stock (units)	squared stock proportion
Allerdale	traditional RSL	28	0.00
	traditional RSL	1,118	0.02
	traditional RSL	3,514	0.20
	traditional RSL	7	0.00
	traditional RSL	104	0.00
	LSVT RSL (L)	3,040	0.15
	LSVT RSL (D)	14	0.00
total		7,825	0.37 (= HI for Allerdale)
Barrow-in-Furness	traditional RSL	33	0.00
	traditional RSL	1	0.00
	traditional RSL	481	0.02
	traditional RSL	19	0.00
	traditional RSL	1	0.00
	traditional RSL	96	0.00
	traditional LA	2,738	0.66
total		3,369	0.68 (= HI for B-in-F)

Note: Totals allow .01-errors due to rounding. Source: As Table 3.1.

Table A.3.2 Key statistics on LAs' HI and CBL proportion: 2008/9

	average	median	S.D.	range	minimum	maximum	N
H Index	0.59	0.60	0.14	0.82	0.13	0.94	350
CBL proportion (%)	42.28	41.65	33.93	97.63	0.00	97.63	354

Note & Source: As Table 3.2.

Table A.3.3 Correlations: HI, CBL and area size

	Herfindahl-index	CBL proportion (%)	LA area (km ²)
Herfindahl-index	1.000		
CBL proportion (%)	-0.144	1.000	
LA area (km ²)	0.160	-0.083	1.000

Note: N=350. The other notes and source: As Table 3.2.

Table A.3.4 Stock by social landlord type, property size and region

		traditional RSL	LSVT (L)	LSVT (D)	traditional LA	ALMO LA	partial transfer LA*
all	E.Mid	55,184	51,838	3,859	107,283	80,474	n/a
	East	83,450	117,278	11,304	130,534	32,271	n/a
	Lon	279,164	17,226	2,794	157,778	168,700	108,953
	N.E.	50,515	87,358	198	29,138	95,665	n/a
	N.W.	214,273	184,860	563	12,211	106,780	53,838
	S.E.	110,532	148,988	16,524	168,281	10,345	n/a
	S.W.	59,922	105,349	10,649	95,194	21,607	n/a
	W.Mid	102,170	117,765	2,750	143,093	65,080	n/a
	Y&H	80,940	88,692	3,071	55,781	186,775	n/a
b-sit	E.Mid	1,879	1,186	35	1,862	1,149	n/a
	East	3,578	2,996	209	3,557	1,993	n/a
	Lon	11,524	1,017	75	8,320	8,494	5,124
	N.E.	2,510	653	n/a	235	1,288	n/a
	N.W.	6,642	2,351	4	117	1,991	231
	S.E.	5,902	4,422	412	6,776	783	n/a
	S.W.	2,391	1,964	27	1,896	510	n/a
	W.Mid	3,035	2,700	25	2,204	394	n/a
	Y&H	2,889	1,132	9	712	2,229	n/a
1-b	E.Mid	16,993	12,692	1,151	30,096	21,552	n/a
	East	26,927	29,600	2,038	33,830	10,473	n/a
	Lon	94,671	4,738	347	45,665	52,825	32,548
	N.E.	18,260	18,480	141	7,820	20,946	n/a
	N.W.	62,498	48,496	154	3,646	35,534	13,436
	S.E.	33,960	39,944	4,225	49,108	3,305	n/a
	S.W.	20,402	28,499	2,398	25,262	6,816	n/a
	W.Mid	34,410	29,252	773	39,098	17,651	n/a
	Y&H	28,038	26,979	621	14,524	53,087	n/a
2-b	E.Mid	21,215	17,472	1,622	34,778	24,604	n/a
	East	28,187	39,335	4,600	40,837	7,974	n/a
	Lon	94,435	5,695	1,174	55,607	57,932	39,688
	N.E.	18,150	34,592	48	10,262	36,597	n/a
	N.W.	71,771	52,879	271	3,294	32,545	18,981
	S.E.	38,101	47,696	6,340	52,545	2,845	n/a
	S.W.	21,150	37,686	4,439	33,233	6,663	n/a
	W.Mid	35,875	38,541	1,104	45,530	19,128	n/a
	Y&H	28,407	28,847	1,149	20,241	66,220	n/a
3-b	E.Mid	13,767	19,585	982	38,168	31,708	n/a
	East	22,055	42,927	3,925	49,314	10,806	n/a
	Lon	62,763	5,268	1,048	41,308	44,111	25,644
	N.E.	10,688	31,395	9	10,255	34,769	n/a
	N.W.	65,921	75,987	123	4,880	35,142	18,843
	S.E.	29,549	53,815	5,063	55,847	3,186	n/a
	S.W.	14,398	35,381	3,397	32,065	7,020	n/a
	W.Mid	24,745	44,904	778	53,292	26,326	n/a
	Y&H	18,117	30,301	1,263	18,473	61,590	n/a
≥4-b	E.Mid	1,330	903	69	2,038	1,465	n/a
	East	2,703	2,420	532	2,994	1,024	n/a
	Lon	15,617	508	150	6,883	5,216	5,948
	N.E.	907	2,238	n/a	566	2,065	n/a
	N.W.	7,441	5,147	11	274	1,540	2,347
	S.E.	3,020	3,111	484	3,901	236	n/a
	S.W.	1,581	1,819	388	1,572	598	n/a
	W.Mid	4,105	2,368	70	2,969	1,581	n/a
	Y&H	3,489	1,433	29	1,831	3,648	n/a

Note & Source: As Figure 3.1.

Table A.3.5 Average net rent by social landlord type, property size and region

		traditional RSL	LSVT (L)	LSVT (D)	traditional LA	ALMO LA	partial transfer LA*
all	E.Mid	68.59	62.45	68.83	56.66	55.28	n/a
	East	78.44	71.82	78.59	66.92	67.50	n/a
	Lon	89.38	86.75	92.94	81.22	80.04	77.05
	N.E.	62.34	60.00	61.59	53.01	53.46	n/a
	N.W.	64.07	63.28	73.72	56.77	55.90	57.87
	S.E.	82.97	81.90	85.35	71.03	70.67	n/a
	S.W.	72.10	70.95	75.22	59.27	61.75	n/a
	W.Mid	70.73	63.65	74.24	60.47	60.84	n/a
	Y&H	65.40	57.95	58.25	56.20	53.14	n/a
b-sit	E.Mid	51.25	47.17	54.32	44.17	42.80	n/a
	East	59.18	53.98	61.63	49.12	50.41	n/a
	Lon	69.83	69.56	57.29	60.89	63.52	57.46
	N.E.	49.36	49.07	n/a	38.55	43.86	n/a
	N.W.	51.26	49.20	54.00	48.90	41.33	45.61
	S.E.	58.49	62.05	61.19	52.74	53.21	n/a
	S.W.	56.22	55.13	57.03	44.58	46.68	n/a
	W.Mid	56.45	47.56	54.67	46.61	44.57	n/a
	Y&H	49.74	45.84	41.46	42.62	43.31	n/a
1-b	E.Mid	61.24	55.55	62.58	50.42	49.09	n/a
	East	68.17	62.75	65.82	57.44	58.14	n/a
	Lon	79.33	76.22	72.85	70.52	69.91	67.41
	N.E.	57.96	53.78	58.03	47.04	47.55	n/a
	N.W.	58.65	55.51	67.96	51.30	50.03	50.56
	S.E.	72.62	69.95	72.20	61.69	62.44	n/a
	S.W.	63.56	62.27	62.37	51.19	54.61	n/a
	W.Mid	63.37	57.18	64.30	52.64	53.41	n/a
	Y&H	58.93	51.77	46.90	50.08	48.11	n/a
2-b	E.Mid	70.24	62.80	68.51	56.64	55.45	n/a
	East	79.43	71.21	76.20	66.07	68.41	n/a
	Lon	89.79	87.58	91.65	80.06	80.65	77.03
	N.E.	63.96	59.36	68.98	52.41	52.75	n/a
	N.W.	63.77	62.95	71.93	57.09	56.33	56.55
	S.E.	84.47	81.53	85.26	71.13	73.46	n/a
	S.W.	73.38	70.69	74.37	58.14	61.68	n/a
	W.Mid	71.47	63.55	74.69	59.27	58.66	n/a
	Y&H	66.37	57.70	58.79	56.00	53.06	n/a
3-b	E.Mid	75.92	67.07	76.34	61.51	59.50	n/a
	East	90.17	79.10	86.65	74.48	77.95	n/a
	Lon	101.44	96.40	100.68	90.06	92.26	87.31
	N.E.	69.02	63.96	77.94	58.02	57.60	n/a
	N.W.	69.31	68.21	83.67	60.32	61.74	63.19
	S.E.	95.52	91.61	96.40	80.79	79.34	n/a
	S.W.	82.70	78.30	83.62	66.89	68.40	n/a
	W.Mid	78.70	68.29	82.16	67.12	66.94	n/a
	Y&H	72.96	63.59	63.27	61.06	57.47	n/a
≥4-b	E.Mid	84.83	72.54	80.96	69.25	63.79	n/a
	East	100.15	85.85	95.49	83.00	87.04	n/a
	Lon	113.58	109.94	113.21	107.02	108.42	102.58
	N.E.	75.61	68.81	n/a	61.81	62.01	n/a
	N.W.	77.63	73.58	94.19	66.04	67.94	68.62
	S.E.	105.58	101.27	106.28	87.19	92.63	n/a
	S.W.	92.48	86.51	92.02	74.09	78.36	n/a
	W.Mid	88.58	75.48	95.90	74.70	72.63	n/a
	Y&H	83.28	69.37	66.31	63.27	60.72	n/a

Note & Source: As Figure 3.1.

Table A.3.6 Stock by social landlord type, property size and urban/rural classification

		traditional RSL	LSVT (L)	LSVT (D)	traditional LA	ALMO LA	partial transfer LA*
all	Major U	558,206	232,874	4,099	296,294	475,479	162,791
	Large U	127,439	112,588	9,846	180,595	119,426	n/a
	Other U	124,879	95,256	11,377	218,384	68,941	n/a
	Sig. rural	89,010	157,457	9,128	84,172	52,753	n/a
	Rural-50	59,813	152,204	9,262	69,532	44,190	n/a
	Rural-80	76,803	168,975	8,000	50,316	6,908	n/a
b-sit	Major U	21,117	4,297	116	10,744	12,848	5,355
	Large U	5,599	3,404	203	4,988	1,700	n/a
	Other U	5,670	2,010	126	5,027	2,483	n/a
	Sig. rural	3,344	3,211	225	2,457	1,127	n/a
	Rural-50	2,685	2,560	61	1,622	579	n/a
	Rural-80	1,935	2,939	65	841	94	n/a
1-b	Major U	184,127	56,875	592	84,997	138,132	45,984
	Large U	42,992	32,746	2,838	49,757	36,840	n/a
	Other U	40,957	28,188	2,848	62,589	20,977	n/a
	Sig. rural	28,993	44,593	1,986	23,593	13,782	n/a
	Rural-50	18,771	36,921	2,014	17,720	10,676	n/a
	Rural-80	20,319	39,357	1,570	10,393	1,782	n/a
2-b	Major U	187,075	73,068	1,532	96,849	164,253	58,669
	Large U	44,562	32,488	3,722	60,303	38,076	n/a
	Other U	41,813	29,597	4,867	66,982	18,408	n/a
	Sig. rural	31,656	49,767	3,346	27,862	15,323	n/a
	Rural-50	22,185	53,892	3,766	25,141	15,922	n/a
	Rural-80	30,000	63,931	3,514	19,190	2,526	n/a
3-b	Major U	138,491	92,444	1,647	93,199	148,278	44,487
	Large U	30,520	41,637	2,863	61,183	40,921	n/a
	Other U	32,114	32,915	2,963	78,256	25,241	n/a
	Sig. rural	22,939	56,913	3,302	28,882	21,667	n/a
	Rural-50	15,051	55,856	3,178	23,878	16,149	n/a
	Rural-80	22,888	59,798	2,635	18,204	2,402	n/a
≥4-b	Major U	27,242	6,190	212	10,510	11,818	8,295
	Large U	3,766	2,313	220	4,263	1,889	n/a
	Other U	4,325	2,546	573	5,159	1,841	n/a
	Sig. rural	2,078	2,973	269	1,326	858	n/a
	Rural-50	1,121	2,975	243	1,149	864	n/a
	Rural-80	1,661	2,950	216	621	103	n/a

Note & Source: As Figure 3.3.

Table A.3.7 Average net rent by social landlord type, property size and urban/rural classification

		traditional RSL	LSVT (L)	LSVT (D)	traditional LA	ALMO LA	partial transfer LA*
all	Major U	77.96	64.77	91.69	73.00	64.26	70.71
	Large U	70.53	64.59	73.12	59.48	55.05	n/a
	Other U	72.15	67.60	75.68	63.09	63.78	n/a
	Sig. rural	76.01	70.68	82.80	65.71	53.59	n/a
	Rural-50	73.53	69.93	78.44	64.16	54.20	n/a
	Rural-80	71.51	70.07	77.82	61.79	59.89	n/a
b-sit	Major U	62.13	57.34	56.70	58.23	56.39	56.95
	Large U	54.87	50.51	62.22	49.31	47.50	n/a
	Other U	55.22	52.64	59.11	46.88	50.77	n/a
	Sig. rural	57.03	52.86	60.89	52.86	40.78	n/a
	Rural-50	54.78	53.39	59.37	47.89	45.10	n/a
	Rural-80	52.61	57.36	58.55	45.80	43.57	n/a
1-b	Major U	70.20	57.86	73.35	63.43	57.32	62.49
	Large U	63.32	57.16	63.58	52.43	49.79	n/a
	Other U	63.91	58.91	64.28	54.62	56.22	n/a
	Sig. rural	66.11	61.55	69.85	57.76	48.54	n/a
	Rural-50	65.47	61.15	66.91	56.58	48.26	n/a
	Rural-80	63.77	61.54	65.67	53.80	52.33	n/a
2-b	Major U	78.27	64.21	91.25	72.43	64.00	70.40
	Large U	71.48	64.82	74.51	58.77	54.76	n/a
	Other U	73.42	67.96	75.14	62.79	64.02	n/a
	Sig. rural	77.26	70.39	80.85	65.02	53.07	n/a
	Rural-50	75.02	68.85	77.36	63.51	54.26	n/a
	Rural-80	71.94	69.19	76.26	61.26	59.28	n/a
3-b	Major U	85.82	69.08	98.58	79.35	70.42	77.10
	Large U	79.78	70.69	79.71	65.88	59.90	n/a
	Other U	81.42	74.64	84.55	70.63	70.11	n/a
	Sig. rural	87.57	78.26	92.57	73.49	57.32	n/a
	Rural-50	83.40	76.68	86.13	70.97	58.29	n/a
	Rural-80	78.21	76.57	86.16	67.14	66.68	n/a
≥4-b	Major U	100.44	75.58	111.74	97.22	84.17	92.97
	Large U	89.99	77.45	97.08	71.45	65.09	n/a
	Other U	91.33	80.53	94.64	78.73	82.52	n/a
	Sig. rural	98.23	86.56	101.08	81.50	63.95	n/a
	Rural-50	91.27	86.15	95.06	74.82	62.57	n/a
	Rural-80	87.97	83.66	95.45	75.72	71.07	n/a

Note & Source: As Figure 3.3.

Table A.3.7 Correlations: two-bedroom net rent gap (£) between social landlord type, HI and the CBL proportion (%)

	net rent gap between social landlord types	Herfindahl-index	CBL proportion
net rent gap	1.000		
Herfindahl-index	0.077	1.000	
CBL proportion	-0.038	-0.204	1.000

Note: N=256 (LAs subject both to Table 3.2 and Table 4.1). The other notes & source: As Tables 3.2 and 4.1.

Annex 4 Supplemental data on target rents and RC rates

Table A.4.1 Average target rent by social landlord type, property size and region

		traditional RSL	LSVT (L)	LSVT (D)	traditional LA	ALMO LA	partial transfer LA*
all	E.Mid	66.59	67.32	69.81	62.58	61.88	n/a
	East	78.34	74.48	79.70	75.73	72.16	n/a
	Lon	96.17	93.05	94.90	87.85	85.55	85.47
	N.E.	61.60	63.69	61.52	60.40	61.08	n/a
	N.W.	64.62	66.28	71.93	64.75	61.06	61.44
	S.E.	81.76	83.95	85.28	75.19	75.97	n/a
	S.W.	70.10	72.10	74.68	63.81	63.65	n/a
	W.Mid	68.52	67.09	72.58	66.05	66.70	n/a
	Y&H	63.75	62.75	63.06	62.80	59.49	n/a
b-sit	E.Mid	50.72	49.12	51.72	50.29	47.16	n/a
	East	59.78	55.56	57.77	61.27	57.72	n/a
	Lon	75.24	70.23	62.77	72.32	72.18	67.96
	N.E.	49.32	49.24	n/a	48.48	48.41	n/a
	N.W.	50.96	50.64	50.88	49.79	48.50	48.47
	S.E.	58.76	61.36	60.66	59.77	58.17	n/a
	S.W.	55.95	55.27	55.02	51.12	50.73	n/a
	W.Mid	54.64	50.56	54.98	52.43	52.50	n/a
	Y&H	49.70	47.82	42.11	50.00	46.75	n/a
1-b	E.Mid	58.97	58.67	63.09	55.43	54.79	n/a
	East	67.66	64.35	67.10	67.37	64.61	n/a
	Lon	85.75	79.39	75.39	79.62	77.87	77.64
	N.E.	56.45	55.83	58.10	53.52	54.04	n/a
	N.W.	57.94	56.87	64.36	57.05	54.64	54.31
	S.E.	70.52	71.46	72.28	67.41	70.14	n/a
	S.W.	61.51	63.38	62.44	57.03	57.39	n/a
	W.Mid	60.54	58.52	62.86	58.88	59.07	n/a
	Y&H	56.72	54.77	50.59	56.20	52.94	n/a
2-b	E.Mid	67.95	66.71	69.36	62.29	61.06	n/a
	East	78.68	73.51	76.13	74.78	72.54	n/a
	Lon	96.40	93.51	92.65	87.99	86.21	85.63
	N.E.	63.14	62.48	68.44	59.70	59.99	n/a
	N.W.	64.20	65.12	71.96	63.76	61.11	60.45
	S.E.	83.16	83.20	84.41	74.71	76.74	n/a
	S.W.	71.23	71.30	73.62	63.36	63.40	n/a
	W.Mid	69.00	65.73	72.32	65.14	65.56	n/a
	Y&H	64.85	62.93	62.54	62.10	59.10	n/a
3-b	E.Mid	74.25	73.92	77.97	68.29	67.33	n/a
	East	91.10	82.78	88.52	82.30	80.24	n/a
	Lon	108.49	106.59	103.18	96.25	93.97	94.05
	N.E.	69.35	69.08	78.14	65.96	66.26	n/a
	N.W.	71.17	72.69	80.57	70.87	67.63	66.27
	S.E.	94.96	94.58	97.02	83.30	84.08	n/a
	S.W.	80.67	80.07	82.79	69.88	69.70	n/a
	W.Mid	77.51	74.07	81.01	71.90	72.12	n/a
	Y&H	71.67	69.63	69.60	68.15	65.28	n/a
≥4-b	E.Mid	84.89	81.36	85.50	75.14	73.35	n/a
	East	101.71	90.00	101.04	92.07	89.19	n/a
	Lon	123.10	120.66	115.95	109.56	106.63	105.28
	N.E.	77.18	75.84	n/a	72.48	72.29	n/a
	N.W.	78.82	79.27	86.78	76.70	74.14	72.78
	S.E.	106.15	104.37	108.40	89.91	97.25	n/a
	S.W.	90.55	88.57	92.80	77.17	77.79	n/a
	W.Mid	87.28	81.39	94.58	79.66	79.02	n/a
	Y&H	81.80	75.89	71.93	74.04	72.04	n/a

Note & Source: As Figure 5.1.

Table A.4.2 Average target rent by social landlord type, property size and urban/rural classification

		traditional RSL	LSVT (L)	LSVT (D)	traditional LA	ALMO LA	partial transfer LA*
all	Major U	81.22	68.83	94.14	79.75	70.19	77.52
	Large U	68.59	67.89	73.61	65.33	61.09	n/a
	Other U	70.55	69.40	75.93	68.60	68.12	n/a
	Sig. rural	75.44	73.56	83.83	71.61	61.83	n/a
	Rural-50	71.95	73.44	78.25	69.54	59.88	n/a
	Rural-80	71.81	72.02	77.68	67.92	64.09	n/a
b-sit	Major U	64.85	59.19	60.92	69.21	64.10	67.12
	Large U	53.73	53.18	60.12	55.07	50.46	n/a
	Other U	55.09	52.23	57.69	55.48	55.88	n/a
	Sig. rural	57.81	55.56	58.82	60.74	50.75	n/a
	Rural-50	55.76	54.60	57.03	56.59	47.37	n/a
	Rural-80	53.14	54.24	57.97	53.92	51.87	n/a
1-b	Major U	72.90	59.59	75.18	71.98	63.68	70.82
	Large U	60.94	59.09	63.98	58.71	54.70	n/a
	Other U	62.08	59.89	64.75	60.30	61.13	n/a
	Sig. rural	64.94	63.70	70.47	64.16	55.32	n/a
	Rural-50	63.08	63.76	66.29	63.43	52.81	n/a
	Rural-80	62.34	62.46	66.75	60.42	56.15	n/a
2-b	Major U	81.44	67.39	92.16	80.04	69.92	77.48
	Large U	69.55	67.53	74.05	64.93	60.60	n/a
	Other U	71.56	69.32	74.75	67.86	67.57	n/a
	Sig. rural	76.23	72.79	81.66	70.74	61.04	n/a
	Rural-50	73.17	72.08	76.74	68.35	58.74	n/a
	Rural-80	71.56	70.73	75.44	67.12	63.68	n/a
3-b	Major U	89.49	75.16	102.51	85.34	75.61	82.28
	Large U	78.16	75.46	81.65	71.06	67.12	n/a
	Other U	80.07	77.54	84.89	75.65	74.28	n/a
	Sig. rural	87.97	82.03	94.11	78.78	66.67	n/a
	Rural-50	82.55	81.10	86.48	75.62	65.59	n/a
	Rural-80	80.68	79.81	85.91	73.79	70.25	n/a
≥4-b	Major U	105.89	82.99	114.53	101.23	88.59	96.09
	Large U	88.86	82.93	98.24	77.74	74.35	n/a
	Other U	90.52	83.75	98.88	84.20	85.28	n/a
	Sig. rural	99.98	91.52	104.07	86.45	73.12	n/a
	Rural-50	92.25	90.49	97.09	81.80	70.00	n/a
	Rural-80	91.64	87.29	97.43	81.65	78.52	n/a

Note & Source: As Figure 5.15.

Estimated impact of a house price change on target rents

The impact of a-pound change in the house price measured at the introduction of target rents for the same sized property in the same LA on the latest target rents is estimated from a partial derivative of the target formula with respect to a house price as follows:

$$\frac{\partial T}{\partial p} = 0.3 \frac{g\bar{r}}{\bar{p}}, \text{ where } T \text{ stands for target rent and the notations are as in Section 5.}$$

In 2008/09 $g = 1.307606595$ and the remaining two variables remained as at the introduction (i.e., $\bar{r} = 53.50$ for RSLs or 54.52 for LAs and $\bar{p} = 49,750$), the outcome provides that a £10,000 increase in the 1999 house price in the RSL sector is estimated to have raised the RSL target by £4.22 and the LA target by £4.31.

Table A.4.3 RC rates by social landlord type, property size and region

		traditional RSL	LSVT (L)	LSVT (D)	traditional LA	ALMO LA	partial transfer LA*
all	E.Mid	-2.91	7.80	1.43	10.44	11.94	n/a
	East	-0.12	3.70	1.41	13.16	6.90	n/a
	Lon	7.60	7.27	2.11	8.15	6.89	10.92
	N.E.	-1.19	6.16	-0.12	13.94	14.25	n/a
	N.W.	0.85	4.74	-2.43	14.06	9.22	6.17
	S.E.	-1.47	2.51	-0.07	5.86	7.49	n/a
	S.W.	-2.77	1.62	-0.72	7.67	3.07	n/a
	W.Mid	-3.13	5.41	-2.23	9.23	9.63	n/a
	Y&H	-2.52	8.29	8.26	11.75	11.95	n/a
b-sit	E.Mid	-1.04	4.12	-4.79	13.86	10.19	n/a
	East	1.01	2.93	-6.26	24.74	14.50	n/a
	Lon	7.74	0.96	9.56	18.77	13.65	18.27
	N.E.	-0.08	0.35	n/a	25.78	10.38	n/a
	N.W.	-0.59	2.93	-5.79	1.82	17.35	6.28
	S.E.	0.45	-1.12	-0.86	13.34	9.32	n/a
	S.W.	-0.47	0.25	-3.51	14.67	8.68	n/a
	W.Mid	-3.21	6.31	0.57	12.50	17.80	n/a
	Y&H	-0.08	4.32	1.57	17.31	7.93	n/a
1-b	E.Mid	-3.70	5.62	0.81	9.94	11.60	n/a
	East	-0.74	2.56	1.95	17.30	11.13	n/a
	Lon	8.09	4.16	3.49	12.90	11.38	15.18
	N.E.	-2.61	3.82	0.12	13.78	13.65	n/a
	N.W.	-1.20	2.46	-5.30	11.20	9.21	7.40
	S.E.	-2.90	2.15	0.11	9.28	12.33	n/a
	S.W.	-3.23	1.78	0.10	11.41	5.10	n/a
	W.Mid	-4.46	2.34	-2.23	11.85	10.60	n/a
	Y&H	-3.74	5.80	7.87	12.21	10.02	n/a
2-b	E.Mid	-3.25	6.23	1.24	9.98	10.11	n/a
	East	-0.95	3.24	-0.09	13.17	6.03	n/a
	Lon	7.36	6.77	1.09	9.91	6.89	11.16
	N.E.	-1.27	5.27	-0.79	13.90	13.73	n/a
	N.W.	0.67	3.44	0.04	11.68	8.48	6.89
	S.E.	-1.55	2.04	-0.99	5.03	4.46	n/a
	S.W.	-2.92	0.87	-1.01	8.98	2.78	n/a
	W.Mid	-3.46	3.44	-3.17	9.89	11.77	n/a
	Y&H	-2.28	9.05	6.39	10.90	11.39	n/a
3-b	E.Mid	-2.20	10.21	2.13	11.01	13.17	n/a
	East	1.03	4.65	2.16	10.51	2.94	n/a
	Lon	6.95	10.57	2.48	6.87	1.86	7.72
	N.E.	0.48	8.00	0.26	13.69	15.05	n/a
	N.W.	2.68	6.56	-3.70	17.49	9.54	4.86
	S.E.	-0.58	3.24	0.65	3.11	5.97	n/a
	S.W.	-2.46	2.26	-1.00	4.46	1.91	n/a
	W.Mid	-1.50	8.47	-1.40	7.12	7.73	n/a
	Y&H	-1.77	9.50	10.00	11.60	13.59	n/a
≥4-b	E.Mid	0.07	12.16	5.61	8.51	14.99	n/a
	East	1.56	4.83	5.82	10.92	2.46	n/a
	Lon	8.38	9.76	2.42	2.38	-1.65	2.63
	N.E.	2.07	10.22	n/a	17.26	16.59	n/a
	N.W.	1.54	7.72	-7.87	16.13	9.13	6.07
	S.E.	0.54	3.06	2.00	3.11	4.99	n/a
	S.W.	-2.08	2.38	0.85	4.16	-0.72	n/a
	W.Mid	-1.46	7.82	-1.37	6.65	8.79	n/a
	Y&H	-1.78	9.39	8.46	17.03	18.66	n/a

Note: Rates outside of a ±5% range are shaded. The other notes and source: As Figure 5.1.

Table A.4.4 RC rates by social landlord type, property size and urban/rural classification

		traditional RSL	LSVT (L)	LSVT (D)	traditional LA	ALMO LA	partial transfer LA*
all	Major U	4.17	6.28	2.67	9.26	9.23	9.63
	Large U	-2.75	5.11	0.67	9.84	10.96	n/a
	Other U	-2.22	2.67	0.34	8.74	6.80	n/a
	Sig. rural	-0.75	4.08	1.24	8.98	15.39	n/a
	Rural-50	-2.15	5.02	-0.24	8.38	10.48	n/a
	Rural-80	0.42	2.79	-0.18	9.92	7.00	n/a
b-sit	Major U	4.38	3.24	7.44	18.86	13.67	17.86
	Large U	-2.09	5.28	-3.37	11.68	6.23	n/a
	Other U	-0.22	-0.76	-2.40	18.35	10.06	n/a
	Sig. rural	1.36	5.12	-3.41	14.90	24.45	n/a
	Rural-50	1.78	2.26	-3.96	18.18	5.02	n/a
	Rural-80	1.01	-5.44	-1.00	17.74	19.05	n/a
1-b	Major U	3.85	3.01	2.50	13.47	11.09	13.34
	Large U	-3.75	3.38	0.63	11.98	9.86	n/a
	Other U	-2.86	1.68	0.73	10.41	8.73	n/a
	Sig. rural	-1.77	3.50	0.89	11.08	13.96	n/a
	Rural-50	-3.65	4.27	-0.93	12.11	9.42	n/a
	Rural-80	-2.24	1.49	1.64	12.31	7.30	n/a
2-b	Major U	4.05	4.96	1.00	10.51	9.26	10.05
	Large U	-2.71	4.18	-0.62	10.48	10.66	n/a
	Other U	-2.54	2.01	-0.52	8.08	5.55	n/a
	Sig. rural	-1.33	3.40	1.01	8.80	15.03	n/a
	Rural-50	-2.47	4.70	-0.80	7.62	8.27	n/a
	Rural-80	-0.53	2.23	-1.07	9.57	7.42	n/a
3-b	Major U	4.27	8.80	3.99	7.56	7.37	6.73
	Large U	-2.03	6.75	2.43	7.87	12.05	n/a
	Other U	-1.66	3.88	0.40	7.12	5.94	n/a
	Sig. rural	0.46	4.82	1.66	7.20	16.31	n/a
	Rural-50	-1.01	5.77	0.41	6.55	12.53	n/a
	Rural-80	3.16	4.23	-0.30	9.91	5.35	n/a
≥4-b	Major U	5.42	9.80	2.49	4.13	5.25	3.35
	Large U	-1.25	7.07	1.19	8.81	14.22	n/a
	Other U	-0.88	4.00	4.48	6.95	3.35	n/a
	Sig. rural	1.79	5.74	2.96	6.08	14.33	n/a
	Rural-50	1.07	5.03	2.13	9.32	11.88	n/a
	Rural-80	4.17	4.34	2.07	7.83	10.48	n/a

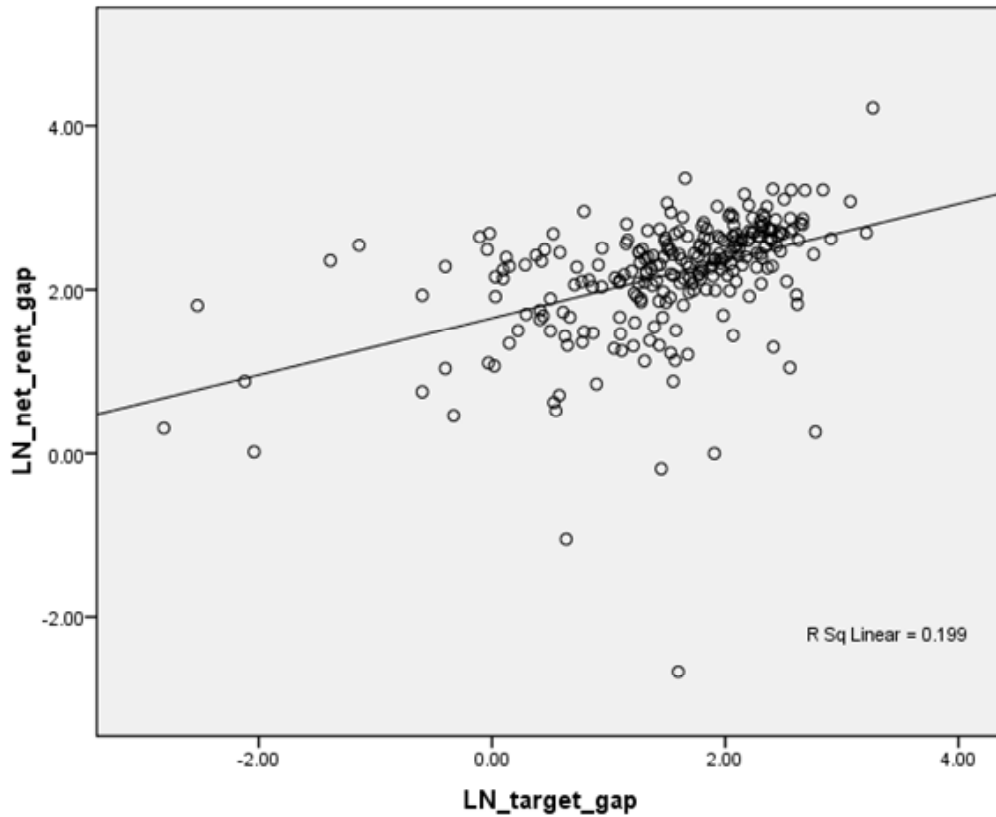
Note: Rates outside of a ±5% range are shaded. The other notes and source: As Figure 5.15.

Table A.4.5 Correlations: two-bedroom target rent gap (£) between social landlord type, HI and the CBL proportion (%)

	target rent gap between social landlord types	Herfindahl-index	CBL proportion
target rent gap	1.000		
Herfindahl-index	-0.184	1.000	
CBL proportion	0.047	-0.202	1.000

Note: N=256 (LAs subject both to Table 3.2 and Table 5.2). The other notes & source: As Tables 3.2 and 5.1.

Figure A.4.1 target rent gap vs. average rent gap between social landlord types in each LA area: two-bedroom



Note: Variables are in log-form. $N=255$. $\rho=0.446$. The other notes and source: As Table 5.4.

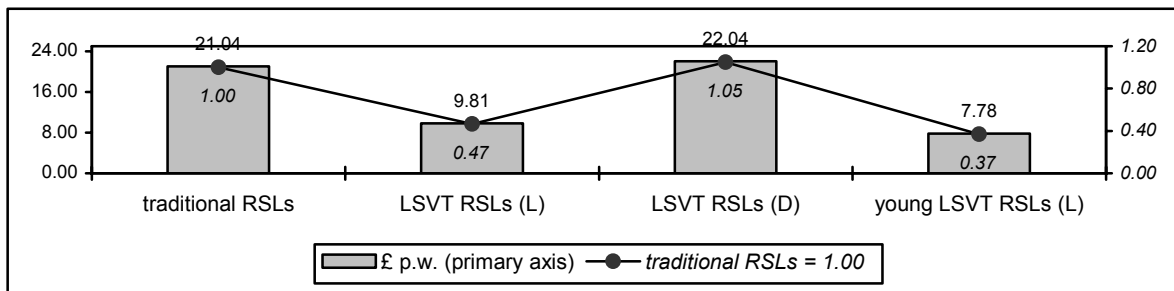
Table A.4.6 Correlations: two-bedroom RC rate gap (%-point) between social landlord type, HI and the CBL proportion (%)

	RC rate gap between social landlord types	Herfindahl-index	CBL proportion
RC rate gap	1.000		
Herfindahl-index	0.196	1.000	
CBL proportion	-0.225	-0.203	1.000

Note: $N=255$. The other notes and source: As Table 5.4.

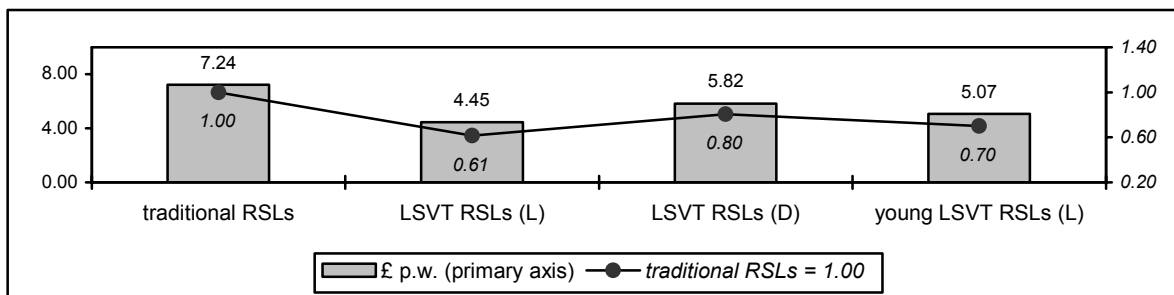
Annex 5 Supplemental data on service charge

Figure A.5.1 Average service charge by social landlord type: bedsit, England



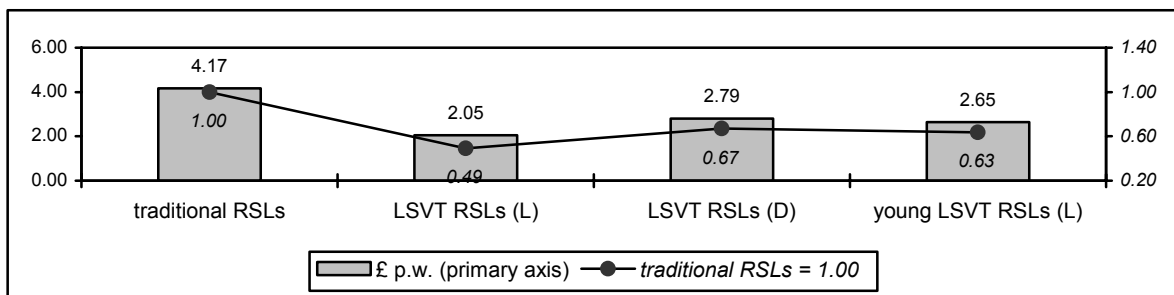
Note & Source: As Figure 7.1.

Figure A.5.2 Average service charge by social landlord type: two-bedroom, England



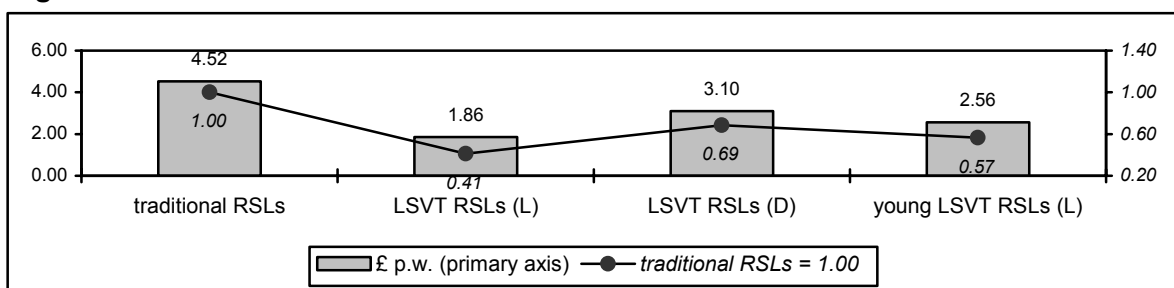
Note & Source: As Figure 7.1.

Figure A.5.3 Average service charge by social landlord type: three-bedroom, England



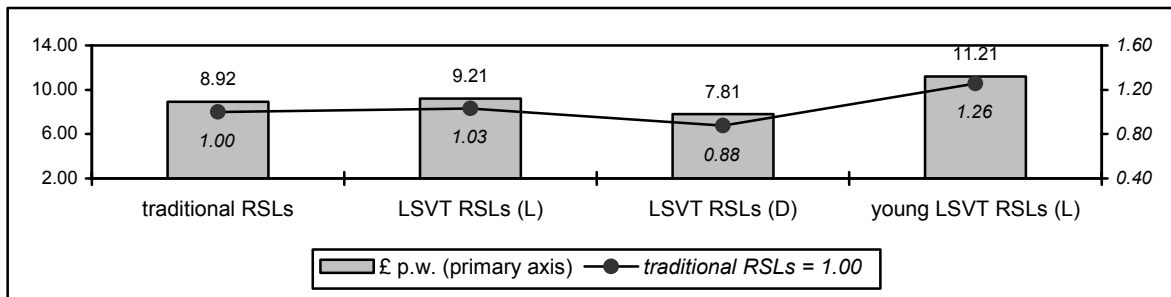
Note & Source: As Figure 7.1.

Figure A.5.4 Average service charge by social landlord type: four-bedroom or larger, England



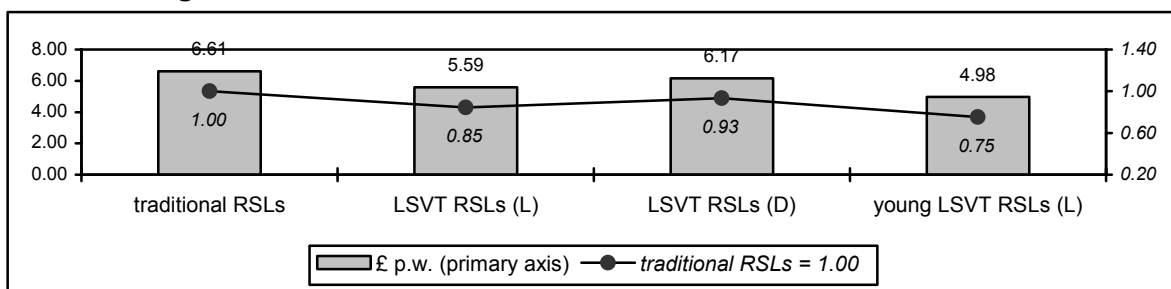
Note & Source: As Figure 7.1.

Figure A.5.5 Average non-eligible service charge by social landlord type: bedsit, England



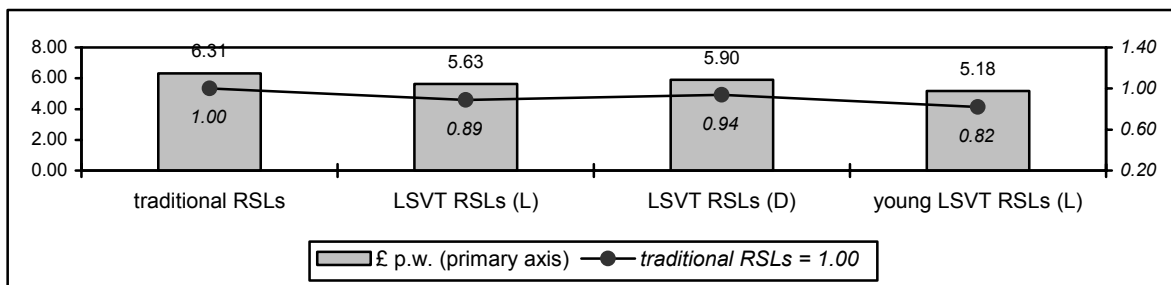
Note & Source: As Figure 7.1.

Figure A.5.6 Average non-eligible service charge by social landlord type: two-bedroom, England



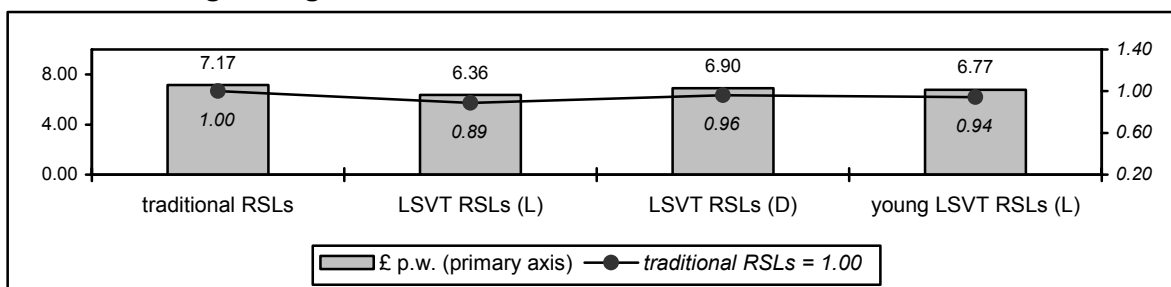
Note & Source: As Figure 7.1.

Figure A.5.7 Average non-eligible service charge by social landlord type: three-bedroom, England



Note & Source: As Figure 7.1.

Figure A.5.8 Average non-eligible service charge by social landlord type: four-bedroom or larger, England



Note & Source: As Figure 7.1.

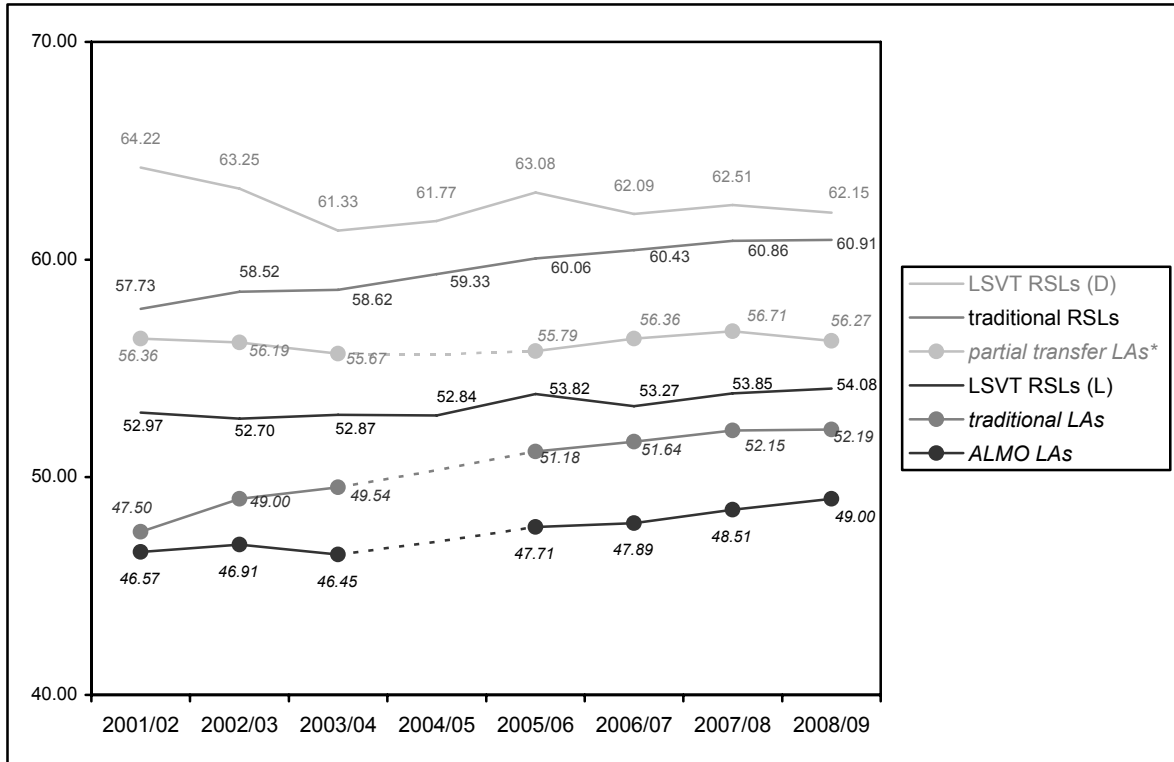
Annex 6 Supplemental data on the time series analyses

Table A.6.1 Deflators: RPI (all items; September 2001 = 1.000)

2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
1.000	1.017	1.045	1.077	1.106	1.146	1.191	1.251

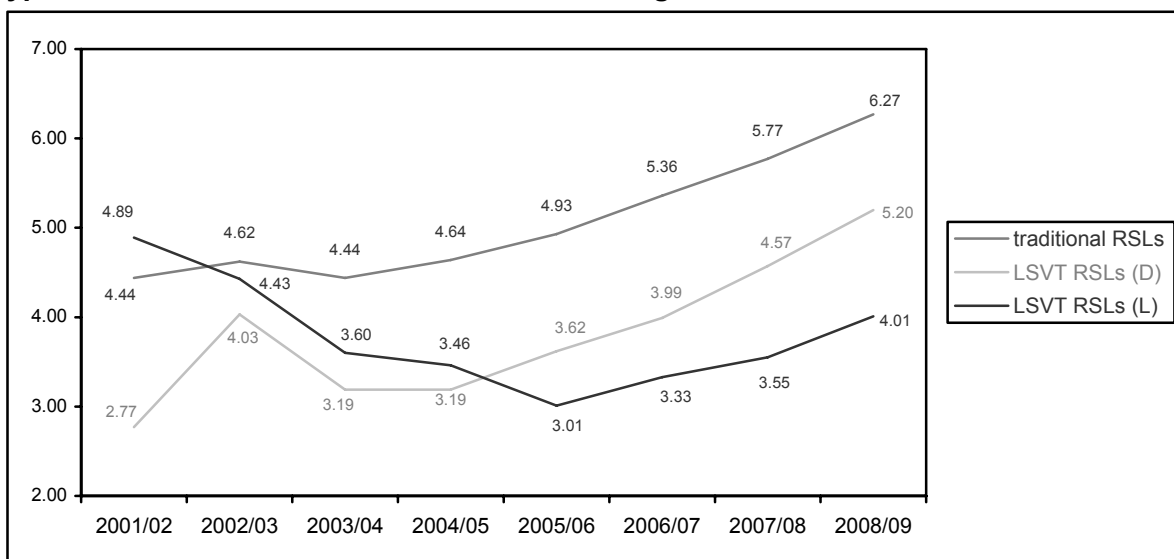
Note: As in September over 12 months. Source: Office for National Statistics.

Figure A.6.1 Real average net rents (£) by landlord type from 2001/02 to 2008/09: two-bedroom, England



Note: The base year is 2001/02. The other notes and source: As Figure 8.1 and Table A.5.1.

Figure A.6.2 Average service charge eligible for housing benefit (£) by RSL landlord type from 2001/02 to 2008/09: two-bedroom, England



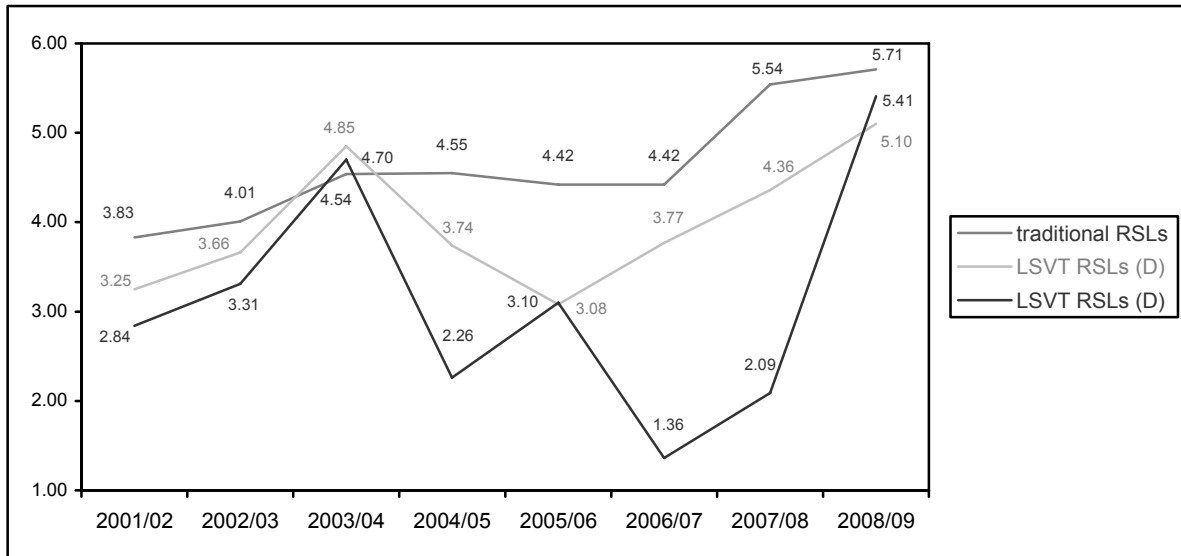
Note & Source: As Figure 8.1.

Table A.6.1 Average service charge eligible for housing benefit (traditional RSL average =1.00) by RSL landlord type from 2001/02 to 2008/09: two-bedroom, England

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
LSVT RSLs (D)	0.62	0.87	0.72	0.69	0.73	0.74	0.79	0.83
LSVT RSLs (L)	1.10	0.96	0.81	0.75	0.61	0.62	0.61	0.64

Note & Source: As Figure 8.1.

Figure A.6.3 Average service charge non-eligible for housing benefit (£) by RSL landlord type from 2001/02 to 2008/09: two-bedroom, England



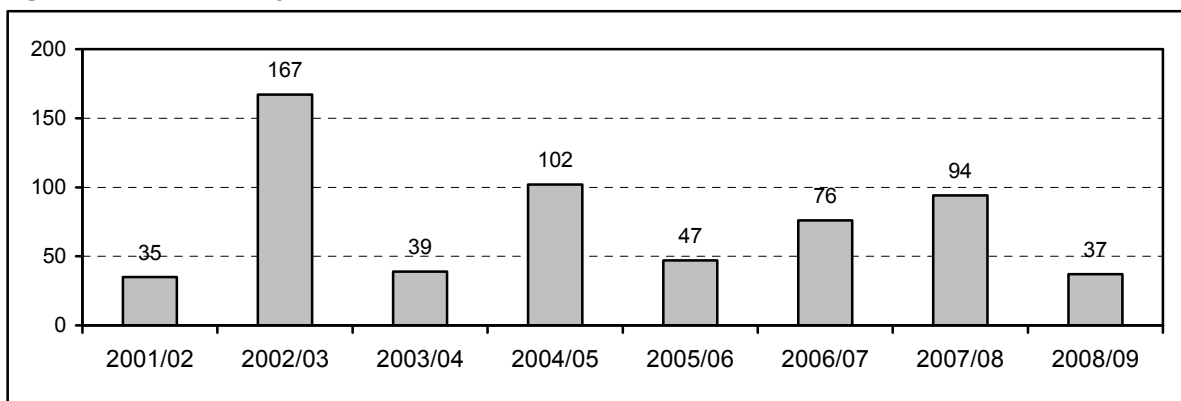
Note & Source: As Figure 8.1.

Table A.6.2 Average service charge non-eligible for housing benefit (traditional RSL average =1.00) by RSL landlord type from 2001/02 to 2008/09: two-bedroom, England

	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
LSVT RSLs (D)	0.85	0.91	1.07	0.82	0.70	0.85	0.79	0.89
LSVT RSLs (L)	0.74	0.82	1.04	0.50	0.70	0.31	0.38	0.95

Note & Source: As Figure 8.1.

Figure A.6.4 Quantity of transferred stock ('000 units)



Note: could contain stock for low cost ownership, staff accommodation, and transferred stock in a relatively small scale. Source: Up to 2007/08, author's calculation based on DCLG's transfer list, available at www.communities.gov.uk/documents/housing/xls/completedsvts.xls. For 2008/09, author's estimation based on the DCLG list and RSR09 Part O.