

## Comparing Rents and User Costs 2005/06 and 2001/02

# **Comparing Rents and User Costs 2005/06 and 2001/02**

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# Comparing Rents and User Costs across Tenures 2005/06 and 2001/02

## Summary

### Introduction

The objective of this paper is to examine how housing association (HA) rents relate to costs in other tenures. It looks at two years: 2005/06 and 2001/02, the year before target rents were introduced. It compares HA rents, local authority (LA) rents, private sector rents and owner-occupation (OO) user costs at different spatial levels (i.e. national, regional and LA levels) and for different property types (i.e. bedspace, bedsits, properties with one, two, three, four and more bedrooms, and all bedsizes taken together).

### Methodology

The datasets used for the comparison come from different sources. HA gross and net rents come from the Regulatory and Statistical Return, private sector rents come from the Rent Service Valuation Report and LA rents from the Department for Communities and Local Government. OO user costs are measured by calculating the weekly cost of repaying an average loan on a lower quartile house price together with estimates of the cost of the building insurance, the mortgage payment protection insurance and the imputed loss of interest on the deposit. Relevant comparisons, allowing for data constraints, have been made between gross rents in the HA and private rented sectors; and net rents for HA and LA sectors against OO costs.

### Key findings

#### *Comparison between HA gross rents and private rents*

- In 2005/06, private sector rents were on average nearly 70% above HA gross rents; up from 47% in 2001/02.
- In 2001/02, the largest difference between private sector rents and HA gross rents was in properties with three bedrooms (72%) and the smallest in bedsits (27%). In 2005/06, the largest difference between private and HA rents was again in properties with three bedrooms (102%) and the smallest in bedsits (66%).
- Private rents were less than 30% above HA gross rents in 2001/02 in two regions: the East Midlands, and Yorkshire and the Humber. By 2005/06, only three regions: East Midlands, the North East, and Yorkshire and the Humber had differences less than 50%.
- The largest difference between the average private rent and the average HA gross rent was consistently found in London, rising from 100% to 110% over the four year period.
- In 2005/06, HA gross rents were closest to market rent levels in the East Midlands and the North East, with 44% and 45% differences respectively.

### ***HA net rents and OO user costs***

- In 2001/02, the national ratio between OO costs and HA net rents, 57%, was very close to the ratio between private rents and HA gross rents, 47% (note that the first uses HA net rents while the second uses HA gross rents including service charges eligible for Housing Benefit). However, by 2005/06, the difference between OO costs and HA net rents had risen to 170%, as against 68% for private rents.
- The differences between OO costs and HA net rents in 2001/02 were smaller than the differences between private rents and HA gross rents in three regions: the North East, the North West, and Yorkshire and the Humber. But by 2005/06, the difference between OO costs and HA net rents in the North East was more than 100%; in London, where the biggest differences were found, the ratio rose from 153% in 2001/02 to 257% in 2005/06.
- Generally, the pattern of differences between OO costs and HA net rents is market driven – with the smallest difference found in LA areas in northern regions, particularly in low demand areas of the North West. The largest increase in the differences was found in the highest demand regions, notably London.

### ***HA net rents and LA net rents***

- The difference between HA net rents and LA net rents has narrowed from 16% in 2001/02 to 11% in 2005/06, consistent with the rent restructuring regime.
- The pattern of HA gross rents across LA areas was more consistent with market rents than HA net rents were with LA net rents.

## **Conclusions**

Over the four year period to 2005/06, since rent restructuring was introduced, the difference in rents between the private sector and the HA sector grew significantly across all regions and all dwelling sizes. HA rent patterns, however, now relate more closely to regional relativities in capital values and show considerable consistency across LA areas. The difference between HA net rents and OO user costs has increased far more than those between HA gross rents and private rents. By 2005/06, OO user costs were more than double HA costs in all regions. However, the average difference between HA net rents and LA net rents has decreased by nearly one third.

## 1. Introduction

The Government's rent policy for Housing Associations (HA) has two major objectives: first, to ensure the provision of affordable housing at sub-market rents; and second, to ensure consistent rent setting between social sector homes, whether they be in the HA or the local authority (LA) sector.

Traditionally, rental outcomes were the result of: past subsidy and financing regimes, the requirement upon the Registered Social Landlords (RSL) to break even and indeed build surpluses (to improve their borrowing capacity, and to ensure financial viability and sustainability), and RSL determined policy with respect to individual properties. Rents were thus mainly cost driven.

Over the last few years Government policy has more directly shaped the pattern of RSL rents. First by setting a constraint on average rent increases in the form of Retail Price Index (RPI) + x%, where the 'x' has varied between 1% and ½%, and second by specifying a rent restructuring framework by which the rents of individual properties are set in relation to the estimated capital value of the property and local earnings.

This rent increase and restructuring regime can be expected to have two main consequences:

- The differential between market based rents and expenditure on the one hand and HA rents on the other can be expected to have increased. This is because rent increases in the HA sector have been constrained, while the market takes into account changing demand and costs.
- The spatial pattern of HA rents across the country should have become more consistent both with respect to market rents and expenditures (because of the inclusion of capital values in the formula) and to local authority rents (because both sectors are subject to the same regime).

The objective of this paper is to examine these two hypotheses by assessing how far HA rents differ from the payments required in other tenures either in the form of rents or user costs. In addition, the more fundamental issue of how economic subsidy varies across the country can be addressed by the same analysis using the hypothesis most lately suggested in the Hills report, that the difference between HA and market rents and user costs reflects the extent to which HA rents are below market values. This will give an indication of the extent of assistance being provided to HA tenants.

To answer these three questions this paper compares HA gross rents, HA net rents, LA rents, private sector rents and owner-occupation user costs to clarify the trends and relationships between housing expenditures across tenures. The comparison is carried out using the datasets for the years 2001/02 and 2005/06 at different spatial levels (i.e. national, regional and LA levels) and for different property types (i.e. bedspace, bedsits, one bed, two beds, three beds, four+ beds and all sizes taken together). These two years are chosen because 2001/02 is the last year before the new rent restructuring framework was introduced and 2005/06 is the latest year for which data are available.

## 2. Data sources and definitions

The datasets used for the comparison come from different sources. For example, HA gross rents and HA net rents come from the Housing Corporation's Regulatory and Statistical Return (RSR), while private sector rents come from Rent Officer Service and LA rents from central Government. Each year the Cambridge Centre for Housing and Planning Research, University of Cambridge, produces the *Guide to Local Rents* for the Housing Corporation which covers HA, LA and private sector rents. This analysis is validated and published by the Housing Corporation. We have therefore used the results from the *Guide to Local Rents* for the years 2001/02 and 2005/06 as a basis for our comparison. Owner-occupation user costs are not published in the guide but are a relevant comparator in the assessment of the extent to which HA rents are below market costs. They also enable assessment of the extent to which HA rent patterns are consistent across areas. We therefore include owner-occupier user costs in the analysis.

### 2.1 Rents data

In order to ensure that appropriate comparisons were made between rents we used general needs data on HA rents, average LA rents and referred private rents. The definitions used in the analysis are as follows:

#### HA rents

Two distinct rent series are available: net and gross rent. **Net rent** is the average rent charged before any service charges are applied. HAs calculate average weekly net rents for each property size within a given local authority area by adding together all of the weekly net rents at 31 March and then dividing this total by the total number of units owned.

The **gross rent** is the net rent plus any service charges eligible for Housing Benefit (HB). Average weekly gross rents for each property size within a given local authority area are calculated by adding together all of the weekly net rents and all of the weekly service charges eligible for HB at 31 March and then dividing this total by the total number of units owned.

#### LA rents

The LA rent data are derived from the returns made annually to the Department for Communities and Local Government (CLG), and show rents across the stock at 01 April of each year. Up to 2004, the data are a snapshot of the average rents of all LA housing stock in England, with the exception of hostels and a small number of other dwellings such as council tied accommodation. However, from 2005 LA average rents are estimates (made by each local authority) for the period 01 April to 31 March (i.e. the next financial year).

LAs, unlike HAs, do not classify their dwellings as general needs or supported housing. Thus sheltered and supported housing are included in the rents reported.

#### Private sector rents

Private sector rents come from the Rent Service Valuation Report, which provides a range of data about the various Housing Benefit related determinations carried out by rent officers. The valuation report is available from the Rent Service website at [www.therentservice.org.uk](http://www.therentservice.org.uk).

The 'referred rent' is the contractual rent (including service charges eligible for HB) proposed by the landlord and referred by the local authority to the Rent Service. The data include cases

where the referred rent was not the rent returned to the local authority for subsidy purposes (i.e. HB was not payable for the full amount of the referred rent).

The data relate to the referrals made over the period from 01 April of one year to 31 March of the next. They refer to lettings of unfurnished and furnished assured shorthold tenancies and secure tenancies.

More details of the sources and definitions are provided in Annex 1.

## **2.2 Equivalent user costs of owner-occupation (OO)**

The most relevant comparator in the owner-occupied sector is the expenditure that owner-occupiers at the lower end of the market have to make in order to occupy their home. This is the direct equivalent of rent and is normally called the user cost of owner-occupation. The measure excludes any change in capital value and therefore does not measure the overall rate of return achieved by the owner. It concentrates instead on weekly outgoings which equate to the rental element of overall returns. As such the user cost of owner-occupation provides a direct comparison with rents from the point of view of affordability.

The equivalent user cost of owner-occupation is measured by calculating the weekly cost of repaying an average loan together with estimates of the cost of building insurance, mortgage payment protection insurance and the imputed loss of interest on the deposit.

These user costs reflect the weekly costs of owner-occupation for purchasers of lower quartile housing in a given year. They thus assess the costs faced by households who have moved into the bottom quarter of dwellings in that year. The OO user costs in the cross tenure rents comparison are presented for all dwelling sizes, combined because detailed house price data are not available by property size. The details of how the equivalent user costs of owner-occupation are measured are shown in Annex 1.

## **2.3 Comparing rents and user costs**

The relevant comparator with HA rents depends on the specifics of the indices for the other tenures. Private rents are gross of service charges while LA rents and owner-occupation costs are net of these charges.

We have therefore carried out the following three comparisons with the corresponding formulas in our report.

- **Private rent vs. HA gross rent**

Difference = Private rent – HA gross rent

Ratio = (Private rent – HA gross rent)/HA gross rent

- **OO cost vs. HA net rent**

Difference = OO cost – HA net rent

Ratio = (OO cost – HA net rent)/HA net rent

- **HA net rent vs. LA net rent**

Difference = HA net rent – LA net rent

$$\text{Ratio} = (\text{HA net rent} - \text{LA net rent}) / \text{LA net rent}$$

In the majority of the analysis we have used the proportional difference between the HA rent and the comparator tenure. This allows the reader to see at a glance how the rent patterns differ and how these differences have changed between the two years 2001/02 and 2005/06. As already noted, these years were chosen because 2001/02 is the last year before the rent restructuring framework was introduced and 2005/06 is the latest year for which data are available.



### 3. Findings with respect to the comparison between HA and private rents

Table 1 shows that on average across the country 2001/02 private rents were just short of 50% higher than HA rents. By 2005/06 the difference had increased to almost 70%, a 40% rise over four years. Thus HA rents have indeed been rising considerably more slowly than private rents.

**Table 1: Proportional difference between private rented sector rents and HA rents (gross rents)**

	2001/02 (%)	2005/06 (%)
Bedsits	27	66
One bed	41	69
Two bed	65	87
Three bed	72	102
Four+ bed	60	99
All	47	68

Footnotes:

- Ratio = (Private rent - HA gross rent)/HA gross rent

Looking at the individual property sizes, it is among bedsits and the 4+ dwellings that private rents have risen relatively more rapidly.

The pattern at the regional level (Table 2) suggests that, not surprisingly, the differential is greatest in London and to a lesser extent in the South East. At the other end of the scale, private rents were less than 30% above HA rents in Yorkshire and the Humber in 2001/02.

Looking at the data over time, the rank order did change slightly between the two years. More significantly, the biggest increases are in the East Midlands, the East of England and the South West rather than in the particularly pressured areas of London and the South East.

**Table 2: Regional analysis - proportional difference between private rented sector rents and HA rents (gross rents)**

Region	2001/02		2005/06	
	Ratio (%)	Ranking	Ratio (%)	Ranking
East Midlands	25	1	44	1
Yorkshire and the Humber	28	2	48	3
South West	37	3	58	5
North East	37	4	45	2
North West	39	5	50	4
East of England	39	6	66	8
West Midlands	44	7	60	7
South East	46	8	58	6
London	100	9	111	9

Footnotes:

- Ratio = (Private rent – HA gross rent)/HA gross rent
- Ranking is based on one decimal place
- Regions are ordered by 2001/02 rankings

Table 3 identifies the regions with the lowest and highest ratios by size of property. It shows that London has the highest ratio for every size of property in both years. However, with

respect to the lowest ratio the East Midlands dominates for smaller units in 2001/02, and Yorkshire and the Humber, for larger. By 2005/06 however, the North East has particularly low ratios for two and three bed properties. It should also be noted that once the data are disaggregated by region the largest rises are among bedsits where HA rent increases were significantly above those for private rents in London. The largest rise was in the 4+bed category and the ratio for bedsits actually fell.

**Table 3: Highest and lowest ratios - regional analysis**

	2001/02(%)				2005/06(%)			
	Lowest		Highest		Lowest		Highest	
	Region	Ratio	Region	Ratio	Region	Ratio	Region	Ratio
Bedsits	East Midlands	-25	London	115	East Midlands	38	London	102
One bed	East Midlands	18	London	101	East Midlands	44	London	131
Two bed	East Midlands	37	London	139	North East	49	London	144
Three bed	Yorkshire and the Humber	39	London	143	North East	54	London	157
Four+ bed	Yorkshire and the Humber	25	London	132	Yorkshire and the Humber	44	London	177
All	East Midlands	25	London	100	East Midlands	44	London	111

Footnotes:

- Ratio = (Private rent – HA gross rent)/HA gross rent

Table 4 provides more detail on how the rank ordering has changed by property size and suggests that the largest changes have been in the South West, the North East and to a lesser extent the East of England. In terms of property size the largest changes in ranking are in bedsits.

**Table 4: Rank ordering of regions - proportional differences between private rents and HA rents by property size**

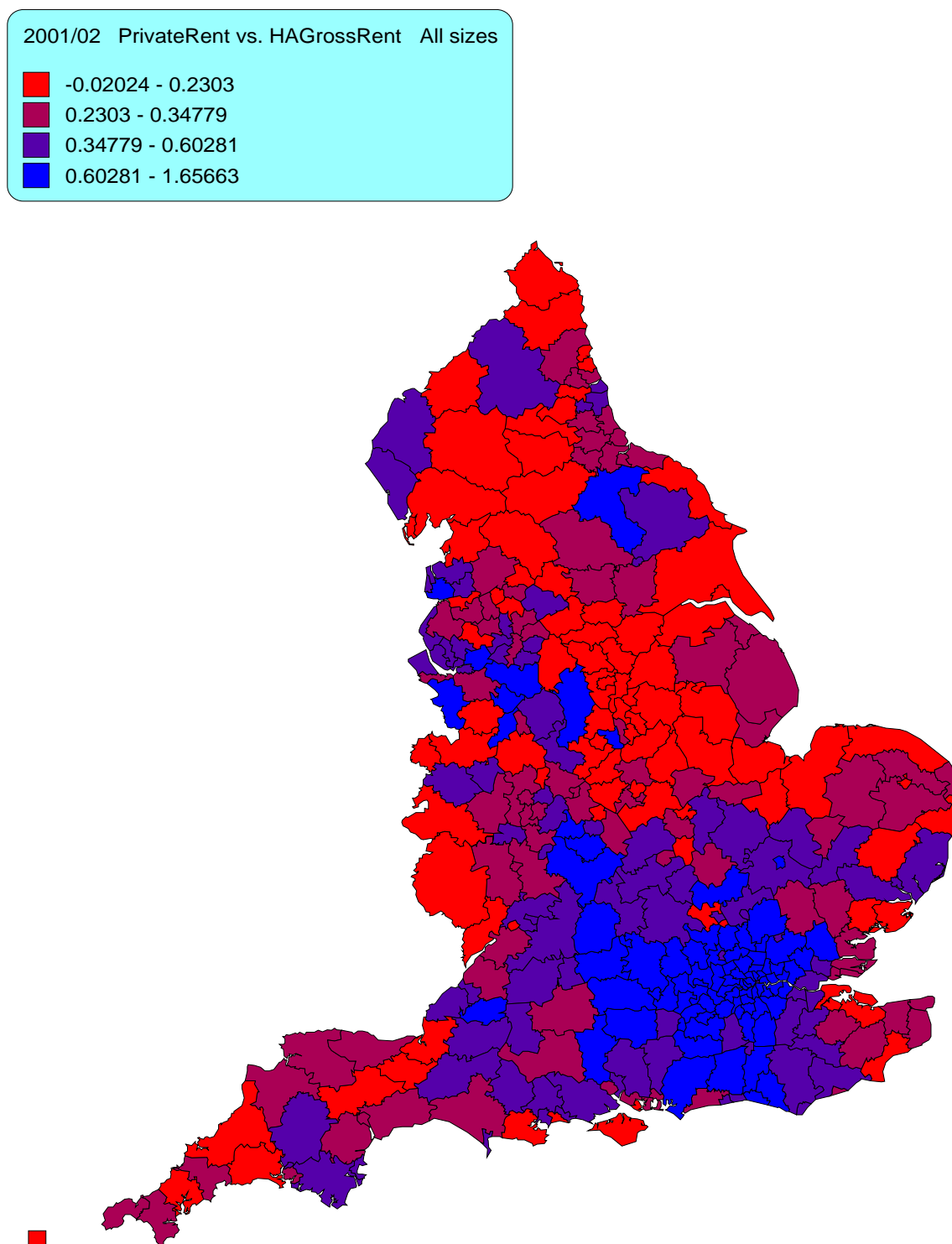
Ranking	2001/02					2005/06				
	Bedsits	One bed	Two bed	Three bed	Four+ bed	Bedsits	One bed	Two bed	Three bed	Four+ bed
1	East Midlands	East Midlands	East Midlands	Yorkshire and the Humber	Yorkshire and the Humber	East Midlands	East Midlands	North East	North East	Yorkshire and the Humber
2	East of England	Yorkshire and the Humber	Yorkshire and the Humber	East Midlands	East Midlands	North East	North East	East Midlands	Yorkshire and the Humber	East Midlands
3	North East	North East	North East	North East	West Midlands	West Midlands	North West	Yorkshire and the Humber	North West	North West
4	South West	North West	North West	North West	North West	South East	Yorkshire and the Humber	North West	East Midlands	West Midlands
5	North West	South West	West Midlands	East of England	East of England	North West	West Midlands	West Midlands	West Midlands	North East
6	West Midlands	West Midlands	South West	West Midlands	North East	South West	South West	South West	South East	East of England
7	Yorkshire and the Humber	East of England	East of England	South West	South West	Yorkshire and the Humber	South East	South East	South West	South West
8	South East	South East	South East	South East	South East	East of England	East of England	East of England	East of England	South East
9	London	London	London	London	London	London	London	London	London	London
Range	-25-114.8	17.8-100.7	37-139.1	38.9-142.7	25.3-131.8	38.2-102.3	44.4-130.6	49.5-143.6	54-157.3	44.5-177

Footnotes:

- Ratio = (Private Rent – HA Gross Rent)/HA Gross Rent

At the local authority level, Figures 1 and 2 show the overall pattern based on all sizes combined (the detailed maps for each size are provided in Annex 2). Figure 1 shows that in 2001/02 the lowest ratios are calculated in the northern and eastern parts of the country, as well as in ‘peripheral’ areas. The highest ratios are mainly those closely linked to London. By 2005/06 (Figure 2) the lowest ratios are more concentrated in the northern part of the country and high ratios have spread out from London and the South East.

**Figure 1: 2001/02 Private rent vs. HA gross rent - all sizes**



**Figure 2: 2005/06 Private rent vs. HA gross rent - all sizes**

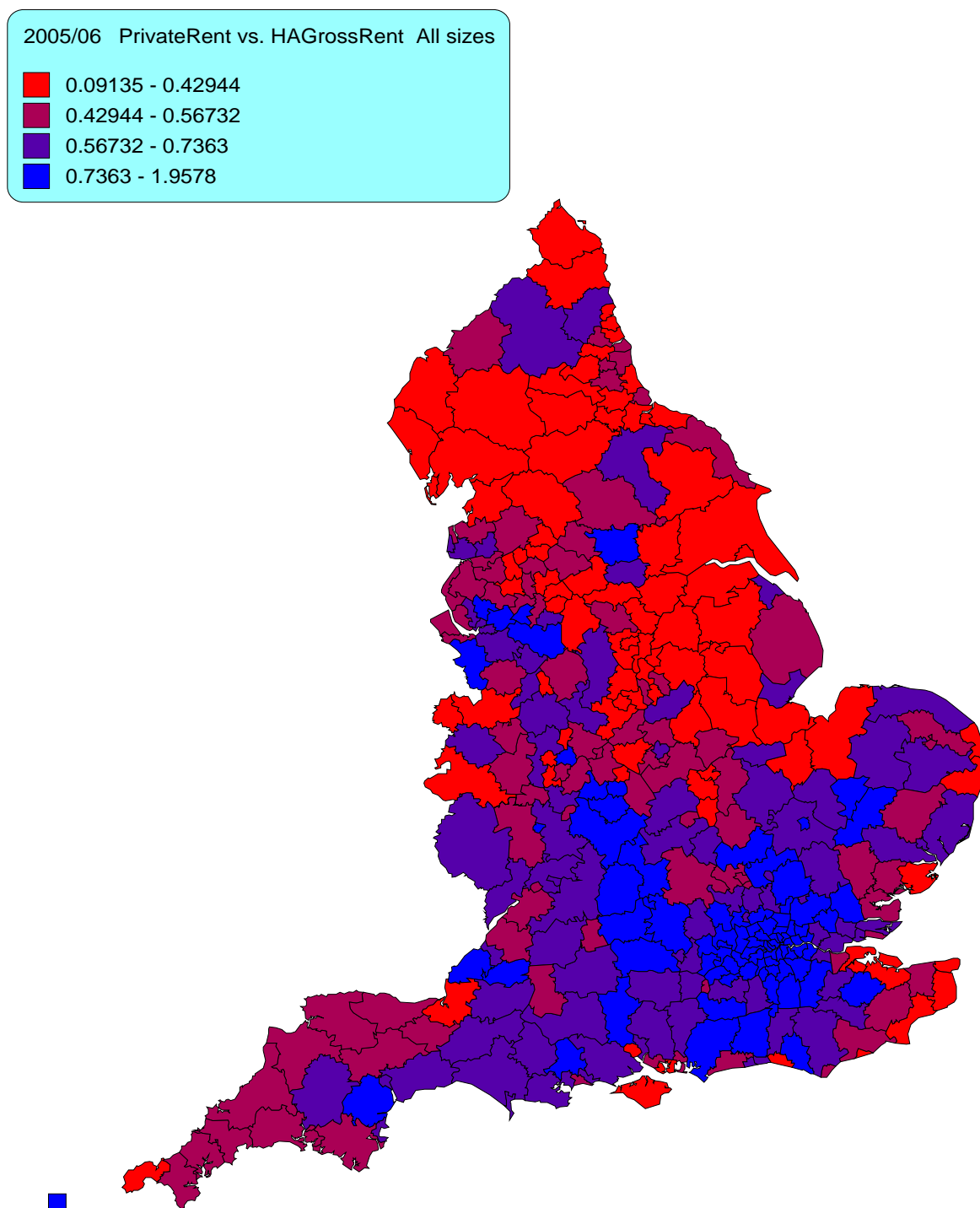


Table 5 looks specifically at the numbers of local authority areas where there have been negative ratios. It shows that over 150 LA areas had negative ratios for bedsits in 2001/02 but only eight LAs had negative ratios for one bed properties. Above this size there were none. Only in two areas did these figures translate into negative values for all properties taken together.

By 2005/06 there were only four LAs where there were negative ratios and all of these were for bedsits and in the East.

**Table 5: Negative ratios by property size**

2001/02			2005/06		
Property	Region	Number of negative ratios	Property	Region	Number of negative ratios
Bedsits	East Midlands	31	Bedsits	East Midlands	2
Bedsits	East of England	25	Bedsits	East of England	1
Bedsits	North East	12	Bedsits	Yorkshire and the Humber	1
Bedsits	North West	20	<b>Subtotal</b>		4
Bedsits	South East	17			
Bedsits	South West	23			
Bedsits	West Midlands	18			
Bedsits	Yorkshire and the Humber	7			
<b>Subtotal</b>		153			
One bedroom	East Midlands	3			
One bedroom	North East	2			
One bedroom	North West	2			
One bedroom	Yorkshire and the Humber	1			
<b>Subtotal</b>		8			
All sizes	East Midlands	1			
All sizes	North East	1			
<b>Subtotal</b>		2			

Finally, Table 6 shows the ‘worst’ ten LA areas in terms of the lowest ratios for all properties taken together and therefore where HA rents are closest to market levels (Annex 3 provides the information by size of property). It shows that while there have been very few changes in terms of the regions in which these LAs are located, only four of the local authorities are the same between 2001/02 and 2005/06.

What it shows, unsurprisingly, is that these LA areas are concentrated in low demand areas where rents in the private market are also low. It is in these areas that the economic subsidy to those living in the HA sector is lowest. Whether or not these are the areas with the least affordability problems depends on the incomes of both HA and private tenants.

**Table 6: Proportional differences between HA and private sector rents - the ten worst local authorities**

2001/02			2005/06		
Ranking	Local Authority	Region	Ranking	Local Authority	Region
1	Wansbeck	North East	1	Bolsover	East Midlands
2	North Kesteven	East Midlands	2	Barrow-in-Furness	North West
3	Berwick-upon-Tweed	North East	3	Mansfield	East Midlands
4	Mansfield	East Midlands	4	Barnsley	Yorkshire and the Humber
5	South Holland	East Midlands	5	Eden	North West
6	Ashfield	East Midlands	6	Pendle	North West
7	Barnsley	Yorkshire and the Humber	7	Kingston upon Hull	Yorkshire and the Humber
8	Barrow-in-Furness	North West	8	Ashfield	East Midlands
9	Bassetlaw	East Midlands	9	Chesterfield	East Midlands
10	Doncaster	Yorkshire and the Humber	10	North Lincolnshire	East Midlands
Summary			Summary		
	Region	Total		Region	Total
1	East Midlands	5	1	East Midlands	5
2	North East	2	2	North West	3
3	Yorkshire and the Humber	2	3	Yorkshire and the Humber	2
4	North West	1			
<b>Range</b>	-2% - 8%		<b>Range</b>	9% - 24%	

## 4. HA rents and OO costs

The only analysis possible with respect to the owner-occupied market is for all properties taken together as there are no data on owner-occupier user costs by property size. For this reason alone, even using lower quartile prices as a basis for comparison, one might expect significant differences between HA rents and user costs of owner-occupation because the average size, if not the quality, will be larger in the owner-occupied sector.

Table 7 sets out the ratios between OO user costs and HA net rents at national and regional level. They show that in 2001/02 the national ratio between OO cost and HA rent was surprisingly close to that for private rents (57% higher as opposed to 47% - see Table 1). This reflects the fact that for much of the previous 20 years, owner-occupation had been cheaper to enter than the private rented sector although this had started to change in the late 1990s (see e.g. Freeman, Holmans and Whitehead 1996, *Is the UK Different?* Council of Mortgage Lenders).

By 2005/06 however, the divergence had almost tripled to around 170%, i.e., the extent of the difference had almost tripled and was by then far above that for private rents in almost all areas. This is mainly the result of house price increases.

**Table 7: Proportional differences between owner-occupation user costs and HA rents (net) regional analysis**

Region	2001/02		2005/06	
	Ratio (%)	Ranking	Ratio (%)	Ranking
North East	12	1	118	1
Yorkshire and the Humber	20	2	138	3
North West	21	3	127	2
East Midlands	47	4	172	5
West Midlands	59	5	170	4
East of England	87	6	209	7
South West	96	7	212	8
South East	104	8	205	6
London	153	9	257	9
England	57	--	169	16

Footnote:

- Ratio = (OO cost – HA net rent)/HA net rent

Looking now at the regional pattern, it is important to note that the relativities between regions are very much more coherent than for the private rents, with low ratios in the North and to a lesser extent, in the Midlands and high ratios in the pressure areas of the South.

It is also important to note that by 2005/06 the differential between regions had narrowed considerably although the rank ordering was almost the same and only in the North were ratios below 150%.

It is also worth pointing out that in 2001/02 the ratios with OO costs were lower than those for private rents in the North East, Yorkshire and the Humber, and the North West but by 2005/06 all ratios were far above.

Equally in 2001/02 there were 25 LAs with negative ratios, 19 of which were in these three regions (the others being in the East Midlands). By 2005/06 there was a single LA with negative values. This authority was located in the North West.



Figures 3 and 4 show the pattern of ratios between HA rents and OO user costs by local authority. In 2001/02 there is a very clear and consistent pattern with high ratios concentrated in the South and a few 'peripheral' areas further North. Some of the ratios are very low indeed, suggesting that the objective of providing sub market rented housing in the RSL sector was at risk in these areas. By 2005/06 the concentration in the South and West had, if anything, increased and there are hardly any areas where ratios are close enough to imply that the owner-occupied sector could provide significant numbers of units at costs near those in the HA sector.

**Figure 3: 2001/02 OO cost vs. HA net rent - all sizes**

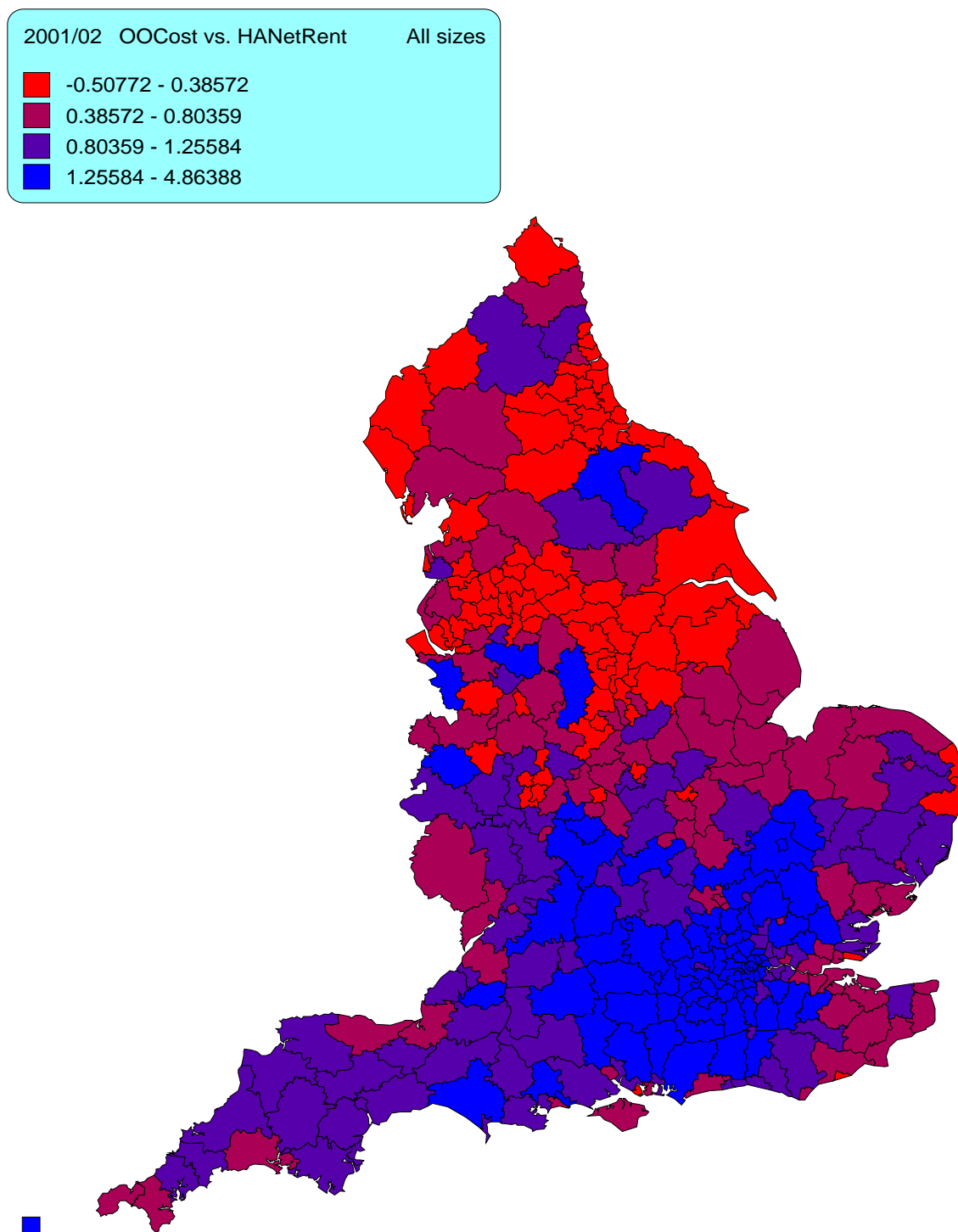


Figure 4: 2005/06 OO cost vs. HA net rent - all sizes

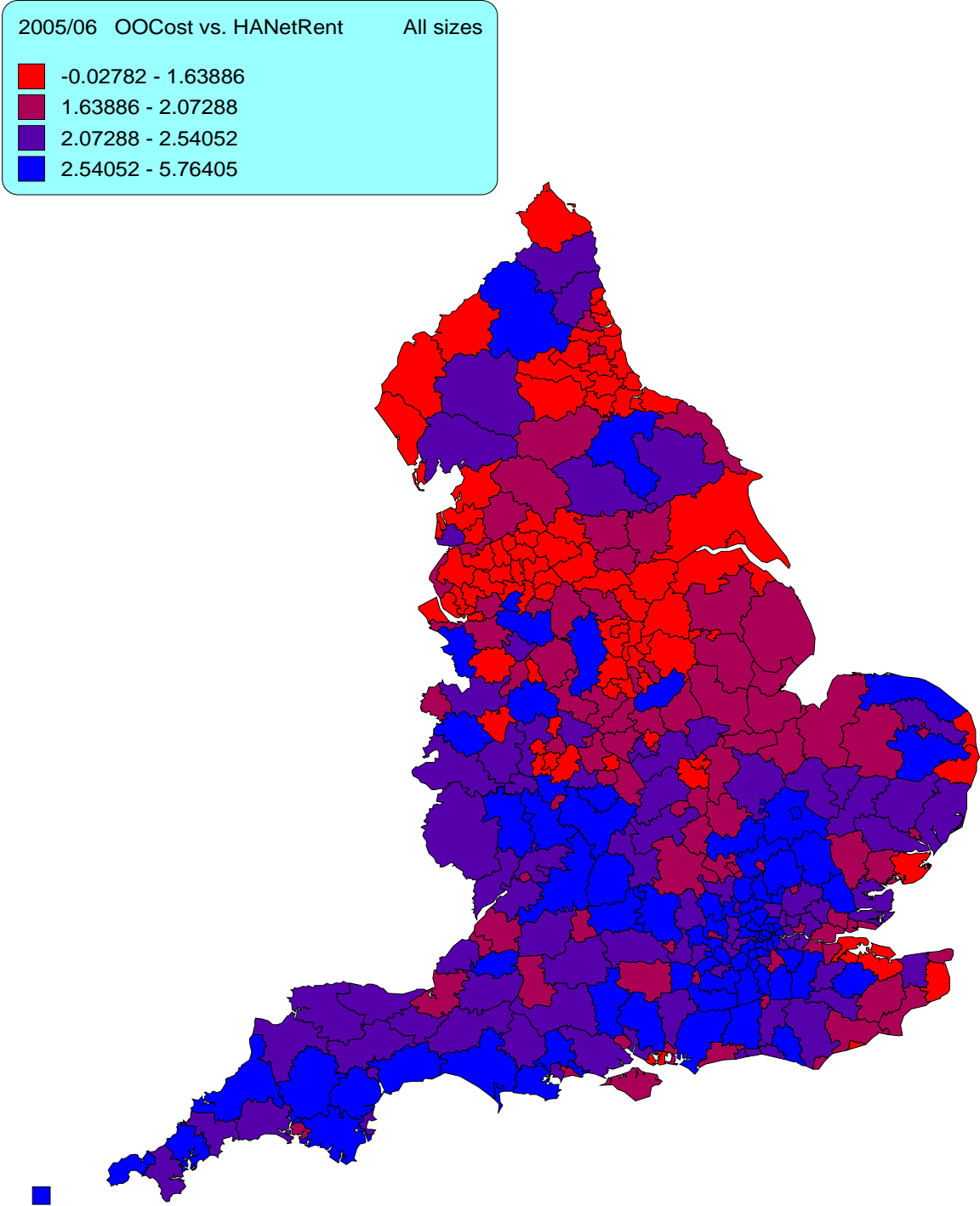


Table 8 shows the ten LAs with the lowest ratios between OO user costs and HA rents, i.e., where HA rents are furthest below market prices as measured by the equivalent costs incurred by owner-occupiers. Again, the pattern is far more consistent than for private rents. In 2001/02 four of the first six 'worst' areas were in the North West and all but one of the worst ten (Bolsover in 2001/02 being the exception) were in the North. Eight of the LAs appear in both the 2001/02 and 2005/06 lists.

**Table 8: Proportional differences between owner-occupation costs and HA rents - negative ratios and ten worst authorities**

2001/02			2005/06		
Ranking	Local Authority	Region	Ranking	Local Authority	Region
1	Burnley	North West	1	Burnley	North West
2	Pendle	North West	2	Pendle	North West
3	Hyndburn	North West	3	Kingston upon Hull	Yorkshire and the Humber
4	Blackburn with Darwen	North West	4	Barrow-in-Furness	North West
5	Middlesbrough	North East	5	Hartlepool	North East
6	Barrow-in-Furness	North West	6	Blackburn with Darwen	North West
7	Kingston upon Hull	Yorkshire and the Humber	7	Hyndburn	North West
8	Easington	North East	8	Middlesbrough	North East
9	Bolsover	East Midlands	9	Sedgefield	North East
10	Hartlepool	North East	10	Easington	North East
Summary			Summary		
	Region	Total (negative area)		Region	Total (negative area)
1	North West	5	1	North West	1
2	North East	3			
3	Yorkshire and the Humber	1			
4	East Midlands	1			
<b>Range</b>	-51% - -19%		<b>Range</b>	-3% - 77%	

## 5. HA and LA Rents

The situation with respect to LA rents is very different. In comparison to LA properties, dwellings in the HA sector have generally been built later, maintained to higher standards and are less likely to be in large estates. In addition the financing regime is different and has necessitated higher rents. As a result we expect to find that HA rents are above LA rents in all but a few instances. What is more important from the point of view of our analysis is whether both sets of rents have become more coherent as a result of the rent restructuring framework and whether rents are becoming more closely aligned across the social sector.

The first thing to note with respect to the comparisons between HA and LA rents is how patchy the LA sector data are. This is mainly because of the large numbers of local authorities that have sold off their stock, but it is also because LA data are far less complete than those for HAs and owner-occupation.

**Table 9: Proportional differences between HA rents and LA net rents at national level**

	<u>2001/02</u> (%)	<u>2005/06</u> (%)
One bed	13	10
Two bed	18	10
Three bed	23	9
Four+ bed	24	7
All*	16	11

(\* in 2005/06, this includes bedsits)

Footnotes:

- Ratio = (HA net rent – LA net rent)/LA net rent

Table 9 shows the proportional differences by property size and for all dwellings at the national level. It shows that the differences in average rents have declined very considerably between 2001/02 and 2005/06. It further shows that while these differences were greatest for larger properties in 2001/02, by 2005/06 they had become the smallest. However it must be remembered that Large Scale Voluntary Transfers (LSVTs) have continued during this period so the base has changed significantly.

Table 10 shows the ratios across regions and suggests a rather unstable spatial pattern with significant changes in ranking between 2001/02 and 2005/06. It is important to note that in 2001/02 only two regions had average rents in both sectors within 10% of one another, whereas by 2005/06 this had increased to four regions.

**Table 10: Proportional differences between HA and LA rents (net) regional analysis**

Region	2001/02		2005/06	
	Ratio (%)	Ranking	Ratio (%)	Ranking
London	4.6	1	6.9	1
North West	9.9	2	9.5	4
West Midlands	14.1	3	8.1	2
North East	14.7	4	13.8	6
East of England	15.3	5	9.4	3
South East	17.3	6	15.6	7
South West	18.7	7	19.7	9
East Midlands	19.2	8	15.9	8
Yorkshire and the Humber	21.9	9	11.9	5

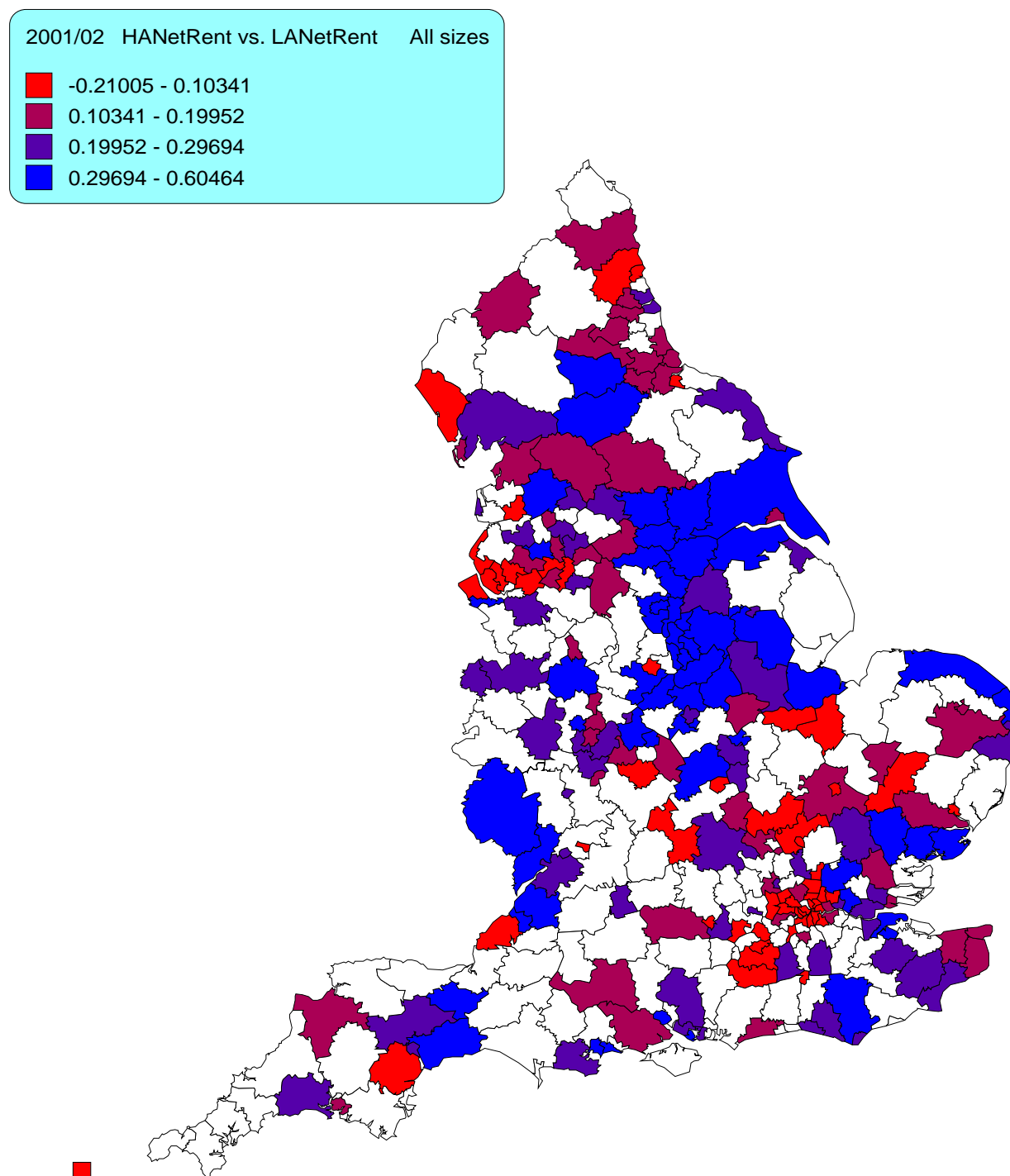
Footnotes:

- Ratio = (HA net rent – LA net rent)/LA net rent

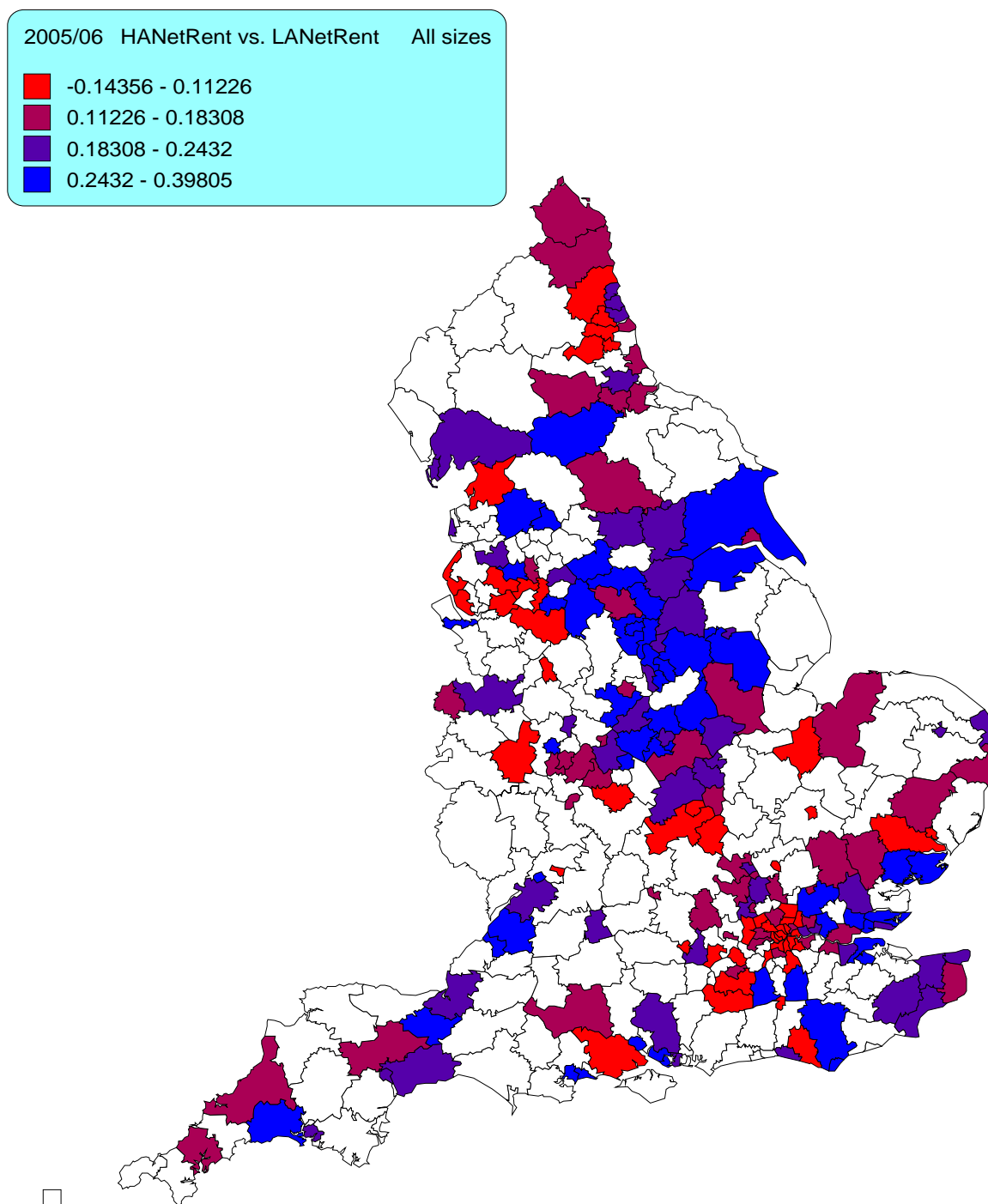
Table 11 further clarifies how inconsistent the spatial pattern is, both over time and between property sizes. However it does suggest that differences have declined over the period.

Figures 5 and 6 show the local authority picture across the country. The main concentration of higher ratios is in the North of the country, but the pattern is not strong. By 2005/06 there are fewer observations and the pattern is slightly more consistent. The overall evidence suggests a closer but considerably less coherent relationship between HA rents and LA rents than between HA and market rents.

**Figure 5: 2001/02 HA net rent vs. LA net rent – all sizes**



**Figure 6: 2005/06 HA net rent vs. LA net rent - all sizes**



**Table 11: Proportional difference between HA and LA rents**

Ranking	2001/02				2005/06				
	One bed	Two bed	Three bed	Four+ bed	Bedsit	One bed	Two bed	Three bed	Four+ bed
1	London	London	London	North East	Yorkshire and the Humber	London	London	West Midlands	London
2	East of England	North West	North West	London	East Midlands	East of England	East of England	North West	East of England
3	South East	West Midlands	West Midlands	North West	East of England	Yorkshire and the Humber	North West	East of England	North East
4	North West	East of England	North East	South West	London	North West	West Midlands	London	North West
5	East Midlands	North East	South West	West Midlands	South East	West Midlands	Yorkshire and the Humber	North East	West Midlands
6	Yorkshire and the Humber	South East	East of England	East of England	North East	East Midlands	South East	Yorkshire and the Humber	South West
7	West Midlands	South West	South East	South East	West Midlands	South East	East Midlands	South East	South East
8	North East	East Midlands	East Midlands	East Midlands	North West	South West	North East	East Midlands	East Midlands
9	South West	Yorkshire and the Humber	Yorkshire and the Humber	Yorkshire and the Humber	South West	North East	South West	South West	Yorkshire and the Humber
Range	1.3-21.7	6.8-27.6	10.7-32.5	11-47.8	1.9-17.2	5.6-17.8	6.6-20.2	3.5-14.7	4.5-27.3

Footnotes:

- Ratio = (HA net rent – LA net rent)/LA net rent



## 6. Conclusions

*Are HA rents sub-market?* In almost all areas and for almost all types of dwellings the answer to this is yes. In 2001/02 there were significant pockets of smaller units where rents were almost certainly above or very close to market mainly in low demand areas. These were as often in comparison with the owner-occupied sector as with the private rented sector. By 2005/06 changes in rents and prices in the private rented and particularly in the owner-occupied sectors, as well as HA rent restructuring (notably with respect to bedsits) meant there were almost no similar low ratios.

*How has the differential changed?* In 2001/02 there were regions (East Midlands and Yorkshire and Humberside) where average HA rents were within 30% of private sector rents, although not for the same size and quality of property. In 2001/02 the differential pattern between the HA and the owner-occupied sector was quite similar to that for private rents. However there were greater regional differentials and the lowest ratios (around and below 20%) concentrated in the three northern regions.

By 2005/06 the differentials between private sector and HA rents had grown significantly in all regions to an average of around 70% and were more evenly spread across the country and across dwelling sizes. Areas with relatively low ratios were concentrated particularly in the East Midlands.

The relationship between HA rents and OO costs has changed far more than that between HA and private rented sector rents. By 2005/06 OO user costs were more than double HA costs in all regions. Unlike the comparison with private rents, the regions with the lowest ratios were all in the North, as compared with the East for the private rented sector.

Some of the reasons for these changes can be traced to policy both with respect to rent increases and rent coherence. They also reflect changes in the availability of private sector properties, particularly in terms of smaller units in London where rents have not risen as might have been expected. The major reason for increasing differentials though, is the rising house prices.

*Are rents more coherent?* Yes. The problems at the lower end of the property spectrum have disappeared although it is still in the smaller and largest property sizes that there is greater variation.

The relationship between HA rents and market rents and prices show increasingly clear spatial consistency reflecting the movement towards target rents related to capital values as well as local incomes.

The relationship between HA and LA rents has become closer. However the spatial pattern is much less consistent, mainly because of the greater variation in LA rents.

The trends identified here are largely the outcome of market pressures. These can be expected to continue after 2005/06 for at least the next couple of years. It would however be useful to monitor change and to continue to identify particular areas of concern.

## **Annex 1: Data sources and definitions**

The data sources used in this paper are also available in the Guide to Local Rents which is produced on behalf of the Housing Corporation by Dataspring, a team of researchers based in the Cambridge Centre for Housing and Planning Research, University of Cambridge. Rent data from 1990 onwards are held on the Dataspring database.

From 1997 to 2001 the Guide to Local Rents was published by the Housing Corporation in printed format. From 2002 onwards it has been published on the web and can be downloaded from the Housing Corporation Regulatory and Statistical Return (RSR) Survey website at [www.rsrsurvey.co.uk](http://www.rsrsurvey.co.uk) (Documents - Statistics) and from the Dataspring website at [www.dataspring.org.uk](http://www.dataspring.org.uk) (Rent Guides).

The published rent data are generally presented in five tables – Tables A1 and A2 in Part I: Cross Tenure Rents and Tables B1, B2 and B3 in Part II: Social Landlord Rents. The aim of Part I: Cross Tenure Rents is to give housing associations (HAs) a full picture of the local housing markets in which they operate. It allows comparisons to be made, at the local authority level, between the average rents charged by HAs with the average rents charged by local authorities (LAs) and with average weekly rents in the private rented sector (Housing Benefit cases referred to the Rent Service). Part II: Social Landlord Rents focuses specifically on HA rents, providing data at the individual HA as well as local authority area level. These data allow HAs to compare their relative position within a given district or region to that of their peers

The data sources and definitions used are detailed below.

Every year all HAs registered with the Housing Corporation complete the Regulatory and Statistical Return (RSR), an annual census of the sector as at 31 March. There are two versions of the RSR: in general ‘large’ HAs that owned and/or managed more than 250 homes completed the ‘long’ version (up to 2006) and smaller HAs completed the ‘short’, less detailed version.<sup>1</sup>

The RSR is divided into several parts. From 2002 the rent data are collected in Parts H and I. Part I requires HAs to report average net rents, service charges and target rent (for each bedsize) by every English local authority in which they own general needs stock. (Details of rents for supported housing are included in Part III of the Guide to Local Rents from 2005.) Any spatial analysis of rents therefore relies on data collected in this part. Part I is only included in the long version of the RSR.

### Definitions

- The data are a snapshot of the average rents and service charges for all general needs stock owned in England as at the 31 March of each year.
- Up to 2006, HAs that owned or managed fewer than 250 homes did not report data in Part I.
- All figures in Parts I and II are for general needs assured and secure tenancies combined.

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<sup>1</sup> From 2007, HAs with 1000+ units in ownership or management complete the Long Return, while those with 999 units or less complete the Short Return.

- Estate Renewal Challenge Fund stock is included.
- From 2005 all housing for older people is excluded from General Needs stock.
- Rents and service charges are attributed to void stock where possible.
- All rents and service charges are expressed in £ per week.
- General needs housing that is sheltered is included up to 2004. From 2005 the sheltered housing classification was no longer used

### HA net rents

Net rent is the average rent charged before any service charges are applied. HAs calculate average weekly net rents for each property size within a given local authority area by adding together all of the weekly net rents at 31 March and then dividing this total by the total number of units owned.

### HA gross rents

The gross rent is the net rent plus any service charges eligible for HB. The number of units owned is also given. Average weekly gross rents for each property size within a given local authority area are calculated by adding together all of the weekly net rents and all of the weekly service charges eligible for HB at 31 March and then dividing this total by the total number of units owned.

It should be noted that in the published data the gross rent figure does not always equal the net rent column figure plus the service charge column figure. This is because the net rent reported is the average for all units; whereas the service charge is the average for all units that have a service charge (i.e., units without service charges eligible for HB are excluded).

### **LA rents**

The LA rent data are derived from the returns made annually to the Department for the Communities and Local Government (CLG) in the second housing subsidy and grant form and show rents across the stock at 1 April of each year. Most LAs change their rents on the 01 April and they then remain constant throughout the year, so that the LA rent recorded (or estimated for 2005/06 onwards) at 1 April will apply on 31 March of the following year. In contrast HAs set or change rents at any time of the year.

### Definitions

- Up to 2004, the data are a snapshot of the average rents of all LA housing stock in England, with the exception of hostels and a small number of other dwellings such as council tied accommodation, as at the 1 April of each year. However, from 2005 LA average rents are estimates (made by each local authority) for the period 1 April to 31 March (i.e. the next financial year).
- LAs, unlike HAs, do not classify their dwellings as general needs or supported housing. Thus sheltered and supported housing are included in the rents reported.
- Rents are attributed to void units.

- All rents are expressed in £ per week.

### LA average rents

The definition of average rent in the CLG survey is of standard rent, excluding service charges for e.g. water rates, central heating, hot water and laundry services. Average weekly rents for each property size within a given local authority area are calculated by adding together all of the weekly standard rents as at 1 April and then dividing this total by the total number of units owned.

LA rent data are not provided for every local area. In some cases this is because the local authority has transferred much or all of its housing stock to several HAs under the Large Scale Voluntary Transfer (LSVT) programme.

### **Private sector rents (Housing Benefit cases)**

The data are taken from the Rent Service *Valuation Report*, which provides a range of data about the various Housing Benefit related determinations carried out by rent officers. The valuation report is available from the Rent Service website at [www.therentservice.org.uk](http://www.therentservice.org.uk).

### Definitions

- The 'referred rent' is the contractual rent (including service charges eligible for Housing Benefit) proposed by the landlord and referred by the local authority to the Rent Service. The data include cases where the referred rent was not the rent returned to the local authority for subsidy purposes (i.e., Housing Benefit was not payable for the full amount of the referred rent).
- The data relate to the referrals made over the period from 1 April of one year to 31 March of the next.
- The data refer to lettings of unfurnished and furnished assured short-hold tenancies and secure tenancies.

### Private sector rents

The average referred rent is calculated by adding together all of the referred rents reported by the Rent Service for a given local authority area over the period from 1 April of one year to 31 March of the next, and dividing this figure by the number of cases referred.

Dataspring calculates the average referred rent for NUTS3 areas, Housing Corporation investment regions, and England.

Rent Service statistics categorise lettings by number of habitable rooms rather than number of bedrooms, therefore the following assumptions have been made about the relationship between the number of rooms and the number of bedrooms in a property.

## Relationship between the number of rooms and the number of bedrooms in a property

Property type/ number of habitable rooms in the <i>Valuation Report</i>	Property size assumed for the <i>Guide to Local Rents Part I</i>
1 room non self-contained	Bedspace
1 room self-contained	Bedsit
2 habitable rooms	1 bedroom
3 habitable rooms	2 bedroom
4 habitable rooms	3 bedroom
5+ habitable rooms	4+ bedroom

‘Habitable rooms’ include bedrooms and ‘rooms suitable for living’ – typically lounges and dining rooms. It does not include bathrooms, WCs or kitchens.

The private rents published in the *Guide to Local Rents Part I* from 2005 onwards are not directly comparable to the private rents published previously (up to and including 2002). The rent data previously published included the property specific rent (the market level rent for the property determined by the Rent Service if the referred rent is considered to be significantly above the market level) and the local reference rent.

### Equivalent user cost of owner-occupation

The equivalent user cost of owner-occupation is measured by calculating the weekly cost of repaying an average loan together with estimates of the cost of building insurance, mortgage payment protection insurance and the imputed loss of interest on the deposit.

#### Average size of loan

The size of the loan is calculated by multiplying the lower quartile house price for each local authority area by the (UK) average percentage advance for first-time buyers.

Example:

Lower quartile house price for Southampton in 2005/06 = £124,000

UK average percentage advance for first-time buyers in 2005/06 = 90%

Size of loan for Southampton = £111,600

The lower quartile house price is used to reflect the assumption that first-time buyers enter the lower end of the housing market. Source: CLG/Land Registry.

The average percentage advance for first-time buyers is the unweighted 12-month average of percentage advance medians for UK given in CML Statistics, First-time buyers, lending and affordability, Table ML2 (Council of Mortgage Lenders website at [www.cml.org.uk](http://www.cml.org.uk)). The definition of ‘first-time buyer’ is based on the applicant’s last tenure and covers any type of tenure other than owner-occupier.

### Weekly repayment of loan

The weekly cost of repaying the loan is based on a repayment mortgage (covering interest and capital) spread over 25 years.

The rate of interest used (6.46%) is the unweighted four-quarter average of Council of Mortgage Lenders (CML), 'Building society & bank basic mortgage rate'.

Thus the annual repayment on a loan of £111,600 is £9,115.30, i.e., the weekly equivalent is £175.29.

This figure provides a guideline only: an owner-occupier has to bear other costs, such as repairs and renovations, and the risk of property prices falling. On the other hand, as the loan is repaid the owner-occupier gains an asset and, if house prices rise, makes a capital gain.

This particular rate of interest was selected because it is derived from data for both building societies and banks. However, there are other interest rates that could have been used, for example, the building society average mortgage rate (e.g., CML, 'Building society average mortgage rate'). This is important to note because the weekly repayment is sensitive to changes in the rate of interest. If the average building society rate (5.17%) is used then the weekly repayment on a loan of £111,600 would be £154.88, a difference of £20.41 per week.

### Buildings insurance premium

The average premium across all regions and for all property sizes is £205.72 per annum, which is the unweighted average of four quarters ending in April 2006, according to the AA building premium index. Therefore the weekly cost included in the weekly cost of owner-occupation is £3.96. This is likely to be a slight over estimate because of the size of property purchased by first time buyers.

### Mortgage payment protection insurance (MPPI)

This cost has been included in the calculation to cover the costs of the mortgage repayment in the event of loss of earnings arising from accident, sickness or unemployment. An owner-occupier does not have entitlement to Housing Benefit, as an LA or HA tenant would, nor is income support for mortgage interest (ISMI) payable straightaway. To achieve a reasonable safety net to cover mortgage costs the insurance premium included in the calculation (based on twelve months' benefit) is £5.15 per £100 of monthly mortgage payment at the end of 2005, (according to CML Statistics, 'First-time buyers, lending and affordability', Table PPI3). Thus, on a weekly repayment of £175.29 the MPPI premium is £9.03.

### Imputed loss interest on the deposit

The average size of the deposit is 10% (derived from the average percentage advance of 90%). If the money used as the deposit for house purchase had been lodged in a savings account instead, then it would have accrued interest. The loss of interest is thus included as a cost in the calculation. The rate of interest used (4.17%) is the unweighted four-quarter average of CML, 'Building society gross savings rate'. It is assumed that interest is paid net of the basic rate of income tax of 22%.

Example:

Lower quartile house price for Southampton in 2005/06 = £124,000

Average percentage deposit for first-time buyers in 2005/06 = 10%

Average size of deposit for Southampton = £12,400

Weekly loss of interest (net of income tax) on the deposit (3.25%) = £7.75.

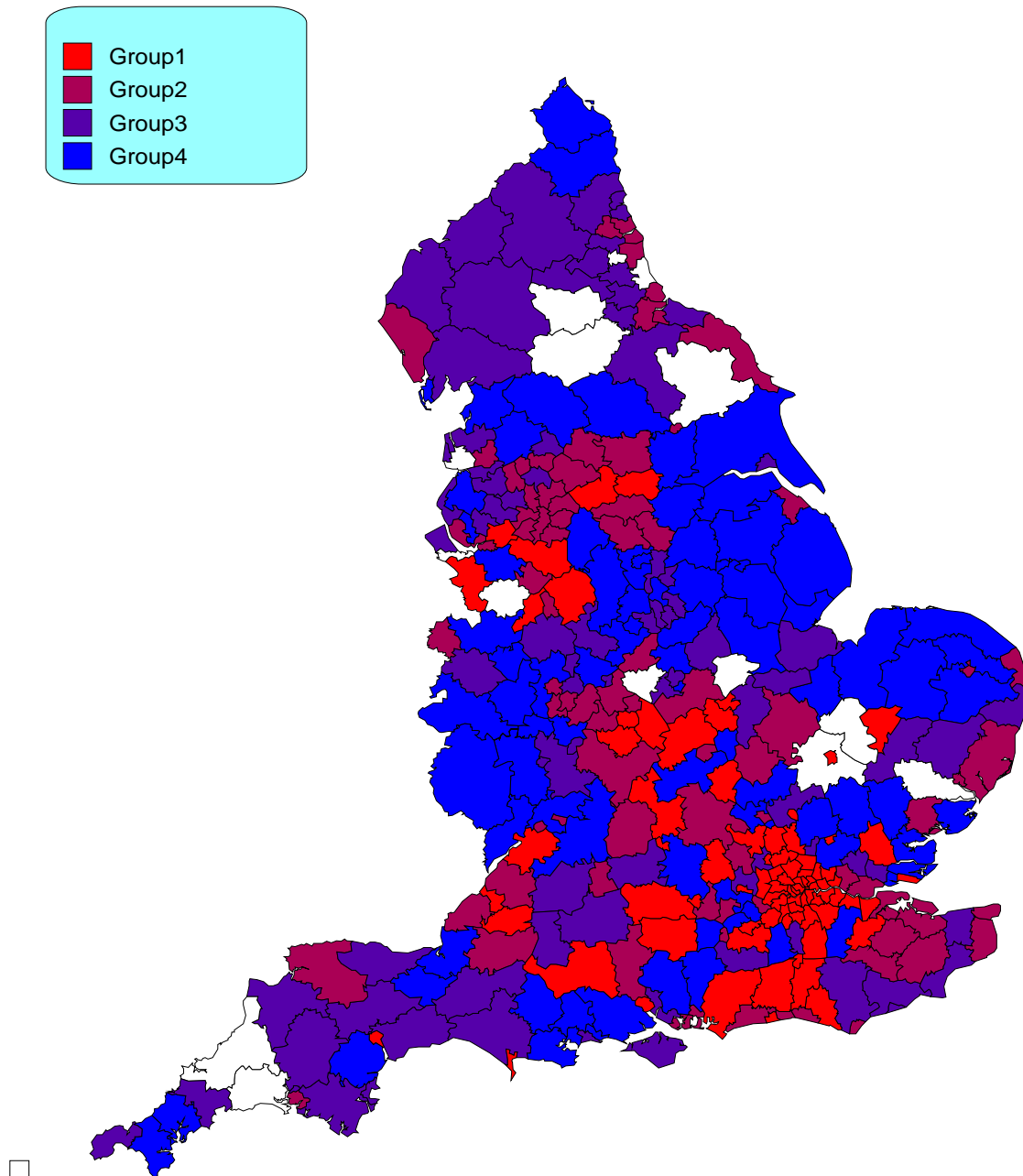
**Total weekly costs**

Using Southampton as an example, the average weekly costs of owner-occupation are:

Repayment of loan	<u>£175.29</u>
Building insurance	<u>£ 3.96</u>
Mortgage payment protection insurance	<u>£ 9.03</u>
Loss of interest on the deposit	<u>£ 7.75</u>
<b>Total</b>	<b><u>£196.03</u></b>

## ANNEX 2: Maps by property size

### 1. 2001/02 private rent vs. HA gross rent - bedsits

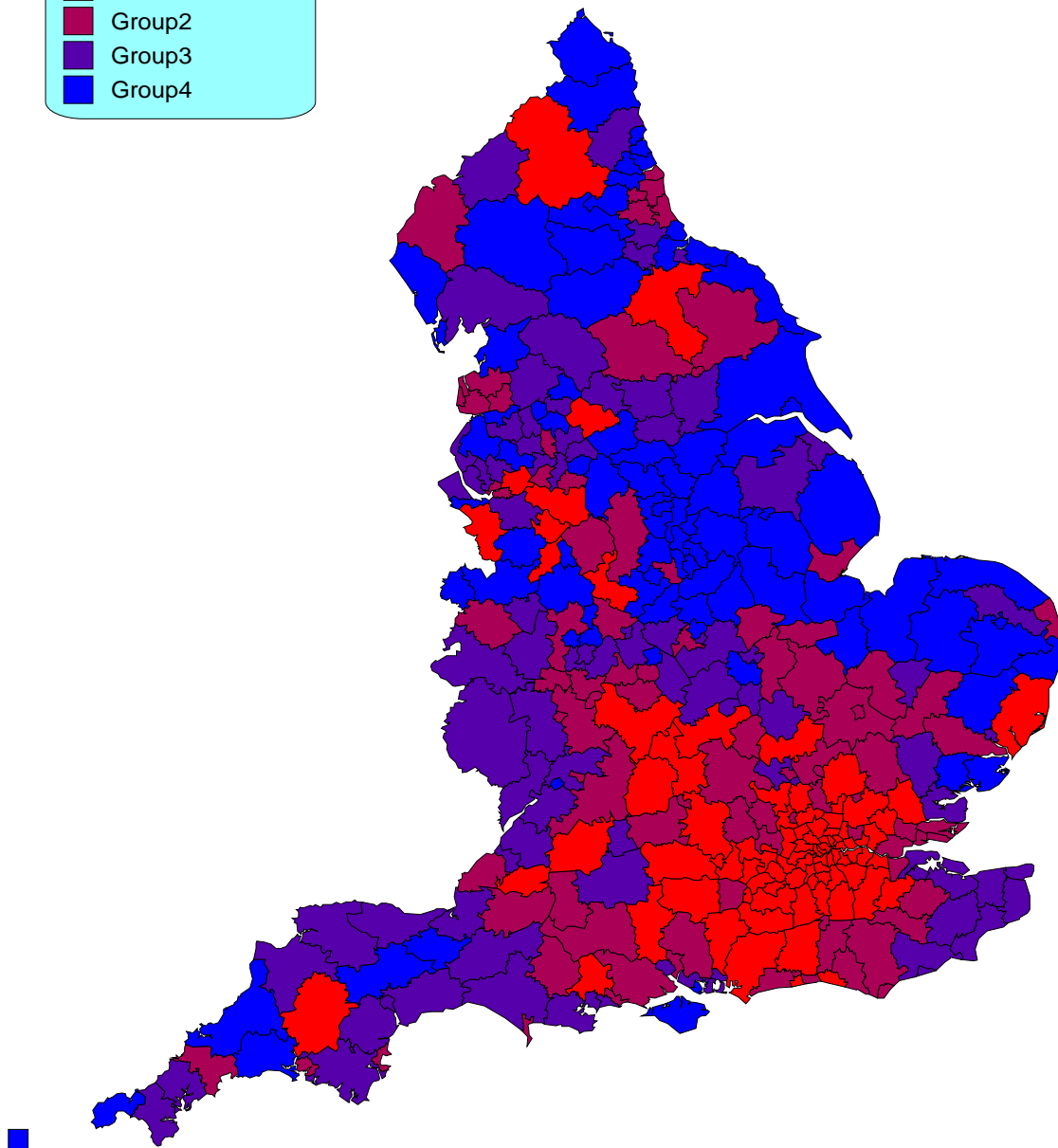
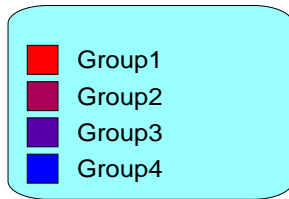


Financial Year	Comparison Name	Property Type Name	Group Name	Min(Ratio)	Max(Ratio)
2001/02	Private rent vs. HA gross rent	Bedsits	Group1	0.265	2.17368
2001/02	Private rent vs. HA gross rent	Bedsits	Group2	0.0255	0.24905
2001/02	Private rent vs. HA gross rent	Bedsits	Group3	-0.185	0.02463
2001/02	Private rent vs. HA gross rent	Bedsits	Group4	-0.66446	-0.18508

Note: Groups 1, 2, 3 and 4 denote quartiles in this and subsequent tables (excludes nulls).

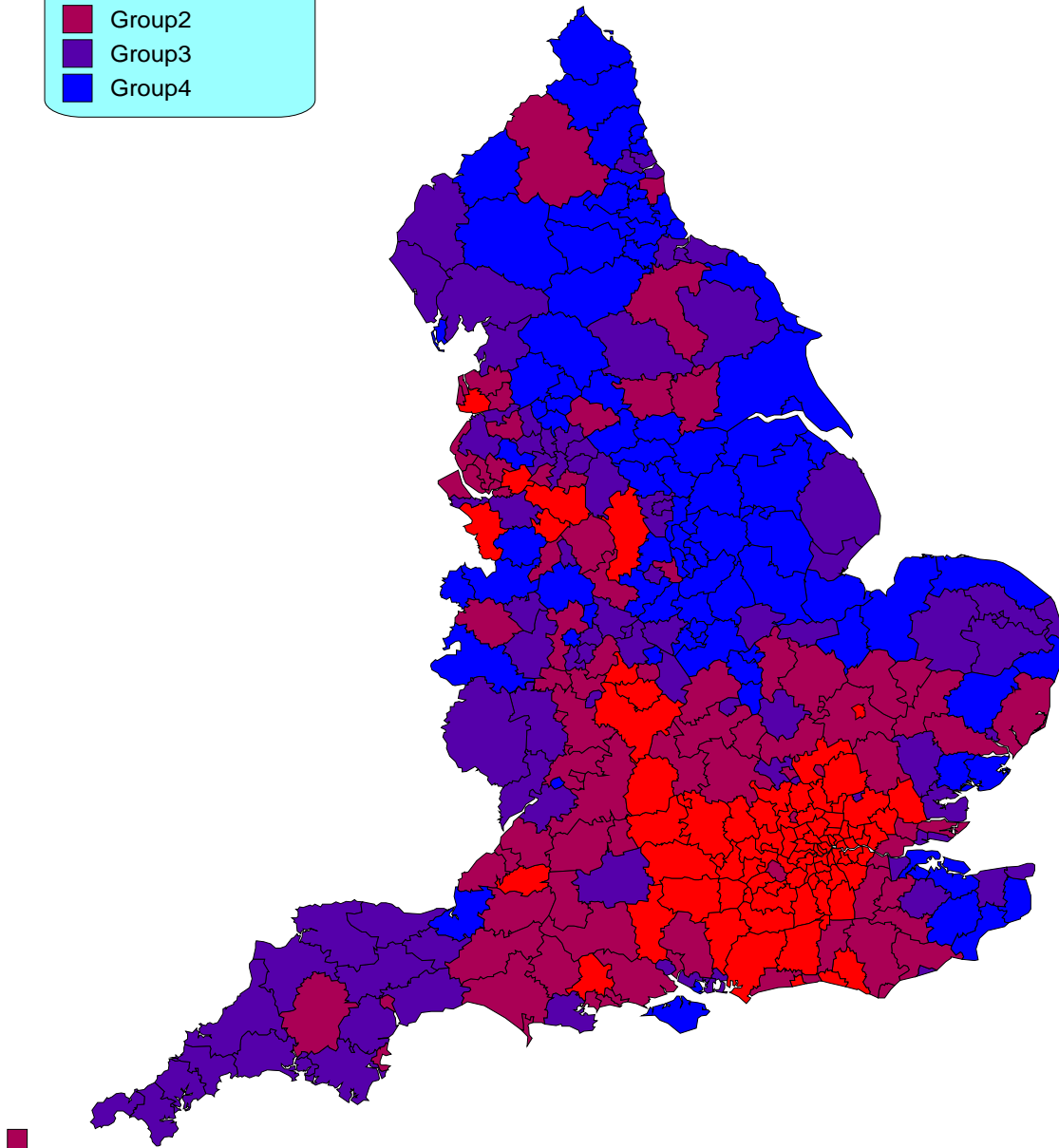
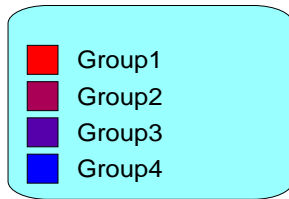


## 2. 2001/02 private rent vs. HA gross rent - one bedroom



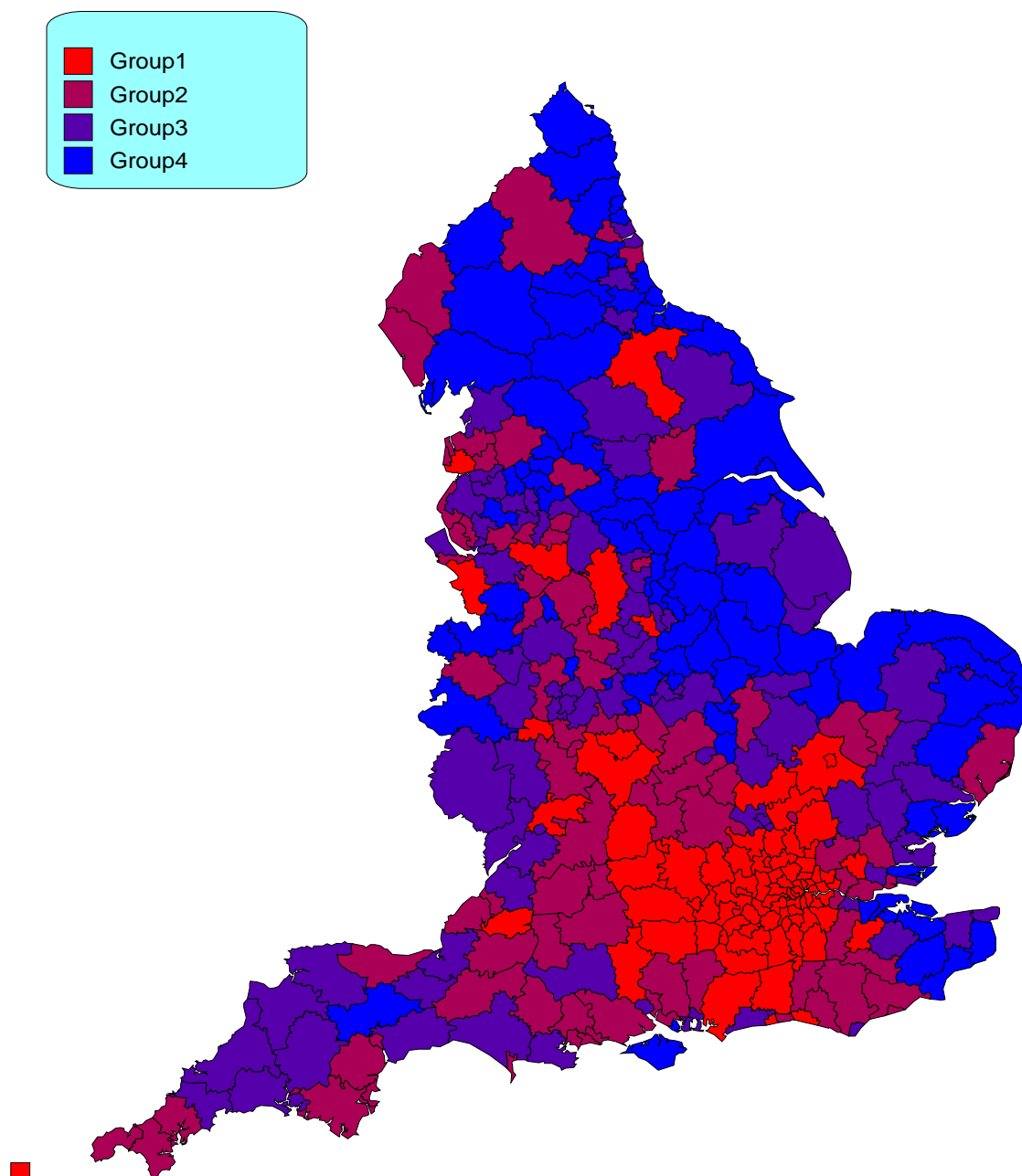
Financial Year	Comparison Name	Property Type Name	Group Name	Min(Ratio)	Max(Ratio)
2001/02	Private rent vs. HA gross rent	One bedroom	Group1	0.52617	2.25285
2001/02	Private rent vs. HA gross rent	One bedroom	Group2	0.31568	0.51873
2001/02	Private rent vs. HA gross rent	One bedroom	Group3	0.19606	0.30954
2001/02	Private rent vs. HA gross rent	One bedroom	Group4	-0.1351	0.1959

### 3. 2001/02 private rent vs. HA gross rent - two bedrooms



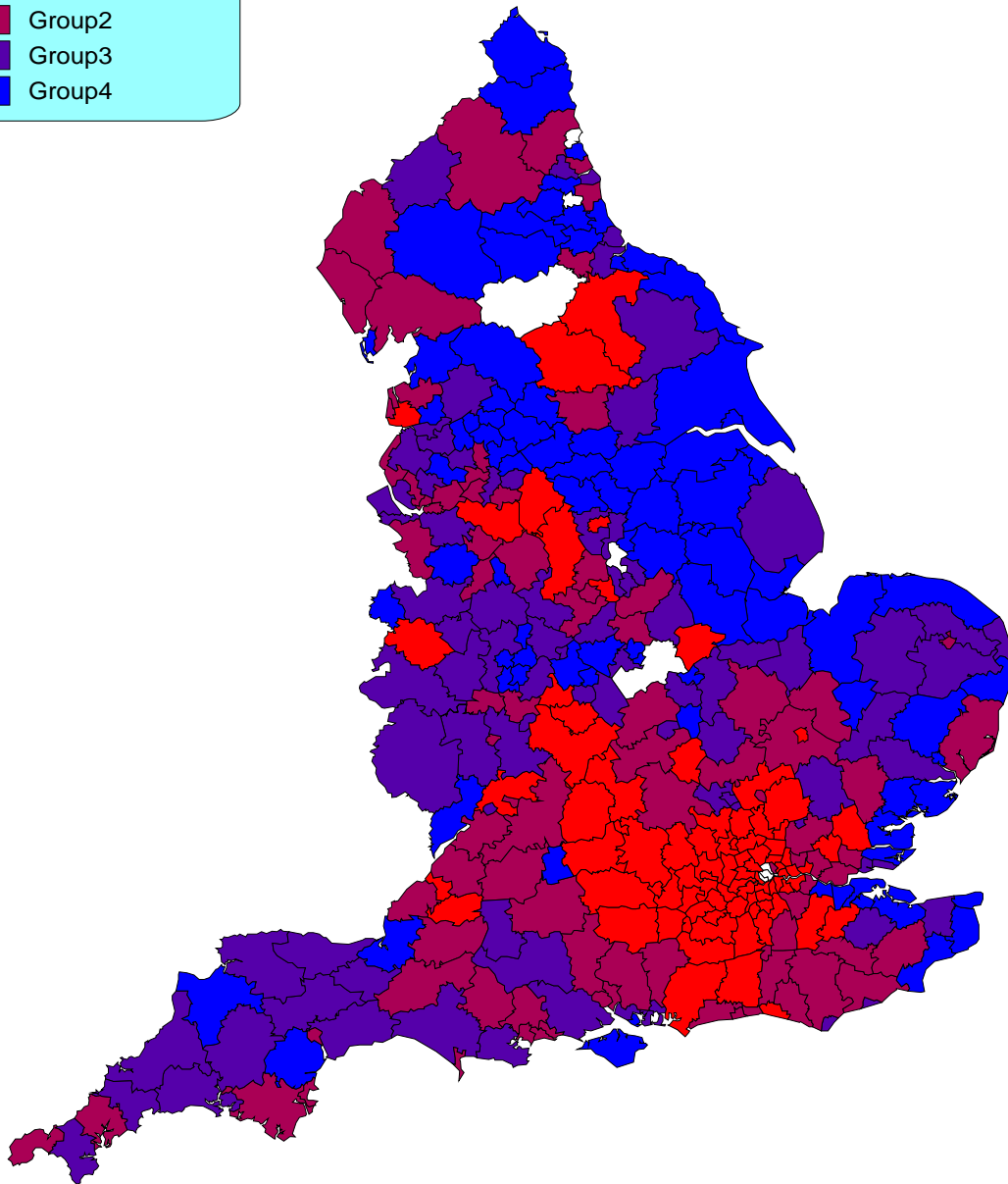
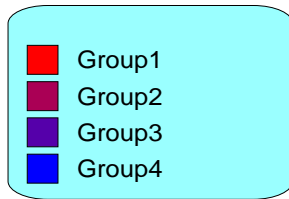
Financial Year	Comparison Name	Property Type Name	Group Name	Min(Ratio)	Max(Ratio)
2001/02	Private rent vs. HA gross rent	Two bedrooms	Group1	0.83843	2.73972
2001/02	Private rent vs. HA gross rent	Two bedrooms	Group2	0.52851	0.81795
2001/02	Private rent vs. HA gross rent	Two bedrooms	Group3	0.36064	0.52825
2001/02	Private rent vs. HA gross rent	Two bedrooms	Group4	0.02802	0.35985

#### 4. 2001/02 private rent vs. HA gross rent - three bedrooms



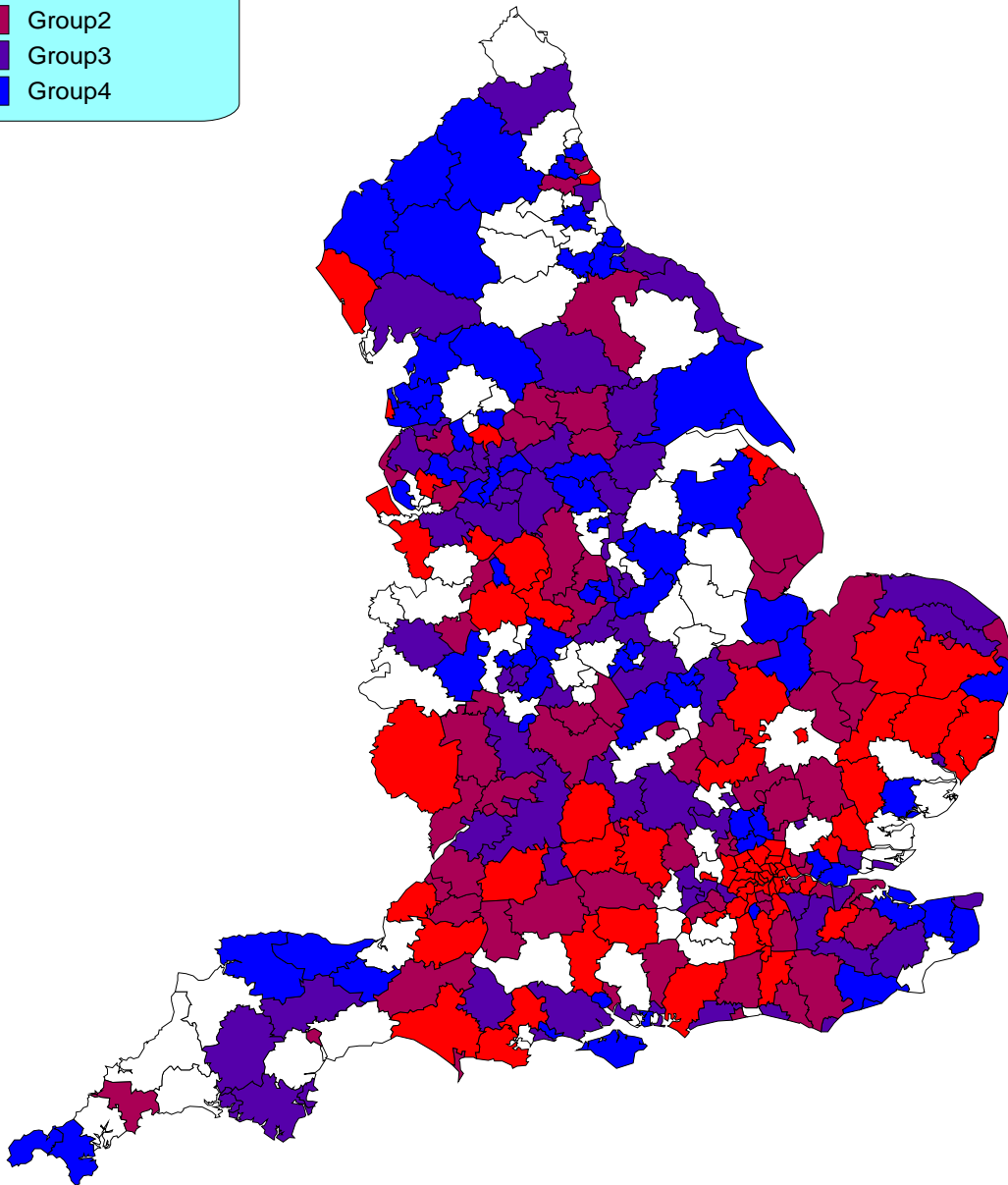
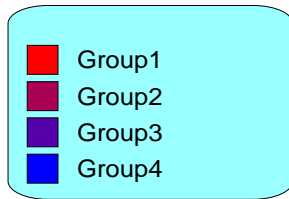
Financial Year	Comparison Name	Property Type Name	Group Name	Min(Ratio)	Max(Ratio)
2001/02	Private rent vs. HA gross rent	Three bedrooms	Group1	0.89852	2.7428
2001/02	Private rent vs. HA gross rent	Three bedrooms	Group2	0.55954	0.89309
2001/02	Private rent vs. HA gross rent	Three bedrooms	Group3	0.36959	0.5582
2001/02	Private rent vs. HA gross rent	Three bedrooms	Group4	0.02904	0.36937

5. 2001/02 private rent vs. HA gross rent - four+ bedrooms



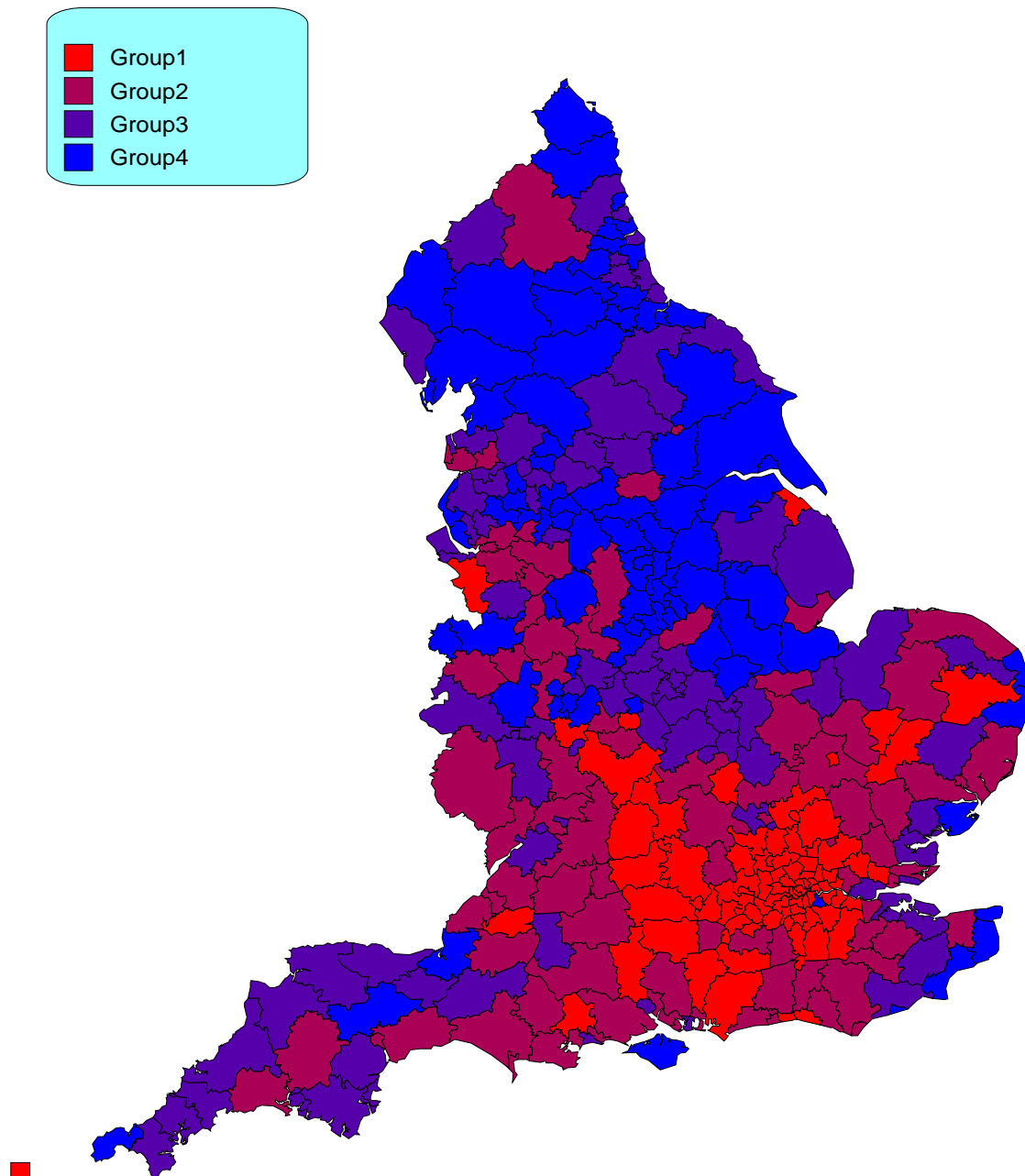
Financial Year	Comparison Name	Property Type Name	Group Name	Min(Ratio)	Max(Ratio)
2001/02	Private rent vs. HA gross rent	Four+ bedrooms	Group1	0.96527	2.33926
2001/02	Private rent vs. HA gross rent	Four+ bedrooms	Group2	0.62411	0.94181
2001/02	Private rent vs. HA gross rent	Four+ bedrooms	Group3	0.39057	0.6187
2001/02	Private rent vs. HA gross rent	Four+ bedrooms	Group4	0.0095	0.38846

6. 2005/06 private rent vs. HA gross rent – bedsits



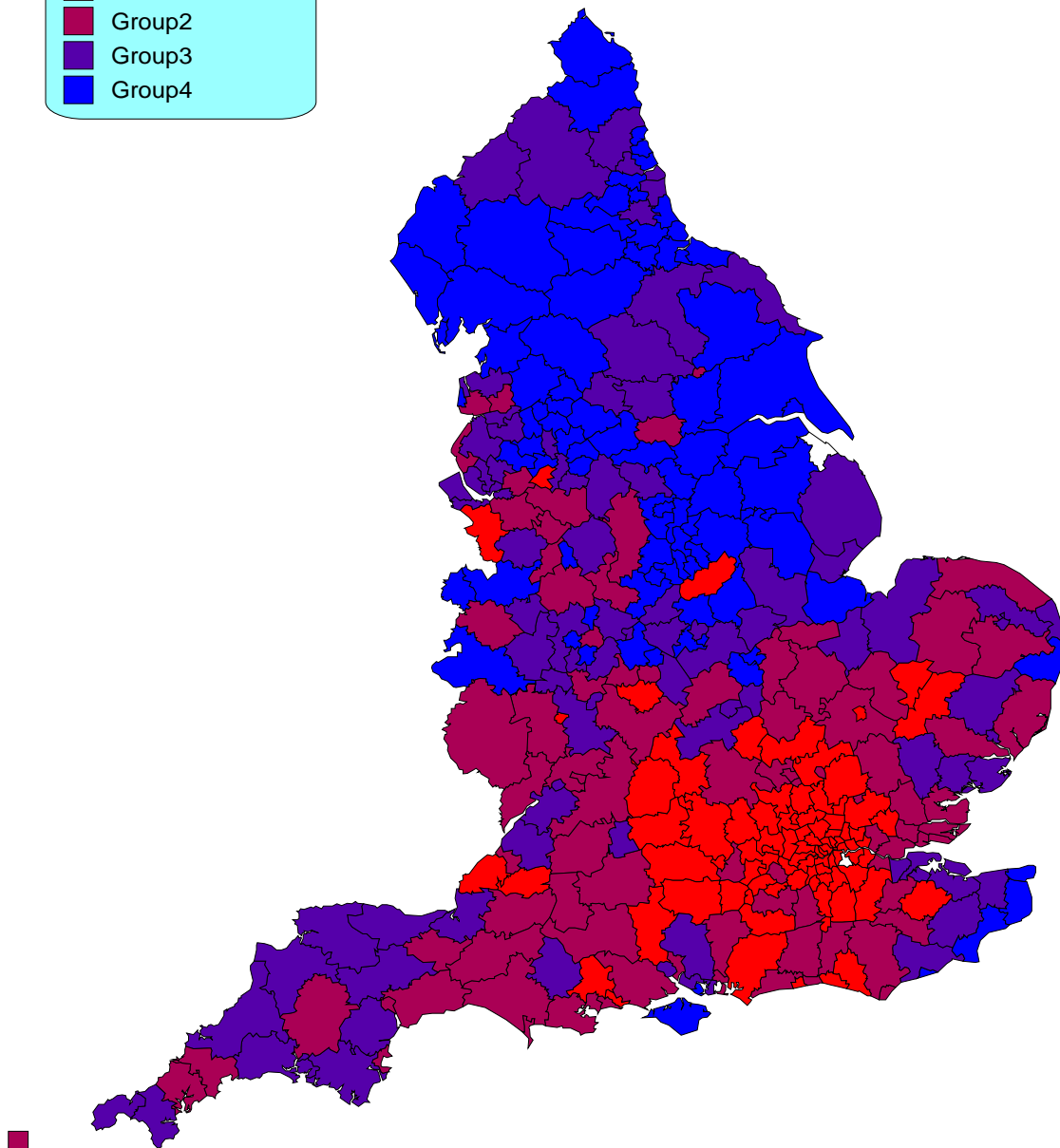
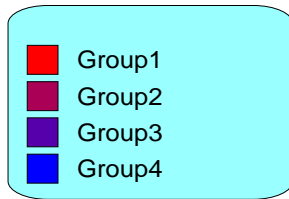
Financial Year	Comparison Name	Property Type Name	Group Name	Min(Ratio)	Max(Ratio)
2005/06	Private rent vs. HA gross rent	Bedsits	Group1	0.75363	1.95383
2005/06	Private rent vs. HA gross rent	Bedsits	Group2	0.54965	0.75071
2005/06	Private rent vs. HA gross rent	Bedsits	Group3	0.374	0.54451
2005/06	Private rent vs. HA gross rent	Bedsits	Group4	-0.19275	0.37056

7. 2005/06 private rent vs. HA gross rent - one bedroom



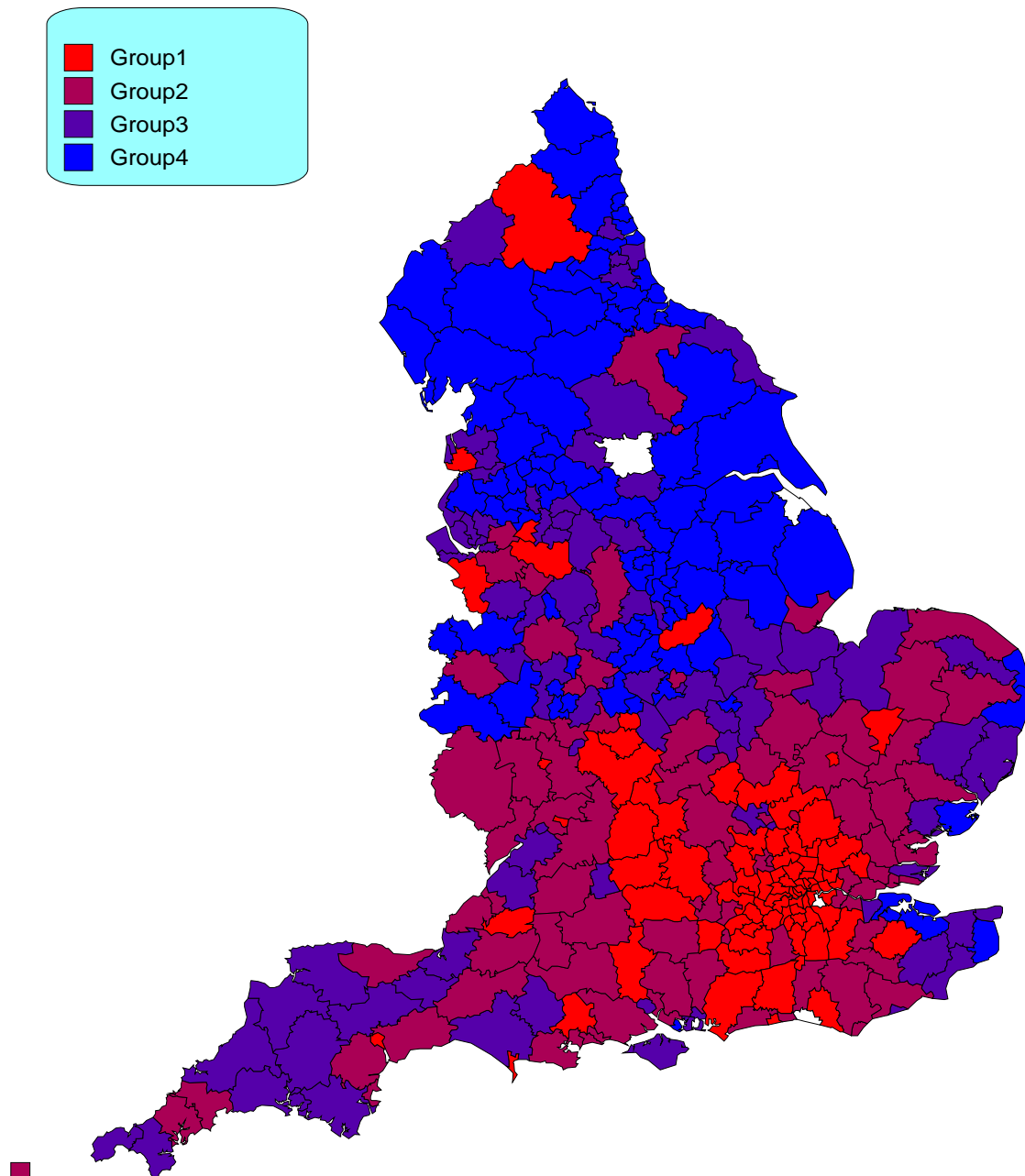
Financial Year	Comparison Name	Property Type Name	Group Name	Min(Ratio)	Max(Ratio)
2005/06	Private rent vs. HA gross rent	One bedroom	Group1	0.88327	2.44374
2005/06	Private rent vs. HA gross rent	One bedroom	Group2	0.6553	0.88294
2005/06	Private rent vs. HA gross rent	One bedroom	Group3	0.48332	0.65466
2005/06	Private rent vs. HA gross rent	One bedroom	Group4	0.17623	0.48112

8. 2005/06 private rent vs. HA gross rent - two bedrooms



Financial Year	Comparison Name	Property Type Name	Group Name	Min(Ratio)	Max(Ratio)
2005/06	Private rent vs. HA gross rent	Two bedrooms	Group1	0.96261	2.983
2005/06	Private rent vs. HA gross rent	Two bedrooms	Group2	0.74847	0.96029
2005/06	Private rent vs. HA gross rent	Two bedrooms	Group3	0.53088	0.74472
2005/06	Private rent vs. HA gross rent	Two bedrooms	Group4	0.13715	0.52935

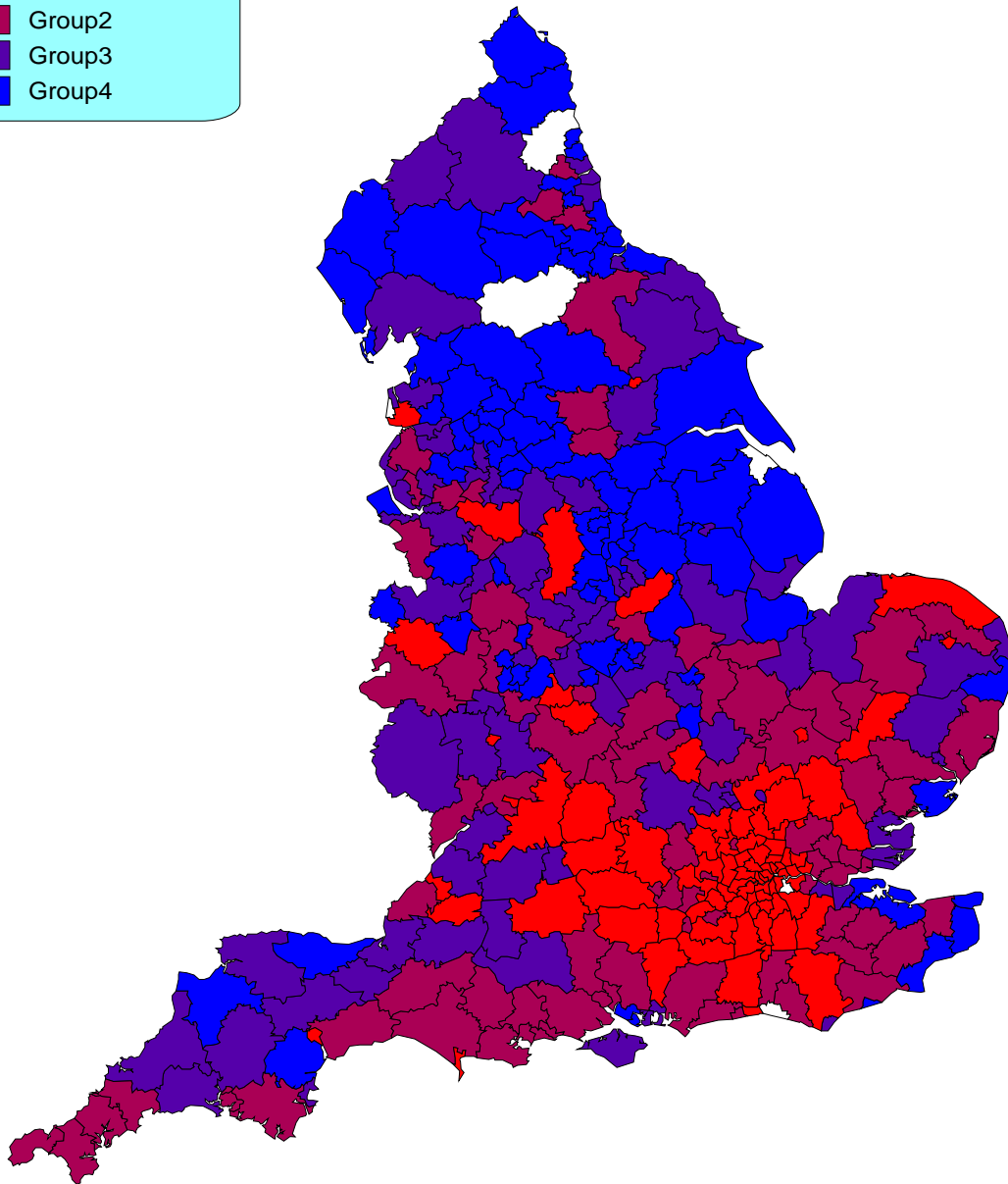
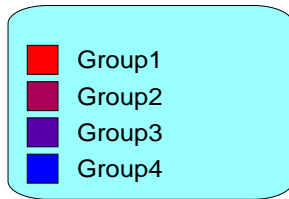
9. 2005/06 private rent vs. HA gross rent - three bedrooms



Financial Year	Comparison Name	Property Type Name	Group Name	Min(Ratio)	Max(Ratio)
2005/06	Private rent vs. HA gross rent	Three bedrooms	Group1	1.03855	3.19588
2005/06	Private rent vs. HA gross rent	Three bedrooms	Group2	0.78244	1.03751
2005/06	Private rent vs. HA gross rent	Three bedrooms	Group3	0.55526	0.78225
2005/06	Private rent vs. HA gross rent	Three bedrooms	Group4	0.05992	0.55377



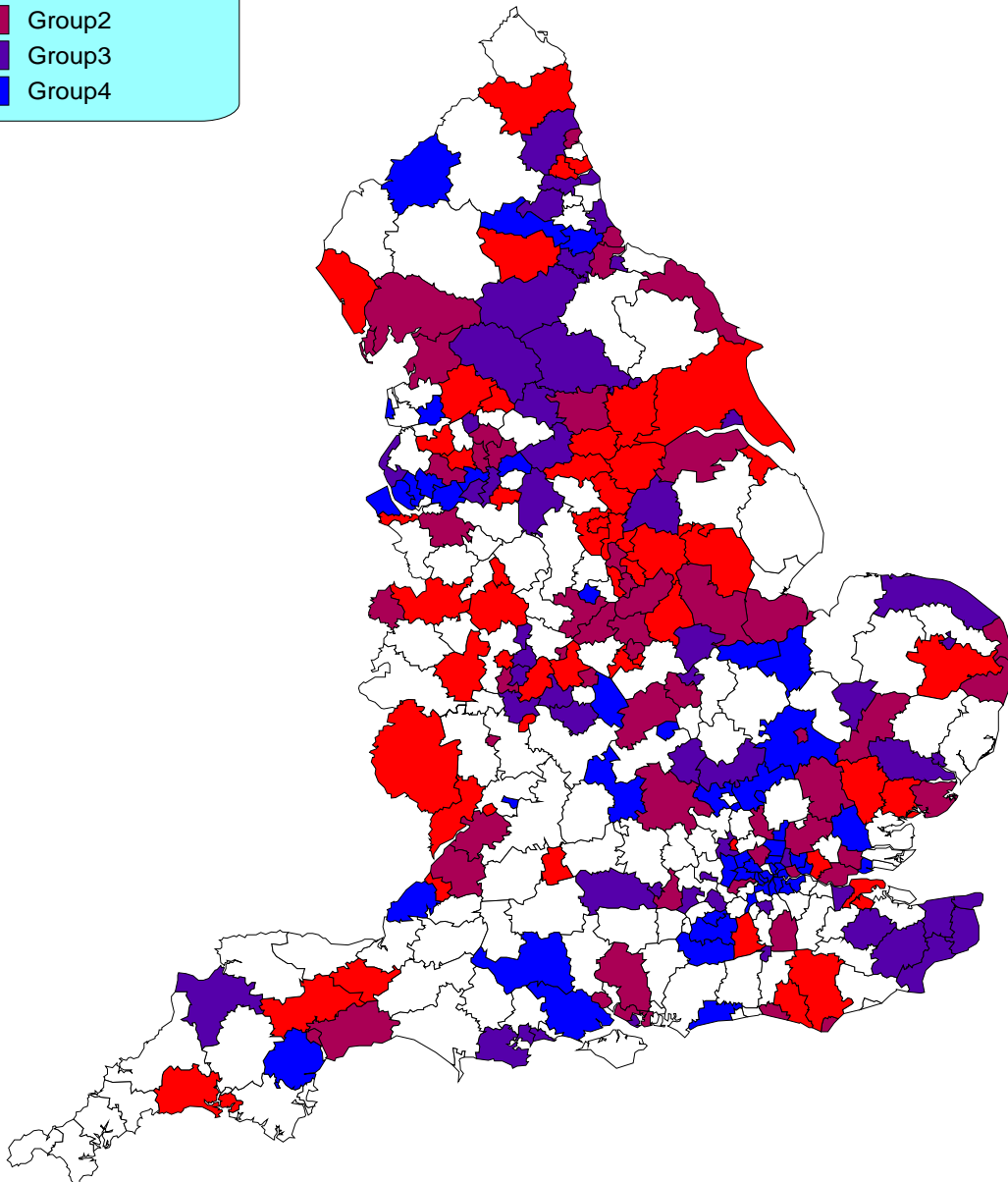
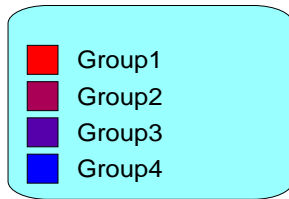
10. 2005/06 private rent vs. HA gross rent: four+ bedrooms



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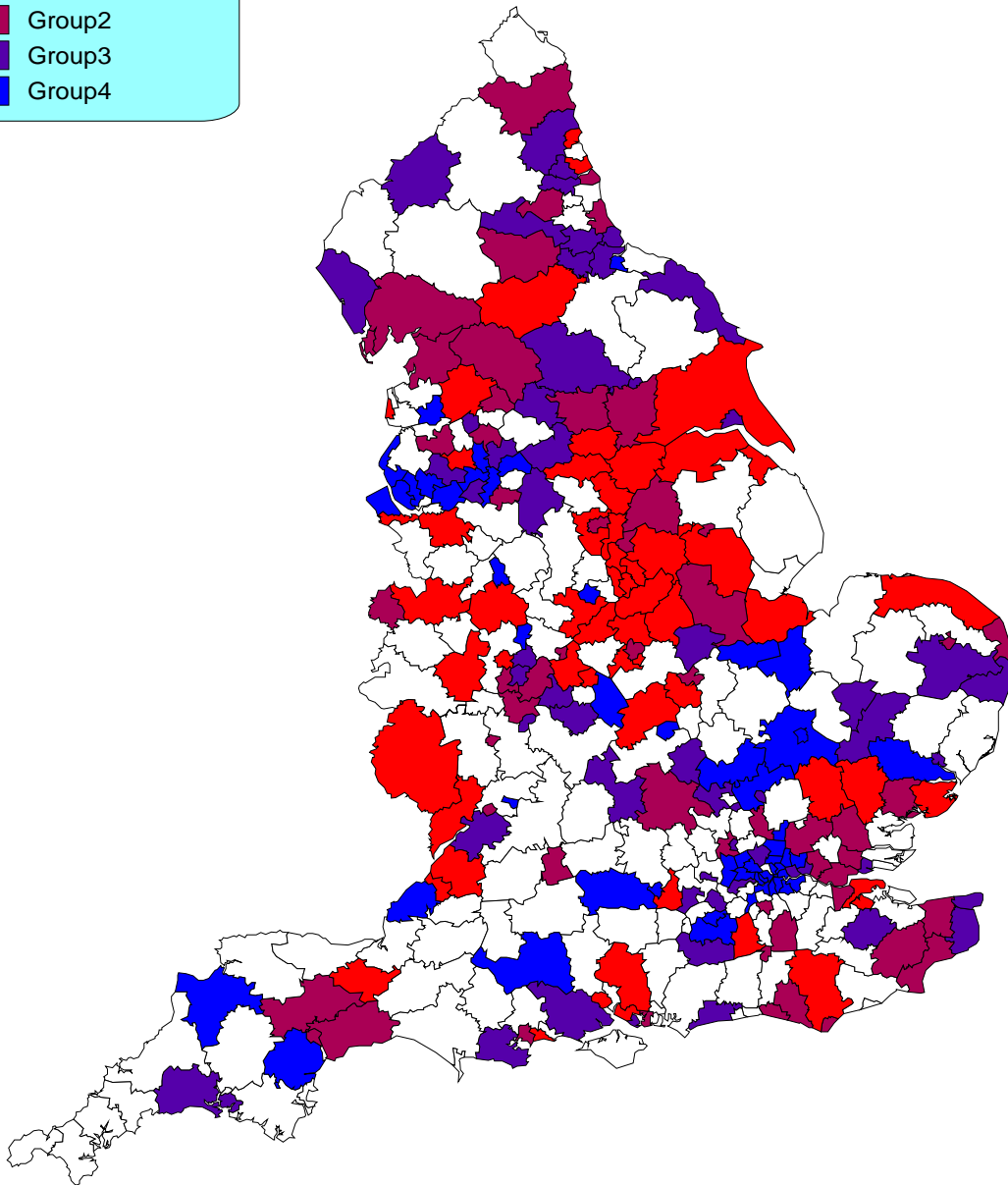
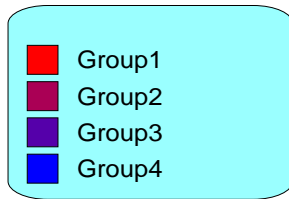
Financial Year	Comparison Name	Property Type Name	Group Name	Min(Ratio)	Max(Ratio)
2005/06	Private rent vs. HA gross rent	Four+ bedrooms	Group1	1.20998	3.3813
2005/06	Private rent vs. HA gross rent	Four+ bedrooms	Group2	0.88015	1.2027
2005/06	Private rent vs. HA gross rent	Four+ bedrooms	Group3	0.63064	0.87392
2005/06	Private rent vs. HA gross rent	Four+ bedrooms	Group4	0.05381	0.62739

# 11. 2001/02 HA net rent vs. LA net rent - one bedroom



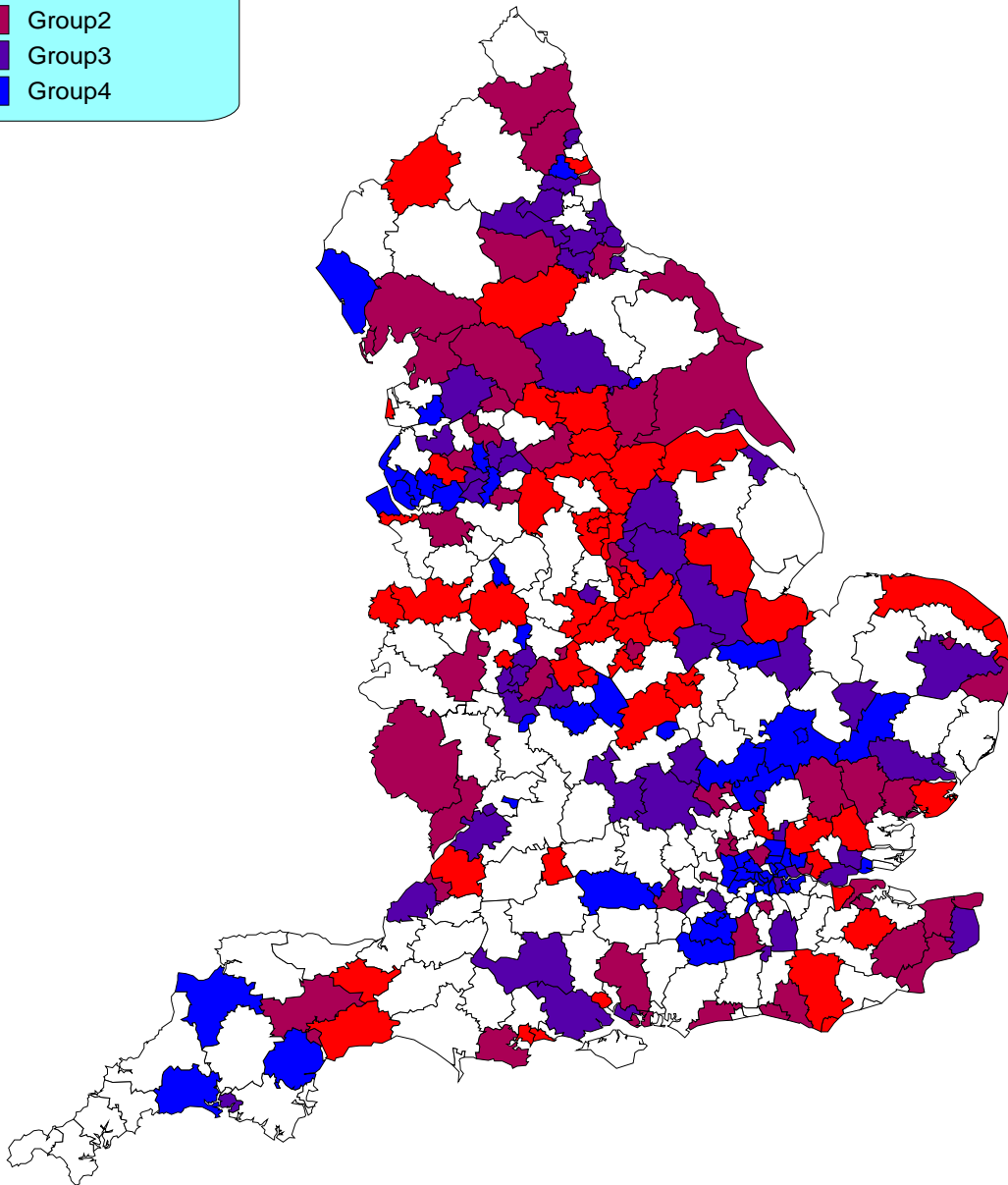
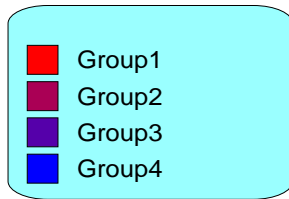
Financial Year	Comparison Name	Property Type Name	Group Name	Min(Ratio)	Max(Ratio)
2001/02	HA net rent vs. LA net rent	One bedroom	Group1	0.28215	0.64208
2001/02	HA net rent vs. LA net rent	One bedroom	Group2	0.17345	0.28206
2001/02	HA net rent vs. LA net rent	One bedroom	Group3	0.05507	0.17124
2001/02	HA net rent vs. LA net rent	One bedroom	Group4	-0.16008	0.05411

## 12. 2001/02 HA net rent vs. LA net rent - two bedrooms



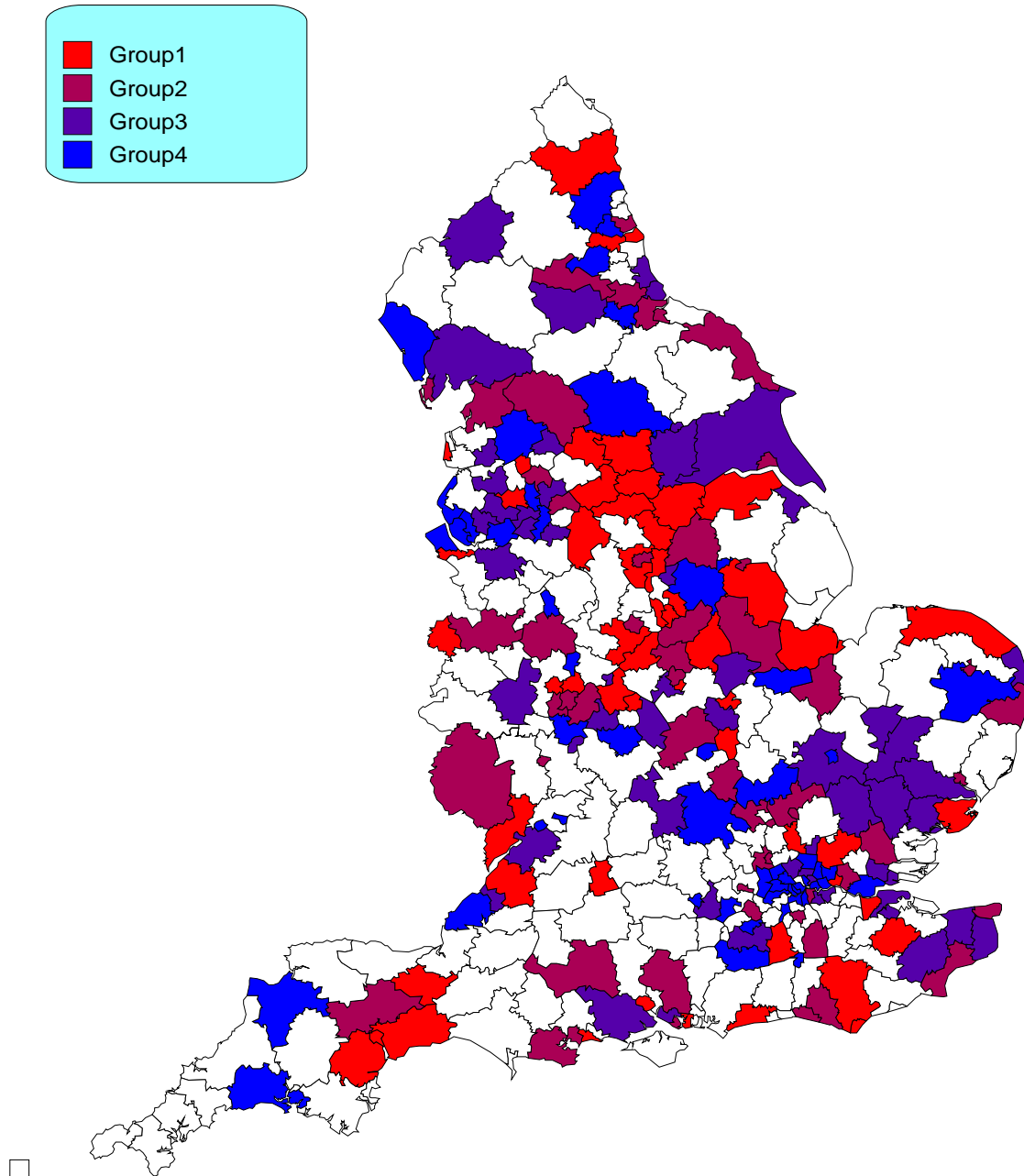
Financial Year	Comparison Name	Property Type Name	Group Name	Min(Ratio)	Max(Ratio)
2001/02	HA net rent vs. LA net rent	Two bedrooms	Group1	0.36969	0.65847
2001/02	HA net rent vs. LA net rent	Two bedrooms	Group2	0.25947	0.36805
2001/02	HA net rent vs. LA net rent	Two bedrooms	Group3	0.14768	0.25801
2001/02	HA net rent vs. LA net rent	Two bedrooms	Group4	-0.19064	0.14588

### 13. 2001/02 HA net rent vs. LA net rent - three bedrooms



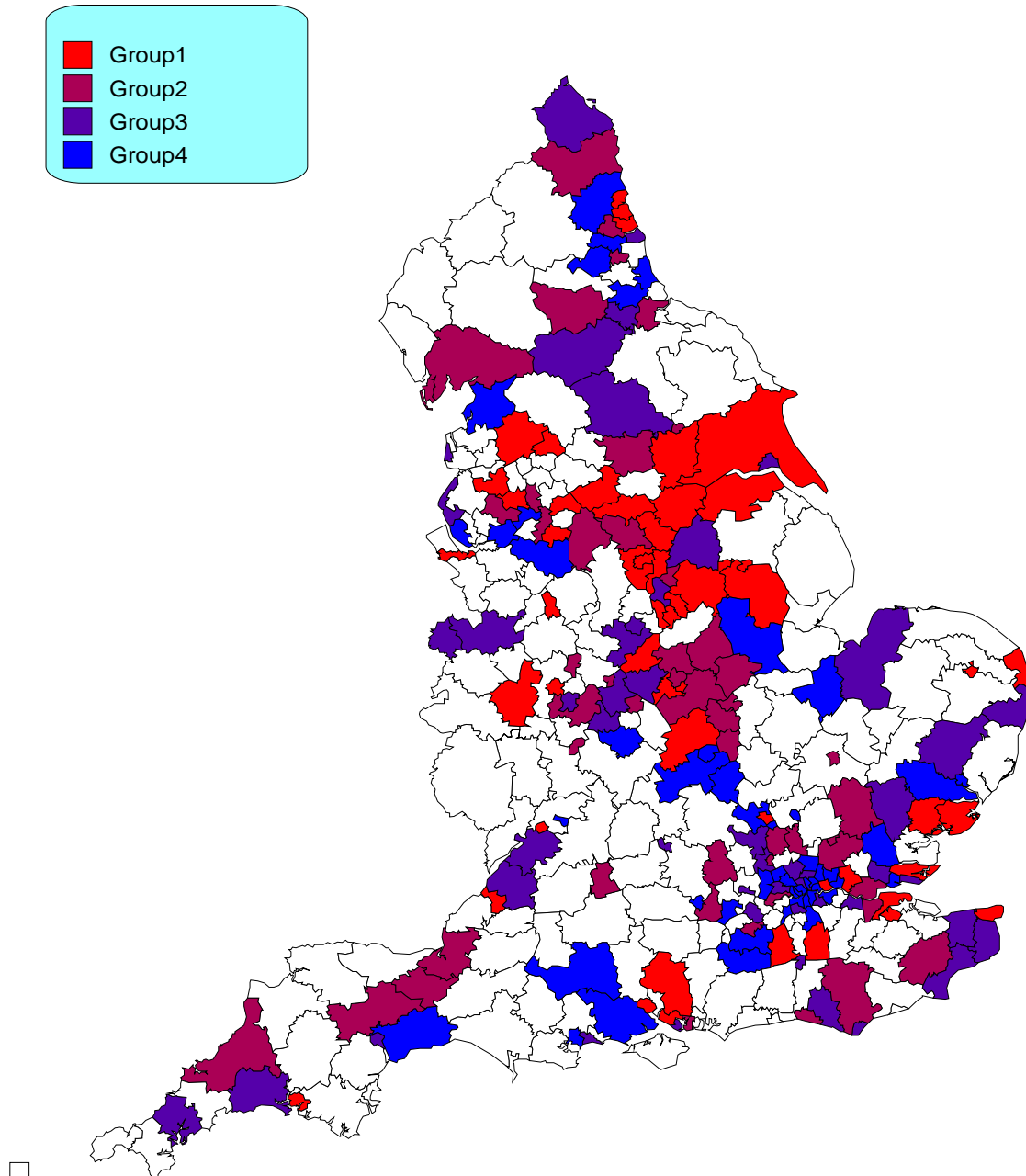
Financial Year	Comparison Name	Property Type Name	Group Name	Min(Ratio)	Max(Ratio)
2001/02	HA net rent vs. LA net rent	Three bedrooms	Group1	0.37104	0.75088
2001/02	HA net rent vs. LA net rent	Three bedrooms	Group2	0.27134	0.3701
2001/02	HA net rent vs. LA net rent	Three bedrooms	Group3	0.16088	0.27121
2001/02	HA net rent vs. LA net rent	Three bedrooms	Group4	-0.17592	0.15495

14. 2001/02 HA net rent vs. LA net rent - four+ bedrooms



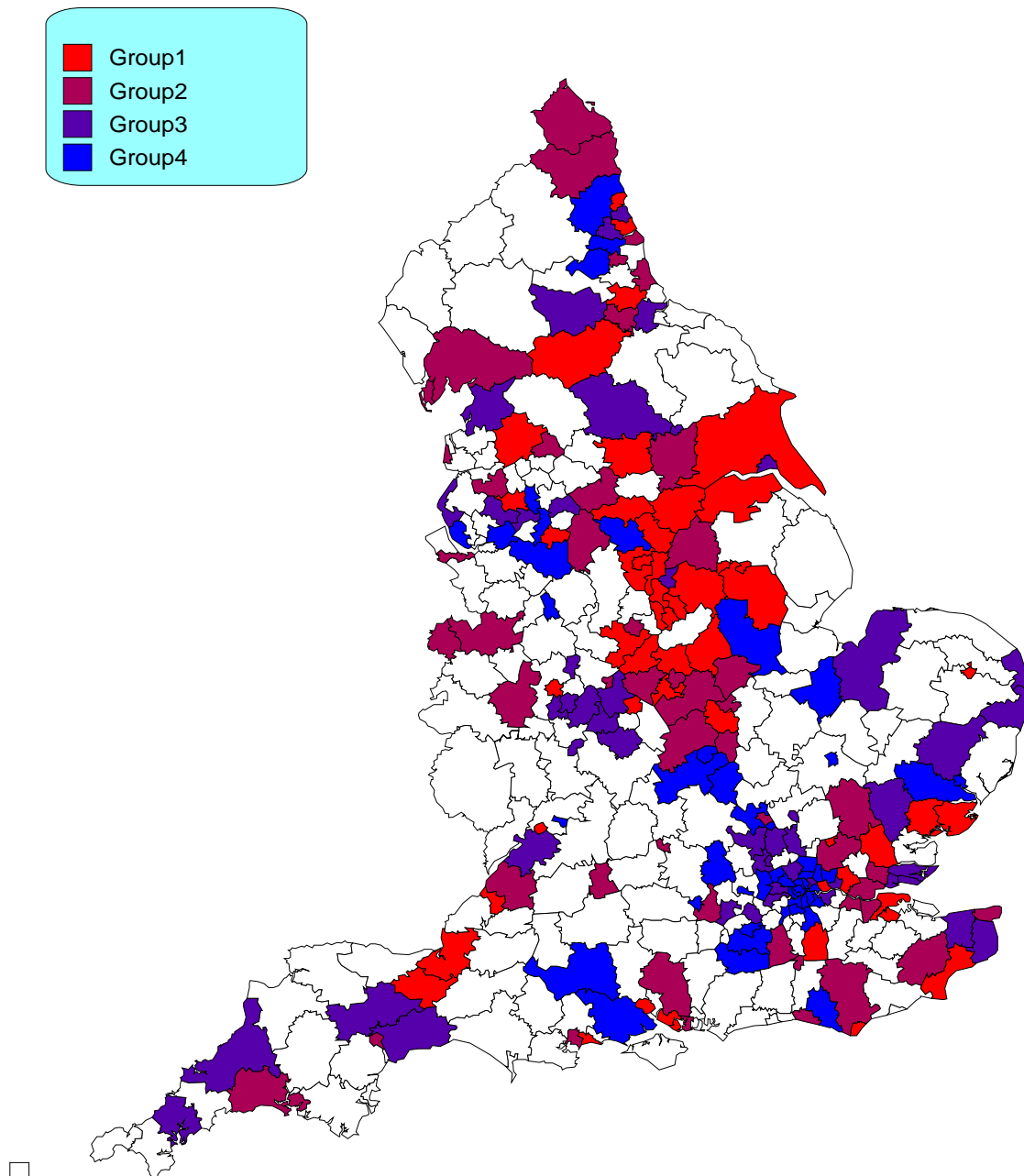
Financial Year	Comparison Name	Property Type Name	Group Name	Min(Ratio )	Max(Ratio )
2001/02	HA net rent vs. LA net rent	Four+ bedrooms	Group1	0.37585	0.72845
2001/02	HA net rent vs. LA net rent	Four+ bedrooms	Group2	0.2521	0.37531
2001/02	HA net rent vs. LA net rent	Four+ bedrooms	Group3	0.13516	0.25082
2001/02	HA net rent vs. LA net rent	Four+ bedrooms	Group4	-0.21133	0.13485

15. 2005/06 HA net rent vs. LA net rent - one bedroom



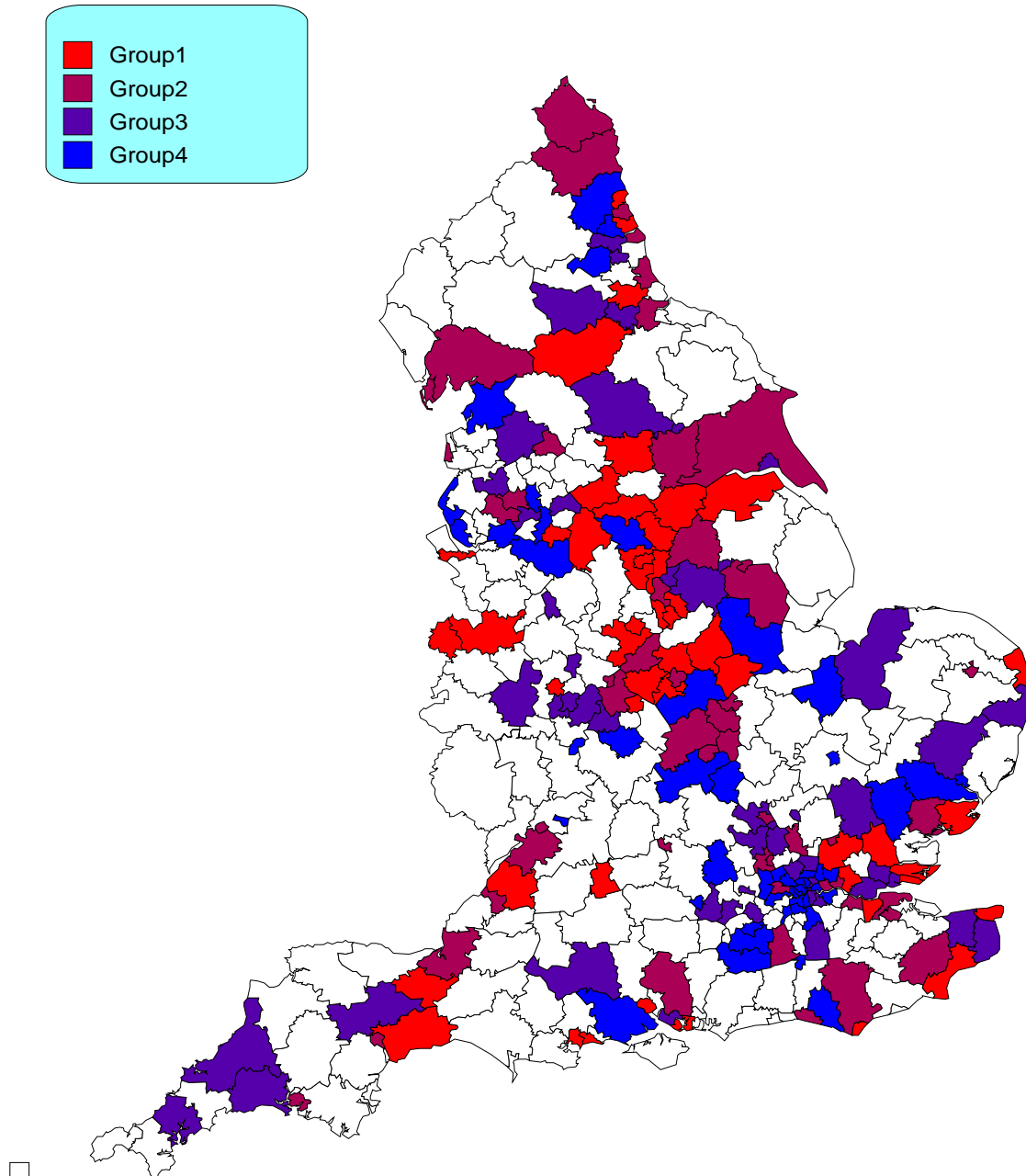
Financial Year	Comparison Name	Property Type Name	Group Name	Min(Ratio)	Max(Ratio)
2005/06	HA net rent vs. LA net rent	One bedroom	Group1	0.19105	0.42734
2005/06	HA net rent vs. LA net rent	One bedroom	Group2	0.13561	0.18977
2005/06	HA net rent vs. LA net rent	One bedroom	Group3	0.06432	0.13479
2005/06	HA net rent vs. LA net rent	One bedroom	Group4	-0.27587	0.06357

16. 2005/06 HA net rent vs. LA net rent - two bedrooms



Financial Year	Comparison Name	Property Type Name	Group Name	Min(Ratio)	Max(Ratio)
2005/06	HA net rent vs. LA net rent	Two bedrooms	Group1	0.23899	0.41098
2005/06	HA net rent vs. LA net rent	Two bedrooms	Group2	0.1794	0.23602
2005/06	HA net rent vs. LA net rent	Two bedrooms	Group3	0.10436	0.17905
2005/06	HA net rent vs. LA net rent	Two bedrooms	Group4	-0.10914	0.10344

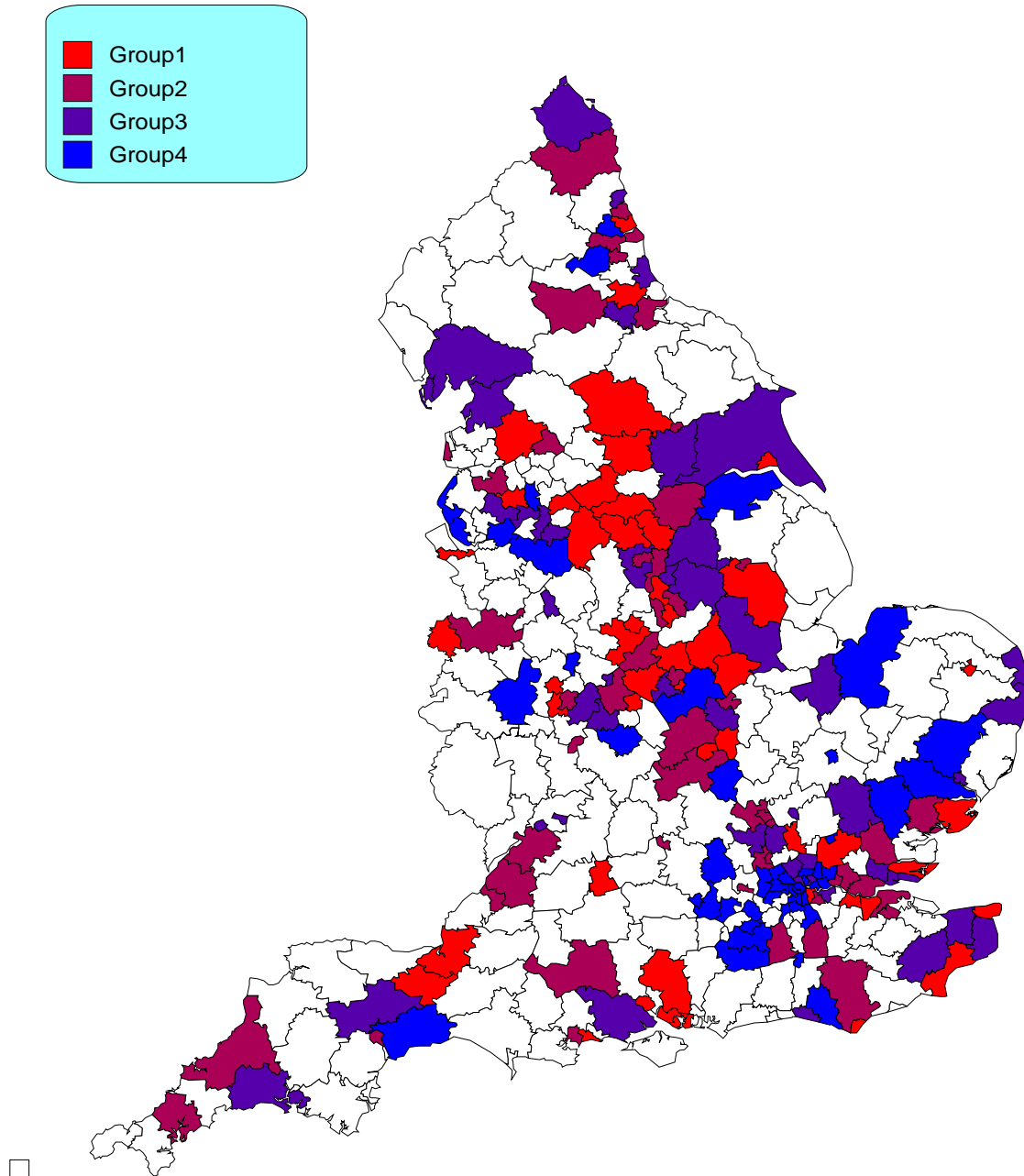
17. 2005/06 HA net rent vs. LA net rent - three bedrooms



Financial Year	Comparison Name	Property Type Name	Group Name	Min(Ratio)	Max(Ratio)
2005/06	HA net rent vs. LA net rent	Three bedrooms	Group1	0.2312	0.47973
2005/06	HA net rent vs. LA net rent	Three bedrooms	Group2	0.17518	0.23007
2005/06	HA net rent vs. LA net rent	Three bedrooms	Group3	0.10665	0.17514
2005/06	HA net rent vs. LA net rent	Three bedrooms	Group4	-0.20902	0.10407



18. 2005/06 HA net rent vs. LA net rent - four+ bedrooms



Financial Year	Comparison Name	Property Type Name	Group Name	Min(Ratio)	Max(Ratio)
2005/06	HA net rent vs. LA net rent	Four+ bedrooms	Group1	0.23716	0.50332
2005/06	HA net rent vs. LA net rent	Four+ bedrooms	Group2	0.15834	0.23711
2005/06	HA net rent vs. LA net rent	Four+ bedrooms	Group3	0.08067	0.15648
2005/06	HA net rent vs. LA net rent	Four+ bedrooms	Group4	-0.24176	0.08065

## ANNEX 3

**Table 6: Proportional differences between private rented sector ten worst local authority areas and HA rents**

### A. Bedsits

2001/02			2005/06		
Ranking	Local Authority	Region	Ranking	Local Authority	Region
1	North Kesteven	East Midlands	1	Colchester	East of England
2	Kerrier	South West	2	West Lindsey	East Midlands
3	South Staffordshire	West Midlands	3	Chesterfield	East Midlands
4	East Dorset	South West	4	Barnsley	Yorkshire and the Humber
5	Rochford	East of England	5	Redditch	West Midlands
6	North East Derbyshire	East Midlands	6	Blyth Valley	North East
7	North Dorset	South West	7	Christchurch	South West
8	West Lindsey	East Midlands	8	Mansfield	East Midlands
9	Castle Point	East of England	9	Fenland	East of England
10	Hart	South East	10	Eden	North West
<b>Summary</b>			<b>Summary</b>		
Ranking	Region	Total	Ranking	Region	Total
1	East Midlands	3	1	East Midlands	3
2	South West	3	2	East of England	2
3	East of England	2	3	North West	1
4	West Midlands	1	4	Yorkshire and the Humber	1
5	South East	1	5	South West	1
			6	North East	1
			7	West Midlands	1
<b>Range</b>	-66% - -49%		<b>Range</b>	-19% - 9%	

## B. One bed

2001/02			2005/06		
Ranking	Local Authority	Region	Ranking	Local Authority	Region
1	South Ribble	North West	1	Pendle	North West
2	Wansbeck	North East	2	Kingston upon Hull	Yorkshire and the Humber
3	Bolsover	East Midlands	3	Ashfield	East Midlands
4	South Derbyshire	East Midlands	4	Bolsover	East Midlands
5	Berwick-upon-Tweed	North East	5	Mansfield	East Midlands
6	Ashfield	East Midlands	6	Chesterfield	East Midlands
7	Barrow-in-Furness	North West	7	Barnsley	Yorkshire and the Humber
8	Barnsley	Yorkshire and the Humber	8	North Lincolnshire	East Midlands
9	Kingston upon Hull	Yorkshire and the Humber	9	Barrow-in-Furness	North West
10	North Kesteven	East Midlands	10	Hastings	South East
Summary			Summary		
Ranking	Region	Total	Ranking	Region	Total
1	East Midlands	4	1	East Midlands	5
2	North West	2	2	Yorkshire and the Humber	2
3	North East	2	3	North West	2
4	Yorkshire and the Humber	2	4	South East	1
<b>Range</b>	-14% - 0%		<b>Range</b>	18% - 28%	

### C. Two bed

2001/02			2005/06		
Ranking	Local Authority	Region	Ranking	Local Authority	Region
1	Wansbeck	North East	1	Bolsover	East Midlands
2	Berwick-upon-Tweed	North East	2	Barrow-in-Furness	North West
3	Mansfield	East Midlands	3	Kingston upon Hull	Yorkshire and the Humber
4	Ashfield	East Midlands	4	Barnsley	Yorkshire and the Humber
5	Bassetlaw	East Midlands	5	Mansfield	East Midlands
6	Barnsley	Yorkshire and the Humber	6	Ashfield	East Midlands
7	North Kesteven	East Midlands	7	Pendle	North West
8	Melton	East Midlands	8	Bassetlaw	East Midlands
9	Kingston upon Hull	Yorkshire and the Humber	9	Wansbeck	North East
10	Newark and Sherwood	East Midlands	10	Easington	North East
<b>Summary</b>			<b>Summary</b>		
	<b>Region</b>	<b>Total</b>		<b>Region</b>	<b>Total</b>
1	East Midlands	6	1	East Midlands	4
2	North East	2	2	North West	2
3	Yorkshire and the Humber	2	3	Yorkshire and the Humber	2
<b>Range</b>	3% - 13%		4	North East	2
			<b>Range</b>	14% - 28%	

## D. Three bed

2001/02			2005/06		
Ranking	Local Authority	Region	Ranking	Local Authority	Region
1	Barrow-in-Furness	North West	1	Bolsover	East Midlands
2	Mansfield	East Midlands	2	Barrow-in-Furness	North West
3	Hyndburn	North West	3	Pendle	North West
4	Wansbeck	North East	4	Barnsley	Yorkshire and the Humber
5	Barnsley	Yorkshire and the Humber	5	Mansfield	East Midlands
6	Berwick-upon-Tweed	North East	6	Rotherham	Yorkshire and the Humber
7	North Kesteven	East Midlands	7	North Lincolnshire	East Midlands
8	Bassetlaw	East Midlands	8	Berwick-upon-Tweed	North East
9	Ashfield	East Midlands	9	Eden	North West
10	Oswestry	West Midlands	10	Oswestry	West Midlands
<b>Summary</b>			<b>Summary</b>		
	<b>Region</b>	<b>Total</b>		<b>Region</b>	<b>Total</b>
1	East Midlands	4	1	East Midlands	3
2	North East	2	2	North West	3
3	North West	2	3	Yorkshire and the Humber	2
4	Yorkshire and the Humber	1	4	North East	1
5	West Midlands	1	5	West Midlands	1
<b>Range</b>	3% - 15%		<b>Range</b>	6% - 28%	

## E. Four+ bed

2001/02			2005/06		
Ranking	Local Authority	Region	Ranking	Local Authority	Region
1	Hyndburn	North West	1	Teignbridge	South West
2	South Holland	East Midlands	2	Bolsover	East Midlands
3	Bradford	Yorkshire and the Humber	3	Pendle	North West
4	Wakefield	Yorkshire and the Humber	4	Barnsley	Yorkshire and the Humber
5	North Kesteven	East Midlands	5	Ashfield	East Midlands
6	Barrow-in-Furness	North West	6	Kingston upon Hull	Yorkshire and the Humber
7	Pendle	North West	7	Barrow-in-Furness	North West
8	Barnsley	Yorkshire and the Humber	8	Hyndburn	North West
9	Mansfield	East Midlands	9	Burnley	North West
10	Wellingborough	East Midlands	10	Eden	North West
Summary			Summary		
	Region	Total		Region	Total
1	East Midlands	4	1	North West	5
2	North West	3	2	East Midlands	2
3	Yorkshire and the Humber	3	3	Yorkshire and the Humber	2
4			4	South West	1
<b>Range</b>	1% - 13%		<b>Range</b>	5% - 28%	