

Cross Tenure Rents and Affordability, 2007/08 Update



Cross Tenure Rents and Affordability, 2007/08 Update

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Summary

1. Objectives

This paper looks at the regional pattern of rents over the period 2002/03 to 2007/08 in the local authority, housing association, private rented and owner occupier sectors. It also provides an update on the local pattern of these rents for the latest year. It then examines the regional distribution of affordability measured by rent/income and rent/earnings ratios across the four rent tenures for the same time frame.

2. Methodology

HA rents data were taken from the COntinuous REcording (CORE) system and were average general needs rents for all assured lets (new lets and re-lets). Incomes data were also taken from HA CORE and were average general needs net weekly household incomes. In the case of LA tenants and for the purposes of affordability analysis, incomes were taken from LA CORE for general needs lettings. LA rents data were taken from CLG, which were rent estimates derived from the second housing subsidy and grant form. In the affordability section of this paper LA rents data from LA CORE were used, which were average rents for general needs starter tenancies. Private rents were taken from the Valuation Office Agency Rent Officer Statistics¹ which gave private rent determinations for lettings of unfurnished and furnished assured shorthold tenancies and secure tenancies for Housing Benefit (HB) purposes. The equivalent costs of owner-occupation were calculated by Dataspring using lower quartile house price data supplied by the Land Registry along with other measures from the Council of Mortgage Lenders and Nationwide Building society. Lower quartile earnings data were taken from the residence based Annual Survey of Hours and Earnings (ASHE), a 1% sample of employees in the HM Revenue & Customs PAYE records.

3. Key Findings

- HA rents have generally been rising less rapidly than tenant incomes, except in London and the South East, thus affordability on this measure has improved slightly over time.
- The LA sector offered the lowest rents and potentially the best levels of affordability.
- Private rents have been rising faster than lower quartile earnings so that affordability has worsened everywhere except the North East and Yorkshire and the Humber. National average ratios have risen from 0.49 to 0.54.
- In 2002/03 average private rents in England were £98.58 per week, by 2007/08 they had risen 27.7% to £125.90. Private rents were on average over 70% higher than HA rents by 2007/08 and over 100% higher in London. These rents

¹ The functions of The Rent Service transferred to the Valuation Office Agency as of 1st April 2009

implied much greater problems of affordability among private tenants on lower incomes especially those not eligible for HB.

- Average owner-occupation costs were £99.50 in 2002/03, rising by a massive 124.5% to £223.34 by 2007/08. Over this period house prices have increased far more than interest rates have fallen. Despite income increases, affordability rates have worsened and by 2007/08 costs were 96% of earnings on average and well over 100% in all Southern regions.
- London had the worst affordability ratios for HA rents compared to HA incomes. This differential was dampened slightly once HB was included in income; reflecting the relatively high levels of benefit available to HA tenants in London. When compared to LQ earnings London's HA rents were the most affordable in England in 2002/03. However by 2007/08 they had become the fourth least affordable. The South East, South West and East had the worst ratios for all years.
- London had the worst affordability ratio for private sector rents compared to LQ earnings despite relatively high levels of earnings. It has worsened significantly as earnings rose more slowly than average.
- The equivalent user cost of owner occupation compared to LQ earnings ratio was highest in London for 2002/03. By 2006/07 London was only third highest behind the South East and South West. However, London had returned to become least affordable by 2007/08. More generally, with a national average ratio of 0.96 by 2007/08 and based on lower quartile prices, this tenure was not affordable for those on low earned incomes in any region.
- At the local authority level, both private rent and equivalent user cost of owner occupation ratios exhibited a fairly strong north-south divide. In the context of social rents, the divide was somewhat less clear with higher ratios more evenly spread with concentrations in and around London and in southern coastal areas.

4. Conclusion

HA rents were well below private sector rents in all regions. However HA tenant earnings were also considerably lower than lower quartile earnings. If HB was included as income the outcome is more or less comparable. Lower quartile house prices increased at a far higher rate than incomes and earnings over the period 2002/03 – 2007/08. This had a marked effect on the affordability of owner occupation, which by 2007/08 was completely out of line with the cost of the private rented sector.

London stood out as particularly different with already high housing costs compounded by a rapidly increasing gap between owner-occupation costs and private rents. Overall incomes have risen in line with rents across the country outside London, leading to no substantial change in affordability in the HA sector. Private rents have risen faster than lower quartile earnings especially in the South

resulting in some worsening of affordability. But the major impact on affordability has been confined to the lower end owner-occupied sector which has become unaffordable for lower income households almost everywhere.

1. Introduction

This paper looks at the regional pattern of rents over the period 2002/03 to 2007/08 in the local authority, housing association, private rented and owner occupier sectors. It also provides an update on the local pattern of these rents for the latest year. It then examines the regional distribution of affordability measured by rent/income and rent/earnings ratios across the four rent tenures for the same time frame.

2. Housing Association rents - comparison of CORE and RSR

Table 1: CORE / RSR comparison 2007/08

Region	RSR		CORE						Differential (RSR/CORE)
	HA-all stock (RSR)		HA-new lettings		HA-relettings		HA-all lets		
	gross rent	N	gross rent	n	gross rent	n	gross rent	n	
East Midlands	£65.95	78,046	£72.58	879	£67.01	4,264	£67.96	5,143	0.97
East of England	£73.80	176,712	£80.66	2,253	£72.33	6,911	£74.38	9,164	0.99
London	£90.26	259,670	£103.40	3,075	£90.84	7,519	£94.49	10,594	0.96
North East	£59.74	106,673	£67.56	689	£62.05	5,880	£62.63	6,569	0.95
North West	£63.31	308,744	£71.72	1,113	£65.81	9,963	£66.40	11,076	0.95
South East	£82.86	230,855	£88.09	2,916	£81.58	8,874	£83.19	11,790	1.00
South West	£71.74	135,689	£77.07	1,261	£71.90	4,702	£72.99	5,963	0.98
West Midlands	£66.21	183,624	£78.34	1,094	£67.62	10,286	£68.65	11,380	0.96
Yorkshire and the Humber	£59.72	139,602	£70.96	1,419	£61.80	8,418	£63.12	9,837	0.95
National average/total	£72.18	1,619,615	£83.70	14,699	£71.34	66,817	£73.57	81,516	0.98

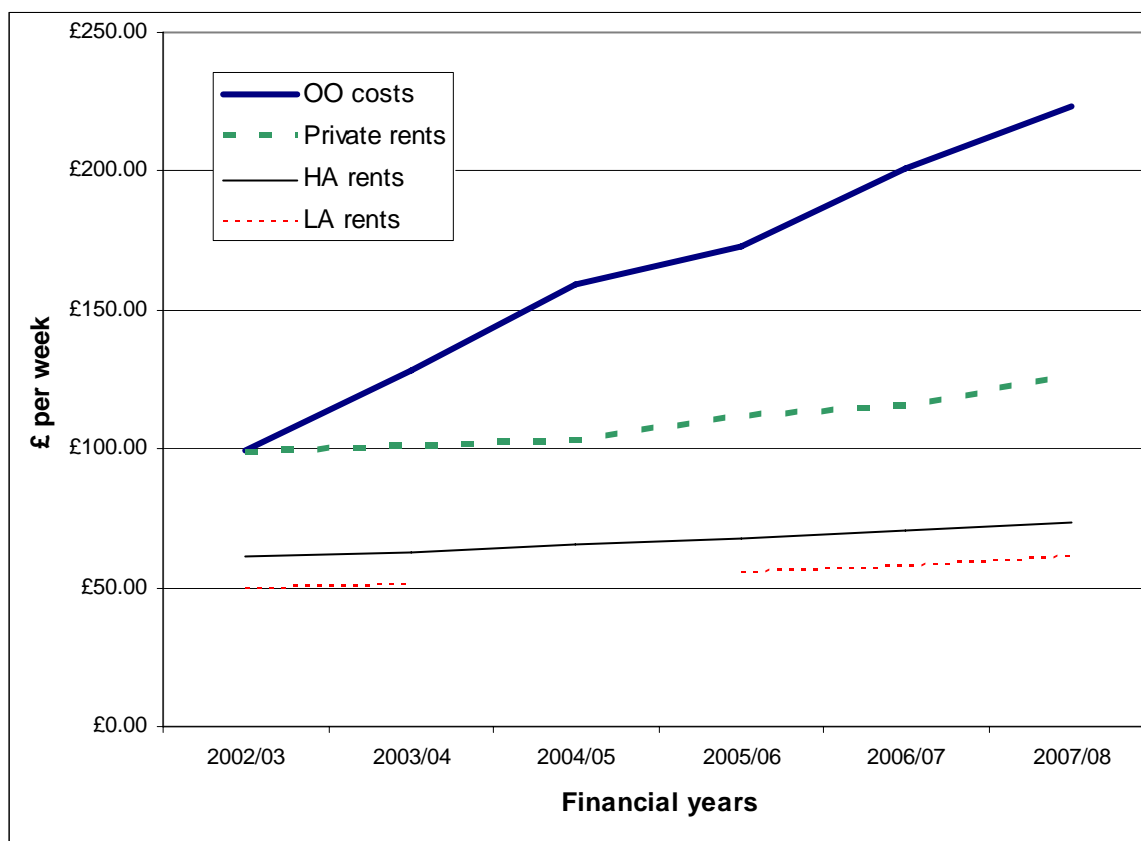
Within the CORE general needs dataset housing association new lettings had the highest rents with relettings on average 15% lower. CORE relettings were comparable to the RSR all stock figures; with rents on average just 1% lower. This suggests that there isn't a substantial issue with higher turnover rates for smaller or less desirable units. Although new lettings rents are generally higher than both relettings and the average for current tenants, it is clear that these have a key part to play in tenant choice between tenures.

For the purposes of cross tenure comparison this paper will use CORE general needs housing association all lets rents, which include new lettings and relettings. The alternative all stock rents from the RSR provide a census of housing association rent levels as at 31 March of a given year and include all tenancies whether tenants have moved or not. This is not comparable with data from the private sector. Because the CORE data are based on flow of housing association tenancies they provide a more appropriate comparison against the private sector² and a better measure of current choice within the rental sector.

² Private rents are Rent Officer referred rents and the equivalent cost of owner occupation is calculated using Land Registry house prices based on sales. LA rents data from Communities and Local Government are the exception, being estimated average rent levels for the current financial year.

3. Cross Tenure Rents, National level

Figure 1: National average rents by tenure (2002/03 to 2007/08)³



At the national level, the most striking development over the six years has been the massive rise in the user cost of owner occupation. Where costs of owner occupation were almost identical to the cost of private renting in 2002/03 by 2007/08 average costs of owner occupation had increased rapidly to be 77% higher than average private rents. This is largely down to rapid increases in house prices, the effects of which had comparatively very little impact on the other three tenures.

Average private rents although increasing at a much lower rate than equivalent user costs of owner occupation were moving away from social sector rents. Private rents were 61% higher than housing association rents in 2002/03 and this had increased to 71% by 2007/08. A smaller increase was seen when compared against local authority rents (99% in 2002/03 rising to 106% by 2007/08).

Housing association rents were 24% above local authority rents in 2002/03. This had reduced to 20% by 2007/08, showing some signs of convergence.

³ For 2007/08 OO costs were calculated using quarterly lower quartiles, whereas in previous years the financial year lower quartile was used. This may lead to a slight inflation of the 2007/08 OO costs.

4. Cross Tenure Rents, by region

4.1. Housing association (HA) rents

HA rents data were taken from CORE and are average general needs rents for all assured lets (new lets and re-lets), excluding sheltered housing. CORE is a summary of the flow over the period 1st April to 31st March of each year.

Table 2: HA rents by region (CORE)

Region	2002/03	2006/07	2007/08	Increase (2002/03 to 2006/07)	Increase (2002/03 to 2007/08)	Increase (2006/07 to 2007/08)
East Midlands	£56.72	£64.83	£67.96	14.3%	19.8%	4.8%
Eastern	£62.45	£71.43	£74.38	14.4%	19.1%	4.1%
London	£73.57	£89.58	£94.49	21.8%	28.4%	5.5%
North East	£52.17	£60.25	£62.62	15.5%	20.0%	3.9%
North West	£55.69	£63.36	£66.40	13.8%	19.2%	4.8%
South East	£69.99	£79.10	£83.19	13.0%	18.9%	5.2%
South West	£62.03	£69.29	£72.99	11.7%	17.7%	5.3%
West Midlands	£57.20	£65.11	£68.65	13.8%	20.0%	5.4%
Yorkshire and the Humber	£56.30	£60.65	£63.12	7.7%	12.1%	4.1%
ENGLAND	£61.36	£70.35	£73.57	14.6%	19.9%	4.6%

The average HA rent in England was £61.36 in 2002/03, increasing by 14.6% up to 2006/07 and a further 4.6% to £73.57 by 2007/08. Therefore, the increase over the six years (19.9%) was slightly less than the level of inflation (21.8%⁴).

At the regional level, the highest HA rents were found in London for all years (£73.57 in 2002/03, £89.58 in 2006/07 and £94.49 in 2007/08), with the lowest in the North East (£52.17 in 2002/03, £60.25 in 2006/07 and £62.62 in 2007/08). There was a clear north-south divide in all years, with higher rents concentrated in the south. The South West stands out as having one of the smallest increases resulting in below average rents by 2007/08.

The largest increase over the six years was found in London (28.4%), compounding already comparatively high rents. The second highest increase was found jointly in the North East and West Midlands (20%). The lowest increase was found in Yorkshire and the Humber (12.1%). The average increase in England was 19.9%.

At the local authority level (see Annex Two, Fig. 2.1), the highest HA rents were found in the south of England in 2007/08, concentrated particularly around London. The lowest rents were found in the North East, the Midlands and some parts of the South West and Eastern regions.

⁴ Levels of inflation used in this paper are taken from the Retail Price Index, all items

4.2. Local authority (LA) rents

Two different sources were used for LA rents:

- (1) LA rents derived by the Department for the Communities and Local Government (CLG) from the returns made annually in the Second Housing Subsidy and Grant form that provide estimated rents (made by each local authority) for the period 1 April to 31 March.
- (2) CORE LA rents data are average rents for general needs starter tenancies, excluding sheltered housing. LA CORE is a summary of the flow over the period 1st April to 31st March.

Table 3: LA rents by region (CLG)

Region	2002/03	2006/07	2007/08	Increase (2002/03 to 2006/07)	Increase (2002/03 to 2007/08)	Increase (2006/07 to 2007/08)
East Midlands	£43.51	£50.79	£53.99	16.7%	24.1%	6.3%
Eastern	£51.37	£60.48	£64.20	17.7%	25.0%	6.2%
London	£63.66	£72.85	£76.32	14.4%	19.9%	4.8%
North East	£41.18	£47.84	£50.52	16.2%	22.7%	5.6%
North West	£45.49	£51.64	£53.03	13.5%	16.6%	2.7%
South East	£55.67	£64.59	£67.69	16.0%	21.6%	4.8%
South West	£47.65	£53.94	£56.35	13.2%	18.3%	4.5%
West Midlands	£44.90	£53.80	£57.32	19.8%	27.7%	6.5%
Yorkshire and the Humber	£40.93	£48.14	£50.87	17.6%	24.3%	5.7%
ENGLAND	£49.48	£57.97	£61.20	17.2%	23.7%	5.6%

The average LA rent in England was £49.48 in 2002/03, increasing by 17.2% up to 2006/07 and a further 5.6% to £61.20 by 2007/08. At the regional level, the highest LA rents were found in London for all years (£63.66 in 2002/03, £72.85 in 2006/07 and £76.32 in 2007/08), with the lowest in the North East and Yorkshire and the Humber. There was a clear north-south divide in all years, with higher rents concentrated in the south. The South West stands out as having below average rents in all years; well below the levels found in other southern regions.

The largest increase over the six years was found in the West Midlands (27.7%). The second highest increase was found in the Eastern region (25%). The lowest increase was found in the North West (16.6%). The average increase in England was 23.7%; slightly more than the level of inflation (21.8%).

At the local authority level (see Annex Two, Fig. 2.2), the highest LA rents were found in the south of England in 2007/08, concentrated particularly around London. The lowest rents were found in the north and midlands.

Table 4: LA rents by region (LA CORE)

Region	2006/07	2007/08	Increase
East Midlands	£51.64	£52.96	2.6%
Eastern	£58.54	£62.40	6.6%
London	£75.33	£78.51	4.2%
North East	£48.12	£49.71	3.3%
North West	£50.03	£52.54	5.0%
South East	£60.58	£63.44	4.7%
South West	£51.19	£54.66	6.8%
West Midlands	£53.91	£55.78	3.5%
Yorkshire and the Humber	£48.36	£50.73	4.9%
ENGLAND	£53.00	£55.10	3.9%

Based on LA CORE, the average LA rent in England was £53.00 in 2006/07, increasing by 3.9% to £55.10 by 2007/08. At the regional level, by far the highest LA rents were found in London in 2006/07 and 2007/08, with the lowest in the North East in both years.

The largest annual increase was found in the South West (6.8%). The second highest increase was found in the Eastern region (6.6%). The lowest increase was found in the East Midlands (2.6%). The average increase in England was 3.9%.

The LA rents from LA CORE were similar to the estimated rents from CLG, but generally a bit lower. Where the LA CORE national average was £55.10 in 2007/08 the CLG estimate was 11% higher at £61.20.

4.3. Local Authority compared to Housing Association rents

Table 5: Average CLG LA rents / average HA CORE rents, by region

Region	2002/03	2006/07	2007/08
East Midlands	0.77	0.78	0.79
Eastern	0.82	0.85	0.86
London	0.87	0.81	0.81
North East	0.79	0.79	0.81
North West	0.82	0.81	0.80
South East	0.80	0.82	0.81
South West	0.77	0.78	0.77
West Midlands	0.78	0.83	0.83
Yorkshire and the Humber	0.73	0.79	0.81
ENGLAND	0.81	0.82	0.83

Average CLG LA rents were 81% of average HA rents in 2002/03. This had increased by one percentage point by 2006/07 and a further percentage point to 83% by 2007/08. This shows gradual progression towards rent convergence.

In 2002/03 Yorkshire and the Humber, East Midlands and South West had the largest differentials between average HA and LA rents, with London, Eastern and the North West at the other end of the scale with the smallest differentials between average HA and LA rents. By 2006/07, the same three regions again had the largest differentials (Yorkshire and the Humber, East Midlands and South West), with Eastern, West Midlands and the South East at the other end of the scale. By 2007/08, South West, East Midlands and North West had the largest differentials, with again Eastern, West Midlands and South East at the other end of the scale with the smallest differentials between average LA and HA rents.

The largest changes over the six years were seen in Yorkshire and the Humber (0.73 to 0.81), West Midlands (0.78 to 0.83) and the Eastern region (0.82 to 0.86). London was the only region to experience a marked divergence in HA and LA rents (0.87 to 0.81).

4.4. Private rents

Private rents were taken from the Valuation Office Agency Rent Officer Statistics which give private rent determinations for lettings of unfurnished and furnished assured shorthold tenancies and secure tenancies for HB purposes.

Table 6: Private rents by region (Valuation Office Agency)

Region	2002/03	2006/07	2007/08	Increase (2002/03 to 2006/07)	Increase (2002/03 to 2007/08)	Increase (2006/07 to 2007/08)
East Midlands	£75.07	£90.36	£97.97	20.4%	30.5%	8.4%
Eastern	£93.78	£117.05	£126.51	24.8%	34.9%	8.1%
London	£154.26	£178.87	£194.10	16.0%	25.8%	8.5%
North East	£76.07	£84.10	£90.25	10.6%	18.6%	7.3%
North West	£78.63	£89.51	£96.08	13.8%	22.2%	7.3%
South East	£109.21	£125.74	£134.70	15.1%	23.3%	7.1%
South West	£95.72	£108.87	£116.68	13.7%	21.9%	7.2%
West Midlands	£82.47	£97.77	£104.54	18.5%	26.8%	6.9%
Yorkshire and the Humber	£82.89	£84.67	£90.44	2.1%	9.1%	6.8%
ENGLAND	£98.58	£115.55	£125.90	17.2%	27.7%	9.0% ⁵

The average private rent in England was £98.58 in 2002/03, increasing by 17.2% up to 2006/07 and a further 9% to £125.90 by 2007/08. At the regional level, by far the highest private rents were found in London (£154.26 in 2002/03, £178.87 in 2006/07 and £194.10 in 2007/08), with the lowest in the East Midlands in 2002/03 and the North East in both 2006/07 and 2007/08. There was a clear north-south divide in all years, with higher rents concentrated in the south.

⁵ Disproportionate increases in the quantity of referred rents in the south in 2007/08 lead to a national increase above the level of any regional increase.

The largest increase over the six years was found in the Eastern region (34.9%). The second highest increase was found in the East Midlands (30.5%). The lowest increase was found in Yorkshire and the Humber (9.1%). The average increase in England was 27.7% compared to inflation at 21.8%. What is perhaps most surprising is that the increase in rents in London was below the national average. Even so, the pattern of private rent increases at the regional level, with three southern regions in the top five, has resulted in a slight widening of the north-south divide.

At the local authority level (see Annex Two, Fig. 2.3), the highest private rents were found in and around London. There was a clear north-south divide that had intensified by 2007/08. Over the six years private rent levels had become more clearly dominated by proximity to London with only a few exceptions.

4.5. Equivalent cost of owner occupation

The equivalent costs of owner occupation are calculated by Dataspring using data supplied by CLG/Land Registry, the Council of Mortgage Lenders, and Nationwide Building society.

Table 7: Equivalent cost of owner occupation⁶ by region (Dataspring)

Region	2002/03	2006/07	2007/08	Increase (2002/03 to 2006/07)	Increase (2002/03 to 2007/08)	Increase (2006/07 to 2007/08)
East Midlands	£84.82	£178.46	£199.18	110.4%	134.8%	11.6%
Eastern	£123.20	£226.13	£257.43	83.5%	109.0%	13.8%
London	£184.90	£305.44	£365.35	65.2%	97.6%	19.6%
North East	£52.42	£138.89	£156.20	165.0%	198.0%	12.5%
North West	£60.21	£152.37	£174.15	153.1%	189.2%	14.3%
South East	£151.13	£253.09	£290.57	67.5%	92.3%	14.8%
South West	£123.20	£230.89	£262.98	87.4%	113.5%	13.9%
West Midlands	£87.48	£178.54	£199.38	104.1%	127.9%	11.7%
Yorkshire and the Humber	£62.16	£156.33	£180.51	151.5%	190.4%	15.5%
ENGLAND	£99.50	£201.06	£223.34	102.1%	124.5%	11.1%

The average equivalent user cost of owner occupation (OO cost) in England was £99.50 in 2002/03, increasing by a massive 102.1% up to 2006/07 and a further 11.1% to £223.34 by 2007/08. This meant owner occupation costs which on average were very close to private rents in 2002/03 had pulled completely away and by 2007/08, were 77% higher. In four regions they were over 100% higher; East Midlands, Eastern, South East, and the South West. At the regional level, by far the highest OO costs were found in London for all years (£184.90 in 2002/03, £305.44 in 2006/07 and £365.35 in 2007/08), with the lowest in the North East (£52.42 in 2002/03, £138.89 in 2006/07 and £156.20 in 2007/08). There was a clear north-south divide in all years, with higher OO costs concentrated in the south.

⁶ In 2007/08 OO costs were calculated using quarterly lower quartiles, whereas in previous years the financial year lower quartile was used. This may lead to a slight inflation of the 2007/08 OO costs. These estimates reflect actual average outgoings. They do not relate to the traditional economists user cost which includes capital gains.

The largest increase over the six years was found in the North East (198%), with the second highest increase in Yorkshire and the Humber (190.4%). The lowest increase was found in the South East (92.3%). The average increase in England was 124.5%; almost 5 times the level of inflation (21.8%).

The pattern of OO cost increases at the regional level, with no southern regions in the top five, has resulted in a slight narrowing of the north-south divide. However, recent increases indicate that there may be a reversal of this trend – e.g. the highest 2006/07 to 2007/08 increase was found in London at 19.6%.

At the local authority level (see Annex Two, Fig. 2.4), the highest OO costs were found in and around London in 2007/08, with the lowest levels found in the north and midlands.

5. Average regional rents by tenure (2002/03 to 2007/08)

Table 8: Average rents for London compared to the rest of England

Financial year	LA rents		HA rents		Private rents		OO costs ⁷	
	London	Rest of England	London	Rest of England	London	Rest of England	London	Rest of England
2002/03	£63.66	£45.98	£73.57	£59.46	£154.26	£88.20	£184.90	£100.71
2003/04	£64.54	£47.57	£77.58	£60.62	£161.39	£89.55	£223.41	£129.84
2004/05	n/a	n/a	£81.46	£62.88	£168.10	£91.03	£263.88	£155.86
2005/06	£69.78	£51.48	£85.96	£64.87	£172.47	£98.37	£278.23	£169.28
2006/07	£72.85	£53.68	£89.58	£67.42	£178.87	£102.06	£305.44	£198.67
2007/08	£76.32	£56.66	£94.49	£70.45	£194.10	£109.92	£365.35	£225.47

Table 8 shows the disparity between London and the rest of England when it comes to average rents in the different tenures. Throughout the six year period and in each of the tenures rent levels in London were significantly higher than those in the rest of the country.

Across the six years the differential between LA rents had reduced slightly from 38% in 2002/03 to 35% in 2007/08. Whereas, in the HA sector the differential increased significantly from 24% to 34%.

In the private sector the differential between rents had increased slightly from 75% in 2002/03 to 77% by 2007/08. Whereas, the OO cost differential had decreased significantly from 84% in 2002/03 to 62% by 2007/08.

For a more detailed analysis of regional average rents please see Annex one.

⁷ In 2007/08 OO costs were calculated using quarterly lower quartiles, whereas in previous years the financial year lower quartile was used. This may lead to a slight inflation of the 2007/08 OO costs. OO costs for the rest of England were calculated using average regional lower quartile house prices for 2007/08 and regional lower quartile house prices for earlier years. This may have lead to a further inflation of the OO costs reported, especially for 2007/08.

6. Incomes and Earnings

To assess affordability across the rental sectors it is necessary to compare rents against various measures of tenant income. In the case of the social sector LA and HA CORE provide appropriate measures for tenant incomes. Lower end private sector rents and user costs of owner occupation can be usefully compared to lower quartile earnings from the Annual Survey of Hours and Earnings (ASHE).

Incomes data from HA CORE are average general needs net weekly household incomes. CORE is a summary of flow over the period 1st April to 31st March. Incomes relate only to tenants in new let and relet tenancies in the HA sector and excludes sheltered and warden assisted units.

Two income measures were used in this analysis: one measuring income before Housing Benefit (HB) and one measuring income plus HB.

Table 9: HA CORE Incomes, by region

Region	2002/03	2006/07	2007/08	Increase (2002/03 to 2006/07)	Increase (2002/03 to 2007/08)	Increase (2006/07 to 2007/08)
East Midlands	£158.70	£188.96	£198.03	19.1%	24.8%	4.8%
Eastern	£180.37	£207.31	£215.76	14.9%	19.6%	4.1%
London	£168.13	£189.10	£189.69	12.5%	12.8%	0.3%
North East	£149.12	£182.50	£187.69	22.4%	25.9%	2.8%
North West	£153.18	£180.33	£186.88	17.7%	22.0%	3.6%
South East	£189.47	£214.88	£217.51	13.4%	14.8%	1.2%
South West	£173.51	£204.29	£214.39	17.7%	23.6%	4.9%
West Midlands	£157.05	£181.36	£188.66	15.5%	20.1%	4.0%
Yorkshire and the Humber	£159.16	£180.19	£189.58	13.2%	19.1%	5.2%
ENGLAND	£165.38	£191.69	£197.62	15.9%	19.5%	3.1%

Table 10: HA CORE Incomes + HB, by region

Region	2002/03	2006/07	2007/08	Increase (2002/03 to 2006/07)	Increase (2002/03 to 2007/08)	Increase (2006/07 to 2007/08)
East Midlands	£188.66	£224.18	£235.20	18.8%	24.7%	4.9%
Eastern	£209.78	£243.51	£252.93	16.1%	20.6%	3.9%
London	£212.68	£246.40	£251.03	15.9%	18.0%	1.9%
North East	£174.92	£211.40	£217.88	20.9%	24.6%	3.1%
North West	£181.11	£212.01	£220.35	17.1%	21.7%	3.9%
South East	£222.70	£255.75	£261.26	14.8%	17.3%	2.2%
South West	£203.09	£239.17	£250.77	17.8%	23.5%	4.9%
West Midlands	£187.38	£216.23	£226.33	15.4%	20.8%	4.7%
Yorkshire and the Humber	£187.54	£210.44	£220.32	12.2%	17.5%	4.7%
ENGLAND	£196.78	£228.82	£236.60	16.3%	20.2%	3.4%

The highest incomes were found in the South East for all years including and excluding HB. London had the third highest income in 2007/08 when HB was

included. The lowest incomes were found in the North East, North West and Yorkshire and the Humber. For all years there was a very clear north-south divide, with the highest incomes concentrated in the south.

The largest percentage increases over the six years were found in the North East and East Midlands. London had by far the lowest increase for incomes excluding HB (12.8%). The national average was 19.5% (or 20.2% with HB) compared to inflation at 21.8%.

At the local authority level (see Annex Two, Figs. 2.5 and 2.6), the highest incomes were found in the south of England in 2007/08, concentrated particularly around London and the South East. Comparison of the map including HB (Annex Two, Fig. 2.6) against the map excluding HB (Annex Two, Fig. 2.5) shows how HB counteracts low incomes in London.

LA CORE Incomes data are average net weekly household incomes for general needs tenancies. LA CORE is a summary of flow over the period 1st April to 31st March.

Two income measures were used in this analysis: one measuring income before Housing Benefit (HB) and one measuring income plus HB.

Table 11: LA CORE Incomes, by region

Region	2006/07	2007/08	Increase
East Midlands	£170.78	£175.42	2.7%
Eastern	£184.92	£184.85	0.0%
London	£155.25	£178.08	14.7%
North East	£165.59	£177.73	7.3%
North West	£162.44	£171.70	5.7%
South East	£204.56	£206.99	1.2%
South West	£169.81	£181.33	6.8%
West Midlands	£184.33	£177.05	-4.0%
Yorkshire and the Humber	£157.63	£172.23	9.3%
ENGLAND	£173.06	£179.66	3.8%

Table 12: LA CORE Incomes + HB, by region

Region	2006/07	2007/08	Increase
East Midlands	£200.15	£204.53	2.2%
Eastern	£217.01	£220.05	1.4%
London	£204.79	£227.83	11.3%
North East	£190.57	£202.52	6.3%
North West	£190.10	£200.07	5.2%
South East	£236.81	£241.89	2.1%
South West	£198.69	£211.33	6.4%
West Midlands	£210.79	£206.59	-2.0%
Yorkshire and the Humber	£184.79	£199.97	8.2%
ENGLAND	£202.90	£210.68	3.8%

The highest incomes were found in the South East for both years including and excluding HB. London had the second highest incomes in 2007/08 when HB was included. The lowest incomes were found in Yorkshire and the Humber.

The largest annual percentage increase was found in London. The West Midlands had by far the lowest increases (or rather a small decrease).

Table 13: Average LA CORE incomes / average HA CORE incomes, by region

Region	2006/07	2007/08
East Midlands	0.90	0.89
Eastern	0.89	0.86
London	0.82	0.94
North East	0.91	0.95
North West	0.90	0.92
South East	0.95	0.95
South West	0.83	0.85
West Midlands	1.02	0.94
Yorkshire and the Humber	0.87	0.91
ENGLAND	0.90	0.91

Table 14: Average LA CORE incomes +HB / average HA CORE incomes +HB, by region

Region	2006/07	2007/08
East Midlands	0.89	0.87
Eastern	0.89	0.87
London	0.83	0.91
North East	0.90	0.93
North West	0.90	0.91
South East	0.93	0.93
South West	0.83	0.84
West Midlands	0.97	0.91
Yorkshire and the Humber	0.88	0.91
ENGLAND	0.89	0.89

In 2006/07 LA incomes were 90% of HA incomes. By 2007/08 this had risen slightly to 91%. Including housing benefit LA incomes were 89% of HA incomes in both years.

London and the West Midlands stand out as having significant changes over the two years. In London, average LA rents were 82% (83% including HB) of average HA rents in 2006/07. By 2007/08 they had increased to 94% (91% including HB) of average HA rents. In the West Midlands, average LA rents were 102% (97% including HB) of average HA rents in 2006/07. By 2007/08 they had decreased to 94% (91% including HB) of average HA rents.

Earnings data were taken from the Annual Survey of Hours and Earnings (ASHE), which is a 1% sample of employees in the HM Revenue & Customs PAYE records as at April⁸, providing information about the levels, distribution and make-up of earnings and hours worked for employees within industries, occupations and regions. The data used in this analysis are based on place of residence.

Table 15: ASHE lower quartile earnings, by region

Region	2002/03	2006/07	2007/08	Increase (2002/03 to 2006/07)	Increase (2002/03 to 2007/08)	Increase (2006/07 to 2007/08)
East Midlands	£190.00	£218.00	£219.80	14.7%	15.7%	0.8%
Eastern	£201.50	£225.00	£230.00	11.7%	14.1%	2.2%
London	£265.80	£289.30	£302.40	8.8%	13.8%	4.5%
North East	£175.90	£207.50	£218.00	18.0%	23.9%	5.1%
North West	£191.10	£213.60	£225.10	11.8%	17.8%	5.4%
South East	£224.20	£234.70	£245.70	4.7%	9.6%	4.7%
South West	£180.10	£211.00	£217.30	17.2%	20.7%	3.0%
West Midlands	£191.90	£220.40	£222.70	14.9%	16.1%	1.0%
Yorkshire and the Humber	£184.00	£209.10	£220.10	13.6%	19.6%	5.3%
ENGLAND	£201.30	£225.90	£233.80	12.2%	16.1%	3.5%

The average weekly earnings in England were £201.30 in 2002/03, increasing by 12.2% up to 2006/07 and a further 3.5% to £233.80 by 2007/08. At the regional level, by far the highest earnings were found in London for all years (£265.80 in 2002/03, £289.30 in 2006/07 and £302.40 in 2007/08), with the lowest in the North East in 2002/03 and 2006/07 and in the South West in 2007/08. There was a clear north-south divide in all years, with higher earnings concentrated in the south.

The largest increase over the six years was found in the North East (23.9%), with the second highest increase in the South West (20.7%). The lowest increase was found in the South East (9.6%), with London second lowest (13.8%). The average increase in England was 16.1%; well below inflation at 21.8%.

The pattern of earnings increases at the regional level, with only one southern region in the top five, has resulted in a slight narrowing of the north-south divide but the hierarchy of earnings remained very consistent.

At the local authority level (see Annex Two, Fig. 2.7), in 2007/08 the highest earnings were to be found mostly in and around London and in some central areas. The lowest earnings were mostly concentrated in coastal areas.

⁸ Data in this analysis are taken from the 2002, 2006 and 2007 ASHE datasets

7. Affordability

7.1. Affordability of HA rents

Table 16: HA rent / HA income, by region (CORE)

Region	2002/03	2006/07	2007/08
East Midlands	0.36	0.34	0.34
Eastern	0.35	0.34	0.34
London	0.44	0.47	0.50
North East	0.35	0.33	0.33
North West	0.36	0.35	0.36
South East	0.37	0.37	0.38
South West	0.36	0.34	0.34
West Midlands	0.36	0.36	0.36
Yorkshire and the Humber	0.35	0.34	0.33
ENGLAND	0.37	0.37	0.37

Table 17: HA rent / HA income + HB, by region (CORE)

Region	2002/03	2006/07	2007/08
East Midlands	0.30	0.29	0.29
Eastern	0.30	0.29	0.29
London	0.35	0.36	0.38
North East	0.30	0.28	0.29
North West	0.31	0.30	0.30
South East	0.31	0.31	0.32
South West	0.31	0.29	0.29
West Midlands	0.31	0.30	0.30
Yorkshire and the Humber	0.30	0.29	0.29
ENGLAND	0.31	0.31	0.31

London was least affordable for all years including and excluding HB, with the South East consistently in second place. Excluding London, the differences in affordability between the other regions seem to be quite minor. However while the national ratio was unchanged over the six years, both with and without HB, the ratio was either consistent or declined in all but two regions; London and the South East. Thus HA entrant's incomes rose slightly faster than rents across the country except in and around the capital.

At the local authority level (see Annex Two, Figs. 2.8 and 2.9), in 2007/08 the highest ratios were quite evenly spread with the largest concentration in and around London and some southern coastal areas. The lowest ratios were also quite evenly spread, although with very few local authorities in and around London in the lowest quartile.

What is clear and unsurprising is that HB improves affordability in all years by a significant amount, but again has the greatest effect in London. Without HB new entrants would have been paying consistently well over 40% of their incomes in rent

(50% in 2007/08) whilst with HB that falls to 38%. HB is taking the strain of both higher rents and higher increases.

Table 18: CORE HA rent / LQ ASHE earnings, by region

Region	2002/03	2006/07	2007/08
East Midlands	0.30	0.30	0.31
Eastern	0.31	0.32	0.32
London	0.28	0.31	0.31
North East	0.30	0.29	0.29
North West	0.29	0.30	0.29
South East	0.31	0.34	0.34
South West	0.34	0.33	0.34
West Midlands	0.30	0.30	0.31
Yorkshire and the Humber	0.31	0.29	0.29
ENGLAND	0.30	0.31	0.31

Comparing HA rents with lower quartile earnings the overall picture is rather similar to HA incomes including HB. However, the distribution is slightly different at the regional level.

London was the most affordable in 2002/03 but had become the fourth least affordable in 2006/07 and 2007/08; because of the relatively low increases in earnings in lower paid employment. The national ratio increased by one percentage point over the six years, making HA rents slightly less affordable by 2007/08.

The regional level ratios show a clear north-south divide for both years, with London making the picture even stronger in 2006/07 and 2007/08.

It is important to reiterate that on average affordability ratios are very similar between the incomes of those entering the HA sector and lower quartile earnings. Where they differ is in London and to a lesser extent the rest of the South reflecting the extent to which the sector caters for much lower income households.

At the local authority level (see Annex Two, Fig. 2.10), the pattern for 2007/08 was quite dispersed with a slight tendency for lower ratios to be focused in central areas while higher ratios were found in mostly southern coastal areas. Over the six years, London became less affordable, with some of the higher ratios found in outer London by 2007/08. This pattern reflects higher incomes in central areas as well as commuting and retirement patterns.

7.2. Affordability of LA rents

Table 19: LA rent / LA Incomes, by region (LA CORE)

Region	2006/07	2007/08
East Midlands	0.30	0.30
Eastern	0.32	0.34
London	0.49	0.44
North East	0.29	0.28
North West	0.31	0.31
South East	0.30	0.31
South West	0.30	0.30
West Midlands	0.29	0.32
Yorkshire and the Humber	0.31	0.29
ENGLAND	0.31	0.31

Table 20: LA rent / LA Incomes + HB, by region (LA CORE)

Region	2006/07	2007/08
East Midlands	0.26	0.26
Eastern	0.27	0.28
London	0.37	0.34
North East	0.25	0.25
North West	0.26	0.26
South East	0.26	0.26
South West	0.26	0.26
West Midlands	0.26	0.27
Yorkshire and the Humber	0.26	0.25
ENGLAND	0.26	0.26

Comparison of average LA rents against average LA incomes reveals a fairly flat distribution in all regions other than London. London was by far the least affordable for both years including and excluding HB; although the ratio including HB was much improved. Other than London, the Eastern region was slightly less affordable than the remaining regions.

At the national level both measures had remained stable across the two years with rents at 31% of incomes, or 26% when HB was added to income.

With the worst levels of affordability in two southern regions there was a suggestion of a north-south divide.

Housing Benefit clearly improves the affordability of LA rents significantly across the regions. Its impact is seen most clearly in London where it reduces rents from well over 40% of income to 34% in 2007/08.

Table 21: CORE LA rent / LQ ASHE earnings, by region

Region	2006/07	2007/08
East Midlands	0.24	0.24
Eastern	0.26	0.27
London	0.26	0.26
North East	0.23	0.23
North West	0.23	0.23
South East	0.26	0.26
South West	0.24	0.25
West Midlands	0.24	0.25
Yorkshire and the Humber	0.23	0.23
ENGLAND	0.23	0.24

The comparison of LA rents with lower quartile earnings reveals a fairly flat distribution. The Eastern region, London and the South East are the least affordable with Yorkshire and the Humber being the most affordable over the two years. The national ratio increased by one percentage point over the six years, making HA rents slightly less affordable by 2007/08.

The regional level ratios show a north-south divide for both years.

Unlike in the HA sector it is clear that affordability ratios are slightly different between the incomes of those entering the LA sector and lower quartile earnings. This reflects the lower level of incomes in the LA sector.

At the local authority level (see Annex Two, Fig. 2.11), there was evidence of a north-south in 2007/08 with the most affordable rents in the north and the least affordable in the south.

7.3. Social sector affordability comparison

Table 22: LA and HA rents, compared to CORE incomes

Region	2006/07		2007/08	
	LA	HA	LA	HA
East Midlands	0.30	0.34	0.30	0.34
Eastern	0.32	0.34	0.34	0.34
London	0.49	0.47	0.44	0.50
North East	0.29	0.33	0.28	0.33
North West	0.31	0.35	0.31	0.36
South East	0.30	0.37	0.31	0.38
South West	0.30	0.34	0.30	0.34
West Midlands	0.29	0.36	0.32	0.36
Yorkshire and the Humber	0.31	0.34	0.29	0.33
ENGLAND	0.31	0.37	0.31	0.37

Table 23: LA and HA rents, compared to CORE incomes including HB

Region	2006/07		2007/08	
	LA	HA	LA	HA
East Midlands	0.26	0.29	0.26	0.29
Eastern	0.27	0.29	0.28	0.29
London	0.37	0.36	0.34	0.38
North East	0.25	0.28	0.25	0.29
North West	0.26	0.30	0.26	0.30
South East	0.26	0.31	0.26	0.32
South West	0.26	0.29	0.26	0.29
West Midlands	0.26	0.30	0.27	0.30
Yorkshire and the Humber	0.26	0.29	0.25	0.29
ENGLAND	0.26	0.31	0.26	0.31

Affordability between the LA and HA sectors was fairly stable during 2006/07 and 2007/08 with LA rents consistently more affordable than HA rents. London stands out as having very high ratios for social sector rents before HB is added.

With social rents accounting for as little as a quarter of social tenant incomes when HB is included, rent levels appear to be reasonably affordable in all regions; with any difficulties in affordability concentrated in London.

Table 24: LA and HA rents, compared to LQ ASHE earnings

Region	2006/07		2007/08	
	LA	HA	LA	HA
East Midlands	0.24	0.30	0.24	0.31
Eastern	0.26	0.32	0.27	0.32
London	0.26	0.31	0.26	0.31
North East	0.23	0.29	0.23	0.29
North West	0.23	0.30	0.23	0.29
South East	0.26	0.34	0.26	0.34
South West	0.24	0.33	0.25	0.34
West Midlands	0.24	0.30	0.25	0.31
Yorkshire and the Humber	0.23	0.29	0.23	0.29
ENGLAND	0.23	0.31	0.24	0.31

LA rents were significantly more affordable than HA rents when compared to lower quartile earnings. It is clear that when compared to lower quartile earnings social sector rents are quite affordable, with LA rents in particular accounting for less than a quarter of earnings.

7.5. Private rent affordability

Table 25: Private rent / LQ ASHE earnings, by region

Region	2002/03	2006/07	2007/08
East Midlands	0.40	0.41	0.45
Eastern	0.47	0.52	0.55
London	0.58	0.62	0.64
North East	0.43	0.41	0.41
North West	0.41	0.42	0.43
South East	0.49	0.54	0.55
South West	0.53	0.52	0.54
West Midlands	0.43	0.44	0.47
Yorkshire and the Humber	0.45	0.40	0.41
ENGLAND	0.49	0.51	0.54

In the private rented sector all affordability ratios based on lower quartile earnings were 40% and above reflecting major problems of affordability for private tenants who are just above the HB eligibility level or do not take up HB.

London was by far the least affordable for all years, followed by the surrounding regions. The most affordable areas were found in the north and midlands for both years, showing a strong north-south divide. The national ratio increased by five percentage points over the six years, making private rents even less affordable by 2007/08.

At the local authority level (see Annex Two, Fig. 2.12), there was a clear north-south divide that had strengthened by 2007/08. There had also been a movement in high ratio areas away from the South West and towards London reflecting the differential income increases in the South West as compared to the relatively low increases in London.

7.6. Equivalent user cost of owner occupation affordability

Table 26: OO cost / LQ ASHE earnings, by region

Region	2002/03	2006/07	2007/08
East Midlands	0.45	0.82	0.91
Eastern	0.61	1.01	1.12
London	0.70	1.06	1.21
North East	0.30	0.67	0.72
North West	0.32	0.71	0.77
South East	0.67	1.08	1.18
South West	0.68	1.09	1.21
West Midlands	0.46	0.81	0.90
Yorkshire and the Humber	0.34	0.75	0.82
ENGLAND	0.49	0.89	0.96

The position in the owner occupied sector reflects both the similarity in average affordability with the private rented sector in 2002/03 and the massive increases in costs between 2002/03 and 2007/08. It also reflects even stronger difficulties between the south and the rest of the country.

London was least affordable in 2002/03, followed by the surrounding regions. By 2006/07 London had, perhaps surprisingly become slightly more affordable than the South East and South West, reflecting lower increases in house prices. However, a year later London was again the least affordable region, with housing costs at a massive 121% of lower quartile earnings. This level was matched in the South West with only slightly lower levels in the South East (118%) and the Eastern region (112%).

The most affordable areas were found in the north and midlands, although by 2007/08 with an average ratio of 0.96 (compared to 0.49 in 2002/03) there was clearly an unsustainable rate of change and a very serious affordability issue in this tenure in all areas of the country.

At the regional level, the north-south divide was extremely strong for all years, with levels of affordability running in almost consistent order from the least affordable in the south to the most affordable in the north.

At the local authority level (see Annex Two, Fig. 2.13), there was a clear north-south divide in 2007/08 with high ratios concentrated in the south and low ratios in the north and midlands. In the north, slightly breaking the pattern, there was an area of high ratios in Yorkshire and this had become stronger by 2007/08.

8. Conclusions

The overall picture suggests that the HA sector is generally far more affordable than private sector housing across the country. It also suggests that HB ensures that tenants have lower ratios of rents to incomes than those in other sectors.

The most affordable rents are found in the LA sector, with rents only just over a quarter of tenant incomes where HB is included.

Lower quartile house prices increased at a far higher rate than incomes and earnings over the six years (over 70% compared to 16-20%). This had a marked effect on the affordability of owner occupation, which by 2007/08 was completely out of line with the cost of the private rented sector. On the other hand, social sector affordability remained fairly consistent while private rents were only slightly less affordable in 2007/08 suggesting that both are more closely correlated to trends in incomes and earnings than they are to house price fluctuations in the short term.

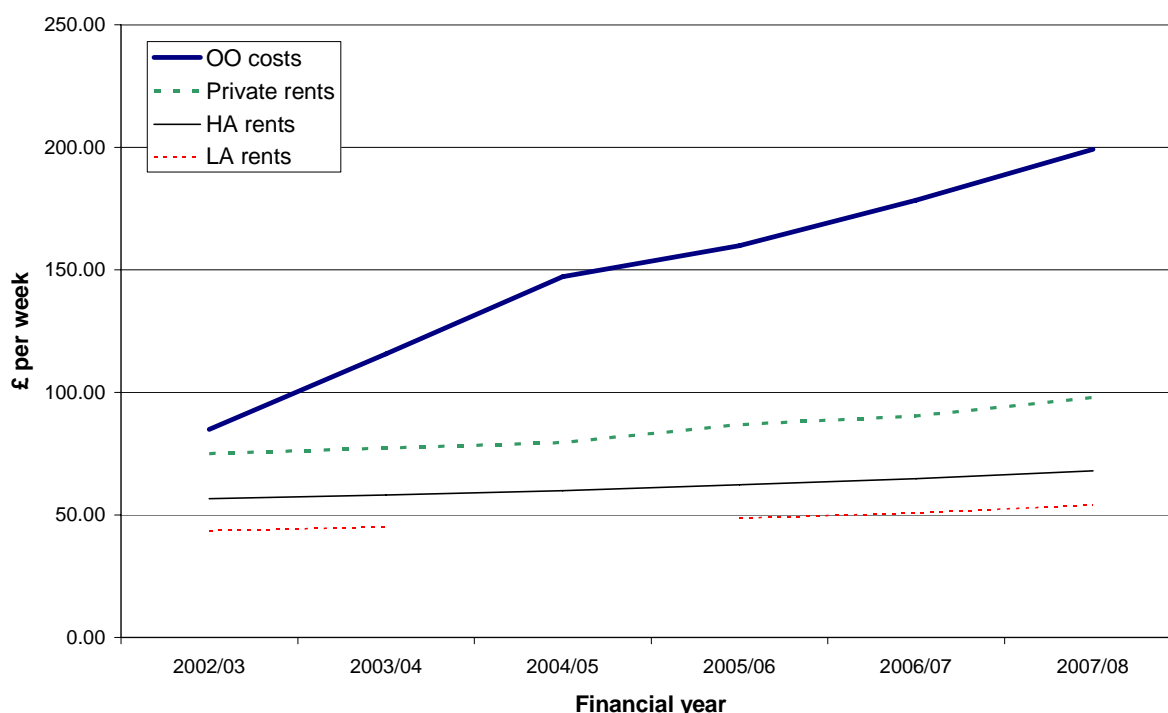
London stands out as particularly different with higher housing costs (Annex One, Fig. 1.3) compounded by a rapidly increasing gap between owner occupation costs and private rents. HA tenants appear to come from much further down the income scale. Moreover lower quartile incomes have risen more slowly than in the rest of the country, resulting in worsening affordability in all tenures.

Overall HA incomes have risen as fast as or faster than rents across the country outside London and the South East. Private rents have risen faster than earnings especially in the south resulting in some worsening of affordability. But the major input on affordability has been confined to the lower end owner occupied sector which has become unaffordable for lower income households almost everywhere.

The most important changes over the six year period relate to the rapid increases in house prices which have more than offset declining interest rates to leave owner occupation (OO costs) unaffordable to lower income earners across the country.

Annex One - Average regional rents by tenure⁹

Figure 1.1: East Midlands



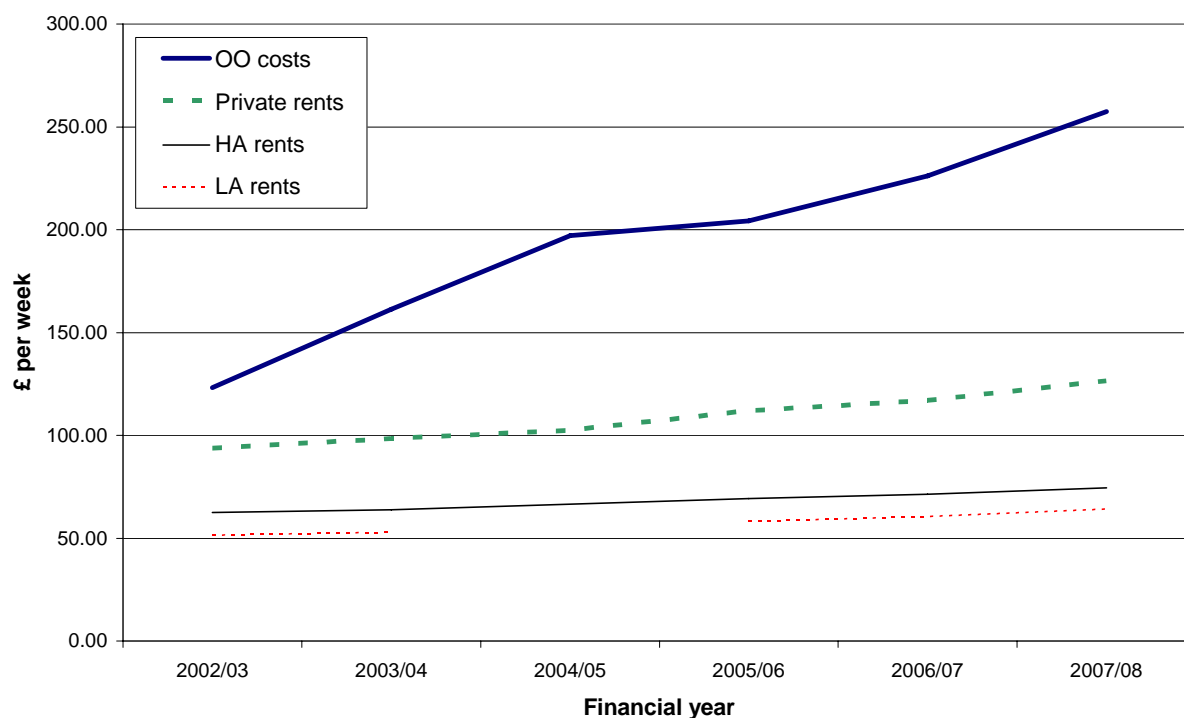
In the East Midlands OO costs were just 13% higher than private rents in 2002/03, by 2007/08 this had risen to 103% with OO costs reaching £199.18.

Average private rents although increasing at a much lower rate than equivalent costs of owner occupation moved away from social sector rents over the six years. Private rents were 32% higher than housing association rents in 2002/03 and this had increased to 44% by 2007/08. A similar increase was seen when compared against local authority rents (73% in 2002/03 rising to 81% by 2007/08).

In 2002/03 HA rents were 30% higher than LA rents, by 2007/08 this had decreased to 26% showing gradual progress towards rent convergence.

⁹ In 2007/08 OO costs were calculated using quarterly lower quartiles, whereas in previous years the financial year lower quartile was used. This may lead to a slight inflation of the 2007/08 OO costs. These estimates reflect actual average outgoings. They do not relate to the traditional economists user cost which includes capital gains.

Figure 1.2: East of England

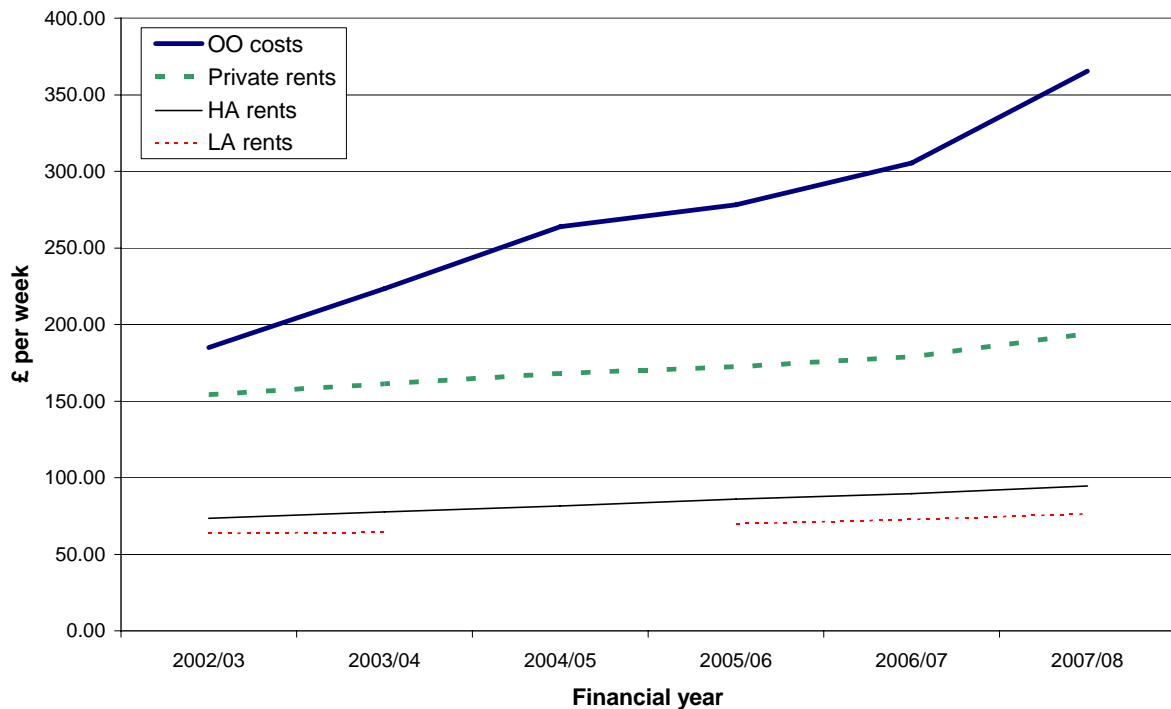


In the East of England OO costs were 31% higher than private rents in 2002/03, by 2007/08 this had risen to 103% with OO costs reaching £257.43.

Average private rents although increasing at a much lower rate than equivalent costs of owner occupation moved away from social sector rents over the six years. Private rents were 50% higher than housing association rents in 2002/03 and this had increased to 70% by 2007/08. A similar increase was seen when compared against local authority rents (83% in 2002/03 rising to 97% by 2007/08).

In 2002/03 HA rents were 22% higher than LA rents, by 2007/08 this had decreased to 16% showing good progress towards rent convergence.

Figure 1.3: London

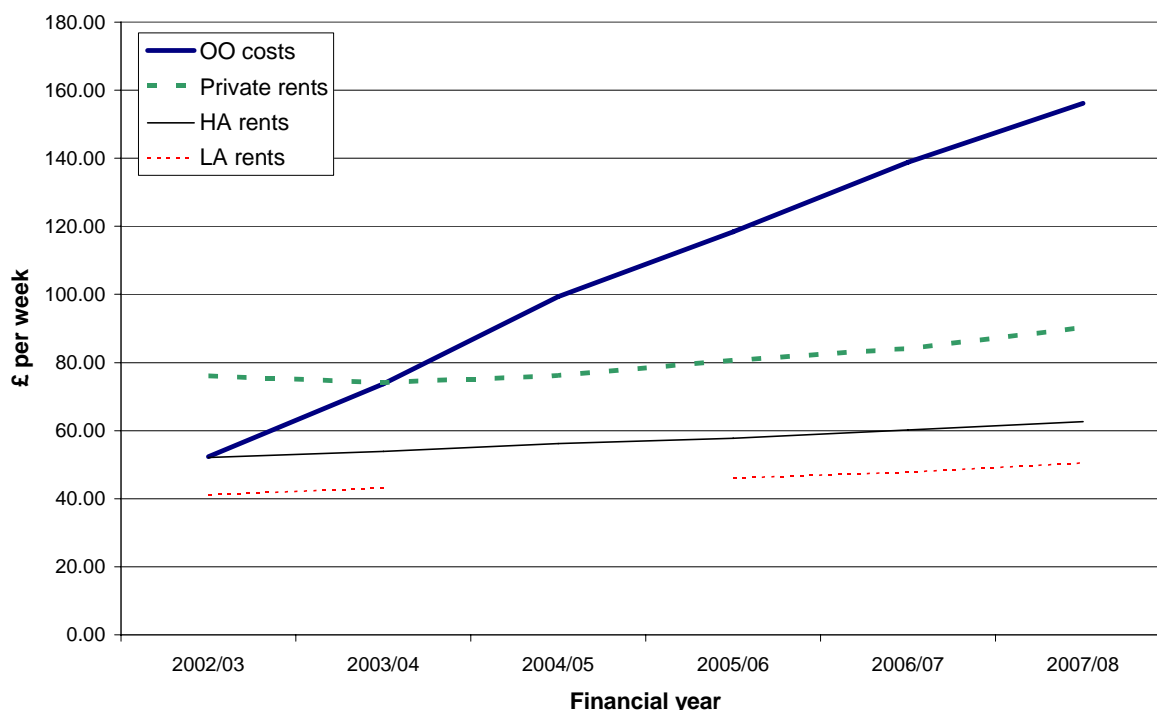


In London OO costs were 20% higher than private rents in 2002/03, by 2007/08 this had risen to 88% with OO costs reaching £365.35.

Private rents were also increasing at a lower rate when compared to housing association rents. Private rents were 110% higher than housing association rents in 2002/03 and this had decreased to 105% by 2007/08. When compared against local authority rents private rents increased at a slightly higher rate with a difference of 142% in 2002/03 becoming 154% by 2007/08.

In 2002/03 HA rents were 16% higher than LA rents, by 2007/08 this had increased to 24% showing marked rent divergence.

Figure 1.4: North East

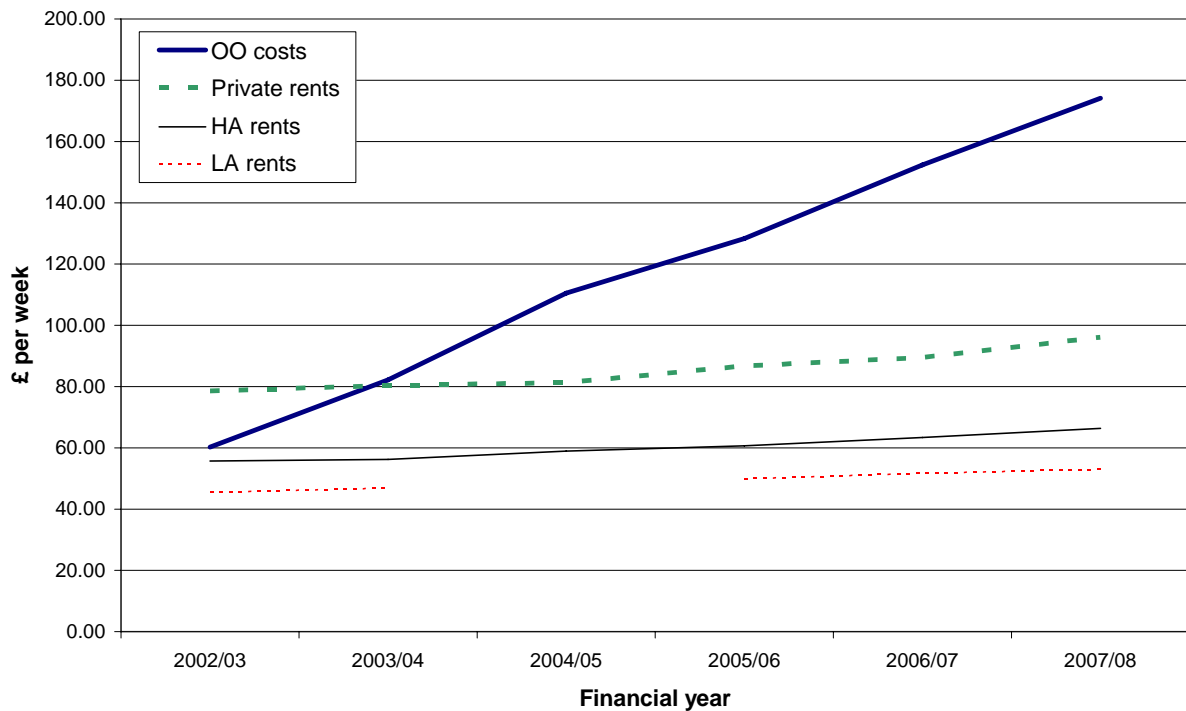


In the North East surprisingly OO costs were 31% lower than private rents in 2002/03, by 2007/08 this position had reversed with OO costs 73% higher at £156.20.

Private rents were also increasing at a lower rate when compared to social sector rents. Private rents were 46% higher than housing association rents in 2002/03 and this had decreased to 44% by 2007/08. When compared against local authority rents private rents again increased at a slightly lower rate with a difference of 85% in 2002/03 becoming 79% by 2007/08.

In 2002/03 HA rents were 27% higher than LA rents, by 2007/08 this had decreased to 24% showing gradual progress towards rent convergence.

Figure 1.5: North West

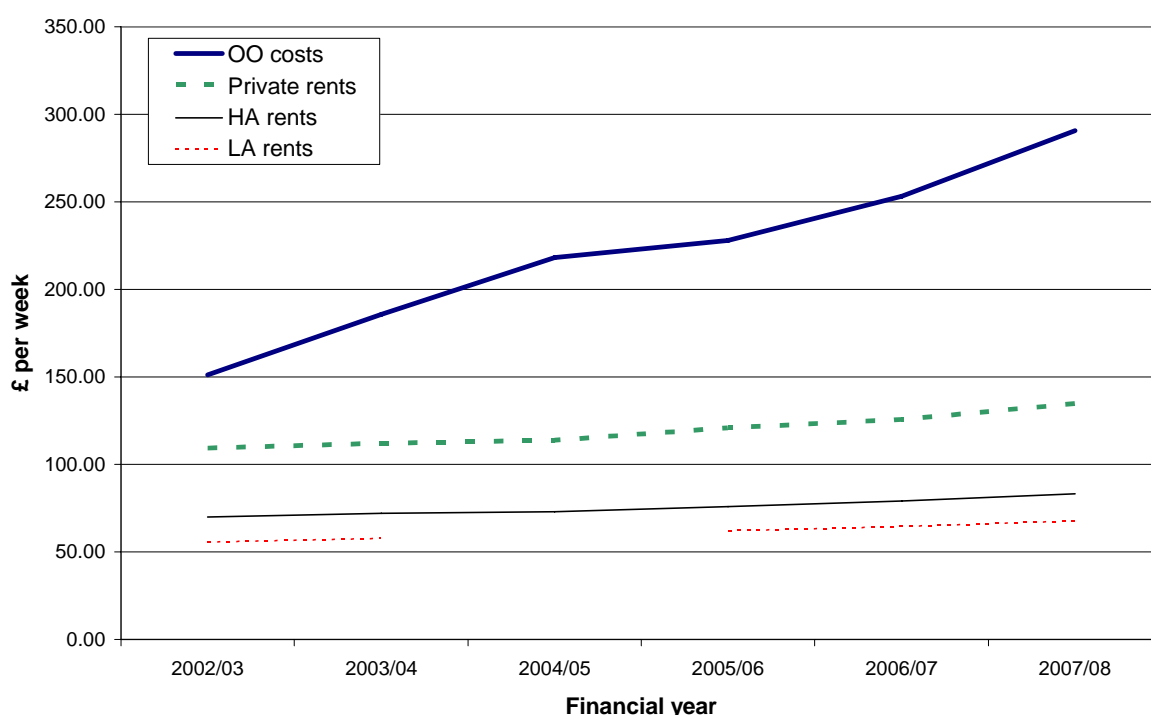


In the North West surprisingly OO costs were 23% lower than private rents in 2002/03, by 2007/08 this position had reversed with OO costs 81% higher at £174.15.

Average private rents although increasing at a much lower rate than equivalent costs of owner occupation moved away from social sector rents over the six years. Private rents were 41% higher than housing association rents in 2002/03 and this had increased to 45% by 2007/08. A similar increase was seen when compared against local authority rents (73% in 2002/03 rising to 81% by 2007/08).

In 2002/03 HA rents were 22% higher than LA rents, by 2007/08 this had increased to 25% showing rent divergence.

Figure 1.6: South East

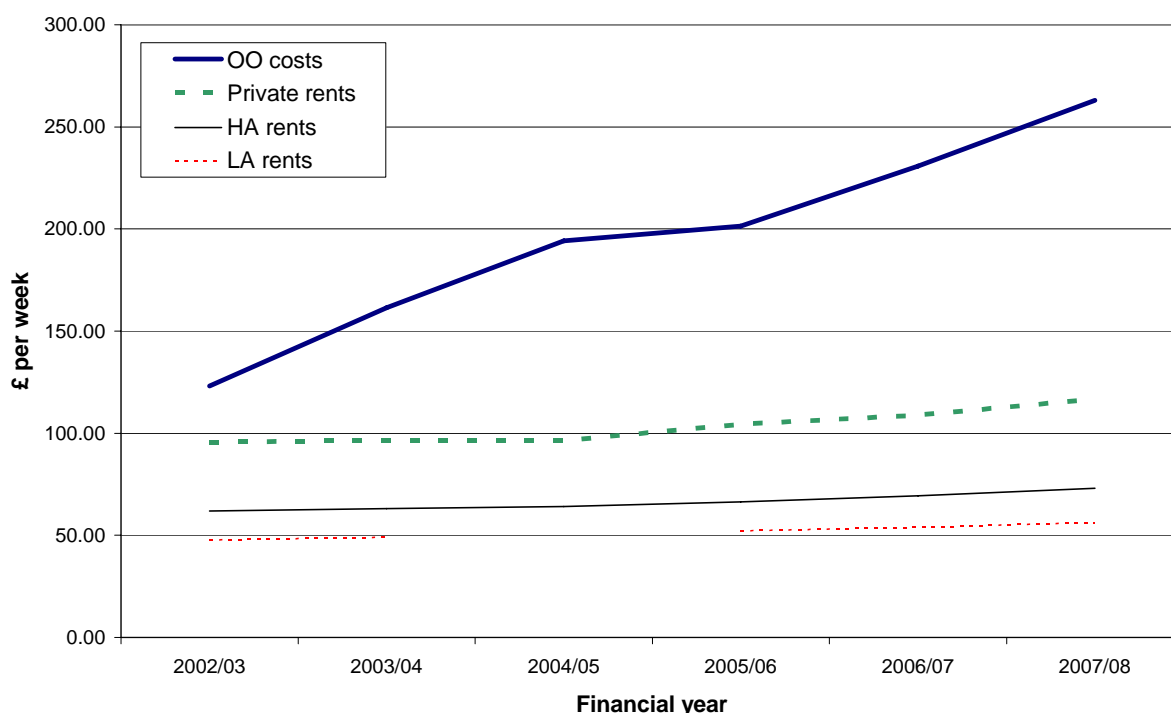


In the South East OO costs were 38% higher than private rents in 2002/03, by 2007/08 this had risen to 116% with OO costs reaching £290.57.

Average private rents although increasing at a much lower rate than equivalent costs of owner occupation moved away from social sector rents over the six years. Private rents were 56% higher than housing association rents in 2002/03 and this had increased to 62% by 2007/08. A smaller increase was seen when compared against local authority rents (96% in 2002/03 rising to 99% by 2007/08).

In 2002/03 HA rents were 26% higher than LA rents, by 2007/08 this had decreased to 23% showing gradual progress towards rent convergence.

Figure 1.7: South West

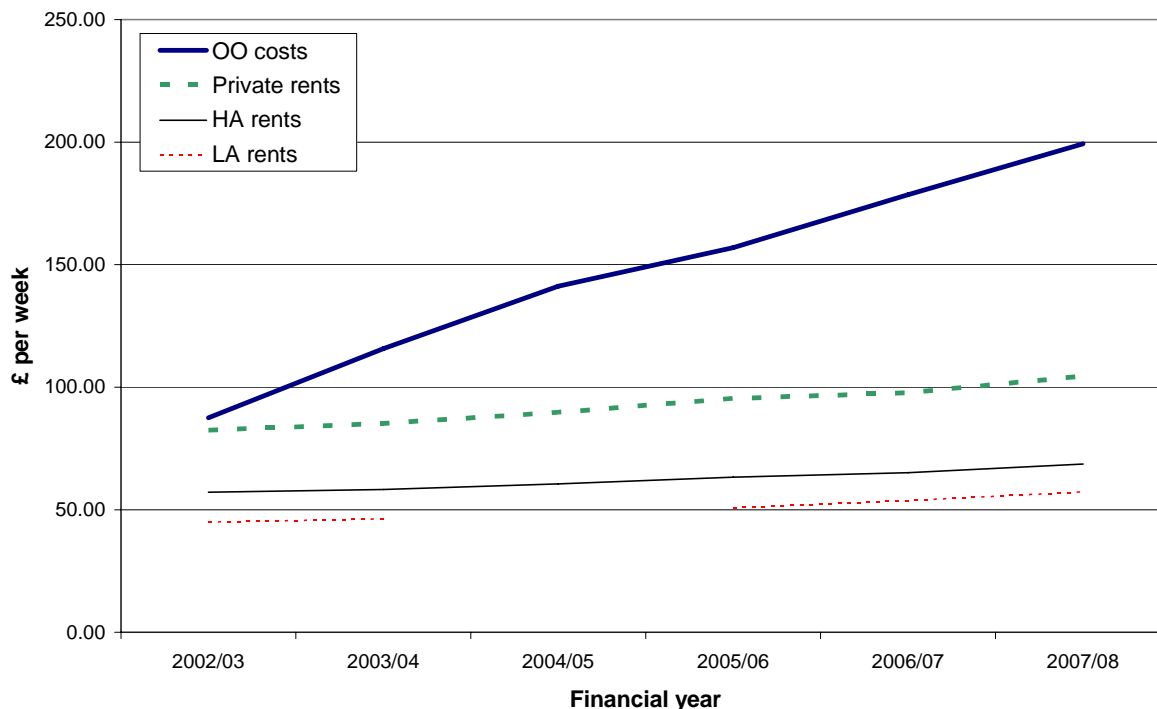


In the South West OO costs were 29% higher than private rents in 2002/03, by 2007/08 this had risen to 125% with OO costs reaching £262.98.

Average private rents although increasing at a much lower rate than equivalent costs of owner occupation moved away from social sector rents over the six years. Private rents were 54% higher than housing association rents in 2002/03 and this had increased to 60% by 2007/08. A similar increase was seen when compared against local authority rents (101% in 2002/03 rising to 107% by 2007/08).

In both 2002/03 and 2007/08 HA rents were 30% higher than LA rents showing no real progress towards rent convergence.

Figure 1.8: West Midlands

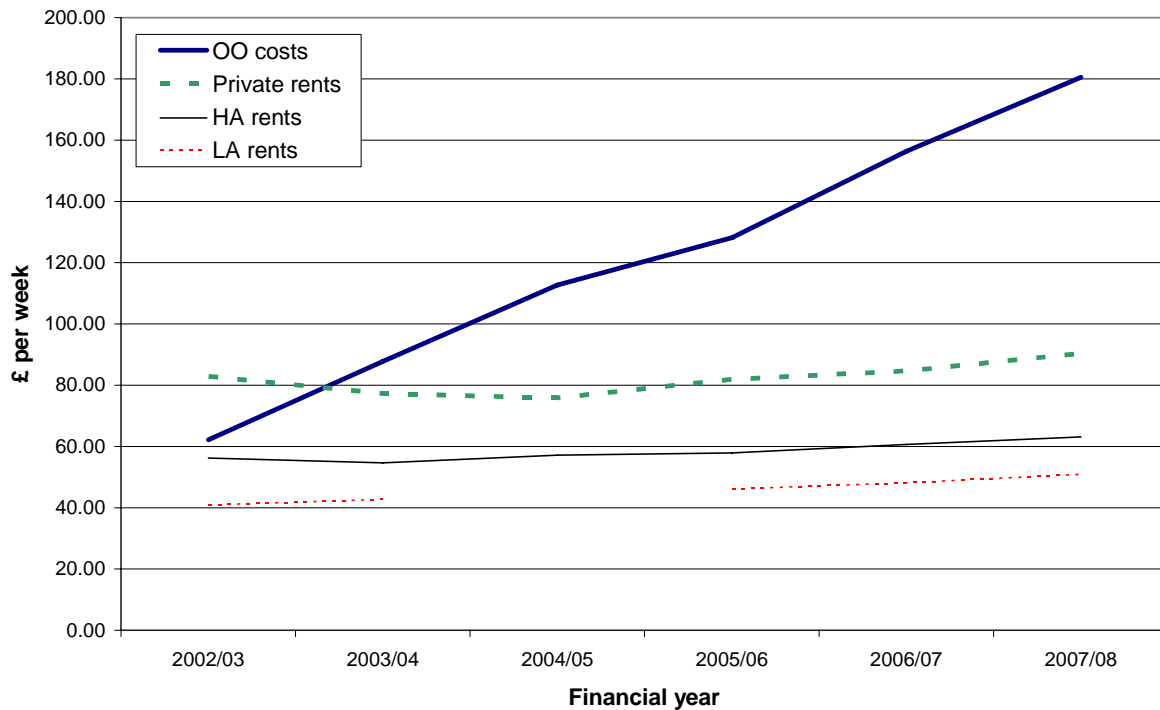


In the West Midlands OO costs were only 6% higher than private rents in 2002/03, by 2007/08 this had risen to 91% with OO costs reaching £199.38.

Average private rents although increasing at a much lower rate than equivalent costs of owner occupation moved away from housing association rents over the six years. Private rents were 44% higher than housing association rents in 2002/03 and this had increased to 52% by 2007/08. However, when compared against local authority rents private rents were rising at a slightly lower rate (a difference of 84% in 2002/03 falling to 82% by 2007/08).

In 2002/03 HA rents were 27% higher than LA rents, by 2007/08 this had decreased to 20% showing good progress towards rent convergence.

Figure 1.9: Yorkshire and the Humber



In Yorkshire and the Humber surprisingly OO costs were 25% lower than private rents in 2002/03, by 2007/08 this position had reversed with OO costs 100% higher than private rents at £180.51.

Private rents were also increasing at a lower rate when compared to social sector rents. Private rents were 47% higher than housing association rents in 2002/03 and this had decreased to 43% by 2007/08. When compared against local authority rents private rents again increased at a lower rate with a difference of 103% in 2002/03 becoming 78% by 2007/08.

In 2002/03 HA rents were 38% higher than LA rents, by 2007/08 this had decreased to 24% showing fairly rapid progress towards rent convergence.

Annex Two – District level maps

Figure 2.1: CORE HA rents (2007/08)

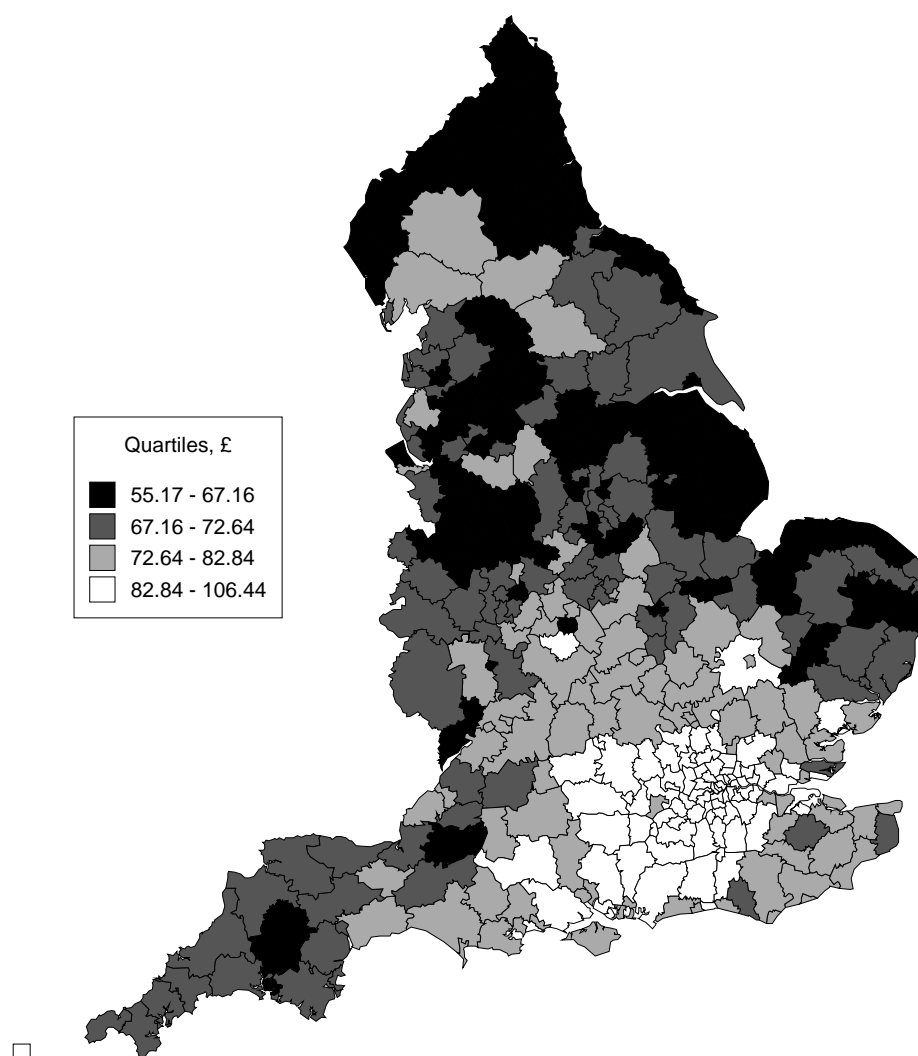


Figure 2.2: CLG LA rents (2007/08)

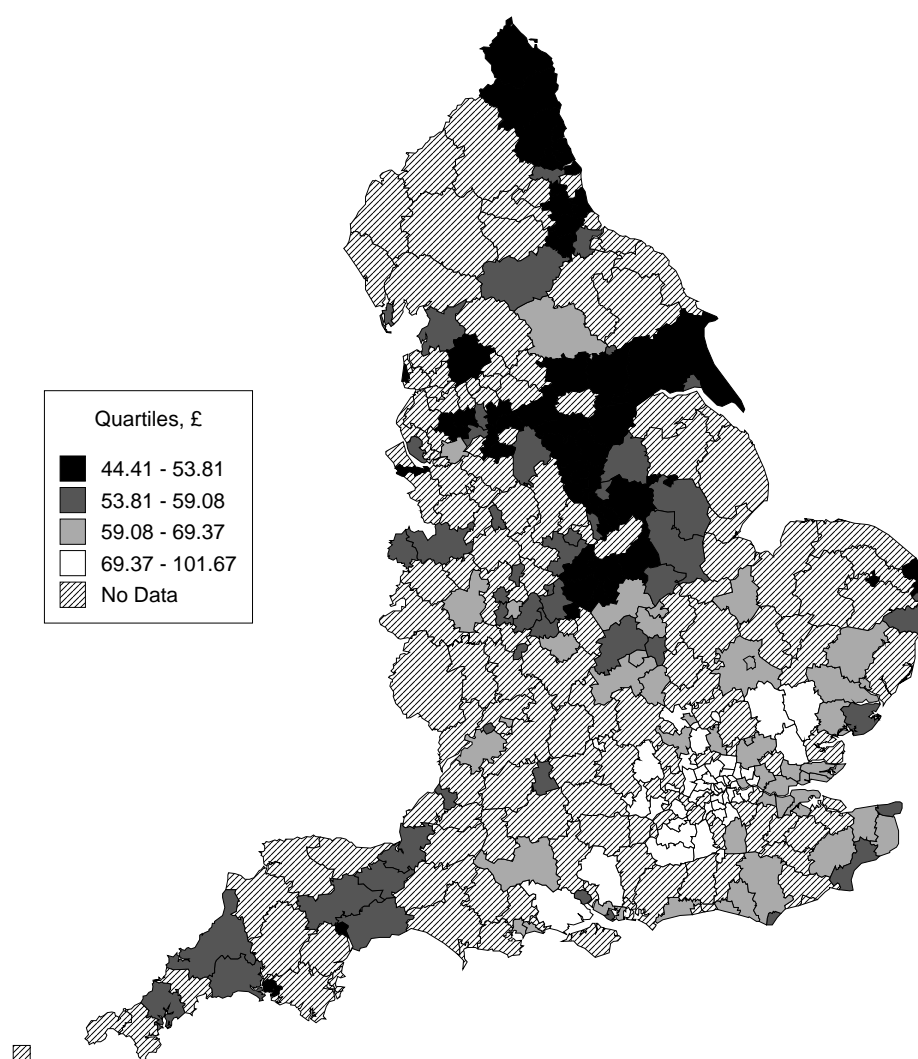


Figure 2.3: VOA Private Rents (2007/08)

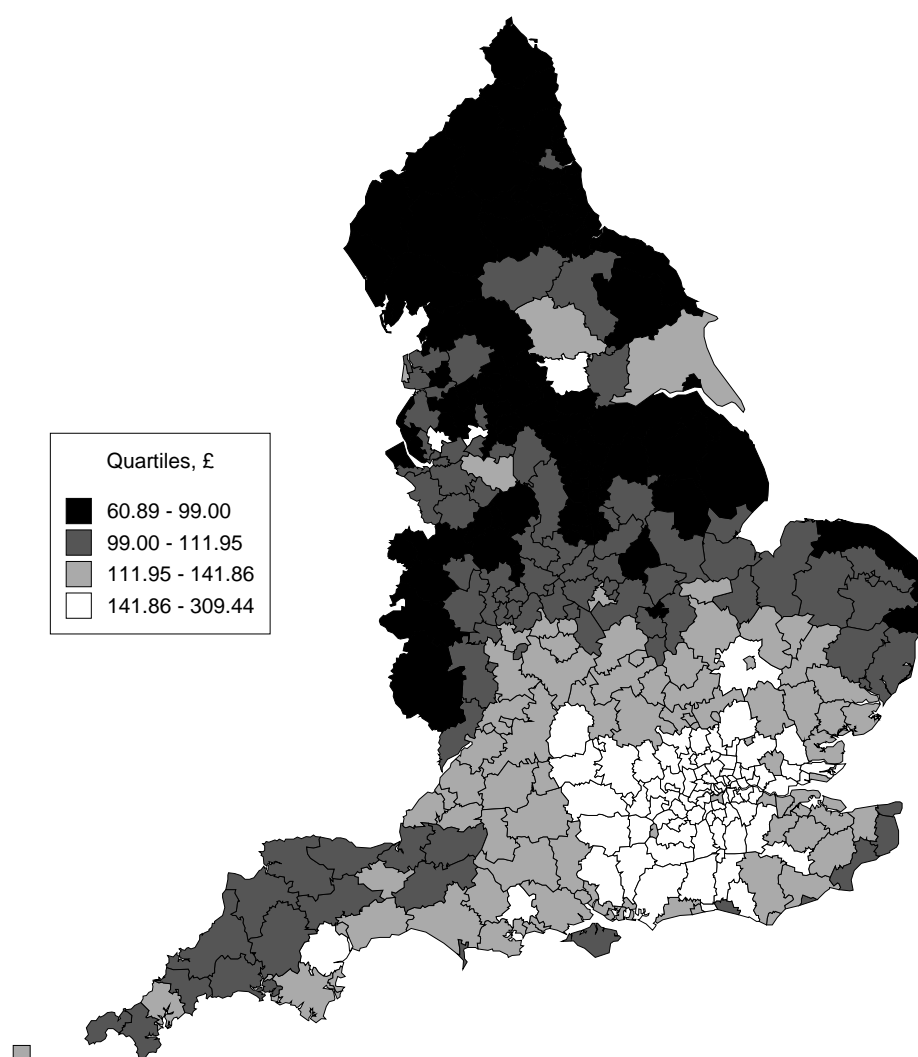


Figure 2.4: Equivalent user cost of owner occupation (2007/08)

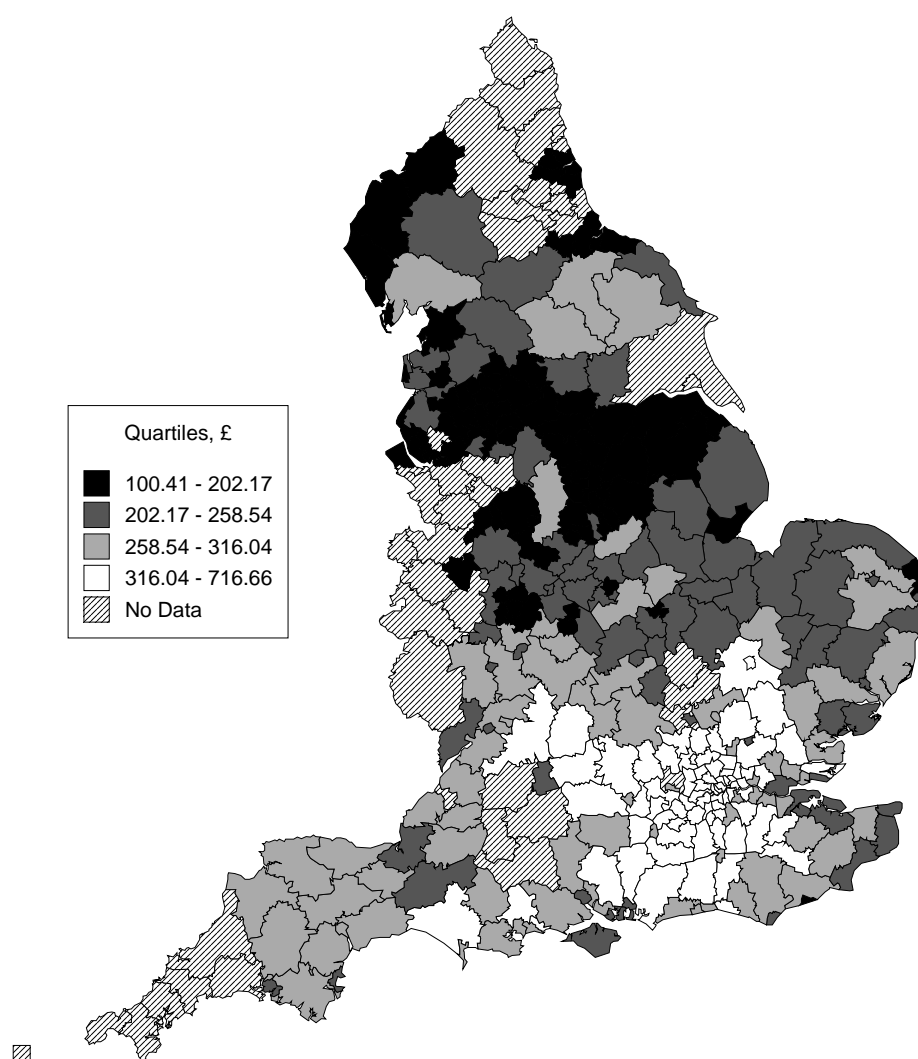


Figure 2.5: CORE incomes (2007/08)

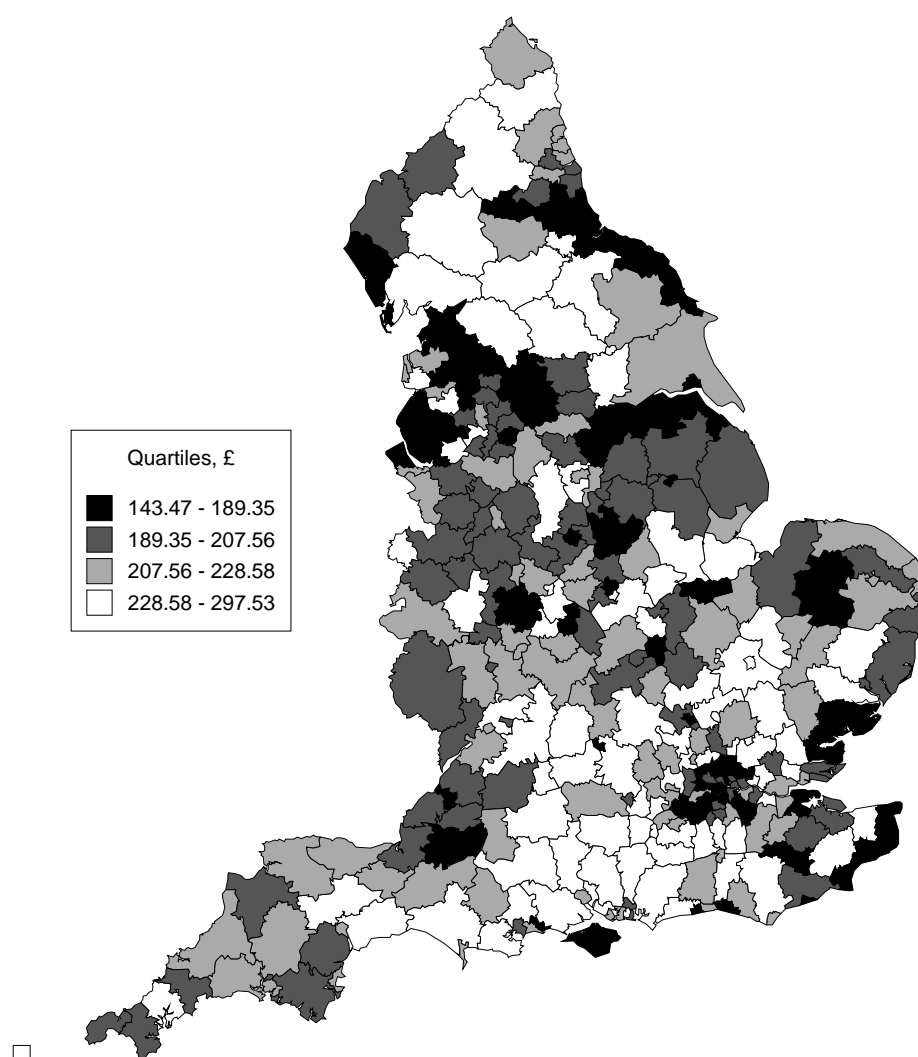


Figure 2.6: CORE incomes + HB (2007/08)

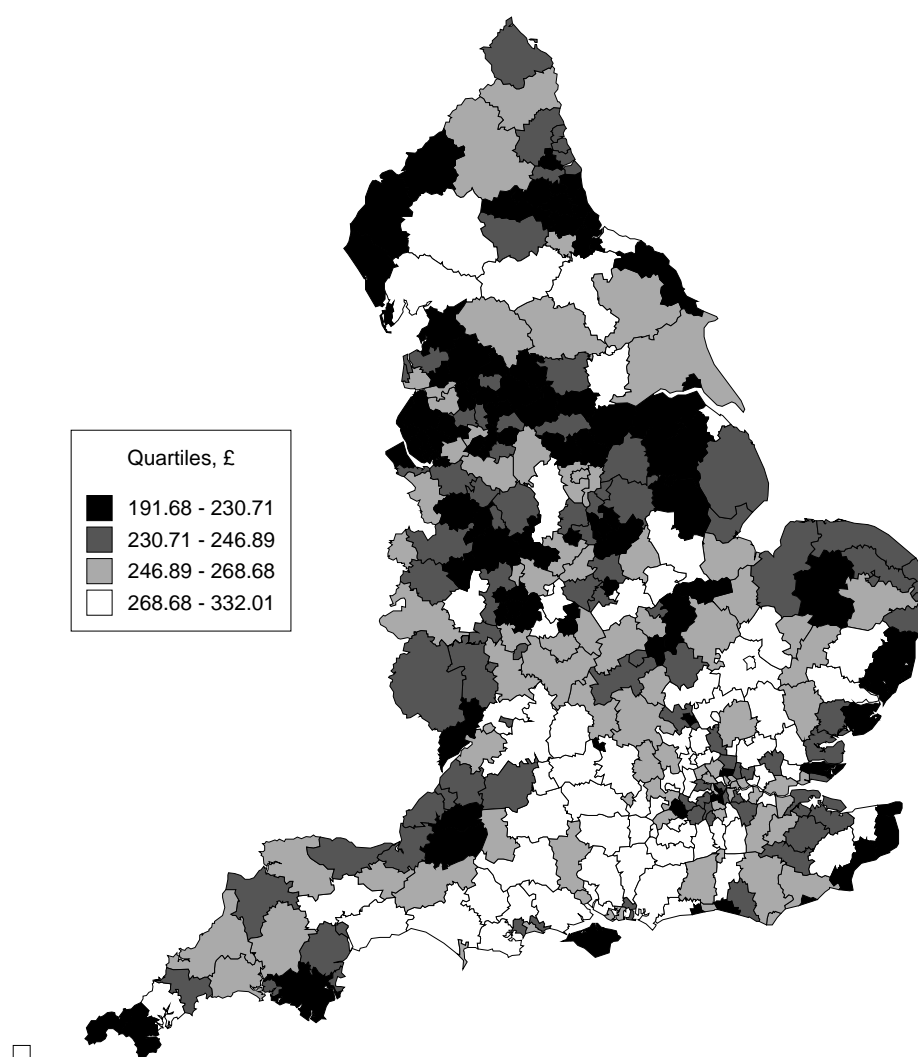


Figure 2.7: ASHE lower quartile earnings (2007/08)

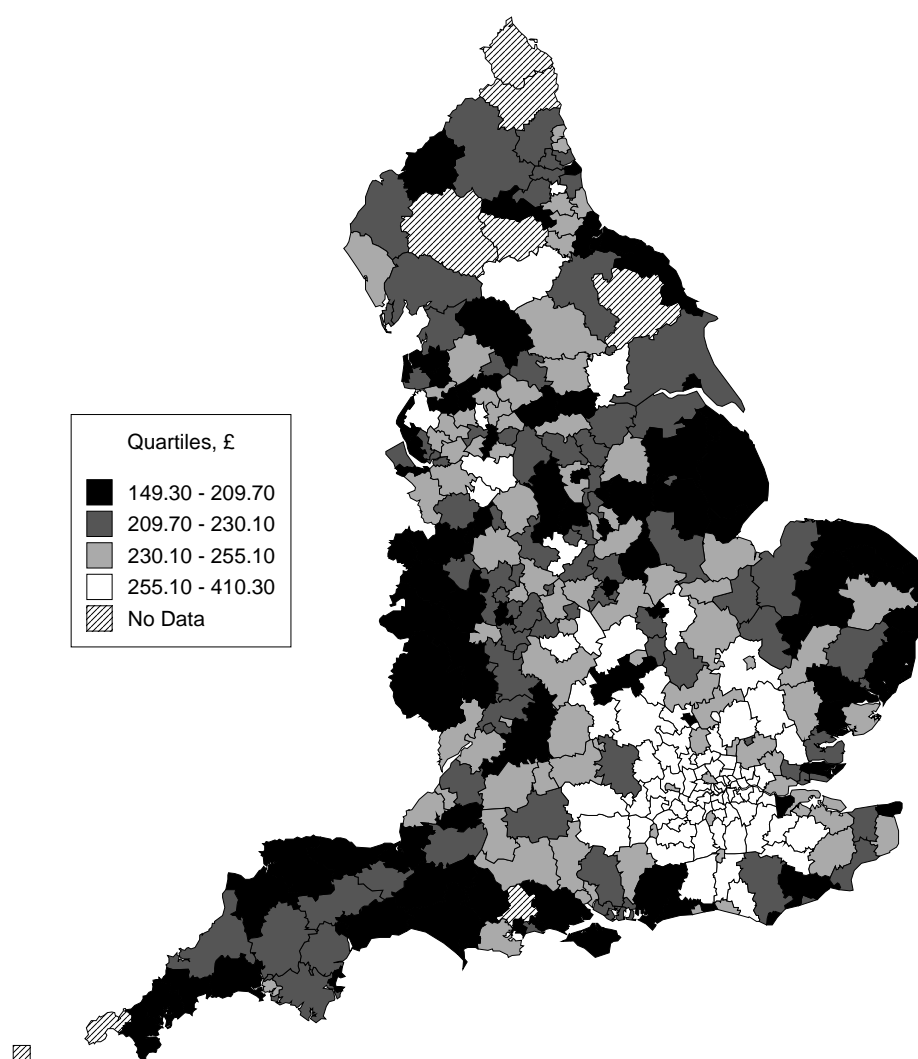


Figure 2.8: CORE HA rent/CORE income (2007/08)

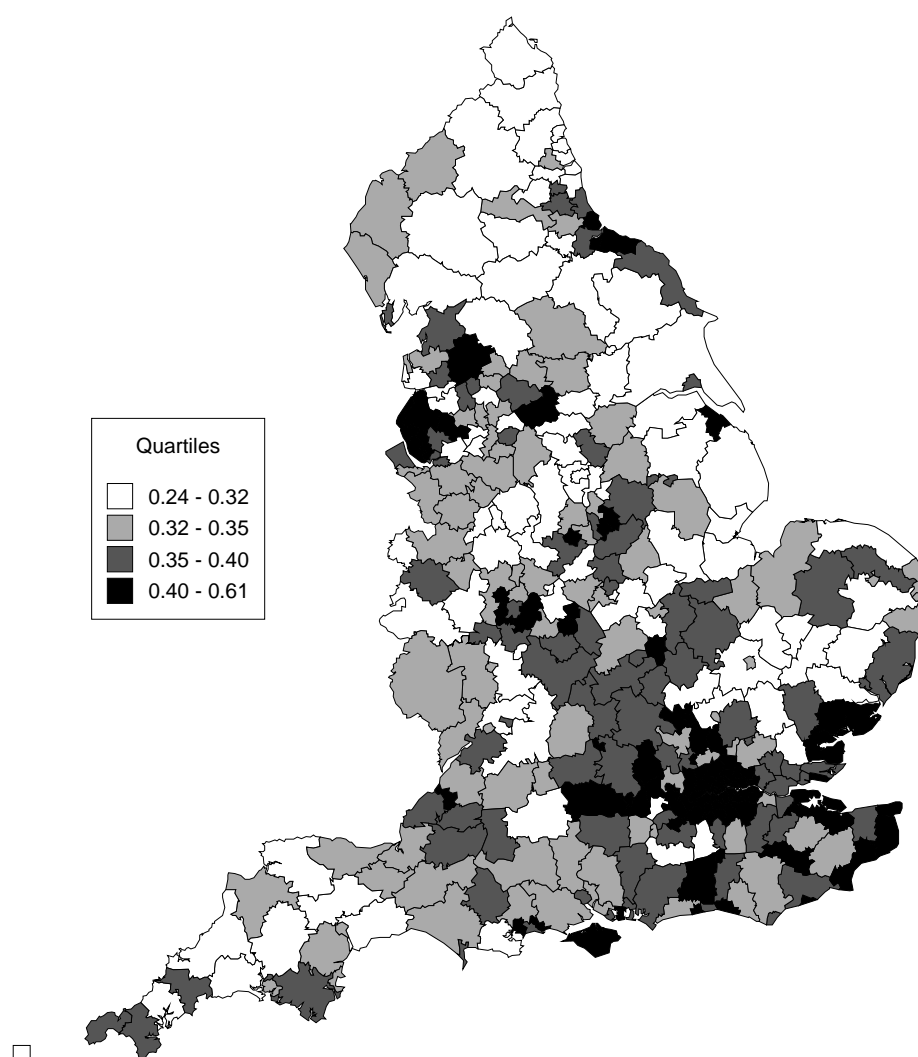


Figure 2.9: CORE HA rent/CORE income + HB (2007/08)

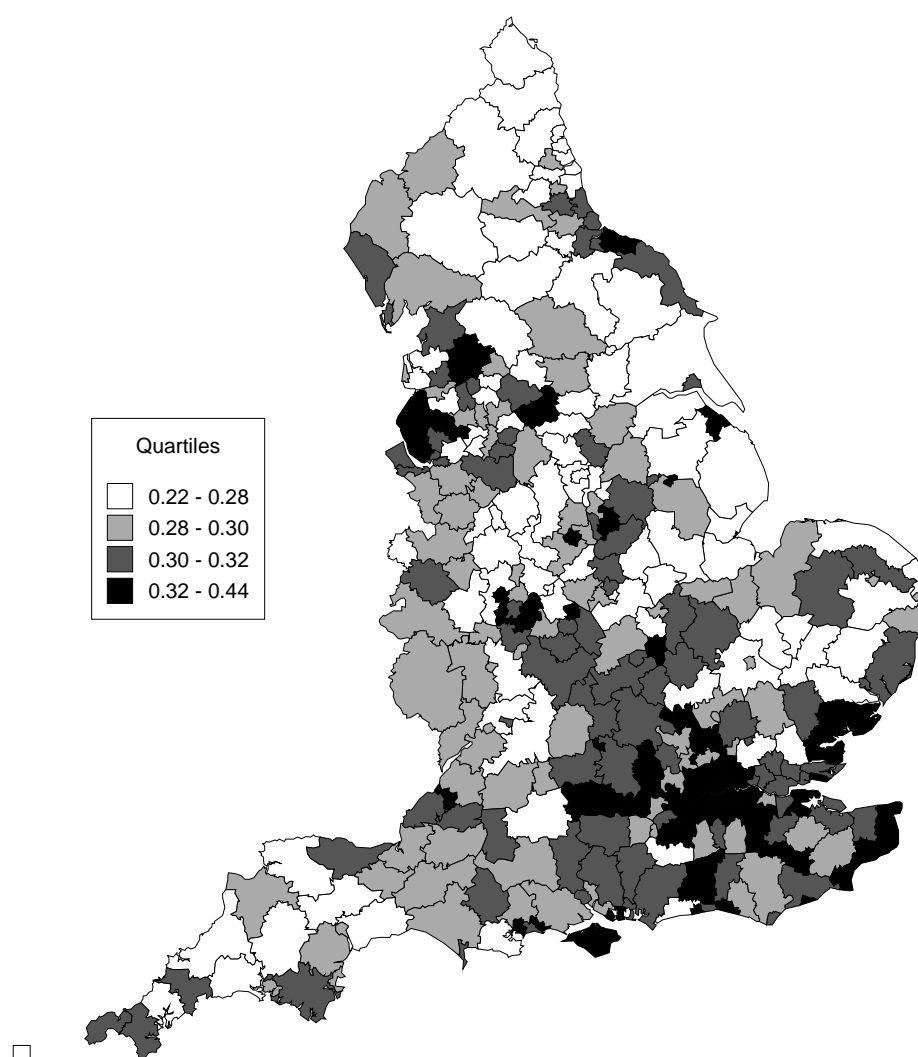


Figure 2.10: CORE HA rent/ASHE lower quartile earnings (2007/08)

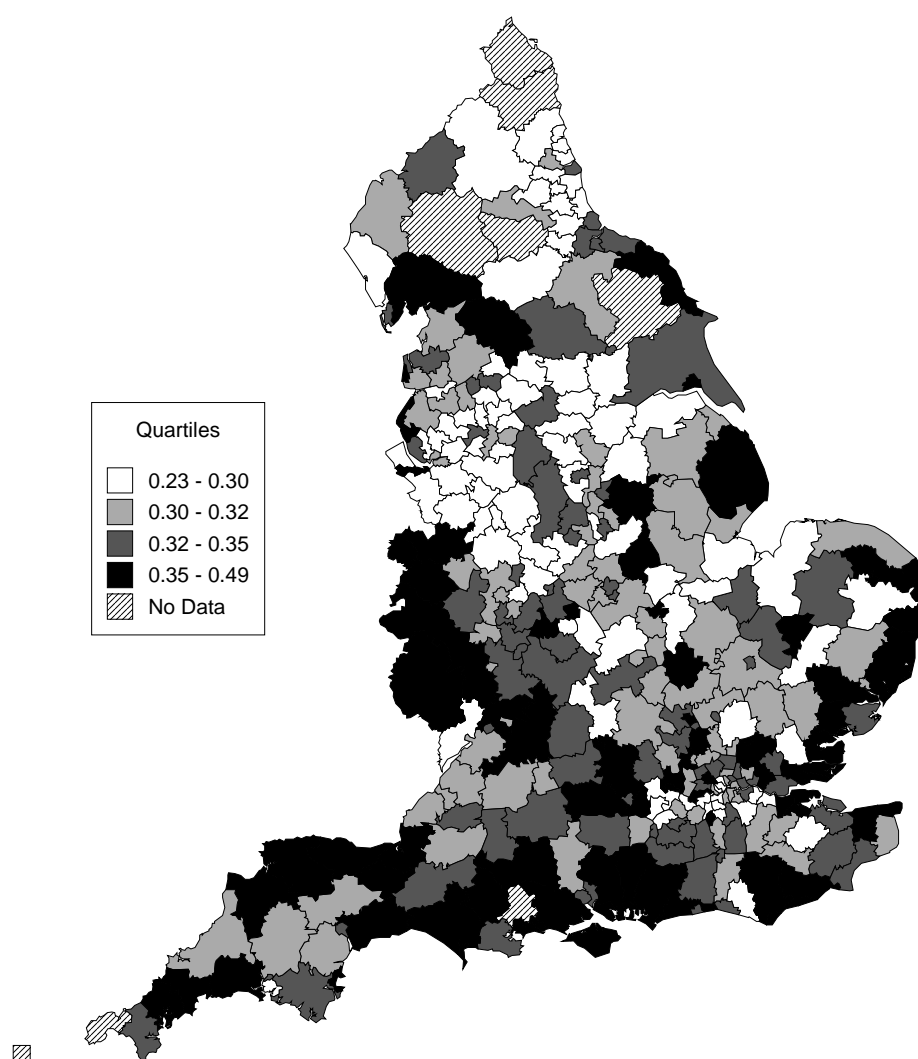


Figure 2.11: CLG LA rent/ASHE lower quartile earnings (2007/08)

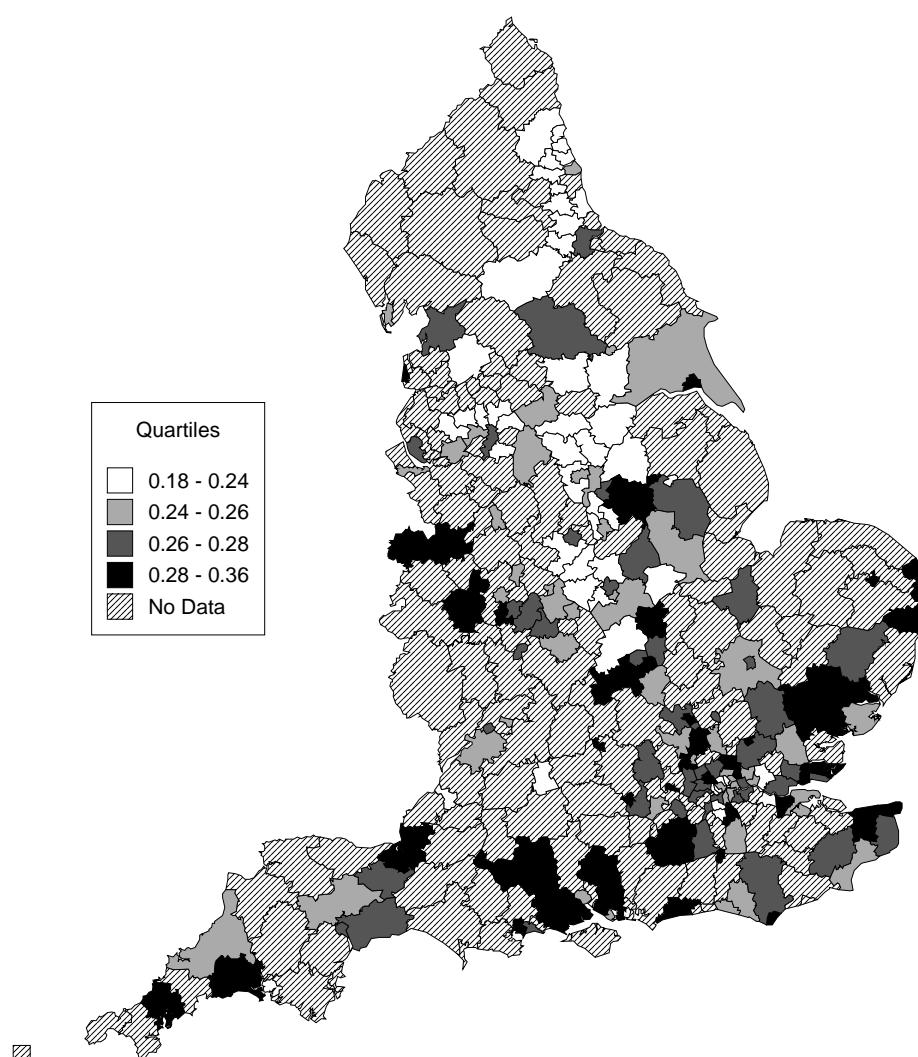


Figure 2.12: VOA private rent/ASHE lower quartile earnings (2007/08)

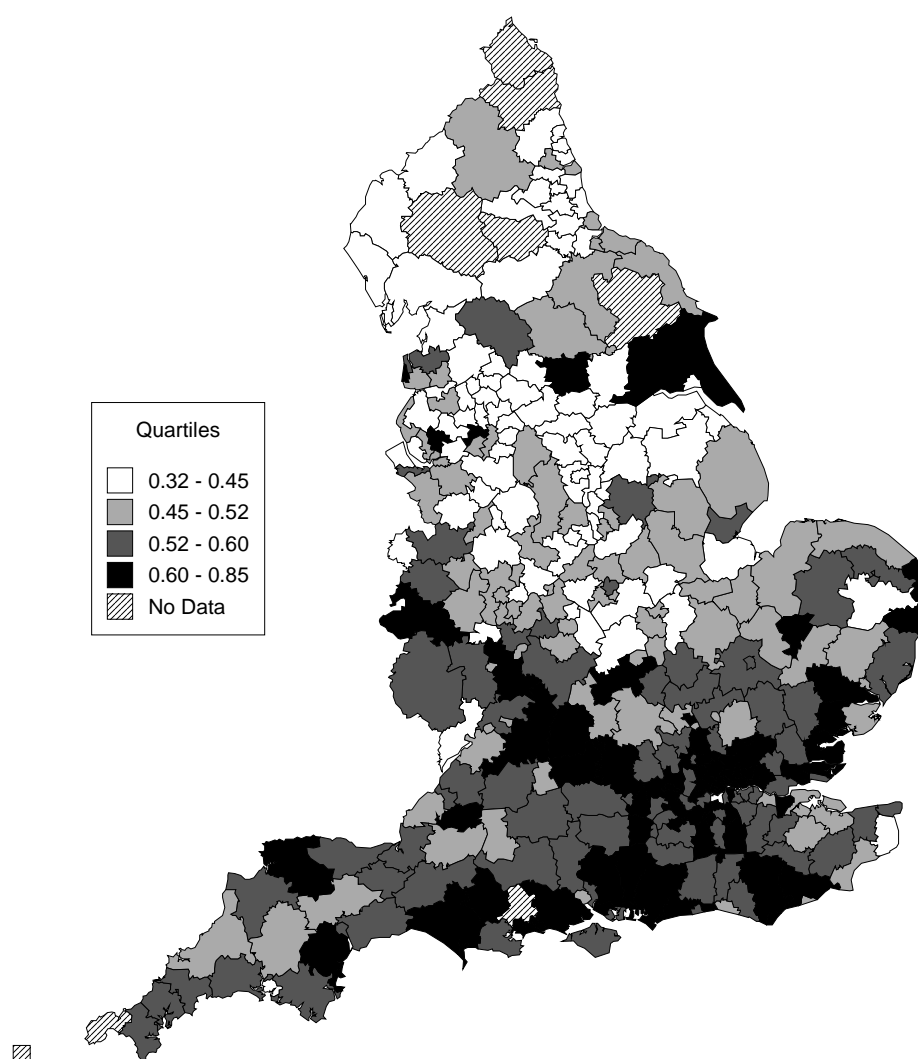


Figure 2.13: Equivalent user cost of owner occupation/ASHE LQ earnings (2007/08)

