

Guide to rent data published by the Housing Corporation

1. Introduction

Every year the Housing Corporation publishes data on the pattern of rents in the social housing sector in England in *Guide to Local Rents Part I: Cross Tenure Rents* and *Guide to Local Rents Part II: Social Landlord Rents*¹.

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 *Guide to Local Rents* 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.²

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 RSR Survey website at www.rsrsurvey.co.uk (Documents - Statistics) and from the Dataspring website at 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*³ and Tables B1, B2 and B3 in *Part II: Social Landlord Rents*⁴. All data from these publications from 2002 onwards are freely available in an interactive format from the Dataspring website. This means that it is possible for users to select data contained in the tables to build reports or create Excel spreadsheets that meet their own particular requirements. The aim of this guide is to help users to locate the rent data they need and to understand how the data are derived and constructed.

¹ *Guide to Local Rents Part III: Social Landlord Rents for supported housing and/or housing for older people* has recently been added to this set of publications to provide data on Supported rents.

² To help housing associations carry out local housing market analysis, the Housing Corporation has sponsored the Cambridge Centre for Housing and Planning Research, University of Cambridge to construct a district level database that brings together a range of data on rents, incomes, population and employment and allows users to analyse local housing markets. Housing associations and other interested organisations are able to commission analyses of trends, key issues and other research. More information is available on the website at www.dataspring.org.uk.

³ The *Guide to Local Rents 2004 Part I* also includes a data series that estimates the equivalent costs of owner-occupation in Table A3.

⁴ The new Part III publication on supported rents contains tables C1, C2 and C3.

2. Structure of this user guide

Sections 3 to 8 describe the rent data that are available. Each section describes the characteristics of a group of variables, giving details about the data source and outlining the methodology used to construct the data set. Each section stands alone so a certain amount of repetition of some information is unavoidable if the guide is read in its entirety.

Section 3

Housing association average net rents, service charges, gross rents and target rents **by local authority areas**.

Section 4

Housing association average gross rents – with a further breakdown by assured tenancies, secure tenancies, assured and secure tenancies combined, and annual percentage change in gross rents (**at the national level only**).

Section 5

Housing association average rents for new lets and re-lets.

Section 6

Local authority housing rents.

Section 7

Private sector rents (Housing Benefit cases).

Section 8

Equivalent costs of owner-occupation.

Section 9

Geographical definitions of the spatial levels at which the data are disaggregated.

Section 10

Comparing rent data - summarises the main differences that should be taken into account when making comparisons between the data sets and across time.

Section 11

Summary tables - summaries of the rent data indicating: data source; breakdown by geography and by bedsize; the relevant table in the ***Guide to Local Rents***; and the relevant section number in this user guide.

3. Housing association average net rents, service charges, gross rents and target rents by local authority areas

Data source: Housing Corporation Regulatory and Statistical Return Part I

Every year all housing associations (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 own and/or manage 1,000 or more homes complete the 'long' version and smaller HAs complete the 'short', less detailed version. Previous to 2007 the threshold was lower at 250 homes.

The RSR is divided into several parts – from 2002 the rent data are collected in Parts H and I.⁵ Part I requires HAs to report average net rents, service charges and target rent (for each bedsize) by every English⁶ 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, which means that small HAs do not complete this section. The format in which these data are collected has varied over time - major changes are summarised in the Section 10 'Comparing rent data'. In order to see how the data are collected you can download copies of the RSR forms and their accompanying notes for 2001 onwards from the Housing Corporation RSR Survey website at www.rsrsurvey.co.uk (Documents – Survey Forms).

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 year⁷.
- HAs that own or manage fewer than 1000 homes (or 250 before 2007) do not report data in Part I.
- All figures in Parts I and II are for general needs assured and secure tenancies combined.
- General needs housing that is sheltered is included up to 2004. From 2005 the sheltered housing classification was no longer used.⁸

⁵ The rent data drawn from Part H are described in Section 4 below.

⁶ Prior to 2004 rents for stock owned outside of England were also reported in the RSR, but these data were not published in the *Guide to Local Rents*. From 2004 HAs have been instructed to exclude dwellings and bedspaces that are located outside of England.

⁷ Supported stock is also covered in Part III.

- 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 £s per week.

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.

One bedroom example:

$$\frac{\text{Total weekly net rent charged for all one-bed properties}}{\text{Total number of one-bed properties}}$$

HA service charges

The average service charge reported is the average of service charges that are eligible for Housing Benefit (HB). Only stock that has a service charge is included in calculating the average.⁹ HAs calculate the average weekly service charge for each property size within a given local authority area by adding together all of the weekly service charges eligible for HB at 31 March and then dividing this total by the total number of units that have service charges eligible for HB.

One bedroom example:

$$\frac{\text{Total weekly service charges eligible for HB on all one-bed properties}}{\text{Total number of one-bed properties that have service charges eligible for HB}}$$

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

⁸ The change in definition did have an impact on average rent levels. Please see Section 10 'Comparing rent data' for further details.

⁹ This stock figure is not reported in the *Guide to Local 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).

HA target rents

The target rent is the average for all stock for which target rents have been reported. The number of units for which target rents have been reported is also given. The target rent is the net rent level (at current prices) to be met by the end of the ten-year rent-restructuring implementation period in 2012. Not all HA properties have been allocated a target rent because of permitted deferment of rent restructuring in specific cases. HAs calculate the target rent for each property using the formula and data set out in the *Guide to Social Rent Reforms* (DTLR, December 2000) as follows:

70% of the average rent for the HA sector
multiplied by the relative county earnings
multiplied by bedroom weighting
plus
30% of the average rent for the HA sector
multiplied by relative property value

HAs calculate average weekly target rents for each property size within a given local authority area by adding together the weekly target rents for all properties that have been assigned a target rent as at 31 March and then dividing by the total number of properties assigned a target rent.

One bedroom example:

Total weekly target rents for one-bed properties that have been assigned a target rent

Total one-bed properties assigned target rents

Target rents are specified for, and therefore should be compared to HA net rents (all service charges are excluded).

There is further information about target rents in the Dataspring Briefing Paper (Rents) 4, *Understanding the Rent-Restructuring Formula for Housing Association Target Rents* (Cambridge Centre for Housing and Planning Research, University of Cambridge, 2005). Available from the Dataspring website at www.dataspring.org.uk.

Level of disaggregation

HA average net rents, service charges eligible for HB, gross rents and target rents are presented by:

1. Bedsize:
 - bedspaces (i.e., non self-contained)
 - bedsits
 - one bedroom
 - two bedroom
 - three bedroom
 - four or more bedrooms
 - all bedsizes combined
2. HA average within local authority area (Table B3)
3. Average for local authority area (Tables A2 and B3)
4. Average for NUTS3 area (Table A2)¹⁰
5. Average for Housing Corporation investment region (Tables A1, A2, B1 and B3)¹¹
6. Average for England (Tables A1, A2, B1 and B3)

Definitions of the geographical areas are given in Section 9 ‘Geographical definitions’.

4. Housing association average gross rents: assured tenancies, secure tenancies, assured and secure tenancies combined, and annual percentage change in gross rents (at the national level only)

Data source: Housing Corporation Regulatory and Statistical Return Part H

Every year all housing associations (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 own

¹⁰ NUTS3 area totals included in the published *Guide to Local Rents* from 2004, but are also available for 2002 and 2003 using interactive access from the Dataspring website at www.dataspring.org.uk.

¹¹ It is also possible to select averages for Government Office regions in the years that these differ from Housing Corporation regions using interactive access to the *Guide to Local Rents* from the Dataspring website at www.dataspring.org.uk. For more on the differences please see Section 9.

and/or manage 1,000 or more homes complete the ‘long’ version and smaller HAs complete the ‘short’, less detailed version. Previous to 2007 this threshold was lower at 250 homes.

The RSR is divided into several parts – from 2002 rent data have been collected in Parts H and I.¹² Part H does not require a breakdown of average rents by local authority area – therefore any spatial analysis of rents relies on data collected in Part I. Rent data for general needs housing are published, although some data for supported housing¹³ is collected in Part H. The format in which these data are collected has varied over time - major changes are summarised in the Section 10 ‘Comparing rent data’. In order to see how the data are collected you can download copies of the RSR forms and their accompanying notes for 2001 onwards from the Housing Corporation RSR Survey website at www.rsrsurvey.co.uk (Documents - Survey Forms).

Definitions

- The rent data are a snapshot of the average gross rents including service charges for all general needs stock owned as at the 31 March of each year.
- Data for HAs that own or manage fewer than 1000 (or 250 before 2007) homes are not included.
- Rent increases relate to the year-on-year percentage change from 1 April of one year to 31 March of the following year. From 2005 onwards these data have not been collected.
- General needs housing that is sheltered is included up to 2004. From 2005 the sheltered housing classification was no longer used.¹⁴
- Estate Renewal Challenge Fund stock is excluded.
- All supported housing is excluded.
- From 2005 all housing for older people is excluded.
- Rents and service charges are attributed to void stock where possible.
- All rents and service charges are expressed in £s per week.

¹² The rent data drawn from Part I are described in Section 3 above.

¹³ HAs reported the average rent for all supported housing stock owned in the RSR for 2002, 2003 and 2004. In the 2004 RSR a further breakdown by bedsize was requested, but completion of this section was voluntary. From 2005 HAs that own and/or manage 1,000 or more homes (or 250 before 2007) are required to report average rents and target rents for supported housing by bedsize and by local authority area.

¹⁴ The change in definition did have an impact on average rent levels. Please see Section 10 ‘Comparing rent data’ for further detail.

HA gross rents assured and secure tenancies¹⁵

Gross rent consists of the net rent plus service charges eligible for HB. Average weekly gross rents for each property size 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. In Table B2 average gross rents are broken down by assured tenancies, secure tenancies, and assured and secured tenancies combined. Total stock owned is not given.

HA annual percentage change in gross rents

From 2005 these data are no longer collected and published. Prior to this the annual percentage changes in gross rents are presented in Table B2 and cover general needs assured and secure tenancy gross rents combined (including service charges eligible for Housing Benefit). Two figures are given - one includes new additions to stock; the other excludes new developments.

Level of disaggregation

1. Average gross rents for assured tenancies are presented by bedsize:
 - bedspaces (i.e., non self-contained)
 - bedsits
 - one bedroom
 - two bedroom
 - three bedroom
 - four or more bedrooms
 - all bedsizes combined
2. Average gross rents for secure tenancies are presented only for all bedsizes combined.
3. Average gross rents for secure and assured tenancies combined are presented only for all bedsizes combined in Table B2. However, in Table B3 a further breakdown by bedsize is given by each local authority area in which an HA owns general needs stock.¹⁶

¹⁵ From 15 January 1989 most new housing association tenancies have been assured tenancies. For definitions of tenancies see the housing section of the CLG website <http://www.communities.gov.uk/index.asp?id=1150232>

¹⁶ The data in Table B3 differs from Table B2 in that it includes Estate Renewal Challenge Fund stock, whereas Table B2 excludes it. Up to 2003, the data presented in Table B2 includes stock owned outside of England, whereas Table B3 excludes it. However, from 2004 HAs have been instructed to exclude dwellings and bedspaces that are located outside of England.

4. There is no spatial breakdown of the HA gross rents and percentage annual changes in gross rents data presented in Table B2.

5. Housing association average rents for new lets and re-lets

Data source: the Continuous Recording System (CORE)

CORE (COntinuous REcording) is a system developed jointly by the National Housing Federation and the Housing Corporation and is managed by the Joint Centre for Scottish Housing Research. CORE is used to record information on HA lettings and sales in England.¹⁷

Rent data are collected by CORE every time a housing association property is newly let (newly built, rehabilitated or otherwise acquired) or re-let (where an existing property has become vacant). In addition, CORE collects data relating to household characteristics, economic status, ethnicity, primary reason for housing, source of referral and previous tenure of occupant. In order to see the format in which data are collected you can download copies of the CORE lettings log (and sales log) for 1999/2000 onwards from the CORE website at www.core.ac.uk

Definitions

- The data relate to the general needs lettings made over the period from 1 April of one year to 31 March of the following year. Data are collected by CORE every time a housing association property is newly let or re-let. This means that if a property is re-let twice during the year it will be included as two separate cases.
- HAs that own and/or manage fewer than 250 homes are not required to participate in CORE. However, they are permitted and encouraged to do so voluntarily, thus letting data from some of the smaller HAs are included.
- General needs housing that is sheltered is excluded up to 31 March 2003. For the period 1 April 2003 to 31 March 2004 two sets of data are presented - including and excluding general needs housing that is sheltered. From 1 April 2004 the sheltered housing classification was no longer used.¹⁸

¹⁷ From April 2004 the CORE system has been extended to local authorities, although participation is still quite limited. Communities and Local Government have requested that all Local Authorities begin to collect and submit their CORE data in 2007, or as soon as practically possible thereafter.

¹⁸ In April 2004, the definition of 'general needs' used by the Housing Corporation (HC) changed (HC, 2004, *Circular 03/04/04*). Until then, general needs housing included some dwellings classified as sheltered housing for older people. From 1 April 2004, however, the sheltered housing classification was abolished and dwellings that met certain design criteria moved out of the general needs and into a new category, housing for older people. The CORE guidance for 2004/5 was published before the

- Estate Renewal Challenge Fund stock is included.
- All supported housing is excluded.¹⁹
- From 1 April 2004 all housing for older people is excluded.²⁰
- All rents are expressed in £s per week.

HA average gross rent for new lets

HA average rent for new lets is the average weekly gross rent (including service charges eligible for Housing Benefit) for all new lets (newly built, rehabilitated or otherwise acquired) made by HAs over the period from 1 April of one year to 31 March of the following year. The total number of new lets made by HAs over the period is also given. The average for a given local authority area is calculated by adding together all of the weekly gross rents reported each time a new letting is made and then dividing this total by the total number of new lets made.

HA average gross rent for re-lets

HA average rent for re-lets is the average weekly gross rent (including service charges eligible for Housing Benefit) for all re-lets (where an existing property has become vacant) made by HAs over the period from 1 April of one year to 31 March of the following year. The total number of new lets made by HAs over the period is also given. The average for a given local authority area is calculated by adding together all of the weekly gross rents reported each time a property is re-let and then dividing this total by the total number of re-lets made.

Level of disaggregation

HA average gross rent for new lets and re-lets are presented by:

1. Bedsize:

HC's definition change announcement, and this caused a discrepancy between the CORE 2004/05 and the 2005 RSR in handling of designated supported housing for older people. The former included this type of housing in the general needs housing group while the latter excluded it from the category. From April 2005, CORE has fully followed the HC's definitions introduced in April 2004, resulting in eradication of the discrepancy. (For details, see CORE, 2005, *CORE Instruction Manual for 2005/06*, available at <http://www.core.ac.uk/documents/CORELettings05.pdf>.)

¹⁹ Supported housing data are collected by CORE, but not published in the *Guide to Local Rents*.

²⁰ See Footnote 18.

- bedspaces (i.e., non self-contained)
 - bedsits
 - one bedroom
 - two bedroom
 - three bedroom
 - four or more bedrooms
 - all bedsizes combined
2. Average for local authority area (Table A2)
 3. Average for NUTS3 area (Table A2)²¹
 4. Average for Housing Corporation investment region (Tables A1 and A2)²²
 5. Average for England (Tables A1 and A2)

Definitions of the geographical areas are given in Section 9 ‘Geographical definitions’.

6. Local authority (LA) housing rents

Data source: Department for the Communities and Local Government (CLG) from the second housing subsidy and grant form

The local authority (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 form²³ and show rents across the stock at 1 April of each year. Up to 2004 the LA rents reported were as at 1 April of the previous year, for example, the LA rents given in the *Guide to Local Rents 2004 Part I* were as at 1 April 2003. However, in the *Guide to Local Rents 2005 Part I* LA average rents were estimates (made by each local authority) for the period 1 April 2005 to 31 March 2006 and this continues for subsequent years. Data for the period 1 April 2004 to 31 March 2005 were not collected.

This means that there are twelve-month gaps between the dates at which LA rents are recorded (or estimated for 2005/06 onwards) and the date at which HA rents are recorded in the RSR. However, most LAs change their rents on the 1 April and they then remain constant throughout the year, so that the LA rent recorded (or estimated for 2005/06

²¹ NUTS3 area totals included in the published *Guide to Local Rents* from 2004, but are also available for 2002 and 2003 using interactive access from the Dataspring website at www.dataspring.org.uk.

²² It is also possible to select averages for Government Office regions in the years that these differ from Housing Corporation regions using interactive access to the *Guide to Local Rents* from the Dataspring website at www.dataspring.org.uk. For more on the differences please see Section 9.

²³ This is one of the forms that LAs are required to complete when applying for housing subsidy from the CLG.

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 accommodation²⁴, 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 £s per week.

Local authority 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. The number of units owned is included in Tables A1 and A2 of the *Guide to Local Rents Part I*.

Local authority 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 housing associations under the Large Scale Voluntary Transfer (LSVT) programme. Where a transfer has occurred this is indicated as 'LSVT' in Table A2 of the *Guide to Local Rents Part I*. In other cases local authorities did not complete the CLG survey of housing rents and this is marked as no return ('N/R') in Table A2.

²⁴ The dwellings covered are those in the Housing Revenue Account.

Level of disaggregation

LA average rents are presented by:

1. Bedsize (self-contained units only):
 - bedsits
 - one bedroom
 - two bedroom
 - three bedroom
 - four or more bedrooms
 - all bedsizes combined
2. Average for local authority area (Table A2)
3. Average for NUTS3 area (Table A2)²⁵
4. Average for Housing Corporation investment region (Tables A1 and A2)²⁶
5. Average for England (Tables A1 and A2)

Definitions of the geographical areas are given in Section 9 ‘Geographical definitions’.

7. Private sector rents (Housing Benefit cases)

Data source: The Rent Service

The data are taken from the Rent Service²⁷ *Valuation Report 2005/06*, 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 and contains more extensive data than published in the *Guide to Local Rents Part I*.

²⁵ NUTS3 area totals included in the published *Guide to Local Rents* from 2004, but are also available for 2002 and 2003 using interactive access from the Dataspring website at www.dataspring.org.uk.

²⁶ It is also possible to select averages for Government Office regions in the years that these differ from Housing Corporation regions using interactive access to the *Guide to Local Rents* from the Dataspring website at www.dataspring.org.uk. For more on the differences please see Section 9.

²⁷ The Rent Service is an executive agency of the Department for Work and Pensions (DWP).

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. (See section ‘Weighted averages for NUTS3 areas, regions and for England’ below for an example of the methodology.)

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 Valuation Report	Property size assumed for the Guide to Local Rents Part 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 number of rooms given in the *Valuation Report* does not map directly onto the number of bedrooms categorisation used by housing associations. In the *Valuation Report* four room properties are a mix of two and three bedrooms (all included as three bedroom properties in the *Guide to Local Rents Part I*) and many of the five room properties have three bedrooms, with two living rooms (all included as four-plus bedroom properties in the *Guide to Local Rents Part I*).

The ‘one room non self-contained’ property type has been included as an equivalent to the housing association ‘bedspace’ in the *Guide to Local Rents*. However, the ‘one room non self-contained’ category does relate to sole use of that room, whereas this is not necessarily the case for the housing association stock categorised as ‘bedspaces’.

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. The local reference rent is published in the *Valuation Report*.

Level of disaggregation

Private sector average rents are presented by:

1. Bedsize:
 - bedspaces
 - bedsits
 - one bedroom
 - two bedroom
 - three bedroom
 - four or more bedrooms
 - all bedsizes combined
2. Average for local authority area (Table A2)
3. Average for Housing Corporation investment region (Tables A1 and A2)
4. Average for NUTS3 area (Table A2)
5. Average for England (Tables A1 and A2)

Definitions of the geographical areas are given in Section 9 ‘Geographical definitions’.

8. Equivalent costs of owner-occupation

These data estimate the weekly costs of owner-occupation for first-time buyers. The data are only presented for all dwelling sizes combined. The costs have been calculated by Dataspring²⁸ using the following variables:

(1) 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 twelve-month average of percentage advance medians for UK given in *CML Statistics, First-time buyers, lending and affordability, Table ML2* (Council of Mortgage Lenders (CML) website at 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.

(2) 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 *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 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

²⁸ The *Guide to local rents: Part I, Part II and Part III* are produced on behalf of the HC by Dataspring, a team of researchers based in the Cambridge Centre for Housing and Planning Research, University of Cambridge.

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.

(3) Buildings insurance premium

The average premium across all regions and for all property sizes is £205.72 per annum – 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.

(4) 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.

(5) Loss of imputed 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 costs²⁹

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

Repayment of loan	£175.29
Building insurance	£ 3.96
Mortgage payment protection insurance	£ 9.03

²⁹ Due to rounding at various stages of data processing, utmost .02-errors might be allowed.

Loss of interest on the deposit	£ 7.75
Total	<u>£196.03</u>

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.

Level of disaggregation

Equivalent costs of owner occupation are presented by

1. All bedsizes combined
2. Average for local authority area (Table A3)
3. Average for NUTS3 area (Table A3)
4. Average for Government Office Region (Dataspriing website)
5. Average for England (Table A3)

Definitions of the geographical areas are given in Section 9 ‘Geographical definitions’.

9. Geographical definitions

Most of the data are available at the following levels of spatial disaggregation:

- Local authority area
- NUTS3 area
- Housing Corporation Investment Region
- England

Local authority area

There are 354 local authority areas in England consisting of London boroughs, metropolitan districts, unitary authorities, and county districts. There have been no changes to boundaries of these areas since 1 April 1999.

NUTS3 area

NUTS3 area totals were included in *Part I Cross Tenure Rents* for the first time in 2004. NUTS (Nomenclature of Territorial Units for Statistics) was created by the

European Office for Statistics (Eurostat) as a single hierarchical classification of spatial units used for statistical production across the European Union.³⁰ At the top of the hierarchy are the individual member states of the European Union and below that are levels 1 to 5. Within England these are:

- 9 NUTS1 areas, consisting of nine Government Office Regions.
- 30 NUTS2 areas, consisting of individual counties or groups of counties/London boroughs/metropolitan districts/unitary authorities.
- 93 NUTS3 areas, consisting of individual counties/unitary authorities or groups of counties/London boroughs/metropolitan districts/unitary authorities/county districts.
- 354 NUTS4 areas consisting of local authority areas – individual London boroughs/metropolitan districts/unitary authorities/county districts.
- 8,442 NUTS5 areas consisting of electoral wards/divisions (including 2 parishes on the Isles of Scilly, which is not warded).

Housing Corporation Investment Region

Each level of geographical disaggregation used in the *Guide to Local Rents* is consistent with the NUTS system, with the exception, prior to 2005, of Housing Corporation (HC) investment regions (see below ‘Differences between Housing Corporation investment regions and Government Office Regions’).

Up to 2004 the data are presented by ten Housing Corporation investment regions (HC regions) – London, South East, South West, East Midlands, East of England, West Midlands, Yorkshire and the Humber, North East, North West, and Merseyside. From 2005 the data are presented by nine HC regions (Merseyside is included with the North West region).

Government Office Region

There are nine Government Office Regions (GORs) - London, South East, South West, East Midlands, East of England, West Midlands, Yorkshire and the Humber, North East, and North West.

Differences between Housing Corporation investment regions and Government Office Regions (up to 2004)

It is important to note that prior to 2005, the use of ten HC investment regions resulted in some boundary differences between HC regions and GORs (and therefore with NUTS1 regions).

- Eight of the HC regions - London, South East, East of England, East Midlands, West Midlands, South West, North East, and Yorkshire and the Humber share the same geographical boundaries and name as the eight GORs.

³⁰ For further information see www.statistics.gov.uk/geography/nuts.asp

- Within the HC region definitions, Merseyside and North West are treated as separate regions, but within the GOR system they are combined to form a single region, the North West. Unfortunately, two of the NUTS3 areas straddle both the North West and Merseyside HC regions. These are Cheshire County Council and Lancashire County Council.
- Six of the seven local authority areas that comprise the Cheshire County Council NUTS3 area are located in the North West HC region, but Ellesmere Port and Neston is located in the Merseyside HC region. Eleven of the twelve local authority areas that comprise the Lancashire County Council NUTS3 area are located in the North West HC region, but West Lancashire falls in the Merseyside HC region.

Further information concerning local authority areas, NUTS3 areas and Government Office Regions, including changes to names and boundaries prior to April 1999, can be found in the *Gazetteer of the Old and New Geographies of the United Kingdom* published by the Office of National Statistics (ONS) and available from their website at www.statistics.gov.uk/geography/gazetteer.asp.

Calculating averages for geographical areas

All the average rents are weighted averages based on stock owned. This means that the average for any given geographical area – local authority area, NUTS3 area, region or England – is calculated by totalling all the average rents reported for a given area and dividing this total by the total number of units for which rents were reported.

Example: average net rent for two-bed properties for the local authority area of Congleton (using 2004/05 data).

Seven HAs own two-bed dwellings in Congleton and report an average net rent for these properties in their Regulatory and Statistical Return to the Housing Corporation.

Housing Association	Average net rent	Stock
Anchor Trust	£53.81	2
Beth Johnson	£65.56	44
Dane Housing	£52.48	726
Equity HGL	£68.94	11
Manchester Methodist	£67.28	1
Northern Counties	£61.89	11
Templar HAL	£59.00	16

The average net rent for Congleton is calculated thus:

$$(\text{£}53.81 * 2) + (\text{£}65.56 * 44) + (\text{£}52.48 * 726) + (\text{£}68.94 * 11) + (\text{£}67.28 * 1) + (\text{£}61.89 * 11) + (\text{£}59.00 * 16) = \text{£}43,543.15$$

$$2 + 44 + 726 + 11 + 1 + 11 + 16 = \mathbf{811}$$

£43,543.15 / 811 = **£53.69** = the average net rent for Congleton

Example: average private rent for two-bed properties for the NUTS3 area of North Nottinghamshire (using 2004/05 data).

Local authority area	Average rent	N
Ashfield	78.30	315
Bassetlaw	79.07	472
Mansfield	71.62	536
Newark and Sherwood	84.33	354
North Nottinghamshire NUTS3 area average/total	77.65	1,677

The average net rent for North Nottinghamshire is calculated thus:

$$(\pounds 78.30 * 315) + (\pounds 79.07 * 472) + (\pounds 71.62 * 536) + (\pounds 84.33 * 354) = \mathbf{\pounds 130,226.70}$$

$$315 + 472 + 536 + 354 = \mathbf{1,677}$$

$$\pounds 130,226.70 / 1,677 = \mathbf{\pounds 77.65}$$

10. Comparing rent data

When making comparisons between the various rent data and the equivalent costs of owner-occupation and over time a number of factors should be noted.

First, some data are collected at a particular point in time ('a snapshot') whereas other data are collected over the course of a year.

- HA rent data from the Regulatory and Statistical Return (RSR) are **as at 31 March**. Data include average weekly net rents, service charges (eligible for Housing Benefit), gross rents, and target rents.
- For all years up to 2004 the local authority (LA) rents are **as at 1 April**. For subsequent years the LA average rents are estimates (made by each LA) for the period 1 April to 31 March (e.g. for 2006, 1 April 2006 to 31 March 2007). Data for the period 1 April 2004 to 31 March 2005 were not collected.³¹
- HA rent data from CORE (COntinuous REcording system) cover the period **1 April of one year to 31 March of the following year**. Data are collected by CORE every time a housing association property is newly let or re-let. This means that if a property is re-let twice during the year it will be included twice in the dataset.
- Private sector rents from the Rent Office statistics cover the period **1 April of one year to 31 March of the following year**. Data are collected by the The Rent Service every time a rent is referred for determination of entitlement to Housing Benefit.
- Equivalent costs of owner-occupation data cover the period **1 April of one year to 31 March of the following year**. Data are calculated using lower quartile house prices (CLG/Land Registry), average size of loan for first-time buyers (Council of Mortgage Lenders), average interest rates (Council of Mortgage Lenders) and average insurance premiums (Nationwide).

Second, the definitions for each dataset vary slightly.

- Since 2002 all HA rent data include bedspaces (i.e., non self-contained dwellings) in the 'all bedsizes' average, as do the private sector rent data,³² whereas LA rent data, and the equivalent costs of owner-occupation only include self-contained dwelling in the 'all bedsizes' average.

³¹ Most LAs change their rents on 1 April and they then remain constant throughout the year, so that the LA rent taken 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.

³² The Rent Service property type, 'one room non self-contained', has been included as an equivalent to the housing association 'bedspace' in the *Guide to Local Rents*. However, the 'one room non self-contained' category does relate to sole use of that room, whereas this is not necessarily the case for the housing association stock categorised as 'bedspaces'.

- HA rent data in Parts I and II exclude supported housing³³.
- LAs do not classify their dwellings as general needs or supported housing. Thus both general needs and supported housing are included in the rents reported.
- HA gross rents include average service charges that are eligible for Housing Benefit.
- LA rents exclude service charges levied in addition to the standard rent.
- Private sector rents include service charges that are eligible for Housing Benefit.
- The equivalent costs of owner-occupation do not include any service charges or support costs.
- Up to 2003 the new let and re-let data exclude sheltered housing. For the period 1 April 2003 to 31 March 2004 two sets of data are presented - including and excluding general needs housing that is sheltered. From 1 April 2004 the sheltered housing classification was no longer used (see section below, 'Significant changes in the collection of data in the Housing Corporation Statistical and Regulatory Return').
- The HA rent data derived from the RSR do not include data for HAs that own or manage fewer than 1000 homes (or 250 before 2007). However, the HA rent data derived from CORE do include data for the smaller HAs who opt, voluntarily, to report data.
- HA new lets and re-lets and private rents include only assured tenancies, whereas the HA-all stock, private sector and LA rent data include a combination of assured and secure tenancies.
- Target rents are specified for, and therefore should be compared to HA net rents (all service charges are excluded).

³³ Part III covers the Supported stock.

Significant changes in the collection of data in the Housing Corporation Statistical and Regulatory Return (RSR)

Every so often there are small changes in the way that data are collected in the RSR. When such changes occur they are summarized in a document that is available from the Housing Corporation RSR Survey website at www.rsrsurvey.co.uk (Survey Information).

RSR 2005

In 2004/05 the definition of ‘general needs’ used by the Housing Corporation (affecting the HA–all stock, HA–new lettings, and HA–relettings figures) changed. Prior to 1 April 2004 general needs housing included some dwellings classified as sheltered housing for older people.³⁴ From 1 April 2004 the sheltered housing classification was abolished and dwellings that met certain design criteria moved out of the general needs and into a new category, housing for older people. At 31 March 2004, 14.2% of general needs housing was classified as sheltered, although not all of this stock will have moved into the new, housing for older people category in 2004/05. Dwellings that did not meet the design criteria remained in general needs housing. For the period 1 April 2003 to 31 March 2004 1.2% of general needs new lettings and relettings were classified as sheltered. See *Impact of Changes in Definitions in Supported Housing and Housing for Older People Between the RSR 2004 and 2005*, Dataspring (2005) for further information about the change in definitions and the impact on stock.

The Commentary section of the *Guide to Local Rents 2005 Part II: Social Landlord Rents* includes an analysis of the effects of the changes in definitions on average rents and service charges and gross rents. In summary, the analysis indicates that the effect of the new definition on general needs housing rents can be observed in the (HA –all stock) average gross rents and service charges for bedspaces, bedsits and one bedroom properties. Despite relatively high annual increases in average net rents for these sized properties (in order to comply with the rent restructuring regime) increases in average gross rents were moderated by the decrease in average service charges.

However, the definitions set out in the 2004/05 CORE guidance were not consistent with the RSR 2005 return. ‘Designated supported housing for older people’ (a sub-category of Housing for older people), was classified as ‘general needs’ and not ‘supported’ in CORE for 2004/05. (See Housing Corporation Regulatory Circular 03/04.) In the RSR 2005 the total number of units defined as ‘Designated supported housing for older people’ was 177,658, and a relatively small proportion of this stock would have been newly let or relet during 2004/05.

³⁴ Sheltered housing is basically housing that is specially designed for and allocated to older people. It can be categorised as either general needs or supported housing.

RSR 2004

Following the implementation of Supporting People in 2003, stock receiving floating or move on support, which had previously been reported as supported housing, was included as general needs rented housing.

Prior to 2004 HAs included details of rent for properties owned outside of England whereas from 2004 they were asked to exclude such data. (This means that the average rents given in Table B2 include stock that is owned outside of England for the years prior to 2004, whereas the average rents given by local authority area and region in Tables A1, A2, B1 and B3, exclude such data.)

RSR 2002

A significant change also occurred between 2001 and 2002 when a new approach to data collection was adopted. This has implications for the comparability of rent and service charges data returned in 2002 with that returned in the 2001 RSR. Although it should be noted that testing of the new approach via a trial RSR indicated that the changes did not make any significant difference to the overall data set, small differences may be observed at the individual housing association level in ***Part II: Social Landlord Rents***. Changes include:

a. Change in the definition of ownership

- Before 2002, a housing association was defined as owning stock if it was held freehold (and they had not granted a lease for more than 30 years (original term) to another organisation) or if it was held on a lease of 30 years or more in duration (original term).
- In 2002 the lease term in the definition of ownership was reduced so that housing associations were required to report rents and service charges on any stock held freehold (where they had not granted a lease for more than 21 years (original term) to another organisation) or on a lease of 21 years (original term).

b. Change to detailed reporting on social housing only

Whereas in earlier years the RSR had requested rent and service charge data for all general needs stock let on assured and secure tenancies, in 2002 these data were requested for general needs *social* housing stock let on assured and secure tenancies.

While the vast majority of assured and secure tenancies are social housing, some housing associations let some of their non-social housing stock on assured tenancies. This means that prior to 2002 the rent and service charge data included some non-social housing stock and the rent levels may have been higher than for social housing.

Implications for the data

During the development of the new approach to data collection adopted in 2002, the impact on the RSR data set was measured (see ***Definitions of Ownership Phase III: The Shadow RSR***, Housing Corporation, 2001). The overall finding was that the change in approach did not make any significant difference to the resulting data and

that most differences were actually the result of incorrect reporting under the earlier approach. However, the following movements in figures should be noted:

- *Change in the definition of ownership*: resulted in an increase in stock numbers because of the reduced lease length but this was offset by the fact that some units also moved to ownership by another organisation for the same reason. The overall increase was therefore small.
- *Change to social housing*: because of the focus on tenancy types in the reporting of rents and service charges, there was only a small decrease in the total stock for which rents were recorded.

11. Summary tables

Not all the datasets can be broken down by bedsize or by all levels of spatial disaggregation. The tables in this section can be used as a quick reference as to what is available.

- **Table 1** – lists each dataset and shows in which table it appears in the *Guide to Local Rents*, its relevant section number in this user guide, and the geographical level at which data are available.
- **Table 2** – lists each dataset and shows which datasets include a further breakdown by bedsize.

Table 1 Summary of rent data – spatial level of disaggregation available and table reference in *Guide to local rents*

	Section number in User Guide	HA average ^a	HA average by LA area ^b	LA area average	NUTS3 area ^c average	HC region average	England average
HA net rents	3		B3	A2 B3	A2	A1 A2 B1 B3	A1 A2 B1 B3
HA service charges	3		B3	A2 B3	A2	A1 A2 B1 B3	A1 A2 B1 B3
HA gross rents	3		B3	A2 B3	A2	A1 A2 B1 B3	A1 A2 B1 B3
HA number of units owned	3		B3	A2 B3	A2	A1 A2 B1 B3	A1 A2 B1 B3
HA target rents	3		B3	A2 B3	A2	A1 A2 B1 B3	A1 A2 B1 B3
HA number of units with target rents	3		B3	A2 B3	A2	A1 A2 B1 B3	A1 A2 B1 B3
HA gross rents (assured tenancies)	4	B2					
HA gross rents (secure tenancies)	4	B2					
HA gross rents (assured & secure tenancies)	4	B2					
Annual percentage change in HA gross rents	4	B2					
HA rent for new lets	5			A2	A2	A1 A2	A1 A2 A3
HA number of new lets made	5			A2	A2	A1 A2	A1 A2 A3
HA rent for re-lets	5			A2	A2	A1 A2	A1 A2 A3
HA number of re- lets made	5			A2	A2	A1 A2	A1 A2 A3
LA rents	6			A2	A2	A1 A2	A1 A2
LA number of units owned	6			A2	A2	A1 A2	A1 A2
Private sector rents (HB cases) ^d	7			A2	A2	A1 A2	A1 A2
Private sector number of HB cases	7			A2	A2	A1 A2	A1 A2
Equivalent cost of owner occupation ^e	8			A3	A3		A3

Notes

a. HA average is the average for all the stock owned by an individual HA. From 2004 HAs were instructed to exclude stock owned outside of England.

b. HA average by LA area is the average for all the stock owned within a given local authority area by an individual HA.

c. NUTS3 area consists of individual counties/unitary authorities or groups of counties/London boroughs/metropolitan districts/unitary authorities/county districts. See Section 9 ‘Geographical definitions’ for more information.

d. In the published tables private rent data are only available prior to 2001/02 and for 2004/05 and average rents were imputed for 2001/02 using 2000/01 values.

e. In the published tables equivalent costs of owner occupation data (table A3) are available for 2003/04 only.

Table 2 Summary of rent data – disaggregation by bedsize

	Bedspaces	Bedsits	One bed	Two bed	Three bed	Four+ bed	All bedsizes
HA net rents	●	●	●	●	●	●	●
HA service charges	●	●	●	●	●	●	●
HA gross rents	●	●	●	●	●	●	●
HA number of units owned	●	●	●	●	●	●	●
HA target rents	●	●	●	●	●	●	●
HA number of units with target rents	●	●	●	●	●	●	●
HA gross rents (assured tenancies)	●	●	●	●	●	●	●
HA gross rents (secure tenancies)							●
HA gross rents (assured & secure tenancies)							●
Annual percentage change in HA gross rents							●
HA rent for new lets	●	●	●	●	●	●	●
HA number of new lets made	●	●	●	●	●	●	●
HA rent for re-lets	●	●	●	●	●	●	●
HA number of re- lets made	●	●	●	●	●	●	●
LA rents		●	●	●	●	●	●
LA number of units owned		●	●	●	●	●	●
Private sector rents (HB cases)	●	●	●	●	●	●	●
Private sector number of HB cases	●	●	●	●	●	●	●
Equivalent cost of owner occupation							●

Notes

- a. In the published tables private rent data are only available prior to 2001/02 and for 2004/05 and average rents were imputed for 2001/02 using 2000/01 values.
- b. In the published tables equivalent costs of owner occupation data (table A3) are available for 2003/04 only.