

Annex K2 - HRA Rent Affordability and Market Context Report

Cabinet: 6 February 2024



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Executive Summary

- 1.1. This document is an annex to the Housing Revenue Account (HRA) Budget report being considered by Cabinet on 6 February 2024. It is intended to provide information and context on the current social housing and open market rented properties sector for Milton Keynes and neighbouring areas, to aid decision making on increases to social housing rents and low-cost home ownership rents, as per recommendation 1.1g in the main budget report.
- 1.2. The recommendation is to increase social and affordable rents from 1 April 2024 by 7.7% and low-cost home ownership rents by 7%.
- 1.3. After this increase, MK HRA rents and relets of our existing housing stock to full social formula rents, will be 54% lower than the Formula Rent Cap for 2024/2025.
- 1.4. Our social housing rents when compared to private sector rents at half their value, are still 36% lower, representing value for money and making them affordable.
- 1.5. Our social formulae rents on average are 15.6% lower than the average social formula rents of Housing Associations operating in Milton Keynes.
- 1.6. Income for those in full time employment in MK rose by 10.1% last year, higher than most areas in the country. Using Shelter UK's affordability measure, rent above 35% of income would be deemed unaffordable. None of our social formula rents breach this level.
- 1.7. The number of tenants receiving benefits remains consistent at around 60%. Their ability to pay rent has improved as rent arrears have decreased this year by 32%, and high-level arrears cases have dropped by 28%. Total rent arrears debt continues to reduce.
- 1.8. The current government five-year rent setting policy (The Rent Standard) ends this year (March 2025), giving no certainty on future uplifts in housing rents from 2025-2026.

2 Key Findings

- 2.1 Given the financial pressures on the HRA and restrictions this has placed on the ability to continue to invest in maintenance and improvements to our homes, undertaken renewal and regeneration, as well as provide more social housing, means that we need to increase our social housing rents by the maximum allowable under the Rent Standard. If we were not to do this, reductions in investment expenditure would need to be made.

- 2.2 Any increase in rent levels may be challenging for some tenants, but data evidenced throughout this report, demonstrates that our social rents represent value for money and are affordable. When compared to private sector rents in MK at 50% of their value (e.g., £1,200 a month would be £600 a month) our rents are still 34% lower.
- 2.3 The local economy remains strong with average earnings of people in full time employment increasing close to inflation at 10.1% this year. The number of our tenants in receipt of benefits remains stable at around 60%, and indebtedness through rent arrears continues to reduce.
- 2.4 This report provides Councillors and wider stakeholders with detailed information about rent levels, market conditions and affordable with the below appendices.
- Appendix 1: Background
 - Appendix 2: MKCC Stock Profile and Comparable Areas
 - Appendix 3: Average Social Formula Rents
 - Appendix 4: Average Social Affordable Rents
 - Appendix 5: Rent Cap and Local Housing Allowance
 - Appendix 6: Affordability – Average Earnings and Rent
 - Appendix 7: Affordability – Other Indicators
 - Appendix 8: Supply and Demand
 - Appendix 9: Payment of Rent – Current Tenant Arrears & Support
 - Appendix 10: Risk Associated with Lack Of The Government’s Rent Policy
 - Appendix 11: Equality and Diversity
 - Appendix 12: Key Highlights From 2022-2023 English Housing Survey Report
- 2.5 Rent Levels for our social rented accommodation, which includes General Need (including Sheltered Housing), Supported Housing, Temporary Accommodation, and Next Steps Accommodation Programme (NSAP), equates to 76% of the total housing stock. Rent levels are lower than local, as well as the national averages, as detailed in **Appendix 3**.
- 2.6 Affordability is checked as part of our lettings process where prospective tenants have an income assessment completed to ensure that they can meet their rental payments. If they fail the assessment, they are not offered the accommodation.
- 2.7 As presented in **Appendix 4**, currently our social affordable rent properties equate to 1.7% of the total stock. The data shows that in our operational area on average our affordable rent is approximately 30-42% less than any equivalent open market rent set at the 80% threshold.

- 2.8 Social housing formula rents are limited by a rent cap. This cap is the maximum rent that a landlord can charge for a property by size. The cap is increased annually by CPI as at the previous September 2023, which was 6.7% plus 1%. None of our properties have rents limited by the national rent cap. **Appendix 5.**
- 2.9 Using a measure from Shelter UK, where a person has housing costs by way of rent or mortgage payments which are greater than 35% of their net income¹, our rents charged in 2023-2024 showed that 99.4% of our social rents (excluding service charges) were below this threshold for our region. **Appendix 6.**
- 2.10 In 2022-2023 we have reported 1,446 (1,502 previously) households on the housing needs register seeking accommodation. **Appendix 8.**
- 2.11 As of December 2023, 33% of our current, social formula rent tenants owed to us some form of rent arrears. 65% of those arrears were between £0.01 - £2k. In 2023-2024 we have managed to reduce arrears cases over £2k by 28%, and total arrears by 32%. **Appendix 9.**

¹ <https://blog.shelter.org.uk/2015/08/what-is-affordable-housing/>

Appendices

Appendix 1: Background

- 1.1. Since April 2001, the Government has tightly controlled social housing rents with the introduction of Formula rents in 2001-2002 commencing its 10-year rent restructuring policy, intending to rebalance social housing rents across the county using a target formula based on local earnings, property size and a valuation, set at January 1999.
- 1.2. Historic rents policy has allowed landlords to apply a 5% (general needs) and 10% (supported housing) above target rent flexibility to its rents, upon relet. From February 2022 we have applied this rent flexibility on all new lettings (as approved in our Rent and Service Charge Policy).
- 1.3. April 2011 saw the Homes and Communities Agency (now Homes England) introduce affordable rents, allowing developing Registered Providers (RP) to convert lower formula rents to affordable rents, thus increasing rental income, together with pipeline developments with Section 106 agreements where Affordable Rent (AR) properties were built. Currently we have around 242 AR properties.
- 1.4. From April 2015, High Income Social Tenants (HIST) was introduced for RP's if they wished to charge households with income greater than £60,000 a higher than social rent. We have previously decided not to administer HIST rents for any of our social housing stock.
- 1.5. A policy statement in February 2019 from the Ministry of Housing, Communities and Local Government (now Department for Levelling Up, Housing and Communities) reinstated the rent increase of September CPI +1% each year for social housing rents from 1 April 2020 for a five-year period, which was closely followed by the Secretary of State's Direction on the Rent Standard 2019, a direction to the Regulator for Social Housing.
- 1.6. Whilst inflation was higher than expected due to the Covid pandemic and unforeseen conflicts abroad, the government capped social housing rents at 7% for all current tenants in 2023-2024. However, social formula rents for all properties would increase by 11.1%, so rent levels for all relet properties would be higher (i.e., the cap only applied to existing tenants).
- 1.7. The regulations allow the maximum increase in social formula rents for both existing tenants and new lets to be set at CPI as of September 2023 (which was 6.7%) plus 1%. For the 2024/2025 rent year this would be at 7.7% for tenants. Rents for shared

ownership leaseholder will increase by 7% in line with lease covenants set to last year's social housing rent increase level.

- 1.8. We have since October 2022 been consulting tenant and leaseholders on the introduction of new service charges. Further details are included in Annex K3, to Cabinet, alongside this report.

Appendix 2: MKCC Stock Profile and Comparable Areas

2.1 The Welfare Reform and Work Act 2016 and associated statutory instruments, categorise properties for the purpose of the Rent Standard and its guidance. Some categories are outside of the Rent Standard and are shown with an “N” in table 1.

Table 1. MKCC All Stock by Tenure Type

Rent type	Tenure type	Number of properties	Percentage Share	Rent Standard
Social Formula Rent	General Need (incl. sheltered housing)	10,483	74.2%	Y
	Temporary Accommodation	174	1.2%	Y
	Supported Housing	62	0.4%	Y
	Next Steps Accommodation Programme (NSAP)	30	0.2%	Y
Social Affordable Rent	Affordable Rent	242	1.7%	N
Social Formula Rent (One year behind)	Shared Ownership	1,488	10.6%	N
Service Charge Only	Leasehold	1,658	11.7%	N
Total		14,137		

2.2 In this report we make various comparisons; some of them are based on our rents as we reported them to the Government in the most recent 2022-2023 Local Authority Housing Statistics returns (LAHS), some represent our rents as of 2023-2024, and some are forward looking into our rents as of 2024-2025. We also use in our comparison’s different geographical areas. The below clarifies this in more detail:

- Comparison of our social formula and social affordable rents with other Registered Providers (Local Authorities), and Private Registered Providers (Housing Associations). For those comparisons we used last year rents (2022-2023). The most recent data returned to the Government by other Local Authorities and Housing Associations that is publicly available is from 2022-2023. Comparable rents include average rents of Housing Associations in Milton Keynes, as well as other Local Authorities and Housing Associations in South-East, and England.
- Comparison of our social formula and social affordable rents with Private Landlords in Milton Keynes and Neighbouring Areas. For those comparisons we used rents at relet levels reflecting full social formula rents and revalued affordable rents. Private Landlord properties in Milton Keynes had 360 comparable properties and landlords in neighbouring areas of South Northamptonshire, Bedford, Central Bedfordshire, and Buckinghamshire had 1,500 comparable properties.

- Comparison of our social formula rents against the Rent Cap for 2024-2025. For this comparison we have used this year rents (2023-2024 existing and re-lets) increased by 7.7% to reflect 2024-2025 proposed increase for social formula rent tenants.

Appendix 3: Average Social Formula Rents

3.1 To demonstrate where our social formula rents sit in the wider context, we have taken the data from the LAHS 2022-2023 return and compared our rents with other Local Authorities and Housing Associations operating in the South-East and England. We have also compared our rents with rents of Private Landlords in Milton Keynes, and Neighbouring Areas. The percentage numbers shown in all our comparisons in this report, represent the percentage difference between the two values.

Table 2: MKCC Average Social Formula Rent by Bed Size in Comparison to Average Rents of Housing Associations in Milton Keynes in 2022/2023².

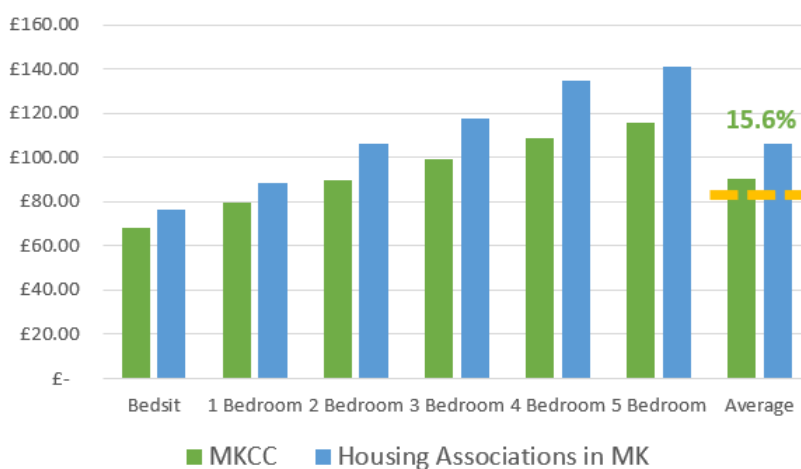
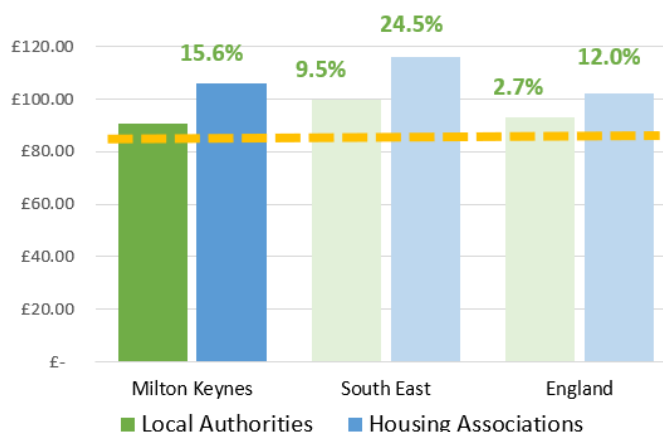


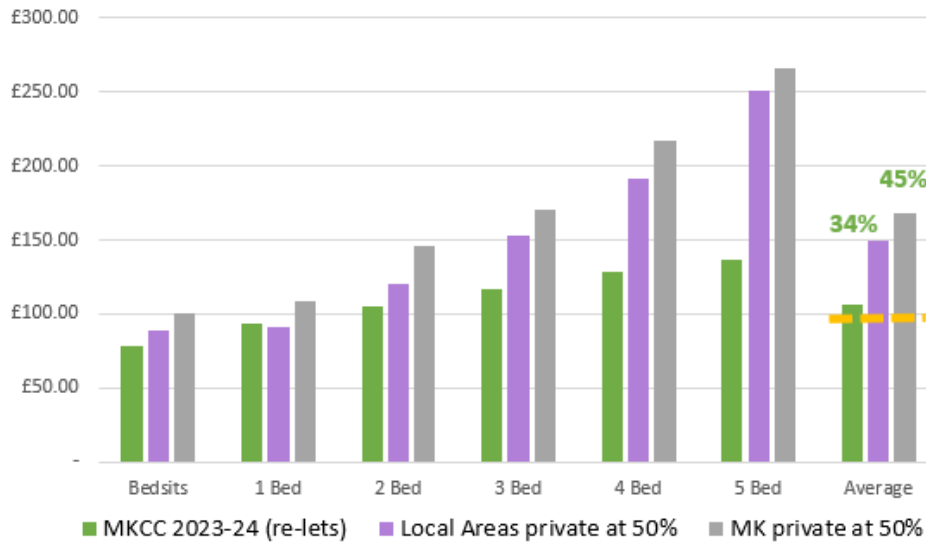
Table 3: Average Social Formula Rent for Milton Keynes, South-East, and England – Local Authorities and Housing Associations in 2022/2023³



² [Registered provider social housing stock and rents in England 2022 to 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/registered-provider-social-housing-stock-and-rents-in-england-2022-to-2023)

³ [Registered provider social housing stock and rents in England 2022 to 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/registered-provider-social-housing-stock-and-rents-in-england-2022-to-2023)

Table 4: MKCC Average Social Formula Rent by Bed Size Compared to Open Market Rents in Milton Keynes and Surrounding Areas Set at 50% in 2023/24⁴



3.2 Our social formula rents (76% of our stock), on average are 16% lower than comparable rented stock offered by Housing Associations in Milton Keynes. They are also between 3% and 25% lower than comparable stock offered by both Local Authorities and Housing Associations in the South-East, and in England as a whole. When compared with the Private Market, our rents were significantly lower in both Milton Keynes, by 45%, and the Neighbouring Areas by 34%. Social formula rents do not include service charges.

⁴ Valuation.hometrack.com

Appendix 4: Average Social Affordable Rents

4.1 To demonstrate where our social, affordable rents sit in the wider context, we have carried out the same comparisons as with social formula rents. Social affordable rents include service charges.

Table 5: MKCC Average Gross Social Affordable Rent by Bed Size in Comparison to Average Rents of Housing Associations in Milton Keynes in 2022/2023⁵

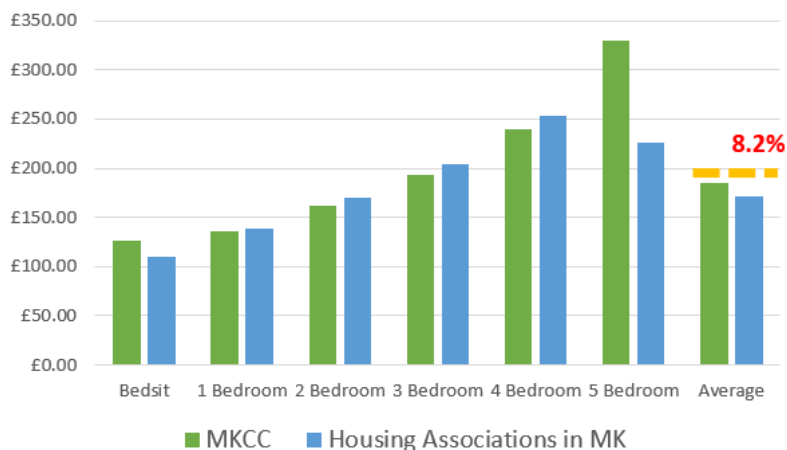
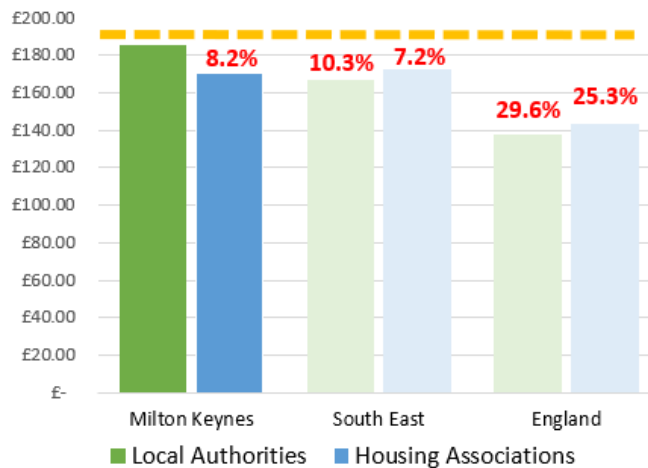


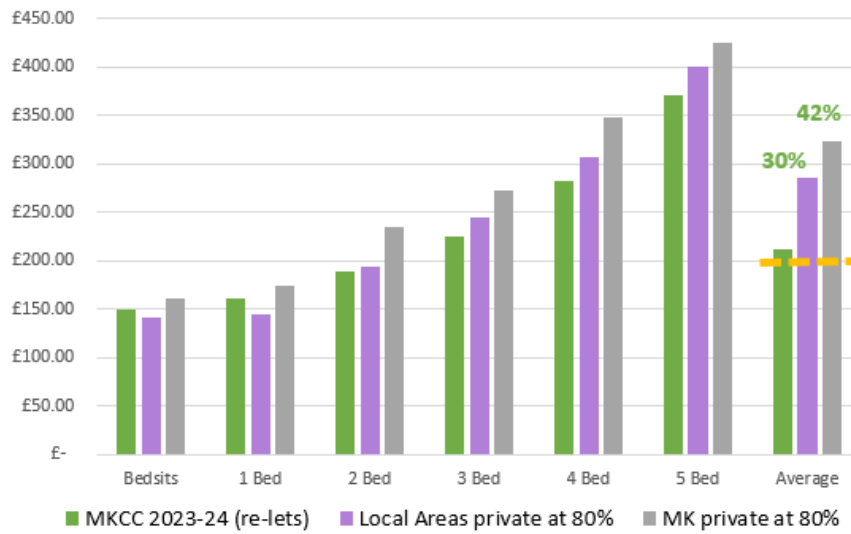
Table 6: Average Social Affordable Rent for Milton Keynes, South-East, And England – Local Authorities and Housing Associations in 2022/2023⁶



⁵ [Registered provider social housing stock and rents in England 2022 to 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/registered-provider-social-housing-stock-and-rents-in-england-2022-to-2023)

⁶ [Registered provider social housing stock and rents in England 2022 to 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/registered-provider-social-housing-stock-and-rents-in-england-2022-to-2023)

Table 7: MKCC Average Social Affordable Rent by Bed Size Compared to Open Market Rents Set at 80% in 2023/24⁷



4.2 Our social affordable rented properties equate to only 1.7% of our stock. On average rents are 8% higher than comparable stock offered by Housing Associations in Milton Keynes. They are also between 7 and 30% higher on average than comparable stock offered by both, Local Authorities and Housing Associations in the South-East, and in England as a whole. However, when compared with Private Sector Market rents, our rents are 42% lower in Milton Keynes and 30% lower in the Neighbouring Areas.

⁷ Valuation.hometrack.com

Appendix 5: Rent Cap and Local Housing Allowance

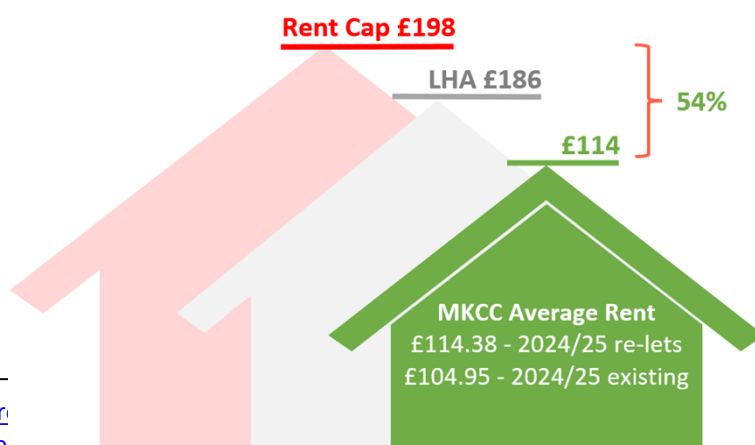
5.1 The Rent Standard restricts all social housing rents increase to a maximum of CPI plus 1%. We have compared our social formula rents increased by the proposed increase for 2024-2025 of 7.7%, with the rent cap for 2024-2025⁸, as well as with the Local Housing Allowance (LHA) for December 2023⁹. The Local Housing Allowance is the figure used to restrict benefit payment for private tenants. It is based on the average rent which is set at a level where 80% of rents are greater, and 20% would be lower. If approval is given to the increase, our rents would still be significantly lower than both, the Rent Cap and LHA.

Table 8: LHA and Rent Cap Levels by Bed Size Compared with MKCC Social Formula Rents Increased by 7.7% to Represent the Proposed MKCC Rent Increase for 2024/25

No of bedrooms	LHA December 2023	Rent Cap 2024/25	24/25 Actual Rent (7.7% increase)	24/25 Target Rent on Re-let* (7.7% increase)
Bedsits	£ 70.00	£ 187.17	£ 79.55	£ 84.74
1	£ 149.59	£ 187.17	£ 92.75	£ 100.43
2	£ 189.86	£ 184.00	£ 104.20	£ 113.20
3	£ 224.38	£ 209.17	£ 114.46	£ 125.50
4	£ 299.18	£ 220.17	£ 125.75	£ 137.98
5	N/A	£ 231.19	£ 134.21	£ 146.91
Average	£ 186.60	£ 198.33	£ 104.95	£ 114.38

*The difference in rent values of £104.95 and £114.38 is where current tenants are not paying the Full Social Formula rent for their homes. In 2023-2024 this equates to £4.88m of lost rental income. There are three reasons for this variance: historic rent setting decisions since 2000, not using the rent flexibility until 2022 and new lettings allow us to use the 11.1% uplift for 2023-2024, thus removing the 7% cap paid by current tenants.

Table 9: Average Rent Cap and LHA Levels for 2024/2025 Compared with MKCC Social Formula Rents Increased by 7.7% to Represent the Proposed MKCC Rent Increase for 2024/25



⁸ [Limit on annual rent incr.](#)

⁹ [Local Housing Allowance](#)

Appendix 6: Affordability – Average Earnings Vs Rent

6.1 Landlords must consider whether their rents are affordable in respect to local market context. To review this, we have obtained data from the Office of National Statistics (ONS) showing average earnings by region for the last three years, and the annual wage increase for 2022-2023.

Table 10: Median Gross Weekly Earnings for Full-Time Employees between 2021-2023¹⁰

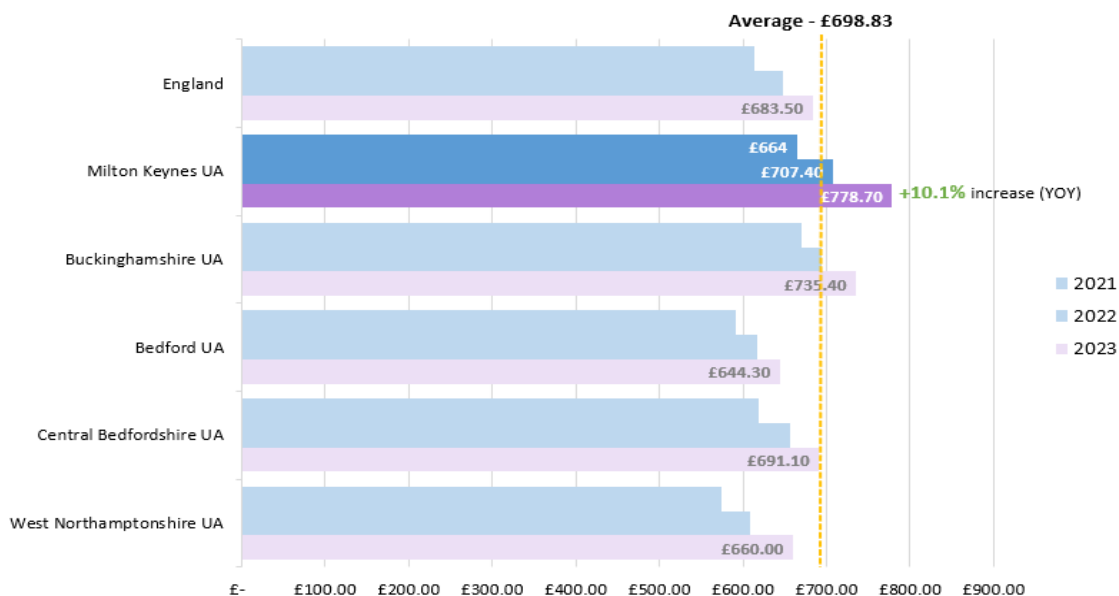
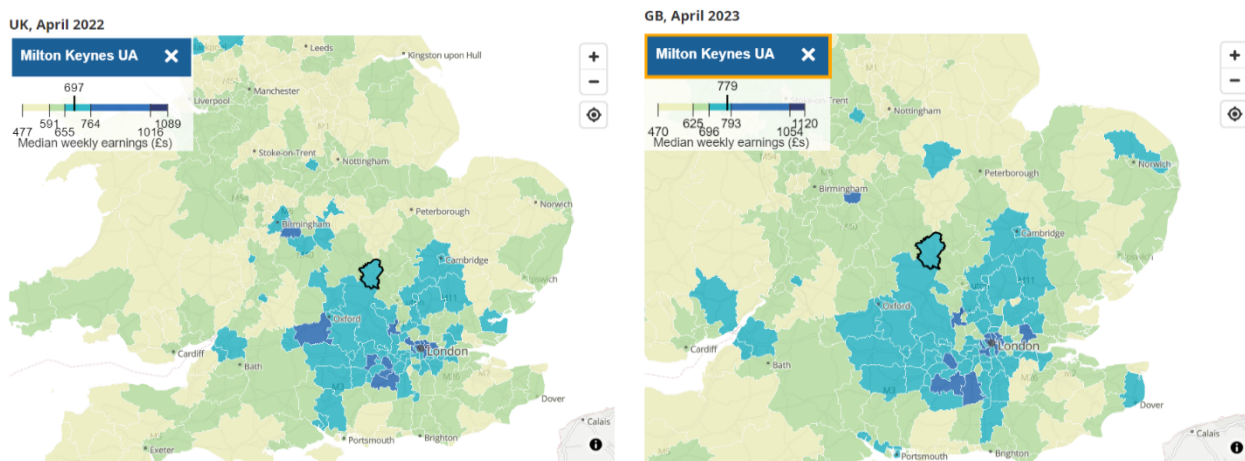


Table 11: Median Gross Weekly Earnings for Full-Time Employees April 2022 Vs April 2023¹¹



6.2 Weekly earnings in MK increased last year by 10.1% (6.5% previously), which represented one of the highest wage increases in comparison to neighbouring

¹⁰ [Employee earnings in the UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

¹¹ [Employee earnings in the UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

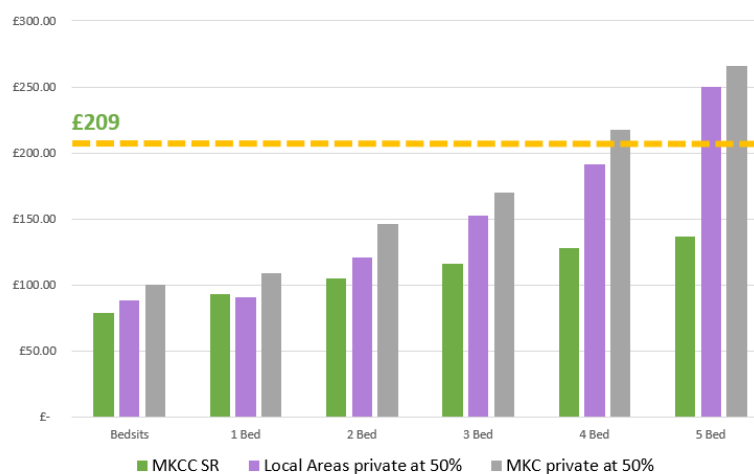
unitary authorities. In England, the average increase was at 6.2%.¹² Higher wage increase in MK in comparison to UK average means that the impact of high inflation on earnings would not be as significant as on average in England. To analyse how average, weekly earnings in MK correspond to rent affordability, we have calculated the 'take home pay' as per **table 12**. The data shows what the take home income would be for a single resident and how this would correspond with our rent levels for 2023-2024.

Table 12: Take Home Income Summary based on 2022-23 annual income in MK¹³

	Year	Month	Week
Gross Wage	£ 39,623	£ 3,302	£ 762
National Insurance	£ 3,111	£ 271	£ 62
Tax Paid	£ 5,411	£ 451	£ 104
Take Home Pay	£ 31,101	£ 2,581	£ 596
Affordability Level*			£ 209

*calculated as 35% of weekly Take Home Pay

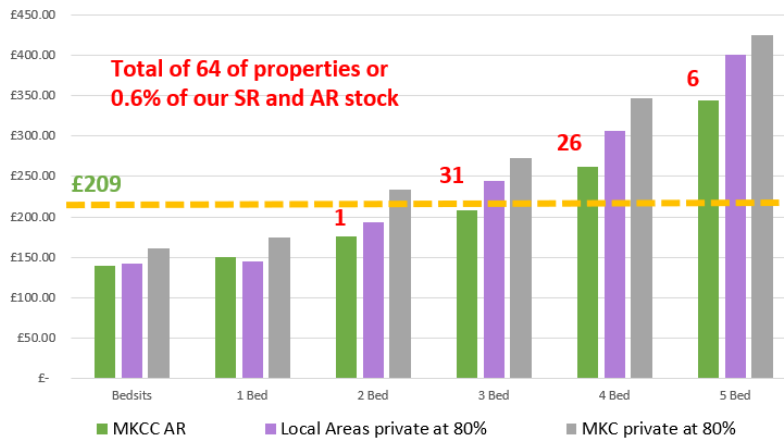
Table 13: 2023-24 MKCC Social Formula Rent (re-let) Levels Compared With Affordability Level based on 2022-23 annual income in MK



¹² Median weekly earnings for full-time employees in UK was £682 in April 2023, which is a 6.2% increase over the £642 in April 2022; this is the highest growth since comparable records began in 1997. At the same time, in April 2023, median weekly earnings for full-time employees fell by 1.5% on the year in real terms (adjusted for inflation using Consumer Prices Index including owner occupiers' housing costs (CPIH)).

¹³ [Income tax calculator: Find out your take-home pay - MSE \(moneysavingexpert.com\)](https://www.moneysavingexpert.com/mse-income-tax-calculator/)

Table 14: 2023-24 MKCC Average Social Affordable Rent Levels Compared with Affordability Level based on 2022-23 annual income in MK



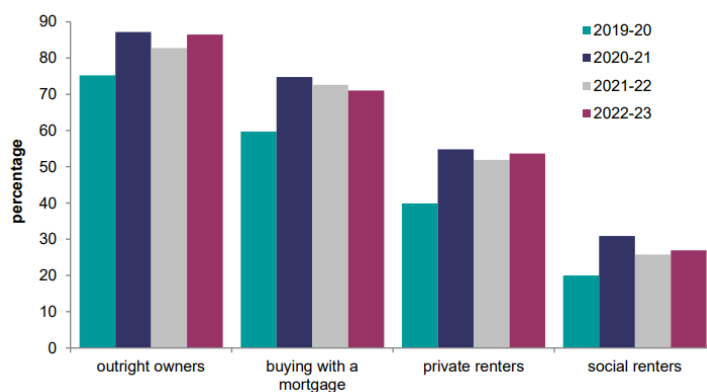
6.3 According to Shelter UK, where a person has housing costs by way of rent or mortgage payments which are greater than 35% of their net income, their housing costs could be deemed to be unaffordable. Taking the April 2023 average ‘take home pay’ in Milton Keynes of £596 shown above, this would mean that rent over £209 per week, per person could be considered unaffordable.

6.4 Taking into consideration the highest rent levels we can offer in 2023-2024; this analysis indicates that all our social formula rent properties were well below the affordability threshold based on 2022-2023 annual income in MK. We currently have some properties that are above the affordability level set at £209. This represents 64 social affordable rent properties, which equates to 0.6% of our social rent stock.

Appendix 7: Affordability – Other Indicators

- **Savings** - A recently published English Housing Survey report¹⁴, indicated that savings across all tenures remained similar to previous years. **Table 15.**
- **Benefits** - The proportion of social renters receiving housing support in 2022-2023 in England was 59% (previously 57%). **Table 16.** Although the exact number of our tenants in receipt of Universal Credit is unknown as benefits are paid directly, as of November 2023 1,439 (14%) of our tenants were in receipt of Universal Credit and 3,756 (36%) of tenants were in receipt of Housing Benefits.
- **Economic Activity** - In 2022-2023 in England there was a distinct variation by tenure when it comes to economic activity. The highest proportion of households in work were private renters (65%), while the highest proportion of “economically inactive” households was in the social rented sector (24%), and the highest proportion retired was in the owner-occupied sector (36%). **Table 17.**
- **Unemployment** – In Milton Keynes, unemployment fell sharply from 12% after the Covid-19 pandemic It has since stabilised at 2%¹⁵. In the UK, the average unemployment level is 4.3% (3.7% previously)¹⁶. **Table 18.**

Table 15: Proportion of Households With Savings in England by Tenure, 2019-20 to 2022-23



¹⁴ [2022-23 EHS Headline Report.pdf \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

¹⁵ [Housing Intelligence System](#)

¹⁶ [Employment in the UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

Table 16: Percentage of Private and Social Renters in England in Receipt of Housing Support, 2011-2023

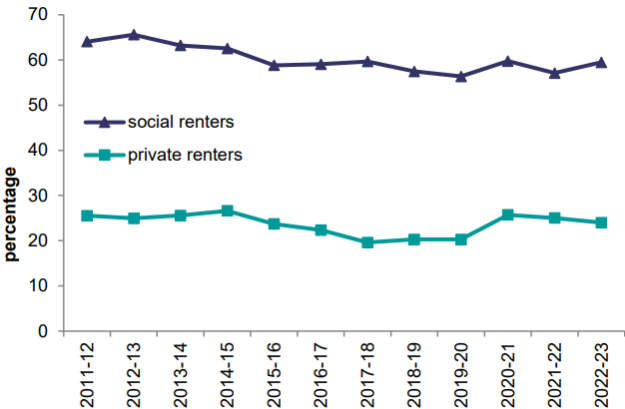


Table 17: Economic Activity Of Householders in England By Tenure, 2022-2023

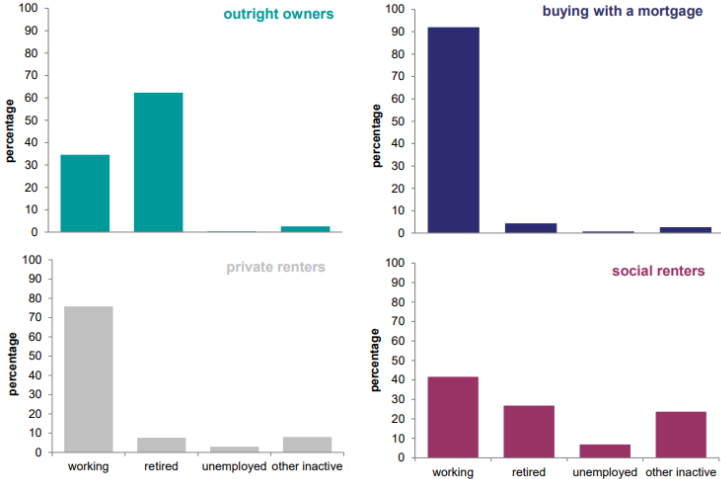
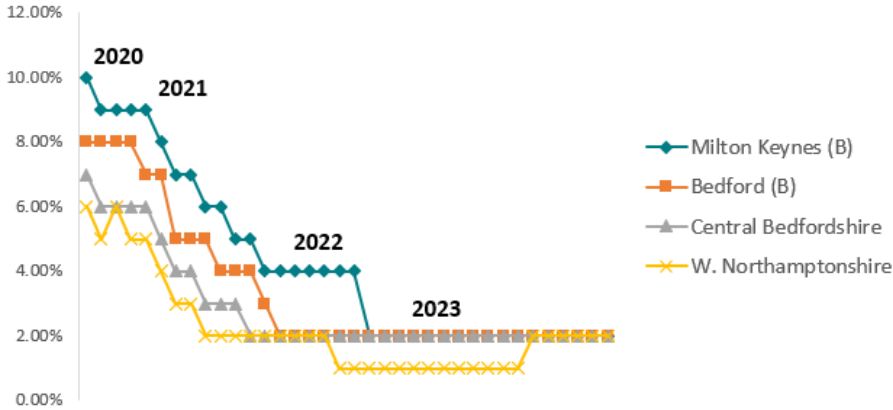


Table 18: Unemployment in MK and Surrounding Areas, 2019-2023¹⁷

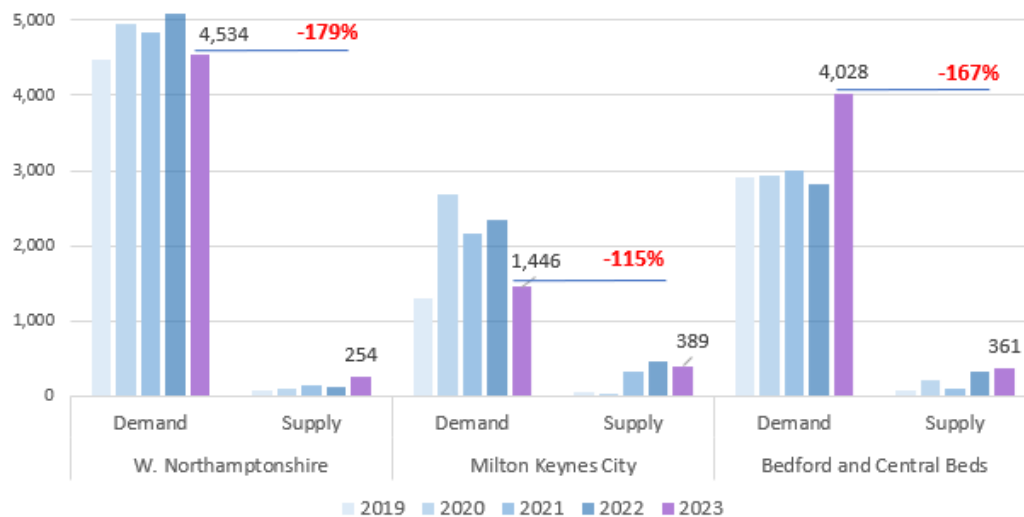


¹⁷ [Housing Intelligence System](#)

Appendix 8: Supply and Demand

8.1 In 2022-2023 we reported 1,446 (1502 previously) households on the housing needs register seeking accommodation. In the same period across the Milton Keynes area there have been 670 new social housing properties provided. The three compared areas are similar in terms of the existing social housing stock which stands at around 30,000 properties in each area. In terms of population, MK is approximately 64% smaller than the other two compared areas, which may explain much larger waiting lists for the new housing in those areas.

Table 19: Number of Applicants for Social Housing, and Supply of New Social Housing Rent Stock Between 2019-2023¹⁸



8.2 Nationally, there continues to be a greater demand for new housing than the supply. The Government’s previous Rent Standard 2020 was aimed at allowing Local Authorities and Housing Associations to increase their rental income over those five years with expectations that the social housing sector will lead on the delivery of new homes. Subsequent changes to the Government’s Rent Policy for 2023-2024 for one year, have capped the ability to increase rents in line with the inflation leaving a deficit between rising costs of labour, materials, and energy against a reducing stock. Consultation on the replacement of the Rent Standard is due during 2024.

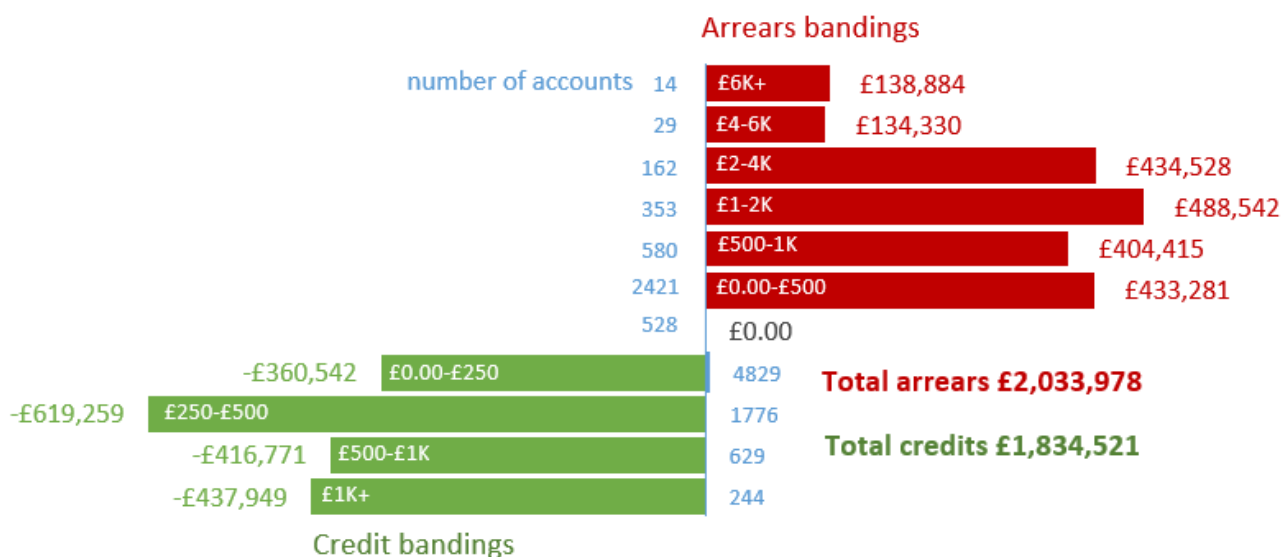
¹⁸ [Local authority housing statistics data returns for 2022 to 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/local-authority-housing-statistics-data-returns-for-2022-to-2023)

Appendix 9: Payment Of Rent – Current Tenant Arrears & Support

9.1 As of December 2023, 3,599 (previously 3,980) of our social formula rent tenants were in arrears. This includes 120 (previously 122) social affordable rent tenants. Total arrears owed to us on the 18 December 2023 were £2.0m, which is a decrease of 32% in comparison to what we reported last year. In the same period, the Income Team has also managed to reduce the high-level arrears cases with arrears over £2k, from the total of £0.977m last year to £0.708m this year, which represents 28% decrease.¹⁹

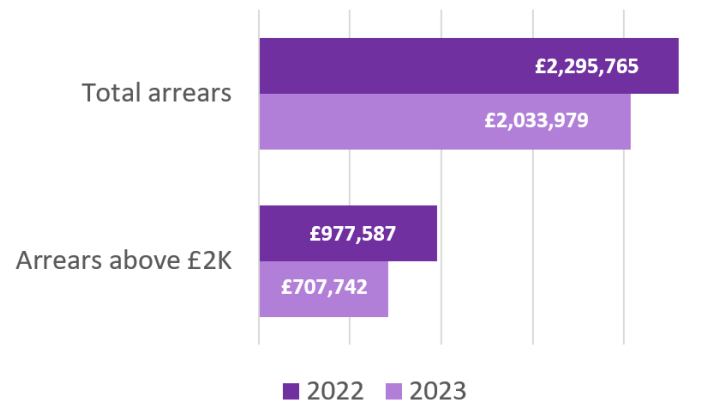
9.2 This was possible even after a larger than usual rent increase in 2023-2024, showing the effectiveness of our Income Recovery Team. Early intervention, and support focused on targeting arrears at early stages, prevented them from growing, and becoming difficult to manage. Moreover, our Welfare Team focused on income maximisation for residents, which meant helping them with benefits and budgeting and signposting them to the right place at the right time. As of December 2023, there have been 486 cases referred to the Welfare Referrals Service, which so far have generated over £0.420m income to our residents. Last year for the whole financial year there were 496 cases which generated over £0.460m.

Table 20: Number of Tenants in Rent Arrears by Arrears Bandings and Total Arrears in Each Banding as of December 2023



¹⁹ [Index of \\10.211.130.16\BI4Reports\Housing_Repository\Income\](#)

Table 21: Change in Total Arrears and Arrears Above £2k 2022-2023



Appendix 10: Risk Associated With Lack of The Government's Rent Policy

10.1 As referred to in the Housing Revenue Account (HRA) Budget report "*There is no Government rent policy after 2024/25*"²⁰ In the context of this document which is intended to 1) Show our rents in the wider context, and 2) to approve the annual uplift of social housing rents as set out in the annual budget report, below are some potential risks for social landlords associated with the lack of a rent policy beyond 2024/25.

- **Financial Instability:** Without a clear rent policy, landlords may face financial instability due to unpredictable rental income. This could impact their ability to maintain properties, pay loans, or invest in new properties.
- **Inability to Plan for Future:** The uncertainty surrounding future rent caps or other limitations makes it difficult for landlords to plan for the long term. This could affect decisions about property investment, maintenance, and improvements.
- **Increased Operational Costs:** If different rent caps are introduced unexpectedly, landlords may have to absorb increased operational costs, such as property maintenance and management, which they cannot offset with higher rents.
- **Reduced Property Value:** Uncertainty about future rental income could potentially reduce the market value of rental properties, affecting landlords' net worth and ability to secure loans or other financing.
- **Reduced Quality of Service:** To mitigate financial risks, landlords might cut back on property maintenance and tenant services, which could lead to a lower quality of living for tenants and potential reputational damage for the landlords.
- **Difficulty in Budgeting:** Landlords may find it challenging to budget effectively due to the unpredictability of rental income.²¹

²⁰ [Draft Council HRA Budget 2024-25.pdf \(moderngov.co.uk\)](#)

²¹ [Sector Risk Profile 2022 \(publishing.service.gov.uk\)](#)

Appendix 11: Equality and Diversity

- 11.1 Equality and diversity – “RP’s must comply with the requirements on rent setting in the Rent Standard 2020, and any subsequent Rents Standards published by the Government, they remain under their own equality duties to ensure that their decisions on rent setting support the requirements of the Equality Act 2010 and meet all aspects of the general duty”.
- 11.2 Our Rent and Service Charge Policy complies with our Equality and Diversity Strategy and has been subject to an Equality Impact Assessment. The policy is applied to our customers to ensure they have equal access to our services, information and that we respect their different needs. All customers will have access to this document upon request or from our website. The policy and any accompanying leaflet can be translated or provided in alternative formats (e.g., Braille, large print, audio) upon request, subject to reasonable cost. Equality and Diversity training is mandatory for all colleagues.

Appendix 12: Key Highlights From 2022-2023 English Housing Survey Report²²

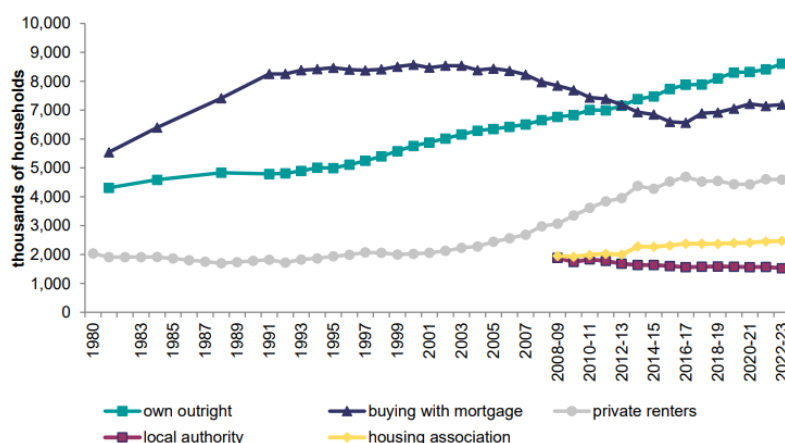
12.1 Introduction

Some of the key headlines relevant to our report, showing both positive, and negative impact on rent affordability are as follows –

Trends in Tenure

- The social rented sector, at 4.0 million households (16%) (previously 17%), is the smallest tenure, following a longer-term downward trend which has stabilised over the last decade or so.
- The composition of the social sector has also changed in the last decade. In 2008-09, the social rented sector accounted for 18% of households with 9% (2.0 million) renting from housing associations and 9% (1.9 million) renting from local authorities. In 2022-23, more households (10% or 2.5 million) rented from housing associations, and fewer (6% or 1.5 million) from local authorities.

Table 22: Trends In Tenure (Thousands Of Households), 1980 to 2022-23



Rents

- The average (mean) rent for households in the social sector was £111 compared with £232 per week in the private rented sector, a difference of £121 per week.

Affordability

- On average, mortgagors spent 18% of their household income on mortgage payments, whereas rent payments including housing support were 26% for social renters and 32% of household income for private renters. If housing support was excluded, the average proportion of income spent on rent would be 34% for social renters and 37% for private renters.

²² [2022-23 EHS Headline Report.pdf \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/2022-23_EHS_Headline_Report.pdf)

- Between 2012-13 and 2022-23, the proportion of household income that mortgagors spent on their mortgage remained similar (19% in 2012-13 and 18% in 2022-23). The proportion of household income (including housing support) that social renters spent on their rent decreased from 28% to 26%. In the same period, the proportion of household income that private renters spent remained similar (34% in 2012-13 and 32% in 2022-23).
- When householder and partner income is used, mortgagors spent an average of 19% of their income on mortgage payments in 2022-23, whereas rent payments were 29% of income for social renters and 40% of joint income for private renters (including housing support). Excluding housing support, the average proportion of income spent on rent was 37% for social renters and 46% for private renters.

Table 23: Mortgage/Rent As a Proportion Of Household Income (Including And Excluding Housing Support), By Tenure, 2022-23



Mortgage and Rent Arrears

- In 2022-23, 89% of mortgagors reported they found it very or fairly easy to afford their mortgage, a decrease from 93% of mortgagors in 2021-22. Within this, the proportion finding it very easy fell from 48% to 37%. Consequently, more respondents reported a rise in some level of difficulty in affording repayments, with 9% of mortgagors finding it fairly difficult and 1% finding it very difficult.
- In 2022-23, 2% of private renters reported being in rent arrears and a further 4% reported they had fallen behind with rent payments in the 12 months prior. This was similar to the proportion who reported being currently in arrears (3%) or in arrears in the 12 months prior (4%) in 2021-22.
- Social renters were more likely to report being in rent arrears than private renters: 9% reported they were currently in arrears, and 6% reported that they had fallen behind with payments in the 12 months prior to the interview.

- In 2022-23, just over a quarter of private renters (29%) reported finding it either fairly or very difficult to afford their rent, similar to the proportion in 2021-22 (26%). A similar proportion of social renters (27%) reported finding it either fairly or very difficult to afford their rent.

Housing Benefit

- Social renters in receipt of housing support received an average of £87 per week, lower than the average amount received by private renters (£133). The average amount of housing support received by private renters was higher than in 2019-20 (£113), though was similar to recent years. The average amount of housing support received by social renters was also higher than in 2019-20 (£81), though was similar to recent years.
- Over a third (36%) of working social renters received housing support in 2022-23, an increase compared to 2021-22 (30%). This proportion was lower for private renters, where 17% of working private renters received housing support in 2022-23, similar to 2021-22 (18%) but an increase compared to 2019-20 (11%).

Future Buying Expectations

- In 2022-23, 59% of private renters (2.6 million households) and 25% of social renters (1 million households) said they expected to buy a property at some point in the future.
- Among renters who expected to buy, in 2022-23, 30% of private renters expected to do so in five to ten years, an increase from the 26% in 2021-22. Social renters expecting to buy in 2022-23 were more likely to think it would be 10 years or more before they did so compared to 2021-22 (25% and 18% respectively).

Table 24: Percentage Of Private And Social Renters Who Expect To Buy, 2012-13 To 2022-23

