
Chapter 2

Comparison of tenure groups

Overview

- 2.1 This chapter makes comparisons between the main tenure groups. It provides a description and comparison of the demographic composition of each group and provides analysis of their economic characteristics, living conditions and their levels of satisfaction and well-being.
- 2.2 The largest tenure 'owner occupation' includes households that own their home outright and households that have a mortgage. The second tenure group is the private rented sector. The number of households in this tenure increased greatly in recent years, now exceeding that in the social rented sector. It offers rented accommodation without government subsidy and the tenancy is commonly only guaranteed for a duration of one year or less.
- 2.3 The social rented sector comprises local authority and housing association homes. Both offer accommodation at a subsidised rent and have typically been provided with a tenancy that guarantees the resident lifetime occupation.
- 2.4 The three subsequent chapters to this one provide more detailed analysis of each of these three main tenures, owner occupiers (Chapter 3), private renters (Chapter 4) and social renters (Chapter 5).

Demographics

Age

- 2.5 There were marked differences between the tenure groups in terms of their age profile. The high costs associated with purchasing a home mean most households need to take out a loan from a bank or other lender to make the purchase. The loan is then typically repaid over a period of 15 years or more. As a result, many people do not own their home outright until later in life.
- 2.6 In 2013-14, the majority (85%) of outright owners had a HRP aged 55 or more. The household reference person (HRP) is defined as the 'householder' in whose name the accommodation is owned or rented

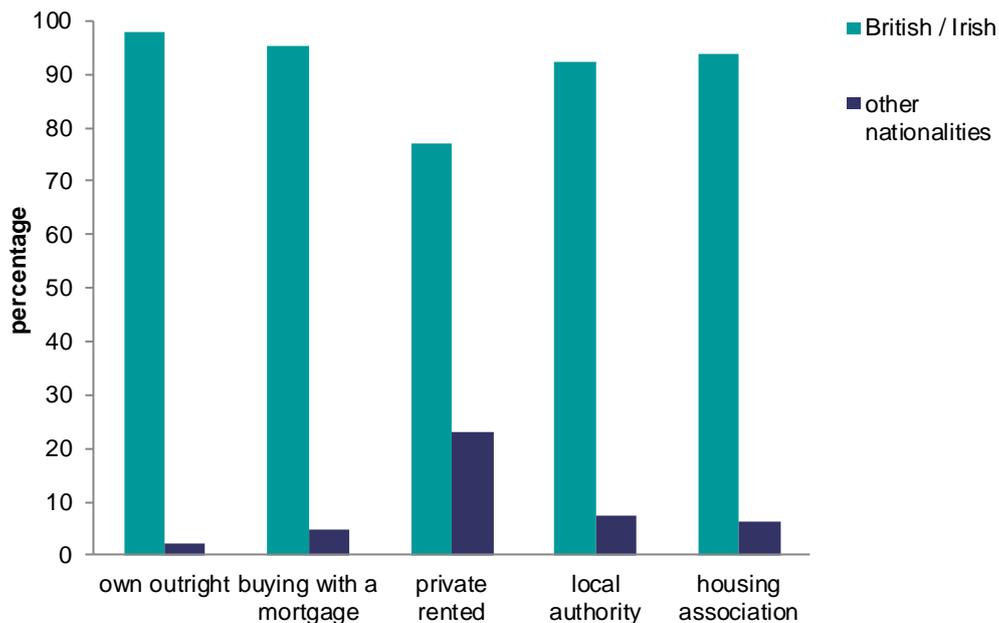
(further information is given in the glossary). As would be expected, mortgagors were younger, with nearly two thirds (63%) having a HRP between the ages of 35 and 54. The majority (82%) of first time buyers resident less than 3 years had a HRP aged between 25 and 44¹.

2.7 Private renters had the youngest age profile, 71% had a HRP aged under 45. Social renters, both local authority and housing association tenants, tended to be spread more evenly across the age groups.

Nationality

2.8 Private renters were more likely to have a HRP of a nationality other than British or Irish (23%) than social renters (local authority 8%, housing association 6%) or owner occupiers (own outright 2%, buying with mortgage 5%), Figure 2.1.

Figure 2.1: Nationality of HRP by tenure, 2013-14



Base: all households

Note: underlying data are presented in Annex Table 2.1

Source: English Housing Survey, full household sample

¹ Some of the demographics figures referred to in this section were published in English housing survey headline report 2013 to 2014 tables: <https://www.gov.uk/government/statistics/english-housing-survey-2013-to-2014-headline-report>

Ethnicity

- 2.9 As noted in the headline report, just over one tenth (11%) of all HRPs in England were from an ethnic minority background. In the social and private rented sectors, this proportion was higher than the national average (15% and 19% respectively), whereas the proportion of owner occupiers from an ethnic minority background was below the national average (7%).

Economic status

- 2.10 Among those who owned outright, around two thirds (63%) contained a HRP who was retired, consistent with the older age profile of this group. Around one third (33%) were working, either full-time or part-time. By contrast, 91% of households buying with the help of a mortgage had a HRP who was working, rising to 96% amongst recent first time buyers who had been resident for less than 3 years, Annex Table 2.2.
- 2.11 The majority (72%) of private renting households contained a HRP who was in employment, 10% were economically inactive (this category includes those who have a long-term illness or disability and those looking after the family or home). Just 5% were unemployed.
- 2.12 Social renting households were more likely than other tenures to contain a HRP who was economically inactive (24%). Thirty-seven per cent were working and, with the exception of outright owners, they were most likely group to be retired (30%).
- 2.13 The economic status of partners follows similar patterns to economic status of HRP as described in the Headline report.
- 2.14 The partner of the HRP was retired in 60% of homes owned outright, compared with just 5% of mortgagors and 4% of private renters, and 21% of social renters. The partner of the HRP was working in most households being bought with a mortgage (80%) and households privately rented (63%), Annex Table 2.1.
- 2.15 The partner of the HRP was unemployed in 8% of households in social rented accommodation and 6% of households in private rented accommodation, compared with just 1% of owner occupied households. The proportion of households where the partner was 'other inactive' (including long-term sick and carers) was lower amongst owner occupiers (10%) than social (30%) or private (23%) renters.

Household type and household size

- 2.16 Outright owners (61%), mortgagors (67%) and private renters (59%) were more likely to have a male HRP, however, for social renters the HRP was more likely to be female (57%). This higher proportion of female HRPs amongst social renters can be attributed to these households being more likely than other groups to have lone parent households (17%) households with one person over 60 (23%), Annex Table 2.2.
- 2.17 The composition of households in each tenure group was discussed in detail in the headline report². The main findings were:
- In 2013-14, the majority (82%) of outright owners were one or two person households, with the predominant household types being couples with no dependent children (53%) and single aged 60 or over (29%).
 - The private rented sector had a higher proportion of households with one person under 60 (20%) than mortgagors (13%) and fewer couples with no dependent children (24% compared to 34% of mortgagors). Only 3% of mortgagors and 6% of private renters were a household of single person aged 60 or over.
 - Other multi-person households, including flat sharers, lone parents with non-dependent children only and households containing more than one couple or lone parent family, were most often found in the private rented sector (15%). For the other tenures, other multi-person households were 10% of social renters and 6% of owner occupiers.
 - In 2013-14, 46% of households buying with a mortgage and 8% of outright owners had dependent children, similar to 2003-04 figures.
 - In the private rented sector, households with dependent children increased from 29% in 2003-04 to 36% in 2013-14, while this proportion remained similar for other tenure groups across this period.
 - In 2013-14, the proportion of lone parent households was higher in the rented sectors; 17% of social renters and 12% of private renters were lone parents compared with 3% of owner occupiers.
- 2.18 Households with recent first time buyers (buying their first home in the last 3 years) were generally couples, either with dependent children (27%) or without (44%) or single people under 60 (21%). First time buyers were more likely to be couples (71%) compared with private

² This section reports on mortgagors including first time buyers and previous owners. Other sections of this report include mortgagors excluding recent first time buyers. See footnotes in Annex Tables for this report and Headline Report for details on what is included in each analysis.

renters (47%), and private renters were more likely to be lone parents (12%), single people over 60 (6%) and other multi-person households (15%), Annex Table 2.2.

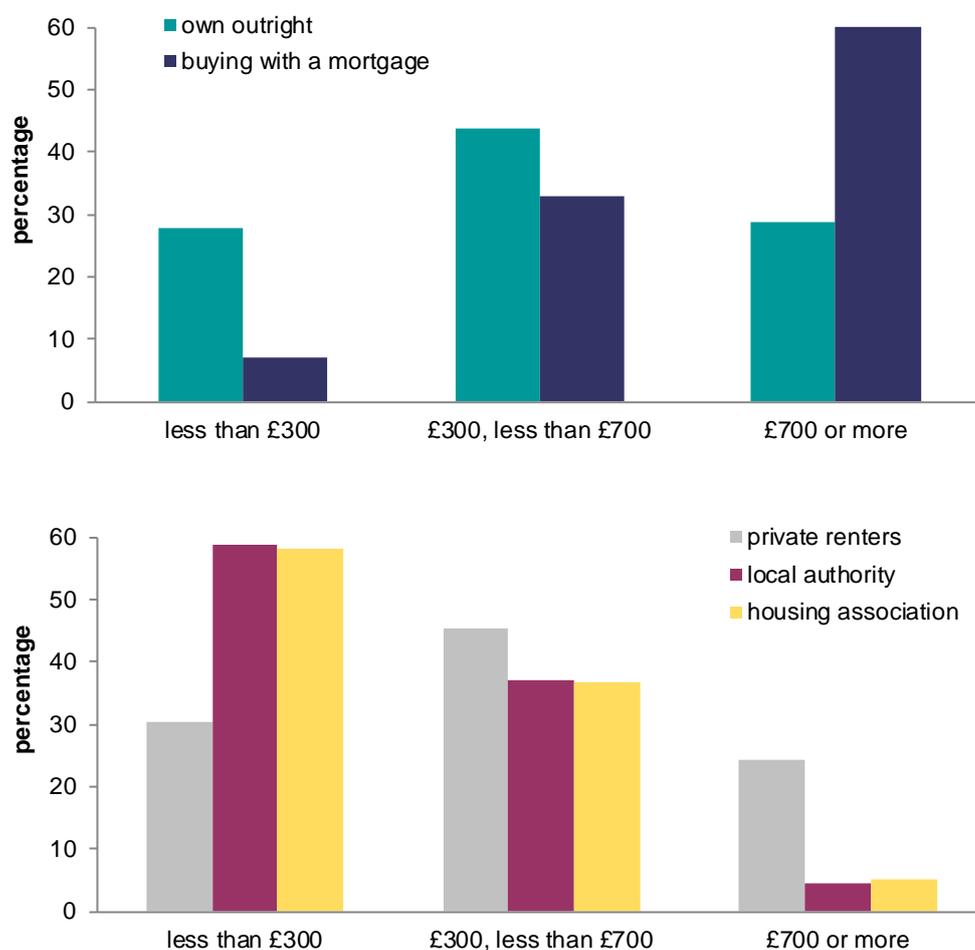
Economic characteristics

Income

- 2.19 Income levels varied across tenures. The mean gross weekly income in 2013-14 of the HRP and their partner³ was £798 for owner occupiers and £580 for private renters. Social rented sector accommodation is offered at a subsidised level and tenants tend to have lower incomes; mean gross weekly income was £315 for households in social rented accommodation, Annex Table 2.1.
- 2.20 Households buying with the help of a mortgage had the highest incomes. Three in five (60%) were in the highest income band of £700 plus per week, this compares with 29% among outright owners, 24% among private renters and just 5% of social renters. Over half (58%) of social renters had incomes of less than £300 per week.

³ This includes income from private sources and state benefits/allowances and tax credits (including housing benefit/Local Housing Allowance but excluding council tax benefit and Support for Mortgage Interest) and interest from savings, before deductions for Income Tax or National Insurance.

Figure 2.2: Gross weekly income of HRP and partner, by tenure, 2013-14



Base: all households

Note: underlying data are presented in Annex Table 2.1

Source: English Housing Survey, full household sample

Housing costs

2.21 Private renters had the highest weekly housing costs, paying on average £176 per week in rent. Mortgagors paid an average of £153 per week in mortgage payments while mean weekly rents in the social housing sector were £98 for HA renters and £89 for LA renters, Annex Table 3.2. There was greater variability in the amounts paid by mortgagors and private renters than for either of the social renter groups⁴.

⁴ See Headline Report Annex Table 1.7 for mean weekly rents. The standard deviations for the amounts paid in housing costs for each tenure group are as follows: mortgagors =122.7, private renters=114.8, local authority=33.9, housing association=32.4.

Housing costs: income ratio

- 2.22 Affordability of housing is becoming an increasingly important issue. Rising housing costs in the form of increased house prices and the associated mortgage costs, or higher rent levels can exert pressure on household finances. This can potentially lead to a household defaulting on their mortgage payments or being unable to pay their rent.
- 2.23 A simple measure of housing affordability has been derived by calculating the average proportion of income spent on housing. The proportion of income spent on mortgage payments (both the repayment element and the interest element) is compared with the proportion spent on rents in the social and private rented sectors. Housing-related costs, such as water and fuel bills, insurance, maintenance costs and council tax are not included in calculation. Income is taken to be the gross weekly household income of the HRP and their partner, including benefits. Outright owners are excluded from this analysis as they have no mortgage costs.
- 2.24 Rent payments took up a larger proportion of household income for all renters than did mortgage payment for mortgagors. On average, those buying their home with a mortgage spent 19% of their income on mortgage payments whereas rent payments were 31% of income for social renters and 43% of income for private renters. Excluding housing benefit, the average proportion of income spent on rent was 42% for social renters and 52% for private renters, Figure 2.3.

Figure 2.3: Ratio of housing costs: income (including and excluding housing benefit) by tenure, 2013-14



Base: all households that reported paying rent or mortgage payments

Note: underlying data are presented in Annex Table 2.4

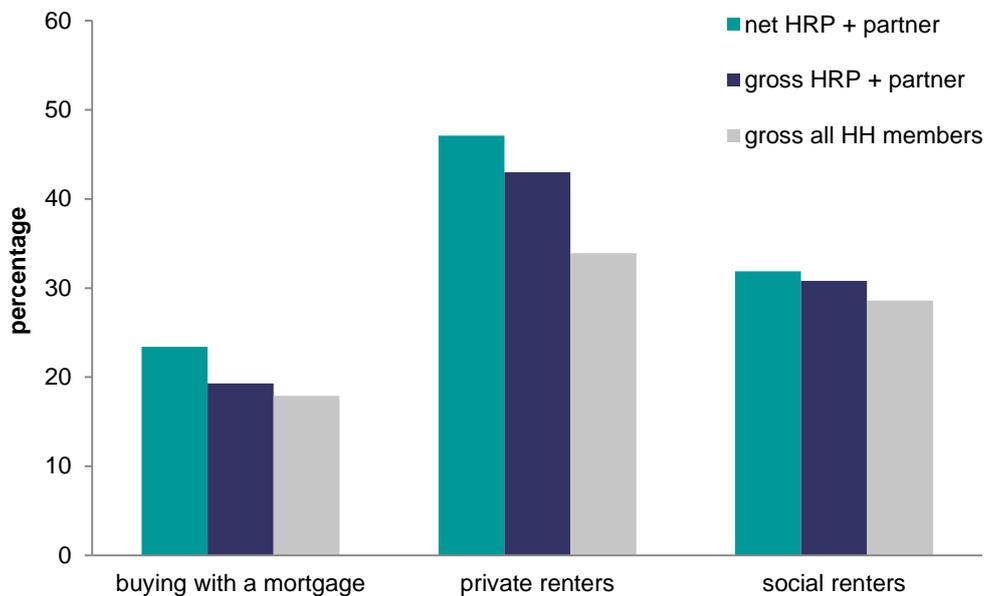
Source: English Housing Survey, full household sample

- 2.25 For all renters and those buying with a mortgage, rent and mortgage costs accounted for a higher proportion of income of households in London compared with those outside London.
- 2.26 Alternatively affordability of housing can be looked at by calculating mortgage and rent payments as a proportion of gross weekly income of all household members including benefits.
- 2.27 Using this calculation the proportion of income spent on housing costs remains similar for mortgagors (19% including HRP and partner, 18% including all household members) and social renters (31% including HRP and partner, 29% including all household members). However, for private renters the proportion of income spent on rent decreases from 43% when considering income from HRP and partner only to 34% when considering income from all household members, Annex Table 2.4.
- 2.28 The proportion of income spent on housing costs is naturally lower when income from all household members is included as opposed to only HRP and partner. Where the HRP is in full-time education, the difference between ratios is particularly large (mortgagors 28% to 19%

respectively, social renters 54% to 40%, private renters 146% to 67%), Annex Table 2.5.

- 2.29 A further way of looking at affordability is to calculate mortgage and rent payments as a proportion of net (after tax) weekly income of the HRP and partner including benefits. This gives an indication of the amount of disposable income that is spent on housing costs. As net income will be lower than gross income, mortgage and rent payments are higher as a proportion of net income of HRP and partner than they are as a proportion of gross income of HRP and partner for all tenure groups.
- 2.30 Amongst mortgagors and private renters housing costs as a proportion of net income including state assistance (mortgagors 23%, private renters 47%) was on average 4 percentage points higher than housing costs as a proportion of gross income of HRP and partner (mortgagors 19%, private renters 43%).
- 2.31 Amongst social renters housing costs as a proportion of net income was on average 32%, and 31% as a proportion of gross income, Annex Table 2.4.

Figure 2.4: Housing costs as a proportion of different measures of income, by tenure, 2013-14



Base: all households that reported paying rent or mortgage payments

Note: underlying data are presented in Annex Table 2.4

Source: English Housing Survey, full household sample

Living conditions

Usable floor area

- 2.32 Usable floor area and information on outside space for dwellings was calculated using measurements taken by surveyors as part of the physical survey of dwellings. Because of the smaller sample size, figures presented here are for data from the 2012-13 and 2013-14 surveys combined, presented throughout as 2013 (a mid-point of April 2013).
- 2.33 Usable floor area was largest for owner occupiers (109 m²) followed by private renters (77 m²) and then social renters (66 m²), with the same pattern being followed for usable floor area per person (owner occupiers 55 m², private renters 39 m² and social renters 38 m²), Annex Table 2.7.
- 2.34 All tenure groups showed similar patterns by age of HRP. Middle-aged people tended to have larger homes, highest at 45-54 years for outright owners (138 m²), 55-64 years for mortgagors (122 m²), 35-54 years for social renters (72 m²) and 35-64 years for private renters (80-82 m²).
- 2.35 Older age groups generally had smaller homes than the under 65s, probably as a result of downsizing. Amongst the over 65 age group average floor area was 105 m² amongst outright owners, 102 m² amongst mortgagors, 75 m² amongst private renters and 59 m² amongst social renters.
- 2.36 However, usable floor space *per person* showed a slightly different pattern by age. It was relatively stable across the younger age groups (16-44 years 35-37 m²) but then higher for ages 45 to 54 upwards (45-54 46 m², 55-64 57 m², 65 and over 64 m²), likely due to children growing up and moving out. The smaller overall usable floor area in older age groups does not correspond to less floor area per person.
- 2.37 This pattern of results is reflected in floor area and floor area per person in different household types and employment status of the HRP with single person households and retired people having the smaller accommodation but more space per person, and those with dependent children having less space per person.

Outside space

- 2.38 Almost all (99%) of households had access to either a private or shared plot. Having a private plot, as opposed to shared, was more common among owners (93%) followed by private renters (69%) then social renters (63%).

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- 2.39 Older age groups were more likely to have a private plot. The proportion with a private plot increased with age from 16-24 years to 25-34 years and from 25-34 years to 35-44 years where it reached 85% and remained stable across older age groups.
- 2.40 Whilst overall almost all (98%) of properties had some parking (either on or off street), owner occupied properties were more likely to have parking (99%) than either social or private rented properties (both 97%). Owner occupiers were the most likely to have off street parking (82%) followed by private renters (52%) then social renters (31%).

Length of residence

- 2.41 Owner occupiers had been resident in their current property for an average of 17.1 years; social renters had been resident for a shorter period at 11.5 years. The private rented sector is typified by comparatively shorter tenancies and private renters had the shortest average length of residence at 3.5 years⁵.
- 2.42 Outright owners had generally been resident in their property for longer than other tenure groups with over half (56%) having been in their properties over 20 years. Only 14% of those still buying with the help of a mortgage had been resident for more than 20 years.
- 2.43 Social renting households were more evenly distributed across differing residency lengths. A third (35%) of private renters had been resident at their current property for a less than one year, with a diminishing number of households resident for each successive longer period.

Overcrowding and under-occupation

- 2.44 Overcrowding and under-occupation are discussed in the following paragraphs in relation to the “bedroom standard”, Box 1. Data are presented for the three years, 2011-12 to 2013-14 combined because of small sample sizes, as with previous reports.

⁵ See Headline Report Table 1.1 for mean length of residence.

Box 1: Bedroom standard

The bedroom standard is the difference between the number of bedrooms needed to avoid undesirable sharing and the number of bedrooms available to the household.

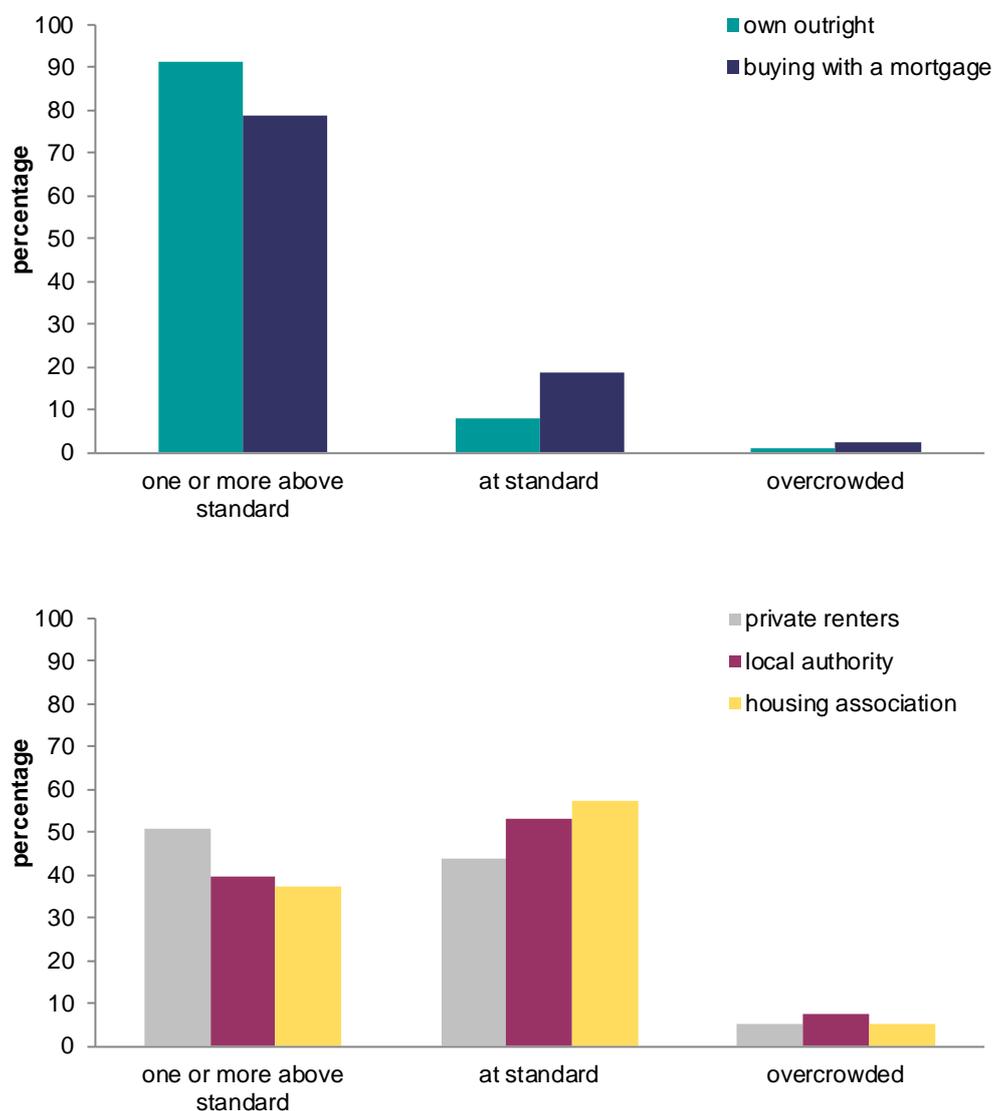
- A dwelling is considered to be “under-occupied” if it has two or more bedrooms that are not required, taking into account the age, sex, and relationships of the household members.
- It is said to be “overcrowded” if it has fewer bedrooms than needed.

The figures discussed in this chapter relate to the 2006 definition of the bedroom standard, as defined in the Housing (Overcrowding) Bill of 2003. This differs from the size criteria used for the purposes of Local Housing Allowance and the Removal of the Spare Room Subsidy, under which an adult is considered to be a person 16 or over, rather than 21 or over.

See Glossary for further details.

- 2.45 There were 61% of outright owners and 39% of mortgagors who were under-occupied (i.e. two or more spare bedrooms). This compared with 15% of private renters and 10% of social renters under-occupying.
- 2.46 The majority of owner occupied homes were one or more above standard, with rates of 92% amongst outright owners and 79% amongst mortgagors. Homes with one or more spare bedrooms were less common amongst renters with 51% of private renters and 38% of social renters.
- 2.47 Social renters were more likely to be at the bedroom standard (55%) than either owner occupiers (13%) or private renters (44%).
- 2.48 Overcrowding was uncommon in all tenures, but was more prevalent amongst private renters (5%) and social renters (6%) than amongst owner occupiers (1%).

Figure 2.5: Bedroom standard, by tenure, 2011-14



Base: all households

Note:

1) underlying data are presented in Annex Table 2.7

2) figures relate to the 2006 definition of the bedroom standard

Source: English Housing Survey, full household sample

Attitudes and satisfaction

2.49 In addition to factual or demographic questions, the English Housing Survey also includes questions on people's attitudes. This section examines responses to questions assessing respondents' satisfaction with their accommodation and local area, and attitude toward their current tenure.

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- 2.50 Subjective questions like this are important for revealing how people feel about their living conditions, as well as their housing needs. Households were asked to rate their levels of satisfaction using a five-point scale from 'very satisfied' through to 'very dissatisfied'.

Satisfaction with tenure

- 2.51 Most people agreed that their form of tenure was 'a good way of occupying their home'. Owner occupiers were the most likely to agree with this (94%) and both owner occupiers and social renters (80%) were far more likely to agree than private renters (53%), Figure 2.6.
- 2.52 Nearly a quarter (23%) of private renters disagreed with this statement compared to only 2% of owners and 7% of social renters.
- 2.53 Outright owners were more likely to strongly agree that owning was a good way of occupying their home (78%) than those buying with a mortgage (72%). However the overall level of agreement was similar for outright owners (95%) and mortgagors (93%).
- 2.54 Local authority tenants were slightly more likely to strongly agree (40%) than housing association tenants (37%), while overall levels of agreement were similar for the two groups (82% and 80%).
- 2.55 Agreement that current tenure is a good way of occupying a home has grown over the last ten years amongst both social renters (76% 2003-04, 80% 2013-14) and private renters (46% 2003-04, 53% 2013-2014).

Figure 2.6: Satisfaction with tenure, by tenure, 2003-04 and 2013-14



Base: all households where HRP or partner completed survey
Note: underlying data are presented in Annex Tables 2.8 and 2.9
Source: English Housing Survey, full household sample

2.56 Owner occupiers who agreed their form of tenure was a good way of occupying a home had larger homes (110 m² on average) than those who disagreed (90 m²). There was no relationship between property size and satisfaction with tenure for social or private renters, Annex Table 2.10.

Satisfaction with accommodation

2.57 In 2013-14 owner occupiers were more likely to be satisfied with their accommodation (94%) than either social renters (81%) or private renters (82%). Mortgagees were slightly less likely to be satisfied with their accommodation (92%) than outright owners (95%), Annex Table 2.8.

2.58 Satisfaction with accommodation has fallen very slightly over the last ten years amongst outright owners (97% 2003-04, 95% 2013-14) and mortgagees (94% 2003-04, 92% 2013-14) while remaining similar for all other tenure types, Annex Table 2.9.

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- 2.59 As a whole, those who were satisfied with their accommodation had a greater average area of floor space per person (51 m²) than those who were dissatisfied (37 m²), Annex Table 2.10.
- 2.60 Amongst owner occupiers and social renters, those who are satisfied with their accommodation were more likely to have a garden than those who are dissatisfied.

Satisfaction with local area

- 2.61 Satisfaction with the local area was higher among owners (90%) than private renters (86%) and higher amongst private renters than social renters (82%), Annex Table 2.8.
- 2.62 Outright owners were more likely to be very satisfied with the local area (62%) than any other tenure group, however the proportion that were either very or quite satisfied was similar for outright owners and mortgagors (91% and 89%).

Well-being

- 2.63 Four questions designed to measure levels of personal well-being among individuals were included in the survey in 2013-14. These were: life satisfaction; the extent to which the things they do in their life are worthwhile; how happy they felt yesterday; and how anxious they felt yesterday. Each was assessed on a 10 point scale, with higher scores for the first three, and a lower score on the last, indicating greater well-being. Questions were only asked of HRPs, Annex Table 2.8.
- 2.64 As outlined in the headline report, the mean score on life satisfaction among HRPs living in all types of tenure was 7.4 with outright owners having an average life satisfaction score of nearly one point higher than social renters. Personal characteristics such as economic status, health, marital status and income were all associated with levels of life satisfaction.
- 2.65 The mean score for feeling that the things done in life are worthwhile was 7.7 overall with owner occupiers having higher average scores (7.9) than social renters (7.3).
- 2.66 The mean score for happiness on the previous day was 7.4 for people overall, again with owner occupiers having higher average scores (7.6) than social renters (6.9).
- 2.67 Average scores for feeling anxious yesterday were low for all tenure groups with an average of 3.0. Owners had an average score of 2.8, social renters 3.6 and private renters 3.1.