



Department for
Communities and
Local Government



English Housing Survey

Housing costs and affordability, 2015-16



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Introduction and main findings

1. The English Housing Survey (EHS) is a national survey of people's housing circumstances and the condition and energy efficiency of housing in England. In its current form, it was first run in 2008-09. Prior to then, the survey was run as two standalone surveys: the English House Condition Survey and the Survey of English Housing. It is one of the longest standing surveys in government, with 2017 marking the 50th anniversary since the first survey in 1967.
2. This report examines housing costs and affordability in England. Chapter 1 examines average housing costs, drawing out key differences between the tenures, as well as differences between London and outside London. Chapter 2 focuses on income. Chapter 3 makes an assessment of affordability and how this varies by tenure; this is done by examining the proportion of income that is spent on housing costs. The final chapter explores difficulties households had in meeting their housing costs, and how this varied by tenure.

Main findings

Households in the private rented sector had the highest housing costs. This was particularly the case in London.

- In 2015-16, the average (mean) rent for private renters was £184 per week. The average private rent in London was £300 per week, almost twice the average outside London (£153).
- In 2015-16, the average (mean) weekly mortgage payment of £159 was lower than the average weekly rent for private renters. The average weekly rent for social renters was also lower at £106 for housing association renters and £95 for local authority renters.
- In London it was, on average, cheaper to have a mortgage than to rent in the private sector (i.e. weekly mortgage repayments are lower than weekly rents). This was not the case outside of London where average private rents were much the same as weekly mortgage repayments.

Households with a mortgage had the highest incomes; social renters had the lowest.

- Average (mean) weekly gross income of the HRP¹ and partner was highest among households with a mortgage (£1,071) compared with £682 for outright owners and £602 for private renters. Average weekly income was lowest among social renters (£349).

Private renters spend a greater proportion of their income on their housing costs than social renters or those buying with a mortgage.

¹ The HRP is the 'householder' in whose name the accommodation is rented. See the glossary for further information.

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- On average, those buying their home with a mortgage spent 18% of their household income on mortgage payments whereas rent payments were 28% of household income for social renters and 35% of household income for private renters.

Irrespective of tenure, households in London spend a greater proportion of their income on housing costs than households in the rest of England.

- The proportion of household income spent on mortgage payments was higher in London (22%) compared with outside London (17%). Private renters in London spent 45% of their household income on rent payments compared with 32% outside London. Social renters in London spent 32% of their household income on rent payments whereas outside London this was 27%.

The proportion of income spent on housing costs reduced significantly for households with independent children when all household income was taken into account. This was true across all tenure types.

- When using the HRP and partner measure, lone parents with independent children spent 26% of their income on mortgage payments however it reduced to 16% for all household income. For couples with independent children this reduced from 15% to 12% when the all household income measure is used.
- In the private rented sector, using the HRP and partner income measure, couples with independent children spent 34% of their income on rent payments which reduced to 24% on the all household income measure. For lone parents with independent children the proportion reduced from 58% to 44%.

A quarter of social renters were either currently in arrears or had been in the last 12 months. This was higher than the proportion of private renters who were either currently in arrears or had been in the last 12 months.

- A quarter of social renters (26% of local authority renters and 25% of housing association renters) were either currently in arrears or had been in the last 12 months. This was higher than the proportion of private renters (9%) who were either currently in arrears or had been in the last 12 months.
- The most common reasons for arrears that renters gave were 'other debts or responsibilities (26%) and unemployment (21%).

Acknowledgements and further queries

3. Each year the English Housing Survey relies on the contributions of a large number of people and organisations. The Department for Communities and Local Government (DCLG) would particularly like to thank the following people and organisations, without whom the 2015-16 survey and this report, would not have been possible: all the households who gave up their time to take part in the survey, NatCen Social Research, the Building Research Establishment (BRE) and CADS Housing Surveys.
4. This report was produced by Busola Siyanbola and Helen Garrett at BRE in collaboration with NatCen Social Research and DCLG.

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5. If you have any queries about this report, would like any further information or have suggestions for analyses you would like to see included in future EHS reports, please contact ehs@communities.gsi.gov.uk.
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Housing Costs and Affordability

Households in the private rented sector had the highest housing costs; social renters had the lowest.

Weekly rent or mortgage costs

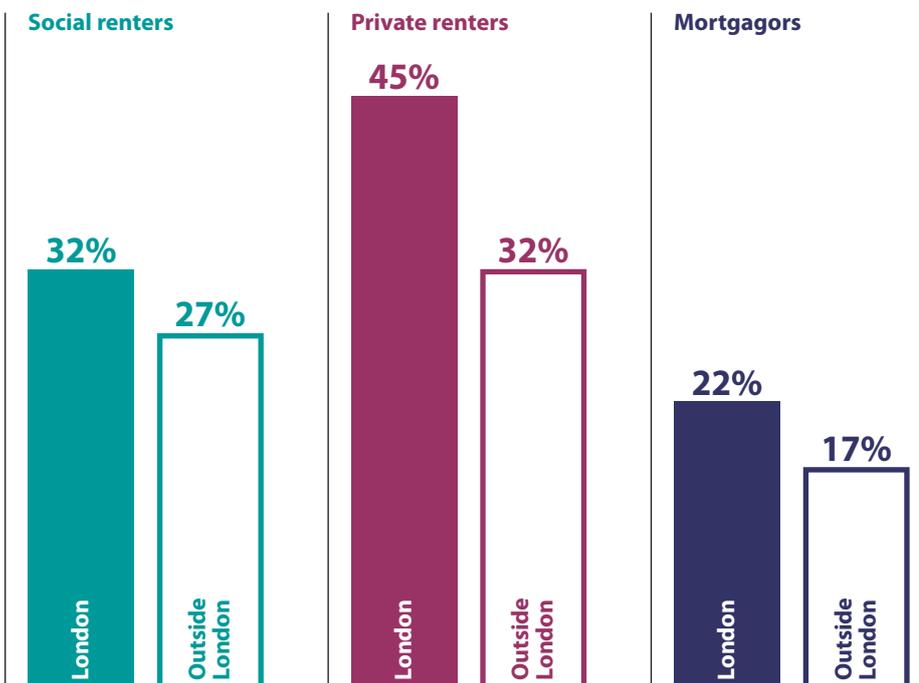


Households with a mortgage had the highest incomes; social renters had the lowest.

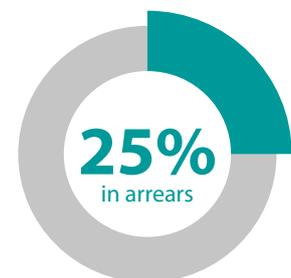
Weekly household income



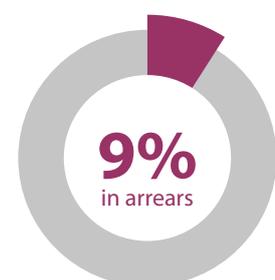
Irrespective of tenure, households in London spend a greater proportion of their income on housing costs than households in the rest of England.



Social renters were more likely to be in arrears than private renters.



Social renters



Private renters

Chapter 1

Housing costs

- 1.1 This chapter examines average (mean) mortgage payments, and average rents for private and social renters, drawing out key differences between the tenures, as well as differences between London and outside London. It then explores these average payments by different demographic characteristics and economic circumstances of the household based on the Household Reference Person (HRP). The HRP is the person in whose name the dwelling is owned or rented or who is otherwise responsible for the accommodation. In the case of joint owners and tenants, the person with the highest income is taken as the HRP.

Overview of mortgage and rent

- 1.2 In 2015-16, the average (mean) weekly mortgage payment of £159² was lower than the average weekly rent³ for private renters (£184). The average weekly rent for social renters was also lower at £106 for housing association renters and £95 for local authority renters, Annex Table 1.1.
- 1.3 Housing costs were higher in London across all tenures. The average (mean) weekly mortgage payment in London was £228 compared with £149 outside London. For private renters, the average weekly rent in London was £300 per week, almost twice the average outside London (£153), Figure 1.1. Although the average weekly cost of privately renting was greater than the average weekly costs of having a mortgage in London, these two types of weekly payments were very similar outside London.
- 1.4 Smaller differences between London (£129) and outside London (£95) were observed in average weekly rents in the social rented sector. The average weekly cost of renting from a housing association in London was £139 and almost as high as renting privately outside the capital (£153).

² including shared owners

³ excludes services but includes Housing Benefit

Figure 1.1: Average (mean) weekly housing cost in London and outside London, 2015-16



Base: all households

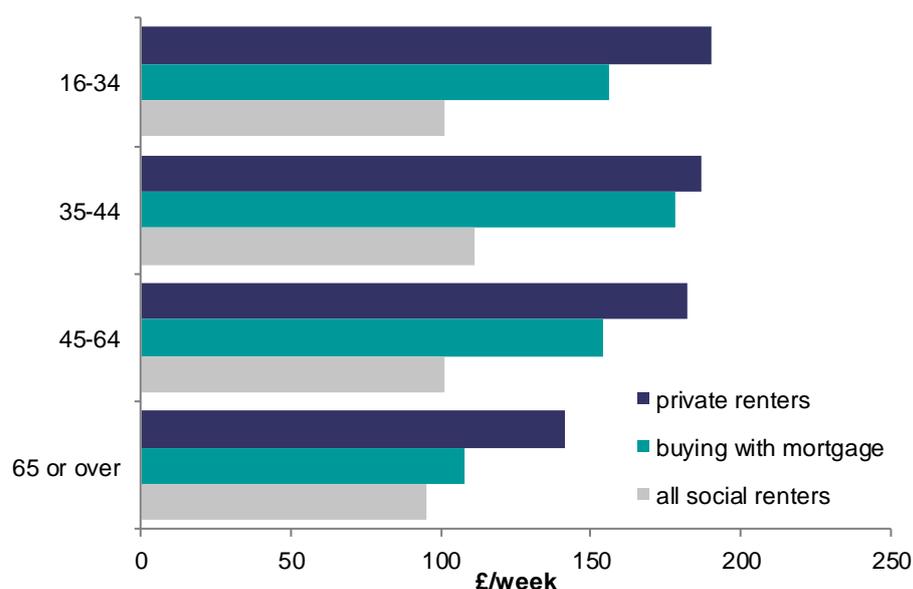
Note: underlying data are presented in Annex Table 1.1

Source: English Housing Survey, full household sample

Age

- 1.5 In 2015-16, households where the HRP was aged 35-44 had the highest average weekly mortgage payments (£178) compared with those aged 16-34 (£156) and those aged 45-64 (£154). Households where the HRP was aged 65 or over had the lowest weekly mortgage payments (£108), Annex Table 1.1.
- 1.6 In the private rented sector, average weekly rents were similar for those aged 16-34 (£190), 35-44 (£187) and 45-64 (£182). Households where the HRP was aged 65 or over had the lowest weekly rent payments in the private rented sector at £142.
- 1.7 In the social rented sector, those aged 35-44 had the highest average weekly rent payments (£111) compared with those aged 16-34 (£101), 45-64 (£101) and 65 or over (£95). Across all age groups, variation in rent and mortgage payments was greatest for those aged 16-34, ranging from £101 for social renters to £190 for private renters, Figure 1.2.

Figure 1.2: Average (mean) weekly housing cost, by age and tenure, 2015-16



Base: all households

Note: underlying data are presented in Annex Table 1.1

Source: English Housing Survey, full household sample

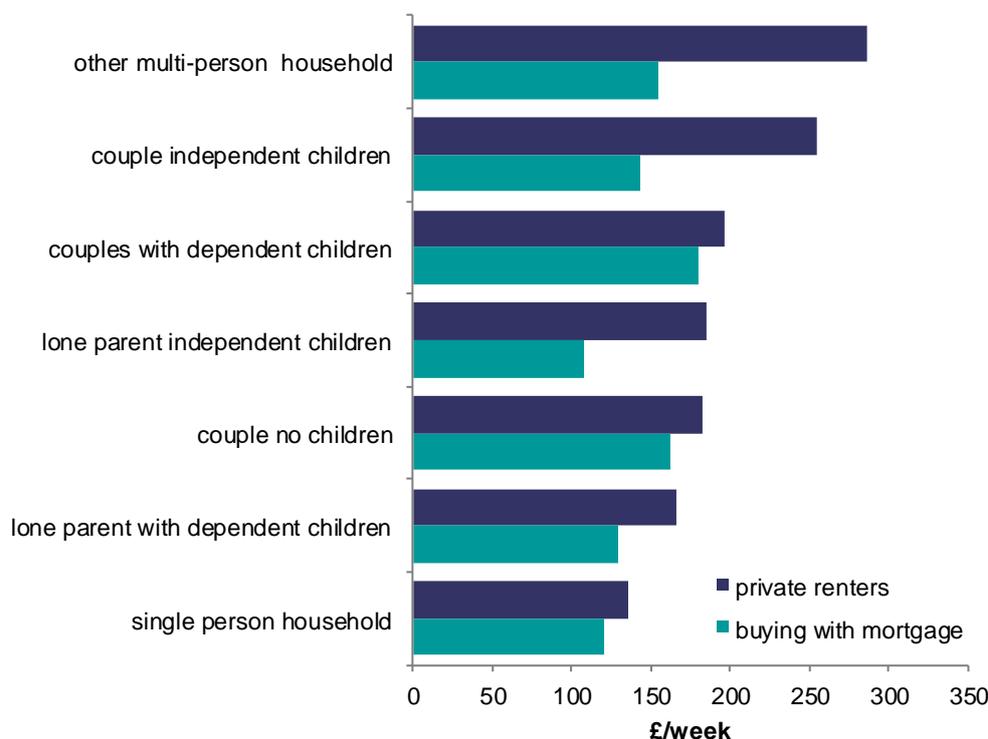
Household type

- 1.8 Private renters had the highest housing costs irrespective of household type. Multi-person households in the private rented sector paid the highest average (mean) rent (£287 per week) compared with any other type of household across all tenures.⁴ This may in part be a function of the size, type and location of the dwellings that such households rent, Figure 1.3.
- 1.9 However, while such households pay more rent in total, each household member in a multi-person household in the private rented sector paid, on average, £92⁵ per week for their accommodation. This was £43 less than the average rent paid by a single person household (£135) in the private rented sector, Annex Table 1.2.
- 1.10 Couples with dependent children had the highest average weekly mortgage payments (£180). Meanwhile couples with independent children also had higher average weekly mortgage payments (£144) compared with lone parents with independent children (£108), Figure 1.3.

⁴ Multi-person households are households consisting of two or more families or a number of single adults. They are referred to as 'other multi-person households in the annex tables.

⁵ Household size is used to calculate the average housing costs per household member. Dependent children are excluded. The calculation assumes that all adult members of the household contribute to the rent.

Figure 1.3: Average (mean) weekly housing costs for mortgagors and private renters, by household type, 2015-16



Base: all households

Note: underlying data are presented in Annex Table 1.1

Source: English Housing Survey, full household sample

1.11 On average single person households paid £121 per week towards their mortgage; not surprisingly this was a lower average than larger households who are more likely to live in larger homes. The average weekly mortgage payment for single person households was also lower than the average weekly rent for single households renting privately (£135). Overall, however, average weekly housing costs for single households varied less across tenure than for other household types.

1.12 The largest variability in average weekly housing costs across tenures was observed in multi-person households and couples with independent children. The average weekly housing costs for multi-person household was £287 among private renters, £155 among mortgagors and £111 for social renters. For couples with independent children, it was £255, £144 and £105 respectively, Annex Table 1.1

Household size

1.13 Larger households were more likely to live in larger homes so it is not surprising that housing costs varied by household size. The association between housing costs and household size was evident, in some way, in all

tenures but it was the clearest among private renters and households renting from a housing association. While the average weekly rent for the smaller private rented households ranged from £135 for single person households to £183 for three people households, the figures for four and six or more people households were £231 and £299 respectively. Among housing association renters, the average weekly rent for single person household was £96, rising to £119 and £139 for four people and six or more people households respectively, Annex Table 1.1.

- 1.14 Across all tenures, the most variability was observed in the average weekly housing costs of the largest households. Households with six or more people paid on average around £170 per week more in the private rented sector compared with similar sized households who were social renters.

Nationality and ethnicity

- 1.15 In 2015-16, HRPs who were UK British and Irish nationals had lower average weekly housing costs compared with other nationals for all tenures. The differential was most marked for private renters; average weekly cost of £174 compared with £214, Annex Table 1.1.
- 1.16 Households with a white HRP had lower average weekly housing costs than households with an HRP from an ethnic minority background. As with nationality, the differential was most marked for private renters; £176 compared with £220. Ethnic minority households tend to be larger than white households, the differences in housing costs may be related, at least in part, to the size of ethnic minority households.

Long-term illness or disability

- 1.17 Average weekly mortgage payments were lower for households which included someone with a long-term illness or disability (£130) compared with households where no-one had a long-term illness or disability (£166). Average weekly rents were also lower in the private rented sector and housing association sector⁶ where a household member was long-term ill or disabled, Annex Table 1.1.

Economic status

- 1.18 Among private renters, households with a working HRP were more likely to pay a higher weekly rent (£187) compared with households where the HRP was unemployed (£147). A similar trend was also observed among housing

⁶ local authority not statistically significant

association renters, where average weekly rents were higher where the HRP was working (£113) compared with an unemployed HRP (£98), Annex Table 1.1

Chapter 2

Income

- 2.1 This chapter explores the income of households by tenure and different demographic and economic characteristics. Income is reported as a weekly measure. Annual incomes are presented in Annex Table 2.1.
- 2.2 Four measures of income are explored within this section. The two main measures are, HRP and partner income and all household income. In this chapter, neither measure includes Housing Benefit⁷. The other two are: before (BHC) and after housing costs (AHC) which are equivalised income measures. These measures are based on the concept that the cost of living varies according to size and type of household, for example, a household of three people requires a higher income than a one person household to achieve the same standard of living. These equivalised income measures therefore take account of these varying costs of living to make sensible comparisons between different households⁸.

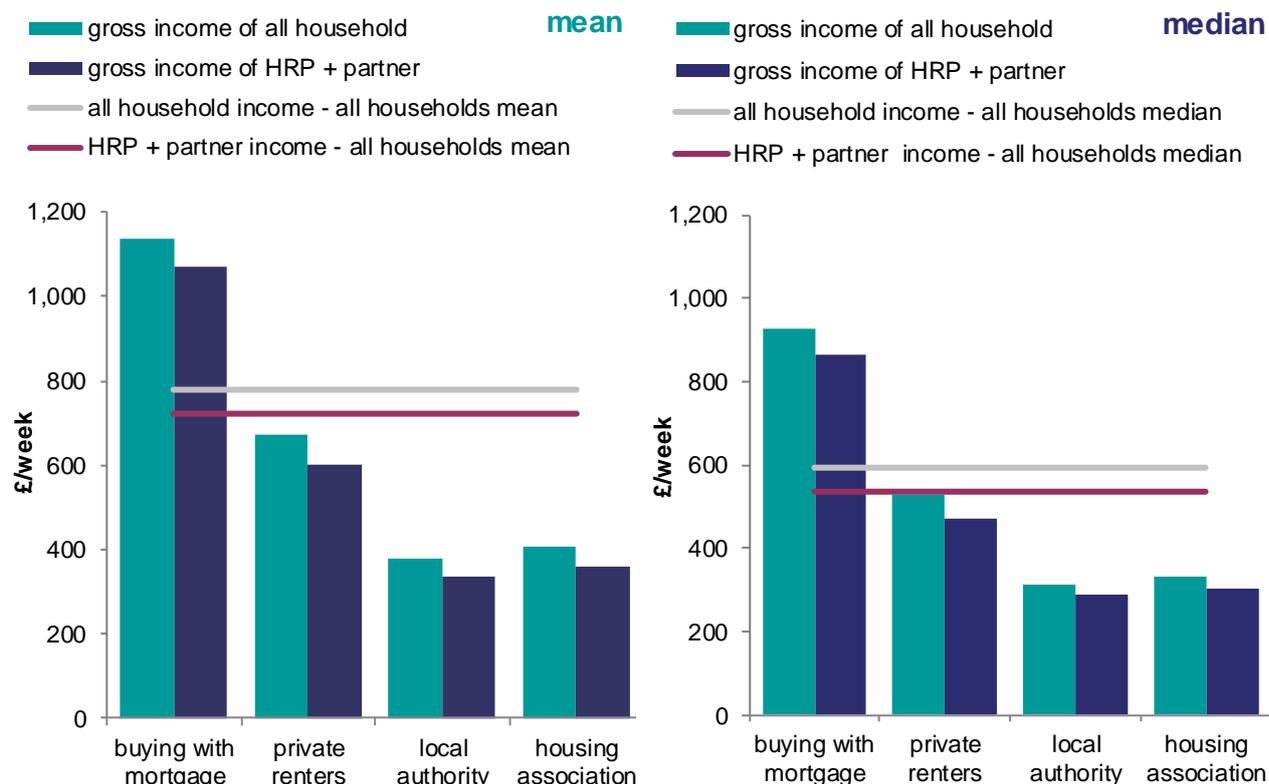
Weekly income

- 2.3 In 2015-16, the average (mean) weekly gross HRP and partner income in England was £721 (£538 median). Average household income was higher at £780 (£594 median), Annex Table 2.1.
- 2.4 Households with a mortgage had the highest average (mean) weekly HRP and partner income (£1,071 compared with £682 for outright owners and £602 for private renters). Average weekly income was lowest among social renters (£349). Households renting from a housing association (£360) had a higher average weekly income compared with households renting from a local authority (£334), Figure 2.1.
- 2.5 When considering the average income of all household members, the difference between the HRP and partner income and all household income was £71 per week for private renters. This was the largest difference across all tenures but differences were also found for outright owners (£53 per week), mortgagors (£65 per week) and social renters (£44 per week). These differences exist because the household income measure takes into account the income of all members of the household whereas the HRP and partner measure only accounts for the income of the HRP and their partner.

⁷ Housing Benefit is a means-tested benefit provided by the state to low income households living in the two rented sectors. The benefit is usually administered by the local authority in which the rented property is located.

⁸ See the English Housing Survey Technical Report for details on how these measures are calculated.

Figure 2.1: Mean and median weekly gross incomes for HRP + partner and all household income, by tenure, 2015-16



Base: all households

Note: underlying data are presented in Annex Table 2.1

Source: English Housing Survey, full household sample

2.6 In 2015-16, private renters (£375) had less average weekly income AHC than mortgagors (£571) but more than social renters (£302). The difference between the BHC and AHC income was highest (£155) among private renters highlighting the impact of higher housing costs in the private rented sector, Annex Table 2.2.

Income deciles

2.7 Using the HRP and partner measure of income, the majority of social renters (83%) were in the lowest five income deciles. The proportion of households within the lowest five income deciles was markedly lower for other tenures; 57% of private renters, 54% of outright owners and 21% of mortgagors, Annex Table 2.3.

2.8 A similar pattern was observed when using the household measure of income: 82% of social renters, 57% of private renters, 54% of outright owners and 22% of mortgagors were in the lowest five income deciles.

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- 2.9 In contrast, the distribution of households across the equivalised income deciles before and after housing costs was markedly different for mortgagors, private renters and outright owners. No such difference was observed among social renters, Annex Table 2.4.
- 2.10 Before housing costs, 31% of mortgagors were in the lowest five income deciles. After housing costs, that increased to 38%. Before housing costs, 56% of private renters were in the lowest five income deciles. After housing costs, that increased to 66%.
- 2.11 Among outright owners, the proportion in the lowest five income deciles fell from 49% (before housing costs) to 35% (after housing costs).

Region

- 2.12 In 2015-16, the average weekly income on the HRP and partner measure was about £211 higher in London than outside London. Using all household income, the difference rose to about £255 per week, Annex Table 2.1.

Age

- 2.13 On average, HRP and partner income was highest where the HRP was aged 35-44 (£885). Not surprisingly, average income was lowest for households where the HRP was aged 75 or over (£414), Annex Table 2.1.
- 2.14 The difference between HRP and partner income and all household income was £59 for all households. However across the age groups, the largest average difference between the HRP and partner income and all household income was observed where the HRP was aged 45-64 (£95 per week).

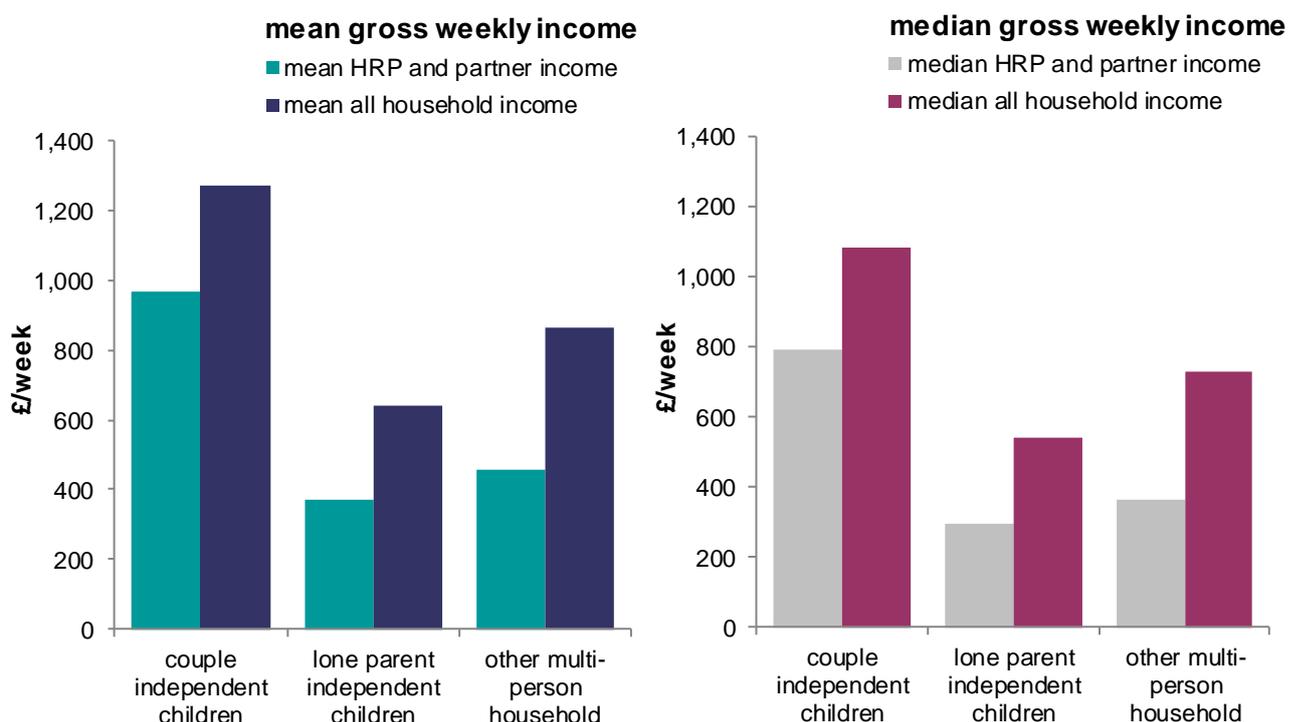
Household type

- 2.15 Average weekly income for HRP and partner was highest for couples with dependent children (£1071). Conversely, lone parents with independent children (£371) and single households (£404) had the lowest average HRP and partner income, Annex Table 2.1.
- 2.16 In 2015-16, the average income of the HRP and partner was higher for households with dependent children (£1071) compared with independent children (£967). Similarly, average HRP and partner income was higher where lone parent households had dependent children (£420) compared with independent children (£371).
- 2.17 Although multi-person households had similar or higher housing costs to couples with independent children (see Chapter 1), their average weekly

income on the HRP and partner measure was lower (£460) compared with the weekly income of couples with independent children (£967).

2.18 There were notable differences across household types when the income of all household members was considered. The weekly difference between the HRP and partner income and all household income was about £406 for other multi-person households, £305 for couples with independent children and £271 for lone parents with independent children, Figure 2.2.

Figure 2.2: Mean and median weekly gross incomes for HRP + partner and all household, by household type, 2015-16



Base: all households

Note: underlying data are presented in Annex Table 2.1

Source: English Housing Survey, full household sample

Ethnicity

2.19 Although households with a white HRP had lower average weekly housing costs than ethnic minority households, average weekly HRP and partner income was higher for households with a white HRP than those with an ethnic minority HRP (£736 compared with £608). Average household income was also higher for households with a white HRP (£791 compared with £695 for households with an ethnic minority HRP). People from ethnic minority groups tend to be younger so these findings may be related partly to differences in the age profile of the two groups.

Chapter 3

Affordability

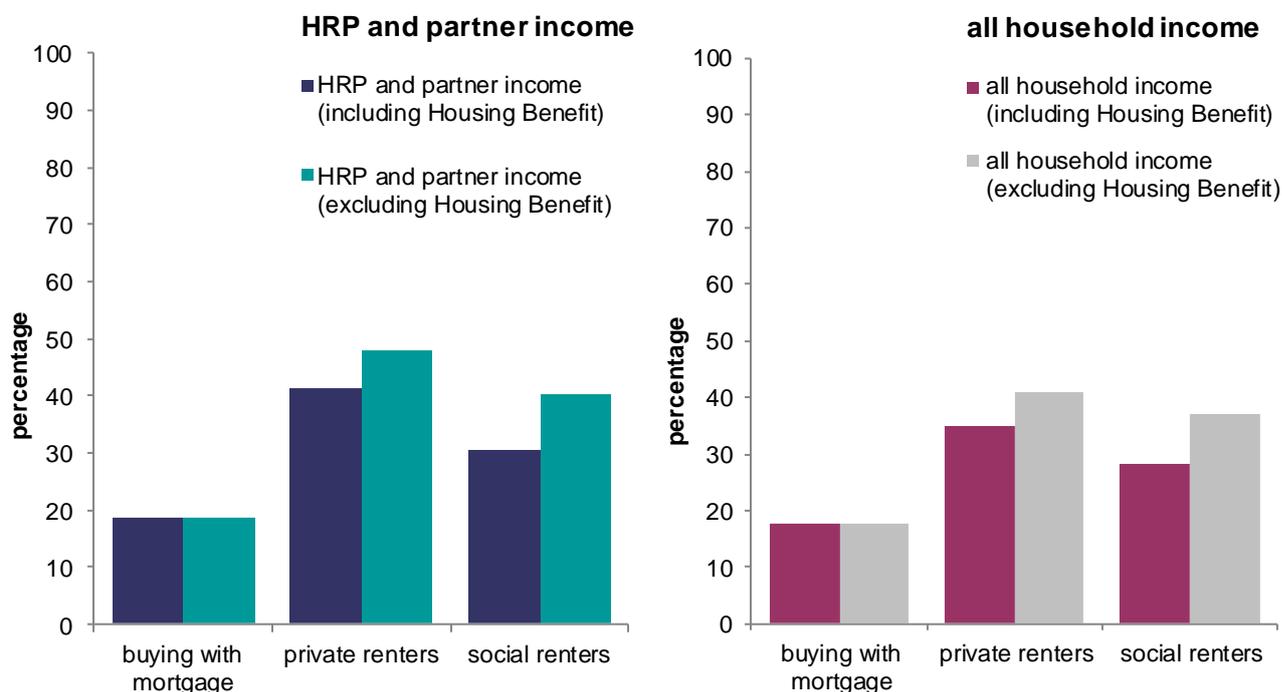
- 3.1 The previous chapters of this report explored how average housing costs and average incomes varied by tenure, location and for different types of households. This chapter expands on the analysis undertaken for the English Housing Survey, 2015-16 Headline Report⁹.
- 3.2 A simple measure of housing affordability has been created by calculating the average proportion of weekly income spent on mortgage (both repayment and the interest elements) or rent payments. Housing-related costs such as energy bills, house insurance and maintenance costs are not included in the calculation. Income is taken to be the gross weekly income, including and excluding Housing Benefit. Outright owners are not included as they have no mortgage costs.
- 3.3 Two different calculations are made: one based on the household income (i.e. the income of all members of the household), and another based on HRP and partner income only (irrespective of whether there are other adults in the household). For both measures it is not known which members of the household contribute to the rent or mortgage. For the household measure, it is assumed that all household members contribute to the rent or mortgage; for the HRP and partner measure, it is assumed that only the HRP and partner contribute.

Tenure

- 3.4 Using all household income, on average, those buying their home with a mortgage spent 18% of their household income on mortgage payments whereas rent payments were 28% of household income for social renters and 35% of household income for private renters. Excluding Housing Benefit, the average proportion of income spent on rent was 37% for social renters and 41% for private renters, Figure 3.1.
- 3.5 Using the HRP and partner measure of income, mortgagors spent, on average, 19% of their income on mortgage payments. Including Housing Benefit, the proportion spent on rent was markedly higher for social renters (31%) and private renters (41%). Excluding Housing Benefit, the proportion of income spent on rent increases to 48% for private renters and 40% for social renters, Figure 3.1.

⁹ <https://www.gov.uk/government/statistics/english-housing-survey-2015-to-2016-headline-report>

Figure 3.1 Mortgage/rent¹ as an average proportion of household income (including and excluding Housing Benefit)², by tenure, 2015-16



Base: all households making rent or mortgage payments

Notes:

1) excludes households without a mortgage (i.e. outright owners), those with part-mortgage and part-rent (i.e. shared owners) and zero rent households

2) includes income from all household members irrespective of whether or not they contribute to the rent or mortgage

3) underlying data present in Annex Tables 3.1, 3.2 and 3.3

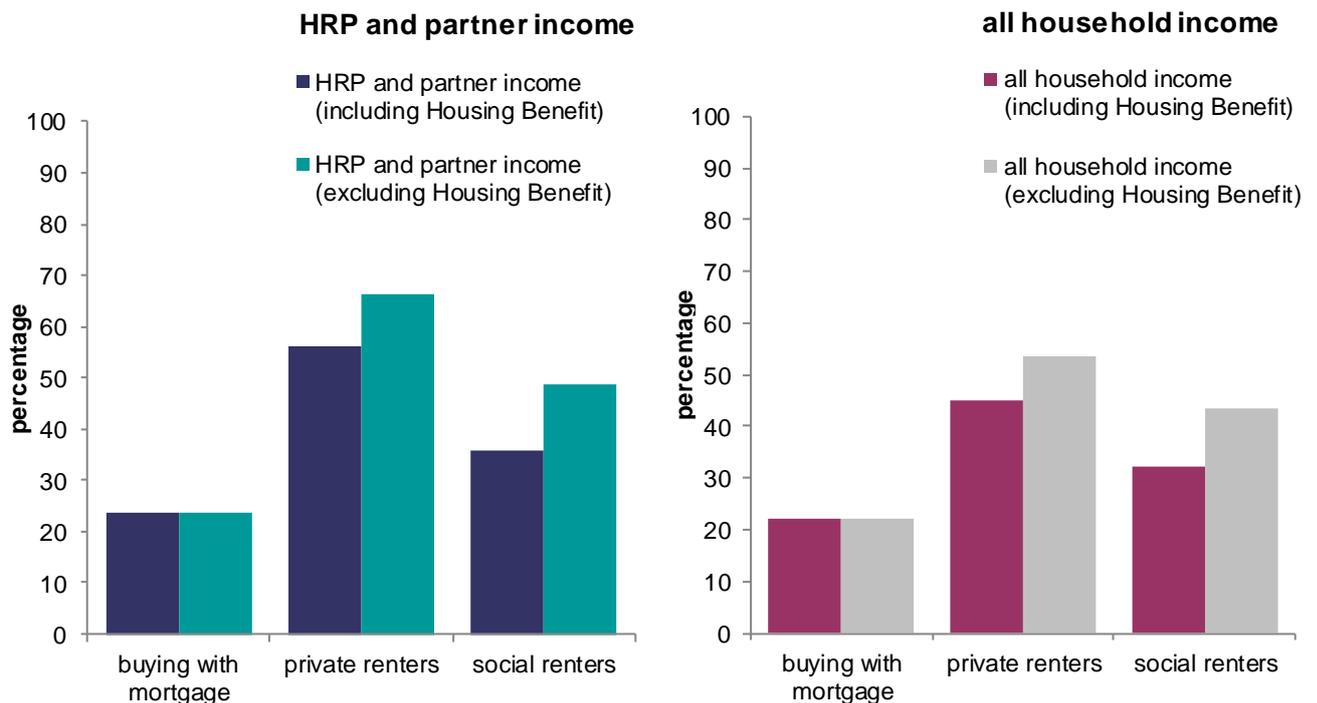
Source: 2015-16: English Housing Survey, full household sample

Region

- 3.6 As shown in Chapters 1 and 2, housing costs and incomes were higher in London than outside London. The proportion of income spent on housing costs was higher in the capital than outside it.
- 3.7 This was especially notable for private renters. Using all household income, private renters in London spent 45% of their income on rent compared with 32% outside London. Excluding Housing Benefit, the proportion rose to 54% in London and 38% outside London, Annex Table 3.2.
- 3.8 Using HRP and partner income, private renters in London spent 56% of their income on rent compared with 37% outside London. Excluding Housing Benefit, the proportion rose to 66% in London and 43% outside London.
- 3.9 Social renters in London spent 32% of their household income on rent payments compared with 27% outside London. Excluding Housing Benefit, the proportions increased to 43% for London and 36% for outside London, Annex Table 3.3.

- 3.10 Using HRP and partner income, social renters in London spent 36% of their income on their rent, compared with 29% outside London.
- 3.11 Using the HRP and partner income, the proportion of income spent on mortgage payments was higher in London (24%) than outside London (18%). Using all household income, the proportion of income required to meet mortgage costs was similar in London (22%) and outside London (17%), Annex Table 3.1.

Figure 3.2 Mortgage/rent¹ in London as a an average proportion of household income (including and excluding Housing Benefit)², by tenure, 2015-16



Base: all households making mortgage or rent payments

Notes:

1) excludes households without a mortgage (i.e. outright owners), those with part-mortgage and part-rent (i.e. shared owners) and zero rent households

2) includes income from all household members irrespective of whether or not they contribute to the rent or mortgage

3) underlying data present in Annex Tables 3.1, 3.2 and 3.3

Source: 2015-16: English Housing Survey, full household sample

Age

- 3.12 Affordability varied by age across all tenures. For mortgagors, the proportion of all household income spent on mortgage payments was lowest (18%) among those aged 45-64 compared with those aged 65 and over (22%), Annex Table 3.1.
- 3.13 Among social renters, those aged 35-44 spent, on average, the lowest proportion of their income on their rent (26%). Those aged 65 and over spent

the most (30%). Excluding Housing Benefit, these proportions increased to 32% and 39% respectively, Annex Table 3.3.

- 3.14 In the private rented sector, the proportion of household income spent on rent was lowest for those aged 35-44 (29%) and highest for those aged 16-34 (38%). Excluding Housing Benefit, those aged 65 and over spend the largest proportion of their income on housing costs (45%); those aged 35-44 spend the lowest (34%), Annex Table 3.2.

Household type

- 3.15 Mortgagors that were couples with dependent children spent 18% of their HRP and partner income on mortgage payments. Couples with independent children spent 15% which decreased to 12% when all household income was included, Annex Table 3.1.
- 3.16 When using the HRP and partner measure, lone parents with independent children spent 26% of their income on mortgage payments however it reduced to 16% for all household income. The proportion of income spent on mortgage payments by households consisting of two or more families or a number of single adults (other multi-person households) was 25% of HRP and partner income and 16% for all household income.
- 3.17 Single person households paid a quarter of their income (25%) towards mortgage payments.
- 3.18 In the private rented sector, the proportion of income spent on housing costs for households with independent children reduced when using the all household income measure rather the income of the HRP and partner only. Using the HRP and partner income measure couples with independent children spent 34% of their income on rent payments which reduced to 24% on the all household income measure. For lone parents with independent children the amount reduced from 58% to 44%, Annex Table 3.2.
- 3.19 Not surprisingly, other multi-person households living in the private sector spent a markedly higher proportion of income on rent compared with other types of households. On average, the rent for multi-person households living in the private sector was higher than the income of the HRP and partner (107% with Housing Benefit or 111% without Housing Benefit). When the proportion of income spent on private renting was calculated using the income of all the members of the household, the figure reduced to 56% (with Housing Benefit) and 57% (without Housing Benefit), highlighting the benefits private renters may be able to derive from sharing the cost of housing with other household members.

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- 3.20 The average proportion of income spent by multi-person households on private rents was over double that spent by similar households in the social sector. That difference was observed using both the income measures. Using all household income, multi-person households spent 56% of their income compared with 23% in the social sector. Without Housing Benefits it was, 57% and 27% respectively, Annex Tables 3.2 and 3.3.
- 3.21 Another difference between private and social renters was among all households with dependent children.¹⁰ On average, the proportion of HRP and partner income spent on rent by private renters with dependent children was higher (34% with Housing Benefit or 41% without Housing Benefit) compared with social renters with dependent children (25% of HRP or partner income with Housing Benefit or 31% without Housing Benefit).

Economic status

- 3.22 Using the HRP and partner income measure, working mortgagors spent 18% of their income on mortgage payments compared with 56% for an unemployed HRP. For all household income, the proportions were 17% for mortgagors with a working HRP and 51% for those with an unemployed HRP, Annex Table 3.1.
- 3.23 Private renters with a working HRP spent 33% of their HRP and partner income on rent compared with 58% for private renters with an unemployed HRP. Using the all household income measure, the proportions were 29% for private renters with a working HRP and 52% for those with an unemployed HRP, Annex Table 3.2.
- 3.24 Similar differences were revealed when social renters were compared. Using the HRP and partner income measure, social renters with a working HRP spent 26% of their income on rent compared with 44% of social renters with an unemployed HRP. The figures using the all income measure were 23% and 40% respectively, Annex Table 3.3.

¹⁰ The figures presented here relate to any household with dependent children whether they were lone parent, couple or other multi-person households.

Chapter 4

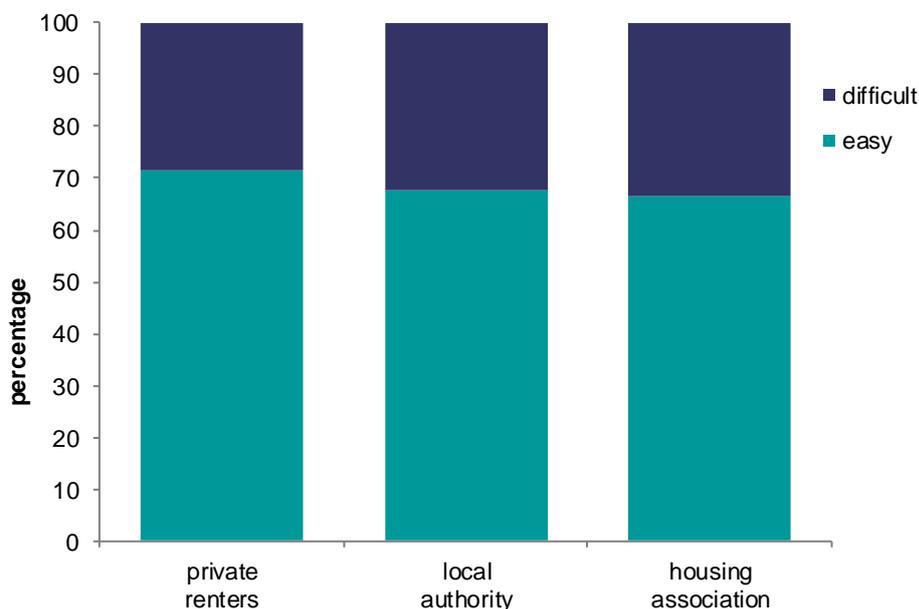
Difficulties with housing costs

4.1 This chapter explores any difficulty households had in meeting their housing costs, and how this varies by tenure. It looks at households' ability to pay their rent or mortgage, whether they had been in arrears with payments during the previous year and the reasons for any arrears.

Ability to pay housing costs

4.2 While private renters spend, on average, a higher proportion of their income on housing costs than social renters, a higher proportion of private renters reported that they found it easy to pay their rent (71% said it was easy compared with 66% of housing association renters). Similar proportions of local authority and private renters found it easy to pay their rent, Figure 4.1.

Figure 4.1: Ease of paying rent, by tenure, 2015-16



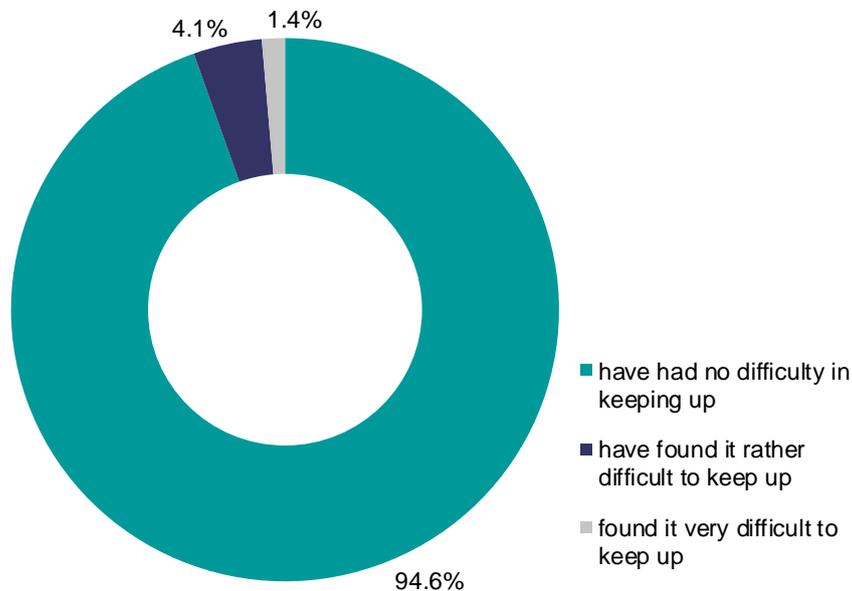
Base: all renters where Housing Benefit did not cover the full rent

Note: underlying data are presented in Annex Table 4.1

Source: English Housing Survey, full household sample

3.25 Most (99%) mortgagors were up to date with their mortgage payments. Most (95%) also reported having had no difficulties keeping up with their mortgage payments in the previous 12 months¹¹, Figure 4.2.

Figure 4.2 Ability to keep up with mortgage payments in last 12 months, 2015-16



Base: all mortgagors

Note: underlying data are presented in Annex Table 4.4

Source: English Housing Survey, full household sample

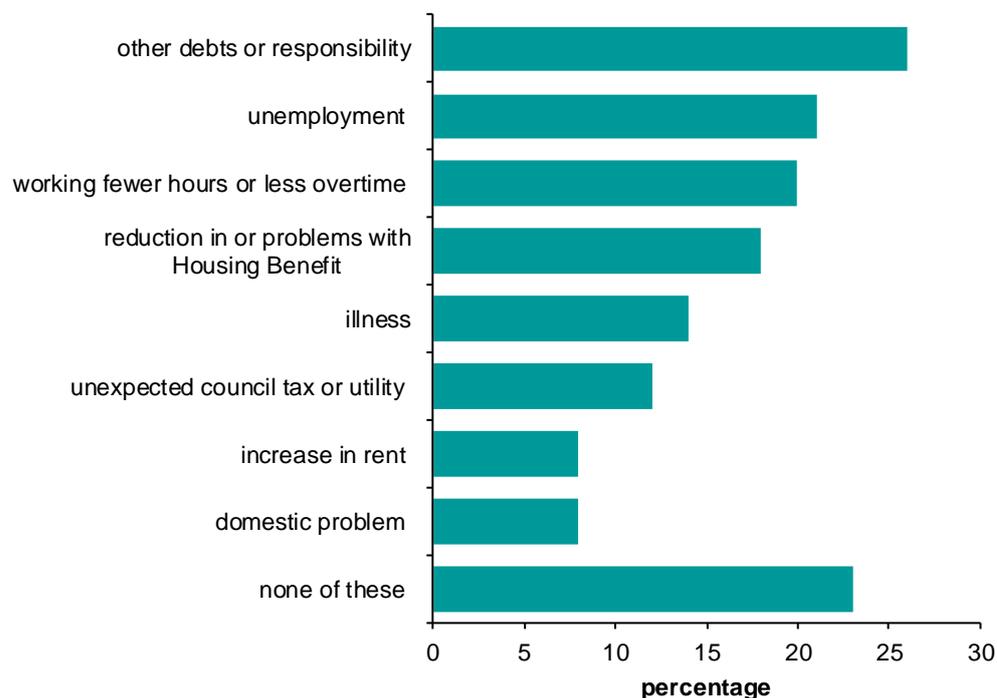
Rent arrears

4.3 A quarter of social renters (26% of local authority renters and 25% of housing association renters) were either currently in arrears or had been in the last 12 months. Higher than the proportion of private renters (9%) who were either currently in arrears or had been in the last 12 months, Annex Table 4.1.

4.4 The most common reasons for arrears that renters gave were 'other debts or responsibilities' (26%) and unemployment (21%), Figure 4.3

¹¹ See English Housing Survey, 2015-16 Mortgagors Report for detailed analysis of mortgage costs and affordability.

Figure 4.3: Reasons for arrears, 2015-16



Base: all renters currently in arrears or how has been in arrears in the last 12 months.

Notes:

1) underlying data are presented in Annex Table 4.2

2) covers all renters where Housing Benefit did not cover the full rent

3) problems or reduction in Housing Benefit includes problems or reduction in Local Housing Allowance and Universal Credit

4) respondents can give more than one reason

Sources: English Housing Survey, full household sample

4.5 The most common reasons for being in arrears were much the same for social and private renters. However, reduction in or problems with Housing Benefit was cited by a higher proportion of private renters (21%) than local authority renters (12%).

4.6 The households who cited reduction in or problems with Housing Benefit as a reason for arrears, provided further reasons why this was the case¹². Additional reasons included, a reduction in Housing Benefit for other reasons (40%), delays (27%), and a new benefits system/caps (23%), Annex Table 4.3.

¹² more than one reason could be provided by a household

Technical notes and glossary

Technical notes

1. Results on households for this report are presented for '2015-16' and are based on fieldwork carried out between April 2015 and March 2016 on a sample of 13,468 households. Throughout the report, this is referred to as the 'full household sample'.
2. Where the numbers of cases in the sample are too small for any inference to be drawn about the national picture, the cell contents are replaced with a "u". This happens where the cell count is less than 5. When percentages are based on a row or column total with unweighted total sample size of less than 30, the figures are italicised. Figures in italics are therefore based on a small sample size and should be treated as indicative only.
3. **Where comparative statements have been made in the text, these have been significance tested to a 95% confidence level.** This means we are 95% confident that the statements we are making are true.
4. Additional annex tables, including the data underlying the figures and charts, are published on the website: <https://www.gov.uk/government/collections/english-housing-survey> alongside many supplementary tables, which are updated each year (in the summer) but are too numerous to include in our reports. Further information on the technical details of the survey, and information and past reports on the Survey of English Housing and the English House Condition Survey, can also be accessed via this link.

Weighting methodology

5. The Department for Communities and Local Government (DCLG) revised the weighting process on the English Housing Survey (EHS) going forward from 2015-16. The aim of the revision was to improve the stability of year-on-year estimates including household numbers. This new approach to weighing was approved by 'external' experts on the EHS Technical Advisory Group.
6. The improved weighting methodology was necessary because the initial weighted household counts increased considerably between 2014-15 and 2015-16 (by 361,583 additional households, 344,921 of which were in the private rented sector). The provisional 'grossed' dwelling and household estimates showed that, between 2014-15 and 2015-16, there were two additional households for every one additional dwelling (the number of dwellings increased by 180,814).

This appeared implausible when compared with an expected household growth of up to 200,000 per year as indicated by the Household Projections¹³.

7. NatCen (the current EHS contractor) investigated and advised that some of the year-on-year variation in the initial weighted household counts was due to sampling variation in the data used in the weighting. The household weights are dependent on estimates of 'dwelling-to-household' ratios, which are subject to sampling variation. (This differs from the weighted dwelling counts that are controlled to 'external' DCLG estimates of dwellings by tenure and region.)
8. 'Dwelling-to-household' ratios vary by tenure and by year, Table T.1. In 2015-16, the average ratio increased from 1.0062 to 1.0129, resulting in a large increase in the grossed household counts between 2014-15 and 2015-16.

Table T.1: Dwelling-to-household ratio by tenure, 2013-14 to 2015-16

all households

	2013-14	2014-15	2015-16 (before revision)
owner occupiers	1.0039	1.0013	1.0013
private rented	1.0600	1.0239	1.0670
local authority	1.0092	1.0103	1.0053
housing association	1.0091	1.0033	1.0079
total	1.0139	1.0062	1.0129

Source: English Housing Survey, full household sample

9. To reduce the year-on-year variation, the dwelling-to-household ratio was re-calculated by smoothing across two years of the EHS (2015-16 and 2014-15). The revised (smoothed) weights were used for producing the published EHS findings¹⁴. Smoothing across two years was preferred to smoothing across more years because the EHS sample uses a two year cycle whereby England is divided into 1,808 primary sampling units (PSUs) and interviewing takes places in the same 904 PSUs every other year.
10. When smoothed across two survey years, the average dwelling-to-household ratio reduced from 1.0129 to 1.0096, Table T.2. To assess the stability of the new methodology in producing less variable ratios across years, the 2014-15 ratio was also re-calculated using the same methodology (i.e. smoothing over 2 years: 2013-14 and 2014-15). As can be seen in the table below, the ratio appears quite stable (1.0100 in 2014-15 compared with 1.0096 in 2015-16).

¹³ <https://www.gov.uk/government/collections/household-projections>

¹⁴ Both the household and the dwelling weights were revised because the dwelling-to-household ratio also has a minor role in the computation of the latter. The impact of the revision of the dwelling weights was very small.

Table T.2: Dwelling-to-household ratio by tenure, 2013-14 to 2015-16

<i>all households</i>	2014-15	2015-16
owner occupiers	1.0012	1.0022
private rented	1.0467	1.0425
local authority	1.0087	1.0102
housing association	1.0049	1.0059
total	1.0096	1.0100

Source: English Housing Survey, full household sample

11. This new approach to weighting was approved by external experts on the EHS Technical Advisory Group. It is considered to be the most robust and practical solution to the year-on-year inconsistencies observed in the household estimates. We expect to continue to smooth the weights in future waves of the EHS. The EHS team at DCLG, with NatCen and the EHS Technical Advisory Group, will review the further options to improve the weighting methodology. If you would like to share your views on the EHS weighting strategy, please contact: ehs@communities.gsi.gov.uk.

12. More detail on the EHS methodology can be found in the technical report¹⁵.

Glossary

Arrears: If the HRP or partner are not up to date with rent or mortgage payments they are considered to be in arrears.

Dependent children: Any person aged 0 to 15 in a household (whether or not in a family) or a person aged 16 to 18 in full-time education and living in a family with his or her parent(s) or grandparent(s). It does not include any people aged 16 to 18 who have a spouse, partner or child living in the household.

Economic status: Respondents self-report their situation and can give more than one answer.

- **working full-time/part-time:** full-time work is defined as 30 or more hours per week. Part-time work is fewer than 30 hours per week. Where more than one answer is given, 'working' takes priority over other categories (with the exception that all those over State Pension Age (SPA) who regard themselves as retired are classified as such, regardless of what other answers they give).

¹⁵ <https://www.gov.uk/government/collections/english-housing-survey-technical-advice>

-
- **unemployed:** this category covers people who were registered unemployed or not registered unemployed but seeking work.
 - **retired:** this category includes all those over the state pension age who reported being retired as well as some other activity. For men the SPA is 65 and for women it is 60 if they were born before 6th April 1950. For women born on or after the 6th April 1950, the state pension age has increased incrementally since April 2010¹⁶.
 - **full-time education:** education undertaken in pursuit of a course, where an average of more than 12 hours per week is spent during term time.
 - **other inactive:** all others; they include people who were permanently sick or disabled, those looking after the family or home and any other activity.

On occasions, **full-time education** and **other inactive** are combined and described as **other economically inactive**.

Ethnicity: Classification according to respondents' own perceived ethnic group.

Ethnic minority background is used throughout the report to refer to those respondents who do not identify as White.

The classification of ethnic group used in the EHS is consistent with the 2011 Census. Respondents are classified as White if they answer one of the following four options:

1. English / Welsh / Scottish / Northern Irish / British
2. Irish
3. Gypsy or Irish Traveller
4. Any Other White background

Otherwise, they are classified as being from an ethnic minority background.

Gross income of the HRP and partner: The gross annual income of the HRP and partner from wages, pensions, other private sources, savings and state benefits. This does not include any housing related benefits or allowances. This measure is divided by 52 to calculate weekly income. Income is presented in quintiles throughout this report (see income quintiles definition – below).

Gross household income: The gross annual income of all adults living in a household from wages, pensions, other private sources, savings and state benefits. This does not include any housing related benefits or allowances. This measure is divided by 52 to calculate weekly income. Income is presented in quintiles throughout this report (see income quintiles definition – below).

¹⁶ For further information see: www.gov.uk/browse/working/state-pension

Household: One person or a group of people (not necessarily related) who have the accommodation as their only or main residence, and (for a group) share cooking facilities and share a living room or sitting room or dining area.

The EHS definition of household is slightly different from the definition used in the 2011 Census. Unlike the EHS, the 2011 Census did not limit household membership to people who had the accommodation as their only or main residence. The EHS included that restriction because it asks respondents about their second homes, the unit of data collection on the EHS, therefore, needs to include only those people who have the accommodation as their only or main residence.

Household reference person (HRP): The person in whose name the dwelling is owned or rented or who is otherwise responsible for the accommodation. In the case of joint owners and tenants, the person with the highest income is taken as the HRP. Where incomes are equal, the older is taken as the HRP. This procedure increases the likelihood that the HRP better characterises the household's social and economic position. The EHS definition of HRP is not consistent with the Census 2011, in which the HRP is chosen on basis of their economic activity. Where economic activity is the same, the older is taken as HRP, or if they are the same age, HRP is the first listed on the questionnaire.

Household type: The main classification of household type uses the following categories; some categories may be split or combined in different tables:

- couple no dependent child(ren)
- couple with dependent child(ren)
- couple with dependent and independent child(ren)
- couple with independent child(ren)
- lone parent with dependent child(ren)
- lone parent with dependent and independent child(ren)
- lone parent with independent child(ren)
- two or more families
- lone person sharing with other lone persons
- one male
- one female

Housing Benefit: A benefit that is administered by local authorities, which is designed to assist people who rent their homes and have difficulty meeting their housing costs. Council tenants on Housing Benefit receive a rent rebate which means that their rent due is reduced by the amount of that rebate. Private and social housing tenants usually receive Housing Benefit (or rent allowance) personally, although sometimes it is paid direct to the landlord.

Income (equivalised): Household incomes have been 'equivalised', that is adjusted (using the modified Organisation Economic Co-operation and Development scale) to reflect the number of people in a household. This allows the comparison of incomes for households with different sizes and compositions.

The EHS variables are modelled to produce a **Before Housing Costs (BHC)** income measure for the purpose of equivalisation. The BHC income variable includes:

Household Reference Person and partner's income from benefits and private sources (including income from savings), income from other household members, housing benefit, winter fuel payment and the deduction of net council tax payment.

An **After Housing Costs (AHC)** income is derived by deducting rent and mortgage payments from the BHC measure.

Income quintiles: All households are divided into five equal groups based on their income (i.e. those in the bottom 20%, the next 20% and so on). These groups are known as quintiles. These can be used to compare income levels of particular groups to the overall population.

Long-term limiting illness: This is consistent with the core definition of disability under the Equality Act 2010. A person is considered to have a disability if they have a long-standing illness, disability or impairment which causes substantial difficulty with day-to-day activities.

Median income: the amount that divides the income distribution into two equal groups, half having income above that amount, and half having income below that amount.

Non-dependent children: any person aged over 18 or those aged 16-18 who are not in full-time education living in a family with his or her parent(s) or grandparent(s).

Social housing rents: Most social housing rents are calculated according to 'rent restructuring' policy, introduced in 2001. The overall intention of the policy was that similar properties in similar areas should have similar levels of rents. The formula calculates rents for each individual property based on 30% of the relative property values at 1999 levels, 70% on relative local earnings and the size of the property. The formula rent had been increased annually at the rate of Retail Price Index inflation at the previous September + 0.5% until 2015-16 when it was increased by CPI +1%.

In 2012, the Government introduced Affordable Rent as another main type of social housing rents, which can be set at up to 80% of the market rate of the property, inclusive of service charges.

Between 2016-17 and 2019-20, social housing rents will be reduced by 1% a year, for 4 years except from supported housing, almshouses, community land trusts and fully mutual housing co-ops which will be excepted during the first year.

There is also a different arrangement for rents for intermediate rent properties (which falls within the statutory definition of social housing).

Tenure: In this report, households are typically grouped into three broad categories known as tenures: owner occupiers, social renters and private renters. The tenure defines the conditions under which the home is occupied, whether it is owned or rented, and if rented, who the landlord is and on what financial and legal terms the let is agreed.

- **owner occupiers:** households in accommodation which they either own outright, are buying with a mortgage or as part of a shared ownership scheme.
- **social renters:** this category includes households renting from Local Authorities (including Arms' Length Management Organisations (ALMOs) and Housing Action Trusts) and Housing Associations, Local Housing Companies, co-operatives and charitable trusts.
- A significant number of Housing Association tenants wrongly report that they are Local Authority tenants. The most common reason for this is that their home used to be owned by the Local Authority, and although ownership was transferred to a Housing Association, the tenant still reports that their landlord is the Local Authority. There are also some Local Authority tenants who wrongly report that they are Housing Association tenants. Data from the EHS for 2008-09 onwards incorporate a correction for the great majority of such cases in order to provide a reasonably accurate split of the social rented category.
- **private renters:** this sector covers all other tenants including all whose accommodation is tied to their job. It also includes people living rent-free (for example, people living in a flat belonging to a relative).

In accordance with the Statistics and Registration Service Act 2007 the United Kingdom Statistics Authority has designated these statistics as National Statistics, signifying that they are fully compliant with the Code of Practice for Official Statistics.

Designation can be broadly interpreted to mean that the statistics:

- meet identified user needs;
- are well explained and readily accessible;
- are produced according to sound methods, and
- are managed impartially and objectively in the public interest.

Once statistics have been designated as National Statistics it is a statutory requirement that the Code of Practice shall continue to be observed.

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