

## Affordability analysis methodology note - October 2021

This note sets out the methodology used to assess the affordability of different homeownership and rental products for low-income private renting households, including their current rents, affordable rents and social rents, and a range of homeownership options.

### Affordability definition

Throughout our report we refer to households who are paying rents they cannot afford, which refers to renters who fall into either of the following groups:

- Unaffordable rents: private renting household is in the bottom 40% of equivalised before housing costs income and spends more than 30% of income on rents (after Housing Benefit).
- Unaffordability pressure: private renting households in the bottom 40% of equivalised before housing costs incomes who spend less than 30% of their income on rent (after Housing Benefit) but for whom rents are disproportionately high relative to incomes (gross rents (before Housing Benefit) are more than 30% of net incomes (after Housing Benefit)).

We have used a definition of affordability which considers spending more than 30% of household income on rent or mortgage payments (interest and principal) as unaffordable. Other analysis sometimes uses a wider definition of housing costs for this measure of affordability, including Council Tax, water bills or building insurance, however for this analysis we have focused on rent and mortgage payments only. While not without its criticisms, the Affordable Housing Commission (2019) found that a housing cost to income ratio measure of affordability is a good indicator of housing stress and broader financial stress faced by households.

On its own, the 30% rule takes little account of the level of income a household has and doesn't acknowledge that households on higher incomes may choose to spend a high proportion of income on housing without facing financial pressure and being unable to live off remaining income. We therefore use the 30:40 rule, or low-income renter affordability (Meen, 2018), which looks at the proportion of households in the bottom 40% of incomes (equivalised, before housing costs) who spend more than 30% of income on housing. This measure of affordability is reported by the Ministry for Housing, Communities and Local Government in the English Housing Survey reports (2020).

To acknowledge the role that Housing Benefit or housing entitlement under Universal Credit plays in alleviating affordability pressures, we use a method which nets Housing Benefit entitlement off both incomes and rents, which tells us how much of a household's income is spent on rents after Housing Benefit. We have included a category for those who experience unaffordability pressures, eased by Housing Benefit, which describes a group who spend less than 30% of net income on net rents (after Housing Benefit), but for whom rents are

still high relative to incomes (gross rents are more than 30% of net incomes) and who are likely to still feel financial pressure in paying any income towards rents. The vast majority (85%) of the group we have categorised as having unaffordability pressures eased by Housing Benefit are in after housing costs poverty. For households who have 100% of rents covered by Housing Benefit, we consider their rents to be affordable, however this group is vulnerable to changes in coverage and levels of social security which would push them into the unaffordability pressures group.

Half of low-income private renters who get Housing Benefit are categorised as having affordable rents either because rents aren't disproportionately high relative to incomes (that is gross rents are less than 30% of net incomes, so although Housing Benefit doesn't cover rent, the household doesn't have unaffordable rents or face unaffordability pressures) as is the case for 218,000 households or 12% of low-income renters, or because Housing Benefit covers all rent, which is the case for 274,000 or 16% of low-income renters.

To provide a more nuanced perspective on rental affordability, we have also included additional thresholds of unaffordability, indicating which low-income private rents pay between 30% to 35% of net income on net rents, between 35% to 40%, and over 40%. Spending more than 40% of net income on net rents is commonly considered to constitute housing costs overburden, the particularly acute experience of rental unaffordability.

## **Incomes, rents and house prices**

All prices and incomes are at April 2021 rates. When calculating incomes, we have assumed the planned £20 cut to Universal Credit (UC) in October 2021 has taken place.

### **Incomes**

The analysis assesses affordability of rents and mortgages at the household level using household level income.

Household incomes are taken from the Family Resources Survey 2019/20 and uprated to 2021/22 levels. The source is a microsimulation in August 2021 by JRF using the Institute for Public Policy Research (IPPR) Tax and Benefits Microsimulation Model and the Office for Budget Responsibility's (OBR's) March 2021 forecasts. Modelled household incomes for 2021/22 assumes the employment rate and population demographics are the same as in 2019/20 (the survey year) and assume a realistic picture of UC roll out (approximately 6 million adults on UC and 2.4m on legacy benefits), to provide an optimistic picture of employment and incomes in a post-pandemic world.

Take-up of benefits is based on the Department for Work and Pension's (DWP's) published estimates, with UC uptake set at 86% (the highest of the legacies it replaces). Household income excludes the £20 the Government plans to cut from Universal Credit in October 2021.

To assess affordability of rents, we used unequivalised net household income, net of Housing Benefit. As Universal Credit combines multiple benefit payments, including housing entitlement, into a single payment, we have used the IPPR Tax and Benefit model to determine the proportion of the households' UC entitlement that is housing element. While

this contradicts the theory of UC which is that the household receives a single payment to budget with, rather than allowances ‘arbitrarily disaggregated’ into component parts, it acknowledges that the housing element is determined based on actual rents and local housing allowances and that some renters will have their entire housing costs subsidised by Housing Benefit, effectively making their rent zero; for these households, we consider housing costs to be affordable but flag that this is due to rents being completely covered by Housing Benefit. However, given current limitations in the modelling, including the lack of lower-level geographic indicators, we are unable to determine the broad rental market area (BRMA) each private renting household is in and as such are unable to apply maximum Local Housing Allowance (LHA) rates. Consequently, our analysis slightly overestimates the proportion of households getting Housing Benefit who have their entire housing costs covered by Housing Benefit and the amounts that households are entitled to; the effect of this within our analysis is that we slightly overestimate private rental affordability.

To assess the affordability of different mortgage options we have used unequivalised net household income and subtracted any Housing Benefit or housing entitlement under Universal Credit, which the household would be entitled to towards rent but would not receive towards repayment of a mortgage.

We used equivalised, disposable income before housing costs as the basis for categorising income quintiles; our analysis focuses on private-renting households in the bottom 40% of incomes.

## **Rents**

For this analysis, we have analysed the affordability of rent, excluding other components often included within ‘housing costs’ such as service charges (except for affordable rents, as these are reported inclusive of service charges), council tax, water bills or insurance.

### **Current rents paid**

We have used current rents paid by low-income private renting households, uprated to April 2021 prices using the ONS Rental Price Index (2021a).

### **Affordable and social rents**

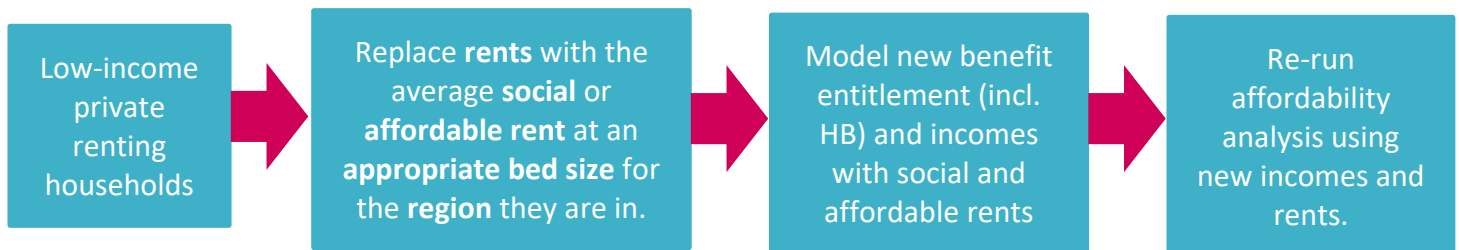
Social and affordable rents by region are taken from the Regulator of Social Housing’s (2021) private registered provider (PRP) social housing in England stock and rents 2019 – 20 geographic look-up tool. We have taken rents by bedroom size and region for 2019 – 20 and uprated to April 2021 prices by applying an uprating of the Consumer Prices Index (CPI), as at September of the previous year, +1% for years 2020/21 and 2021/22 using the ONS Consumer Price Inflation Index (2021b).

We have used the average net general needs dwelling social rent and average gross general needs affordable rent by bedroom size and per region for all private registered providers (PRPs) only, that is excluding local authority registered providers. Social and affordable rents for both local authorities and private registered providers local authorities and housing associations were not available aggregated at bedroom size and by region, and so we have used rents for PRPs only. Social and affordable rent dwellings owned by PRPs are on average

more expensive than equivalent local authority rents, providing a slightly worse picture of affordability for social and affordable rents than would be the case. We have only used rents for self-contained one-or-more bedroom homes; we haven't used social or affordable rent bedsits and non-self-contained dwellings which would, on average, be cheaper again than one-bedroom dwellings. Affordable rents are only available inclusive of service charges, which will slightly overestimate affordable rented unaffordability compared with other rental products which do not include service charges.

To assess the affordability of social and affordable rents for low-income households who are currently privately renting, we have assigned them the average rent for the size of dwelling they require and the region in which they currently live. To determine the size of dwelling the household requires, we have used the bedroom standard which determines the number of bedrooms the household needs based on its composition, taking into consideration the number of single adults and couples, and the age and gender of any children. For the purpose of this modelling we have effectively 'fixed' both overcrowding and under-occupancy for these low-income households, assigning dwellings on the basis of the size of dwelling needed rather than the size of dwelling currently occupied. We felt this is a more realistic reflection of how social housing dwellings would be allocated.

We modelled the impact of moving households into social or affordable rent dwellings on their incomes using the tax and benefit model. Holding all non-benefit incomes at the same level, and changing only rents, we used the IPPR Tax and Benefits model to recalculate how much Housing Benefit and other benefits they would now be entitled to. When assessing rental affordability we used the net of Housing Benefit method.



Note: Appropriate bed size are determined by bedroom standard. Households who were formerly overcrowded or under-occupying are assigned the required number of bedrooms, effectively 'resolving' overcrowding/ under-occupancy. We have not used social or affordable rents for bedsits and non-self-contained accommodation, which would be more affordable again. As aggregated local authority registered provider and private registered provider (PRP, housing association) rents by bed size and region were not available, we have used average PRP rents only, which are on average more expensive than local authority registered provider (LARP) rents. Affordable rents are only available inclusive of service charges, so will slightly overestimate unaffordability.

## Population estimates

Breakdowns in our analysis are weighted and grossed up to population level using the household grossing and weights for private renters, although in a limited number of cases, such as when reporting on employment status, person level weighting is used. All figures are England only.

## Conventional, shared and multiple-benefit unit households

Results are reported at the household level only and do not differentiate between conventional, shared and multiple-benefit unit households (where a benefit unit is a single adult or married or cohabiting couple with any dependent children, used for the assessment of benefit entitlement). Around 7.5% of private renting households (around 330,000) are defined in the dataset as shared rather than conventional households which includes, for example, households where two or more unrelated adults live together. A further 13.5% (around 599,000) are conventional households with multiple benefit units which includes, for example, parents who live with adult children, adult siblings who co-habit or other multi-generational households. In acknowledging that it is unlikely that most shared and some multiple-benefit unit households would move together from the private rented sector to a social rented dwelling or into homeownership, we carried out a version of the analysis at the benefit unit level, which splits out shared and multiple-benefit unit households and their respective incomes and benefit entitlements. However, we found this did not have a substantial impact on the results (in part because the majority of shared households are in the top 60% of incomes) and so for simplicity of reporting we have reported the analysis and results at the household level, where otherwise we would have had to report affordability of current rents at the household level for shared and multiple benefit-unit households but at the benefit unit level for affordability of social and affordable rents and homeownership schemes.

## Analysis of homeownership options

We have analysed the affordability of monthly mortgage repayment under different ownership schemes, set out below, for low-income private renting households. To do this, we have made assumptions about house prices, interest rates and repayment terms, and analysed whether low-income renters would be able to afford repayment, with expenditure of more than 30% of net household income (excluding Housing Benefit) considered unaffordable. Our analysis doesn't factor in the substantial deposit requirements, which for many are a key obstacle preventing them from getting onto the housing ladder.

## House prices

House prices are taken from the ONS house price by administrative geography series, broken down by median and lower quartile prices for each region in England. The house prices used are at year-to-end December 2020 and have been updated by region to April 2021 prices using the ONS House Price Index. We calculated the affordability of monthly repayments for a regular mortgage and each of the affordable homeownership schemes based on house prices relevant to the scheme, minimum deposit requirements, an interest rate dependent on the deposit amount, the assumption of a loan term of 25 years and the qualifying income cap. Details of the assumptions for each scheme are included in the Table 1 below.

**Table 1: Homeownership schemes**

Homeownership product	Scheme details	Methodology <i>Data sources for each are set out below</i>
Help to Buy Equity Loan	Government provides an equity loan enabling a first-time buyer to achieve a 95% loan in total. Enables people to buy a new home with small deposits. Price limits by region. For FTBs only. Minimum 5% deposit.	Median and LQ house prices for new homes, lower of the house price cap by region
First Homes	Government discount of at least 30% on new homes for FTBs with regional price caps and household income caps of £250k and £80k outside of London and £420k and £90k in London. Minimum 5% deposit.	Median and LQ house prices for new homes, lower of the house price cap by region
Mortgage Guarantee Scheme	Government backed lending so that banks offer 95% mortgages, to reduce deposit requirements.	Median and LQ and average FTB house prices. Only 5% deposit option.
Shared ownership	Allows households who can't afford a full mortgage/deposit to buy a minimum of 25% share of a home and pay rent on the rest. 5% minimum deposit required for the ownership share. Household income caps of £90k in London and £80k outside of London apply.	25% and 50% ownership options for median and LQ house prices. Rent calculated based on shared ownership formula ((non ownership share/100 x 3)/12).
Regular mortgage	10% deposit on a home	Median and LQ house prices, minimum 10% deposit

Details for the schemes in the above table are taken from (DLUHC 2021a,b,c).

We also tested the scenarios using the median first-time buyer house prices; however in each region the lower quartile house prices fell below median first-time buyer prices. To test an absolute lowest bar of affordability, we also completed the analysis using 10<sup>th</sup> percentile house prices and found that even the cheapest mortgage repayment scenario (shared ownership, 5% deposit, 25% equity, 10<sup>th</sup> percentile prices) would be unaffordable the majority of low-income private renters.

We have reported affordability at lower quartile prices as we felt this represents a reasonable lower-end scenario for housing affordability.

### Deposit requirements

For each option we tested the affordability of monthly repayments on the basis of a 5% or 10% deposit, except for the mortgage guarantee scheme where we used a 5% deposit only, and the regular mortgage where we used a 10% deposit only. The analysis considered the affordability of the monthly repayment of the mortgage, although we did not make any assumptions about the ability of the household to save for a deposit, or the level of savings

or family wealth they may have had access to. Assumptions on the size of deposits were used to determine interest rates.

## Interest rates

We used the latest available monthly interest rate of UK monetary financial institutions for fixed-term two-year mortgages reported by the Bank of England (2021) for a loan to value ratio of 95% and 90%. For a loan to value ratio of 95% we assumed an interest rate of 3.85%, and for a loan to value of 90% we assumed an interest rate of 3.32%.

## Monthly income cap

Annual income caps for pre-tax incomes of £90,000 for households in London and £80,000 for households outside of London apply for the shared ownership and First Homes schemes (DLUHC, 2021b)). Using the listentotaxman.com calculator we estimated that this was equivalent to a post-tax income of £68,527.92 per year or £5,710.66 per month for households in London and £61,727.88 per year or £5,143.99 per month for households outside of London, for the tax year 2021/22. As would be expected, no low-income private renting households had incomes above the income cap.

## Calculating the expected number of homes to be delivered in 2020/21

In Graph 6 of the main report we show the delivery of new housing in 2019/20 broken down by tenure (DLUHC, 2021d), the plan for delivery in 2020/21 and what we think needs to be delivered to meet demand. This section outlines how we calculated the 2020/21 delivery plan.

The government recently announced the number of homes it hopes to deliver over the Affordable Homes Programme (AHP) from 2021–2026 (Jenrick, 2021). In order to include this in the plan for delivery for 2021, we have used the average of these figures from the five-year figures and added the homes that were started in 2019/20 using other forms of funding, such as through Section 106 (DLUHC, 2021e). The ‘starts’ include all planned starts except those that are planned to be delivered through grant funding via the AHP. While this is likely to slightly overestimate delivery for 2020/21 as it is unlikely that one fifth of the new planned homes will be delivered in year one of the programme, it is a fairer way of reflecting the Government’s plans for the coming years. Table 2 shows how we have combined the two figures to estimate delivery in 2021.

**Table 2: Estimated housing delivery in 2021**

	Social rent	Affordable ownership	Affordable rent*	Other**	Total
England grant (announced by government)	29600	57000	26150	6250	119000
England per year grant	5920	11400	5230	1250	23800
2019/20 starts	3,146	12,251	19,374	1,203	35974
<b>Total social homes planned</b>	<b>9066</b>	<b>23651</b>	<b>24604</b>	<b>2453</b>	<b>59774</b>



**\*Affordable rent** includes affordable rent, intermediate rent and London affordable rent products

**\*\*Other** includes the rural affordable homes announced by the Government, and undefined tenures in the 2019/20 starts data

### Calculating the costings for the affordable homes programme ask

In the briefing we have offered costings for the investment necessary to bring social housing delivery into line with independently assessed need over the course of the current Affordable Homes Programme. To do this, we have used assessments from the National Housing Federation of the grant needed to deliver social rent homes at scale. This provides a figure of £183,000 as the average grant needed per social rent home across England, including London.

We then modelled this over two scenarios, which range from £11 billion per year to £14 billion per year. The first scenario is where all the 90,000 homes needed a year (over a five year period) were grant funded (the upper estimate) and the second where 72,000 homes are delivered through grant and the remaining 18,000 through developer contributions (the lower estimate). These numbers assume 80% delivered through grant funding, and 20% delivered through developer contribution. The 18,000 figure is based on the number of below market rate rental homes delivered through Section 106, per year, in recent years, as well as an expectation that the delivery be shared across developers and government to some extent.

**Table 3. Costings for a social house building programme**

Year	2021-22	2022-23	2023-24	2024-25	2025-26	Total
<b>90k delivered through grant</b>						
Units delivered	90,000	90,000	90,000	90,000	90,000	450,000
Cost in grant (£b)	16.47	16.47	16.47	16.47	16.47	82.35
Increase in AHP needed (£b)	14.03	14.03	14.03	14.03	14.03	70.15
<b>80% of 90k delivered through grant, rest through developer contributions</b>						
Units delivered	72,000	72,000	72,000	72,000	72,000	360,000
Cost in grant (£b)	13.176	13.176	13.176	13.176	13.176	65.88
Increase in AHP needed (£b)	10.736	10.736	10.736	10.736	10.736	53.68

### Reported scenarios

In the briefing we have reported the affordability of monthly repayment of mortgages and rental products at the household level for:



- current rents
- affordable rents, inclusive of service charges, by bedroom size and region
- social rents, excluding service charges, by bedroom size and region
- help to buy equity loan, at the lower of the lower quartile prices for new build homes or the help to buy price limit by region, with a 5% deposit, interest rate of 3.85% and repayment term of 25 years (all lower quartile prices for new build homes fell substantially below the help to buy price limit)
- regular mortgage, 10% deposit, at the lower quartile prices for all homes by region, with a 10% deposit, interest rate of 3.32% and repayment term of 25 years
- first homes, at the lower of the lower quartile house prices for new build homes with a 30% discount or the first homes price cap by region, with a 5% deposit, interest rate of 3.85% and repayment term of 25 years (all lower quartile new build prices with a 30% discount fell substantially below the price cap)
- mortgage guarantee scheme, at the lower quartile prices for all homes by region, with a 5% deposit, interest rate of 3.85% and repayment term of 25 years
- shared ownership, with 25% equity in a lower quartile price for all homes by region, with monthly rental payments equivalent to a 12<sup>th</sup> of 3% of the 75% retained equity, with a 5% deposit, interest rate of 3.85% and repayment term of 25 years

Uprating factors for prices, house prices, monthly mortgage repayment and rental prices, and required deposit amounts by region are included in Tables 3–7 below.

**Table 4: Up-rating factor**

House prices and rents have been up-rated to April 2021 prices using the House Price Index, Rental Price Index and Consumer Price Index (+1%) in the case of affordable and social rents.

Region	House price uprating factor <sup>1</sup>	Current private rents paid uprating	Social and affordable rental price uprating factor <sup>2</sup>
Method	Up-rating from December 2020 to April 2021 prices	Up-rated to April 2021 prices using IPPR Tax and Benefit model with IPHRP	Up-rating from 2019/20 prices to 2021/22 prices using CPI, as at September of previous year, +1% for each year
East	1.0635%	Up-rating of rents dependent on survey month for each respondents' reported rent	1.0514%
East Midlands	1.0825%		
London	1.0358%		
North East	1.0768%		
North West	1.0908%		
South East	1.0538%		
South West	1.0572%		
West Midlands	1.0780%		
Yorkshire and The Humber	1.0646%		

<sup>1</sup> UK House Price Index, HM Land Registry, July 2021, accessed 23 July 2021 from [www.gov.uk/government/statistical-data-sets/uk-house-price-index-data-downloads-may-2021?utm\\_medium=GOV.UK&utm\\_source=summary&utm\\_campaign=UK\\_HPI\\_Summary&utm\\_term=9.30\\_14\\_07\\_21&utm\\_content=download\\_data](http://www.gov.uk/government/statistical-data-sets/uk-house-price-index-data-downloads-may-2021?utm_medium=GOV.UK&utm_source=summary&utm_campaign=UK_HPI_Summary&utm_term=9.30_14_07_21&utm_content=download_data)

<sup>2</sup> Consumer price inflation tables, table 20a, Office for National Statistics, July 2021, accessed 23 July 2021 from [www.ons.gov.uk/economy/inflationandpriceindices/datasets/consumerpriceinflation](http://www.ons.gov.uk/economy/inflationandpriceindices/datasets/consumerpriceinflation)

**Table 5: House prices, updated to April 2021 prices, and caps by region**

Region	Lower quartile all homes <sup>1</sup>	Lower quartile new build <sup>2</sup>	First time buyer price <sup>3</sup>	Help to buy price limit <sup>4</sup>	First Homes cap <sup>5</sup>
East	£237,168	£271,195	£260,814	£407,400	£250,000
East Midlands	£162,389	£221,927	£179,698	£261,900	£250,000
London	£385,860	£424,705	£428,026	£600,000	£420,000
North East	£102,297	£177,620	£124,251	£186,100	£250,000
North West	£133,082	£200,709	£155,036	£224,400	£250,000
South East	£264,524	£321,434	£272,380	£437,000	£250,000
South West	£211,441	£257,960	£229,379	£349,000	£250,000
West Midlands	£161,703	£226,415	£181,457	£255,600	£250,000
Yorkshire and The Humber	£130,416	£186,304	£154,394	£228,100	£250,000
England	£180,993	£244,939	£224,786		£250,000

1 Lower quartile house prices for administrative geographies: HPSSA dataset 15, table 1a, Office for National Statistics, June 2021, accessed 23 July 2021 from [www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/lowerquartilehousepriceforationalandsubnationalgeographiesquarterlyrollingyearhpsdataset15](http://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/lowerquartilehousepriceforationalandsubnationalgeographiesquarterlyrollingyearhpsdataset15)

2 Lower quartile house prices for administrative geographies (newly built dwellings): HPSSA dataset 16, table 1a, Office for National Statistics, June 2021, accessed 23 July 2021 from [www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/lowerquartilehousepriceforationalandsubnationalgeographiesnewlybuiltwellingsquarterlyrollingyearhpsdataset16](http://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/lowerquartilehousepriceforationalandsubnationalgeographiesnewlybuiltwellingsquarterlyrollingyearhpsdataset16)

3 UK House Price Index England: April 2021, HM Land Registry, June 2021, accessed 23 July 2021 from [www.gov.uk/government/statistics/uk-house-price-index-england-april-2021/uk-house-price-index-england-april-2021](http://www.gov.uk/government/statistics/uk-house-price-index-england-april-2021/uk-house-price-index-england-april-2021)

4 Help to buy: equity loan eligibility criteria, Own Your [Home.gov.uk](http://Home.gov.uk), accessed 23 July 2021 from [www.ownyourhome.gov.uk/scheme/help-to-buy-2021-2023/](http://www.ownyourhome.gov.uk/scheme/help-to-buy-2021-2023/)

5 First Homes Guidance, Ministry for Housing, Communities and Local Government, May 2021, accessed 23 July 2021 from [www.gov.uk/guidance/first-homes](http://www.gov.uk/guidance/first-homes)

**Table 6: Monthly mortgage payment, updated to April 2021 prices, by region**

Monthly mortgage repayments are JRF calculations based on assumptions about the scheme, deposit size and interest rate using lower quartile house prices set out above.

Region	Help to Buy equity loan	Regular mortgage	First Homes	Mortgage Guarantee Scheme	Shared ownership, 25% equity - mortgage	Shared ownership, 25% equity - rent	Shared ownership, 25% equity - total
East	£1,338.65	£1,048.09	£937.05	£1,170.68	£292.67	£444.69	£737.36
East Midlands	£1,095.45	£717.63	£766.82	£801.57	£200.39	£304.48	£504.87
London	£2,096.39	£1,705.19	£1,467.47	£1,904.65	£476.16	£723.49	£1,199.65
North East	£876.75	£452.07	£613.73	£504.95	£126.24	£191.81	£318.04
North West	£990.72	£588.12	£693.50	£656.91	£164.23	£249.53	£413.76
South East	£1,586.63	£1,168.99	£1,110.64	£1,305.72	£326.43	£495.98	£822.41
South West	£1,273.32	£934.40	£891.32	£1,043.70	£260.92	£396.45	£657.38
West Midlands	£1,117.61	£714.60	£782.33	£798.18	£199.55	£303.19	£502.74
Yorkshire and The Humber	£919.61	£576.34	£643.73	£643.75	£160.94	£244.53	£405.47
England	£1,209.05	£799.84	£846.33	£893.40	£223.35	£339.36	£562.71

**Table 7: Deposit requirements**

Deposit requirements are JRF calculations based on assumptions about the scheme, deposit size and interest rate using lower quartile house prices set out above.

Region	Help to Buy equity loan	Regular mortgage	First Homes	Mortgage Guarantee Scheme	Shared ownership, 25% equity
Deposit amount	5% of a lower quartile new build price	10% of a lower quartile house price	5% a lower quartile new build price with a 30% discount off total price	5% of lower quartile house price	5% of 25% equity of a lower quartile house price
East	£13,559.77	£23,716.77	£9,491.84	£11,858.39	£2,964.60
East Midlands	£11,096.34	£16,238.94	£7,767.44	£8,119.47	£2,029.87
London	£21,235.25	£38,586.01	£14,864.68	£19,293.00	£4,823.25
North East	£8,880.99	£10,229.70	£6,216.70	£5,114.85	£1,278.71
North West	£10,035.43	£13,308.21	£7,024.80	£6,654.11	£1,663.53
South East	£16,071.70	£26,452.43	£11,250.19	£13,226.22	£3,306.55
South West	£12,897.99	£21,144.15	£9,028.59	£10,572.07	£2,643.02
West Midlands	£11,320.75	£16,170.26	£7,924.52	£8,085.13	£2,021.28
Yorkshire and The Humber	£9,315.19	£13,041.64	£6,520.63	£6,520.82	£1,630.20
England	£12,246.97	£18,099.29	£8,572.88	£9,049.65	£2,262.41

**Table 8: Social rents**

Social rents for private registered providers only, by bedroom size and region, excluding service charges, uprated to April 2021 prices

	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East	London	South East	South West
1 Bedroom	71.35	73.38	73.40	77.06	79.11	87.65	110.45	94.39	80.82
2 Bedroom	80.02	83.91	84.87	90.04	90.78	101.01	124.89	109.82	93.92
3 Bedroom	88.39	93.38	93.10	98.27	100.55	113.51	139.9339	124.45	105.37
4 Bedroom	97.17	101.66	104.41	111.64	115.43	126.65	154.79	139.16	120.18
5 Bedroom	107.06	109.30	116.94	118.73	124.03	132.88	165.69	152.79	128.76
6+ Bedroom	122.42	119.05	124.76	132.41	135.58	135.68	173.55	162.91	139.85

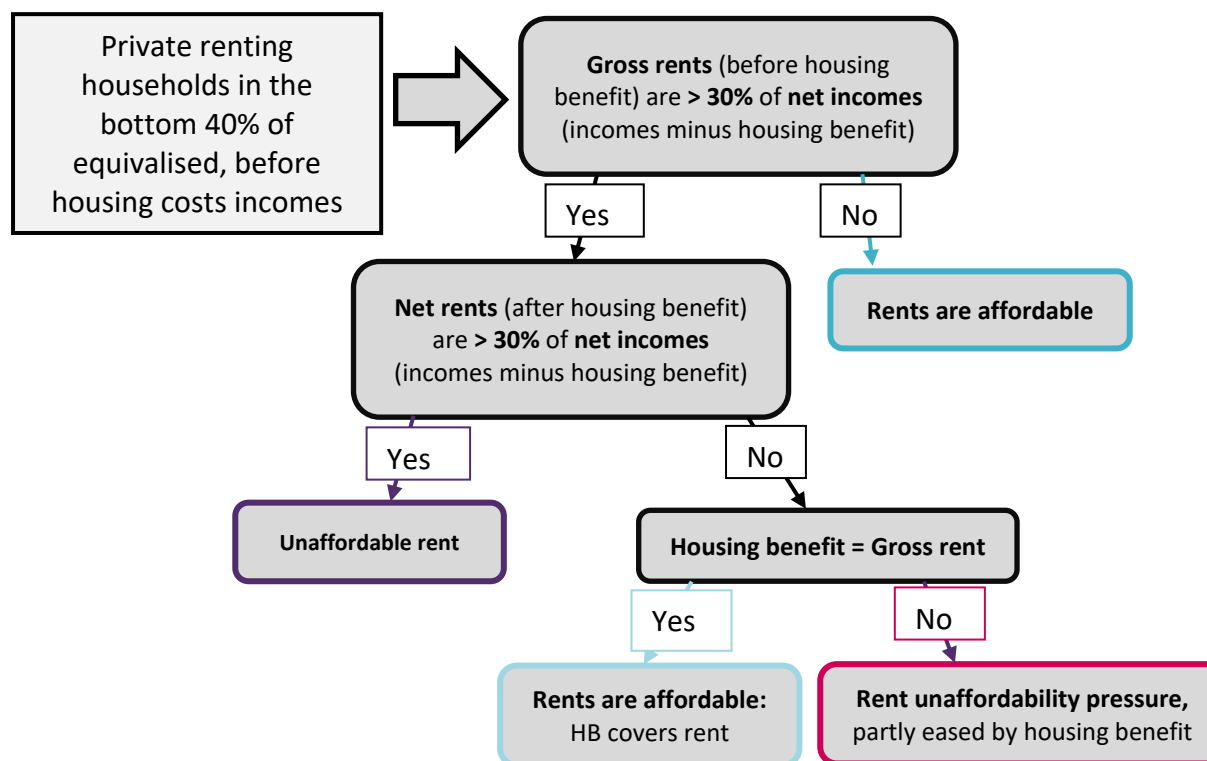
**Table 9: Affordable rents**

Affordable rents for private registered providers only, by bedroom size and region, inclusive of service charges, uprated to April 2021 prices

	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East	London	South East	South West
1 Bedroom	82.87	91.83	89.38	91.74	95.44	116.54	178.96	130.98	104.25
2 Bedroom	97.01	105.29	101.73	109.02	112.74	140.62	206.88	159.81	124.72
3 Bedroom	106.50	113.76	109.74	121.66	123.82	159.74	223.30	184.31	146.25
4 Bedroom	121.71	129.82	122.06	148.74	145.95	193.09	242.34	226.97	176.42
5 Bedroom	128.60	137.54	128.29	144.72	157.91	197.08	246.14	206.07	184.43
6+ Bedroom	97.85	202.61	136.03	137.56	190.38	137.53	273.04	212.16	212.16

## Decision tree for assessing affordability of rents for low-income private renting households

This decision tree sets out the process by which we assessed the affordability of current rents as well as modelled affordable and social rents for low-income private renting households.





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## About the Joseph Rowntree Foundation

The Joseph Rowntree Foundation is an independent social change organisation working to solve UK poverty. Through research, policy, collaboration and practical solutions, we aim to inspire action and change that will create a prosperous UK without poverty.

We are working with private, public and voluntary sectors, and people with lived experience of poverty, to build on the recommendations in our comprehensive strategy – [We can solve poverty in the UK](#) - and loosen poverty's grip on people who are struggling to get by. It contains analysis and recommendations aimed at the four UK governments.

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