

Housing costs and poverty: private rents compared to local earnings

This analysis shows how affordable private sector rents are, across different English districts, by comparing them to the earnings of people who live in those areas.

JRF Analysis Unit

What you need to know

- Rent is more than a third of full-time local pay in over half of English districts, when the least expensive quarter of private rents is compared to the earnings of the lowest paid quarter of employees.
- This ratio is highest in Westminster and Kensington and Chelsea, where these rents amount to 79% and 77% respectively of those earnings.
- Rent is also more than half of local full-time pay in another 25 districts (again comparing the least expensive quarter of private rents to the earnings of the lowest paid quarter of employees). All but three of these are in Greater London with the exceptions all being elsewhere in south east England.
- The most affordable districts by this measure are in the north of England but, even here, there are parts of Greater Manchester and north Yorkshire where rent is more than a third of full-time pay.

For more information about housing costs and poverty:
<https://www.jrf.org.uk/data/housing-costs>

Background

Paying for housing, whether rent or mortgage payments, is the single biggest cost for many households. The proportion of people in the poorest fifth of the working-age population of the UK who spend more than a third of their income (including Housing Benefit) on housing costs has risen from 39% in 1994/95 to 47% in 2015/16. This has been driven in part by the rise in the number of people renting in the private sector, where costs are highest.

Methods

Rent data was taken from the latest Valuation Office Agency (VOA) dataset of private rental market summary statistics, released on 14 December 2017. The table used (2.7) has monthly rents for all property types from the VOA's administrative database.

Pay data was extracted from the latest Office for National Statistics (ONS) Annual Survey of Hours and Earnings provisional dataset, released on 26 October 2017. The table used (8.7a) gives gross annual pay for full-time employee jobs for residents. This has been divided by 12 for a monthly value.

Information about the least expensive quarter of private rents and lowest paid quarter of employees uses lower quartile data, which splits the lowest 25% of rent or pay from the highest 75%.

The ratios are calculated for Local Authority Districts in England. There are 326 such areas and they include single-tier unitary and metropolitan authorities and lower-tier county districts.

The pay data was not available for 23 of these districts in 2017. Pay and rent data from 2016 was used for the latest ratios in these cases. However, this information was unavailable for three districts: Isles of Scilly, East Dorset and City of London. This analysis is similar to part of the ONS Housing Summary Measures Analysis, released on 29 November 2017. The JRF analysis differs as it is based on lower quartile rent and residents' pay rather than median rent and workplace pay. The ONS release uses statistics from 2016 rather than 2017 and does not substitute earlier data when the latest data was unavailable.

Links

Private rental market summary statistics 2016/17 (VOA). Available at:
<https://www.gov.uk/government/statistics/private-rental-market-summary-statistics-october-2016-to-september-2017> [Accessed: 29 January 2018]

Annual Survey of Hours and Earnings 2017 provisional results, Table 8.7a (ONS). Available at:
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/placeofresidencebylocalauthorityshetable8> [Accessed: 29 January 2018]

Housing Summary Measures Analysis 2016 (ONS). Available at:
<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/articles/housingsummarymeasuresanalysis/2016> [Accessed: 29 January 2018]

Private Rented Sector (JRF). Available at:
<https://www.jrf.org.uk/housing/private-rented-sector> [Accessed: 29 January 2018]

About the Joseph Rowntree Foundation

The Joseph Rowntree Foundation is an independent organisation working to inspire social change through research, policy and practice.

JRF is working with governments, businesses, communities, charities and individuals to solve UK poverty. Our recent [strategy to solve UK poverty](#) contains analysis and recommendations aimed at the four UK governments.

All research published by JRF, including publications in the references, is available to download from www.jrf.org.uk

This analysis has been undertaken by the JRF Analysis Unit in January 2018. For further details please contact: Analysis.Unit@jrf.org.uk