

Housing Tenure

This factsheet provides basic information on housing tenure in England. It looks at tenure trends and describes the regional differences in tenure types. It contrasts housing costs, household incomes and satisfaction with accommodation between tenures. It also provides an overview of government policies that have had an impact on housing tenure and shows patterns of housing tenure across Europe.

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Definition of housing tenure

Housing tenure describes the legal status under which people have the right to occupy their accommodation. The most common forms of tenure are:

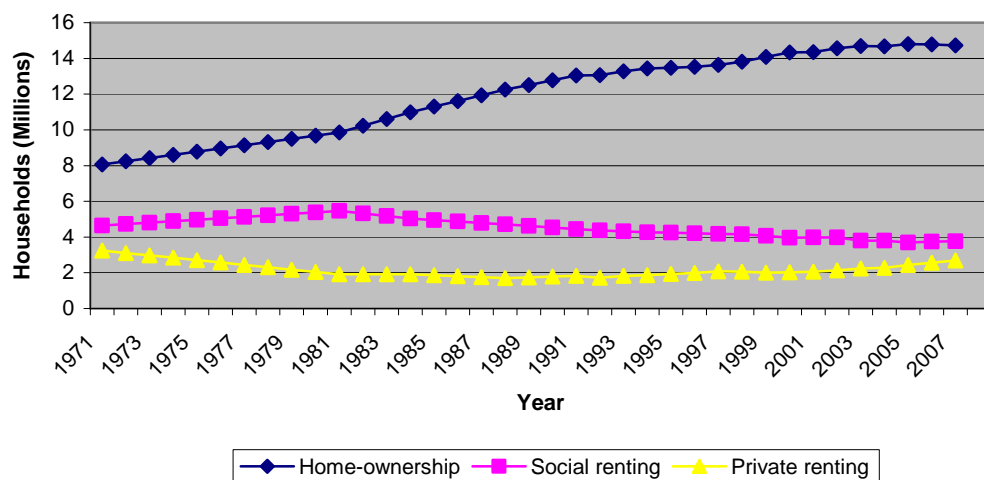
- Home-ownership: this includes homes owned outright and mortgaged
- Renting: this includes social rented housing and private rented housing.

Trends in tenure

In 2007, 14.7 households owned their homes, 3.8 million households lived in social rented housing and 2.7 million lived in private rented housing in England (see graph 1).

The section below looks at the trends in the three main types of tenure.

Graph 1: Trends in tenure in England: 1971 to 2007



Home-ownership

Home-ownership has become the dominant form of tenure in England. Table 1 shows that in 1971 half of all households in England owned their homes compared with seven in ten (70 per cent) in 2007. Thirty one per cent of households owned their homes outright and 39 per cent were buying with a mortgage in 2007.

Home-ownership has remained at a similar level since 1999, fluctuating between 70 and 71 per cent.

Social rented housing

Table 1 shows that in 1971, 29 per cent of households lived in the social rented sector, increasing to 32 per cent in 1981. However, the level decreased to 18 per cent by 2003 and has remained at the same level since then.

Social rented housing includes housing rented from local authorities and housing associations: data in this factsheet shows the combined figures for all households living in the social rented sector.¹

Private rented housing

In 1971, 20 per cent of households lived in the private rented sector. This subsequently declined, reaching the lowest level of nine per cent by the late 1980s. Since then the level has increased slowly, reaching 13 per cent by 2007 (see Table 1).

Table 1: Proportion of households by tenure in England

Year	Home-Ownership %	Social renting %	Private renting %	Total Households (000s)
1971	51	29	20	15,940
1981	57	32	11	17,225
1991	68	23	9	19,309
2001	70	20	10	20,403
2002	70	19	10	20,662
2003	71	18	11	20,739
2004	71	18	11	20,758
2005	71	18	12	20,932
2006	70	18	12	21,092
2007	70	18	13	21,178

Source: Housing in England 2006/07, CLG, 2008

Regional differences in tenure

Table 2 shows that London and the North East have the highest proportion of households living in social rented housing across all regions (24 per cent) and the South East has the lowest level (13 per cent).

¹ This is because some housing association tenants wrongly report that they are council tenants. The most common reason for this is where their home used to be owned by the council and although ownership has now transferred to a housing association, the tenant still thinks that their landlord is the local authority. As a consequence, presentation of separate figures for council and housing association tenants might be misleading.

Table 2 also shows London has the highest level of households in the private rented sector (20 per cent) and the lowest level of home-ownership (56 per cent), below the national average (70 per cent). The South East has the highest level of home-ownership across all regions (74 per cent).

Table 2: Tenure by Region, 2007

Regions	Home-ownership %	Social renting %	Private renting %	Total Households (000s)
North East	65	24	10	1,078
North West	72	18	10	2,851
Yorks & Humber	69	19	12	2,139
East Midlands	73	17	10	1,813
West Midlands	72	19	9	2,178
East	72	16	12	2,292
London	56	24	20	2,906
South East	74	13	13	3,406
South West	73	14	14	2,150
All	70	18	12	20,815

Source: Housing in England 2006/07, CLG, September 2008.

Housing costs and income

It is estimated that average (mean) monthly mortgage payments for all households taking out a new mortgage for house purchase in 2007 was £981.² In the same year the average monthly cost of private renting was £500 compared with £265 for local authority housing and £289 for housing association housing.³

Table 3 shows the average (median) gross income⁴ of households by tenure. Households in the social rented sector have the lowest income (£10,400). Those buying with a mortgage have an income that is more than three times higher (£35,460). The gross median income for outright home-owners, £17,580, is around half the level for those buying with a mortgage, reflecting the high proportion of retired people who own their homes outright.

² Hansard, column 21W, 8th December 2008.

³ Guide to Local Rents, Part 1, Housing Corporation, 2008

⁴ **Average median** is the middle point of the income distribution. **Gross income** is income before any deductions for tax or National Insurance contributions.

Table 3: Median gross income by tenure in 2006/07

	£
Home-ownership	27,140
Owned outright	17,580
Buying with mortgage	35,460
Private renting	18,140
Social renting	10,400
All tenures	21,530

Source: Housing in England 2006/07, CLG, 2008

Satisfaction with accommodation

Home-owners are more likely to be satisfied with their accommodation than those households who are renting. In 2006/07 95 per cent of home-owners were satisfied (see footnote 6) with their accommodation compared with only 82 per cent of households who were renting.⁵

Table 4 Satisfaction with accommodation by tenure 2006/07

Tenure	Satisfied ⁶ %	Dissatisfied %
Home-ownership	95	1
Social renting	82	14
Private renting	82	10

Source: Table S129, CLG.

Policy changes affecting housing tenure

In the last three decades there has been a marked increase in the proportion of home-owners and a corresponding reduction in the level of households renting in the social sector. The section below looks at government policies that have had an impact on the profile of tenure in England. These include Right to Buy, stock transfers, and Mortgage Tax Relief.

⁵ CLG, Live Tables, Table S129.

⁶ 'Satisfied' includes all households who were very and fairly satisfied and 'dissatisfied' includes all households who were very and slightly dissatisfied. Percentage for those households who were neither satisfied nor dissatisfied is not included.

(a) Right to buy (RTB)

The RTB, introduced in 1980, enabled many tenants to buy their council-owned properties at a discounted price. In England 1.76 million homes have been sold under the RTB since it was introduced.

Local authorities receive revenue from the sale of properties under RTB. There are, however, restrictions on the use of this money. Initially councils were required to use (a proportion of) revenue raised to pay their existing debts. The vast majority of local authorities were only permitted to use 25 per cent of the receipts from sales on council housing, and even this could only be used to repair and improve the remaining stock. Since 1998 these restrictions have been relaxed, although revenue raised from RTB is still subject to very strict rules and cannot be used to fund the delivery of new social housing.

(b) Stock transfers

Since 1988, local authorities have been able to transfer ownership and control of their housing stock to Registered Social Landlords. More than 970,000 council homes have been transferred since 1988/89 in England⁷. Local authority transfer takes place primarily for financial reasons, to reduce public borrowing and to increase private finance which is used to improve the quality of the housing. The transfer of properties from local authority control to a Registered Social Landlord needs the approval of the Secretary of State and tenants. While the majority of proposed transfers have been successful, in some areas tenants have voted to reject this option.

(c) Mortgage tax relief

Mortgage tax relief (MTR) or Mortgage Interest Relief at Source (MIRAS) enabled borrowers to get tax relief on their mortgage interest for the first £30,000 of the mortgage. It was abolished in April 2000. This abolition significantly reduced the long-standing fiscal bias in favour of home-ownership over renting. MTR was one of the factors that contributed to the decline in the private rented sector and it was also a major driver of home-ownership. Although MTR has ceased, capital gains and inheritance tax arrangements still favour home-ownership to a degree.

⁷ UK Housing Review 2008/09, Chartered Institute of Housing and the Building Societies Associations, 2008.

(d) Other

In addition to tax benefits and the sale of council housing, there have been a variety of government programmes to promote wider access to home-ownership. These programmes have generally focused on lowering the cost of home-ownership to first time buyers for example shared ownership; or providing additional rungs on the ownership ladder i.e. by allowing people to buy a stake in their social rented home. In addition the introduction Buy-to-Let mortgages (1993) has made easier to secure finance for small-scale landlords which has resulted in an increase in the size of the private rented sector.

Tenure in Europe

Table 4 shows the percentage of **housing stock** broken down by tenure in selected countries of the European Union. Greece and Spain have the highest proportion of owner occupied dwellings (93 per cent and 82 per cent respectively). Germany and Sweden have the lowest level (45 per cent and 38 per cent respectively).

Table 4: Occupied dwellings by tenure 2004

	2004		
	Home-ownership %	Rented %	Other ⁸ %
Austria	51	41	9
Belgium	68	31	2
Denmark	49	38	13
Finland	63	33	4
France	57	40	3
Germany	45	55	0
Greece	93	6	1
Ireland	73	19	9
Luxemburg	68	29	3
Netherlands	56	44	0
Spain	82	11	7
Sweden	38	45	17
United Kingdom	69	31	0

Source: Housing Statistics in the European Union 2005/06, 2006.

⁸ Other includes co-operative housing and free (rent) housing.

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