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Rent Affordability Tool Guide

Rent affordability tool guide

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Overview

Our rent affordability tool comprises of five dashboards developed in Tableau, a data visualisation tool.

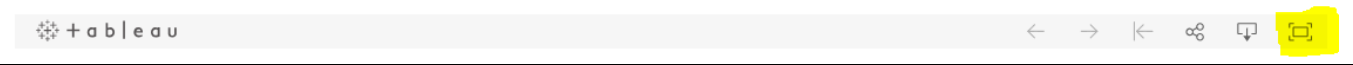
- Cover page
- Rent setting
- LA comparison view income
- LA comparison view rents
- LA comparison view affordability
- Rent increases

The first dashboard, 'Rent setting', allows you to input a proposed weekly rent to calculate five affordability measures and compare rent and affordability to those for local landlords. Details of these five affordability measures can be found later in this guidance at our *Data Sources* section.

On this rent setting dashboard, you can also input the specific income and costs of an individual household to model rent affordability based on their personal financial circumstances.

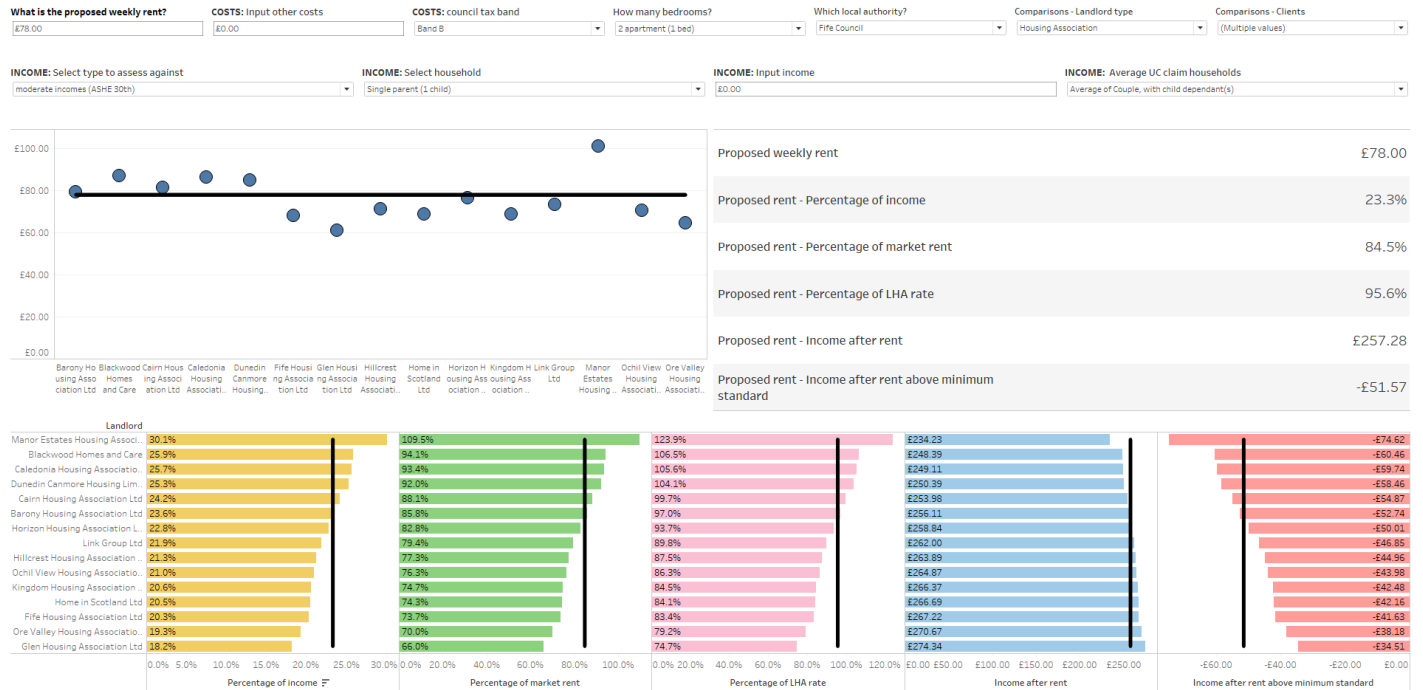
The following three dashboards allow you to view all the datasets included in the tool and the affordability measures at local authority level. This allows you to see how rents and incomes vary nationally.

Tip: To view the dashboard in full screen, click the square icon at the bottom-right of the tool.



Rent setting

Rent affordability tool: Rent setting



Input Selection

Rent and Council Tax

You should enter a proposed weekly rent at the top left of the dashboard and select a council tax band appropriate for the property you are using.

What is the proposed weekly rent?	COSTS: Input other costs	COSTS: council tax band
<input type="text" value="£78.00"/>	<input type="text" value="£0.00"/>	<input type="text" value="Band B"/>

Other Costs

If you would like to include other household costs incurred by a tenant then the ONS details family spending across the UK [here](#)

Family spending in the UK: April 2018 to March 2019

Average weekly household expenditure on goods and services in the UK, by age, income, economic status, socio-economic class, household composition and region.

You can also download a full spreadsheet with all of the average cost data across a range of goods and services

[Data download](#)

Average total household spending since FYE 2002 is shown in Figure 2. This time period covers the 2008 economic downturn and subsequent recovery.

Property and Location

Next, select the property size and the local authority.

The local authority chosen determines the income used to compare ASHE and UC claims and which landlords are used to compare the rent and affordability measures.

How many bedrooms?	Which local authority?
<input type="text" value="2 Bedrooms"/>	<input type="text" value="Blaenau Gwent"/>

The comparison landlords can also be filtered by selecting the landlord type (Housing Associations, Local Authorities or both)

Comparisons - Landlord type	Comparisons - Clients
<input type="text" value="Housing Association"/>	<input type="text" value="(Multiple values)"/>

Income Selection

Next, please choose the type of income to compare the rent against.

Also select the household size, which scales up the income and determines the moderate income or minimum income standard used for the calculations.

ASHE data varies by local authority, while minimum wage and living wage values are the same nationwide.

In the ASHE dataset there are not values for all percentiles of every local authority area, due to insufficient sample sizes; in these cases, minimum or living wage should be chosen.

INCOME: Select type to assess against	INCOME: Select household
<input type="text" value="moderate incomes (ASHE 30th)"/>	<input type="text" value="Single parent (1 child)"/>

If you select 'input income' or 'UC claims' as the income types, the household option only determines the minimum income standard, with no scaling effect.

If you choose 'input income', you can input a weekly income in the text box. If UC claims are selected as an income the household is selected in the right-most drop-down menu.

INCOME: Input income	INCOME: Average UC claim households
<input type="text" value="£0.00"/>	<input type="text" value="Average of Couple, with child dependant(s)"/>

Outputs

The graph to the left shows the proposed rent as the black line and the circles represents the local landlords' average rents for the chosen property size taken from the StatsWales government portal.

Average Social Rents 2019/20 (GN/Sheltered)



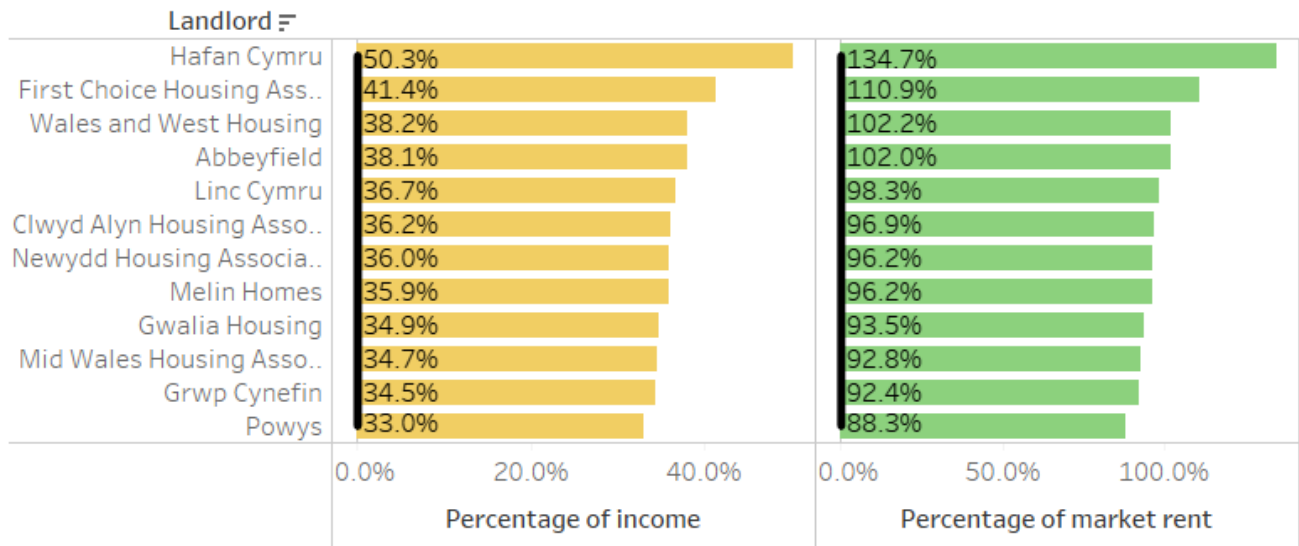
Landlords shown are those holding any stock in the particular local authority area, not necessarily of the specific apartment size.

The table on the right of your screen shows the proposed rent and the five affordability measures calculated for that rent based on the income, property size, and location selected. Detail on how the affordability measures are calculated is provided below.

Proposed weekly rent	£78.00
Proposed rent - Percentage of income	23.3%
Proposed rent - Percentage of market rent	84.5%
Proposed rent - Percentage of LHA rate	95.6%
Proposed rent - Income after rent	£257.28
Proposed rent - Income after rent above minimum standard	-£51.57

The charts along the bottom show the five affordability measures for all the local landlords in the specific local authority area and the proposed rent is represented by the black line.

The landlords shown are the same as the rent comparison graph and the affordability calculations are based on the same income, property size and local authority options as the table above.



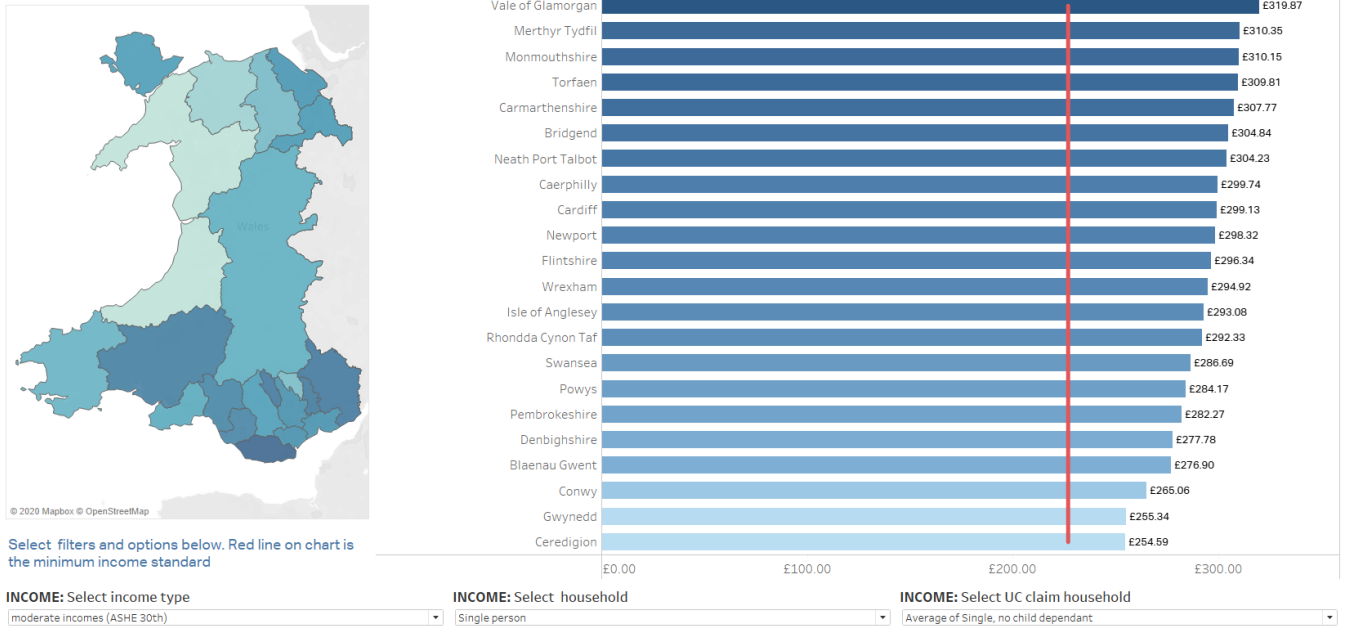
Tip: Like many websites, Tableau Public will refresh back to the default filters if you leave it for more than a few minutes. It is recommended that you note down or screenshot your results before you leave the tool.

Local Authority comparison views

There are three separate local authority comparison views that allow users to see the datasets used in the rent setting calculations and how the affordability measures vary between local authorities.

These three dashboards are income, rents and affordability.

Rent Affordability Tool: Local Authority view of income



Income

The income view allows users to see the ASHE, minimum wage, living wage and UC claims datasets

To show an income, select the income type and the household size from the first two drop downs.

INCOME: Select income type **INCOME: Select household**

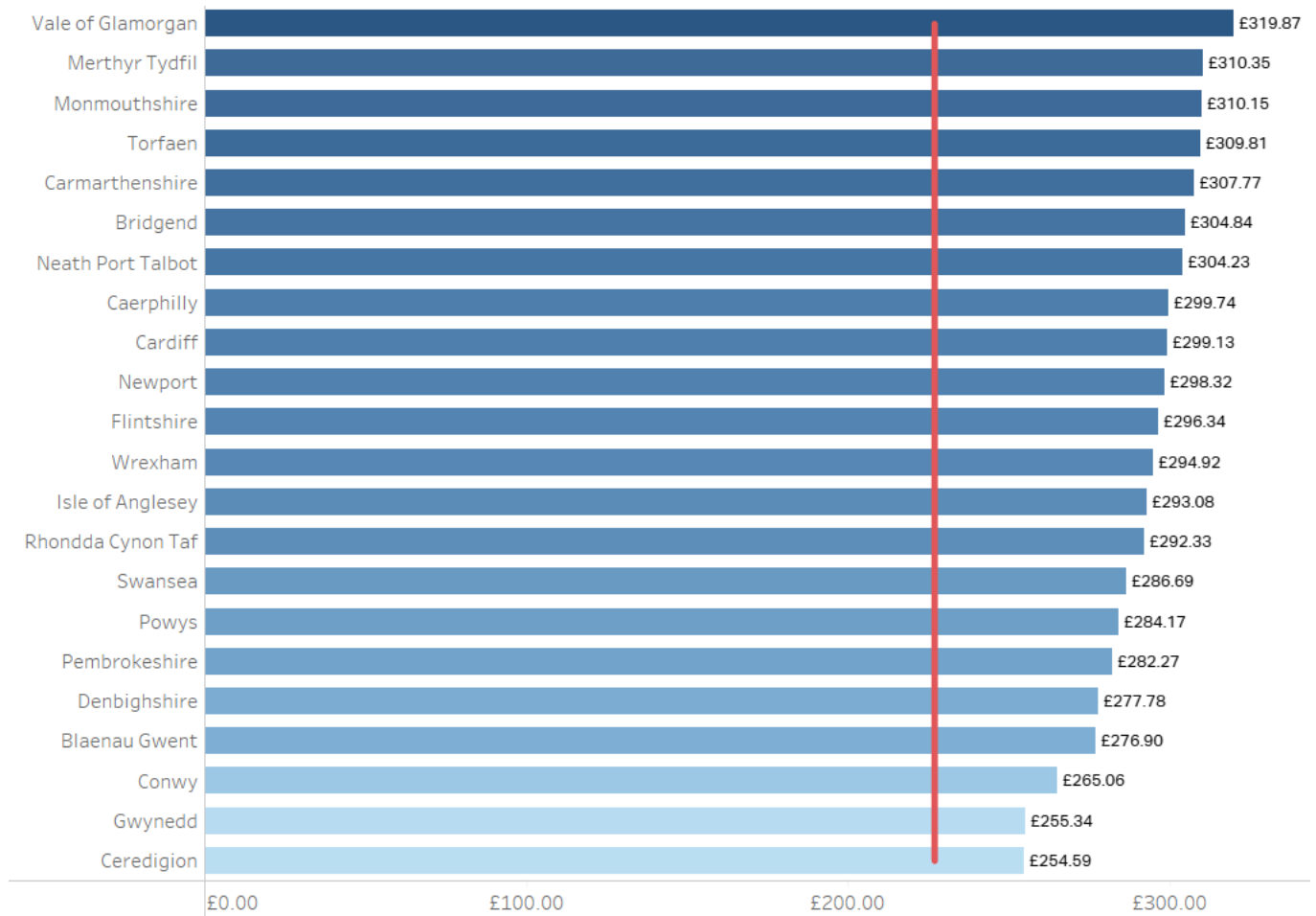
moderate incomes (ASHE 30th) Single person

If the UC claims income type is selected, then the households are selected by the right-most bottom drop down.

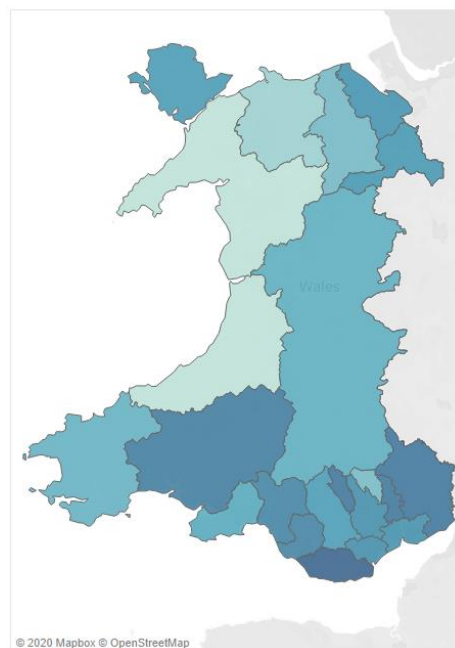
INCOME: Select UC claim household

Average of Single, no child dependant

The graph on the right-hand side of the dashboard will then display the income for each local authority. As the minimum wage and living wage datasets do not vary for local authorities this will show the same value. Where there is not ASHE data for a particular percentile for a local authority, these will show as blank. The red line is the minimum income standard, which is selected by the household parameter.



The map shows the same data as the graph on the right-hand side of the dashboard with the colour gradient reflecting the size of values



Rents

The rent view is the same layout as income and allows users to see the social housing rents (taken from StatsWales), market rents, council tax and LHA rate data sets.

The rent type to be displayed is selected from the dropdown.

RENTS: Select rent type

market rents (median) ▼

You can then select the property size, which will affect the social housing rents, market rents and LHA rates shown.

Select property Size

3 apartment (2 bed) ▼

If social housing rents are selected, you can filter the type of landlords to be included in the averages for the local authorities.

FILTER: Clients

(Multiple values) ▼

FILTER: Landlord type

(All) ▼

If council tax data is being shown, the band can be selected by a drop-down menu.

COSTS: council tax band

Band B ▼

The outputs are the same for the [income dashboard](#).

The graph on the right will show the average of social housing rents, or the value of the council tax, market rent and LHA rent datasets selected.

The map will display the same values as the graph on the right-hand side of the dashboard with the colour gradient reflecting the size of values.

Affordability

The affordability view allows users to see how the affordability measures for social landlords vary between local authorities. The five affordability measures can be shown, these are:

- rent as a percentage of income
- percentage of market rent
- percentage of LHA rate
- income after rent
- income after rent above minimum income standard

The measure to display is chosen by the first drop down menu:

AFFORDABILITY: Select affordability measu..

You can then select the property size and, if desired, the council tax band to include in the costs (council tax can be left as 'none').

Select property Size

COSTS: council tax band

You can also filter which types of landlord should be included in the averages for local authorities.

FILTER: Clients

FILTER: Landlord type

You then select which income type to include in the affordability calculations:

INCOME: Select income type

INCOME: Select household

If the UC claims income type is selected, then the households are selected by the right-most bottom drop down.

INCOME: Select UC claim household

The outputs are the same for the income dashboard. The graph on the right will show the average of the affordability measure for all landlords operating in the local authority (unless filtered out).

The map will display the same values as the graph on the right-hand side of the dashboard with the colour gradient reflecting the size of values.

Data Sources: Income

Tip: See the last tab of the rent tool for details on the periods that data relates to and links to sources.

Rent Affordability

[Cover page](#) | [Rent setting](#) | [LA comparison view income](#) | [LA comparison view rents](#) | [LA comparison view affordability](#) | [Rent increases](#) | **Data Sources**

Annual Survey of Hours and Earnings (ASHE)

These are calculated based on the Office for National Statistics' [Annual Survey of Hours and Earnings](#). This gives gross incomes from PAYE for local authorities. It does not include incomes from self-employment or benefits. The figures shown in the tool are [net](#), reflecting Welsh income tax and national insurance thresholds and bands.

Moderate incomes are calculated based on the 30th percentile for each local authority, which is above housing benefit eligibility. The justification for using these moderate incomes is that incomes converge around this point once housing benefit and tax credits are included in lower incomes. Following the Joseph Rowntree Foundation's Living rent methodology, the household incomes are weighted to account for additional income for adults and child benefit entitlements.

Incomes can also be calculated based on the 25th, 20th or 10th percentile for each local authority. Households are again weighted following the Joseph Rowntree Foundation's Living rent methodology. The method assumes that a single person's earnings have a value of 1.0 while each additional adult or child aged over 14 years 'earning' an extra 0.5 score for the household, with younger children scoring 0.3.

Minimum income standard (MIS)

The [minimum income standard](#) is calculated by Donald Hirsch and team at Loughborough University in a project funded by The Joseph Rowntree Foundation. It is a calculation of the minimum income required, after rent and childcare, that a household needs to afford a basic but adequate standard of living. What households should be able to afford is discussed in focus groups and the cost calculated from a range of sources.

There is a single value for all Welsh local authorities, with no local variation included.

There is a rural weighting for remote locations however this is not currently included in the tool. The rural weighting is different for each household type and varies based on whether the rural location is in a town or how remote it is.

To include a rural weighting to rent calculations additional costs can be added in the tool, in the 'input other costs' parameter, which allows users to input a financial value, which should be a weekly amount to match other data.

UC average claims

This data is taken from DWP statistics. The data represents the mean actual claims awarded to the four household types. There is not data for every household type in every local authority. The figure is the average of a set of monthly data, converted to weeks. The data is based on actual claims.

As this represents actual claims it will not represent what any particular claimant may be entitled to, so it may under- or over-estimate income available in some cases.

Minimum Wage

This is calculated from minimum wage rates for each age bracket. The minimum wage for the over 25 age group is also known as the [national living wage](#). This is a statutory rate.

Full time working is calculated at the hourly rate multiplied by 35 hours per week and part time working is calculated at the hourly rate multiplied by 20 hours per week.

Couples are calculated as twice the single rate or one single full-time plus one single part-time.

As this represents wage income only it does not include any in-work benefits that households may also be entitled to, so it may underestimate income in some cases.

The same figures are used for all local authorities with no weighting for London.

Living wage

A living wage for a single person working 35 hours a week is included. This is the **real living wage** rate based on what people need to live. This is a voluntary rate, not statutory and can be paid to anyone over the age of 18.

The real living wage calculation is made according to the cost of living, based on a basket of household goods and services.

The same figure is used for all local authorities with the exception of London.

Use of net and gross figures

For all income measures (ASHE, minimum wage and living wage) the gross value has been converted into a net figure by discounting tax and NI.

Data Sources: Rents and Costs

LHA rates

Set at the level of Broad Rental Market Area (BRMA), these have been mapped onto local authorities to match the rest of the data in the tool. There may be the wrong BRMA for some properties located at the edges of some local authorities where boundaries do not match perfectly. This can be corrected for by selecting the relevant neighbouring authority.

Social Housing rents

Rents are taken from the Welsh Government statistical portal, StatsWales. These are average rents recorded at Local Authority level, by provider and bedsize. Landlords can be filtered by client type.

Market rents

Market rents are also taken from the Welsh Government statistical portal, StatsWales and are based on the median rent value for each local authority. Figures for studio accommodation are not included.

Council Tax

Council tax values for bands A-H for each local authority are included in the tool. These can be added to the rent costs for affordability calculations. Values included are for a weekly charge based on 52 weeks.

Data Sources: Affordability calculations

Percentage of market rent

This is the proposed rent divided by the market rent for the selected property size in the relevant local authority, times 100. No comparison is possible for 1 Apt (studio) social housing rents as no studio or bedsit rents are included in the market rent dataset.

As a comparison, the definition of 'Affordable Rent' used by the HCA in England is up to 80% of the market rent.

Percentage of Income

This is the proposed rent divided by the household income selected from either average UC claims, minimum wage, living wage or moderate incomes or the inputted income, times 100. Other costs and council tax are also subtracted from income, if selected.

Income after rent

This is the household income selected from either average UC claims, minimum wage, living wage or moderate incomes or the inputted income with the proposed rent subtracted. Other costs and council tax are also subtracted from income, if selected.

Income after rent above minimum income standard

This is the household income selected from either Average UC claims, minimum wage, living wage or moderate incomes or the inputted income with the proposed rent subtracted. The minimum income for the household selected is then subtracted. Other costs and council tax are also subtracted from income, if selected.

Percentage of LHA

This is the proposed rent divided by the LHA rate for the relevant BRMA, times 100.

Appendix 1: Landlord Categorisation

This is how landlords in Wales have been allocated across the tool according to their stock mix.

General Needs

Baneswell Housing Association
Bangor Diocesan Housing Association
Bro Myrddin Housing Association
Bron Afon Community Housing
Cadwyn Housing Association
Caerphilly
Cardiff
Cardiff Community Housing Association
Cardiff YMCA Housing Association
Carmarthenshire
Cartrefi Cymunedol Gwynedd
Charter Housing Association
Cynon-Taf Community Housing Group
First Choice Housing Association
Gwalia Housing
Gwynfyd Housing Co-Operative
Hafan Cymru
Hafod Housing Association
Merthyr Tydfil Housing Association
Merthyr Valleys Homes
Mid Wales Housing Association
Newport City Homes
Newydd Housing Association
Pobl Living
Saint David's Diocesan Housing Association
Soroptimist Housing Association (Carmarthen)
Swansea
Taff Housing Association
Tai Calon Community Housing
Tai Tarian

Trivallis
Valleys to Coast Housing
Wrexham

Mixed - general needs and sheltered

Ateb Group
Cartrefi Conwy
Clwyd Alyn Housing Association
Coastal Housing Group
Denbighshire
Family Housing Association (Wales)
Flintshire
Grwp Cynefin
Isle of Anglesey
Linc Cymru
Melin Homes
Monmouthshire Housing
North Wales Housing Association
Pembrokeshire
Powys
Rhondda Housing Association
Tai Ceredigion
Ty Glas Housing Society
United Welsh Housing Association
Vale of Glamorgan
Wales and West Housing

Sheltered

Abbeyfield
Aelwyd Housing Association
Derwen