**U-turns in housing trends: the end of socio-tenurial polarisation?**

History doesn’t always go in one direction, and seemingly inexorable social and structural trends can reverse. The housing system has made several important U-turns in recent decades. After constant decline since reasonable records began in 1918, the proportion of households in private renting in England started to grow in 2001, and overtook social renting in 2011. In contrast, after constant increase, the proportion of households in England in home ownership started to decline from its peak at 69% of all households fully fourteen years ago in 2004 (Figure 1). If Right to Buy sales are stripped out, ownership peaked lower and earlier (in 2001 at 63%). If only homes being bought with a mortgage are considered, ownership peaked much earlier and much lower (in 1995 and 43%). These U-turns usually take a while to be fully recognized, and can create consternation when they are.

Figure 1: The proportion of households in England in different tenures, 1918 to 2015-16

Source: MHCLG livetables Table FT1101 (S101)

Three of the best known facts about social renting are that 1) it is shrinking away; 2) it houses people on low incomes; and 3) this is more and more true over time. There has not been a full U-turn in the decline of social housing so far, but the graph has flattened out (Figure 1). The second fact only really started being true in the 1970s. After a U-turn, the third fact stopped being true as long ago as the 1990s.

In 1953/54, when good survey evidence starts, the median income of owners (then 32% of households) was the highest of the tenure groups. However, council tenants were not far behind, and the lowest income group was private renters. Council tenants were distinguished only by their middlingness[[1]](#endnote-1). This pattern was stable over the next decade and a bit, despite the steep fall in private renting andbig increases in home ownership and council renting underway. In 1968, council tenants’ incomes were about 90% of the national average[[2]](#endnote-2) .

However, from this point on, owners and council tenants began to diverge. Households leaving the fairly mixed private rented sector were increasingly divided into sheep and goats. In addition, overall income inequality started to grow sharply in the late 1970s, increasing the difference between the two types of herbivores[[3]](#endnote-3). Researchers and policymakers began to be concerned about ‘polarisation’ in terms of income and working status between ownership and council renting. Even as it grew, council housing was being ‘residualised’, left behind as a less favoured, if large, minority tenure. This was a potential problem for residents themselves, housing managers and society as a whole.

In the mid 1970s, council tenants’ median incomes were 73% of owners’ median incomes, but by 1983, they had fallen drastically to just 45%. By 1999/2000, the figure was 33% (Figure 2). In 2000/01, fully 54% of those in social rented homes in Great Britain were on poverty incomes (below 60% of median equivalised household income after housing costs), compared to 13% of home owners[[4]](#endnote-4).

Figure 2: Median income of renting households as a percentage of median income of owners (gross income before housing costs, not taking account of household size), 1953/54-2015/16

Sources: Bentham 1986; Table S114 English Housing Survey 1999/00-2015/16

There was also polarisation in employment status. In 1984 the employment rate for household reference persons (HRPs, similar to heads of households) in social renting was 66% of the overall average. The full-time employment rate was 61% of the average. By 2004, these figures had fallen further, to 56% and 45% (Figure 3). In his 2007 review of social housing for the government, John Hills described this as a “*collapse”[[5]](#endnote-5).* Most subsequent social housing policymaking has gone on in the gloomy shadow of presumed ongoing polarisation.

However, more recent evidence shows that Hills was writing just when the population mix in different tenures was making a U-turn.The turning point for low income households was as long ago as the early 1990s. Pearce and Vine found that the proportion of social renting household members in the poorest fifth of the population peaked in 1991 at just over half, and then remained steady 1991-2010 (according to household income before housing costs and equivalised for household size). The proportion of home owners in the poorest fifth was much lower, at about 10%, but grew slightly over the 1990s and 2000s, meaning a slight reduction in the gap between the two tenures[[6]](#endnote-6). The turning point for median incomes and poverty rates was about a decade later. A later review by Hills spotted a leveling off for social renters’ median net individual incomes when compared to the average over the 2000s[[7]](#endnote-7). Using a slightly different measure, Figure 2 shows that social tenants’ average incomes actually crept up on owners’ during the 2000s and 2010s.Between 2000/01 and 2008/09 the proportion of UK social renters on poverty incomes fell from 54% to 46%, reflecting a narrowing of the gap between tenures despite a slight increase in poverty rates overall[[8]](#endnote-8). The proportion of owners in poverty did not change, so again the gap between the tenures reduced. Similarly, in the early 2000s, social housing tenants’ economic activity and employment rates stabilized, and then started to converging with the average (Figure 3).

Figure 3: Economic status rates for HRPs in social housing relative to HRPs overall, 1984-2016/17

Sources: As Figure 2

It has taken us a while to work out that socio-tenurial polarisation has U-turned. However, social renters as a whole remain far from ‘middling’ and, for example, the tenure still has the greatest concentration of people living in poverty, at 44% of residents in 2015/16. It is scarcely a comfort to social tenants, social landlords or anyone else to know that each of the three main tenures accommodate exactly a third of all poor people[[9]](#endnote-9). In addition, very little ‘classic’ secure low rent social housing is being built, the reinvigorated Right to Buy has accelerated sales, and the very latest data in Figures 2 and 3 might suggest something… The next U-turn maybe just round the corner, even as we recognise the last.

1. Bentham, G (1986) ‘Socio-tenurial polarisation in England, 1953-83: The income evidence’ *Urban Studies* 23(2) pp157-162 [↑](#endnote-ref-1)
2. Brewer, M; Muriel, A and Wren-Lewis, L (2009) *Accounting for changes in inequality since 1968: decomposition analyses for Great Britain* London: IFS [↑](#endnote-ref-2)
3. Brewer et al. [↑](#endnote-ref-3)
4. DWP Households Below Average Income statistics www.gov.uk/government/statistics/households-below-average-income-199495-to-201516 [↑](#endnote-ref-4)
5. Hills, J (2007) *Ends and means: The future roles of social housing in England Case report 34* London: CASE, LSE p100 [↑](#endnote-ref-5)
6. Pearce, JandVine, J (2014) 'Quantifying residualisation: The changing nature of social housing in the UK' *Journal of Housing and the Built Environment*, 29(4) pp657-675 [↑](#endnote-ref-6)
7. Hills, J; Brewer, M; Jenkins, S; Lister, R; Lupton, R; Machin, S; Mills, C; Modood, T; Rees, T and Riddell, S. (2010) *An anatomy of economic inequality in the UK: The report of the National Equality Panel* London: Government Equalities Office, CLG [↑](#endnote-ref-7)
8. Hills et al. [↑](#endnote-ref-8)
9. DWP [↑](#endnote-ref-9)