

# **Housing affordability study**

## **Findings report**

**March 2024**

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# Executive Summary

In July 2023, the Scottish Government commissioned social research agency The Lines Between to deliver a qualitative research study exploring experiences and understanding of housing affordability among social housing and private rental tenants in Scotland. The aims of the research were to:

- find out what ‘affordable housing’ or ‘housing affordability’ means to tenants;
- understand their concept of what constitutes a decent standard of living in relation to housing costs;
- explore experiences of housing unaffordability and housing stress; and
- gather tenants’ views on definitions of housing affordability to inform recommendations to Ministers.

A total of 24 participants took part in the study; the sample was designed to ensure adequate representation across several different categories, including: age; gender; local authority; rurality; and household and tenancy type. Data collection involved online focus groups and one-to-one online/telephone interviews exploring: tenants’ experiences of housing stress and unaffordability; housing aspirations; views on what constitutes a ‘decent’ standard of living; and views on different approaches to measuring and defining housing affordability.

Through engagement with participants, it was clear that many are struggling with housing costs; in most cases, core bills are paid, but sacrifices are being made. Long term financial risks were also an issue, with concerns that tenants may be able to cover their immediate housing costs and other essential outgoings, but have little or nothing left to save for the future, or to protect against potential adversity such as unexpected bills, redundancy or ill health.

The subjectivity and fluidity of housing affordability were emphasised; participants viewed particular situations as affordable for some households but not others, depending on their life stage, circumstances and geographic location.

There was no clear consensus on the best measure or definition of housing affordability; participants described both positives and negatives of cost-to-income ratios, minimum income standards and residual income measures. Some had their own suggestions for how best to define housing affordability, such as: linking housing affordability to minimum wage; linking housing costs to profits to ensure landlords charge a reasonable rent; and a tiered or means-tested approach that recognises that different households require different cost-to-income ratios depending on their circumstances.

Ultimately, participants advised that a measure or definition of housing affordability must:

- **Be clear, specific and relative to tenants’ everyday lives and finances.** Participants generally preferred measures that can be applied to and measured against their own housing costs and financial circumstances, as opposed to vague or less precise definitions.

- **Reflect the realities of the rental market.** Tenants described some of the suggested housing affordability measures as aspirational or ‘only working in theory’. For example, they explained that the Scottish Government could set an official affordable housing cost-to-income ratio of 25%, but there may not be enough suitable properties on the market which meet this price point for renters.
- **Emphasise fairness and dignity for tenants.** Some felt it was important that the definition reflects the idea of tenants receiving ‘a fair deal’; i.e. being treated respectfully, living in housing with adequate standards, and not being exploited by landlords. This includes having enough money after rent to live a fulfilled life, with capacity to save for the future.
- **Consider what is realistic, affordable and allows for ‘future-proofing’**, especially for people living on benefits or the minimum or living wage.

# 1. Introduction

This report presents findings from a qualitative research study exploring experiences and understanding of housing affordability among tenants in Scotland.

## Context

The availability and affordability of housing is an area of significant concern in Scotland, with homelessness charities including Shelter Scotland describing the situation as a ‘housing emergency’.<sup>1</sup>

Renters across the country face significant barriers to securing affordable accommodation in both the private rental and social housing sectors, including high levels of demand, shortages in housing stock, sub-standard accommodation and rising rents amid the cost of living crisis. First-time buyers also experience substantial challenges; house prices have risen steadily over the past decade, and a recent spike in interest rates has affected mortgage costs and lending options for buyers.<sup>2</sup>

The Scottish Government has taken steps to address the complex area of housing affordability, quality and availability, but many in Scotland continue to struggle to find appropriate housing.

For housing to be appropriate, it must be affordable. While National Planning Framework 4 (NPF4) defines affordable housing as “*good quality homes that are affordable to people on low incomes*”<sup>3</sup>, the Scottish Government is eager to establish a clearer and more detailed definition of housing affordability. This will underpin future work to design and implement policies and workstreams to ensure that Scotland’s housing system functions well and meets the vision set out in Housing to 2040: that everyone has a safe, high-quality home that is affordable and meets their needs in the place they want to be.<sup>4</sup>

## Qualitative research with tenants

In July 2023, the Scottish Government commissioned social research agency The Lines Between to deliver a qualitative research study exploring experiences and understanding of housing affordability among social housing and private rental tenants in Scotland.

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<sup>1</sup> [What is the housing emergency in Scotland - Shelter Scotland](#)

<sup>2</sup> These challenges are well-documented. See, for example: [Housing to 2040 - gov.scot \(www.gov.scot\)](#), [Index of Private Housing Rental Prices, UK - Office for National Statistics \(ons.gov.uk\)](#), [Private Sector Rent Statistics, Scotland, 2010 to 2022 - Private Sector Rent Statistics, Scotland, 2010 to 2022 - gov.scot \(www.gov.scot\)](#), [Temporary accommodation - Homelessness in Scotland: 2021/22 - gov.scot \(www.gov.scot\)](#)

<sup>3</sup> [Annex F – Glossary of definitions - National Planning Framework 4 - gov.scot \(www.gov.scot\)](#)

<sup>4</sup> [Housing to 2040 - gov.scot \(www.gov.scot\)](#)

The research aims were to:

- find out what ‘affordable housing’ or ‘housing affordability’ means to tenants;
- understand their concept of what constitutes a decent standard of living in relation to housing costs, exploring what is needed to live with dignity and maintain a good quality of life;
- explore experiences of housing unaffordability and housing stress; and
- gather tenants’ views on definitions of housing affordability to inform recommendations to Ministers.

Participants in the study were recruited through Scottish Government contacts, including the Tenant Participation Advisory Service (TPAS), Tenants Information Service (TIS), Living Rent and housing associations across Scotland. All participants received a £50 shopping voucher as a thank-you for their contribution.

A total of 24 participants took part in the study; the sample was designed to ensure adequate representation across several different categories, including: age; gender; local authority; rurality; and household and tenancy type. Figure 1 sets out the demographics of the sample in more detail.

**Figure 1: Sample profile<sup>5</sup>**

Demographic	Breakdown
Gender	50% male (12) 46% female (11) 4% non-binary (1)
Age	21% aged 21-30 (5) 21% aged 31-40 (5) 13% aged 41-50 (3) 17% aged 51-60 (4) 17% aged 61-70 (4) 13% aged 70+ (3)
Location	14 different local authorities across Scotland <sup>6</sup> 75% Urban (18) 25% Rural/Remote (6)
Tenancy type	58% social landlord (14) 38% private landlord (9) 4% n/a (struggling first time buyer living with parents) (1)
Living arrangements/ household type	38% living alone (9) 25% have child(ren) living with them (6 in total - 4 with partner/spouse, 2 single parents) 25% living with flatmates (6) 8% living with partner/spouse only (2) 4% living at home with parents (1)

<sup>5</sup> Percentages may not add up to 100 due to rounding

<sup>6</sup> Aberdeen City (2) Aberdeenshire, City of Edinburgh (5), East Ayrshire, Falkirk, Glasgow City (5), Highland, Midlothian, North Lanarkshire, Orkney Islands, Renfrewshire, Scottish Borders, Shetland Islands (2) and South Lanarkshire

Data collection involved online focus groups and one-to-one online/telephone interviews exploring: tenants' experiences of housing stress and unaffordability; housing aspirations; views on what constitutes a 'decent' standard of living; and views on different approaches to measuring and defining housing affordability.

The research was conducted over two phases.<sup>7</sup> Phase 1 involved a wide-ranging exploration of housing experiences and aspirations, while Phase 2 explored definitions of standards of living and housing affordability in more detail.

## **Data limitations**

Our findings are based on online focus groups and online/telephone interviews with 24 tenants across Scotland. The data collection methods and sample size were deemed reasonable, given the resource parameters of the research and short timescales for delivery. However, it is a small sample, and the findings should not be interpreted as representative of the wider population but rather as detailed qualitative information on views and experiences of housing affordability.

## **Report structure**

The report presents findings under the following themes:

- Definitions of housing costs.
- Experiences of affording housing costs.
- Views on standards of living.
- Views on measures of affordability.
- Learnings and conclusions are presented in the final chapter.

Direct quotations from interviews and focus groups have been included throughout the report; we have indicated whether the quotes were provided by private or social tenants.

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<sup>7</sup> Of the 24 participants, 16 took part in Phase 1, and 8 took part in Phase 2.

## 2. Definitions of housing costs

This chapter describes participants' views on which expenses they consider to fall under the term 'housing costs'. This includes core housing costs like direct rent and other housing-related expenses, such as service charges and deposits.

### Core housing costs

There was broad agreement among participants that core housing costs should be defined as three main components:

- **Rent:** All participants described rent as a core housing cost, whether this was paid: weekly or monthly; to a private or social landlord; or directly by the tenant or through pension credit/housing benefit.
- **Utilities:** Comments on utilities mainly focussed on energy bills; gas, electricity and central heating. However, some also viewed broadband as a utility and counted it as a housing cost.
- **Council tax:** Council tax was described as part of housing costs by most participants; two tenants who lived alone mentioned benefitting from the 25% single-person discount.

“So rent, obviously. And then council tax and electricity. Those are the big three things that you have to pay on a monthly basis to live in your flat. I've crunched the numbers before, and everything else is a luxury on top of that in my opinion.” (Private tenant)

“Council tax, heating and light... you pay that on a monthly basis as well as your rent.” (Social tenant)

### Other housing-related expenses

Some participants considered other expenses to form part of housing costs. Service charges (which cover, for example, building maintenance and laundry facilities) were mentioned by a few social tenants. Others considered 'start up' costs like furniture and appliances to be housing costs; some had experience of moving into an unfurnished home and highlighted the significant costs attached to this.

“If you're moving into a new place as I did, it's new, it's empty. There's nothing on the floor, there's nothing on the walls, there's not a bulb in the light, there's nothing. So the cost of moving into a brand new place or moving into a home is pretty expensive.” (Social tenant)

One tenant living in an island community considered travel an essential cost attached to housing. The participant elaborated that, in an island context, the social housing you are allocated can be “30 miles away” from work, family or even the nearest shops, meaning that transport costs are intrinsically linked to housing.



Deposits were also highlighted as an important financial consideration for renters. A few discussed challenges in securing new accommodation due to uncertainty over when - or if - their deposit would be returned. One said it was necessary to have two deposits saved when looking at short or medium-term options.

“As well as rent, there's the deposit which can be really prohibitive if you're trying to move but you haven't had your deposit back from the old place. You have to have so much saved.” (Private tenant)

One participant living in a privately rented property raised the issue of factor fees, discussing some confusion among renters about who is responsible for paying these. This highlights an important point underpinning discussions of affordability; the importance of tenants being aware of and able to advocate for their rights regarding their financial obligations when renting.

“When I moved into this place, my landlord tried to get me to pay the factor fee and I refused because I've been advised by others that that's not my duty to pay, which created a whole issue... The previous tenants paid the factor fees so it was just expected of me.” (Private tenant)

General household upkeep costs like light bulbs and smoke alarm batteries were mentioned by a few participants. There was some discussion of other essential 'living' costs like food, childcare and clothing, but it was generally agreed that such expenses would fall outwith the definition of housing costs.

### 3. Experiences of housing affordability

This chapter explores participants' experiences of affording housing costs, including affordability concerns, how affordability affects choice and the differences in experiences between social and private tenants. Participants' housing aspirations are also discussed.

#### Housing affordability concerns

The affordability of housing costs was an area of concern for many of the tenants consulted. Participants were generally able to meet their monthly housing costs, but many said it is difficult to do so, with a few describing it as 'a stretch' each month. It was noted that increases in other living expenses, most notably energy bills, alongside stagnant incomes have added to financial worries.

Nearly all tenants reported making trade-offs or sacrifices to afford core housing costs. Many said they had to reduce their spending on other essential costs, such as food and energy. Examples included: avoiding the use of central heating and instead going to bed early to keep warm; turning lights off early; and washing clothes in the middle of the night to take advantage of cheaper 'off-peak' electricity rates. Some participants reported making compromises on the choice, quantity, quality or freshness of the food they buy, for example relying on the reduced prices section at the supermarket, using foodbanks, or simply buying less.

"By the time I pay most of my expenses, there's not a whole lot leftover and I have experienced getting to the end of the month and being like, 'I've got this amount of money and I have to eat for the next four days, and I just don't know how I'm going to do that.'" (Private tenant)

"I like my house, I have to pay for the gas and electricity so I compromise on the food." (Social tenant)

Several participants said they had to reduce or eliminate non-essential costs like hobbies, leisure pursuits and socialising. For example, many reported having to cut down on or avoid visits to the cinema, cafes, bars, restaurants and sporting events. Some felt unable to treat themselves to things like new clothes, toys for their children or holidays.

"I don't really see people or do things. I feel like going out socially seems extremely indulgent, even just meeting a friend for a coffee. Sometimes I still do it, but it's always a difficult choice to make and there's a lot of times that it's just not an option at all." (Private tenant)

"I love my football but I gave that up because I couldn't afford it. You've got to pay your rent, you've got to make sure you've got a roof over your head and pay your electricity." (Social tenant)

Two participants had given up their car in recent years because they could not afford the running costs, and others said they could not save as much money as they would like to.

There was some discussion of the impact of housing affordability stress, with participants describing a toll on their physical and mental health and quality of life. Two participants had experienced homelessness in the past due to a lack of affordable housing, and others commented on the stress, anxiety and worry associated with meeting housing costs.

“I’ve experienced homelessness on and off for the last ten years because of the unaffordability of housing... The moment I get paid, it’s a massive amount of stress for me to put that money to one side and know that in the last week of the month, I can’t afford anything. So no, I’m not comfortable and it causes a significant amount of mental and physical health problems, the worry of it all.” (Private tenant)

“Stress always crops up about it. Sometimes I think about what if something happens to me, my family would be left in terrible circumstances, I don’t have the savings or the backup for the next six months for them, I don’t have it.” (Private tenant)

One participant felt they had sacrificed their physical and mental wellbeing in order to pay rent. They described being signed off work due to ill health, but having returned to the workplace before fully recovering as they could not afford to pay rent on statutory sick pay.

## **Rent increases**

The majority of tenants said their rent had increased within the past year. Most felt the increase was reasonable and affordable, for example by a small percentage or £10-£20 a month. However, a few were struggling to meet the increased cost.

“I know the council say, ‘we’re only putting it up 3 or 4%’, but that’s still taking food off the table for people. It might not look like much to the council, but it’s a lot for a lot of people.” (Social tenant)

Some social tenants discussed being consulted as part of the rent increase process, with landlords approaching them with different proposals and asking them to vote for their preferred option. For example, one said they had been given a choice between an increase of 5% and losing some services, or an increase of 10% and all services being maintained.

Some rent leniency and flexibility was mentioned; mostly by social tenants who described their landlord as being understanding and helpful in situations where people were struggling financially. One private tenant had also experienced leniency with their rent, but they attributed this to policies introduced to protect tenants during the COVID-19 pandemic.

## Choice

Both social and private tenants described a limited choice of accommodation, but for different reasons. Social tenants said that due to the high demand for social housing, they lacked choice and felt obliged to accept whichever property was offered.

“The availability of properties through housing associations is limited so a lot of the time you don’t get a huge choice where you apply... You could apply for 50 houses and not get one.” (Social tenant)

“There were new build houses... 14 just came up and over 200 folk applied for them... it's really hard to get housing full stop.” (Social tenant)

Two social tenants felt their accommodation was unsuitable for their needs but could not move home due to a lack of available housing. For example, one woman with mobility issues lived on the third floor of a tenement, and as a result was unable to leave the flat most days; she said the situation was causing significant harm to her mental health. Another expects to require a wheelchair in the future due to her health condition but is concerned that her property is not suitable to accommodate this.

“I’ve got mobility issues and I’ve got three flights of stairs to get up to my flat... You take what’s available because you don’t know how long it’s going to be before they offer you another one. There’s not enough properties for everyone on the list.” (Social tenant)

“The tiny kitchen... if you were in a wheelchair, you couldn’t turn around and come out... and the door to the bathroom is actually too narrow for a proper wheelchair. I don’t know what’s going to happen when I end up in one.” (Social tenant)

Limitations in choice for private tenants were more likely to result from cost and budget. Some felt priced out of more desirable areas and said they could only afford to live in more deprived neighbourhoods with some social and environmental problems. Others said they paid a premium to live more centrally.

“It’s hard to find a house that fits you and you can afford.” (Private tenant)

“Really poor quality housing, terrible services and a total lack of provision... I don’t think it’s a choice people would make to live here; I think they live here because they have to.” (Private tenant)

Restrictions put in place by landlords can also limit the options available to renters. For example, one private tenant said it was difficult to find a landlord who accepts pets and had decided not to disclose that they have a dog in order to find a place to live. Others described private landlords imposing restrictions based on prospective tenants’ finances; for example refusing to let to households in receipt of state welfare, or those that do not meet a certain income threshold.

“The private rental market is getting increasingly out of hand, to the point now where if I were to leave this place and try rent somewhere else privately, it would cost me over half of my salary. I probably wouldn't even get seen by an agency based upon my earnings.”  
(Private tenant)

## Differences in experiences of social and private tenants

Overall, the housing experiences of social renters in the study were more positive than those of private renters, in terms of affordability, security, and relationships with landlords. Social tenants described feeling better protected than private renters, and social landlords were viewed as more accountable over their properties' condition. For example, one social tenant recalled reporting a problem with their bathroom, and within weeks, the entire bathroom had been replaced at no cost to the tenant. This contrasts with one private renter's experience; they were left with rotten window frames for 14 months and the issue was only resolved through support and intervention from their tenants union.

“If I have a problem, I can get action through the council. Whereas in the private sector, it's, 'if you don't like it, somebody else will. I'll bump the rent up, throw you out and then bring somebody else in.' That's the crux of the problem with the private against the social. With the council, I'm protected...they can't just throw me out on the street.” (Social tenant)

## Housing aspirations

Some participants reflected on their housing aspirations for the future; a few wanted to own a home and believed this was attainable within the next few years. For two participants, the aspiration of home ownership was attached to getting married and starting a family, with both stating they would want to own a home before taking this step.

“For me, it's something I see as possible. Hopefully soon I'll have a family and have kids and I wouldn't want to stay in a rented home, I'd want to buy my own. So it's something I'm having to budget for in terms of saving in the long run.” (Private tenant)

Many other participants shared the aspiration of home ownership, but felt it was unachievable or unrealistic in their current circumstances due to low income, the inability to save for a deposit and/or poor credit history. Some of these individuals expected that they would be renting for the foreseeable future, if not for the rest of their life.

“I'd love to own a house but it's not financially possible for me to do that right now. I would struggle to save enough for it. It's a difficult thing to think about. It's not really an option so I just don't think about it. It's more about getting through month to month at the moment.”  
(Private tenant)

While some were frustrated and disheartened by the prospect of long-term renting, a number of social tenants were content to rent indefinitely. A few described renting as less stressful than owning a property, as the tenant is not responsible for property maintenance or at risk of bankruptcy through defaulting on the mortgage.

“Been there, done that, owned my house, been stressed out, trapped in paying mortgages. I'm quite happy living in a totally stress-free environment.” (Social tenant)

Others recognised lifelong renting as the norm in other countries and desired less stigma about this in the UK.

“I hate that there's still this stigma around renting versus owning. Like, 'oh, you don't own?' Whereas in some countries and cities it's totally acceptable to rent for your entire life.” (Private tenant)

“It's maybe the wrong attitude saying you have to own a house to be validated. There's other countries that don't; Germany, Italy - they don't. That's not the main thing in life... You can't take it with you at the end of the day.” (Social tenant)

Some participants' housing aspiration was to see reform in the rental market, including:

- lower rent costs;
- greater landlord accountability;
- widespread improvements in the quality and standards of rented accommodation, such as the elimination rising damp and more energy-efficiency measures and insulation; and
- greater tenancy security.

“It would be both spending less money on rent but also having security - regardless of whether it's council, social or private - that if my circumstances changed that house remains my house.” (Private tenant)

## 4. Views on standards of living

This chapter describes participants' views on what constitutes a decent standard of living. Participants discussed various requirements, including technical standards related to the fabric of a home and less tangible factors which affect quality of life more widely.

### Technical requirements of a home

Participants specified a number of technical standards that housing needs to meet to satisfy a decent standard of living; these included considerations of health, safety and comfort. The following essential criteria for a home were each mentioned by multiple tenants:

- Structurally sound and free from hazards
- Adequate natural light and ventilation
- Wind- and water-tight
- Free from damp and mould
- Warm, well-insulated and energy efficient

“All housing should meet the tolerable standard, which is wind-tight, water-tight.” (Private tenant)

“What I'd be looking for is what anybody would be looking for, nice and comfortable, water-tight and no damp.” (Social tenant)

### Factors related to quality of life

Aspects of housing that contribute to an individual's quality of life were also mentioned by participants. For example, tenants considered it vital to live in a situation which is not detrimental to your mental health; adding that peace of mind entails living in a safe, affordable and secure position without fear of losing your home.

“A decent standard of living is one where your mental health isn't being affected by the cost of bills increasing, inflation and housing precarity.” (Private tenant)

“I don't want to be sat worrying how I'm going to pay the bills every single month. I need to be able to know that I can pay my bills and that's part of the feeling safe as well.” (Social tenant)

The right to privacy also featured in these discussions; a few reflected on the importance of having private space and not being overlooked or intruded upon. One participant was concerned that affordability issues have made house-sharing more common at a much later stage in life, and said this can have negative implications for living standards and feelings of independence and safety.

“A crucial part of security and sustainability... is being able to live alone and independently because there are so many situations that affect your security that can arise in house-sharing... you could end up having to live with a bunch of people you don't know. You are contractually obliged, financially, with a group of people that you barely know. That is a key factor in my idea of secure, stable housing.” (Private tenant)

The role of neighbours and community in contributing to acceptable living standards was raised. Participants valued peace and quiet in and around their home, and felt that respectful neighbours are crucial in achieving this. In these discussions, participants spoke about community safety, highlighting that how safe they, or their family, feel in the surrounding area can influence an individual's standard of living.

“When it comes to my house, I want to feel safe. It doesn't just have to be safe, I want to feel safe and that it's not affecting my health and there's a community there.” (Social tenant)

“I know that I can walk about my high street past youths and nothing's going to happen. I know my daughters can go out and nothing's going to happen to them. It's a safe area. It's very safe.” (Social tenant)

Access to public resources and amenities such as libraries, shops, schools, and public transport was also raised; one person mentioned this in the context of their support for 20 minute neighbourhoods. Another highlighted the importance of access to recreational or green spaces for exercise and sources of fresh, healthy food to enable a healthy diet.

“Having facilities in your area - I think that's huge. Having places where you can buy healthy food within a reasonable distance from your home. I think that's essential for a decent standard of living.” (Private tenant)

A few felt that autonomy and control over your home and living space was important, for example design choices, furniture and 'home comforts'. One participant described a previous home as “unliveable” due to the dark green shade of the walls. They said the darkness affected their family's wellbeing and quality of life. Participants agreed that a decent standard of living requires a home which is decorated to a reasonable standard and not what they called “extreme tastes”.

A few reflected on how dignity is an important aspect of a decent standard of living; not only living with dignity in that your basic needs are met, but also being treated with dignity and respect by the person you rent your home from. They said it was important to be seen and recognised as a human being with needs to be met and a future to save for, not just an opportunity for someone to exploit or profit from.

“The housing agencies really do not see you as a human, they see you as a way to get more... it's really adversarial. So for me, it's that feeling of dignity, that you're being treated well.” (Private tenant)



## 5. Views on measures of affordability

This chapter explores participants' views on how best to measure or define housing affordability. First, views on different affordability measures are discussed, followed by findings from an activity based on a set of housing affordability vignettes.

### Cost-to-income ratio

Study participants were presented with three existing measures of affordability and asked for their views on each. The cost-to-income ratio was explored first; this considers the proportion of a household's income that is spent on housing costs. This measure requires an agreed percentage threshold to be set, and if exceeded, housing costs are deemed unaffordable.

There were mixed views on the cost-to-income ratio. Some participants appreciated its simplicity; it was seen as a straightforward measure to assess affordability and set a standardised precedent of housing affordability that could be applied widely.

"I think looking at income to rent is a good way of looking at it because it gives you a good perspective and you could use it on an international basis too." (Private tenant)

However, there were some criticisms of this approach; the most common was that the ratio does not reflect the complexities of individual circumstances, like family composition, income and non-housing related expenses. Participants highlighted differences in the needs and essential costs of single people versus families with children, and pointed out that residual income from a larger salary goes a lot further than that of a lower salary.

"It's not good enough – it doesn't capture the nuance of different people's situations. It doesn't consider that some people are on benefits, some people are disabled and that people are often made jobless." (Private tenant)

"25% of £100,000 a year is different from 25% of £20,000 a year. So although it's a set figure, it's different for different people." (Social tenant)

Others expressed uncertainty about whether the measure should include only rent or other housing costs, and a few tenants struggled to understand the concept or estimate how much of their income is spent on housing costs.

There was also no clear consensus on what was considered a fair or reasonable housing cost-to-income ratio; most identified between 25-30% as a fair benchmark, however suggestions ranged from 20-50%. Those spending a higher proportion of their income on housing costs tended to suggest a higher threshold.

## Residual income

The second affordability measure presented to tenants was residual income, which looks at how much a household can afford to spend on housing costs without sacrificing other necessities or a decent standard of living. A 'residual income measure' considers what remains of a household's income once non-housing expenses (e.g. food, childcare, travel, savings etc.) have been deducted.

Overall, participants preferred this approach to the cost-to-income ratio. It was described as fairer and more equitable, in that it recognises different personal circumstances and considers a wider range of costs.

"I would agree with that one because everybody's circumstances are taken into account... if you're disabled and heat is a necessity or more petrol because you have to drive more because you can't walk, things like that. That's taken into consideration then and it's what's left over afterwards." (Social tenant)

A few tenants also felt that this measure aligns well with their approach to budgeting, in that they think about the essentials they have to pay for, and then plan their budget for other costs depending on what they have left.

However, there were some reservations about the residual income measure's effectiveness and suitability. A few raised concerns that it does not account for emergency or one-off expenses, like an unexpected car repair or vet bill.

"It's quite precarious because I've definitely been in a situation where I've known how much money I'm going to have leftover and then something will come up and it just completely wipes me out." (Private tenant)

It can also be difficult to explain or apply widely; participants highlighted that there could be difficulties in determining which costs are 'essential' and defining what constitutes a decent standard of living.

A few felt it could be open to exploitation; either in terms of people exaggerating their other essential costs to minimise what they have leftover for housing; or landlords taking advantage of residual income to charge higher rents.

"Is a landlord gonna swoop in and take absolutely everything they can get? I think it would be exploited." (Private tenant)

## Minimum income standards

The third measure explored was the Joseph Rowntree Foundation minimum income standard<sup>8</sup>. Joseph Rowntree Foundation estimated that in April 2022, a single person needed to earn £25,500 a year to reach a minimum acceptable standard of living; a couple with two children needed to earn £43,400 between them.<sup>9</sup>

There were mixed views about this measure. Participants agreed it was easy to understand and explain, and appreciated that it focuses on people maintaining an acceptable standard of living.

However, critics felt that the income required to achieve an acceptable standard of living is highly personalised and dependent on individual circumstances. It was noted that, for example, one couple with two children might have completely different needs and costs than another couple who also have two children. Geographic variations that affect affordability were also discussed, with participants reflecting on the higher cost of living in big cities or island communities. They concluded that minimum income standards may be too generic with so many potential household compositions and circumstances to consider.

A few noted that this measure also relies on effective and accessible public services to achieve an acceptable standard of living. There was also debate over whether the set amounts are realistic and sufficient for living comfortably, particularly in the private rental market.

“I would feel happier with this approach if we had more robust public services that people could rely on, but... unfortunately I don’t think the safety net in the UK is good enough for this to be an acceptable minimum salary.” (Private tenant)

“That leaves you with so little.” (Private tenant)

## Summary of views on existing measures of affordability

Figure 2 summarises participants’ views on each of the affordability measures discussed.

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<sup>8</sup> [Joseph Rowntree Foundation: A Minimum Income Standard for the UK in 2022](#)

<sup>9</sup> JRF minimum income standards have been updated since the fieldwork was completed.

**Figure 2: Views on measures of affordability**

Measure + description	Overall	Positives	Negatives
<p><b>1) Cost-to-income ratio</b></p> <p>The percentage of a household income spent on rent; requires an agreed 'affordable' benchmark to be set.</p>	<p>Mixed views.</p> <p>Views on a fair or reasonable housing cost-to-income ratio were mixed. 25-30% was the most common suggestion; other ratios between 20%-50% proposed.</p>	<p>Standardised; could be used on an international scale.</p> <p>Gives a good sense of perspective.</p> <p>Easier to explain and understand than residual income.</p>	<p>Does not take into account individual circumstances, varying incomes or other essential expenses that people have.</p> <p>Need to establish whether to include just rent or all core housing costs.</p> <p>Some struggled to understand the concept or to estimate how much of their income goes on rent.</p>
<p><b>2) Residual Income</b></p> <p>How much a household can afford to spend on housing costs without sacrificing other necessities or a decent standard of living, i.e. what remains of a household's income once non-housing expenses (food, childcare, travel, savings) have been deducted.</p>	<p>Generally preferred to the cost-to-income ratio, but reservations were expressed about its effectiveness and suitability.</p>	<p>Fairer/more equitable approach than cost-to-income ratio.</p> <p>Takes into account a wider range of circumstances.</p> <p>Aligns with people's approach to budgeting.</p>	<p>Does not account for emergencies/unexpected one-off expenses.</p> <p>Difficult to explain/apply widely.</p> <p>Difficult to determine essential costs and a 'decent' standard of living.</p> <p>Potentially open to exploitation, either by renters 'exaggerating' costs or by landlords 'taking all they can get'.</p>
<p><b>3) Minimum Income Standard</b></p> <p>The annual income needed to reach a minimum acceptable standard of living. In April 2022, Joseph Rowntree Foundation concluded that a single person needs to earn £25,500 and a couple with two children needs to earn £43,400 between them.</p>	<p>Mixed views - some felt this was a fair approach; others felt it was too generic.</p>	<p>Easy to explain and understand.</p> <p>Support for this if a more personalised approach is used (i.e. individual calculator).</p> <p>Some felt this would be enough to live on comfortably.</p>	<p>Does not take into account individual circumstances (such as where you live, stage of life, savings, other needs).</p> <p>Questions over how to define a minimum acceptable standard of living.</p> <p>Relies on effective and accessible public services to achieve an acceptable standard of living.</p> <p>Some felt this was not enough to live on.</p>

## Other measures

Tenants were also asked to share what they felt was the best way to define or measure housing affordability. The most common suggestion was to link the definition of housing affordability to minimum wage or a living wage; i.e. setting a standard that a person earning minimum wage should be able to afford to meet their housing costs without sacrificing other basic needs.

“If I were to come up with a policy, I would say if you're looking at someone who's on minimum wage, they should be able to afford their housing. Have that covered, and then also be able to save, able to enjoy their life, able to have a full life rather than just being a slave to their labour.” (Private tenant)

“You can't base it on every individual circumstance... But you have to have a starting point, a base level that we think is reasonable based on all the data that they collect for the minimum wage and living wages.” (Social tenant)

A few private tenants suggested an approach which links housing costs to profits; for example introducing a definition which states that rent is deemed fair and affordable if it is no more than 10% over the cost of owning and maintaining the property. As an example of this definition, if the mortgage payment and upkeep expenses of a property cost a landlord £500 per month, fair rent would be up to £550.

“That the maximum profit you can make on your rental property is 10 or 12% a month.” (Private tenant)

“The concern is that landlords are increasing the cost of rent to make a profit more than just covering their standard costs. Obviously they're entitled to make a profit, but should there be a cut off as to how much they can make? Yes, I definitely think that should be implemented.” (Private tenant)

“My ideal mathematical equation for housing affordability is the costs of maintenance are covered but no one's making a profit off anyone.” (Private tenant)

One participant suggested applying a cost-to-income ratio based on a means-tested or tiered system, which would mean that a household's housing affordability threshold or ratio would depend on income, savings, location, age and household composition.

“Maybe a tiered system... Should it be linked to income levels like you have for a tax bracket? Yeah, I think it needs to be more categorized like that, so that housing affordability for a single person is different from that of a single parent... So:

A single parent with two children - their affordability is 15% of income.

A single parent with one child - it's 20%, so increased by 5%.

And then a two parent family, both working, two kids, then it's 35%. I think that's a fair way of doing it.” (Private tenant)

Some participants discussed the idea of residual income being broken down into a daily amount per person, and considering whether or not this would be sufficient for someone to live on based on their circumstances.

Participants in Phase 2 also discussed the UN Committee on Economic, Social and Cultural Rights affordability criteria for adequate housing, which states: "*Housing is not adequate if its cost threatens or compromises the occupants' enjoyment of other human rights.*"<sup>10</sup> Tenants welcomed this definition as 'reasonable' and 'logical'. One felt it aligned well with the principles of the housing as a human right campaign which they endorsed. Another agreed with the definition in principle, but thought it could be strengthened or supported by including a list of relevant or affected human rights.

## **Vignette activity**

Discussions in Phase 2 of the study included an activity based on a set of vignettes, which described four scenarios of tenants living in different housing situations. The vignette activity was used to facilitate more in-depth exploration of the nature of housing affordability and to help determine at which point housing becomes unaffordable.

The situations described in the vignettes are entirely fictional and therefore, the income, rent and bills described may not accurately reflect real-life finances (i.e. realities of the rental market and entitlement to benefits).

A summary of tenant's views on the four vignette scenarios is provided in Figure 3.

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<sup>10</sup> [Office of the United Nations High Commissioner for Human Rights: The Right to Adequate Housing \(Fact Sheet No. 21/Rev.1\)](#)

**Figure 3: Summary of vignette activity**

Vignette description	Views on this vignette
<p><b>1) Nathan &amp; Priya</b></p> <p>A young couple renting a 2-bedroom flat from a private landlord in Edinburgh. Both work full-time.            Combined monthly take-home (after tax) income = <b>£3,000</b>            Total housing costs (including rent, council tax &amp; utilities) = <b>£1,500</b></p>	<ul style="list-style-type: none"> <li>• Mixed views; a few felt this was sufficient to live on comfortably and facilitate a decent standard of living.</li> <li>• Others described it as ‘totally unaffordable’; essential costs can be met but it doesn’t give them the opportunity to save or invest in the future if they wish to buy a home or start a family.</li> <li>• Most felt 50% is not an acceptable cost-to-income ratio.</li> </ul>
<p><b>2) Josh</b></p> <p>A student at the University of Glasgow. Lives alone in a one-bedroom flat that he rents from a private landlord. Gets a student loan payment and has a part-time job.            Monthly take-home (after tax) income = <b>£1,400</b>            Total housing costs (including rent &amp; utilities) = <b>£700</b></p>	<ul style="list-style-type: none"> <li>• Mixed views; some viewed this as ‘reasonable’ for a student living alone.</li> <li>• Discussion of some financial benefits to student life e.g. access to casual part-time work/overtime, tax breaks, council tax relief, student discounts.</li> <li>• Others reiterated the view that 50% is not an acceptable cost-to-income ratio.</li> </ul>
<p><b>3) Sarah</b></p> <p>A single mum with two children (aged 5 and 10). Rents a three-bedroom home from a housing association in Edinburgh. In receipt of state benefits.            Monthly take-home (after tax) income = <b>£1,200</b>.            Total housing costs (including rent, council tax &amp; utilities) = <b>£900</b></p>	<ul style="list-style-type: none"> <li>• Unanimous agreement that this housing cost is completely unaffordable.</li> <li>• Described as living in abject poverty, with significant detriment to family’s emotional state, quality of life and future.</li> <li>• In this scenario, children’s expenses (activities, clothes, etc.) were considered completely unaffordable.</li> </ul>
<p><b>4) John &amp; Ruth</b></p> <p>A retired couple in their late 60s. John has a disability which affects his mobility, and Ruth is his carer. Renting a 2-bedroom house from Scottish Borders Council.            Combined monthly take-home (after tax) income = <b>£1,800</b>            Total housing costs (including rent, council tax &amp; utilities) = <b>£600</b></p>	<ul style="list-style-type: none"> <li>• Some debate; affordability dependent on other factors: savings; extent of John’s needs, and access to benefits like attendance allowance.</li> <li>• While 33% was generally considered a more reasonable cost-to-income ratio, it was not seen as affordable in this particular circumstance given John’s disability and potential extra costs attached to this, e.g. travel to hospital appointments and higher energy bills.</li> <li>• Questions over future; if one were to pass away, the household’s income would decrease, but outgoings would remain high.</li> </ul>

The vignette activity prompted reflections on the fluid nature of housing affordability; what is 'affordable' can change based on need and life stage. For example, some participants felt that Josh's situation was acceptable while he was a student (and with the ability to pick up extra work during summer holidays) but would not be so affordable for older people with more commitments and responsibilities.

"You cannot put a figure, a percentage or a statistic on it because it isn't one size fits all."  
(Social tenant)

"My perspective of what I find a stable, secure home is different now than it was when I was maybe 18, 19, 20. My needs have changed." (Social tenant)

The vignettes also provoked further emphasis on the need for a 'future-proof' definition of housing affordability; the notion that rent should not prevent people from saving for the future.

"So I wonder in this affordable housing definition should it also come into that, that rents should not be so cost prohibitive that it makes it virtually impossible to save for a mortgage." (Private tenant)

## **Importance of housing action and regulation**

While participants engaged well in discussions about the merits and drawbacks of the different affordability measures, some expressed concern that the measures do not reflect the realities of the rental market. A few questioned the value of establishing a shared understanding of housing affordability, emphasising that this alone will not improve tenants' experiences of the rental market; it does not affect how much landlords charge in rent or address housing shortages. They argued that more focus should be placed on action to better regulate the housing market, increase affordable housing stock and improve protections and conditions for tenants through measures like rent caps and eviction bans.

"Landlords have a lot of power and it comes down to them as individuals and what they're willing to do. And a lot take advantage of people unfortunately." (Private tenant)

"The problem is there's not enough in the private market at a certain rate." (Private tenant)

"I don't think when it comes to housing we should be focussing so much on affordability; we should be focussing on building people power and looking at measures like rent freezes, rent caps, rent pressure zones, eviction bans, stopping no-fault evictions, stopping ridiculous fees in the private rented sector, putting some regulations on deposits, ending Air BnBs and short term lets. All of these things are just insanely exploitative. We need more regulation." (Private tenant)



## 6. Conclusions

Throughout the study, social housing and private rental tenants shared their views on definitions of affordable housing, experiences of housing stress and unaffordability, housing aspirations and acceptable standards of living. Discussions were interesting and insightful, with research participants offering thoughtful and valuable contributions to the study. Many participants were well-informed about the political context of housing affordability, and had strong opinions on the role of profit and private landlords in the housing sector, the impact of housing on health and wellbeing, and actions to make housing more affordable.

It was clear that many participants are struggling with the affordability of housing costs; in most cases, core bills are paid, but sacrifices are being made to make ends meet. Future-proofing was also an issue, with concerns that tenants may be able to cover their current housing costs and other essential outgoings, but have little or nothing left to save for the future, or to protect against potential adversity such as unexpected bills, redundancy or ill health.

Many factors were identified as contributing to a decent standard of living. A common theme was technical standards to ensure housing is safe and comfortable, for example, being wind- and water-tight and free from damp and mould. Participants also identified other, less tangible, factors that affect an individual's standard of living, such as housing and financial security, living in a situation not detrimental to mental health, the importance of respectful neighbours and a peaceful, safe community.

The subjectivity and fluidity of housing affordability were emphasised; participants viewed particular situations as affordable for some households but not others, depending on their life stage, circumstances and geographic location. There was no clear consensus on the best measure or definition of housing affordability; participants described both positives and negatives of cost-to-income ratios, minimum income standards and residual income measures.

Some had their own suggestions for how best to define housing affordability, such as: linking housing affordability to minimum wage; a variation on the residual income measure which calculates how much money a household has per day to live on after subtracting housing costs; linking housing costs to profits to ensure landlords charge a reasonable rent; and a tiered or means-tested approach that recognises that different households require different cost-to-income ratios depending on their circumstances.

Few patterns or themes emerged among the views of those with shared characteristics; for example, there were no clear differences in views based on gender, age or family status. Generally, social tenants described more positive experiences of renting than private tenants; and older participants were less likely to express home ownership as a housing aspiration.

Ultimately, participants believed that a measure or definition of housing affordability must:

- **Be clear, specific and relative to tenants' everyday lives and finances.** Participants generally preferred measures that can be applied to and measured against their own housing costs and financial circumstances, as opposed to vague or less precise definitions.
- **Reflect the realities of the rental market.** Tenants described some of the suggested housing affordability measures as aspirational or 'only working in theory'. For example, they explained that the Scottish Government could set an official affordable housing cost-to-income ratio of 25%, but there may not be enough suitable properties on the market which meet this price point for renters.
- **Emphasise fairness and dignity for tenants.** Some felt it was important that the definition reflects the idea of tenants receiving 'a fair deal'; i.e. being treated respectfully, living in housing with adequate standards, and not being exploited by landlords. This includes having enough money after rent to live a fulfilled life, with capacity to save for the future.
- **Consider what is realistic, affordable and allows for 'future-proofing',** especially for people living on benefits or the minimum or living wage.

Overall, this research has gathered valuable insights from tenants about their experience of rental housing in Scotland. We suggest the Scottish Government considers the research findings and participants' suggestions in this report when developing a shared definition of housing affordability across Scotland.



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Any enquiries regarding this publication should be sent to us at

The Scottish Government  
St Andrew's House  
Edinburgh  
EH1 3DG

ISBN: 978-1-83521-917-1 (web only)

Published by The Scottish Government, March 2024

Produced for The Scottish Government by APS Group Scotland, 21 Tennant Street, Edinburgh EH6 5NA  
PPDAS1403474 (03/24)

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