

RELATIVE POVERTY BEFORE HOUSING COSTS:

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All income, including housing benefit and after all taxes (including council tax)

Relative poverty before housing costs is a useful measure where there has been an increase in housing costs because of better quality housing, and so living standards have improved.



Housing costs are made up of:

rent; water rates, community water charges and council water charges; mortgage interest payments; structural insurance premiums (for owner occupiers); and ground rent and service charges.

Housing costs do not include variable costs of running a house, such as gas and electricity, and home insurance.

RELATIVE POVERTY AFTER HOUSING COSTS:

Disposable income, after housing has been paid for

Relative poverty after housing costs is a useful measure where rents have increased for a given quality of accommodation. Rising rents for the same quality of accommodation would mean a rise in housing benefit to offset higher rents, so no change in disposable income after housing costs. Any increase in housing benefit would be counted as an income rise.

Changes to housing benefit that do not reflect changes in rent paid will affect this measure. If housing benefit changes do not keep up with rent paid, poverty after housing costs will increase.

For **households not in receipt of housing benefit**, relative poverty after housing costs will rise when rent or mortgage payments increase faster than income