



# **NEW AFFORDABLE HOMES: What, for whom and where have Registered Providers been building between 1989 – 2009?**

**Final report of a research project analysing  
available data for the Homes and  
Communities Agency and the Tenant  
Services Authority**

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Homes and Communities Agency and the Tenant Services  
Authority

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## **Report structure**

The report has five chapters and nine appendices. Chapter 1 describes the aims and objectives of the project and summarises the key findings. The second chapter examines the numbers of new dwellings built by Registered Providers, who has been housed in both new and existing rented housing and who bought new low cost home ownership dwellings. Chapter 3 looks at where new dwellings have been built in relation to the detailed geography of patterns of deprivation and tenure mix. The fourth chapter looks at the relationship between national and local policies in a small illustrative sample of five case study local authorities. Chapter 5 sets out the key conclusions.

Appendices 1 and 2 describe in more detail what has been built and who has been housed. Appendix 3 contains a literature review examining relevant policy and its lessons. Appendix 4 looks in detail at the regional pattern of provision and Appendices 5 to 8 contain more detailed Tables, Figures and technical information related to the detailed geography of provision described in chapter 3. There is also a list of references in Appendix 9.

## **Disclaimer**

The analysis, views and conclusions expressed in this report are those of the research team and not necessarily those of the HCA, TSA or DCLG.

## 1.0 Introduction and summary of findings

### Introduction

- 1.1 The project analysed available quantitative and qualitative data to provide evidence on how the provision and investment of affordable housing by Registered Providers of social housing (RPs<sup>1</sup>) has changed over the last 20 years, specifically between 1989 and 2009. The research addresses four core questions together with more detailed analysis to support them. The questions are:
1. What have been recent trends in new affordable supply, including type, size and location?
  2. Who has been allocated affordable homes in recent years and who has bought new dwellings for low cost home ownership (LCHO)?
  3. To what extent are new affordable homes in high deprivation and 'mono-tenure' areas?
  4. What do new affordable homes 'look like' on the ground, and how have policies contributed to these outcomes?
- 1.2 Answering these questions involved (a) the analysis of administrative data sets held by the Homes and Communities Agency (HCA), the Tenant Services Authority (TSA) and also by the Department for Communities and Local Government (DCLG); (b) the construction of new indices of deprivation and tenure mix for each hectare in England onto which newly built RP homes were mapped; and (c) case studies of five local authority (LA) areas examining how the interaction of national and local policy influenced provision.
- 1.3 The research was carried out between February and November 2010. It examined the data that was available for the period 1989 to 2009 at the time of the research. No account has been taken of any subsequent revisions to data since the project was completed. Throughout the report the use of the words 'now' and 'currently' refer to the year 2010.

### Key findings

- RPs' contributions to overall housebuilding have varied from 9% to 22% per annum over the last two decades and have included an increasing proportion of intermediate market housing. RP activity currently accounts for about one in five of all new homes built in England.

<sup>1</sup> Under provisions of the *Housing and Regeneration Act 2008*, Registered Providers of social housing (RPs) replace Registered Social Landlords in England. Existing RPs are mainly housing associations, but there are also trusts and co-operatives. In this report, we use the term RP to cover housing associations and all other RPs which were eligible recipients of grant funding for the provision of affordable housing over the past 20 years.

- Output (i.e. newly built dwellings) is increasingly concentrated in London and southern England. Two bedroom flats now account for nearly half of new RP supply.
- The previous tenure of tenants in new lets is striking. Around half were allocated to existing social tenants. Although this has recently declined to around 40% the proportion of existing RP tenants getting new lets has almost doubled since the early 1990s. Smaller, younger households in work are now an increasing proportion of new tenants. Overcrowding amongst those living in RP stock is rising in areas of housing pressure, but falling elsewhere. This is reflected in more generous space standards in new housing outside London.
- Overall, between 1998 and 2008 a quarter of new RP social rented homes were in 'mono-tenure' areas (i.e. those dominated by LA and RP social rented homes). Around 30% of new social rented homes were built in new residential areas. Nearly half of new social rented homes were provided in mixed tenure residential locations.
- The new areas were previously either greenfield or brownfield non-residential sites such as former hospitals or industrial areas. On the other hand, where new homes have been built within existing residential areas, an increasing proportion was found in areas of high, and often rising, deprivation. In part this reflects the extent to which investment has been concentrated in programmes involving the regeneration of older housing estates.
- New output and turnover of existing stock (i.e. vacancies) are related to wider housing market performance. Even though a high proportion of new social sector output is now dependent on private sector activity because provision is on Section 106 (S106) sites<sup>2</sup>, over the longer term RP output levels have risen when overall construction has fallen.
- During the current period the increased output in part reflects the market response activity by the HCA in both 2008/09 and 2009/10, which aimed to bring forward spending on new affordable housing from the final year (2010/11) of the National Affordable Housing Programme (NAHP), and the Housing Stimulus Package designed to kick-start affordable housing construction during the recession.
- Turnover of residents in both new and existing homes has fallen as house prices have risen and affordability worsened over the last decade.
- Planning as well as housing policy has been a key determinant of these changes, with new locations, types and densities of new homes affected by S106, brownfield and density policies.

<sup>2</sup> Section 106 agreements are those struck between developers and local authorities in which the developer agrees to pay a sum or make a provision (such as affordable housing) as a condition of the granting of planning application. See Crook et al. (2010) for more details of the recent use of these agreements in England.

## **Trends in new affordable supply**

- 1.4 New affordable supply built by RPs has risen from 9% of all new housing completions across all tenures in England in 1990/91 and 2002/03 to 22% in 2009/10. RP completions have been higher both as absolute numbers and proportions when the private market has been falling. There are important regional variations to these proportions, amounting to a third of all completions in London since 2006/07, compared with between 13% and 23% over the same period in the East, South East and South West, and between 5% and 14% in the midlands and northern regions. The proportion of all new RP homes that are in London and the southern regions has risen from 58% of the total for England in 1991/92 to 68% in 2008/09.
- 1.5 An increasing proportion of this new RP supply is two-bedroom flats, rising from 21% in 1991/92 to 46% in 2008/09, while the proportion of one-bedroom flats and two-bedroom houses has fallen. This mirrors a similar trend in the private sector, where two-bedroom flats have risen from 11% to 37% of total completions over the same period. In London two-bedroom flats were 58% of completions in 2008/09. The proportion of one-bedroom flats and two-bedroom houses has fallen considerably but so has the proportion of three-bedroom flats and houses. The result was that in England in 2008/09 only 23% of RP completions had three-bedrooms or more, compared with 36% over the 10 years 1992/93 to 2002/03.
- 1.6 The overall balance in new affordable housing supply between social rented and intermediate market homes has changed significantly. In 1991/92 the latter were only 13%, but this rose to 41% by 2008/09.

## **Who has been housed?**

- 1.7 Although the total general needs stock owned by RPs has risen from approximately 0.5m in 1989 to 1.8m homes in 2009, overall turnover (re-lets as a percentage of stock) has been falling since 1992, with re-let turnover falling 40% since 1997. By 2007 re-let turnover was at an historic low of 6.4%. Newly built homes are being increasingly let to existing tenants, with new tenants who were homeless more likely to be housed in re-lets. LA nominations took higher proportions of new lets in the four southern regions of the South East, the South West, London and the East (75%) than in the three northern regions of the North East, the North West and Yorkshire and The Humber (55%) reflecting regional variations in housing stress.
- 1.8 Those being housed by RPs (both in new and re-lets) are now more likely to come from less secure tenures (private renting and from family and friends) than from more secure tenures (social renting and owner occupation) with the proportion moving from the former rising from 32% to 41% between 1993/94 and 2008/09.
- 1.9 Smaller, younger households now constitute a higher proportion of those entering RP homes whether going into new lettings or re-lets of existing homes. Lettings to single non-elderly households increased by 50% between 1989/90 and 2008/09, with the proportions going to the elderly and to couples with children falling over the same period. There has also been a steep decline in the average age of households allocated new lets, falling from 48 years in 1989/90 to 36 years in 2008/09, partly because little housing for elderly people has been built by RPs.

- 1.10 Although there has also been a recent shift towards more lettings going to employed or economically active households, there has been a cyclical pattern to this with these proportions lower in recent years than in the 1990s. New homes are more likely to go to those in work and new unemployed tenants are more likely to be housed in re-lets.
- 1.11 There is some evidence of a mismatch between what is being built and what is needed, particularly in areas of housing pressure. Outside London, in areas of lower pressure, RP homes have been let at higher space standards and with some under occupation, whereas in London there is a growing problem of overcrowding amongst existing tenants. Overall a third of the new lets and re-lets of two-bedroom homes went to single people or to childless couples, but in London this was only 10%, compared with 40% elsewhere.
- 1.12 Most intermediate market home purchasers came from outside the RP sector. The first purchasers of intermediate market homes were younger in 2008/09 than in the past, but their average age has risen recently as affordability has worsened. Over 90% of purchasing households were in work, only 6% had children, and the proportion of existing RP tenants who purchased fell from 22% in 2001/02 to 6% in 2008/09, probably reflecting rising costs.

### **Where has it been built?**

- 1.13 In terms of the pattern of deprivation, there have been two contrasting trends. First, over the period 1998 to 2008 37% of all new RP housing for rent was constructed in locations that had not previously been residential areas, with 78% of these dwellings being on brownfield sites, including those previously in use as hospitals or as playing fields. This proportion increased over the period, rising from 17% in 1998 to 42% in 2008. The areas immediately surrounding the sites of these homes tend to be areas of low deprivation and to be far more similar to residential areas without social housing than those with social housing estates, and between 2000 and 2008 the levels of deprivation in the areas surrounding these new RP homes fell. Many of these locations will have been the subject of S106 policies requiring private developers to include new affordable homes on sites in these new residential areas.
- 1.14 Second, and in contrast, the other two thirds of new social rented homes were built in existing residential areas. Within these areas the proportion of new social rented homes in affluent or moderately deprived areas fell whilst that in the most deprived areas increased. Until the year 2000 the new social rented housing built by RPs in these areas was in places where deprivation was significantly lower than those where there was a substantial concentration of other social rented housing, the latter primarily belonging to LAs or large scale voluntary transfer RPs. After 2000, this changed and the locations of newly constructed RP homes have since then been areas where deprivation scores are higher (though not as high as in mono-tenure estates) and where they rose systematically between 2000 and 2008. There has thus been an increasing concentration of investment in areas of deprivation when new RP homes have been built in existing residential areas. This changing pattern has been a product of urban regeneration programmes in highly deprived areas with a significant investment in new social rented homes alongside other new investment.

- 1.15 The first sales of intermediate market dwellings show a different pattern to the location of new social rented homes. While the proportion built in new residential areas rose from 10% to 39% between 2003 and 2008, the proportion built in the most deprived area fell from 44% to 25%. The proportion in moderately deprived and affluent areas remained approximately the same over the period, falling only from 45% to 38%. These proportions are a consequence of the growing proportion of intermediate market homes delivered as part of S106 agreements in new residential areas, but also of the fall in the construction of intermediate market homes in the most deprived areas, despite attempts to 'leaven' mono-tenure estates (those where the vast majority of dwellings are social rented).
- 1.16 The net result of these patterns of new construction is that since 1998 only 24% of new social rented homes have been built in areas which are still mono-tenure, 29% are located in new residential areas and 47% has been built in areas with either a mix of social renting and other tenures or little or no social rented housing, reflecting policy directions to create more balanced and mixed tenure communities.

### **The local authority case study findings**

- 1.17 The case studies covered a range of LA types but the picture that emerged was consistent. There was a strong focus on regeneration of town centres and social housing estates, but because of time lags some new homes are located beside sites yet to be regenerated. The emphasis on brownfield land has necessarily implied using difficult sites and has placed new housing in areas that were previously not residential. The use of S106, and also the stress on value for money in producing new homes, has meant that many Local Planning Authorities (LPAs), as well as housing authorities, focused mainly on quantity rather than on quality, size or mix. This was because at national level, planning policy was being measured in terms of the housing output that was achieved. Moreover, some LPAs were unable to use S106 to their best advantage because of outdated policies during the house price boom. There have been changes in the most recent years in what is being produced, with a move away from small flats to three and four-bed houses.

### **Conclusions**

- 1.18 Over the past 20 years the RP sector has grown from just over half a million homes in 1989 to more than 1.75m in 2009 as a result of both new building and transfers from LA stock. RPs have been the main providers of new build affordable housing and have produced a different mix of dwellings than in the past, in terms of size, type and location. The geography and type of new affordable housing has changed in response to the mixed communities agenda; to brownfield and density targets; and in response to planning obligations. New building has been concentrated particularly in both new residential areas and regeneration areas. This has often been associated with the increased use of difficult brownfield sites, with higher densities, the mix of affordable homes and the layout of mixed tenure sites. The profile of households entering affordable housing also changed, with a shift towards smaller, younger and, in recent years, employed households, particularly in new units.

## 2.0 What has been built and who has been housed?

### The key research questions

- 2.1 The objectives of this part of the research are to clarify how the subsidised housing offer by RPs<sup>3</sup> has changed over the last 20 years and who has benefited from this changing provision. The analysis focused on looking at England as a whole and its regions. The next chapter looks at the detailed geography.
- 2.2 The key research questions for this chapter are therefore:
1. What sort of dwellings have RPs been building and how has this changed over time?
  2. Who is getting the new housing and how has this changed over time?
  3. Do these patterns differ significantly between new homes and properties coming through as re-let accommodation?

### Data sources

- 2.3 The main sources for national and regional analysis are:
- DCLG's Live Tables on completions by tenure and region and on additional affordable homes
  - TSA's COntinuous REcording (CORE) data on new lets and re-lets
- 2.4 The DCLG Live Tables appear to give rather different figures between the new housebuilding series and the affordable housing series. The cumulative discrepancy from 1991/92 to 2008/09 amounts to 57,200 completions (a cumulative total of 400,850 from DCLG Live Table 209 for housing completions, but a significantly higher total of 458,050 from DCLG Live Table 1000, for additional affordable housing). This probably reflects the different nature of the data sources for each series<sup>4</sup>.
- 2.5 CORE data on new lets are only a proxy for newly built property as CORE records the first letting of any property as a new let and all subsequent lettings as re-lets. A significant proportion of new lets have been acquisitions (not new build) (140,000 over the last 20 years), although in recent years these have only amounted to some 10% of new lets (Chart 8 in Appendix 2).

<sup>3</sup> Under provisions of the *Housing and Regeneration Act 2008*, Registered Providers of social housing (RPs) replace Registered Social Landlords in England. Existing RPs are mainly housing associations, but there are also trusts and co-operatives. In this report, we use the term RP to cover housing associations and all other RPs which were eligible recipients of grant funding for the provision of affordable housing over the past 20 years.

<sup>4</sup> DCLG advised that the gross affordable housing supply statistics are the preferred source for evidence specifically about the affordable/social sector. The continuous split of the housebuilding statistics by tenure is to enable some kind of long-term comparison of supply by tenure to be made; the gross affordable housing supply statistics began only in 1991/92 whereas the housebuilding series, including tenure split, dates back to the 1940s.

- 2.6 CORE enables properties to be classified in terms of type (house or flat), number of bedrooms, type of transaction (new let, re-let or sale<sup>5</sup>) and location. Properties can in turn be related to their tenants. Tenant characteristics can be classified in terms of the age of household members, household type, economic status, ethnicity, whether previously homeless, and whether the tenancy resulted from a LA nomination<sup>6</sup>. CORE can also be used to give an indication of turnover.
- 2.7 The analysis looks back in time as far as possible in accordance with the time series limits of the available data.

## **New construction and RP stock**

### *The contribution of new build to increases in the RP sector stock*

- 2.8 Over the past 20 years, since the introduction of the mixed funding regime and the beginning of large scale voluntary stock transfers (LSVTs), the RP sector has grown from a stock of 0.515m dwellings in 1989 to 1.775m in 2009<sup>7</sup>.
- 2.9 Within these totals, net changes come from five main sources:
- New build completions have contributed 0.453m to this total (an increase of 88% on the stock that existed in 1989 and accounting for 36% of the net increase)<sup>8</sup>.
  - Acquisitions have contributed an additional 0.140m (27% of the original stock and 11% of the net increase).
  - Demolitions have contributed to the loss of the total stock, e.g., 0.045m dwellings were demolished by large RPs between 2001/02 and 2009/10<sup>9</sup>.
  - Social housing sales to sitting tenants have contributed to an additional loss of 0.094m between 2001/02 and 2009/10<sup>10</sup>.

<sup>5</sup> In the case of low cost home ownership (LCHO) housing.

<sup>6</sup> The categories used in the CORE dataset differ from those used in other data sources such as the Census. In this report 'person 1' refers to the Household Representative Person (HRP), and subsequent household members are termed 'person 2', etc. 'Elder' refers to individuals above the retirement age, which is 60 for women and 65 for men. 'New sales' refer to newly built dwellings for sale under LCHO schemes. 'New purchaser' refers to the purchaser of the new dwellings (and not necessarily, though probably, a first time buyer).

<sup>7</sup> Source: RSR from Dataspring Time Series.

<sup>8</sup> Some new build completions will be replacement of older housing previously demolished but it is not possible to determine the proportion of total new build that was 'replacement' housing. The generally long time lag between demolition and replacement means that there will be few cases where the previous tenants of the demolished dwellings move into the new build that replaces them. Similarly there will be few cases where the replacement housing is built in advance of demolition, enabling the residents of the latter to move directly into the former.

<sup>9</sup> Source: RSR Profile Tables. Figures for total demolitions by large RPs are not available prior to 2000/01.

- Finally, some 0.667m dwellings (more than one third – 38% – of the RP stock in 2009 and accounting for 53% of the increase) is primarily the result of transfers of stock from LAs.

*The pattern of new build RP completions over time*

2.10 New build completions averaged almost 40,000 per annum in the four years from 1992/93 to 1995/96, falling gradually to a low point of just over 17,000 in 2002/03, before rising again to a peak of over 27,000 in 2008/09.

2.11 Acquisitions have followed a different pattern, rising to an average of one third (32%) of additions to stock in the five years between 1996/97 and 2001/02, before gradually falling to an average of 10% in the four years from 2005/06 to 2008/09.

2.12 Transfers are usually of occupied dwellings and do not involve any net additions to social housing but obviously affect the location, type and size of the overall stock available for letting.

*The dwelling mix of new build RP completions*

2.13 Houses constituted almost half (49%) of all completions in the two years 1991/92 and 1992/93, but then rose as a proportion of all completions to over two thirds (69%) for the subsequent eight years to 2001/02, before falling rapidly to just over a third (35%) for the three years from 2006/07 to 2008/09. This is also a decline numerically to below 10,000 houses per annum.

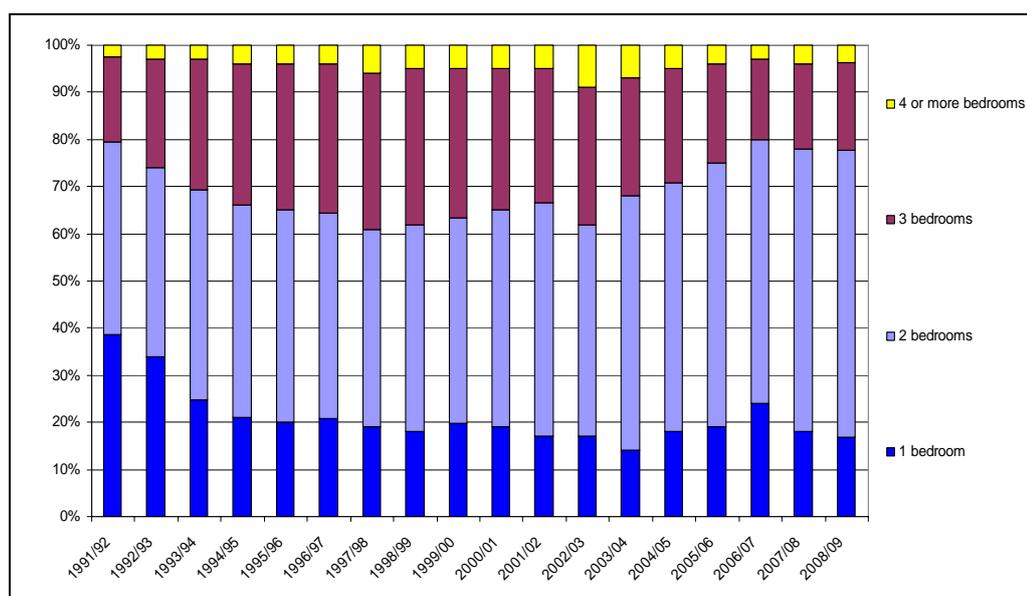
2.14 Flats showed the inverse relationship, falling to less than a third (31%) of completions between 1994/95 and 2001/02, but rising to nearly two thirds (65%) of completions for the three years from 2006/07 to 2008/09 (Chart 3a in Appendix 1).

*The bed-size mix of RP new build completions*

2.15 Patterns of new RP building by size suggest that there has been some convergence towards two-bedroom provision, especially with respect to flats. Far fewer one-bedroom units are being built than 20 years ago (Figure 2.1) but the provision of larger units has also fallen over the last few years.

<sup>10</sup> Source: DCLG Live Table 678. Social housing sales include through Right to Buy, Preserved Right to Buy, Right to Acquire, Social HomeBuy and other outright or shared equity sales to sitting tenants. Figures for total social housing sales by RPs are not available prior to 2001/02.

**Figure 2.1: Permanent dwellings completed by RPs by number of bedrooms, England**



Source: DCLG Live Table 254

- 2.16 Figure 2.1 shows that the proportion of one-bedroom dwellings fell rapidly in the early years from 39% of completions in 1991/92 to 21% in 1994/95, subsequently fluctuating around an average of just under a fifth over the next 15 years. The proportion of two-bedroom dwellings fluctuated around an average of rather less than half (44%) of all completions over the 12 years from 1991/92 to 2002/03, rising to over half (56%) of all completions in 2003/04 and 2004/05, and to almost two thirds of all completions in the three years from 2005/06 to 2008/09.
- 2.17 Three-bedroom and larger-size dwellings were just under a quarter (23%) of all completions in 1991/92 and 1992/93, before rising to over a third (36%) of all completions over the next 10 years to 2002/03, falling again to less than a quarter in the four years to 2008/09.
- 2.18 The bed-size distribution of houses showed almost no change over the 20-year period, except for the virtual disappearance of one-bedroom houses.
- 2.19 The bed-size distribution of flats, however, has shown a very significant change. Two-bedroom flats constituted just over a tenth (12%) of all new build completions during the eight years from 1992/93 to 1999/2000, subsequently rising rapidly to constitute 43% of all completions in the three years from 2006/07 to 2008/09. One-bedroom dwellings have declined as a proportion from around 24% between 1996/97 and 2001/02 to around 20% over the last three years; while three-bedroom and larger-size dwellings have declined from around 37% between 1996/97 and 2001/02 to around 30% over the last three years.
- 2.20 Thus, not only do flats now constitute two-thirds of all new build completions as compared to around one-third at the beginning of the century, but nearly half (46%) of all new build completions are flats with two or more bedrooms. Thus, there has been a shift away from the smallest units. However, the proportion of larger units has also declined both because the proportion of

houses has fallen but also because of the increasing emphasis on two-bedroom units among new flats.

## **Vacancies, turnover and nominations**

### *Turnover and re-lets in the existing stock*

- 2.21 Between 1990 and 2007, new lets (new build plus acquisitions) provided a cumulative total of 0.529m lettings, or just under a quarter (23%) of all general needs lettings in RP stock. Over the same period, re-lets provided a cumulative total of 1.77m lettings, or three quarters of the total.
- 2.22 While the number of new lets is determined by investment plans, the number of re-lets occurring is the result of the turnover of vacancies in the existing stock. This has varied very considerably over the last 20 years, creating annual changes in the number of overall lettings available.
- 2.23 Turnover in the existing stock increased by more than a third (37%), from 7.8% to 10.8% (Chart 7b in Appendix 2), between 1989 and 1997 (a period of falling house prices) but then fell by 40%, from 10.8% to 6.4%, between 1997 and 2007 (a period of rising house prices). The 2007 level is an historic low.
- 2.24 As a result of these changes in turnover, combined with an increasing total housing stock particularly from transfers from the LA sector (which were not classified as re-lets), the likelihood of an applicant being offered a new let rather than a re-let property has fallen by nearly 60%, from a peak of 42% of lettings in 1994, to 16% in the three years 2005/06 to 2007/08.

### *Local authority use of nominations in new let and re-let vacancies*

- 2.25 There are significant differences in terms of the demographic and economic characteristics between those households who were nominated by LAs and those households who accessed RP lettings by other routes.
- 2.26 LA use of nominations to RP vacancies varies widely between new let and re-let vacancies, and between different regions.
- 2.27 In 2007/08, in the three northern regions (the North East, the North West and Yorkshire and The Humber), LAs used nomination rights for 55% of new lets, but only 24% of re-lets. In the four southern regions (the South East, the South West, London and the East), LAs used far more nomination rights – 76% of new lets and 44% of re-lets.
- 2.28 The proportion of lettings described as ‘local authority nomination’ is increasing nationally, particularly because all lettings made through a choice based lettings (CBL) scheme<sup>11</sup> are classified as ‘local authority nominations’ and the proportion of CBL lettings is increasing.

<sup>11</sup> CBL schemes are designed to introduce an element of choice for people who apply for LA and RP homes. The schemes allow people applying for a home (including existing tenants who want a transfer) to bid for homes from their landlords through a variety of channels – internet, automated phone, text and digital TV.

*The households nominated by local authorities compared to other applicants*

- 2.29 LA nominations are the primary source of lettings to the homeless: 84% of all lettings to the statutory homeless came from LA nominations, together with 57% of lettings to other homeless households.
- 2.30 Overall, under one in five (17%) of all lettings in the RP sector was to a statutory homeless household.
- 2.31 Both LAs and RPs used a higher proportion of new lets to re-house transfers than re-lets. For example, in 2007/08, LAs used 36% of their nominations to new lets (5,768 out of 16,082 nominations) for transfers, but only 20% of their nominations to re-lets (10,198 out of 51,406 nominations), while RPs let 55% of new lets (2,532 out of 4,584 new lettings) to transfers, but only 42% of re-lets (10,918 out of 55,229 re-lets).
- 2.32 Conversely, LAs used a smaller proportion of their nominations to new lets than to re-lets for the statutory homeless. Again in 2007/08, LAs used 23% of their nominations to new lets (3,636 out of 16,082 nominations) for the statutory homeless, but 29% of their nominations to re-lets (15,050 out of 51,406 nominations).

**The characteristics of tenants accommodated by new lets and re-lets**

*Density of occupation*

- 2.33 Overall, the density of occupation at allocation has declined over the years, reflecting the move away from one-bedroom units. Thus, in areas with lower levels of housing stress, it has become possible to allocate property at higher space standards per person. However, this is in direct contrast to the increasing density problems in the existing stock, especially in London where overcrowding has been seen as a growing problem.
- 2.34 As might be expected, the proportion of one-bedroom flats which were let in the three years of 2006/07 to 2008/09 to households with children, or to multi-adult ('other') households, is very small, averaging 0.9% in re-lets, although twice as much, at 1.8%, in new lets.
- 2.35 Similarly, the proportion of three-bedroom houses let to single people or childless couples in the same period was relatively low, at 5% among re-lets and 7% among new lets.
- 2.36 However, much higher proportions of two-bedroom properties were let to single people or to childless couples. In the three years of 2006/07 to 2008/09, a third of both new let and re-let two-bedroom houses were let to single people or to childless couples, while just over a third (36%) of new let and nearly one half (46%) of re-let two-bedroom flats were let to single people or to childless couples.
- 2.37 In London, there has been much less of a shift, with only about 10% of both new let and re-let two-bedroom flats and houses being let to single people or to childless couples.

*The type of households accommodated*

- 2.38 The big shifts in household types accommodated have been towards smaller younger households.
- 2.39 The proportion of new lets allocated to the elderly fell sharply in the early 1990s, from nearly one in two (47%) of lettings in 1989/90 to one in seven (14%) by 1993/94, reflecting the change in the dwelling and bed-size mix in those years. The proportion has continued to fall, by half to 7% of new lets by 2008/09 (Chart 14a in Appendix 2).
- 2.40 Since 1993/94, the proportion of lettings allocated to couples with children has fallen by a quarter, from 28% to 21% of all new lets (Chart 14a in Appendix 2).
- 2.41 Over the same period, the proportion of single parent households allocated new lets has hardly varied, at just under one third (31%) of all new lettings, while the proportion allocated to childless couples has also remained roughly stable (Chart 14a in Appendix 2).
- 2.42 The proportion of lettings to single non-elderly adults over the period since 1993/94 has risen by a half, from 16% of new lets to 24%, while lettings to 'other' households have doubled, from 5% to 10% of all new lets (Chart 14a in Appendix 2).
- 2.43 Similar trends were apparent in re-lets between 1993/94 and 2004/05, but the reclassification of sheltered housing as 'supported housing' after 2004/05 has produced an apparent increase in the proportions of re-lets to all household types other than the elderly in the four years from 2005/06 to 2008/09 (Chart 14b in Appendix 2).

*The ethnicity of households accommodated*

- 2.44 The proportion of households allocated new lets who were White (White British only) fell slightly during the 1990s, from just under 85% to 81% by 1997/98, and has averaged 80% since then (Chart 15a in Appendix 2).
- 2.45 There has been a corresponding, but slightly larger, increase in lettings to Black, Asian and Mixed groups, combined with a slight decline in the proportion of other ethnic groups (Chart 15a in Appendix 2).
- 2.46 The proportion of households allocated re-lets who were White British has remained virtually unchanged since 1989/90, averaging 85% of all re-lets, with little year on year variation (Chart 15b in Appendix 2).
- 2.47 As a region, London is markedly different from all others regions. In London, the proportion of new lets allocated to White households fell from 65% in 1989/90 to 43% in 2008/09, with corresponding increases in lettings to Black ethnic groups from 20% to 32%, and to Asian groups from 2% to 13% (Chart 15a in Appendix 2).

*The age of households accommodated*

- 2.48 There was a steep decline in the average age of tenants allocated new lets from 48 in 1989/90 to 37 in 1993/94 (Chart 12 in Appendix 2), again reflecting the change in the dwelling and bed-size mix in those years.

- 2.49 The average age of tenants then rose slightly, reaching 40 in the three years of 2001/02 to 2003/04, before declining again to 36 by 2008/09 (Chart 12 in Appendix 2).

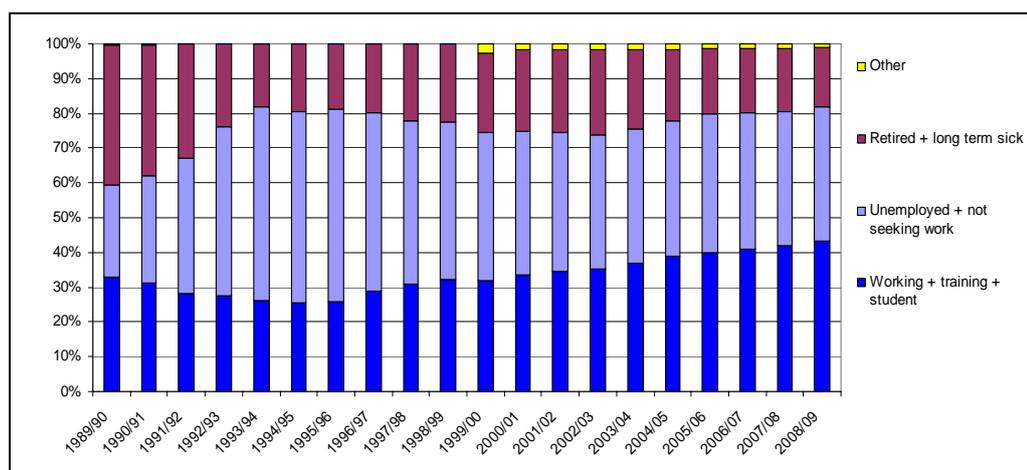
*The previous tenure of households accommodated*

- 2.50 Since 1993/94 (when the CORE definitions were changed to include temporary accommodation), the proportion of households re-housed in new lets from living with family or friends has risen from 17% to 23%, and the proportion re-housed from the private rented sector has increased from 15% to 18% (Chart 16a in Appendix 2).
- 2.51 The proportion of households allocated to new lets who were re-housed from other social housing tenancies has declined from 46% to 41%, from temporary accommodation from 14% to 9%, and from owner occupation from 4% to 3% (Chart 16a in Appendix 2).
- 2.52 A similar pattern of increases and decreases has occurred among re-lets, where the proportion of households re-housed in re-lets from living with family or friends has risen from 21% to 28%, and the proportion re-housed from the private rented sector has increased from 13% to 17% (Chart 16b in Appendix 2).
- 2.53 Over the same period, the proportion of households allocated to re-lets who were re-housed from other social housing tenancies has declined from 41% to 35%, from temporary accommodation from 14% to 9%, and from owner occupation from 6% to 3% (Chart 16b in Appendix 2).
- 2.54 Thus, overall the sector has become less flexible in terms of enabling existing tenants to move and has accommodated a larger proportion of people who were previously living in shared flats or houses.

*The economic status of households accommodated*

- 2.55 The economic status of households re-housed has shown a marked cyclical pattern since 1989/90.
- 2.56 In new lets, Figure 2.2 shows that the proportion of household reference persons (or 'person 1') who were unemployed and not seeking work rose steadily from 26% in 1989/90 to peak at 56% in 1993/94, before declining to a plateau averaging 40% over the nine years to 2008/09. The proportion of households in which 'person 1' was employed either full or part-time, or was a student or on a government training scheme, declined from 33% in 1989/90 to a low point of 25% in 1994/95, before increasing steadily to reach 43% in 2008/09.

Figure 2.2: Economic status of person 1 in new lets, England

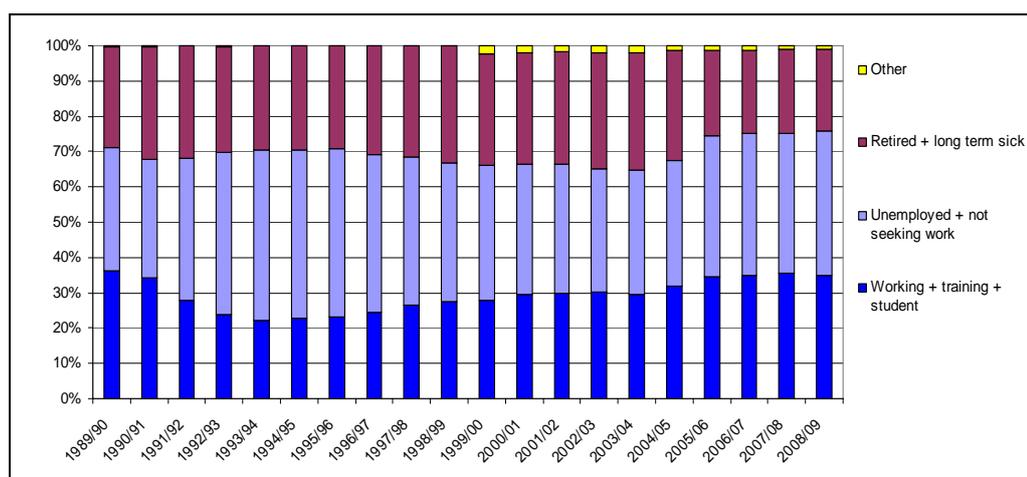


Notes: Working + training + student = working full-time + working part-time + government training/New Deal + student;  
 Unemployed + not seeking work = unemployed + home/not seeking work;  
 Retired + long term sick = retired + long term sick/disabled.

Source: 1989/90–2008/09 CORE

2.57 In re-lets, Figure 2.3 shows that the proportion of households who were unemployed and not seeking work grew steadily from 35% in 1989/90 to a peak of 49% in 1993/94–1995/96, before declining to a plateau averaging 35% over the four years of 2002/03–2004/05, then rose again to some 40% between 2005/06 and 2008/09. The proportion of households in which person 1 was employed either full or part-time, or was a student or on a government training scheme, declined from the somewhat higher level of 36% in 1989/90 to a lower point of 22% in 1993/94, before increasing steadily to reach 34% in 2005/06, since when the proportion has remained steady.

Figure 2.3: Economic status of person 1 in re-lets, England

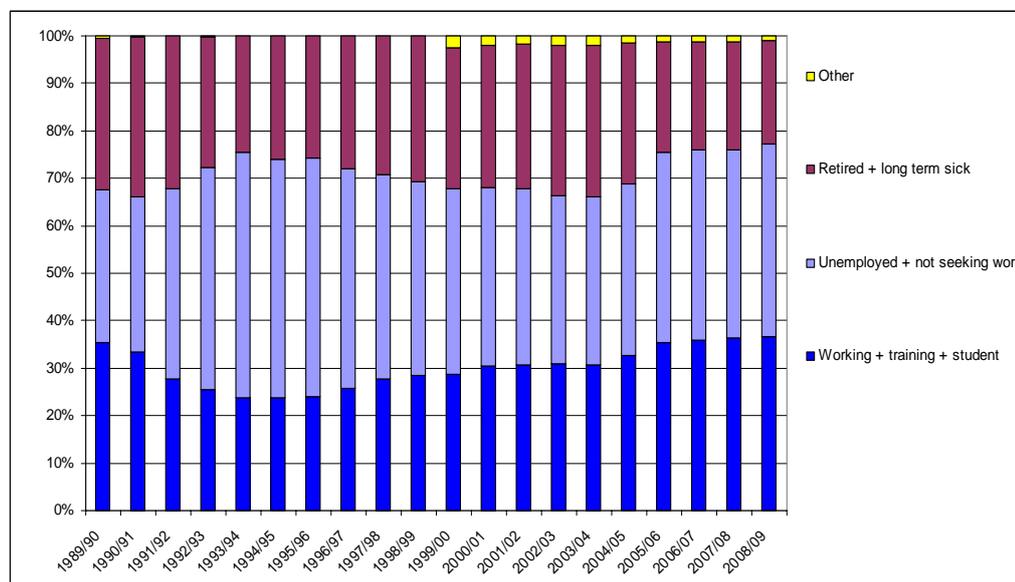


Notes: Working + training + student = working full-time + working part-time + government training/New Deal + student;  
 Unemployed + not seeking work = unemployed + home/not seeking work;  
 Retired + long term sick = retired + long term sick/disabled.

Source: 1989/90–2008/09 CORE

2.58 Thus, the big shifts are to those completely outside the labour force, and in the later years, towards employed households – although these proportions remain lower than in the 1990s (Figure 2.4).

**Figure 2.4: Economic status of person 1 in all lettings (new lets + re-lets), England**



Notes: Working + training + student = working full-time + working part-time + government training/New Deal + student;  
 Unemployed + not seeking work = unemployed + home/not seeking work;  
 Retired + long term sick = retired + long term sick/disabled.

Source: 1989/90–2008/09 CORE

## New build housing for sale made by RPs – numbers and allocations

### *Sales of new build accommodation*

2.59 Over the past eight years, new sales have generally grown, quadrupling between 2001/02 and 2007/08 before starting to decline in 2008/09 (Chart 18 in Appendix 2).

2.60 Within new sales, there has been a shift towards flats in proportional terms, so that these now account for 50% of all sales (Chart 19 in Appendix 2) – although this does not imply a fall in the numbers of houses until 2008/09.

2.61 In terms of size, two-bedroom flats generally account for around 60% of all flats sold – to about 30% of all sales in 2008/09 (Chart 20a in Appendix 2). The numbers of one-bedroom flats has also grown. The proportion of two-bedroom houses has increased at the expense of larger and smaller-sized dwellings (Chart 20b in Appendix 2).

### *Location*

2.62 London has the largest proportion of RP new build sales although the proportion has varied over the decade. The proportion of sales in the South East has grown fairly consistently as has the proportion in the East of

England. Together, they make up over 60% of sales in 2008/09 as compared to 40% in 2001/02 (Chart 26 in Appendix 2).

*Who has been buying?*

- 2.63 The average age of buyers fell quite rapidly in the early 2000s to 33 in 2004/05 but rose again a little in the later years (Chart 21 in Appendix 2) – reflecting affordability issues.
- 2.64 Over 90% of sales are to those in work and the proportion of retirees purchasing has fallen to very low levels (Chart 22 in Appendix 2).
- 2.65 The proportion of single adults purchasing grew to nearly 50% in 2007/08 but fell slightly in 2008/09. The proportion of purchasing parents with children has fallen from 10% in 2001/02 to 6% in 2008/09 (Chart 23 in Appendix 2).
- 2.66 About 40% of purchasers in 2008/09 had come from private renting as compared to just over a quarter in 2001/02. The proportion of those living with family and friends also grew. The most important reduction was those from RP tenants – from 22% in 2001/02 to 6% in 2008/09 (Chart 25 in Appendix 2).

**Conclusions**

- 2.67 Over the past 20 years the RP sector has grown from 0.515m dwellings in 1989 to 1.775 m dwellings in 2009 as a result of both new building and transfers from LA stock.
- 2.68 RPs have been the main source of new building in the social housing sector and have produced a different mix of dwellings than in the past in terms of size, type and location.
- 2.69 The people entering affordable housing have also changed, with a shift towards smaller, younger and, in recent years, employed households, particularly in new units.

## 3.0 Where has it been built?

### The key research questions

- 3.1 Some of the recent debates about new affordable homes relate to the geography of new provision. There are specific concerns that, because social rented housing tends to be occupied by households on lower incomes, past geographical concentrations of social housing, often in large estates, have resulted in negative neighbourhood effects which have served to reinforce patterns of disadvantage.
- 3.2 The purpose of this chapter is to examine whether the location of new affordable housing investment in the last decade has reinforced the past pattern of ‘residualised’<sup>12</sup> large-scale ‘mono-tenure’<sup>13</sup> estates or has instead produced a more ‘balanced’ geography. Such geography may have developed either because new social rented housing has been located in areas where there has not been any social rented housing in the past or because other forms of new affordable homes, such LCHO units, have been built within the mono-tenure estates of the past. We also consider the changing socio-economic context of affordable housing by examining spatial patterns of social deprivation in and around affordable housing developments.
- 3.3 This chapter examines the issue by using available data on new affordable homes to map this at a small geographical scale (below the level of Census Output Areas - OAs) and links it to patterns of deprivation and housing tenure at the same geographical scale. In summary the work reported in this chapter:
- estimates measures of deprivation for 1981, 1991 and 2001 at the ‘micro-scale’<sup>14</sup>
  - generates measures of tenure mix at the same micro-scale and produces a micro-scale typology of housing areas, and
  - shows the level of deprivation and tenure mix in the localities where new social housing has been built and how this has changed over time

<sup>12</sup> ‘Residualised’ affordable housing occurs where policy and/or social changes have resulted in housing that is seen as an option of ‘last resort’. Murie (1997) describes residualised housing as an outcome of policies aimed explicitly at restructuring tenure (such as the Right to Buy and stock transfer), while Burrows (1999) focuses on changes in the social and demographic composition of new tenants.

<sup>13</sup> ‘Mono-tenure’ estates are those where a substantial number of properties were constructed for rent by a social landlord (normally an LA). Estates that were formerly mono-tenure have typically become more mixed through tenure restructuring policies and new investment, although in some areas substantial concentrations of housing in a single tenure remain.

<sup>14</sup> We use the term ‘micro-scale’ to refer to a geographic scale below that of the most detailed Census output units. Throughout, we operationalise this scale using a consistent grid across England of cells of 1 hectare (i.e., 100 metres x 100 metres).

### **Data sources and analytic approach**

- 3.4 A detailed geography of new affordable homes has been created by combining a range of relevant datasets within a Geographical Information System (GIS) and using natural language programming<sup>15</sup> to link the data sets to show how sites and dwellings change over time.
- 3.5 This has allowed an examination of the detailed site-specific location of all new affordable homes built since 1998. The method adopted for this study used the Royal Mail's Postcode Address File (PAF) to identify net change in dwellings at a very small area level and DCLG's Land Use Change Statistics (LUCS) to identify changes to vacant land as well as built sites (e.g. from greenfield to residential; or from residential through demolition to residential again). Together these sources allowed identification of the areas where there has been demolition followed by replacement housing. HM Land Registry data was used to identify transfers of title of these dwellings, enabling separate identification of new owner occupied from other (including social rented) dwellings.
- 3.6 It was then necessary to geographically code each first letting of a new social rented home and each first sale of a new LCHO dwelling to identify the precise location of each new home. Having identified where the new affordable homes had been built since 1998 this was linked to a wide range of socio-economic information from the Censuses of Population in 1981, 1991 and 2001 and from other data sources to examine how the detailed geography of new provision fits into the wider socio-economic geography. A new index of deprivation and a new typology of tenure mix were specifically developed for this work.
- 3.7 The location of all new RP provision and the new deprivation and tenure mix indicators were all mapped on a 100 metre grid across the whole of England. There are approximately 13m ha cells in England. This approach to defining the detailed geography of provision is different to, and more detailed than, previous approaches which have used larger geographical units such as Census OAs or Electoral Wards. It required knowing exactly where all new social rented and intermediate market housing had been built to enable its location on this hectare grid. Two sources were available for this. The first was the HCA's Investment Management System (IMS), which records scheme approvals and completions, although the geographic referencing of this information only allows its use in the period since 2008. Therefore the second data source, CORE, was used instead because it indicated the precise location (using postcodes) of all new first lets and the first sales of LCHO dwellings that had been newly built since 1997. However, since neither of these sources can reveal the geographic distribution of new RP construction in the 1980s and early 1990s at the required scale, information from the 1981 and 1991 censuses was used to estimate the geographic distributions of stock and change for the period before 1998.

<sup>15</sup> Natural language programming is a computational technique where the parsing of natural language (e.g. English) is exploited to find analytical links between datasets. It uses the evaluation of programmed logical rules rather than procedural algorithms to achieve this. For more information see Bibby (2005).

- 3.8 Before looking at where new RP provision was made, the next two sections of this chapter describe how the index of deprivation and the tenure mix typology for each hectare cell of England were constructed.

### Measures of deprivation

- 3.9 The study's extended time span meant there were two key problems in measuring changes in social deprivation. First, the overall level of deprivation in England has changed over the period under examination: broadly speaking it has reduced as material conditions have improved. This means that the base against which areas can be benchmarked is itself constantly shifting. Second, the geographic definitions of Census tracts<sup>16</sup> used in the three successive decennial censuses were entirely different.
- 3.10 The first problem was tackled by attempting to define a simple composite measure which allowed for both changes over time and variation from place to place. The second problem was tackled by assigning the composite measures to the hectare cell grid (previously described). The advantage of this grid is that it remains invariant through time however much the geographic definition of Census tracts changes. The technique does require a method to assign values at the level of the Census tract down to the level of the hectare grid: we discuss this problem of 'interpolation' later.

### *Defining and measuring deprivation*

- 3.11 Although official measures of deprivation exist, such as DCLG's Index of Multiple Deprivation (IMD), it was not possible to use these because their definitions change over time and they are not measured at the finest geographical scale needed for this project. Instead, we have constructed a bespoke deprivation measure following a composite definition similar to that developed in 1983 by the former Department of the Environment (DoE) on the basis of the 1981 Census (see DoE, 1983). Since the questions and categories used in successive censuses can be matched back to those used in 1981, it was possible to generate a composite index on the same base which allows change in deprivation to be tracked<sup>17</sup>. A series of standard scores (or 'z-scores'<sup>18</sup>) were combined to generate a composite z-score measure. The individual candidate components<sup>19</sup> of the composite measure were:

<sup>16</sup> i.e., Enumeration Districts in 1981, again in 1991 (although defined differently), and Output Areas in 2001.

<sup>17</sup> The variables selected complied with two criteria: (i) they were used in all three censuses thus making it possible to construct the composite index; and (ii) they were consistent with the approach taken with the definition developed in 1983 by the former DoE.

<sup>18</sup> Standard scores, also known as 'z-scores', are used to rescale a dataset in terms of the number of standard deviations around the mean. This is useful in permitting the combination of indicators measured on different bases or using different units.

- Unemployed persons (*ZUNEMP*)
- Overcrowded households (*ZOVERC*)
- Single parent households (*ZSINGPAR*)
- Households lacking exclusive use of basic amenities\* (*ZPOORAM*)
- Pensioners living alone\* (*ZLONEPEN*)
- Social housing (*ZLAHA*)
- Lacking a car (*ZNOCAR*)
- Social class (*ZSOCCL*)

3.12 The locations for which z-scores have been calculated are the smallest Census tracts in use at the time of each Census. They have been pooled together so that a score is estimated on the same basis for a Census OA in 2001 and a Census Enumeration District (ED) in 1981 or 1991. The measure thus captures spatial variation and change over time simultaneously.

3.13 Of course, over the long term, notions of deprivation change. In part, this occurs as changing material conditions reduce the incidence of particular measures (e.g. households lacking standard amenities such as internal bathrooms) and hence reduce their significance. As the deprivation measure used for this study pools data from three censuses (1981, 1991 and 2001), the diminishing incidence of particular conditions is necessarily reflected in the scores calculated in this study.

3.14 The manner in which the scores reflect reducing incidence of particular components is shown in Table 3.1, which shows how the average (across England) of the z-scores for each particular measure varied over time. The average value for the lack of standard amenities indicator (*ZPOORAM*) fell from 0.595 in 1981 to 0.295 in 2001. The average value for the measure of lack of access to a motor vehicle (*ZNOCAR*) – which, at the aggregate scale tends to track long term change in GDP per capita – falls similarly. The change in unemployment rates (*ZUNEMP*) between censuses reflects the position in the economic cycle on Census night (1981 and 1991 being near economic troughs). The behaviour of the overall score (*AVE\_Z*) shows how

<sup>19</sup> The precise definitions for each variable are as follows:

*ZUNEMP*: Z-score for the % of economically active residents who are unemployed;

*ZOVERC*: Z-score for the % of people living at more than one person per room;

*ZNOCAR*: Z-score for the % of households with no car;

*ZLAHA*: Z-score for the % of households renting from the council or RP;

*ZLONEPEN*: Z-score for the % of single pensioner households;

*ZSINGPAR*: Z-score for the % of residents who are lone parents with dependent children;

*ZPOORAM*: Z-score for the % of households without sole use of bath/shower and inside toilet;

*ZSOCCL*: Z-score for the % of people in partly skilled or unskilled occupations;

*AVE\_Z*: Average of the eight above Z-Scores.

the use of this method means that the average score should be expected to fall over time, reflecting general improvements in material conditions.

**Table 3.1: Average standard scores for elements of composite indicators 1981 to 2001**

Measure	Year		
	1981	1991	2001
Unemployment ( <i>ZUNEMP</i> )	0.238	0.240	-0.307
Overcrowding ( <i>ZOVERC</i> )	0.302	-0.079	-0.142
Lack of access to car ( <i>ZNOCAR</i> )	0.305	-0.011	-0.188
Social housing ( <i>ZLAHA</i> )	0.212	-0.044	-0.107
*Lone pensioners ( <i>ZLONEPEN</i> )	-0.060	0.003	0.036
Single parents ( <i>ZSINGPAR</i> )	-0.537	-0.202	0.473
*Poor amenities ( <i>ZPOORAM</i> )	0.595	-0.133	-0.295
Social class ( <i>ZSOCCL</i> )	0.101	-0.044	-0.036
Average standard score ( <i>AVE_Z</i> )	0.145	-0.034	-0.071

Note: a higher score indicates higher levels of deprivation. A score of zero indicates that the deprivation associated with that measure was average for England across the time period (1981–2001).

\* These measures (*ZLONEPEN* and *ZPOORAM*) were omitted from the final index for the reasons described later in paragraph 3.15.

### *Spatial correlations in measures of deprivation*

- 3.15 Given the aims of this project, we were concerned that the measure of deprivation adopted should be one that captures welfare outcomes that might be sensitive to spatial concentration – i.e., they vary across space. For this reason we examined the degree of spatial coincidence between the individual components listed in Table 3.1 and used this to inform our final selection of constituent measures for the overall deprivation index. Appendix 7 contains more detail of the method we used. In brief, two issues arose. The first is that the spatial distributions of two indicators (poor amenities - *ZPOORAM*; and lone pensioners - *ZLONEPEN*) were found to be unrelated to those of the other indicators. They were therefore excluded from the index. The second issue related to the inclusion of a tenure measure (specifically, the proportion of social housing - *ZLAHA*) as per the original DoE index. As we note in Appendix 7, the inclusion of the measure might be seen to be constituting a form of double counting as we know that conditions of access to social housing means that households are already likely to be suffering from material deprivations described by the other measures. However, we found that its inclusion had no material impact of the results of our analyses and, in the interests of consistency with published deprivation indices, we opted to retain it.

### *Measuring deprivation at the 100 metre scale*

- 3.16 It was also necessary to calculate deprivation scores for each ‘cell’ on the hectare grid. This required the construction of hectare grids with the total number of dwellings, numbers of dwellings rented from LAs and numbers of dwellings rented from RPs for 1981, 1991 and 2001 in each hectare. This entailed working backwards from a hectare grid for the second quarter of 2001, using PAF, LUCS and information at Census tract level (ED or OA).

- 3.17 Mapping the deprivation scores onto the hectare grid entailed making assumptions about how deprivation is distributed spatially *within* the Census tracts. As we noted earlier, the geography of these tracts was different in each Census year. These assumptions gave rise to two interpolation methods. The first assumed that the distribution of deprivation simply reflects the distribution of households. The second approach acknowledges the likelihood that deprivation is disproportionately focused within areas of social housing within the Census tracts. In principle the first approach must understate the relation between deprivation and social housing, while the second approach must overstate it. Appendix 7 contains further details of the two interpolation methods and our analysis of their potential impact on our results. In brief, we chose the second method (which biases the distribution of deprivation towards cells with more social housing) although we found it made no material difference to our overall results.

### **Measuring tenure mix**

- 3.18 The next step was to create an index to measure the changing tenure mix of housing at the local level, on the basis of the mix in 2001. Creating this index required identifying the appropriate spatial units over which mix should be measured. This in itself demanded that we clarified the notion of a mono-tenure housing estate.

#### *Principles and methods for measuring the mix*

- 3.19 'Estates', as housing management areas are often labelled, or 'neighbourhoods' however perceived, have never had any general correspondence to Census tracts or electoral wards. The boundaries of Census EDs or OAs may sometimes correspond to the physical limits of housing of a particular character, but they are equally likely to cut across physically contiguous areas of housing (e.g., street blocks or estates). The scale of larger statistical units (such as electoral wards) is nearly always larger than that of housing areas that are homogenous in terms of tenure or physical characteristics. It is not desirable, therefore, to identify mono-tenure areas by reference to Census data directly. Moreover, successive housing and urban policies over the last 30 years have tended to fragment the geography of tenure both by preventing the construction of new LA estates and by changing the tenure mix of existing estates, for example through tenure restructuring policies like the Right to Buy (RTB) and stock transfer. Although concerns about the concentration of social housing in mono-tenure estates are frequently expressed, strictly speaking such areas of more than a few tens of homes now rarely exist in practice.
- 3.20 For this reason a typology of housing areas has been constructed, reflecting tenure mix as of 2001 and how this may have changed since 1981. The typology classifies hectare cells on the basis of the nature of the housing areas in which they lie, initially according to their tenure profile in 1981, with subcategories distinguishing subsequent change. Numbers of households by tenure have been approximated hectare by hectare for 1981, 1991 and 2001. Given that the number of new LA dwellings constructed since 1981 is negligible, the estimated number of LA units in any cell in 1981 is effectively treated as a maximum, with estimates for later years depending on downward adjustments made by reference to evidence from other sources.
- 3.21 Our starting point was to use data from Royal Mail's PAF to calculate the numbers of properties in each hectare cell in 1981. Census data from 1981

(at the ED level) was then used, together with the PAF data, to assess the tenure mix, cell by cell. Identification of mono-tenure estates in 1981 depended on applying classification rules to measures of tenure mix and absolute numbers of units. As no boundaries (other than those of the hectare cells) were used, further *a priori* rules were imposed to capture differences in the spatial configuration of property. Tenure mix in 1981 was estimated by calculating spatial moving averages<sup>20</sup> at the 200 metre scale, both of numbers of residential properties and numbers of households renting from an LA. This yielded a hectare grid showing the average proportion of households within 200 metres of any cell renting from an LA at that time. Subsequent changes since 1981 arising from transfers to other tenures as a result of the RTB and LSVT were then taken into account using a range of data sources.

### *Classification*

3.22 Using this approach, seven groups of hectare cells were identified as shown in Table 3.2 below. The detailed derivation of each group and each sub category within it and how the data sources were used are described in Appendix 6.

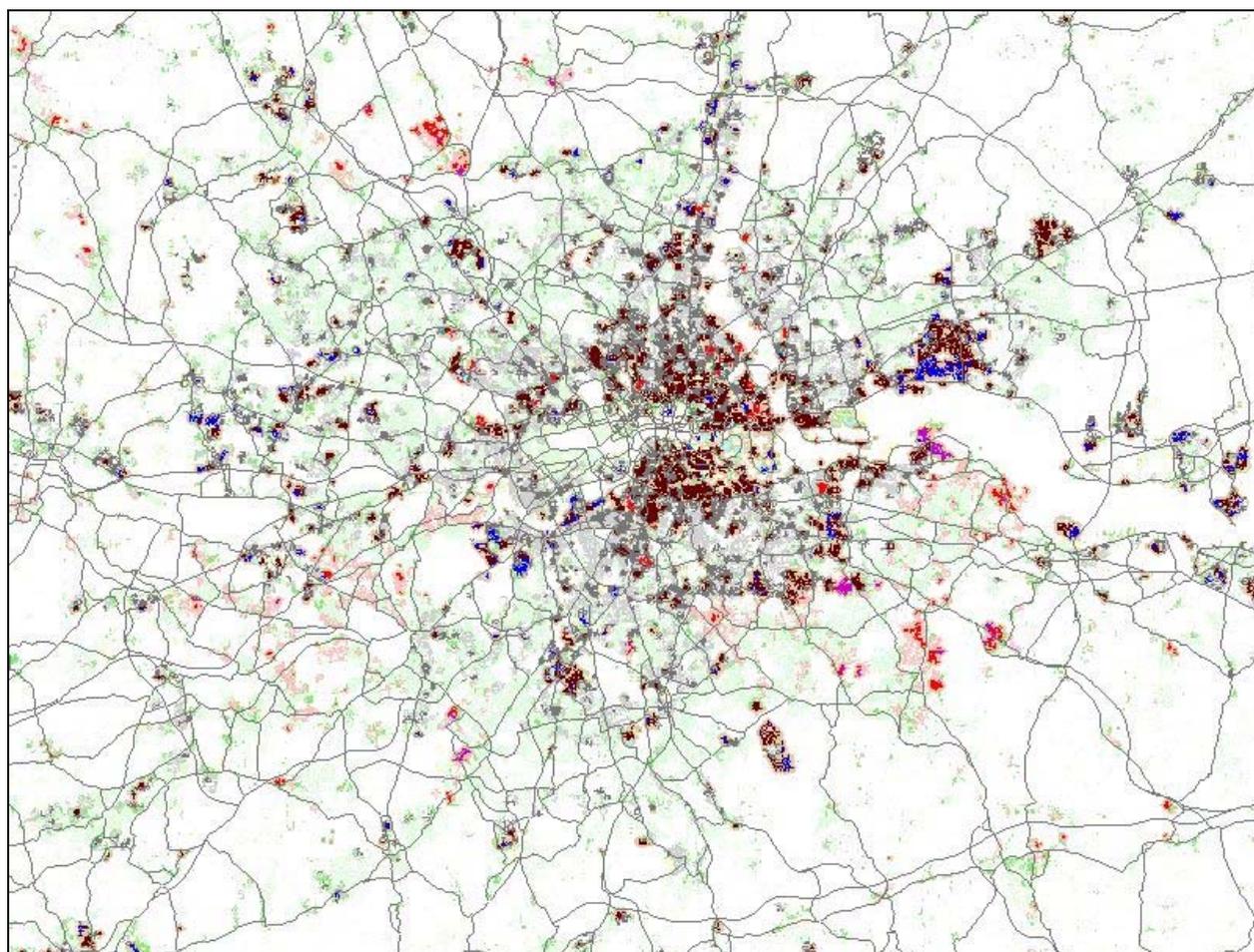
**Table 3.2 Classification of the tenure mix of hectare cells**

<b>Group</b>	<b>Categories</b>
Mono-tenure areas (in 1981)	LA mono-tenure
	LA small mono-tenure
Mixed areas (in 1981)	LA mixed
	LA small other
	LA small mix
No social housing (in 1981)	Low or no social housing
	New contexts
LSVT (since 1981)	LSVT mono-tenure
	LSVT small mono-tenure
	LSVT not mono-tenure
RTB (since 1981)	LA RTB mono-tenure
	LA RTB not mono-tenure
Both LSVT and RTB (since 1981)	LSVT RTB mono-tenure
	LSVT RTB not mono-tenure
Other categories	<i>See Appendix 6</i>

3.23 As an illustrative example of how the above groups identified in this analysis relate to each other in practice, Map 3.1 shows the example of London.

<sup>20</sup> See Appendix 8 for an explanation of spatial moving averages.

Map 3.1: A typology of tenure mix in London in 2001



**Legend**

Browns	Mono-tenure areas remaining in LA ownership in 2001
Reds	Mono-tenure areas transferred through LSVT by 2001
Blues	Developed as mono-tenure areas with housing remaining in LA ownership, but with relatively high levels of RTB sales
Purples	Developed as mono-tenure estates, with housing since transferred through LSVT, and with relatively high levels of RTB sales
Greys	Areas where smaller scale LA developments are interspersed with private housing
Green	Areas with minimal social housing

### New social rented homes and deprivation

3.24 This section uses the index of deprivation described above to examine the extent to which new RP provision after 1998 was provided in the areas of greatest deprivation. Our analysis starts in 1998 because of the availability of geo-referenced CORE data from that year.

#### *New and existing residential areas*

3.25 A key finding is that since 1998 just over one new social rented dwelling in three (36.7%) constructed by RPs was located in areas that had not previously been developed for housing, both on urban fringes and within urban areas. Given the emphasis of recent spatial planning policy on the sourcing of housing land, it is not surprising that more than three quarters (78%) of units built in these 'new' locations were on brownfield sites, such as former hospitals or factories, where the new development *defines* rather than

inherits the social and other character of an area. Many of these new residential areas will have been subject to planning permissions with S106 agreements (Crook et al., 2010).

### *Existing residential areas*

3.26 Looking first at the extent of deprivation in those places where development has taken place in *existing* residential areas, average measures of deprivation for the hectares have been calculated for different periods in an attempt to capture the character of the neighbourhoods in which new RP social rented dwellings have been built. Measures were calculated for three different deprivation indices using two different interpolation methods, as described in Appendix 7, although we focus on the use of one specific measure. Average values for individual years since 1998 are shown in Table 3.3 and show that, after the year 2000, new RP provision was more likely to be located in areas of deprivation than before that year.

**Table 3.3: Average composite deprivation measure for existing residential areas where new RP social rented dwellings constructed by year of construction**

Year	Interpolation method					
	IM1			IM2		
	Deprivation index			Deprivation index		
	CMI	CMII	CMIII	CMI	CMII	CMIII
1998	0.137	0.184	0.183	0.131	<b>0.163</b>	0.156
1999	0.126	0.166	0.163	0.139	<b>0.184</b>	0.180
2000	0.113	0.146	0.143	0.122	<b>0.150</b>	0.145
2001	0.151	0.208	0.198	0.173	<b>0.238</b>	0.227
2002	0.162	0.222	0.214	0.152	<b>0.210</b>	0.196
2003	0.144	0.196	0.189	0.162	<b>0.203</b>	0.193
2004	0.176	0.248	0.241	0.184	<b>0.252</b>	0.241
2005	0.175	0.244	0.239	0.159	<b>0.221</b>	0.205
2006	0.191	0.272	0.267	0.212	<b>0.294</b>	0.287
2007	0.172	0.234	0.227	0.166	<b>0.234</b>	0.222
2008	0.178	0.239	0.239	0.184	<b>0.245</b>	0.248

Note: See Appendix 7 for an explanation of the various deprivation indices and interpolation methods used. In the remainder of this chapter we focus on the use of the deprivation index CMII and interpolation method IM2, as represented by the highlighted column.

3.27 Although the overall average deprivation score for the existing residential areas where new RP housing was built was typically lower than for social housing areas as a whole, it is higher than for all other areas, as a comparison of the results in Table 3.4 with Table 3.5 shows. Table 3.4 shows the average scores for the existing residential areas where new RP provision was made and Table 3.5 shows the average scores for all areas of social housing provision and for those social housing.

**Table 3.4: Average composite deprivation measure for existing residential areas where new RP property constructed**

Construction date	Composite deprivation index (IM2-CMII)
Before 1981	0.238
1981-1990	0.222
1991-2000	0.113
2001-2008	0.208

3.28 Thus in the 1990s, mono-tenure ‘estates’ (see third column of Table 3.5) typically had a composite deprivation score of 0.521. The average deprivation score in areas where new RP construction was taking place was 0.113 (Table 3.4), much lower than areas where there were concentrations of social housing but still much higher than average scores in areas where there was no concentration of social rented housing at all (right hand column of Table 3.5).

**Table 3.5: Average composite deprivation measures**

Year	Composite deprivation index (IM2-CMII)		
	Concentrations of social housing (1)	Concentrations of social housing (2)	Elsewhere
1981	0.357	0.535	-0.010
1991	0.312	0.521	-0.036
2001	0.329	0.568	-0.074

**Notes:**

Concentrations of social housing (1) refers to areas where there are at least six social units per hectare sustained for 300 metres around a property.

Concentrations of social housing (2) refers to areas where there are at least six social units per hectare sustained for 300 metres around a property and at least half the dwellings within a 300 metres radius belong to a social landlord.

3.29 But after 2001 the picture in these existing residential areas changes. The scores calculated are based on 2001 information, and so should be expected to fall (other things being equal) but the social mix of the areas where new RP provision was built after 2001 was such that the average deprivation score *increased* as shown in Tables 3.4 and 3.5. Nonetheless, and despite this increase, the deprivation scores typical of new RP social housing in established localities (typically around 0.21 – see Table 3.4) were still markedly lower than for the mono-tenure estates (typically around 0.57 – see Table 3.5).

3.30 The fact that these deprivation scores did not fall (but rose somewhat) in the existing residential areas where new RP social rented dwellings were built appears to respond to two trends. First, with a larger proportion of social housing coming under the control of RPs (with the growth of LSVTs), a larger proportion of resource appears to have been devoted to using new construction to shift the character of existing estates and hence the deprivation scores indicate that more new investment was going into the most deprived areas. Second, the shifting role of LA housing implies that the deprivation scores typical of social housing estates actually increased, despite the secular fall in the composite measure. Table 3.5 indicates that

the composite score for a classic mono-tenure estate in 1991 might be 0.521, but this increased to 0.568 in 2001. Even for areas with only substantial social housing (but which could not be described as mono-tenure) the composite deprivation score increased (from 0.312 to 0.329).

*New residential areas*

3.31 Exploration of the broader context of the new residential areas where a third of new RP social rented dwellings were built shows that they are typically unlike the profile typical of social housing areas seen in the above section. The right-hand column of Table 3.6 below shows the average deprivation scores for those residential areas lying within 200 metres of the *new* neighbourhoods where RP housing has been built (for example on former hospital sites). Comparison of these scores with the second column (which reproduces material from Table 3.3) shows a clear and consistent tendency for the deprivation scores typical of these broader contexts to be lower than those of the established residential neighbourhoods where new RP social rented housing has been built. Moreover, the scores for the broader areas within which these new neighbourhoods were created were far more similar to residential areas without any social housing at all than to social housing estates. Simply put, new residential areas with new RP provision are adjacent to areas that are considerably less deprived than existing social housing estates.

**Table 3.6: Average deprivation measures for existing residential areas and for locations adjacent to new residential areas where new RP social rented dwellings located by year**

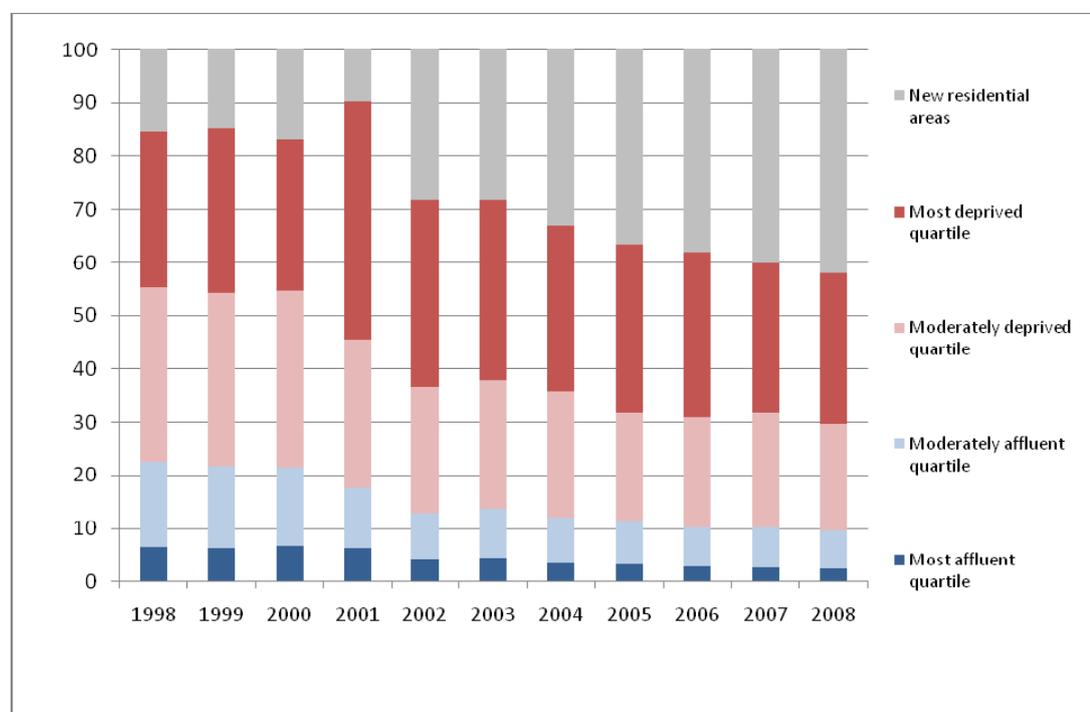
Year	Composite deprivation index score (IM2-CMII)	
	Existing residential areas	Within 200 metres radius of new residential areas
1998	<b>0.184</b>	0.128
1999	<b>0.166</b>	0.102
2000	<b>0.146</b>	0.117
2001	<b>0.208</b>	0.120
2002	<b>0.222</b>	0.056
2003	<b>0.196</b>	0.080
2004	<b>0.248</b>	0.060
2005	<b>0.244</b>	0.078
2006	<b>0.272</b>	0.044
2007	<b>0.234</b>	0.042
2008	<b>0.239</b>	0.042

*Trends since 1998 in existing and new residential areas*

3.32 The key patterns of variation over time around the mean scores shown above is illustrated in Figure 3.1, which also characterises the changing significance of the construction of new social rented housing in established and new residential neighbourhoods. It shows the proportion of new social rented housing built in both new residential areas and in existing residential areas, the latter divided into quartiles in accordance with their deprivation index.

3.33 Two key trends over the period 1998 to 2008 are apparent. First, there has been growth in the proportion of social housing constructed in new residential areas, rising from 15% to 42% of all new RP rented homes. Second, while about a third of all new RP social rented homes have continued to be constructed in the most deprived areas, a decreasing proportion has been constructed in more affluent areas. There are also detailed regional variations to this pattern (shown in Appendix 5, Figure 5.1) with, for example, much higher proportions of new social rented housing being built in new residential areas in Southern England (outside London) than elsewhere. But the broad picture for the country as a whole shown in Figure 3.1 is repeated across all regions. Appendix 5, Figures 5.2 and 5.3 show the same pattern but in these cases the distributions across new residential areas and the quartile ranges of deprivation are shown in accordance with the absolute numbers, rather than proportions, of new social rented homes built in each

**Figure 3.1: Percentage of new RP social rented dwellings between 1998 and 2008 within neighbourhoods classified by deprivation score quartiles**



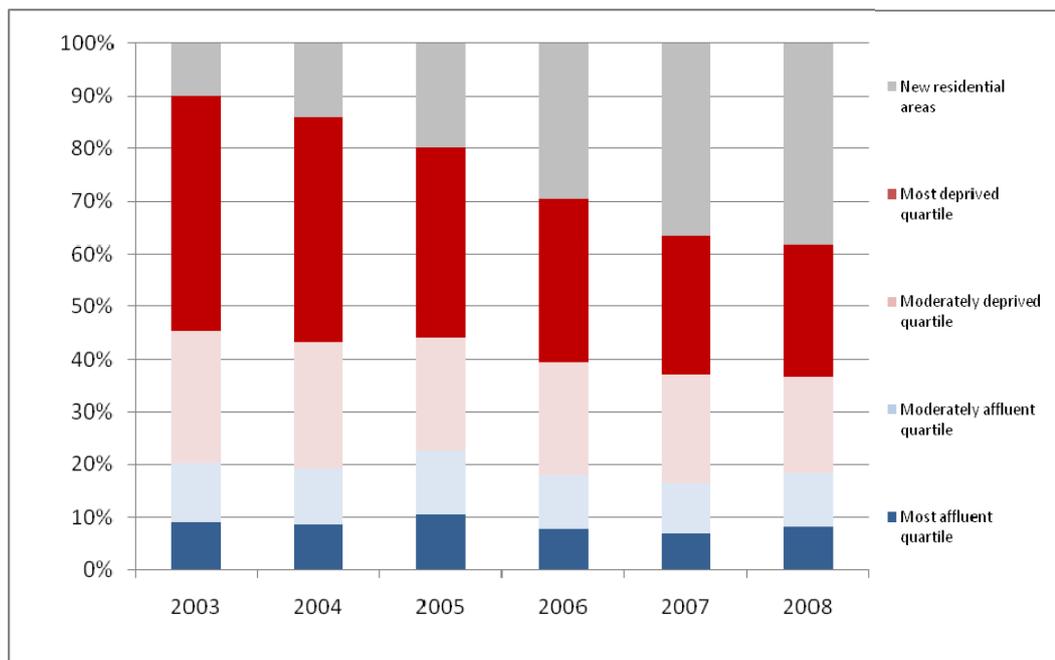
category and using a moving average.

### *New LCHO housing*

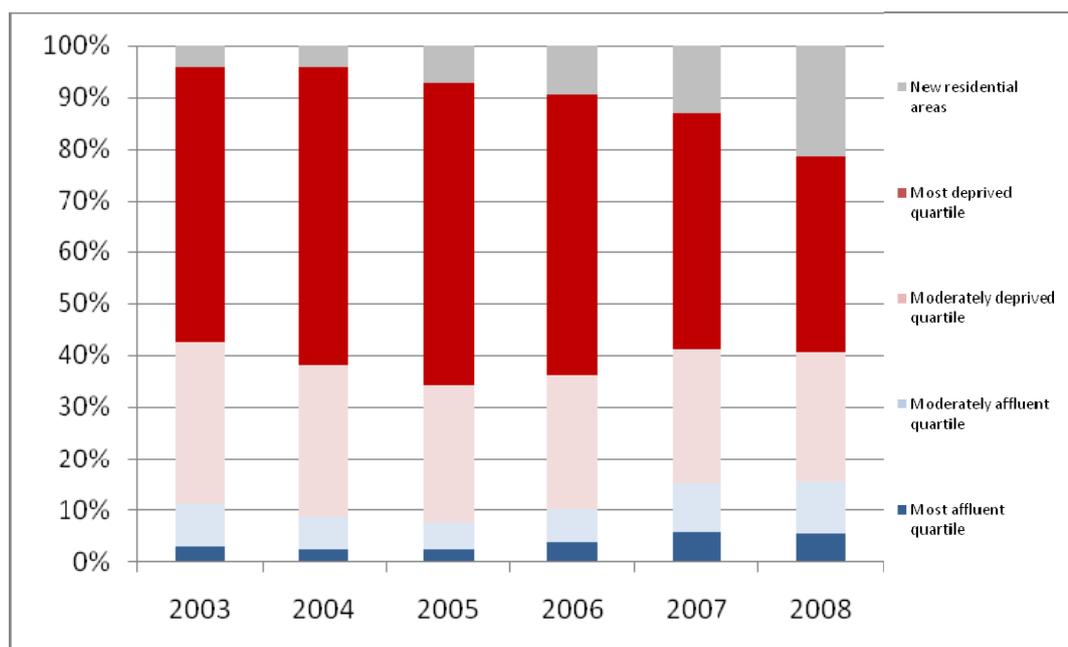
3.34 The pattern with respect to the proportions of first sales of dwellings built by RPs for LCHO in different neighbourhoods is shown in Figure 3.2 (see Appendix 5 Figure 5.4 for the absolute numbers of LCHO dwellings). The available data only allows examination of the most recent past, but it too shows the considerable proportion of first sales that are in new residential areas. It also shows that a falling proportion (falling from approximately 40% to 25% of first sales) over the years 2003 to 2008 were in the areas with the highest deprivation scores, the latter being on estates where regeneration programmes were being used to deliberately leaven the tenure pattern. And although the proportion of first sales in these areas fell, the actual numbers

rose throughout the period (see Appendix 5, Table 5.4). Moreover, in the three northern regions the majority of LCHO sales were in the most deprived areas, a reflection of the emphasis on tenure restructuring in regeneration programmes (see Figure 3.3).

**Figure 3.2: Percentage of first sales (excluding re-sales) of new LCHO dwellings within neighbourhoods classified by deprivation score quartiles between 1998 and 2008**



**Figure 3.3: Percentage of first sales on new LCHO dwellings within neighbourhoods in the North East, North West and Yorkshire and The Humber regions, classified by deprivation score quartile between 1998 and 2008**



### **New social rented dwellings and tenure mix**

3.35 As Tables 3.7 and 3.8 and Figure 3.4 reveal, a number of trends are apparent. First, as expected and for the reasons discussed above, the patterns of tenure and deprivation are closely linked, with the highest deprivation scores apparent in hectare cells that are composed of mono-tenure LA and LSVT housing, and lowest for hectare cells with little or no social rented housing (Table 3.7)<sup>21</sup>.

**Table 3.7: Deprivation by area type in 2001**

<b>Type</b>	<b>Composite deprivation index score (IM2-CMII)</b>
LA mono-tenure	0.300
LSVT mono-tenure	0.208
LA RTB mono-tenure	0.142
LA small mono-tenure	0.128
LA mixed	0.104
LA mono-tenure (Loss)	0.100
LA small mixed	-0.012
New residential post-2001	-0.032
LA small mono-tenure (Loss)	-0.039
LA small other	-0.054
LSVT not mono-tenure	-0.058
Low or no social housing	-0.076

3.36 Second, only a quarter of new social rented homes have been built since 1998 in mono-tenure social rented estates (comprising just over 19% in hectare cells that are in or near to LA mono-tenure estates and 5% in hectares which are in mono-tenure LSVT estates) (Table 3.8). As already noted above, 29% was built in new residential areas, leaving just under half (47%) of new social rented dwellings being built in areas where there is a mix of tenures or little or no social rented housing at all. Figure 3.4 shows the trends in these proportions since 1998.

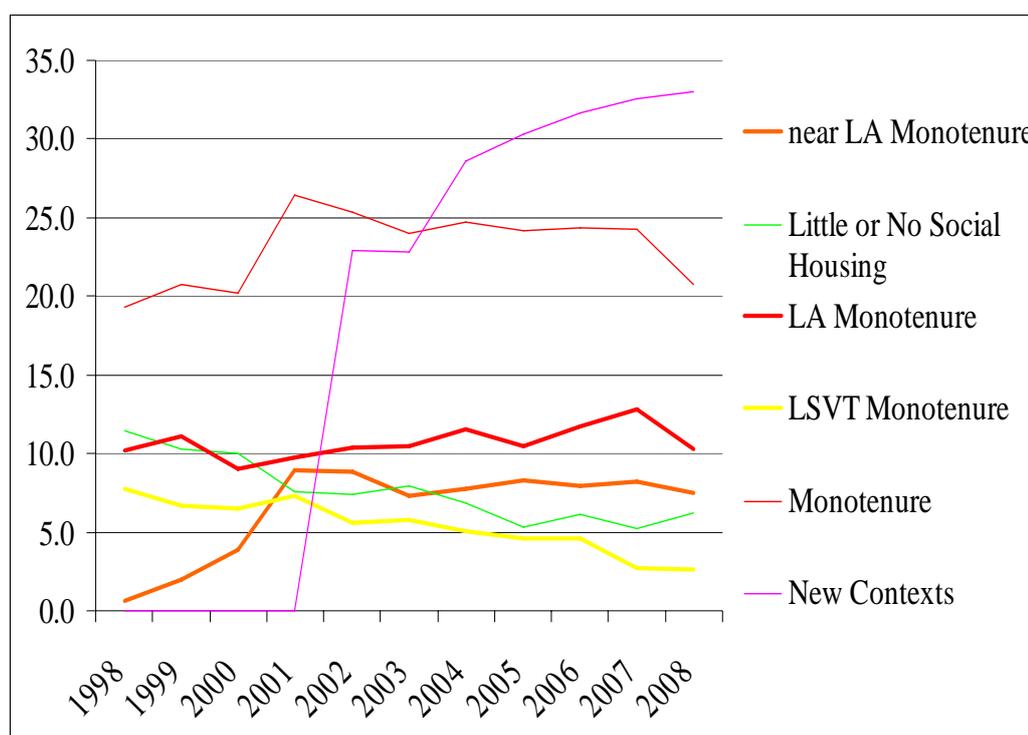
<sup>21</sup> Excluding social housing as part of the composite index developed for this work does not make any difference to the results reported in Table 3.7. Hence, LA and LSVT mono-tenure estates are associated with high levels of deprivation regardless of the inclusion or exclusion of this variable in the deprivation measure.

**Table 3.8: The tenure mix of areas in 2001 where new RP social rented housing has been built since 1998**

Context	% of Dwellings	Cumulative %
New contexts	29.2	29.2
LSVT not mono-tenure	12.1	41.3
<b>LA mono-tenure</b>	<b>11.3</b>	<b>52.6</b>
LA mix	9.7	62.3
<b>Near LA mono-tenure</b>	<b>8.0</b>	<b>70.4</b>
LA small mixed	7.3	77.7
Low or no social housing	6.3	84.0
<b>LSVT mono-tenure</b>	<b>4.9</b>	<b>88.9</b>
LA small other	3.9	92.8
All other categories	7.2	100.0

Note: The highlighted rows constitute a liberal definition of mono-tenure contexts (see Appendix 6) and together account for 24.2% of RP social rented housing constructed since 1998.

**Figure 3.4: The tenure mix of areas in 2001 where new RP social rented housing has been built since 1998**



3.37 This evidence thus shows that only small proportions of new social rented housing has been built in areas that can be characterised as mono-tenure. The key point is that however liberal one is with the term ‘mono-tenure estate’, only one RP house in four has been built in such areas, and this includes construction on estates transferred to LSVTs and on sites within 200 metres of mono-tenure estates.

## Conclusions

- 3.38 The result of mapping the data on a hectare grid across the whole of England thus shows two opposite trends. First, an increasing proportion of all new affordable homes, for both rent and sale, has been built in new residential areas: places where there has not previously been housing in the past. These are near to areas of low deprivation and areas with only small proportions of social housing, including new provision on both greenfield and, more often, brownfield sites. Second, a stable proportion (varying between about a quarter and a third, depending on the year) has continued to be built in areas of high deprivation and with a high proportion of social rented housing within its housing stock, with this investment often associated with regeneration programmes on or near to existing estates and also with a mix of rented and LCHO housing. Nonetheless only a quarter of all new provision has been built in areas that can be characterised as mono-tenure in terms of social rented housing.
- 3.39 The results suggest that two policy drivers have been at work.
- 3.40 First, planning policy, in particular the use of S106 agreements to require developers of private market housing to provide an element of affordable housing within market developments, has been key to the growth of provision of new social rented housing in what might be called 'ordinary' England: areas with low deprivation and little social rented housing. Allied to the S106 policy has been another key aspect of planning policy: the desire to further contain the growth of settlements in the interests of environmental sustainability by requiring a higher proportion of new homes to be built on brownfield sites (which include old hospital and educational sites as well as old industrial sites). It is thus planning policy, as much as housing policy, that explains this trend. As more and more new social housing became dependent on S106 for the provision of sites (see for example Crook et al., 2010), it was thus dependent on where the private sector was building for the locations of new social rented homes. And as LAs have increasingly demanded that builders achieve higher targets of new affordable homes on S106 sites, much of the higher target has been delivered in the form of LCHO housing, as this analysis confirms.
- 3.41 The second trend has been closely related to urban regeneration policy, with significant funding continuing to be allocated to the regeneration of previously mono-tenure estates, especially, but not only, in the cities of the Midlands and Northern regions. But not only has this resulted in new social rented housing being built in these areas (including on brownfield sites where existing LA stock has been demolished), it has also resulted in new LCHO schemes designed to broaden the tenure mix of these once mono-tenure estates.

## 4.0 Local authority case studies

### Aims

- 4.1 The aim of this part of the research was to examine the policy processes within LAs and to see how these were influenced by and interacted with the policies of other bodies, especially central government and its agencies, principally the HCA.

### Methods

- 4.2 A small sample of five LAs was selected designed to be illustrative of the different regions and socio-economic circumstances of the places where RP provision has been made in the last two decades. They were Croydon, Maidstone, Sheffield, Shropshire, and Swindon.
- 4.3 Interviews were conducted with LA planners and housing strategy staff and preliminary desk research was carried out.

### Policy in the five local authorities

- 4.4 Croydon's focus is increasingly on regeneration, especially of town centres. Since 2005 there has also been an emphasis on larger family units which has been successful. Croydon was able to take advantage of the first Greater London Authority scheme targeting overcrowding and also used HCA funding in terms of grant per person not per unit to achieve this. Croydon has also created its own housing company to deliver affordable homes. An outdated affordable housing policy during the boom resulted in a high dependence on windfall sites, such as town centre back land infill which is difficult to develop as well as the use of gardens – however this was also true for private development. Recent new affordable housing has included the purchase of market units by RP from developers and these units tend to be judged 'poor' in terms of quality standards. Future development set out in the Core Strategy will be much more planned than the reliance on windfalls in the past and with lower affordable targets on sites in the light of conditions after the credit crunch.
- 4.5 Sheffield places an emphasis on regeneration and the use of selective demolitions to create sites for new social rented and LCHO housing. A small (approximately one in 10) proportion of the council housing stock has been transferred to five RPs but the bulk of the stock is managed by an arm's length management organisation. Sheffield has insisted on the need for four and five-bed homes as evidenced from the Strategic Housing Market Assessment. While they have seen a rise in city centre flats built by the private sector, they have used S106 to take 10% of the development costs to use for affordable housing elsewhere. This approach is considered successful although they feel they could have got more out of S106 during the boom, but their policy was out of date with high thresholds and low targets. The overall approach is driven by the housing strategy rather than by developers or planners and they have resisted pressure to put numbers produced before size and quality. The schemes that have been built recently are very popular, although there have been problems with LCHO for the elderly, particularly over service charges.
- 4.6 Swindon also had an outdated policy during the 1990s which meant that while there was a large expansion of the town there was very little affordable

housing. The buoyant housing market of the early 2000s allowed Swindon to negotiate 30% on larger S106 schemes despite the lack of a formal policy and in the mid-2000s this policy was formalised at 30% on schemes above 15 units, with a presumption of 60% social rent, 40% LCHO. In 2005 the council made 50 promises to the electorate which included delivering 300 affordable homes a year where they had previously built 170. This led to a focus on quantity rather than quality, although what was offered was often 'quite nice'. They feel that they 'got what they were given' in terms of quality and design, except where an RP was involved at an early stage. The northern expansion of 10,000 homes – with Private Finance Initiative (PFI) investment in schools and a large retail development – attracted negative views while it was being built out but now it is almost complete it seems to have come together and is a popular place to live. The most recent schemes are on LA owned land and are seen as better quality (although not yet complete).

- 4.7 Maidstone has a recent focus on the regeneration of town centres and major social housing estates. The district as a whole is generally a very desirable place to live, especially the villages where there is a longstanding rural exceptions policy and a Rural Housing Enabler because local people are priced out of the locality. The credit crunch produced an increase in affordable housing, including 'off the shelf' purchase of unsold market units and also 100% affordable housing schemes (sometimes the same thing). But they are keen on mixed tenure among the 100% so they introduced a flexible tenure approach supporting variations to some S106 agreements. The council supports affordable housing with its own capital funding. The majority of new build recently has been flats and concern is expressed about the small size of rooms. A number of recent schemes are considered to be of better quality, but none of these were ones selected for analysis in this study.
- 4.8 Shropshire (where the stock of the former South Shropshire district was transferred to a LSVT RP) currently relies very heavily on rural exceptions and S106 for new affordable housing. Before the credit crunch they were achieving site specific targets of up to 50% affordable housing. Since then this has fallen to 25% (they are willing to negotiate down to keep schemes going) but many are stalled. Most sites are small – 20 units is the median – which makes it difficult to achieve affordable housing. They feel that they have been getting the types and sizes of homes they want, and recent schemes are all very popular, they are all family houses. There are two key problems in delivering more – the first is that they do not fit the HCA's preferred model very well and have great difficulty getting HCA funding on value for money grounds. Secondly Shropshire is not attractive to large RPs because it doesn't fit their models either, with small sites and no staircasing on LCHO. Nor does sheltered housing seem to work.

## Conclusions

- 4.9 What is notable about these case studies in policy terms is first, that there was a common concern about a conflict between value for money criteria and the need to achieve better space and other standards and second, that Croydon, Maidstone and Swindon have all put their own resources towards affordable housing schemes in order to achieve better quality.

## 5.0 Conclusions

### Summary of findings

- 5.1 The key findings cover what has been built, who has been housed and where.
- 5.2 RPs have been the main providers of new build completions since the 1980s and over the past 20 years the RP sector has grown from just over half a million homes in 1989 to over 1.75m in 2009 through both new building and transfers mainly from LA stock.
- 5.3 The mix of dwellings that has been produced over the last two decades has been very different than in the past in terms of size and type. In particular, there has been a growth in the output of two-bedroom flats and a decline in the output of houses and larger as well as very small dwellings.
- 5.4 At the same time, the geography of new affordable housing has changed. New building has been concentrated particularly in two types of area: first, in residential developments in locations where there had not previously been significant social rented housing and where deprivation is generally relatively low; second, in areas of high and increasing deprivation, including regeneration areas. In both cases provision has increasingly included LCHO as well as new social rented homes. Taken overall, only a minority of new social rented homes have been built in areas where social renting tenures continue to dominate.
- 5.5 The people entering affordable housing have also changed, with a shift towards smaller, younger and, in recent years, to some extent, employed households. This is particularly true for new units whether social rented or LCHO. Quality increased in terms of energy efficiency, but not in terms of size or the immediate external environment.

### The factors behind these changes

- 5.6 These changes in provision, especially those relating to the location and type of dwellings produced by RPs, have been driven by the interaction of a range of factors, not all related to housing policy *per se* (see the literature review in Appendix 3). These include planning policy, particularly the emphasis on higher densities, brownfield sites and S106 agreements; urban regeneration policy and the locations where funding has been made available; the value for money criteria of the HCA based on achieving the best outcome for the public purse; and government allocations policies as mediated by RPs and LAs.
- 5.7 First, has been the impact of planning policy. LA S106 policies have been especially important in determining both the numbers and the types of units built. These agreements have provided RPs with land (and often funding) in areas where they have not previously found it easy to develop. Because these are, by definition, areas where private house builders can sell homes they have tended to be ones with low deprivation often with little existing social housing in the immediate area. The mixed communities agenda has helped ensure that these sites have a mix of market and affordable homes within them. S106 policies have thus changed the geography of new RP supply and enabled those seeking affordable homes to live in areas where it has been difficult for them to do so in the past.

- 5.8 Planning agreements have also impacted on standards of provision, especially on those sites where the funding for the affordable housing element comes wholly from developer contributions and from RP borrowing and reserves and no public subsidy is involved. In these cases the types, sizes and standards of the housing are wholly a matter of negotiation between developers and the RPs, subject of course to meeting regulatory requirements and any conditions set by the LPA. It is also worth noting that not all S106 sites are the product of prior allocations in development plans. The case study authorities reported that many were windfall sites (not allocated in development plans but identified and brought forward by developers) including those where size and access made development difficult.
- 5.9 The second important strand of planning policy has been the emphasis on recycling previously developed (or brownfield) land as part of the environmental sustainability and urban renaissance agendas. Whilst some of these sites (such as sites previously used as school playing fields or hospitals) may provide large scale opportunities for redevelopment and are found in suburban as well as inner city locations, many are small scale and often cramped back-land or infill sites, where access is difficult, remediation costs high, and the new housing may be mixed within a multi-use redevelopment project, not all proceeding at the same time.
- 5.10 Finally, planning policy has emphasised a high density approach in order to maximise the use of all sites, whether greenfield or brownfield. This has increased the incentives to build smaller flatted units, reinforced by the fact that S106 policies are usually defined in terms of units rather than square metres, often making small flats the easiest way to meet these requirements.
- 5.11 The second factor affecting outcomes has been urban regeneration policy. An important feature of recent urban and housing policy has been the focus on regenerating some of the most run down LA housing estates, including those built in the 1960s. Often these estates have housed some of the most deprived households in England but at low overall densities and often with inadequate standards and services. The focus has therefore been both on improving or replacing the stock and on achieving wider objectives related to community, sustainability and economic development.
- 5.12 In relation to improving housing conditions the approach has been twofold. The first has been to rehabilitate some dwellings through the Decent Homes Programme. In this case the stock has been retained by LAs but a condition of government funding support for the capital improvements has been that the management function has been transferred to arms length companies although policies on rents and allocations were retained by LAs. The second approach has been to demolish some of the stock, especially high rise blocks and units constructed by non traditional methods, and to transfer the land to RPs or the private sector who are expected to use the land to provide new dwellings usually at higher densities and including a mixture of tenures. By diversifying tenure LAs aimed to create more mixed and socially diverse communities, attract households in work to move to these areas; and to provide a wider range of tenure options for those already living on these estates, but wanting to move from their existing homes. Other capital funds injected into these areas, for example through the New Deal for Communities, have been used to create employment opportunities, skills development and other community development. But one outcome of this policy is that a

significant proportion of new affordable homes has been built in high deprivation areas where there are heavy concentrations of social rented housing.

- 5.13 The third factor has been the need to secure value for money in the use of public subsidy. Three policy objectives have been particularly relevant here – first, ensuring that developments involving grant meet the Agency’s design and other standards; second, achieving as many units as possible from the available funds; and third, restricting (or minimising) grant paid on RP S106 sites so as to secure the maximum contribution from private developers towards affordable housing.
- 5.14 These objectives inherently generate tensions with respect to costs per unit, the types of dwelling and mix of tenure produced, and indeed who provides the dwellings. Design and standards criteria can increase costs, while social rented housing requires far more subsidy than LCHO. As a result of competition between RPs to secure HCA funding, many have submitted for approval schemes with the types of housing that produce larger numbers of units per £ of grant which often involve using some of their own funds. The LAs in the case studies were very conscious of this and often tried to resist the pressure to build more small units so as to enable larger dwellings to be built to meet defined and increasing needs. Further, especially where RP schemes are secured with no HCA funding (and hence do not have to comply with its design and standards criteria) there has been pressure to secure a larger proportion of LCHO. This is consistent with the objective of broadening the range of tenures secured on S106 sites and has increased the recycled funding available to RPs to undertake development. But the impact is also to reduce the numbers of dwellings available for social tenants. This trend has been reversed in the most recent years as the HCA injected ‘kick start’ funding to ensure starts on sites but levels of grant have also had to increase reducing overall output levels.
- 5.15 The fourth relevant factor has been policy on tenancy allocations by both LAs (and their ALMOs) and RPs in the context of government policy, rents, housing benefit and wider housing market performance. Many LA and RP tenants are outside the labour market and those in urgent need of housing have often only been able to gain access to the least desirable dwellings. These in turn have tended to be in locations subject to regeneration programmes, where deprivation is very high and the RTB has had least impact.
- 5.16 This helps to explain why the evidence in this report shows that deprivation has risen in areas where new building by RPs (both for rented and LCHO) has taken place in regeneration areas. It is not (necessarily) the result of higher deprivation amongst tenants of these new properties, but rather the result of more general allocation policies by all providers, LAs, ALMOs and RPs, including transfers and re-lets. In most cases social housing providers, especially in pressured areas, accept nominations of new tenants from the LAs who are usually in the most urgent housing need. These households are however often accommodated in existing rather than new property.
- 5.17 With respect to the allocation of new dwellings, there is evidence of demand from existing tenants to transfer to these new properties – which may well have helped slow the worsening concentration of deprivation, even though it continues to rise. This suggests that, even though units are often small, they

appear to be attractive to existing tenants, perhaps partly because of any improvements to the quality of the neighbourhood and local services arising from the wider regeneration. Larger units are however in short supply so turnover is concentrated among smaller households.

- 5.18 Another important finding in terms of allocation in less pressured areas is the extent to which households are often offered units which give them some additional space. This is partly because many fewer one-bedroom units have been built over the last few years. In pressured areas, notably London, households are rarely allocated above their minimum requirement, generating the potential for overcrowding as family size increases.
- 5.19 A further distinction between pressured markets and the rest of the country is that relatively more households in work have moved into new social rented homes and into LCHO dwellings in pressured areas. However many of those employed are part-time workers and affordability is often lower in London than elsewhere in the country.

### **Two typical outcomes**

- 5.20 There have been two typical outcomes, accounting for seven in 10 of the new social rented units first let in 2008 – in areas where RPs have not traditionally developed and in areas where there has in the past been a predominance of social rented housing and deprived households.
- 5.21 First, in the new residential locations, where surrounding areas have relatively little deprivation and there is limited existing social rented housing, the story of RP development is strongly tied to the effect of planning through S106 agreements, brownfield and density policies. Social tenants have moved into areas where they would not have otherwise been able to live. Where dwellings have been built with an HCA grant and RPs have been involved in negotiations with the developers, design standards are a condition of subsidy and therefore likely to be achieved but the units are often small. Where no grant has been provided and especially where RPs have bought dwellings off the shelf from developers' design standards may be at risk and, again, dwelling sizes are small and are often flats. The provision of LCHO on these sites, especially in southern England, has also helped households in work to live in these areas, but few of those already in social rented housing have been able to afford them.
- 5.22 The second typical outcome involves RP development in the most deprived areas in England: areas where that deprivation has actually increased in the last decade. Evidence shows that RPs now build a higher proportion of their new stock in these most deprived areas than in the past. As well as building new social rented homes, often to replace the old LA rented homes that have been demolished at higher densities, RPs have provided LCHO in order to increase the mix of tenures in these areas and to attract those who are not poor to live in areas previously dominated by deprived households. Even so, in more recent years the number of LCHO dwellings built in these areas has been falling (whilst rising in the new residential areas and within S106 schemes). In addition, many of these schemes have been the subject of pressure to maximise the numbers of units so smaller units and flats have been the result.

- 5.23 Among the other 30%, many of which involve new RP schemes located on brownfield sites which were not previously LA estates, there is some evidence that these tend to be on cramped and sometimes infill sites, where small flats tend to dominate provision and where there continues to be significant LCHO provision.

### **Extending the evidence from the literature review**

- 5.24 These findings support and extend the evidence of the literature review on policy and impact of those policies (Appendix 3). Thus the emphasis on more efficient use of land, on brownfield sites, sustainable, mixed communities and the increased use of S106 together culminated in a shift from houses to flats, from one-bed and three+ bed to two-bed properties, a rise in densities from 21 to 40 dwellings per hectare, a switch away from HCA funding towards developer and RP supported affordable housing, a shift in location from cheaper to more expensive areas and a shift away from mono-tenure social rented to intermediate housing.
- 5.25 The evidence from the literature on whether mixed communities and infill has produced better outcomes than the earlier mono-tenure approaches they replaced is mixed. Social housing is associated with areas of deprivation but no causal links have been established. Mix and infill is not so associated with deprivation, except where it takes place in already deprived areas. The evidence on the impact of investment in affordable housing in regeneration areas finds that it brings benefits but mainly to the environment rather than to levels of poverty. Improvements in housing, the physical environment and public spaces have however helped to stabilise neighbourhoods in decline.

### **Conclusions**

- 5.26 Over the past 20 years the RP sector has grown from just over half a million homes in 1989 to more than 1.75m in 2009 as a result of both new building and transfers from LA stock. RPs have been the main providers of new build affordable housing and have produced a different mix of dwellings than in the past, in terms of size, type and location. The geography and type of new affordable housing has changed in response to the mixed communities agenda; to brownfield and density targets; and in response to planning obligations. New building has been concentrated particularly in both new residential areas and regeneration areas. This has often been associated with the increased use of difficult brownfield sites, with higher densities, the mix of affordable homes and the layout of mixed tenure sites. The profile of households entering affordable housing also changed, with a shift towards smaller, younger and, in recent years, employed households, particularly in new units.
- 5.27 Finally, while these changes are important, new build is only a small proportion of the total: they operate at the margin and only modify existing provision and allocation to a very limited extent. Yet the impact of new build is cumulative over time and the changes identified – especially in terms of location and basic dwelling standards, will help to improve outcomes into the future.

## Glossary

ALMO	Arms length management organisation
CBL	Choice based lettings
CORE	Continuous Recording
DCLG	Department for Communities and Local Government
DoE	Department of the Environment (former)
ED	Enumeration District
GIS	Geographical information system
HCA	Homes and Communities Agency
HRP	Household Representative Person
IMD	Index of Multiple Deprivation
IMS	Investment Management System
LA	Local authority
LCHO	Low cost home ownership
LPA	Local Planning Authority
LSVT	Large scale voluntary transfer
LUCS	Land Use Change Statistics
NAHP	National Affordable Housing Programme
OA	Output Area
PAF	Postcode Address File
PFI	Private Finance Initiative
RP	Registered Provider
RTB	Right to Buy
S106	Section 106
TSA	Tenant Services Authority

*New Affordable Homes: What, for whom and where have Registered Providers been building between 1989–2009?*

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