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RSR Briefing Paper 2: Changes in RSL stock numbers and the flow of stock, 1989 to 2005

A Dataspring Briefing Paper on
behalf of the Housing Corporation

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HOUSING CORPORATION
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This is the second in a series of Briefing Papers presenting the preliminary findings from a three-year study of data from the annual Regulatory and Statistical Return (RSR) that social landlords registered with the Housing Corporation are obliged to fill in each year. Each Briefing Paper focuses on a particular theme, linked to the data available in particular parts of the RSR. The overall aim of the project is to understand how the housing association sector has changed since 1989, what has influenced or driven these changes and the implication of this for future housing regulation policy. This paper focuses on changes in the overall rental stock numbers and the flow of RSL stock through Right to Buy (RTB) and voluntary sales, demolitions, acquisitions and transfers between 1989 and 2005.

While the majority of the stock increase that has happened in the RSL sector since 1989 has occurred as a result of the Large Scale Voluntary Transfers (LSVT) programme, these units do not represent a net increase in social housing stock. The acquisitions analysed here represent new additions to the RSL housing stock through new build, stock acquired for rehabilitation and refurbishments. Similarly, while the majority of sales completed by RSLs are initial shares sold under the shared ownership programmes, these dwellings remain effectively within the RSL sector, with the purchasers paying a proportion of the cost of their dwelling in rent to the RSL, until each purchaser buys the whole value of the property. Shared ownership sales are dealt with in a separate Briefing Paper.

Transfers between RSLs represent a churning of stock within the RSL sector as a whole. These take place for a variety of reasons, whether as a result of specific policy programmes or through a merger or a stock rationalisation to enable more efficient management.

Main findings

- The total rental stock increased over three-fold between 1989 and 2005, from 0.6m to nearly 1.9m self contained units and bedsits.
- The LSVT programme accounts for about a third of this increase. This represents a shift of stock within the social sector, rather than an overall increase.
- Rates of stock growth varied between the regions. The highest rate was in the East, South West and South East. The North East, London and North West had the lowest growth rates.
- By introducing more 'family' homes into the RSL sector LSVT has also affected the stock size profile of RSLs.
- There are variations in the distribution of RSL stock by type within each region and between regions. Within regions, London has a relatively high percentage of BME stock (5% in 2005), while Yorkshire and the Humber and the North East and Merseyside have higher than average proportions of LSVT stock, despite the majority of LSVT stock being located in the South East and South West. In the case of Merseyside, this is due to the influence of partial transfer of poorer quality stock from LAs to RSLs for renovation.
- Between regions, half of all Abbeyfield stock is in the South East and South West of the country, over a third of all Almshouse stock is more concentrated in the North East and Yorkshire and the Humber, and half of all BME stock is in Yorkshire and the Humber with a further quarter in London.
- In the mid 1990s additions to stock through new build, and purchases for rehabilitation accounted for 3-7% of stock totals each year; but from 2000 onwards this has fallen to 2%.

- There is now more emphasis on purchasing and rehabilitating existing housing stock rather than new build, to meet the demand for social housing.
- Since 1989 the annual number of units developed without public subsidy (PS) has increased from 10,000 to 15,000
- Although a higher proportion of acquisitions are now funded privately, overall this has not resulted in a significant increase in yearly output.
- While the volume of RTB sales each year is roughly the same in 1989 and 2001, there was a decline in the rate of activity during the mid 1990s, followed by a rise again in the late 1990s.
- Most demolitions are carried out by LSVT RSLs, particularly those involved in the partial transfer of stock, which undertook 37% of demolitions in 2001. This is a reflection of the nature of partial transfers, which were initiated to take some of the poorest stock out of the LA sector.
- The transfer of units between RSLs reached a peak in 2001. Many of these are initiated by parent RSLs with no stock holding, signifying stock reconciliation or a move away from ownership of self contained rental properties.

Methodology

Findings in this paper are based on analysis of data from the Housing Corporation Registry and from the RSR and its predecessor, the HAR 10/1, between 1989 and 2005. The RSL type categories are provided by the Housing Corporation Registry. Size bands for the RSLs between 1989 and 2001 were derived by summing the numbers of self contained rental units and hostel bedspaces (excluding supported accommodation).

From 2002 onward the structure of the RSR form changed considerably. Data from 2004 onwards is only taken from those RSLs filling in Parts A and B. This will exclude some RSLs who, for example, do not own stock and only fill in Part D that records the provision of other services and activities provided by RSLs that are not included in Parts A and B. The size bands are then derived from the total general needs units and bedspaces owned plus total supported units and bedspaces owned plus total non-social housing owned (in 2002, Part A, column E, line 12 + Part A, column E, line 13 + Part B, column E, line 8). Size 0 denotes those RSLs registered but with no stock, for example the 'parent' RSL of a group structure or those that only manage stock but do not own it.

RSL type code	RSL type description
ALMS	Almshouses
ABBS	Abbeyfields
BME	Black and Minority Ethnic
LSVT WHAS	Large Scale Voluntary Transfer Whole Transfer (All Stock)*
LSVT WHSS	Large Scale Voluntary Transfer Whole Transfer (Some Stock)**
LSVT PART	Large Scale Voluntary Transfer Partial Transfer***
MF	Mixed Funded****

* WHAS refers to LSVT areas where all the stock was transferred and all went to one newly created RSL
** WHSS refers to a whole-stock transfer where stock was divided between more than one new RSL
*** PART refers to an RSL set up to take transfer stock in a district where only some of the stock was transferred to the HA sector.
**** These are all other RSLs that receive mixed funding (i.e. from public and private sources) but are not included in the other six categories

RSL size bands	RSL size description
0 units	
1-50 units	small (1-250 units)
51-100 units	small (1-250 units)
101-250 units	small (1-250 units)
251-1,000 units	medium (251-2,500 units)
1,001-2,500 units	medium (251-2,500 units)
2,501-5,000 units	large (2,501-10,000 units)
5,001-7,500 units	large (2,501-10,000 units)
7,501-10,000 units	large (2,501-10,000 units)
over 10,000 units	very large (> 10,000 units)

In order to analyse the data, two relational databases, one covering the years 1989-2001 and the second running from 2002 onwards (when the approach to data collection adopted by the RSR changed) have been constructed from the individual returns for each year. These are supported by linking tables for selected variables available across both datasets, enabling time series analysis from 1989-2005 for those variables. Further information can be found in the Technical Briefing Paper in this series.

Spatial analysis

Many variables are only available at the national level. However, some key variables are collected at the Local Authority district level and these can then be aggregated up to regional level.[1] Tables and charts will therefore either refer to totals for all RSLs with valid RSR returns (ALL) or just those units in districts within England (ENG).

The total number of units is available by bedsize in the main part of the RSR form but not for the local authority breakdown. Before 1993 bedsizes were recorded as 1-3+; from 1993 they were recorded as 1-4+ so totals are taken from 1993 onwards for comparison.

Findings

Table 1 and Figures 1a-c: Changes in the RSL rental stock by RSL type, 1989-2005 (ALL)

The total stock of rental self contained units and bedspaces recorded in the RSR in England more than trebled from under 600,000 in 1989 to nearly 1.9 million by 31 March 2005. Most of this stock is in self-contained units, with fewer than 10% being bedspaces (see Table 3).

While all RSL types experienced growth in rental stock numbers, figures 1b and 1c clearly shows the growth in the LSVT sector. In 1989 this type held 2% of the total stock and by 2005 this share had increased to 45%. As a result of the growth of LSVT RSLs the MF RSL share of stock fell from 94% to 53% between 1989 and 2005. The growth in LSVT stock numbers overshadows the significant growth in BME stock, which has increased from 4,404 dwellings in 1989 to 29,887 by 31 March 2005.

[1] Only data for districts that are in England are included. District level data have been harmonised to take account of local authority boundary changes that took place during the 1990s. The regions referred to are Housing Corporation Investment Regions.

Table 2 and Figure 2: Stock numbers by RSL size, 1989-2004 (ALL)
Figure2 illustrate the shift towards larger RSL size, which is a result of deregistration of smaller Almshouses and the introduction of LSVT RSLs that are mainly in the larger size bands. Thus while RSLs in the two smallest size bands account for fewer units in 2005 than in 1989 (down by 31% and 20% respectively), there was a steep rise in the number of units held by RSLs in the 2,501-5,000 (338%), the 5001-7500 (654%), the 7,501-10,000 (568%) and the over 10,000 units size bands (343%). As a result, RSLs with more than 2,500 units increased their share of those units from 55% in 1989 to 84% by 2005; many of these are LSVT RSLs.

Table 3: Changes in rental stock numbers by bedsize, 1993-05 (ALL)
Before 1993 the stock sizes recorded in the RSR were 1 to 3+ bedrooms and from 1993 onwards this changed to 1-4+, so for consistency analysis starts in 1993.

Data on bedsizes were unavailable between 2002 and 2003 and in effect a new time series begins in 2004, affected by the changed in definitions of sheltered and supported stock. These changes are particularly noticeable in the data for bedspaces and bedsits in Abbeyfield RSLs and Almshouses. These account for a small proportion of overall stock so results for the rate of change between 1993 and 1995 are reported here but not in the next table

Most notable here is the increasing numbers (and also proportion of total stock) of 2 and 3 bed properties. By 2005 these two bedsizes accounted for 60% of all stock, while bedsits, bedspaces and 1 bed units only accounted for 37%, in contrast to their share of 51% in 1993. This illustrates the influx of LSVT properties from the LAs, which traditionally owned more 'family' homes than the RSL sector, where the emphasis was more on provision of bedspaces, bedsits and one-bedroom properties.

Table 4: Changes in rental stock numbers by RSL type by bedsize, 1993-05 (ALL)

The most interesting change here is the overall increase in stock numbers for BME RSLs and the fact that the largest percentage increase in their stock has been in 3 and 4+ bed units, a reflection of the need for larger accommodation for extended families in ethnic minority groups.

In the LSVT sector the largest increase in total numbers, particularly since 1999, has clearly been in the 2 and 3 bedroom ‘family’ dwellings.

Table 5: The regional distribution of stock 1989-2005 (England)
There have been differential rates of stock increase between the regions and again a major influence here has been the LSVT programme (see Table 6). The highest rate of growth was in the East of England, followed by the South West and the South East. The South East increased its share of all units by four percentage points, from 11% in 1989 to 15% in 2005. In contrast, the London region saw its overall share of units fall by 12 percentage points, from 29% in 1989 to 17% in 2005. The North East, London and the North West have the lowest growth rates and hence a falling share of the national total of RSL stock.

Table 6: The distribution of stock by RSL type within regions, 1989-2005 (ENG)
There are significant variations in the proportions of each stock type within each region. London continues to have a high percentage of stock owned by MF RSLs (82% in 2005), double that in the South East and South West where LSVT stock is concentrated. Merseyside

is the most atypical region, with around half of all its LSVT stock held by LSVT PART RSLs. The largest proportion of BME stock is found in the London region (5% in 2005), whereas this type only comprised 1% of stock in London in 1989.

Table 7: The distribution of stock by RSL type between regions, 1989-2004 (ENG)
Abbeyfields: The overall balance between the regions has changed little over the time period, with the South East continuing to have the largest proportion of all Abbeyfield stock. However, it has increased that share from 20% in 1989 to 30% in 2005 and consequently the share of all Abbeyfield stock in all but three regions (South West,Yorkshire and the Humber and East) is now less than in 1989.

Almshouses: By contrast, the share of all Almshouse stock has increased in the North East (from 14% in 1989 to 20% in 2005) and in Yorkshire and the Humber (from 10% to 16%).

BME: There has also been a dramatic shift on the share of BME stock in England. In 1989 half of all BME stock was located in the London region; by 2005 this has dropped to 25%, while the share in Yorkshire and the Humber has risen from 34% in 1989 to 50% in 2005 and the share in the West Midlands also increased from 1% in 1989 to 9% in 2005.

LSVT: LSVT started in the South East with whole transfer LSVT WHAS RSLs and spread to all regions by 2000, although in the North East this was only in the form of partial transfers. LSVT remains concentrated in the south of the country, particularly in the South East, South West and West Midlands. Partial transfer stock is concentrated in London, the North West and Merseyside (data available up to 2003). In 2005 19% of all LSVT stock is located in the South East, 16% in the West Midlands 12% in the South West and 11% in the North West.

B. The flow of stock

Total stock numbers are affected by several factors. Increases in stock available for rent can take place by building more new dwellings or purchasing existing stock, either ready for use or to be rehabilitated first. RSLs can lose stock through sales (RTB, statutory sales or voluntary purchases) and demolitions. Within the sector stock can also flow between RSLs through transfers, which can affect the stock profile.

The biggest influence on stock numbers has been the LSVT programme, which has brought thousands of properties into the RSL sector. However, these do not represent an increase in the social sector overall. Rather, they are a transfer from one part of the sector to another. Similarly, shared ownership sales do not represent a true loss to the RSL sector, so these two types of flow, although important, are not included in this analysis.

B.1. Stock increases

Table 8: Additions to stock 1991-2005 (ALL)
Additions to stock are necessarily related to the amount of funding available and cutbacks in the investment programme are reflected in falls in the number of additions made. The balance between the types of addition (new build, purchased in a satisfactory condition and purchased for rehabilitation) is affected by cost factors and by wider government policy. The Housing Corporation's policy from the late 1990s has been to meet future need for social housing from stock already existing rather than through new provision.

Overall there has been a 36% increase in the year on year numbers of units and bedspaces acquired by RSLs between 1991 and 2005, although this does not reflect the overall rate of increase in RSL stock since that is inflated by the LSVT programme.

There was not a steady trend of increasing acquisitions each year; numbers of new build units peaked in 1995 at 42,553 and then decreased steadily each year until only 21,369 were newly built in 2004. However, slightly more (23,031) were built in 2005.

Another significant occurrence was the peak in acquisitions of units purchased in a satisfactory condition in 1993. This is in line with the policy of preferred future provision from existing housing stock.

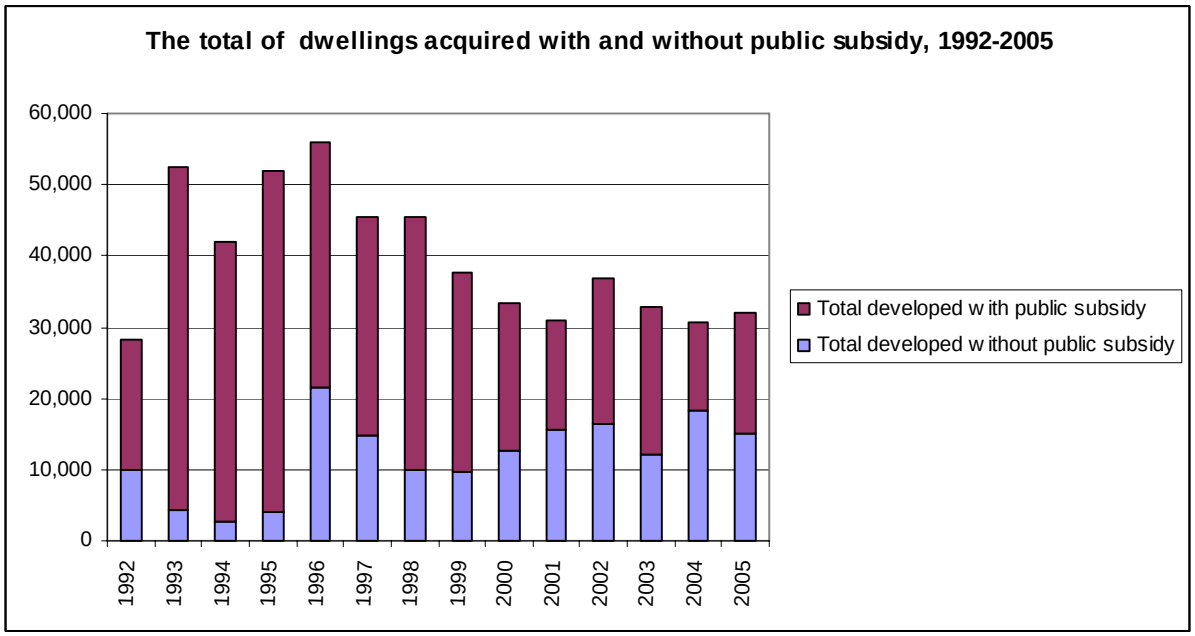
New build units accounted for 72% of all acquisitions in 2005, the same proportion as in 1991. However, the proportion that was purchased and rehabilitated increased from 6% to 17% while the proportions of dwellings purchased in a satisfactory condition and purchased but unrehabilitated both fell, from 12% to 8% and from 9% to 3% respectively.

Table 9: Units and bedspaces developed without Public Subsidy (ALL)

Since 1992 the number of dwellings (units and bedspaces) developed without public subsidy (PS) has increased dramatically from 10,048 to 18,231 in 2004 before decreasing slightly to 15,029 in 2005. Numbers peaked at 21,428 in 1996, to be followed by a decline again until 2000. The peak for the number of new dwellings developed occurred in 1992, but this was accounted for almost exclusively by one LSVT WHAS RSL, Tunbridge Wells and District Housing.

In 1992 most (72%) of the dwellings developed without public subsidy were new dwellings, but this is distorted by the example above. In 1993 the proportions were more evenly distributed, with new build development accounting for 43%, conversion of existing dwellings at 25% and conversion of new dwellings at 33%. By 2005 the emphasis was on conversion and repair of existing dwellings, which now accounted for 66% of development without public subsidy, while the development of new dwellings and the repair and conversion of new dwellings accounted for only 23% and 12% respectively.

Table 10 and Figure 2: Proportions of dwellings acquired with and without public subsidy, 1992-2005



Although a higher proportion of all dwellings built or acquired for refurbishment are accomplished without public subsidy, the yearly total of acquisitions in 2005 has not risen significantly when compared with totals for 1992. Thus although a higher proportion of acquisitions is now funded privately, overall there has not been a significant increase in output.

B.2. Stock decreases

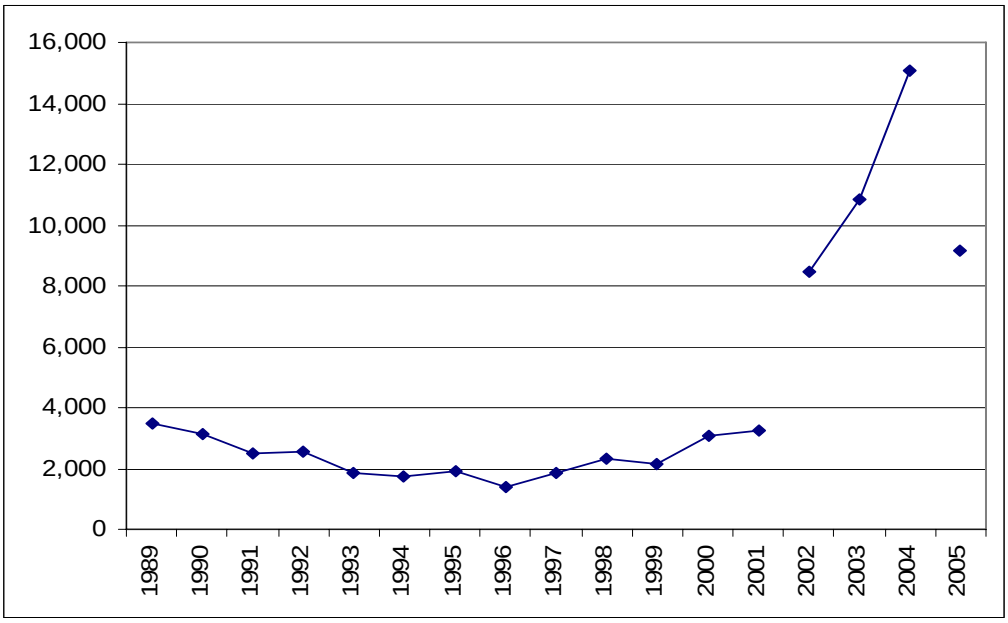
Table 11 and Figure 3: Sales completed through Right to Buy and similar schemes, by region, type and size, 1989-2005 (ENG)

The Housing Act of 1980 gave most RSL tenants the right to buy their homes, with mortgages being made available through the Housing Corporation. Those RSLs with charitable status, however, cannot be required to dispose of their assets at less than market price.[2] Instead, when tenanted stock is transferred to them by non-charities, tenants in those homes are able to buy on terms equivalent to RTB. These sales are referred to as voluntary sales. Further, some RSLs will, with the Housing Corporation's written consent, sell empty properties from time to time to raise capital for repairs or improvements to other properties for which no grants can be obtained. Voluntary sales only form a small percentage of all sales and are less significant now because the proportion of fair rent properties is decreasing and assured tenancies do not have the right to Voluntary Sales.

Right to Buy sales are recorded at the local authority level between 1989 and 2001. From 2002 these are conflated with other types of sale - Rent to mortgage, Right to acquire, Preserved right to buy and voluntary purchase grant sales. The drop in totals for 2005 is because the figures now exclude the voluntary purchase grant sales. These do not include sales through Shared Ownership or Leasehold Schemes for the Elderly.

[2] Between 1989 and 1997 around 80% of RSLs filling in the RSR had charitable status (either registered with the charities commission or with the Registrar of Friendly Societies), but this proportion fell to 75% by 2001.

Figure3: Sales of stock through RTB and similar schemes, 1989-2001 and 2002-2005



The yearly volume of RTB sales dipped in the mid-1990s before recovering by 2001. Between 2002 and 2004 they increased steeply, from 8,500 to 15,000. In 2005 the number of sales made through RTB and other sales stood at 9,171.

Almshouses and Abbeyfield RSLs, do not partake in the RTB process mainly because mainly because they are charities . BME RSLs made very few RTB sales. The vast majority of RTB sales occur within LSVT (particularly LSVT WHAS) and MF RSLs.

At the start of the time series all RTB sales were from MF RSLs. In 2001 this ratio was reversed, with all LSVT RSLs accounting for 64% of RTB sales while the MF RSLs' share fell to 36%. While the decline in sales from MF RSLs was relatively steady throughout the time period, the increase in sales from the LSVT WHAS RSLs received a boost between 1997 and 1998 and again between 2001 and 2002.

The steep rise in the number of sales in the 2,501-5,000 sizeband between 1997 and 2000 follows a very similar pattern to the increases for LSVT WHASS RSLs.

Table 12: Demolitions, 1997-2005

Data on demolitions are only available from 1997. There were more than three times as many dwellings demolished in 2005 than in 1997 (5,056 compared to 1,450). In 1997 MF RSLs carried out the vast majority (78%) of demolitions while LSVT RSLs, mainly the WHAS type, were responsible for the remainder. LSVT PART RSLs were responsible for 37% of demolitions in 2001, a reflection of the nature of partial transfer, where it is often stock in poor condition that is transferred. However, by 2003 this proportion had decreased to 18%. In 2005 LSVT RSLs altogether accounted for 70% of demolitions.

B.3 Stock flow between RSLs

Table 13: Stock transferred between RSLs, by RSL type and size (ALL)
Transfers represent a movement of stock within the RSL sector, rather than a disposal of stock in terms of the sector as a whole. RSLs transfer stock for a variety of reasons. Transfer may occur as a result of specific policy programmes, mergers or as a way of consolidating stock to enable more effective housing management. The data here represent transfers from RSLs; there are no data for transfers into RSLs. So, for example, it is impossible to say whether stock from MF RSLs has moved to a different RSL type.

In 2005 the questions relating to transfers were altered so data do not match previous years.

As would be expected with the increasing size of the sector, the trend is for more transfers to take place each year. However, there was little transfer activity in the early 1990s. From 1996, however, transfer numbers increased again, peaking in 2000 when 7,819 units were transferred, before falling back again in the following two years.

The vast majority of these were transfers from MF RSLs. From 1996 there were a few transfers from LSVT RSLs. BME RSLs also undertook a very small number of transfers.

Summary

Overall, the stock of rental housing owned by RSLs has increased by more than three times between 1989 and 2005. This compares with a reduction by around one eighth in the number of RSLs filling in the RSR during the same time period (see Briefing Paper 1).

However well over a third of this stock increase is accounted for by the LSVT programme. This represents a shift of stock from one part of the social sector as a whole rather than an overall increase. This influx of local authority housing has also affected the stock profile of the sector, with a greater proportion of RSL stock now in 2 and 3 bed houses than in 1993.

The regional distribution of stock also changed. In 1989 the London region had by far the highest proportion of all stock (bedsits and self contained units) at 29%, but by 2005 this proportion had dropped to 17%. While LSVT helped to boost the South East’s share of stock the North East and North West all experienced a fall of one percent in their share. Once again the influence of LSVT and high demand in the south of the country is contrasted with the effects of low demand in the north, especially the North East.

While LSVT has no doubt accounted for the largest influx of dwellings into the RSL sector, these are not net additions to social housing since they are transferred from one sector of social housing to another. Acquisitions however represent newly available dwellings for rent. Yet they only accounted for around 2% of total stock in 2005, down from 3-7% in the mid-1990s. Numbers are necessarily related to the level of investment funding available, and the balance between new build and rehabilitations is also affected by both cost factors and wider policy shifts of emphasis. Thus the emphasis is now on purchasing units for rehabilitation and furthermore, towards developing units without public subsidy.

There is a relationship within the regions between levels of RTB sales and high LSVT activity, as yet more local authority dwellings are transferred to the RSL sector and their tenants' Right To Buy options remain protected. However, these sales represent a very small proportion of all RSL stock.

Demolition activity increased rapidly between 1989 and 2005, with most of this increase occurring in recent years. However, the numbers of dwellings demolished represent less than one percent of all stock. Most demolitions activity is initiated by LSVT RSLs, particularly those set up to take on partial transfers of stock from local authorities wishing to transfer poorer stock.

There was a noticeable increase in transfer activity from the late 1990s. Most of this is made up of transfers from MF RSLs, although transfers from LSVT WHAS RSLs increased significantly in 2000 and 2001. Since many transfers were made by RSLs that recorded no stock at the end of the year, we can assume that this number represents the amount of stock transferred as a result of mergers or RSLs ceasing to manage self-contained stock, in line with the trend for consolidation and specialisation amongst small and medium sized RSLs. However, the majority of stock is transferred from RSLs in the largest size groups.