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RSR Briefing Paper 3: Lettings and Vacancies in the RSL Sector, 1989-2005

A Dataspring Briefing Paper on
behalf of the Housing Corporation

Caroline Kiddle, July 2006

Further Information:
Dataspring,
Cambridge Centre for Housing and Planning Research,
University of Cambridge,
19 Silver Street, Cambridge,
CB3 9EP
Tel: 01223 337118
www.dataspring.org.uk

HOUSING CORPORATION
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This paper forms part of a series of 6 Briefing Papers presenting the preliminary findings from a 3-year study of data from the annual Regulatory Statistical Return (RSR) that the majority of 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. Each Briefing paper focuses on a particular theme, linked to the data available in the different parts of the RSR. The theme of this paper is the numbers of lets made by RSLs between 1989 and 2001 and vacancies between 1990 (the first year data are available) and 2001.

Main findings

- While stock numbers in the RSL sector have trebled since 1989, the yearly total of lettings has increased fivefold and vacancies have increased threefold.
- The South East and London have the greatest number of lettings in 2005.
- Although London has a high percentage of all lets, calculating the Location Quotient (LQ) for lets, a comparison of the regional share of all lets against the regional share of all stock, is still relatively low at 0.86 in 2005.
- Overall there has been a narrowing of the differences between the regions since 1989.
- Lettings rates peaked in the mid 1990s at 16% but by 2005 they were running at the same level as in 1989, at 11%
- The mid-1990s was also a time when new lets as a proportion of all lets was high (40%). By 2005 this had reduced to 10%. Particularly high levels were recorded for LSVT PART RSLs due to the influx of stock needing renovation before initial letting.
- The number of vacancies recorded each year at 31 March has also risen. There were 27,500 vacancies in 1989 and 52,800 in 2005 in social rental stock owned by RSLs.
- The LQs calculated for vacant stock shows how Merseyside, the North East and North West have higher levels of vacancies than expected for the amount of stock. In particular, they have high levels of stock that is vacant and unavailable for letting, an indication of poor stock quality.
- Overall, the analysis shows there is not only a difference in the activity levels between the north and south of the country, but also points towards differences in the quality of stock on offer to tenants.

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, between 1989 and 2001. These are analysed by RSL type and size. The RSL type categories are provided by the Housing Corporation Registry. Size bands for the RSLs were derived by summing the numbers of self contained rental units and hostel bedspaces (excluding supported or shared accommodation). Size 0 denotes those RSLs registered but with no stock, for example the 'parent' RSL of a group structure.

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 (s/c units and bedspaces)	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)

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 national dwellings totals for all RSLs with valid RSR returns (ALL) or just those dwellings that are in Local Authority districts within England (ENG).

Data availability

Lettings

Lettings data was only collected for self-contained units (general needs and supported) between 1989 and 1995. From 1996 to 2001 data was collected for self-contained units and bedspaces (general needs and supported). Lets were broken down into new lets and relets throughout 1989-2001.

However, at the LA level only the total for all lets (new and relet) for self-contained units (general needs and supported) is recorded between 1989 and 2001. From 2002 to 2005 this changed to all lets for self-contained and bedspaces (general needs).

Because of these changes the tables for analysis of lets will be presented separately for the 89-01 period and the 02-05 period, using regional data.

[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.

The breakdown of new lets and relets will be confined to the national data for general needs units and bedspaces only, from 2002 to 2005.

Vacancies
Figures refer to a snapshot taken at 31 March each year. They are not average vacancy rates across the year. While in aggregate they would give a representative picture, because the numbers are small they may be affected by circumstances. For example, dwellings constructed, renovated or purchased towards the end of the year may not be occupied by 31 March.

Data for total vacancies (available and unavailable) are given for self contained units from 1991 onwards. For hostel bedspaces, data were collected for *occupied* and available until 1994, so total vacancies are examined from 1994 onwards.

At the regional level, totals are given for self contained units only, both for units that are vacant and available to let and vacant but not available to let.

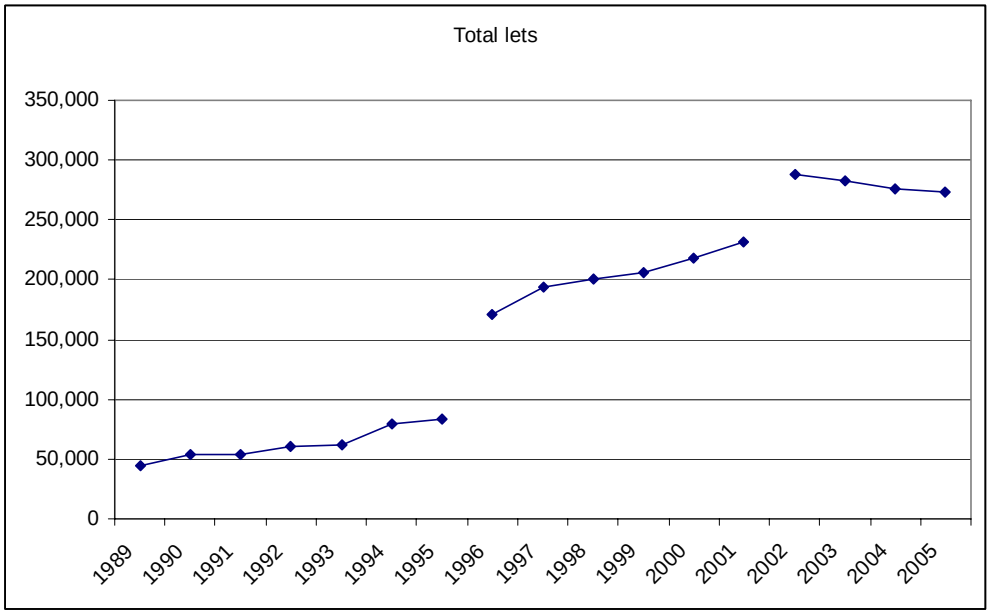
Changes in definitions over the time period
Changes in definitions of ownership brought in for the 2002 RSR and further changes in the definition of supported housing and housing for the elderly in 2005 also affect these tables. For details of these changes, see the Technical Notes for the RSR datasets for 2002 and 2005, available from the Dataspring website, www.dataspring.org.uk.

Therefore tables are presented separately for 1989-2001 and 2002-2005 and where appropriate results for 2005 are not compared directly with previous years.

Findings

A. Lettings

Figure 1: Total numbers of lets, 1989-2005 (ALL)



1989-1995: total self-contained lettings (general needs and supported)
1996-2001: total self-contained lettings + total hostel/shared housing lettings (both general needs and supported)
2002-2005: total lettings, units and bedspaces (general needs and supported)

Between 1989 and 1995 only the number of lets in self-contained units was recorded in the RSR. Figure 1 illustrates a steady increase in the number of lets (both new lets and relets) recorded each year up to 1995. From 1996 onwards the number of hostel bedspace lets is also recorded. Again, the yearly number of lets increased between 1996 and 2001. Since 2002 the number of lets has fallen each year, to 273,400 in 2005.

Tables 2a and b: Lets by region, 1989-2001, and 2002-2005 (ENG)
Table 2a refers to both new lets and relets in self-contained dwellings (general needs and supported) in England only.

Table 2b refers to both new lets and relets in self-contained dwellings and bedspaces (general needs only). Note that data for 2005 is affected by the changes in definitions of supported housing and housing for older people that means some of these properties may have been re-categorised as general needs housing in 2005.

In 1989 London[2] had the highest number of lets (7,719, or 18% of all lettings in England) and the South West had fewest (2,503, or 6%). The LSVT programme also had a significant impact in the South West, which increased its share of all lets from 6% in 1989 to 9% by 2001.Yorkshire and the Humber, by contrast, saw its share of all lets fall from 10% to 8%.

London and the South East continue to dominate in 2005, accounting for 30% of all lettings.

Tables 3a and b: Location Quotients for lettings in England, 1989-01 and 2002-2005
It may be assumed that the distribution of lettings will reflect the distribution of stock between the regions. But demand for housing and the ability to meet this will have an impact on this assumption. Differences in the amount of stock and numbers of lettings between areas can be standardised using Location Quotients (LQs)[3]. For example, those regions with a higher percentage of all lettings than their percentage of all stock will have an LQ higher than 1, reflecting their higher than average lettings activity.

In 1989 Yorkshire and the Humber and the East Midlands had higher than expected lettings for the amount of stock owned, while London's share was particularly low at 0.68. London's LQ remained the lowest in 2002 (0.73) while Yorkshire and the Humber remained relatively high at 1.35.

Yet by 2005 Yorkshire and the Humber had significantly decreased its LQ for lettings from 1.35 in 2002 to 0.98 while London came nearer the national level with an LQ of 0.86. Overall there are now smaller differences in levels of letting between the regions although the East Midlands still has a high LQ of 1.52

Tables 4a and b: Lettings and lettings rates by RSL type, 1989-2001 and 2002-2005 (ENG)
Overall lettings rates rose from 11% in 1989 to 16% in the mid 1990s before falling again. The letting rate for 2005 is also 11%.

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[2] All references to London refer to the Housing Corporation investment region
[3] These are calculated by dividing the regional percentage of all (national) lets by the regional percentage of all (national) stock.
A location quotient greater than one indicates a RSL has more than its share of the number of units in a district and a value of less than one indicates a lesser share.

No lets were recorded in the RSR for Abbeyfield RSLs before 1996 or for Almshouses before 1992. The rise in stock numbers in the LSVT RSLs is reflected in the increase in number of lets each year for each LSVT RSL type. For example, LSVT stock accounted for 36% of all lets in 2005. MF RSLs have also seen an upward trend in the number of lets made each year, but there was a particularly noticeable increase in the number of lets made by BME RSLs, from just 500 in 1989 to 2,400 in 2001.

Table 4b cannot be interpreted as a time series because the 2005 data is affected by the change in definitions of general needs and supported housing and housing for older people.

Tables 5a and b: Lettings and lettings rates by RSL size, 1989-2001 and 2002-2005 (ENG)

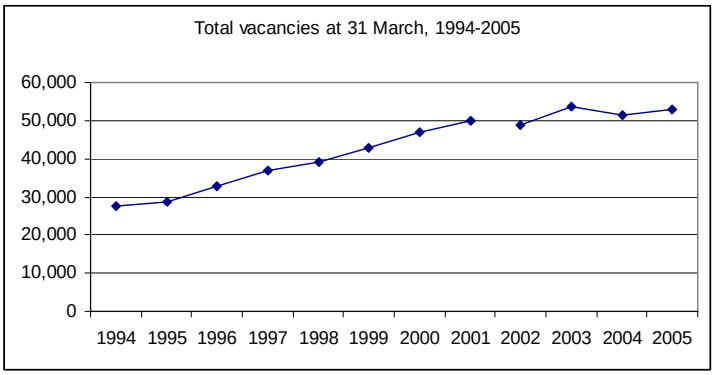
The data show that letting rates tended to be lower for RSLs in the smaller size bands in the early years, whereas the picture is reversed in 2005. In particular, letting rates for RSLs in the 101-250 size band were running at 22% in 2005 while the rate for RSLs in the very large size band was 10%.

Tables 6a and b: New lets and re lets, 1989-2001 and 2002-2005 (ALL)
In 1989 the proportion of all lets that were new lets was 22% and this rose to 40% in the mid 1990s. By 2005, however, this had fallen back to just 10%. BME rates were particularly high in 1994 (70%) and remain high in relation to other RSL types in 2005 (20%).LSVT PART RSLs, which took on poor stock from LAs for renovation, had a particularly high rate in their first year (84%), reflecting their task of renovation of properties for letting.

B. Vacancies

Table 7 and Figure 2: The overall number of vacancies (ALL)
Data for total vacancies - vacant and available to let plus vacant and not available to let – exist only for self contained rental stock from 1991 and for bedspaces and self-contained stock from 1994.

Figure 2



Linked to the rise in the overall stock and lettings numbers is the rise in vacancies over the period. Vacancies (in self contained rental stock and bedspaces) increased from 27,500 on March 31 1994 to 49,900 on March 31 2001. On 31 March 2005 there were 52,800 vacancies in social rented stock.

Tables 8a and b: Vacancies by region (ENG), 1989-01 and 2002-2005
Regional data refer only to vacancies in self contained rental stock. From 2002 numbers are for self-contained units and bedspaces.

The regional breakdown of vacancies shows that London accounted for 44% of all vacancies on March 31 1990, by far the largest regional proportion. The nest largest proportion was in the North West (12%). By 2001 London's share had decreased to 23% while the share for the North West had increased to 21%. In 2005 the picture is more balanced, but the South West, East of England and East Midlands stand out, with each accounting for just 4% of vacancies.

Tables 9a and b: Location Quotients for vacancies in England, 1989-01 and 2002-2005
As with the lettings data, location quotients have been calculated to show how regions perform in relation to each other.

While London's performance for vacancies has improved since 1990, Merseyside, the North East and the North West now have significantly more vacancies in relation to stock levels than the country as a whole. In 2001 these regions had LQs of 1.71, 1.27 and 1.67 respectively. In 2005 the values were 1.56, 1.51 and 1.47. This is a reflection of the low demand and, in some cases, relatively poor quality stock in these areas.

The quality of the stock is particularly highlighted in the breakdown of the LQs for stock that is vacant and unavailable. In 2001 the LQ value for this type of vacancy was particularly high in Merseyside, at 2.12. The figures suggest a slight improvement by 2005 when the value was 1.85. The North East and North West also have high LQ values for vacant and unavailable stock, at 1.72 and 1.48 respectively in 2005. By contrast, the East of England, the South East and South West have very low values; 0.37, 0.41 and 0.40 respectively for 2005.

Table 10 a and b: Vacancies and vacancy rates[4] by RSL type, 1990-2001 and 2002-2005 (ENG)
Given the rise in stock numbers it is not unusual to see rises in vacancies since 1990. At 31 March 2005 almost all vacancies occurred in stock owned by LSVT RSLs and MF RSLs. LSVT RSL vacancies were slightly higher than in MF RSLs, (17,500 and 16,700 respectively).

Overall, vacancy rates remain around the 2-3% level but this tends to be higher in almshouse and Abbeyfield RSLs, which both had vacancy rates of 7% in 2005. When LSVT PART RSLs were categorised separately, their vacancy rates tended to be higher, again reflecting the nature of the stock involved in this particular type of stock transfer.

Table 11a and b: Vacancies and vacancy rates by RSL size, 1990-2001 and 2002-2005 (ENG)

Vacancy rates between RSLs in different size bands are much less varied than between RSL types, especially in 2005 when the data reflects the changes in categorisation of stock. Between 2002 and 2004 vacancy rates were running higher, at 5%, for RSLs in the smallest size band (1-50 units), but in 2005 they were back in line with all other size bands.

[4] The number of vacancies as a percentage of the total rental stock

Tables 12a and b: Vacant and not available stock as a percentage of all vacancies, by RSL type and size, 1990-2001 and 2002-2005 (ENG)

Vacancies are subdivided into those available to let and those unavailable to let. Unavailability may be due to the need for units to be repaired or renovated, or they may be awaiting demolition or sale. Some units are also held vacant for decanting.

Although only around 3% of all stock is vacant at one time, over half of these vacancies may be unavailable to let for the reasons above. Overall this situation has improved – in 1989 the percentage of vacancies that were unavailable to let was 64%. In 2002 this decreased to 50% but has risen to 56% by 2005.

Almshouses and Abbeyfield RSLs have consistently lower levels of unavailable vacancies and BME RSLs also have lower percentages than the level for all RSLs. LSVT RSLs, again because of the nature of the stock involved in partial transfers tend to have higher levels (61% in 2005. The LSVT PART RSLs have the highest levels, for example 77% in 2000 and 2001 and 65% in 2003, the last year for which this category was identified.

Summary

Two factors appear to be driving the lettings and vacancies over the period between 1989 and 2005. The first is the impact of the LSVT programme, not only on the overall increase in stock numbers but also in the regional distribution of stock in the RSL sector and the differences in lettings and vacancy rates between the regions. The second is the regional divide between levels of demand and quality of stock. Southern regions tend to have higher levels of activity in terms of stock increases and turnover than in the north. This in turn suggests regional differences not only in the quantity of stock but also the quality of stock available to tenants.