

Almshouse charities

Almshouse charities have been active in providing social housing, mostly for older people, for centuries. In 2004 approximately a quarter of almshouse charities were registered with the Housing Corporation as social landlords (RSLs) and, although they owned less than one percent of all RSL stock, they owned 2.8% of the sheltered housing. This Sector Study provides background information and descriptive data about the almshouse charities registered with the Housing Corporation. Additional information can be found in Sector Study 16b Profile of housing association groups: almshouse charities¹.

Key findings

- At 31 March 2004, 416 almshouse charities were registered with the Housing Corporation, which represents approximately a quarter of all almshouse charities.
- The number of almshouse charities registered with the Corporation has fallen from 609 in 1996, as the Corporation's aim to reduce the regulatory burden for smaller housing providers has allowed many almshouse charities to deregister, provided they meet the necessary criteria.
- The majority of almshouse charities are small (two-thirds own 20 units or fewer) and 97% own stock within a single district. However, the five largest own 29% of all almshouse charity stock.
- The majority (89%) of stock owned is general needs housing. Supported housing forms only a small proportion (10%), of which 58% is owned by the five large (>250 units) almshouse charities. The remaining 1% of all stock is non-social housing.
- Almshouse charities focus on managing their own properties and catering for the needs of their residents, who are mainly older, retired people. Just over half (54%) of the almshouses provide sheltered accommodation and it is unusual for almshouse charities to own non-social housing or to manage stock on behalf of other organisations.

- The average weekly maintenance contributions range from zero to £146.38, with an average of £53.26.
- There is regional variation in the pattern of weekly maintenance contributions but to a lesser extent than that observed in housing association rents. London, the South East and the South West have the highest regional averages, all above the national average. However, there is not such a clear north-south divide as that observed in the distribution of rents for RSLs as a whole - the regional average for Yorkshire and the Humber is above the national average, whereas, the average for the East of England is below it. There is also considerable overlap in the spread of weekly maintenance contributions between regions.
- The regional average weekly maintenance contributions for almshouse charities are generally lower than the regional average target rents for all RSLs.

Background ²

Almshouse charities have existed in the UK for over 1,000 years. They are dwellings provided by a benefactor in perpetuity for people in need, and administered by a body of voluntary Trustees. Most almshouse charities have been endowed for older people living in a specified geographical area or connected with a particular trade. Many offer sheltered accommodation with a resident warden and an emergency call system in each unit. In some almshouse charities additional support facilities are available for residents (e.g., provision of mid-day meals, special baths) and a small number provide residential and/or nursing care.

The residents of almshouses are not tenants: they do not have a legal interest in the accommodation in which they live, but occupy as beneficiaries of the charity. The Trustees of each almshouse charity formally appoint residents, in accordance with the trusts of the charity. Residents therefore do not pay rent, but they are expected in almost all cases to make a weekly payment towards the cost of maintaining the almshouses (weekly maintenance contribution) as well as paying for any additional

²Background information is drawn from Standards of almshouse management: a good practice guide, The Almshouse Association, 2003.

support and services (e.g. heating and lighting) provided by the charity. The weekly maintenance contribution is set at a level sufficient to cover the charity's outgoings not met from any other source, for example, endowments. A small surplus is permissible to meet future expenditure, including maintenance and a longer cycle of improvement to properties to avoid depreciation.

At 31 March 2004, 416 almshouse charities were registered with the Housing Corporation (HC)³, which represents 24% of all almshouse charities that are members of the Almshouse Association.

There are several reasons why an almshouse charity would wish to register with the HC – to apply for funding for the development of new homes, or for major repairs and improvement; to establish the necessary credibility and status to borrow money from private lenders; and, to ensure that residents receive the standard of service described in the HC's Regulatory Code and Guidance. However, some smaller almshouse charities can find the regulatory demands of the HC to be onerous and since October 1996 even those that have been in receipt of a grant have been able to apply for voluntary deregistration, providing that

they fulfil necessary criteria. In keeping with the HC's aim to reduce the regulatory burden for smaller housing providers, in March 2002 further revisions to the criteria were made, allowing further numbers of small RSLs to deregister. These changes in regulation have led to a decline in the number of almshouse charities registered with the HC. In March 1996, 609 were registered; by March 2001 the number had fallen to 471 (representing about 35% of the almshouse charities that were members of the Almshouse Association), with a further reduction to 416 by March 2004. On the other hand, membership of the Almshouse Association has remained stable over the last ten years, at just over 1,700, so the fall in numbers of almshouse charities registered with the HC is mainly due to the changes in regulation and not to a decline in the sector.

Content of this Sector Study

Every year all social landlords (RSLs) registered with the Housing Corporation complete the Regulatory and Statistical Return (RSR), an annual census of the sector as at 31 March. There are two versions of the RSR: in general RSLs that own or manage more than 250 homes complete the 'long' version and

³Fifteen of these were not members of the Almshouse Association.

smaller RSLs complete the 'short', less detailed version. This Sector Study uses data reported by 383⁴ almshouse charities in the 2004 RSR. It should be noted, however that the data reported for these 383 almshouse charities is not necessarily representative of all the almshouse charities that are members of the Almshouse Association.

This Sector Study covers the following areas:

- Size of almshouse charities and type of stock owned and managed
- Geographical distribution of stock
- Level and range of weekly maintenance contributions
- Almshouse charities and the rent restructuring regime

Additional information can be found in Sector Study 16b Profile of housing association groups: almshouse charities, which,

using data from the 2000/2001 RSR, reports on geographical location, quantity and type of stock; vacancy rates, weekly maintenance contributions, black and ethnic minority needs, and service delivery. It also compares these data with data for all RSLs.

Size of almshouse charities and type of stock owned and managed

The majority of almshouse charities do not own large quantities of stock: two-thirds own 20 units or fewer. The total stock owned by individual almshouse charities⁵ ranges from two units to 1,497 units, with a mean average of 34.6 units and a median of 12 units. The five largest almshouse charities own 29% of all stock (see Table 1). In total, almshouse charities registered with the HC own 13,256 units, which represents 0.7% of the total stock owned by all RSLs (as at 31 March 2004).

Table 1 Ownership of total housing stock by size of almshouse charity

Size category (total units owned)	Almshouse charities		Total units owned	Percentage of total units owned
	No.	%	%	%
20 or fewer	254	66.3	2,231	16.8
21-50	75	19.6	2,426	18.3
51-250	49	12.8	4,757	35.9
More than 250	5	1.3	3,842	29.0
Total	383	100.0	13,256	100.0

⁴ In 2004 five almshouse charities completed the long RSR and 380, the short RSR. Thirty-one almshouse charities did not make a return. Two almshouse charities made a return but did not own any stock.

⁵ Total stock in ownership is defined as total general needs housing plus total supported housing plus total non-social housing.

Table 2 Type of stock by size of almshouse charity

Size category (total units owned)	Total units owned No.	Total general needs units owned %	Total supported units owned %	Total non - social units owned %	Total sheltered units owned %
20 or fewer	2,231	99.7	0.0	0.3	42.7
21-50	2,426	94.9	5.1	0.0	73.3
51-250	4,757	88.2	9.3	2.5	78.0
> 250	3,842	79.7	20.2	0.1	20.0
Total	13,256	88.9	10.1	1.0	54.4

Note: Columns 3-5 sum to 100%.

The majority (88.9%) of stock is general needs housing (see Table 2). Supported housing forms a relatively small proportion (10.1%) and 58% of it is owned by the five largest almshouse charities. The smaller (< 20 units) almshouse charities do not own any supported housing. Only thirteen almshouse charities reported that they owned non-social housing. This type of stock forms only a very small proportion (1.0%) of the total and such units are likely to be investment properties.

Almshouse charities specialise in their activities – they tend to manage their own properties and cater for the needs of their residents, who are mainly older, retired people. Over half (54.4%) of all stock owned is sheltered (see Table 2). This forms a relatively large share (2.8%) of all sheltered housing in the RSL sector, in comparison

to the share of total stock owned by almshouse charities of 0.7%. Only six almshouse charities manage general needs stock on behalf of others⁶ (140 units in total managed) and none manage supported stock on behalf of others. The majority 85.3% of almshouse charities directly manage their own stock, although a higher proportion of supported housing units are managed by another organisation (41.1%) compared to general needs housing units (11.7%).

⁶ RSLs, local authorities and other organisations.

Geographical distribution of stock

The large majority of almshouse charities (97%) operate within a single district and only three (<1%) operate across more than one region. The almshouse charities that operate within a single district⁷ tend to be smaller, owning, on average, 27 units (see Table 3) compared to the average number owned by those operating in more than one district (68 units) or more than one region (59 units).

Map 1 shows the regional distribution of almshouse charity stock. Almshouse charities registered with the HC own stock in 216 of the 354 districts in England and across all ten

of the HC investment regions⁸. The North East region has the largest share of stock (15.6%) and is dominated by a single almshouse charity, Durham Aged Mineworkers' Homes Association, which owns 73% of the region's stock across nine districts. In a further two regions a large proportion of the stock is owned by a single almshouse charity – in Yorkshire and the Humber Pickering and Ferens Homes owns 68% (all located within Kingston upon Hull UA) and in the North West (including Merseyside) Booths Charity own 53% (all located within Salford). Across the other seven regions there is a more even distribution of ownership with no single almshouse charity having more than a 16% share⁹.

Table 3 Geographical distribution of stock owned

Geographical distribution of stock	Number of almshouse charities within category No.	Percentage almshouse charities within category %	Average units owned No.	Percentage stock owned %
Within single district	370	96.6%	27	76.5%
Across more than one district, within a single region	10	2.6%	68	16.9%
Across two or more regions	3	0.8%	59	6.6%
Total	383	100.0%	35	100.0%

⁷ The term 'district' will be used throughout to denote local authority area (local authority, unitary authority and London borough).

⁸ In addition, one almshouse charity owns 155 units in Scotland and another owns 7 units in Wales.

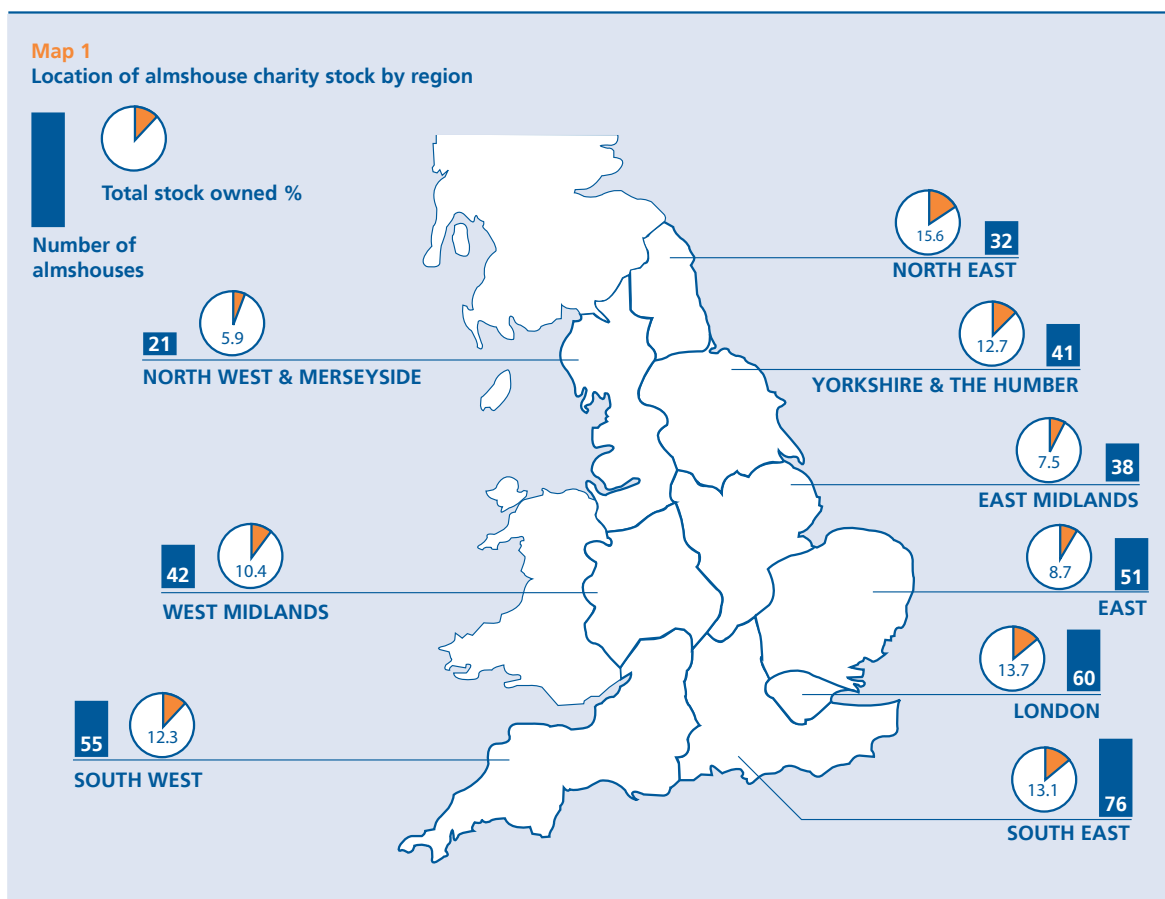


Table 4 Distribution of almshouse charities and their stock by region

HC region	Number of almshouse charities operating within each region		Total stock owned	
	No.	%	No.	%
London	60	14.4	1793	13.7
South East	76	18.3	1717	13.1
South West	55	13.2	1617	12.3
East Midlands	38	9.1	983	7.5
East of England	51	12.3	1145	8.7
West Midlands	42	10.1	1357	10.4
Yorkshire & the Humber	41	9.9	1668	12.7
North East	32	7.7	2040	15.6
North West & Merseyside	21	5.0	774	5.9
England	416	100.0	13,094	100.0

⁹The Railway Housing Association and Benefit Fund is excluded from this analysis since it is not an almshouse charity, although it is included in Sector Study 16b Profile of housing association groups: almshouse charities.

Weekly maintenance contribution £47.22. Averages reported by individual almshouse charities range from zero to £146.38, with two almshouse charities not making any charges (see Table 4). The three largest almshouse charities reported a relatively narrow range of average weekly maintenance contributions in comparison to the smaller almshouse charities (<51 units)¹⁰.

Average weekly maintenance contributions are reported for general needs housing only – data for supported housing were not collected in the 2004 RSR. The average weekly maintenance contribution is £53.26, although the average for the smaller almshouse charities (<20 units) is somewhat less at

Table 4 Weekly maintenance contributions (general needs housing) by size of almshouse charity

Size category (total units owned)	Almshouse charities No.	Minimum £	Maximum £	Average ^c £
20 or fewer	254 ^a	0.00	146.38	47.22
21-50	74	4.44	93.97	50.82
51-250	48	5.08	113.69	58.88
> 250	3	46.05	61.16	51.75
Total	379^b	0.00	146.38	53.26

Notes

- a. Two almshouse charities did not make any charges.
- b. Excludes four almshouse charities that did not own general needs stock.
- c. The average weekly maintenance contribution is weighted by general needs stock.

¹⁰ It is possible that some smaller almshouse charities made errors in reporting their average WMC, for example, giving a monthly rather than weekly sum, and this would offer some explanation for the wider ranges.

Table 5 gives a regional breakdown of average weekly maintenance contributions . Most of the regions in the south - London, the South East and the South West - have high averages, all above the national average of £52.13; they also have the highest maximum values. The exceptions to this pattern are Yorkshire and the Humber with an average weekly maintenance contribution

of £56.10 (above the national average) and the East of England, which has a relatively low average (£47.37). Nevertheless, looking at the range of weekly maintenance contributions for each region, there is a considerable overlap between the regions and there is not such a clear north-south divide as that observed in the distribution of rents for RSLs as a whole.

Table 5 Regional average weekly maintenance contribution (WMC)

HC investment region	Regional average ^a WMC	Min WMC within region	Max WMC within region	Total general needs units
	£	£	£	
London	56.75	5.08	97.00	1,429
South East	57.21	4.44	103.21	1,387
South West	60.46	0.00	146.38	1,499
East Midlands	42.07	13.50	61.00	699
East of England	47.37	5.99	90.61	842
West Midlands	52.77	14.00	80.00	909
Yorkshire & the Humber	56.10	14.38	95.92	1,667
North East	44.69	21.25	83.30	1,830
North West	40.99	0.00	61.80	728
Merseyside	25.00	25.00	25.00	6
England total	£52.13	£0.0	£146.38	10,946

a. The average weekly maintenance contribution is weighted by general needs stock.

Almshouse charities and the rent restructuring regime

As previously noted, residents of almshouses do not pay rent, but rather they pay a weekly maintenance contribution, which is a weekly payment towards the cost of maintaining the almshouses. For the purposes of the following discussion however, the weekly maintenance charge is considered in the same way as if it were rent.

From 1 April 2002 most RSLs have been required to calculate a target rent for each of their properties and to adjust the actual net rent to meet the target rent in real terms over a ten-year period. At the end of the ten-year restructuring period rents on individual properties should normally be within a band of five percent either side of the target rent. Target rents are calculated according to a formula that bases rents on regional earnings and relative property values (with a 70/30 split between earnings and property values) together with a bed-size weighting factor so that, other things being equal, such as quality and desirability of location, smaller properties have lower rents. In addition there is a guideline that limits rent increases in any one year, both for rents in general and for individual properties. (See Guide

to Social Rent Reforms, DETR, 2001).

The policy applies to almshouse charities registered with the HC. However, the HC will not force charities to increase weekly maintenance contributions: almshouse charities are therefore able to continue to charge only the amount needed to cover planned expenditure. Should Trustees wish to secure an allocation of Social Housing Grant, the HC, in allocating capital funds for repairs or new provision of housing, will take account of what steps charities have taken to comply with rent restructuring principles. Specifically, if actual weekly maintenance contributions were higher than target, the Trustees would need to demonstrate that the charity was moving towards achieving target weekly maintenance contributions.

Table 6 compares the regional average weekly maintenance contribution with the average target net rent for two bedroom properties in each region. The average regional target rents shown are calculated from data for all RSLs that reported their target rents in the long form of the RSR. It is not possible to calculate the regional average target rent for almshouse charities only, because all but the large (>250 units) almshouse

charities completed the short form of the RSR, which does not require details of target rents. It should be noted that the target rent is set in relation to net rents (i.e., exclusive of service charges) whereas the weekly maintenance contribution includes service charges.

Despite the inclusion of service charges the regional average weekly maintenance contribution

is significantly lower than the regional average target rent for most of the regions. The exceptions are the South West and Yorkshire and the Humber where the weekly maintenance contribution is only slightly above target (by 2% and 6% respectively). The broad pattern suggests that actual weekly maintenance contributions are unlikely to be higher than target across all regions

Table 6 Regional average weekly maintenance contribution (WMC) and target rent

Region	Average WMC ^a £	Region's target rent for two-bedroom properties for all RSLs £	Difference ^b
London	56.75	81.63	44%
South East	57.21	68.90	20%
South West	60.46	59.06	-2%
East Midlands	42.07	54.48	29%
East of England	47.37	63.73	35%
West Midlands	52.77	55.74	6%
Yorkshire & the Humber	56.1	52.76	-6%
North East	44.69	52.42	17%
North West	40.99	52.62	28%
Merseyside	25	54.01	116%
England	£52.13	62.10	19%

Notes

- a. The average weekly maintenance contribution is weighted by general needs stock.
- b. The difference is calculated by subtracting average WMC from average target rent and is expressed as percentage of average WMC.

Summary

The vast majority of almshouse charities are small. With the exception of the five largest, each charity owns 250 or fewer almshouses and more than two-thirds own fewer than 20 almshouses. Nevertheless, the data reported for 383 almshouse charities indicate their relative importance in providing housing, especially sheltered accommodation, in the social sector and across all regions.

There is less regional variation in the levels of weekly maintenance contributions, in comparison to the regional variation in rents in the social housing sector as a whole. Their endowments allow many almshouse charities to subsidise housing to a greater extent than is possible for housing associations. Thus weekly maintenance contributions are less sensitive to the effects of regional variations in housing costs and also tend to be lower

than average target rents for the RSL sector as a whole.

Sector Studies

This Sector Study was written by Wendy Solomou of Dataspring, Cambridge Centre for Housing and Planning Research, Department of Land Economy, University of Cambridge.

Further information on the Sector Studies can be obtained from Siobhan McHugh, Sector Analyst, Regulation Division, on 020 7393 2024 or email siobhan.mchugh@housingcorp.gsx.gov.uk