

Dataspring Discussion Paper 5

Adapt and Survive: Housing associations' response to changes in housing policy and culture at the beginning of the new century

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The views expressed in this discussion paper are those of the author and do not necessarily reflect those of Cambridge Housing and Planning Research or the Housing Corporation on whose behalf this report is written and compiled.

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Executive Summary

Introduction and background

- This study examines recent changes in the housing association (HA) sector, using data from the Regulatory Statistical Returns 2001 and CORE 2000/01, available through the Dataspring database, and interprets these changes in the light of changing emphases in government housing policy.
- The specific focus is on changes in the distribution of HAs across England and the emergence of particular cohorts within the sector, notably the new HAs set up to receive units transferred under the Large Scale Voluntary Transfer (LSVT) programme, the Black and Minority Ethnic (BME) HAs and the move towards the provision of housing for shared ownership.
- A short historic outline of the sector is given to form a background to the analysis.

The distribution of general needs housing associations at the district level

- HAs now make a significant contribution to the social housing sector. On average nearly a third of all social housing is now in the HA sector.
- The size and geographical range of HAs today is very varied and current policy pressures continue to affect HA decisions about stock levels and location. This has affected the size profile of the sector and resulted in the rise of a new form of HA, the large scale voluntary transfer (LSVT) HA with all units in one local area.
- Analysing the district level concentration of HAs and their units in a nationally comparable way can give local authorities and HAs an overview of stock distribution within a district and between districts.
- A nationally comparable measure of distribution can be used to track any changes in stock and HA distribution resulting from policy effects such as the LSVT programme and the new rent regulation regime.

Large scale voluntary transfer associations

- The LSVT process has an inevitable impact on the structure of the sector as a whole, increasing the proportion of large HAs.
- While these new LSVT HAs initially have all their stock in one district, some now own stock in other, usually neighbouring, districts.
- Stock transfer initially found favour in districts with low levels of housing debt and relatively sound stock but policy changes have encouraged more metropolitan areas to participate. As a result more partial transfers, often of the local authority's poorer stock, have taken place in recent years.
- The transfer process has been subject to varying degrees of popularity among tenants, and is now increasingly likely to be linked to wider neighbourhood regeneration schemes.
- The analysis suggests that the stock profile and tenant profile of new-let tenants in LSVT HAs differ from those of similar sized mixed funded HAs. The data suggest older, larger and better-off households tending to be housed in the new LSVT HAs, despite local authority housing itself often being seen as a 'sector of last resort'.

Shared ownership housing

- Shared ownership was introduced in the early 1980s as part of the low cost home ownership portfolio, acknowledging the popularity of home ownership.
- Shared ownership also forms part of the response to policy concerns about regeneration, sustainable communities and tenure diversification.
- More recently it has formed one of a range of measures that can help in finding affordable homes for key workers, especially in London, the South East and inner city areas in other metropolitan areas.
- Several versions exist, including conventional, Do It Yourself, Homebuy, self build and leasehold schemes for the elderly.
- It has been difficult to market and only successful in certain circumstances and market conditions.
- Opinion is divided between seeing it as one way to satisfy increasing demand for home ownership in areas with high house prices, while others think such initiatives could further fuel house price inflation in already overheated markets.

Summary

- The housing association sector enters the new century with a substantial role to play in meeting the nations housing needs. Current expansion in terms of numbers of units, new forms of association and the rise of groups structures and the diversification in the provision of affordable housing has seen the sector take centre stage in terms of provision.
- One of its strong points in the past has been its adaptability and it is currently involved in a variety of policy concern such as regeneration, housing key workers and rent restructuring.
- Many challenges lie ahead. These include rationalisation to resolve concentration problems and modulate the effects of rent restructuring, together with stock swaps and the setting up of group to facilitate efficient and specialised management of housing for a wide variety of tenant groups and needs.
- New activities beyond the straightforward provision of housing are being incorporated alongside HAs core activities.
- The sector now important enough to compete with private developers to provide homes for those workers considered essential for the economic strength of the area.
- But some changes come at the expense of their traditional independence. It is to be hoped that any curbing of their traditional independence will not limit their adaptability to future challenges.

Chapter 1: Introduction and background

At the beginning of the new century Housing Associations (HAs) have found a mature role and appear to be well on the way to becoming the main providers of social housing. They have fledged from their modest beginnings as almshouses and other forms of charitable housing, experienced a burst of adolescent ‘innovation, experimentation and growing diversity’ (Malpass 2000:48) at the turn of the last century and survived the turbulence of the changing sectoral supremacy between private renting, local authority provision and owner occupation. The pace of change has quickened during the last half of the century, driven by changing economic circumstances and political goals, but nevertheless the sector as a whole still retains its key characteristic as a diverse and flexible provider of housing for those in need, although some of the traditional independence has been eroded as the sector becomes drawn towards the centre of social housing provision in England.

The growth in size and importance of the HA sector in recent years is in part a reflection of how it has been drawn into and influenced by government housing policy. The aim of this study is to examine recent changes in the HA sector and interpret these in the light of changing emphases in government housing policy. The specific focus is on changes in the distribution of HAs across England and the emergence of particular cohorts within the sector, notably the new HAs set up to receive units transferred under the Large Scale Voluntary Transfer (LSVT) programme, the Black and Minority Ethnic (BME) HAs and the small shift towards the provision of housing for shared ownership. This is based on data from the Dataspring database, run by CCHPR, which includes data from the Regulatory Statistical Return that each HA registered with the Housing Corporation is obliged to fill in each year.

This is approached as follows:

- This chapter looks briefly at the sector's history and the effects of important policy changes in the last twenty five years, before giving an overview of the sector today in terms of the numbers and distribution of HAs and their stock and referring to the diversification that is occurring within the sector.
- Chapter Two examines the distribution of HA general needs housing at the local authority district level, using data on the numbers of self-contained general needs units owned by HAs, which account for the largest proportion of dwellings under HA control.
- As HAs increased in importance as providers of general need social housing, the impact of government housing policy affecting the other housing sectors becomes more relevant, and two aspects of this are examined more closely. Chapter Three looks at the impact of changes in the provision of local authority housing, in particular the large scale voluntary transfer which led to the emergence of a new kind of HA, the large or very large HA set up specifically to receive a districts full or partial allocation of local authority housing. This clearly has an impact on the nature of the sector as a whole.
- Following this, Chapter Four deals with one aspect of recent HA diversification, into the provision of shared housing. This is an important departure for HAs and represents a response, not to internal pressures for diversification, but to policy

pressures from a government which is keen to promote owner occupation to encourage social stability, diversification, choice and a decent, affordable home for everyone.

- Finally, Chapter Five attempts to summarise the changes in the light of policy shifts over the last two decades.

Background and historical context¹

Traditionally, housing associations are small, independent and diverse institutions serving those not adequately housed by either the market or local authority social housing. Many of today's associations were formed in the last half of the nineteenth century when the pressures of the Industrial Revolution raised concerns about the consequent increase in overcrowding and slum housing conditions amongst the rapidly expanding urban populations. This led to a variety of innovative approaches aimed at alleviating these conditions including the concepts of model dwellings, model villages, co-partnership societies and the garden city movement. However, their very diversity and lack of critical mass meant they were unsuited to the quick production of large volumes of new housing that was necessary after the two World Wars this task fell to the local authorities.

After the Second World War Housing Associations became more focused on two specific strands of housing provision. These were provision for the elderly with low incomes and the provision of homes for workers who had to live within reach of their employment but who were ineligible for council housing. Two examples of the latter type are the Coal Industry Housing Association and Airways Housing Society, set up to house employees of BOAC in west London.

By the 1960s the vast majority of housing provision was through local authority renting and owner occupation. Malpass (2000) argues that 1968, coming at the end of the long post-war boom, recurrent economic crises and the devaluation of sterling the previous year, was a major turning point for British housing policy, ending the era of high output policies pursued since the end of World War Two. At that point Housing Associations received Government recognition as the potential 'third arm', with a significant part to play in meeting housing need and tackling inner city decay.

The Housing Acts of 1974 and 1988 represent two major structural turning points affecting Housing Associations. In the early 1970s the house building cycle was at a low point and housing waiting lists were growing markedly. The two White Papers published in 1973, *'Widening the Choice: The Next Steps in Housing'* and *'Better Homes: The Next Priorities'*, emphasised the need for government to support housing associations, foreseeing an enhanced role for them in the new Housing Action Areas. By acquiring, improving and managing stock it was hoped that they could improve the supply of rented accommodation in areas where there was little private provision. The 1974 Act grew out of the Conservative government's recognition of this need and ushered in a relatively risk free period of expansion for HAs. A new system of loans and grants was established and only HAs registered with the Corporation were eligible for loans from public funds, the main part of which was the Housing Association Grant (HAG), a one-off capital grant that was more generous than in the preceding system. A new system of fair rents was also introduced, whereby, rent

¹ For a detailed account of the history of Housing Associations, see Malpass, 2000

officers set rents at levels that were meant to be fair to both landlord and tenant. HAs therefore had neither the responsibility for setting rents nor the worry of repaying debts through rents. These changes allowed the HAs to expand in a comfortable financial environment. HA activity increased rapidly, guided by Circular 170/74 which emphasised their role in relieving housing stress, providing homes for those with special needs, maintaining the stock of rented homes in areas of shortage, acquiring homes from failing landlords and providing homes for key workers (Balchin and Rhoden, 1998).

From the mid 1980s the Government was concerned about the growing difficulties facing Local Authorities in raising capital to deal with the mounting costs of repair and renovation to council stock. The 1986 Housing and Planning Act encouraged tenant-led initiatives to facilitate faster and better quality repair services as an alternative to the services offered by the local authorities. It can also be seen as an attempt by government to 'channel tenant activity into state-approved alternatives to council housing' (Cole and Furbey, 1994:159). But it was the 1988 Housing Act that launched HAs along the route of becoming the main providers of new social housing and taking over a significant proportion of then local authority stock, as local authorities change their role from providers to enablers. To enable HAs to expand their role without further increase in public spending, the financial framework also had to be changed. The Act made changes on both the capital and revenue side (Malpass and Aughton, 1999). Subsidy levels were reduced and HAs were required to accept a greater share of the risk in their development. Before, the Government had taken back any surplus grant at the end of a project so there was no incentive for HAs to build a liquid asset base or develop financial expertise to manage such assets. Now HAs had to develop financial skills and knowledge of private funding as they were expected to approach private lending institutions for part of their capital costs. Furthermore, the financial institutions had to learn about the HAs and assess the level of risk involved in lending to them (Pryke and Whitehead, 1993).

Using private finance enabled the available public funds to cover a greater number of new buildings but also exposed the HAs to an increased level of risk. The introduction of private finance also implied higher rents as the costs of servicing private loans would be higher than Government loans. Fair rents were to be phased out and HAs had a growing responsibility for setting rents at levels that would cover costs, yet also remain affordable. Low income tenants were compensated for rent increases by Housing Benefit. Thus there was a conscious shift from general housing subsidy to income related assistance (Malpass and Aughton, 1999).

The 1988 Act went further by giving private landlords the opportunity to bid for council housing stock, subject to a tenant ballot. Housing Action Trusts (HATs) were set up in some areas to take over some of the poorer quality stock, improve it and then sell it on to new owners (which were not HAs), but this proved generally unpopular with tenants. Some LAs were also concerned about what appeared to be a private take-over of council housing stock. As an alternative they sought to set up new Housing Associations specifically to take over their stock. This led to the creation of what have become known as the large scale voluntary transfer (LSVT) HAs. Private finance has helped to reshape the sector by fuelling the growth of the stock transfers and by reinforcing the tendencies for the largest associations to grow faster than the rest (Cole and Furbey, 1994; Malpass, 1999).

Changes put forward in the 1989 Housing Act that made it increasingly difficult for LAs to raise capital for both building and repairs, together with further rent increases, meant it was increasingly likely that tenants would vote for a transfer.

Since the late 1980s housing policies have thus radically altered the housing sector as a whole through the reduction of state subsidies to local authority housing, the transfer and sale of local housing stock and the continuing promotion of owner occupation as the tenure of choice. These policies, aimed partly at reducing the extent and nature of local authority involvement in housing, also provided momentum for changes in the HA sector, although as the next decade progressed there were some fears that it was becoming too much a part of the public sector (Gibb *et al.*, 1999).

The sector today

Numbers and distribution

Housing Associations in England today are very diverse in character, size, and geographical dispersion. At 31 March 2001 just over 2,000 RSLs were registered with the Housing Corporation. They are found throughout all the local authority districts of England and between them they own over 1.25 million self-contained units and 100,000 bedspaces. The majority (81%) of HAs are small (with fewer than 250 self-contained units), but they own only 4% of the total stock of self contained units, while the large (2,501 to 10,000 units) and very large (over 10,000 units) HAs (8% of the total), own 79% of the self-contained stock (Table 1.1). Yet most of the large and very large associations have been formed in the last 40 years, and many of the largest are LSVT HAs that have only been in existence for less than a decade.

Table 1.1: Distribution of HA self-contained stock by size, March 31, 2001

Size category	Size of HA (self-contained units)	Number of HAs	%	Number of units owned (000s)	%	Average stock owned
SMALL	0*	240	12	0	0	-
	1-5	320	16	1	0	2
	6-25	501	25	6	0	13
	26-100	434	21	22	2	51
	101-250	139	7	21	2	151
MEDIUM	251-1,000	125	6	66	5	527
	1,001-2,500	107	5	177	13	1658
LARGE	2,501-10,000	153	7	728	52	4758
VERY LARGE	Over 10,000	23	1	370	27	16084
Total	Total	2043	100	1392	100	681

Source: RSR Part B 2001

Notes: (1) Figures do not always add to total due to rounding. (2) Total includes stock owned by English HAs outside England.

* denotes those only managing stock

The Housing Corporation lists ten different categories of registered social landlord². Almshouses and Abbeyfield Societies form the largest proportion of the organisations registered with the Housing Corporation (over 40%) but their stock numbers are very small. HAs with fewer than 25 self-contained units (which make up more than 50% of all HAs) account for only one percent of total HA stock. At the other end of the scale are the large national associations with thousands of dwellings spread throughout the

² Abbeyfield, Almshouse, Cooperative, Co-ownership, Hostel, Letting/hostel, Letting, Sale or lease, Stock transfer, YMCA/YWCA

country. The eight percent of HAs in the large (2,501 to 10,000 units) and very large (over 10,000 units) size groups own 78% of total HA stock of self-contained units.

Two factors in particular have influenced the balance of numbers in the size groups in recent years. While LSVT has increased the number of HAs in the largest size categories, there has also been a loss of some small almshouses from the Housing Corporation register after the Housing Act 1996 introduced voluntary de-registration for HAs with less than 50 units (Table 1.2).

Table 1.2: Changes in the size profile of general needs mixed funded and LSVT HAs, 1998 to 2001

Size band	MF				LSVT			
	1998 No. of HAs	2001 No. of HAs	Change	% Change	1998 No. of HAs	2001 No. of HAs	Change	% Change
1 to 5	359	283	-76	-21	-	-	-	-
6 to 25	479	447	-32	-7	-	-	-	-
26-100	375	391	16	4	-	-	-	-
101-250	115	126	11	10	-	2	2	-
251-1,000	113	117	4	4	-	8	8	-
1,001-2,500	94	84	-10	-11	13	23	10	77
2,501-10,000	51	67	16	31	45	86	41	91
Over 10,000	15	19	4	27	1	4	3	300
TOTAL	1601	1534	-67	-4	59	123	64	108

Source: RSR 2001 Part B

Districts in the southern half of the country tend to have more RSLs operating in them than in those in the north. In general terms the bigger the size of the mixed funded HA, the more districts it operates in. There is a significant positive correlation ($r^2 = 0.584$) between an HA's size and the number of districts in which it operates. Yet regional distribution patterns vary widely amongst the very large HAs. Some operate nationally, while others remain relatively concentrated in regions to the north or south of the country, while two operate solely within the London area.

The differences in HA size and distribution lead to a great variation in the proportion of the total HA stock in a district that is held each HA. For example, three RSLs (all based in Birmingham) each own less than 0.003% of the total RSL stock in that district while Chiltern Hundreds, the first LSVT HA, holds 95% of the RSL stock in the Chiltern district. Where a full stock transfer has taken place into only one new HA, as was the case with the vast majority of the early transfers, the new LSVT HA will almost inevitably dominate the district, often having as many as ten times more units than the next largest HA operating in the district. However, many of the more recent transfers have split the stock between two or more new HAs. For example, in Sunderland the stock was split between five new HAs, each with different stock profiles. The issue of stock concentration at the district level is explored further in Chapter Two.

In general terms, the larger HAs also own larger properties. Smaller HAs usually have a higher proportion of bedsits and one bedroom general needs properties, while medium and large HAs typically have a higher proportion of properties with two or more bedrooms. LSVT also has an effect here, with more three bed 'family' homes coming into the HA sector.

Diversification – new forms and new activities.

The arrival of LSVT HAs into the sector inevitably brings change. Many of the existing large associations with a high proportion of general needs housing have evolved through the development of stock over time, either in their original localities and regions or by gradually spreading throughout the country. Yet the main source of growth in the HA sector during the 1990s was through stock transfers. In the first decade of LSVT, over a quarter of a million homes had shifted from the local authority sector to housing associations. This has inevitably increased the numbers of HAs in the largest size groups, but whereas in the past these have been geographically dispersed, LSVT HAs are large HAs with all their stock located in one district (although the data show that some are now acquiring properties in other districts).

While full-transfer LSVT HAs are amongst some of the largest HAs, another important subset, the BME HAs that are managed by people from black and minority ethnic groups, are found mainly at the other end of the size spectrum. There are 57 general needs BME HAs (3.5 percent of the total number of HAs) in the 2001 dataset operating in only 99 districts (55% of which are in metropolitan areas), so 72% of local authority districts in England have no BME HAs. The maximum number operating in any one district is eleven, in Haringey. While most have units in only one or two districts, three (Refugee, Asra Greater London and Presentation) are more widely spread, operating in 31, 25 and 21 districts respectively.

An issue of concern in recent years has been the lack of ethnic diversity amongst LSVT HA tenants. However, LSVT HAs, especially the earlier ones that took place in the shire counties, are more likely to be found in ONS³ Rural Area, Urban Fringe, Coast & Services and Prosperous England districts where the BME population is sparse. On the other hand, 53% of all Mining, Manufacturing and Industry districts, 89% of all Inner London districts and 90% of all Education Centres and Outer London districts have BME HAs. The later, partial transfer LSVT HAs that took place in metropolitan areas may have a higher proportion of BME tenants, but these transfers were often of poorer quality properties, so this then raises other issues for LSVT HAs concerned about tenant mix. Further analysis on this issue is set out in Chapter Three.

The majority of housing provision by HAs comes in the form of dwellings for rent for those in need. Nevertheless the emphasis on privatisation and the promotion of home ownership means HAs have also tried alternatives such as low cost home ownership, self-build, co-ownership and cost-rent schemes. Co-ownership schemes existed as far back as the 1960s, although changing financial conditions made them less attractive by the end of the 1970s. However, by then diversification was being encouraged and the Housing Corporation was promoting various experimental forms of shared ownership.

³ This is a classification of local and health authority areas, originally published in 1996 and updated in 1999, that gives a straightforward indication of the socio-economic similarity and difference between areas. It uses a cluster analysis technique on a set of variables drawn from the 1991 Census that groups districts according to similarity. The initial clusters are then arranged into larger groups and again into fewer, larger families, each with a short distinctive title. The Families referred to in this analysis are 1:Rural Areas (RA), 2:Urban Fringe (UF), 3:Coast & Services (C&S), 4:Prosperous England (PE), 5:Mining, Manufacturing & Industry (MM&I), 6:Education Centres & Outer London (EC&OL), 7:Inner London (IL).

Further details can be found in Bailey, S. et al. (1999) *'The ONS classification of local and health authorities of Great Britain: revised for authorities in 1999'* London: ONS.

The arrival of the Conservatives in 1979 brought this to the fore, and legislation in the 1980 Housing Act placed shared ownership on a firmer legal footing (Bramley and Dunmore 1996).

This was at odds with the HAs' traditional role of providers of rented accommodation, but the change was a reflection of current government priorities and the Housing Corporation's influence over the associations. Indeed, Malpass (2000) asserts that much of recent HA activity is a sign of government thinking and pressure rather than HA internal diversification as such. Shared ownership was seen as part of the Conservative government's interest in home ownership, and the HC steered HAs firmly in that direction. In 1981-2 home ownership initiatives (including improvements for sale, leasehold schemes for the elderly, shared ownership and portable discounts for tenants of charitable associations) accounted for 6% of total HA investment in England, but by 1985/86 this proportion had risen to 28% (Malpass 2000).

Shared ownership and other forms of low cost home ownership were popular but not successful in all areas, such as Merseyside and the North East. Such schemes were also criticised following the house buying slump in the early 1990s for encouraging those on the margins to buy. However, the future of such schemes seems assured with the current Labour policy move towards non-market or affordable housing and mixed and flexible tenure housing provision. Some commentators even suggest that shared ownership be promoted as a tenure in its own right, rather than a step towards owner occupation, and could work particularly well for BME communities. As such, it is a valuable addition to the Housing Associations' portfolio of provision. Shared ownership is explored further in Chapter Four.

HAs also carry out an increasingly diverse range of activities. Some provide only specialist provision for particular groups of people such as those with drug and alcohol problems, vulnerable young people or wheelchair users, while others work in specific communities and some specialise only in new building or rehabilitation. Such diverse activities, together with the move into low cost home ownership can help in the wider regeneration of neighbourhoods and communities.

Summary

With over 2,000 HAs registered with the Housing Corporation, owning over 1.25 million self-contained units, HAs now make a significant contribution to the social housing sector. The greatest influence on the rise in numbers of HA self-contained units in recent years has been the large scale transfer of stock from local authorities, so that on average nearly a third of all social housing is now in the HA sector. In the South East where LSVT has been most successful, this proportion rises to nearly a half. This has affected the size profile of the sector and resulted in the rise of a new form of HA, the large HA with all units in one local area. Yet there is also a great contrast with other districts where many small HAs operate. Both situations have implications in terms of the balance between efficient provision of social housing and adequate tenant choice. Other pressures have seen a rise in the importance of shared ownership, as one of a range of measures that can help in finding affordable homes for key workers, especially in London, the South East and in inner city areas in other metropolitan areas. These activities can feed into the wider regeneration of areas, thus increasing the local connections of HAs.

Chapter 2: The distribution of general needs housing associations at the district level

As the great majority of HAs are general needs HAs⁴ and most HA stock is in self-contained units, the remaining analysis in this paper will concentrate on this type of HA and stock. This chapter concentrates on the distribution of HAs and their stock in and throughout the local authority districts of England.

Just over 1,600 general needs HAs operate throughout England⁵ and their size varies enormously. There is also a great variation in the number of HAs operating in each local authority district, ranging from just three in the City of London and the Isles of Scilly to 70 in Birmingham. The most frequent (modal) value is 17 per district. Nine inner city districts (Hammersmith and Fulham, Barnet, Camden, Southwark, Manchester, Islington, Liverpool, Lambeth and Birmingham) have 50 or more HAs operating within them. Nationally there are more HAs per district in a band across the south east and south west of England, although this trend does not extend to the far south west (Map 2.1).

The number of HA general needs units in each district

Map 2.2 shows the district level distribution of HA stock as a proportion of all housing stock. HA stock is relatively sparse in districts in the northern parts of the West and East Midlands, rural districts on the North West and Yorkshire and Humberside and in some rural coastline districts. By March 31 2001 Birmingham and Liverpool had the greatest numbers of HA self-contained units (more than 32,000 units each). The mean value is just over 3,500 units per district and the mode is just under 2,000. Clearly LSVT has the most dramatic impact in increasing numbers of HA units in a district. On average those districts that have experienced full transfer in the last three years have experienced a five-fold increase in their numbers of HA units. The districts with the highest proportions of HA stock include all LSVT districts.

HA stock as a proportion of total social housing stock in each district⁶

Nationally the mean value for the proportion of social housing in a district that is HA housing is 40%. Leaving aside the districts with full LSVT the average is 21%. A simple classification of districts can be made by reference to the balance of HA to LA housing. There are 24 districts where HA stock is less than ten percent of all social housing ('Minimal HA'). Most districts (242) still have a reasonable mix of social housing with between 10% and 63% being HA stock ('Mixed HA/LA'), while 89 districts have participated in full LSVT by March 2001 ('All HA').

Map 2.3 shows the location of these three district categories. Regionally, just over a third (35%) of the 'Minimal HA' districts are situated in the East Midlands, with only one district in each of London, the North West and the South East, two in the West

⁴ General needs HAs are defined as those providing 95% or more of their self-contained units as general needs units. This includes sheltered units but excludes those defined as 'very sheltered with care'. Of all HAs with valid returns for the RSR at March 31, 2001, 96% have no very sheltered units at all. Self-contained units exclude bedspaces and bedsits.

⁵ Data are from the RSR, Part N (2001), covering the period from 1 April 2000 to 31 March 2001

⁶ Here the denominator is the sum of HA general needs units and LA housing stock (HIP data, April 2000).

Midlands and none in the South West. 'Mixed HA/LA' districts are more evenly distributed between the regions, with the highest percentage in the East of England (16%) and the lowest in Yorkshire and Humberside (6%). The majority of the 'All HA' districts are in the South East (33%) and South West (24%).

Analysing the distribution by the ONS socio-economic classification suggests a link between prosperity and the take-up of transfer (Table 2.1).

- Most of the 'All HA' districts (39%) are Prosperous England districts and the Rural areas that include the 'shire' districts. None are in Inner London and very few are in Education Centres & Outer London and the Mining Manufacturing & Industry districts.
- Most 'Mixed HA/LA' districts, which include districts with partial transfers, are Urban Fringe (26%), Prosperous England (19%) and Mining Manufacturing & Industry districts (18%). These are the only type to appear in Education Centres & Outer London and Inner London districts.
- There are no 'Minimal HA' districts in Education Centres & Outer London or Inner London districts and only nine percent are in Prosperous England districts. Most are either Mining Manufacturing & Industry (39%) districts or Urban Fringe (35%).

Table 2.1: Distribution of districts by ONS classification

District ONS classification	'All HA' (row %) (col %)	'Mixed HA/LA' (row %) (col %)	'Min HA' (row %) (col %)	Total per ONS group (row %)
Rural	23(42) (26)	29 (53) (12)	3 (5) (13)	55 (100)
Urban Fringe	14 (16) (16)	64 (74) (26)	8 (10) (35)	86(100)
Coast & Services	12 (27) (13)	32 (71) (13)	1 (2) (4)	45 (100)
Prosperous England	35 (43) (39)	45 (55) (19)	2 (2) (9)	82 (100)
Mining Manufacture & Industry	4 (7) (4)	44 (77) (18)	9 (16) (39)	57 (100)
Education Centre & Outer London	1 (5) (2)	19 (95) (8)	0 (0) (0)	20 (100)
Inner London	0 (0) (0)	9 (100) (4)	0 (0) (0)	9 (100)
Total per District type (col %)	89 (100)	242 (100)	23 (100)	354

The district level concentration of HAs and their stock

The effects of LSVT, the deregulation of some of the smallest HAs and a more general move towards rationalising the sector in the wake of rent restructuring and other pressures can affect the number of HAs operating in any one district. In the three years between 31 March 1998 and 31 March 2001 sixty districts (17%) have experienced no net change in the numbers of HAs operating within them and there were 68 (19%) districts with fewer HAs operating within them. Excluding Medway and Herefordshire, where boundary changes in April 1998 mean data are difficult to interpret, Brighton and Hove and Mid Sussex experienced the greatest reduction, with five fewer HAs respectively. On the other hand 15 (4%) districts have seen an increase of five or more HAs. Southend-on-Sea and Dorset each have eight more HAs now, while Tower Hamlets has increased its numbers by 10 and now has a total of 45 general needs HAs operating within its boundaries.

Having many social landlords, each with a relatively small number of units, in a district can make it difficult for the local authority to carry out its role of housing enabler and could suggest inefficient management of a local resource. Balanced against this is the presumed restriction of tenant choice if the majority of HA stock is in the hands of a few landlords (either because the level of stock in the district is small to start with or because most of the stock is concentrated into the hands of one or two dominant HAs). An examination of the concentration of HA stock between landlords in district can highlight potential problems for both tenant choice and HA vulnerability. District level analysis is relevant here as it links to the traditional local nature of HA housing provision and the more recent emphasis on the strategic role of local authorities in managing housing demand and need.

Methods for measuring concentration

Stock concentration can be measured simply by comparing each HA's proportions of the total district HA stock, but this does not permit national comparisons as there are different numbers of HAs and units in each district. A summary representation of concentration can be given using a concentration index, the simplest of which is the reciprocal of the number of HAs (i.e., $1/\text{no. of HAs}$), but this assumes that HAs are of equal size. An alternative is to use a concentration ratio (C_r). This is the proportion of HA housing accounted for by the r largest HAs, where r is an arbitrary number. However the C_r fails to represent adequately the size differentiation between HAs. For example, with a C_3 of 0.80 the three largest HAs may have 0.60, 0.10 and 0.10 of the district HA stock, or each may have 0.266 percent of the stock.

Ranking each HA's proportion of total HA stock in each district shows that for most districts there are two or three HAs that dominate. A 3-HA concentration ratio (C_3) is therefore calculated by summing the three largest proportions in each district. For example Birmingham, with a C_3 of 0.40 and 70 HAs, has a relatively low number of units concentrated in its three largest HAs, thus potentially giving tenants plenty of choice. On the other hand, the City of London and the Isles of Scilly both have only three HAs operating in the district, so the C_3 value is 1, indicating little choice for tenants.

A more comprehensive measure that takes account of the numbers and share of *all* HAs is the Herfindahl-Hirschman Index (HHI). This is the sum of the squared market share of each competitor in a market. It gives a slightly different district ranking that

the C_r , whose value can vary according to the value of r . The index varies between zero and one. The value of the HHI depends on the equality of the distribution of the stock between the players and the number of players involved. The HHI increases as both the number of HAs in the district decreases and the disparity in size between the HAs increases. Thus a high value indicates a skewed distribution of units among a relatively small number of landlords.

The usefulness of the HHI in the social housing context is therefore to act as an indicator that the underlying data about the numbers of HAs, the numbers of units involved, and each individual HA's share of those units might warrant closer consideration. For example, there are only 32 units on the Isles of Scilly, operated by three separate HAs. Common sense might suggest one HA should be responsible for all 32 units, but this would give a 'monopoly' HHI value of one. Dividing a stock of 36 units between six HAs would mean each HA being responsible for only six units, although the HHI would be 'reasonable' at 0.1800. Therefore the HHI should be considered along with the absolute figures in terms of the actual numbers of units and HAs involved and the average number of units per HA in a district.

As the HHI is not as intuitive as the C_r , both are used in this analysis. These measures are calculated at the local authority district level, first for the HA sector alone and then for the social sector as a whole, including any LA stock remaining in the districts. Table 2.2, ranked by the HHI value, also demonstrated the difference between HHI and C_3 rankings. The highest HHI values are found in districts dominated by one LSVT HA and with few other HAs present.

Table 2.2: Districts with high C_3 and HHI values, 2001

District name	No of HA units per district	No of HAs per district	Full LSVT district	C_3	HHI
Chiltern	4585	11	1	0.98	0.8817
Ryedale	2752	8	1	0.97	0.8717
Hambleton	4549	12	1	0.96	0.8550
Congleton	4162	10	1	0.97	0.8391
Surrey Heath	3000	11	1	0.95	0.8190
East Cambridgeshire	4394	12	1	0.94	0.8184
Boston	5143	10	1	0.97	0.8162
South Buckinghamshire	3264	12	1	0.96	0.8089
Tonbridge and Malling	6962	14	1	0.95	0.8008
Wyre Forest	6717	8	1	0.96	0.7963

By contrast, districts with low HHI values have many HAs operating within them (Table 2.3). This suggests that housing provision may be too fragmented for optimum efficiency, although this represents a potential for more tenant choice. Returning such a low HHI value prompts a closer look at the district distribution of HA units. For example, in the district of Barnet (HHI = 0.0570) the largest HA operates just over 11% of the HA stock while a further 10% is divided between 30 of the smallest players, half of which own fewer than ten units each. This implies difficulties the local authority and the Housing Corporation, having to deal with so many individual social landlords in one locality.

Table 2.3: Districts with a low HHI, 2001

District name	No of HA units per	No of HAs per C3	HHI	
Reading	2740	31	0.44	0.0934
Kingston upon Thames	1629	32	0.42	0.0916
Hounslow	4705	43	0.43	0.0895
Redditch	1072	20	0.41	0.0884
Birmingham	32418	70	0.40	0.0830
Hackney	18002	46	0.38	0.0816
Croydon	7775	43	0.39	0.0798
Sutton	2894	26	0.38	0.0790
Southwark	11738	54	0.33	0.0701
Barnet	5112	51	0.20	0.0570

Using the C_3 and the HHI together can clarify the picture of the distribution of units between HAs in a district. For example, both the City of London and the Isles of Scilly have only 3 general needs HAs, so both have a C_3 of 1. But in the case of the City of London, the high HHI of 0.7249 indicates the skewed nature of the distribution, with the share of units being 84%, 7% and 9% between the three HAs. This is in contrast with the Isles of Scilly (HHI = 0.4355) where the units are more evenly distributed at 59%, 22% and 19%.

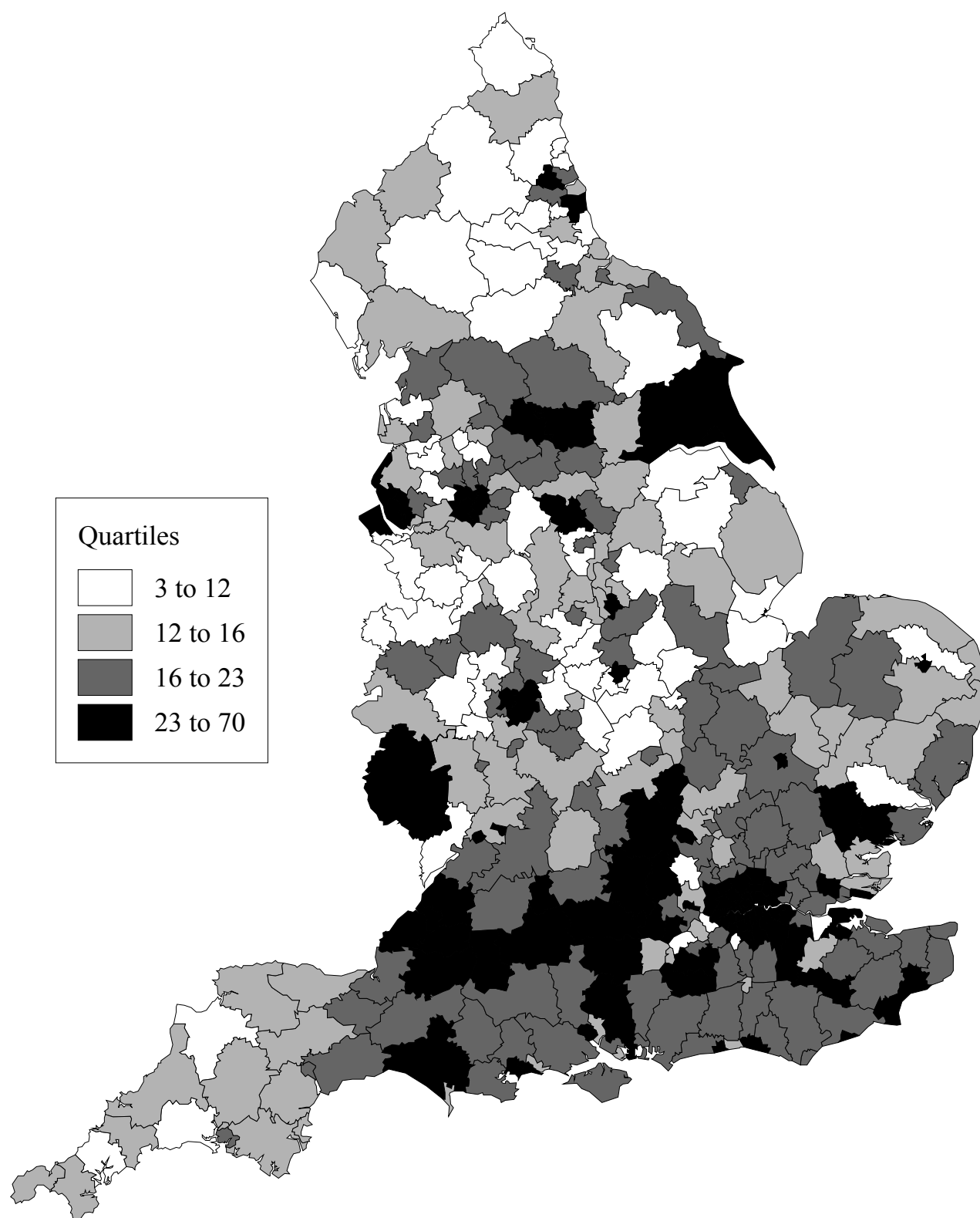
The effect of including local authority stock on C_r and HHI values

A different picture is given if the C_3 and HHI are calculated using the proportion of *all* social housing in a district. In effect, this includes the remaining social landlord, the Local Authority, and its stock under the same analytical umbrella as the HAs in the district. Where the Local Authority still has a high percentage of the social housing in a district, this is comparable to having a large LSVT HA in the district and this shows in its effect on the C_3 and HHI values. The ‘minimal HA’ and ‘full HA’ districts therefore give similar results. Including the LA stock also raises the values district HHI values overall so that the minimum and maximum values are higher. This type of analysis can therefore be undertaken by local authorities before stock transfer to examine different scenarios for distributing their stock between one or more new LSVT HAs or between existing HAs.

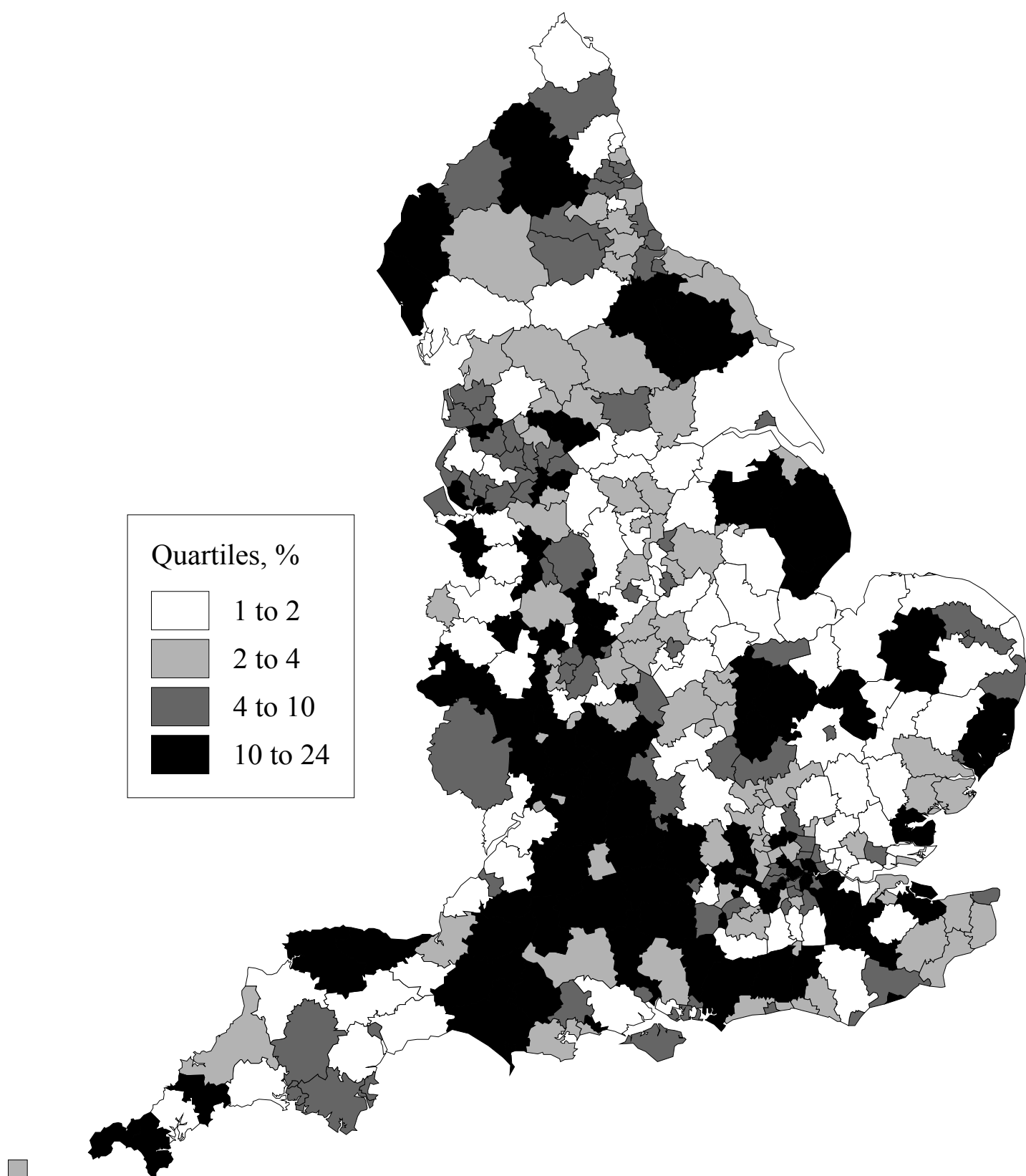
Summary

Given their historical diversity, the size and geographical range of HAs today is very varied and current policy pressures continue to affect HA decisions about stock levels and location. Analysing the district level concentration of HAs and their units in a nationally comparable way can give LAs and HAs an overview of stock distribution within a district and between districts. The new rent regulation regime means all HAs will be setting rents to the same formula, so a nationally comparable measure of distribution can also be used to track any changes in stock and HA distribution resulting from this and any other policy effects.

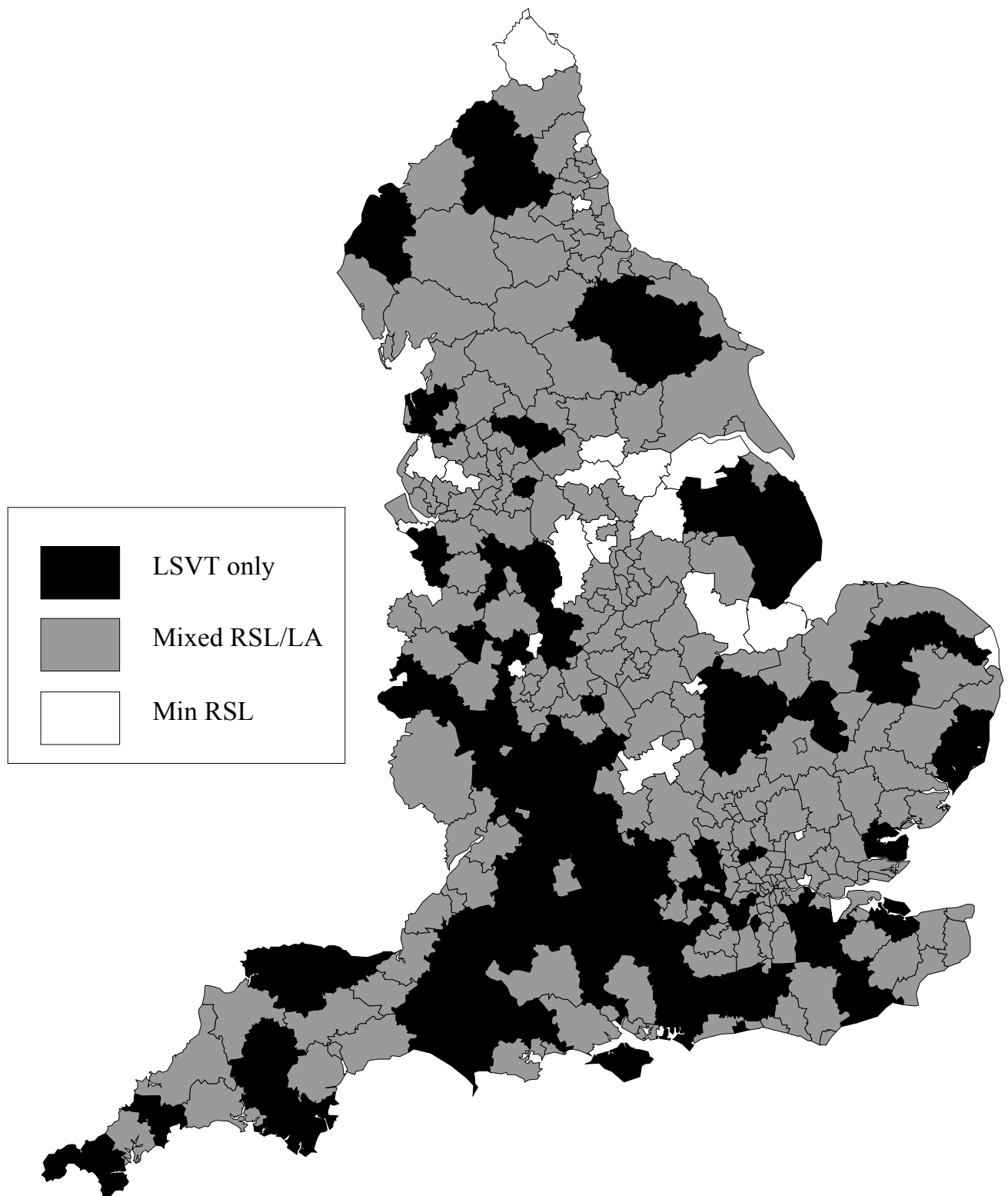
Map 2.1: The distribution of HAs by district, March 2001



Map 2.2: HA units as a percentage of all housing (HIP data), 2001



Map 2.3: HA units as a proportion of all social housing, March 2001

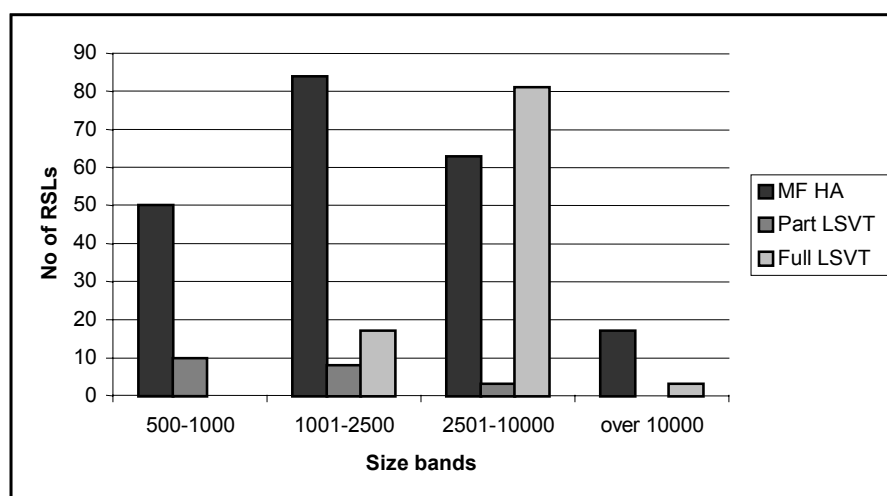


Chapter 3: Large scale voluntary transfer housing associations

The transfer of social housing from the local authorities has had a major impact on the HA sector since its introduction in 1988. Between then and the end of March 2001 133 new HAs have been formed to receive over half a million local authority homes through the LSVT programme⁷. The majority (108) were set up as part of a full-transfer programme within a district while 22 were partial transfer programmes. The remaining three were set up as parent companies holding no stock. While the early full transfers were associated with the dismantling of council housing under the Conservative housing privatisation process, the more recent partial transfers were more concerned with improving the standards and quality in social rented housing - all but one of the partial transfer LSVTs are linked to rehabilitation programmes. Two were formed in conjunction with Housing Action Trusts (HATs), 18 are linked to an Estates Renewal Challenge Fund (ERCF) programme. These partial transfers have all taken place since November 1997.

The average size of these LSVT HAs is 4,300 units. The majority are between 2,500 and 10,000 units (large HAs) while five have in excess of 10,000 units (very large HAs) (Figure 3.1). The largest LSVT HA to be created so far is Wrekin Housing Trust, with 13,000 units. Only two have less than 500 units.

Figure 3.1: The number of HAs in each size band



Source: RSR Part B 2001

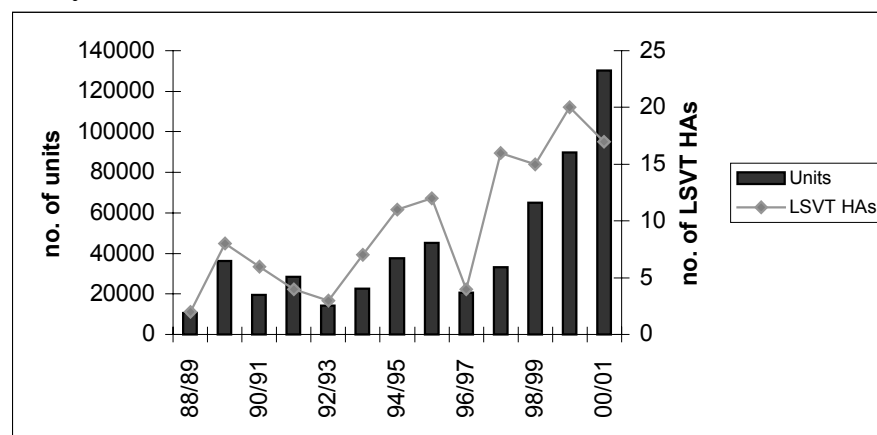
While most large mixed funded HAs have units in many districts the new, large LSVT HAs are truly local. Local accountability is also enhanced as the majority of them are based on a constituency model, giving equal representation on the board to tenants, councillors and other community representatives. Transferring stock to specific new HAs also allows local authorities to strengthen their role as local housing enablers; many LAs now have lists of preferred development partners who can be persuaded to adopt policies and practices acceptable to the strategic authority.

⁷ Data used for this analysis of LSVT HAs created between December 1988 to March 2001 were compiled by the Housing Corporation. This indicates whether the HA was created in response to a full transfer, involving all council stock in a district, or a partial transfer. The partial transfer stock that was absorbed into existing HAs is not included. This accounts for about two fifths of all partial transfer stock, in about half of the districts and boroughs involved.

Furthermore, the Housing Corporation, which can only give grants to schemes that are supported by LAs, is more likely to award them to schemes that have been prioritised by the relevant local authority (Malpass, 1999).

Although there is a trend for increasing numbers of districts and units to become involved in stock transfer each year, the pace has been erratic. Figure 3.2 shows three peaks of activity, in 1990, 1995 and again in 2000. These peaks and troughs can be interpreted with reference to the challenges arising from the transfer process and the various solutions put forward over the years can be used to interpret these peaks and troughs.

Figure 3.2: The numbers of LSVT HAs and units involved in transfer each financial year, 1988 to March 2001



Source: Housing Corporation

Many of the early tenant ballots resulted in blocks to the proposed transfer. But as the financial implications of the 1989 Housing Act on the possible further erosion of the quality of local authority housing became apparent, tenants reacted more positively to transfer. After the initial burst of activity, mainly in the smaller districts in the south of the country, misgivings about some aspects of stock transfer began to emerge. By 1992 the Department of the Environment was concerned about the administrative problems caused by the increasing volume of transfers. In addition, a move to the HA sector meant that rent rebates effectively became rent allowances, leading to a rise in the cost of Housing Benefit. Finally, there were doubts about how the stock was evaluated prior to transfer and the potential financial impact of inaccurate stock valuations in later years.

As a result several measures were taken to mitigate these concerns. A general control was imposed on the number and size of transfers, with individual transfers being limited to no more than 5,000 units to alleviate the administrative burden. As a result the average size of transfer fell from 7,800 in 1992 to 4,200 in 1993 and remained below 5,000 until 2001. A 20% levy was imposed on the capital receipts from transfer, to make good the loss on the rent revenue part of the Housing Revenue Account. However, after the General Election of 1992 the government continued a policy of reducing the public expenditure deficit. Net capital expenditure on housing fell by 50% over the next four years and pressures increased on LAs to transfer their stock. This is reflected in the rise in the number of units transferred during these years, although this slowed down again between 1996 and 1997.

A further boost in the level of transfer activity occurred after the election of the new Labour Government in 1997, but with some differences. Most of the early transfers took place in the shire counties, often in Conservative control, where stock values were higher, debts lower and councils were keen to be seen to relinquish state control over housing. By contrast, the Labour government aimed to overcome the problems of the negative value of the housing stock faced by many large metropolitan areas. This was tackled by changing the transfer levy so that only councils with positive valued stock would pay the levy, the intention being that richer councils would in effect be helping the poorer ones. Many of these metropolitan councils were also Labour led, and the new government's enthusiasm for transfer helped in part to overcome previous local government reluctance to participate in what was seen as the privatisation of council housing. As a result, more metropolitan areas are now involved in the transfer process (see below).

1998 also sees the beginning of the influence of the Estates Renewal Challenge Fund (ERCF) on stock transfer activity. This was one of the regeneration programmes, set up by central government to improve conditions on run-down estates, to which HAs could bid for funds. It was also a device used by the Conservative government for top-slicing the capital allocation and targeting funds towards meeting policy objectives (Gibb *et al.*, 1999). Of the 15 LSVT HAs formed in 1998, eight were partial transfers, all connected with ERCF programmes. In the following two years and a half years to March 2001 twelve more partial transfers LSVT HAs were created, ten of which were connected with ERCF programmes and one with a Housing Action Trust. The remaining partial transfer was not connected to either scheme.

The geography of LSVT

Districts in all regions are now involved in stock transfer although to date there have been no full transfers in Merseyside (Table 3.1).

Table 3.1: The distribution of LSVT HAs and units by HC region, 2001

HC Region	No. of districts per region	No of met. districts per region	% met. districts	No. of districts involved in LSVT	% of districts involved in LSVT	No. of full transfer districts	No. of partial transfer districts	LSVT units per district	% of total LSVT units
E	48	0	0	12	25	9	3	45,570	8
EM	40	0	0	4	10	4	0	17,471	3
L	33	33	100	11	33	3	8	43,763	8
M	9	5	56	2	22	0	2	5,517	1
NE	23	5	22	2	9	2	0	39,920	7
NW	34	10	29	13	38	10	3	65,596	12
SE	67	0	0	30	45	30	0	139,936	25
SW	45	0	0	21	47	21	0	81,486	15
WM	34	7	21	15	44	13	2	94,382	17
YH	21	9	43	3	14	3	0	20,470	4
England	354	69	19	113	32	95	18	554,111	100

Source: Housing Corporation/RSR 2001

The transfer programme has been more popular in the south of the country (48% of all units transferred have been located in the South East, South West and London), with the South East accounting for a quarter of the total. So far, stock transfer has been least popular in the East Midlands and Yorkshire & Humberside, where only four and three districts respectively have transferred their stock. However it is beginning to take off in the north of the country with the largest stock transfer programme being situated in the north in 2001/02 and only seven out of the 26 submissions for the 2002/03 programme are in the south. The only region where the number of partial transfers has exceeded the number of full transfers is in London, where twice as many districts had partial transfers.

Overall, the same proportion of districts in metropolitan and non-metropolitan areas are involved in LSVT. However, districts in metropolitan areas are more likely to be involved in partial transfers (Table 3.2). To date, South Yorkshire is the only metropolitan area with no transfer involvement and Tyne and Wear and West Yorkshire have minimal involvement with only full transfer each.

Table 3.2: Distribution of LSVT by Metropolitan area

Metropolitan Area	No. of districts in area	No. of full LSVT districts	No. of partial LSVT districts	Total districts involved in LSVT	% of districts involved in LSVT	LSVT units per district	%LSVT units per Met area district
Greater London	33	3	8	11	33	43,763	29
Greater Manchester	10	1	3	4	40	25,780	17
Merseyside	5	0	2	2	40	5,517	4
South Yorkshire	4	0	0	0	0	0	0
Tyne & Wear	5	1	0	1	20	36,356	24
West Midlands	7	2	1	3	43	24,528	16
West Yorkshire	5	1	0	1	20	12,900	9
Total met. areas	69	8	14	22	32	554,111	100
Total non-met. areas	285	87	4	91	32	405,267	
Total England	355	95	18	113	32	959,378	

Source: Housing Corporation/RSR 2001

Analysis by ONS socio-economic classification clearly shows that it is in the districts of Prosperous England (PE) and Rural Areas (RA), where transfer has been most successfully taken up, reflecting the historical concentration of LSVT in these primarily non-metropolitan districts. However the Mining, Manufacturing & Industry (MM&I) districts, where regeneration is often likely to be an issue, have transferred the second highest number of units. All the MM&I districts where transfer has taken place are metropolitan districts (Table 3.3).

Table 3.3: Distribution of districts and units involved in LSVT by ONS district classification

ONS family	No. of districts	LSVT districts	% districts involved in LSVT	full LSVT	partial LSVT	LSVT units per district	% of national total of LSVT units
RA	55	24	44	24	0	107,850	19
UF	86	18	21	15	3	97,586	18
C&S	45	14	31	13	1	42,105	8
PE	82	36	44	35	1	164,618	30
MM&I	57	12	21	7	5	118,972	21
EC&OL	20	6	30	1	5	17,901	3
IL	9	3	33	0	3	5,079	1
England	354	113	32	95	18	554,111	100

Source: Housing Corporation/RSR 2001

Map 3.1 shows how the transfer programme has spread geographically over time. Most of the districts transferring in the peak of activity in first two years are located in southern shire counties, mainly in the South East, the East of England and in one district in the South West (Christchurch in Dorset). No metropolitan districts were involved in transfers at this stage. In the period between 1991 and the second peak in 1996, 34 more LAs transferred their stock. The largest proportion of these was again located in the South East but by now districts in the West Midlands, Yorkshire and Humberside and the North West were also involved. The first of the metropolitan districts (Bromley in Greater London) also proceeded with full transfers during this period.

Eighteen of the 65 districts (28%) transferring stock between 1997 and March 2001 were partial stock transfers. Twenty transfer districts were in metropolitan areas, of which ten were in Greater London. Only six of the metropolitan transfers involved all the LA stock and the remaining fourteen were partial.

By March 31 2001, 113 districts (32% of all districts in England) had taken some part in LSVT transfer. The majority (95) have been involved in a full transfer of all their housing stock. This clearly impacts on tenant choice since all social housing is now in the hands of RSLs and the LA is no longer a potential landlord for applicants. However, LSVT can sometimes increase choice, as in the case of Sunderland, where five new local RSLs were established, each with different stock profiles. There are ten full transfer districts where the stock has been divided between more than one new RSL. In addition, over half of the partial transfers, who began in 1997, involve the creation of a new LSVT of fewer than 2,500 units (see Figure 3.1).

Some LSVT HAs, notably those that have been established for some time, are starting to behave more like large mixed funded HAs in that they are acquiring units in other, usually contiguous, districts. For example, there are three LSVT HAs with units in the district of Wycombe; Bedfordshire Pilgrim (originally established in North Bedfordshire), Beacon (from South Buckinghamshire) and Chiltern Hundreds (from Chiltern). Most districts with these 'secondary' LSVT HAs have only one or two operating within them, but six districts have five 'secondary' LSVT HAs and three districts (West Dorset, Bracknell Forest, and Vale of White Horse) have six. A few LSVT HAs now own stock even further afield. For example, Magna HA originated in Dorset but now owns units as far away as Oxfordshire and Berkshire and Mid Sussex HA has units in Oxfordshire. Sovereign HA, which originated in Berkshire now has small proportions of units in many districts throughout the south west and also in one district in Staffordshire. Most of these LSVT HAs were originally set up between 1988 and 1993, and have thus had time to acquire units in other districts. Magna (1998) and Yorkshire Community (1999) are relatively new, but these originated from earlier Housing Associations. Magna HA was originally West Dorset HA and Yorkshire Community HA was formed from Yorkshire Metropolitan HA and Rydale HA.

The effect of the stock profile of the HA sector

LSVT affects not only the size profile of the HA sector but also the stock profile. On average about 30% of local authority housing stock is made up of two bedroom dwellings and about 40% has three bedrooms. Mixed funded (MF) HA housing tends to have a similar proportion of two bedroom dwellings but a lower proportion of three bedroom dwellings (around 20-25%). Table 3.4 shows that the proportion of 2 bed dwellings in HA stock is very similar in transfer and non-transfer districts. However HAs in transfer districts have around 10% more of their stock as 3 bed houses than in non-LSVT districts.

Table 3.4: The stock profile of HAs in LSVT and non-LSVT districts, 2001

HA stock in non-LSVT districts		HA stock in full LSVT districts	
2 bed	3 bed	2 bed	3 bed
%	%	%	%
34	24	33	34

Source: Part O, RSR 2001

This suggests that the LA stock is more family oriented so where stock transfer has taken place this may alter both the stock and household profile in HAs in a district. A comparison of new-let households⁸ in general needs units operated by LSVT HAs and those in MF HAs of similar size (between 2,500 and 10,000 units) shows several differences. The data suggests that the LSVT HA new-let households tend to be larger, slightly older, are more likely to be in work and are better off.

Vacancy rates

Part of the rationale for transferring stock was to attract private finance to help with the costs of renovations, so it may be expected that newly transferred LSVT HAs would have a higher proportion of vacancies not available for letting due to renovations. Table 3.5 shows that while full LSVT HAs have an average vacancy rate very similar to that of MF HAs, partial LSVT average vacancy rates are higher. Both full and partial LSVT HAs have on average a higher proportion of vacancies that are undergoing or awaiting repairs.

Table 3.5: Differences in vacancy rates for LSVT HAs and MF HAs

	MF	Full LSVT	Partial LSVT
% vacant stock	2.8	2.2	5.5
% of vacancies awaiting or undergoing repairs	27.7	34.9	38.4

Source: RSR 2001 Part O

⁸ The data for this section comes from CORE, the Continuous Recording system developed by the National Housing Federation and the Housing Corporation. CORE records information about HA new lets and purchases. Comparative data for the Local Authority households is taken from the Survey of English Households (SEH) tables for new heads of households resident less than one year.

The effects on the household profile of the HA sector

Household size

While single person households form the biggest proportion of households in both cases, the LSVT HAs proportion of these is smaller than that of the MF HAs. Overall, LSVT HA households tend to be larger than MF HA households and are most likely to be either 2 or 3 person households. MF HAs are most likely to be occupied by single person households (Table 3.6). This concurs with data from the National Housing Federation showing an increase from 29% to 41% in the proportion of HA new lettings to families with children between 1989 and 1998 (see Gibb et al., 1999).

Table 3.6: Average household size

	MF HAs	LSVT HAs
Household size	%	%
1	47	43
2	25	27
3	15	15
4	8	9
5	3	4
6	1	1
7	0	0
8	0	0
Total	100	100
Total h'holds	43,500	28,000

Source: CORE 2000/01

Age of head of household

The age profile of the new-let MF HA households is also slightly younger, with 69% of the heads of household being under 45 compared to 63% in LSVT HAs. Only 13% of the MF HA new let households are headed by people over 65 compared to 19% in LSVT HAs (Table 3.7).

Table 3.7: Age of heads of households

	MF HAs	LSVT HAs
Age bands	%	%
<24	22	21
25-44	47	42
45-64	17	17
65+	13	19
Total	100	100
Total h'holds	43,515	27,952

Source: CORE 2000/01

Economic status

Tenants in new-let LSVT HA general needs accommodation appear to have a marginally better economic profile than MF HA new-let tenants, with a greater percentage of heads of households in work, both full time and part time, and a noticeably lower percentage of unemployed. The greatest difference between LSVT HA and MF HA new-let tenants occurs in the proportions of unemployed. At the national level there is a noticeable difference between the percentages of unemployed head of households in new-let LSVT HA accommodation (12%) compared with the equivalent in MF HAs (20%). This may reflect the fact that many LSVT districts are located in the more prosperous parts of southern England. Therefore it is also useful to look at the economic status of LSVT HAs and MF HAs in the South East for comparison (Table 3.8).

Table 3.8: Economic status of heads of household

Economic status	National		SE only	
	MF	LSVT	MF	LSVT
	%	%	%	%
Other > 16	1	3	1	2
Working full-time	22	23	24	24
Working part-time	7	7	7	8
Govt training/New Deal	1	0	0	0
Unemployed	19	12	12	9
Retired	16	21	18	23
Home/not seeking work	22	21	27	22
Student	1	1	1	1
Sick or disabled	12	11	9	11
Total	100	100	100	100
Total no. of respondents	43,380	27,860	4,318	8,102

Source: CORE 2000/01

- The percentage in unemployment is higher in MF HAs at both the national and SE level, but gap between the percentage unemployed in LSVT RSLs and those in MF HAs is less in the South East.
- The higher percentage of LSVT HA tenants who are retired also corresponds with the findings on the older age profile of these tenants and there is no difference between the national proportions and those for the South East.
- There is little difference nationally between the proportions of MF HA and LSVT HA tenants who are at home and not seeking work (other economically inactive; 26% in both cases), yet in the South East a higher proportion of these are in the MF HAs.
- There is also a slightly smaller proportion of sick and disabled heads of households in MF HAs in the South East than nationally.

Income group

Although neither group is particularly well off (the majority have an average weekly income of less than £200 per week), the data suggest households in LSVT RSLs are marginally better off. Twenty six percent have incomes above £200 per week, compared to 22% in MF HAs (Table 3.9). There is little difference in the income profiles between MF HA and LSVT HA households in the South East.

Table 3.9: Percentage of households in each income group

Income group £ per week	National		SE only	
	MF %	LSVT %	MF %	LSVT %
Under £100	39	35	32	32
£100-£199	39	40	38	38
£200-£299	16	17	18	18
£300-£399	4	6	8	7
£400 +	2	3	4	4
	100	100	100	100
Total respondents	33,884	19,723	3,469	6,122

Source: CORE 2000/01

Ethnicity of households

At present the proportion of ethnic minorities is significantly lower in LSVT HAs than in MF HAs. This is consistent with the findings of the Transferwatch research on the performance of LSVT landlords⁹. It is suggested that this could be due to the geographical bias of the early transfers that were not situated in urban areas where the majority of BME populations are found. If this were the case, one would expect the proportion of BME households in LSVT HAs to have risen in recent years following the partial transfers in metropolitan areas. Before 1996, only one metropolitan district (Bromley in Greater London) was involved in transfer. By March 2001 a further 21 had participated in stock transfer (around a third of the total number of transfers during that period).

Table 3.10 shows that there has been a slight increase in the percentage of Asian, African and South East Asian households housed by LSVT HAs in the last 5 years, while the percentage housed in the MF HAs included in this analysis has fallen. However, most BME HAs, which house a higher proportion of BME households¹⁰ are excluded from this analysis because they hold fewer than 2,500 units. Following the Housing Corporation's 10-year programme aimed at developing and consolidating BME HAs, over 60 BME HAs are now registered with the Housing Corporation, mostly operating in metropolitan areas. Although formally the strategies are directed towards BME-led HAs, rather than BME tenants, these HAs operate in areas with large BME populations and the housing types and services they offer are targeted at BME groups.

⁹ 'Transferwatch' research launched by ROOF, Shelter's housing magazine, in 2000.

¹⁰ See 'Sector Study 4: Black and minority ethnic registered social landlords', 1998.

Table 3.10: Percentage of households in each ethnic group, HAs over 2,500 units

Ethnic group	1996		2001	
	MF %	LSVT %	MF %	LSVT %
Asian	4.0	0.8	3.3	1.1
Caribbean	5.6	0.5	3.4	0.5
African	3	0.2	2.9	0.6
South East Asian	0.5	0.1	0.3	0.2
British European	80.2	97.0	85.9	95.4
Irish	2.1	0.6	1.3	0.7
Other	2.4	0.4	1.8	0.9
Combination	1.7	0.5	1.0	0.5
Total	100.0	100.0	100.0	100.0
Total respondents	43,181	21,934	42,903	27,575

Source: CORE

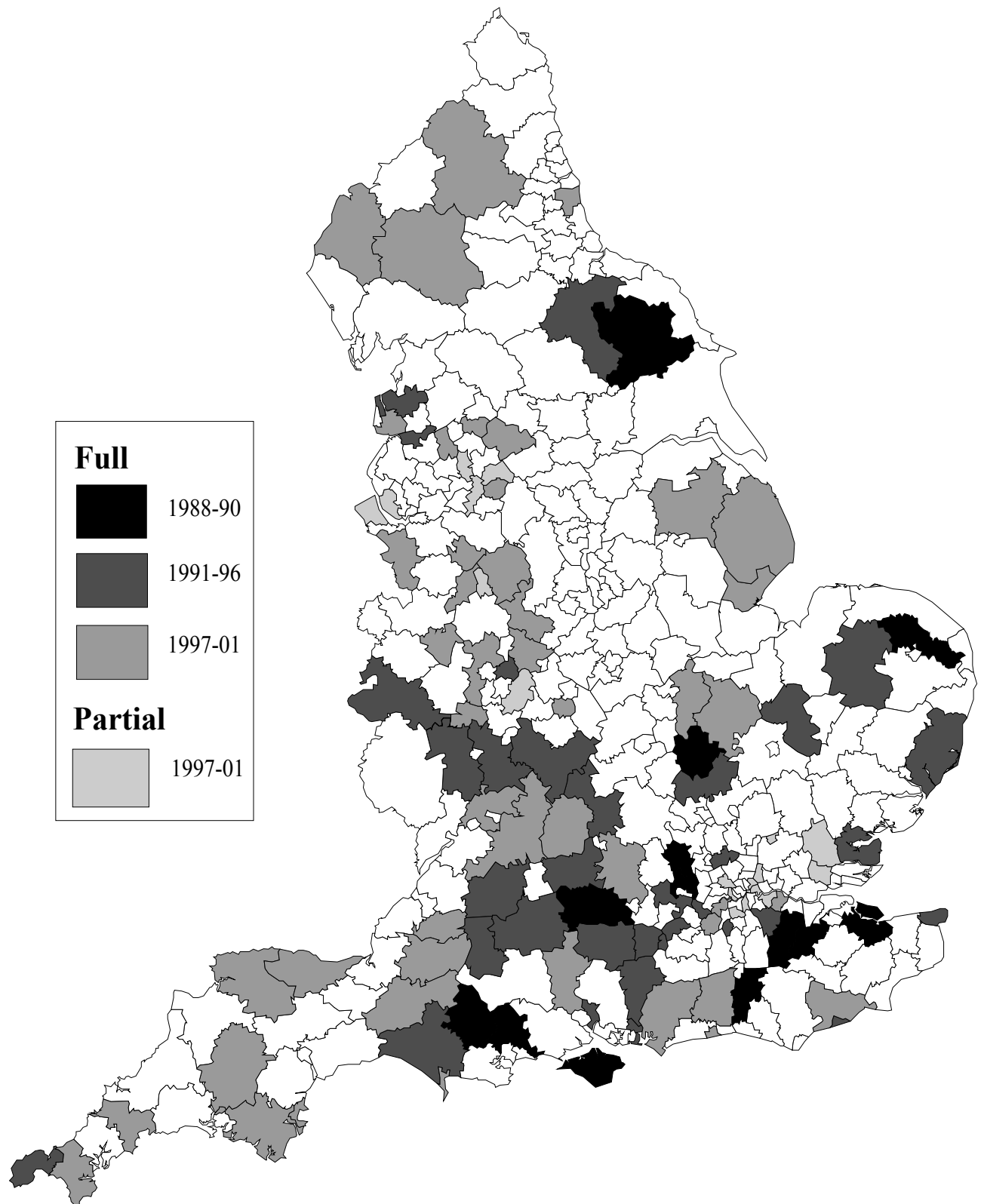
Summary

The LSVT process has an inevitable impact on the structure of the sector as a whole, not just as the main impetus behind the increase in numbers of dwellings in the sector. It has added to the proportion of large HAs, and in themselves these large LSVT HAs differ from similar sized MF HAs in that they have most of their stock in one area. Stock transfer was initially favoured in districts with low levels of housing debt and relatively sound stock, but policy changes over the years have now encouraged more metropolitan areas to participate in stock transfer. As a result more partial transfers, often of the local authority's poorer stock, have taken place in recent years. Furthermore the transfer process has been subject to varying degrees of popularity among tenants, and is now increasingly likely to be linked to wider neighbourhood regeneration schemes.

Although these only make up a small proportion of total HA stock these partial transfer LSVT HAs have their own problems, notably their much higher initial vacancy rates. The analysis also suggests that the stock profile and tenant profile of new-let tenants in LSVT HAs differ from those of similar sized MF HAs. The data suggest older, larger and better-off households tending to be housed in the new LSVT HAs, despite local authority housing itself often being seen as a 'sector of last resort'.

The effects of transfer on stock concentration have been dealt with more fully in Chapter 2. Where stock transfer has taken place the LSVT HA often holds the highest proportion of a district's total HA stock. This then has implications for tenant choice in these districts and can also affect the bargaining power of other HAs for scarce development funds. Once an LSVT HA is established it has to decide whether to maximise potential on home ground by participating in the upgrading of their area and strengthening links with the local community and influencing a rise in stock value, or behaving like many other large and very large HAs by acquiring units in other areas.

Map 3.1: The geographical spread of LSVT, 1997 to March 2001



Chapter 4: Shared ownership housing

The rise in the popularity of home ownership in the last quarter century, together with pressures in some parts of the country on affordability at the lower end of the market, poses another challenge to Housing Associations. One response was to widen their horizons beyond the traditional provision of properties for rent and participate in shared ownership schemes that are also compatible with their core aim of relieving housing stress. Existing tenants who enter the scheme also effectively release social rented units for those unable to purchase on any terms.

In the early 1980s shared ownership was introduced as part of the low cost home ownership (LCHO) portfolio. This included such schemes as Right To Buy, building starter homes, improving existing substandard homes for sale in inner city areas and homesteading (selling unimproved homes for improvement by the purchasers). These were intended to expand the supply of affordable accommodation at the lower end of the market, thus enabling more low income households to participate in the increasing popularity of home ownership. Shared ownership housing is funded in a number of ways, for example through the Housing Corporation's Approved Development Programme (APD) and local authority Social Housing Grant (SHG). A few schemes are developed without Government subsidy in partnership with private sector developers through planning gain (s106 agreements). Through the introduction of shared ownership and other schemes the Conservative government increased the proportion of ADP allocated to home ownership initiatives during the 1990s.

More recently shared ownership has formed part of the response to policy concerns about regeneration, sustainable communities, tenure diversification and the provision of affordable housing for key workers. The recent Green Paper on housing (DETR, 2000) has promised support for those on the margins of home ownership and key workers who need homes in areas of high housing demand, to ensure they are not forced out of the communities they serve. Joint equity is also encouraged as a way of promoting balanced communities, although even shared ownership schemes are unaffordable for the least well-off. Participants are much more likely to be in full time employment and have much higher incomes than the majority of new HA tenants, suggesting it is a better solution for average income earners in pressured housing markets than for low income households in low demand areas. Developers negotiating the inclusion of affordable housing elements in new housing schemes are more likely to include shared ownership and low cost home ownership housing as this is more acceptable to them than social housing for rent.

The varieties of shared ownership

There are several versions of shared ownership, the majority of which financed and regulated by the Housing Corporation.

Conventional shared ownership (CSO)

This is the most common type, where the association build new housing units or purchase and renovate existing dwellings and sells part shares to occupiers on shared ownership terms. The HAs' share of the capital cost of CSO is subsidised by HAG and private borrowing or capital reserves finance the balance. The household purchases a part share in the property and the HA charges a subsidised rent for the rest. The household then has the opportunity to purchase further equity tranches, at

current market values, (a process known as staircasing), until full ownership is reached. Those with less than 100% equity who subsequently wish to move will take with them the current market value of their proportion of the property to put towards the purchase of their next property. The HA then has the opportunity to nominate a new purchaser.

Do It Yourself Shared Ownership (DIYSO)

Here the household looks for a dwelling on the open market to purchase on a shared ownership basis. This increases choice for eligible households although there are limits on the value of properties that can be bought in this way. It enables a wider group of people to buy on the open market and provides an affordable way for working households to enter home ownership. The scheme has been particularly relevant for BME households in high price areas in London, enabling them to become home owners without having to leave their existing communities. Both CSO and DIYSO are offered to existing social housing tenants and potential tenants on social housing waiting lists as well as those who apply only for shared ownership.

The Homebuy scheme

This more focused approach was introduced in April 1999 to replace DIYSO and the Tenant's Incentive Scheme¹¹. Here, HA and LA tenants and those on a LA waiting list can identify a home to purchase on the open market and pay 75% of the purchase price. The remaining 25% is made up through an interest-free equity loan from a HA. Hence the occupier is a full owner, not a shared owner, and pays no rent. There are no monthly repayments on the loan. Instead it must be repaid when the property is sold, when the amount repayable is 25% of the value of the property's selling price. For those in areas where property values are rising sharply, they will have to pay back more than the original amount of their loan. Conversely, if the property value falls, they pay back less than the original amount borrowed. However, the loan can also be repaid before sale, in which case the amount repaid will be 25% of the value of the home at the time of repayment. One of the key objectives of the scheme is to release existing social housing which can then be relet to those in housing need, so the scheme is targeted on areas where there is a shortage of social housing. Acceptance on to the scheme depends both on the availability of HA funds in the area and the suitability of the home being vacated for those in housing need, as identified by participating HAs in consultation with local authorities.

Self build shared ownership

This enables those with DIY skill to work alongside the main contractor on a property and earn a percentage of the value of their home through their labour input (a process known as 'sweat equity'). Only a very small proportion of shared ownership housing is of this type.

¹¹ This enabled HAs to offer cash incentives to existing tenants who agree to vacate their home and purchase their own property on the open market. The sole intention of the scheme was to provide permanent accommodation by re-letting the vacated unit to people accepted by the local authority as statutorily homeless.

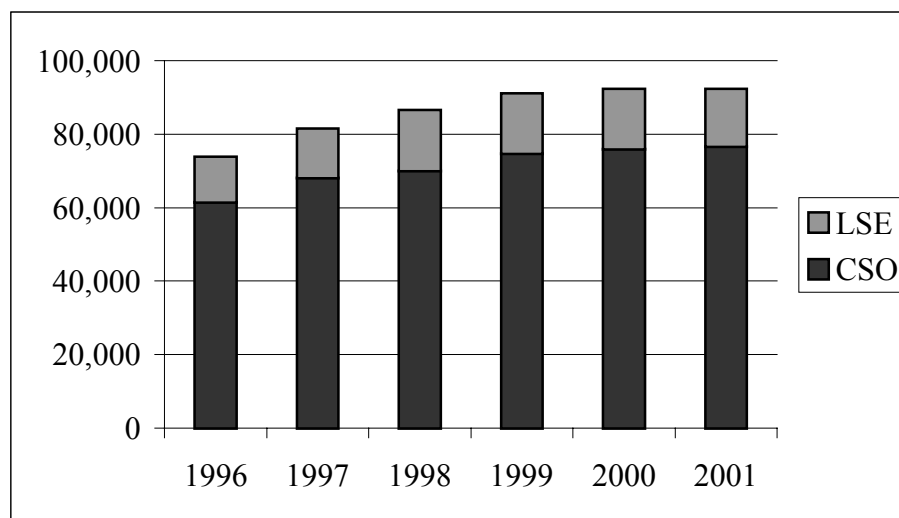
Leasehold schemes for the elderly (LSE)

These are designed to help elderly households in owner occupation to move and release capital to invest for their future.

The CSO option can benefit some households more than others. For example, those eligible for Housing Benefit can receive help with the CSO rental element and staircasing down, while possible, is more difficult to arrange for Homebuy. In regeneration areas, where the cost of a home may exceed its value, the gap can be covered by a loan financed by the rent (Martin, 2001).

The number of joint equity units (CSO and LSE) has been increasing steadily over the last five years, reaching 92,300 by March 2001 (Figure 4.1). However, unlike mainstream stock, the number of joint equity units in ownership can potentially move up and down depending on the balance between the rates at which units come on line and tenants achieve full ownership.

Figure 4.1: The number of shared ownership units owned by HAs

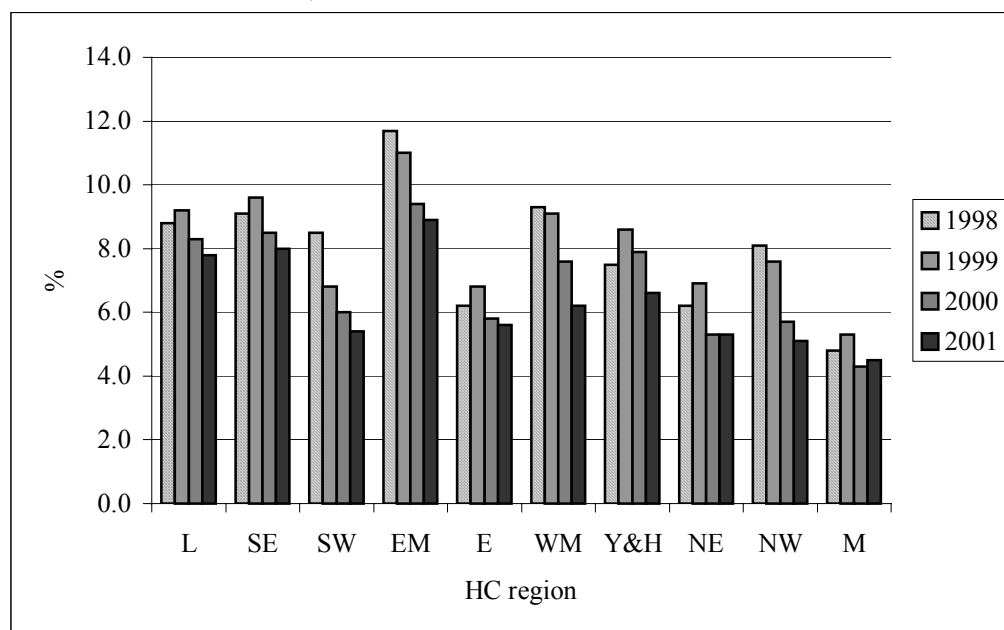


Source: Housing Corporation RSR 2001

The geographical distribution of shared ownership units.

Broadly speaking the geographical distribution of shared ownership and leasehold units is similar to that for self-contained stock. Figure 4.2 shows a decrease in the numbers of CSO and LSE homes as a proportion of all self contained units in all regions between 1999 and 2001. In the North West, for example, where there are areas of low demand and low house prices, it is likely that fewer people will take up shared ownership because there are enough affordable homes to purchase on the open market. But it is surprising to find a decrease in areas like London and the South East where there are affordability problems. In this context is also interesting to note that the highest proportion of CSO and LSE stock is in the East Midlands, rather than in London or the South East where the pressures of housing demand are highest. However the gap between these regional differences in proportion is narrowing, with the rate of decrease being less pronounced in London, the South East and Eastern England.

Figure 4.2: Changes in the proportion of CSO and LSE units owned to all self-contained stock owned, 1998 to 2001.

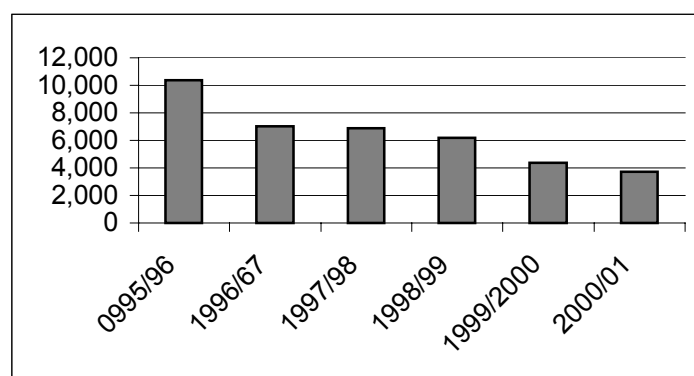


Source: Housing Corporation RSR

Sales of shared ownership homes

The overall decline in the number of initial shared ownership sales since the mid 1990s reflects not only the timing of the reduction of the amount of money invested into the Home Ownership Programme by the Housing Corporation but also the changing economic climate. Relatively low inflation rates, falling interest rates and fuller employment have meant more households can enter full owner occupation via the market whereas the risk may have been too high to do so in earlier years (Figure 4.3).

Figure 4.3: Initial CSO sales made by RSLs, 1995/96 to 2000/01

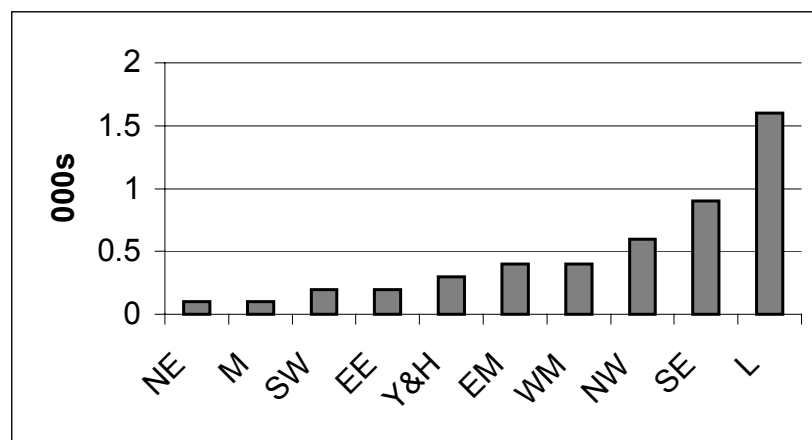


Source: Housing Corporation RSR

Nearly half of all sales are made by large or very large HAs. This again reflects subsidiary arrangements for the administration of low cost home ownership programmes, particularly where assets are centralised within the parent organisation. These larger HAs can capitalise on the strong links that they have often developed with other public bodies and the prominence that they have often achieved within any given geographical area.

In a similar pattern to the distribution of HA housing generally, the number of sales of outright and shared ownership housing units made by HAs in London and the South East were considerably higher than elsewhere, and accounted for almost half of all the sales of this type. A number of research reports have identified these regions as the most pressured in the country. In both areas, any household on a relatively low income would be unable to access housing on the open market. It is not surprising therefore that low cost home ownership programmes should be more buoyant in these areas than in other regions where the gap between housing costs in the social and owner occupied sectors is much smaller. Also, as a result of the buoyancy of the private housing market in these regions, it is expected that the increased development activity by private developers should result in increased numbers of low cost and affordable housing units coming into the sector via the planning process. Often HAs are used in this process. However, it is somewhat surprising to find the North West has the next largest number of sales (Figure 4.4).

Figure 4.4: Number of completed CSO sales by region, 2001



Source: Housing Corporation RSR

More HAs are establishing individual subsidiary organisations to administer and manage their more diverse and non-core activities. Subsidiaries to administer low cost home ownership programmes feature prominently and in some cases have developed into relatively large organisations. This is particularly the case with group structure arrangements where a matching of management skills to stock can increase efficiencies of scale. The service is also offered to other organisations, particularly local authorities. However, it remains a small proportion of the overall management activities of Housing Associations. The percentage of CSO and LSE properties owned by one HA yet managed by another has grown from 1% in 1996 to 6.6% by 2001.

Summary

Shared ownership schemes are a useful addition to the portfolio of policy strategies designed to give more choice and to make housing more affordable in those regions where this is a problem. Shared ownership represents a cost effective form of provision, with the average public subsidy per scheme being much less than that for a social rented scheme. People with average incomes can get a foot on the housing ladder in high house price areas while its flexibility allows tenants to 'staircase' up or down depending on their circumstances. It also provides solutions for single people and other households who are not a priority for social rented tenancies and it could also be useful for ethnic households looking for larger properties, providing any constraint on the property value allowed for this. Homebuy has been particularly successful with BME households – nearly a third of purchasers are non-white (Jackson 1999). Shared ownership can be a particularly good option for key workers, many of whom work unsocial hours or shifts, allowing them to live nearer to their place of work.

Yet shared ownership has proved difficult to market and has only been successful in certain circumstances and market conditions. This may be made worse by the starter homes initiative (SHI), aimed at providing subsidised homes for key workers. Private developers will be able to fulfil their affordable housing obligations by building units for key workers, which may be a more attractive option than providing shared ownership units through s106 agreements. Consequently developers, already keener on shared ownership than providing low cost social rented homes, may be happier still to provide homes for teachers and nurses.

The shared ownership programme has also suffered from cutbacks in spending, with the 2000/01 programme for London, for example, being reduced by 30% on the programme of two years ago. (Feldman and Wimborne, 2001). The Government initially directed more HAG into the shared housing part of the ADP at a time when funders were very keen to lend to HAs, but as other business sectors recover they may not be so keen. Since HAG is repaid proportionately the risk to the lender increases as the tenant's equity increases.

While some see shared ownership as a way of satisfying the increasing demand for home ownership in areas of high house prices, others would question the decision to subsidise owner occupation rather than the supply of more rented accommodation. Such initiatives could fuel house price inflation in markets that are already overheated.

Chapter 5: Summary

The HA sector is continuing to adapt and survive into the new century, accommodating changes in needs, preferences and policies. HAs are doing this in many ways, for example through transformations in the way they operate, the scale of their operations, the formation of new group structures to ease management and control of stock and diversification into related functions. They currently make a significant contribution to the social housing sector, now accounting for around a third of all social housing. In the South East, where LSVT has been most successful, this proportion rises to nearly a half. Yet at same time, the money available for new development is diminishing and HAs are now more dependent on being favoured development partners with LAs.

These changes bring new challenges as the sector moves towards centre stage as providers of social housing. However, this move has been by default rather than by intention on the part of HAs themselves, thanks to the shedding, along with its stock, of the local authority's role of housing provider and the move towards the more strategic role of housing enabler. Alongside this significant increase in stock numbers, new forms of ownership have emerged within the sector. Beside the traditional mixed funded HAs, there are the LSVT HA and the BME HA. In addition, some HAs are also providing houses intended for eventual ownership through shared housing schemes.

The LSVT programme has resulted in a major increase in the numbers of units held by the HA sector as well as creating a new form of HA - the large, local HA - that poses new challenges to the sector as a whole. For example, a large HA with a preferential status can have a major effect on the competitiveness of other HAs in the locality for development funding. Another effect of LSVT has been to alter the stock profile of some areas by introducing a larger proportion of 'family' homes into the HA sector. Linked to this is the potential for a change in the tenant profile of the sector, with LSVT HA households tending to be larger, older and better off than those housed by mixed funded HAs of comparable size. There has also been a recent concern in the HA sector about balancing communities and the need to ensure an ethnic balance in tenants housed by HAs. While much of the early stock transfers took place in the 'leafy shires' where the BME population is very small, more recent transfers, especially the partial LSVTs that have taken place in inner city areas, are much more likely to involve BME tenants.

While the introduction of a new large HA into a district can bring its own set of problems, in districts where many small HAs operate the balance between efficient provision of social housing and adequate tenant choice is brought into focus. A comprehensive measure of the distribution of HAs and their units in each district is useful in giving local authorities an overview of housing provision in their area that can enhance their new role as housing enablers. The same analysis can also allow individual HAs to assess their own situation in relation to other local providers. Those with stock in many areas can also get an overview of their situation across the country. With the current rent restructuring formula linking in with local house prices and earnings, this information can then also feed into any stock rationalisation plans. This enables HAs and LAs to act together to enhance the efficient provision and

management of social housing while ensuring stock holding remains viable. In addition, with the increasing interest in choice-based lettings (CBL) schemes where the local authority is acting as a housing enabler and coordinator for housing provision, it can provide the authority with a strategic overview of stock. One of the potential problems with CBL schemes will be the difficulty of setting up and coordinating these where there are many players in one district.

Concentration analysis can also be used to assess the effects of future stock transfers on the local concentration. For example, more recent LSVTs have been split between a number of new associations, as well as some stock going to existing associations, thus enhancing the spread of stock between landlords in an area. On the other hand, many of the early LSVT HAs have started acquiring small numbers of units in other, usually contiguous, districts. This can add to the problems of LAs having to deal with numerous HAs in their district, while also putting existing social landlords under more competitive pressure.

As a result of policy changes more partial transfers of poorer stock have taken place in recent years. Although these only make up a small proportion of total HA stock these partial transfer LSVT HAs have their own problems, notably their much higher vacancy rates. One possible avenue for further research would be to see how the tenant profile of these particular associations differs from those of the mainstream HAs and the remaining LA housing.

More recently, LSVT has again come up against tenant opposition, with some notable failures such as Birmingham. In 2002 tenants in more than 10,000 homes had voted against transfer. Clearly there are a number of issues concerning this important part of the HA sector. The Centre for Urban and Regional Studies at the University of Birmingham¹² is already carrying out further research, looking at access to housing for BME communities and homeless people and meeting benchmark performance standards. In addition, issues related to some of the points raised here, such as the time taken to relet properties and the impact of large stock improvement programmes on the construction sector, are also investigated. Edinburgh College of Art/ Heriot Watt University plans further qualitative research on the managerial structure, aims and objectives and organisational culture of LSVT HAs. The findings from this study also suggest that further analysis of the household profiles of those in partial transfer LSVT HAs could also be of interest, to see whether the poorer quality stock associated with these HAs is also housing a higher proportion of poorer and more vulnerable households.

Social housing does not exist in isolation and is affected by changes in other tenures. One response of HAs to the rise in popularity of owner occupation, especially in the pressured areas where high house prices have exacerbated affordability problems, has been the introduction of various shared ownership schemes. This is an example of how HAs have adapted their role by taking up the challenge of providing affordable homes for ownership. It has the dual effect of giving more tenant choice while also freeing up rented accommodation for those unable to purchase at any price. Recent research for suggests there is still much unmet demand for low cost home ownership, and that local authorities need to carry out their responsibilities for meeting not only

¹² 'Transferwatch' research launched by ROOF, Shelter's housing magazine, in 2000.

housing need but also people's aspirations to own their own homes (Martin, 2001). The promotion of shared ownership and shared equity housing can therefore be seen as a useful addition to the range of policy strategies put forward to promote choice and to make housing more affordable in those regions where this is a problem. It represents a cost effective form of provision, with the average public subsidy per scheme being much less than that for a social rented scheme and can be a useful way of stretching housing investment through mixing housing grant with equity release. It allows people with average incomes to get a foot on the housing ladder while its flexibility allows tenants to 'staircase' up or down depending on their circumstances. It also provides solutions for single people and other households who are not a priority for social rented tenancies and it could also be useful for ethnic households looking for larger properties, providing any constraint on the property value allows for this. Shared ownership could also be a useful option for key workers, allowing them, many of whom work unsocial hours or shifts, to live nearer to their place of work. Developers are also keener to provide SO homes than low cost social rented homes through s106 agreements. Shared ownership is also a truly 'mixed' tenure, although some would like to see it promoted as a tenure in its own right. Yet it has only been successful in certain circumstances and market conditions. The Government channelled more HAG into the shared housing part of the ADP at a time when funders were very keen to lend to HAs, but as other business sectors recover they may not be so forthcoming. The SO programme has suffered from cutbacks in spending, with the level for London, for example, being reduced by 30% between the 1999 and 2001 programmes (Feldman and Wimborne, 2001).

Homebuy is essentially a shared equity scheme, rather than a shared ownership scheme designed to enable people to reach 100% equity rather than being stuck on the equity staircase. It has been particularly successful with BME households – nearly a third of purchasers are non-white (Jackson 2001), overcoming some of the difficulties that BME households faced with the older schemes.

Since the launch of shared ownership mortgage rates have fallen and the amount of grant available for schemes has shrunk. Thus the cost of home ownership has fallen while HAs have had to raise rents to fill the funding gap. This means there may be little difference in price between buying a house on the open market and shared ownership in some areas. But SO still has the advantage of less risk for households, so if house prices fall they will only bear a proportion of the cost.

The HA sector therefore enters the new century with a substantial role to play in meeting the nations housing needs. It is currently involved in many current areas of policy concern such as regeneration, housing key workers, rent restructuring. Current expansion in terms of numbers of units, new forms of association and the rise of groups structures and the diversification in the provision of affordable housing has seen the sector take centre stage in terms of provision. It is now important enough to compete with private developers to provide homes for those workers considered essential for the economic strength of the area. But this comes at the expense of their traditional independence.

Many challenges lie ahead. These include rationalisation to resolve concentration problems and modulate the effects of rent restructuring, together with stock swaps and the setting up of group structures (whether in terms of actual ownership or in terms of

managerial responsibilities) to enable efficient and specialised management of housing for a wide variety of tenant groups and needs. Other challenges include aspects of provision for wider activities in line with the Government concerns for regeneration. New activities, beyond the straightforward provision of housing, will be incorporated alongside HAs core activities. It remains to be seen whether some HAs in group structures may end up coordinating these activities while others effectively manage their stock for them. HAs have proved themselves to be adaptable in the past, and it is to be hoped that any curbing of their traditional independence will not limit their adaptability to future challenges.

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