

# Trends in Housing Association Stock in 2008

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A Dataspring Briefing Paper on behalf of the  
Tenant Services Authority

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## 1. Introduction

The housing association (HA) sector has been continuing to evolve despite the economic recession in 2008. This paper describes some of the key changes that happened between 2007 and 2008. It draws on tables and the summary paper, the *Profile of the Housing Association Sector*,<sup>1</sup> which is derived from the TSA's Regulatory Statistical Return (RSR) and the CORE (COntinuous REcording; for information on HA lettings).

The paper consists of five sections. The first section gives an overview of the changing structure of the sector in 2008 in terms of HA groupings by size of owned stock. The second section outlines the changes of HA social and non-social housing stock, and the inflows and outflows of rental units and affordable homes. The third section assesses the condition of HA stock in meeting the Decent Home Standard. The fourth section examines the characteristics of lettings and turnover of general needs housing stock. HA activities with regard to low cost home ownership schemes are described in the last section.

## 2. Overview of the HA sector in 2008

In 2007/08, the number of HAs operating in England declined from 2,043 in 2000/01 to 1,676<sup>2</sup> (Fig. 1). The reductions were concentrated in very small HAs that own less than 250 units. Despite that, the sector has continued to be characterised by these large number of very small HAs although their importance reduced from 80 percent (1,634) to 68 percent (1,144) of all HAs. In contrast, the number of large HAs that have more than 1,000 units grew by 26 percent to 384 in 2007/08 (23% of all HAs). Within this group of associations (i.e., large HAs with more than 1,000 units), there was a marked growth in the number of super-large HAs which own more than 10,000 units. In 2007/08, there were 48 such super-large HAs, compared to 23 in 2000/01.

HAs generally are localised. In 2008, 1,034 out of 1,676 HAs (62 percent of all HAs) owned properties in just one local authority area. Slightly more than 510 HAs owned stock that were located in two or more local authority areas.<sup>3</sup> Within this group, 342 were active between two and ten local authority areas. At the other extreme, four HAs owned stock distributed over 200 local authority areas.

While the very small HAs accounted for a major proportion of HAs in England, their stock represented a small share in the HA sector. At 31 March 2008, only two percent of total owned stock was in the hands of the 1,144 very small HAs which own less than 250 units. A further three percent of total stock was owned by HAs with 251–1,000 units. Ninety-four percent of total stock was owned by the 384 large HAs that have more than 1,000 units, of which the 48 super-large HAs, owning more than 10,000 units, accounted for around 36 percent of the owned stock in the sector.

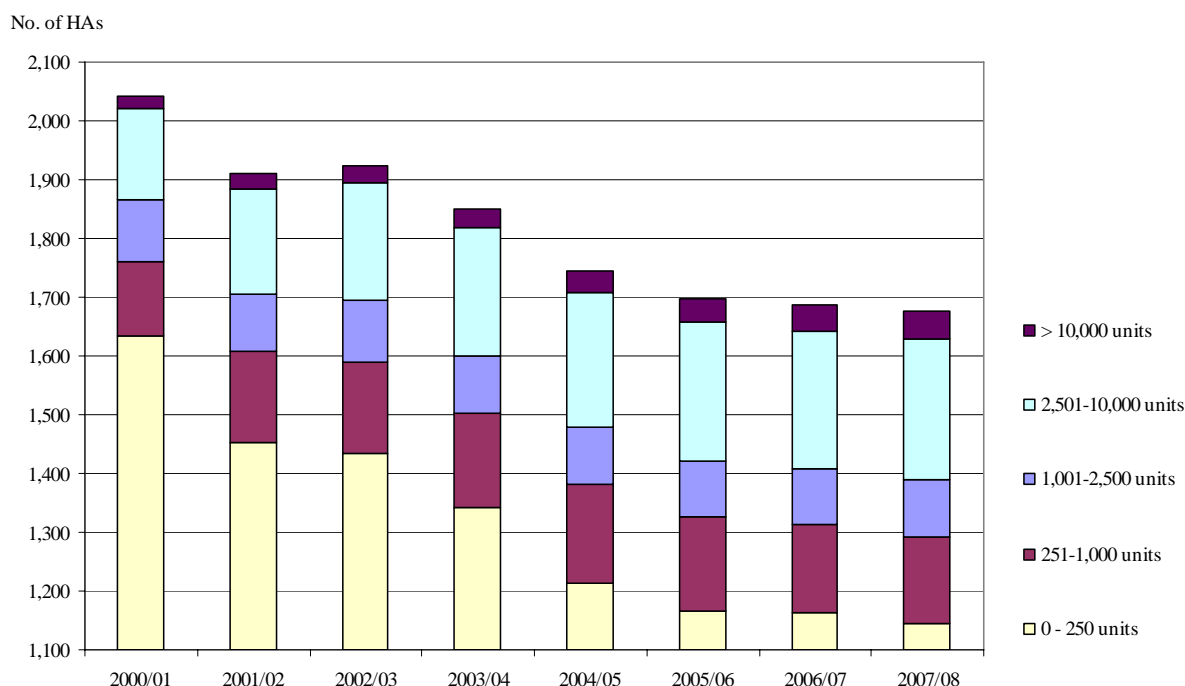
<sup>1</sup> This briefing paper is largely based on data from the *Profile of the Housing Association Sector in 2008* which can be downloaded from the Dataspring website, [www.dataspring.org.uk](http://www.dataspring.org.uk).

<sup>2</sup> This included only those HAs that returned a valid RSR.

<sup>3</sup> There were 131 HAs who did not report any stock in the relevant category (total stock, social housing stock or non social housing stock) from Part O of RSR; however, they were included in the total number of HAs who completed valid returns.

HA rationalisation has induced significant merger and group structure development activity. In 2008, 455 HAs operated within group structure arrangements with a total stock of 1,715,894 units which accounted for 75 percent of the stock in the sector.

**Figure 1: HAs, grouped by the size of owned stock, 2000/01–2007/08**



Note: Total owned stock was based on calculations of stock owned by HAs which returned a valid RSR.

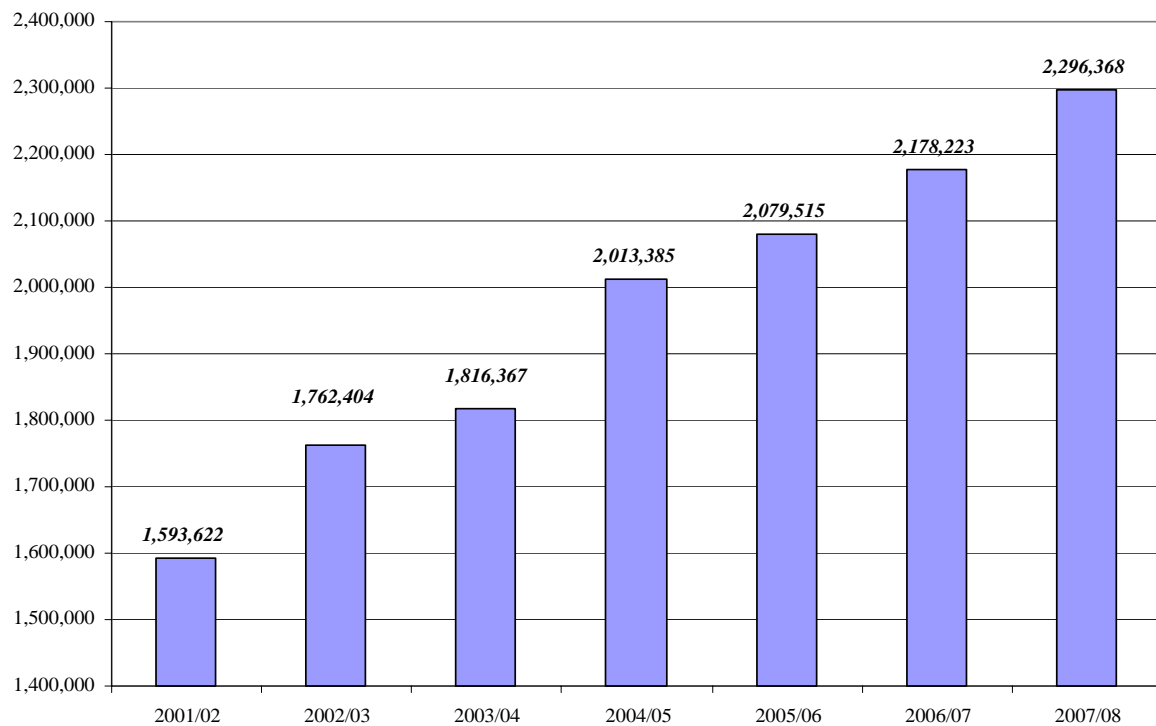
Sources: 2000/01–2005/06 from 2001 to 2006 *Profile of the HA Sector Tables* Table 2; 2006/07–2007/08 from 2007 and 2008 *Profile of the HA Sector Tables* Table 1.

### 3. Overview of HA stock in 2008

#### 3.1 HA rental stock at 31 March 2008

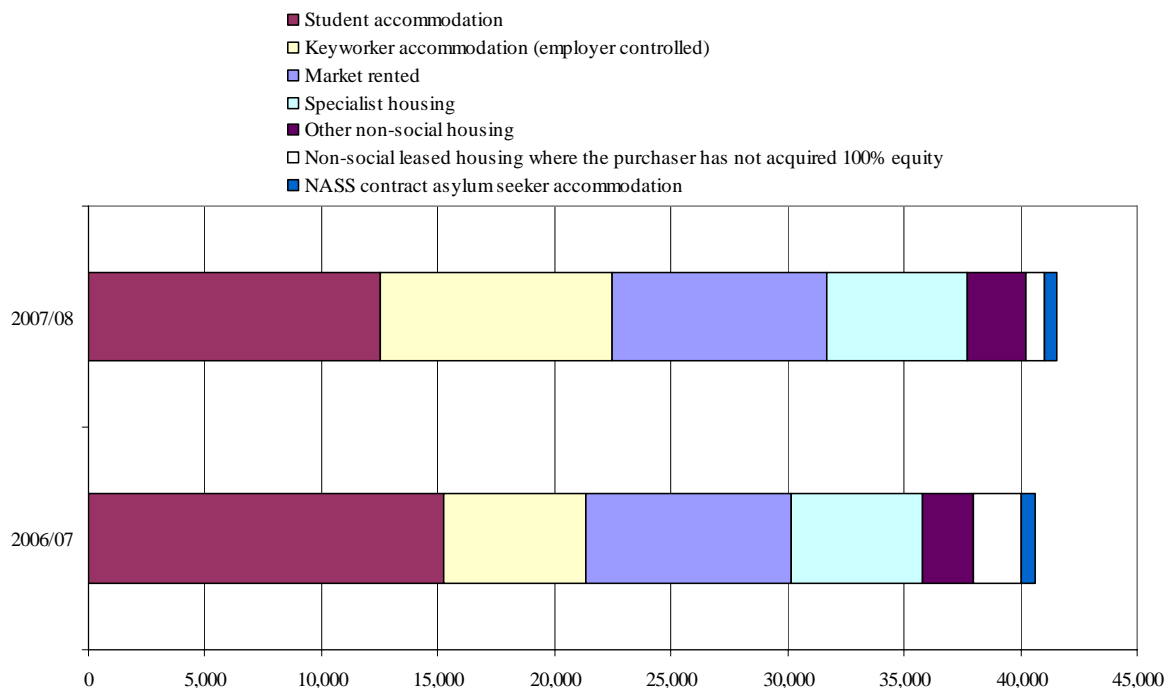
While the numbers of HAs have continued to decline, stock held has continued to expand. By 31 March 2008, HAs owned 2,296,368 rental units,<sup>4</sup> an increase of 44 percent since 2002 (Fig. 2). In 2007/08, 98 percent of owned rental stock was social housing of which 76 percent was provided as general needs housing. Another 18 percent was for supported housing or housing for older people, and the remaining six percent was leasehold properties, including shared ownership and Right to Buy/Right to Acquire, where leaseholders have not acquired 100 percent equity. Of the 2,128,675 general needs and supported housing and/or housing for older people units owned by HAs, a total of 53,080 (3%) were vacant at 31 March. This vacancy rate has remained much the same for the past six years.

<sup>4</sup> The total owned stock of the sector comprises owned homes for general needs and housing for older people, supported housing tenants, non-social rented tenants, and social and non-social leaseholders who have not acquired 100 percent equity on their homes. 'Units' include both non-self-contained and self-contained units.

**Figure 2: HA rental stock (social and non-social housing combined), 2001/02–2007/08**

Note: The total number of rental stock was based on calculations of rental stock owned by HAs which returned a valid RSR.

Sources: 2001/02 to 2005/06 from 2002 to 2003 *Profile of the HA Sector*, Table 2; 2006/07 to 2007/08 from 2007 to 2008 *Profile of the HA Sector Tables* Table 1

**Figure 3: HA non-social rental stock, 2006/07–2007/08**

Source: RSR Part B; *Profile of the HA Sector in 2007 Tables* Table 29 and *Profile of the HA Sector in 2008 Tables* Table 27.

While the provision of social rental housing is the major activity for the majority of HAs, many also provide accommodations for non-social housing use. By 31 March 2008, large HAs owned 41,585 non-social housing dwellings, an increase of two percent since 2007 (Fig. 3). Student accommodation was the most important type of non-social housing in 2007/08 (30% of the total), although stock fell by 18 percent to 12,546 from the previous year. The next important type was keyworker accommodation which experienced a substantial growth since last year to 9,925. This was followed by market rented housing which increased slightly to 9,200 in 2007/08. Overall, large HAs spent an average of five percent of their gross annual turnover and four percent of gross capital on non-social housing in 2008.

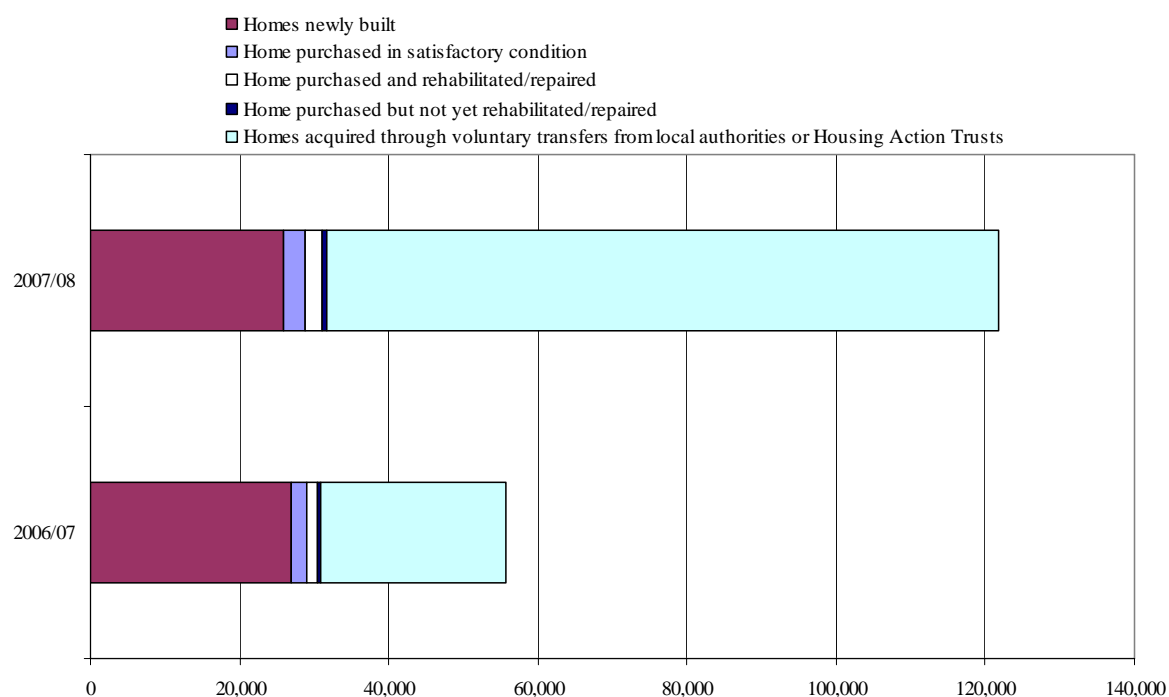
## **3.2 The flow of HA stock in 2007/08**

The previous section described HA housing stock as at 31 March 2008. Here we examine the flows in stocks to help us understand how stock levels have expanded over time. This includes identifying the extent of acquisition and developments, and sales, disposals and demolitions made by large HAs, and the inflow and outflow of HA stock in terms of rental units and affordable homes for the whole sector.

### *3.2.1 Acquisition of new social rental units by large HAs*

In 2007/08, large HAs acquired 121,803 new rental units via new developments, purchases and voluntary transfers from local authorities, 118 percent more than the previous year. This very large increase was mainly the result of acquisitions of local authority units through Large Scale Voluntary Transfer (LSVT) programmes, which increased to 90,061 units in 2007/08 (Fig. 4; Box 1). The proportion of transferred units in all additional rental units therefore rose from 45 percent in 2006/07 to 74 percent in 2007/08. The number of newly built rental units decreased slightly from 26,904 to 25,841 over these two years. Accordingly, the share of such units in the total new units fell from 48 percent to 21 percent, respectively. The number of purchased rental stock increased by 1,923 units to 5,901 in 2007/08. Among them, the largest growth was in the number of units purchased and rehabilitated/repaired, which increased by 978 units over the previous year.

A total of 6,179 newly built and purchased units acquired by large HAs in 2007/08 were without any public subsidy, a decrease of 14 percent over the year before. These privately funded acquired units accounted for 19 percent of the total new units (excluding transferred units) acquired by large HAs; 4 percent lower than last year. The decrease was caused by the 28 percent fall in the number of newly built units, to 4,256 in 2007/08. In contrast, new units purchased for rent or sale entirely without public subsidy increased by 651 units to 1,923.

**Figure 4: Additional social rental units acquired by large HAs, 2006/07–2007/08**

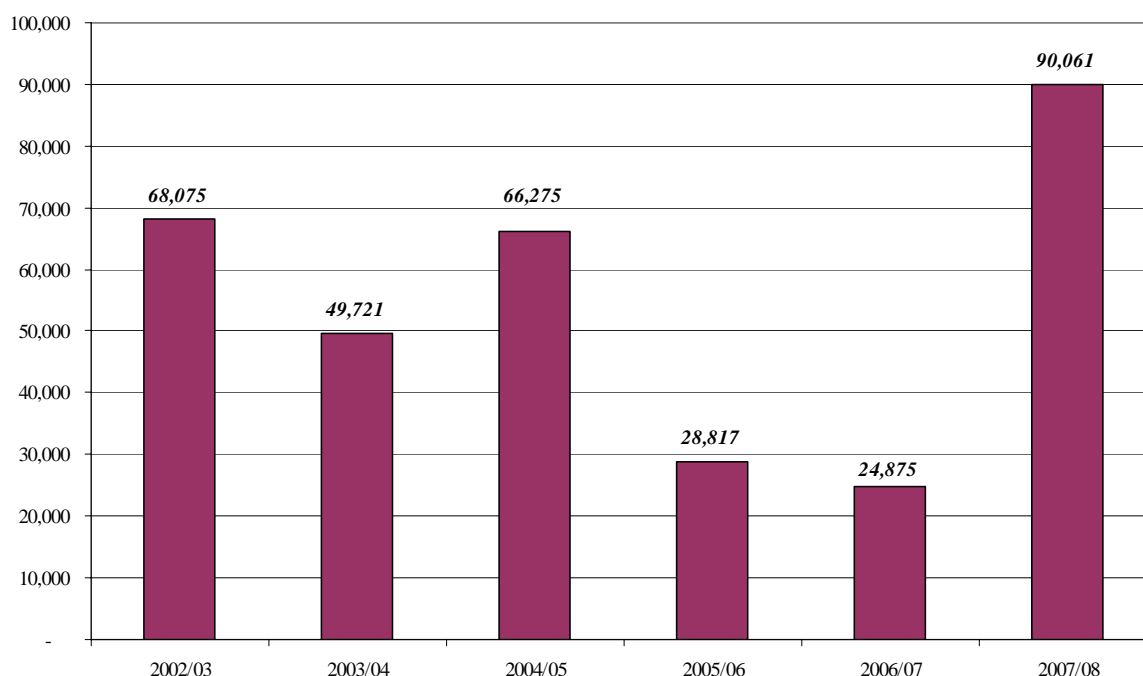
Note: Units transferred from other HAs during the year collected in the RSR Part L were not included as new additional units to the HA stock.

Source: RSR Part L; *Profile of the HA Sector in 2008 Tables* Table 70.

### Box 1 Units acquired by large HAs through LSVT

2007/08 saw a large increase in the activity of LSVT compared to the two previous years, where less than 30,000 units were transferred from local authorities to large HAs. The number transferred in 2007/08 was the highest since 2002/03. As a result, a total of 327,824 local authority homes were transferred to large HAs between 2002/03 to 2007/08. Figure 5 shows three peaks of activity: in 2002/03, 2004/05 and 2007/08. In the latter year thirty four large HAs took part in LSVTs. The transfer programmes were mainly in the south and the north of England. In the northern regions, 38 percent of transferred units were acquired by eleven large HAs in the North East, the North West and Yorkshire and the Humber, with the largest stock transfer being undertaken by one large HA in Liverpool involving 15,028 units. Another 36 percent were acquired by ten large HAs in the South East, the South West and the East of England, with the Eastern region recording the largest number of transferred units (24,822). Nine large HAs in London acquired 13,113 units (15% of the total). The remaining 11 percent were acquired by four large HAs in the Midlands regions.

**Figure 5 Units acquired by large HAs through LSVT, 2002/03–2007/08**



Note: The figure of 2005/06 was recalculated due to the change of threshold criterion for HAs in completing the long version of the RSR from more than 250 units to more than 1000 units starting from 2006/07. The 2005/06 figure before adjustment was 29,262.

Source: Calculation based on 2002/03 to 2007/08 RSR Part L.

### 3.2.2 Loss of existing rental units by large HAs

#### Sales of rental units to existing tenants

In 2007/08, large HAs sold a total of 4,316 rental units to existing tenants, 25 percent less than the previous year. The majority of these sales were discounted sales to tenants under Right to Buy (RTB), Preserved Right to Buy (PRTB) and Right to Acquire (RTA) schemes. However, the number of these sales reduced from 5,498 in 2006/07 to 3,737 in 2007/08, reflecting the slow down in the housing market

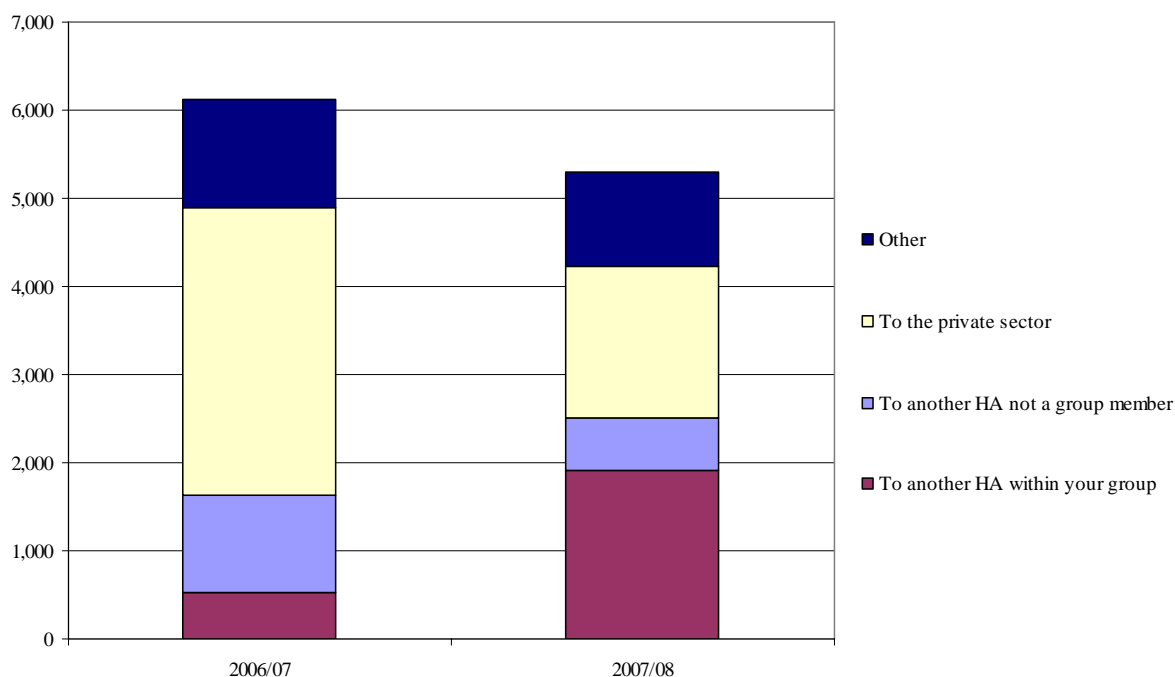


generally. Social Homebuy and other sales to HA tenants, on the other hand, increased from 273 to 579 units respectively.

### Disposals of social rental units

In addition to sales to tenants, HAs can also sell their units to other HAs, the private sector and other organisations for non-social housing use, such as accommodation for keyworker and students, specialist housing and units let at market rent. A total of 5,290 units were disposed of by large HAs for non-social housing use in 2007/08, 14 percent fewer than the previous year (Fig. 6). In a change from the previous year stock sold to other HAs within group structures was the dominant form of disposal for non-social housing use. This number increased from 525 in 2006/07 to 1,921 units in 2007/08, accounting for 36 percent of total disposals. In contrast, disposals to the private sector fell by 47 percent to 1,722 units; accordingly, its share of total disposals was reduced from 53 percent to 33 percent of total disposal in 2007/08. Finally, 2,231 leaseholders staircased in 2007/08 to 100 percent (or 75% in the case of LHOP). Such disposals were 36 percent lower than the previous year.

**Figure 6: Disposals by large HAs other HAs, the private sector and other organisations for non-social housing use, 2006/07 and 2007/08**



Source: RSR Part K; *Profile of the HA Sector in 2008 Tables* Table 68.

### Demolitions

Large HAs demolished a total of 6,092 units during the year 2007/08, a 53 percent increase over 2006/07. Only eight percent of these demolitions were SHG funded as compared with 11 percent in the previous year. Of these 467 SHG-funded demolitions, 11 percent were demolished within 15 years of completion of the grant aided project. There were also 6,036 units awaiting demolition as at 31 March 2008.

Demolition activity continued to be concentrated among large HAs that own or manage over 2,500 units.

### 3.2.3 Gain and loss of HA stock

#### Rental stock

Table 1 gives a summary of the total number of rental units acquired, disposed of and demolished in the HA sector in the years of 2006/07 and 2007/08. It shows that in 2007/08, 121,803 rental units were acquired. Within this additional stock, newly built housing for rent by or for HAs decreased by 4 percent (1,063 units) between 2006/07 and 2007/08. However, as mentioned earlier, the number of units acquired through voluntary transfers increased by 262 percent to 90,061 while those purchased by HAs increased by 48 percent to 5,901. As a result, the total number of additional rental units grew by 118 percent of which 74 percent were units transferred from local authorities. On the other hand, the sector lost 13,197 units in 2007/08, seven percent less than the previous year. The reduction in the losses to the sector was mainly due to the decline in sales and disposals. Stock sold to HA tenants under the discounted sales, Social HomeBuy and other sales schemes was down by 1,455 units (-25%), and disposals to the private sector and other organisations for non-social housing use, by 1,703 (-38%). Overall, the net addition to the HA sector in 2007/08 was 108,606, 162 percent up on the previous year.

**Table 1: Addition and loss of rental units in the HA sector, 2006/07–2007/08**

Addition of HA rental units			Loss of HA rental units		
	2006/07	2007/08		2006/07	2007/08
Newly Built	26,904	25,841	Stock sold to tenants		
Purchased	3,981	5,901	RTB/PRTB/RTA	5,498	3,737
			Social HomeBuy and other sales to tenants	273	579
<b>Subtotal</b>	<b>30,885</b>	<b>31,742</b>	<b>Subtotal</b>	<b>5,771</b>	<b>4,316</b>
			Demolitions	3,992	6,092
Acquired through voluntary transfers	24,875	90,061	Disposals to private sector and other	4,492	2,789
<b>Total</b>	<b>55,760</b>	<b>121,803</b>	<b>Total</b>	<b>14,255</b>	<b>13,197</b>

Note: Stock sold to tenants excluded shared ownership/homebuy sales (100% disposals or 75% in the case of LHOP).

Source: RSR Parts K and L; *Profile of the HA Sector in 2008 Tables 62, 68–70.*

#### Affordable homes

In terms of *affordable housing*, HAs have been the main providers of new affordable housing that includes social rented and subsidised owner-occupied housing, or intermediate housing, through low cost home ownership/shared ownership schemes. Table 2 shows that the total number of new built and purchased units for rent increased by three percent while that for shared ownership (initial sales) went up by 14 percent between 2006/07 and 2007/08. As a result, a total of 44,889 were added

to the stock of affordable homes in 2007/08, of which 13,147 (29%) were for shared ownership. On the other hand, 2,231 shared ownership units were sold as leased housing (in terms of 100% equity or 75% for older people), 5,290 were disposed of for non-social housing use, 4,316 were sold to HA tenants, and more than 6,000 homes were demolished. The net addition to the affordable housing stock in the HA sector was therefore 26,960. This was an increase of 17 percent in the provision of additional affordable houses over previous year.

**Table 2: Inflow and outflow of affordable homes in the HA sector, 2006/07–2007/08**

Inflow of affordable homes				Outflow of affordable homes			
		2006/07	2007/08			2006/07	2007/08
Rental units							
	Newly Built	26,904	25,841		Demolitions	3,992	6,092
	Purchased	3,981	5,901		Disposals for non-social housing use	6,127	5,290
	<i>Subtotal</i>	<i>30,885</i>	<i>31,742</i>		<i>Subtotal</i>	<i>10,119</i>	<i>11,382</i>
Shared ownership units				Sales			
	Shared ownership initial sales with SHG	8,571	10,115		Shared ownership final sales (staircase to 100% equity/ 75% for older people)	3,466	2,231
	Shared ownership initial sales with non-SHG	2,934	3,032		RTB/PRTB/RTM/RTA sales (freehold and leasehold)	5,498	3,737
					Social Homebuy and other sales to tenants	273	579
	<i>Subtotal</i>	<i>11,505</i>	<i>13,147</i>		<i>Subtotal</i>	<i>9,237</i>	<i>6,547</i>
	<b>Total inflow</b>	<b>42,390</b>	<b>44,889</b>		<b>Total outflow</b>	<b>19,356</b>	<b>17,929</b>
	<b>NET FLOW</b>	<b>23,034</b>	<b>26,960</b>				

Source: RSR Parts K and L; *Profile of the HA Sector in 2008* Tables 62, 65, 68 and 70.

#### 4. Decent Home Standard of HA stock

In 2001, the Government introduced the Decent Home Standard (DHS), with the intention of improving the standard of social housing in England.<sup>5</sup> It set a target to have all social rented homes meeting the standard by 2010. Through analysis of RSR data, TSA has been monitoring the progress of HAs towards achieving this standard. Tremendous progress has been made in delivering the Decent Homes programme. In April 2001, 400,000 social rented homes owned by HAs were non-decent according to the 2001 English House Condition Survey. Since then, the number of non-decent homes in the HA sector has been reduced by over 56 percent to 224,585 in 2008.<sup>6</sup>

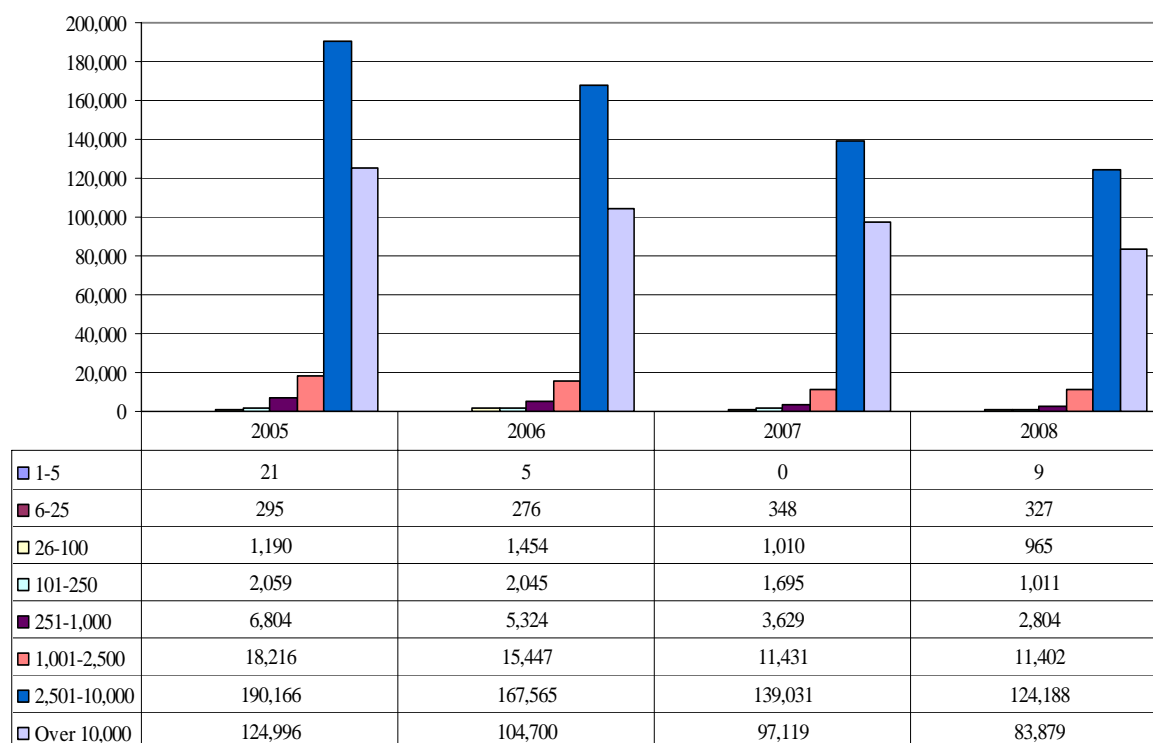
Between 2005 and 2008, the number of units failing to meet the DHS decreased across all sizes of HA (Fig. 7). Large HAs owned over 2,500 units had the largest number of properties that fell below the DHS, 208,067 or 93 percent of all non-decent homes in 2007/08. This is partly a result of the transfer of older stock from

<sup>5</sup> For the definition of a decent home, see Department for Communities and Local Government (2006) *A Decent Home: Definition and Guidance for Implementation – June 2006 Update*.

<sup>6</sup> For more detailed information on the extent to which HAs are meeting the DHS, see the *Housing Corporation Thematic Review Decent Home Standard, July 2007*.

local authorities which are most common amongst this group of HAs. In contrast, small HAs saw the greatest fall in the number of non-decent homes, by almost 60 percent. Overall, the proportion of general needs and supported housing and/or housing for older people properties failing the standard fell to 11 percent of the total.

**Figure 7: Number of homes that failed to meet the DHS, by size of HA, 2005–2008**

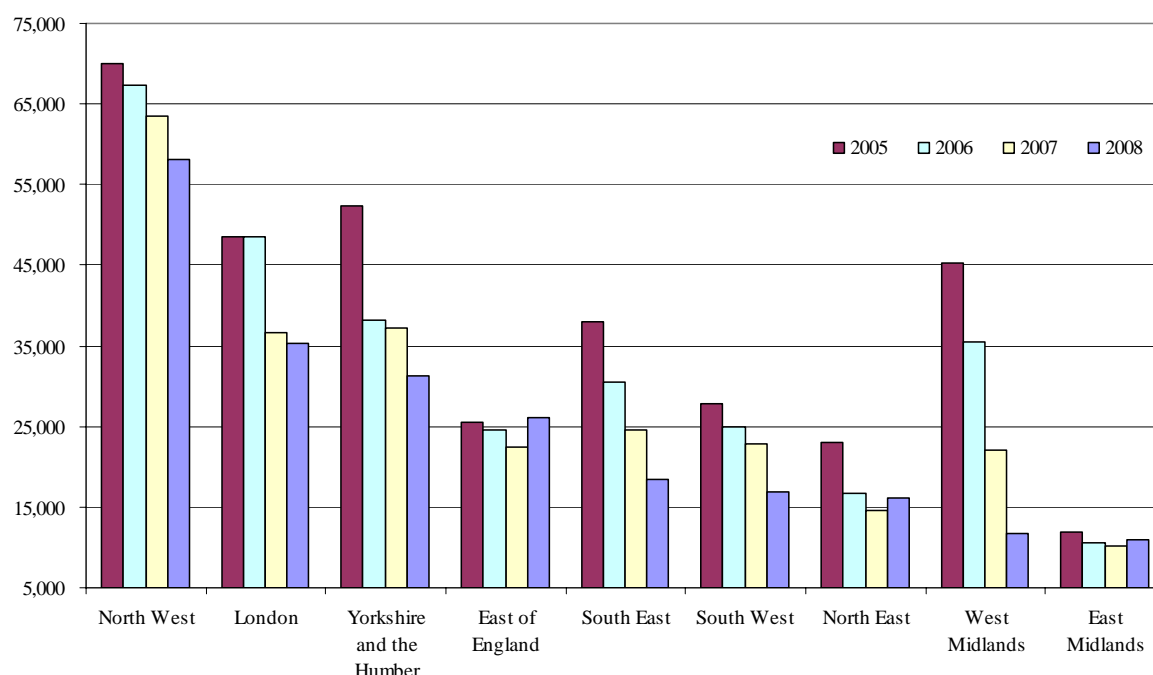


Source: RSR Part Q; *Profile of the HA Sector in 2008 Tables* Table 15.

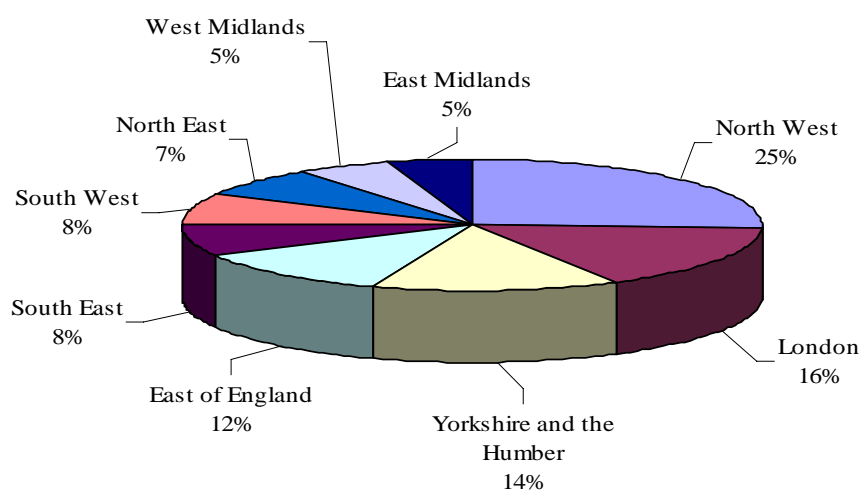
Figure 8a shows the regional distribution of non-decent homes between 2005 and 2008. The number of units not meeting the DHS has decreased in most regions, except the Eastern region with a slight increase of two percent (633 units) over the four-year period. The largest improvement has been in the West Midlands where the number decreased by 74 percent, followed by the South East and Yorkshire and the Humber where the numbers decreased by 51 percent and 41 percent, respectively. Figure 8b shows that in 2008 HAs in the North West had the largest share of non-decent housing stock in England, 25 percent (58,053) while HAs in the East Midlands had the smallest, at five percent (10,850).

**Figure 8: The regional distribution of homes that failed to meet the DHS, 2005–2008**

a) *The number of homes that failed to meet the DHS by region, 2005–2008*



b) *The regional distribution of homes that failed to meet the DHS by region, 2008*

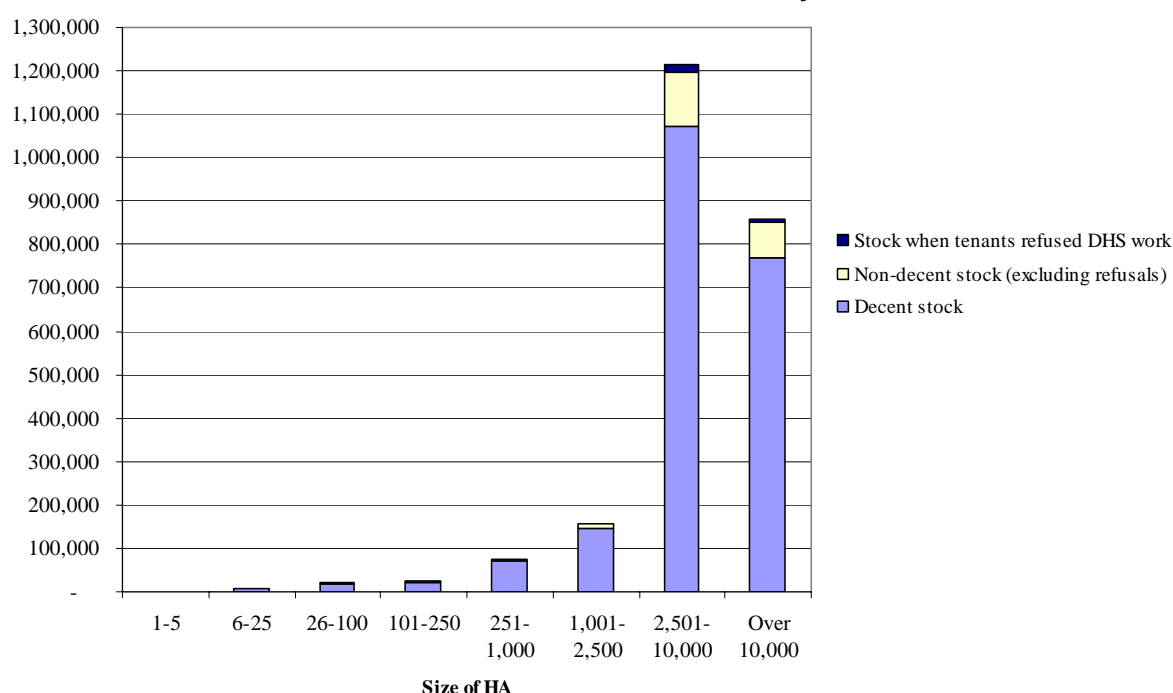


Source: Based on calculation from RSR Part O.

The DHS Guidance states that where tenants refuse works necessary to bring their homes up to the DHS, such works should be deferred. In 2008, 209 HAs reported one or more tenants refusing work: Sixty three HAs reported between 100 and 500 refusals. Six HAs reported over 500. The largest number of tenant refusals was 1,607 which accounted for seven percent of all non-decent homes where the works

could not been undertaken. Figure 9 shows that large HAs had over 70 percent of the total number of units where tenants refused DHS work. They were most likely LSVT associations with large-scale programmes of kitchen and bathroom renewal, work which might be disruptive to tenants and which could give rise to rent increases. Overall, 22,947 tenant refusals were reported.

**Figure 9: The total number of general needs, supported and housing for older people owned stock where tenants refused DHS work by size of HAs, 2008**



Source: RSR Part Q; *Profile of the HA Sector in 2008 Tables* Table 15.

## 5. Lettings and turnover of general needs housing stock

As the regulator of HAs, TSA regularly monitors the key trends in the supply and distribution of HA lettings. HAs are required to provide information about lettings in both the RSR and CORE. Lettings data in the RSR are collected on a property-basis while those in CORE are tenant-based; figures differ slightly between the two datasets.

Over the year from 1 April 2007 to 31 March 2008, a total of 285,516 general needs, and support housing and/or housing for older people lettings were recorded in the RSR, an increase of three percent over the previous year. Fifty-eight percent of total lettings reported in the RSR were general needs, and 42 percent were supported housing and/or housing for older people.

### 5.1 General needs lettings and turnover

The RSR recorded a total of 166,120 general needs lettings in 2007/08 (Table 3), an increase of four percent over the previous year. Over one third of these lettings were made by HAs in the North West and London (17% and 16% in 2007/08,

respectively). Compared with last year, HAs in three regions (the East Midlands, the West Midlands and the North East) experienced a slight decline in the number of general needs lettings, with those in the East Midlands having a relatively larger fall of five percent. In contrast, HAs in the East of England had the largest growth in total owned general needs stock (14%) and the biggest increase of 22 percent in the number of the general needs lettings over the year.

**Table 3: Regional distribution of general needs lettings, 2007–2008 (at 31 March)**

	2007			2008		
	Total general needs units owned	Number of lettings	Turnover	Total general needs units owned	Number of lettings	Turnover
East Midlands	75,165	10,771	14%	85,176	10,194	12%
Yorkshire and the Humber	139,580	14,678	11%	142,268	15,336	11%
South West	139,658	14,702	11%	143,454	15,158	11%
East of England	158,438	15,014	9%	180,785	18,288	10%
West Midlands	188,540	18,562	10%	190,013	18,387	10%
North East	103,183	11,033	11%	111,072	10,635	10%
London	278,103	24,676	9%	292,681	27,105	9%
South East	232,122	22,003	9%	243,399	22,239	9%
North West	305,256	28,652	9%	323,862	28,778	9%
<b>England</b>	<b>1,620,045</b>	<b>160,091</b>	<b>10%</b>	<b>1,712,710</b>	<b>166,120</b>	<b>10%</b>

Source: RSR Part O; *Profile of the HA Sector in 2008 Tables* Table 77.

Despite the expansion of general needs housing stock in England between 2007 and 2008, turnover rates remained at 10 percent for both years (Table 3). Thus, it is not surprising to find that six regions had the same turnover rates for both these years. Two regions, the East Midlands and the North East, experienced a fall in their turnover, with the East Midlands having the largest decline, of two percentage points. The East of England was the only region having an increase in its turnover rates, but only by one percentage point.

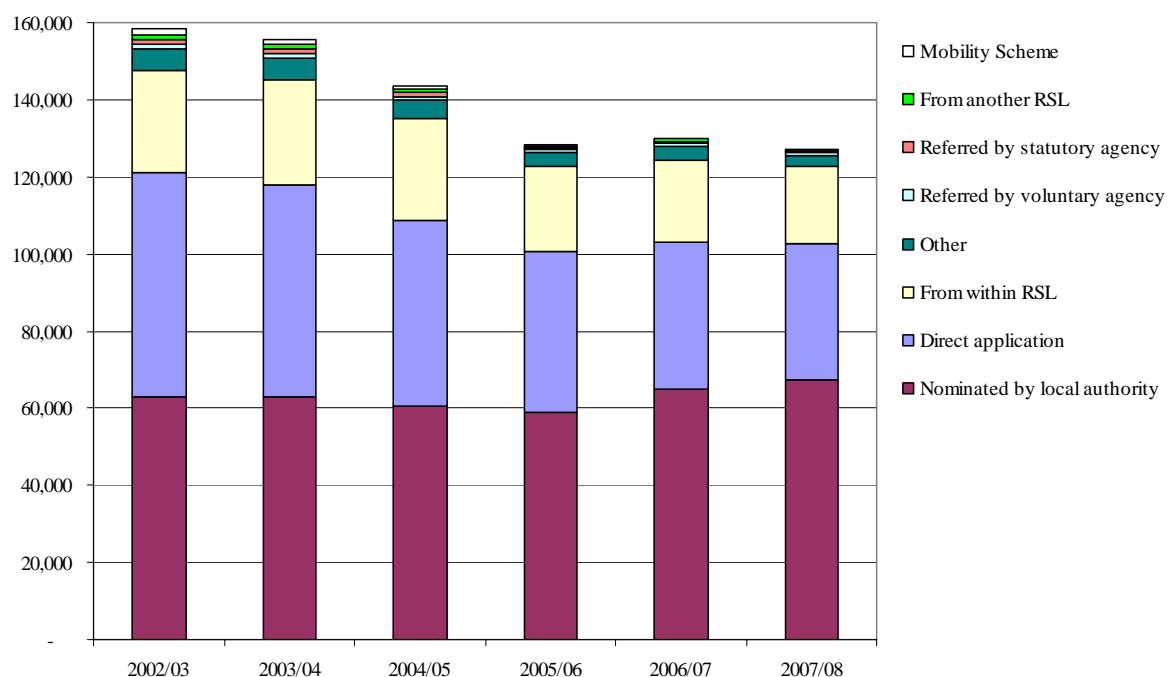
## 5.2 General needs lettings characteristics

The CORE dataset contains detailed information on lettings made by HAs and tenants who move into general needs housing and supported housing. The last six years have seen a general reduction in the overall volume of general needs lettings. As shown in Figure 10, the total of general needs tenancies granted by all HAs in England declined by 20 percent to 127,301 in 2007/08. Between 1 April 2007 and 31 March 2008, 84 percent of all general needs lettings were re-lets of existing homes.<sup>7</sup>

<sup>7</sup> Details of general needs lettings can be accessed via the CORE website (<http://www.core.ac.uk/>) and Dataspring (2009) *Profile of the HA Sector in 2008 Tables*, Tables 53, 58-61.

Figure 10 also shows that the number of general needs lettings referred from LAs has been increasing steadily over the six-year period from 62,951 (40% of all general needs lettings) in 2002/03, to 67,488 (53%) in 2007/08. In contrast, the number of successful direct applications fell sharply by 39 percent from 58,293 to 35,353. The number of successful internal applications within the HA sector also declined by 27 percent during the same period.

**Figure 10 General needs lettings by source of referral, 2002/03–2007/08**

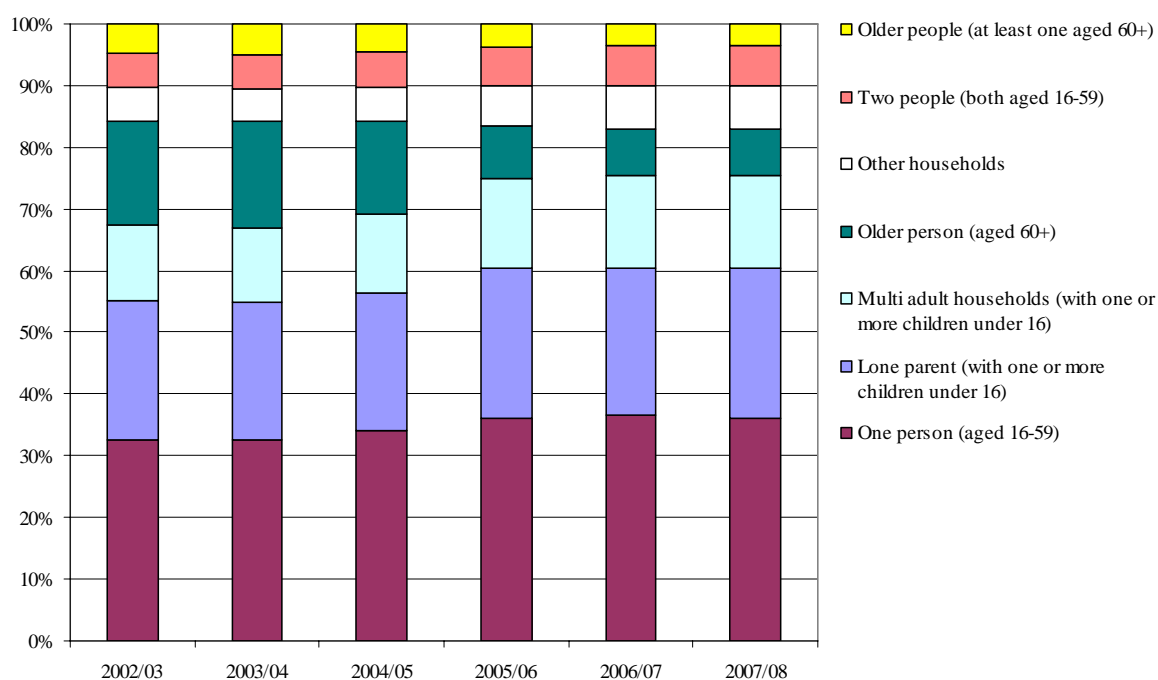


Source: CORE; *Profile of the HA Sector in 2008 Tables* Table 58.

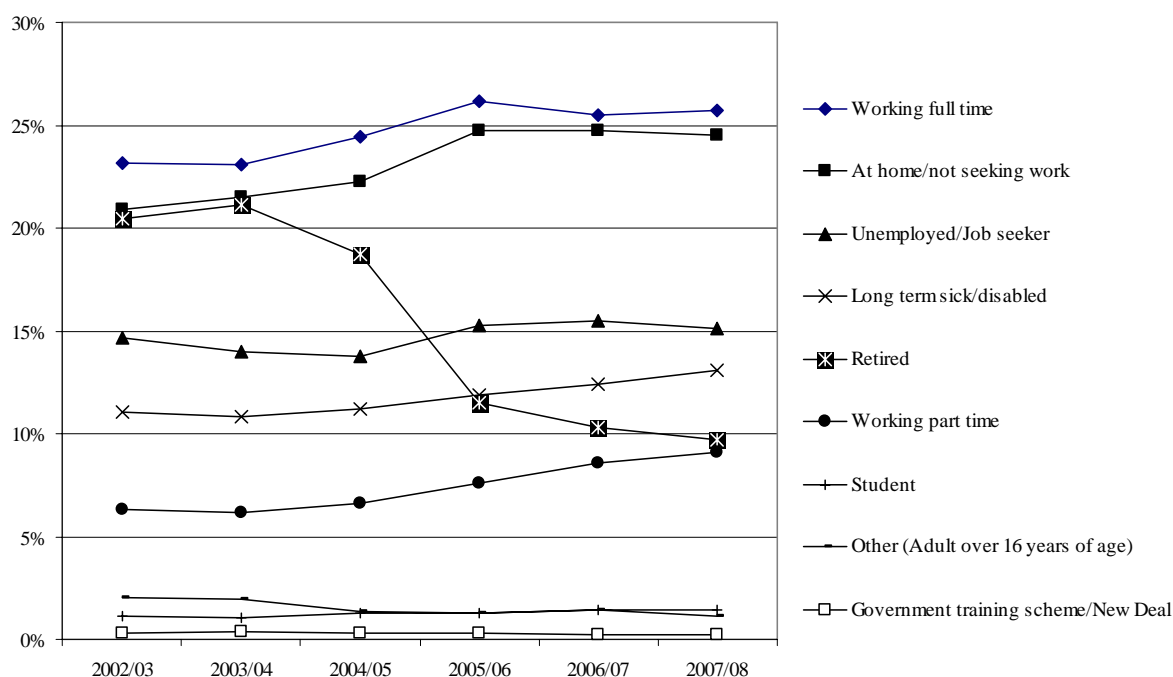
Figure 11 shows the profile of households entering the HA sector between 2002/03 and 2007/08. The pattern of household types has been fairly stable over the past six years. The proportion of general needs lettings involving one-person households (under 60 years old) increased steadily from 33 percent to 36 percent of all general needs lettings in 2007/08 (Fig. 11). The proportion of these lettings to single parent families rose slightly from 23 percent to 24 percent while that of multi-adult households from 12 percent to 15 percent. Of particular interest is the proportion of lettings to older single persons, which declined sharply throughout the period, so that by 2007/08 it accounted for only seven percent of all general needs lettings.

With regard to lettings made to homeless households, there was a nine percent increase in the number of lettings made to households determined as statutorily homeless immediately prior to letting between 2002/03 and 2007/08. Accordingly, the proportion of lettings made to homeless households in all general needs lettings rose from 13 percent to 18 percent, respectively.



**Figure 11: General needs lettings by household type, 2002/03–2007/08**

Source: CORE; *Profile of the HA Sector in 2008 Tables* Table 58.

**Figure 12: General needs lettings by employment status, 2002/03–2007/08**

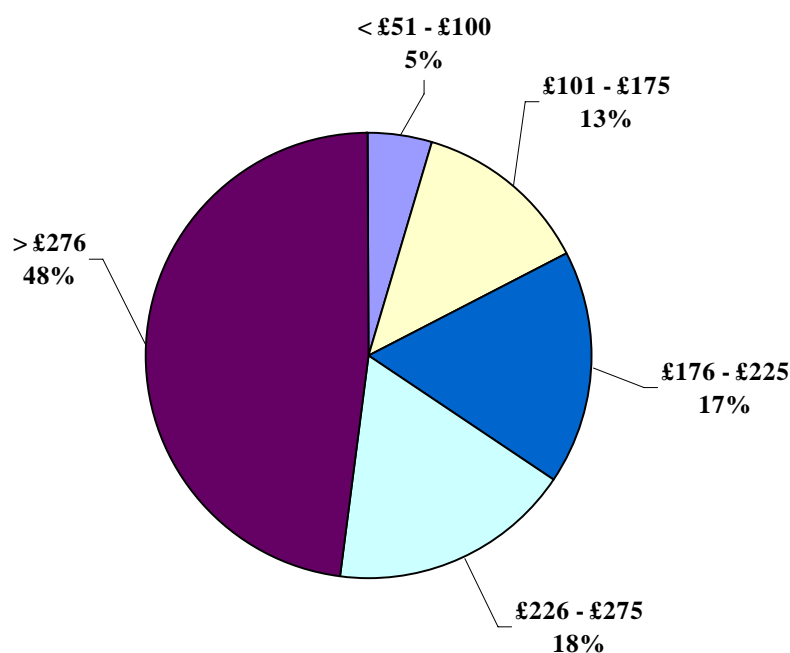
Source: CORE; *Profile of the HA Sector in 2008 Tables* Table 59.

Less than 30 percent of households entering the HA sector were in full or part-time employment between 2002/03 and 2003/04, but after 2005/06, nearly 35 percent of them were either full or part-time employed (Fig. 12). The proportion of new tenants who were either at home or not seeking work increased slightly from 21 percent to

24 percent respectively. As there were a decreasing number of older single persons entering the sector, the proportion of retired people in all new tenants dropped from 20 percent in 2002/03 to 10 percent in 2007/08.

In 2007/08, 34,023 working households who were new tenants of general needs new/re-let units recorded their incomes in CORE (27% of all general needs lettings). Figure 13 shows 48 percent of these new tenants had weekly income over £276 per week, which exceeded the 30<sup>th</sup> percentile of gross weekly pay for all employees in the United Kingdom.<sup>8</sup> At least five percent of working households had the lowest level of income, less than £117 per week, the 10<sup>th</sup> percentile of gross weekly pay in the UK.

**Figure 13: Weekly incomes of working households in general needs lettings, 2007/08**



Source: CORE; *Profile of the HA Sector in 2008 Tables Table 60.*

### 5.3 Choice based lettings operated by large HAs

Choice based lettings (CBL) systems ‘open up’ social housing to a wider group of households. CBL allows housing applicants to view details on, choose between, and apply (or ‘bid’) for currently available-to-let properties. This contrasts with traditional housing allocation systems where applicants are normally faced with the choice of whether to accept or reject a property deemed ‘suitable’ by a social landlord. In this way, CBL aims to transform the letting of social housing from producer-driven to consumer-led. Originating in the Netherlands,<sup>9</sup> the application of CBL in England

<sup>8</sup> Based on the Annual Survey of Hours and Earnings, the median gross weekly pay for all employees in the United Kingdom in 2008 was £388.40; for the 30<sup>th</sup> percentile, £269.20; the 25<sup>th</sup>, £238.30; the 20<sup>th</sup>, £204.60 and the 10<sup>th</sup>, £117.20

([http://www.statistics.gov.uk/downloads/theme\\_labour/ASHE\\_2008/2008\\_all\\_employees.pdf](http://www.statistics.gov.uk/downloads/theme_labour/ASHE_2008/2008_all_employees.pdf)).

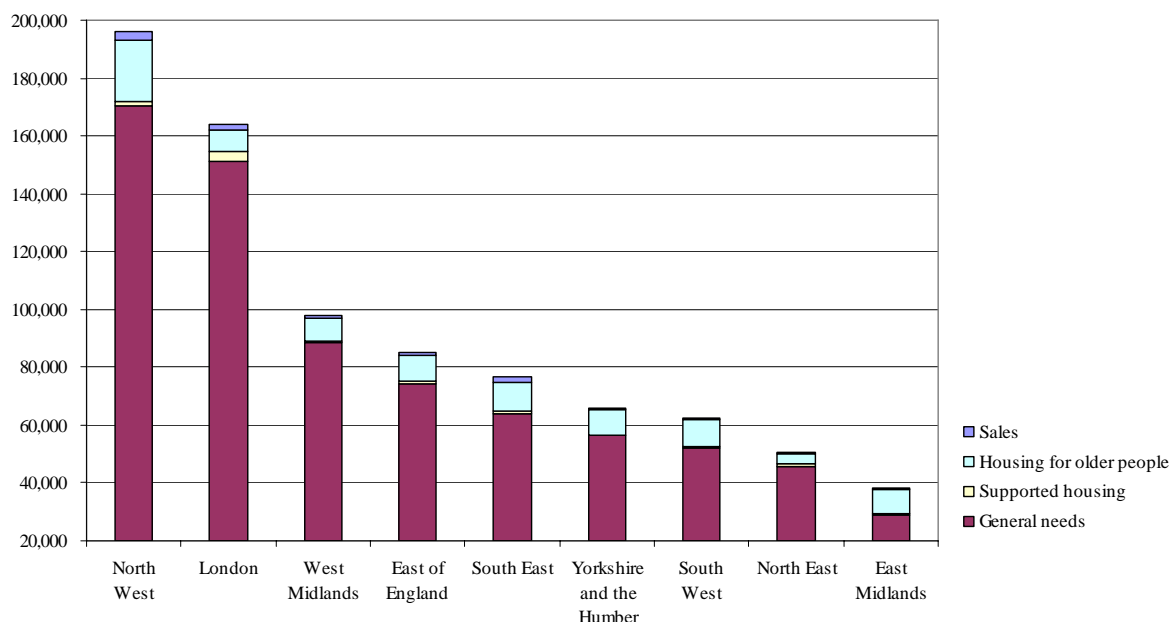
<sup>9</sup> Kullberg, J. (1997) “From waiting lists to adverts: the allocation of social rental dwellings in the Netherlands,” *Housing Studies* 12(3): 393-403.

was given substantial impetus by the Housing Green Paper of 2000. Funded by central government, twenty seven CBL pilot schemes were launched from 2001–2003. Subsequently, the government has extended the programme nationwide and set a target for CBL to cover, not only local authority and HA properties, but also LCHO and rental properties in the private sector in England, by 2010.

TSA monitors progress towards the target using statistical information provided by large HAs on an annual basis. Analysis from the long version of the 2007/08 RSR shows that 250 large HAs (63% of all large HAs) had implemented CBL. A further 85 large HAs had plans to do so. Thirty of them expected their scheme to become operational in 2008, 44 in 2009, 10 in 2010.<sup>10</sup>

Figure 14 illustrates that in 2008, the majority of stock given over to CBL by large HAs was general needs housing (731,839), some 88 percent of all units for CBL. Housing for older people accounted for another 10 percent, and the remaining two percent were equally shared between supported housing and properties sold under LCHO schemes. Large HAs in the North West had the largest amount of stock given over to CBL, 195,921 (or 23% of all units for CBL). They also had the largest proportion of general needs, housing for older people and sales units given over to CBL. Large HAs in London, on the other hand, had the largest proportion of supported housing units given over to CBL (34% of all supported housing units for CBL).

**Figure 14 Regional distribution of stock given over to CBL by large HAs, 2008**



Source: RSR Part O; *Profile of the HA Sector in 2008 Tables* Table 31.

<sup>10</sup> One HA did not provide any information of when it expected its scheme to become operational.

## 5.4 The use of evictions and actions against anti-social behaviour by large HAs

Tenants of HAs enter into legally binding agreements with their landlords. Importantly, the tenant is formally obliged to make on-time rent payments and to act responsibly towards neighbours. Where such terms of a tenancy agreement are breached, the landlord is entitled to take legal action which may, ultimately, result in the property being re-possessed and the tenant having to find alternative accommodation. In 2007/08, large HAs took legal action which resulted in 11,354 tenants (general needs and supported housing and/or housing for older people combined) losing their homes (Table 4). Almost three-quarters of these evictions (74%) were for rent arrears, and 14 percent were for anti-social behaviour (ASB). Another four percent were for both arrears and ASB. Compared to last year, large HAs took fewer people to court and obtained fewer injunctions against them. Thus, they evicted slightly less tenants than in 2006/07.

**Table 4: Number of evictions carried out by large HAs by reason, 2006/07–2007/08**

Reason	2006/07					2007/08				
	General needs housing		Supported housing and/or housing for older people		Total number of evictions	General needs housing		Supported housing and/or housing for older people		Total number of evictions
	Number of evictions	%	Number of evictions	%		Number of evictions	%	Number of evictions	%	
Arrear	7,790	88	871	34	8,661	7,646	88	745	28	8,391
Anti-social behaviour (ASB)	662	7	759	30	1,421	647	7	979	36	1,626
<i>Demoted Tenancy (of ASB)</i>	28	0	2	0	30	22	0	0	0	22
Arrear and ASB	107	1	167	7	274	111	1	344	13	455
Other	294	3	734	29	1,028	249	3	633	23	882
<b>Total</b>	<b>8,853</b>	<b>100</b>	<b>2,531</b>	<b>100</b>	<b>11,384</b>	<b>8,653</b>	<b>100</b>	<b>2,701</b>	<b>100</b>	<b>11,354</b>

Source: RSR Part G; *Profile of the HA Sector in 2008 Tables* Table 56.

Anti-Social Behaviour Orders (ASBOs) were introduced as a part of the Crime and Disorder Act 1998 to tackle serious, persistent but relatively low-level disorder that could blight local communities. HAs can apply to the courts for an ASBO or Anti-Social Behaviour Injunctions (ASBI) in order to deter anti-social behaviour by their tenants, and to prevent the escalation of such behaviour without having to resort to criminal sanctions. Between April 2007 and March 2008, 220 ASBOs were granted to large HAs, 93 fewer than the previous year. However, the number of ASBIs increased by 274 to 1,319 in 2007/08.

## 6. Low cost home ownership schemes

Alongside social rented housing, HAs are now the main providers of low cost home ownership (LCHO) schemes. LCHO schemes are government-backed schemes offering help to people who cannot afford to purchase their own home in the open market. There are three main types of LCHO:

- (i) *Discounted sale schemes* for existing social tenants to buy their homes at a reduced rate. Three main discounted sale schemes are Right to Buy (RTB), Preserved Right to Buy (PRTB) and Right to Acquire (RTA);
- (ii) *Shared ownership* for purchasers to part-own and part-rent their homes. The purchaser buys an initial share in a home from a housing provider, who retains the freehold and charges a rent for the remaining share of the dwelling. He/she can buy additional shares up to 100 percent ownership of the property over time (known as 'staircasing'). In the case of shared ownership schemes for the elderly, i.e., the Leasehold Housing for Older People (LHOP), staircasing is fixed at a maximum of 75 percent to ensure the property remains within the social housing sector. Currently, the two main shared ownership models are New build Homebuy and Social Homebuy; and
- (iii) *Open Market Homebuy*, a share equity scheme for people to buy a property on the open market with the help of an equity loan, supplementing a traditional mortgage borrowed from a private lender.

### 6.1 National picture of HA LCHO activities

Over 380 HAs are currently involved in the provision of shared ownership, LHOP and other LCHO schemes (Table 5). This equates to around one in five of all HAs. Some of these associations are specially constituted subsidiaries working within HA groups. Thus, the number of HAs directly or indirectly involved in the provision of low cost home ownership housing may be far higher.

**Table 5: Number of HAs who owned properties sold under shared ownership, LHOP and other LCHO schemes, 2007 and 2008**

Year	Number of HAs	as % of total HAs
2007	363	22%
2008	386	24%

Notes:

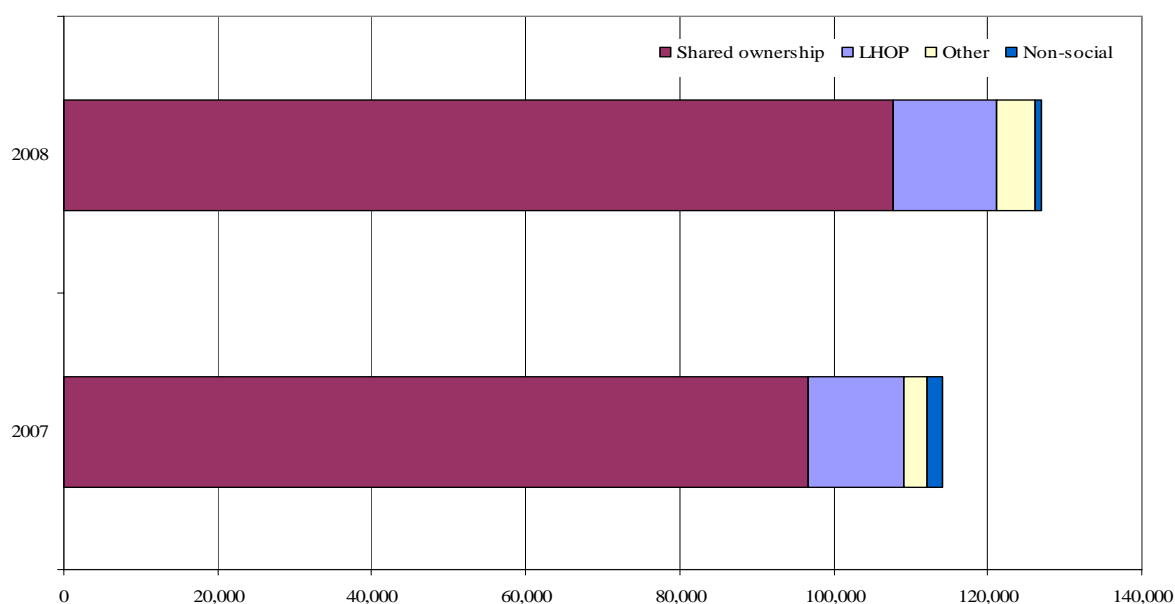
- 1) Properties refer to those dwellings where the purchaser has not acquired 100% equity.
- 2) The proportion of HAs was based on the total number of HAs with valid returns in each year.

Source: Based on calculation from 2006/07 and 2007/08 RSR Parts A and B.

As at 31 March 2008, the number of shared ownership, LHOP and other LCHO units in which HAs owned shares was just over 126,920, an increase of 11 percent over the previous year (Fig. 15). The vast majority of LCHO housing was shared ownership units (85%), an increase of 11 percent since 2007. Eleven percent of total LCHO housing was LHOP units. The remaining five percent was non-social

leasehold housing and 'other' LCHO schemes where the purchaser has not acquired 100 percent equity.

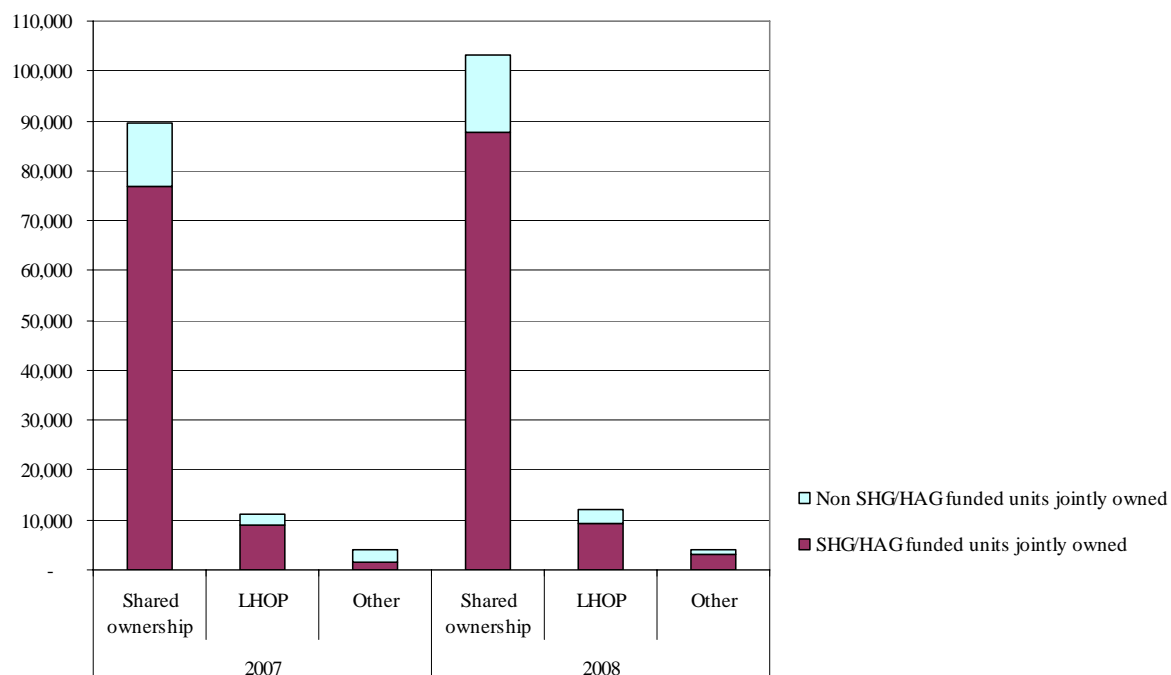
**Figure 15: Shared ownership, LHOP and other LCHO units owned by HAs, 2007 and 2008 (at 31 March)**



Note: Units refer to those properties where the purchaser has not acquired 100 percent equity. Only large HAs were required to complete information on non-social housing.

Source: RSR Parts A and B; *Profile of the HA Sector in 2008 Tables* Table 23.

**Figure 16: Shared ownership, LHOP and other LCHO units owned by large HAs by type of funding, 2007 and 2008 (at 31 March)**



Source: RSR Part J; *Profile of the HA Sector in 2008 Tables* Table 24.

In 2008, large HAs owned a total of 119,638 shared ownership, LHOP, other shared equity and non-social leased housing units. Figure 16 shows that majority of the LCHO units (84%) were funded by Housing Association Grant (HAG) or SHG, and the total number of these public-funded units went up by 15 percent from the previous year.

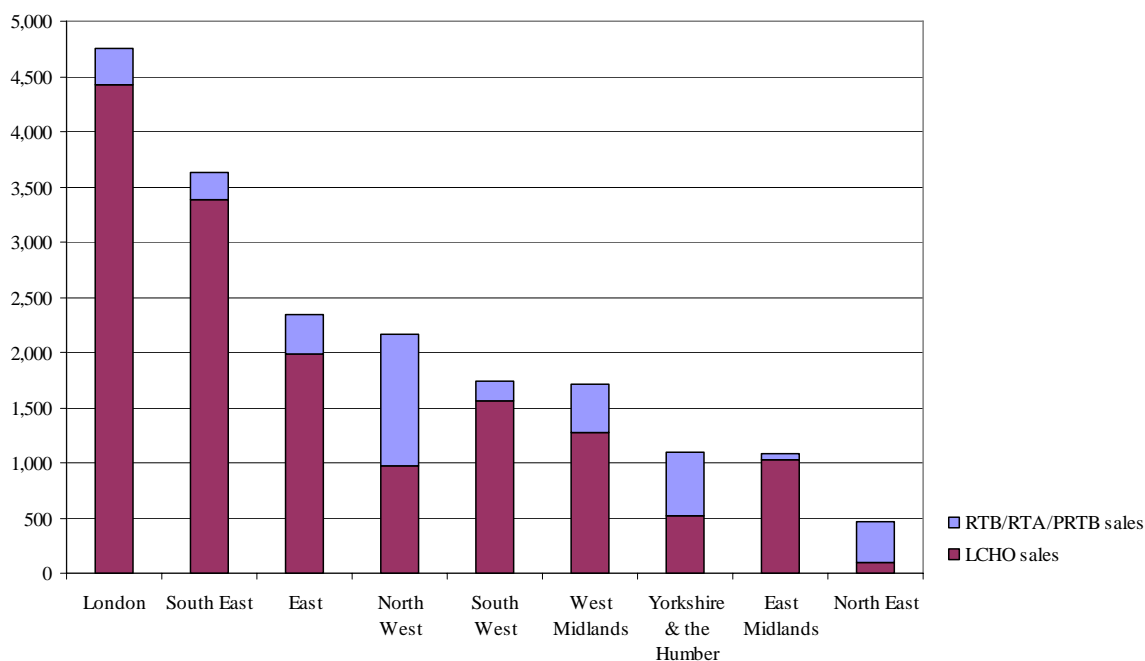
In addition to these LCHO dwellings, HAs also own properties on which the freehold has been retained but the leasehold has been sold, through shared ownership arrangements or discounted sales under the RTB/PRTB/RTA schemes. In 2008, there were 114,353 such freeholds owned by all HAs, an increase of eight percent since 2007. Over 60 percent of these were related to RTB/PRTB/RTA properties.

## 6.2 Regional distribution of LCHO sales and stock owned by large HAs

### 6.2.1 LCHO and RTB/RTA/PRTB sales

In 2007/08, just over a quarter of all LCHO and RTB/RTA/PRTB sales made by large HAs occurred in London and another 19 percent in the South East (Fig. 17). At least 75 percent of these sales in southern and central regions were LCHO sales with the East Midlands having the largest proportion at 95 percent. In contrast, large HAs in the northern regions had a relatively higher proportion of discounted sales to tenants, 79 percent in the North East, 55 percent in the North West and 53 percent in Yorkshire and the Humber.

**Figure 17: Regional distribution of LCHO sales and RTB/RTA/PRTB sales made by large HAs, 2007/08**



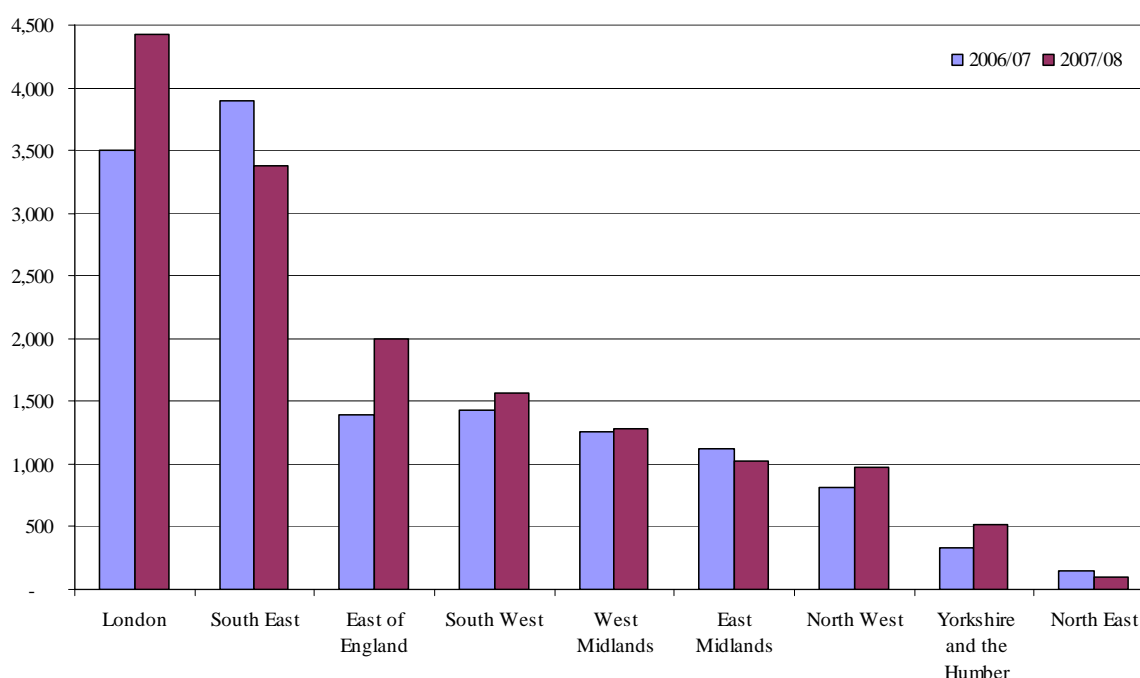
Note: LCHO sales included Social Homebuy and other sales to tenants, NewBuild Homebuy, Open Market Homebuy, LHOP and shared ownership/homebuy sales (100% disposals or 75% in the case of LHOP) only.

Source: Calculation based on RSR Part O.

### 6.2.2 LCHO sales

Figure 18 shows the continued increase in the number of sales under LCHO schemes, which included Social HomeBuy and other shared equity HomeBuy schemes, NewBuild Homebuy and expanded Open Market HomeBuy sales, and LHOOP programme. By 2007/08, 15,250 initial sales were made by large HAs in England, an increase of 10 percent over 2006/07. As expected, sales predominately occurred in the 'pressured' regions of London and the South East (29% and 22% in 2007/08, respectively). A number of large HAs in the Yorkshire and the Humber experienced a steep rise in LCHO initial sales by 54 percent, from 337 in 2006/07 to 518 in 2007/08, but still accounted only for three percent of total LCHO sales. In contrast, their counterparts in the North East experienced a decrease from 145 to 96 during the same period.

**Figure 18: Sales of LCHO units (first sales) made by large HAs, 2006/07–2007/08**



Source: RSR Part O; *Profile of the HA Sector in 2008 Tables* Table 78.

### 6.2.3 LCHO stock

Large HAs in London and the South East have the largest share of LCHO stock. Table 6 shows that in 2008, 24 percent of these units were owned by large HAs in London and another 22 percent by those in the South East. Consequently, large HAs in these two regions had the largest proportion (8%) of such dwellings in their total owned stock. Large HAs in the East of England experienced the largest increase of 27 percent in their LCHO stock, and the proportion of such dwellings in their total owned stock therefore increased slightly to five percent in 2008. In contrast, large HAs in the North East had only two percent of shared ownership



stock in their total owned stock. This regional pattern reflected the regional pattern of the gap between HA rents and owner-occupation costs.<sup>11</sup>

**Table 6 Regional distributions of shared ownership, LHOP and other LCHO units owned by large HAs, 2007–2008**

	2007			2008		
	Total stock owned	Shared ownership, LHOP and other LCHO units owned	Shared ownership, LHOP and other LCHO units as a % of total stock owned	Total stock owned	Shared ownership, LHOP and other LCHO units owned	Shared ownership, LHOP and other LCHO units as a % of total stock owned
South East	321,187	23,961	7.5	335,744	26,190	7.8
London	371,781	25,032	6.7	391,423	29,490	7.5
East Midlands	115,292	8,496	7.4	129,490	9,506	7.3
South West	196,479	9,952	5.1	202,555	11,391	5.6
West Midlands	247,032	12,215	4.9	250,026	13,263	5.3
East of England	210,993	8,812	4.2	238,789	11,157	4.7
Yorkshire and the Humber	187,676	5,251	2.8	190,280	5,828	3.1
North West	393,695	11,339	2.9	413,746	12,201	2.9
North East	126,721	2,529	2.0	138,116	2,654	1.9
<b>England</b>	<b>2,170,856</b>	<b>107,587</b>	<b>5.0</b>	<b>2,290,169</b>	<b>121,680</b>	<b>5.3</b>

Note: Figures of total stock owned were the total number of units for general needs, supported housing and housing for older people owned by all HAs, and the total of shared ownership/LHOP and other LCHO units, and non-social housing stock owned by large HAs. They did not include shared ownership, LHOP and other LCHO units, and non-social housing owned by small HAs.

Source: RSR Part O; *Profile of the HA Sector in 2008 Tables* Table 43.

## 7. Summary

The HA sector continued to expand in 2008, albeit at a slightly slower rate of five percent over the previous year. The majority of this growth arose from a sudden upsurge of large scale stock transfers. Units transferred from local authorities accounted for 74 percent of all rental stock entering the sector. Despite the large volume of transferred units from local authorities, large HAs reported a continuous improvement in reducing the number of non-decent homes in their owned stock. Associated with this, there were also a large number of tenant refusals in bringing their homes to DHS. Nearly 23,000 units could not be upgraded.

Compared with last year, there was also a slight increase of three percent in HA lettings recorded by the RSR. However, the number of new lettings reported by CORE has fallen in total by 20 percent between 2002/03 and 2007/08. The demographic profiles of new tenants remained much the same over the past six years, with non-elderly single persons (aged below 60) being the dominant client

<sup>11</sup> Udagawa, Chihiro (2008) *Comparison of Registered Social Landlord Rents with Owner Occupier costs, 1998/99 to 2006/07*. Source document for the Dataspring Report to the Housing Corporation (<http://www.dataspring.org.uk>).

group. An increasing proportion of lettings came from referrals of previously homeless households from local authorities.

Despite the market downturn, sale activities under various LCHO schemes continued to increase, except for discounted sales schemes to existing tenants. Shared ownership (initial sales) made by large HAs increased by 10 percent over last year. These sales predominantly occurred in London and the South East, suggesting that there was still a considerable appetite for expanding shared ownership activity in these high-cost regions.