

Trends in Housing Association Stock in 2009



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1. Introduction

This paper uses tables and the summary paper, the *Profile of the Housing Association Sector*,¹ which is derived from the Tenant Services Authority's (TSA) Regulatory and Statistical Return (RSR) and the CORE (COntinuous REcording), to describe some of the key changes happened in the housing association (HA) sector in 2009, from the previous year and since 2006/07, and in some cases, up to 2002/03.

The paper is organised as follows. Following this introduction, Section 2 gives an overview of the changing structure of the sector up to 2009 in terms of HA groupings by size of owned stock. Section 3 outlines the changes of HA social and non-social housing stock, and the inflows and outflows of rental units and affordable homes. Section 4 assesses the extent to which HA stock meets the Decent Home Standard. Section 5 examines the characteristics of lettings and turnover of general needs housing stock. Section 6 describes HA activities with regard to low cost home ownership schemes.

2. Overview of the HA sector in 2009

In 2008/09, the number of HAs operating in England was 1,578² (Fig. 1). This represented a decrease of six percent (or 98 HAs fewer) over the previous year and 18 percent (347 HAs fewer) since 2002/03. The reductions were concentrated in very small HAs that own less than 250 units. The number of very small HAs fell from 1,433 in 2002/03 to 1,058 in 2008/09 after the introduction of new deregistration criteria in April 2002 which aimed to reduce the regulatory burden for smaller housing providers (in particular, almshouse charities),³ to deregister, provided they met the necessary criteria. Despite that, the sector has continued to be characterised by this large number of very small HAs; in 2008/09, they accounted for 67 percent of all HAs. In contrast, the number of large HAs that have over 1,000 units grew from 335 in 2002/03 to 379 in 2008/09 (24% of all HAs). Within the grouping of large HAs, there was a marked growth in the number of super-large HAs which own more than 10,000 units. In 2008/09, there were 54 such super-large HAs compared with 29 in 2002/03.

While the very small HAs accounted for a major proportion of HAs in England, their stock represented a tiny share in the HA sector. At 31 March 2009, only two percent of total owned stock was in the hands of the 1,058 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-three percent of total stock was owned by the 379 large HAs that have over 1,000 units, of which the 54 super-large HAs, owning more than 10,000 units, accounted for 39 percent of the owned stock in the sector.

¹ This briefing paper is largely based on data from the *Profile of the Housing Association Sector in 2009* which can be downloaded from the Dataspring website, www.dataspring.org.uk.

² This included only those HAs that returned a valid RSR.

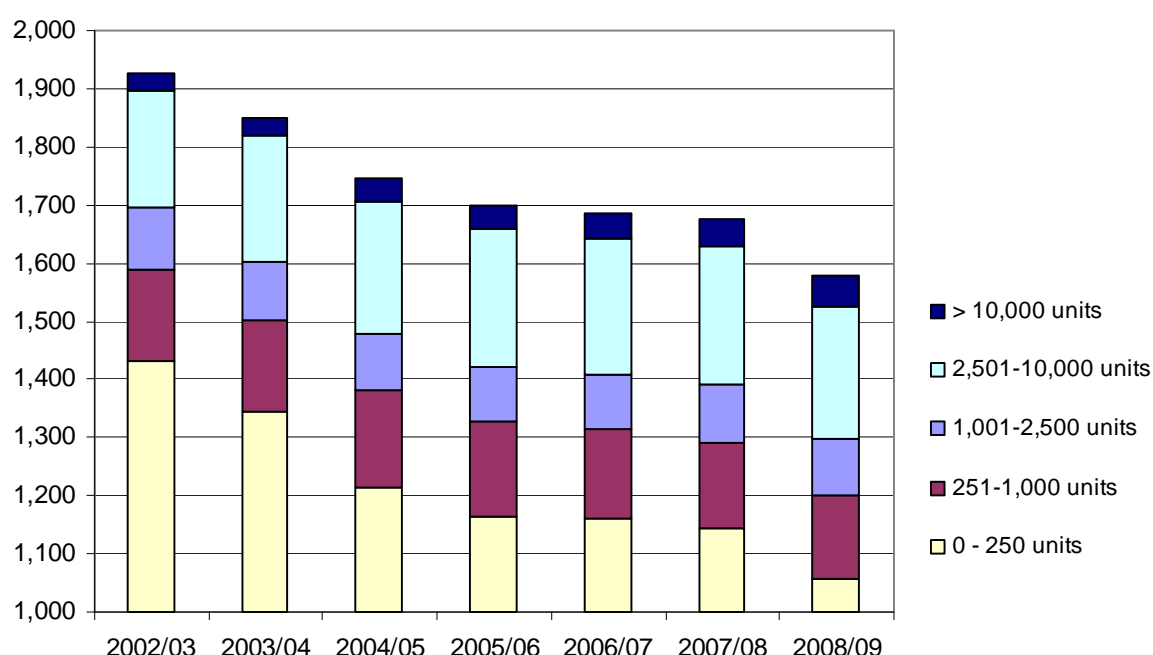
³ Housing Corporation (2002) "Profile of housing association groups: Almshouse Charities," *Sector Study 16b*. <http://www.housingcorp.gov.uk/upload/pdf/ss16b.pdf>. Solomou, W. (2004) "Almshouse charities," *Sector Study 41*. (http://www.dataspring.org.uk/Downloads/SS_Almshouses.pdf).

There has been a continuous merger and group structure development activity in the sector. In 2009, 445 HAs operated within group structure arrangements with a total owned stock of 1,752,930 units which accounted for 74 percent of the stock in the sector.

HAs generally are localised. In 2009, 944 out of 1,578 HAs (60% of all HAs) owned properties in just one local authority area. Another 510 HAs owned stock that were located in two or more local authority areas.⁴ Within this group, 343 were active between two and 10 local authority areas. At the other extreme, four HAs owned stock distributed over 200 local authority areas.

Figure 1 HAs, grouped by the size of owned stock, 2002/03–2008/09

No. of HAs



Note: Total owned stock was based on calculations of stock owned by HAs which returned a valid RSR.
 Sources: 2002/03 from 2003 *Profile of the HA Sector Tables* Table 5; 2003/04–2005/06 from 2004 to 2006 *Profile of the HA Sector Tables* Table 2; 2006/07–2008/09 from 2007 to 2009 *Profile of the HA Sector Tables* Table 10.

3. Overview of HA stock in 2009

3.1 HA rental stock at 31 March 2009

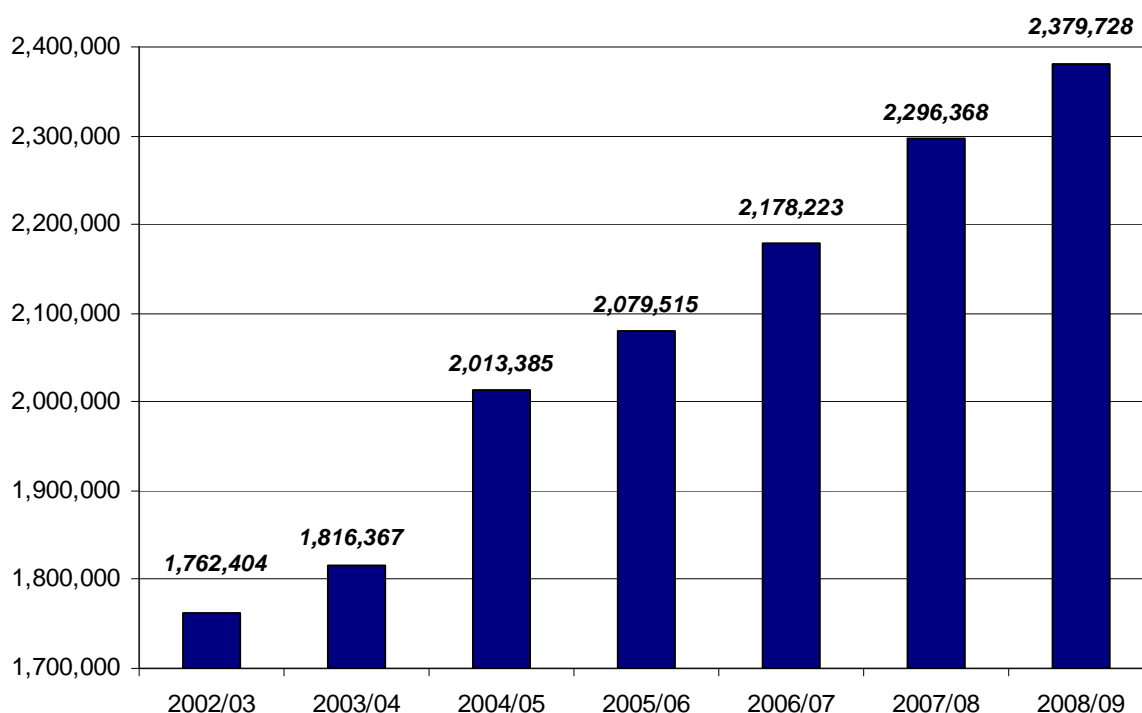
While the numbers of HAs have continued to decline, stock held has continued to expand. By 31 March 2009, HAs owned 2,379,728 rental units,⁵ an increase of four percent over the previous year and 35 percent since 2003 (Fig. 2). The total owned stock of the HA sector comprises owned homes for general needs, housing for older

⁴ There were 124 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.

⁵ Units' include both non-self-contained and self-contained units.

people and supported housing, non-social rental housing, and social and non-social leased housing where leaseholders have not acquired 100 percent equity in their homes. In 2008/09, 96 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. Of the 2,196,125 general needs and supported housing and/or housing for older people units owned by HAs, a total of 57,538 (3%) were vacant at 31 March. This vacancy rate has remained much the same since 2006.

Figure 2 HA rental stock (social and non-social housing combined), 2002/03–2008/09

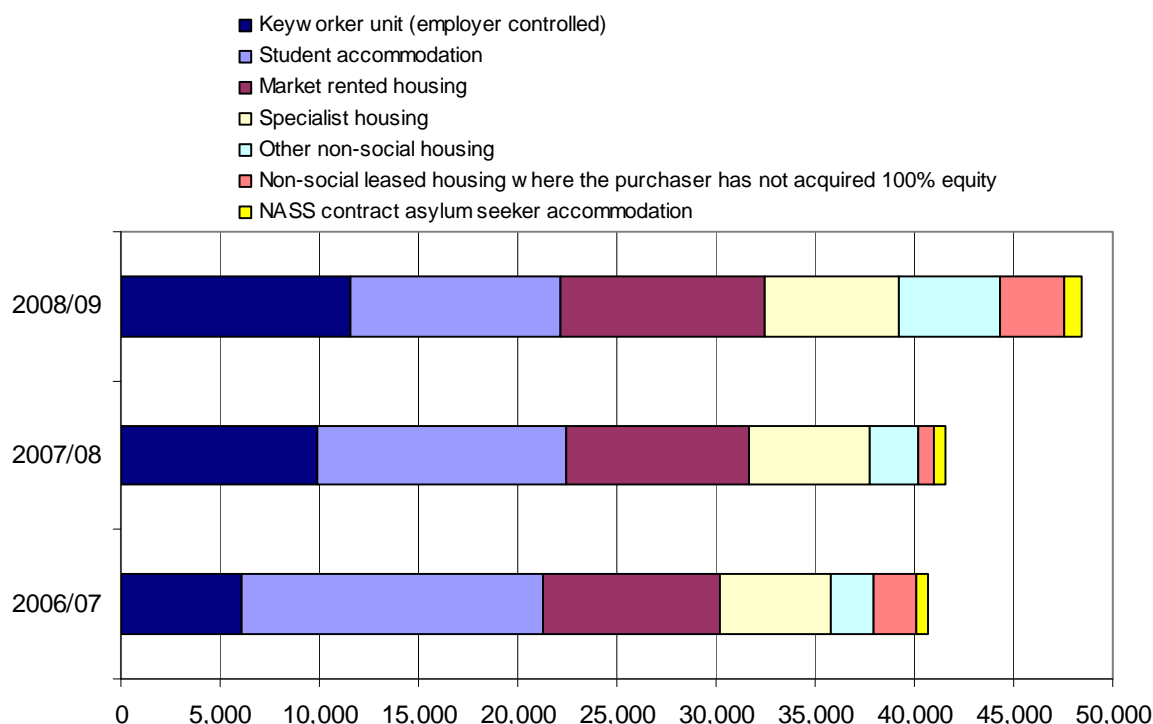


Note: The total number of rental stock was based on calculations of rental stock owned by HAs which returned a valid RSR.

Sources: 2002/03 from 2003 *Profile of the HA Sector Tables* Table 5; 2003/04–2005/06 from 2004 to 2006 *Profile of the HA Sector Tables* Table 2; 2006/07–2008/09 from 2007 to 2009 *Profile of the HA Sector Tables* Table 10.

In addition to the provision of social rental housing, many HAs provide accommodations for non-social housing use. By 31 March 2009, large HAs owned 48,385 non-social housing dwellings, an increase of 16 percent over the previous year and 19 percent since 2006/07 (Fig. 3). Keyworker units (employer controlled) was the most important type of non-social housing in 2008/09 (24% of the total), an increase of 39 percent over the previous year to 11,598. The next highest category was student accommodation which experienced a continuous decline since 2006/07 to 10,598. This was followed by market rented housing which increased from 8,844 in 2006/07 to 10,284 in 2008/09. Overall, large HAs spent an average of four percent of their gross annual turnover and four percent of gross capital on non-social housing in 2009.

Figure 3 HA non-social rental stock owned and managed by large HAs, 2006/07–2008/09



Sources: RSR Part B; 2006/07 from 2007 *Profile of the HA Sector Tables* Table 29, 2007/08 and 2008/09 from 2008 and 2009 *Profile of the HA Sector Tables* Table 27.

3.2 The flow of HA stock in 2008/09

The previous section described HA housing stock as at 31 March 2009. In this section, we examine the flows in stock 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.

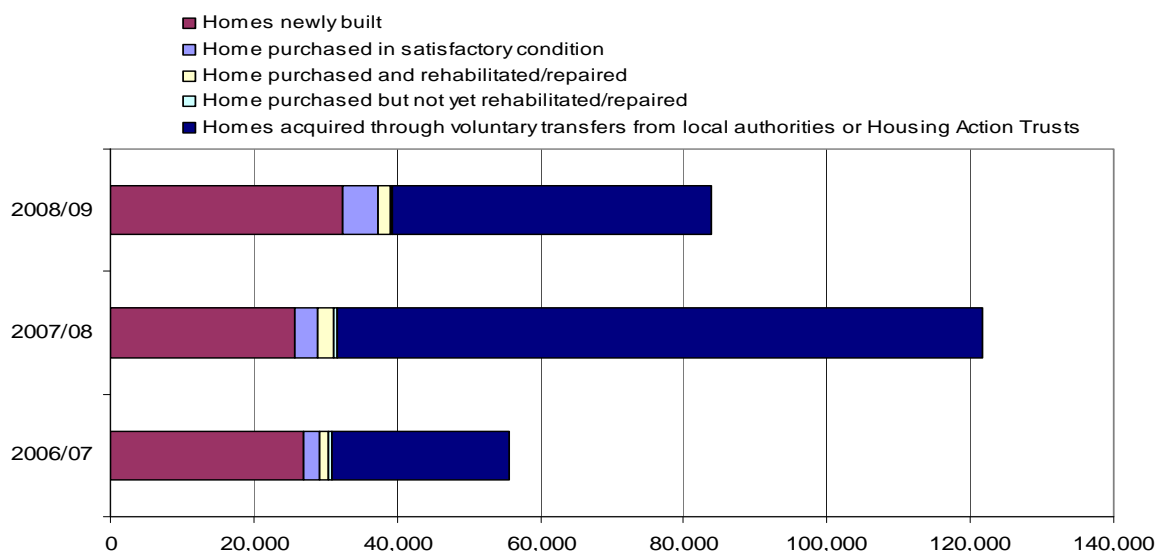
3.2.1 Acquisition of new social rental units by large HAs

In 2008/09, large HAs acquired 83,817 new rental units via new developments, purchases and voluntary transfers from local authorities, 50 percent increase since 2006/07 but 31 percent fewer than the previous year (Fig. 4). The number of newly built rental units (possibly from the conversion from unsold low cost home ownership homes to general needs housing⁶) increased from 25,841 in 2007/08 to 32,476 in 2008/09. Accordingly, the share of such units in the total new units rose from 21 percent to 39 percent, respectively. The number of purchased rental stock increased by 1,001 units to 6,902 in 2008/09. Among them, the largest growth was in the number of units purchased in satisfactory condition, which increased by 65 percent to 4,965 units in 2008/09. However, the significant reduction in the activity of the

⁶ TSA (2010) *Quarterly Survey of Housing Associations and Review of 2009-10*, Graph 6. http://www.tenantservicesauthority.org/upload/pdf/Quarterly_survey_Jan_2010.pdf.

Large Scale Voluntary Transfer (LSVT) programme compared to the previous year, where more than 90,000 units were transferred from local authorities to large HAs, contributing to the decrease in the number of new rental units acquired by large HAs. In 2008/09, the number transferred decreased by 51 percent to 44,439 (Fig. 5). The proportion of transferred units in all additional rental units fell from 74 percent in 2007/08 to 53 percent in 2008/09.

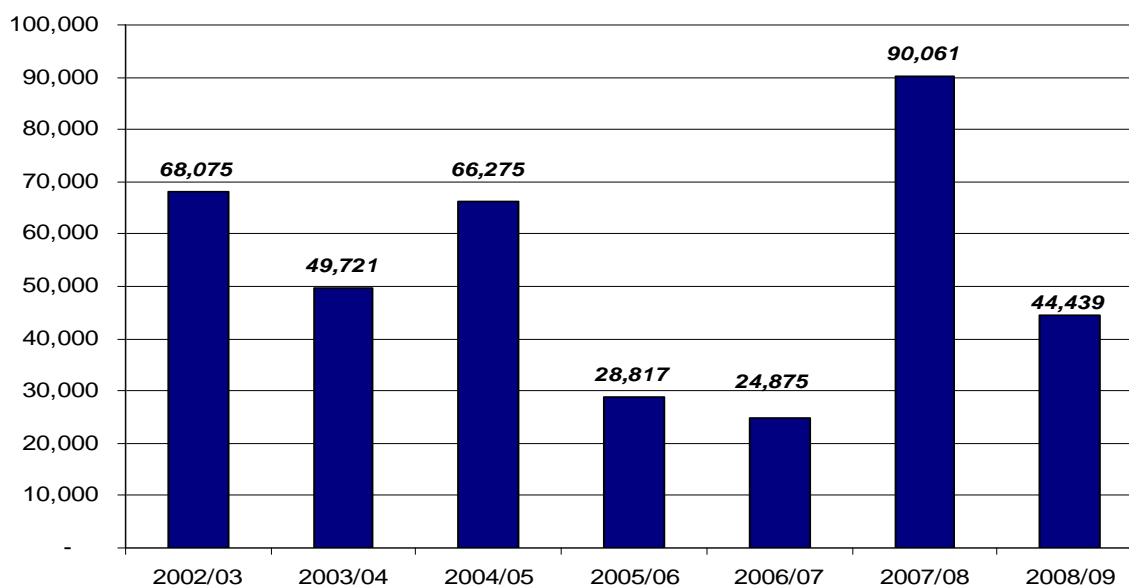
Figure 4 Additional social rental units acquired by large HAs, 2006/07–2008/09



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 2009 Tables* Table 69.

Figure 5 Units acquired by large HAs through LSVT, 2002/03–2008/09



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.

Sources: RSR Part L; 2002/03 from 2008 *Profile of the HA Sector Tables* Table 70, 2003/04 to 2008/09 from *Profile of the HA Sector in 2009 Tables* Table 69.

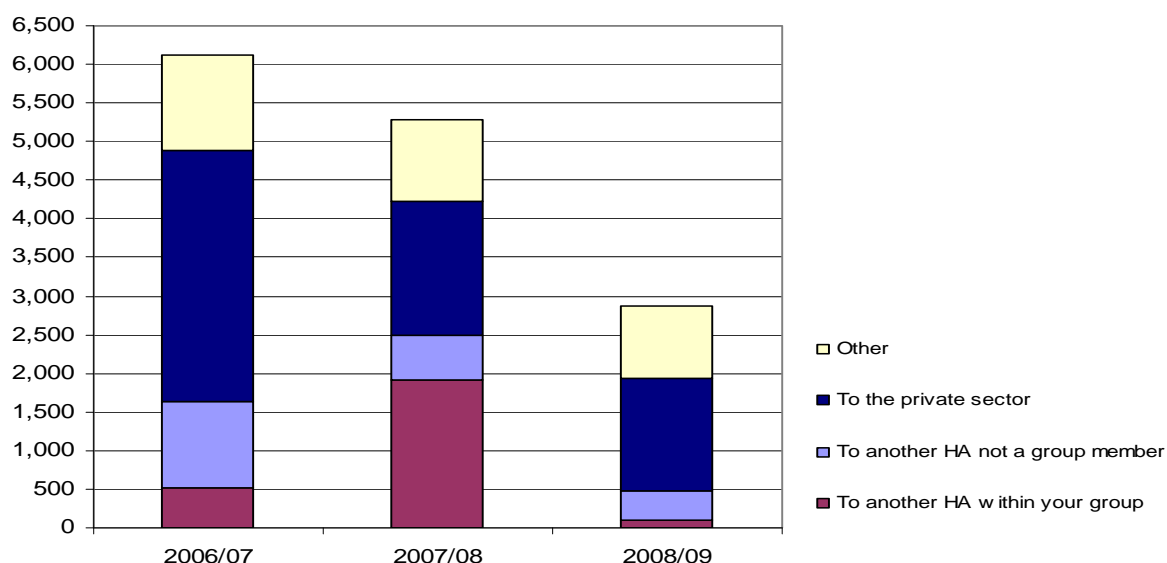
A total of 6,797 newly built and purchased units acquired by large HAs in 2008/09 were without any public subsidy, an increase of 10 percent over the previous year. These privately funded acquired units accounted for 17 percent of the total new units (excluding transferred units) acquired by large HAs. The number of newly built units increased by 278 units to 4,534, and the number of new units purchased for rent without use of public subsidy increased by 340 units to 2,263 in 2008/09.

3.2.2 Loss of existing rental units by large HAs

Sales of rental units to existing tenants

In 2008/09, large HAs sold a total of 1,757 rental units to existing tenants, 59 percent fewer than the previous year. Sixty-four percent of these sales were discounted sales to tenants under Right to Buy (RTB), Preserved Right to Buy (PRTB) and Right to Acquire (RTA) schemes. The number of these sales reduced by 70 percent from 3,737 in 2007/08 to 1,130 in 2008/09, which continued the declining trend since 2005/06. Social Homebuy and other sales to HA tenants, on the other hand, increased from 579 to 627 units, respectively.

Figure 6 Disposals by large HAs to other HAs, the private sector and other organisations for non-social housing use, 2006/07–2008/09



Source: RSR Part K; *Profile of the HA Sector in 2009 Tables* Table 67.

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 keyworkers and students, specialist housing and units let at market rent. A total of 2,881 units were disposed of by large HAs for non-social housing use in 2008/09, 46 percent fewer than the previous year (Fig. 6). In contrast to the previous year, stock sold to the private sector was the dominant form of disposal for non-social housing use. However, this number decreased by 265 units to 1,457 in 2008/09, accounting for 51 percent of total disposals. Disposals to other HAs within group

structure fell by 95 percent to 105 units, accounting to only four percent of total disposal in 2008/09. Finally, 1,162 leaseholders staircased to 100 percent equity (or the maximum share available) in 2008/09. Such disposals were 48 percent lower than the previous year.

Demolitions

Large HAs demolished a total of 4,482 units during the year 2008/09, 26 percent fewer than the previous year. Fourteen percent of these demolitions were funded by the Social Housing Grant (SHG) as compared with eight percent in 2007/08. Of these 624 SHG-funded demolitions, only eight units were demolished within 15 years of completion of the grant aided project. There were also 6,406 units awaiting demolition as at 31 March 2009. Demolition activity continued to be concentrated among large HAs that own more than 10,000 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 2007/08 and 2008/09. In terms of the addition to the social housing stock, 83,817 rental units were acquired in 2008/09. Within this additional stock, newly built housing for rent by or for HAs increased by 26 percent (6,635 units) between 2007/08 and 2008/09. New rental units purchased by HAs increased by 17 percent to 6,902. However, as mentioned earlier, the number of units acquired through voluntary transfers decreased by 51 percent to 44,439. As a result, the total number of additional rental units fell by 31 percent of which 53 percent were units transferred from local authorities. In terms of the disposal, the sector lost 8,646 units in 2008/09, 34 percent fewer than the previous year. The lower disposal was mainly because of the decline in sales and demolitions. Stock sold to HA tenants under the discounted sales, Social HomeBuy and other sales schemes was down by 2,559 units (-59%), and demolitions, by 1,610 (-26%). In total, the net addition of rental units to the HA sector in 2008/09 was 75,171, 31 percent fewer than the previous year.

Table 1 Addition and loss of rental units in the HA sector, 2007/08–2008/09

Addition of HA rental units			Loss of HA rental units		
	2007/08	2008/09		2007/08	2008/09
Newly Built	25,841	32,476	Stock sold to tenants		
Purchased	5,901	6,902	RTB/PRTB/RTA	3,737	1,130
			Social Homebuy and other sales to tenants	579	627
Subtotal	31,742	39,378	Subtotal	4,316	1,757
			Demolitions	6,092	4,482
Acquired through voluntary transfers	90,061	44,439	Disposals to private sector and other	2,789	2,407
Total	121,803	83,817	Total	13,197	8,646
NET ADDITION	108,606	75,171			

Note: Stock sold to tenants excluded shared ownership/HomeBuy sales (100% disposals or the maximum share available).

Source: RSR Parts K and L; *Profile of the HA Sector in 2009 Tables* Tables 61, 67–69.

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 newly built and purchased units for rent increased by 24 percent, but that for initial sales of shared ownership units went down by 20 percent between 2007/08 and 2008/09. As a result, a total of 49,911 were added to the stock of affordable homes in 2008/09, of which 10,533 (21%) were for shared ownership. On the other hand, 10,282 affordable homes were lost in 2008/09, 43 percent fewer than the previous year. Just over 1,160 shared ownership units were sold as leased housing (in terms of 100% equity or the maximum share available), 2,881 were disposed of for non-social housing use, 2,292 were sold to HA tenants, and 4,482 homes were demolished. The net addition to the affordable housing stock in the HA sector was therefore 39,629. This was an increase of 47 percent in the provision of additional affordable houses over the previous year.

Table 2 Inflow and outflow of affordable homes in the HA sector, 2007/08–2008/09

Inflow of affordable homes			Outflow of affordable homes		
	2007/08	2008/09		2007/08	2008/09
Rental units					
Newly Built	25,841	32,476	Demolitions	6,092	4,482
Purchased	5,901	6,902	Disposals for non-social housing use	5,290	2,881
<i>Subtotal</i>	<i>31,742</i>	<i>39,378</i>	<i>Subtotal</i>	<i>11,382</i>	<i>7,363</i>
Shared ownership units			Sales		
Shared ownership initial sales with SHG	10,115	8,043	Shared ownership final sales (staircase to 100% equity/ or the maximum share available)	2,231	1,162
Shared ownership initial sales with non-SHG	3,032	2,490	RTB/PRTB/RTA sales (freehold and leasehold)	3,737	1,130
			Social Homebuy and other sales to tenants	579	627
<i>Subtotal</i>	<i>13,147</i>	<i>10,533</i>	<i>Subtotal</i>	<i>6,547</i>	<i>2,919</i>
Total inflow	44,889	49,911	Total outflow	17,929	10,282
NET FLOW	26,960	39,629			

Source: RSR Parts K and L; *Profile of the HA Sector in 2009 Tables 61, 64, 67–69.*

4. Decent Home Standard of HA stock

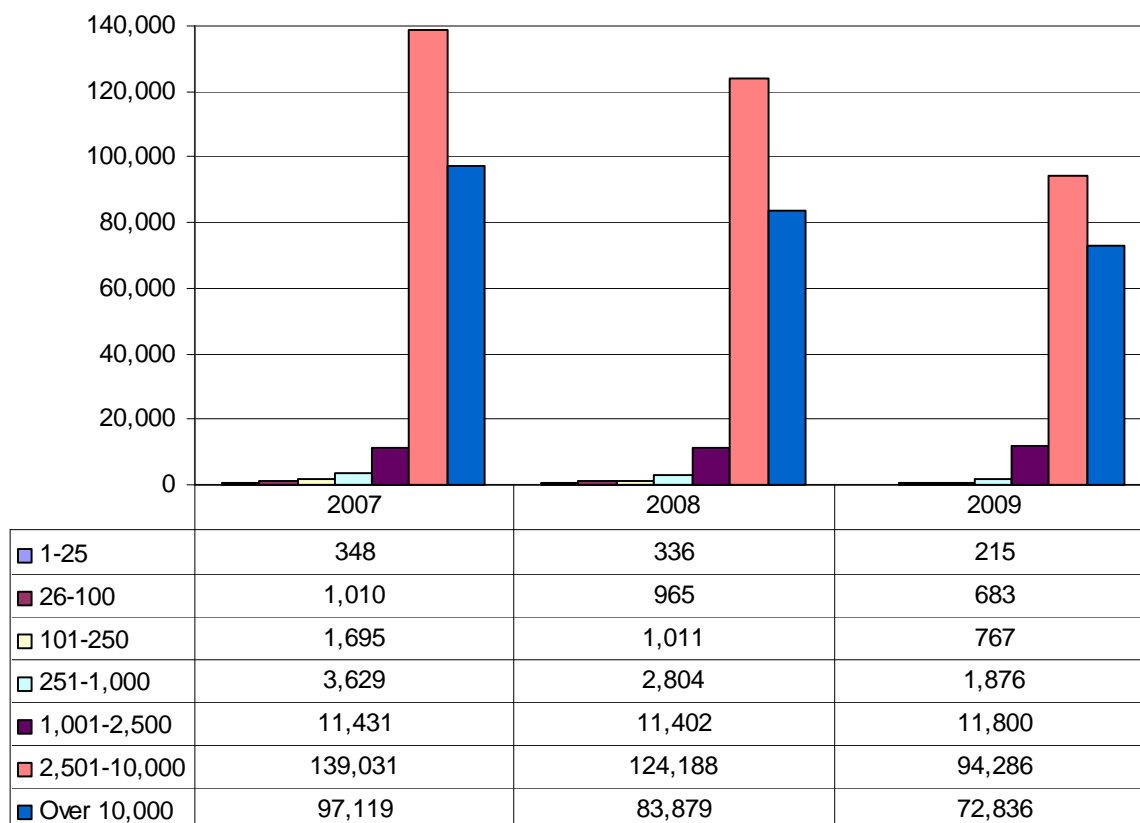
In the 2000 Spending Review, the Government introduced the Decent Home Standard (DHS), with the intention of improving the standard of social housing in England.⁷ It set a target to have all social rented homes meeting the standard by 2010. Through analysis of RSR data, TSA has been monitoring the progress of HAs towards achieving this standard. Impressive progress has been made in delivering the Decent Homes programme. In April 2001, 380,000 social rented homes owned

⁷ 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*.

by HAs were non-decent according to the 2001 English House Condition Survey⁸. Since then, the number of non-decent homes in the HA sector has reduced steadily despite the significant amount of transferred stock from local authorities since 2001 (see Fig. 5).

Figure 7 shows that, by 2009, the number of units failing to meet the DHS across all sizes of HA was 182,463. This was eight percent of the total owned stock (general needs and supported housing and/or housing for older people properties). It was also 19 percent (or 42,122 units) fewer than the previous year and 28 percent (71,800 units) fewer since 2007. Large HAs owned more than 2,500 units had the largest number of properties that fell below the DHS, 167,122⁹ or 92 percent of all non-decent homes as at 31 March 2009. This is partly a result of the transfer of older stock from local authorities, which are most common amongst this group of HAs. Despite that, HAs owned 2,501–10,000 units saw the greatest fall in the number of non-decent homes (44,745 units) over these three years.

Figure 7 Number of homes that failed to meet the DHS, by size of HA, 2007–2009



Source: RSR Part Q; *Profile of the HA Sector in 2009 Tables* Table 15.

Figure 8a shows the regional distribution of non-decent homes between 2007 and 2009. The number of units not meeting the DHS has decreased in most regions

⁸ ODPM (2003) *The Decent Homes Target Implementation Plan*, p.10.

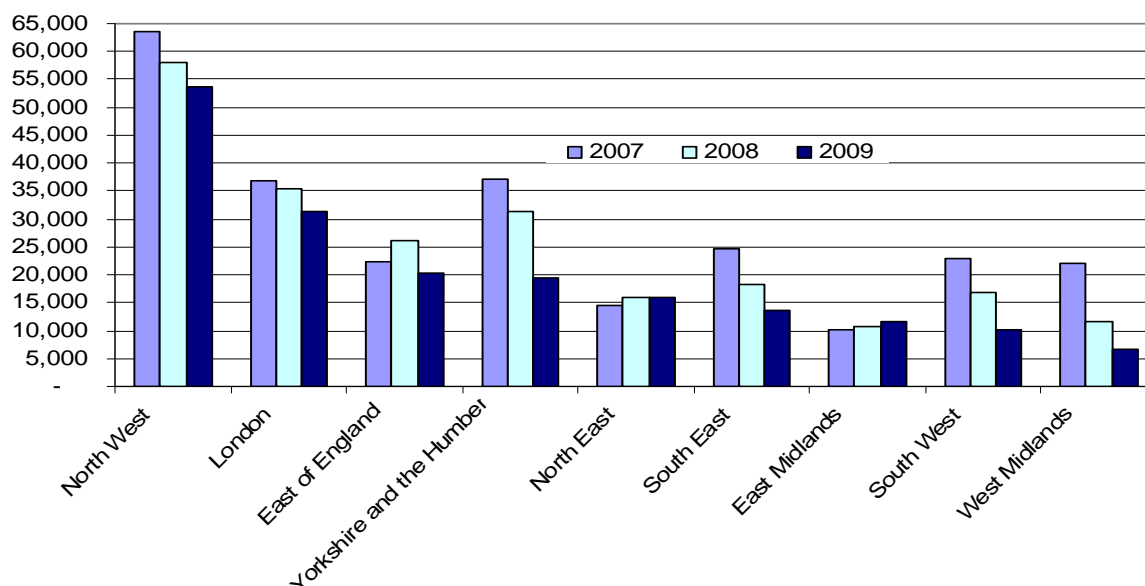
(http://www.kilttox.co.uk/downloads/research/regulations/The_decent_homes_target_implementation_plan.pdf).

⁹ This accounted for nine percent of the total stock owned by large HAs with more than 2,500 units.

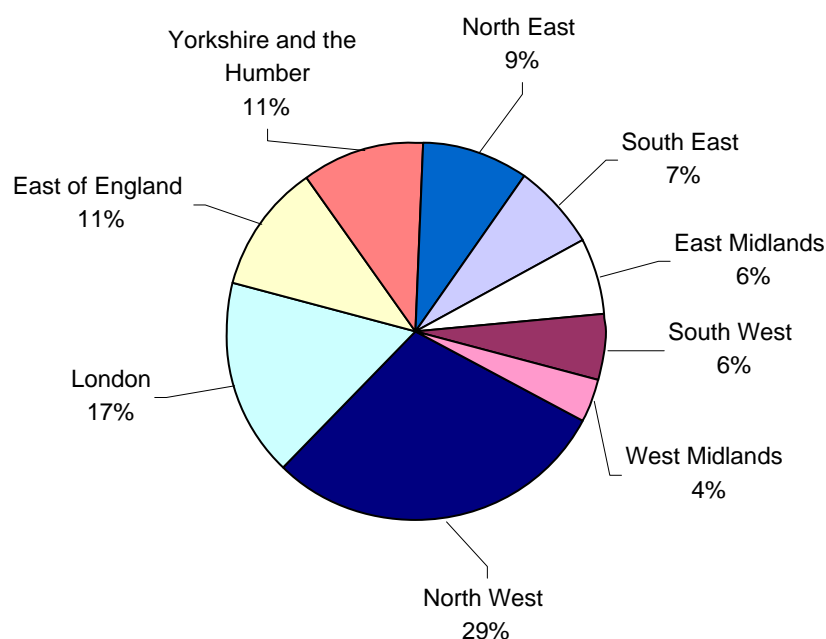
over the three-year period. The largest improvement has been in the West Midlands where the number decreased by 69 percent, followed by the South West (56%), Yorkshire and the Humber (48%) and the South East (45%). Figure 8b shows that in 2009, HAs in the North West had the largest share of non-decent housing stock in England, 29 percent (53,550) while HAs in the West Midlands had the smallest, at four percent (6,814).

Figure 8 The regional distribution of homes that failed to meet the DHS, 2007–2009

a) *The number of homes that failed to meet the DHS by region, 2007–2009*



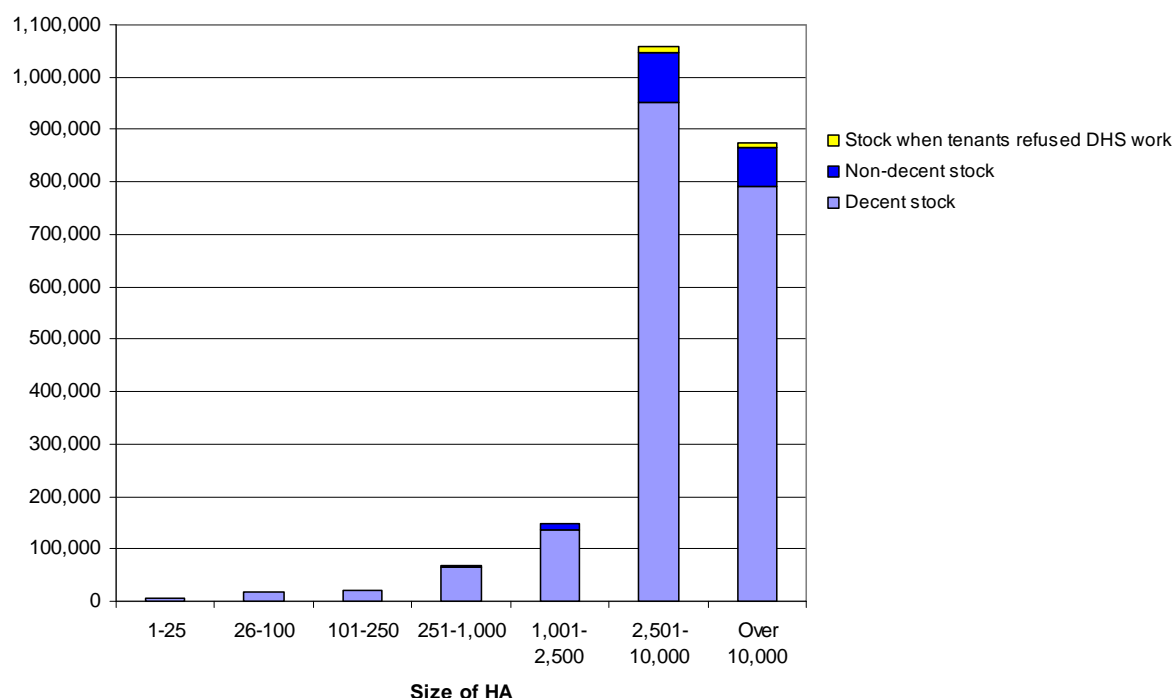
b) *The regional distribution of homes that failed to meet the DHS by region, 2009*



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 2009, 227 HAs reported one or more tenants refusing work: 52 HAs reported between 100 and 500 refusals. Seven HAs reported over 500. The largest number of tenant refusals was 2,676 which accounted for 11 percent of all non-decent homes where the works could not been undertaken. Large HAs with 2,501–10,000 owned units of general needs, supported housing and/or housing for older people had the largest proportion (50%) of such stock where tenants refused DHS work (Fig. 9). It is possible that these large HAs were 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, 24,806 tenant refusals were reported.

Figure 9 The total number of general needs housing, supported housing and housing for older people owned stock that meet the DHS by size of HAs, 2009



Source: RSR Part Q; *Profile of the HA Sector in 2009 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 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 2008 to 31 March 2009, a total of 291,770 general needs, and support housing and/or housing for older people lettings were recorded in the RSR, an increase of two 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 170,321 general needs lettings in 2008/09 (Table 3), an increase of three percent over the previous year. Over one third of these lettings were made by HAs in the North West and London (19% and 16% in 2008/09, respectively). Compared with last year, HAs in four regions (the East Midlands, the East, the South East and the South West) experienced a decline in the number of general needs lettings, with those in the South West having a relatively larger fall of six percent. In contrast, HAs in the West Midlands and the North West had the largest increase of 10 percent in the number of the general needs lettings over the year.

Table 3 Regional distribution of general needs lettings, 2008–2009 (at 31 March)

	2008			2009		
	Total general needs units owned	Number of lettings	Turnover	Total general needs units owned	Number of lettings	Turnover
Yorkshire and the Humber	142,268	15,336	11%	142,932	16,195	11%
East Midlands	85,176	10,194	12%	90,834	10,110	11%
West Midlands	190,013	18,387	10%	193,492	20,150	10%
East of England	180,785	18,288	10%	184,382	17,870	10%
South West	143,454	15,158	11%	147,760	14,256	10%
North East	111,072	10,635	10%	118,486	11,152	9%
London	292,681	27,105	9%	299,545	27,300	9%
North West	323,862	28,778	9%	350,578	31,647	9%
South East	243,399	22,239	9%	247,672	21,641	9%
England	1,712,710	166,120	10%	1,775,681	170,321	10%

Source: RSR Part O; *Profile of the HA Sector in 2009 Tables* Table 77.

Despite the expansion of general needs housing stock in England between 2008 and 2009, 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 these two years. Three regions, the East Midlands, the South West and the North East, experienced a fall in their turnover, but only by one percentage point.

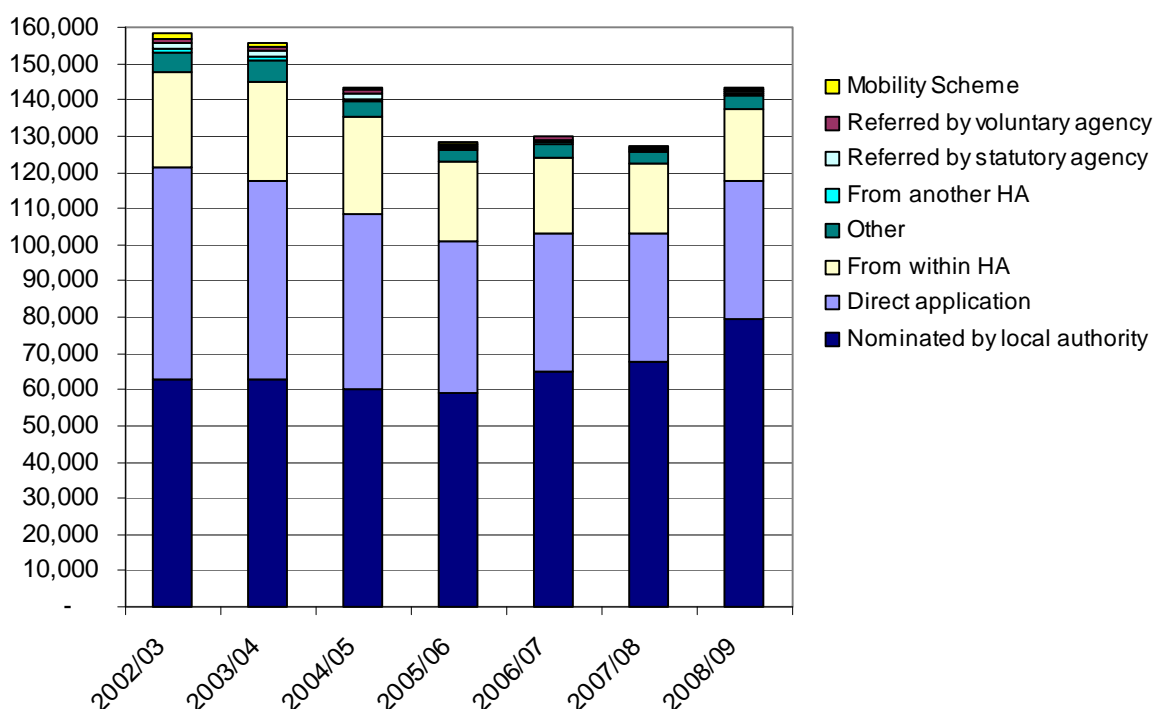
5.2 General needs lettings characteristics

Information about HA lettings in the RSR is collected at the last week of March each year. The CORE also collects detailed information on lettings made by HAs and it covers tenants who move into general needs housing, supported housing and/or housing for the older people. The number of lettings made by all HAs reported in the RSR is often more than the number of lettings reported in the CORE. One of the possible reasons for such difference is that temporary housing/assured shortholds are not included in the CORE.

Figure 10 shows the trend of general needs lettings reported from the CORE. The total number of general needs lettings fell from 158,569 in 2002/03 to 127,301 in

2007/08 but bounced back to 143,094 in 2008/09. Between 1 April 2008 and 31 March 2009, 80 percent of all general needs lettings were re-lets of existing homes.¹⁰ Figure 10 also shows that the number of general needs lettings referred from local authority has been increasing steadily over the seven-year period from 62,951 (40% of all general needs lettings) in 2002/03 to 79,624 (56%) in 2008/09. In contrast, the number of successful direct applications fell sharply by 35 percent from 58,293 to 37,857. The number of successful internal applications within the HA sector also declined by 24 percent during the same period.

Figure 10 General needs lettings by source of referral, 2002/03–2008/09



Sources: CORE; 2002/03 from *Profile of the HA Sector in 2008 Tables* Table 58, 2003/04–2007/08 from *Profile of the HA Sector in 2009 Tables* Table 57.

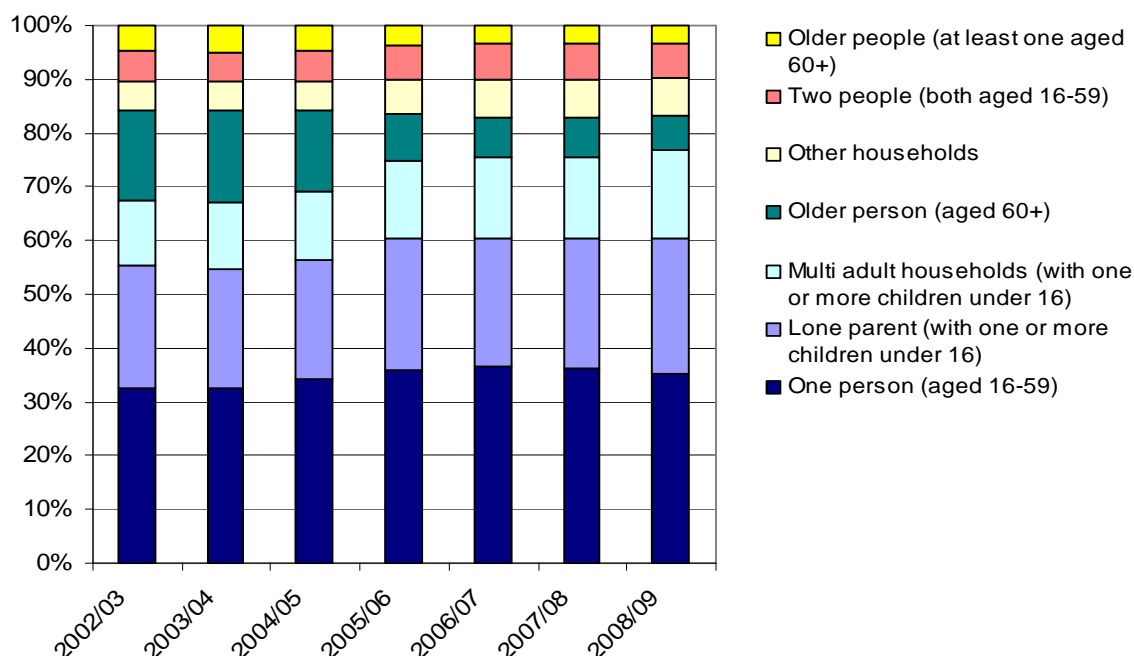
Figure 11 shows the profile of new tenant households entering the HA sector between 2002/03 and 2008/09. The proportion of general needs lettings involving one-person households (aged 16–59) increased steadily from 33 percent in 2002/03 to 35 percent of all general needs lettings in 2008/09. The proportion of these lettings to lone parents rose slightly from 23 percent to 25 percent while that of multi-adult households from 12 percent to 16 percent. Of particular interest is the proportion of lettings to older single persons (aged 60+), which declined sharply throughout the period, so that by 2008/09 it accounted for only seven percent of all general needs lettings.

With regard to lettings made to homeless households, there was a 15 percent increase in the number of lettings made to households determined as statutorily

¹⁰ Details of general needs lettings can be accessed via the CORE website (<https://core.tenantservicesauthority.org/>) and Dataspring (2010) *Profile of the HA Sector in 2009 Tables*, Tables 52, 57–60.

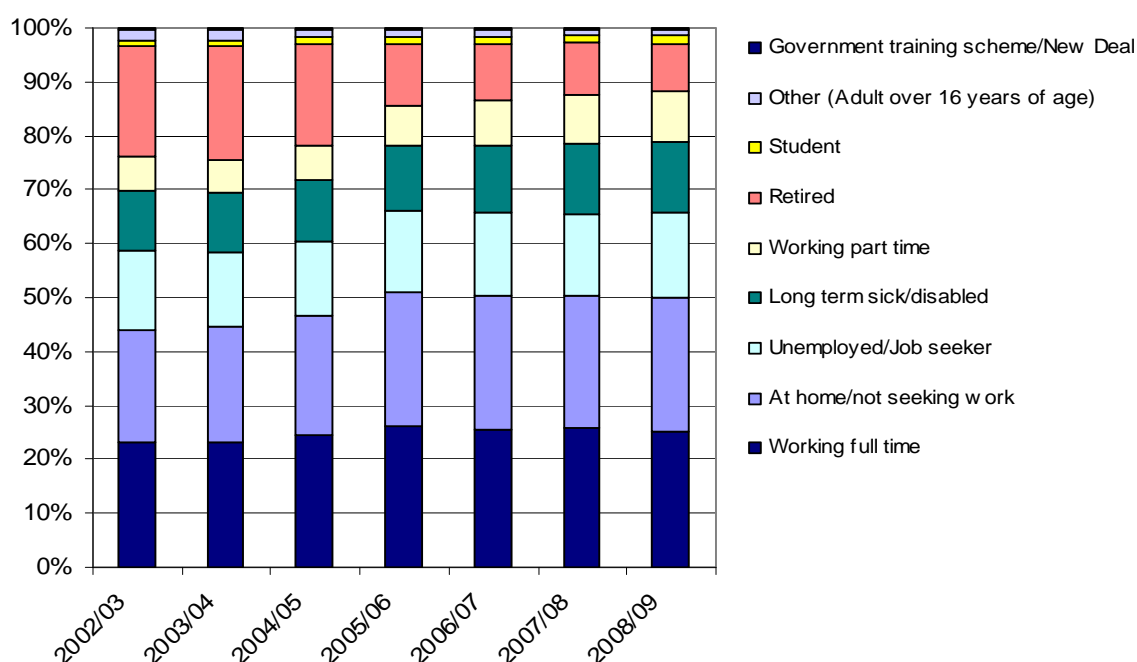
homeless immediately prior to letting between 2002/03 and 2008/09. Accordingly, the proportion of lettings made to homeless households in all general needs lettings rose from 13 percent to 16 percent, respectively.

Figure 11 General needs lettings by household type, 2002/03–2008/09



Sources: CORE; 2002/03 from *Profile of the HA Sector in 2008 Tables* Table 58, 2003/04–2007/08 from *Profile of the HA Sector in 2009 Tables* Table 57.

Figure 12 General needs lettings by employment status, 2002/03–2008/09

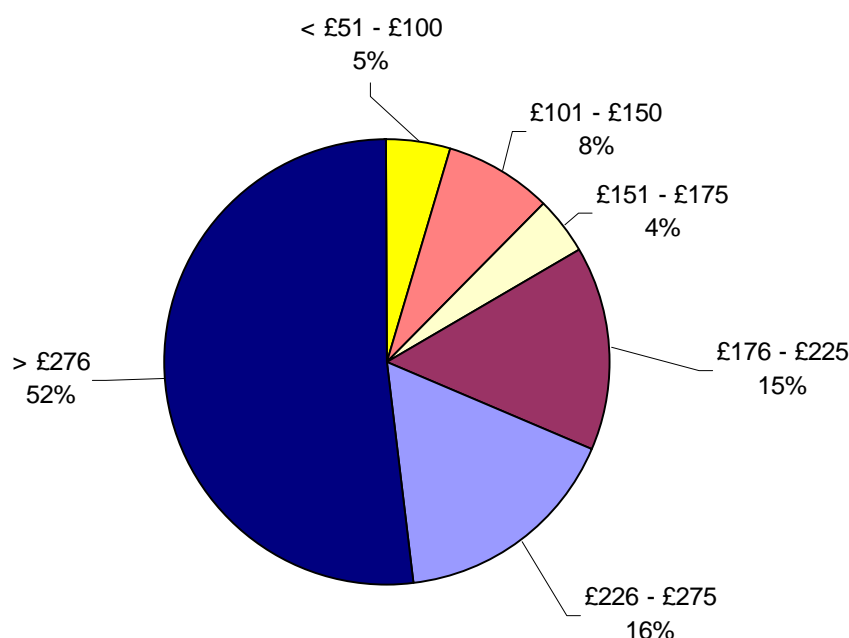


Sources: CORE; 2002/03 from *Profile of the HA Sector in 2008 Tables* Table 59, 2003/04–2007/08 from *Profile of the HA Sector in 2009 Tables* Table 58.

Between 2002/03 and 2008/09, 25 percent of households entering the HA sector were working full time, and another 25 percent were either at home or not seeking work (Fig. 12). Around 15 percent of new tenants were unemployed or job seeker. Fewer than 10 percent were working part time. Because of the decreasing number of older single persons entering the sector, the proportion of retired people amongst new tenants fell from 20 percent in 2002/03 to nine percent in 2008/09.

In 2008/09, 38,168 working households who were new tenants of general needs new/re-let units recorded their incomes in CORE (27% of all general needs lettings). Over half of these new tenants had weekly income over £276 per week (Fig. 13), the 30th percentile of gross weekly pay for all employees in the United Kingdom.¹¹ At least five percent of working households had income less than £120 per week, the lowest tenth of gross weekly pay in the UK.

Figure 13 Weekly incomes of working households in general needs lettings, 2008/09



Source: CORE; *Profile of the HA Sector in 2009 Tables* Table 59.

5.3 Choice based lettings operated by large HAs

Choice-Based Lettings (CBL) replaces the traditional way of allocating social housing under which housing officers seek to match applicants who have priority on the waiting list to available vacancies. CBL allows applicants for social housing (and existing tenants seeking a move) to apply for available vacancies which are advertised widely (e.g., in the local newspaper or on a website). Applicants can see

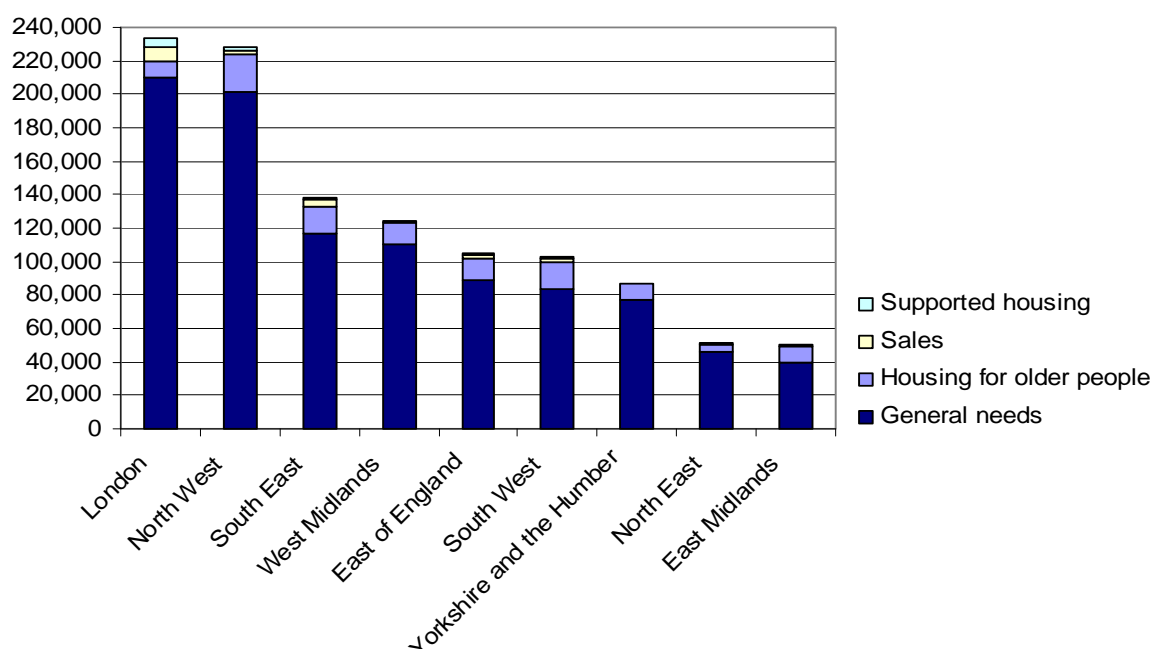
¹¹ Based on the 2009 Annual Survey of Hours and Earnings, the median gross weekly pay for all employees in the United Kingdom in 2009 was £397.30; for the 30th percentile, £276.40; the 25th, £243.90; the 20th, £208.70 and the 10th, £119.90 (http://www.statistics.gov.uk/downloads/theme_labour/ASHE-2009/2009_all_employees.pdf).

the full range of available properties and can bid (i.e., apply) for any home to which they are matched (e.g., a single person would not be eligible for a three-bedroom house). The successful bidder is the one with the highest priority under the scheme. Funded by central government, 27 CBL pilot schemes were launched from 2001–2003¹². 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 properties in low cost home ownership (LCHO) schemes and the private rented sector in England, by 2010.

Analysis from the long version of the 2008/09 RSR shows that 281 large HAs (74% of all large HAs) had implemented CBL. A further 72 large HAs had plans to do so. Forty-three of them expected their scheme to become operational in 2009, 26 in 2010, one in 2011.¹³

Figure 14 illustrates that in 2009, the majority of units on CBL schemes as reported by large HAs was general needs housing (973,242) which represented 87 percent of all units for CBL. Housing for older people accounted for another 10 percent, and the remaining three percent were shared between properties sold under LCHO schemes (2%) and supported housing (1%). Large HAs in London had the largest amount of units on CBL schemes, 233,515 (or 21% of all units for CBL). They also had the largest proportion of general needs, supported housing and sales units on CBL schemes. Large HAs in the North West, on the other hand, had the largest proportion of housing for older people units on CBL schemes (20% of all housing for older people units for CBL).

Figure 14 Regional distributions of units on CBL schemes by large HAs, 2009



Source: RSR Part O; *Profile of the HA Sector in 2009 Tables* Table 31.

¹² ODPM (2004) Piloting choice-based lettings: An evaluation, *Housing Research Summary no. 208* (<http://www.communities.gov.uk/documents/housing/pdf/141098.pdf>)

¹³ Two HAs 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

HAs evict tenants who do not pay their rent or who seriously break other conditions of their tenancy. 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 2008/09, large HAs took legal action which resulted in 11,230 tenants (general needs and supported housing and/or housing for older people combined) losing their homes (Table 4). Three-quarters of these evictions were for rent arrears, and 14 percent were for anti-social behaviour (ASB). Another two percent were for both arrears and ASB. Compared to last year, large HAs evicted more tenants for rent arrears but evicted fewer tenants for anti-social behaviour.

Table 4 Number of evictions carried out by large HAs by reason, 2007/08–2008/09

Reason	2007/08					2008/09				
	General needs housing		Supported and/or housing for older people		Total no. of evictions	General needs housing		Supported and/or housing for older people		Total no. of evictions
	No. of evictions	%	No. of evictions	%		No. of evictions	%	No. of evictions	%	
Arrear	7,646	88	745	28	8,391	7,703	88	759	31	8,456
Anti-social behaviour (ASB)	647	7	979	36	1,626	625	7	895	36	1,518
<i>Demoted Tenancy (of ASB)</i>	22	0	0	0	22	20	0	5	0	24
Arrear and ASB	111	1	344	13	455	115	1	135	5	250
Other	249	3	633	23	882	319	4	687	28	1,006
Total	8,653	100	2,701	100	11,354	8,762	100	2,476	100	11,230

Source: RSR Part G; *Profile of the HA Sector in 2009 Tables* Table 55.

HAs can also apply to the courts for an Anti-Social Behaviour Order (ASBO) or an Anti-Social Behaviour Injunction (ASBI) in order to deter anti-social behaviour by their tenants, and to protect specific victims, neighbours, or even whole communities from behaviour that has frightened or intimidated them, or damaged their quality of life. Between April 2008 and March 2009, 183 ASBOs were granted to large HAs, 37 fewer than the previous year. The number of ASBIs was also reduced by 51 to 1,268 in 2008/09.

6. Low cost home ownership schemes

HAs provide two main types of low cost home ownership (LCHO) schemes:

- (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* or shared equity 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').

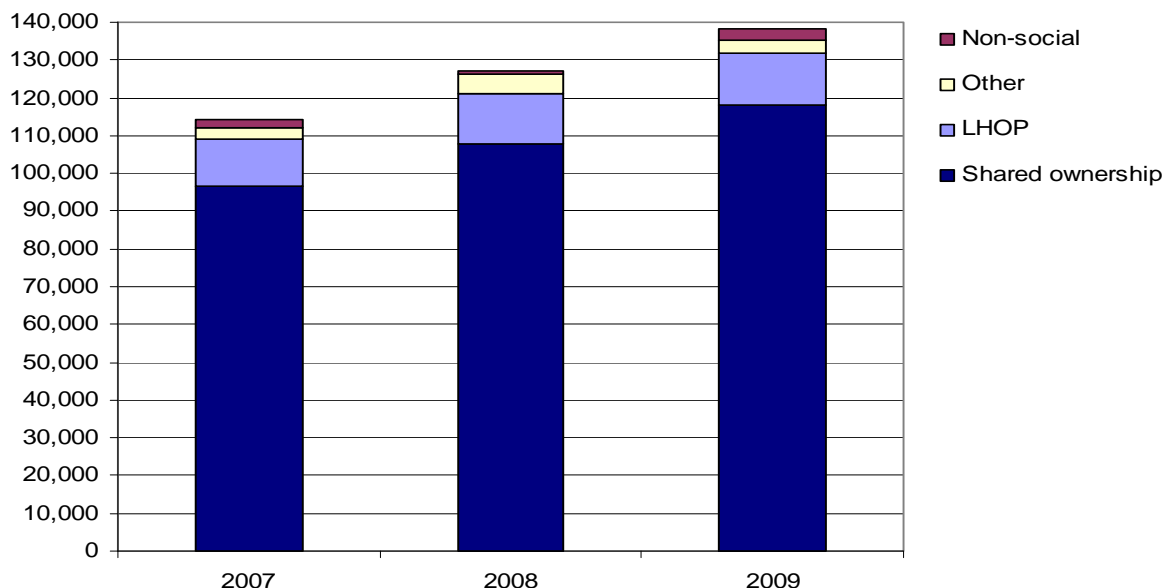
In the case of shared ownership schemes for the elderly, i.e., the Leasehold Housing for Older People (LHOP), staircasing is fixed at a maximum of 75 percent to ensure the property remains within the HA sector. Currently, the three main shared ownership models are New Build HomeBuy, Social HomeBuy and Open Market HomeBuy.¹⁴

6.1 National picture of HA LCHO activities

A total of 387 HAs are currently involved in the provision of shared ownership, LHOP and other LCHO schemes.¹⁵ This equates to around one in four of all HAs with valid RSR returns. 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 LCHO housing may be far higher.

As at 31 March 2009, the number of shared ownership, LHOP and other LCHO units owned by all HAs where the purchaser had not acquired 100 percent of the equity was 138,395 (Fig. 15). This was an increase of nine percent over the previous year and 21 percent since 2007. The vast majority of LCHO housing was shared ownership units (85%). Ten percent of total LCHO housing was LHOP units. The remaining five percent was non-social leased housing (2%) and 'other' LCHO schemes (3%) where the purchaser has not acquired 100 percent equity.

Figure 15 Shared ownership, LHOP and other LCHO units owned by all HAs, 2007–2009 (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.

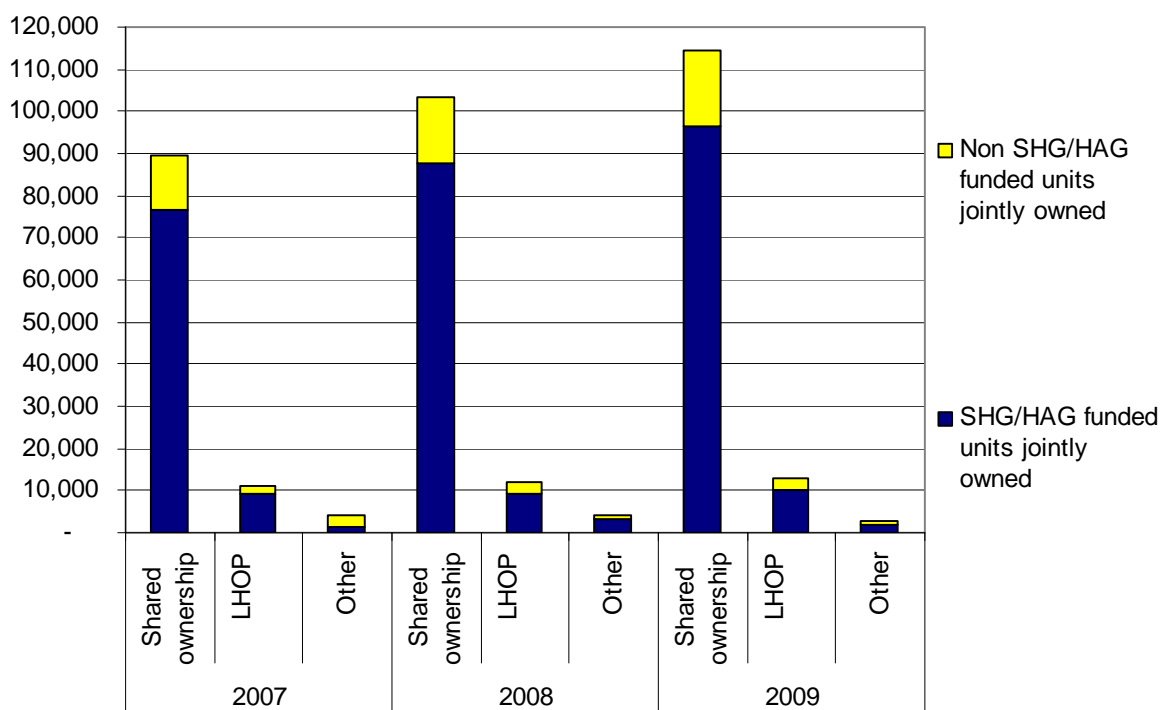
Source: RSR Parts A and B; *Profile of the HA Sector in 2009 Tables* Table 23.

¹⁴ Some HAs also provide Home Ownership for people with Long Term Disabilities. This is a variation of the Open Market and NewBuild HomeBuy products and only available to people with long term disabilities.

¹⁵ This figure was based on calculation from 2008/09 RSR Parts A and B. Properties sold under shared ownership, LHOP and other LCHO schemes refer to those dwellings where the purchaser has not acquired 100 percent equity.

In 2009, large HAs owned a total of 130,146 shared ownership, LHOP, other shared equity and non-social leased housing units. Figure 16 shows that the majority of the LCHO units (83%) were funded by Housing Association Grant (HAG) or SHG, and the total number of these public-funded units went up by eight percent over the previous year and 24 percent since 2007.

Figure 16 Shared ownership, LHOP and other LCHO units owned by large HAs by type of funding, 2007–2009 (at 31 March)



Source: RSR Part J; *Profile of the HA Sector in 2009 Tables* Table 24.

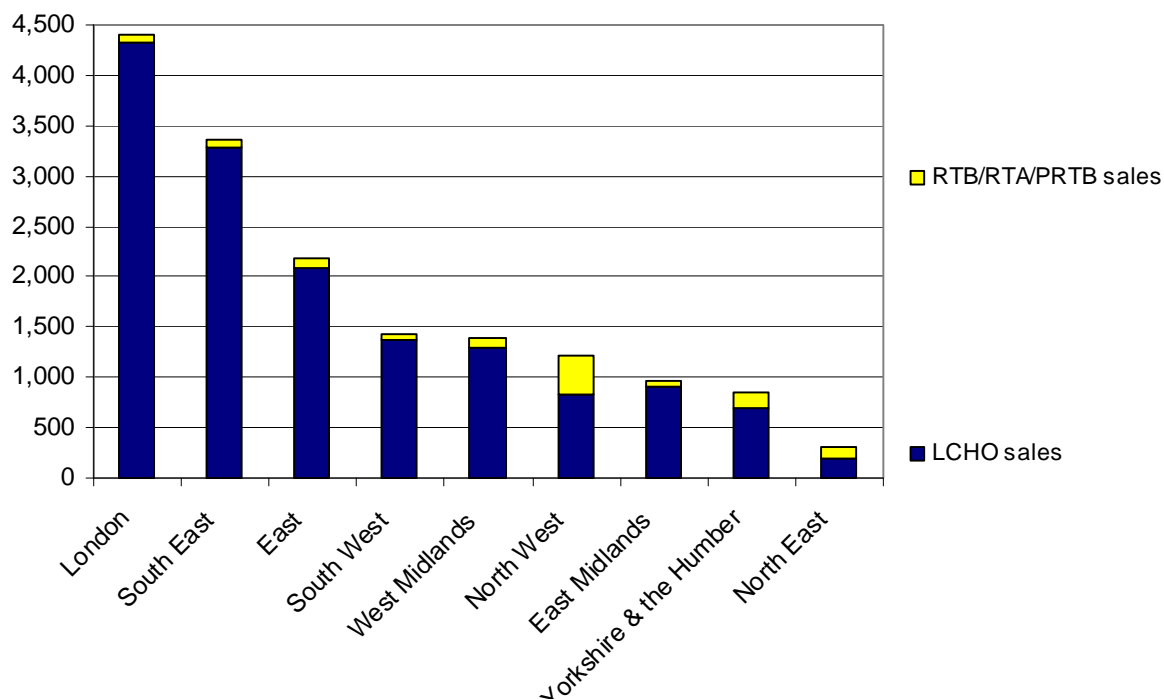
In addition to these LCHO dwellings, HAs also own properties on which the freehold has been retained but the leasehold has been sold, through shared ownership arrangements or discounted sales under the RTB/PRTB/RTA schemes. In 2009, there were 119,725 such freeholds owned by all HAs, an increase of 13 percent since 2007. Sixty-one 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 2008/09, a total of 16,124 LCHO sales and RTB/RTA/PRTB sales were made by large HAs, a decrease of 15 percent over the previous year. Twenty-seven percent of these sales occurred in London with another 21 percent in the South East (Fig. 17). Over 90 percent of these sales in southern and central regions were LCHO sales with London and the South East having the largest proportion at 98 percent. In contrast, large HAs in the northern regions had a relatively higher proportion of RTB/RTA/PRTB sales to sitting tenants, 41 percent in the North East, 31 percent in the North West and 17 percent in Yorkshire and the Humber.

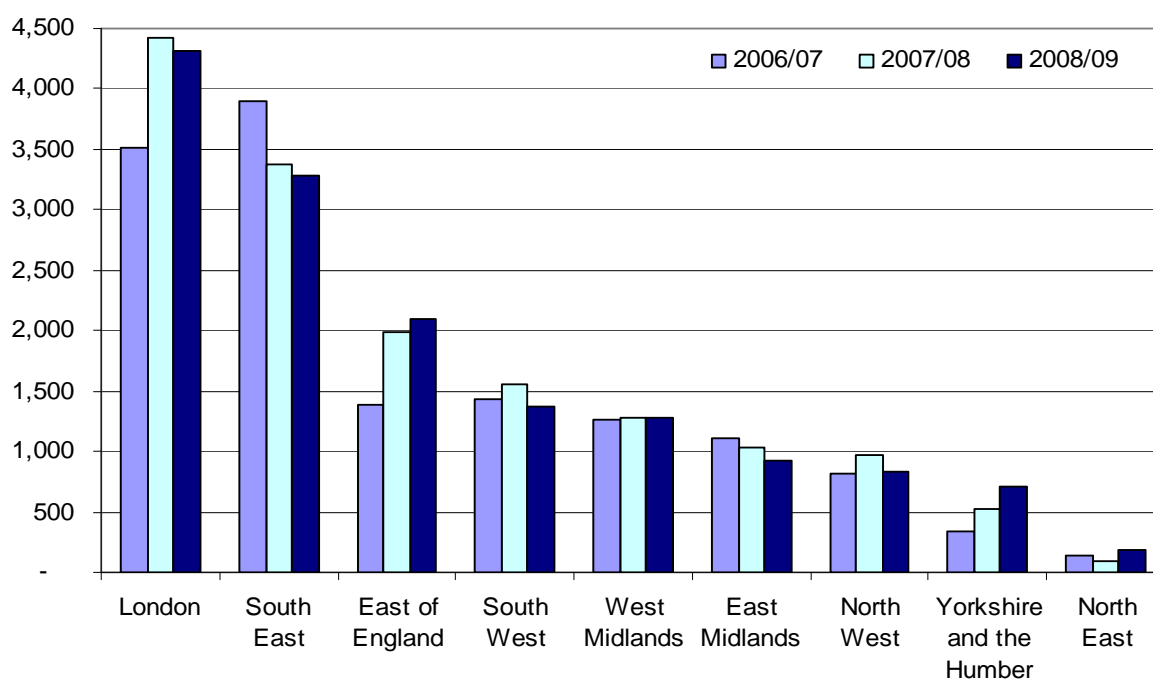
Figure 17 Regional distribution of LCHO sales and RTB/RTA/PRTB sales made by large HAs, 2008/09



Note: LCHO sales included Social HomeBuy and other sales to tenants, NewBuild Homebuy, Open Market Homebuy, Home Ownership for people with Long Term Disabilities and LHOP (100% disposals or 75% in the case of LHOP) only.

Source: Calculation based on RSR Part O.

Figure 18 Sales of LCHO units made by large HAs, 2006/07–2008/09



Sources: RSR Part O; 2006/07 from *Profile of the HA Sector in 2008 Tables* Table 78, 2007/08 and 2008/09 from *Profile of the HA Sector in 2009 Tables* Table 78.

6.2.2 LCHO sales

The total number of sales made by large HAs under LCHO schemes was 14,994 in 2008/09. These included Social HomeBuy and other shared equity HomeBuy schemes, NewBuild Homebuy and expanded Open Market HomeBuy sales, and LHOP programme. This was 1,100 sales (or 28%) more than in 2006/07 but 256 sales (or 2%) fewer than in 2007/08. Figure 18 shows that LCHO sales occurred predominantly in the 'pressured' regions of London and the South East (29% and 22% in 2008/09, respectively). Large HAs in the North East experienced a rise in LCHO sales from 96 in 2007/08 to 186 in 2008/09, but this accounted for merely one percent of total LCHO sales.

6.2.3 LCHO stock

Large HAs in London and the South East have the largest share of LCHO stock. Table 5 shows that in 2009, 25 percent of these units were owned by large HAs in London and another 21 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 London and the East of England experienced the largest increase of 14 percent in their LCHO stock over the previous year. In contrast, large HAs in the North East had only two percent of LCHO stock in their total owned stock. This is consistent with the regional gap between HA rents and owner-occupation costs.¹⁶

Table 5 Regional distributions of shared ownership, LHOP and other LCHO units owned by large HAs, 2008–2009

	2008			2009		
	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
London	391,423	29,490	7.5	403,485	33,540	8.3
South East	335,744	26,190	7.8	344,239	28,483	8.3
East Midlands	129,490	9,506	7.3	137,735	10,530	7.6
South West	202,555	11,391	5.6	207,760	12,551	6.0
West Midlands	250,026	13,263	5.3	252,717	13,768	5.4
East of England	238,789	11,157	4.7	244,723	12,736	5.2
Yorkshire and the Humber	190,280	5,828	3.1	191,469	6,244	3.3
North West	413,746	12,201	2.9	442,777	12,940	2.9
North East	138,116	2,654	1.9	149,080	2,791	1.9
England	2,290,169	121,680	5.3	2,373,985	133,583	5.6

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 2009 Tables* Table 43.

¹⁶ 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 TSA (<http://www.dataspring.org.uk>).

7. Summary

The HA sector continued to grow in 2009 but at a slower rate than in previous years. The slowing in growth rate was largely down to the reduction of over 50 percent in units acquired via LSVT. Thus, even though HAs acquired more newly built and purchased units, the increase in rental stock slowed significantly – the number of the additional rental units was 75,171 in 2008/09 as compared to 108,606 in 2007/08.

In addition to the above changes, there has been a continuous trend across the sector in:

- the concentration of homes within the large HAs which each own in excess of 1,000 units;
- the improvement in reducing the number of non-decent homes in HA owned stock;
- maintaining 10 percent annual turnover rate in general needs lettings;
- the dominance of single persons aged 16–59 as the major client group in general needs lettings;
- the increased proportion of general needs lettings came from referrals of previously homeless households from local authorities; and
- the increased participation of large HAs and their units in CBL schemes.

Also, over the course of 2009, the economic recession has hit demand for various LCHO schemes. Sales schemes to existing tenants, Social HomeBuy and other sales schemes were significantly decreased over last year. However, because LCHO sales were not the core activity of most HAs. In general, around 65 percent of HAs' core rental income stream is funded through Housing Benefit.¹⁷ This ensures the HA sector has a greater degree of certainty over revenue. The resultant stability has enabled the sector continuing to grow and HAs to maintain their performance despite the downturn.

¹⁷ TSA (2010) *The Impact of the Credit Crunch on Housing Associations*. TSA.
(http://www.tenantservicesauthority.org/upload/pdf/Impact_of_credit_crunch_20100226140226.pdf)