

# Housing Associations in 2005

A Dataspring Briefing Paper on  
behalf of the Housing Corporation

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## Key Findings

- The total stock owned by housing associations (HAs) in 2005 increased by 11%, 197,018 units. One reason for this is that, for the first time, the definition of total stock owned included leased housing where the purchaser had not acquired 100% of the equity. This accounted for around five percent of this total stock – so the like for like increase was 6%.
- There was a major reclassification of the stock in the 2005, concentrated on supported housing. This aimed to ensure that dwellings are classified by physical attributes rather than the characteristics of the tenant.
- The new definitions include categories for housing for older people (mainly classified as general needs sheltered housing in 2004) and designated supported or purpose designed housing. Thirteen percent of the total stock owned by HAs at 31 March 2005, was defined as suitable for older people, while five percent had additional physical attributes enabling them to be categorized as designated supported or purpose designed housing.
- Mainly as a result of reclassification, both average rents and vacancy rates for supported housing (including that for older people) were lower than in 2004.
- The stock of general needs rented housing, excluding that defined as general needs sheltered housing in 2004, now runs at 1,523,318. This is an increase of eight percent over the year on a like for like definition. On this basis it now accounts for 79% of the stock – but only 76% on the new definition which includes leased housing.
- Average general needs assured weekly net rents were up by five percent and secured units by nine percent suggesting significant continuing rent restructuring.
- Vacancy rates remained at around 2% overall and declined in both general needs and supported housing. This is partly a result of reclassification but also suggests more efficient management in the supported sector.
- In terms of the net growth of the sector, there was a small overall increase mainly as a result of a four percent increase in newly built and purchased stock, and a 28% reduction in the stock exiting the sector since 2004.
- HAs owned shares in 96,770 shared ownership units where the purchaser had not acquired 100% of the equity, at 31 March 2005. Twelve percent of these were leasehold housing for older people units (LHOP)<sup>1</sup>.
- The number of non-social housing units owned by HAs decreased in 2005 by eight percent. Student accommodation accounted for the majority of these units, and market rented housing accounted for a quarter of non-social stock.

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<sup>1</sup> In 2005, the term Leasehold Schemes for the Elderly was replaced with Leasehold Housing for Older People.

## **1. Introduction**

The Housing Association (HA)<sup>2</sup> sector is an increasingly important provider of social housing in England. Moreover, as the governance and regulation of the social housing sector evolves, so too does the range of activities in which HAs are involved.

At 31 March 2005, there were 1,746 HAs which completed a valid Regulatory and Statistical Return (RSR). These HAs owned 2,013,385 units of housing stock<sup>3</sup>, an increase of approximately 11% since 2004. However, this total includes leased housing where the purchaser has not acquired 100% of the equity. On a like for like basis the increase was six percent.

This paper will focus on the following five topics:

- Supported housing and housing for older people
- Changes in general needs housing
- Net flows of housing stock
- Shared ownership
- Non-social housing

These topics reflect the key areas of HA activity during the year and provide a general picture of how the sector is changing.

## **2. Background: the statistical return**

Each year, the Housing Corporation produces a Regulatory and Statistical Return to be completed by all registered HAs. The return is an annual survey administered as a regulatory requirement and is essentially a census of HA stockholdings.

As its name indicates, the RSR provides statistical information to the Housing Corporation and is used in a number of ways; investment planning, in discussions with government, to name but a few.

The resultant data provide a snapshot of the sector as at 31 March. Each year the data from the RSR are analysed in a publication called the 'Profile of the HA Sector'. This comprises a set of tables and technical papers, outlining key sector trends. This publication can be downloaded from the following websites: [www.dataspring.org.uk](http://www.dataspring.org.uk) and [www.rsrsurvey.co.uk](http://www.rsrsurvey.co.uk).

## **3. Changing definitions of supported housing and housing for older people**

The introduction of the government's 'Supporting People' strategy in April 2003 brought with it the need to change the way that the Housing Corporation monitors supported housing. This implied updating the RSR in line with the Corporation's role. The change in definitions

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<sup>2</sup> HAs registered with the Housing Corporation are legally known as registered social landlords. Within this paper, the term 'housing association (HA)' will be used to mean 'registered social landlord'.

<sup>3</sup> This figure is based on the following definition of total stock in ownership used within the *Profile of the HA Sector in 2005* tables: General needs housing owned + Supported housing owned + non-social housing owned + leased housing owned where the purchaser has not acquired 100% of the equity (social and non-social).

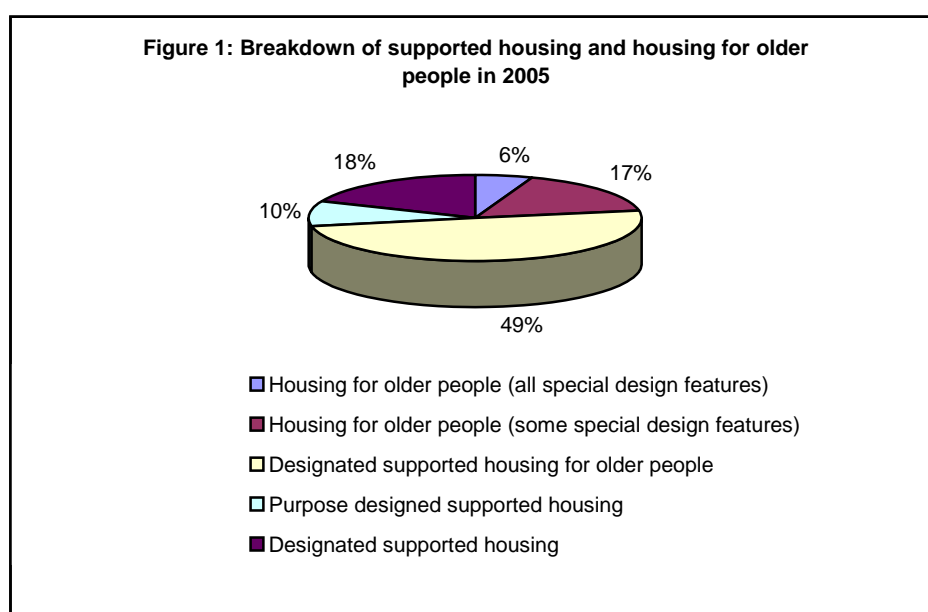
aims to ensure that the RSR more clearly represents the physical stock owned and managed by HAs (rather than the nature of the tenants living in that accommodation).<sup>4</sup>

According to the new definition determined by the Housing Corporation, supported housing applies to purpose designed or designated supported housing. Delivery of support under the Supporting People framework does not necessarily mean that a dwelling will be categorised as supported housing. The definition only applies if it is designed or designated for a particular client group. If not, the dwelling will be included in the general needs category.

In addition, the Housing Corporation also made a commitment in its 'Housing for older people' policy (2002), to provide a more transparent framework for describing and defining sheltered housing. From 2005, the general needs sheltered and supported sheltered housing categories were replaced with the following categories of Housing for Older People:

- Housing for older people (all special design features)
- Housing for older people (some special design features)
- Designated supported housing for older people

It is important to note that although this stock is called 'Housing for Older People' the age of the tenant, is not a defining feature. The dwelling needs to be designed and intended for older people according to the features specified in the definition<sup>5</sup>.



Source: RSR

At 31 March 2005, the new definitions showed that 1,655 HAs owned 358,645 supported housing social housing units and/or housing for older people social housing units. As figure 1 shows 72% of these, (257,592 units) were categorised as housing for older people (special design features and designated), accounting for 13% of the overall total stock owned by HAs. (For comparison, in 2004, HAs recorded a similar amount of sheltered housing units 257,170, including both general needs and supported sheltered units; 71% of the sheltered and supported units in 2004).

<sup>4</sup> Marshall.D et al. *The Pilot RSR 2005: Monitoring Sheltered and Supported Housing* (2004), Dataspring Report.

<sup>5</sup> The full definition of housing for older people is available in the RSR 2005 Guidance Notes (Long), page 5.

The total stock of supported housing (i.e. excluding housing for older people) in 2005 accounted for five percent of the total stock owned. The number was itself five percent less than that identified as supported housing in 2004 under the old definitions. This suggests that the introduction of new definitions did not impact significantly on the overall categorisations of the HA stock in 2005. However the new categories do give a much clearer picture of the nature of the stock available for those with varying levels of additional features.

There was some impact from the reclassification on the rents of supported and housing for older people in 2005. The re-categorisation of housing stock for older people and more significantly, its inclusion in the supported housing rents recorded in Part H of the RSR 2005 led to an overall decrease in the average supported weekly net rent (a decrease of 8%) since 2004.

**Table 1: Breakdown of supported housing stock by bedsize**

	2004		2005	
	Number of units	%	Number of units	%
Bedspace	25,047	38.6	42,562	13.6
Bedsit	8,261	12.7	32,634	10.4
one bed	27,175	41.8	195,723	62.3
two bed	3,515	5.4	41,061	13.1
three bed	641	1.0	1,694	0.5
four + bed	307	0.5	259	0.1
<b>Total</b>	<b>64,946</b>	<b>100.0</b>	<b>313,933</b>	<b>100.0</b>

*Source: RSR*

The most likely reason for this can be seen in Table 1. In 2005, there was a large increase in the number of one and two bedroom properties –mainly because of the inclusion in supported housing of housing for older people which had been categorised as general needs sheltered. These properties tend to have a lower rent than larger dwellings. This in turn pushes the overall average rent down.

In terms of voids, supported housing is more likely to be vacant than general needs housing. This tends to push up the overall vacancy rate for the sector. That said, the vacancy rate among the owned supported housing stock in 2005 decreased over the year (five percent of the supported units were vacant at 31 March 2005). Sixty nine percent of the total supported housing vacancies were available for letting.

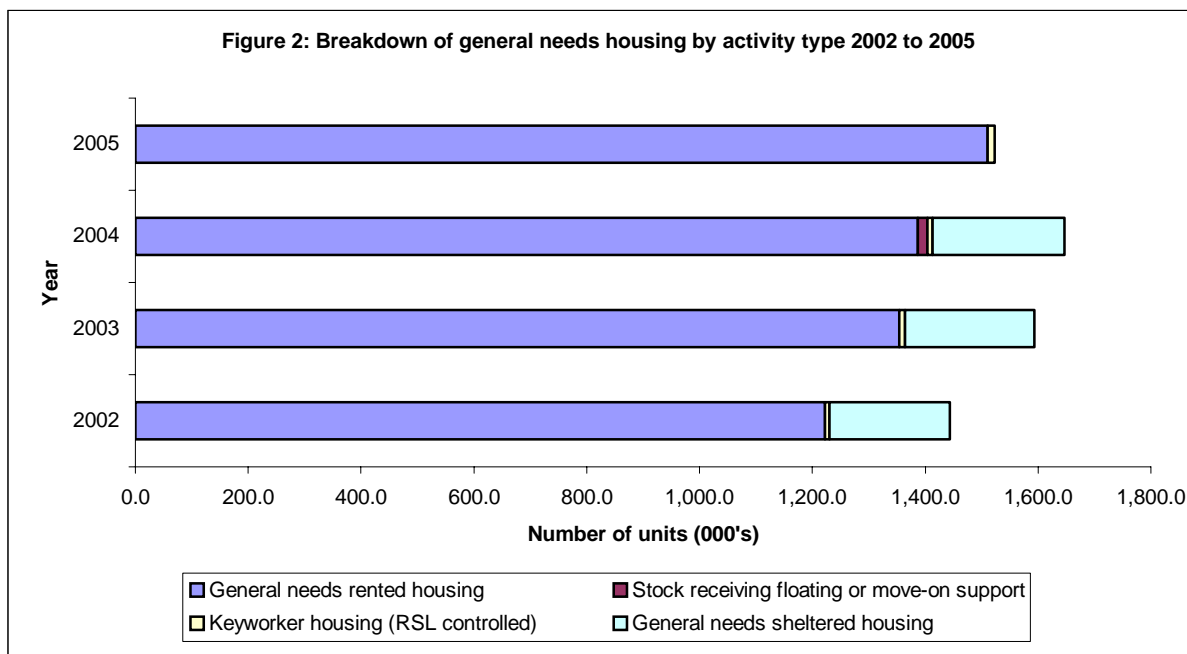
The definitions of client groups which are occupied by or intended for supported housing tenants and/or housing for older people changed slightly in 2005, to fit with the categories set out in the Supporting People programme. Housing intended for older people remained the largest client group at 71% of the total (the proportion was 27% in 2004). This was a very large increase over the year; although we must bear in mind that all categories of housing for older people were included in 2005 which would inevitably push this figure up. For the same reasons, units intended for single homeless people, which had previously accounted for 19% of the total supported housing in 2004, decreased to seven percent in 2005.

A geographical breakdown of supported housing and housing for older people shows that the majority of units were owned within the North West and London areas (17% and 16% respectively). In 2004, the highest proportion were based within London (28%).However

there has been significantly larger growth in the North West and South West over the year, almost certainly as a result of the reclassification of stock for older people.

#### 4. General needs social housing

As can be seen from figure 2, general needs housing was also affected by reclassification, because much of that which was designated as sheltered was transferred into the new housing for older people category and which did not have the relevant design features was reclassified as general needs.



Mainly because of these recategorisations:

- The overall general needs stock figure (which includes keyworker housing and floating support) increased in 2005 by 8%; while
- General needs rented housing, (excluding keyworker housing) increased by 123,266 units (9%) over the year.

It should also be remembered that units receiving floating or move-on support had been recategorised from supported to general needs housing in 2004.

The stock of general needs rented housing, excluding that defined as general needs sheltered housing in 2004, stood at 1,523,318 at 31st March 2005, and accounts for 76% of total HA stock. This represents a decrease of two percent over 2004, attributable to the inclusion of leased housing in the definition of total stock owned in 2005. If we exclude this stock, general needs housing accounted for 79% - an increase of 1%.

Average general needs assured weekly net rents on March 31<sup>st</sup> 2005 were up by five percent over the year, to £61.59 while secured rents increased by nine percent to £60.57. This average is only very slightly affected by the reclassification and as discussed in the Housing

Corporation Sector Study 41: *Housing associations and movement to target rents 2004 to 2005*<sup>6</sup> suggests that rent restructuring is continuing quite rapidly.

There was a nineteen percent decrease in the number of general needs units that were vacant in 2005, mainly because units which have been recategorised as housing for older people tend to have higher vacancy rates. The overall vacancy rate remained at around two percent nationally.

Geographically, vacancies of general needs stock within each Housing Corporation Investment area decreased except for the North East where the increase was very small. Proportionally, the largest decrease over the year occurred in the South West and the East Midlands (both 37%). In both areas, this change had arisen mainly from a reduction in the number of units vacant and available for letting.

In terms of management responsibility for general needs housing, 96% were directly managed by the owning HA, while less than one percent were managed by local authorities. At 31 March 2005, HAs also managed 122,160 general needs units on behalf of others. Of these, nearly half were managed for another RSL, while just under a quarter were managed on behalf of local authorities.

## 5. Movement into and out of the Housing Association sector

### 5.1 Additions to stock

In 2005, just over 98,000 units entered the HA sector (as newly built, purchased or units transferred from local authorities). Nearly a quarter of these were newly built by or for HAs. The vast majority of additions to HA stock in 2005 were units acquired as a result of stock transferred through Large Scale Voluntary Transfer programmes. Table 2 shows how these numbers have varied over the last three years.

**Table 2: Units new to the HA Sector in 2005**

	2001/02		2002/03		2003/04		2004/05	
	Number of units (000s)	%	Number of units (000s)	%	Number of units (000s)	%	Number of units (000s)	%
<b>Homes newly built</b>								
Total number of homes built by or for RSL	23.2	37.9	21.2	21.1	21.4	26.6	23.0	23.4
<b>Homes purchased by the RSL</b>								
Purchased in satisfactory condition	3.9	6.4	2.7	2.7	3.8	4.7	2.6	2.6
Purchased and rehabilitated/repared	6.7	10.9	5.0	5.0	4.4	5.4	5.5	5.6
Purchased but not yet rehabilitated/repared	3.0	4.9	3.8	3.7	1.2	1.5	1.0	1.0
<b>Total homes purchased</b>	<b>13.6</b>	<b>22.2</b>	<b>11.5</b>	<b>11.4</b>	<b>9.4</b>	<b>11.6</b>	<b>9.1</b>	<b>9.2</b>
Homes acquired through voluntary transfers from local authorities	24.4	39.9	68.1	67.5	49.7	61.8	66.3	67.4
<b>Total new to the HA sector</b>	<b>61.2</b>	<b>100.0</b>	<b>100.9</b>	<b>100.0</b>	<b>80.5</b>	<b>100.0</b>	<b>98.4</b>	<b>100.0</b>

Source: RSR

The proportion of units purchased from outside the sector decreased in 2005, its lowest point for a number of years. Purchases accounted for only nine percent of the stock entering the HA sector. The decrease in the number of units was consistent across units purchased in a

<sup>6</sup> Solomou.W, Sector Study 41 *Housing associations and movement to target rents 2004 to 2005*, (2006) The Housing Corporation.

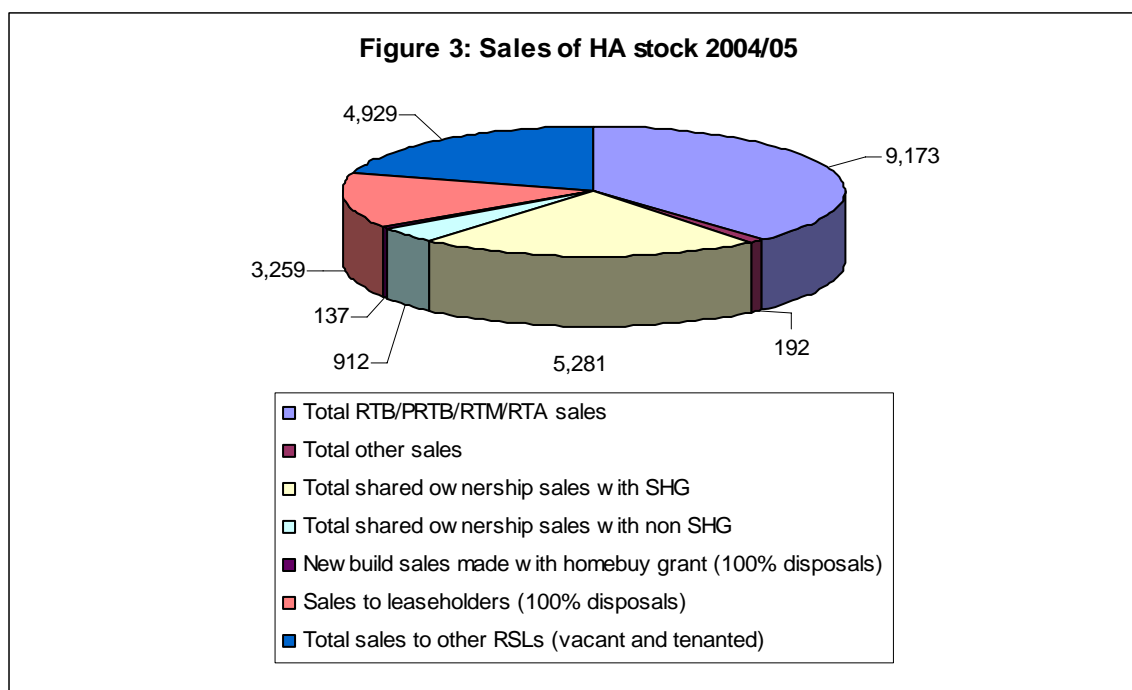
satisfactory condition and units purchased but not rehabilitated or repaired. There was, however, a 25% increase in the number of units purchased and rehabilitated over the year.

The average number of units acquired over the year was directly related to HA size. HAs that had a total stockholding of between 2,500 and 10,000 units owned the greatest share of newly acquired stock. This reflects the fact that two thirds of acquired units were transferred from local authorities, and the average size of newly registering LSVT HAs are generally within this size category.

In addition to the stock shown in Table 2, during 2004/05, HAs also acquired 5,159 units for rent without the use of public subsidy, 67% more than in the previous year, breaking the downward trend in these types of acquisitions since 2000/01. The majority of this increase came from newly built units without public subsidy, a category which increased by 53% and was at it highest since 2001/02. In contrast, the number of units that had previously been acquired without public subsidy and improved or rehabilitated over 2004/05 decreased by 35% over the year, from an unusually high level the previous year. Through these units acquired without the use of a Social Housing Grant (SHG), HAs are making a significant contribution from their own resources to the overall availability of affordable homes<sup>7</sup>.

## 5.2 Sales, disposals and demolitions

On the other side of the picture, HAs are also required to provide information on any sales, disposals and demolitions of their units over the year.



As shown in Figure 3, a total of 15,558 units were sold to individuals and organizations outside the sector in 2004/05. Forty five percent of the sales were completed under the Right to Buy and Rent to Mortgage Schemes where secure tenants have the right to purchase the property they occupy from their public sector landlord.<sup>8</sup>

<sup>7</sup> Detailed information focusing on this area is available in the following report: *Assessing Added Value; A Report to the Housing Corporation* (2006) Ecotec and The Housing Corporation.

<sup>8</sup> Right to Buy (RTB) and Rent to Mortgage (RTM) schemes also include; Preserved Right to Buy (PRTB) and Right to Acquire schemes (RTA).

HAs also made 6,193 initial shares of shared ownership sales<sup>9</sup> over the year. Of these, 85% had been built with SHG funding. Together, these initial shares accounted for 30% of the total sales completed in 2005, 10% more than the previous year. In terms of 100% disposals of leased housing, 137 units were sold with homebuy grant<sup>10</sup>, while 3,259 sales were made to shared ownership leaseholders who had staircased up to 100% (or 75% in the case of LHOP).

Geographically, over a third of shared ownership sales were made in London, whereas the previous year, the majority had been made in the South East. When added together, these regions accounted for 62% of the total shared ownership sales in 2004/05.

RTB sales showed a very different pattern, with the highest concentration (just under a third) being in the North West region and 16% in the West Midlands. The largest increase overall was in Yorkshire and the Humber where the proportion of sales increased from seven percent to 11% over the year.

Over the year, a total of 5,056 units were demolished by HAs, a 16% decrease since 2003/04 (Table 3). Of the total demolished, 20% had received SHG funding and one percent had been demolished within 15 years of the completion of a grant-aided project. Demolition activity continued to be concentrated among HAs with between 2,500 and 10,000 total units in ownership. Many of these are likely to be LSVT HAs which post transfer often rationalise this stock by demolition, especially as part of regeneration programmes. This process may also account for a significant proportion of the further 5,556 units which were disposed of to owners outside the sector.

Table 3: Comparison of stock entering and exiting the HA sector in 2004/05

Stock entering the sector		Stock leaving the sector	
Newly Built	23,031	Stock sold	12,761
Purchased	9,083	Demolitions	5,056
		Disposals to private sector and other	5,556
<b>Subtotal</b>	<b>32,114</b>	<b>Subtotal</b>	<b>23,373</b>
Acquired through voluntary transfers	66,275		
<b>Total</b>	<b>98,389</b>	<b>Total</b>	<b>23,373</b>

Source: RSR

Note:

1) Stock sold includes RTB/RTA/PRTB/RTM sales, other sales to tenants and shared ownership/homebuy sales (100% disposals)

In Table 3 we compare the new stock coming into the HA sector in 2005 to that exiting the sector to give a feel for the net addition to social provision. It shows that while just over 32,114 units entered the sector, not many fewer were sold or demolished (23,373). As a result the numbers grew, but only by four percent. This is an improvement on 2004 when there was a slight net decline. This was mainly as a result of a slow down of 28% in the number of units exiting the sector as compared to 2004.

Overall, it is clear that large scale stock transfers continued to account for the vast majority of the increase in HA housing activity. This reflects the continued emphasis on restructuring ownership within the social sector.

### 5.2.1 Movement within the sector

<sup>9</sup> Shared ownership is a scheme where the purchaser buys an equity share in a property and pays an affordable rent to the social landlord to account for the rest of the property value. A more detailed explanation is available in section 6 of this paper.

<sup>10</sup> Homebuy is a scheme offered to help low-income households in England into owner-occupation.

With a continuing drive towards rationalisation of stock within the sector, HAs are developing their own strategies for disposals, sales or swaps of stock to other HAs<sup>11</sup>. However the numbers of sales and disposals has declined considerably between 2004 and 2005.

In this context, HAs acquired 8,221 units from within the sector during 2004/05, 44% fewer than in 2003/04. During the year, HAs sold 4,929 units to other HAs (table 4). Seventy two percent of these were sold within group structure arrangements. The majority of disposals within the sector – which made up only 17% of total disposals - were also made within group structures.

## **6. Shared Ownership housing**

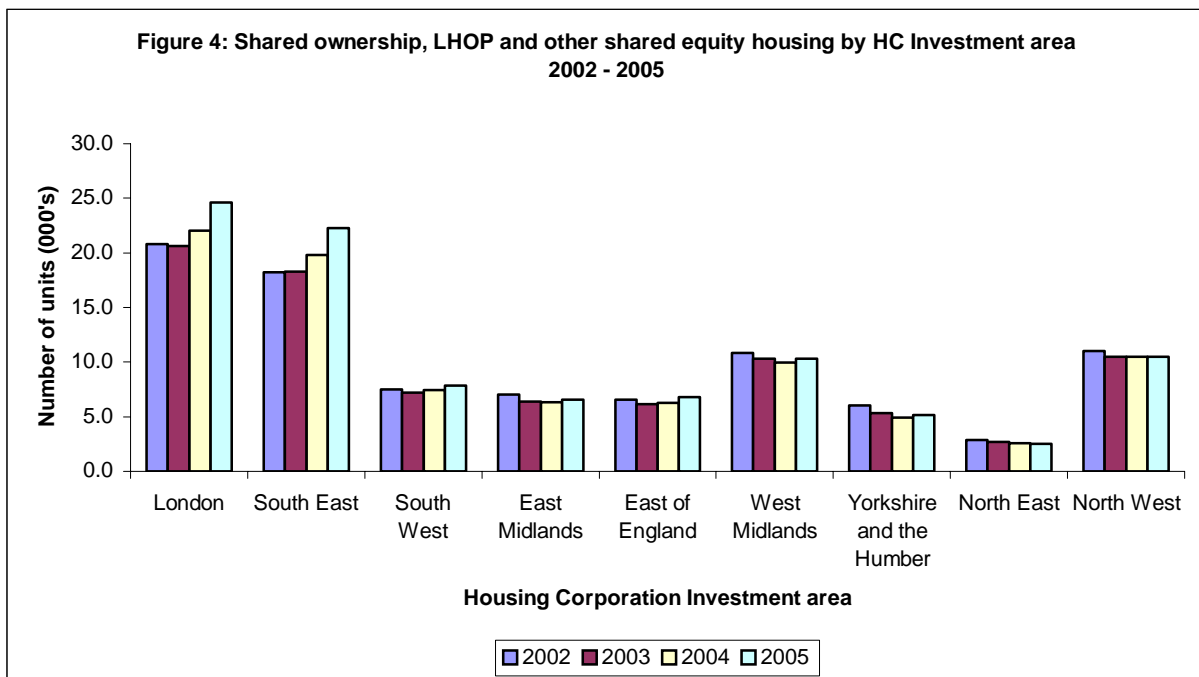
Many HAs are involved in the provision of shared ownership and shared equity schemes. These types of scheme are aimed at helping those who are in housing need and unable to purchase property on the open market. Priority is given to existing tenants and those on waiting lists for social housing although some HAs also offer non-government funded shared ownership schemes.

Under shared ownership the purchaser buys an equity share in the property with a traditional mortgage and pays an affordable rent to the landlord to account for the rest of the property value. Usually, the purchaser has the option to ‘staircase’ their ownership share up to outright ownership of the property. However, in the case of shared ownership schemes for the elderly, staircasing is fixed at a maximum of 80%, so the property remains within the social housing sector.

At 31 March 2005, HAs owned shares in 96,770 shared ownership units where the purchaser had not acquired 100% of the equity. Twelve percent of these were Leased Housing for Older People units (LHOP). In terms of funding, 84% had received a Social Housing Grant. In 2005, the RSR required HAs to identify and record which of their leased housing are non-social housing – this category accounts for two percent of shared ownership housing.

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<sup>11</sup> *Rationalisation and restructuring*, Housing Corporation (2002)



Source: RSR

Figure 4 shows the geographical distribution of shared ownership, LHOP and other shared ownership housing over the past four years. In the majority of areas, leased housing increased in 2005. The largest increases were in London and South East, which increased by 12% since 2004. Between these two years, only the North East region had a decrease, although this was minimal.

In addition to owned leased housing, HAs are also required to report on stock that is managed on behalf of other organisations. At 31 March 2005, HAs managed 8,271 units on behalf of others, where the purchaser had not acquired 100% of the equity. Sixty nine percent of these units were owned by other HAs, almost certainly mainly within group structure arrangements.

The Housing Corporation also requires HAs to report on leased housing in which the purchaser has acquired 100% of the equity, but where the HA retains a residual freehold interest. An example of such units are flats, where the HA retains responsibility for communal areas. In 2005, HAs owned 91,193 of these units and managed 18,391 on behalf of others. The majority of both these owned and managed units were stock transferred under the Right to Buy, Preserved Right to Buy, Rent to Mortgage and Right to Acquire schemes. Non-social units accounted for 15% of the managed stock and nine percent of the owned.

## 7. Non-social housing

As well as being core providers of social housing, many HAs are also involved in non-social housing, defined as housing developed without public subsidy to meet a broader range of needs than those that are intended to be met by the provision of core social housing. These units are not let or sold in the same way and at the same rent levels or cost as subsidised

social housing.<sup>12</sup> Non-social housing is generally aimed at gaps in provision and includes student accommodation and market rented and keyworker housing.

At 31 March 2005, HAs owned a total of 36,717 non-social housing units, a decrease of eight percent over 2004. It should be noted that from 2005, non-social leased housing where the purchaser has not acquired 100% of the equity was included in the definition of total non-social housing. As such one would have expected to see an increase in the total. Based on a like for like definition, the decline would have been 13%.

This type of housing accounts for a relatively small proportion of the total HA owned stock over the past four years (two percent in 2005). However, it is of growing importance because of the government's policy concentration on intermediate housing. It is also one indication of HA diversity.

Non-social housing is most commonly provided by traditional rather than LSVT HAs<sup>13</sup>. This is reflected in the 2005 data which shows that the 188 LSVT HAs operating in England which completed a valid RSR, accounted for 43% of the total stock owned but only 14% of the total non-social housing stock owned.

**Table 5: Non-social housing by activity type 2002 - 2005**

	2002	2003	2004	2005
	Number of units	Number of units	Number of units	Number of units
<b>General housing</b>	1,433	1,000	1,146	n/a
<b>Keyworker accommodation (employer controlled)</b>	3,667	4,171	3,874	3,874
<b>Student accommodation</b>	11,919	12,679	14,133	13,028
<b>Specialist housing</b>	3,639	3,408	4,295	5,993
<b>Market rented</b>	8,643	9,238	9,124	9,257
<b>NASS contract asylum seeker accommodation</b>	n/a	168	234	449
<b>Other non-social housing</b>	5,665	3,468	7,004	2,030
<b>Non-social leased (&lt;100% equity)</b>	n/a	n/a	n/a	2,086
<b>Total non-social housing</b>	<b>35,070</b>	<b>34,312</b>	<b>39,810</b>	<b>36,717</b>

Source: RSR

Notes:

- 1) Information on General housing was not collected in 2005
- 2) Non-social leased housing was not included in the return separately until 2005
- 3) NASS contract asylum seeker accommodation was not included in non-social housing until 2003
- 4) n/a = not applicable

Table 5, shows the breakdown of non-social housing by activity type over the past four years. Student accommodation remains the largest group, accounting for over a third of the total non-social housing stock owned at 31 March 2005. Market rented housing has remained the next most important type of non-social housing since 2002, accounting for quarter of the total in 2005. There was however, a significant decrease (71%) in the number of 'Other' non-social housing units as compared to 2004, although in that particular year, these had been

<sup>12</sup> A more detailed look at the links between these non-housing activities and non-social housing can be seen in the Housing Corporation Sector Study 'The Wider Role of Housing Associations: Further Evidence' Harris.D, Marshall.D and Whitehead.C.

<sup>13</sup> Turner, M. 'Sector study 30a: Diversification: non-social housing activities by housing associations' (Housing Corporation May 2004)

unusually high. Other non-social housing tends to include, commercial lettings, guest accommodation and temporary hostels that are outside the rent-restructuring regime.

**Table 6: Importance of non-social housing activities undertaken by HAs 2003-2005 over the year ending 31 March**

Activity type	2003		2004		2005	
	Average % gross turnover	Average % gross capital employed	Average % gross turnover	Average % gross capital employed	Average % gross turnover	Average % gross capital employed
General housing	0.8	0.7	1.4	1.4	n/ap	n/ap
Keyworker accommodation (employer controlled)	3.8	1.5	4.0	5.1	2.4	2.8
Student accommodation	5.5	4.4	10.0	9.8	8.8	8.5
Specialist housing	7.1	3	7.0	2.5	8.8	4.9
Market rented	3.7	3.4	3.5	5.1	2.9	3.6
NASS contract asylum seeker accommodation	1.5	0.3	3.4	0.4	4.2	0.5
Other non-social housing	2.3	2.1	4.0	2.6	1.7	2.4
Leased housing where the purchaser has not acquired 100% of the equity	n/ap	n/ap	n/ap	n/ap	0.4	0.3
<b>Total average percentage</b>	<b>7.6</b>	<b>6.0</b>	<b>7.7</b>	<b>7.3</b>	<b>7.0</b>	<b>6.5</b>

Source: RSR

Notes:

- 1) Only HAs that completed the Long return are included in this table.
- 2) n/ap = not applicable

The relative importance of non-social housing activities can be seen in Table 6. Large RSLs are required to record the average percentage of gross capital employed and gross turnover in relation to their non-social housing. The table shows that in 2005, keyworker and student housing accounted for the largest percentage of gross turnover and capital. This was quite different to 2003 and 2004 where student accommodation and specialist housing were the two largest categories. In all years the overall averages of gross capital and turnover have been around seven percent.

These averages are often skewed by HAs which own particularly high percentages. Forty percent of the total non-social housing units were owned by 39 of the largest HAs (those with over 10,000 total stock units in ownership). These HAs accounted for only two percent of the total number returning a valid RSR in 2005. HAs with below 2,500 units of total stock accounted for just 19% of the non-social housing units in 2005, the same proportion as 2004.

In 2005, almost half of the non-social housing was owned by HAs (excluding non-social leased housing<sup>14</sup>) based in London and the South (21% in London, followed by 22% in the South East and 6% in the South West). Seventeen percent were in the Midlands (13% in the East Midlands, 4% in the West Midlands), an increase of three percent over 2004. Seven percent of the HAs were based in the East of England and the remaining 27% in the North.

Among HAs who owned this type of housing, 21% had non-social housing stock in just one LA area at 31 March 2004. This proportion has remained the same over the past three years, although it represents a large increase in spatial diversification as compared to 2002, when over half of the HAs reported owning non-social housing stock in only one LA area. Indeed, by 2005, 57% of the HAs with non-social housing had this type of stock in more than six LA areas.

<sup>14</sup> It was not possible to include non-social leased housing in a breakdown by Housing Corporation Investment area in 2005, as this information was not available separately.

## 8. Summary

In 2005, supported housing and housing for older people continued to be of particular significance in terms of policy, with the introduction of new definitions which encompassed a shift in focus from the tenant to the physical structure of the building. A category of housing for older people, replaced sheltered housing within the RSR. Consequently, units that had previously been categorised as general needs sheltered, were now included in the total supported housing and housing for older people (which for the most part, are added together in the return). As a result, the number of supported units increased over the year. Reclassification also led to a decrease in the average weekly net rent as these dwellings tended to be smaller properties, with lower rents and fewer special features.

Overall, general needs housing accounts for not far short of four in five of all social rented units. Supported housing with special features accounts for only one in twenty such units.

Rents in general needs housing increased relatively rapidly as rent restructuring continues. There was some evidence of decline in the numbers of vacancies and of increased regeneration activity which means that a higher proportion of vacant units are not available for immediate reallocation.

The size of the sector increased in 2005, albeit slowly. Transfers of existing large scale stock from local authorities continued to account for the majority of change within the social housing sector, and the level of these transfers increased in 2005. New build also increased but much of the small net increase in provision arises from a decline in disposals to outside the sector.

In terms of rationalisation of stock within the sector, sales and disposals to other HAs accounted for a very small percent of HA activity. The majority of sales and disposals in 2005 were made within group structure arrangements, which have been of growing significance particularly over recent years.