

Housing Associations in 2004: Dataspring Briefing paper

Key findings

- The majority of stock in 2004 was held among HAs that own between 2,501 and 10,000 units of rental stock. This mid-size group is important, as it also tends to be the category in which HAs arising from large scale voluntary transfers sit.
- The total HA stock holdings had increased by three percent since 2003 to 1,816,367 units. The majority of this stock was directly managed by the owning HAs.
- The trend towards greater geographical diversity also continued in 2004, with 30% of all HAs owning stock in more than one local authority area.
- While the majority of HA stock is general needs housing, seven percent of the total stock in 2004 was occupied by or intended for supported housing tenants, much the same proportion as the previous year. In both 2003 and 2004 the majority of these units were occupied by or intended for older people with support needs.
- At 31 March 2004, HAs managed 172,636 units on behalf of others, a small decrease since the previous year. The vast majority of these units were managed on behalf of other HAs within the sector, which is in part as a result of group structure activity. Just over forty thousand of the units managed on behalf of others were temporary housing units.
- Just over eighty thousand units entered the HA sector in 2004. The majority of these were acquired through voluntary transfers or tenants choice procedures. Over 25% were newly built. Exits from the sector, at over 30,000, meant that all the net increase came from transfers within the social housing sector.
- At 31 March 2004 HAs owned 39,810 non-social housing units. Although it accounts for a very small proportion of the total housing stock, this type of housing is of growing importance in terms of government policy and HA diversity.

1. Introduction

The HA sector is a major provider of social housing, indeed set to become the majority provider in the near future. The make-up and role of the HA sector is changing significantly as the governance of social housing changes, the range of activities in which HAs can be involved increases, and subsidies are targeted at different types of provision.

This paper will focus on six key aspects of HA activity in terms of stockholdings reported in the RSR 2004 as follows:

- Total stock in ownership
- Stock managed on behalf of others
- Supported housing
- Additions to stock
- Sales, Transfers and Demolitions
- Non-social housing activities

2. Background

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. The resultant data provides a snapshot of the sector as at 31 March. Each year the data from the RSR is analysed in a publication called the 'Profile of the HA Sector', which comprises a set of tables and technical papers, outlining key sector trends. This publication is available for download from the following websites: www.dataspring.org.uk and www.rsrsurvey.co.uk.

3. Total Stock In Ownership

The total stock owned by HAs at 31 March was 1,816,367 units¹. This was a small increase of three percent over 2003, and it was a continuation of the more general increase in HA stockholdings year on year. The largest increase in total stock owned by HAs in recent years was between April 1st 2002 and March 31st 2003, when stockholdings increased by 11%, mainly as a result of the Government's approved large scale voluntary stock transfer (LSVT) programme, implemented to transfer council owned stock to HAs. In 2003, there had been a huge amount of stock transferred over the year, a total of 165,722 units². In 2004 there was much less LSVT activity (41,617 units transferred over the year)³, resulting in a slower growth of stock within the sector.

¹ For the purposes of this analysis, total stock in ownership is defined as total social housing units (general needs and supported) owned plus total non-social housing units owned.

² Housing Corporation Annual Review and Accounts 2002/2003

³ Housing Corporation Annual Report and Accounts 2003/2004

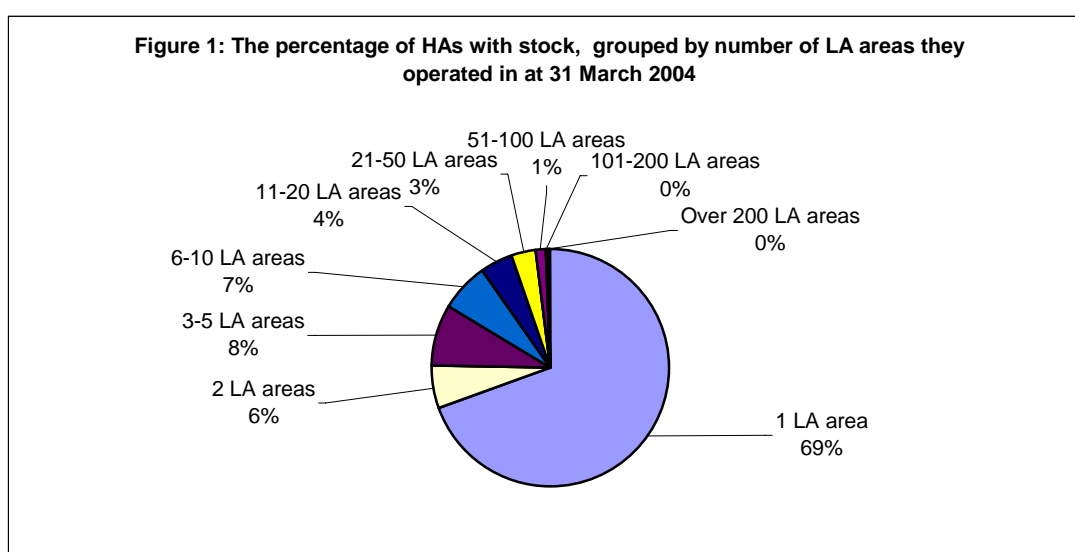
Table 1: Total stock owned by size of HA at 31 March 2004

Size of HA (based on their total stock owned)	Total stock owned (Number of units)	%
0	0	0.0
1 - 5	296	0.0
6 - 25	6,772	0.4
26 - 100	22,412	1.2
101 - 250	26,418	1.5
251 - 1,000	84,157	4.6
1,001 - 2,500	158,435	8.7
2,501 - 10,000	1,021,915	56.3
Over 10,000	495,962	27.3
Total	1,816,367	100

Source: RSR

Note: Total stock owned is calculated by adding the total number of social housing units owned by HAs (general needs and supported) plus the total number of non-social housing units owned by HAs

Table 1 shows the distribution of total stock in ownership across the various size categories of HA. Ownership of stock in 2004 continued to be concentrated among large HAs⁴. Ninety seven percent of the total stock was owned by the 27% of HAs that had more than 250 units in ownership. Within the large HAs, the stock was concentrated among those that owned between 2,501 and 10,000 units, accounting for well over 50% of the overall stock. Twelve percent of the total number of HAs fell into this size category. This pattern is in part the result of the LSVT programme. These transfers are usually on a scale of between 2,500 and 10,000 units, hence the high and increasing proportion of HA total stock in this size category.



The trend towards greater geographical diversity of HAs continued in 2004. The percentage of HAs owning stock in more than two local authority (LA) areas increased over the year, although the number of HAs owning stock within one LA area remained almost the same at 69%. The data in Figure 1 are based solely on ownership of stock and do not take into account the management activities of HAs. In addition to stock in ownership, previous research has shown that HAs operating within a group structure are often undertaking management activities on a regional and sometimes a national scale⁵. Geographic diversity may therefore in actuality be greater.

⁴ Large HAs are defined as being those who own and manage more than 250 units of stock.

⁵ Marshall. D et al. 'Definitions of Ownership Phase IV: The Group RSR' (Housing Corporation, 2002)

4. Stock Managed on Behalf of Others

To gain a more detailed picture of the diversity of their day-to-day activities, HAs are also required to report on both social and non-social housing stock owned by others but managed by themselves. These data are broken down by:

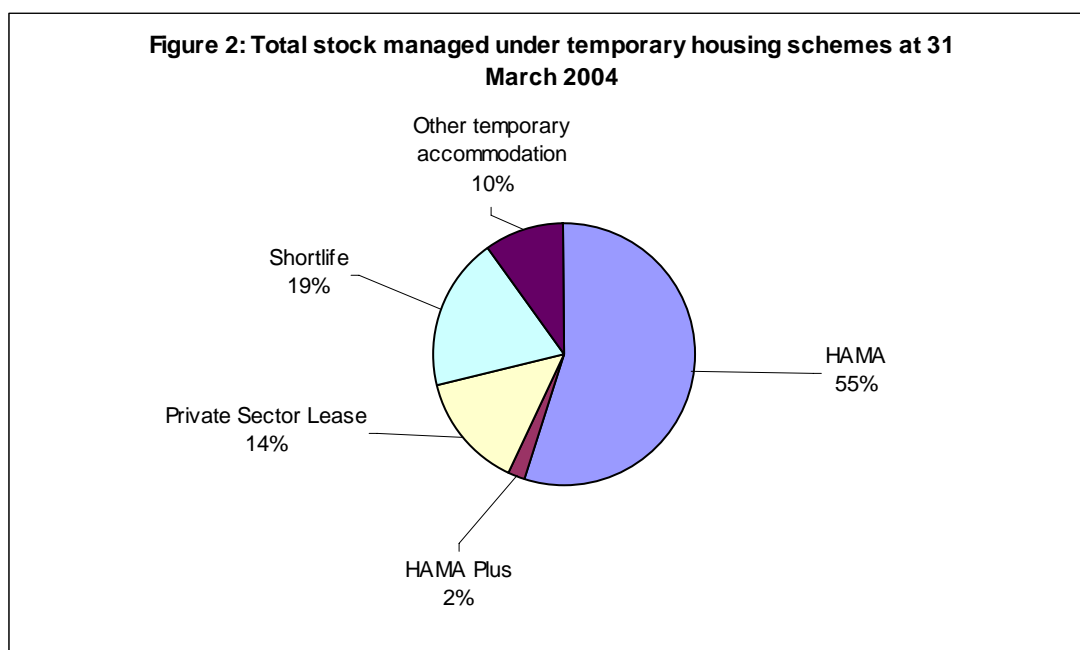
- stock managed on behalf of other HAs within the sector;
- stock managed on behalf of local authorities; and
- stock managed on behalf of other organisations (for example, charitable organisations).

At 31 March 2004, HAs managed but did not own 172,636 units of stock (both social and non-social housing). Fifty seven percent of the units were managed on behalf of other HAs within the sector, a two percent increase over the year. A quarter of the stock continued to be managed on behalf of ‘other’ organisations. Stock managed on behalf of LAs remained around the same proportion as the previous year (18%).

Many of these units are likely to be as a result of management arrangements within group structure HAs. At 31 March 2004, 176 HAs (10% of HAs that completed a valid RSR) reported that they managed units within a group structure arrangement, a four percent increase over the proportion in 2003.

The total stock managed on behalf of others as reported in the RSR can also be broken down by type of housing (social /non-social). At 31 March 2004, 92% of the total stock owned by others was social housing, of which, 60% was owned by other HAs within the sector. Eighty eight percent was classified as general needs housing and the remaining 12% as supported.

The majority of non-social housing owned by others in 2004 was student accommodation. Eighty two percent of managed non-social housing was owned by ‘other’ organisations and 13% was owned by other HAs within the sector. Local authorities owned the remaining five percent.



Of the units managed on behalf of others in 2004, 44,310 were temporary housing units. Temporary housing includes all housing acquired by HAs on a short-term basis on a lease of

less than 30 years. The tenancy is likely to be assured shorthold or assured but it may equally be let on licence or other letting arrangements. The rent may be a sub-market or market rent but is rarely a strictly social rent, i.e. subject to the rent formula. Temporary housing is often used to accommodate homeless households as an alternative to bed and breakfast or hostel accommodation. There have been a wide range of policy interventions in this area, as a result HAs may manage temporary housing stock under many types of schemes including⁶:

- Housing Associations as Managing Agents (HAMA)
- Housing Association Leasing (HALS)
- Private Sector Leasing (PSL)
- Temporary Social Housing (TSH)
- Short-life (now replaced with TSH)
- Temporary Market Rented Housing (TMRH)
- HAMA Plus (now replaced with TMRH)
- Homes Over Shops

As Figure 4 shows, the majority of temporary housing managed by HAs were HAMA schemes. HAMA properties are privately owned houses or flats that have been leased by their owners to various HAs for a period of two to five years at a rent agreed between the owner and the HA.

5. Supported Housing

With the introduction of the government's 'Supporting People' strategy in April 2003, HA supported housing activities have been of growing significance over the past year. To get a measure of the scale of these activities, HAs record this stock in the RSR, in terms of type of activity, and type of tenant group to which the housing is let to or intended for⁷.

Supported housing accounted for seven percent of the total stock owned by HAs in 2004. This proportion has remained much the same since 2002. HAs with between six and 2,500 units of total stock in ownership, had a higher than average proportion of supported housing units to total stock. Among these, the group with between 101 and 250 units of total stock held 7,542 supported housing units accounting for almost a third of their total stock in ownership. Even so, supported housing continued to be concentrated among HAs with over 2,500 units of total stock (62%). This proportion has also remained much the same since 2002.

The majority of supported housing was owned and directly managed by HAs (66%), a much lower percentage than for general needs housing. Supported housing was much more likely to be managed by other organisations outside the HA/LA sector, such as care management agencies and charitable organisations (24%). Relatively few units were managed by local authorities (one percent) and nine percent were managed by other HAs within the sector.

There is generally a greater tendency for supported housing to be vacant as compared with general needs housing. This tends to push up the overall vacancy rate for the sector. The

⁶ Definition of temporary housing as published in the RSR 2004 Guidance Notes

⁷ The Housing Corporation defines supported housing as having to meet three conditions before it is determined as supported rather than general needs: 1) The HA must have a landlord/tenant relationship with the individual receiving support; 2) A housing support service must be provided and; 3) The need for support must be a condition of allocation to the property and can be a condition of the tenancy or be set out in a separate support agreement.

vacancy rate among the owned supported housing stock in 2004 has stayed much the same over the past few years (six percent of the supported units were vacant at 31 March 2004). Seventy six percent of the total supported housing vacancies were available for letting, again consistent with earlier years.

Table 2: HA owned accommodation which were occupied and intended for supported housing tenants by client group 2000 – 2004 (at 31 March)

Client groups	2000	2001	2002	2003	2004
	%	%	%	%	%
Older people with support needs	16.9	17.9	19.3	21.3	27.3
Single homeless people	24.9	23.1	22.2	19.6	19.0
People with learning difficulties	17.0	15.9	15.7	15.6	15.8
People with mental health problems	15.6	15.5	16.0	15.6	14.2
Young people at risk or leaving care	6.1	7.0	8.6	7.2	6.7
People with physical difficulties	2.3	2.2	2.5	3.2	3.1
Ex-offenders and those at risk of offending	3.9	3.8	3.2	2.8	2.8
People with drug/alcohol problems	2.7	2.6	2.6	2.7	2.4
Women at risk of domestic violence	2.5	2.5	2.3	2.1	2.0
Vulnerable women with children	1.9	1.6	1.5	1.6	1.1
Asylum seekers (temp. non-NASS)	n/ap	0.5	0.4	0.5	0.6
People with HIV or AIDS	0.7	0.6	0.6	0.6	0.5
Refugees (permanent)	1.0	0.6	0.5	0.5	0.4
16/17 year-old teenage pregnancy/parents	n/ap	n/ap	0.2	0.3	0.4
Other	4.4	6.2	4.5	6.3	3.6
Total	100.0	100.0	100.0	100.0	100.0

Source: RSR

Note:

1) n/ap = not applicable

As shown in Table 2, for the second year running, older people with support needs were the most significant client group for whom HAs provided supported housing (27% of the total supported stock). In 2004, single homeless people were the second largest client group. However, before 2002 this had been the majority group, with older people being the second most dominant. Following these two main client groups, people with mental health problems and learning difficulties have accounted for around 30% of the total supported housing since 2000.

As well as categorisation by client group, supported housing stock can also be broken down by type of provision:

- Supported sheltered housing;
- Unregistered supported housing;
- Care home providing personal care; and
- Stock provided for asylum seekers (non-NASS contract).

At 31 March 2004, the majority of owned supported housing was categorised as unregistered (i.e. compared to those registered as a care home). This category has remained the most prominent type of supported housing since 2002. In 2004, there was quite a substantial increase of 35% in the number of supported sheltered units, which in turn is likely to be linked to the increase in the number of supported units allocated to or intended for older people with support needs.

6. Additions to stock

In 2004, just over 80,000 units entered the HA sector. Over a quarter of these were newly built by or for HAs. The vast majority of additions to HA stock in 2004 were units acquired as a result of stock transferred through LSVT programmes and tenants choice procedures over the year. Table 3 shows how these numbers have varied over the last three years.

Table 3: Additions to HA stock 2001/02 - 2003/04

	2001/02		2002/03		2003/04	
	Number of units (000s)	%	Number of units (000s)	%	Number of units (000s)	%
Total number of homes built by or for HAs	23.2	37.9	21.2	21.0	21.4	26.5
Total homes purchased from outside the sector	13.6	22.2	11.5	11.4	9.4	11.7
Homes acquired through voluntary transfers or tenants choice procedures	24.4	39.9	68.1	67.6	49.7	61.7
Total	61.2	100.0	100.8	100.0	80.5	100.0

Source: RSR

The percentage of units purchased from outside the sector increased slightly over 2003/04 to 12%, this proportion however, was much higher in 2001/02 (22%).

As well as the total figure shown in the table HAs are also required to provide a further breakdown of purchased units for regulatory purposes. The breakdown in 2003/04 showed that the number of units purchased in a satisfactory condition (72%), was much higher than in the previous year, while the number purchased but not yet rehabilitated fell by a similar proportion (61%).

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 is hardly surprising, as almost two thirds of acquired units were transferred from local authorities, and, as mentioned previously, this was the average size of newly registering LSVT HAs.

In addition to the stock shown in Table 3, during 2003/04, HAs also acquired 3,098 units for rent without the use of public subsidy, 48% fewer than in the previous year. This figure has been decreasing since 2001/02. In contrast, HAs improved and rehabilitated 15,133 units of stock that had previously been acquired without public subsidy. This was a massive 152% increase over the year and is substantially more than in any other year.

7. Sales, Transfers and Demolitions

To provide a more detailed picture of the movement of stock and to measure the scale of activities under various sales initiatives, HAs are required to provide information on any sales, transfers and demolitions of their units over the year.

Table 4: Sales of HA stock 2001/02 – 2003/04

	2001/02		2002/03		2003/04	
	Number of units	%	Number of units	%	Number of units	%
Total RTB/PRTB/RTM sales	8,224	48.2	10,474	52.1	14,522	55.0
Total SHG - subsidised outright sales	312	1.8	395	2.0	573	2.2
Total other outright sales	2,641	15.5	5,082	25.3	5,954	22.5
Total shared ownership sales (initial shares) with SHG	2,641	15.5	3,723	18.5	4,437	16.8
Total shared ownership sales (initial shares) with non-SHG	3,255	19.1	427	2.1	937	3.5
Total	17,073	100.0	20,101	100.0	26,423	100.0

Source: RSR

Notes:

1) SHG = Social Housing Grant

2) RTB/PRTB/RTM = Right to buy/Preserved Right to Buy/Rent to Mortgage

As shown in Table 4, a total of 26,423 units were sold by HAs in 2003/04, a 31% increase over 2003. More than half of these 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. Nearly a quarter of the sales completed in 2004 were not part of statutory schemes (Table 4, line 3) including sales to sitting tenants, to the private sector and disposals⁸. In 2001/02, these types of outright sales accounted for only 16% of the total sales in that year.

SHG (non-shared ownership) subsidised sales accounted for two percent of the total sales in 2003/04. This proportion has remained the same over the past three years. Types of SHG outright sales include Voluntary Purchase Grant⁹ and Right to Acquire sales¹⁰.

HAs also made 5,374 shared ownership sales over the year¹¹. Of these, 83% had been built with Social Housing Grant (SHG) funding. Together, the shared ownership sales accounted for 20% of the total sales completed in 2004.

Over the year more than one third of all outright and shared ownership sales were completed in the South East region. In previous years, London had shown the highest concentration of sales, but in 2004 sales activity in London decreased from 34% in 2003 to 29% in 2003/04. However, the majority of these sales were still in London and the South East.

⁸ A disposal is when stock is sold to another body, individual or another HA for non social housing use

⁹ Voluntary Purchase Grant sales refer to sales made to assured or secure tenants, whereby the HA can claim SHG equal to the discount awarded to the tenant.

¹⁰ Right to Acquire sales refer to the statutory rights of certain secure/assured tenants to purchase the property they occupy from a HA.

¹¹ A shared ownership sale refers to the first sale of a property (initial share).

RTB and voluntary sales showed very different patterns, with the highest concentration (just under a quarter) being in the North West region and 18% in the West Midlands. The number of sales in the North West increased by 95% since 2002/03.

Table 5: Transfers to other HAs 2001/02 – 2003/04

	2001/02	2002/03	2003/04
	Number of units	Number of units	Number of units
Total stock owned	1,593,622	1,762,404	1,816,367
Transferred to another RSL	2,125	2,035	1,288
Transferred to subsidiary or parent RSL	2,339	2,249	5,794
Total transferred	4,464	4,284	7,082

Source: RSR

As shown in Table 5, in addition to sales made over the year, HAs also transferred 7,082 units to other HAs within the sector, a large increase of 65% since 2003. However, this still accounted for less than one percent of the total rental stock owned. The increase was due to transfers made within group structures (Table 5, line 3), which had expanded by over 150% from 2003. The number of units transferred to other non-group HAs within the sector actually decreased in 2004 by 37% (Table 5, line 2).

Over the year, a total of 6,000 units owned by HAs were demolished (Table 6), a 67% increase since 2002/03. Of the total demolished, 12% had received SHG/HAG funding and less than 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 which are likely to have been LSVT HAs that often, post transfer, rationalise this stock in relet and regeneration programmes.

Table 6: Comparison of stock entering/exiting the HA sector in 2004

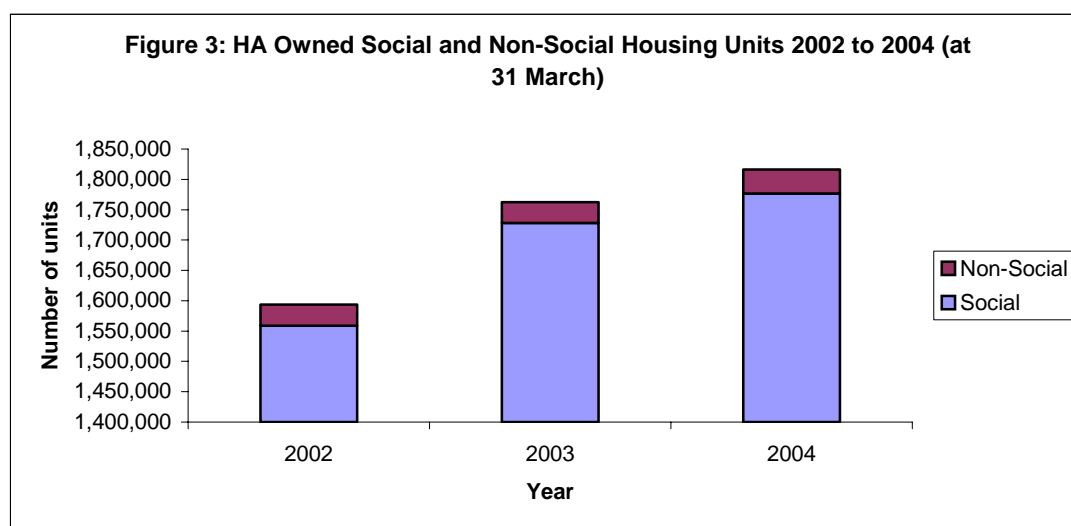
Stock new to the HA sector		Stock leaving the HA sector	
Newly built	21,369	Sales and disposals	26,340
Purchased	9,370	Demolished	6,000
Subtotal	30,739	Subtotal	32,340
Acquired through voluntary transfers or tenants choice procedures	49,721		
Total	80,460	Total	32,340

Source: RSR

If we compare the new stock coming into the HA sector in 2004 to that exiting the sector (in terms of sales and demolitions), the figures (Table 6) show that while just over 30,000 units entered the sector, almost the same number of units were sold or demolished. Therefore, in terms of net totals excluding transfers within the sector, the size of the HA sector measured in terms of social housing would actually have fallen.

8. Non-Social Housing Stock Owned

As well as being core providers of social housing, many HAs are also involved in non-social housing, which includes student accommodation and market rental stock. At 31 March 2004, HAs owned a total of 39,810 non-social housing units. As Figure 3 shows, this type of housing has accounted for a relatively small proportion of the total HA owned stock over the past three years (two percent in 2004). However, this element is of growing importance because of the government's policy concentration on intermediate housing. It also provides one indication of HA diversity¹².



As has been noted in a study by Turner, 'Most non-social housing activity is undertaken by traditional, rather than LSVT HAs... LSVTs are highly geared and do not have free reserves to support non-social housing activities.'¹³ This is reflected in the 2004 data in that the 171 LSVT HAs operating in England which completed a valid RSR, accounted for 41% of the total stock owned and only 13% of the total non-social housing stock owned.

The total non-social housing stock owned by HAs increased by 16% between April 2003 and 31 March 2004; this was a 14 % increase since 2002 (the total non-social units decreased slightly in 2003).

Since 2002, non-social housing has been categorised by type of stock;

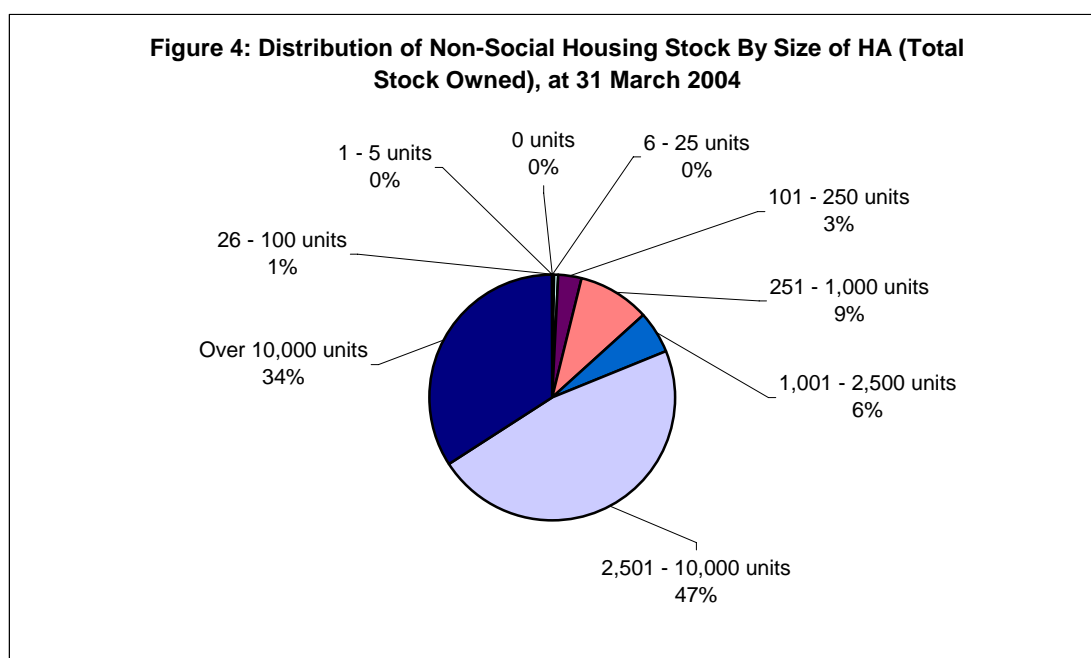
- General housing;
- Keyworker housing (employer controlled);
- Student accommodation;
- Specialist housing;
- Market rented;
- NASS contract asylum seeker accommodation; and
- Other non-social housing.

Over the past three years, student accommodation has remained the largest group, accounting for over a third of the total non-social housing stock owned at 31 March 2004. Market rented

¹² Diversity can also be measured by the non-housing activities undertaken by HAs. 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 and Whitehead.C.

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

housing has remained the next most important type of non-social housing since 2002, accounting for nearly a quarter of the total in 2004.



Over a third of the total non-social housing units were owned by 21 of the largest HAs (those with over 10,000 total stock units in ownership). Even so, it is clear that ownership of non-social housing was concentrated among HAs who owned between 2,501 and 10,000 units of total stock (social and non-social combined), this size category accounting for 12% of the total number of HAs. The smaller HAs (those with below 2,500 units of total stock) accounted for just 19% of the non-social housing units in 2004.

In 2004, half of the non-social housing owned by HAs was based in London and the South (21% in London, followed by 22% in the South East and 7% in the South West). Fourteen percent was in the Midlands (10% in the East Midlands, 4% in the West Midlands). Ten percent was based in the East of England and the remaining 26% was based in the North.

In terms of non-social housing as a percentage of total stock in ownership, in 2004 this proportion was greatest in the South East, East Midlands and Yorkshire and the Humber, which were all above three percent. Merseyside, which in 2002 had one of the highest proportions of non-social housing stock to total stock in ownership, had decreased to 2.5% of non-social housing at 31 March 2004.

Of those who owned this type of housing, 21% of HAs had non-social housing stock in just one LA area at 31 March 2004. This figure was very similar to 2003, but represented a large decrease as compared to 2002, when over half of the HAs reported owning non-social housing stock in only one LA area. This suggests that there has been increasing diversity in terms of geographical spread of stock over the past two years. Indeed, nearly half of the HAs with non-social housing in 2004 had this type of stock in more than six LA areas.

9. Conclusion

While Government emphasis is aimed at an ongoing programme of new-build and improved social housing development, the figures in 2004 suggest that it is in fact existing stock transfers that account for the majority of change within the sector, rather than stock newly entering the social housing sector.

In terms of total stock holdings, the sector continued to grow in 2004, although at a slower pace than in earlier years. Net growth can be wholly attributed to large-scale stock transfers from local authorities and in 2004 the level of transfers fell resulting in lower growth overall.

Supported housing continued to be in the spotlight in terms of government policy aimed at the provision of support to distinct client groups. Prior to 2003, the focus of this type of housing was mainly on providing for single homeless people. Since 2003, and indeed continuing into 2004, the focus changed so the majority of supported housing was provided for older people. Stock providing for single homeless people continued to be of great importance and when combined with the units allocated to older people, these two client groups accounted for nearly half of the supported housing stock.

While the vast majority of stock within the HA sector is social housing, the sector is becoming more diverse and there is growing concentration in policy terms on shared ownership and non-social housing. The key issue remains LSVTs and their impact on the scale of HA activities and the size distribution of stock, which pushes up the number of mid-size HAs with between 2,500 and 10,000 total units in ownership.

<p>This paper is written by Jennie Spenceley with Christine Whitehead of Dataspring, Centre for Housing and Planning Research, University of Cambridge, April 2005.</p>
