

# Human City **HEADLINES**

Bulletin No.17

June 2019

## Recent Trends in Social Landlord Lettings Activity

### SUMMARY

- This short paper explores trends in lettings activity by social landlords in the context of a changing funding and house-building regime since 2010.
- The Comprehensive Spending Review (CSR) in 2010 cut the social housing capital budget by 60%. Social Rent (SR) house-building was subsequently replaced by Affordable Rent (AR), although many have contested whether it represents 'affordable' renting at all. The upshot of these changes has been that total affordable housing completions fell by 36% over the last nine years. SR completions virtually disappeared from just over 37,000 to under 1,000 – a 97% decline. And affordable home ownership completions also dropped by 29%.
- New lettings fell off a cliff between 2012/13 and 2013/14, from more than 73,000 (including both SR and AR new lettings) to just under 26,000. SR new lettings declined every year thereafter and are now less than 10% what they were a decade earlier.
- There were more than 224,000 fewer new lettings in the seven years 2012/13 to 2018/19 than if the average of the four years previously had been continued, at a time when waiting lists were at 1.2m households and homelessness reached 320,000.
- New lettings to homeless households were broadly the same for SR and AR new lettings; as were the range of housing needs met.
- Household characteristics of SR and AR new lettings are broadly similar, although AR new lettings are more likely to be employed and have higher incomes, and less likely to be BME.

### About the Paper

This short paper explores recent trends over the last decade or so in affordable house-building and new general needs lettings by social landlords (covering local authorities, arms-length management organisations – ALMOs – and housing associations) that take part in the continuous recording (CORE) system of lettings.<sup>1</sup> The paper reviews trends mainly in new lettings (that is to newly developed/built homes by the social housing sector; and in some cases, sales. A connected purpose of the paper to uncover whether the various development/building programmes supported by government since 2010 have altered the nature (especially the social purpose) of social landlords in terms of the characteristics of the applicants they now house compared with the past.

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<sup>1</sup> CORE records information on the characteristics of social tenants and the homes they rent and buy. CORE data are not fully consistent with the national statistics produced by the Ministry of Housing, Communities and Local Government, since these data undergo statistical processes of quality assurance, imputation and weighting.

All data referred to in the paper are from official sources: for example, affordable housing completions and lettings data are via the Ministry of Housing, Communities and Local Government (MHCLG).

Definitions of 'affordable' housing – especially the Affordable Rent Programme which largely replaced Social Rent – are taken from MHCLG, although many observers contest whether much of the 'affordable' housing produced is, in fact, 'affordable' at all.<sup>2</sup>

## Trends in Social Housing Sector Completions

It is clear from chart (1) over the page that there has been a significant drop in the totality of affordable housing completions, according to MHCLG figures, over the last decade. The Comprehensive Spending Review (CSR) in Autumn 2010, the first after the Conservative-led Coalition government came to power, cut the social housing capital budget by 60%: the largest proportional cut of any government programme,<sup>3</sup> with social rented house-building largely replaced by 'affordable rent' whereby rents can reach up to 80% of those charged in the localised private rented sector.

This resulted in a significant decline in the quantity of affordable house-building.

According to MHCLG figures, between 2010/11 and 2018/19:

- ▶ *total affordable housing completions fell by 36%;*
- ▶ *social rented completions virtually disappeared from just over 37,000 to under 1,000 – a 97% decline;*
- ▶ *affordable home ownership and shared ownership also dropped by 29%.*

## Overall Trends in Lettings Activity

These trends unsurprisingly fed into reduced lettings activity by social landlords. As chart (2) over the page reveals, new lettings fell off a cliff between 2012/13 and 2013/14, from more than 73,000 (including both SR and AR new lettings) to just under 26,000. SR new lettings declined every year thereafter and are now less than 10% what they were a decade earlier. While AR new lettings increased between 2012/13 and 2016/17, they have since gone into decline.

Measuring new lettings activity is the main indicator of the availability of affordable rented housing opportunities for households in need at a time when social housing waiting lists remain at about 1.2m households in England, despite reductions brought about by the Localism Act 2011<sup>4</sup>. It was also a period of massive increases in homelessness of all types - rough sleeping, hidden homeless (such as sofa surfing, sleeping in cars), statutory homelessness, and use of temporary accommodation (e.g. B&B, hostels etc.) by local authorities. There are now an estimated 320,000 homeless households nationally using these criteria.<sup>5</sup>

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<sup>2</sup> <https://www.theguardian.com/housing-network/2014/feb/03/affordable-housing-meaning-rent-social-housing>

<sup>3</sup> <https://www.bbc.co.uk/news/uk-politics-11569160>

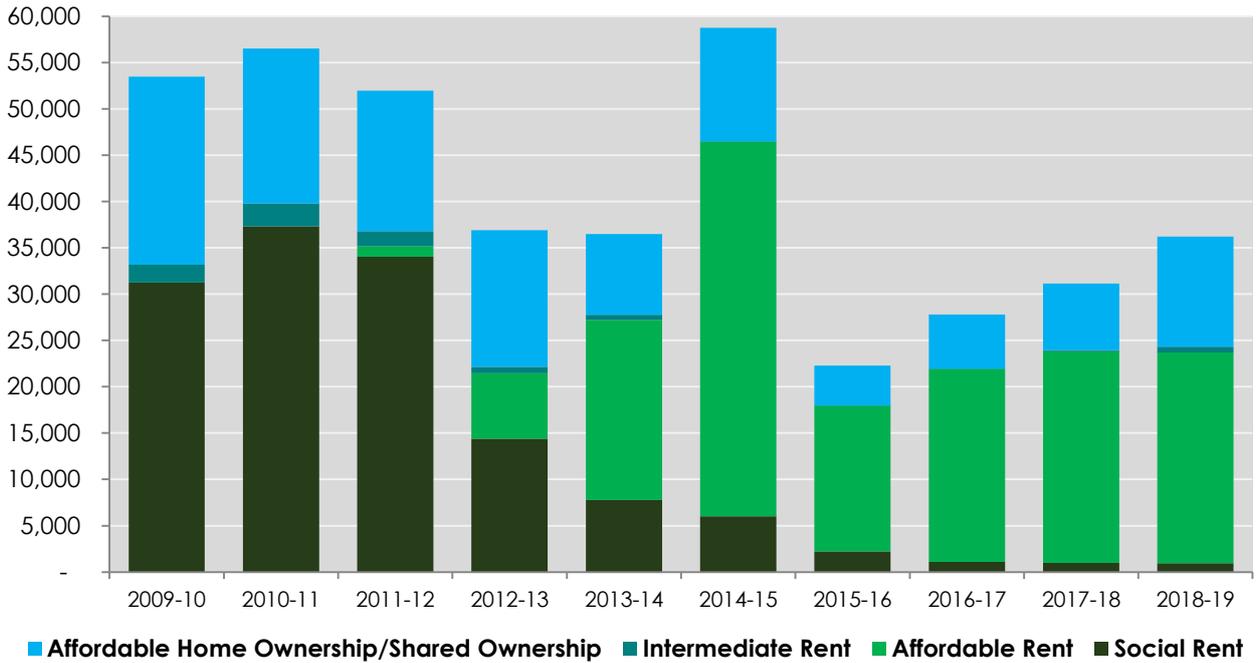
<sup>4</sup> The Localism Act 2011 enabled local authorities to set their own access/registration criteria, including residential qualifications, to their waiting lists/common housing registers. The result was a fall of households registered from 1.9m in 2012 to 1.2m in 2018.

<sup>5</sup> <https://www.irf.org.uk/report/homelessness-monitor-england-2018>

Taking an average of new lettings for the four years 2008/09 through 2011/12 produces an average of just over 67,000. Then subtracting actual new lettings for both SR and AR for each of the seven years from 2012/13 through 2018/19 shows that there were more than 224,000 fewer than if the average of the four years previously had been continued. This means that changes in the social housing funding regime, following the CSR 2010, resulted in 224,000 fewer households in need being accommodated.

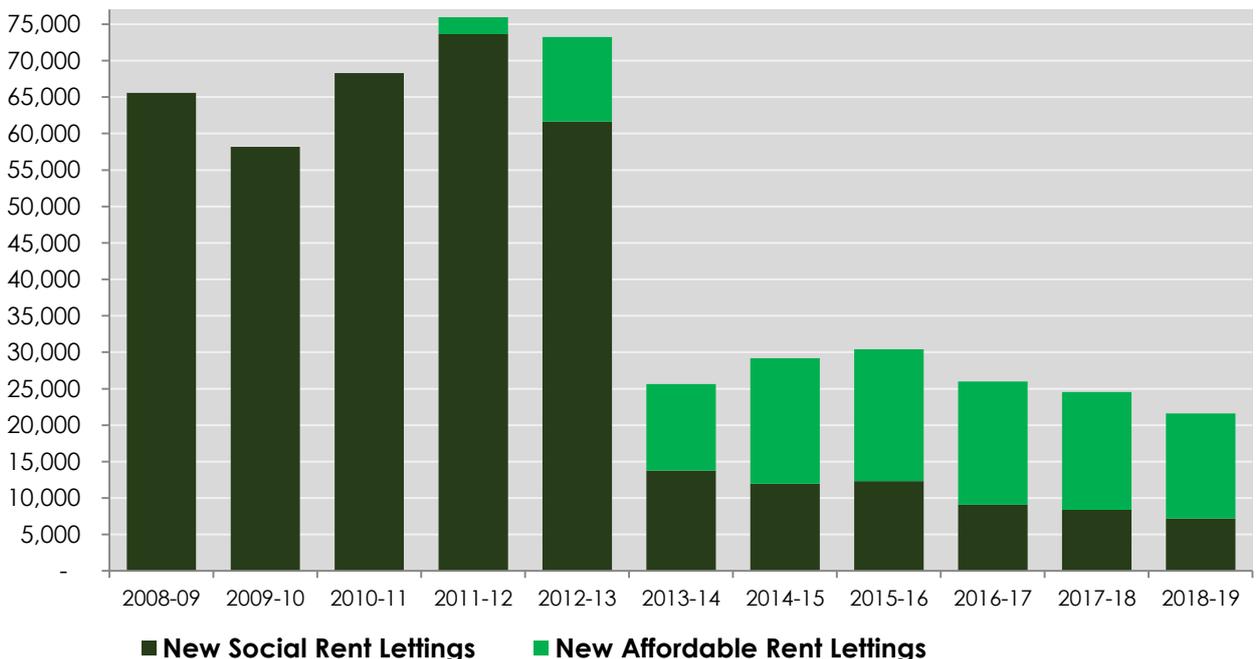
**Chart (1) - Affordable House-Building by Type (2008 to 2018)**

[Source: MHCLG Live Tables on House-Building (2019)]



**Chart (2) - New Lettings by All Social Landlords (2008 to 2018)**

[Source: MHCLG Continuous Recording (CORE) System of Lettings (2019)]



## Homelessness and Housing Needs

To explore what extent social landlords are fulfilling their historic social purpose, following changes in the funding regime post-CSR 2010 and subsequently, comparisons of the homeless status and housing needs of new lettings are undertaken, and shown in the two tables below. The analyses are based on approximately 25,000 SR new lettings and 72,000 AR new lettings over the last three financial years.

**Table (a) – Homelessness Status by Lettings Type**

Homelessness Status	Social Rent New Lettings	Affordable Rent New Lettings	All New Lettings
Statutory Homeless – Main Duty	15%	14%	15%
Statutory Homeless – No Main Duty	1%	2%	1%
Other Homeless	2%	2%	2%
Not Homeless	82%	82%	82%

Source: MHCLG (2019) Continuous Recording (CORE) System of Lettings (2016/17 to 2018/19)

**Table (b) – Housing Needs by Lettings Type**

Housing Needs	Social Rent New Lettings	Affordable Rent New Lettings	All New Lettings
Overcrowded/Poor Conditions/Unsuitable Housing	33%	32%	33%
Under-Occupation/Bedroom Tax	15%	16%	16%
Domestic Abuse	4%	3%	4%
Relationship Breakdown	4%	4%	4%
Asked to Leave by Family/Friends	7%	8%	8%
Move to be Nearer Family/Friends/School/Work	4%	7%	6%
End of Assured Shorthold Tenancy/Eviction	6%	6%	6%
Affordability Problems with Rent or Mortgage	3%	3%	3%
Hate Crime/Racial Harassment/Neighbour Problems	2%	5%	4%
Miscellaneous	16%	16%	16%

Source: MHCLG (2019) Continuous Recording (CORE) System of Lettings (2016/17 to 2018/19)

Table (a) underlines how few differences there are between the homeless status of SR and AR new lettings. Some 18% of new lettings went to homeless households for both lettings types.

Historically around 1 in 5 new lettings have been made to homeless households, so these recent results are typical.

Looking deeper into the housing needs of new lettings, as illustrated by table (b) on the previous page, reveals that the housing needs being met through both SR and AR new lettings are broadly the same. Overcrowding, poor housing conditions and housing unsuitable because of health reasons or disability account for about one third of all new lettings. Some 16% of all new lettings were made to households who were moving because of under-occupation (some with incentives) and some because of reduced help with rent because of the Bedroom Tax.

Other common housing needs of new lettings were domestic abuse or relationship breakdown (at 4% in each case), being asked to leave by friends or family (at 8%), end of, or eviction from, an assured shorthold tenancy (at 6%), and affordability problems in previous homes (at 3%).

## Benefits and Incomes

Over the last three years, 1 in 3 new lettings went to households deriving all of their incomes from welfare benefits, with a further 30% made to those who rely on benefits for at least part of their incomes. Only minor differences between SR and AR new lettings are evident [see table (c).]

**Table (c) – Derivation of Income by Lettings Type**

<b>Derivation of Income</b>	<b>Social Rent New Lettings</b>	<b>Affordable Rent New Lettings</b>	<b>All New Lettings</b>
All Income from Benefits	35%	32%	33%
Some Income from Benefits	29%	31%	30%
No Income from Benefits	36%	37%	37%

Source: MHCLG (2019) Continuous Recording (CORE) System of Lettings (2016/17 to 2018/19)

**Table (d) – Net Household Income by Lettings Type**

<b>Net Household Income</b>	<b>Social Rent New Lettings</b>	<b>Affordable Rent New Lettings</b>	<b>All New Lettings</b>
Under £7,800	28%	15%	19%
£7,800 to £14,300	34%	40%	38%
£14,300 and Over	38%	45%	42%
Average	£13,520	£16,172	£15,100

Source: MHCLG (2019) Continuous Recording (CORE) System of Lettings (2016/17 to 2018/19)

However, there are differences between SR and AR new lettings in terms of income profile, as table (d) on the previous page underscores.] The average (mean) net household income of SR new lettings (at £13,520) is £2,652 per annum lower than for AR new lettings (at £16,152). This probably indicates that applicants with higher incomes more often qualify for AR.

### Rental Affordability

Table (e) reveals that, despite the average higher incomes of AR new lettings, the affordability rate for the gross rent they pay (rent + service charges) is higher (at 41%) than for SR new lettings (at 35%). This is because the average AR gross rent (at £128 per week) is £34 higher than that of SR new lettings (at £94).

**Table (e) – Affordability by Lettings Type**

Affordability Characteristics	Social Rent New Lettings	Affordable Rent New Lettings	All New Lettings
Average Weekly Income	£260	£311	£290
Average Gross Rent (incl. service charges)	£94	£128	£116
% Average Income on Average Gross Rent	36%	41%	40%

Source: MHCLG (2019) Continuous Recording (CORE) System of Lettings (2016/17 to 2018/19)

Given that around 4 in 5 new lettings for both SR and AR qualify for Housing Benefit, or Universal Credit with the housing element (where known), this clearly has implications for levels of support and public spending: continuance with SR would have meant a lower Housing Benefit bill.

### Economic Status

As table (f) over the page demonstrates, the economic status profile of new lettings for both SR and AR are mostly similar, with 52% of SR new lettings in work compared with 55% of those for AR. Those new lettings for AR have marginally more households in full-time work. The employment rate (at 92%) for those in work who bought affordable or shared ownership homes was unsurprisingly much higher, since applicants had to qualify for a mortgage/part mortgage.

Some 9% of SR new lettings were made to officially unemployed households (AR = 8%) while 21% were not seeking work and 11% were unable to work (same for AR). Around 1 in 20 were retired households.

### Household Characteristics

A few household characteristics for new lettings (both SR and AR) are shown below.

**Ethnicity** ~ More than 1 in 5 (22%) of new SR lettings were made to black and minority ethnic (BME) households in contrast to those made under the AR programme amounted to 15%. Historically, around 15 to 25% of new lettings have been made to BME applicants.

**Table (f) – Economic Status by Lettings/Sales Type**

<b>Economic Status</b>	<b>Social Rent New Lettings</b>	<b>Affordable Rent New Lettings</b>	<b>Sales</b>
Working Full-Time	32%	34%	88%
Working Part-Time	20%	21%	4%
Student/Training	2%	1%	<1%
Job Seeker	9%	8%	<1%%
Not Seeking Work	21%	21%	1%
Unable to Work	11%	11%	1%
Retired	5%	4%	6%

Source: MHCLG (2019) Continuous Recording (CORE) System of Lettings (2016/17 to 2018/19)

**Household Type** ~ The range of households types among both SR and AR new lettings are similar. Close to 35% of new lettings under both schemes went to lone parent families, 22% went to single adults under retirement age, and 26% were made to two parent families.

**Gender** ~ Marginally more AR new lettings went to female-headed households (at 70%) than for SR new lettings (At 68%).

Kevin Gulliver, Director of the Human City Institute  
24<sup>th</sup> June 2019

**The analyses above and the views expressed in the Bulletin are those of the author and are not necessarily those of the Trustees of the Human City Institute.**

**About the Human City Institute**

HCI is a Birmingham-based, independent, charitable ‘think tank’. HCI undertakes research into ‘human city’ issues, investigating exclusion, and promoting solutions to the problems of the most disadvantaged groups in today’s complex and diverse cities, towns and communities. HCI works around research themes that incorporate new visions for housing; mutualism; social value; health, wealth and life chances; left behind communities; and cohort studies. It researches inequalities in health, wealth and income, and disparities related to ethnicity, gender, lifestyle and disability; often related to the built environment.



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