



Local authority stock turnover in the 1990s

Changes in turnover rates in council housing are important for a number of reasons: they influence the supply of vacancies available for people in housing need; they affect rent loss due to empty property; they have implications for the additional cost of securing, repairing and reletting a flow of empty properties; and they are a barometer of social stability and cohesion. Research by Heriot-Watt University, mainly based on analysis of national datasets, has found that:

- f** Net turnover rates in council housing have doubled since the late 1970s. The increase since the early 1980s helps to explain why, over the past 15 years, the annual number of lettings to new tenants across England has remained roughly constant despite a 35 per cent cut in local authority housing stock.
- f** During the 1990s, various policies such as financial incentives to tenants to vacate their homes have boosted turnover rates somewhat 'artificially'. Nevertheless, there remains an underlying increase in turnover rates of nearly 50 per cent between 1990 and 1997.
- f** While turnover rates have risen in all areas of the country during the 1990s, the pattern of the increase has varied substantially, with northern areas seeing an initial lull, followed by a rapid increase since 1993/94. In London, the picture was the reverse; in many London boroughs, turnover has fallen since 1994.
- f** In part, the general rise in turnover during the 1990s seems to reflect a growing exodus from council housing into the private sector in the first half of the decade. Between 1991 and 1995/96, the number of former council tenants moving into owner-occupation or private renting rose by 150 per cent.
- f** Historically, council tenants leaving the sector tended to move into home-ownership. During the 1990s, however, moves to the private rented sector have begun to predominate.
- f** Most former council tenants departing to other tenures hold their local authority tenancy for less than five years before moving on. Almost a third (31 per cent) moved out within two years of becoming a tenant.

Introduction

The issue of residential mobility in social housing has attracted growing research interest for a number of reasons:

It is increasingly recognised that mobility rates have implications for social stability. Locally high rates of turnover are seen as both a symptom and a cause of social disorder. More recently, it has been argued that residential instability is a direct contributor to social exclusion, given that it implies the frequent severing of friendship and familial connections between neighbours.

With new housebuilding for social renting declining to a historically low level, the flow of 'relets' now accounts for over 95 per cent of lettings by local authorities and housing associations in England. Temporal and spatial variations in the rate of relets have important implications for the capacity of the social housing system to meet housing needs. This is significant in calculations of future social housing requirements.

Reletting social rented properties involves significant financial implications for social landlords. The most clearly identifiable elements are rent loss associated with empty properties, together with security and repair costs. Spatial variations in rates of mobility therefore have a significant impact on overall housing management costs in different authorities.

Trends in turnover at the national level

The rate of relets in council housing across England as a whole has doubled since the late 1970s (see Figure 1). However, rising rates of turnover in the 1990s are not wholly a reflection of demographic or behavioural changes. To some extent, at least, they are a direct consequence of housing policy measures. Three main factors are involved:

The treatment of vacancies in local authority housing arising from former tenants taking up housing association tenancies (in effect, moves within social housing) as 'net vacancies'. Moves of this kind rose from 6,000 in 1989/90 to 17,000 in 1995/96.

Cash incentive payments to council tenants to

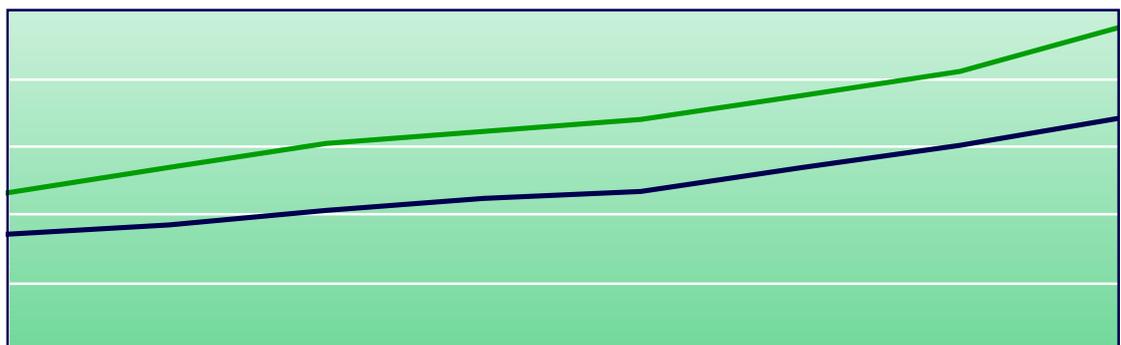


Table 1: Whole household moves from local authority housing into other tenures

	Current tenure			Total
	Housing association	Private renting	Owner occupation	
	(000s)	(000s)	(000s)	(000s)
1984	3	20	40	63
1988	5	23	33	61
1991	7	20	13	40
1993/94	18	20	23	61
1995/96	23	41	35	99
1996/97	22	32	24	78

Sources: Labour Force Survey (1984, 1988, 1991), Survey of English Housing (1993/94, 1995/96, 1996/97), Housing association figures for 1988-1996/97 estimated on the basis of LA HIP data and CORE returns

encourage them to vacate their homes in favour of people in housing need. These rose from 500 in 1989/90 to nearly 6,000 in 1995/96.

Temporary lettings by local authorities are generally counted within the national local authority lettings total. These rose from 11,000 in 1984/85 to 31,000 in 1991/92, though they have subsequently fallen back to around 20,000.

However, even when the impact of these 'distortions' is screened out, it is clear that the underlying upward trend of the 1980s has continued apace. The underlying increase in turnover rates, nationally, between 1989/90 and 1996/97 was nearly 50 per cent (see Figure 2).

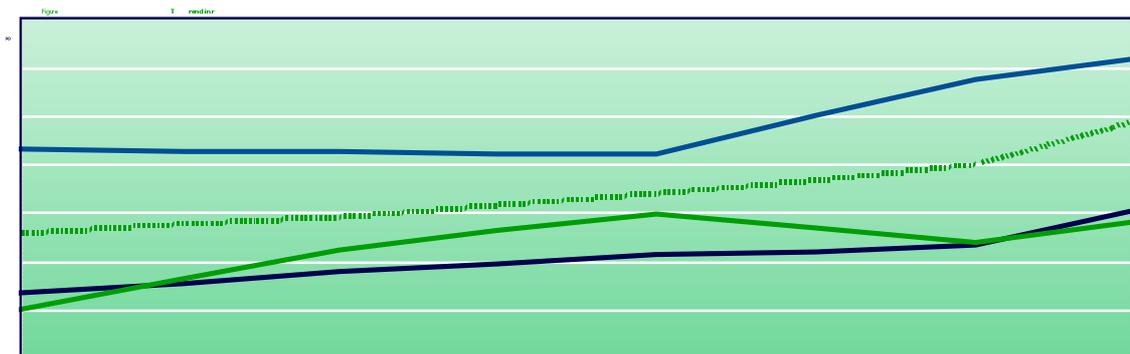
Turnover trends at the regional and local levels

Regional analysis suggests that, whilst turnover rates have risen in all parts of the country since 1990, the pattern of increase has varied significantly (see

Figure 3). In the North, for example, having remained steady up until 1993/94, rates subsequently rose sharply. In London, the pattern was the reverse. At the local authority level, the councils which have seen the fastest rates of increase during the 1990s are a mixed grouping, including authorities such as Maidstone, Croydon, Copeland and Derby. Notwithstanding the higher absolute rates of turnover of northern cities such as Blackburn and Newcastle, rates of increase in such authorities have been relatively modest. These findings, of course, raise questions about developments at the sub-local authority level which the analysis of national datasets cannot address.

Explanations

In order to understand what drives turnover rates, it is necessary to get to grips with why vacancies occur. National figures do not exist, but drawing on a number of different sources, it can be estimated that deaths and moves associated with ageing account for less than a third of new net voids. The rest come about because tenants move out of council housing



and, in the main, into the private sector.

Data from the Survey of English Housing (SEH) back up the suspicion that moves to the private sector have been on the increase in the 1990s. Between 1991 and 1995/96, the survey records an increase of nearly 150 per cent in former council tenants moving into home-ownership and private renting (see Table 1). Changes in the affordability of home-ownership and the availability of private rented housing are likely to lie behind these figures. Substantial real-terms increases in council rents in many authorities are also likely to have contributed.

Nevertheless, data from the 1996/97 SEH suggest that movement from council housing to the private sector may be a cyclical trend which has recently peaked. This could be the forerunner of a lull in the upward track of local authority turnover rates, at the national level at least. Even so, it is important to note that a fall in recorded volumes of moves to the private sector in the latter part of the 1980s did not apparently result in an overall drop in relet rates at that time (see Table 1 and Figure 1).

The housing histories and aspirations of former council tenants moving to the private sector as shown by the SEH help to shed some light on the processes at work. In the majority of cases where local authority vacancies arose from households moving to other tenures, former tenants had held their previous tenancy for less than five years. Nearly a third (31 per cent) had moved within two years of becoming council tenants. Amongst those moving to the private rented sector the comparable figure was 44 per cent.

Figures on future intentions of former tenants are also revealing. Of those who had moved to the private rented sector, 37 per cent aspired to move into owner-occupation. Private renting can be seen as a stepping stone for this group. However, an equal proportion hoped to move back into council housing. This begs questions as to why these households moved out of council housing in the first place and, perhaps, implies a degree of disillusionment with their new home and/or landlord.

Conclusion

Tentatively, at least, two important conclusions can be drawn from this analysis. First, substantial numbers of those entering the council sector move out relatively quickly. Either they never saw council housing as a long-term option, or they were quickly

disillusioned. Second, there is significant group of relatively footloose people who see the private rented and council sectors as more inter-changeable than in the past. All of this suggests that, in some parts of the country at least, council housing may be taking on a role of providing flexible, short-medium term housing more traditionally associated with the private rented sector.

About the study

The research, undertaken by Hal Pawson at the School of Planning & Housing, Edinburgh College of Art/Heriot-Watt University, was mainly based on the analysis of DETR HIP data and the Survey of English Housing 1995/96. It is mainly drawn from an article in the *JRF Housing Finance Review* 1998/99.

How to get further information

The *JRF Housing Finance Review* 1998/99, edited by Steve Wilcox, is available from the end of October from York Publishing Services Ltd, 64 Hallfield Road, Layerthorpe, York YO31 7ZQ (ISBN 1 85935 048 8, £17.50 plus £1.50 p&p).