



Department for
Communities and
Local Government

Estimating the number of leasehold dwellings in England, 2014-15

- The Department for Communities and Local Government (DCLG) has developed a new methodology for estimating the number of residential leasehold dwellings in England.
- This new methodology involves matching English Housing Survey (EHS) and Land Registry data. DCLG's Dwelling Stock Estimates and Valuation Office Agency Council Tax Property Attributes are used to inform the distribution of different types of dwellings.
- The statistics in this report are published as **Experimental Official Statistics**. The methodology is subject to evaluation and testing. The statistics are still work in progress and may not meet rigorous quality standards. The data have been released because they have been judged to be of immediate value to interested parties, and to encourage user feedback.
- Using this new methodology, DCLG estimate that, in **2014-15, there were 4.0 million leasehold dwellings in England in the private sector. Of these, 2.3 million dwellings (57%) were in the owner occupied sector and 1.7 million (43%) were privately owned and let in the private rented sector.**
- There were **1.2 million leasehold houses in 2014-15 and 2.8 million leasehold flats. This represents 30% and 70% of the total number of leasehold dwellings respectively.**

Housing Statistical Release

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Introduction

This report presents an estimate of the number of leasehold dwellings in the owner occupied and private rented sectors. The estimate is based on a new experimental methodology developed by the Department for Communities and Local Government (DCLG).

The new methodology involves matching English Housing Survey (EHS) and Land Registry data. Dwelling Stock Estimates and Valuation Office Agency (VOA) Council Tax Property Attributes statistics are also used to calculate the number and distribution of different types of dwellings across tenures. More details on the data sources are provided below.

DCLG produced and published an estimate of the number of leasehold dwellings in 2012-13¹, based on a slightly different methodology. The estimate published in this report replaces that estimate. The main difference between the two methodologies is the source to which the dwelling totals are calibrated. In 2012-13, the 2011 Census was used, while in 2014-15, dwelling totals are calibrated to DCLG's Dwelling Stock Estimates.

As with the previous estimate, the new estimate does not include dwellings in the social rented sector, i.e. homes owned by a social landlord and rented out to social tenants. However, dwellings bought by a social tenant under the Right to Buy scheme (where the social landlord remains the freehold owner) are included. This is because such properties have transferred from the social rented sector into the owner occupied sector. Shared owners are included and are presented as owner occupiers. Dwellings for which an owner possesses both a long lease and a 'share of freehold' are also included in the total figure of leasehold dwellings.

The statistics in this report are Experimental Official Statistics. DCLG welcomes views on the methodology and will update this estimate annually, revising and updating the methodology if necessary. Experimental statistics are considered by the Government Statistical Service as 'new official statistics undergoing evaluation'. Publishing in this way is intended to involve users and stakeholders in their development and as a means of building in quality at an early stage. This experimental statistic, therefore, has been published in line with the standards expected of an Official Statistic.

Methodology

This methodology was developed to provide an estimate of the number of leasehold dwellings in the private sector in England. It involves matching English Housing Survey² and Land Registry data³. DCLG's Dwelling Stock Estimates⁴ and Valuation Office Agency Council Tax Property

¹ <https://www.gov.uk/government/publications/residential-leasehold-dwellings-in-england-technical-paper>

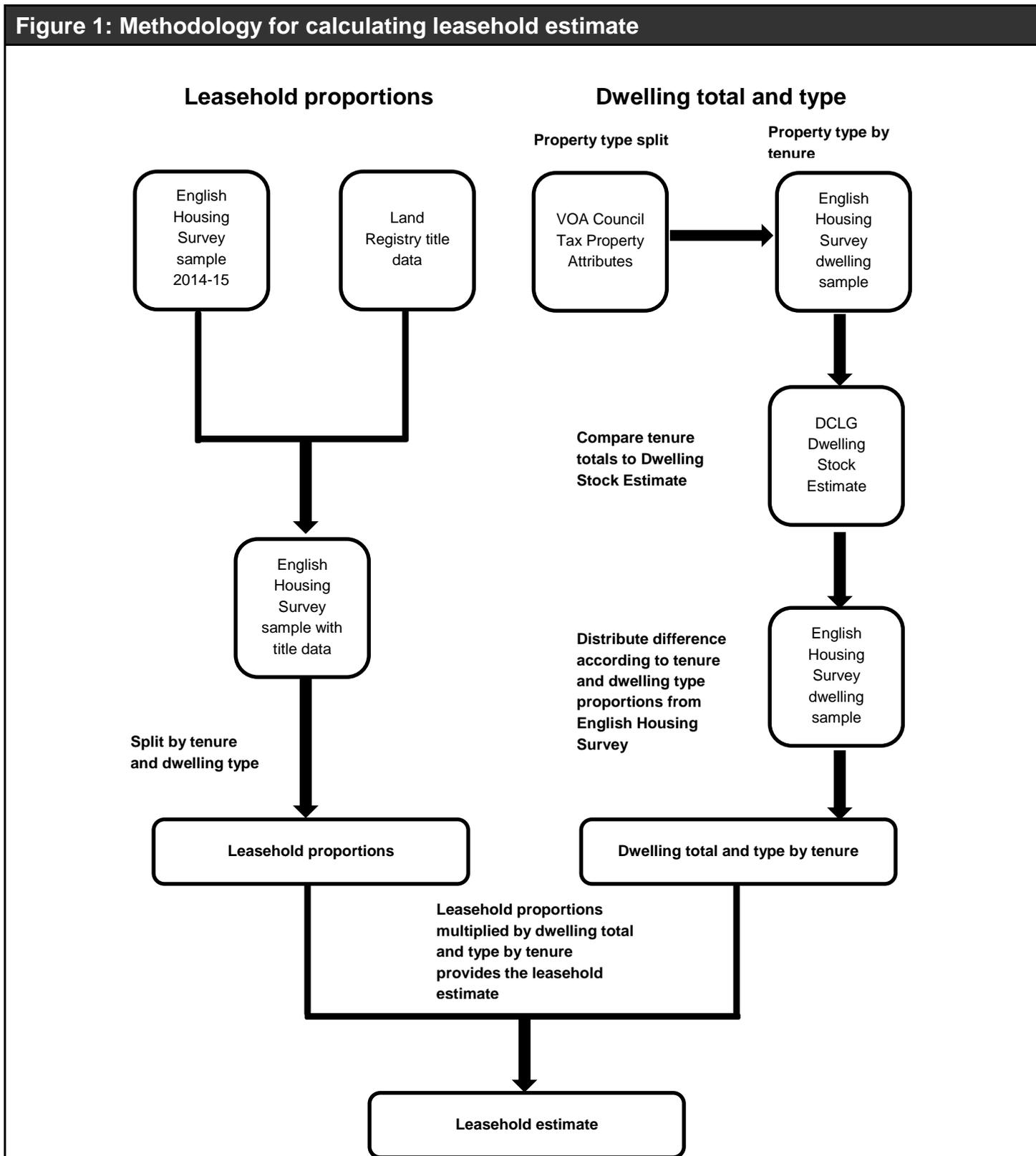
² For more information, see here: <https://www.gov.uk/government/collections/english-housing-survey>.

³ <https://www.gov.uk/government/organisations/land-registry>

⁴ For more information, see here: <https://www.gov.uk/government/collections/dwelling-stock-including-vacants>.

Attributes⁵ are used to inform the distribution of different types of dwellings (i.e. detached, semi-detached/terraced and flats) across tenures (the owner occupied and private rented sectors). The process is outlined in the diagram below. A description of the process follows the diagram.

Figure 1: Methodology for calculating leasehold estimate



⁵ For more information, see here: <https://www.gov.uk/government/statistics/council-tax-property-attributes>

Following strict data sharing protocols, all 13,174 addresses in the 2014-15 EHS sample were shared with Land Registry⁶, the government organisation which records land and property ownership in England and Wales. Land Registry carried out a database search on the ownership for each address based on the Unique Property Reference Number (UPRN). Of the EHS sample 92% (12,102 cases) had a UPRN. The matching process of these cases achieved a 95% match rate (11,547 addresses). The remaining 1,600 properties were excluded.

Using these matched data, the proportion of homes owned on a long lease could be estimated for detached houses, semi-detached/terraced houses and flats, and for each tenure. The tenure estimate was based on the EHS paired⁷ sample of which there were 5,200 cases with the matched data from Land Registry. For a lease to be 'long' it must have duration of more than 21 years when first granted.

The data most commonly showed detached houses to have a single freehold title. For flats, the record most commonly showed a single freehold title or a single leasehold title. However, some homes were found to have multiple titles of ownership recorded. In these cases addresses with one or more leasehold titles registered were categorised as leasehold. Conversely, cases were designated as freehold only if all titles found in the data match were freehold titles. The same approach was taken when producing the 2012-13 estimate of leasehold dwellings.

In order to achieve a reliable measure of the stock by dwelling type, the VOA Council Tax Property Attributes (Table 1.1 from the statistics) and DCLG Dwelling Stock Estimates (Table 104 from the statistics) were consulted. The data from the VOA were used to inform the distribution of types of dwelling and the Dwelling Stock Estimates to provide a control for the number of private sector dwellings in England.

The EHS was used to distribute the VOA dwelling type totals according to the proportion of each dwelling type in each tenure. The total number of properties in the private sector is then compared to the total of private sector stock recorded in the Dwelling Stock Estimates for both owner occupied and privately rented dwellings. The difference between the two totals is then distributed by dwelling type and tenure in line with the EHS splits of tenure and property type for each sector. This provides the dwelling total split by dwelling type and tenure.

The leasehold proportions calculated from the Land Registry matching exercise are then applied to this calculated total of dwellings by property type and tenure, to provide an estimate of the number of residential leasehold dwellings in England.

This methodology differs from that used by DCLG to produce the 2012-13 leasehold estimate in one substantive way: the dwelling totals were calibrated to DCLG's Dwelling Stock Estimates rather than the 2011 Census, because the Dwelling Stock Estimates are more timely. The

⁶ Only addresses were shared with Land Registry, no personal data collected as part of the survey.

⁷ The paired sample is the properties on the EHS sample where both an interview and physical inspection has taken place. The paired sample allows for weighting to dwellings rather than to households.

estimate produced for 2012-13 and this estimate, therefore, is not directly comparable.

Results

In 2014-15, there were 4.0 million leasehold dwellings in England. Of these, 2.3 million dwellings (57%) were in the owner occupied sector and 1.7 million (43%) were privately owned and let in the private rented sector.

The matched EHS and Land Registry data showed that the majority of flats (85%) were leasehold: 93% of owner occupied flats and 78% of privately rented flats. Leasehold houses were less common with 7% of houses in the private sector owned through leasehold (7% and 10% for the owner occupied and private rented sectors respectively). Detached houses were the least likely to be leasehold though they were slightly more prevalent in the owner occupied sector than in the private rented sector. A greater proportion (10%) of privately rented semi-detached/terraced houses were leasehold than owner occupied dwellings of the same type (8%), Table 1.

Overall, 15% of all owner occupied stock was leasehold and 37% of private rented sector dwellings were leasehold in 2014-15. The larger proportion within the private rented sector is a result of flats being more prevalent in the private rented sector than in the owner occupied sector.

Table 1: Leasehold as a proportion of stock, by tenure and dwelling type

	Detached	Semi-detached/terraced	All houses (Detached and Semi-detached/terraced)	Flats	Total
Owner occupied	4.5	8.0	7.1	93.3	15.4
Private rented sector	2.2	10.3	9.5	78.2	37.1
All private sector	4.3	8.5	7.5	84.8	20.6

Sources: English Housing Survey 2014-15; Land Registry

Note: These percentages are rounded to one decimal place. Based on 5,200 cases.

The EHS was then used to distribute the Council Tax Property Attributes according to the proportion of each dwelling type by tenure. From this calculation, the total number of properties was then compared to the private sector dwelling stock figures recorded in the DCLG Dwelling Stock Estimate totals. The totals were then adjusted to match the Dwelling Stock totals with consideration to the composition of each sector in terms of dwelling type, Table 2.

Table 2: Dwelling Totals

	Detached	Semi-detached /terraced	All houses (Detached and Semi-detached /terraced)	Flats	Total
					<i>thousands of dwellings</i>
Owner occupied	3,575	9,683	13,257	1,417	14,674
Private rented sector	261	2,505	2,766	1,857	4,623
All private sector	3,835	12,188	16,023	3,274	19,297

Sources: English Housing Survey 2014-15; DCLG Dwelling Stock Estimate 2014; VOA Council Tax Property Attributes 2014

The leasehold proportions were then applied to produce the estimated number of residential leasehold dwellings in England, Table 3.

There were 4.0 million residential leasehold dwellings in England in 2014-15. This is equal to 21% of private sector stock. This is largely driven by 85% of all private sector flats being leasehold dwellings. Of these, 2.3 million leasehold dwellings were in the owner occupied sector (57%) and 1.7 million (43%) were privately owned and let in the private rented sector. This estimate does not include dwellings in the social rented sector, i.e. homes owned by a social landlord and rented out to social tenants. However, dwellings bought by a social tenant under the Right to Buy scheme (where the social landlord remains the freehold owner) are included.

The majority of leasehold dwellings (70%) were flats with 2.8 million leasehold flats in the private sector in total. There were 1.2 million leasehold houses in 2014-15 which made up the remaining 30% of private sector leasehold dwellings.

Table 3: Estimated number of leasehold dwellings, by tenure and dwelling type

	Detached	Semi-detached /terraced	All houses (Detached and Semi-detached /terraced)	Flats	Total
					<i>thousands of dwellings</i>
Owner occupied	161	776	937	1,322	2,260
Private rented sector	6	258	264	1,453	1,717
All private sector	167	1,034	1,201	2,775	3,976

Sources: English Housing Survey 2014-15; Land Registry; DCLG Dwelling Stock Estimate 2014; VOA Council Tax Property Attributes 2014

The EHS sample of addresses is drawn randomly (from the Royal Mail Postcode Address File). Therefore, a confidence interval around the estimate can be calculated. Since the estimate of leasehold is stratified by tenure the standard error is calculated accordingly. The 95% confidence interval was calculated. This found that the estimate is relatively precise with a lower bound of 3.7 million leasehold dwellings and an upper bound of 4.3 million dwellings.

Comparison to previous estimates

DCLG last published an estimate of leasehold dwellings in 2014 (based on 2012-13 data). The 2012-13 estimate of 4.1 million leasehold dwellings is based on a similar methodology to that used in this release, but calculates the dwelling totals from the 2011 Census. The 2014-15 estimate does not use the Census to calculate dwelling totals because of the time difference between the 2011 Census and the 2014-15 English Housing Survey fieldwork periods. The new estimate instead makes use of the Dwelling Stock Estimate published annually by DCLG and VOA Council Tax Property Attributes (now Council Tax Stock of Properties Statistics) in order to ensure that the estimate is based on timely data which can be regularly updated and greater precision in estimating the distribution of the dwelling stock across tenure and type of dwelling.

Prior to the 2012-13 estimate, a much lower figure of 2.5 million *households* was produced. This was based on 2011-12 EHS data where the owner occupied figure was based on responses from those surveyed and also used a modelling approach to determine the number of leasehold households in the private rented sector. Private tenants are assumed not to know about the type of ownership their landlords has, so they are not asked about leasehold ownership. Leasehold status for private renters, therefore, needed to be modelled. However, the modelling did not account for the fact that homes in the private rented sector have a different stock profile, i.e. are more likely to be flats. Flats are typically owned on a long lease and, therefore, this contributed to the under-estimate.

The 2011-12 estimate was also subject to owner occupier respondents misreporting leasehold ownership from the subset of questions asked in the English Housing Survey about leasehold and freehold status. These questions are asked exclusively of owner occupiers. The more recent methodologies eliminate the possibility of misreporting and reduce incomplete data which affects the result by using administrative data held by Land Registry in order to determine the true freehold or leasehold status of the dwellings in the EHS sample. The English Housing Survey is working to improve the questions asked about leasehold and freehold status in order to improve the data collected regarding leasehold tenure.

Finally, the 2012-13 and 2014-15 approaches relate to dwellings, while the 2011-12 estimate related to households, which are different concepts. A dwelling is a living space, typically a flat, or a house, while a household is an individual or a group of people who live together as a unit. Occasionally, more than one household will share a dwelling. The 2012-13 and 2014-15 approaches also include dwellings that are owned by a share of freehold whereas the old approach did not.

It is our view that the 2014-15 estimate is based on the best available evidence, and is the most robust estimate of the number of leasehold dwellings in England to date. This new methodology will allow DCLG to publish an annual estimate of the number of leasehold dwelling in England as the required data is published. Therefore, an updated estimate based on 2015-16 EHS data will be published in September 2017. This release has been published as an experimental statistic in

order to consider the views of data users and stakeholders with regards to developing the methodology going forward. DCLG, therefore, welcome any suggestions for methodological improvements.

Definitions

Dwelling

A unit of accommodation which may comprise one or more household spaces (a household space is the accommodation used or available for use by an individual household). A dwelling may be classified as shared or unshared. A dwelling is shared if:

- the household spaces it contains are ‘part of a converted or shared house’, or
- not all of the rooms (including kitchen, bathroom and toilet, if any) are behind a door that only that household can use, and
- there is at least one other such household space at the same address with which it can be combined to form the shared dwelling.

Dwellings that do not meet these conditions are unshared dwellings.

The EHS definition of dwelling is consistent with the Census 2011.

Leasehold

A long leasehold is a form of property ownership normally used for flats that is simply a long tenancy, providing the right to occupation and use for a long period – the ‘term’ of the lease. This can be a period of over 21 years and the lease can be bought and sold during this term. The term is fixed at the beginning and decreases year by year, until the property returns to the landlord (although an assured tenancy would then become a possibility). Houses can also be leasehold. A person who buys a leasehold property on a lease is called a leaseholder

Freehold

The freehold interest in land is a title in property that can be held in England and Wales. In practice a residential freehold interest applies to the outright ownership of land or property for an unlimited period and applies to the majority of houses.

Share of freehold

Where the freehold of the building is (a) either owned jointly by a number (up to four) of the flat owners in their personal names, or (b) where a company is the owner of the freehold and each of the leaseholders hold a share or membership in that company.

Unique Property Reference Number (UPRN)

A unique identifier for every addressable location in Great Britain.

Technical notes

Data collection

No data are collected directly for this statistical release. Instead, it draws on information from a range of data sources in order to compile a coherent set of statistics on the total number of dwellings, tenure profile of the stock, dwelling type across tenure and title data of dwellings. The statistical sources used are listed below.

- English Housing Survey (Department for Communities and Local Government)
<https://www.gov.uk/government/collections/english-housing-survey>
- Dwelling Stock Estimates (Department for Communities and Local Government)
<https://www.gov.uk/government/collections/dwelling-stock-including-vacants>
- Council Tax: Property Attributes (England and Wales) (Valuation Office Agency)
<https://www.gov.uk/government/statistics/council-tax-property-attributes>

Data quality

The information in this release is based on a number of data sources. Information on the strengths and weaknesses of the data sources used to calculate the leasehold proportions and dwelling totals and type by tenure can be found in the separate statistical releases for each source. See the 'Data collection' section of this publication for a list of these sources and weblinks to each.

The only data generated for this release is through the matching exercise with Land Registry which is the government organisation that records land and property ownership in England and Wales. All of the 13,174 addresses from the 2014-15 English Housing Survey were shared with Land Registry. Land Registry then carry out a database search on each address based on the Unique Property Reference Number (UPRN). Of the EHS sample 92% (12,102 cases) were successfully matched with a UPRN. The matching process of these cases achieved a 95% match rate with Land Registry (11,547 addresses). The high success rate of this matching exercise means that we are content with the quality of the data we have on the ownership status of the EHS sample.

Revisions policy

This policy has been developed in accordance with the UK Statistics Authority Code of Practice for Official statistics and the Department for Communities and Local Government Revisions Policy (found at <https://www.gov.uk/government/publications/statistical-notice-dclg-revisions-policy>).

There are two types of revisions that the policy covers:

Non-scheduled revisions

Where a substantial error has occurred as a result of the compilation, imputation or dissemination process, the statistical release, live tables and other accompanying releases will be updated with a correction notice as soon as is practical.

Scheduled Revisions

Changes to the component data sources used in this release will be incorporated in the next scheduled release of data.

Uses of the data

The leasehold estimates are intended to be used as evidence in policy making by both central and local government. These releases will allow for tracking the total number of leasehold dwellings over time.

User engagement

Users are encouraged to provide feedback on how these statistics are used and how well they meet user needs. Comments on any issues relating to this statistical release are welcomed and encouraged. Responses should be addressed to the "Public enquiries" contact given in the "Enquiries" section below.

The Department's engagement strategy to meet the needs of statistics users is published here: <https://www.gov.uk/government/publications/engagement-strategy-to-meet-the-needs-of-statistics-users>

A short questionnaire on how the leasehold estimates are used and feedback on the revised methodology and potential methodological improvements is currently open at: <https://www.surveymonkey.co.uk/r/leasehold>

Related statistics

Help to Buy (Equity Loan scheme) and Help to Buy: NewBuy statistics

The Department for Communities and Local Government publishes quarterly Official Statistics on the number of home purchases and the value of equity loans under the Government's Help to Buy: Equity Loan scheme, as well as the number of purchases under the Government's Help to Buy: NewBuy scheme (formerly known only as 'NewBuy'). From the release published on 30 March 2017 (which included data to 31 December 2016) onwards, these statistical releases contain data on the number of homes purchased through the Help to Buy: Equity Loan scheme that are freehold and the number that are leasehold. Further information, including a breakdown of homes

purchased through the scheme by tenure (freehold/leasehold), property type and local authority, is available in the live tables accompanying the release (Release Tables 9, 9a and 9b). The Help to Buy (Equity Loan scheme) and Help to Buy: NewBuy statistics can be found here:

<https://www.gov.uk/government/collections/help-to-buy-equity-loan-and-newbuy-statistics>

Notes

1. These leasehold dwelling statistics are estimates.
2. Sources are shown at the foot of each table throughout the release.
3. This is an experimental statistic and is produced to the standards set out in the Code of Practice for Official Statistics.
4. Details of ministers and officials who receive pre-release access to the Department for Communities and Local Government estimating the number of leasehold dwellings in England release up to 24 hours before release can be found at:
<https://www.gov.uk/government/organisations/department-for-communities-and-local-government/about/statistics>
5. The next release will be published in September 2017 and then annually from that point.

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Information on Official Statistics is available via the UK Statistics Authority website:

<https://www.gov.uk/government/statistics/announcements>

Information about statistics at DCLG is available via the Department's website:

www.gov.uk/government/organisations/department-for-communities-and-local-government/about/statistics

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