Ministry of Housing, Communities & Local Government

Statistical release
Housing

Social Housing Sales: April 2019 to March 2020, England

In this release:

Social housing sales

- In 2019-20, there were 24,120 sales of social housing dwellings, a 1.7% increase compared to 2018-19 (23,710).
- Local authorities were responsible for 44% of social housing sales in 2019-20, a proportion that has been dropping since 2017-18.

Demolitions of social housing stock

- In 2019-20, there were 4,676 demolitions of social housing stock held by local authorities and private registered providers. There has been a general decrease in number of demolitions since 2001-02.

Right to Buy sales and discounts

- There were 10,569 sales by local authorities under Right to Buy, and 4,689 sales by private registered providers under Preserved and Voluntary Right to Buy.
- Sales under all Right to Buy schemes constituted 63% of all social housing sales in 2019-20, and this is consistent with recent years (62% in 2018-19, 65% in 2017-18).
- In 2019-20, local authority Right to Buy sales had an average discount of 43% of the selling price, 16 percentage points higher than in 2011-12 (pre-reinvigoration).
- Private registered provider Right to Buy sales had an average discount of 51% of the selling price, 20 percentage points higher than in 2011-12 (pre-reinvigoration).

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Introduction

This statistical release presents National Statistics on annual sales of social housing in England, including those previously used for social rent and affordable rent. It complements the quarterly statistical releases on local authority 'Right to Buy sales in England' with statistics on sales by Private Registered Providers and other schemes and types of sale by local authorities in addition to the Right to Buy scheme.

Shared ownership sales are excluded from the statistics reported under "Social Housing Sales", however financial information on shared ownership sales and information on the characteristics of shared ownership buyers is still available in this publication. Information on Shared Ownership completions is published in the Affordable Housing Supply statistics publication https://www.gov.uk/government/collections/affordable-housing-supply.

Changes to this release

The historical time series for this release has been subject to revisions. There are two sets of revisions:

a) Revisions to local authority sales that are not Right to Buy between 1999-00 and 2010-11 – this was done to make the data consistent with subsequent years, ensuring this by removing weighting applied to the data and applying the same definitions. This has resulted in a small increase in sales over the period (less than 600 additional sales overall).
b) Revisions to the methodology to the whole time series on private registered provider sales – this was done following discussions with the Regulator of Social Housing, to better align the data in this publication with their Statistical Data Return (SDR), which is the data source. As such, the data in this release includes sales categories not previously included (mostly those classified as social leasehold sales) which has resulted in a large increase

over the whole series (over 63,500 additional sales overall).

These changes affect the headline figures in the release, which are summarised in Live Table 678.

This release also includes a new section comparing data on sales and demolitions of social housing with data on new supply of affordable housing for rent provided by local authorities and private registered providers. This new section is being added to address user needs and follows from the Housing Communities and Local Government Select Committee report on ‘Long-term delivery of social and affordable rented housing’.[1]

We are releasing alongside this publication an open data format file including the time series of the social housing sales and demolitions data from 1999-00 onwards. Please note that data for private registered providers is only available at England level. Please see the “Accompanying tables and open data” section below for further details.

Section B of the Local Authority Housing Statistics (LAHS) is released along with this publication.

Live Table 696 will not be updated with this release due to a data quality issue identified with the household structure variable that is used to create it.

Social Housing Sales

The number of social housing sales included in this section refer to sales of existing stock owned by Local Authority (LA) and Private Registered Provider (PRP). These sales include Right to Buy, preserved Right to Buy, voluntary Right to Buy, Right to Acquire, Social HomeBuy, other outright sales to tenants, and other sales. Shared Ownership sales are not included.

In 2019-20, there were 24,120 sales of social housing dwellings by LAs and PRPs, a 1.7 per cent increase compared to 2018-19. These sales represent 0.6 per cent of the total social housing stock of 4.1 million[2] as of 31 March 2019. Throughout 2019-20, a total of 57,644 additional affordable homes were delivered (including by non-registered providers), of which 37,520 were affordable homes for rent[3]. These 37,520 represented around 0.9 per cent of the stock of affordable housing for rent as of 31 March 2019.

In 2019-20, there were a total of 10,694 sales of local authority social housing stock, a decrease of 4 per cent from the previous year. The total number of sales of PRP social housing stock was 13,426 in 2019-20, an increase of 7 per cent compared with the previous year.

Between 1996-97 and 2007-08, most social housing sales were of local authority-owned stock.

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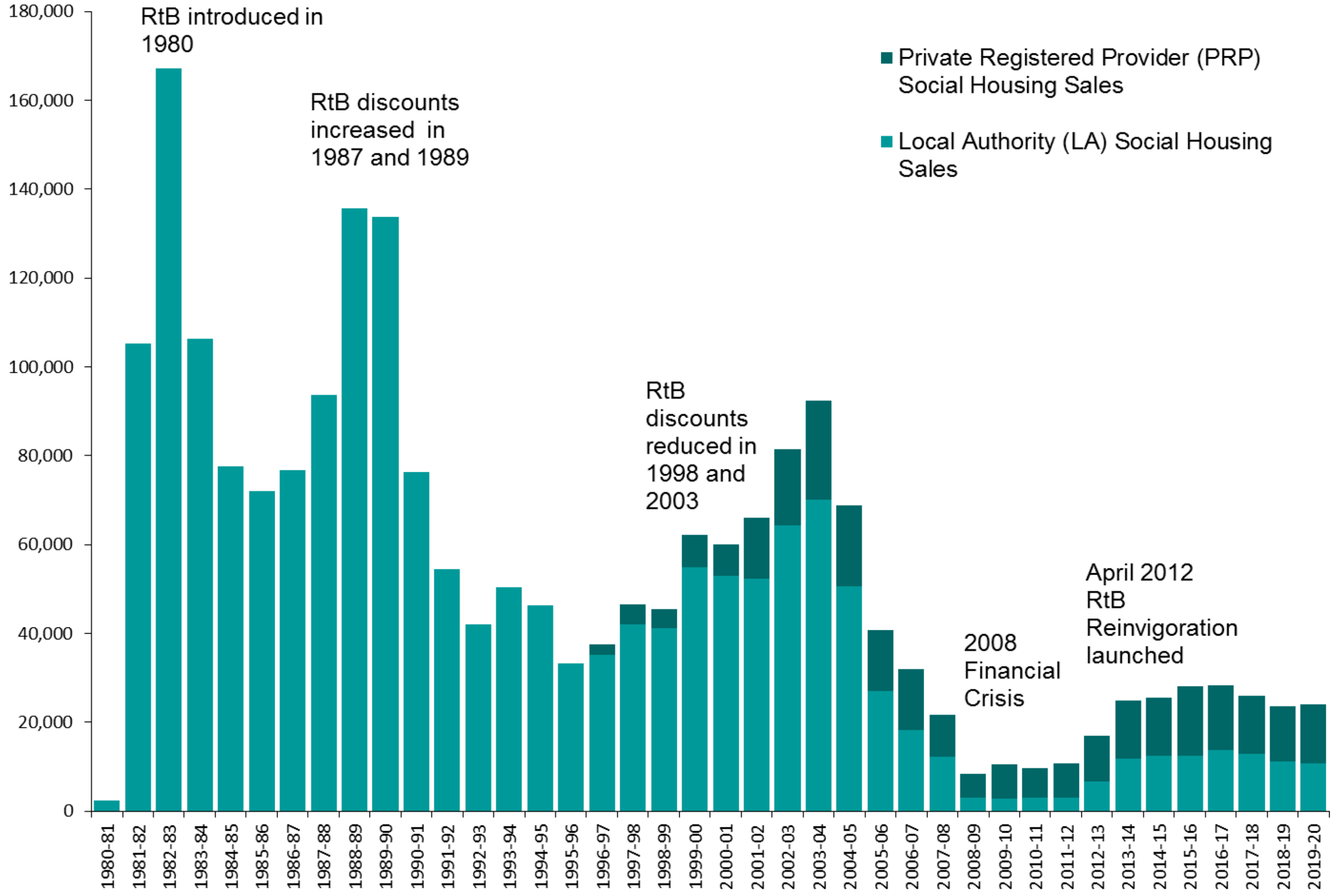
[1] The report can be found here https://committees.parliament.uk/work/109/longterm-delivery-of-social-and-affordable-rented-housing/publications/

[2] Source Live Table 104 https://www.gov.uk/government/statistical-data-sets/live-tables-on-dwelling-stock-including-vacants

[3] Source Affordable Housing Supply Live Table 1000 https://www.gov.uk/government/statistical-data-sets/live-tables-on-affordable-housing-supply

Prior to 1996-97 there is no comparable data for PRPs. In 2008-09, local authority sales were outstripped by PRP sales for the first time, and sales of local authority stock have remained lower than sales of PRP stock ever since. This is illustrated in Chart 1.

Chart 1: Total social housing sales in England 1980-81 to 2019-20



Source: Live Table 678

The source data for this chart is available in Live Table 678, which can be found here- https://www.gov.uk/government/statistical-data-sets/live-tables-on-social-housing-sales

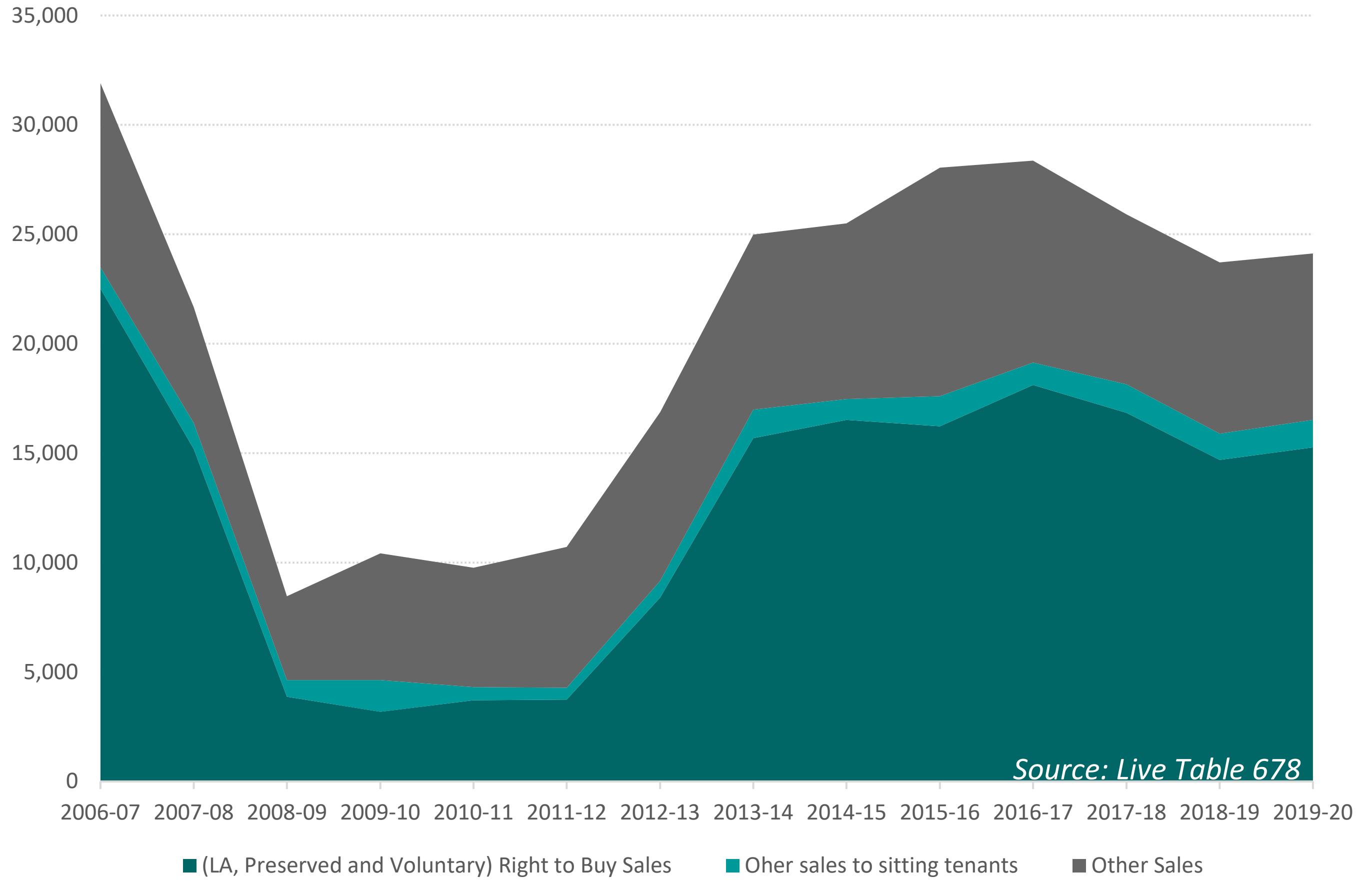
In 2019-20, 63% of all sales were under one of the Right to Buy schemes, with local authority sales through Right to Buy and PRP sales through Preserved and Voluntary Right to Buy. This proportion has remained roughly constant at around this level since 2013/14. The changes introduced in 2012-13 to re-invigorate the Right to Buy scheme have led to an increase in the number of sales of social housing stock, but sales remain lower than the pre-financial crisis peak in 2003-04. The number of sales in 2019-20 represented 26% of those in 2003-04.

Historically, local authority Right to Buy sales have been the main driver of sales on the local authority side since its introduction in 1980. It currently accounts for almost 99% of local authority social housing sales and 44% of all social housing sales. For private registered providers, Preserved Right to Buy was the largest driver of social housing sales until the early 2000's, before it was overtaken by "other" sales in 2004-05, which includes any sales outside of Preserved or Voluntary Right to Buy, Right to Acquire, Social HomeBuy, or any other sales to sitting tenants.

In 2016-17, Voluntary Right to Buy (VRtB) was introduced as a small-scale pilot and then widened to a Midlands regional pilot in 2018. This gave the Right to Buy to tenants of private registered providers who previously were not eligible for Preserved Right to Buy. Following the Midlands regional pilot VRtB scheme, we have seen a large increase in the number of VRtB sales from 2018-19 onwards, which has contributed to an overall increase of PRP Right to Buy sales (see Live Table 678)

Outside of the local authority and PRP Right to Buy schemes, there were 1,267 Right to Acquire, Social HomeBuy and other sales to sitting tenants by both local authorities and registered providers. This is a 4.7 per cent increase on 2018-19. Most of these sales (1,262) were of registered provider stock. The split of social housing sales across different schemes is illustrated in Chart 2 below.

Chart 2: Types of social housing sales in England, 2006-07 to 2019-20



The source data for this chart is available in Live Table 678, which can be found here- https://www.gov.uk/government/statistical-data-sets/live-tables-on-social-housing-sales

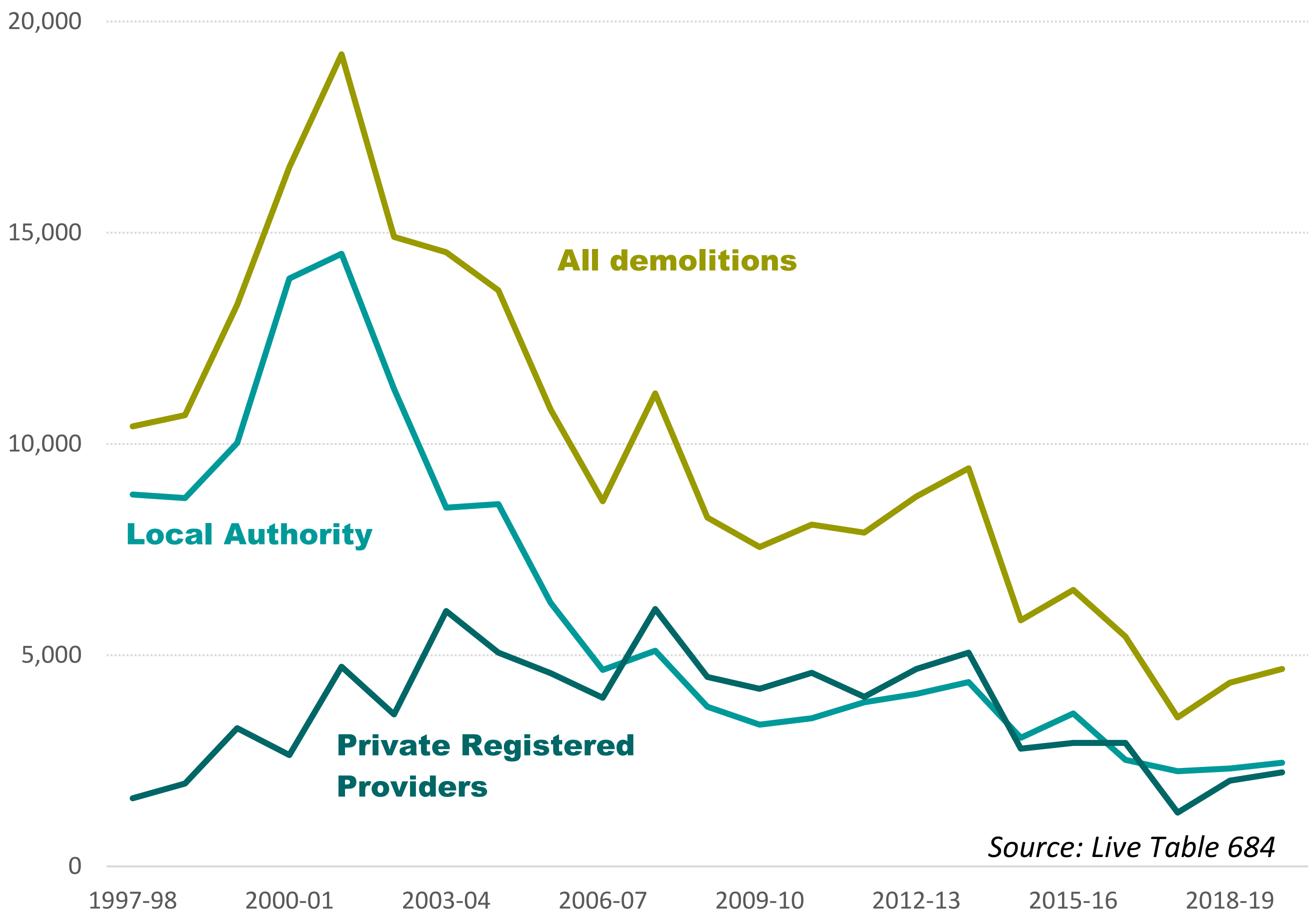
A jump in Right to Acquire sales has also been observed since compared to previous years (see Live Table 677 at https://www.gov.uk/government/statistical-data-sets/live-tables-on-social-housing-sales). The number of dwellings sold under this scheme increased by 163% from 791 in 2017-18 to 2,080 in 2018-19. Right to Acquire sales have dropped again in 2019-20 to 1,131 but remain at a higher number than in any year before 2018-19. This may be a side effect of the Voluntary Right to Buy scheme which was being piloted in the Midlands from 2018, raising awareness of Right to Acquire as an alternative home ownership scheme. Please note that time series on Right to Acquire (in Live Table 677) and Social HomeBuy (in Live Table 683) are derived from data reported to Homes England (HE) and the Greater London Authority (GLA). These may differ from the figures in Live Table 678 due to coverage and response rates to the Statistical Data Return (SDR) which is the data source for LT 678. Figures in the Live Table 678 and the open data published alongside this release are preferred only in the context of other types of sales and disposals. If referring only to Right to Acquire or Social HomeBuy, the individual tables are preferred.

Demolitions

In 2019-20, there were 4,676 demolitions of social housing stock held by local authorities and private registered providers, an increase of 7.5% compared to 2018-19. Of these, 2,451 were by local authorities and the remaining 2,225 by private registered providers. In general, the number of demolitions has been decreasing since 2001-02, when there were 19,225 demolitions, though the figure has increased for the last two years. The trends in demolitions are illustrated in Chart 3.

Historically, the number of demolitions of local authority-owned stock was much higher, peaking at just over 14,500 in 2001-02, but have since been in a generally downwards trend, in line with the overall demolitions trend. Demolitions of PRP stock has shown more fluctuation and has risen for the last two years following a drop in 2017-18. These fluctuations could be due to the number of providers that are required to fill the Statistical Data Return where this information is collected.

Chart 3: Demolitions of Social Housing stock, 1997-98 to 2019-20, England



The source data for this chart is available in Live Table 684, which can be found here- https://www.gov.uk/government/statistical-data-sets/live-tables-on-social-housing-sales

Sales, demolitions, and new affordable housing supply for rent

This section compares data on sales and demolitions of social housing with statistics on new supply of affordable housing for rent[4] provided by local authorities and private registered providers[5]. The figures for new supply are a subset of the total presented in Live Table 1000, and includes not just new build, but also acquisitions of stock that were not previously used as either affordable or social housing. For 2019-20, this translates into 36,114 the total of 57,644 (63%) new affordable housing during that year. This new section has been added to address user needs.

[4] This includes the following tenures: social rent, London affordable rent, affordable rent and intermediate rent. Units with unknown tenure, shared ownership and affordable home ownership are excluded.

[5] Units provided by non-registered providers or where the provider is unknown were also excluded, even if they were affordable housing for rent.

While sales and demolitions are expected to be the two main sources of losses to social housing stock, these data do not account for all losses. There are a few reasons for this:

- they only cover losses of social housing stock held by local authorities in their Housing Revenue Accounts and stock held by large private registered providers[6];
- they do not cover non-registered providers or those where provider was unknown;
- they do not cover affordable housing intended for sale, such as shared ownership; and
- they do not cover all disposals of existing stock, for example losses through conversions and changes of use.

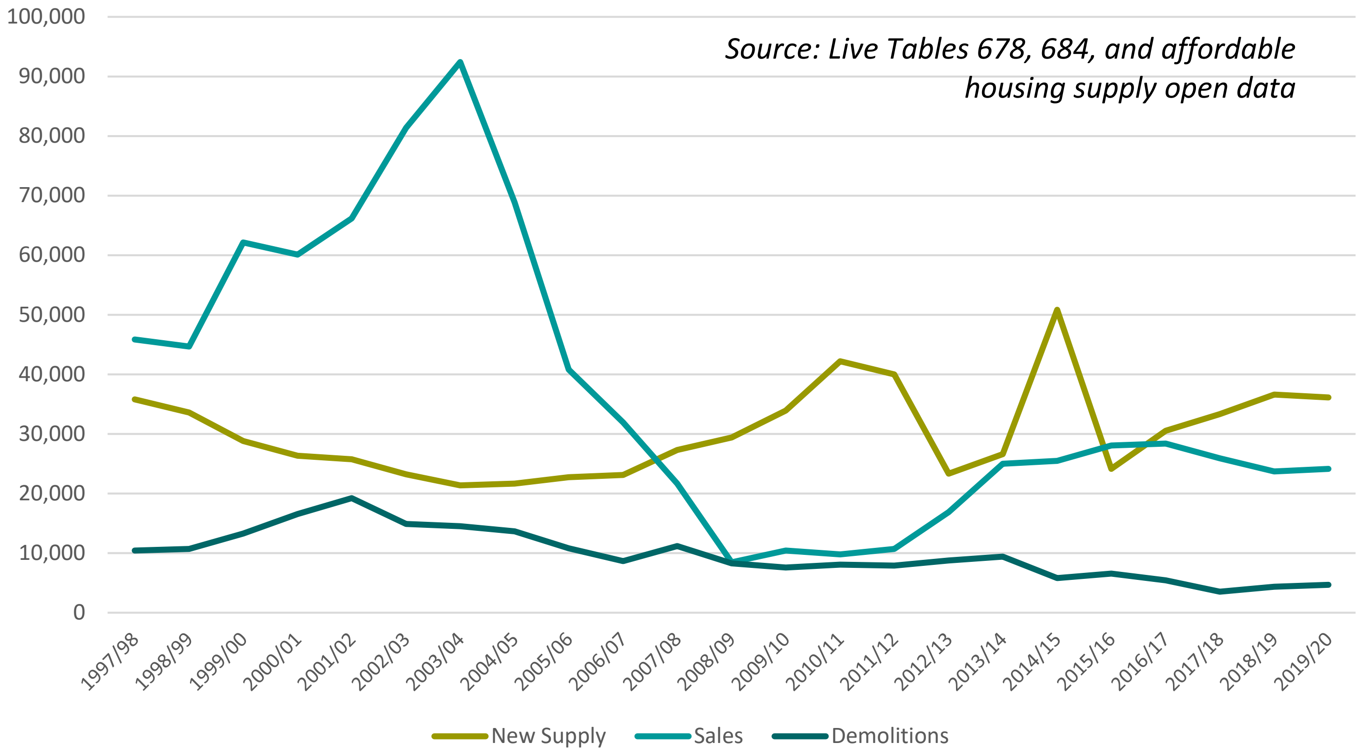
Chart 4 below shows these data since 1997-98. Between 1997-98 and 2008-09, the combined sales and demolitions were consistently higher than new supply of affordable housing for rent. By contrast, in all but four of the twelve years since 2008-09, new supply of affordable housing for rent has exceeded losses through sales and demolitions. However, this comparison cannot be used to calculate comprehensive net figures for the supply of affordable housing supply for rent, as not all losses are covered, as explained above.

The change in the pattern was due several factors, including: the decrease sales since 2003-04; the general decrease in the number of demolitions since 2001-02; and the investments through different affordable homes programmes[7] since 2008.

[6] Nearly all the stock owned by local authorities is held with a Housing Revenue Account (estimated to be over 99%), while large private registered providers (those owning 1,000 or more social housing units) own over 95% of PRP stock.

[7] These were the National Affordable Homes Programme 2008-11, the Affordable Homes Programme 2011-2015, the Affordable Homes Programme 2015-2018 and the Shared Ownership and Affordable Homes Programme 2016-21.

Chart 4: New supply, sales, and demolitions of affordable housing stock, 1997-98 to 2019-20, England



The source data for this chart is available in live tables 678, 684 and in the affordable housing supply statistics open data, which can be found here https://www.gov.uk/government/statistical-data-sets/live-tables-on-affordable-housing-supply#open-data

This is also consistent with trends in stock estimates presented in Live Table 104 which show an increase in the combined local authority and private registered provider stock since 2008. Estimates in that table follow the Census definition of "dwelling" and therefore do not match exactly data on the number of units (which include bedspaces as well as dwellings) available for affordable or social housing, as well as a specific impact of bedspace adjustment estimation methods. We will look further into these differences as more data becomes available.

In April 2021, the department will start collecting data from local authorities that is intended to allow more comprehensive net estimates of local authority and private registered providers affordable housing for rent at England level to be calculated, initially for 2020-21. We will continue to investigate with data providers and the Regulator of Social Housing (which collects some of the data used) on how to develop these estimates further in future years.

Right to Buy sales and financial information

Number of sales

Tenants in LA housing may be eligible to buy their property under Right to Buy if they have accrued at least three years as a social housing sector tenant. This does not need to be continuous, nor does it need to have been accrued whilst living in the same property.

In 2019-20, there were 25,396 Right to Buy applications to LAs, a 4 per cent decrease compared to 2018-19. However, applications remain above the pre-reinvigoration level of 9,000 applications in 2011-12.

Local authorities sold 10,569 properties under Right to Buy, a 3% decrease compared to 2018-19 and the lowest amount since 2012-13. In that year, which was the first year following the changes to Right to Buy discounts, there were 5,944 sales.

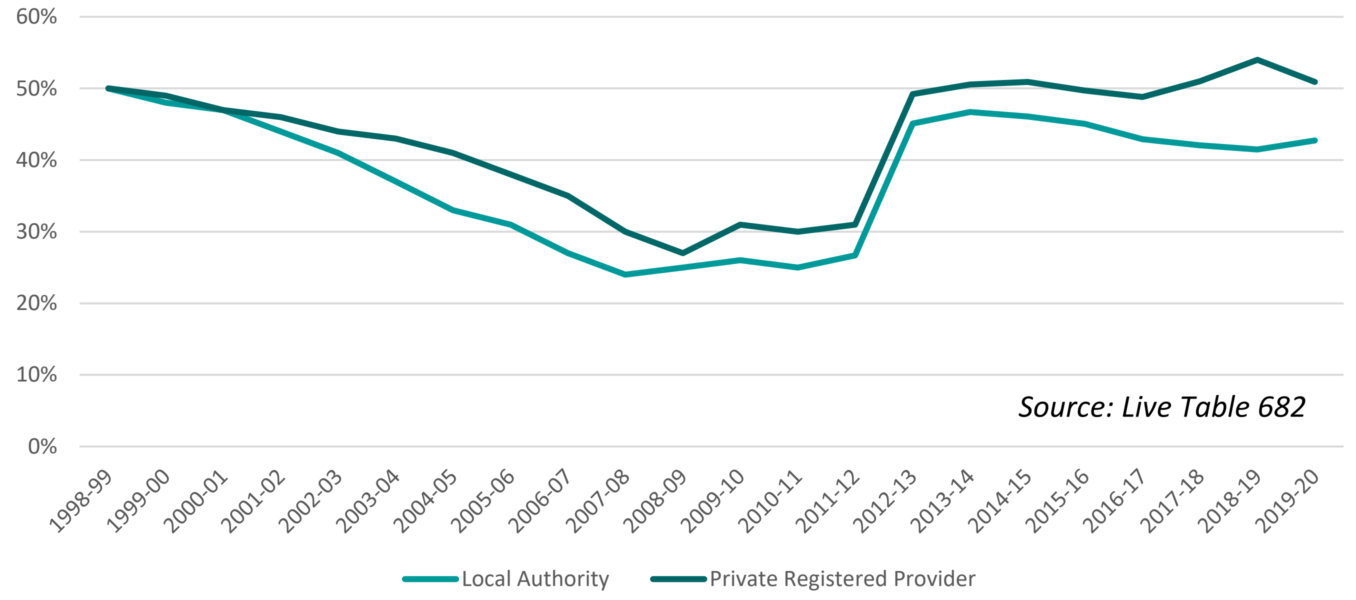
There were 4,689 (voluntary and preserved) Right to Buy Sales by private registered providers, an increase of 24 per cent on the previous year. Where tenants have been moved as part of a Large Scale Voluntary Transfer of stock from Local Authorities to PRPs the tenants may be able to buy their property through preserved Right to Buy.

Right to Buy discounts

When a property is sold through Right to Buy the ‘discount percentage’ is the percentage below market value that a dwelling is sold.

Historically the average discount percentage decreased steadily between 1998-99 to 2007-08, from 50 per cent to 24 per cent for Local Authorities and from 50 per cent to 30 per cent for Private Registered Providers (PRPs). In 2012-13, following the re-invigoration of Right to Buy which increase the maximum discounts available for buyers, the discount increased back towards 1998-99 values with a ‘discount percentage’ of 45 per cent value for Local Authorities and 49 per cent value for PRPs. The trends in local authority and PRP Right to Buy discounts are illustrated in Chart 5 below.

Chart 5: Average Right to Buy discounts as a percentage of market value in England 1998-99 to 2018-19



The source data for this chart is available in Live Table 682, containing data derived from the Local Authority Housing Statistics Return (MHCLG) and CORE[8] data collection (MHCLG). Live Table 682 can be found here- https://www.gov.uk/government/statistical-data-sets/live-tables-on-social-housing-sales Chart 5 shows the consistent trend that PRP discounts on Preserved Right to Buy properties (and, more recently, Voluntary Right to Buy Properties too) tend to be higher than local authority discounts on Right to Buy properties. To be eligible for Preserved Right to Buy tenants must have been resident in their property since before the property transferred from a local authority to the PRP. Most transfers happened several years ago, meaning tenants applying under Preserved Right to Buy are likely to have been resident at their properties for longer than residents applying under Right to Buy, and are therefore eligible for larger discounts.

Comparison of local authority and private registered provider Right to Buy Sales

The figures presented are from the Local Authority Housing Statistics data collection and the CORE Sales data collection and they are rounded to the nearest 10. Further detail and the full

[8] This refers to the COntinuous REcording (CORE) system - for details on how CORE and the Statistical Data Return (SDR) collection criteria compare please see accompanying technical notes document to this release. It is mandatory for Private Registered Providers to complete CORE Sales logs. Local authorities and other social landlords are invited to complete CORE Sales logs on a voluntary basis, and a few choose to do so. As such, the CORE Sales data set is considered a partial data set of Social Housing Sales and is almost exclusively reflective of sales of PRP-owned stock. As such these figures have limitations and should be treated with caution. The CORE Sales data undergoes some imputation of financial variables such as mortgage, property value, and deposit. The final data used for this release has complete financial information, some of which has been imputed.

time series are available in Live Table 682, which can be found here https://www.gov.uk/government/statistical-data-sets/live-tables-on-social-housing-sales.

The average market value of LA Right to Buy sales was £149,270 in 2019-20, a 1.7% increase on the 2018-19 average of £146,710. The average market value of PRP Right to Buy sales was £122,120 in 2019-20, an 11 per cent increase on the 2018-19 value of £110,130.

The average Right to Buy discount per local authority dwelling sold was £63,760 in 2019-20 which was more than double the 2011-12 value of £26,690. The increase reflects both the increased discounts with the re-invigoration of Right to Buy in April 2012 and the overall increase in house prices. As a percentage of market value, the average discount of local authority Right to Buy sales was 43 per cent in 2019-20. This is an increase of 2 percentage points compared to 2018-19, and 16 percentage points higher than in 2011-12 before the re-invigoration.

The average Right to Buy discount per Private Registered Provider dwelling sold was £62,130 in 2019-20, just over double the 2011-12 value of £28,410. As a percentage of market value, the average discount of PRP Voluntary and Preserved Right to Buy sales was 51 per cent in 2019-20. The average discount for PRP Right to Buy sales has remained at around 50 per cent from 2011-12 until now, after increasing by almost 20 percentage points in 2012-13.

Shared Ownership sales

The Shared Ownership scheme enables social housing tenants to purchase a partial equity stake in their home while continuing to pay rent on the remainder of the property. Initial equity stake purchases must be at least 25% of the equity, and buyers have the option to later purchase more of the equity in increments of 5% or more. The figures reported here are for initial equity purchases only.

Shared Ownership sales: financial information

Data in this section were collected through the COntinuous REcording (CORE) system - for details on how CORE and the Statistical Data Return (SDR) collection criteria compare please see the technical notes document published alongside this release. The completion of fields containing financial information in CORE is not mandatory, and some missing information on mortgage and deposit is imputed during data processing. For the purpose of this release, only sales that have no missing data following imputation in market value, initial equity stake, mortgage value and deposit are included. In 2019-20 this totalled 12,397 entries. The averages given in this section are mean averages.

In 2019-20 the average market value for Shared Ownership sales was £267,600 in 2019-20, a 56% increase compared to £172,100 in 2010-11, the first year for which data is available.

The average value of the initial equity stake purchased has increased from £67,200 in 2010-11 to £107,200. The average initial equity stake has remained fairly constant, having increased from 40% in 2010-11 to 41% in 2019-20, after peaking at 43% in 2017-18.

The proportion of the average equity stake paid as a cash deposit dropped to its lowest level since 2010-11 at 6.4% in 2019-20. This is down from the peak of 8.6% in 2014-15.

The full figures are available in Live Table 697 which is available here: https://www.gov.uk/government/statistical-data-sets/live-tables-on-social-housing-sales

Information on the household characteristics of shared ownership buyers is also available at that link, in Live Tables 694 and 695.

Accompanying tables and open data

Tables

Accompanying tables are available to download alongside this release. These tables can be accessed at https://www.gov.uk/government/statistical-data-sets/live-tables-on-social-housing-sales

Open data

Sales and demolitions from 1999-00 to 2019-20 are available in fully open and linkable data formats at https://www.gov.uk/government/collections/social-housing-sales-including-right-to-buy-and-transfers

The Local Authority Housing Statistics open data can be found at https://www.gov.uk/government/collections/local-authority-housing-data.

Technical Notes

Please see the accompanying technical notes document for further details. This can be found at https://www.gov.uk/government/statistics/social-housing-sales-in-england-2019-to-2020

Information on Official Statistics is available via the UK Statistics Authority website: https://www.statisticsauthority.gov.uk/

Information about statistics at MHCLG is available via the Department's website: www.gov.uk/government/organisations/department-for-communities-and-local-government/about/statistics

This document/publication is also available on our website at www.gov.uk/mhclg

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