

Vwbf study trip

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“Local authority stock transfers and  
housing associations”

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# Agenda

- About the Housing Corporation
- Background to stock transfers
- Housing Associations
- Why are local authorities interested in stock transfers
- Why are housing associations interested in transfer
- Who is providing the funds
- Advantages and disadvantages for tenants

# Stock Transfers Background (1)

- The ability to transfer was introduced in 1988 and has been maintained by consecutive governments
- Tenant choice
  - transfer can only take place if the majority of tenants are shown to be in favour
  - achieved through a democratic ballot
- Decent Homes Standard - one of only 3 routes for securing funding.

# Stock Transfers Background (2)

- Since 1988;
  - 256 ballots resulting in 206 transfers from 158 local authorities
  - Approximately 1 million homes have transferred
  - Private investment of £15.9 billion (23 billion Euro)

# Stock Transfers Background (3)

- Transfer can be to a new or existing housing association - must be registered with the Housing Corporation.
- New - larger transfers generally taking whole stock and looking for a Community based housing association
- Existing - smaller transfers usually estate based with the possibility of local management

# Stock Transfers Housing Associations

## Housing Associations

- Not for profit organisations - Section 2 Housing Act 1996
- Can be charitable or non-charitable.
- Cannot make a profit for distribution to share holders
- Mixed elements of private and public sector
  - EU procurement legislation applies
  - Borrowing does not count against national debt.



# Stock transfers

## Why are local authorities interested (1)

- Government controls on capital funding
- Limited ability to borrow
- Achieving Decent Homes Standards by 2010
- Rent Controls - target rents

# Stock transfers

## Why are local authorities interested (2)

- Housing Services;
  - Achieving tenant aspirations
  - Reducing services to tenants
  - Positive value transfer allows for investment in the area
  - Transfer of staff



# Stock transfers

## Why are housing associations interested (1)

- New housing association
  - Local control
  - Resident involvement
  - Responsive to local needs

# Stock transfers

## Why are housing associations interested (2)

- Existing housing associations
  - Increased stock numbers
  - Area of operation
  - Economies of scale
  - Existing expertise

# Stock Transfers

## Who is providing the funds

- £15.9 billion (23 billion Euro) private finance;
  - Banks
  - Building Societies
- Central Government Funding
  - Gap funding available for some negative value transfers
- Housing Corporation
  - Only for additional social housing units



# Stock Transfers

## The advantages and disadvantages (1)

Rents	
Local Authority	Housing Association
Target rent	Target rent
Pays to national housing subsidy contribution	Retains all rent

# Stock Transfers

## The advantages and disadvantages (2)

### Stock Investment and regeneration

Local Authority	Transfer RSL
<ul style="list-style-type: none"><li>• Decent Homes</li><li>• Capital constraints</li><li>• Limited ability for future investment</li></ul>	<ul style="list-style-type: none"><li>• Decent homes and beyond</li><li>• Private Finance</li><li>• Environmental works</li><li>• Safety and security</li></ul>

# Stock Transfers

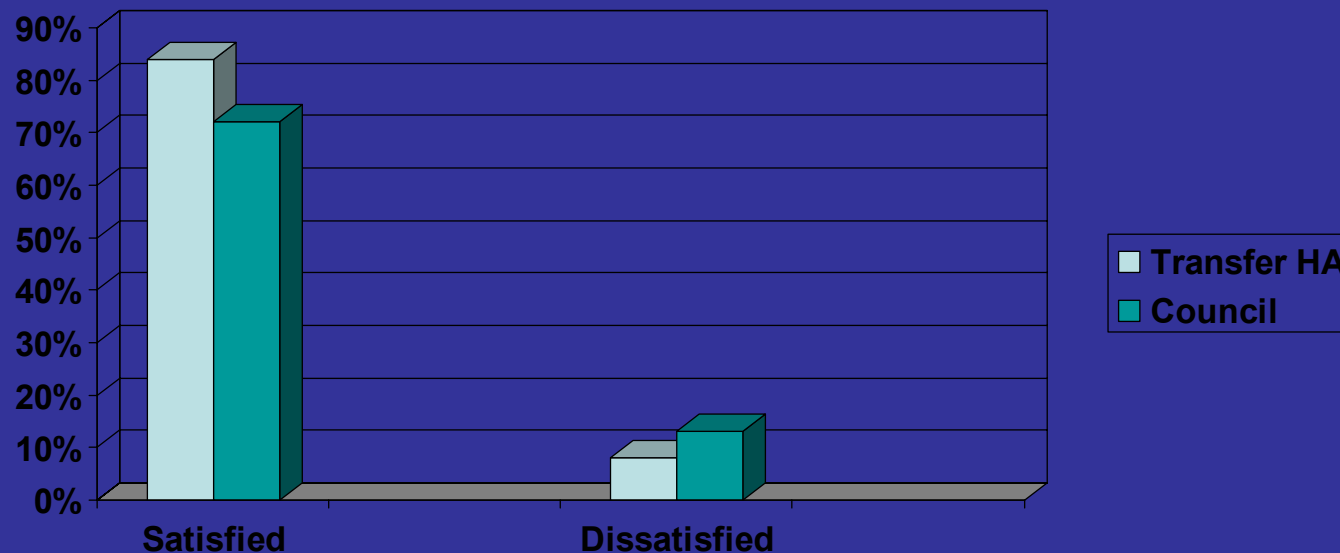
## The advantages and disadvantages (3)

- Tenancy Agreements
  - Local authority - secure tenancy protected by statute
  - Housing association - assured tenancy with less protection than secure, but housing association guarantees no loss of rights

# Stock Transfers

## The advantages and disadvantages (4)

Tenant Satisfaction (source NHF tenant satisfaction survey 2004)



# Stock Transfers

## The advantages and disadvantages (5)

### Tenant participation

"Based on data submitted by RSLs to the Housing Corporation 65% of tenants were satisfied with participation opportunities. By comparison 49% of local authority tenants were satisfied"

National Audit Office - "Improving social housing through transfer" - March 2003



# Stock Transfers

## The advantages and disadvantages (6)

Housing Association performance against transfer promises;

Area of Promise	NAO Rating
Home improvement and other works	4 star
Rent increases	5 star
Repairs and other housing services	4 star
Tenant participation	4 star
Regeneration	4 star
Development of new homes	3 star
5 star = excellent performance	
1 star = poor performance	

# Stock Transfers

## The advantages and disadvantages (7)

### Local control;

- Elected members v Volunteers
- Tenant/resident representation
- Increased tenant/resident involvement