

Note on Tenure Change in Glasgow City

Commentary on 2017 estimates

Estimates of Glasgow's housing stock by tenure have been published on an annual basis by Glasgow City Council – Development and Regeneration Services (GCC - DRS) until 2015. Since then, there has been a review of the tenure estimation methodology. The estimates as per 1 April 2017, **using this new methodology**, are now available. These estimates (see Table 1) show that in the two years 2015-2017:

- Glasgow's **total** housing stock has increased by around 2,350,
- The number of **social rented** dwellings has seen a reduction of around 650, mainly through demolition of Glasgow Housing Association (GHA) stock, and,
- The number of **private sector** dwellings has increased by around 3,000 (see section below on "Stock estimates for Private Rented Sector 2017" for a commentary on the apparent reduction in **private rented** dwellings).

Table 1 - Dwelling stock estimates Glasgow City - 2011 to 2017					
	year 2011	year 2015	year 2017	change 2015-2017	change 2011-2017
Glasgow Housing Association	59,181	40,193	39,394	-799	-19,787
Other Housing Associations	50,733	66,014	66,150	136	15,417
Social Rented Sector	109,914	106,207	105,544	-663	-4,370
Owner Occupied	139,226	131,671	136,236	4,565	-2,990
Private Rented	47,395	59,192	57,651	-1,541	10,256
Private Sector	186,621	190,863	193,887	3,024	7,266
Total Dwellings	296,535	297,070	299,431	2,361	2,896
Sources: Glasgow City Council - Development and Regeneration Services					
ARC - Scottish Housing Regulator - see Appendix Table A1 and Notes					
ARC refers to Annual Return on the Charter					

These tenure estimates have been based on information from the Council Tax Register, the Scottish Housing Regulator's Annual Return on the Charter (ARC), the Glasgow Housing Association (GHA) and the Statutory Register of Private Landlords.

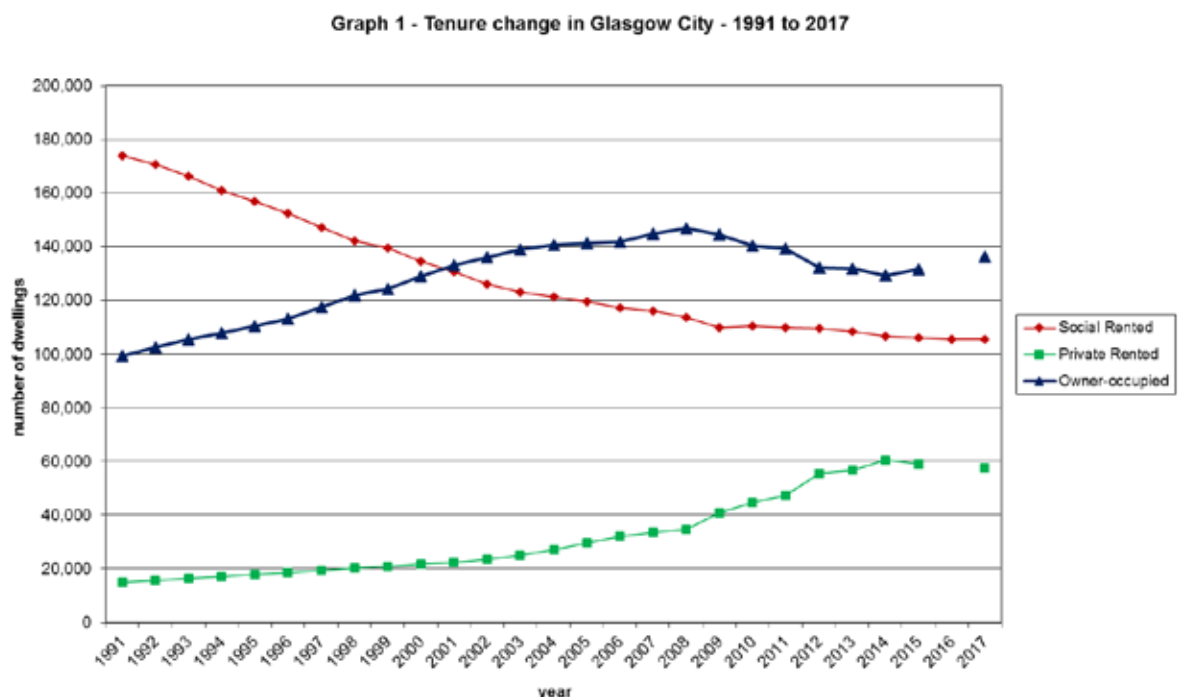
Trends in Tenure Change

Graph 1 (see next page) shows that, in 1991, there were fewer than 15,000 Private Rented Sector (PRS) properties in the City. The PRS has seen considerable growth since then. The sector grew by 750 per year in 1991-2001 and by 1,750 per year in 2001-2008. After 2008 the rate of growth accelerated to 5,200 per year, resulting in a PRS stock in Glasgow of around 55,500 dwellings in 2012. Thereafter the growth in private renting has slowed down to an estimated rate of 450 per year in 2012-2017.

Graph 1 also shows that the number of dwellings in Glasgow's Social Rented Sector (SRS) is now more stable. Between 1991 and 2001 the sector lost 4,350 units per year. This loss reduced to 2,600 units per year in 2001 to

2009 and to 550 units per year in 2009 to 2017. The number of dwellings in the SRS is affected by housing new-build and demolitions, as well as by Right-to-Buy (RTB) sales. The number of RTB-sales has been very low in recent years.

Up until 2008, the declining share of the SRS has resulted in an increasing share for Owner Occupation (OO). In the period 2008-2012, however, the share of OO has fallen, due to the rapid increase of Private Renting. Since 2012, the rate of OO has been stable in Glasgow, at a rate of around 45% of Glasgow's total housing stock.



Stock estimates for Private Rented Sector 2017

The PRS in Glasgow now contains around 58,000 dwellings. The new estimate implies a reduction, by around 1,550 dwellings, compared with the 2015 estimate. Caution is required, however, in drawing any firm conclusions on a possible decline for Glasgow's PRS between 2015 and 2017. Firstly, the lower estimate for 2017 could be due to the change in the tenure estimation methodology. Then, the tenure estimation exercise, both for the previous and for the new methodology, involves sampling and sampling error can cause fluctuations in the estimates from year to year. Further, Scottish Household Survey (SHS) results for Glasgow City show a consistent rise in the percentage of households, which are private rented: from 16% in 2012 to 19% in 2016. It should be noted that the current estimate of 57,650 implies a private rented share of 19.3%, which is consistent with the SHS result.

It is clear, however, that there has been a slowdown in the rate of growth for the PRS since 2012.

The acceleration of the rate of increase for the PRS between 2008 and 2012 will be mainly due to the economic downturn, which has had a considerable impact on housing market conditions in Glasgow. Many potential first time buyers have been unable to get a mortgage to buy a house, and have opted for private renting instead. The recent evidence indicates a reduced impact of the economic situation on the rate of PRS dwelling growth.

By way of a tentative explanation, some factors are mentioned below, which may have contributed to the slowdown in the rate of growth of the PRS since 2012. Some of these factors are demand-related and others concern the supply of PRS stock.

Demand-side factors: (1) the low interest rate, which can make it cheaper to buy a property rather than pay the rent; (2) since 2008, many young people have rented a property because they could not afford to buy at the time. Some of these will have saved a large enough deposit, so that they have now been able to buy a house and (3) welfare reform may have had a restrictive impact on the formation of new households, some of whom would have been accommodated in private rented housing.

Supply-side factors: (1) during the first few years of the economic downturn, many owners found it very difficult to sell property and some of them have been letting their house rather than taking a loss. The recent upturn in the housing market has created an opportunity to sell property for these “accidental landlords” and (2) recent and planned housing policy changes may have acted as a disincentive to becoming, or continuing as, a landlord, e.g. the requirement to pay a 3% levy of the price at the purchase of a second home, abolition of tax reliefs up to 45% on mortgage interest costs, restricting them to the basic rate of income tax 20% for all landlords and planned legislation which will improve “security of tenure” for tenants.

This issue will be looked into more closely as part of the monitoring of Glasgow’s Housing Strategy.

Occupied/Unoccupied Stock and Households on Benefit

Unoccupied stock figures include second homes (471 in Glasgow in 2017). Excluding second homes, the vacancy rate for Glasgow’s housing stock is 2.3% in 2017.

64% of households in social rented accommodation are in receipt of housing benefit. For households in private rented housing the figure is 19%. The percentage of households on housing benefit is fairly constant across areas for social renting households. But there is considerable variation between areas in the percentage of private renting households who receive housing benefit.

APPENDIX

The dwelling stock estimates for the social rented sector in Table 1 of the main text are from the Scottish Housing Regulator's Annual Return on the Charter (ARC), which gives City-wide figures. The GCC - DRS housing stock database gives dwelling stock estimates by tenure for different geographies within the City, e.g. Wards and Neighbourhoods. This involves a degree of approximation, and the City totals for the social rented sector do not match exactly the ARC statistics. Therefore an adjustment has been applied to the number of owner occupied dwellings (see Table A1).

Table A1 - Adjustment dwelling stock estimates Glasgow City 2017			
	housing stock database	City-wide estimates	adjustment
Glasgow Housing Association	39,150	39,394	244
Other Housing Associations	68,298	66,150	-2,148
Social Rented Sector	107,448	105,544	-1,904
Owner Occupied	134,332	136,236	1,904
Private Rented	57,651	57,651	0
Private Sector	191,983	193,887	1,904
Total Dwellings	299,431	299,431	0
Sources:			
Housing stock database: GCC - Development and Regeneration Services			
City-wide estimates social rented: from ARC - Scottish Housing Regulator			
ARC refers to Annual Return on the Charter			