

RICS FOUNDATION



# **The Cutting Edge 2001**

**The Establishment of Markets for Owner Occupation in Public Sector Communities**

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ISBN:1-84219-088-1

**The Establishment of Markets for Owner Occupation  
within Public Sector Communities**

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Paper presented to the RICS Cutting Edge Conference, Oxford University,  
September 5-6, 2001.

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## **Introduction**

Over the last two decades national and local housing strategies have placed considerable emphasis on the development of home ownership and particularly low cost home ownership. As well as providing housing choice in urban areas policies for home ownership have been seen as a way of achieving urban regeneration and achieving greater social mix in large public sector housing estates and inner city locations. They have also been a policy response to provide a new use for vacant and derelict land. However there is an absence of systematic evaluations of the effects of major home ownership initiatives on urban regeneration, and the studies which have been carried out rarely provide evidence on the longer term or 'sustainable' effects of these policies. This paper seeks to examine the long term viability of these policies.

## **Background to Research**

During the latter half of the 1970s city authorities became more and more conscious of the exodus of their population. Part of the reason for this trend, policy makers argued, was the weak opportunities for home ownership (Jones, 1979). Cities responded by providing subsidised sites for private developers. In the major cities this strategy was led by Liverpool where the Liberal council backed by Conservatives adopted the policy in late 1975, using a leasehold arrangement with house builders building under licence. (The first such scheme was probably in Swindon in 1971(Reeves, 1986).) Other councils followed this example. Arguably the most dramatic change was in Glasgow where the Labour council decided in 1977 to follow this path, as part of housing policies aimed at harnessing private sector investment (Hunter, 1985). The 1977 Inner Cities White Paper also argued that private housing development in the inner areas needed to be encouraged to attract back into the cities people who work in the cities (Department of Environment, 1977).

In the 1980s the development of low cost home ownership policies encompassed shared ownership and improvement for sale. In particular the encouragement of owner occupation was extended to the improvement for sale of redundant public sector stock, invariably walk up flats. Perhaps the first was the transformation of a Wandsworth hard to let estate of 300 1930s flats for home ownership by Regalian Properties in 1980. Another early example was Brucefield in Dunfermline. The policy was introduced in all the major cities in the early 1980s. Prominent examples from this period include Myrtle Gardens in the inner city of Liverpool, (which was transformed in 1983 into Minster Court), Regent Road in Salford, Priesthill (Pollok) and South Rogerfield (Easterhouse) in Glasgow, and West Pilton in Edinburgh. By the mid 1980s the approach also encompassed high rise blocks.

Subsequently this policy was extended to building houses for sale adjacent to council housing, especially in peripheral estates. Through this approach, which may be described as social engineering, it was envisaged that socially mixed communities would be created. An early ambitious example of this approach was witnessed in Cantril Farm, on the edge of Liverpool where the Stockbridge Village Trust was set up in 1982 (launched April 1983). The trust, a public/private partnership, took over the estate and pursued a programme of selective demolition, estate redesign and improvement of the housing stock, upgrading of local facilities including the shopping centre, and new build for sale on adjacent land. It was also envisaged that tenants would be encouraged by these developments and seek to buy their homes. It was expected that the tenure split would reach an equal split between renting and owning after five years. The forecasts for sales both through new build and to sitting tenants proved overoptimistic, creating financial difficulties for the initiative. Even so the trust can be seen as the forerunner of what has become a mainstream approach.

In Scotland the four Urban Partnerships set up following the 1988 Scottish White Paper, New Life for Urban Scotland, all incorporated the common goal of improving tenure choice. By a combination of building and improvement for sale, tenants taking up their right to buy and the rent to mortgage scheme the aim was to increase local home ownership to 20-30% (Scottish Office, 1993). The establishment of the City Challenge initiative in England and Wales from 1992-97 inevitably incorporated tenure diversity as central to the creation of community stability, social diversity and the reduction of social exclusion (see Williams, 1996). It was an important criterion in the selection process for Estate Action funding.

More widely the provision of (affordable) housing for sale is often seen as the best use for vacant or derelict land that has lost its comparative advantage for industrial purposes. These views were endorsed by the 1995 housing White Paper, Our Future Homes, which stated:-

"Encouraging people to live and work in our cities helps support our environmental policies, making good use of urban land and reducing the need to build on greenfield sites. Bringing more home ownership into our cities helps ensure mixed communities."

Like its Conservative predecessor the Labour government continues to view the promotion of home ownership as an essential feature of any urban regeneration initiative. The sale of houses to sitting tenants is further seen as a means to ensure people have a stake in the future of their area.

Despite the prominence of these policies the precise benefits amount to an act of faith. Cowans (1999) views low cost home ownership as tackling social exclusion. There are also potential local economic benefits through the boost to local services (Maclennan et al, 1987). However, there is little actual research on these questions. Often monitoring is merely short term taking the form of an initial descriptive survey of the socio-economic characteristics of purchasers (see Ledward, 1986, Fielder 1986, Bradford and Steward, 1988). An exception is research by Atkinson and Kintrea (1998, 2000) that questions the social benefits by showing the distinct lifestyles of owner occupiers and tenants, based on an empirical study of diaries of occupiers in three estates in Scotland.

No matter what the precise arguments for the promotion of home ownership in inner city and public sector communities the success or otherwise of these initiatives lies in market forces. Jones and Watkins(1996) argue that the crucial question that all property led urban regeneration initiatives face is that of market sustainability. They coin this term because the establishment of a **sustainable market** occurs when a market is created which evidently meets the long term needs and aspirations of consumers. A mature or sustainable market is established when two conditions are achieved:

- A. Market values of properties have risen at some point to the long run average price making development viable.
- B. There has been a period of sustained market activity. In the property market this requires that a resale market has been established. This in turn will necessitate that the credibility of the product as an investment is generally recognised.

The first condition is a necessary condition but is insufficient without the latter. The latter condition also implies the achievement of a critical mass to ensure its credibility.

Jones and Watkins analyse the development of the Merchant City housing market in Glasgow city centre where new housing for sale was used as a means of regenerating an area of semi-derelict warehouses. The evidence from this study suggests that a sustainable market is difficult to achieve after ten years, even where there is a strong locus of public funding.

Empirical research with regard to the market success of home ownership initiatives (not just) in public sector communities is limited. Rosenberg (1994, 1995) has examined the subsequent market experience between 1984 and 1992 of four former council housing areas in Scotland. The estates had been sold off to private developers, subsequently refurbished and sold on to individual households. His research found a high rate of repossessions by building societies, and as a result a relatively low rate of capital appreciation. The evaluation of GRO grants for owner occupation in Scotland by Kintrea et al(1996) is less gloomy, finding little evidence of affordability problems. Neither study addresses the key question of market sustainability.

The importance of the creation of a sustainable market to these initiatives has been vividly described by Murray(1996),

"Those most at risk are those communities who have been sold "The Vision" and particularly the many owner occupiers who have invested in it. For them the acid test will come when they need or wish to trade up in the housing market, or decide to leave it. If the process of renewal is stalled their vision may become an anchor manifest in negative equity and debt."

But what he fails to recognise is that the establishment of a mature resale market is a necessary prerequisite of successful regeneration, and for continued funding by mortgage lenders.

Given the long term nature of housing-led urban regeneration, research into the establishment of sustainable schemes developed in the 1980s is only now becoming practicable. Yet this is a fundamental issue, both for the practical application of this approach to urban regeneration and to its financial support by mortgage lenders.

## **Research Method**

This paper seeks to assess the development of resale markets for owner occupation within public sector communities. To achieve this the paper has two major elements:

- \* An analysis of the development of resale markets for new houses in and adjacent to large public sector estates (including improvement for sale) and also new estates built in inner city areas as 'control' areas. The ultimate goal is test whether sustainable markets have been established in these areas.
- \* An analysis of the interactions with right to buy sales and resales and the relationships with the existing local housing market.

The essential approach of this research seeks to broadly follow that of Jones and Watkins(1996).

The framework developed by Jones and Watkins incorporates a stages model which builds on the concept

of the product life cycle and the experience of the introduction of housing for sale in the Merchant City in the city centre of Glasgow. A priori this suggests four steps in the development of a property market:

1. **Introduction** of a new product or an established product in a new area. During this step although there may be some initial enthusiasm sales are on a small scale. Profits are low or more likely non-existent at this stage because price/rent levels are low to ensure demand. How long this stage takes will depend on its degree of newness, the extent to which it meets consumer needs and the relative cost of substitutes.
2. **Growth** is a period of rapid market acceptance and increasing prices. At this point potential competitors who were watching developments in the initial development stage join a potential bandwagon and enter the market. The developer's task is now not just to sell the product but also their particular scheme. Growth may be constrained by regulations such as planning constraints in the property market. Despite rising prices development may not be viable without public support.
3. **Consolidation** occurs when real prices stabilise near to the long run average price and the product has created its own identity. During this step the market will feel the (potential) impact of the response of close substitute/ competitor submarkets.
4. **A mature or sustainable market is established.** For this to be achieved two conditions must be met (as already set out above):
  - A. Market values of properties have risen at some point to the long run price making development viable.
  - B. There has been a period of sustained resale market activity. This in turn will necessitate that the credibility of the product as an investment is generally recognised.

Data limitations preclude a full formal test of this stages model. Instead it acts as a framework to guide the research.

### **Choice of Study Areas and Research Structure**

The details of the origins and initial experience of schemes in England are derived from a range of published sources, and it was the availability of such information that partially determined the eligibility of particular cities. An essential prerequisite was that the schemes were of longstanding. All four cities chosen – Glasgow, Liverpool, Newcastle upon Tyne, and Salford - suffer from areas of low demand (Bramley, 2000). However, this arguable bias does not detract from this study because it is concerned with the establishment of markets in areas of cities that necessarily are subject to decline and population loss.

As noted above the three English cities were chosen because there is data on estates built in public sector communities, especially details on the original sales. For short hand purposes these estates are subsequently referred to as 'public sector estates'. However, only in Liverpool is there equivalent information on new build estates in the inner city. The consequences are that our research comparing inner city and public estates is confined to Liverpool in England and Glasgow in Scotland.

The empirical research on the estates in the English cities is primarily derived from personal inspection, interviews undertaken in 1998 with local estate agents, their records and property schedules. In Glasgow

the research is more quantitative and is based on data from the Register of Sasines, the Land Registry in Scotland. In particular a computerised database of this information at the Land Value Information Unit, University of Paisley is sourced. The data includes transaction prices, date of sale, and the names of vendors and purchasers. This enables new house sales and right to buy sales to be identified.

The empirical analysis is divided into a series of stages:

1. a qualitative comparison of the relative experiences of longstanding public sector estates in Merseyside, Newcastle upon Tyne and Salford,
2. a comparison of their inner city and public sector counterparts in Liverpool/Merseyside, followed by
3. a more quantitative analysis for Glasgow of inner city and longstanding public sector estates, incorporating an analysis of council house sales.

The inner city estates are chosen from the new build for sale programmes initiated by Glasgow and Liverpool in the late 1970s. There are three estates in Liverpool developed between 1976 and 1985 including the earliest two, Stanfield Rd in Anfield and St Dunstons near Toxteth. The Glasgow estates are Monteith Row and Dalveen Street both in the east end of the city and marketed in the early 1980s. The public sector estates include walk up flats and low rise developments that have been improved for sale and new build houses for sale on land adjacent to public housing.

### **The Relative Experiences of Public Sector Estates**

In this section the experiences of estates in our sample in the three English cities are reviewed. First we consider improvement for sale schemes and then newbuild schemes.

#### *Improvement for Sale*

The conversion of local authority walk up flats became a cause celebre in the early 1980s. The immediate sales success of Minster Court in Liverpool led directly a copy cat development in Salford which became Regent Park. It too sold quickly (Bradford and Steward, 1988). With both within close proximity of their respective city centre they are directly comparable. The original sale prices of a two bedroom flat in Minster Court was £16550 in 1983 while the average price of an equivalent flat in Regent Park was £18000 when first marketed a year later in 1984.

A survey of residents of Regent Park in 1987 found that the majority were one or two person households primarily in their 20s. By the time of this survey over a quarter of houses had been resold (Bradford and Steward, 1988). They also report that at that time there had been little change in the prices of the flats, over half of those sold had not gained in value. The exceptions were the three bedroom units but these represented just 10% of the total stock. Part of the reason for the weak prices was repossessions by building societies that tended to put the property on to the market at its original price. A further reason may have also been because the original sales included kitchens with fitted white goods that quickly lost their value. The immediate area around the estate also remained poor. At least some of the occupiers regarded the houses as difficult to sell.

The sales in 1987 may have also suffered from the marketing of a parallel development, the conversion of the Langworthy walk up flats to St James Park (419 1/2 bedroom flats). Later Ladywell flats were converted to Canterbury Gardens comprising 144 2/3 bedroom flats and completed in September, 1988. Both of these developments are further out from the city centre than Regents Park on the same arterial road. Interviews with estate agents in 1998 revealed that two bedroom flats in Regents Park and St James Park were selling for between £28000 and 32000, mainly to single adults across all ages. Properties were not selling well, especially those on the ground floor, and they tended to be low in the local housing market hierarchy. The estates were essentially competing substitutes divorced from the new city centre warehouse conversions' submarket where prices began at £86000 for a one bedroom flat. Many of the flats had been bought by investors in order to rent out.

Residents continue to have concerns about the security of the estate, not so much for personal safety but car crime is the main issue. There is local authority terraced housing in the immediate area to the south and west, many of which are sold but the area to the north is waste land and mainly vacant industrial units in poor condition. In comparison the vicinity of Minster Court in Liverpool is now surrounded by new social and private housing estates, mainly of semi-detached houses, with a university hall of residence also nearby. There are no crime problems in the area and security is tighter than in Regents Park.

Even so according to local estate agents the market for Minster Court tends to be quite limited with many of them occupied by nurses and medical students working in a local hospital. Most purchasers are first time buyers. Sales can take up to six months. Two bedroom flats sold for upwards of £34950 with the houses selling for about £7000 more in 1998. Very few are rented out.

The estate was in patchy order with flats on the ground floor appearing to be least well maintained.

In North Tyneside at St Johns Green six blocks of refurbished five storey flats being were converted to bedsit accommodation and two bedroom flats and sold for £9500 and £18000 respectively in 1984. The development is situated close to the South Meadow Well estate that became during the late 1980s one of the most problematic estates in the north east of England. As a result resale prices in St Johns Green plummeted with the result that two bedroom flats were selling for as little as £10000. This situation reached an all time low in 1991 when riots erupted on the Meadow Well estate.

The council responded to requests for help from the local residents by constructing a "Ha-Ha" wall to separate the St Johns Green from South Meadow Well to the north, and all access roads were blocked off between the two estates. St John's Green is now completely secluded with high embankments all round. Immediately to the south is a local cricket ground. South Meadow Well, itself, has also been subject to a major transformation with selective demolition and much of its remaining stock having been transferred to private developers and housing associations.

The Lower Delaval estate in Newcastle, built in the 1920s, was converted into two bedroom flats. The flats have main door entry and are grouped in two storey blocks of eight flats. The flats were sold to mainly first time purchasers for between £10000 and £11000 within four months of opening a show flat and sales office in 1985 (Glendinning et al, 1989). The estate on inspection in 1998 had fallen into disrepair. There was only one street with full occupancy. Derelict and vandalised properties are rife and many of those that were occupied have locking security steel gates in front of their doors.

### *Newbuild Schemes*

Stockbridge Village was originally an overspill estate for Liverpool comprising of 3300 public sector houses built in the 1960s. Selective clearance led to the demolition of a third of these properties, mainly high rise blocks. The first owner occupation was effectively introduced in 1983 with an estate (on the periphery of the scheme) comprising 46 houses and bungalows sold in 1983 by Barratt for approximately £20-23000 per unit on a shared ownership basis. This was followed by a further 70 units at Blackthorn Close, also on a shared ownership 50/50 basis in 1984/5 also by Barratt. These were two bedroom bungalows or two/three bedroom houses priced from £21000 to £23000. In 1995 the local housing association built 10 two bedroom bungalows for sale at £34000 (without public subsidy) at Whitethorn.

A local estate agent noted that the first scheme was very successful helped by its own distinct identity with its peripheral location. Bungalows were selling for up to £48000 while the prices of three bedroom houses were in the mid £40000s in 1998. However, the Blackthorn Close development suffered significantly from mortgage defaults, and within 2 years about half were repossessed. This had a domino effect on prices although they have now recovered their position in the market. Whitethorn bungalows was a very successful development and resale values were in the mid-£40000s in 1998 prices. Overall prices have been stable for some years. Right to buy sales to sitting social tenants are buoyant in the area with 700 such sales properties since 1983, approximately a third of the social housing stock after the selective demolition.

Arrowbrook Park in the Wirral is located in the centre of the large Woodchurch local authority estate built in the 1960s on the edge of Birkenhead. An upgrading of the Arrowbrook Park area in 1983 incorporated selective demolition and a combination of improvement and new build for sale. Prices of properties sold in 1984 ranged from £13995 for a one bedroom flat to £21,800 for a three bedroom house (Glendinning et al, 1989). Interviews with estate agents established that in 1998 the three bedroom semi-detached houses including a garage and double glazing were selling for £65000. The market is quite localised and many of the houses sell to employees of the local hospital. A small new equivalent development had recently been completed nearby

### *Comparative Overview*

Demand for these estates tend to be localised or very narrowly defined so that market prices can be fragile. There are a number of other investment risks associated with purchase of houses on these estates. Repossessions can be an important influence undermining prices in the short term and potentially damming in the long term. External factors from neighbouring areas can also have serious consequences for resaleability. The Lower Delaval estate is evidence that such influences can be terminal.

The short histories of the conversion of walk up flats in almost identical projects demonstrate the importance of the immediate external environment. In the case of Minster Court, Liverpool the local surrounds have improved significantly since their conversion whereas the industrial area adjacent to Regent Park, Salford, has been subject to long term decline. Security concerns are higher in Regent Park. Reflecting this prices have risen more in Minster Court.

The low rise new development in Birkenhead is particularly successful and prices had tripled in less than

fifteen years and in other estates prices had doubled. However, the number of subsequent developments for sale that have followed has been limited, and even less of these have received no public support.

### **Comparison of Inner City and Public Sector Estates in Liverpool/Merseyside**

In this section we initially review the experiences of a sample of inner city estates and then compare these with those of the public sector initiatives in Merseyside. The estates chosen as noted above are chosen because they were amongst the first to be developed under the council's build for sale initiative.

The Stanfield Road estate in Anfield estate was the first build for sale scheme (under licence) in inner Liverpool. The first phase of the scheme was marketed between late 1976 and spring 1978. Stanfield Road was originally surrounded by council housing in poor repair and old terraced housing. Initially it comprised 194 units predominantly semi-detached houses but also included a small number of one bedroom flats, and some terraced houses. A second phase completed in August 1979 increased the total estate size to 338, of which 190 were semi-detached.

The 1977 selling prices were as follows – one bedroom flats £6915, two bedroom terraces £8225, two bedroom semi-detached £8975, three bedroom terrace £9300, and three bedroom semi-detached £9875-9995 (Housing Development Directorate, 1977). The dwellings sold quickly in common As with other inner schemes that followed as there were many more applicants (purchasers were vetted by the council to meet their priority groups) than dwellings available (Boggild, 1980).

According to estate agents prices in 1998 ranged from £15000 for the small flats through to £40000 for a two or three bedroom semi-detached house and up to £59000 for a five bedroom semi-detached house. Generally, if priced correctly, the properties sell fairly quickly in the estate. Only a few are rented out. Although these houses were originally sold to first time purchasers to meet the council's priority groups the larger ones are now bought by dual income families who are already owners. New estates now exist nearby which compete in the same submarket. The estate is well kept and there are no security or social problems. Many of the houses have extensions, porches, double glazing and improved driveways. To the south the area was subject to comprehensive renewal in 1998.

The Stanfield Road estate was followed by St Dunstons (Village) in November 1977. The location of this estate is within one mile of the city centre and the development follows a similar pattern to Stanfield Road with the majority semi-detached houses. In all 348 housing units were built in two phases with final completion in April 1985. The 1978 prices for two/three bedroom houses ranged from £7-8500. During 1980 a survey undertaken of the estate found a high percentage (14.7%) of the residents were from professional/managerial classes and the estate was attracting highly mobile families. A follow up survey in 1982 showed a high rate of mobility with 27% of the original purchasers having moved on. A further 16% of respondents' homes were up for sale. Of particular note is that by the time of the second survey most of the professional/managerial households had moved or were in the process of doing so. They were replaced by mainly skilled manual and non-manual workers (Ledward, 1986).

Crucially in between the two surveys the Toxteth riots of 1981 had occurred nearby creating significant negative attitudes toward the area. The consequences for the estate were that properties became difficult to sell. The survey found that of the properties on the market over half had been up for sale for over six

months and asking prices had fallen. In-movers were attracted by the low prices and generally had local connections (Ledward, 1986).

In 1998 estate agents reported few sales in the area perhaps suggesting a stable estate. One three bedroom semi-detached house was on the market at the time of our survey. With double glazing and a garage it had been on the market for six months at an asking price of £34000. The market for the estate is very localised and demand is predominantly from low income families. Much of the estate is very well kept especially the cul de sacs. Despite vacant land to the east for the last twenty years no new housing for sale has been built nearby since the estate was built.

The Walton Park estate is arguably not in an inner city location but it was built by Barratt under the same council initiative as the earlier two. The site is three miles north east of the city centre and close to open park land and surrounded by low rise inter-war council housing. 491 houses were built between 1978 and 1985, over three quarters being semi-detached. The selling prices for the original sales in 1978 were £12395 for a three bedroom semi-detached, £11650 for a two bedroom semi-detached and £14380 for a four bedroom detached house.

The estate was subject to the same surveys as St Dunstons in 1980 and 1982. From the beginning the estate was predominantly occupied by skilled manual and non-manual workers and families with well developed local ties. By 1982 only 13% of the original purchasers had moved, half that in St Dunstons (Ledward, 1986).

Our survey of estate agents found that two bedroom semi-detached houses were selling for around £25000 and three bedroom semi-detached for about £30000. There are some empty properties, most of the properties on the estate are very basic, and it is not a popular location. Time on the market before sale is almost twice the city's average at 30 weeks. The majority of sales take place at auction and often purchased by investors for renting.

### *Comparative Overview*

Boggild (1980) notes that there was excess demand for houses on these inner city sites when they were first marketed in the late 1970s and that prices rose very quickly in the first three years of the new build initiative (although the new prices were very low). But it is clear that by 1982 at least the St Dunstons estate was having difficulties in the resale market. Young professionals initially attracted to inner city living at St Dunstons had found it difficult to settle and had been discouraged by riots nearby. Some vacant property on the Walton Park estate and sales by auction suggest the existence of foreclosures by mortgage lenders and the introduction of renting from private landlords. Today prices are very low on two of the three estates and properties are difficult to sell. Demand is very narrowly focused. The Stanfield estate is the most successful although there is little difference in the characteristics of the housing built. The differential performance appears to be the result of neighbourhood location.

In comparison with the newbuild estates on the public sector communities in Merseyside inner city house prices are generally lower. Both types of developments seem to have experienced an initial surge in demand, perhaps stimulated by the low prices on offer, and initial purchasers benefitted from the consequent rise in prices. Such price increases were not maintained and neither have kept pace with the

long term rise in regional prices. Some estates have been subject to considerable redevelopment nearby changing their complete environment, for example Minster Court. There has been no new private housing development in the immediate environs of the inner city estates although some development (not all subsidised) has occurred close to estates in public sector communities.

### **Analysis of the Glasgow Experience**

To simplify our analysis and to enable a better comparison of initiatives the focus of the study is the eastern segment of the city. Many of Glasgow City Council's first build for sale and improvement for sale initiatives are found in this sector of the city. The analysis compares build for sale initiatives on the Easterhouse peripheral estate and two of the largest inner city build for sale schemes that were also amongst the earliest in the city's programme.

Easterhouse covers a large area and in reality a number of communities. To reflect this and the different character of the new initiatives three distinct clusters of developments are considered. The first cluster, called Garthamlock here is composed of six developments on the northern edge of the Easterhouse. There are three new estates of mainly semi-detached and detached houses totalling 309 houses and three improvement for sale estates of 200 flats in all. The first new build scheme was marketed in 1985, while initial sales of the first improvement for sale units were sold in 1991.

The second cluster of developments identified is at South Rogerfield in the south east corner of Easterhouse. The initial two developments were renovated former council stock in the form of three storey flats with secure entry systems and front and rear communal gardens. The first of these flats were marketed in 1985 and 1986. In all there are 108 properties in this first phase. Phase Two of these refurbished developments, completed by 1990, amounted to a further 229 properties of which 125 were two storey flats and terraced houses and the remainder three storey flats. New build developments followed – 69 predominantly terraced houses in 1989 and 62 houses in 1992 that included a third semi-detached houses and the remainder terraced. Thus the schemes in the cluster began with improvement for sale and 'graduated' to new build primarily terraced housing

Barlanark, our third cluster, is actually just one large improvement for sale scheme of 274 four storey flats on the southern fringe of Easterhouse. This development was marketed between late 1988 and 1991.

The two estates chosen in the inner east of the city are Dalveen Street and Monteith Row, three miles and one mile respectively from the city centre. The former comprises 134 housing units composed of terraced houses and four storey flats. Sales commenced in 1980. Monteith Row consists of 190 housing units that are primarily flats and sales began in 1982.

The temporal pattern of new sales is shown in Table 1. The first sales of the inner city sites are predominantly in the first half of the 1980s (it has not been possible to identify all sales). In contrast sales of new developments in Easterhouse began in 1985 and continued through to 1999, with over a hundred sales in each of the years between 1986 and 1990 and again in 1995. The zenith of sales occurred in 1989 and 1999 when sales almost reached 200.

Annual second hand sales in the inner city sites, given in Table 2, show only a modest turnover. Less than 5% per year for Monteith Row in the 1990s and after a period of relatively high turnover in the late 1980s

Dalveen Street exhibits turnover of just over 5% in the latter half of the 1990s. Table 4 reveals that house prices in Dalveen Street rose quickly during the intense period of market activity at the end of 1980s reaching over £31000 in 1991 and then having a bumpy ride in the 1990s with ultimately an overall rise of approximately 16% (unadjusted for mix). The growth in house prices in Monteith Row, where the initial selling prices were higher (Table 3), is even more modest. The late 1980s/early 1990s shows a relatively rapid growth in prices but this is not sustained, and although there is some variation from year to year prices are broadly stationary between 1992 and 1999.

Turnover or resale rates in Easterhouse are on a par with the inner city estates (Table 2). In Garthamlock resales are around 6% per annum except in 1995 when a large new development was marketed. Resales in South Rogerfield were not affected by this development but after peaking in 1990 they have been on a downward trend since. The current resale rate is approximately 6%. A similar downward trend in resales is found in Barlanark and the annual rate is only about 3%.

As in the inner city estates house prices rose in the late 1980s. Prices in Barlanark rose quickly over the initial sales period up to 1991 but have shown virtually no increase since then, perhaps 3% by 2000. After some growth in prices in the late 1980s South Rogerfield has an unexplained price peak in 1993, but the modest growth in early 1990s leads to falling prices in the late 1990s. The result is that average prices are now less than in 1989. The price of new houses in Garthamlock in the mid-1980s were relatively low and prices rise quickly to 1993. Prices in Garthamlock peak in 1996 but the fall away since seems to reflect sales of flats. It is therefore difficult to come to conclusions without further disaggregation between newbuild and improve for sale estates.

Rosenburg(1994) provides additional information on the experience of the housing market in South Rogerfield in the period up to 1992. He finds high levels of repossessions by institutional mortgage lenders especially in 1988 and 1989, when the numbers were 4.3% and 7.3% of the owner occupied stock respectively. In subsequent years the numbers fall away. These figures at least partly explain the relative poor rise in house prices in the late 1980s.

A potential knock on effect of the promotion of new build/improve for sale in public sector communities is the encouragement of right to buy sales and subsequent resales. Easterhouse is not an attractive area for tenants to exercise their right to buy principally because the house types are predominantly walk up tenement flats. Jones and Murie(1999) report that by the end of 1995 right to buy sales totalled 680 in Easterhouse, 8.2% of the 1980 local authority stock. This represented the second lowest after Castlemilk, a peripheral estate to the south of the city.

A further spatial breakdown and update to 2000 reveals sales in Easterhouse have increased by 261 in the subsequent five years to a total of 941. More than two thirds of the increase is accounted for by one subarea, Craigend, where sales also represent 57% of the area's total. These facts almost certainly reflect the house types in that area and its location on the edge of Easterhouse, close to the Garthamlock new build/improve for sale cluster. In contrast there have only been 43 sales in the Rogerfield subarea of Easterhouse and only 11 of these have been resold. In this area there has been no stimulus to the right to buy by the new developments.

## *Comparative Overview*

Comparison of the fortunes of the inner city and Easterhouse estates reveals in many cases a similar pattern of rising prices although this can be attributed to low prices and initial excess demand it could also be attributed to a general rise in house prices in Glasgow at that time. It may be both. In at least one case a weak growth in prices in the latter half of the 1980s can be attributed specifically to foreclosures by mortgage lenders. Any initial house price inflation is not maintained and turnover appears generally low for what are essentially starter homes. The reasons for this are not clear as subsequent new estates in Garthamlock sell quickly. Price rises in the 1990s show at best modest notional growth in Dalveen Street but falling in real terms. Two of the clusters of estates in Easterhouse have negative or static changes in prices while the conclusion for the other is inconclusive. There is no evidence of sustainable markets developing in Easterhouse and the development that has occurred has all received public subsidy. The inner city developments have stimulated no new developments in the immediate vicinities although new housing has been built elsewhere in the east end of the city. With regard to the right to buy the conclusion must be that the new housing initiatives have had a minimal influence on take up, which together with subsequent resales are also very low compared with elsewhere in the city.

## **Conclusion**

The paper addresses a key question in urban policy, the long term viability of local home ownership initiatives both in public sector communities and in inner city locations. The research chronicles the progress of a range of these initiatives toward the achievement of a potential sustainable market. The detailed dynamics of this process is considered only in Glasgow because of data limitations.

Demand for both types of estates is localised or very narrowly defined, so that market prices can be fragile. There are a number of other investment risks associated with purchase of houses on these estates. Repossessions can be an important internal influence undermining prices in the short term and potentially damming in the long term. External factors from immediate neighbouring areas can also have serious consequences for resaleability and growth in house prices. In some cases these factors can come together to be terminal.

Initially there is often excess demand for houses on these initiatives when they are first marketed and prices rise very quickly in the first three years of the estate. This is almost certainly because of the competitive pricing strategies. But this is not normally sustained. There is often a period of stationary or even falling prices and in many of the estates properties are difficult to sell. This means that purchase of these houses has in general resulted in a poor investment relative to opportunities elsewhere in the housing market. However, it is not all gloomy and there is a number of success stories.

It appears that the low rise new developments, generally on the edge of public sector communities but not always, demonstrate the greatest degree of success in the market. However, even for these estates the number of subsequent developments for sale nearby without public support that have followed has been limited. There appears also to be at best minimal influence on stimulating tenants to take up the right to buy. This is determined more by the characteristics of the house tenants occupy.

Finally in terms of assessment we consider the experiences of these estates by reference to our stages model of market sustainability. As noted earlier data limitations preclude a full formal test of this model. Instead it acts as a framework to guide the research. There is clear evidence of the first introductory and

growth stages but prices do not generally consolidate near to prices that make new development viable in its own right. There is therefore no consistent development of a critical mass. So while a resale market has developed in most of these estates prices are not high enough to establish sustainable markets.

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## **Appendix**

### **Details of the Selected Developments in the Inner City and Public Sector Communities**

In this section we set out details of the estates identified for consideration. Each city is considered in turn.

#### *Glasgow*

##### *Public Sector Estates*

There are three clusters of new developments on the peripheral estate of Easterhouse that was built predominantly of walk up tenement flats.

##### Cluster 1      Garthamlock

This area is on the northern edge of greater Easterhouse with good links to the M8 motorway and the bus network. There are six individual developments/phases to this cluster beginning in 1985 with the marketing of 127 new detached and semi-detached houses at Binns Road. This is a self-contained estate over 3 acres with a single access point. Directly to the east of Binns Road is Darnaway Street, an estate of 78 semi-detached houses, which was first marketed in 1988. This estate also has only one access point on to the same road as its neighbouring estate. Further along this road following the same model is a third new development of 2.6 acres with 104 units first marketed in 1994. These units comprise primarily detached and semi-detached houses although there are a small number of flats and terraced houses. The immediate location of these developments is relatively open with farmland and a loch to the north while to the south lies a community centre and playing fields.

Beyond these playing fields is 3-55 Portchester Street, 102 former local authority three storey flats that have been refurbished and sold off. Initial sales began in 1991. To the south, east and west of these flats are low quality local authority homes. There are also two parallel developments of flats improved for sale in Balcurvie Road amounting to 98 units. Sales of these flats started in 1990. The surrounding area of these flats is farmland to the north and east and refurbished three storey local authority flats to the south and west.

##### Cluster 2      South Rogerfield

There are a cluster of developments in this area that are in the south east corner of Greater Easterhouse, with semi-rural views to the east and south. It is close to Easterhouse rail station and has easy access on to the M8 motorway. The initial two developments were renovated former council stock in the form of three storey flats with secure entry systems and front and rear communal gardens. The first of these flats were marketed in 1985 by Crudens with Barratt's following a year later. In all there are 108 properties, 54 within each development. Phase Two of these refurbished developments, completed by 1990, amounted to a further 229 properties of which 125 were two storey flats and terraced houses and the remainder three storey flats. New build developments followed – Barratts began a development of 69 houses in 1989 that was predominantly terraced houses while Crudens began building 62 houses in 1992 that included a third semi-detached houses and the remainder terraced.

##### Cluster 3      Barlanark

This cluster comprises actually of only one large development that lies on the southern fringe of

Easterhouse, near a main arterial route into the city centre and within 15 minutes walk of a railway station. It is the largest single improvement for sale development of former public sector four storey flats in the city. This development comprises 274 flats and is also the largest individual development for sale in Easterhouse. It is close to a successful co-op. To the west of it are playing fields and a cemetery, whilst to the east are schools and refurbished local authority flats. South of the site is a railway line and the station, beyond which is an extensive area of private housing.

### *Inner City Estates*

For the purposes of this study the focus of inner city estates is confined to the east end of the city. Many of Glasgow City Council's first build for sale initiatives are found in this sector of the city. The estates chosen are the two largest schemes that are also amongst the earliest in the programme.

#### Dalveen Street

The initial marketing brief for this site of 4.89 acres was issued by the council in 1978, and Unit Construction began building on the site in 1980. It is bounded by one of the main arterial roads into the city centre (3 miles) in an area of mainly tenement flats, both private and public. The Forge shopping centre in Parkhead has been built since the estate was built and is a short bus ride away. The estate has 134 housing units composed of terraced houses and four storey flats. Sales commenced in 1980.

#### Monteith Row

This estate overlooks Glasgow Green (park) and the Peoples Palace to the south and is bounded by a major arterial road into the city to the north with at the time of building vacant land beyond. It is about a mile from the city centre. The 4.5 acre site was marketed by the council in 1980 and bought by Barratt for £5000. It built 190 housing units that are primarily flats and sales began in 1982.

### *Liverpool/Merseyside*

#### *Public Sector Estates*

#### Minster Court

Liverpool City Council were in the process of demolishing the inter-war walk up flats of Myrtle Gardens in the early 1980s when Barratt bought the remaining 200 flats and associated land for £250,000. Barratt transformed the estate with new brick and glass clad stair towers, access decks turned into balconies and increased security through the building of a perimeter wall and a secured entry with twenty four hour warden service. New 'starter' houses were also built within the site. In 1983 one bedroom flats were sold for £11985, two bedroom flats for £16550 and two bedroom houses for £20550. The first 41 flats were sold within 24 hours.

#### Arrowbrook Park

Arrowbrook Park is a high density in-fill development of 480 flats and maisonettes built in the 1960s on the centre of the larger Woodchurch estate on the edge of Birkenhead. The reputation of the wider estate

declined as this development fell into disrepair and became associated with vandalism and crime. In 1983 it was decided to upgrade the area the tower blocks were refurbished and retained by the council and Wimpey improved the remaining properties by a mixture of demolition, topping and new build for sale. Prices of properties sold in 1984 ranged from £13995 for a one bedroom flat to £21,800 for a three bedroom house (Glendinning et al, 198?).

### Stockbridge Village

Stockbridge Village started life as noted earlier as Cantril Farm, an overspill estate designed to decant people from Liverpool's inner city areas as part of the city's slum clearance programme of the 1960s. By 1982 the estate was suffering from major disrepair and a third of the stock lay empty. On the initiative of Michael Heseltine, Secretary of State for the Environment, a non-profit making village trust was set up to buy the estate with a view to remodelling the estate through selective clearance, refurbishment and the introduction of new housing for sale. A new local shopping centre was also built. Originally there were 3300 public sector housing units of which 1100 were demolished, principally four storey maisonette blocks and 3 twenty two storey flats. The first estate, comprising 46 houses and bungalows, was sold in 1983 by Barratt for approximately £20-23000 per unit on a shared ownership basis.

### *Inner City Estates*

#### Stanfield Road, Anfield

This estate was the first build for sale scheme (under licence) in inner Liverpool. Stanfield Road was originally surrounded by council housing in poor repair and old terraced housing. The first phase comprises 13 acres and was originally bought by the council under a compulsory purchase order. The land was sold to Wimpey for £5000, the equivalent of £9800 per acre after abnormal site costs are included. The first occupants moved in in December, 1976, and the site was completed in March, 1978 (Boggild, 1980). It was developed at 37 houses to the hectare and comprises 194 units predominantly semi-detached houses but also including a small number of one bedroom flats, and some terraced houses. A second phase completed in August 1979 increased the total estate size to 338, of which 190 are semi-detached.

The 1977 selling prices were as follows – one bedroom flats £6915, two bedroom terraces £8225, two bedroom semi-detached £89750, three bedroom terrace £9300, three bedroom semi-detached £9875-9995 (Housing Development Directorate, 1977). As with other inner schemes that followed in the latter half of the 1970s there were many more applicants (purchasers were vetted by the council to meet their priority groups) than dwellings available (Boggild, 1980). The selling rate was 2.97 sales per week compared with a standard industry goal of one a week.

#### St Dunstons Village

The Stanfield Road estate was followed by St Dunstons in November 1977. The location of this estate is within one mile of the city centre surrounded by terraced council housing and vacant land, and close to a major access road into the city centre. Again the land was a slum clearance site and the development follows a similar pattern to Stanfield Road with the majority semi-detached houses. In all 348 housing units were built in two phases with final completion in April 1985. The 1977 prices for two/three bedroom houses ranged from £7-8500.

## Walton Park Estate

This estate is strictly not in an inner city location but it was built by Barratts under the same council initiative as the earlier two. The site is three miles north east of the city centre and had been formerly a disused shunting yard but has a greenfield outlook next to a large park. Construction started in July 1978 and by completion of the site in April 1985 491 houses had been built, over three quarters being semi-detached. The selling prices for the original sales in 1978 were £12395 for a three bedroom semi-detached, £11650 for a two bedroom semi-detached and £14380 for a four bedroom detached house. The rate of sales were 1.4 per week.

## *Newcastle upon Tyne*

### *Public Sector Estates*

#### Lower Delaval Estate

The original estate was built in the 1920s consisting of 116 two bedroom flats and 42 four bedroom houses. To the south and west of the estate is waste land and to the east lies a park whilst there is an estate of semi-detached houses. By the early 1980s the estate had become unpopular and its physical fabric deteriorated. In April 1984 the estate was sold to Bellways with vacant possession. The properties were refurbished and all the properties converted into two bedroom flats. The flats have main door entry and are grouped in two storey blocks of eight flats. The flats were sold to mainly first time purchasers for between £10000 and £11000 within four months of opening a show flat and sales office (Glendinning et al, 198?).

#### St John's Green

Cecil Yuill bought this estate in 1983 for £200000. It comprised 108 dwellings in 9 five storey tower blocks. Selective demolition led to only six blocks being retained. These blocks were refurbished with central heating, insulation, door entry system, a pitched roof, and balconies added. A new access road was built into the estate. All the properties were converted to either bedsit accommodation or two bedroom flats. Selling prices were £18000 for the flats and £9500 for the bedsits.

## *Salford*

### *Public Sector Estates*

#### Regent Park

This development was formerly known as Ordsall flats and consisted of 208 flats in five storey blocks between 1939 and 1949 to inter-war walk up designs. The estate had become subject to high turnover and as the discussions were taking place with the developer it was only 37% occupied. Although the flats were structurally sound they were in a very poor state of repair and had become subject to vandalism, crime and litter problems. It was viewed as the worst estate in Salford by the local authority's chief housing officer (Bradford and Steward, 1988).

The local council sold the estate to Barratt in August 1983 to develop a similar scheme as Minster Court. Work started as soon as the sale was completed and included selective demolition. The remaining flats were refurbished incorporating private balconies and new closed entrances with entryphones. As in Minster Court a perimeter wall was built with one entrance which provides 24 hour controlled access. The site is bounded by an arterial road on one side and is approximately a mile from Manchester city centre.

The first block of 24 flats was completed in December 1983. The selling prices for the 170 flats ranged from one bedroom flats at £14350/15950 dependent on floorspace through two bedroom flats at £17350/18750 to £20150 for three bedroom flats. The vast majority, 144, are two bedrooms, with 18 three bedrooms and just 8 one bedroom.