

BRIEFING PAPER. March 2005.

Myths and reality about terraced housing:

20 myths about terraced houses - compared to the reality

Myth: “Most people these days want larger houses with gardens”

Reality: The Government is now forcing Councils and developers to build ever-smaller houses, packed in more closely together, either without gardens or else with only tiny ‘yard’ gardens. (1)

Many young professionals and older people only want a quiet space to sit in the sun or to hold occasional barbecues. Terraces with low-maintenance yards are ideal for many types of residents. Demand for smaller, more manageable, homes is currently far higher than the supply available.

Myth: “Prices of Stoke’s terraces are declining.”

Reality: Prices are rising strongly. The HM Land Registry keeps a record of all prices paid for houses. It reports that prices paid for Stoke-on-Trent’s terraces are rising steeply, and have been rising for the last three years (2). Latest figures for Q2 2005 show that the average paid for a terraced house in Stoke-on-Trent has risen steadily to £70,618 and continues to rise strongly. And the numbers being sold each quarter have more than doubled since late 2001 (3).

The average price of a terrace for the ‘ST6 3’ postcode, at the heart of Middleport, was £32,350 in the period April to June 2003 (Source: Land Registry via upmystreet.com), and average prices in Middleport have doubled since then.

If the Housing Pathfinder initiative is really being carried out on “a housing-market basis” then the current ongoing market *must* be taken account of. The market for terraces in Stoke is no longer “collapsed” - it has corrected itself without any state intervention, and has risen strongly over several years. Prices have risen even in Stoke’s most “undesirable areas”, such as Cobridge. (4) In desirable areas of Stoke, prices of terraces are reaching £100,000 or more. Prices as high as £180,000 for a single terrace house have been seen in Penkhull/Wolstanton in 2004.

Myth: “First-time owner-occupier buyers shun terraced houses.”

Reality: The Stoke market appears to be being driven by a healthy proportion of first-time buyers...

“according to Dean Reeves, residential manager of Butters John Bee estate agents in Hanley [Stoke’s leading agent and auctioneer], it is first-time buyers who have stimulated the [Stoke terrace] housing market rather than external investors.” (5)

So it is not correct to say that buy-to-let investors are only driving up the Stoke-on-Trent housing market.

There *are* buy-to-let investors in the market - yet not all such investors are unreputable cowboys - it is simply good financial sense to invest in a buy-to-let house, at a time when other types of investment give a very poor or uncertain return. A 2004 ARLA survey found that more than 90 percent of investor landlords say they will keep their investment properties even if house prices fall in the next ten years.

The rising Stoke-on-Trent market is only a part of a wider trend for first-time buyers to go for terraces, causing a region-wide demand....

“Prices for West Midlands terraced houses set the pace [at the first quarter of 2003], rising by 35.1 per cent, faster than in any other part of the UK.” (6)

Myth: “It’s cheaper to clear them with bulldozers & build again.”

Reality: It is more cost-effective to refurbish than to demolish. Here are recent quotes from regeneration experts, giving advice to Government on this point...

“The cost of CPO [compulsory purchase order] compensation and demolishing an empty property can be considerably more than improving a home in which someone is living.” (7)

“Hartlepool NDC has identified £20 million [for demolition] - more than for any other strand of work - but we think simply to purchase and demolish 800 properties treating owner occupiers reasonably well, will cost all of that.” (8)

“It’s cheaper to turn them into modern, acceptable homes than it is to build new. On all counts, the finances are stacked heavily in favour of renovating” (9)

There are also huge environmental costs in reducing homes to rubble - for example, it takes the energy from a barrel of oil to make just eight new bricks. And there are enormous landfill & pollution implications in disposing of demolition waste. In environmental as well as social terms, demolition is not “cheap”.

There may well be uncoded negative implications for the budgets of health, social services, schools, as well as deterring inward investment and ‘downshifter’ from relocating to a city.

In January 2005, the Government's conservation advisers, English Heritage, released a new report (*Low Demand Housing and the Historic Environment*). It said the cost of repairing a Victorian terrace home over 30 years is up to 60-percent cheaper than new building.

Myth: “Stoke has lost about 10% of its population since 1971, due to the closure of the mines and steelworks. Therefore we need to clear at least 10% of the houses”.

Reality: This myth ignores the well-established long-term trend towards smaller and one-person households. As more people live alone, get divorced and live longer, more houses are needed than otherwise. In the housing market, this trend has significantly offset population shrinkage in the city.

The city of Stoke-on-Trent is likely to see a massive population increase of 20,000 by 2020, according to a detailed December 2004 study by EcoTec. Clearly, we will need all of the city's existing housing within the near future.

This myth also ignores the ongoing inflow of people through immigration, which also drives up demand for affordable homes. The Government forecasts a rise in households in the UK of over 650,000 within the next three years alone, and by 1.2 million by 2011. (10). In addition, the Government Actuary's Department predicts a rising UK population of individuals from 58.8 million in 2001 to 63.2 million by 2026.

A 2002 study by consultants Atkins (in relation to the Burslem Masterplan, working closely with Advantage West Midlands and the city Council) found that Burslem's population is actually **stable, and has not declined**. They also found that 2001 unemployment in Burslem was significantly lower than the West Midlands average, and unemployment was declining. These figures came from an analysis of the 2001 Census data. (11). These findings are especially notable, in the light of the fact that it is generally agreed that about 1 million people across the country simply ignored the Census. For instance, in November 2003 the Office for National Statistics was forced to admit that the Census had set the population of Manchester far too low. (12).

Overall, the city's employment levels are currently stable and likely to grow slightly from 2004 to 2008, according to a detailed 2004 study by Experian Business Strategies.

Perhaps because of reasonably stable population & employment, Stoke-on-Trent does not have the same crisis level of boarded-up houses seen in towns such as Bradford - the number of vacant houses in our city is only 0.6 percent above the national average (source: GMB survey 2003) (13).

So there seems to be little justification in these figures for a belief that housing market “low demand” must herald large-scale demolition of

terraces - apparently in the region of 5 to 6,000 across Stoke-on-Trent. (14) and possibly as high as 14,000.

And we should not forget that the situation on “low demand” has radically changed across the UK since the late 1990s. In March 2004 Cambridge University & Shelter published a report on housing demand. It found that - rather than clearing homes - a large increase in house building may be needed in the Midlands and the North, just to cope with market demand to 2014. (15) In every region, except the north east, household growth forecasts have had to be steeply revised upwards in 2004.

Myth: “Terraces are always in poor condition. So no one wants to buy them”.

Reality: People do want to buy them. And research suggests that dilapidation - resulting from removal of Renovation Grants & the imposition of VAT on repairs since the 1980s - is not a critical factor which puts people off buying...

“The condition of the local housing stock has some, albeit limited, impact, particularly in the social housing sector, on housing demand. However, research suggests that it is not a critical factor in determining overall demand for an area. Many recent high profile examples of low demand were centred in areas with a relatively new and good housing stock.” (16)

So; “low demand” can be centred on “new and good housing” in “many” instances. Clearly, even the building of new houses cannot ensure regeneration and a healthy local housing market. Genuine community-based planning and refurbishment could - in conjunction with employment & decent wages - offer a better chance of sustainable regeneration.

The central findings of a CPRE research report in 2004 - *Useless Old Houses?* - also concluded that the type of housing in an area is **not** central to low demand problems. (17).

Myth: “Stoke’s present housing stock will never attract downshifters from the south of England.”

Reality:...

“The majority of first time buyers [in Stoke] are still local, but we are noticing more and more buyers are often relocating from down south. The main reason seems to be people taking advantage of the type of property they can get in Stoke, as people can get a lot more for their money. And it’s not just terraced houses. People are also buying up the larger detached properties. Just in the last year or

so prices have risen by 25 per cent.”—Dean Reeves, residential manager for Butters John Bee [the area’s biggest estate agent] (18).

... “you can’t get a terrace for gold dust. When one comes onto the market, it is snapped up.”—Hannah Gaskin of Stoke-on-Trent estate agents Reeds Rains. (19).

Myth: “Terraced houses are damp and thus ‘unfit’.”

Reality: A recent random study of several hundred terraces in the Middleport/Dalehall area of Burslem has shown a significantly lower-than-average incidence of “unfitness” (20); even when using the wide official definition of ‘unfitness’.

A row of 18th Century terrace houses on Newcastle Street, Middleport, are still standing, still in daily use and are likely to see another hundred years of use yet - they are in a Conservation Zone. Just because a building is old doesn’t mean it has “outlived its use”.

It is not the mythical ‘dampness’ or age of terraces that is the problem. In areas of York or Stratford-upon-Avon, two-up-two-down terraced houses with a small rear yard fetch £180,000, and even more in the south east. And old houses generally command a price premium - research has clearly shown that a pre-1919 house is worth on average one-fifth more than an equivalent house from a more recent era.

Myth: “Once everyone knows they’re coming down, they can be bought up cheap for demolition.”

Reality: The way that compensation has to be paid to commercial operations means that business consortia have bought up blocks of terraces in likely demolition areas, and put in asylum seekers via lucrative Home Office contracts. Regeneration experts have stated that such businessmen will be very expensive and tough to buy out using Compulsory Purchase Orders. (21)

Myth: “If a terraced house is to be demolished, the owner gets back what they paid for it, plus handsome compensation on top.”

Reality: Owners currently get only the *current market value*, set at the time a Council demolition scheme formally purchases the house via a Compulsory Purchase Order, plus only about £2,000 to £3,000 as compensation. This may change in the future, after the new Planning and Compulsory Purchase Bill goes through Parliament in late 2004 - then, an extra ten percent of the house-price may be offered as ‘loss payment’ compensation to owner-occupiers. But this extra ‘loss payment’ would still not be enough in most instances to buy another house elsewhere in Stoke.

One woman in Hanley was reported in *The Sentinel* as being offered a mere £25,000 for her terrace by the Council in October 2003, despite the average price of the city's terraces being around £44,990 in Q4 2003. If people are lucky enough to be able get another mortgage and so buy another house at a time of steeply rising prices, then most of the compensation is swallowed up in the costs associated with moving house. No one gets rich from demolition - except the developers who build the new housing estates on the cleared land.

Myth: “Terraces just need to be replaced with something better.”

Reality: “Something better” is often built to slipshod standards by low-skilled workers (22), room-sizes in new estates are often actually smaller than in older terraced houses, and new estates use more land (up to 40 percent more) than necessary.

Even newly built housing can quickly become difficult to sell...

“In many inner cities there is at least one new-build nightmare, often small new-build estates, which quickly become unsellable.” (23)

And even if the fabric of new houses is indeed ‘better’, the fabric of the community is often non-existent on new estates - ‘regeneration’ rarely extends to a regenerated community spirit and sense of community involvement.

Myth: “Terraces just need to be replaced with something modern.”

Reality: This myth ignores the strong ‘heritage’ argument for retaining cohesive areas of authentic terrace streets in historic areas, and even augmenting them with the replacement of features such as Victorian lamp-posts, original front doors, stained-glass, mosaics, railings, pillar-boxes and cobbles. (24) This would stimulate not only prices, but also valuable cultural tourism. It would also complement the ongoing regeneration of canals, pottery workshops, old parks, etc.

By looking “the same as everywhere else in the country” new housing estates deeply damage the regional distinctiveness which is so important for tourism. Tourism brings over 5 million people annually to Stoke-on-Trent, and is said to directly support 7000 jobs.

The UK's leading expert on urban neighbourhoods, Anne Power, has made a strong and sustained condemnation of the plans for mass demolition of terraces in her recent book (*Boom or Abandonment: housing conflicts in British cities*. Chartered Institute of Housing, Feb 2003), and a plea for

refurbishment. She makes it clear that terraced housing has played a key role in the recovery of London and other popular towns and cities since the 1970s.

Myth: “Replacing terraces with new-build houses enables Councils to introduce a more mixed type of housing stock (rented, social-housing, ownership, rent-to-buy etc). This mixing is socially useful and aids regeneration.”

Reality: The research evidence clearly shows that such ‘mixed’ housing does not significantly contribute to the regeneration of an area, and actually has some negative effects...

“The evidence base for the effects of mixed tenure and tenure mixing is weak. Available evidence suggests effects are not strong, and there are some negative effects. In some cases, effects are at least partly due to regeneration or social mix rather than tenure mix. The evidence does not justify promotion of mixed tenure and tenure mixing.” (25)

Myth: “Terraced houses are unhealthy”.

Reality: No one really knows the effect on health, not even the top researchers. Here’s Norman Parkinson, lecturer in environmental health at King’s College, University of London, giving evidence to a Government committee....

“We do not have any particularly good data which links long-term exposure to small doses of bad housing conditions, with health outcomes.” (26)

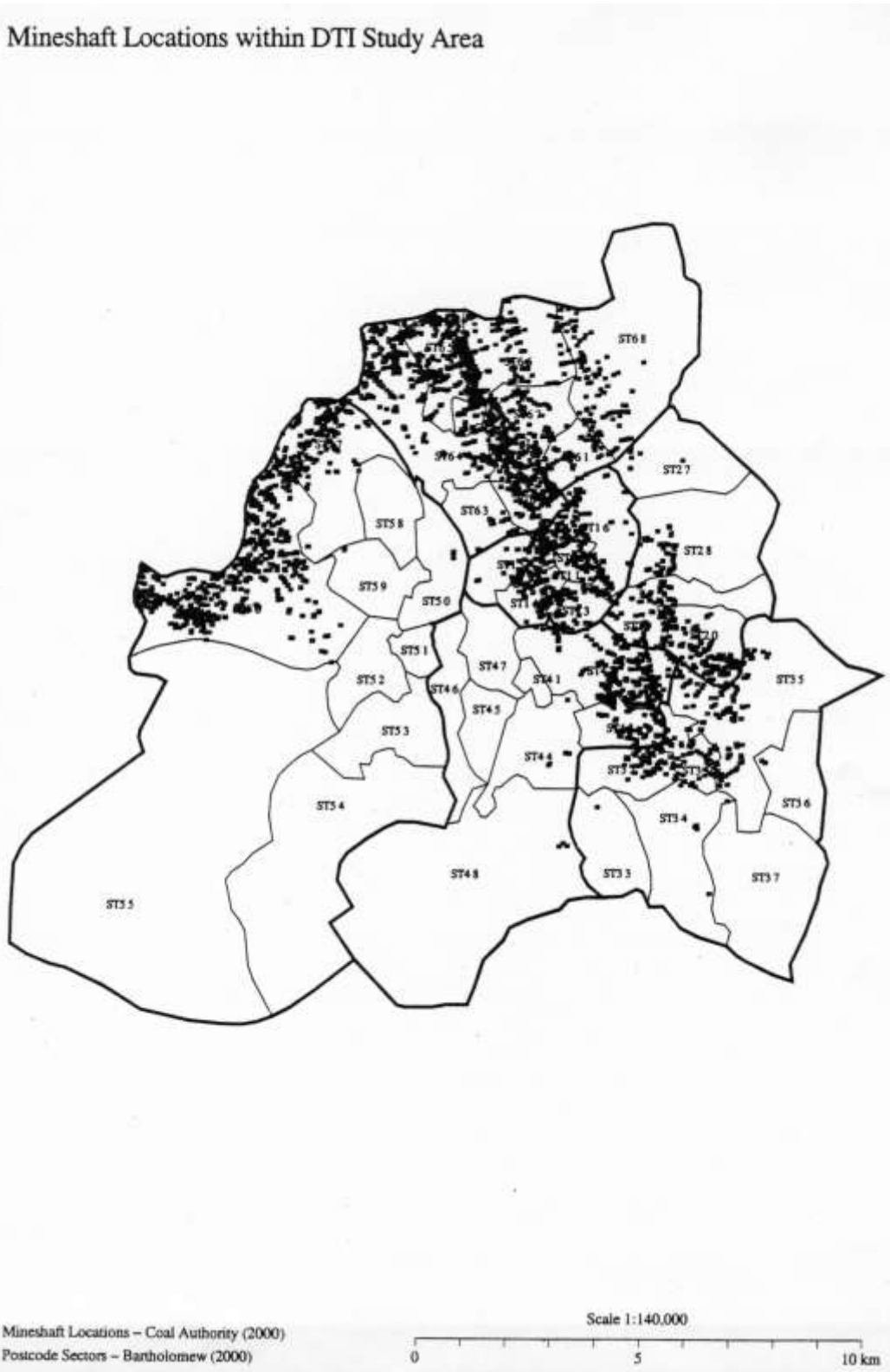
But we **do** know what effect demolition has. There are long-term ill health and stress effects, arising from compulsory purchase of someone’s home, most strongly affecting children and the elderly.

“Individuals who relocate unwillingly are the most likely to experience stress. Conditions such as depression, anxiety, restlessness and disorientation are also manifestations, as well as increased vulnerability to infections.” (27)

Myth: “Terraced housing was often built above land that was mined - and many such houses are therefore prone to subsidence.”

Reality: Subsidence over underground coal workings has indeed long caused problems in North Staffordshire. Yet a 1999 study of this matter, *The Local Housing Market and Mineshaft Incidence*, showed that the “ST6 3” postcode (i.e.: Middleport) has a very low incidence of mineshafts, compared to other areas. In the last three years we do not know of the

Sentinel newspaper having reported that a home had been made un-livable or un-saleable due to new mining subsidence anywhere in Stoke-on-Trent. The January 2005 Wardell Armstrong LLP report on Middleport's ground conditions, delivered to Stoke Council, concluded in its summing up: "Generally, there does not appear to be any ongoing ground movement, particularly abnormal ground movement associated with past mining". (28)



Myth: “Terraced housing was often build alongside main roads which have since become congested with cars - there can therefore often be an air-quality problem for residents.”

Reality: Air quality monitoring stations are indeed in use alongside the A500 road in Stoke-on-Trent. Yet the Council has not seen a need to put any monitoring stations in or close to Middleport. A wide quarter-mile border of natural-habitat separates the adjacent A500 road from the first houses at Middleport, far more than that which separates the A500 from the high-priced Porthill area. There are no complaints from Middleport residents about air quality, even at the height of the summer. Middleport is not mentioned anywhere in the Council’s 59-page *Local Air Quality Strategy* report (Version 3.1, December 2002).

Myth: “Terraced housing attracts dodgy absentee landlords who let to anti-social tenants.”

Reality: It is not the houses themselves that are the problem - since new-build ‘social housing’ can bring with it much the same problems.

Only a tiny minority of tenants causes problems. Rented terraces can even be seen as a public good - through providing affordable homes for many honest & law-abiding groups: such as new comers, newly-formed couples, low-wage earners, recent divorcees, and students.

If tenants do cause problems, then the authorities need to use their huge range of new powers to curb unsavoury activities; such as landlord licensing, police vetting of tenants, confiscation of empty houses, anti-social behaviour orders, litter-abatement orders, drug raids, on-the-spot fines, truancy fines, etc. Good-practice such as better street lighting, youth clubs, playground maintenance, litter clearance, gates on alleyways, and street wardens are also important. In 2002, Middleport’s new Wardens scheme was reported as having reduced crime here by 80 percent. A landlord-licensing scheme has been in place since 2004.

Even when empty private-sector rental houses (‘voids’) - such as the short row of houses that were on Luke Street - do occur, it is important to remember that even in the few remaining ‘low demand’ areas of the UK there is still at least 80 percent occupation. Also, that....

“Where void rates and [tenancy] turnover are rising, it is important not to jump to the conclusion that this represents low demand.” (29)

In the case of the commonly cited Middleport eyesore that was Luke St; this small street only looked that way because the Council forcibly purchased about eight properties there in the ‘90s - but then were not able to find the money for clearance until autumn 2004. Effectively, the Council’s actions

actually made the problem worse; instead of trusting the free market to find a solution, they imposed their own long-term blight on the street.

Myth: “Clearance of terraces boosts prices and demand in neighbouring areas”

Reality: Anne Power, the UK’s leading housing expert, says that there is evidence that recent clearance actually blighted neighbouring areas...

“The problems already experienced by the rehousing of displaced families in Newcastle, where demolition forced the rehousing of many families, has created knock-on effects on the next layer of neighbourhoods, often blighting them and spreading rather than containing the problem of low demand.” (30)

There is an additional effect - demolition blights local schools. Birmingham now has a major educational problem arising directly from mass-demolition of homes; as large numbers of children move from school to school, these unsettled children have dramatically lowered school attainment statistics. Poorly performing schools mean aspirational families will not move into the area, and teacher recruitment becomes increasingly difficult. (31)

Myth: “Terrace houses are energy-inefficient and are expensive to maintain.”

Reality: They are cheaper to run & maintain. Sophisticated research on this matter was carried out for *Heritage Counts* in 2003. A team of architects, quantity surveyors and mechanical and electrical engineers, compared a Victorian terraced house with a modern post-1980 house....

“The research demonstrated that, contrary to earlier thinking, older housing actually costs less to maintain and occupy over the long-term life of the dwelling than more modern housing. Largely due to the quality and life-span of the materials used, the Victorian [terrace] house proved almost £1,000 per 100m² cheaper to maintain and inhabit on average each year.” (32)

Myth: “People don’t like living in old terraced houses.”

Reality: People like living in a home they own, and have a chance of owning outright within a few years. Terraces give ordinary people on modest incomes a chance of home-ownership in a steeply rising housing market. The best survey shows that 90 percent of all households want to buy their own house, and 74 percent say they want an older house. (33)

Endnotes:

- (1) Office of The Deputy Prime Minister - circular ODPM 1/2
- (2) <http://www.landreg.gov.uk/ppr/>
- (3) <http://www.landreg.gov.uk/ppr/>
- (4) Exciting Times On The Terraces. Nick Coligan. Sunday Sentinel newspaper. 25.0.03, page 9.
- (5) Exciting Times On The Terraces. Nick Coligan. Sunday Sentinel newspaper. 25.05.03, page 9.
The changed attitude toward terraces strengthened in 2004 -- see also: The Sunday Sentinel, 4th January 2004, page 5....

“Local estate agents believe the boom in the North Staffordshire housing market shows no sign of slowing.” ... “Terraces are likely to go beyond their current [price] level in the next year, to anything from 10 to 20 percent” [says Paul Keates of Keates & Sons.]” ... “Old Victorian terraces are the most popular.” [says estate agent Alan Dale].
- (6) ‘Region’s house prices quicken’, April 4th 2003, The Birmingham Post.
- (7) Derek Martin, Manchester City Council - <http://www.planning.odpm.gov.uk/cp/05.htm> -speaking at a conference organised by the Office of the Deputy Prime Minister.
- (8) Hansard. Charlie Hughes, Chief Executive of Endeavour Housing Association, giving evidence to the Parliamentary Select Committee on Transport, Local Government and the Regions, September 2001.
- (9) The UK’s leading expert on urban neighbourhoods, Anne Power, in The Guardian, 10th March 2004.
- (10) Short Survey of Published Material on Key UK Trends: 2001-2011. Cabinet Office - Performance & Innovations Unit.
- (11) Burslem Urban Design Strategy and Action Plan presentation by Atkins, 27.06.03.
- (12)
“If you have areas where single females are receiving benefits and living with illegally cohabiting partners, known as the ‘boyfriend under the bed effect’, then obviously there will be many men and women who will not be counted as neither will fill in the form. Likewise, in communities of densely populated ethnic minorities, it is more difficult to count the number of family members per household. Also new inner city developments which are often full of single young men, are very difficult to account for. The men are usually out or can’t be bothered to fill in the forms.”—Robert Barr, statistician with the Office of National Statistics. Quoted in: “Missing people may cost Brum millions”, *Birmingham Post*, Apr 17 2004.
- (13) Sunday Sentinel, 15th June 2003. Page 7.

(14)

“All house builder interests argued for the inclusion of the latest local authority estimates of demolitions from the 2001 Regional Capacity Study; this represents an additional 6,500 or so on the estimate of 64,300 included in updated Table 1. Most of the difference lies in Stoke-on-Trent which is not an area where the private sector foresaw a strong demand. We therefore agree with WMLGA that the figures should not be increased, as some of the demolition in Stoke may not be rebuilt on a one to one basis.”—‘West Midlands Regional Planning Group Panel Report - Housing’, October 2002.

“Brendan Nevin, the Birmingham housing specialist ... has calculated that at least 250,000 houses [in England], and possibly many more, face demolition in the next 20 years.”—Guardian, 24th September 2003.

(15) ‘House price crisis’, 7th March 2004, The Observer.

(16) For a general overview, see: renewal.net’s ‘Low Demand; an Overview’ at www.renewal.net

It is important to note that academic studies of low demand draw heavily upon council-tax data. This unreliable data may be skewed because of increasing council-tax avoidance by both tenants, buy-to-let owners, and owner-occupiers.

It is also clear that the low-demand situation is rapidly changing in 2003/4, even in the hardest-hit areas of the northern mill towns....

“Northern [council] authorities experience of low [housing] demand is completely changed. There is buoyant market demand.”—said Ian Conway, chief housing officer, Blyth Valley Housing, in *Inside Housing* magazine, 20th Feb 2004.

(17) Useless Old Houses? What to do with the North West’s low demand housing and high density heritage, The Campaign to Protect Rural England, April 2004.

(18) Sunday Sentinel, 25th August 2003.

(19) The Independent newspaper, “Property Hot Spot: Stoke-on-Trent”, 10th December 2003.

The Sunday Sentinel, 4th January 2004....

“...terraces are likely to go beyond their current level in the next year, to anything from 10 to 20 percent” [say Paul Keates of estate agents Keates and Sons.]” ...
“Old Victorian terraces are the most popular.” [with buyers, says estate agent Alan Dale].

(20) Middleport Neighbourhood Renewal Assessment report, 2002.

(21) ‘Nonsense’ policy redirects regeneration cash to private landlords. July 23rd 2002, The Guardian.

(22) The Sunday Times, October 13, 2002 - ‘Builders face rebellion over shoddy homes’.

(23) Andrew Bennett MP, ‘Urban Regeneration’ conference paper, published on his web-site.

(24) George Lambrick (Director of the CBA), 'Stop wrecking Victorian terraces'. *BA* magazine, issue 65, June 2002.

Anne Power & Katharine Mumford. 'Boom or Abandonment: housing conflicts in British cities.' Chartered Institute of Housing, Feb 2003. (Anne Power is the UK's leading expert on urban neighbourhoods).

See also: the ongoing debate, public enquiry and interventions by English Heritage in the Whitefield area of Nelson in Lancashire.

(25) The Promotion of 'Mixed Tenure': in search of the evidence base. Paper by Dr Rebecca Tunstall, Dept of Social Policy, London School of Economics. Spring 2002.

(26) Norman Parkinson, lecturer in environmental health at King's College, University of London. Giving evidence to the Office of the Deputy Prime Minister: Housing, Planning, Local Government and the Regions Committee, on 17th June 2003.

(27) *Summary Evidence Review Series: No 11 - Health Impacts of Relocation*

<http://online.northumbria.ac.uk/faculties/hswe/hia/evidence/eleven.htm>

(28) Appendix of GVA Grimley report, *Integration of Middleport Neighbourhood Action Plan with Burslem Town Centre and Urban Design Action Plan*, January 2005.

(29) Alan Murie, Centre for Urban and Regional Studies University of Birmingham. *Changing Demand*. The Housing Corporation, September 2002.

(30) Anne Power. *Sustainable Communities and Sustainable Development*. Sustainable Development Commission, Feb 2004. Page 23.

(31) 'Demolition blamed for pupil crisis'. *Birmingham Post*, 20.03.04.

(32) Measurement of Residual Embodied Energy in Heritage Housing, BRE, September 2003.

(33) Anne Power. *Sustainable Communities and Sustainable Development*. Sustainable Development Commission, Feb 2004. Page 6.

February 2005.

TERRACE HOUSE PRICES IN STOKE-on-TRENT (LAND REGISTRY AVERAGES)

