



# **After the Auctions**

## **Impacts of the Disposal of Social Housing in a County Durham Village**

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#### SUMMARY

- This report focuses on an example of a wider UK phenomenon – the mass disposal onto the market of social and public housing.
- 159 Housing Association social housing properties in the Numbered Streets in Horden, County Durham, were disposed at auction during 2015-16, at short notice and with no consultation or stipulations on purchases.
- A year on from the auctions, a range of negative effects in Horden’s Numbered Streets are evident on the area’s residents, wealth, environment and community, including:
  - A decrease in availability of social housing
  - An increase in private rented tenure, with very few landlords accredited
  - The majority of auctioned properties still lying empty after 12 months
  - Concerns about local house prices, and increased negative equity for owner-occupiers
  - A more divided community
  - Most housing wealth tied up in the properties has moved out of the North East, reinforcing regional disparities in housing wealth and insecurity
  - A feeling among residents that environmental and social problems have worsened
- The report calls for legislative change to ensure these negative effects are not repeated elsewhere. In particular, changes are needed to protect and bolster the UK’s social housing stock, and to regulate private landlords.

## 1. INTRODUCTION

The Numbered Streets is an area of terraced streets in Horden, County Durham, built before 1920 to house Horden Colliery's miners. In the 1980s, many of the houses were transferred to the ownership of Accent Housing Association, which became the area's largest landlord, providing social housing.

Between September 2015 and May 2016, 159 of these properties were sold off by Accent Housing Association, at a series of auctions in Newcastle and London.

The national crisis of affordable housing and shortage of social housing are recognized by all UK political parties. The speed with which the Horden auctions took place, without consultation with residents; stipulations or regulations on buyers; or planning and investment for the area's future, has led to widespread criticism of Accent Housing Association. A previous report that outlined the history of the housing and events leading up to the sudden announcement of auctions, pointed to the actions of Accent in managed decline and lack of investment of the properties in the decade leading up to the auctions, in the context of national government housing policy (Pain et al. in association with HCRA, 2015).

The Horden auctions are one example among a number of recent mass disposals of social housing across the UK. All have been criticized for their social and economic impacts on communities, and especially for worsening housing insecurity, homelessness and poverty (Elmer and Denning, 2016; Grierson, 2017; Minton, 2017). However, Horden has a very different context, lying within an ex-coalfield area in North East England, as the area is not scheduled for redevelopment or considered likely to experience gentrification.

This report asks:

- **Who purchased the housing at auction?**
- **To what use is the housing being put?**
- **How is this affecting the local housing market?**
- **What are the impacts on local people, the community and the environment?**

The research was funded by a Durham University Laidlaw Scholarship. Ethnographic research was conducted over a six week period during the summer of 2017. The researchers spent time in local community sites including the Hub House, Community Centre and Heritage Centre, observing and discussing with staff and visitors, and attending meetings with residents, police, council officials, local councilors and regeneration partner organisations. Formal and informal interviews were conducted with 25 residents. Housing data from Durham County Council, Horden Colliery Resident Association and Accent Housing Association were analysed.

## 2. THE AUCTIONS: FACTS AND FIGURES

159 empty properties owned by Accent Housing Association were sold, at nine main auctions in Newcastle and London between September 2015 and May 2016, and in smaller numbers thereafter as they have become available (i.e. tenants pass away or move out).

- The average price paid per house at the nine main auctions was £16,356.
- The range was £12,000 – £34,000. The vast majority were under £20,000.
- The total sale price raised by Accent from the nine auctions was £2,600,645.

Several houses were resold by new owners within weeks of the auctions at a higher price, with profits of between £2,833-£19,750.

As far as existing data show, none of the houses sold at auction are owner-occupied.

Instead, the houses sold at auction are either still lying unused, or privately rented:

- For the Numbered Streets as a whole, only 35 homes (22%) have been brought back into use in the last 12 months, indicating that the majority of those auctioned still lie empty.

As of July 2017, the make-up of landlords in the Numbered Streets as a whole was:

- 265 private landlords
- 115 (43%) landlords are locally-based in the North East
- 148 (56%) are absentee and based in other UK regions or outside the UK (see Section 3 for details)
- There was no information available for 2 landlords (1%)

### 3. THE IMPACTS OF THE AUCTIONS

#### → *A shift from social to private rented tenure*

As a result of the auctions, stock available for social housing has been dramatically reduced, and private renting has increased.

Nationally, as all political parties now admit, there is a great shortage of social housing in the UK, at a time when the affordability of private renting and owner-occupancy is worsening and homelessness is increasing. Accent are widely perceived as poor landlords who did not meet their obligations in Horden. The benefits of social housing should include continuity of residence in the area, better housing conditions and repairs, and wrap around services.

Accent Housing Association argues that it was forced to sell its empty properties because of lack of demand. However, previous research suggests that managed decline of properties, and false promises to tenants contributed to a high number of the properties becoming empty (Pain et al 2015). Several partner organisations in the area have stated the view that early intervention by social landlords would have avoided the decline experienced by Accent's stock, and its eventual disposal.

National government housing policies have led to the deregulation of private landlords so that they no longer under any obligation to provide homes of a decent standard, or to make background checks on tenants moving in.

"It would be better if there was a vetting system."

"Private landlords... they don't care, just want profit."

"Private landlords are crap, they don't keep up to date with damages and there's drugs and alcohol everywhere. People smash their own houses up – they don't care."

"The landlords now, haven't even come to Horden! Haven't even seen it. They are just buying them as an investment. Even if they only have them for a couple of years, by the time they get the rent then they've got the money back...No intention of coming to Horden, no intention of moving in."

(Residents' comments, summer 2017)

Durham County Council has tried to engage those who bought houses at auctions, offering grants, loans and accreditation. 15 landlords in the Numbered Streets were accredited by July 2017, covering 163 properties, some occupied and some empty. The total number of houses renovated through a loan product is 18 totalling £234,595. A further 13 loans have been approved totalling £195,000.

Such schemes are voluntary, and there is little incentive in the most marginal housing areas where tenants tend to have few choices for landlords to sign up or to make improvements to properties. Under current government policy, the only way to oblige landlords is to set up a selective licencing scheme. However, this can only be used in certain circumstances, is costly for local authorities and has not been possible in Horden.

### → *Most empty properties remain*

Despite the justification for the disposal, the majority of the 159 properties sold at auction are still empty. Only 35 were brought back into use between July 2016-July 2017, suggesting that many buyers are speculative. While a minority of houses have been refurbished for private rent, to differing standards, evidence suggests the disposal of social housing has not resolved the issue of empty properties and the associated problems they create in the Numbered Streets, such as vandalism, litter, rat infestations and fire risk.

“You can see some of them are abandoned, they’re just empty. No one is living in them.”

“The houses are falling apart.”

(Residents’ comments, summer 2017)

### → *The negative equity trap*

Prices had already dropped significantly in the Numbered Streets in the years before the auctions.

“When the pits closed, a lot of people put their redundancy into buying their house thinking that they were going to be there for ever. That was their security and I think it is those people that are now stuck there, because they can’t get out...A lot of people bought them as an investment and have now realised they have lost that money.”

According to Horden Colliery Residents’ Association, there were 130 owner-occupiers in the Numbered Streets in November 2015, as the auctions of social housing started, and many of these residents are concerned that the auctions will depress property values forcing owners further into negative equity.

Initially, the small number of resales after the auctions may have contributed to a small rise in property prices in Horden of 5% in the last 12 months according to [www.rightmove.co.uk](http://www.rightmove.co.uk), while nearby areas have seen static or reduced prices. However, this includes properties in Horden but outside the Numbered Streets area, and is not expected to continue. The area does not have the socio-economic mix, services or infrastructure to see the inflation of value of empty social housing properties seen in other parts of the UK.

Since the auctions, for example, one owner-occupier wanted to put her house on the market for £60,000, but it was valued by an estate agent at £20,000. Another had paid £53,000 for his house on a 20-year mortgage, and saw the houses on either side of him auctioned for less than £20,000 each.

“Some people...they want to move but they can’t, just ‘cause they can’t sell their house. The house auctions probably haven’t helped.”

“I mean half the houses around here are empty. The houses are going for nothing. It’s disgusting. Some people can’t sell their houses!”

“Some of those houses are going for like, ten grand. It’s a good thing we sold ours when we did...People buying from everywhere and then houses sit empty. Twelfth Street is the worst. It’s like a ghost town...It’s bad. Not like it used to be. It’s not the same, sad really. Some of the older people I know feel like abandoned.”

(Residents’ comments, summer 2017)

Negative equity also impacts the quality of privately rented housing nearby, as affected landlords are less likely to feel it is worth taking out loans to improve their properties: a key dynamic in the ‘managed decline’ of housing areas.

→ ***A more divided community***

Low cost rents in areas such as the Numbered Streets can attract tenants who have exhausted other options, sometimes because of issues with behaviour or offending. However, there are also many other reasons why people have lost tenancies or been made homeless elsewhere, such as unemployment, benefit changes, the ‘bedroom tax’, and the clearance or redevelopment of affordable housing elsewhere. Either way, it is the case that many newcomers to the Numbered Streets have not chosen to live in the area.

One noticeable effect of the auctions is an increase in negative perceptions of newcomers, who are often blamed by longer-standing residents for anti-social behaviour, vandalism, drug dealing and use and more serious crime. There is a feeling that problem tenants had increased since the auctions, although data on letting suggest that few auctioned properties are newly tenanted. Where this change is occurring, it is in non-auctioned private rented properties, but it may still be aggravated by the auctions as discussed above.

Many residents interviewed say that some community spirit still exists, especially among older or longer residents, but that this is under continued threat due to the rapidly changing housing situation.

“They don’t integrate, just stay inside all day.”

“I mean it’s clear they don’t want to be here. They don’t care ‘cause they think they won’t be here long. I think the sense of community in Horden as well, not what it used to be...It’s very sad.”

“You don’t feel safe any more specially with the young’uns around.”

“It’s affected the neighbourhood. All the empty houses, drugs, people just don’t care. And with new people moving in that don’t take care of their houses. Some of the houses and around the back, it’s disgusting. Like dirty nappies everywhere.”

“With all the new people moving into the houses, made it worse. It’s like someone decided to pick up and just drop these people in the most deprived place in the country. What did they expect?”

“In the end Horden will just be a dumping ground, places for people that no one else will have...So if it is run down then it is going to stay run down.”

(Residents’ comments, summer 2017)

Such comments arise from frustration and anger about the area’s decline, as well as reflecting a tendency to pathologise individuals at the sharp end of housing poverty. It is clear that responsibility lies with national housing policy and the actions of some social and private landlords in the area.

→ ***A loss of housing wealth from the area***

“Most people who buy houses are from outside of the area.”

In contrast to more affluent parts of the UK, social housing in ex-mining villages of the North East has relatively little *exchange value* (its worth in financial terms, or house price). And yet, in the case of the Numbered Streets, Accent Housing Association has managed to capitalise on the existing exchange value by accumulating £2.6m from auctions: a very significant realisation of assets, even though it is relatively little per property (£16,356), especially compared to sums raised in similar sales in cities such as London or Bristol where housing markets are more buoyant.

In Horden, more than anywhere, it can be argued that the longer-enduring *use value* of the properties as social housing was greater than its exchange value (on this theme, see Gutzon Larsen et al 2016; Edwards 2016; Watt and Minton 2016).

Accent is a national Housing Association based in Bradford in Yorkshire with already significant assets. Its stated ‘values’ are ‘improving homes, improving communities and lives’ (Accent 2016). Yet despite requests from Durham County Council and Horden Colliery Residents Association, none of the profit from the auctions has been returned to local organisations, either to protect people made vulnerable from housing decline and auctions, or to invest in the Numbered Streets.

This section of the report examines the national distribution of the wealth tied up in the Numbered Streets properties.

115 landlords in the Numbered Streets are locally based in the North East. The 148 (56%) who are based outside the North East are from 77 recorded areas, according to records held by Durham County Council. The regional distribution of these areas is shown in Table 1. The locations are fairly evenly distributed between UK regions - however, the exception is a concentration in the South East and Greater London that makes up 43% of landlord regional bases outside the North East.

**Table 1: Regional locations: Numbered Streets landlords based outside the North East**

North West	6
Yorkshire and the Humber	6
East Midlands	5
West Midlands	6
East Anglia	4
South East	21
Greater London	12
South West	7
Scotland	0
Northern Ireland	4
Wales	1
Outside UK (Australia, Ireland, Norway, Spain, Thailand)	5

The situation and motivations of most buyers at the auctions who are from outside the region are unknown. However, with the majority of houses sold at auction (at least 78%) as yet showing no sign of renting or other use, it is reasonable to assume that most buyers are wealthy enough to afford to speculate in a local housing market where average prices have plummeted in recent years. Even the relatively low average of price of £16,356, for a house that will not be lived in, is far beyond the reach of most residents of the Numbered Streets.

Moreover, when we examine average house prices in the landlords' own locales (as an indicator of their home area's wealth) – see Table 2 - we can infer that the assets represented by auctioned housing are largely moving to much wealthier parts of the UK. The pattern of sales thus has an interesting, and disturbing, relationship to the growing North-South divide in property wealth (Dorling 2014). The housing situation in Horden (like the social housing crisis in general) has national consequences as well as national causes – property-led wealth accumulation in one part of the country is affecting another, much poorer area, with evidence of some draining of assets from North to South, and the intensification of what is already a serious imbalance in wealth between the north east and southern regions.

**Table 2: Detailed locations: Numbered Streets landlords based outside the North East**

Albury Heath, Australia, Batley, Bedfordshire, Belfast, Berkshire, Billericay, Bilston, Birmingham, Birstall, Bognor Regis, Bradford, Brighton, Bristol, Calne, Cambridge, Carmathen, Chatham, Chatteris, Chelmsford, Cheshire, Chester, County Antrim, County Amargh, County Down, County Monaghan, Crediton, Croydon, Derby, Devon, Dorset, East Sussex, Edgware, Enfield, Essex, Hampshire, Hampton, Harrow, Hastings, Hounslow, Huddersfield, Ilford, Kent, Lancaster, Leicester, Liverpool, London, Manchester, Melton Mowbray, Middlesex, North Yorkshire, Northampton, Norway, Norwich, Nottingham, Oxford, Oxfordshire, Pershore, Peterborough, Plaistow, Potters Bar, Redruth, Rugby, Southampton, Southend on Sea, Spain, Stanmore, Surrey, Tamworth, Thailand, USA, Wallington, Walsall, Watford, West Drayton, West Yorkshire, Wilmslow, Wimbourne

A second geographical process involves a number of new residents moving to Horden and elsewhere in the North East from other parts of the UK. Before the auctions, the Numbered Streets were seeing increasing numbers of newcomers from other parts of the North East. While we do not have numerical data, during the research we met and heard about numerous tenants recently moving in from other UK regions. Rather than being a direct impact of the auctions, this is sometimes an effect of the disposal of social housing in other regions, most infamously the London ‘clearances’ that make way for profitable private developments (Dorling 2015; Meek 2015; Elmer and Denning 2016; Minton 2017). This has also been witnessed in nearby towns and villages, notably Shildon, suggestive of a South-North counterflow.

Therefore, at the same time as assets are moving out of the North East, marginalised tenants are moving into the North East. This process, too, has further consequences in accelerating regional disparities in wealth.

→ ***“Adding insult to injury”***

The research found that a number of residents either did not know about the auctions taking place, or knew very little about them. Homeowners were especially likely to know about the auctions, partly because of their interest in house prices. However, most residents spoken to said that the auctions had had negative effects, and they felt they would worsen existing problems experienced in the area.

“Nothing wrong with selling the houses that way, just the people who buy them... 50% good, 50% bad. It depends on who they put in the houses.”

“The auction has made the area much worse.”

“Disgusting, for what the prices they’ve gone.”

“They aren’t selective, there are no checks made on anybody.”

“The auctions add insult to injury.”

(Residents’ comments, summer 2017)

When asked what life is like now in the Numbered Streets, a few residents say they feel things are improving. Some feel that the problems and publicity created by the auctions has brought more attention to the village. Others praise annual clean-ups by police and Council teams, although some observed that their effects do not last. However, many residents feel that things have only got worse since the auctions, mentioning problems with flytipping, rubbish being thrown onto back streets, rat infestations, children and dogs out of control, thefts and burglaries, visible drug dealing, and being scared to walk at night.

“The Numbered Streets are improving, but they are still dangerous. There is a lot of mistrust between residents.”

“Maybe if you don’t live here, looks like things are better. But no. There are still loads of problems that aren’t being sorted.”

“There is just nothing to do. Nothing for young people to do, so they cause trouble. People like me love the allotments so that’s something we have. But kids aren’t interested in that, they need something to do. To keep them off the streets at night cause that’s when they cause trouble.”

(Residents’ comments, summer 2017)

### → *The Hub House*

The Hub House is a drop-in centre based in a terraced house in the Numbered Streets, opened in 2017. A long campaign by Horden Colliery Residents’ Association highlighted the need for more resources and a base in the village. The Coalfields Regeneration Trust purchased and renovated the property and has funded a Community Engagement Coordinator for two years, hosted by East Durham Trust, to build relationships and coordinate the activities delivered from the Hub House. It is a base in which workers and team of volunteers offer support to local residents about housing and related social and economic issues such as benefit problems, hunger, debt, social isolation and mental health problems. It is also a hub for services for the whole East Durham area.

Our understanding is that Accent made the property, which was empty and in a bad state of repair, available to the Coalfields Regeneration Trust as a concession because of concerns about the auctions. However, Accent neither repaired the house nor donated it for free.

The Hub House was mentioned in very positive terms by a number of residents.

“Now we have this place where we can all meet up and have a chat and a good crack. So it’s getting better!”

“East Durham Trust sent me here for help and just to get out of the house you know? As well as being disabled I have depression and used to shut myself indoors all the time...activities like these are really good and I’ve met lots of new people here.”

(Residents’ comments, summer 2017)

#### 4. CONCLUSIONS

A year on from the auctions of social housing, a range of negative effects in Horden's Numbered Streets are evident. These tend to compound the existing problems in the area, problems connected to housing for tenants and homeowners, but also related issues of crime and anti-social behaviour, environmental problems and quality of life.

Allowing the auctions was an extraordinary act of short-sightedness on the part of the Homes and Communities Agency, and deeply irresponsible on the part of Accent Housing Association. On one level, it has led to a loss of value within the area: not only is the potential use value of social housing lost to the area vis-à-vis families being able to live within the neighbourhood and contribute to the life of the community; but also, with little other than a crude housing market at play, the exchange value has also been evacuated from the locality. On another level, though, it places on to the market the future of the community, as many existing and longer-term residents face a precarious and uncertain future, not just in terms of the value of their homes but also the social and environmental management of their neighbourhood.

Finally, there are also crucial issues of responsibility and accountability. Accent has devolved – or more accurately, absolved itself of – responsibility for governing housing on the Numbered Streets, and through the sell-off, revealed itself to be more of a player in the private market whose aim is to reap profit than a responsible organization channelled towards 'improving communities and lives'.

The evidence contained in this report underlines the need for action to avoid similar mass unregulated disposal of social housing in the future. Legislative change is urgently needed to protect and bolster social housing stock, and to allow and enforce regulation of the growing number of private landlords in precarious areas of housing.

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