

Regeneration vs. the market: how were house prices in Barking affected by renewal projects in the area?

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Abstract

Two of New Labour's main goals, in social and public policy terms, were extending sustainability and to increase housing stock. These aims were set out in Europe's largest Brownfield regeneration project across the Thames Gateway, covering parts of London, Essex and Kent. The most expensive housing in the UK, in the South East of England, is situated in some areas covered by the Thames Gateway regeneration initiative, which placed at its core the goals of housing renewal (Thames Gateway Delivery Plan, 2007). This article examines the relationship between regeneration, sustainable communities and house prices in one area of the Thames Gateway (Barking). We begin by reviewing the key aims of increasing housing stock in Barking and outlining the complex interactions between the key stakeholders. Next, house price data from the borough is compared to the South East region and a commentary is given on why certain property types are more expensive in Barking. Particular attention is given to whether these discrepancies are a function of the regeneration initiative and who stands to gain from inflated prices. The paper concludes that typically it is first-time buyer property prices that are inflated suggesting that demand for housing in the borough may be originating from more transient populations, an observation that may be at odds with the sustainable communities' agenda.

Introduction

Historically, Barking has been an area of high levels of poverty and immigration (see figure 2 in the sections below) with a history of housing renewal following extensive damage in the Second World War and, more recently, the nearby Docklands project. This article examines the housing projects for renewal in Barking (as part of the wider Thames Gateway initiative) alongside house prices in Barking, illustrating the drivers and obstacles for housing renewal caused by the high level of prices in the region.

Though there is some literature on regeneration in the UK and on the Thames Gateway in particular (*inter alia*, Henneberry and Guy 2002; Davies 2002; Brownhill and Carpenter 2009; Raco, Henderson and Bowlby 2008; Allemandinger and Haughton 2009) it tends to come from political geography, planning, and public policy, and discusses governance arrangements of renewal projects in the main often in relation to the 2012 Olympics. Despite

the social drivers in the policy context of housing, communities and education which are key themes of this renewal, relatively little is known about the effect or relationship between the renewal projects and the wider social policy context of areas targeted in the regeneration initiative such as housing. This article aims to fill this gap by discussing the progress of the housing renewal projects in Barking in the broader social policy context of housing and house prices in this region.

Regenerating Barking: Key Target and Projects

The key aims of the regeneration in Barking are focused upon housing, education and communal spaces. The entire region is included in ambitious targets, from rejuvenating housing estates such as the Gascoigne Estate, to developing the town centre, communal areas, and the renewal of Barking Riverside. In achieving these targets, there are key concerns that need to be addressed in common with the rest of the Thames Gateway regeneration initiative. Specifically, Barking aims to improve sustainable development measures, energize the existing community in the region and also to attract new residents to the area.

The goal of increasing housing numbers targets the creation of housing units around shared space. The new projected housing units are, rather than tower blocks or high rise units, organized around areas of shared communal land which reflect two of the main aims in Barking (and the wider Thames Gateway region as a whole) of environmental growth through increased green areas (trees, gardens, public spaces such as parkland) and engendering a community focused spirit among existing and new residents in the area, set out in the region's 'Economic Development Strategy' (Barking & Dagenham Borough Council 2004; www.lbbd.gov.uk 2007).

These are both set out as targets for the region in the Thames Gateway Delivery Plan (2007) and in governmental literature produced by Barking and Dagenham borough council, such as 'Barking: an urban renaissance in East London' (2003). Several key actors are involved in jointly achieving this renewal in Barking. Given the location of the area in east London and running into Essex, the area encompasses national, regional and local concerns. In addition to these, there are private sector and community interests involved in regenerating Barking and several agencies who play a key role in delivery of the targets in London (the effect of this, geographically in terms of achieving targets on Barking, is discussed in detail later in the chapter).

Among these agencies is the GLA group. Comprising the Greater London Authority (GLA), the London Development Agency (LDA), the Olympic Delivery Authority (ODA), and Transport for London (TfL) as well as Police and Fire services, the GLA group is accountable to the Mayor of London (at present, Boris Johnson). It is the Mayor who is responsible for setting the GLA group's budget (www.london.gov.uk and www.lda.gov.uk 2009). As noted above, the GLA group consists partly of the ODA and the LDA, both of whom have a key role to play in the renewal of Barking (as well as the other London areas of the Thames Gateway initiative). The ODA, which is charged with delivery of the 2012 Olympics in London, was set up after the successful London bid for the Games in July 2005. Its main role is to deliver 'venues and infrastructure' together with 'an Olympic legacy' (both www.london-2012.gov.uk/ODA 2009).

The ODA is closely linked-through the GLA group to the Mayor of London in delivering the Games, notably the Olympic Park and the new stadium at Stratford (and the effects of such projects on Barking will be discussed in detail later in this chapter). The role of these actors in delivering the targets in Barking is reflected in Barking's Town Centre Action Plan (2003). Jointly published by the LDA and Barking and Dagenham borough

council, this document lays out the vision for renewal. The proposed regeneration of the town centre illustrates one of these chief goals: the creation and maintenance of green communal areas in public spaces, to provide both a sense of physical space and also to foster feelings of community in the region (www.lbbd.gov.uk 2008). The achievement - or otherwise - of these targets in the region and the role of the actors in regenerating Barking is important.

Figure 2 Socio-economic data for Barking, 2000-2010

Barking	2000	2010
Population	164572	170000
No. of residents over 60	28306 (17.2%)	32300 (19%)
No. of unemployed residents	8670 (5.1%)	5780 (3.40%)
No. of ethnic minority residents	32470 (19.10%)	42500 (25%)
No. of residents with no formal academic qualifications	67150 (39.50%)	67150 (39.50%)

(Source: www.barking-dagenham.gov.uk 2010 and ONS 2004)

The large number of homes targeted in the area reflects the central priority of addressing provision in an area which has experienced racial conflict (see figure 2). Allied to this, the emphasis on sustainable communities reflects the diverse make-up of the residents in the area with a growth in the ethnic minority population of around 6% between 2000 and 2010. The strong focus on communal areas, set out in the Borough's 2020 Vision and the Town Centre renewal, which seeks to improve shared urban spaces and provide housing, is aimed at addressing social issues by fostering a sense of community that will endure – the sustainable community. Other issues, such as the relatively low level of educational attainment in the Borough (39.5% of residents have no formal academic qualifications) are also addressed through projects like the Lifelong Learning Centre which, as a partly CLG funded project opened in 2009, did not fall under the 'Thames Gateway' regional umbrella.

Housing in Barking

Looking at the targets in the region a respondent from the local level rejected calls for optimism from central government in the Thames Gateway, citing the economic climate as a major stumbling block that would impact on the levels of completion in housing projects.

Patently, for Barking, the completion of new sustainable housing is of paramount importance. The issue of money is one which brings into play the question of Barking council's place in the policy process. Responding to the question of how much autonomy Barking has in selecting projects for funding, a respondent from the local level in the borough

noted that Barking would agree how much money goes where. On the topic of how much influence Barking wields with funders, the respondent also noted there was some uncertainty and that the relationship between these larger agencies, such as the LDA and the local level, needed to be clarified. This uncertainty has been brought about by the creation of the HCA. Though the HCA has been brought in to steady the ship in the Thames Gateway and provide clearer lines of communication and responsibility, some organizations, like Barking, maintained a close relationship with English Partnerships which would conceivably be difficult to maintain following the transfer of function to the HCA. Not only does the shift mean that organizations and relationships fostered over time will be jeopardized, particularly at the local level where deadlines and finance need to be in place on local projects, but also as the HCA is the delivery vehicle for regeneration in the Thames Gateway the organization is likely to be swamped with responsibilities from the start of its tenure. This local viewpoint on the transition to the HCA does show an acceptance of the need for a change in governance structures following the failure of the unwieldy amount of partners in the network and is an example of the government reasserting centre control through another agency.

Figure 3 Outcomes and funding of projects in Barking, 2000 - 2010

Project/Aim	Time period	Funder(s)	Cost (£)	Outcome/on schedule
Town Centre	2003 – 2020	LDA; Redrow Regeneration Ltd	72m	First phase completed 2008; second phase to be completed late 2010
Barking Riverside	2004 – 2020	Barking Riverside Ltd (joint venture company between the HCA and Bellway Homes)	3.5bn	Planning permission granted in August 2007; construction commenced on site in February 2010; first 3650 houses on site occupied November 2010 and early 2011; 10800 homes by 2020
London Riverside	2005 – 2016	LDA	32m	2000 homes and 2500 jobs by 2016

The three main Thames Gateway projects (figure 3) represent the difference between policy and governance in the Borough. Whereas the model of governance and the leadership of the Thames Gateway regeneration have been lambasted by practitioners in the region for its lack of clarity and direction, the delivery of projects is another matter. As set out in the table above, the main projects have enjoyed a large degree of success. The renewal of Barking Town Centre, as part of the Borough's 2020 Vision, has already completed the initial phase of development on schedule and has gathered several awards for the project in the process.

The project has been recognized by the European Prize for Urban Public Space in 2008 as well as the British Construction Industry Award in the same year (local authority award). The planning industry's MIPIM Best Mixed Use Award in 2007 also reflects the success in phase 1 of the Town Centre project of the goals of housing, communal areas and sustainable development. In phase 2 of the Town Centre initiative, on schedule for completion in late 2010 as set out above, the focus is upon housing with 232 apartments set to open which will additionally incorporate green roof technologies (creating space for planting on rooftops to foster local business interest, reduce surface water and improve local ecology) to reflect the Borough's aim of more sustainable construction.

The Barking Riverside project represents a major success in the Borough. A massive £3.5 billion has been invested in the project by Bellway Homes and the HCA in the form of a new limited company, Barking Riverside Ltd. The project is also a part of the Borough's 2020 Vision with some 10800 new homes targeted to be built in the area by this date to house 26000 residents. Thus far the Barking Riverside project has created 3650 new units set to be occupied in late 2010. Planning permission was granted in June 2009 for this phase of work to begin with building of the 3650 new homes getting underway in Spring 2009 (www.barkingriverside.co.uk 2010). The project has also won recognition from the Housing Design Awards in 2010. In addition to the housing units on the project, Barking Riverside has also earmarked a new primary school (proposed to open in 2011) and a new community centre.

The London Riverside initiative, stretching between the Borough and into South Essex, is also aiming to create 2000 homes and 2500 jobs in the area by 2016. This project, widely backed by £32million worth of funding from the LDA, demonstrates the strength and importance of the major actors in the Borough in terms of funding. The LDA and the HCA dominate these projects in terms of finance, supporting the assertions made by survey and interview respondents that these actors are the most important in the governance model. In terms of delivery, the policy objectives – in terms of achieving these projects – show real progress and attainment.

This illustrates the difference between policy and governance in the Thames Gateway as a complex and inefficient governance map comprising of a large number of stakeholders. A high level of confusion among these actors (as the interviewees demonstrate) seems to frustrate progress and has been subject to a lack of leadership from the centre. Looking at the projects, however, it is evident that while there has been an overly complex and directionless governance of the Thames Gateway the key actors, such as the LDA and HCA, have driven the projects forward by large amounts of funding and management.

Following the Comprehensive Spending Review introduced by the coalition in October 2010 and the resultant scrapping of and merging of QUANGOs, the private companies involved in the delivery of these projects have been given greater responsibility for delivery, notably following the scrapping of the LDA. The focus on housing, however, has not only served to drive forward renewal in the borough but also has attracted potential residents to these new properties in an area undergoing transformation. This has seen some impact on the housing market in Barking and the resultant prices of properties which may have an impact on the sustainability agenda. The following sections set out these impacts.

Data & Method

One way to assess the effect of housing renewal in Barking and Dagenham is to look at the housing market itself. Relating trends in housing prices over a period of time to contextual

events, such as regional development and temporal decisions made by key policy actors, will illustrate what the impact of such actions are for consumers of housing. This is particularly pertinent as the buoyancy of the housing market within the borough will determine the price of the new properties – thus if the goal of attracting new residents to the area is to be realised (as discussed in the regions ‘Economic Development Strategy’, Barking and Dagenham Council 2004) then house prices must presumably remain competitive with those of the surrounding area.

Therefore the intention of this paper is to provide a comparative analysis of house prices between Barking and Dagenham and the South East region as a whole, with the latter group acting as a control for exogenous influences on the housing market. The use of the South East region as a control group is justified by the fact that the Thames Gateway regeneration initiative is, in effect, a region-wide scheme. This means that it is possible to control for trends that are a function of the regional initiative and highlight only how Barking and Dagenham differs. Such an experimental approach could not be pursued using, for example, a national dataset of house prices. In summary, we are interested in whether the trends in housing in Barking and Dagenham differ from the region and whether these discrepancies can be explained by internal factors such as policy actors or local authority decisions.

Data on house prices is sourced from the Land Registry (www.landregistry.gov.uk), the public body responsible for recording the details of all property transactions in England and Wales. The dataset offers summary information at the local authority or regional level including the average sales price of properties and the number of such transactions. In addition to an aggregate summary of all properties by authority or region, the data is also divided by property type as follows: detached, semi-detached, terrace and flat/maisonette. This finer disaggregation will allow differences in price to be observed between different types of properties. The Land Registry compiles these statistics every month with the first observation made in January 1995 and the most recent being November 2010 (at the time of writing). This results in 191 points of observation over a more than 15-year period and adds historical context to the more recent regeneration initiatives.

It should be noted at this stage that because of the frequency with which the observations are made, it is possible that the number of property transactions in a comparatively small area (such as Barking and Dagenham) may be few. In such a scenario the average price may be heavily influenced by outliers or anomalies that have sold for much more or much less than might be typical for other similar properties in the area. The fewer the number of transactions, the larger the impact of such properties would be thus as the data is disaggregated the property type the problem may become more apparent. However, if the trends in prices are not overly erratic from one time of observation to the next then we can assume that the results have not been skewed by the detrimental effect of a small sample. This limitation will be considered throughout the analysis and commented on if appropriate.

Results (Overall Average)

Figure 4:

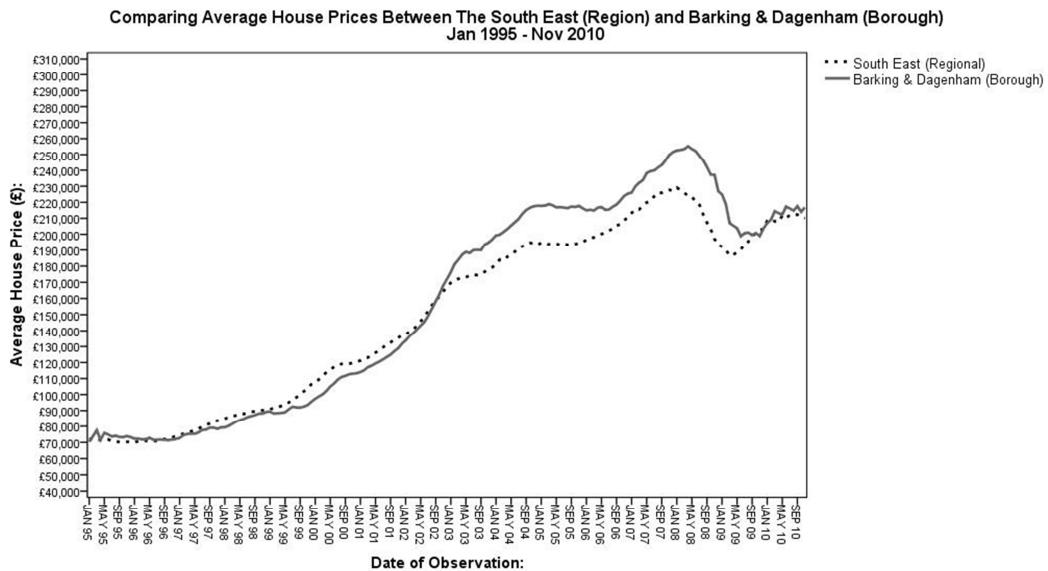


Figure 4 shows the average sales price for all properties in Barking and Dagenham and the South East region. Overall the pattern of house prices in Barking and Dagenham reflects changes and trends observed across the South East suggesting that it is a suitable control group. However, from around September 2002 the average cost for properties between the two comparative areas diverges with a disproportionate increase in Barking and Dagenham that is maintained until a disproportionate fall in prices re-aligns the two trends, ending the disparity around September 2009. Thus during these seven years house prices in Barking and Dagenham rose notably above the regional average. This rise can be at least partly accounted for by the concomitant renewal projects in the area. While over this time period, house prices were buoyant across the south east, Barking's renewal programme in house building (alongside cheaper prices than many areas in London) increased the need to attract new residents into the area alongside the aims of improving living standards for the existing community, driving up interest in the market in the area. However, this is the trend for the average prices of all properties in the comparative areas. When our focus is turned to types of property it becomes clear that the explanation for this trend is more complex and that not all property types have seen the same increase in cost i.e. sale prices are not homogenous.

Results (Detached)

Figure 5:

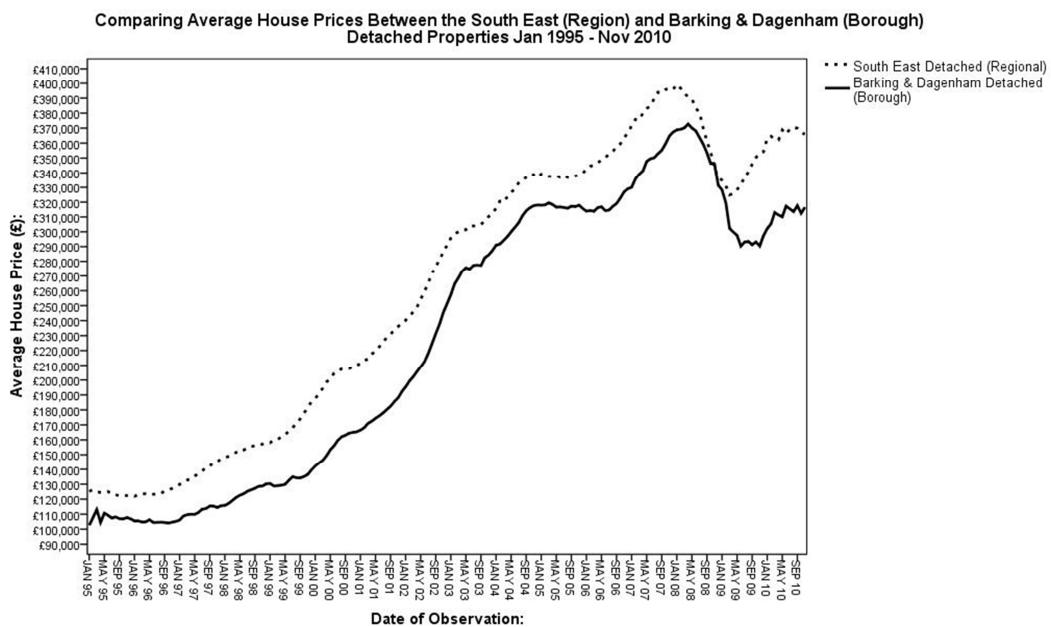
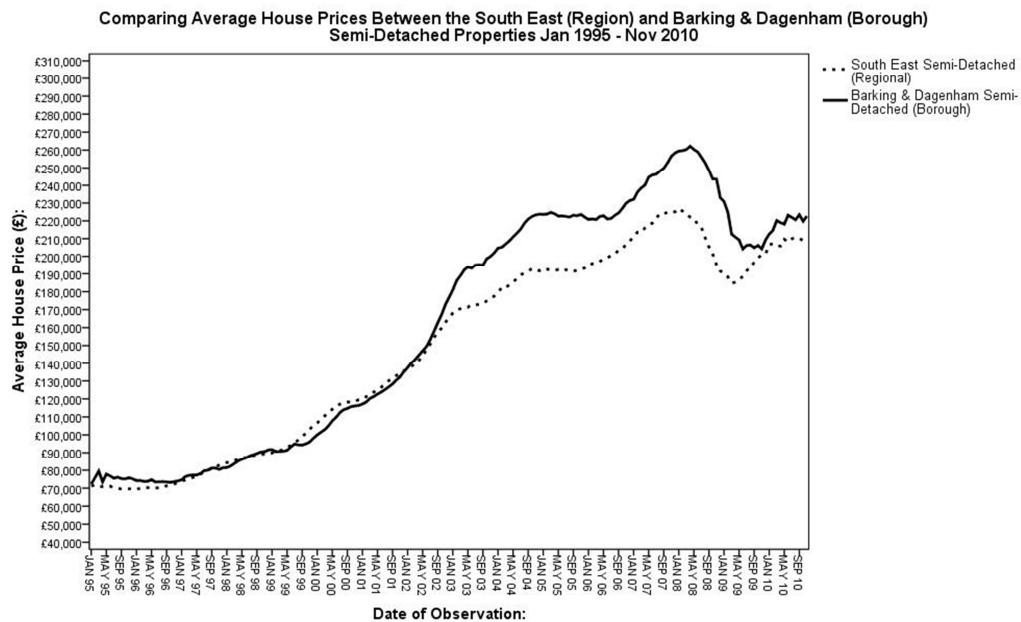


Figure 5 illustrates the trends in prices for detached properties only and provides an excellent demonstration of why the average house prices in figure 4 are misleading. At no point do the average prices of detached properties in Barking and Dagenham exceed those of the South East region, suggesting that the high overall averages shown in figure 4 between 2002 and 2009 must be a function of the high prices of other types of property. The trends for detached houses in the South East and Barking and Dagenham mirror each other very closely with changes in price showing largely equal proportional effects on both areas. However, it is notable that the sharp fall in property prices across the South East starting after September 2008 is delayed in Barking and Dagenham until around January 2008. What could be the cause of this delayed reaction? One explanation for this trend lies in the continuing building of renewal housing projects through 2009 and into 2010, (before the private companies involved in these projects were given more responsibility by the coalition government in delivery and following the reductions of numbers of agencies in the projects). In 2008 these projects were still receiving funding and were progressing, with the resultant effect that the market interest took longer to recede in the borough, despite the overall national picture of gloom following the collapse of Northern Rock.

Results (Semi-Detached)

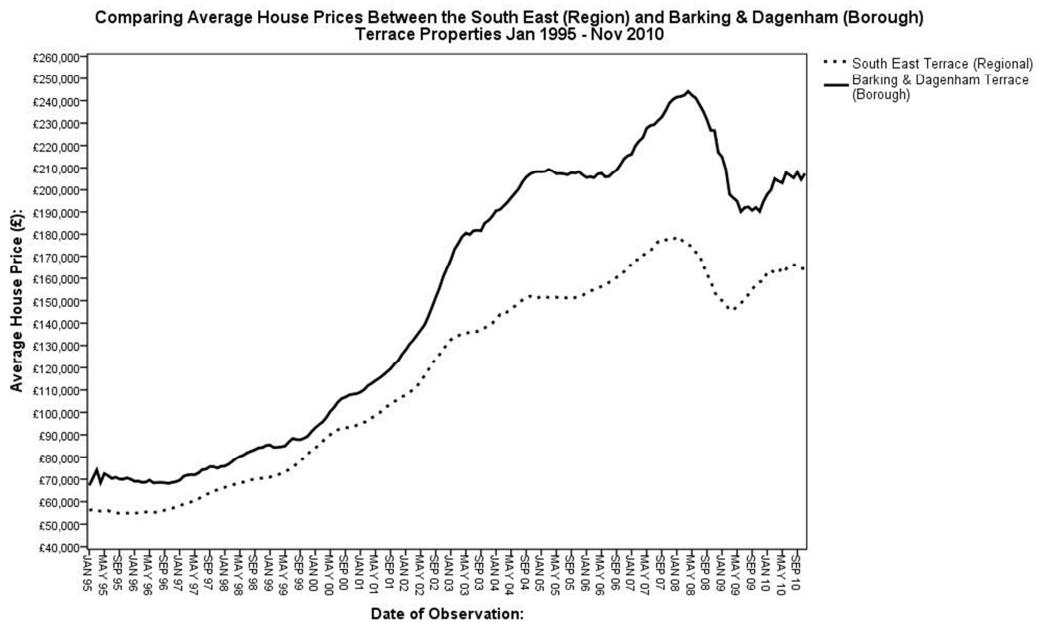
Figure 6:



In figure 6 we begin to see a similar trend emerging to that of figure 4 with semi-detached properties in Barking and Dagenham increasing in value at a disproportionate rate compared to the South East from around September 2002 until the start of a decline in September 2008. Interestingly this decline does not result in prices being realigned with the South East Region in a similar fashion to the pre-September 2002 period with semi-detached sales remaining slightly buoyant in comparison.

Results (Terrace)

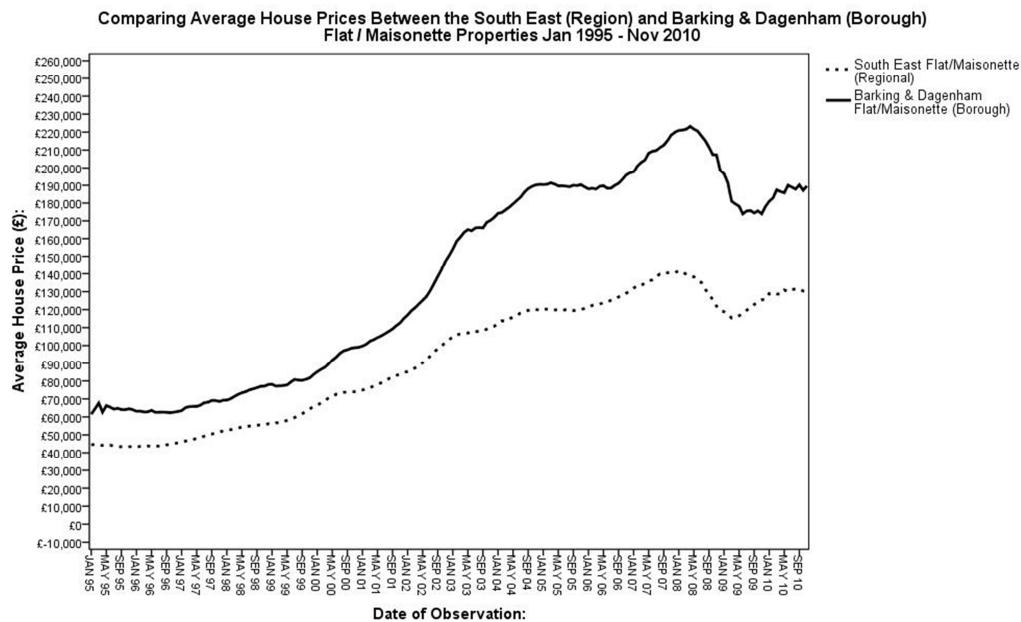
Figure 7:



The pattern of sales prices for terrace properties, shown in figure 7, reveals that prices were always higher in Barking and Dagenham than in the South East region, even before the exceptional rise starting around September 2002. However the disproportional increase in value is more marked among terrace properties than those that are semi-detached or detached. Indeed the significant difference is maintained to very similar proportions even after the sharp drop in prices commencing around September 2008. For some reason terrace properties in Barking and Dagenham, although affected by exogenous changes in the housing market (similar peaks and dips in the authority and the region); have remained buoyant and protected from the return to near regional values seen in semi-detached properties. The protected nature of terraced housing in the borough is perhaps due to the first time buyer market rather than any impact of the renewal housing projects. These houses additionally come under the umbrella of social housing which (prior to the proposed coalition changes to rental prices) were set at predetermined levels.

Results (*Flat/Maisonette*)

Figure 8:



Finally, flat/maisonette properties in both the South East Region and Barking and Dagenham show very similar trends to terrace properties with the one caveat that the average property price was higher pre-September 2002, thus the increase over the next seven years appears to be less pronounced. Nevertheless flat/maisonette properties remain buoyant and protected as with the terraces. The buoyant nature of the flats however can be placed in the context of the regeneration projects. More properties with a focus on flat building, especially new properties in an area of renewal, will attract greater interest and distort the market by inflating interest in these types of properties over this period of time.

Conclusion

Looking at the data gathered from house prices in the region and the concomitant focus in Barking on housing renewal, the housing prices which remained buoyant encompassed those smaller properties that can be classified as first time buyer houses and these types of housing (not semi- or detached properties) were the houses being built and renewed in the regeneration projects in the area. This had the effect of distorting supply and seeking to create sustainable communities, but in reality perhaps flooded the market with these new types of desirable housing and attracted transient buyers - key to the renewal's aims of fostering job creation and new talent in the area.

Such a situation is damaging to the aims of creating sustainable communities as these transient buyers would not be seeking long term settlement in the area, thus causing negative impacts for the sustainability concept and also creating larger than anticipated demand for these properties and thus driving down the demand for larger properties in the borough. As noted earlier, historically, given its geographic location and its high levels of immigration, Barking is not a borough where the notion of a sustainable community would be easy to

implement. The problem for renewal initiatives in creating new housing is that whilst it does attract people to the area there is a risk of gentrification occurring which not only frustrates the renewal of the area getting to and benefitting the most deprived parts of the community, it also artificially distorts the market, leaving interest in existing larger properties at lower levels than prior to the start of the renewal projects. Ironically it is the less transient property owners who thus suffer from negative equity and are forced to deal with the less positive implications of housing renewal.

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Governmental Resources

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Thames Gateway Delivery Plan (2005) ODPM

Electronic Resources

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- www.lda.gov.uk
- www.london-2012.gov.uk/ODA
- www.ONS.gov.uk