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The Glasgow Housing Transfer: A Mid-Term Evaluation

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Introduction

In April, 2002, a majority of the tenants of city-owned council housing in Glasgow, Scotland who voted approved the transfer of its entire stock of more than 80,000 units to the newly-created Glasgow Housing Association (GHA). This continues a pattern in the United Kingdom (UK) of the reduction of the council housing stock (both from stock transfers and also from purchase by residents under the Right to Buy policy) and constitutes the largest transfer of its kind in the UK and it is said in Western Europe. This paper will explore the politics and policies that have led to this shift in social housing ownership, management and financing and analyze the background to the Glasgow transfer, the campaign that resulted in the transfer, the results of the more than four years following the March, 2003 transfer, and the issues facing the GHA in the future.

Council Housing: UK, Scotland and Glasgow

The UK has a long history of experience with public or council housing owned and operated by local authorities. Local authorities financed the construction but it was then subsidized by the national government. Originally, much of this housing was built after World War I for veterans (the 1919 “Homes Fit for Heroes” Act)

and as part of slum clearance of tenements in industrial cities like Glasgow. Following World War II, council housing was a keystone of the welfare state policies of the Labour government. Much was built to replace housing lost to wartime destruction; council housing was also included in the postwar British New Towns (Ravetz 2001). Later, much council housing was built as part of inner city urban regeneration schemes (similar to earlier slum clearance projects). Up until the advent of “Thatcherism” with the election of Conservative Prime Minister Margaret Thatcher in 1979, the council housing stock in the UK continued to grow, peaking around six million units (about a third of the total housing stock).

As it evolved over six decades, council housing was under the control of local authorities (unlike social housing in other European countries). In the old, industrial cities like Glasgow, this usually meant that the Labour Party dominated the politics surrounding the development and management of council housing, even while council housing and its tenants were being subsidized by the national government, whether Labour or Tory. Thatcher’s Tory government attempted to change this pattern as part of its overall policies emphasizing denationalization, deregulation, and privatization. In the case of council housing, the most dramatic policy shift was the “Right to Buy” policy under which the tenants could purchase their units at a substantial discount of its value. For residents of twenty years or more, this discount was up to 70 percent of its value (Cole and Furby 1994; Forrest and Murie 1988). This resulted in the sale of almost 2 million units, generally the more attractive and best located (especially semi-detached, garden-style units)(Stone 2003). This has significantly increased the UK rate of home ownership, a goal of Conservatives.

Thatcher’s government also tried to increase rents in the remaining council housing stock, while reducing central government capital funding to local authorities operating council housing, especially for new construction. For local authorities like Glasgow, these two policies meant increasing debt to maintain and modernize their stock, while placing a high priority on limiting annual rent increases as much as possible. As the council housing stock aged without adequate investment in maintenance, conditions for many tenants worsened.

The Rise of Housing Associations and Large-Scale Voluntary Transfers (LSVTs)

In addition to the sale of council housing to tenants, the Conservative governments of the early 1990s promoted the stock transfer of council housing to housing associations. This was based partly upon the premise that these voluntary, private non-profit organizations could operate housing more efficiently than local government bureaucracies. Housing associations predated council housing, some tracing their history to housing reformers like Octavia Hill in the late 19th century and the philanthropic model tenement experiments that followed (Malpass 2000). In 1974, legislation enabled the national Housing Corporation to register housing

associations and to subsidize them through Housing Association Grants (HAGs). The twin approach of regulation and subsidy was intended to enlarge their role, especially in the rehabilitation of inner city tenement buildings. As of 1979, the housing associations managed nearly 400,000 units (Malpass 2000). Following the 1987 Housing White paper, the Thatcher government also began to promote the transfer (full or partial) of council housing units to housing associations, a policy adopted by many of the English local authorities controlled by Tories. This process required approval by the tenants as demonstrated by majority support in a tenant ballot. In England, this has contributed to the rapid growth of some very large housing associations. For example, by 1998, 25 percent of the housing association stock was owned by the 15 largest housing associations and 90 percent by the 215 housing associations with more than 1,000 units (Malpass 1999: 882). Overall, of the UK's total of 5.2 million "social housing" (i.e., non-profit) units in 2002, housing associations had about one-third (Stone 2003). About half of these units have been transferred from local authorities. For a review of stock transfers and their impact, see Pawson (2004). It has been projected that "within the next ten or fifteen years it is conceivable that the majority of dwellings remaining in the social rented sector would be owned by RSLs [registered social landlords, i.e., housing associations and housing coops]" (Malpass 2000: 271). The private for-profit rental sector has been long in decline. By 2002, for-profit rental units numbered less than half those owned by social landlords (Wilcox 2003).

The rise of the housing association sector raises issues of governance and accountability. Whereas council housing policies and practices are democratically accountable due to local authority control, it has been argued that those of the voluntary housing associations are not. Further, with the advent and increase in stock transfers, it has been suggested that professional staffs are more influential than are the volunteers who serve on the boards of the housing associations, with it becoming more difficult to recruit them. Whereas small community-based housing associations were thought to be more accountable to the residents (Clapham and Kintrea 2000), this may be far less true of the larger associations (Walker, Mullins and Pawson 2003). Therefore, while tenants vote on stock transfers, once approved, the residents may not have much influence if few actively participate in or influence the governance of the housing associations.

Scottish Housing Policy: Pre- and Post-Devolution

It has long been recognized that housing conditions in Scotland have been worse than those of England. A Royal Commission on Scottish Housing so reported in 1917, with Scotland receiving more generous financial aid from the national government in 1919 and 1924 to help alleviate these disproportionate conditions (Rodger 1989: 186). New council housing provided by local authorities dominated in Scotland in the interwar period (1919-1941), with 70 percent of new houses provided by them compared to only 30 percent by private enterprise, almost exactly the reverse of the pattern in England and Wales

(Rodger 1989: 185, Table 7.1).

In the midst of the Great Depression, the Scottish Special Housing Association (SSHA) was formed to provide housing in distressed and other special areas. In the case of Glasgow, by the 1950s, the SSHA and the city cooperated on the development of new towns at the edges of the city and an inner city slum clearance and redevelopment program (e.g., GEAR, Glasgow Eastern Area Renewal) (Rodger 1989: 197, 204). As the Thatcher government took over, SSHA had a stock of 110,000 houses. In 1988, the SSHA (and the Housing Corporation of Scotland) was abolished and its 75,000 houses (reduced by Right to Buy and transfers to housing associations) were transferred to a new body – Scottish Homes (Rodger 1989: 210). The 1988 legislation also created a new “assured” tenancy for residents of housing associations, replacing the “secure” tenancy of 1980, and denied new tenants the right to buy, making private financing to housing associations more attractive (Taylor 2003: 168). The 2001 Housing Scotland Act ended this tenure distinction by creating a single tenancy across the social rented sector (the Scottish Secure Tenancy).

As the Thatcher government began its attempt in 1980 to privatize as much as possible of the UK housing stock, about 58 percent of the Scottish population lived in council housing (Rodger 1989: 11). Conservative housing policies (largely continued by New Labour after 1997) would significantly reduce this domination of council housing. With the election of New Labour in 1997 and its policy of devolution, control of housing policy in Scotland was now more influenced by the new Scottish Executive, although the New Labour majority generally followed UK New Labour policies (Cowan and Marsh 2001). These included continuation of the right to buy and encouragement of stock transfers to housing associations (although this was not mandatory and proved controversial in some localities). Scottish Homes, which was replaced by Communities Scotland in 2001 (Walker, Mullins, Pawson 2003:191), had continued to dispose of much of its housing. Communities Scotland, in addition to assuming responsibility for what remained of Scottish Homes stock, was charged with identifying and promoting good practice among social landlords, as well as with formal regulation of their affairs.

New Labour policy in Scotland after 1997 was to encourage “community ownership” and tenant participation in social housing (Kintrea 2006; McKee 2007). The major vehicle to accomplish this was the housing association. Thus, stock transfers of council housing to housing associations became a major policy (Scottish Office 1999; Paris and Muir 2002:160). The Scottish Housing Act of 2001 strengthened tenants’ rights, which helped to allay council tenant fears of reduced protection after transfers to housing associations (RSLs)(Gibb 2003: 96; Kintrea 2006). It also allows local authorities that undertake transfers to take over the distribution of housing association development (i.e., new construction) funding – a function previously discharged by the central government. These political policy shifts and the problems faced by local authorities in maintaining

council housing set the stage for the Glasgow housing transfer.

Glasgow, Scotland: Background

Glasgow's decline as an industrial city has been well described by Gibb ("Glasgow in Context" 2003: 99-100). The city's population peaked during the interwar period at just over 1 million but by the beginning of this century had declined to around 600,000. De-industrialization cost the city a majority of its industrial base and manufacturing jobs in the latter part of the 20th century. To counter this, from the 1980s Glasgow Council's policies included: image building, attracting inward investment in the existing housing stock and through the regeneration of neighborhoods. More recently, Glasgow has promoted itself as a tourist destination and retail center and has supported redevelopment along the River Clyde, including new housing. The city reported an all time high investment of 4.6 billion pounds in 2006, including 345 million in new housing developments (Evening Times, Oct. 11, 2007). Yet, "Despite these and other initiatives, Glasgow still confronts high levels of economic non-activity, widespread social deprivation, and relative economic decline compared to its suburbs and Edinburgh". At a "Transcending Poverties" conference held in Glasgow in February, 2007, the Glasgow City Council leader conceded that more work needed to be done to address, much less eradicate, poverty in the city (Evening Times, Feb. 20, 2007).

Glasgow's housing problems have been serious. In 1981, 170,000 social housing units were council owned and operated (58% of the stock). By 1996, this had declined to 110,000 (39 percent), compared to 11 percent held by housing associations and 3 percent owned by Scottish Homes (Goodlad 2000: 5). In comparison, in Scotland in 1998, council housing accounted for only 27 percent of the stock or just under half of its proportion in Glasgow, compared to 61 percent owner-occupied (Goodlad 2000: 2). Glasgow council housing in 1996 was often not in good condition, with over half the units suffering from dampness and condensation (Glasgow City Housing 1997). In addition, other problems included "low-income dependency among tenants, high vacancy rates in certain areas, major backlogs of disrepair, growing homelessness...and associated management problems in letting property" (Gibb 2003: 100).

A decade earlier in 1986, a City Council commissioned inquiry into the state of Glasgow's housing (the Grieve Commission) recommended diversification of council housing through transfers, as much as 25 percent over the next decade (Taylor 2003: 222-223). In fact, from 1986-2001, there were 74 transfers of Glasgow council housing totaling 11,796 units (Taylor 2003: 135). "Out of Glasgow's 74 transactions, over half of the acquisitions were made by bodies (housing associations and coops) already in existence. Most of these were created for earlier purchases of council stock. Less than a third of the disposals were to one-off buyers. Pre-existing community based-associations, originally set up for

neighborhood renewal in inner city Glasgow, were barely involved” (Taylor 2003: 139).

As the millennium approached, Glasgow faced a housing crisis. At the same time that it was seeking to create new neighborhoods with private, owner-occupied housing to stem the tide of the middle-class moving to its suburbs, conditions continued to decline in much of its council housing, as did demand. In fact, the city embarked upon a demolition program to eliminate obsolete and unneeded units, further reducing the stock, which declined to about 81,000 units in 2002. By 2002 the city had a cumulative debt of around 900 million pounds representing borrowings for new construction, renovations, and demolitions. It was estimated that approximately 40 percent of every pound paid in rent by its tenants was committed to paying for this mounting debt.

It also had a lot of unhappy tenants. In 2000, about a third of its tenant households responded to a mail survey. While 63 percent wanted to stay in their current home, 31 percent wanted to move, with the percentage wanting to move under age 35 rising to 62 percent. About half said that their home needed “some” work to improve it and 21 percent said their homes needed “major” work. The most common improvements needed that were cited were: security (49 percent), improved heating (46 percent), elimination of damp/condensation (37 percent), and new windows (37 percent). Only 15 percent said that their homes were “fine”. In comparison, 10 percent said that their homes should be demolished. Tenants were then asked about stock transfer. Only 37 percent indicated some degree of knowledge. While 28 percent thought that transfer would make their home and housing service better compared to 10 percent who thought that it would worsen them, 59 percent were not sure. Asked about a Council goal of damp free, modernized, and centrally heated units within six years, 46 percent thought that this aim was good enough, compared to 34 percent who disagreed. However, of those who replied that their homes needed major work, 47 percent said that this aim was not good enough. Asked about the Council goal to keep rent increases at or below the inflation rate for five years, 38 percent replied that this aim was good enough, compared to 29 percent who said that it was not good enough. The survey concluded that about a third (34 percent) of the tenants were “broadly positive” about stock transfer and 29 percent were “broadly negative”. (MORI 2000).

Thus, the stage was set for the campaign to transfer Glasgow’s remaining housing stock.

The Glasgow Council Housing Transfer Campaign

According to interviews conducted by the author, consideration of the full stock transfer of Glasgow’s council housing began the year after New Labour’s victory. In March 1999, the Glasgow City Council was given six options. Conditional upon a full transfer of the council’s housing stock, the UK Treasury (headed by Scot Chancellor and now UK Prime Minister Gordon Brown) offered

to assume the city's housing debt (Daly, Mooney, Poole and Davis 2005: 336-337). This would then allow the cost of servicing this debt to be freed to support new investment and better services. In response, the Glasgow City Council (dominated by the Labour Party caucus) proposed a transfer to a new Trust. This was rejected by the Scottish Housing Minister. Instead, the Labour-controlled Scottish Executive, created in 1999 under devolution, insisted in an April 2000 framework document that there must be a secondary transfer process so that in the end the transferred units would be under the control of many local housing organizations to ensure that the city's bureaucratic monopoly was ended and to encourage greater tenant participation. Faced with an increasing debt burden and decreasing demand, the Glasgow City Council saw this offer as too good to refuse and gave in to the Scottish Executive. The Glasgow Housing Association (GHA) was created to handle the initial transfer to be followed by stock transfers to locally-based housing associations over a decade but the tenant vote required for approval did not occur until April 2002.

A vigorous public debate took place prior to the vote. Needing to win majority support among council tenants, the GHA waged an information campaign to explain the transfer to council tenants. The Glasgow and Scottish Labour Party leaders endorsed the transfer, as did the Liberal Democrats. The Glasgow City Council Labour caucus voted 52-9 in favor of the transfer. And David Orr, Chief Executive of the Scottish Federation of Housing Associations, endorsed stock transfers to housing associations (Focus 2002). In contrast "The political opposition to stock transfer in Glasgow was like a resurrection of the diffused forces of the left and far left in the 1960s. There were, of course, the public sector unions, the Scottish Socialist Party, and the Glasgow and Scottish tenants' federations – all breathing the rhetoric of class war and so-called 'privatization' " (Brown 2002). The opposition was led by the Glasgow Campaign Against Housing Stock Transfer (Mooney and Poole 2005). Gibb (2003: 104-106) summarizes the arguments raised against the transfer: first, political attacks playing on the fears of tenants concerning the impact of privatization; second, objections to the transfer rationale arguing for continuation of city council control and doubts about the role of GHA, and third, doubts about implementation.

The GHA made the following promises to tenants if the transfer was approved: within four years, tenants would enjoy affordable central heating and insulation (Warm Deal); within six years, tenants would enjoy fabric work and window replacement (Homes Plus); within eleven years. There would be full modernization according to a new "Glasgow Standard"; for sitting tenants, annual rent increases would be tied to inflation during years 1-5; rents would increase no more than 1% above the inflation rate during years 6-8; beyond that, rent increases above inflation would be kept to a minimum; tenants' rights, including their entitlement to claim Housing Benefits, would be protected.

In addition, the GHA promised investments of over 5 billion pounds over 30 years, the construction of 13,000 new homes by GHA and other RSLs, a demolition program agreed upon after full community consultation, and up to 3,000 new construction jobs (Gibb 2003: 101-102). After secondary transfers approved by tenants, 62 local housing organizations and 9 tenant management coops would control the housing stock. In a gesture to the municipal service unions, it was agreed that the Council's Direct Labour Organization would be retained by GHA as its main contractor for day-to-day housing repairs for at least five years after the transfer. The details of the transfer are found in the Glasgow City Council's transfer proposal (November 2001).

Beyond this, it was expected that in the first 7 years another 11,000-14,000 units would be demolished and about 6,000 new units built (given the projected decrease in demand for this social housing across the city). In order to make the GHA business plan feasible in light of the above campaign promises and the assumptions of the business plan, the Scottish Executive committed about 550 million pounds to subsidize GHA for the costs of demolition, renovations, and repair grants to the 23,000 owner occupiers living in council housing projects (Gibb 2003: 102-103). Beyond this a private lending consortium agreed to lend GHA up to 850 million pounds over a 30-year repayment period. (Gibb 2003: 101)

Thus, the tenants were voting on an incredibly complex, expensive and emotional proposal unlike anything ever seen before in Glasgow. Kintrea (2006) argues that reforms in Scottish housing law, as well as a policy promoting "community ownership" of housing, after devolution favored stock transfers. In the postal vote in April, 2002, about 50,000 (64 percent) of about 78,000 eligible voters participated, with 29,126 (58 percent) for the transfer and 20,836 (42 percent) opposed. Therefore, only a minority (37 percent) of all eligible residents voted in favor of the transfer. This vote for the transfer was hailed as a new beginning and a key component of the city's plans for its regeneration.

Interestingly, a few weeks later, council housing tenants in Birmingham, England rejected a full stock transfer (Malpass and Mullins 2002: 678). This should be seen in the context of transfer proposals having been voted down in around a quarter of the transfer ballots held by English authorities between 1988 and 2003 (Pawson 2004). [For a contrast between these two votes, see Daly, Mooney, Poole and Davis 2005; Welsh Assembly Government 2003]. It is argued that the following factors explain the Glasgow tenants voting for the transfer:

[F]irst, a lack of tenants' confidence in their local authority and its housing department; second, sufficiently persuasive proposals for tenant participation in the new landlord organization; third, a combination of the local ineffectiveness of the campaigning by anti-transfer tenants' groups, the support of parts of the media, the ambiguous position of the trade unions, and a politically cohesive drive

for transfer across national, Scottish and local Labour politicians.
(Daly, Mooney, Poole and Davis 2005: 337)

In contrast to the 2002 vote in Glasgow, in December, 2005, council housing tenants in Scotland's capital Edinburgh rejected the city's transfer proposal for its 23,000 units by a margin of 53-47 percent, with a turnout of about 60 percent. This rejection came in the face of the Scottish Executive's promise to have the UK Treasury write off the city's 310 million pound debt, replace 4,000 of the worst units, and construct 10,000 new units. Nevertheless, the opposition of EAST (Edinburgh Against Stock Transfer) proved successful (Evening News, January 3, 2006). Council housing tenants in Renfrewshire and Stirling, among others, have also rejected proposed stock transfers.

The Glasgow Council Housing Transfer to the Glasgow Housing Association (GHA)(2003-2007)

It took almost a year for the transfer to become official – on March 7, 2003. By then, the GHA had had time to prepare for the transition, including organizing itself, hiring staff, and planning for implementation in consultation with the city. However, its first Chief Executive (the late Bob Allen) left in January, 2003. His successor handled the transfer until a new Chief Executive (Michael Lennon) was hired in April, 2003. Lennon resigned and departed four years later. He was succeeded in July, 2007 by the GHA Director of Organisational Development Taroub Zahran. Advisory to the Chief Executive is the GHA Management Committee, which was to be composed of up to 21 members (9 GHA tenants, 6 City Council nominees, and 9 independents). It has in fact been comprised of 16 members, 11 being tenant representatives, 4 members of Glasgow City Council and 1 Scottish MP from Glasgow. A tenant representative chairs the committee. This was Sam Harper from January 2002 until his resignation in October 2003. Currently, it is Sandra Forsythe. That same month the GHA had its first election of tenant members of the Management Committee. A 30 percent turnout elected three members (one of whom was a pronounced opponent of the transfer).

In addition to now four executive directors, the GHA has also had three different locations for its headquarters in its short life. The short term time span for GHA to achieve its campaign promises, beginning with improvement in services, modernization of units (other than those to be demolished), the certification of local housing organizations (RSLs) for eligibility for second stage transfers, and the beginning of the secondary transfer process, in the first decade following the transfer have been a challenge. Therefore, only around the year 2013 it will be much clearer just how successful this transformative LSVT ultimately becomes. However, the tenants, housing associations, observers, funders, politicians, the media and critics have not and will not wait that long to make judgments about the progress of the transfer.

Gibb (2003: 106) raised many of the implementation issues facing GHA:

- Can the service be delivered on time?
- Are the challenging financial assumptions regarding voids, arrears, and other performance-related targets achievable?
- Does it make sense to reform an archaic and flat rent structure in the middle of the investment programme and the rent guarantee period?
- How will the implementation of the investment programme overcome construction capacity bottlenecks?
- Is the organizational governance in place to manage the process of decentralization of service delivery to local housing organizations?
- Do the local housing organizations have the professional capacity to achieve the ultimate objectives of secondary transfer?
- Politically, can the consensus of the various partners be held together? In particular, will the trade unions, the council, competing housing associations, and the [Scottish] Executive be able to continue to work together for Glasgow into the long term on such a huge project?

I will now review both GHA's accomplishments and shortcomings and the issues surrounding the transfer after more than four years of implementation.

A study of housing demand was conducted, updating previous studies (Gibb et al 2000). Meanwhile, GHA continued the city's program of demolition of buildings and units not considered to be feasible for modernization.

In February, 2004, the GHA announced its accomplishments in the first year since the March 2003 transfer:

- 70 million pounds of improvements, including:
- 2,500 houses with new windows;
- 3,800 houses with new central heating systems;
- 1,650 houses with new roofs;
- 2,500 new doors;
- 1,000 houses overclad and thermally insulated;
- 500 new kitchens and bathrooms;
- 227,892 repairs completed;
- a network of 63 local housing organizations now operational, with 17 working towards early community ownership;
- a Neighborhood Relations team established to tackle anti-social behavior.

That same month, GHA issued notices inviting contractors to bid for work totaling over 750 million pounds over the next five years (GHA, Feb. 19, 2004). In March 2004, the Scottish Executive announced its commitment of 284 million pounds to fund 5,350 new or improved homes. Of this total, the GHA was to receive 28.7 million pounds for the construction of 549 new homes and the demolition of others. The Glasgow City Council was to receive 59 million pounds to fund 834 new houses through housing associations and RSLs (Evening Times,

March 26, 2004). In February, 2007, GHA announced that it had installed over 31,000 central heating systems (Evening Times, Feb. 21, 2007). The next month, it announced its one-millionth repair representing over 100 million pounds devoted to repairs backlogs (Evening Times, March 30, 2007). More recently, the GHA announced that it had invested 452 million pounds in its housing stock since the transfer.

GHA also released a tenant satisfaction survey, based upon interviews with a sample of about 2,500 tenants between November, 2006 and January, 2007. It found that overall tenant satisfaction with GHA was 72 percent, up from 67 percent in 2004. In a 2006 tenants survey, about half declared that the GHA full monthly rent was a good value, compared to about a quarter who did not (GHA, August 8, 22, 2006). Presumably, this result reflected GHA's repair and modernization programs, while rents remained stable.

However, these impressive accomplishments do not mean all went smoothly in the early stages of the transfer. In March, 2004, GHA revealed that it would end its first full year of operation with a surplus of 100 million pounds, due to delays in negotiating with contractors for improvements (Evening Times, March 3, 2004). This came after publicity over Scottish Power's announcement that its network could not cope with extra demand for electricity from tower blocks earmarked for new systems and that GHA would have to share the costs of installation of these new heating systems (an extra 1,000 pounds for each system)(Evening Times, March 1, 2004). GHA has inherited approximately 250 tower blocks, some of which are slated for demolition.

GHA previously revealed that rent arrears from its tenants had risen to alarming levels after the transfer. By early 2007, GHA was reported to be seeking 7 million pounds in rent arrears (Evening Times, Feb. 14, 2007). Should tenant dissatisfaction with GHA's progress in keeping its promises regarding improvements grow, notwithstanding the results of its 2006 tenants survey, this could be a significant problem (unless Housing Benefits for tenants are paid directly to GHA).

Finally, the secondary transfer process proceeded but very slowly. In February, 2004, GHA announced that 25 local housing organizations had signed Interim Management Agreements, which provide a structure for devolution of management responsibilities (GHA, Feb.13, 2004). It remained to be seen how many GHA units will eventually be absorbed by the city's existing housing association and cooperatives, versus other organizations and newly-created bodies. Whether and how many units will remain under the control of GHA at the end of the first 10 years following the initial transfer and then secondary transfers is a critical issue, given the underlying basis for the transfer mandated by the Scottish Executive. The issue of a centralized housing authority, whether the city of Glasgow previously or now GHA, versus a decentralized system called "community ownership" has been identified as a key determinant in this process

(McKee 2007).

In the following two and a third years (March, 2004-July, 2007), GHA experienced numerous problems in carrying out the secondary transfer. In December, 2005, GHA unveiled its new draft 30-year business plan (GHA DBP) in which it proposed to transfer approximately 50 percent of its stock by 2007-2008 (pp. 20-21). Then a third stage transfer would continue through a restructured GHA. The GHA acknowledged that the transfer would not be to 63 LHOs (p. 12). In 2005, the GHA's Community Ownership Team was working with seven LHOs in its Second Stage Transfer Funding Pilot Programme (p. 21).

However, a major controversy erupted in 2006 when then Scottish Communities Minister Malcolm Chisholm confirmed that a full transfer to 63 Glasgow LHOs would not take place. Instead, he indicated that a much smaller number of transfers would take place. This followed release of a GHA report to the Scottish Executive that it was 350 million pounds short of the necessary funding to carry out the secondary stock transfer, although the Executive denied that a lack of funding was the problem. A consultant's report subsequently increased this estimate to 500 million pounds (Evening Times, Oct. 26, 2006). On March 6, 2006, a seven member committee chaired by the Deputy Communities Minister and including GHA and Glasgow LHO representatives organized to track progress in the delivery of the second stage transfer met for the first time. The second stage transfer was a key requirement for Scottish Executive support for the transfer and a prominent promise in the pro-transfer campaign. Should it be further delayed or rescinded, this could seriously undercut the credibility of GHA and set back any additional stock transfers by major local authorities in Scotland. The failure of GHA to implement any of the secondary transfers after more than four years must be deemed its major setback. Just how important the SST remains to GHA's tenants is not clear, although this was a key requirement of the Scottish Executive under the New Labour for its support for the transfer.

GHA (DBP – pp. 7, 14-15), based upon the 3-year Review of Demand for Social Rented Housing released in January, 2005, projected an even greater decline in demand for social housing and a possible increase of up to 5,000 more units to be demolished. As of 2006, only 14% of GHA's stock has passed the Scottish Housing Quality Standard (DBP – p. 38). This would mean demolition of 19,000 GHA units by 2015, offset by 3,000 new units. As of September, 2005, the GHA had four stock classifications (DBP – p. 37, Table 6):

- Core (priority for investment): 49,661 (66%)
- Demolition: 4,358 (6%)
- Future Review: 9,055 (12 %)
- Regeneration Projects: 12,174 (16%)
- Total: 75,248

GHA continued with its demolition of obsolete and substandard units (including those in tower blocks in areas like Red Road, Sighthill, and Gorbals –

Evening Times, March 9 and July 21, 2005; Herald, Feb. 27, 2006). In its 2004-2005 Report Card, GHA stated that it had demolished 1,390 units (versus a goal of 2,600 by March, 2005)(GHA, May, 2005). Not all tenants welcomed this. An organization named “Save Our Homes” formed to oppose demolition demanded that demolitions stop unless a majority of tenants in those projects slated for demolition approved (Evening Times, Dec. 22, 2004 and The Guardian, December 14, 2004). Nevertheless, as indicated above, the number of units to be demolished in the future may increase significantly beyond the original estimate.

As for the New Build program to produce new housing, although not to replace all demolished units due to declining demand, GHA has not made progress. As of its second year report card, no new units had been started as of the March, 2005 target date (Evening Times, May 11, 2005). Water and drainage problems threatened to jeopardize much new residential construction, including any by GHA (Evening Times, January 17, 2005).

GHA did claim that in spending 110 million pounds, it had met most its objectives for the year 2004-2005. Nevertheless, problems persisted. Reported complaints included:

homeowners protesting excessive costs for improvements (Evening Times, December 30, 2004); GHA has 25,500 owners, largely in flats purchased through the Right to Buy program (DBP – p. 19); a dispute over VAT rebates for cladding improvements was finally resolved in favor of some 3,000 homeowners (Evening Times, June 28, 2007); complaints about continuing dampness and mold in existing flats (Evening Times, February 3, 2005); continuing problems with rent arrears, with officially 55,000 of the 70,000 tenants in arrears in June, 2005 (Evening Times, August 22, 2005)

GHA’s tenants “are poor, many have long-term illnesses or disabilities, and only a small proportion are in work” (DBP – p. 19). Over 40% are in households whose head is 60 years or older (DBP – p. 18). As of January, 2005, GHA’s waiting list had 22,000 applicants, with only 13% over 60 compared to 50% singles under 60 and 25% families with children (DBP – p. 19). Part of the rent arrears problem is due to a change in Housing Benefits payments, on which about 50,000 GHA tenants depended as of October, 2005 (down from 55,000 in April, 2004)(DBP – p. 28).

GHA also had to deal with internal dissension among tenant representatives on its management board. Two tenant representatives were expelled in Spring 2004 and replaced in August, 2004. The potentially disruptive presence of “transfer skeptics” on transfer housing association boards is not an unknown phenomenon (Pawson and Fancy 2003). Regular elections were held in August, 2005 to elect the six tenant members (DBP – pp. 49-50, Table 7).

In the latest controversy affecting the GHA board, four Glasgow city councilors appointed to serve have refused to sign the code of conduct, objecting to its confidentiality clauses, which they claimed would prevent them from communicating with their constituents about GHA (Evening Times, August 3, 2007). The GHA tenant chair has rejected this claim.

The GHA, Glasgow's Housing Strategy, and Future Prospects

Clearly, the modernization of GHA's housing is an important component of Glasgow's Local Housing Strategy 2003-2008, issued by the City Council on March 25, 2003 (www.local.housingstrategy.glasgow.gov.uk). It has six aims and objectives:

- To promote the regeneration of the city;
- To raise the city's housing in all tenures to satisfactory standards, with affordable costs;
- To meet people's changing housing needs;
- To prevent and alleviate homelessness through the delivery of effective services;
- To ensure equality of access to housing;
- To promote effective delivery of housing services in the city.

In the second aim, the Council stated the following objectives for all tenures (including social housing):

- To raise all dwellings to at least the Tolerable Standard, address disrepair and promote improvement initiatives to achieve high quality standards across the housing stock;
- To eliminate dampness, condensation, and fuel poverty through investment in energy efficiency and the fabric of the buildings;
- To achieve high levels of health, safety, security and environmental quality in and around the dwelling;
- To assure affordability of housing in all tenures;
- To maximise available resources by all possible means.

The city's housing strategy assumes a continuing decline in the city's population, with a corresponding decline in demand for social housing. It projected a decline in council housing units (now GHA-owned) from 92,216 in 2000 to 74,388 in 2006. This is compared with a projected 46,159 housing association units (this depended upon the rate of secondary stock transfer, which has not yet occurred), 18,810 private rentals, and 156,971 owner-occupied homes (Table 1B).

In March, 2007, the city and GHA announced one of the largest urban regeneration projects ever proposed in the U.K. Affecting eight derelict Glasgow areas, it is intended to redevelop these areas over 15 years. It proposed the demolition of an additional 7,700 GHA units, with 8,200 new ownership and rental units to be built (Evening Times, March 27, 2007).

A major challenge will be the coordination among the city, GHA, and local housing organizations to take into account the demolitions and new building by GHA, the responsibilities of the local housing organizations which eventually do assume control of GHA stock, and the city's plans for new housing. This assumes, of course, that the necessary financial resources will be available for such ambitious undertakings.

Gibb (2003: 112) identified three major risks that will have to be managed by GHA in the medium to long term:

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- achieve and continue to meet and monitor its primary delivery pledge on services and investments to tenants;
- work to retain close working relationships with its important partners;
- manage a complex financial package, shaped by political considerations, in the shifting environment of long-term social housing demand and deliver competent financial management through its management committee.

Conclusion

The tenant approval of the full stock transfer of council housing in Glasgow in April, 2002 marked the end of an era. After many decades of reliance upon public ownership and management of council housing as the primary policy for dealing with the housing problems of the city's poor and working class, the trend toward privatization of housing promoted by Thatcher's Tory government beginning in 1980 took hold in a stronghold of Old Labour. Of course, there had already been stock transfers of Glasgow's council housing to existing housing associations (Taylor 1996) but on a small scale prior to 2002. Due to the desperate financial conditions facing the city's continuation of council housing, New Labour's adoption of the LSVT policy promoted by its Tory predecessors, and the UK Treasury's insistence of a full transfer in exchange for debt relief, a majority of voting tenants in Glasgow council housing were convinced to approve the full transfer. Of course, their approval was accompanied by numerous guarantees of improved conditions and limitations on rent increases for many years following the transfer. There was also the promise of devolution to 60-70 local housing organizations to prevent GHA from becoming the new housing monopoly bureaucracy and to allow tenants of housing associations (and other groups) assuming control of GHA stock to have greater influence over policies and practices.

If the GHA, with the participation of tenant representatives on its Management Committee, and with the continued financial support of the Scottish Executive, can carry out its objectives at a reasonable pace, including secondary transfers but to far fewer LHOs than originally envisioned, then this may mark a transition of the majority of social housing represented by council housing to housing associations in Scotland and the rest of the UK, as predicted by Malpass (2000). However, to date, despite making improvements in the quality of the existing housing stock, GHA has made no significant progress on the promised second stage transfer and has built no new units. The projections of demand for its housing show continued decline and estimates of the number of units to be demolished have increased.

In 2007, a political earthquake took place in Scotland, with the Scottish Nationalist Party (SNP) gaining power (although by a very narrow margin) and New Labour (and its partner the Liberal Democrats) losing control of the Scottish Executive. New Labour still controls the Glasgow City Council but by a reduced margin. Following the outcome of the election of the Scottish Parliament, Scot Gordon Brown finally succeeded Tony Blair as the New Labour Prime Minister. He has signaled an emphasis on increasing the rate of new build housing, which might include council housing. The Labour party has previously had divisive debates over whether council housing should receive greater financial support (called the “fourth way”) in contrast to continuing to promote right to buy and stock transfer policies. Meanwhile, the SNP’s Communities Ministers announced a consultation in Fall, 2007 on the future of social housing. These political shifts have added additional uncertainty about the future of social housing policy in the U.K. and in Scotland.

Then, on September 19, 2007, Communities Scotland released an Inspection Report on the GHA in which it gave a grade of only “fair” (not “Excellent”, “Good” or “Poor”)(Evening Times, Sept. 20, 2007). The report was positive in respect to GHA’s meeting its promises for improvements and its investments in housing and noted that most tenants are satisfied with the GHA as their landlord. However, it criticized the GHA for its responses to tenant complaints and its handling of homeowner needs. It criticized the GHA, as well as the Scottish Executive and the Glasgow City Council, for the failure to implement the promised SST. Its recommendations included better action on needed repairs, better collection of rents and letting of empty properties, improved services, and a fundamental review of its mission and business strategy, including the future of the SST. A GHA response is expected by late 2007.

Given the deterioration of much of council housing that remains after the right to buy and prior stock transfers of the past three decades in cities like Glasgow, the outcome of stock transfers of council housing to housing associations will require massive public subsidies similar to those pledged to ensure the success of the Glasgow transfer. However, should the GHA’s progress in meeting its major stated objectives and guarantees falter within the original decade-long time period, especially the secondary transfers to the LHOs, council housing tenants elsewhere in Scotland may resist LSVT proposals in the future, as did the Edinburgh council tenants in 2005.

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