

Tenure conversion

IN many industrialised countries, there has been a shift in housing tenure away from renting and towards owner-occupation. *Housing Policy and Equality* by Lennard Lundqvist, a senior research associate at the National Swedish Institute of Building Research, examines the change in the pattern of housing tenure in three countries, the United States, Britain and West Germany. The book actually covers a narrower area than its title suggests, concentrating on the conversion of rental units into owner-occupied units.

The book begins with a theoretical analysis of the conversion controversy and sets out the central purpose of the study as being to evaluate the validity of arguments for and against tenure conversion and to establish under what conditions they seem valid.

The chapter on the US considers the conversion of rental units into condominiums and the effect of this practice. Lundqvist argues that conversions occurred as a spontaneous market phenomenon and were not backed by government policy. Increases in the prices of owner-occupied homes, the reduced attractiveness of rented housing as an investment and changes in tax regulations all served to open up a new type of housing market. However, Lundqvist suggests that conversion was likely to be concentrated in higher quality dwellings and that the final result of conversions has been a greater inequality of outcome.

The chapter on Britain concentrates on the sale of public sector houses. Lundqvist suggests that the policy was part of a conscious government housing policy to spread home ownership and reduce direct subsidies to the housing sector, especially the public rented part of it. He notes that the part of the stock sold was largely attractive houses in

attractive areas and that few flats have been sold. Consequently, he doubts that council house sales have so far led to a wider distribution of home ownership in socio-economic or demographic terms.

He argues that remaining tenants have become the losers, not only because they have higher costs to pay as a result of the government policy of reducing housing subsidies, but also they lose out in terms of their future freedom of choice to move into another rented unit.

Generally, he concludes that the effect of sales did not lead to greater equality in housing but rather to make differences between tenures and households more pronounced on the grounds that those actually buying are very similar to owner-occupiers rather than to the generality of tenants.

The chapter on West Germany suggests that the change of policy from tenancy to owner-occupation was a result of both conscious governmental policy and market developments. It is suggested that West German tenure conversions are unique in that several landlord categories are operating. Compared with the US the German tenant is in a strong position because of security of tenure. Lundqvist concludes that the effects of conversions are dependent on the strategies used by individual sellers.

Again, Lundqvist concludes that the outcome is one of more inequality in that those who have a good ability to pay and can afford to buy enjoy favourable growth of wealth.

The concluding chapter suggests that the general pattern to emerge is that conversions are concentrated in housing of good quality in attractive areas and that households with good ability to pay are over-represented among buyers while those with less ability are under-represented. The long-term development is generally

seen as being more favourable to buyers than to continuing renters, with the overall result that there is a redistribution of housing quality and economic wealth towards better off households.

Lundqvist examines various lessons which can be learnt from the conversion process and suggests that the most important lesson is that although tenure conversions in some cases involve selling out publicly owned and/or supported housing, this need not necessarily imply decreasing governmental involvement in the housing sector.

The book contains valuable research and is a useful addition to the somewhat sparse literature on comparative studies of housing. It is clearly written from a certain point of view and in respect of Britain at least, the sources used would inevitably suggest the conclusions that the author has duly reached. Arguably, the book looks at too narrow an area and fails to take full account of the policy context. Probably, in few countries has the sale of public sector housing been designed as a policy to promote housing equality and indeed few countries explicitly accept housing equality as a valid policy anyway.

Certainly, in Britain no one has suggested that selling council housing is supposed to promote housing equality. Rather, the motive of the central government has been to allow a greater element of choice to the one-third of the households who, in 1979, were public sector tenants. There will inevitably be winners and losers in any such policy and those who have taken advantage of the opportunity to purchase their own homes have been winners. ■

Housing Policy and Equality: A Comparative Study of Tenure Conversions and their Effects, by Lennard J. Lundqvist, Croom Helm, 1987.