

Sustainable neighbourhoods: the role of housing markets and community assets

This study assesses the sustainability of eight former coal-mining neighbourhoods in three South Yorkshire local authorities, a sub-region with excess housing supply. Against the broader context of housing and labour market change, it looks at what characteristics or 'assets' of neighbourhoods are key to sustainability, and how sustainability is affected by population movements. The study, by Geoff Green, Mike Grimsley and Bernard Stafford, draws on baseline (2000) and follow-through surveys (2002/03). The key findings are that:

- The demand for housing in seven of the study neighbourhoods has been depressed by an excess supply of new accommodation in the wider sub-regional housing market. These areas exhibit all the problems of 'low demand' with the environmental and social damage which comes in its train.
- There is a strong relationship between neighbourhood assets and neighbourhood well-being. Social assets – trust, safety and reciprocity – are the most important, followed by the quality of the housing stock and that of the neighbourhood environment.
- Mistrust of neighbours and fear of crime are key factors behind residents wanting to move away from declining neighbourhoods. Moving to 'a better area' was an important goal for interviewees, and was matched by real opportunities to 'trade up'.
- The very strong increase in jobs over the 1990s in the nation and the sub-region had a very weak impact in the study neighbourhoods: taking inactivity as well as unemployment into account reveals persistent labour market disadvantage.
- Having started from a similar base, the neighbourhoods are developing in different ways, which the study identifies as 'sustainable', 'regenerating' or 'declining'. Population movements greatly influence these developments, leading either to further decline or a reversal of fortune.
- Regeneration programmes, specifically the provision of homes for owner-occupiers with better qualifications and stronger connections to the wider world outside the neighbourhood, can attract aspirational residents with relatively high incomes.
- The researchers conclude that sustainable regeneration requires investment which strengthens social capital and improves the environment, along with housing investment for owner-occupation. Any such programme would be undermined by significant excess supply in the wider sub-regional housing market. Thus neighbourhood regeneration also requires a consistent sub-regional housing policy – an essential component of which will be housing demolition in any sub-region where excess housing supply would otherwise emerge.



The labour and housing market context

During the long boom of the 1990s, the difference in unemployment levels between the study neighbourhood group and the sub-region narrowed sharply, as did that between the sub-region and the national economy. In contrast, the dispersion of economic inactivity across the nation, the sub-region and the study neighbourhood group increased.

However, while incomes rose steadily during the 1990s in South Yorkshire, the stock of new homes outpaced the increase in household formation. This triggered an accelerated 'filtering' effect across homes which varied in quality. With opportunities to 'trade up', demand for homes at the bottom of the ladder fell; such homes are heavily overrepresented in seven of the eight study neighbourhoods. Thus an increase in housing supply in the wider sub-region in excess of the demand arising from household formation has reduced demand in the most deprived neighbourhoods.

Well-being and neighbourhood sustainability

A sustainable community is one where residents are satisfied and in which they are happy to continue living. The study identifies neighbourhood satisfaction with 'well-being' and relates differences in well-being to four types of 'neighbourhood assets':

- fixed capital (such as buildings, plant, machinery and roads);
- human capital (the skills and knowledge people hold, and also their personal health);
- environmental capital (equated with neighbourhood amenity); and
- social capital (social norms and networks which promote co-operative behaviour).

The baseline survey carried out in 2000 found just under 50 per cent of the variation in well-being was associated with differences in neighbourhood assets. Of these, housing quality had the largest influence (accounting for 21 per cent of the variation), followed by social capital and environmental amenity. Three years later, the follow-through survey found that social issues had become more influential than the quality of housing on people's sense of well-being and satisfaction with the neighbourhood.

In the year 2000 differences in neighbourhood well-being reflected the different levels of regeneration investment. One of the study neighbourhoods had been transformed by large-scale private housing development. In another four neighbourhoods public/private partnerships were delivering regeneration programmes. In the remaining three neighbourhoods very little regeneration investment had taken place. On the basis of these investment patterns, the baseline study predicted three future trends for how the neighbourhoods would develop – **sustainable, regenerating** or **declining**. However, in those neighbourhoods predicted to regenerate, levels of well-being had fallen overall by 2003 putting a question mark over their long-term sustainability. In these neighbourhoods the 'halo' effect surrounding new or refurbished housing had faded and neighbourhood relationships had come to the fore. This was especially so in the case of housing association estates where there was a high turn-over of tenants in new houses.

How and why did people move?

A string of responses to questions about moving – ‘to a bigger house, or better neighbourhood, or to be near family or friends’ – suggests that, even in the poorest neighbourhoods, residents feel they have a degree of control over their lives. However, their choices were highly constrained, principally by income and in turn by their health and qualifications. For most residents, aspirations were more social than material. Most households did not move far, so home moves tended to redistribute households of similar socio-economic status between similar properties within similar neighbourhoods.

This process of residential ‘churn’ tends to reinforce the marginal status of these neighbourhoods. However, the balance of ‘aspirational’ movers coming into a neighbourhood is critical to their development. People who moved outside the county tend to be younger, healthier and better qualified, with the potential to earn higher incomes. Balancing this loss are people moving in as a result of regeneration initiatives. Regeneration partnerships have, with some success, sought to revive local housing markets by encouraging new building for owner-occupation. There are attractive micro-environments within each neighbourhood. Regeneration programmes are designed to enhance these strong points. They have attracted, initially at least, a wave of owner-occupiers in relatively good health, relatively well-qualified and in employment.

The impact of people moving into a neighbourhood

There is some evidence on the effect of population movements following the first wave of incomers into ‘regeneration’ property. It is not yet clear that the initial enthusiasm for good quality accommodation will automatically lead to a virtuous circle of sustainability. Tenure is an important factor. For many social housing tenants the initial attraction of a new and well-maintained house has been overshadowed by the social problems manifest in their immediate neighbourhood. Successive waves of people moving in appear to compound the problem. In these enclaves the vicious cycle of decline has not been halted by investment in fixed assets.

By contrast, the first wave of incomers into new owner-occupied houses has substantially altered the population of a regenerating neighbourhood. Not only are they better qualified and much more likely to be employed than their neighbours, they are also better connected to the wider world beyond the neighbourhood. Initially at least, this investment in fixed assets has laid the foundations for a virtuous circle of sustainability. On the other hand, these new residents tend to be critical of the neighbourhood environment and socially distanced from the tenants of social housing nearby. There are therefore some doubts about whether successive waves of incomers into such properties will sustain the neighbourhood as envisaged by regeneration partnerships promoting mixed development.

Conclusion: the implications for policy

The researchers conclude that relying on a combination of the market and welfare support to deal with declining neighbourhoods is costly and inequitable. A more effective alternative is a strategy of investment in social capital, environmental amenity and owner-occupied housing. Investment in social capital has a particular strategic importance - as a principal determinant of the well-being of those resident in deprived neighbourhoods, and the factor that bears most heavily on the decision to move out of such neighbourhoods. This study supports evidence from others which have found that investment in fixed capital, notably social housing, will not halt decline unless accompanied by a reduction in social problems.

The researchers also conclude that declining neighbourhoods in areas of excess housing supply face special difficulties – as adverse spill-over effects on the demand for housing in the neighbourhood will undermine any programme of neighbourhood investment. A direct implication is that a neighbourhood regeneration programme needs to be set within a consistent sub-regional housing strategy – at the sub-regional level, planning and land-use policies need to strike a balance between new construction and demolition so that the net increase in the number of homes does not significantly outstrip the increase in demand. The researchers suggest that, for any sub-region comparable to South Yorkshire – where the increase in the stock of new housing is high relative to the growth of demand – an appropriate rate of housing demolition is a necessary component of an effective strategy for regeneration.

About the project

The researchers were Geoff Green and Mike Grimsley of Sheffield Hallam University and Bernard Stafford of the University of York. The data analysed in the study is drawn from a range of sources: two waves of a household survey of residents carried out in 2000 and in 2002/03 (initial sample size of 1,338); a supplementary survey of people moving in and out of the neighbourhood; qualitative interviews with movers; a survey of local housing markets in 2000 and 2002; and the economic activity tables of the 1981, 1991 and 2001 Population Census.

For further information

The full report, **The dynamics of neighbourhood sustainability** by Geoff Green, Mike Grimsley and Bernard Stafford, is published by the Joseph Rowntree Foundation as part of the Housing Market Renewal series (ISBN 1 85935 303 7, price £14.95). You can also download this report free from www.jrf.org.uk (ISBN 1 85935 304 5).

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