The problem of low housing demand in inner city areas

In some inner city areas there is virtually no demand for housing. Anne Power and Katharine Mumford of the LSE, in a detailed study of such neighbourhoods, found that the reasons were more to do with severe poverty and joblessness within the neighbourhoods than the quality of the housing. Intensive inputs on many fronts are helping to hold the conditions. Their study found:

- Good quality, modernised homes are being abandoned in some inner city neighbourhoods. House prices have fallen, in some cases to zero, and some blocks and streets are being demolished, including new housing. Demolition of empty properties has not generally stemmed the tide of abandonment. Whole areas have virtually no demand for housing.

- Britain's major cities have been losing population since the turn of the century. Manchester and Newcastle, the two cities studied, have lost a fifth of their population since 1961. Depopulation has paralleled severe job losses, mainly in manufacturing. Job losses have hit low-skilled men particularly harshly. Long-term unemployment in inner cities is chronic.

- Council housing dominates in the low demand areas studied, but all tenures are affected. Very few tenants have become owners under the Right-to-Buy. Low-cost owner-occupation outside the city is often a more attractive and cheaper option for those in work.

- Low demand has generated falling school rolls, loss of confidence in the area, a vacuum in social control, anti-social behaviour and intense fear of crime.

- Many regeneration initiatives have been tried – intensive management, proactive policing, resident involvement. These help hold conditions. Resilience and vitality co-exist with acute decline.

- A fightback has developed involving local leaders, innovative pro-city strategies, and new urban initiatives. Obsolete old buildings are being converted into attractive apartments and new high density developments are in demand, attracting working people back into cities.

Background

This study aims to: uncover and explain those events that are combining to cause the abandonment of urban neighbourhoods; describe the struggle of those living through the experience; uncover and assess attempted remedies and their impact on conditions and trends.

The problems are at three levels:
• acute problems at city level;
• extreme problems at neighbourhood level;
• complete abandonment in the very worst pockets of the most difficult areas.

City problems

The main focus is on Newcastle and Manchester, two cities experiencing long-run decline. Like other large cities, they are adversely hit both by the loss of key industries and by more general counter-urban trends. The North is suffering most from the problems of abandonment and low demand. Across the country there is also changing demand for social housing, leading to higher turnover and more difficult-to-let property. The result is intense problems in cities and poor neighbourhoods.

Between 1971 and 1996, Manchester lost 22 per cent and Newcastle 16 per cent of its population:

• Inner areas lost more people than outer areas;
• Unpopular neighbourhoods lost more than the city as a whole;
• There were serious job losses in the inner cities;
• Male jobs did much worse than female;
• The loss of manufacturing jobs was far above average.

The exodus slowed in the 1990s and may reverse. But the rapid losses continued in the extreme areas.

The cities experience concentrated multiple deprivation, which is far more intense in the inner neighbourhoods. Concentrated poverty is, according to reports from both cities, the single biggest explanatory factor in neighbourhood decline. All the neighbourhoods are part of much larger areas of severe deprivation. Lack of work is a major factor. Double the proportion of the working age population is not working, studying or training compared with the national average (Table 1).

Since the mid-1980s waiting-lists for council housing have fallen dramatically in both cities and continue to fall. There is virtually no waiting time for housing in the poorest neighbourhoods. Both cities have now opened their allocations and are advertising nationally.

Extreme neighbourhoods

Four neighbourhoods were studied in detail. One in each city shows acute symptoms of abandonment:

• Streets with a majority of houses empty;
• Demolition sites scattered throughout the area;
• Empty property across the neighbourhood;
• Falling property values;
• Intense demand problems in all property types, all tenures and all parts of the neighbourhood. This means too few people wanting to live in those properties.

In the other two neighbourhoods, conditions have not plummeted to such a low point and there is more ground for hope that the situation can be stabilised or reversed.

The neighbourhoods share many characteristics with unpopular and difficult-to-manage urban areas all over the country, including high demand cities like London. There is an intense hierarchy of popular and unpopular areas. The least popular suffer high levels of empty property, high turnover, some abandonment and demolition due to low demand. But there is a broad distinction between low demand in economically prosperous cities and regions such as the South East and low demand in cities and regions suffering long-term structural decline such as the North.

Table 1: **Characteristics of city and neighbourhood populations**

	Nationally	Manchester	Newcastle	Neighbourhoods M1	M2	N3	N44
% households deprived[1]	18	34	30	41	41	39	46
% working-age without work, nor studying, 1991	24	37	31	46	48	49	50
% long-term unemployed (of all unemployed), July' 97 (* January 1998)	27 *	39	34 *	40	38	45	42
% manual, 1991[2] (of all employed) all	41	48	42	66	62	61	67
men only	49	56	50	73	70	76	82
% children in lone-parent households[3]	11	37	32	39	35	33	33

Source: Labour Force Survey 1990 and 1991, 1991 Census, Newcastle's 1996 inter-censal survey, Regional Trends 1998, Manchester Matters 1997.
1 Breadline Britain index
2 1991 census groups: manual workers (foremen, supervisors, skilled and own account), personal service and semi-skilled manual workers, unskilled manual workers
3 1991 census
4 M1 and M2 are two Manchester neighbourhoods; N3 and N4 are two Newcastle neighbourhoods

In most cities, including Manchester and Newcastle, there is nearly double the national proportion of council and housing association stock and much lower levels of owner-occupation. This skewed ownership pattern is far more extreme in the deprived neighbourhoods. Right-to-Buy sales are extremely low. This underlines the poverty of the people and the low value attached to the areas.

The turnover of population is extremely high in council housing, particularly in the neighbourhoods studied. But turnover affects all tenures. If turnover moves above a certain level, it can become unmanageable. The turnover rate in council housing was between 20 and 50 per cent. Figure 1 shows the vicious circle that this creates.

Housing associations have some very attractive, small-scale, high quality developments tucked into the four areas which are experiencing low demand; they are 'poaching' tenants from older but often renovated council housing or simply finding properties unlettable. Some residents actively campaigned against housing association development whilst, in other parts, residents supported or even initiated development. But housing associations are now demolishing unlettable, unsellable property.

Incipient abandonment: the worst pockets

Both cities reported a swift, sudden and unexpected loss of demand in the last few years. One in six properties are empty in the neighbourhoods, many more in some pockets.

- The boarded-up properties can belong to the local authority, a local housing association, a private landlord, an owner-occupier – abandonment is affecting all tenures;
- The semi-abandoned streets or blocks include Victorian terraces, 1930s council cottages, post-war houses, modern housing association developments less than 10 years old, small blocks of sheltered flats, 1960s and '70s purpose-built estates – all property types are involved;
- The streets with boarded-up properties are not on the whole badly maintained, or unappealing. They often contain attractive, small-scale, well-built houses with gardens. Transferred to an inner London context

many of the properties would be 'gentrified';
- Some Victorian terraces are solid, attractive and renovated, but the backs are a jumble of out-houses, high walls and rubbish-strewn alleys – ugly, insecure and long out-dated. No way has been found of turning these yards and alleys into secure, joined-up gardens;
- Many individual houses are still attractive but the disorderly neighbourhood environment is an active deterrent;
- There are frequent discussions in the city councils about demolition – the destabilising effect on the community is intense.

Both cities are regularly demolishing abandoned property. Demolition of specific unpopular blocks and blighted property has sometimes increased the popularity of surrounding houses. But in some instances, demolition has fuelled the problem by signalling a general lack of confidence. An atmosphere of uncertainty about the future of the area gives signals of zero value and zero demand, thereby deterring would-be applicants. Many demolition decisions are being made in response to immediate neighbourhood conditions without a clear overall plan or strategy or a full appraisal of the options. Other nearby streets then often start to show the same symptoms. Currently some demolition proposals are provoking objections even where levels of abandonment are high. Remaining residents often want to hold on.

The speed with which streets or blocks are shifting from being relatively well-occupied to nearly half empty is alarming. This creates instability and a reduction in informal social controls, leaving a vacuum which eventually tips a highly localised low demand area into rapid abandonment.

The challenge
In sum, there has been a collapse in housing demand within the neighbourhoods:

- Social landlords are operating in direct competition with each other;
- Landlords use the '100 per cent benefit system' to facilitate the movement of a diminishing number of tenants around surplus stock;

Figure 1: **Vicious circle of tenure and conditions in low income neighbourhood**
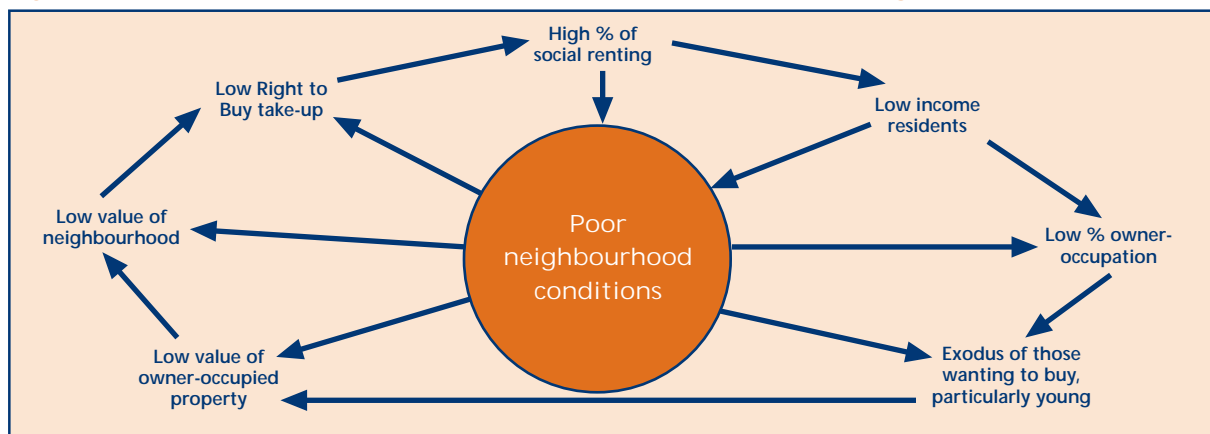
- Private landlords are often willing to rehouse evicted tenants as long as the rent is guaranteed;
- Private landlords speculate around demolition decisions, buying up property for little in the hope of high rent from temporary lettings, before Compulsory Purchase Orders;
- Local authorities and police are struggling to enforce basic standards and reduce crime.

Crime, particularly violent crime, is a serious problem. But proactive policing has made significant in-roads through co-ordinated action with residents.

Most schools in these neighbourhoods have falling rolls, surplus places and high pupil turnover. Free school meals – a clear measure of family poverty – are sometimes four times the national rate. In spite of this, schools occasionally excel – achieving standards just above the national average.

Low demand has many negative impacts on those living and working in the areas, but a fightback often develops including the following features:

- The emergence of local leaders;
- Service innovation and improved co-ordination;
- Experimental working between police, housing and residents;
- Attempts at marketing the housing and area;
- Improved security, for example the use of concierges, wardens;
- The development of longer-term strategies.

Inner neighbourhoods offer many positive assets which encourage more stable residents to stay and may lead to a renaissance:

- Good quality housing;
- Proximity to city centre and good transport links;
- Locally based services;
- Regeneration programmes;
- Gradual break-up of large council estates and transfer to new social landlords;
- New proposals for neighbourhood management;
- People-based approaches;
- Some private investment and city centre renewal.

Cities are under great pressure but there is real potential for repopulating inner areas:

- Positive measures are already in train;
- Universal forms of support - such as education, police and health services - underpin social cohesion;
- Marketing social housing to a wide band of the population raises its value and increases demand in some circumstances;
- Regeneration projects are attracting 'urban pioneers' back into centre cities. They may gradually spread into the increasingly empty inner neighbourhoods;
- Existing residents can be encouraged to stay and rebuild conditions providing an anchor for city rebirth;

- Higher population densities support more services and create the street life that makes urban neighbourhoods attractive. Many more smaller households can increase the density of city populations;
- Pro-active policing helps restore confidence, contain violence and reduce fear. Policing requires many channels of communication, local support, clear ground rules and strong community links.

Policy implications

In the end, urban neighbourhoods need an over-arching structure for managing conditions and orchestrating the constant changes:

- Low-skilled residents need intensive support and strong links to employers to help them move into new jobs;
- Incentives for brownfield development and recycling buildings need to be stronger than the lure of greenfield sites;
- A pro-city stance depends on meticulous environmental care and maintenance, cheap, easy public transport, better city schools, more secure neighbourhoods.

The researchers conclude that it is not inevitable that inner city areas will continue to lose people, lose control, and lose viability. It is possible to make cities work. The future of our environment, our communities and our crowded country depends on saving what is a huge, wasting asset. The neighbourhoods where the study found such acute decline may become the urban centres of tomorrow.

About the study

The four inner city neighbourhoods studied in detail contained approximately 16,000 households in total. The study involved interviews with 104 staff working in the main local services, and 24 residents representatives in the two cities. A further 33 people from local authorities and housing associations across the country were interviewed. In addition, the study included direct observation, an analysis of press reports, local newsletters, photographs, street counts of empty property, and collection of available facts on the areas and the cities from a wide range of sources including the census, council reports and monitoring, government records, other research and national information.