



The impact of urban renewal on an owner-occupied inner city housing market

Physical improvement of properties was a major strand of urban renewal in the 1980s. This study by Rick Groves and Pat Niner of the University of Birmingham looked at the success of this policy both in terms of preserving the quality of housing and maintaining or enhancing the value of the properties. The areas studied consisted predominantly of older two-storey terraced housing with a high level of owner-occupation and a predominantly Asian population. The houses had had different levels of investment in the 1980s. The study found:

- f* Current house condition reflects the level of investment made through renewal initiatives. However, those properties that underwent only partial renewal deteriorated particularly quickly over the intervening years.
- f* Publicly funded renewal work has not stimulated further investment by individual home owners. Affordability problems meant that few householders had undertaken subsequent improvements or maintenance. Some households placed responsibility for maintaining house conditions on the City Council.
- f* Renewal investment has had little direct impact on house price levels in the areas studied, which have tended to follow local and national trends. There was no evidence that property prices rose after investment, or that the level of investment affected subsequent house price movements.
- f* Renewal investment has, however, sustained the local market - houses are habitable, saleable and acceptable as security by mortgage lenders; and vacancy rates are low. Investment has improved conditions for residents without price inflation.
- f* Residents identified growing economic and social problems, which could affect future demand for housing locally.

Background

The study explored the impact which different approaches to home improvement have had on the local housing market. Research took place in Birmingham, which has pioneered several approaches to urban renewal. Over the years, the city has had programmes of different types of 'block schemes' involving internal and external improvement and repair; full and limited 'enveloping' (publicly funded external repair work of varying scales); targeted grant schemes; and renovation grants to individual property owners. These have been used in conjunction with General Improvement Areas, Housing Action Areas and Renewal Areas.

The study areas

Saltley and Small Heath in east Birmingham were selected for study. Three 'types' of area were identified:

- *Type 1* areas had been subject to both internal and external renovation ('full' concerted enveloping or block work) during the 1980s, sometimes undertaken entirely at public expense, sometimes involving linked grant work for internal improvements with a contribution from the owner.
- *Type 2* areas had external renovation during the early 1980s. In both type 1 and 2 areas limited environmental works had supplemented investment in properties.
- *Type 3* areas had no concerted renewal investment, although some individual owners had improved their homes with or without grant aid.

All areas share certain common features: the prevalence of two-storey terraced housing built before 1919; a high level of owner-occupation; and a majority of Asian home owners, particularly from the Pakistani community. Most new house purchasers are also Asian and come from the Saltley/Small Heath area or nearby.

The case study areas are relatively deprived. There are above average numbers of large households, and occupancy levels are high. Economic activity rates are

low (especially for women) and unemployment is above the city average. Where someone in the household is in employment, large family size means that the ratio of dependants to earners is high.

House conditions

In 1997, levels of unfit in owner-occupied houses ranged from 16 per cent in type 1 areas to 30 per cent in type 3 areas. The most successful combination of action proved to be publicly funded external and internal renovation, including a percentage of renovation grant to which the householder made a contribution. In these properties, where investment and repair had been made some ten to fifteen years previously, the level of outstanding repairs was one-third that in properties where no action had been taken.

The level of deterioration in house condition was particularly high in properties which had been subject to less comprehensive renewal activity in the 1980s (type 2), where 26 per cent of houses were unfit in 1997. This raises some questions about the efficacy of such partial investment.

Resident satisfaction mirrored these differences in outcome. Some frustration was voiced by owners of houses which had been subject to limited renewal, especially where it was clear that more work was needed.

Further improvement and maintenance by individual owner-occupiers

There was no evidence to suggest that publicly funded renewal works had stimulated further improvement or repair by individual owner-occupiers, whether or not it was needed. The study found that further repair and maintenance on these properties was limited by the following:

- most local home owners would have great difficulty in affording significant repair or improvement expenditure. House condition was markedly better where there was more than one earner in the household;
- many Asian families were more concerned with the spaciousness of a property than its condition;

- some households placed responsibility for maintaining house condition on the City Council, not on the householder. Earlier renewal schemes appear to have fostered this perception.

The impact on house prices

Based on the limited data available, the study found that the major renewal programmes appear to have had little direct impact on house price levels. No price increases were apparent either at area or street level following renewal action.

Rather, local price trends mirror the trends over time in the Birmingham market as a whole, showing a sharp increase in the late 1980s peaking around the end of 1990, and subsequent decline. However, local prices had failed to rally in line with Birmingham trends by late 1996. Local prices were broadly similar to those of all older terraced houses until the end of 1992 but since then have failed to keep pace with City-wide price increases.

Comparisons between the three type areas show that prices were consistently highest in type 2 areas, and lowest in type 1 areas (where there had been the greatest investment, but where houses were generally smaller).

Residents expressed uncertainty about the effects of improvement on the value or saleability of their home. Property professionals, however, thought that improvement investment had been reflected in the local market and prices.

Renewal and the housing market

There is a continuing demand for houses in these areas, and a continuing acceptability of properties as security for loans by mainstream mortgage lenders. There was no evidence of market failure and vacancy levels were low in all three types of property at the time of the research. Since demand comes primarily from low-income Asian purchasers there may not be much scope for price increases for affordability reasons.

Social problems

The social problems faced by all three area types included a perceived increase in vandalism and crime; the widespread use of drugs; and growing

incidence of anti-social behaviour on the streets. These factors are contributing to increasing levels of insecurity and dissatisfaction amongst residents throughout the area.

For most Pakistani households the prospect of leaving the area is likely to be unrealistic. However, if younger, higher income, middle class households choose to leave, or not to buy locally, the implications for the housing market and the community who remain could be serious.

In conclusion

The authors conclude that renewal investment in these areas has had the effect of sustaining the market and improving conditions for residents, without the side-effects of 'gentrification' and price inflation. In terms of social well-being, this would seem to be a favourable outcome.

However, social factors were found to be as important as, or more important than, house condition in purchase decisions and could seriously undermine the lasting effectiveness of renewal investment. Amongst other things, this reinforces the importance of including social and economic elements in current renewal strategies (as evident in Single Regeneration Budget programmes, for example) over and above the largely physical works carried out earlier.

About the study

The study was undertaken by Rick Groves and Pat Niner of the Centre for Urban and Regional Studies at the University of Birmingham. Information for the project was collected from four main sources: an environmental survey; an internal and external house condition survey of 286 owner-occupied dwellings (carried out by officers of Birmingham City Council); a series of semi-structured interviews with key players in the local housing market; and semi-structured depth interviews with 33 local residents. House prices were analysed over the period 1985 to 1996.

How to get further information

A full report, *A good investment? The impact of urban renewal on an inner city housing market* by Rick Groves and Pat Niner, is published by The Policy Press in association with the Foundation as part of a series on housing repair and maintenance. It is available from Biblios Publishers' Distribution Services Ltd, Star Road, Partridge Green, West Sussex, RH13 8LD, Tel: 01403 710851, Fax: 01403 711143 (ISBN 1 86134 105 9, price £11.95 plus £2 p&p).

The following *Findings* look at related issues:

- The role of DIY in maintaining owner-occupied homes, Jul 97 (**H220**)
- Repair and maintenance of flats in multiple ownership, Oct 97 (**H226**)
- Pakistani housing strategies in Britain, Jan 98 (**F118**)
- Home-owners and housing repair: behaviour and attitudes, May 98 (**F598**)

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