Low-demand Housing and Unpopular Neighbourhoods Under Labour

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Background

This is one of a series of short papers which explain conceptual or methodological approaches underpinning analysis undertaken in CASE's research programme *Social Policy in a Cold Climate* (SPCC). SPCC is designed to examine the effects of the major economic and political changes in the UK since 2007, particularly their impact on the distribution of wealth, poverty, inequality and social mobility.   It also examines geographical variations in policy, spending, outputs and outcomes, with a particular focus on London. The analysis includes policies and spending decisions from the last period of the Labour government (2007-2010), including at the beginning of the financial crisis, as well as those made by the Coalition government since May 2010. The programme will conclude in 2015, with publication of a final volume. Interim reports will be published in 2013/14, and made available online at http://sticerd.lse.ac.uk/case.

Introduction

When the last Labour government took office in 1997, pledging to combat social exclusion, renew neighbourhoods and eliminate 'no-go' areas, a critical issue was to address the phenomenon of 'low-demand' housing and unpopular neighbourhoods, which was becoming particularly acute in certain Northern and Midlands towns and cities.   Power and Mumford (1999) in their book *The Slow Death of Great Cities*, set out the nature of the problem, demonstrating how 'low-demand' and vacancies at the neighbourhood level arose from a set of related features of housing, population and economy:

- Structural weaknesses and chronic unemployment in some regional economies;
- Excess housing provision in relation to demand in the city or sub-region;
- Poor management of some neighbourhoods;
- Abandonmed properties, difficulties in letting or selling, housing taken up by the most desperate households;
- Disorder, weakening of informal social controls, despair, leading people to leave, and;
- A high proportion of vacant dwellings exacerbating management problems & conditions.

During the 2000s, Labour instituted several neighbourhood renewal programmes that were designed in part to rebalance supply and demand, or deal with local concentrations of vacant housing caused by poor stock condition or neighbourhood problems. We document these in a forthcoming paper[1].   The controversial Housing Market Renewal (HMR) Programme sought specifically to address the problems of low-demand areas where 'markets had failed'; other programmes and funds targeted deprived areas in general, but included some poor neighbourhoods with problems of unpopularity and vacant dwellings. At the same time, several other processes that might have been expected to reduce the number of vacant dwellings and unpopular areas were also at work, including:

- Relative economic recovery of some depressed regions;
- Demolition of "surplus" homes by social landlords (either within programmes or sporadically);
- Capital movement to secondary housing areas;
- Improved management or improved housing reducing unpopularity;
- Increased housing need relative to supply.

To what extent can we see the effect of these changes at neighbourhood level?   Is it the case that there are now fewer unpopular neighbourhoods and/or neighbourhoods with large amounts of vacant housing?

This note is a brief assessment of the nature and character of the problem in 2001, and an interim appraisal of change over the 2000s. The analysis was conducted prior to the release of the 2011 Census data and sets out a possible methodological approach to quantifying the salient features of unpopular neighbourhoods and vacant homes, at and between Censuses, and assessing change over time.

How many unpopular neighbourhoods in 2001?

We approach this question using 2001 Census data. We work with Output Areas (OA) because they are more sensitive to local high vacants (these are often concentrated in particular streets or

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[1] Lupton, R., Fenton, A. and Fitzgerald, A. (2013 forthcoming) *Labours Record on Neighbourhood Renewal: Policy, Spending and Outcomes 1997-2010.* London: CASE

blocks), and better at distinguishing housing estates by tenure. We classify them in two ways: by features of the OA (vacancy rate, tenure) and by features of the enclosing local authority district. We define 'unpopular' neighbourhoods are those which:

- Have a rate of vacant dwellings (not including second or holiday homes), with more than 2.5 times the mean average rate for all OAs . This is about 7.5% of all household spaces within the area
- Are within a Lower Super Output Area (LSOA) that is in the 20% most income-poor in the 2004 Indices of Multiple Deprivation (which mostly use 2001 data).

This includes about 3.5% of all (small, LSOA leve) neighbourhoods in England. Within this overall group of 'unpopular' neighbourhoods, we distinguish:

a) 'Very unpopular' neighbourhoods: those with an extremely high vacant rate (more than 5x average – i.e. > 15%)
b) 'Estates': areas where > 30% of occupied dwellings are social rented.

This gives just under 6,000 (small) neighbourhoods where there is a suggestion of unpopularity – broken down as follows:

Neighbour-hood type	Not unpopular	Unpopular housing: vacancy rate > 7.5%, 20% most income-poor			
		Unpopular estates: > 30% social housing		Other unpopular housing: < 30% social housing	
		Unpopular estates	Very unpopular estates:	Other unpopular housing	Other very unpopular housing
n	159,775	2,418	896	1,854	722
% of all	96.4	1.5	0.5	1.1	0.4
Mean vacancy rate	2.6	10.2	22.3	10.3	20.9

Unpopular neighbourhoods in relation to types of areas

The origin and nature of unpopularity at neighbourhood level varies with the wider local balance of housing supply and demand. We therefore distinguish three types of area, based on the characteristics of the local authority in which they are located ("district"):

- **Districts with population in decline (1996-2001):** those where the district population (mid-year estimate) fell by more than 2% total in the five years up to 2001. This includes 22 pre-2009 local authorities in England (8 in Scotland, 5 in Wales, 1 in NI). In England, they are coastal cities, mostly in the North (Liverpool, Hull, Newcastle, Middlesbrough, also Plymouth), former coalfield areas (Easington, Mansfield), plus some Midlands industrial urban areas (Nottingham, Leicester, Stoke, Wolverhampton).
- **London** – all boroughs
- **Everywhere else**

The map below shows the distribution of unpopular OAs, by type, across the different areas. It demonstrates that:

- There were unpopular neighbourhoods (vacancy rate > 7.5%) in many parts of the country outside the South;
- Outside of London, there were very few very unpopular neighbourhoods in the South. There was some very unpopular private housing in coastal towns in the South & East;
- Very unpopular neighbourhoods in London were almost all estates, and almost all in Inner London.
- There was a lot of very unpopular social housing in the large cities of the North West & Yorkshire, even though those did not meet the 'low-demand' falling-population criterion (e.g. Manchester, Bradford, and Sheffield).

Districts with an extensive incidence of unpopular neighbourhoods

The table below shows the top 20 districts by percentage of their constituent neighbourhoods being unpopular.

	Population decline?	% of all n'hoods that are unpopular	Unpopular estates	Very unpopular estates	Other unpopular housing	Other very unpopular housing
Manchester	N	33%	172	119	65	83
Middlesbrough	Y	24%	30	24	21	30
Hull	Y	21%	60	32	36	45
Pendle	N	20%	8	0	32	18
Burnley	N	19%	5	6	17	27
Derby	N	18%	38	22	36	34
Bradford	N	17%	60	35	107	50
Blackburn with Darwen	N	17%	22	10	31	10
Liverpool	Y	16%	95	59	76	16
Barrow-in-Furness	N	15%	10	0	16	11
Newcastle upon Tyne	Y	15%	62	44	17	10
Hartlepool	N	15%	19	3	14	8
Thanet	N	13%	3	1	32	23
Mansfield	Y	13%	16	10	12	6
Salford	Y	12%	46	20	13	12
Shepway	N	12%	5	0	15	20
Stockton-on-Tees	N	11%	29	15	14	8
NE Lincolnshire	N	11%	16	4	34	6
Gateshead	Y	11%	26	6	30	12
Hyndburn	N	11%	4	2	12	10

- Only 7 of the 22 'population decline' districts feature, although others in this list had falling populations but fell short of the criterion (e.g. Barrow, Burnley).
- In some (Manchester, Newcastle, Liverpool) most of the unpopular areas were social housing; others are more evenly mixed (Middlesbrough) or had more private housing (Shepway, Bradford, Pendle)
- Nowhere in London features – the first borough to feature is Hackney, with 7% of neighbourhoods unpopular, almost all estates.

The 2000s

The extent and effect of demolition

One question is whether there is any evidence of directed demolition being used to reduce stock where there appeared to be a long-term excess in relation to current and anticipated demand. We can look at this (rather simplistically) by comparing the net change in total dwelling stock in the various types of 'unpopular' neighbourhood from 2001 and 2010.

The results are in the chart below. The 'neighbourhoods' here are Output Areas, categorised according to their position in 2001. The dwelling stock figures come from Council Tax records. The x-axis is the net change in dwelling count (note – stretched scale) and the y-axis is number of neighbourhoods. The top line is the reference category – neighbourhoods that were not unpopular. As might be expected, most neighbourhoods had little change – typically, a small increase; London neighbourhoods were liable to see somewhat greater increases than others.

Effects of the policies and actions of various agencies are most obvious in 'very unpopular estates' in 'population decline' areas. Here there is a peak of areas to the left of the dotted line – meaning that most saw some demolition and some saw much. Note that the left hand extension of the axis is bounded by the maximum number of dwellings in 2001 for an output area, whereas the right-hand extension is much less bounded (indeed, some OAs increased their dwelling stock from 100-150 to several thousand). There is some evidence of more demolition in 'unpopular estates' outside of London. However, the range of outcomes for non-estate unpopular housing does not seem to be different from that of neighbourhoods overall, even in 'population decline' districts.
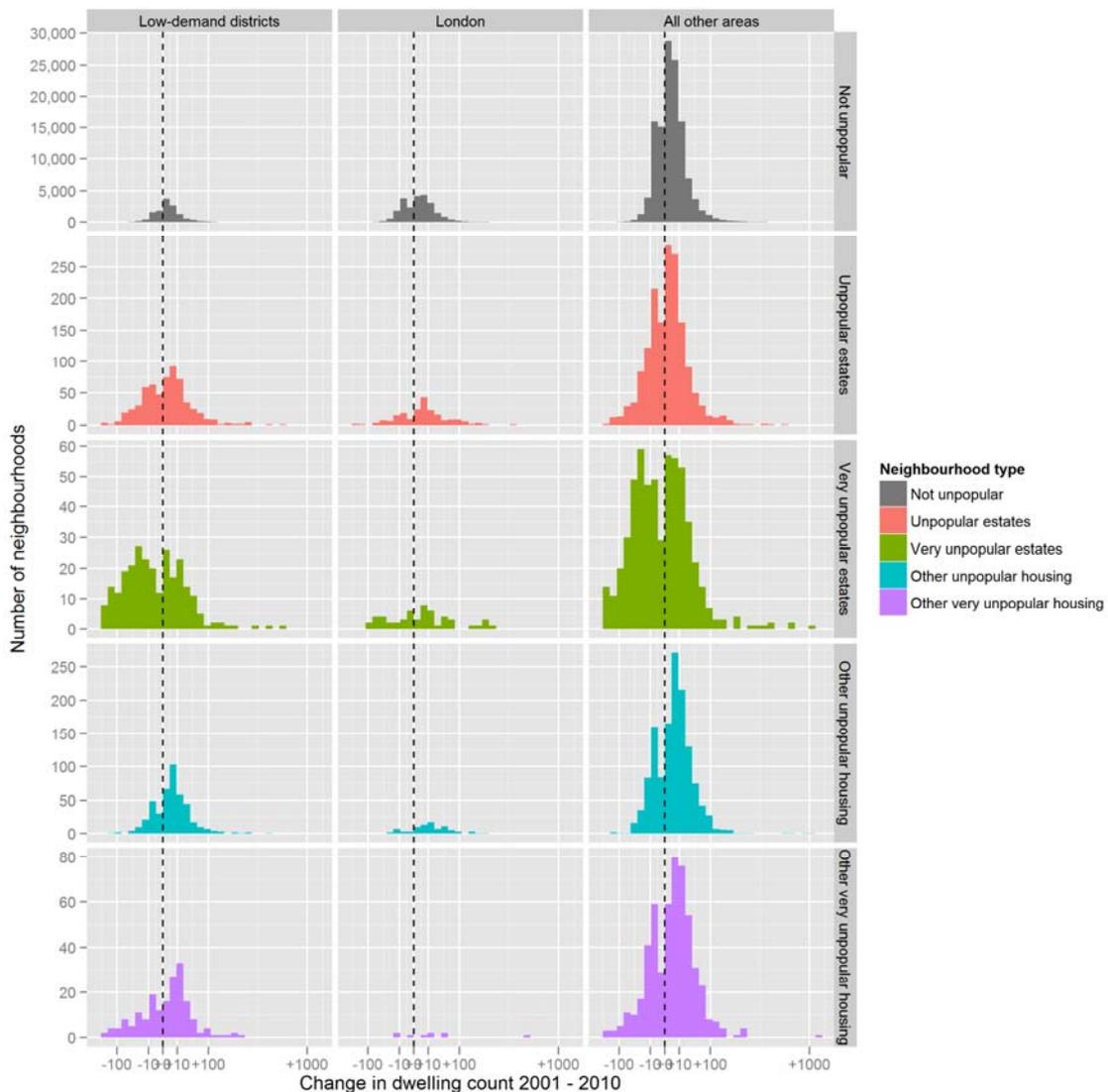
This is a simplistic approach for two reasons:

- We are only comparing net stock at two points, not year-on-year change. So, for example, some of the very unpopular estates in London may have had a lot of intervention, but this is disguised by subsequent rebuilding.
- There is some degree of prior intervention effect or a selection problem: some of the apparently 'unpopular' neighbourhoods would be so in 2001 **because** they were already being decanted in advance of demolition or redevelopment.
- We are not taking account of district-level change, or change in proximal neighbourhoods.

Changes in vacancy rates

Another approach is to look at numbers of vacant dwellings at the neighbourhood level. This work was carried out in 2012, prior to the release of 2011 Census data, so we describe a 'best estimate' approach for measuring inter-censal change in vacant housing.

The data source is a dataset gathered in 2007 and 2008, from returns made by local authorities from their council tax databases matched down to LSOA geography[2]. These data have some problems. Chief among these is that some local authorities made no returns on vacants, including some districts of interest here. Also local authorities used various definitions and detail for their reporting of vacants – here we use 'vacant dwellings excluding second homes'. Because of these problems, we cannot confidently estimate numbers for the whole country, only indicate broad trends. The table below shows the results dividing LSOAs into those a vacancy rate greater than 15% in 2001 and 2007/08, and those with a lower vacancy rate. There were 273 LSOAs with a vacancy rate greater than 15% at the 2001 Census.   Of these only 33 still had that rate in 2007/0. However, we do not know the precise rate for 94 of the 273 neighbourhoods which previously had a rate above 15%. Nevertheless we have less precise evidence that 67 of these were above 15% in 2007/08.

		Vacancy rate in 2007/08		
Rate in 2001	total	< 15%	>15%	Not known
Vacancy rate < 15%	32,209	15,549	67	16,593
Vacancy rate > 15%	273	146	33	94

A further issue of comparability is to match the OA level of categories above ("unpopular estate" and so on) with the LSOA geography. This is done as follows (in descending priority):

- If there is at least one 'very unpopular estate' OA within it, the LSOA is classified as 'with very unpopular estates'
- If there is at least one 'very unpopular other housing' OA within it, the LSOA is classified as 'with very unpopular mixed housing'

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[2] See Wyatt, P., 2008. Empty dwellings: the use of council-tax records in identifying and monitoring vacant private housing in England. Environment and Planning A, 40(5), pp.1171 – 1184.

- If more than half the OAs in an LSOA are 'unpopular', the LSOA is classified as an 'unpopular area'

A simple scatterplot of the vacant rates for LSOAs of interest to this analysis (most income-deprived 20% and with vacancy rate > 5% in 2001) is show below. The dotted line is where the vacancy rate would be the same in 2007/08 as in 2001. Points above this dotted line are where the rate has increased, and below the line where vacancies have fallen. The solid lines indicate a "best fit" of the points.

The graph shows the following:

- Overall, vacancy rates fell in these LSOAs, and fell more in those with very high-vacancy rates in 2001 (seen in the downward inclination of many of the solid lines of best fit)
- The trend in the change was sharper in very unpopular estates than in mixed housing areas (particularly in London) – this may correspond with findings from dwelling change
- There were still some with very high vacant rates at the end-point (including some which are not shown as they are off the scale)
- There were only a small number of 'new' low-demand areas – some of which may result from some of these areas lying partly vacant in advance of some redevelopment.
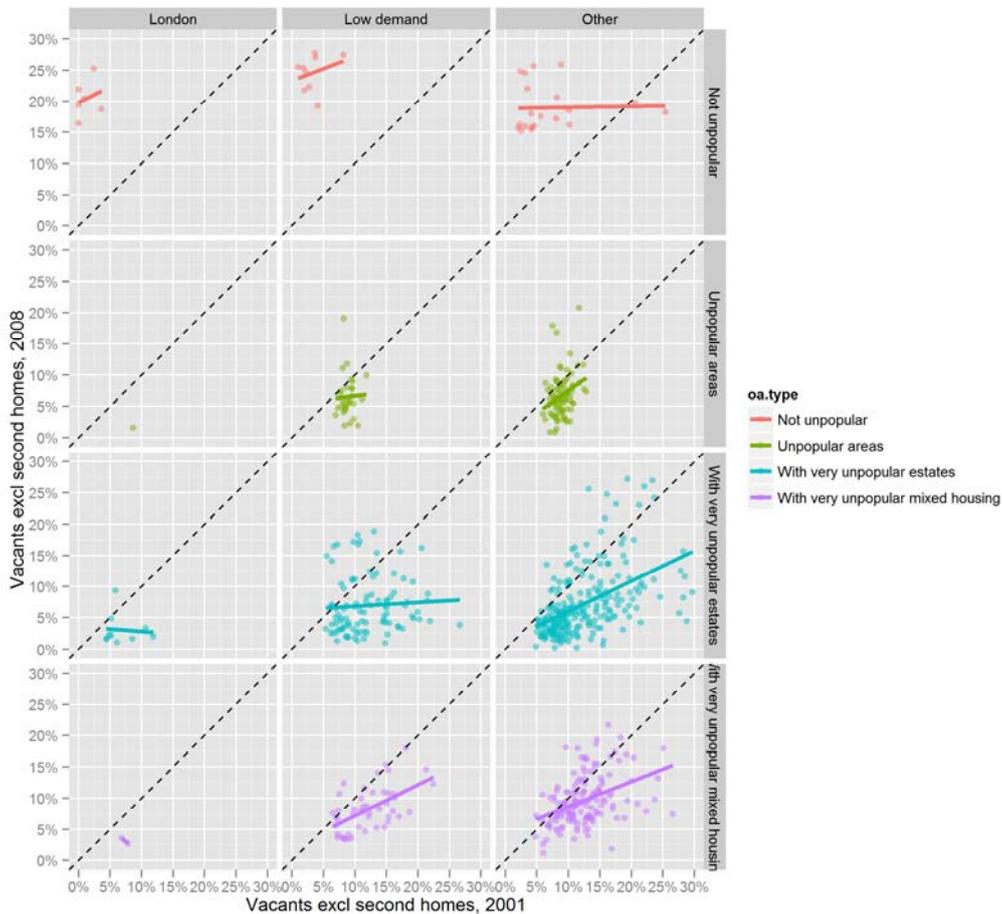
Conclusions

Estimating numbers of vacant homes at the neighbourhood level, between Censuses, is problematic, but broad trends in types of areas can be indicated. This analysis suggests that:

- There is evidence of reductions in vacancies in very unpopular social housing areas by the reduction of housing supply (demolition).
- There was a tendency for vacancy rates to fall – both across the board – but especially in areas that in 2001 had very high rates.

The 2011 Census data will enable these claims to be more accurately tested, once it is available at these lower spatial levels.

The numbers themselves, of course, tell us nothing about the efficacy of specific programmes – this is almost certainly best assessed from evaluations of those programmes rather than new analysis of secondary data. Nor do they tell us about the contribution of various changes to neighbourhoods and areas over the period, for example:

- Slowing or reversal of population and economic decline in less advantaged cities and sub-regions
- Rebalancing of housing supply and demand across wider areas
- Increased popularity of poor neighbourhoods resulting from improved management
- Increased attractiveness of social housing as a consequence of improvements to the stock
- Greater demand overall for social housing in the context of falling social housing stock turnover rate
- The effects of loose credit control and a growing market in private rented housing in increasing the attractiveness of secondary other local areas for investment in other housing types
- Large-scale replacement or additions to stock within neighbourhoods

Local studies are needed to explore these questions. We hope that this note, and its Census 2011 follow-up, will both inform and prompt such local investigations.