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Spatial Economics Research Centre

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Slum clearance

Quoted in the economists piece on moves to deal with [housing overcrowding in Newham](#): Good housing is obviously better than bad housing, but bad housing is better than none, and when the state gets into the business of licensing goods supply tends to fall. As Henry Overman, professor of econorr geography at the London School of Economics, puts it, "schemes that restrict the ways in which we can use housing tend not to be beneficial to the poor."

I was reminded of this again when catching up with Episode 6 of the BBC's excellent [Secret History of our Streets](#): "The sixth episode features Arnold Circus, in the East End and the story of a Victorian social experiment that changed Britain. Arnold Circus is home to the first council estate which open in 1896. The planning of the estate, from its lack of pubs to the pattern of the brickwork, was deliberate in order to make its residents respectable, as previously the land had played host to a notorious crime-ridden slum."

It worked - to a point - newly arriving residents were certainly more respectable. But, what happened to the original slum dwellers? It turns out the cour mapped their re-location after the slum clearance. The result? Not a single one of the original residents returned to Arnold Circus - all of them located somewhere nearby in other slums. This was hardly surprising - rents increased by a factor of four, taking the new housing out of reach of the original residents. Of course, over time, continually up-grading the quality of the entire stock helped improve housing conditions of the poorest. But we shouldn't fool ourselves - in the short to medium run rent hikes - be they from new regulations or renovation - help some poor families while hurting others.

It's hard to know where the balance lies in the case of Newham. If supply responds to the new regulations then winners might outweigh the losers. But this is a borough that has such a shortage of housing that it was looking to other LAs to house it's poorer families (in a city which suffers from housing shortages). In short, you might reasonably worry that London's latest bit of 'slum-clearance' will have affects that are not so different in some respects from those experienced by Arnold Circus' residents over a century ago.

Posted by [Prof Henry G. Overman](#) on [Monday, July 16, 2012](#)

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