Spot the grot, stop the rot
Preventative medicine for urban decline
'Try to understand where the decline has started because it has never just started right across the whole neighbourhood at once. It tends to start in particular pockets and then spread. If you can identify where those things start, you can often try to stop them.'

David Cowens, Chief Executive, As Places for People housing association
This report identifies the signs that a neighbourhood is in danger of being abandoned by those who live there. A phenomenon that has been occurring in many parts of the North and Midlands and one that has led the government to seek to tackle the problem through its ‘Pathfinder initiative’. Once an area starts to decline the descent into abandonment can be rapid. And once abandonment has taken hold the cost and difficulty involved in turning the area around can be immense.

It is far better, therefore, to spot early signs that an area is in danger of abandonment and take remedial action in a timely and cost effective way. But that begs the question: what are the signs that an area is on the slide?

This is the question this report attempts to answer. It is based not just on a review of the existing literature, but on a detailed study of a number of areas that have been in danger of or have actually fallen into abandonment. The aim is to pave the way for a practical toolkit that can be used by:

- **Local authorities, community groups, housing associations and regeneration and housing professionals** to identify where local housing markets are on the brink so they can take action to reverse the slide

- **Home-owners and landlords** to identify the warning signals of low demand before it becomes too late and they are trapped in negative equity.
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Introduction

For many, negative equity is a dimly remembered phenomenon of the early 1990s when hundreds of thousands of home owners found themselves trapped in homes worth much less than the original purchase price. But in parts of England, the problem has never gone away and in some cases it is getting worse, leading to mass abandonment of neighbourhoods.

There’s nothing wrong with low house prices per se. Indeed, the idea of low house prices being a problem may seem bizarre to those unable to get a foothold on the South of England property ladder. The problems kick in when an entire neighbourhood’s housing market has failed. Areas affected include parts of the North of England and the Midlands with pockets in Scotland’s central belt and the Welsh Valleys.

Low housing demand is a problem that cuts across all housing tenures. Although it is more of a problem in social housing, a substantial number of owner-occupied and privately rented homes are at risk of abandonment. Government evidence suggests that in areas suffering low demand, 45% of dwellings belong to local councils and 11% to housing associations while 44% are privately owned. And despite rising prosperity for much of the last decade, the problem has been getting worse.

Curing the problem is difficult. Over the last 20 years local authorities have spent huge sums attempting to turn the tide of urban decay but it hasn’t necessarily paid off. The most graphic example is Newcastle’s West End where the city council estimates that £500m has been spent on regeneration in the past two decades. Despite all this effort, many streets remain half abandoned.

But now a new method of tackling the issue is being adopted. The 10 year housing market renewal ‘Pathfinder initiative’ aims to provide comprehensive solutions for areas suffering housing market failure. The government’s initial allocation for the initiative is some £500 million. Although this is a significant sum, it has to be spread across nine separate areas, covering 23 different authorities, including several of England’s biggest cities.

Given the very high cost of trying to retrieve the situation after abandonment has set in, the need to identify and react to the warning signs quickly becomes an even greater imperative. As Places for People housing association chief executive David Cowans told the transport, local government and the regions select committee investigation into low demand housing:

‘Try to understand where the decline has started because it has never just started right across the whole neighbourhood at once. It tends to start in particular pockets and then spread. If you can identify where those things start, you can often try to stop them.’
The key indicators of low demand
Economic decline

Key indicator: Economic decline can be measured by local unemployment rates. Twice the national average and the area is in trouble, three times and a crisis is brewing. Linking this with low wage levels creates an even stronger indicator.

The past two decades have seen Britain’s economy transformed as the workshop of the world has relocated from the cradle of the industrial revolution to the banks of the Yangtze River. When such a large chunk of economic activity disappears, as has happened in many parts of the North and the Midlands during the past 30 years, resultant damage to the housing market is hardly surprising.

A graphic example of where the withdrawal of traditional manufacturing has undermined a neighbourhood’s property market is the West End of Newcastle, within living memory the heart of the world’s biggest concentration of ship-building. Since the 1971 census the area’s population has dropped by an estimated 40%. Demolition of a quarter of the area’s housing over the same period has failed to keep pace with the area’s population decline, resulting in swathes of boarded up housing.

On a macro level, population flows are mirroring the north-south shift of economic activity. The government forecasts that the population of the North East will decline by 3.5% between 1996 and 2021, while that of the UK as a whole will rise by 6.9%. The same measure shows that Merseyside’s population is forecast to fall by 10% over the same period. By contrast, the populations of the East of England, South East and South West regions are all expected to grow by between 12 and 13%. The impact of this population decline on housing stock will be dampened by the nationwide trend towards smaller and more fragmented households. But long term population decline is already having an impact on empty property levels.

Disappearing industries
The disappearance of industries like coal mining and steel making which needed large sites has also left large holes in the urban fabric. Left untended, such sites become favourite haunts for fly tippers as well as those wishing to dump and torch stolen vehicles, so further degrading what are often already unattractive urban environments.

Areas that have contained large concentrations of industry also have to contend with the physical legacy of contamination and pollution. Unless such sites are cleaned up, prospective residents will be reluctant to live next to them. Decontaminating such sites is usually very expensive, requiring sums that cannot be raised privately. In many former industrial areas, residential returns are low, compounding the difficulties that developers face recouping their investment.

And it is not only residential occupiers who are deterred. As economic decline and the social problems associated with persistent high levels of unemployment kick in, the two problems become self-reinforcing. High levels of crime make neighbourhoods less attractive as business locations. In the Charlestown area in inner city Salford, for example, 90% of businesses regard the area’s image as poor or very poor.
But the value and attractiveness of housing can be heavily affected by the proximity of noisy and polluting industry too. The Hanley Economic Building Society’s head of lending Alan Hagan estimates that **proximity to industrial processes can wipe up to 10% off the value of a property**. Ex-Renew North Staffordshire director Brendan Nevin says that the pathfinder project’s research has revealed a strong correlation between areas of housing market collapse and those where industry and dwellings are mixed up.

Tackling this problem is extremely tricky. In many areas experiencing housing market collapse, the local economy remains reliant on industry to a greater than normal degree. In east Lancashire, for example, the Elevate housing pathfinder has discovered that nearly one in seven (14%) of businesses registered are in the manufacturing sector compared to eight per cent across the country as a whole. Plant and machine operatives make up 13.7% of the workforce compared to a national average of 8.5%.

**Inner city migration**

The links between the economy and the housing market are further complicated by evidence showing that **housing market collapse has often been triggered by local economic upswings**. The phenomenon of neighbourhood collapse did not kick in during the 1980s when the north of England and the Midlands were experiencing the full brunt of economic recession. Instead, it has happened during the mid to late 1990s amidst relatively benign economic conditions. The main explanation for this apparent paradox is that **increased affluence helps those who can afford it to move out of inner city to suburban locations**.

The most graphic example is in Greater Manchester. There, the city centre witnessed record employment growth in recent years at the same time as the price of property has plunged in adjoining inner city neighbourhoods. Manchester City Council Deputy Chief Executive Eamon Boylan, who is responsible for the authority’s regeneration efforts, says:

‘The economic benefits that have been driving civic renewal have accelerated that process (of housing market decline) further.’

Birmingham University’s Centre for Urban Research and Studies (CURS) research shows a correlation between declining social housing waiting lists and falling unemployment.
This abandonment of social housing has been mirrored by a similar flight from older neighbourhoods. Newly affluent households have abandoned the social housing estates and the pre-First World War terraced housing that they grew up in. The drop in house prices following the property market recession of the early 1990s and subsequent slow recovery coupled with recent low interest rates, meant that owner-occupied housing was more affordable during the later 1990s than at any point in the previous two decades.

Reports last year said that a mortgage had become more affordable in some parts of Manchester than the rent on a typical city council property. Many younger households, stung by the negative equity nightmare of the early part of the decade, have continued to rent and so have been able to leapfrog the smaller terraced homes that traditionally fulfilled the role of ‘starter homes’. Their choice has been eased by the widespread offer of ‘cashback’ deals by private house builders for new build properties.

In addition, government regeneration policies have increasingly tended to put training and employment ahead of bricks and mortar measures over the past decade. Liberal Democrat Local Government Association housing spokesman Richard Kemp, who represents the Anfield ward in inner city Liverpool, says:

‘Every time you create a good job, there’s a 60 to 70% chance that the person who gets it will leave the city. Once you lose those people, there’s only a one in ten chance that you will get them back.’

Brendan Nevin says:

‘The old idea that if you get the employment right then everything else will follow is wrong. If you get the employment right and you don’t get other parts of the urban fabric right then you will have problems.’

This out-migration of relatively affluent households from declining areas exacerbates existing problems. It drains spending power from the shops and services in the neighbourhood. It also reduces the council’s tax base, sapping its ability to improve the local services that are vital to maintaining the quality of urban life.

However, while such out migration is a symptom of the relatively benign conditions of recent years, this process has occurred against the back-drop of long term population decline which has created a surplus of housing stock. Within this context, poorer quality neighbourhoods have been unable to compete.

The ‘Index of Multiple Deprivation’

Hull and Doncaster are widely acknowledged to have problems of housing demand. According to the Index of Multiple Deprivation (IMD), the government’s preferred measure of poverty, more than half of the population of both boroughs live in the 10% most deprived wards in England. Of the six most deprived local authorities, according to the government’s index of local deprivation, five have been earmarked as housing market renewal pathfinders. However the use of the IMD as an indicator of a property market on the slide is problematic.
Greater London contains many areas that rank high in the index but that do not face problems of low housing demand. In addition, the housing indicator in the index is based on three main factors:

- Overcrowding
- The number of households in temporary accommodation and
- Poor private sector stock condition.

Only one of these is directly relevant for areas suffering demand problems. The Housing Corporation’s own guidance on low demand describes it as ‘more sensitive to problems of housing market stress than to housing market weakness or low demand.’

This report’s analysis of neighbourhoods affected by housing market collapse shows a strong correlation between housing market collapse and individual indicators of poverty like high unemployment. In the north Liverpool ward of Kensington, 8.3% of the population were unemployed, according to the most recent census in 2001 – two and a half times the national average. Of those on the dole, 47% had been out of work for six months or more. In the same ward, the last national census said that 15.5% of the adult population were disabled – nearly three times the national average of 5.5%.

In the Grangetown ward of the Teeside town of Redcar, where the local council is lobbying for the government to recognise problems of housing abandonment, more than one in ten adults (11.1%) were out of a job, according to the 2001 census and 14.6% were permanently sick or disabled.

**Low wages**

But, like the IMD, unemployment rates cannot be looked at in isolation. Some of the highest rates of unemployment are found in inner London, where the proximity of wealth generating financial services and other service industries support the highest levels of housing demand and house prices in the UK.

Perhaps, a better link can be established by linking high unemployment to low wages. Both are signs of depressed economies. Like their unemployed counterparts, low wage earners find it both hard to get on the property ladder and maintain their homes. Inland Revenue earnings figures for 2000-01 showed that workers in Stoke-on-Trent earned an average £14 300 a year, the third lowest ranking of 354 English districts. According to the Office for National Statistics, Burnley residents’ wages are 17% below the national average.

The link between low incomes and poor housing conditions is important – households on the breadline will not be able to afford either repairs or basic improvements. A combination of high unemployment and low wages fuels a weak housing market.

‘Every time you create a good job, there’s a 60-70% chance that the person who gets it will leave the city. Once you lose those people, there’s only a one in ten chance that you will get them back.’
Empty properties

Key indicator: 45 empty homes per 1,000 properties is a warning sign that low demand could be on the way.

An obvious indicator of low housing demand is a high level of empty properties.

Boarded up houses are not only an eyesore but also make the task of selling or letting harder, encouraging those who can do so to move away and so exacerbating de-population and the decline of local amenities. As Professor Anne Power of the London School of Economics writes: ‘The withdrawal of owners without replacement occupiers—abandonment—is the strongest possible signal of a collapse in confidence and therefore value.’

The level of empty properties is connected to long term population shifts. Empty home levels are above the national average of 3.2% in all three northern regions. The proportion is highest in the North West where 4.2% of properties were vacant, according to the 2001 national census. However, vacancy rates can be very much higher in particular neighbourhoods. Work carried out by CURS for Liverpool Council identifies a neighbourhood vacancy rate of 14.5%—around one in seven of all properties—as the ‘tipping point’ for low demand. ODPM best practice guidance suggests that authorities should view housing void rates of 4.5% as a warning sign that a neighbourhood is slipping into decline.

Across inner city Liverpool, one in eight (12.6%) properties were empty compared to six per cent for Liverpool as a whole, according to a study carried out two years ago. However, in parts of the inner city, between 25 and 30% of properties were empty. In the West End of Newcastle, 1,419 privately owned properties were empty according to council tax figures collected to support the city’s recently completed bid for housing market renewal funding, representing 9.8% of the area’s non-social housing stock. By contrast in the better off north of the city, 4.2% of private homes were void. Figures collected in inner city Stoke-on-Trent and Burnley, also widely recognised as areas of housing market decline, show similarly high void rates.

‘The withdrawal of owners without replacement occupiers—abandonment—is the strongest possible signal of a collapse in confidence and therefore value.’
Unpopular properties

While it may be expected that in a city like Liverpool with its long history of severe economic problems, the more expensive properties would be the least popular, the evidence suggests otherwise. The least popular properties were likely to be those at the bottom end of the market, according to CURS. While 68% of properties within the inner city were in council tax band A, these homes accounted for 81.3% of vacancies. Cheaper properties are also likely to stay emptier for longer in areas of market collapse.

Research conducted two years later in Liverpool showed that while council tax band A properties made up 87.2% of all vacancies within the inner city area, they composed 94.9% of all properties empty for longer than six years.

High vacancy rates in the private housing sector are often linked to rising social housing voids. The CURS study showed that nearly one in five (18.5%) of housing association properties that came up for letting in inner city Liverpool in the financial year 2000-1 were the result of abandonment.

But equating high levels of empty property with low housing demand is too simplistic. Two of the authorities reporting the highest levels of voids are the Kent coastal authorities of Thanet and Shepway. Yet in both of these areas, average house prices are above the national average, suggesting there is reasonable demand, a view supported by local agents and local authority officers.

And data on vacancies is only generally available at local authority wide level, making it difficult to identify localised pockets of private sector abandonment. Sheffield, for example, is widely acknowledged as having a low demand problem. However in 2000, just 2.4% of the city’s private sector stock was vacant, a much lower figure than that for York where the property market is much more buoyant.

Council tax records can be used to measure the number of properties that are boarded up per 1,000 properties. The ODPM’s best practice guidance on low demand issues suggests that a void rate of 45 homes per 1,000 homes is a danger signal. But to get these figures, it is necessary to seek the permission of the local authority.
Low property prices

Key indicator: Average house price sales of below £40 000 indicates that a neighbourhood’s property market is struggling. Below, £30 000 shows that it is in serious trouble. This can be measured by collecting property prices issued by the Land Registry broken down to ward level.

Low house prices are a double-edged sword. On the one hand, affordable housing provides options for low-income earners. But the downside can be negative equity, which will deter people from moving into stagnant and failing housing markets. For residents, the consequences are worse: they find it hard to move because they know that by doing so they will lose out financially.

Despite relatively favourable recent national economic conditions, nearly three quarters of owner-occupiers across the wider east Manchester area recently polled by the area’s New Deal for Communities (NDC) project, believed their homes to be worth less than they were five years ago. Of these, 29% believed the value of their home had fallen by more than £20 000 since the mid 1990s. This picture was mirrored in the nearby Salford neighbourhoods of Charlestown and Lower Kersal, where the area’s NDC partnership found that 76% of owner-occupiers believed the value of their property had fallen in the previous five years. Liverpool 8 resident Karen Harris believed that her flat, acquired for £20 000 over 10 years ago, was worth little more than £5 000 when interviewed two years ago. She said: ‘You believe it’s an investment for your children, but what have you got left?’

Tipping point
Research indicates that a house price of £20-£30 000 is the tipping point for low demand with many mortgage lenders reluctant to lend below this threshold. Alan Hagan explains that while his building society offers loans less than £30 000 many of his competitors do not because it is cheaper to set up and service a loan worth £90 000 than three £30 000 loans.

Another factor weighing against acquiring low value property is that it may cost more than it is worth to repair and refurbish. Council tax statistics from Liverpool showing that void levels are concentrated in the lowest value stock would appear to back this up. Within the inner core of Liverpool, a more recent survey indicated that 91% of housing was valued within council tax band A or B, meaning that it was worth less than £52 000. This compared with rates of 26 and 19% in bands A and B for England as a whole.

Most recent house price figures indicate that the picture has not changed significantly. In the second quarter of last year, the level of the average house price sale in the city’s Kensington neighbourhood was £27 774. This reflected the low level (£25 920) being achieved by terraced properties that make up the bulk of the area’s housing stock. But the extent to which this is a localised problem can be gauged by figures showing that within the city, the value of such properties fluctuates by as much £50-60 000.
Across Hull, the only local council to be entirely covered by a housing market renewal pathfinder, the average price of a dwelling was £40 000 – the lowest figure for any English authority. During the previous five years, house prices in the city increased by just nine per cent compared to 51% in nearby York. Nearly three quarters (73%) of dwellings are classed in council tax band A. This pattern is reflected in many other areas with more than 60% of homes in Barnsley, Doncaster and Sheffield and 59% of those in the North East falling within the same band.

When house prices are so low, many purchases are made with cash, avoiding lending and estate agency fees. A study conducted in Manchester, showed that 80% of all homes worth less than £15 000 were bought for cash. For properties worth between £15 000 and £25 000, more than half of all acquisitions were by cash purchasers.

And the problem is not confined to older homes and former social housing properties. Newer developments in such areas will often be infected by the surrounding market collapse. One example is Beswick in east Manchester. Here semi-detached homes built by Tay Homes were sold for £46 000 in the late 1980s, yet by 2000 their value had fallen to less than £20 000. Even in the second quarter of this year, following strong house price rises across the north of England, the average terraced property sold for £20 464 in the nearby Langworthy neighbourhood of Salford.

“You believe it’s an investment for your children, but what have you got left?”
Environmental quality

Key indicator: This is less easy to measure quantitatively and a more rule of thumb assessment may be used here. However, local authority environmental health and cleansing departments can generally provide information on matters such as the number of reports of fly tipping per 1 000 properties.

Environmental quality is a key factor in defining whether a neighbourhood is at risk of decline or not. Brendan Nevin, co-author of the CURS research into failing markets in the M62 corridor, cites it as one of the three key factors driving low demand in the area. By environmental quality, he means both quality of the public realm and the buildings that make up a neighbourhood.

As areas decline, residents take less of an interest in their environment and put less pressure on local decision-makers to keep the area up to scratch. Litter and graffiti send out a message that an area is uncared for. In some areas such as inner London, a squalid public environment does not undermine the housing market to the same extent because competition for scarce property means residents are prepared to put up with less.

But in areas without pronounced ‘pull factors’, like proximity to well paid jobs, a poor quality environment will be yet another disincentive to stay put. Some councils such as Salford have responded by setting up a neighbourhood warning system which records factors such as the prevalence of litter and abandoned cars and the level of noise nuisance.

The government’s own house condition survey says that:
- 2.5 million dwellings are affected by substantial problems associated with heavy traffic and parking
- 1 million dwellings are affected by poorly maintained and neglected buildings, private gardens and public spaces
- 0.5 million households live amidst vandalism, graffiti and boarded-up buildings.

The same survey suggests that there is a link between low demand and poor environmental conditions. Around 28% of the dwellings in neighbourhoods classed as environmentally poor are in areas of ‘limited’ demand. This compares with 11% of dwellings in other neighbourhoods.

There is a link too between poverty and poor environments. Some 80% of the dwellings in poor neighbourhoods are located in the most deprived 40% of wards according to the 2000 index of multiple deprivation. The concentration is even starker for the very poorest neighbourhoods.

Liverpool council has carried out market research which shows that a poor quality environment was one of the biggest turn offs for residents of the Anfield and Breckfield neighbourhoods, both now part of the Merseyside housing market renewal pathfinder. The layout of properties and the quality of the surrounding environment were both more important concerns for residents than house condition. Particular problems cited by householders were back alleyways and entrances, car parking and speeding. This reinforces national survey evidence suggesting that environmental quality is a greater cause of dissatisfaction for people living in low demand areas.
Parental concern
A poor quality environment is a particular source of concern for parents. In the Salford area of Charlestown, part of the Manchester-Salford market renewal pathfinder, 91% of residents rated children’s play facilities and two thirds (67%) rated local parks and gardens as poor. The main reasons cited by children in the area for not using local play facilities were that they were unsafe (52%) and dirty (39%).

Crime
Low environmental quality can also create a breeding ground for crime. Poorly lit alleyways and footpaths become no go areas for pedestrians who are deterred from using them by fear of mugging. Lack of recreational facilities and play areas can encourage bored youngsters into anti-social behaviour and crime.

By contrast, a survey of residents living in new build areas by Birmingham University’s CURS showed that the kind of problems identified in older neighbourhoods were less pressing. Just 11% of those surveyed expressed dissatisfaction with their environment.

Noise
Noise tends to be more of a problem in older neighbourhoods. Inner neighbourhoods tend to be bisected by large arterial roads, serving city centres. An example is Charlestown in inner city Salford where two major through routes carry large volumes of commuter traffic into Manchester city centre, resulting in a polluted environment for local residents. In environmentally poor neighbourhoods 24% of households are concerned with noise compared to 14% in other areas.

Demolition
And the very process of regeneration can exacerbate environmental problems. The demolition of unwanted housing can further degrade the environment by opening up gaps in the urban fabric. Left unsupervised, these plots of land can then become favourite spots for fly tipping. As well as making an area look less attractive, fly tipped rubbish is also a source of health hazards.

But not demolishing is not the answer either as large, empty unused buildings, like schools and pubs quickly become eyesores, adding to an air of dilapidation. Boarded up properties become magnets for vandals, arsonists and fly-tippers. They can also provide cover for criminal activity, further blighting the area. Empty homes can also become rapidly infested by rats, pigeons and other vermin. Careful management of open space created by demolition is one of the key early tasks for any housing market renewal scheme.
Declining local shops

Key indicator: This can be measured by assessing shop vacancy rates and more qualitatively by assessing the quality of local retail provision such as the range of outlets supplying affordable groceries, banking facilities and a post office within a 10 minute walk or half hour bus or train journey.

As shops need customers with cash in their pockets, poor shops are a clear sign of low local incomes and declining populations. As communities decline, the demand for local shops and post offices declines, leading to many becoming boarded up. Lack of shopping and other service provision reinforces the impression that an area is an unattractive place to live.

David Cowans, chief executive of the Places for People housing association, told the House of Commons select committee inquiry into empty homes that: ‘A lot of my colleagues who work in the front line of our organisation tell me that when the local pub closes then there are serious worries about the area.’

Housing Corporation guidance suggests that a range of outlets supplying affordable groceries, banking facilities and a post office within a 10 minute walk or half hour bus or train journey is a key indicator of a sustainable community.
Voter apathy

**Key indicator:** Can be measured by examining voter numbers by ward. Turnouts of 15% and under are a cause for worry.

A population that cares about the area it lives in cares about who its decision makers are. Voting returns indicate that the richer an area is the higher the election turnout. Conversely, low voter turn-outs often indicate a disengaged community. In turn, elected representatives in such areas will often be under less pressure than their counterparts in more affluent areas resulting in poorer quality local services like street cleaning, which further drag the neighbourhood down.

Poor voter turn out is often a symptom of a fragmented community. In the inner city Salford neighbourhood of Charlestown and Lower Kersal for example, the baseline study for the area’s NDC project, only 22% of residents feel a close sense of involvement in the community. This manifests itself in a distrust and alienation from society’s institutions. An example of this is the under-reporting of crimes to the police because of distrust that problems will be dealt with.

The Housing Corporation’s guidance on low demand housing suggests that the percentage of households that attend community meetings is another sign of the health of a neighbourhood. But it recognises, too, that high levels of attendance at meetings do not necessarily indicate a strong community. It can sometimes be a pointer to a community under stress. ‘Attendance will vary and when low can signify either apathy or contentment. Attendance can also be reduced when there are concerns about community safety.’

And the level of voter turn out can also reflect how effective local parties are at getting the vote out. Some ethnic minorities are far more effective at maximising participation in elections than others, even though they may be just as, if not more, socially and economically disadvantaged.
High levels of crime and anti-social behaviour

**Key indicator:** This can be measured by examining police form crime statistics showing the number of recorded crimes per 1,000 individuals and the proportion of households afraid in their homes and comparing these to city or county averages. Above 200 recorded crimes per 1,000 individuals should set alarm bells ringing.

Nobody wants to live in an area where they feel unsafe or stand a high risk of being subject to anti-social behaviour. The latest edition of the ODPM survey of English housing showed that a reduction in crime and vandalism was the second most important thing that people wanted to see improved in their local areas.

Brendan Nevin says that crime is one of the three factors that are most important in determining which parts of the pathfinder area will be affected by low demand. And Anne Power writes:

‘Private investors – either individuals or developers, will only come in after obvious risks have shrunk right back – like crime, drugs and anti-social behaviour.’

Phillip Davies, Chief Executive of the Westgate NDC project in the west end of Newcastle said that high crime is a key factor driving the rapid turnover of residents in the area:

‘The reason for high turnover is not because the stock is inadequate, it’s because of crime and other poor services.’

Salford’s early warning system measures levels of personal robbery, juvenile nuisance, burglary, theft from vehicles and levels of hate and race crime in order to establish the health of a neighbourhood.

High crime cannot be viewed in isolation from wider socio-economic pressures. Some of the areas affected by low housing demand, like Moss Side in south Manchester, suffer from extreme levels of violent crime. But in others, the levels of crime are much lower than those found in many inner London boroughs.

Nevertheless, within a context of wider housing over-supply, areas with higher rates of crime and anti-social behaviour than their neighbours are likely to be at a higher than average risk of abandonment.

The baseline study for the North Staffordshire housing market renewal project says:

‘When set alongside other negative features such as poor environment, limited local services and demographic changes, crime can be a major driver of housing market decline and neighbourhood unpopularity.’

Statistics on neighbourhood crime levels are difficult to obtain with information often only broken down to local authority level, mainly because the police are nervous about issuing information at a more local level that may be used to identify offenders. But figures obtained by market renewal pathfinders and other regeneration projects show that low demand areas are often characterised by higher than average crime levels.

Burglary rates within inner city Liverpool are higher than those for the city as a whole despite falls in line with UK trends in recent years. According to Home Office statistics published in 2000, the rate of burglaries per 1,000 properties was 54.6% compared to a Merseyside wide average of 25.8%.
In addition, inner city residents were more than three times more likely to be mugged or robbed than those living in more outlying areas. A factor helping to fuel the area’s recent increasing unpopularity is statistics showing that while robberies across the rest of the city stabilised, those in the inner city area rose. This increase has been linked to an increase in drug related offences, which have tripled in the area around Scotland Road, one of the main arterial roads leading out of the city. The CURS report for Liverpool Council says: ‘The impact that crimes of this nature have upon the perception of areas is out of proportion to the amount of crime committed. Areas with high crime rates quickly become labelled in the public mind as “no go areas”’.

An even worse picture can be observed in Beswick, east Manchester, where residents were nearly four times as likely to be burgled as their counterparts nationwide. The number of burglaries per 1,000 households was 81 compared to 22.7 for England as a whole. In the west end of Newcastle, where problems of abandonment are most widespread in the city, Northumbria Police recorded 340.3 crimes per 1,000 individuals, meaning that residents were more than one and a half times as likely to be at the receiving end of crime than those of north Newcastle. Inner city areas of Stoke also experience high levels of crime, according to evidence collected by the Renew North Staffordshire housing market renewal project.

Across the UK, the 2002/03 British Crime Survey shows that inner city residents were nearly twice as likely to have been burgled as rural dwellers. The survey says that 4.9 of inner city residents said they had been burgled once or more within the survey period compared to 2.5% of their rural counterparts. Similarly, 15.8% of inner city residents had reported vehicle thefts compared to 7.7% of those living in rural areas. Five per cent of those living on council estates said they had suffered break-ins compared to three per cent of the rest of the population.

‘When set alongside other negative features such as poor environment, limited local services and demographic changes, crime can be a major driver of housing market decline and neighbourhood unpopularity.’ Having above locally average crime figures will be a disincentive to live in a particular neighbourhood.

And it is not only crime itself which is a problem, but the fear of being robbed or attacked. In Charlestown, the NDC project found that two thirds of residents were afraid to leave their homes after dark, just over twice the national average. In addition, 25% felt frightened in their homes at night-time—again twice the national level. In West End Newcastle, just 21% of residents felt safe while outside after dark, according to a survey.

High crime rates also deter businesses, particularly retailers, from setting up shop. In the Charlestown and Lower Kersal, businesses said crime and security are the biggest issue affecting the running of their operations. Of firms surveyed, 88% stated that crime adversely affects the running of their business, a significantly higher figure than that for the wider Manchester Training and Enterprise Council area and the nation as a whole. Problems cited by firms included burglary, damage to and theft to vehicles parked on the premises and criminal damage including vandalism and graffiti.
These higher crime rates feed through into escalating insurance premiums that in turn increase the cost of living in an area. A recent survey conducted by the AA showed that the UK’s highest car insurance premiums by postcode are found in the inner city Liverpool L6 (£650 a year). A further breakdown shows that in parts of inner city Newcastle, average premiums rise as high as £782. For middle and higher income earners, high premiums and the crime rates that they reflect are a good enough reason not to choose an area. Many of those on low incomes and lacking assets simply do not bother with insurance. In the Charlestown area of Salford, more than half of the residents (51%), do not have their home contents insured.

Crime levels are also often exacerbated by the physical layout of many neighbourhoods. Many traditional 19th Century neighbourhoods are criss-crossed by alley-ways and footpaths that provide escape routes for criminals. And lack of garages and other forms of off street parking means that people are forced to leave their cars either in the street or in communal parking areas, where they will be vulnerable to theft or ‘joy riding’. In Charlestown/Lower Kersal, 13% of residents have had their vehicles stolen or damaged three times in the past three years. Individuals are therefore discouraged from owning vehicles which may in turn limit work opportunities.

Given these statistics, it is hardly surprising that greater security is often cited by residents of deprived areas as the thing they would most like to see improved about their area. In Charlestown, 69% of residents identified more policing as their priority for improving the area.

But it is not only high crime levels that can drag an area down: anti-social behaviour can have just as much impact on the perception of an area. According to the British Crime Survey 2002/03, crime is much higher in areas perceived by their residents to be suffering from high levels of physical disorder, including vandalism, graffiti and litter. High levels of anti-social behaviour will also deter many people, particularly the elderly, from going shopping locally unless it is early in the morning, which in turn makes local services less viable.

Quantifying problems of anti-social behaviour at a neighbourhood level is hard. Housing Corporation guidance suggests that it can be measured by counting the number of complaints about neighbourhood disputes and harassment per 100 properties that are collected by social landlords as well as by police call out data. But the latter in particular may be ‘patchy’, particularly where the disputes involved are not illegal, and are dependant on the force’s policy for recording such incidents.

The very process of neighbourhood decline can exacerbate the spread of anti-social behaviour. Once neglect has set in, overgrown vegetation and boarded-up properties create cover for criminal activity. And as areas decline, landlords inevitably become far less choosy about their tenants leading to concentrations of problem families and individuals. A frequent source of complaint by local residents and councils is the lack of vetting by private landlords that allows anti-social behaviour to take root in some areas.
High levels of disrepair

Key indicator: Disproportionately high levels of disrepair, based on figures collected by local authorities and central government, can be used as an indicator of whether an area is on the slide. An unfitness level of eight per cent is a warning sign of low demand.

When property values are low, there is little financial incentive for owners and landlords to invest because they will not recoup their investment.

Poor housing is defined as that which is either unfit, in substantial disrepair or requires essential modernisation. The areas characterised by poor housing conditions and abandonment often overlap. The private sector indicator in the ODPM’s general needs index of house conditions is 12% higher in areas suffering low demand than the national average. It is particularly high in Yorkshire and Humberside, the north west regions and in inner London, where approximately half a million households live in poor housing conditions.

The English House Condition Survey (EHCS) also shows a ‘strong overlap’ between low demand postcode sectors and areas rated by surveyors as ‘run down and neglected’ because they contain high levels of seriously defective dwellings, vacancies and dereliction. The proportion of unfit occupied houses in private sector low demand areas is around nine per cent, according to the EHCS. This is considerably more than the national average of six per cent. The same survey shows that the proportion of seriously defective dwellings in low demand areas is 19%, against the national average of 14%.

A key measure of poor housing conditions is lack of central heating. In most of the sample areas for this study, the proportion of homes which are centrally heated was below the national average. In the inner Liverpool ward of Kensington, for example, the average home is four times more likely to lack central heating than the national average – 36.1% compared to 8.5%. A similar picture can be observed in the nearby Liverpool 8 area where 36.7% of households lack central heating.

These figures are backed up by figures collected by CURS for inner city Liverpool as a whole. These showed that the level of unfitness in inner city areas was 13.4% – more than one and a half times the level for the city as a whole (8.6%).

In some areas, the cost of repair and refurbishment may be more than the home itself, creating little incentive for householders to upgrade their properties. In areas like Anfield in Liverpool, which have been affected by housing market failure, an upmarket fitted kitchen can cost more than a whole terraced house. A large Georgian property in a neighbouring area would cost £140 000 to make it fit for habitation, a much bigger sum than it could hope to fetch on the open market.
The average cost of bringing a home up to the government’s ‘decent homes’ threshold (ie warm and containing modern facilities) is £7,200 – more than some homes are worth. This average figure masks a wide variation in the sums that need to be spent on individual properties with 40% requiring less than £1,000 of expenditure while 10% need £20,000 or more per dwelling. Nevin says: ‘The investment in the stock is not supported by increased values.’

The Joseph Rowntree Foundation’s State of English Housing report points to a clear correlation between the condition of private sector stock and the market demand for properties. It says:

‘Private sector housing in low demand areas tends to be in relatively poor physical condition, compared to stock in neighbourhoods with a more buoyant property market.’

It shows that the district of Blackburn with Darwen, which lies within the east Lancashire market renewal pathfinder, had the highest level of unfitness of any English or Welsh authority (41 out of every 1,000 dwellings). Of the 10 authorities with the worst unfitness records, seven were in the North West running from Bolton in the south to the Cumbrian district of Allerdale in the north. The same survey shows that problems of unfitness are much less pronounced in the area south of the Wash and the Bristol Channel, where market conditions are generally more buoyant than they are in the north of England and Wales.

The importance of market conditions is underlined by evidence that no such correlation exists between poor home conditions in the social sector and depressed property markets. Bransholme East in Hull is reckoned to be a low demand neighbourhood, but provision of central heating is above the national average thanks to the local authority’s decision to invest its windfall from the sale of Kingston Communications in improvements to the local authority’s housing stock.

Problems of disrepair are intertwined not only with low property prices but poor incomes too. The poor are not in a position to maintain their properties as well as the better off. Statistics show that households with incomes lower than £4,000 a year are most likely to require urgent repairs worth more than £1,000. Those on low incomes will not be able to spend as much on materials and labour. This problem has been exacerbated by the contraction of government grants for home improvements over the last 10 years.

In the inner city Salford neighbourhood of Charlestown and lower Kersley, nearly two thirds (62%) of households received a net income of £200 a week or less with a quarter on £100 or below. Those on incomes as low as this will find it hard to access the loans from banks and building societies that nearly half (48%) of owner-occupiers use to carry out major repairs, according to the 2002 Survey of English Housing. Without public grants, the distribution of which has plummeted in recent years, people on such low incomes will be unable to afford to make all but the cheapest repairs and renovations.

‘Private sector housing in low demand areas tends to be in relatively poor physical condition, compared to stock in neighbourhoods with a more buoyant property market.’
Older people are particularly affected by disrepair issues. On dwindling incomes, they will have more trouble and less incentive to raise the funds for repair works. One in eight (12%) of owner-occupiers over 70 years old and seven per cent of those aged between 60 and 69 would not be able to pay for repairs, according to the 2002 Survey of English Housing. This figure compares to just three per cent for those aged under 60. Only 19% of people aged over 70 would seek a commercial loan for major work to their homes. And older owner-occupiers are more likely to live in poor quality conditions. Figures in the English House Condition Survey showed that more than one in ten (10.3%) of those aged 85 and over and 9.9% of 80 to 84 year olds were living in unfit dwellings. It says ‘Although a high proportion of all older households live in poorer conditions, the housing conditions of the very old are by far the worst’.

11 to 14% of all housing belonging to over 65s lacked central heating. And these problems are geographically concentrated as a result of the demographic shifts that are resulting in the aging of whole regions. Within Yorkshire and Humberside, the proportion of those aged more than 45 is expected to grow by a quarter during between 1996 and 2021. By contrast, the 25-34 year age group is expected to fall by 12%

The age of stock is an issue too. Older properties are likely to be in poorer condition as a result of both wear and tear and the need for improvements. The State of English Housing report points out that the majority of unfit or below tolerable standard dwellings were built before 1919 and that, despite work to improve older stock, ‘unfitness remains predominantly a problem of the pre-1919 stock.’

There is more disrepair to be found in pre-1919 stock than in any other category of housing – in England, 40.7%. It also says that housing without amenities predominantly dates from before the end of the First World War. In Scotland, nearly three quarters of below tolerable standard dwellings were built before 1919. In England, the figure is 48.6% and in Wales it is 56.3%.

But the group, who on average experience the worst problems of disrepair and poor maintenance, are private tenants, who are both disproportionately concentrated in low demand areas and far more likely than owner-occupiers to live in poor condition housing. The English House Condition Survey said that 15% of those living in dwellings classed as ‘non decent’ are private tenants, far outstripping the tenure’s share of the overall housing market.
Poor health

Key indicator: This can be measured by examining health statistics, which can be broken down to ward level. Levels of long term illness 10% higher than the national average and good health 10% lower than the national average are causes for concern.

Research shows a strong correlation between the poor housing conditions characteristic of declining areas and poor health. To a certain extent, this is a chicken and egg problem. People who are in poor health will often lack the means to move to better areas. Equally, there is a strong connection between aspects of poor housing conditions such as damp and ill health. Poor health is not a cause of housing market collapse, but the two problems are linked.

In all of the areas examined, the percentage of respondents to the 2001 census describing their health as good was lower than the national average. In the east Manchester ward of Beswick, 56.8% rated their health as good compared to a national average of 68%. In the same ward, the census recorded that 28.9% said they had a limiting long term illness, compared to a national average of 18.2%.

These figures mean that the average Beswick resident is just over one and a half times more likely to be limited from working or other daily activities by long term illness or disability than their counterparts nationwide.

Similarly high figures are recorded in the nearby Salford ward of Seedley (28.3%), Kensington, North Liverpool, (27.9%) and Charlestown and Lower Kersal (27%). The high levels of limiting long term illness are backed up by the numbers of those that the census says are permanently sick or disabled. In Beswick, the levels of the adult population permanently sick or disabled was 15.5% – nearly three times the national average of 5.5%. In Charlestown, 16.4% of adults said they are permanently sick or disabled. Figures collated by the Charlestown and Lower Kersal NDC project showed that around one sixth of households contain at least one member who is registered disabled with one in ten having a member who is being treated for depression (15%), stress (10%) or anxiety (10%). Within this area, the standard mortality rate is twice the national average.

Poor health care provision in rundown areas contributes to these problems. Doctors, like shopkeepers and employers, will be understandably less willing to locate their premises in areas where the risk of crime is high and the physical environment poor. In Charlestown and Lower Kersal there are only three GPs in an area with a population of 9 750. Surgeries find it hard to recruit practitioners willing to work in the neighbourhood. The area also lacks its own health centre, meaning that the 46% of households in the area without access to a car have to either take a taxi or two buses to attend one and children have to take the whole day off school to undergo routine checks. The problem of poor medical facilities is not limited to doctors – the area contains only one part time dentist. And where crime is high, pharmacies too are reluctant to locate, because of the risk of theft.
Poor school results

Key indicator: Examination of GCSE and A level results for individual schools.

One of the key factors determining parental decisions about where to live is the quality of local schools. Aspirational parents tend to flock to areas with good schools, placing pressure on areas with poor educational facilities. In areas with strong property markets, this leads to polarisation, but in those places where demand is weak, the result can be depopulation. DTZ Pieda research into the influences on housing location for Hull council showed that educational facilities are the key factor influencing housing location choices. Recent RICS research confirmed this trend. Anne Power writes:

‘Differences in the reputation of educational facilities can thus have a very significant impact on the attractiveness and popularity of an area.’

This can be measured by assessing the percentage of children who achieve published national key stage, GCSE and A level targets. In the inner Salford neighbourhood of Charlestown and Lower Kersal, for example, less than half (42.7%) of pupils continue in education post 16 compared to 76% across England as a whole. Nearly a quarter of pupils (22.3%) head straight onto the dole queue or take part time work, nearly twice the level for the city as a whole. In the same neighbourhood, six out of 10 people rate primary education provision as good, a proportion that drops to barely a quarter (26%) when the same question is asked about the quality of secondary provision. More than a third (38%) of households contain one or more residents with no qualifications, compared to 23% for the city as a whole.

This is reflected in what researchers describe as a significant decline in secondary school results at key stage three and GCSE level. In 2000, 22% of local pupils achieved five or more GCSE grade Cs or better compared to a national average of 47.9%. At the Plant Hill High School, the main secondary establishment serving the Charlestown catchment area, 18% of pupils achieved five or more GCSEs. At the same school, pupils are four times more likely than the national average to take time off without asking permission. The picture is little better at the Anfield Community Comprehensive School in Liverpool where 19% of pupils attain five GCSEs. Pupils at the Eston Park School in Grangetown, Redcar are twice as likely to have time off school without asking for permission as their counterparts nationwide. Under a third (29%) of pupils in Newcastle’s west end gained five or more GCSEs compared to 36% in the east end of the city.

However, the correlation is not a straightforward one. In Burnley Wood, an unauthorised absence rate of 1.3% was recorded at the local high school, only marginally higher than the national average of 1.1%, although this better attendance rate was not reflected by a GCSE pass rate of 36%.
‘Differences in the reputation of educational facilities can thus have a very significant impact on the attractiveness and popularity of an area.’

There does, however, appear to be a strong correlation between areas of low housing demand and lack of qualifications. In all the sample areas, the number of adults with no qualifications is significantly higher than the national average. Until recently, Stoke-on-Trent school leavers were the least qualified in the country. In the Grangetown area of Redcar, more than half (53.4%) of the adult population has no qualifications. In the North Liverpool neighbourhood of Kensington, 44.6% of the population were unqualified compared to an England and Wales average of 29.1%.

But only nine per cent of residents cite better schools and colleges amongst the factors that they would like to see changed in their neighbourhood. Derek Long of the Housing Corporation told a recent conference that ‘the interaction between education and housing is a complicated one’. For example, St Cuthbert’s High School, the secondary school serving the low housing demand Newcastle-on-Tyne neighbourhood of Scotswood, achieves above well above average GCSE results. Open school rolls mean that the link between residence and place of schooling is increasingly ‘tenuous’, he suggested. Ease of commuting and the extent to which the school accepts enrolment from beyond its neighbourhood may help to reduce the indicator’s usefulness. Renew North Staffordshire director Brendan Nevin agrees that there is no link.
Key indicator: A breakdown of the type and age of housing. Levels of 50% and above of pre-World War One terraced housing can be a warning sign of low demand.

A common factor linking many areas characterised by above average rates of abandonment is over-provision of certain dwelling types. In some areas, this may be system built council housing, in others it might be an over supply of Victorian and Edwardian workers’ housing.

Of the four areas identified by the State of English Housing report as containing well above average levels of older housing, three have experienced problems of housing market failure in recent years: the arc of mainly former mining villages running across Cumbria and into the west of County Durham, a cluster of towns in North East Lancashire and the South Wales valleys. The exception is parts of inner London.

Manchester council’s Eamon Boylan, says: ‘What we are seeing is a fundamental step change in the housing market. That means that certain kinds of homes in certain areas are becoming obsolete and they no longer have a place in the housing market.’

A high concentration of pre-1919 terraced housing is often an indicator of low demand. An example is in the inner city wards of Liverpool, where up to 86.9% of properties are pre-1919 terraced homes. Nearly half (45%) of Liverpool’s housing stock is terraced. The 2001 CURS report blames the high level of housing association sector voids in the city on what it describes as an ‘over-supply of back-of-pavement terraced housing stock’. The large scale over provision of back-of-pavement terraced houses in the Kensington area of inner city Liverpool is reflected in the Land Registry’s records. These show that all but nine of the 104 sales recorded in the second quarter of 2003 were for terraced homes.

Likewise in Anfield, all but six of the 190 houses sold in the same quarter were terraces. In the same area, there were too few sales of detached homes to be recorded. Just over two thirds (67%) of properties in the Lightbown ward in Manchester are terraced and in Burnley the figure is over 50% according to council officers.

The flipside of an over-provision of terraced housing is that larger housing is under-provided, meaning limited choice, argues Dr Philip Leather of CURS, who cites Hull as an example of a city where an over concentration of council tax band properties means lack of choice for middle and higher income earners. Similarly in Stoke-on-Trent, Renew North Staffordshire cites lack of apartment-style accommodation for younger middle and higher income earners. One third of Leeds and Sheffield residents planning to move said the main reason was the desire for a larger home, according to a survey conducted by the CURS.

Evidence for the growing unpopularity of certain house types can be gleaned from shifts in property prices. A series of studies have shown that the increase in the price of terraced properties has failed to keep pace with the housing market as a whole. Across East Lancashire, where the average terraced property is worth 63% less than those in the country as a whole, the gap between rises in general property prices and those of such homes was 15%.

There are many reasons why older terraced homes can be less attractive buys than more modern properties. Back-of-pavement terraces lack secure parking, providing opportunities for car crime, and gardens where children can play. And alleyways running down the back of properties provide burglars with opportunities.
The 2002/03 British Crime Survey shows that those living in terraced properties are nearly twice as likely to be burgled and have their vehicle stolen as detached property dwellers. 4.3% of those living in terraced homes suffered one or more burglary, compared to 2.4% of people in detached houses. People living in flats or maisonettes suffered even higher levels of crime.

The CURS M62 report, which examined failing housing markets across the north west, says: 'The relative importance of pre-1919 terraced accommodation and especially properties fronting directly onto the pavement is also greater in the core (inner city) areas. It would appear that in the core of the conurbations demand for this accommodation had declined considerably. This is hardly surprising as such properties are more vulnerable to crime and vandalism and do not provide any defensible space and are more directly affected by traffic and related noise and pollution than those with enclosed gardens.'

Research carried out by the National Housing Federation North says: 'Households with little choice may remain in such areas but it is unlikely that there would be a significant inward migration given the dramatic reductions in waiting lists in a climate of economic growth.'

The same survey says that 94% of those living in new dwellings expressed satisfaction with their homes.

Much of the property now slipping into unpopularity was given a fresh lease of life in the 60s and 70s as a result of area improvement programmes that sprang out of the backlash against post-war slum clearance. Many of these properties now need significant investment to ensure that they match modern fitness standards, but such work is often not worth doing because the intrinsic value of the properties is so low.

Older properties are also more likely to need substantial modernisation than younger dwellings. The 2001 English Housing Condition Survey says that half of the stock built before 1919 does not meet the government's definition of a decent home, compared with just over a third of that built between 1919 and 1980. More than a half of all the so-called non-decent housing dates back to the First World War or earlier.

Most recent statistics showed that more than a third (39%) of English terraced housing needed urgent repairs worth more than £1 000 and 10.8% were unfit. In Wales, terraced houses were more likely to be unfit than any other type of housing. Nearly half (45.4%) of all unfit dwellings in England are terraced properties. The proportion is slightly higher in Wales. Older dwellings are generally in poorer condition with pre-1919 terraced properties making up 29.4% of all unfit or below tolerable standard dwellings in the UK. By contrast, just three per cent of detached houses and 5.4% of semi-detached homes were unfit. It is not surprising, therefore, that those parts of the country, like the northern industrial cities, which developed most rapidly during the 19th century are bound to have the biggest problems with housing conditions.

‘Households with little choice may remain in such areas but it is unlikely that there would be a significant inward migration given the dramatic reductions in waiting lists in a climate of economic growth.’
Increase in private renting

Key indicator: The level of private renting. If the balance between private rented and owner-occupied housing tips towards the former, the scope exists for problems to develop.

An increase in private rented accommodation is often seen as the first sign of market collapse. Few residents of an area like the inner city east Manchester neighbourhood of Beswick want to stay put. Given the choice, the area’s NDC project discovered in a survey conducted in 2000 that 76% of residents wanted to leave the area. In the west end of Newcastle, the figure of people intending to move from the neighbourhood in the next three years is 69%. Only six per cent of the one third of households in the Charlestown/Lower Kersal who were planning to move wanted to stay in the area according to a survey carried out by the area’s NDC project. Given this evidence, it is unsurprising that few owner-occupiers will stay put or come to live in such areas. For owner-occupiers, the only alternative to abandonment in such circumstances will be to rent the property out themselves or sell to a private landlord.

Anne Power, who says housing workers see an increase in private renting as the first sign of market collapse and welcome evidence of reversion to owner occupation, writes: “Conversion to private renting often presages abandonment as it ekes out use of properties, no longer readily saleable on the open market”.

The most dramatic example is perhaps the Lightbown area of inner city Manchester, where the proportion of owner-occupiers declined from 50 to 12% between 1994 and 2001, according to evidence collected by the House of Commons select committee. Across Stoke-on-Trent, the private rented sector expanded from 4.8% of stock in 1991 to 6.7% a decade later. Within the area of Stoke covered by the North Staffordshire renewal pathfinder, the privately rented sector makes up 9.4% of all stock, according to an analysis carried out by the project.

Across many of the sample neighbourhoods, the level of private renting was higher than that for the nation as a whole. In some cases, the level was double. An example is Kensington, in north Liverpool, where 2001’s census takers discovered that more than a quarter (28.6%) of properties are rented out compared to 11.9% across England and Wales.

The private rented sector has an important role to play in a dynamic housing market. It has provided many with their first taste of independent living. But a concentration of privately rented properties in a neighbourhood leads to social fragmentation at the neighbourhood level. Neighbourhood networks will not develop as rapidly if turnover is high and criminal activity flourishes more easily if neighbourhoods’ self policing mechanisms break down.

The problems common to many areas containing a preponderance of privately rented properties are exacerbated in semi-abandoned areas where landlords are often only able to let out to those who have been excluded from rented social housing or have bad references. The select committee’s report said: “There is little vetting of tenants and subsequent anti-social and criminal behaviour of tenants goes uncontrolled, causing distress for original residents and increasing the social tension in the neighbourhood. Areas can become rapidly stigmatised which further drives out original residents, often to the benefit of speculative landlords who continue to buy up vacated stock”.

Spot the grot, stop the rot
The low cost of property means that even the income from housing benefit will be sufficient to cover any house purchase costs. Anecdotal evidence suggests that landlords can often recoup the initial investment in a low value property in less than three years. This outlay can be recovered even faster if the properties are converted into flats. The select committee that discovered evidence of landlords making a 140 to 150% return on its capital in a single year through benefit cheques says:

‘Unscrupulous landlords have sometimes been encouraged into low demand areas, where many of the remaining households are on low incomes by the prospect of rich pickings from the housing benefit system.’

‘People move out of the right to buy properties if they can, the market rental sector moves in, they let it to people on high rents for housing benefit. The combination of lack of accountability and high returns inevitably attracts criminal elements into the letting business and residents are often reluctant to involve local government and the police in the event of any trouble for fear of reprisals’.

Neighbourhood destabilisation is often exacerbated by the failure of many private landlords to maintain their properties, which serves to increase the physical deterioration and sense of general decay in an area. Analysis of census figures shows a strong correlation between high levels of private renting and low levels of central heating. Privately rented homes tend to be in a significantly worse condition than those in other tenures. More than half (53.9%) of privately rented properties needed £1,000 or more in repair costs, according to most recent government statistics, and 15.1% were unfit. By contrast, 5.4% owner-occupied properties were unfit.

In Wales, nearly one in five private rented properties (18.1%) are unfit. Private sector stock is ‘much more likely’ to be in poor condition than any other tenure type. Privately rented homes are least likely to have loft insulation or central heating than any other form of tenure. And, according to 1998 figures, 81% of English privately rented households had insulated hot water cylinders compared to 94% of owner-occupiers. Nearly half (42.6%) of privately rented homes had a poor SAP rating compared to 10.5% of owner-occupied properties.
Conclusions and recommendations

The roots of low demand are complex. The decline of many of our urban areas, of which housing abandonment is the most visible sign, stems partly from wider economic changes but also from the failure of successive governments to invest in towns and cities.

The complexity of low housing demand is illustrated by the fact that many of the factors that help to create areas at risk of abandonment apply equally to parts of London which has the strongest property market in the country. However, if the strong economic conditions that differentiate London are stripped away, then a number of common factors may be said to characterise areas in danger of abandonment:

- Well above average rates of unemployment (more than twice the national average) and below average wages
- A vacancy rate of at least 4.5% properties
- Low property prices – below an average price of £30 000 repair and refurbishment is no longer worthwhile
- Poor quality environment – litter and graffiti, measured by factors such as the incidence of fly tipping per thousand properties
- Declining local shops and services measured by shop vacancy rates or by the quality of retail provision within a 10 minute walk
- Low voter participation in elections – turnouts of less than 15%
- Rates of crime and anti-social behaviour – above 200 recorded crimes per 1 000 individuals
- A housing unfitness level above eight per cent and high levels of disrepair
- Levels of long term illness 10% higher than and good health 10% lower than the national average
- Poor educational attainment as measured by GCSE and A level results
- Type and age of housing – levels of 50% and above of pre-World War One terraced housing are a sign of low demand
- A sharp increase in housing being rented out, particularly to benefit claimants.

These are the key factors which indicate that a neighbourhood is at risk of abandonment. Few areas will exhibit all of these traits but alarm bells should start to ring if several of these elements are present. If action is taken in time then there is a strong chance that the spiral of decline may be averted.

The key message of this report, therefore, is that close monitoring of areas by local authorities, community groups and housing bodies is essential so that the warning signals can be picked up at a time when modest amounts of investment could avert a plunge into abandonment. Some councils such as Salford have already begun to monitor the performance of individual areas with the intention of identifying problems and nipping them in the bud. Other councils need to follow this lead. This report aims to help by setting out a range of key indicators that could form the basis for a practical toolkit that authorities could use in monitoring neighbourhoods at risk.

It is significant that the government’s neighbourhood warden schemes are starting to show results and help to revive confidence in areas where it has begun to evaporate. The government should ensure continued funding for warden schemes that can tackle the problems of crime, anti-social behaviour and a poor environment because once confidence returns the dynamic of the market can be restored.

The dividing line between success and failure can be a thin one. This report has focused on how to pick up the signs that something is going badly wrong. Identifying the problems is a crucial starting point but ultimately will achieve little unless accompanied by on-going public investment and support. There is a certain irony in the fact that many of the areas suffering low housing demand have a good basic infrastructure (ie road and rail links), which could be upgraded at modest cost at the same time as the government is struggling with the immense task of funding new transport links in the growth areas of the south east.
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