

Growth, housing and the spatial distribution of poverty in London, 2001 to 2011



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Spatial Distribution of Poverty in London

■ London

- ◆ Falling population until the early 1990s
- ◆ But rapid population and economic growth 2000s

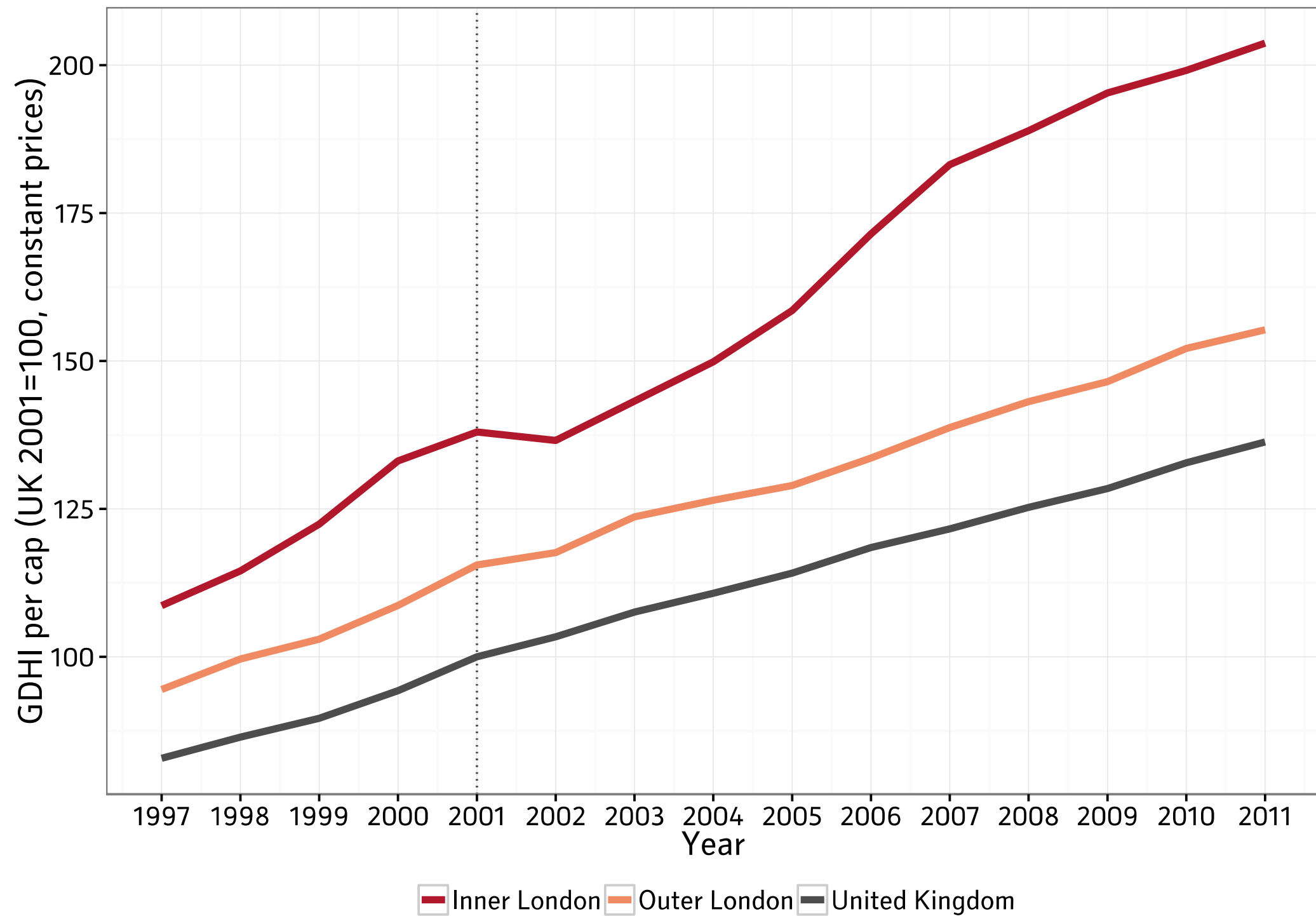
■ Historically highest-poverty areas in inner (especially East) London

- ◆ Dating back to at least C19 industrial expansion
- ◆ Post-war development and residualisation of social housing from 1970s

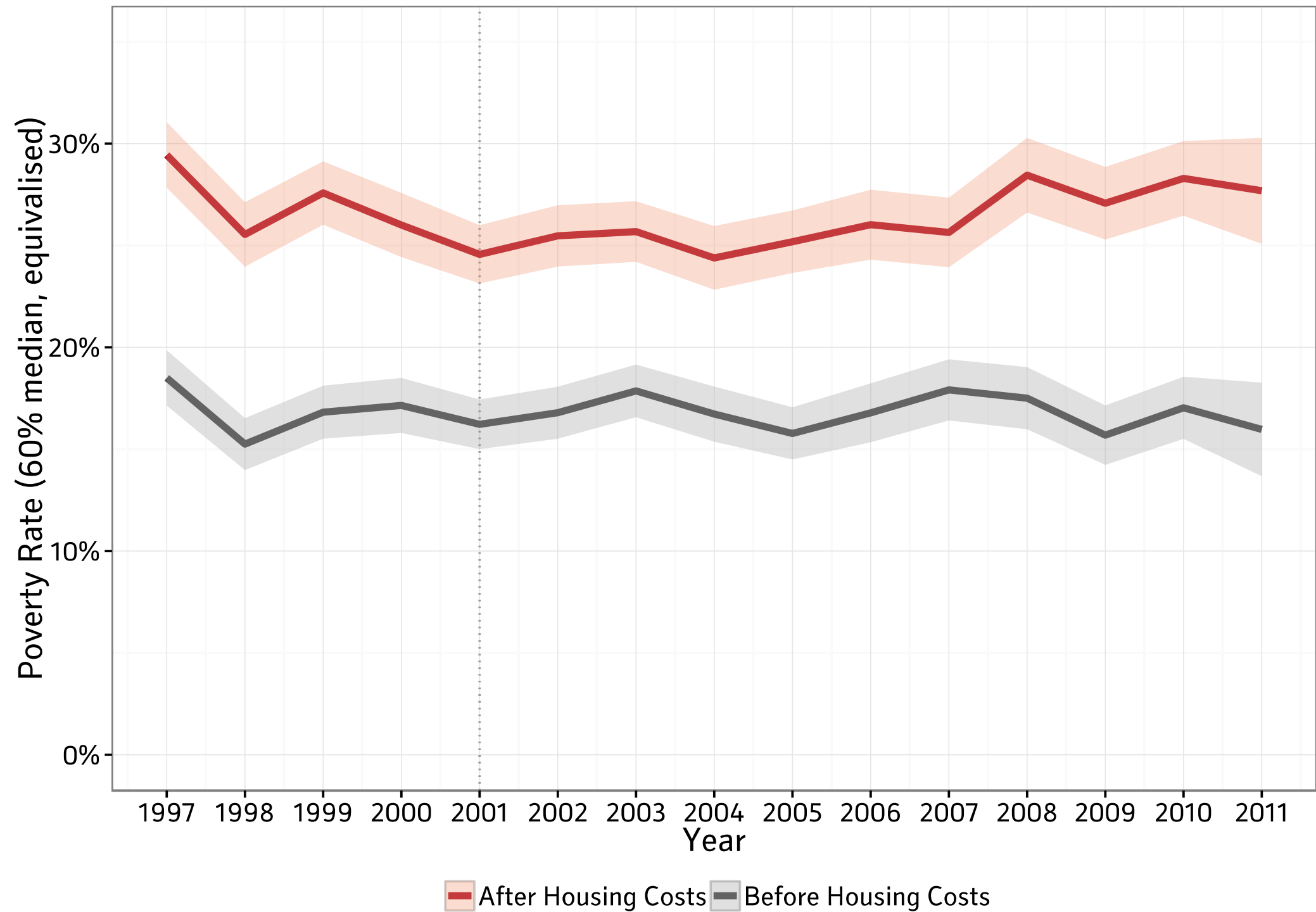
Who cares about the distribution of poverty?

- As poverty relief
 - ◆ 2000s fixation with “concentration”
- As appropriate funding and adjustment of public services
 - ◆ Housing, education
- Social cohesion
- Spatial justice, “rights to the city”

Gross Disposable Household Income (per capita)



London Poverty Rates (FRS estimates)



Small-area poverty measures 1: Proxies

- UMBR: proxy measure from social security benefit claims
- = Means-tested benefit claims / households
- Advantages
 - ◆ relatively easy calculation, limited data requirements,
 - ◆ available for every year
- Disadvantages
 - ◆ only a single statistic, only a poverty proxy
 - ◆ limited coverage (50%?) of income poverty, no in-work poverty or housing costs
 - ◆ susceptible to changes in benefit rules

Small-area poverty measures 2: Simulations

- Based on Family Resources Survey case data
- Model-based re-weighting to Census local characteristics
- Advantages
 - ◆ real income measures, accounting for housing costs
 - ◆ multiple income statistics (inequality, deciles)
- Disadvantages
 - ◆ complicated estimation procedure
 - ◆ greater data requirements
 - ◆ only as good as the underlying model, person & household effects only

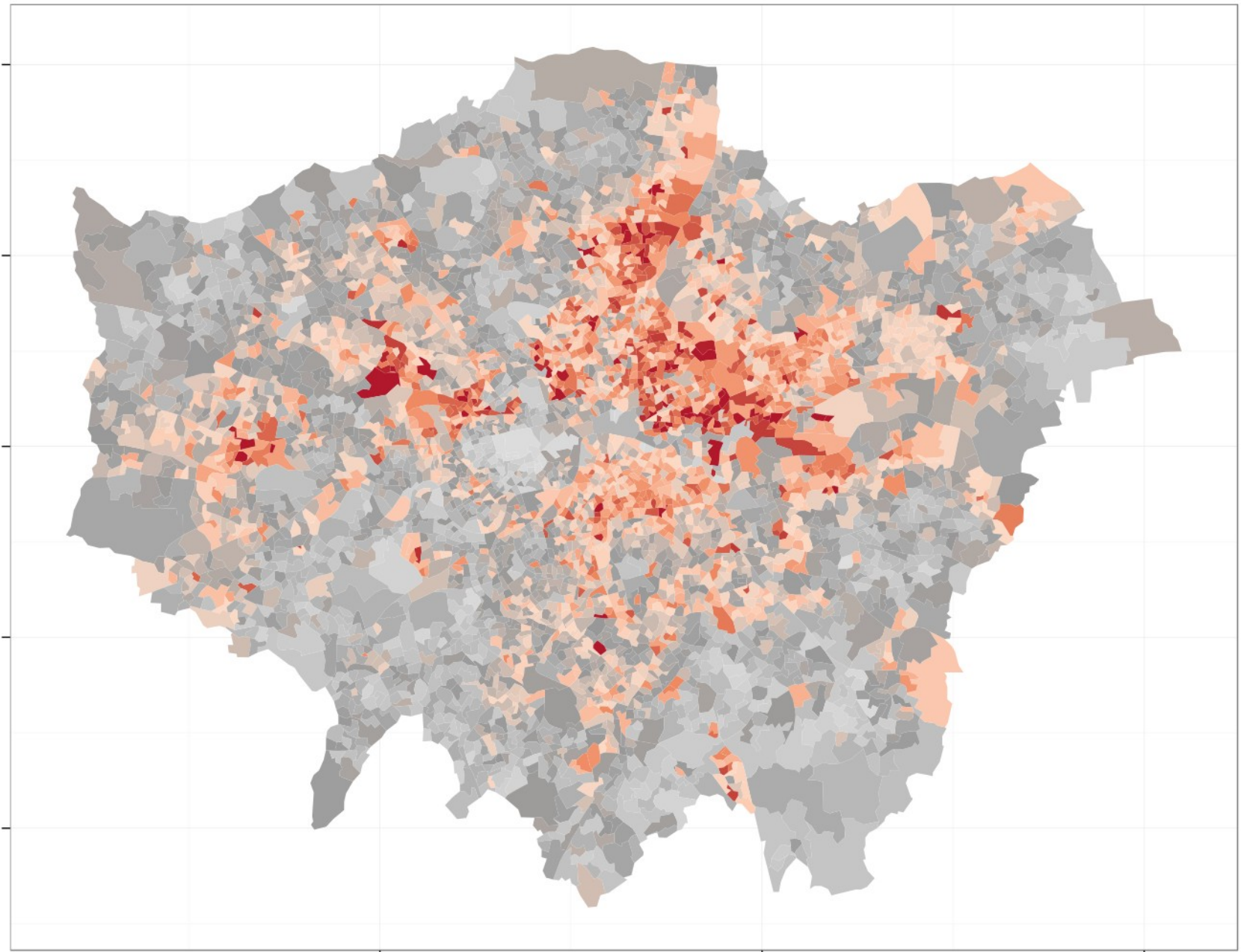
Measuring income and wealth in London

- London particularly difficult
 - ◆ Mobile populations, English as a second/other language, extreme high-incomes, high housing costs, hard-to-enumerate dwellings...

The broad trend 2001 - 2011

- Poverty falling in much of inner London,
 - ◆ Markedly in many high-poverty neighbourhoods
- Slowly rising poverty in Outer London
 - ◆ Especially in less advantaged areas

Neighbourhood-level poverty rates, 2001



UMBR Poverty Proxy Rate

10%

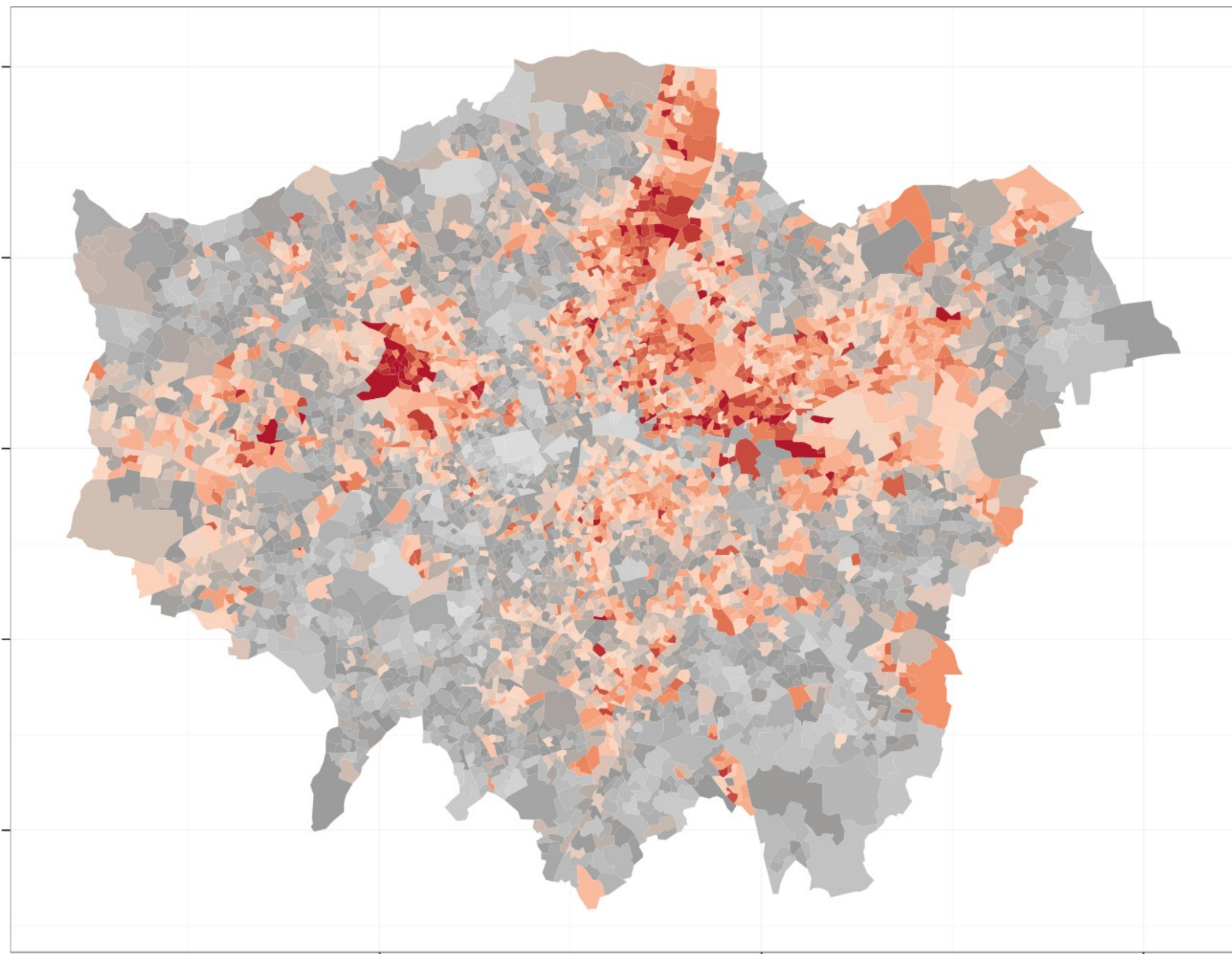
20%

30%

40%

50%

Neighbourhood-level poverty rates, 2011



UMBR Poverty Proxy Rate

10%

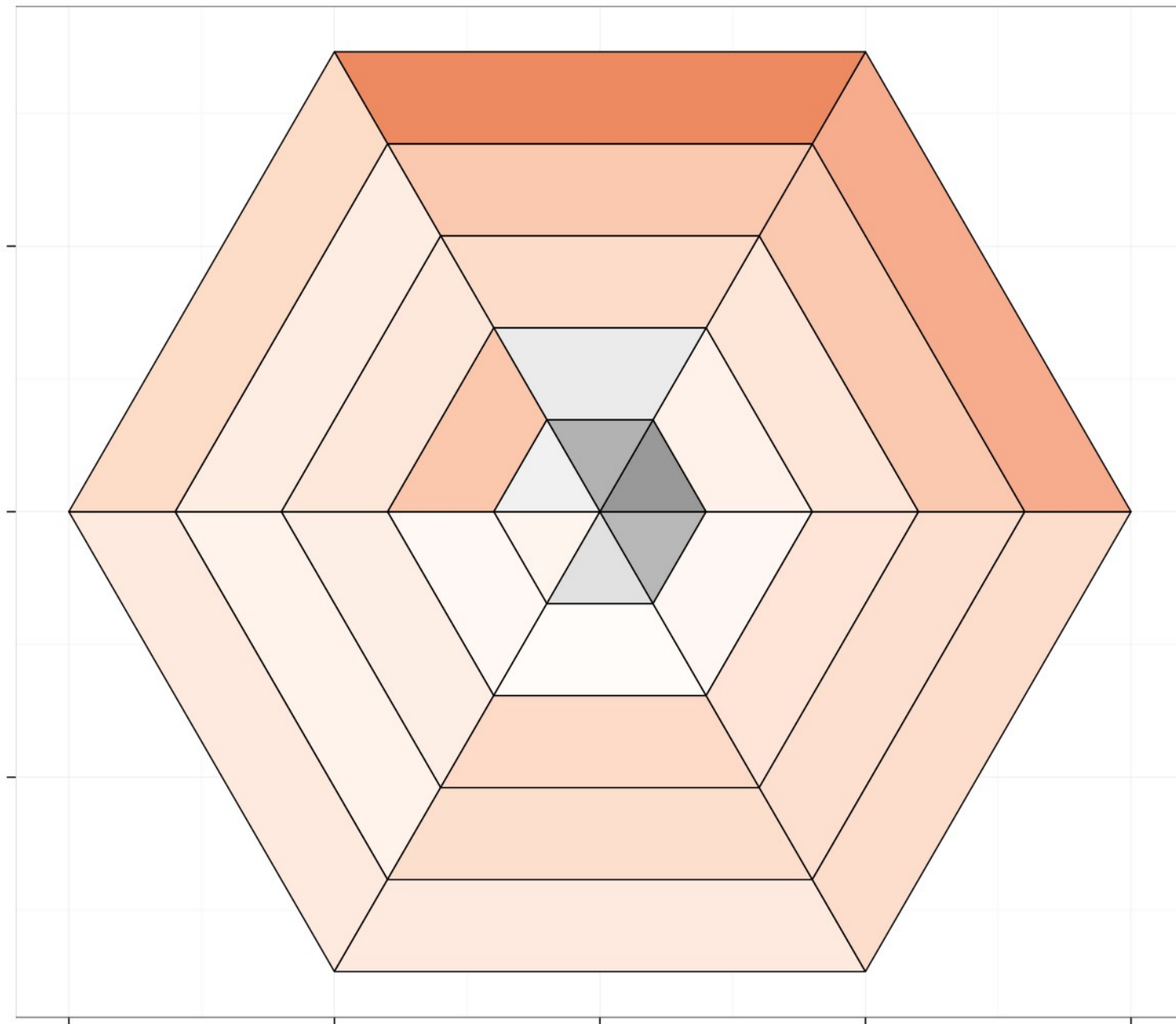
20%

30%

40%

50%

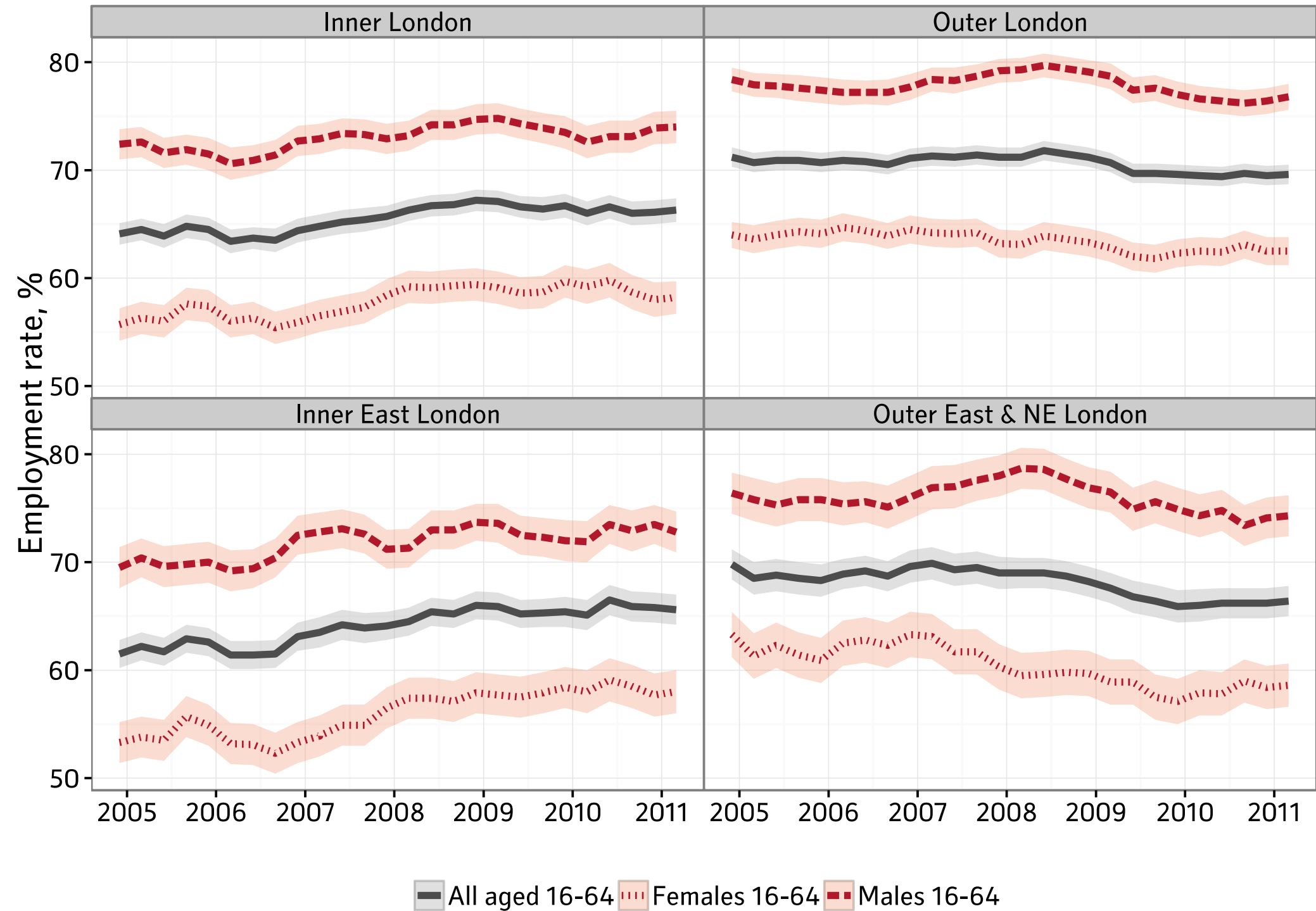
Change in poverty rate 2001-2011, centrality/location



UMBR rate change

-2.5% 0.0% 2.5% 5.0% 7.5%

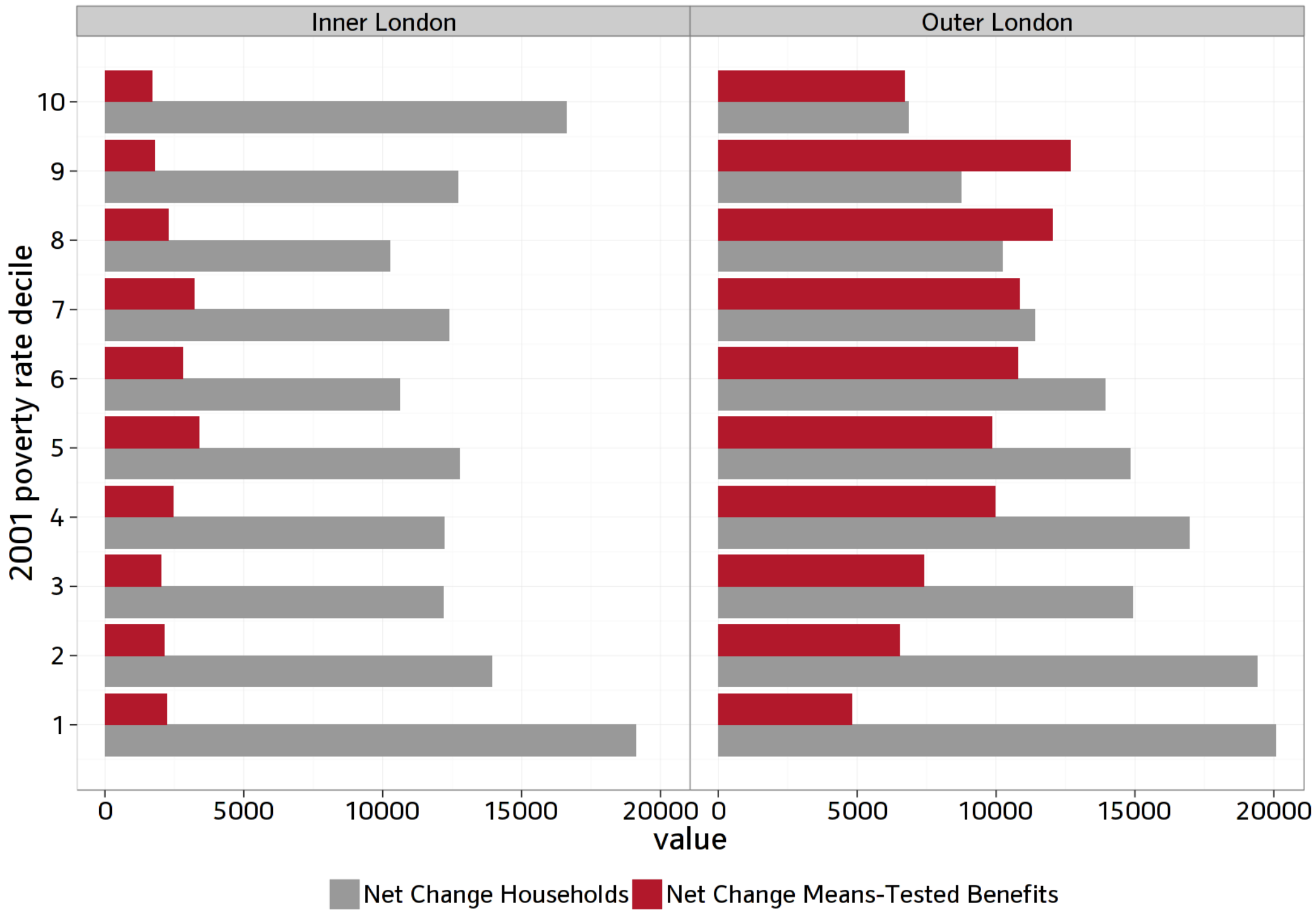
Employment rates 2004 - 2011 (APS)



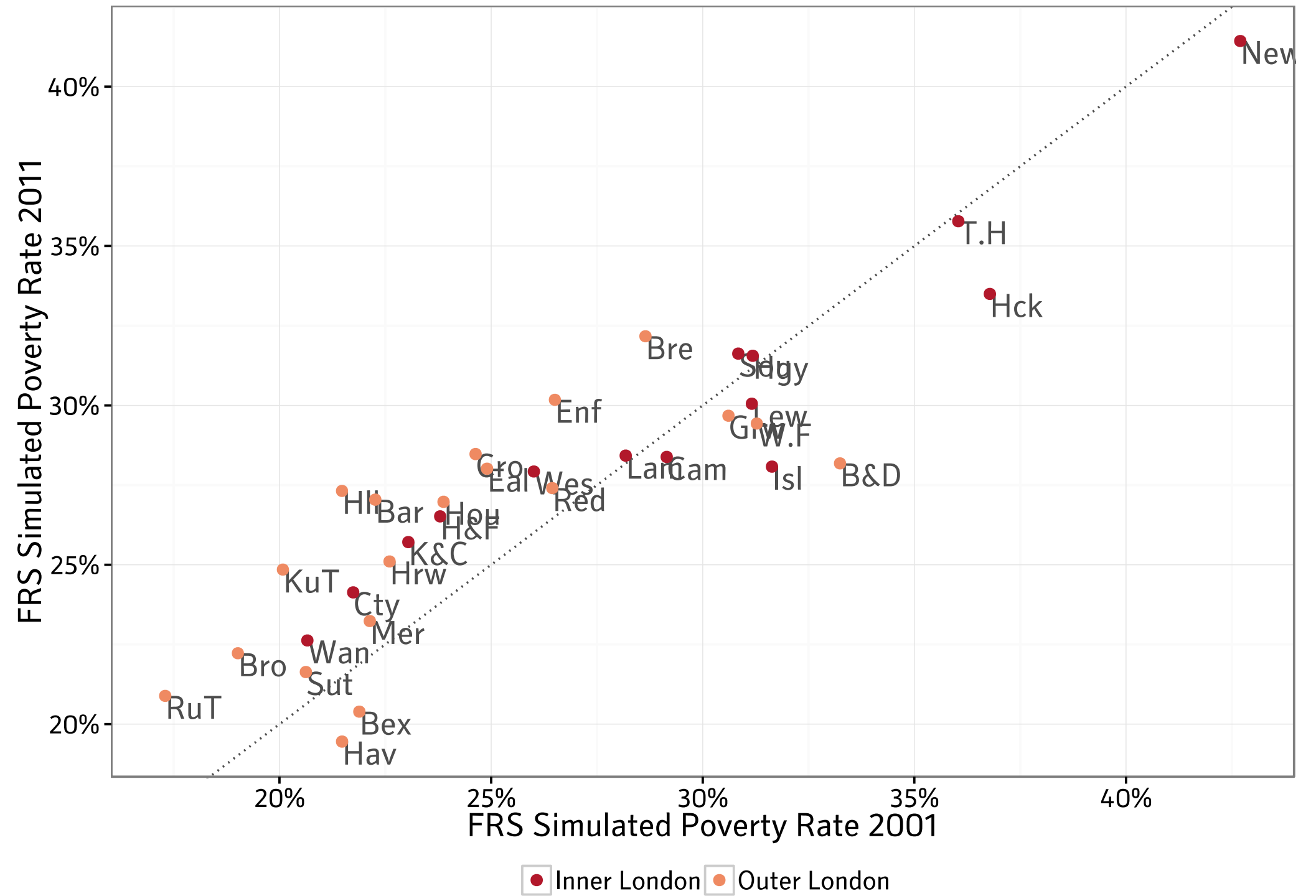
Some complications

- Changes in poverty versus changes in population
 - ◆ And demographic change
- Differential effects of poverty reduction efforts under New Labour
- Offsetting effects of housing costs

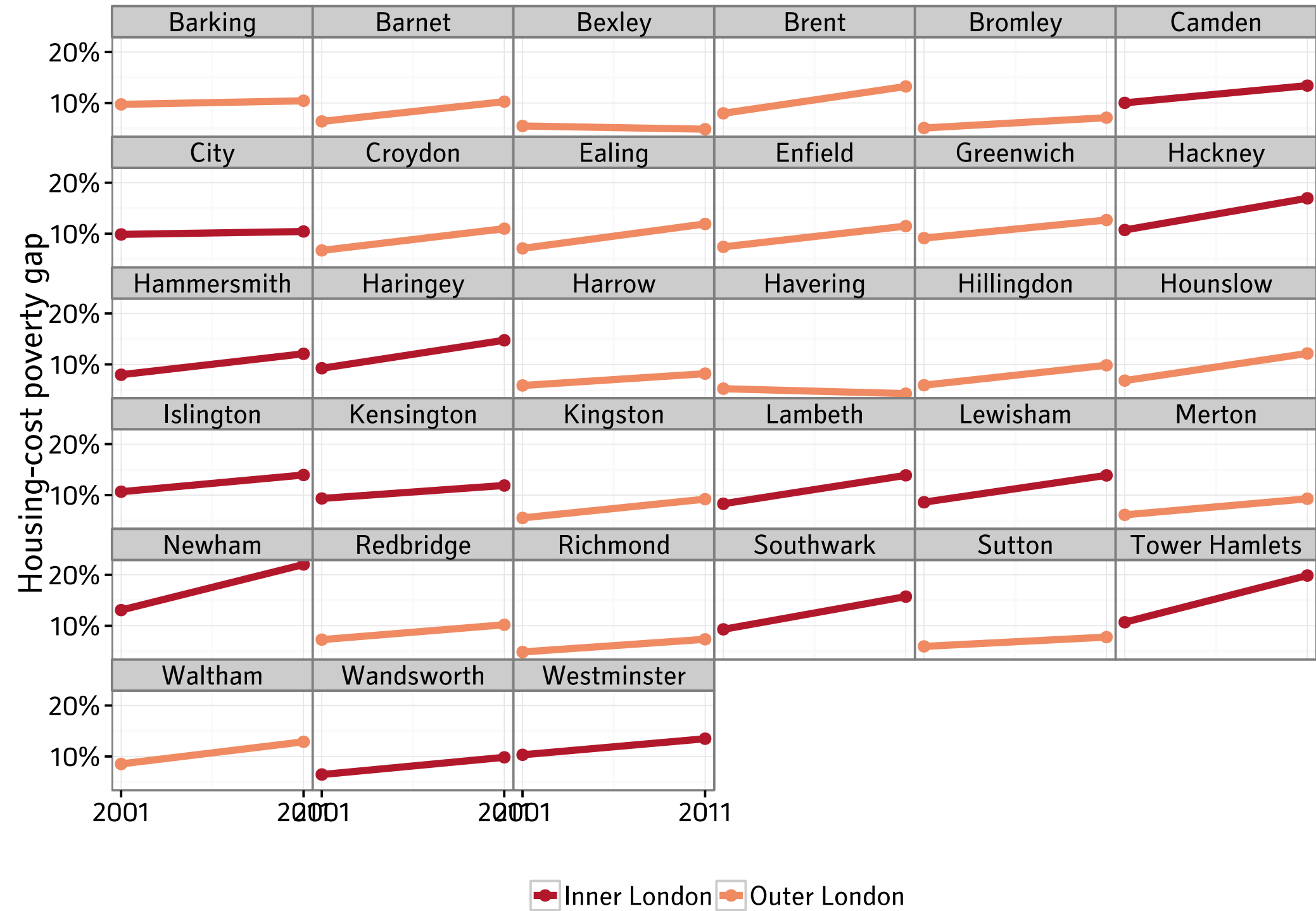
Net change in household and poverty count, by 2001 poverty decile



Simulated FRS poverty rates, by borough, 2001 and 2011



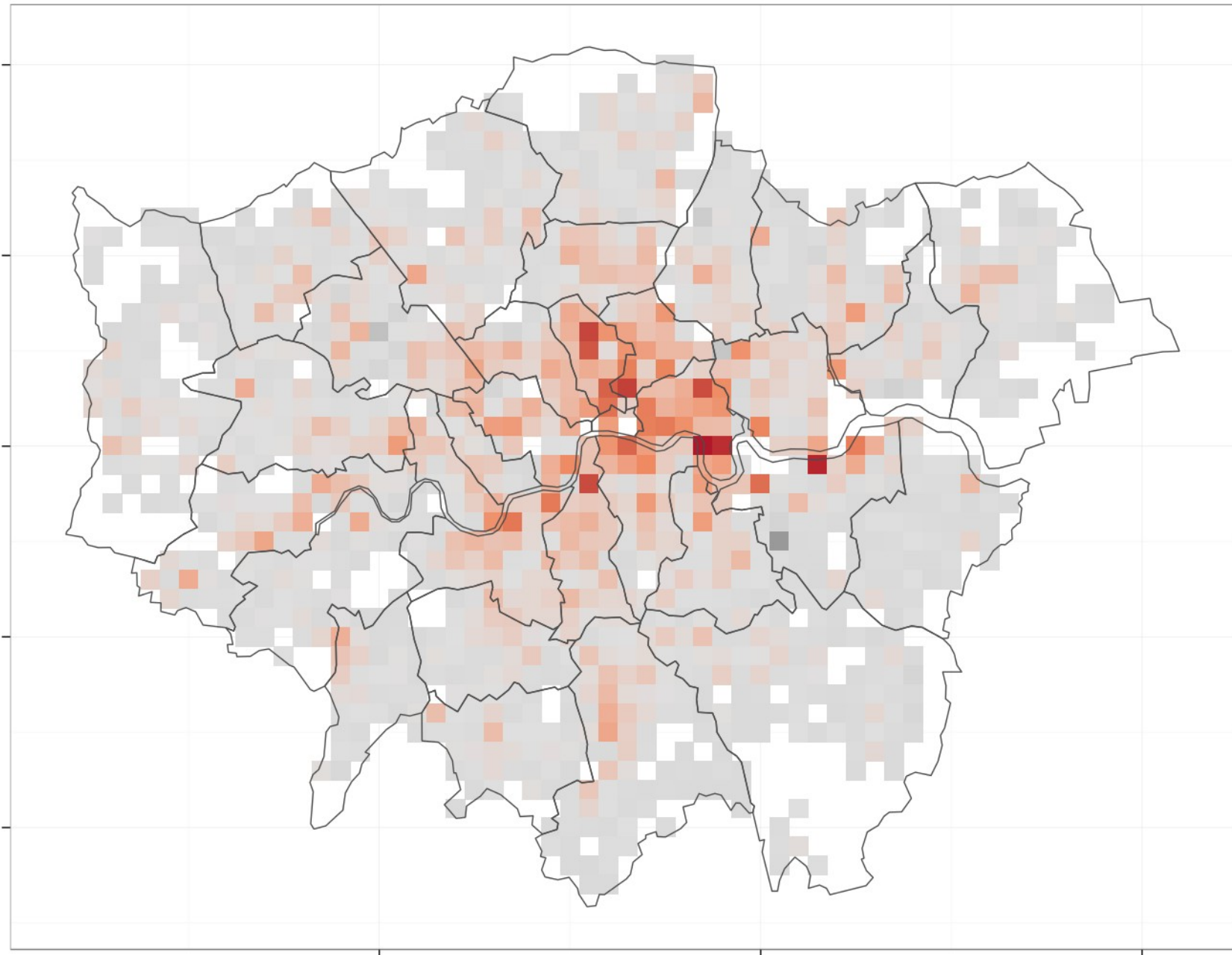
Gap between before- and after-housing-costs poverty, 2001 and 2011



Housing and the re-distribution of poverty

- Dense development in poor neighbourhoods
 - ◆ Development of “secondary areas” as corollary and component of growth
- Upgrading in poor neighbourhoods
 - ◆ Capital-intensive and state-enabled “gentrification”
- Personal housing subsidies for low-income h'holds
 - ◆ Housing benefit rather than social housing, esp in Outer London

Net new dwellings 2001 - 2011



Net new dwellings (max=5,000)

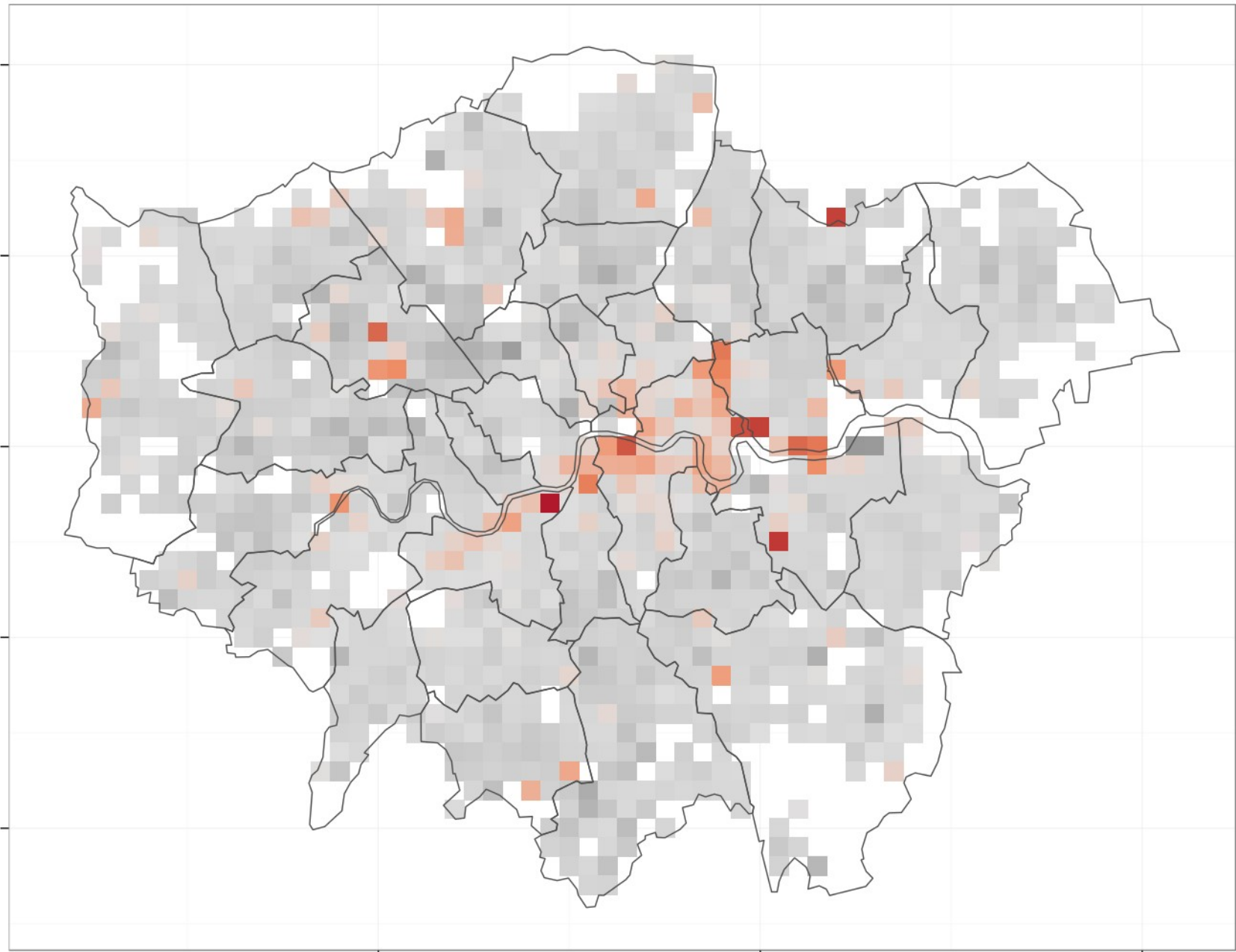
-1000

0

1000

2000

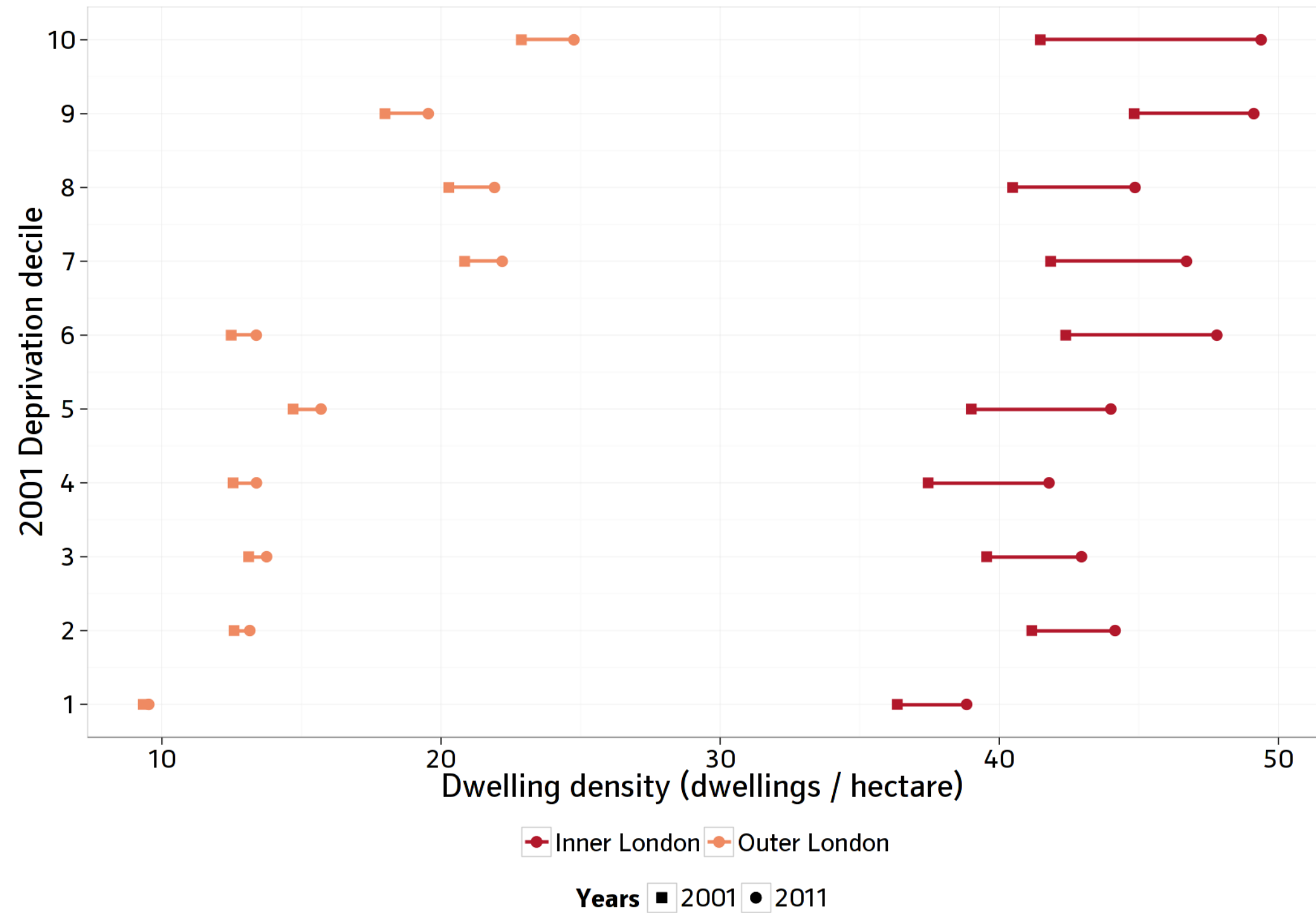
Change in average dwelling value 2001 - 2011



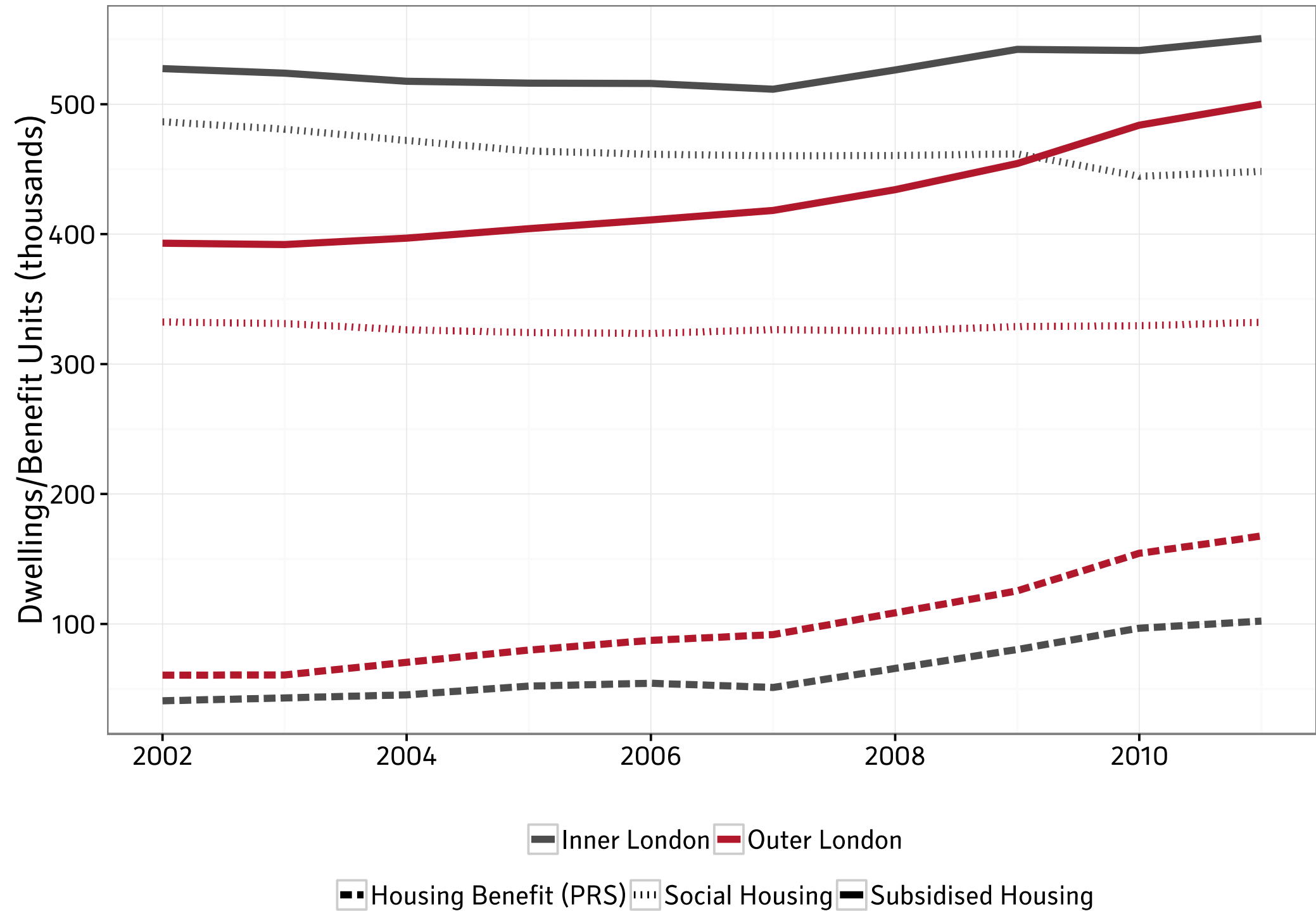
Change in mean council tax band (max=1.0)



Densification by poverty decile, inner and outer London



Subsidised housing in London (HB + Soc Hsg), 2002 - 2011



Summary – Outer London

- Rising poverty
- Substantial increases in out-of-work poverty esp. in less prosperous areas
 - ◆ Somewhat offset by New Labour's targeting of social security at e.g. pensioners
- Relatively modest housing development
- Rising proportion of households receiving subsidy
 - ◆ 22% → 26%
 - ◆ Use of housing benefit in private sector rather than social housing

Summary – Inner London

- Notable falls in benefits-based poverty rates in poorest neighbourhoods
 - ◆ Rising employment rates
- Partial replacement of out-of-work benefit claims by working-age precariat
- More a result of increased population than actually falling numbers in poverty
- Dense development – investment in “secondary” areas in central London
- Falling proportion of households receiving housing subsidy
 - ◆ 42% → 40%

Future Prospects & Policy Questions

- NB – Inner London still has higher poverty rates, poorest boroughs and neighbourhoods
 - ◆ Will change continue or accelerate?
- Housing & other benefit changes
 - ◆ Falls in claimant numbers in Inner – no sign of falling rents!
 - ◆ Affordable versus Social Housing
- Local authority service provision
 - ◆ Big cuts in funding to poorer boroughs
- Growth, capital in-flows and densification

Discussion

- Connect poverty to housing policy & market(isation)
 - ◆ Poverty *because of* or poverty *despite* growth?
 - ◆ Inequality and housing need
- London and other cities – comparative approaches
 - ◆ Global relations: migration, capital flows
 - ◆ Urban policy : housing, planning
 - ◆ Within Britain: regional economic development, “elevator” city
- Emphasis on planning / versus inequality in housing
- Political consciousness & policy salience of change

Selected bibliography

- ♦ Lupton, R. et al., 2013. **Prosperity, Poverty and Inequality in London 2000/01 - 2010/11**, London: London School of Economics. <http://sticerd.lse.ac.uk/dps/case/spcc/RR03.pdf>
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- ♦ Fitzgerald, A. & Lupton, R., **Hard Times, New Directions? The Impact of the Local Government Spending Cuts in London**, London: London School of Economics