Key Issue Three: Why do inner cities have distinctive problems?
KEY ISSUE 3: INNER CITIES

Inner-city physical problems
- Deterioration process
- Urban renewal

Inner-city social problems
- Underclass
- Culture of poverty

Inner-city economic problems
- Annexation
The major physical problem faced by inner-city neighborhoods is the poor condition of the housing, most of which was built before 1940.

As the number of low-income residents increase in the city, the territory they occupy expands.

Middle-class families move out of a neighborhood to newer housing farther from the center and sell or rent their houses to lower-income families.
Large houses built by wealthy families in the nineteenth century are subdivided by absentee landlords into smaller dwellings for low-income families.

This process of subdivision of houses and occupancy by successive waves of lower-income people is known as filtering.

Landlords stop maintaining houses when the rent they collect becomes less than the maintenance cost.

The building soon deteriorates and grows unfit for occupancy.

At this point in the filtering process the owner may abandon the property, because the rents that can be collected are less than the cost of taxes and upkeep.

Governments that aggressively go after landlords to repair deteriorated properties may in fact hasten abandonment, because landlords will not spend money on repairs that they are unable to recoup in rents.

These inner-city neighborhoods that housed perhaps 100,000 a century ago contain less than 10,000 inhabitants today.

Schools and shops close because they are no longer needed . . . with rapidly declining populations.

Through the filtering process, many poor families have moved to less deteriorated houses farther from the center.
Some banks engage in redlining—drawing lines on a map to identify areas in which they will refuse to loan money.

Although redlining is illegal, enforcement of laws against it is frequently difficult.

The Community Reinvestment Act requires banks to demonstrate that inner-city neighborhoods within its service area receive a fair share of its loans.
URBAN RENEWAL

North American and European cities have demolished much of their substandard inner-city housing through urban renewal programs.

The land is then turned over to private developers or to public agencies, to construct new buildings or services.

In the United States, public housing is reserved for low-income households, who must pay 30 percent of their income for rent.

Public housing accounts for only 2 percent of all dwellings, although it may account for a high percentage of housing in inner-city neighborhoods.

In the United Kingdom more than one-third of all housing is publicly owned.

Private landlords control only a small percentage of housing in the United Kingdom.
PUBLIC HOUSING

In Western Europe, governments typically do not own the housing. Instead, they subsidize construction cost and rent for a large percentage of the privately built housing.

The U.S. government has also provided subsidies to private developers, but on a much smaller scale than in Europe.

Most of the high-rise public-housing projects built in the United States and Europe during the 1950s and early 1960s are now considered unsatisfactory environments for families with children.

Some observers claim that the high-rise buildings caused the problem, because too many low-income families are concentrated into a high-density environment.

Public-housing authorities have demolished high-rise public-housing projects in recent years in U.S. and European cities.

Cities have also experimented with “scattered-site” public housing, in which dwellings are dispersed throughout the city rather than clustered in a large project.

In recent years the U.S. government has stopped funding new public housing.
The supply of public housing and other government-subsidized housing diminished by approximately 1 million units between 1980 and 2000.

But during the same period, the number of households needing low-rent dwellings increased by more than 2 million.

In Britain the supply of public housing, has also declined.

The government has forced local authorities to sell some of the dwellings to the residents.

But at the same time, the British have expanded subsidies to nonprofit housing associations.

Urban renewal has been criticized for destroying the social cohesion of older neighborhoods and reducing the supply of low-cost housing.

Most North American and European cities have turned away from urban renewal since the 1970s.
REN OVATED HOUSING

In some cases, nonprofit organizations renovate housing and sell or rent them to low-income people.

But more often, the renovated housing attracts middle-class people.

Most cities have at least one substantially renovated inner-city neighborhood where middle-class people live.

In a few cases, inner-city neighborhoods never deteriorated, because the community’s social elite maintained them as enclaves of expensive property.

The process by which middle-class people move into deteriorated inner-city neighborhoods and renovate the housing is known as gentrification.

Gentrified inner-city neighborhoods also attract middle-class individuals who work downtown.

Cities encourage the process by providing low-cost loans and tax breaks.

Public expenditures for renovation have been criticized as subsidies for the middle class at the expense of poor people, who are forced to move because the rents are suddenly too high for them.
INNER-CITY SOCIAL PROBLEMS — THE UNDERCLASS

Beyond the pockets of gentrified neighborhoods, inner cities contain primarily low-income people who face a variety of social problems.

Inner-city residents constitute a permanent underclass who live in a culture of poverty.

Inner-city residents frequently are referred to as a permanent underclass because they are trapped in an unending cycle of economic and social problems.
The Back Bay area near downtown Boston has attracted many wealthy residents.
LACK OF JOB SKILLS

The future is especially bleak for the underclass because they are increasingly unable to compete for jobs.

The gap between skills demanded by employers and the training possessed by inner-city residents is widening.

Inner-city residents do not even have access to the remaining low-skilled jobs, such as custodians and fast-food servers, because they are increasingly in the distant suburbs.
Some of the underclass are homeless.

Accurate counts are impossible to obtain, but an estimated one to two million Americans sleep in doorways, on heated street grates, and in bus and subway stations.

Homelessness is an even more serious problem in less developed countries.

Most people are homeless because they cannot afford housing and have no regular income.

Roughly one-third of U.S. homeless are individuals who are unable to cope in society after being released from hospitals or other institutions.
CULTURE OF POVERTY

Inner-city residents are trapped as permanent underclass because they live in a culture of poverty.

Unwed mothers give birth to two-thirds of the babies in U.S. inner-city neighborhoods, and 90 percent of children in the inner city live with only one parent.

Because of inadequate child-care services, single mothers may be forced to choose between working to generate income and staying at home to take care of the children.

In principle, government officials would like to see more fathers living with their wives and children, but they provide little incentive for them to do so.

If the husband moves back home, his wife may lose welfare benefits, leaving the couple financially worse off together than apart.
Drug-related arrests (left) have been concentrated in the inner-west side of the city. In the mayoral election (right), votes for Rhine McLin concentrated in the African-American section of the city.
ETHNIC AND RACIAL SEGREGATION

Many neighborhoods in the United States are segregated by ethnicity.

Even small cities display strong social distinctions among neighborhoods.

A family seeking a new residence usually considers only a handful of districts, where the residents’ social and financial characteristics match their own.

Segregation by ethnicity explains voting patterns in many American urban areas.

The concentration of low-income residents in inner-city neighborhoods . . . require public services, but they can pay very little of the taxes to support the services.

A city has two choices to close the gap between the cost of services and the funding available from taxes.
INNER-CITY ECONOMIC PROBLEMS

One alternative is to reduce services.

Aside from the hardship imposed on individuals laid off from work, cutbacks in public services also encourage middle-class residents and industries to move from the city.

The other alternative is to raise tax revenues.

Because higher tax rates can drive out industries and wealthier people, cities prefer instead to expand their tax base, especially through construction of new CBD projects.

Inner-city fiscal problems were alleviated by increasing contributions from the federal government during the 1950s and 1960s.

Federal aid to U.S. cities declined by two-thirds during the 1980s when adjusted for inflation.

To offset a portion of these lost federal funds, some state governments increased financial assistance to cities.
INNER-CITY ECONOMIC PROBLEMS

Low-income residents in inner cities had created financial problems for cities. What to do?

Two choices: reduce services or raise taxes.

Annexation— the process of legally adding land to cities.

Past cities in US added land. Now suburbs resist annexation. Still, they benefit from the city but they don’t pay taxes to support inner city services. (Detroit and surrounding suburbs)
Chicago grew rapidly in the 19th century through annexation. In the 20th century the major annexation was for O’Hare Airport.