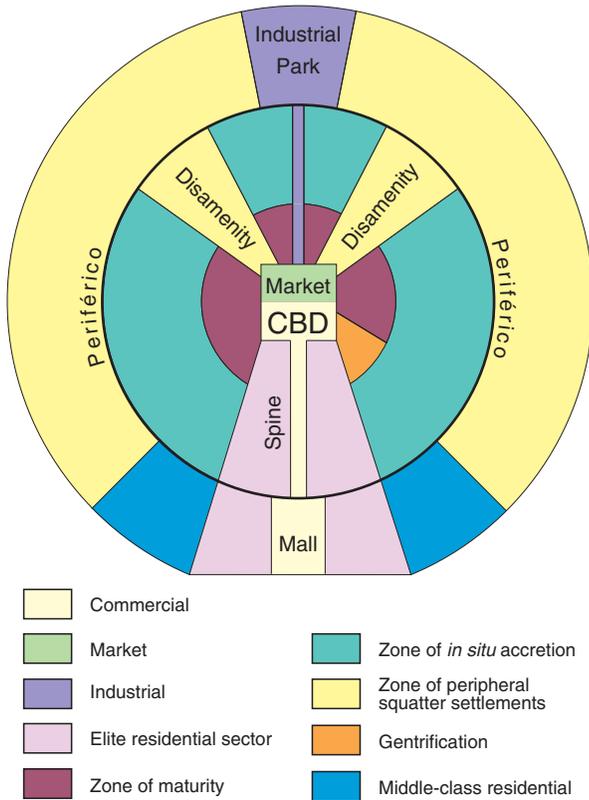


**FIGURE 13-13** Fès (Fez), Morocco. The French laid out an entirely new district in the west (New Town on map), separate and distinct from the existing city to the east, characterized by narrow, winding streets and high density (Medinah on the map). In the photo, the Medinah is in the foreground. The tower in the foreground is the Karaouine Mosque. The New Town is in the background.



**FIGURE 13-14** Model of a Latin American city. Wealthy people live in the inner city and a sector extending along a commercial spine. (Adapted from Larry R. Ford, “A New and Improved Model of Latin American City Structure,” *Geographical Review* 86 (1996): 438. Used by permission of the publisher.)

running a wire from the nearest power line. In the absence of bus service or available private cars, a resident may have to walk 2 hours to reach a place of employment.

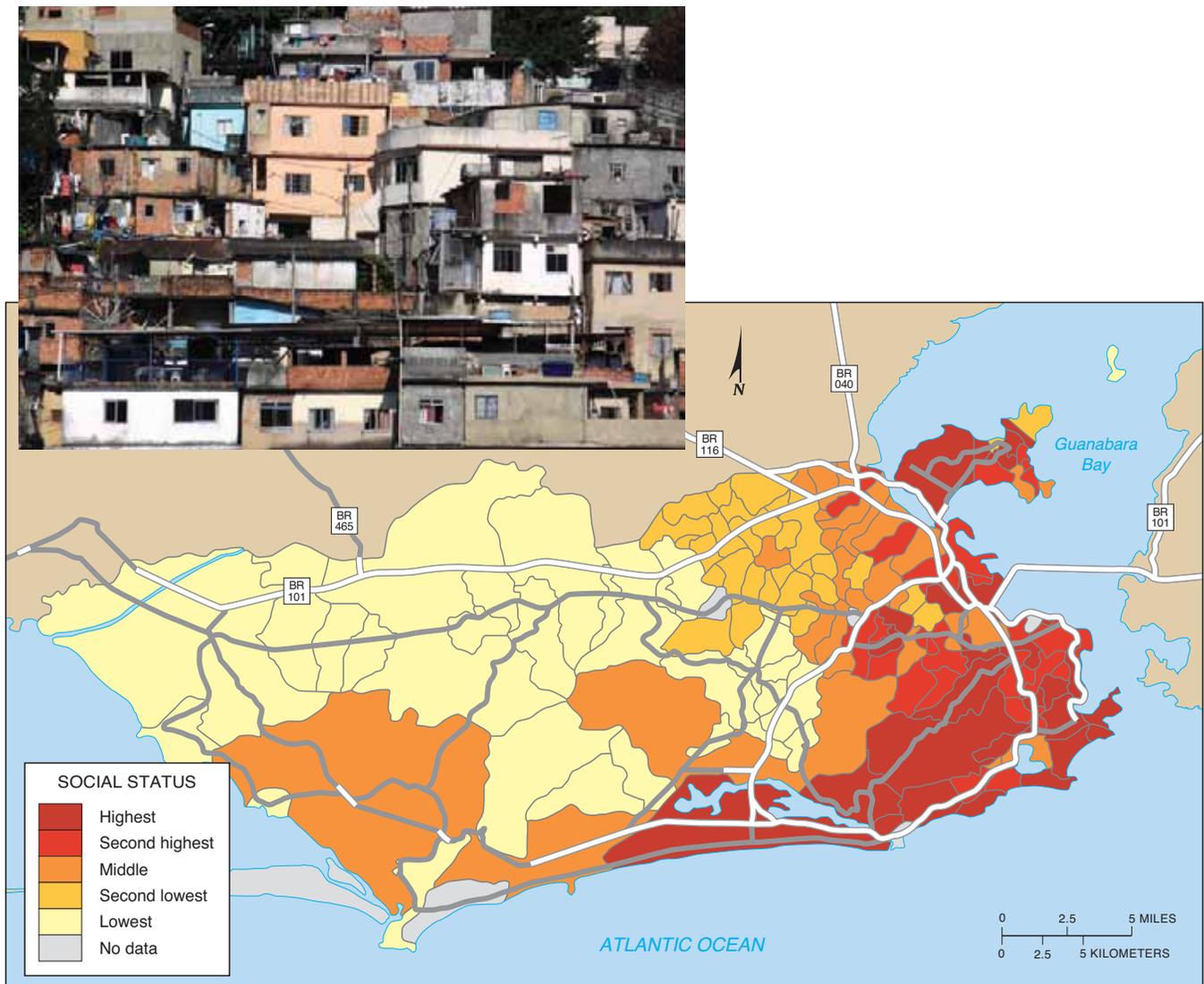
At first, squatters do little more than camp on the land or sleep in the street. In severe weather, they may take shelter in markets and warehouses. Families then erect primitive shelters with scavenged cardboard, wood boxes, sackcloth, and crushed beverage cans. As they find new bits of material, they add them to their shacks. After a few years they may build a tin roof and partition the space into rooms, and the structure acquires a more permanent appearance.

### KEY ISSUE 3

## Why Do Inner Cities Face Distinctive Challenges?

- Inner-City Physical Issues
- Inner-City Social Issues
- Inner-City Economic Issues

Most of the land in urban settlements is devoted to housing, where people live. Within U.S. urban areas, the most fundamental spatial distinction is between inner-city



**FIGURE 13-15** (top) Favela in Rio de Janeiro, Brazil. A large percentage of people in the rapidly growing cities of less developed countries live in squatter settlements. In Rio, most of the squatter settlements, known as favelas, are on hillsides on the edge of the city. (bottom) Rio's highest income areas are near the CBD and in sectors along the ocean.

residential neighborhoods that surround the CBD and suburban residential neighborhoods on the periphery. Inner cities in the United States contain concentrations of low-income people who face a variety of physical, social, and economic problems very different from those faced by suburban residents. ■

## Inner-City Physical Issues

The major physical problem faced by inner-city neighborhoods is the poor condition of the housing, most of which was built before 1940. Deteriorated housing can either be demolished and replaced with new housing or it can be rehabilitated.

## Process of Deterioration

As the number of low-income residents increase in the city, the territory they occupy expands. Neighborhoods can shift from predominantly middle-class to low-income occupants within a few years. 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.

**FILTERING.** 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**.

Like a car, clothing, or any other object, the better a house is maintained, the longer it will last. Landlords stop maintaining houses when the rent they collect becomes less than the maintenance cost. In such a case, the building soon deteriorates and grows unfit for occupancy. Not even the poorest families will rent the dwelling. At this point in the filtering process, the owner may abandon the property, because the rents that can be collected are less than the costs of taxes and upkeep. Cities have codes that require owners to maintain houses in good condition. But 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. Thousands of vacant houses stand in the inner areas of U.S. cities because the landlords have abandoned them.

One hundred years ago, low-income inner-city neighborhoods in the United States teemed with throngs of recent immigrants from Europe. These 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 in inner-city neighborhoods with rapidly declining populations. Through the filtering process, many low-income families have moved to less deteriorated houses farther from the center.

**REDLINING.** Some banks engage in **redlining**—drawing lines on a map to identify areas in which they will refuse to loan money. As a result of redlining, families who try to fix up houses in the area have difficulty borrowing money. Although redlining is illegal, enforcement of laws against it is frequently difficult. The Community Reinvestment Act requires U.S. banks to document by census tract where they make loans. A bank must 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. Under **urban renewal**, cities identify blighted inner-city neighborhoods, acquire the properties from private owners, relocate the residents and businesses, clear the site, and build new roads and utilities. The land is then turned over to private developers or to public agencies, such as the board of education or the parks department, to construct new buildings or services. National government grants help cities pay for urban renewal.

Urban renewal has been criticized for destroying the social cohesion of older neighborhoods and reducing the supply of low-cost housing. Because African Americans comprised a large percentage of the displaced population in U.S. cities, urban renewal was often called “Negro Removal” during the 1960s. Most North American and European cities have turned away from urban renewal since the 1970s, and national governments, including that of the United States, have stopped funding it.

**PUBLIC HOUSING.** Many substandard inner-city houses have been demolished and replaced with public housing. In the United States, **public housing** is reserved for low-income households, who must pay 30 percent of their income for rent. A

housing authority, established by the local government, manages the buildings, and the federal government pays the cost of construction and the maintenance, repair, and management that are not covered by rent. In the United States, public housing accounts for only 1 percent of all dwellings, compared to 14 percent in the United Kingdom. Elsewhere in Western Europe, governments typically subsidize construction cost and rent for a large percentage of the privately built housing.

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. The elevators are frequently broken, juveniles terrorize other people in the hallways, and drug use and crime rates are high. Some observers claim that the high-rise buildings were responsible for the problem because too many low-income families were concentrated into a high-density environment. Because of poor conditions, high-rise public-housing projects have been demolished in many U.S. and European cities.

The U.S. government has stopped funding construction of new public housing. A federal program known as Hope VI supports renovation of older public housing, and the Housing Choice Voucher Program helps low-income households pay their rent in private housing. With the overall level of funding much lower, the supply of public housing and other government-subsidized housing in the United States diminished by approximately 1 million units between 1980 and 2000. But during the same period, the number of households that needed low-rent dwellings increased by more than 2 million.

In Britain, the supply of public housing, known as social housing (formerly council estates), has also declined because the government has forced local authorities to sell some of the dwellings to the residents. The British also expanded subsidies to nonprofit housing associations that build housing for groups with special needs, including single mothers, immigrants, the disabled, and the elderly as well as the poor.

**RENOVATED HOUSING.** An alternative to demolishing deteriorated inner-city houses is to renovate them. In some cases, nonprofit organizations renovate houses 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. In most cases, inner-city neighborhoods have only recently been renovated by the city and by private investors.

The process by which middle-class people move into deteriorated inner-city neighborhoods and renovate the housing is known as **gentrification**. Middle-class families are attracted to deteriorated inner-city housing because the houses may be larger, more substantially constructed, yet cheaper in the inner city than in the suburbs. Inner-city houses may also possess attractive architectural details such as ornate fireplaces, cornices, high ceilings, and wood trim. Gentrified inner-city neighborhoods also attract middle-class individuals who work downtown. Inner-city living eliminates the strain of commuting on crowded freeways or public transit. Others

seek proximity to theaters, bars, restaurants, and other cultural and recreational facilities located downtown. Renovated inner-city housing appeals to single people and couples without children, who are not concerned with the quality of inner-city schools.

In cities where gentrification is especially strong, ethnic patterns are being altered. In Chicago, for example, the white population is increasing in inner-city neighborhoods and declining in the outer-city neighborhoods (Figure 13-16). Conversely, the population of African Americans and Hispanics is declining in the inner city and increasing in neighborhoods farther from the center.

Because renovating an old inner-city house can be nearly as expensive as buying a new one in the suburbs, 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 people with lower incomes, who are forced to move out of the gentrified neighborhoods because the rents in the area are suddenly too high for them. Cities try to reduce the hardship on poor families forced to move. U.S. law requires that they be reimbursed both for moving expenses and for rent increases over a 4-year period. Western European countries have similar laws. Cities are also renovating old houses specifically for lower-income families through public housing or other programs. By renting renovated houses, the city also helps to disperse low-income families throughout the city instead of concentrating them in large inner-city public-housing projects.

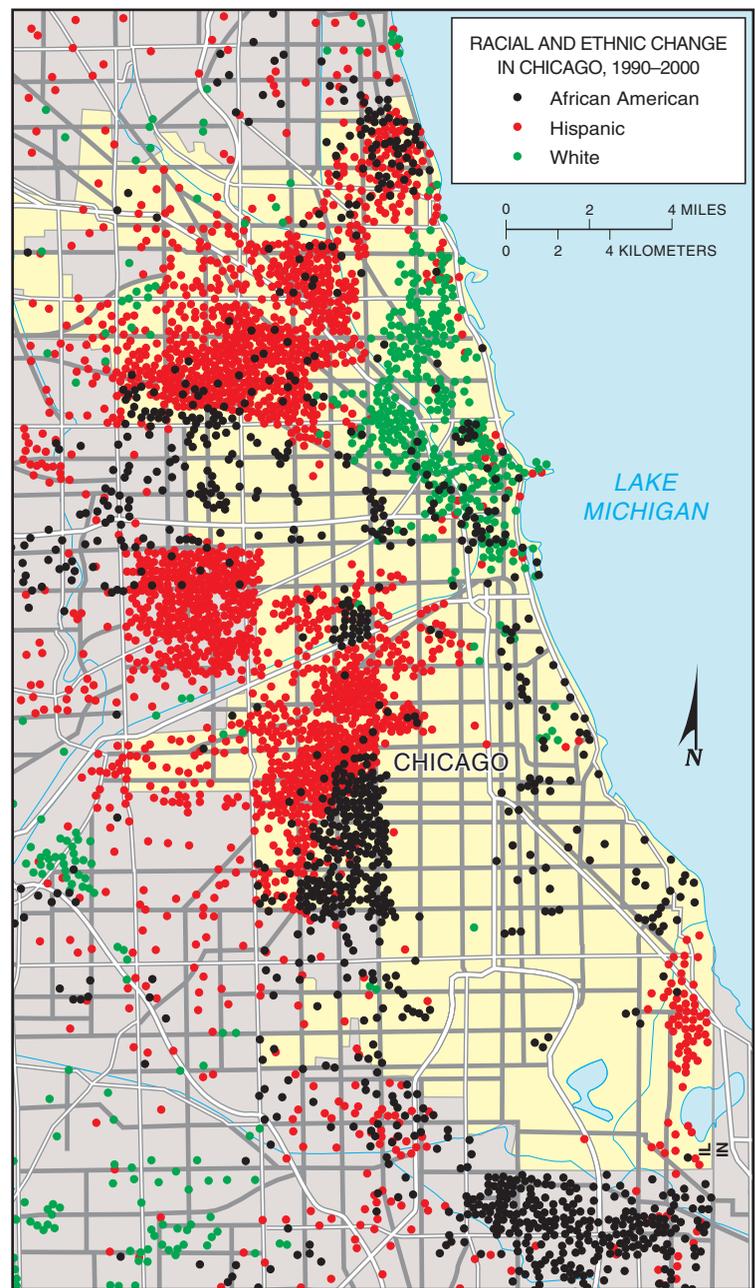
## Inner-City Social Issues

Beyond the pockets of gentrified neighborhoods, inner cities contain primarily people with low incomes who face a variety of social problems. Inner-city residents constitute a permanent underclass who live in a culture of poverty.

### Underclass

Inner-city residents are frequently referred to as a permanent **underclass** because they are trapped in an unending cycle of economic and social problems. The underclass suffers from relatively high rates of unemployment, alcoholism, drug addiction, illiteracy, juvenile delinquency, and crime.

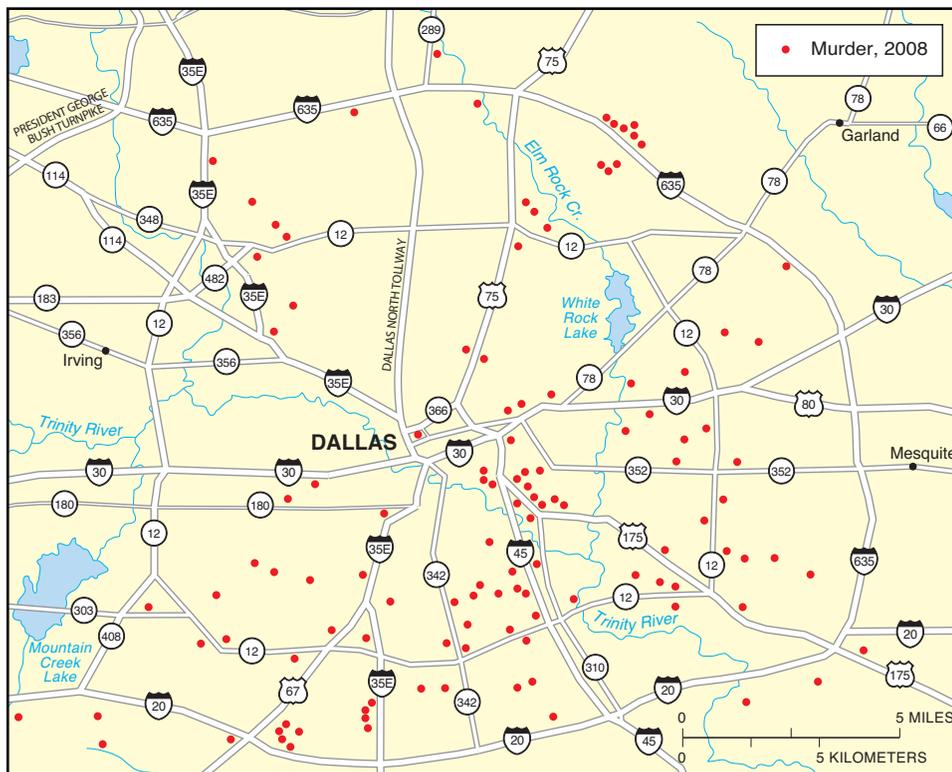
The children of the underclass attend deteriorated schools, and affordable housing is increasingly difficult to find. Their neighborhoods lack adequate police and fire protection, shops, hospitals, clinics, or other health-care facilities. The future is especially bleak for the underclass because they are increasingly unable to compete for jobs. Inner-city residents lack the technical skills needed for most jobs because fewer than half complete high school. Despite the importance of education in obtaining employment, many in the underclass live in an atmosphere that ignores good learning habits, such as regular school attendance and completion of homework. The gap between skills demanded by employers and the training



**FIGURE 13-16** Racial change in Chicago. Dots represent where the population of each ethnicity increased between 1980 and 2000. Note growth of the white population in the inner city and North Side, while the African American and Hispanic populations have been increasing in the outer city and inner suburbs.

possessed by inner-city residents is widening. In the past, people with limited education could become factory workers or filing clerks, but today these jobs require skills in computing and handling electronics. Meanwhile, inner-city residents do not even have access to the remaining low-skilled jobs, such as custodians and fast-food servers, because these jobs are increasingly in the distant suburbs.

Some of the underclass are homeless. Accurate counts are impossible to obtain, but several surveys estimate that on a given night nearly 1 million Americans sleep in doorways, on heated street grates, and in bus and subway stations. Over the



**FIGURE 13-17** Inner-city social issues: Dallas murders 2008. Most murders were on the south and east sides of the city. Compare to Figures 13-7, 13-8, and 13-9.

course of a year, the number of Americans who are homeless at some time is estimated at more than 3 million. Most people are homeless because they cannot afford housing and have no regular income. Homelessness may have been sparked by family problems, job loss, or mental illness. Single men constitute two-fifths of the homeless, and the remainder are women and children. Homelessness is also a serious problem in LDCs. Several hundred thousand people in Kolkata (Calcutta), India, sleep, bathe, and eat on sidewalks and traffic islands.

## Culture of Poverty

Inner-city residents are trapped as a permanent underclass because they live in a culture of poverty. Unwed mothers give birth to three-fourths of the babies in U.S. inner-city neighborhoods, and three-fourths 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. Only a small percentage of “deadbeat dads” are tracked down for failing to provide required child-care support. If the husband moves back home, his wife may lose welfare benefits, leaving the couple financially worse off together than apart.

Trapped in a hopeless environment, some inner-city residents turn to drugs. Although drug use is a problem in both the suburbs and rural areas, rates of use in recent years have

increased most rapidly in the inner cities. Some drug users obtain money through criminal activities. Gangs form in inner-city neighborhoods to control lucrative drug distribution. Violence erupts when two gangs fight over the boundaries between their drug distribution areas. Compare Figure 13-17 with Figures 13-7, 13-8, and 13-9. Most of the murders in Dallas in 2008 occurred in low-income minority areas, and most victims, as well as those arrested for murder in Dallas, were minorities.

Many neighborhoods in the United States are segregated by ethnicity, as discussed in Chapter 7. African Americans and Hispanics concentrate in one or two large continuous areas of the inner city, whereas whites live in the suburbs. Even small cities display strong social distinctions among neighborhoods. A frequently noticed division is between the east and west sides of a city, or between the north and south sides, with one side attracting the higher-income residents and the other left to lower-status and minority families. A family seeking a new residence usually considers only a handful of districts, where the residents’

social and financial characteristics match their own. Residential areas designed for wealthy families are developed in scenic, attractive areas, possibly on a hillside or near a water body, whereas flat, dull land closer to industry becomes built up with cheaper housing.

## Inner-City Economic Issues

The concentration of low-income residents in inner-city neighborhoods of central cities has produced financial problems. The severe recession in recent years has aggravated those problems.

### Eroding Tax Base

Low-income inner-city residents require public services, but they can pay very little of the taxes necessary to support those services. Central cities face a growing gap between the cost of needed services in inner-city neighborhoods and the availability of funds to pay for them. A city has two choices for closing the gap between the cost of services and the funding available from taxes:

- **Reduce Services.** For example, close libraries, eliminate bus routes, collect trash less frequently, delay replacement of outdated school equipment. 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.

- Raise Tax Revenues.** For example, provide tax breaks for downtown offices, luxury hotels, restaurants, and shops. Even with generous subsidies, these businesses pay more taxes than the buildings demolished to make way for them, and they provide minimum-wage personal-service jobs for low-income inner-city residents. But spending public money to increase the downtown tax base can take scarce funds away from projects in inner-city neighborhoods, such as subsidized housing and playgrounds.

During the mid-twentieth century, inner-city fiscal problems were alleviated by increasing contributions from the federal government. The percentage of the budgets of the 50 largest U.S. cities supplied by the federal government increased from 1 percent in 1950 to 18 percent in 1980. But the percentage shrank substantially during the 1980s, to 6 percent in 1990 and 2000. When adjusted for inflation, federal aid to U.S. cities has declined by two-thirds since the 1980s. To offset a portion of these lost federal funds, some state governments increased financial assistance to cities.

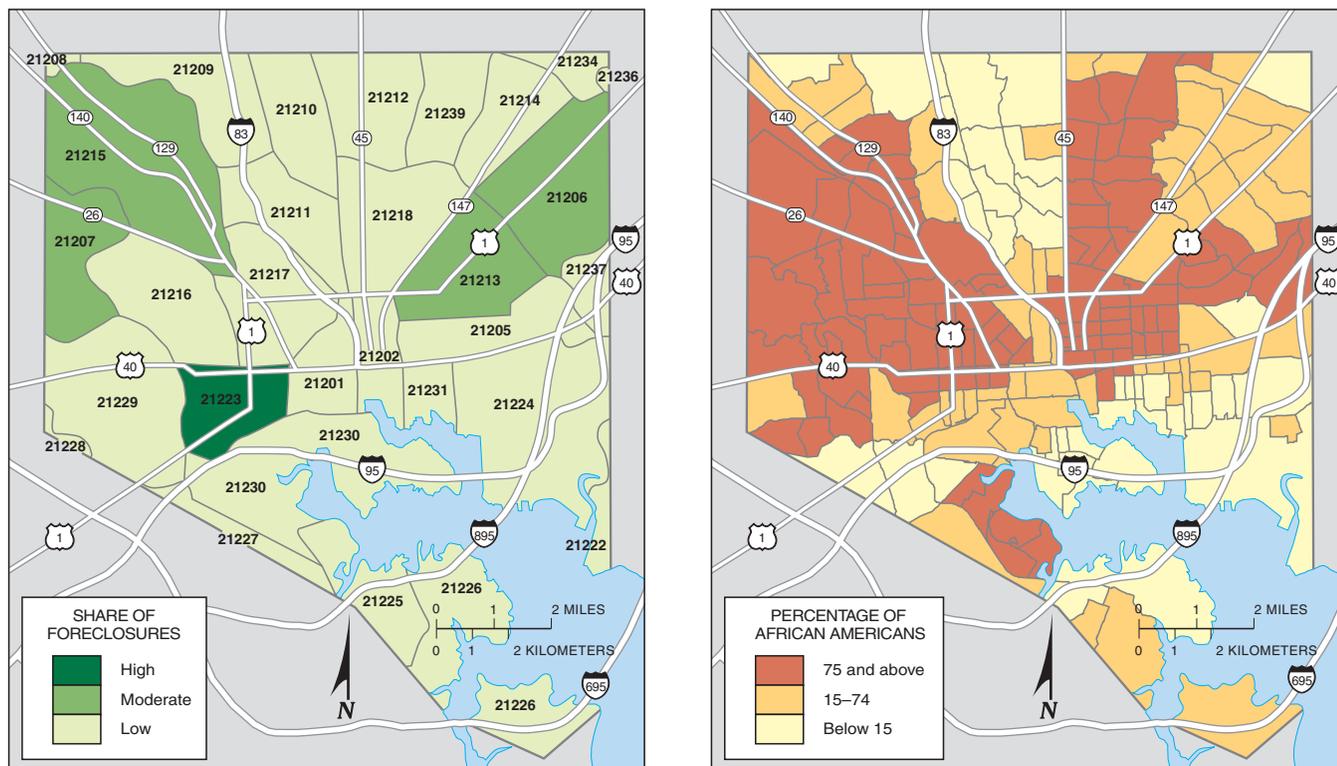
## Impact of the Recession

One of the principal causes of the severe recession that began in 2008 was a collapse in the housing market, primarily in the inner city (Figure 13-18). To purchase a house, most people borrow money through a mortgage, which is repaid in monthly installments over many years. In the years leading

up to the recession, financial institutions sharply increased the number of loans to low-income inner-city households buying their first homes. Despite having poor credit histories, first-time home buyers were approved for mortgages without background checks. These were known as subprime mortgages.

Financial institutions around the world were eager to invest in housing in the United States. Investing in housing was viewed as providing a higher rate of return at a lower risk than other investment options. Investors reasoned that their loans were safe: House prices had increased rapidly for many years, so even if a few home owners defaulted on their mortgages, investors would still recoup their investment. Inner-city residents were especially targeted for subprime mortgages. As the concentric zone model shows (Figures 13-4 and Figure 13-7), inner-city residents are more likely to be renters and therefore represent the best opportunity for financial institutions to increase the number of home owners.

When people are unable to repay their loans, lenders can take over the property in what is called a foreclosure. In the first year of the recession, 10 percent of all Americans with mortgages were behind in their mortgage payments or already in foreclosure. Compounding the problem, house prices have fallen in the United States and other MDCs since their peak in 2006. With falling house prices, houses are worth less than in earlier years. In many cases, the amount of the mortgage exceeded the value of the house once prices had fallen.



**FIGURE 13-18** Foreclosures in Baltimore. Foreclosures in Baltimore are clustered in the inner city and in a sector to the northwest where the African American population has increased in recent years (see Figure 7-11).