

Abstract

This is independent research done by me with the supervision and assistance of dr rowan shi as a showcase of the authors ability to compose a sound argument with research and analytical techniques to fortify the findings made in the case of the paper.

This paper looks at the effects of place based policies on the housing market in hopes of understanding a subject that is colloquially referred to as gentrification. With higher labor mobility, and a limited supply of housing, the value of land tends to increase. Which in turn means that the benefits of the place based policy tend to be eaten up by the landowners rather than residents of the region.

Gentrification is often categorized by an increase in funding or a reduction in barriers to business in a region. This effect drives an influx of high income workers entering the region and as a result the value of land in those affected regions become unaffordable for those residents of the region prior to the aforementioned influx of high skilled workers. Forcing the residents of that region to relocate to more affordable housing, often further out of an urban region.

Place based policies tend to be in the form of monetary support which target a specific geographic location in need rather than direct monetary assistance to the individuals in need in the form of welfare for instance. Some of the more common place based policies are support for small to medium sized enterprises, low carbon projects, education, healthcare, and public transport.

In this study we look at a form of place based policy designated by the EU. More specifically, we are looking at one of the funds within the cohesion policy of the European Structural and Investment Funds (ESIF), The European Regional Development Fund (ERDF). The ERDF is generally used as a means of economic development and increasing labor market participation. The ERDF is designed specifically to strengthen economic, social and territorial cohesion in the European Union. For the purposes of our study we set our empirical setting of the paper as Germany.

Place based policies, such as ERDF, are rendered to be less impactful towards the residents of the region. This is because the benefits of the place based policy tend to be reaped by highly knowledgeable workers with higher labor mobility rather than the intended recipient of the fund. The benefits of these place based policies

However, arguments regarding how the success of a place based policy is measured tend to be rather philosophical. The main question that has come up in my case is whether or not place based policies are ultimately helping the local residents of a targeted region's income. In particular, the paper investigates how successful place based policies are in reaching local residents rather than landowners.

Data:

Our data for the place based policies enacted in Germany comes from the Kohesio dataset. The dataset allows for access to information regarding EU contributions and funding from the EU Cohesion policy for the programming period between 2014 to 2020. In total the data on the ERDF projects initially consists of 43,980 project entries in all years. The data notably gives us the total eligible expenditure per project, the location of the project as a nomenclature of territorial units for statistics at the finest level of three levels (NUTS3), and one of 10 possible themes tackled by the ERDF project.

To supplement our data on the ERDF we use OECD data to provide us GDP per Capita figures at the aforementioned NUTS3 level. In addition to that, we also draw a picture of the urbanization rate and how technologically advanced a region is by using the number of patent applications in each region for data provided by EUROSTAT.