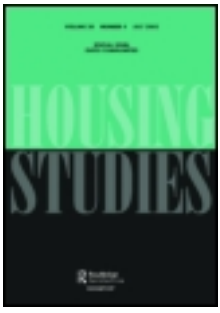

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POLICY REVIEW

Social Mix and the Neighbourhood Effect. Policy Ambitions and Empirical Evidence

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ABSTRACT *Segregation is a central concept in both academic and policy debates on urban issues. It has been argued that the process of globalisation results in increased social polarisation and subsequently sharper spatial segregation. Indeed, many politicians express a fear of rising segregation, envisioning the emergence of 'ghettos' or as it is called in the Netherlands 'income neighbourhoods'. In order to prevent concentrations of poverty from forming, a new area-based policy was formulated which aimed to restructure the urban housing market at the neighbourhood level and mix low-quality with high-quality houses. Such a concern with social mix has become common in a number of developed countries. In this regard the analysis has a wide relevance. This paper explores these ideas both by discussing the theoretical framework underpinning the policy, and by examining empirical support for it. Since the policy of housing-quality mixing is still in the first phase of implementation, relevant longitudinal data is not yet available. As a consequence our evaluation addresses present poverty concentrations and housing stock (mix) characteristics in the city of Amsterdam. By comparing neighbourhoods that already have a 'mixed' housing stock to homogeneous neighbourhoods, it has been possible to see whether mixing really does correspond to significantly lower poverty rates. It turns out that the empirical facts are quite different from the expected results: mixing does not in fact reduce poverty. It is concluded that the policy lacks an empirical basis. Housing-mix policy requires substantial budgets, while the goal of reducing poverty cannot be reached. As an alternative, we suggest that poverty is a personal characteristic and that it is therefore preferable to approach poverty directly instead of hoping for the results of a dubious 'neighbourhood effect'.*

KEY WORDS: polarisation, poverty, segregation, housing market, policy, neighbourhood effect, neighbourhood mix, the Netherlands

Introduction

Although low-income Dutch urban neighbourhoods might not justify the use of

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the word 'ghetto' in some people's views, the debate on and the fear for the existence of ghettos and ghettoisation is high on the country's political agenda. The Netherlands is not unique in this respect (Musterd *et al*., 1998) as is evident, for example, from debates in Britain and Germany. Moreover, the media tend to amplify this issue. For instance, even a very respectable neighbourhood like Hasenbergl in Munich was described by the German newspaper *Sueddeutsche Zeitung* (7 July 1999) as a 'ghetto', even though visitors from abroad would be hard pressed to recognise it as such. Fundamentally, however, the debate on ghettoisation is based on the idea that the composition of the population is crucial: the makeup of the population of neighbourhoods designated as ghettos is expected to have a negative influence on upward social mobility for the residents of that neighbourhood (and to have a wider negative impact). These ideas are expressed in many studies, mostly of American origin (e.g. Massey & Denton, 1993; Wilson, 1987). It is also the US where the debates on housing policy to move people from areas of poverty concentration into mixed neighbourhoods through programmes such as the 'Moving to Opportunity' and the Gautreaux programme are well developed. In both the US context and the European context, the debate on ghettos is in fact a debate on the neighbourhood effect (de Vos, 1997), even though this is not always made explicit by the media or by politicians.

However, it is doubtful if these neighbourhood effects apply as strongly in the European context and especially in the Dutch context once the role of the welfare state has to be taken into account (Musterd & Ostendorf, 1998). In neo-liberal welfare states such as the US, where the role of the market is stressed, there indeed exists a strong relationship between having a job and social indicators like income, education and quality of housing. In such situations, unemployment often results in low incomes and poor housing. There is a great risk that such an unemployed person will, together with others like themselves, end up in a specific low quality segment of the urban housing market. In this case, segregation with respect to housing is often reflected in the level of social participation in other spheres.

In European welfare states where the state intervenes more in market processes, the relationship between residential segregation, education, work and income is much weaker (Van Amersfoort, 1992; Musterd & Ostendorf, 1994). In addition, the income-inequality is more moderate than in neo-liberal welfare states. As a consequence, it seems plausible not to expect US-style ghettos from developing on the European continent.

Large concentrations of poverty are not found in the Netherlands (Ostendorf, 1998). It can also be hypothesised, that neither are the effects. Yet in the current debate on poverty and segregation in the Netherlands, income segregation has been seen as important in recent years and the rise of 'income ghettos' and 'income neighbourhoods' is feared. This is a euphemism for areas that are relatively homogeneous with respect to income. Unsurprisingly, the rise of urban areas characterised by the concentration of low incomes is attracting far more attention than those of high incomes. In order to prevent the hypothesised negative effects of low-income neighbourhoods, a new policy programme has been developed to restructure the urban housing market at the neighbourhood level in order to prevent the spatial concentration of low-income people (Kempen & Priemus, 1999; Nota Stedelijke Vernieuwing, 1997). This is to be achieved by diversifying the housing stock. In cases of new housing construction, this is

done by mixing different tenures and price levels within the same development. In the case of the existing housing stock, a part has to be demolished to be replaced by houses of a different tenure and price level. In essence this policy of urban restructuring can be characterised as 'mixing as a solution for poverty'. So, the 'battle' against ghettos is a battle against segregation, which is a battle against poverty concentrations that are supposed to negatively influence social upward mobility.

The purpose of this paper is to examine the empirical evidence for this policy of anti-poverty urban housing market restructuring. However, because the policy is still in its first phase of implementation an *ex-post* evaluation cannot be performed. Instead, in the second section the paper will explore the subject of segregation in the international literature. In the next section the policy of creating mixed neighbourhoods will be translated into a model that can be tested empirically. In the following section the operationalisation of the concept of poverty and the data used in this paper will be introduced. Next will be a comparison between neighbourhoods presently having a mixed housing stock to more homogeneous ones in order to show the extent to which mixed neighbourhoods have significantly lower concentrations of poverty. Finally, the results are evaluated in terms of what they reveal about the chances of success of the new policy.

Segregation of Poverty and its Impact

Almost 15 years ago Wilson (1987) stimulated a discussion on the negative effects of segregation by stating that the inhabitants of a 'ghetto' have social problems simply because they live in a ghetto. According to Wilson, the process of economic restructuring fuelled by global competition does help to create ghettos, but the concentration of poverty in a ghetto is also seen as having an effect of its own, resulting in polarisation and the formation of an underclass. Post-industrial economic restructuring results in greater demands for highly educated workers, causing the labour market to be subject to a process of continuous upgrading. This relates to the emergence of a potential underclass consisting of people living in inner cities who are too poorly educated to meet the increasing qualifications asked for by a post-industrial economy. Apart from their lack of education, these people face the problem that they live in inner cities, where, more than in other locations, employment they would qualify for, unskilled industrial work, has decreased. So, those living in inner cities fall victim to a double mismatch: they do not qualify in terms of education (skills mismatch) and they live far away from places where remnants of the industrial era still exist (spatial mismatch). Minorities are often most acutely affected because many used to work in the industrial sector. Because middle-class minorities are able to 'escape the ghetto', the concentration of poor minorities in the ghetto increases. This situation is said to isolate the ghetto population from mainstream society, where jobs and job-stability are the norms, thus placing them at a comparative disadvantage. For youth, it can easily result in the adoption of deviant behaviour, thus further decreasing their chances for integration into mainstream society. Clearly, these kinds of visions are the fears expressed by scholars and politicians when they speak of a 'divided city'.

During the past decade or so, a lot of attention in academic literature has been paid to issues of segregation in cities (e.g. Castells & Mollenkopf, 1991; Fainstein

et al., 1992; Massey & Denton, 1993; Musterd & Ostendorf, 1998; O'Loughlin & Friedrichs, 1996). In many countries and cities, segregation is regarded as something that has to be combated, since negative effects are expected to be related to it. Segregation is described as the uneven distribution of the population with respect to certain characteristics.

Clearly, Wilson's views have found wide acceptance. Massey & Denton (1993) even stated in their famous book *American Apartheid* that "Residential segregation is the principal organisational feature of American society that is responsible for the creation of the urban underclass" (p. 9). Referring to the concept of 'culture of poverty', they introduced their own concept: 'the culture of segregation'. In their view, segregation creates structural conditions for the emergence of a counterculture where education, work and family life are no longer central values, while residents engage in activities that undermine their chances for success in society. The lack of sufficient successful role-models in their own environment and the notoriety of their neighbourhood add to the cycle. Although the view that the concentration of poverty has an independent effect on social success is clearly based on the American situation, it has been freely adopted by European politicians and journalists, but also by European scholars (De Lannoy & Kesteloot, 1990; Robson, 1988).

The Presuppositions behind the Mixed-neighbourhood Policy: A Curvilinear Neighbourhood Effect

The policy of urban restructuring is intended to diversify the housing stock in order to change the social composition of neighbourhoods. The goal is to create mixed neighbourhoods. If this is achieved, it is assumed that the problems of being poor or underprivileged (as measured at the city level) will be reduced since more people would be upwardly mobile. Evaluating the success of such a policy would require longitudinal research. However, that data are simply not yet available, and it will be several years before there are observable results. However, an interim strategy is to study the present situation in a particular city and test the validity of the assumptions on which the policy is based.

It can be viewed that the policy of urban restructuring rests on the idea that a curvilinear relationship exists between the percentage of underprivileged people and residential mix. Figures 1–3 help to explain these ideas. Attention here will be confined to the underprivileged.

Consider the information presented in Figure 1. Of course, there is a negative individual relationship between being underprivileged and living in a high-quality house. This individual relation results in a negative relationship between the percentage of underprivileged persons and the percentage of high-quality houses at the neighbourhood level. Therefore, the straight line has a downward slope. In such a situation there is no neighbourhood effect whatsoever. The negative relationship between the percentage of underprivileged persons and the percentage of high-quality homes in the neighbourhood can be completely ascribed to the effect of the aggregation of the individual negative relationship between being underprivileged and living in a high-quality house.

Figure 2 shows a situation in which there is a rectilinear neighbourhood effect. In homogeneous neighbourhoods of low-quality stock, a relatively higher number of underprivileged persons will be found. The neighbourhood effect is said to cause that. The large share of underprivileged people in those neighbour-

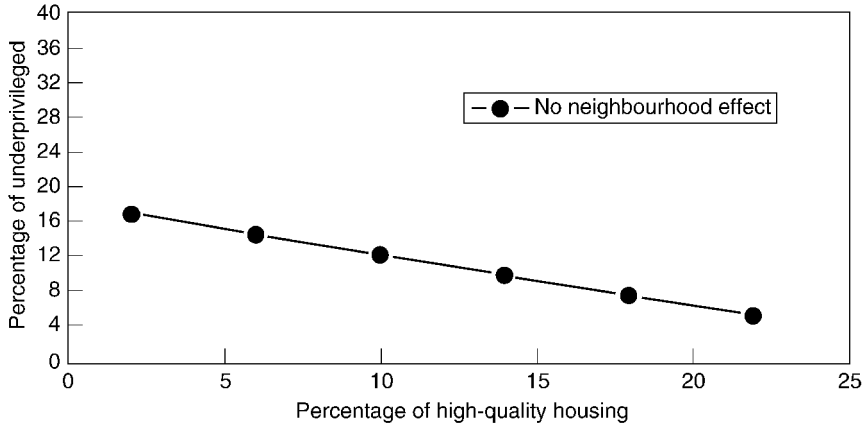

Figure 1. Theoretical model: no neighbourhood effect.

hoods is seen as having an extra negative impact, leading to even more underprivileged people than could be expected based on the individual relationship between being underprivileged and living in a high-quality house. In homogeneous high-quality neighbourhoods, however, something similar happens; the neighbourhood effect results in an extra decrease of the number of underprivileged people. The high proportion of privileged people has a positive effect here, leading to less underprivileged people than could be expected based on the individual relationship. As a consequence, the second line, based both on the individual effect and the rectilinear neighbourhood effect, is steeper than the first one which is based on the individual effect only.

It is important to realise that while this rectilinear neighbourhood effect does influence the share of underprivileged people in the different neighbourhoods (and so the distribution), the total number of underprivileged people does not change; here, negative effects compensate positive effects. It is a zero-sum game. If this rectilinear neighbourhood effect is the result of the urban restructuring policy, this would be very disappointing since the total result of the policy

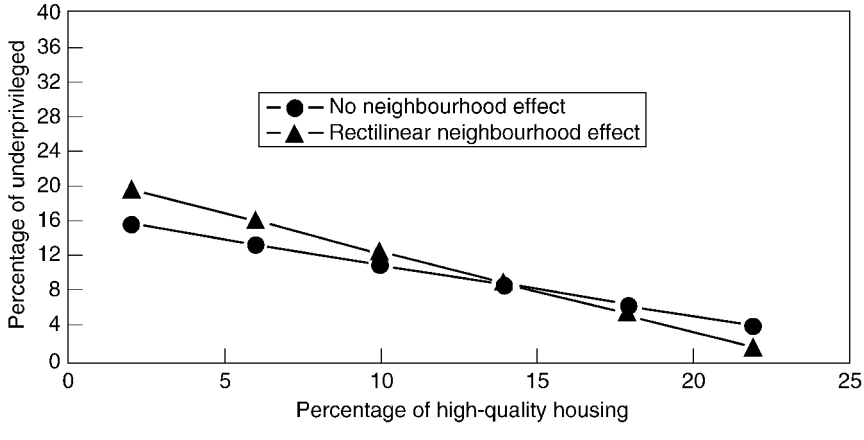

Figure 2. Theoretical model: rectilinear neighbourhood effect.

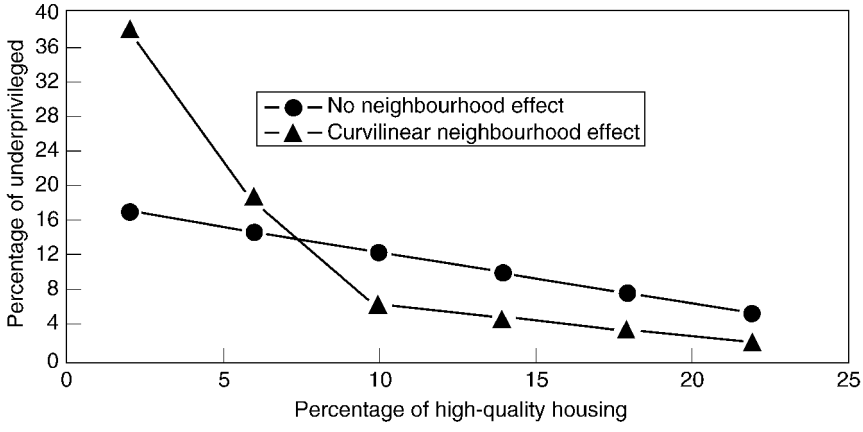

Figure 3. Theoretical model: curvilinear neighbourhood effect.

would be zero. A lot of money would be spent without reducing the number of underprivileged people, even though this is the aim of the policy.

Although policy documents on urban restructuring do not raise this issue, it seems safe to say that the real aim of the policy has to be based on another model, that of a curvilinear neighbourhood effect (see Figure 3). This curvilinear neighbourhood effect shows a significant difference between homogeneous low-quality neighbourhoods and mixed neighbourhoods, while the difference between mixed neighbourhoods and high-quality neighbourhoods is much less. In this model, a serious reduction in the total number of underprivileged people can be reached by mixing because of the low share of underprivileged people in mixed neighbourhoods. In fact, the urban restructuring requires such a model as legitimisation for the policy itself.

Poverty: Definitions and Data

In trying to find empirical support for the policy of urban restructuring, use was made of a database of a research project carried out in Amsterdam in 1994. It is a random sample of about 4000 Amsterdam residents of 18 years and older.

Earlier, the paper referred to the concept of being underprivileged. When studying the issue of poverty a researcher has to make important decisions with regard to the indicators used. For instance, is it wise to concentrate on the present or potential income for social mobility? University students are a case in point: their income is low, but their chances for upward social mobility are extremely high. Because of this, income is not a good predictor for social mobility. This is why in the operationalisation here, the concept of being underprivileged has been related to the lack of opportunities for social mobility (Musterd, 1998). Key factors are level of education and position in the labour market and these two characteristics have to be combined at the individual level. A person is defined as underprivileged when he/she combines a low education with being unemployed. An unemployed person with a high education on the other hand still has a reasonable chance to find a job—a low income is not decisive. If present, the characteristics of partners should be taken into account too. The precise definition is as follows: a person is underprivileged if he/she

has a low education, is unemployed and does not have a partner with a job. All others are considered not to be underprivileged.

Based on the sample and this definition, only some 4 per cent of the population in Amsterdam is underprivileged. While Amsterdam might praise itself for having such low figures, this makes the further analysis of the concentration of poverty more difficult. As this limited proportion of underprivileged people in Amsterdam gives no basis for local and national government refraining from implementing the policy of urban restructuring in the city, it is also logical to examine the empirical basis for this policy.

A second aspect of defining concentrations of poverty is the spatial distribution. The database contains the exact location of the people belonging to the sample. This provided an opportunity to aggregate the data to any spatial level of analysis with the help of GIS and, as a next step, to link this data to data on the housing stock.

The level of analysis used in most statistical analyses of Amsterdam is that of 'neighbourhood combinations', of which there are some 100 in Amsterdam. These neighbourhood combinations can be quite large. For a more detailed analysis a grid of 100 by 100 metres was used, resulting in 'cells' as the level of analysis. In determining the concentration of underprivileged people in these cells not only the cell itself was taken into account, but also the ring of eight surrounding cells and the next ring of 16 surrounding cells. This results in small areas with a radius of approximately 300 metres, and corresponding to the residential environment of the persons involved (Deurloo *et al.*, 1998). In order to be included in the analysis, a cell, together with the surrounding area, should contain at least 25 persons in the sample. For this reason the concentration of poverty can be shown only for part of Amsterdam (Figure 4). In the remaining part, the density of the population, given the size of the sample, is too low to meet the 25-person requirement.

What Figure 4 shows is that the concentrations of underprivileged people are moderate. The spatial distribution shows dispersal. The middle and high range areas have more than 12.5 per cent and more than 17 per cent underprivileged persons respectively. These areas can be regarded as 'pockets of poverty'. But even in these areas, the great majority of the population is not underprivileged.

Underprivileged and the Housing Mix: An Empirical Test

In each of the cells used in the analysis, the proportion of underprivileged people was calculated on the basis of the sample. In addition, on the basis of an extensive database provided by the municipality of Amsterdam, the quality of the housing stock in each cell was also determined in terms of the shares of owner occupied dwellings and of private (i.e. not social) dwellings.

Figures 5 and 6 show the relationship between the share of underprivileged persons and the share of owner occupied dwellings, and the share of private dwellings respectively. Both analyses reveal that the relation between the share of underprivileged and the quality of the housing stock is *not* curvilinear. That implies that a mixed housing stock does not result in a relatively steep decline in the percentage of underprivileged persons as a whole.

The results of the empirical analyses suggest that, in the Amsterdam context, it does not make much sense to mix the housing stock if the goal is to bring the number of underprivileged down. No extra effects of mixing could be found.

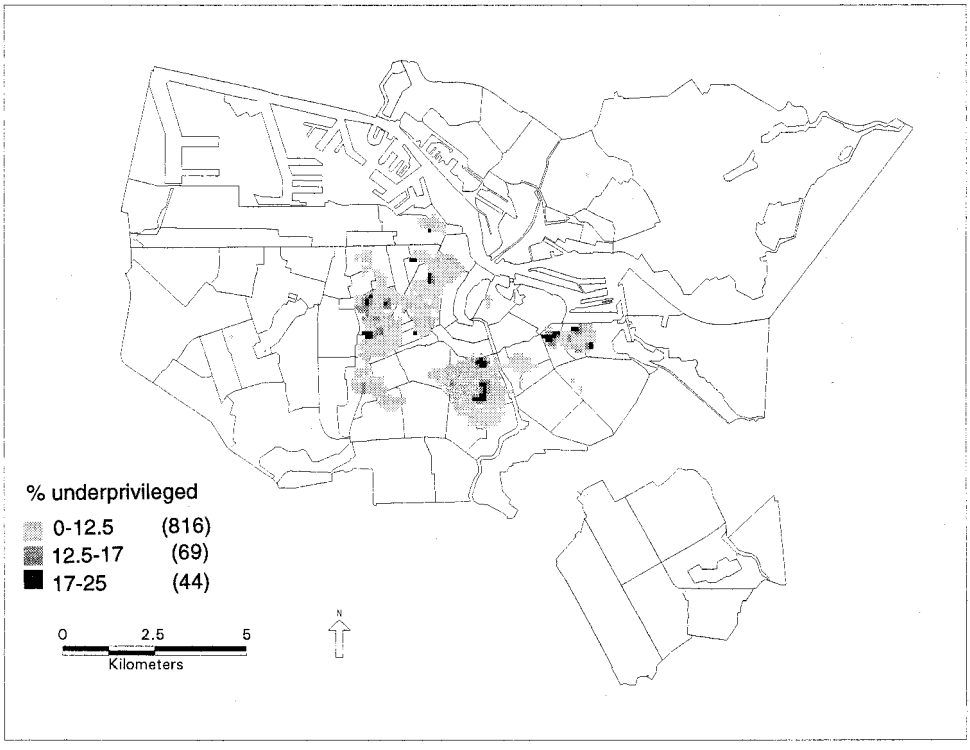

Figure 4. Underprivileged in Amsterdam, 1994, cells.

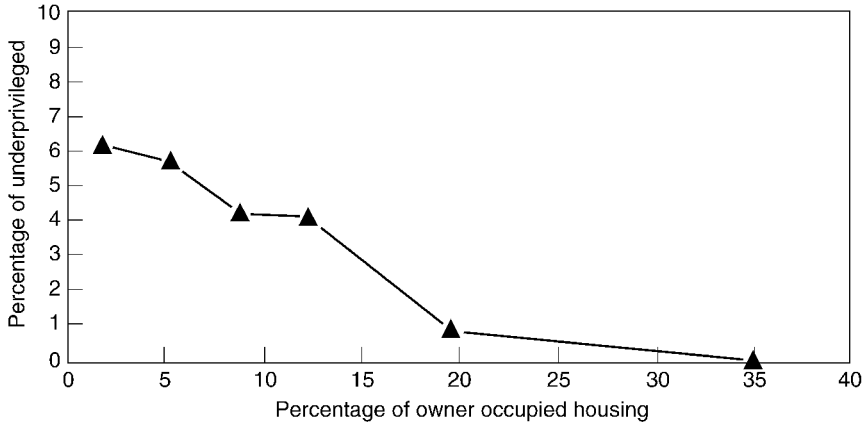

Figure 5. Impact of the share of owner occupied housing.

Conclusions

The aim of the policy of urban restructuring is to mix the housing stock in order to improve conditions for upward social mobility, eventually resulting in a reduction of the number of 'poor' people. This research has tried to estimate the chances for success of this policy. The exploratory analysis presented here was limited, and therefore should be regarded as a pilot study. Moreover, it only

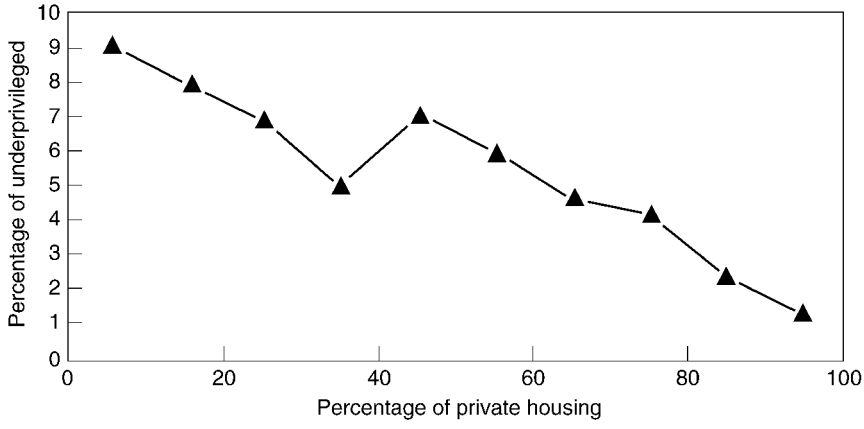

Figure 6. Impact of the share of private (rental or owner occupied) housing.

concentrates on the municipality of Amsterdam. The policy requires a longitudinal analysis, but this is not possible now, because the policy is in its first phases of implementation. Finally, the sample used only includes a limited number of 'poor' persons.

The concept of being underprivileged used in this paper is not based on income as an indicator because income is not necessarily a good predictor of social mobility, and social mobility is the central issue in discussions on segregation and ghettos.

A key finding was that the number of underprivileged people in Amsterdam, according to a strict definition, is only about 4 per cent. Because the target population of the policy of urban restructuring appears to be so small, the policy might be too crude a tool to reach the underprivileged people. Apart from that, the segregation of underprivileged people in Amsterdam is not very strong—they are more or less scattered over Amsterdam. This would demand urban restructuring in a large part or even the entire city. Again, this would be a very clumsy and expensive measure for helping a limited number of underprivileged people.

It is argued that the policy of urban restructuring requires a curvilinear relationship between the share of underprivileged persons and the quality of the housing stock. This would justify the idea that mixed neighbourhoods are effective in reducing the total number of underprivileged people. The analysis here does not support this idea; the number of underprivileged people is not much lower in areas with mixed stock than it is in low-quality housing areas. However, the low share of underprivileged people does limit the analysis of the spatial configuration of these underprivileged people. This raises the need for research in other cities to be undertaken which have a higher share of underprivileged people.

Based on the analysis in this paper, it can be said that, so far, the policy of urban restructuring lacks a solid empirical basis as far as its social mobility goals are concerned. Moreover, this policy has to be effective in an era of welfare state retrenchment and less intervention in the free market. Increasing social (income) differences can be expected to result in more and freer choices on the housing market, which are not necessarily in line with the objectives of urban restructur-

ing. This situation will condemn the policy of combating segregation through area-based interventions to failure; it tries to mitigate the effects of social inequality, not the causes. Therefore, direct intervention in the factors that determine social mobility (education and access to the labour market) seems a more appropriate strategy for policy-makers to adopt.

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