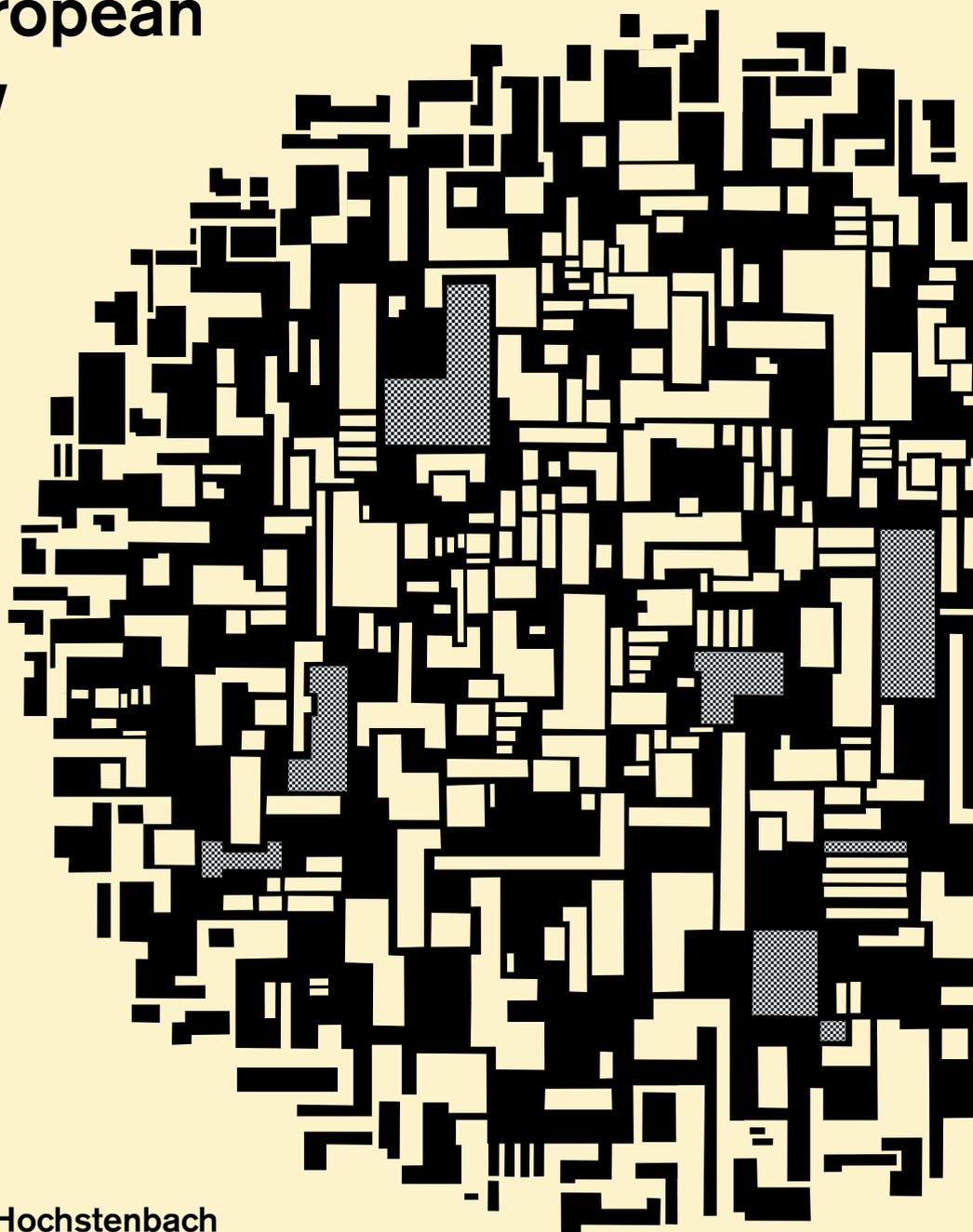




*Inequality in the Gentrifying European City.*  
C. Hochstenbach

# Inequality in the gentrifying European city



Cody Hochstenbach

# Summary

## Inequality in the gentrifying European city

Gentrification – the transformation of urban space for more affluent users – is frequently attributed an important role in driving neighbourhood change in contemporary cities. However, considerably less attention goes out to the wider social-spatial impact of the process. Because gentrification has transformed into a widespread and mainstream process, this is a crucial omission. The main aim of this dissertation is therefore to understand the impact of gentrification on social-spatial inequalities at the urban-regional level to the full extent.

It is often taken for granted that gentrification contributes to stronger social-spatial contrasts. At the neighbourhood level gentrification may eventually lead to a homogeneous affluent population composition. With the advance of gentrification, this would translate into a more polarized urban landscape with a gentrified core and struggling periphery where stronger poverty concentrations emerge. This dissertation seeks to move beyond this simplified perspective, and aims to unravel the impact of gentrification on social-spatial divides in various ways. To do so, this dissertation employs an innovative multi-scalar methodology. This methodology combines a bird's eye perspective to understand gentrification's social-spatial consequences at the urban-regional scale, with a close-up perspective to unravel the conceptual and spatial diversity of gentrification. In doing so, this dissertation understands gentrification as a highly diverse and malleable process, but also emphasizes that the basic underpinnings of these variegated gentrification processes and the outcomes it produces are typically highly similar. Only by considering the whole of these gentrification processes does it become possible to understand the magnitude of gentrification. Together the range of gentrification processes may play an important role in shaping and rearranging social-spatial inequalities along different dividing lines. This dissertation addresses this relationship by tackling the following dual research question:

**How has gentrification been able to expand across space?**

**What is the impact of gentrification processes on social-spatial inequalities in urban regions?**

The main question is answered through a comparison of gentrification processes in Amsterdam and Rotterdam, representing relatively more and less successful cities respectively, while both situated in the highly regulated Dutch housing context. The dissertation mainly draws on longitudinal quantitative analyses, using individual-level register data from the Dutch Social Statistics Database (Statistics Netherlands). The dissertation combines insights from six studies, each addressed in a separate chapter. These studies highlight various aspects of the link between gentrification and social-spatial inequalities. Chapters 2 and 3 set out the policy context and the “geography of state-led” gentrification. Urban policies are an important driver of contemporary gentrification, but it is important to consider where and how this is done. Chapter

4 investigates the range of mechanisms that produce population composition change as part of gentrification processes and changing social-spatial divides. In doing so, it questions the dominant view that residential moves are most important in changing population compositions and thereby driving gentrification. Only by taking into account other mechanisms of population change does the full impact of gentrification become apparent. Chapters 5 and 6 introduce new social-spatial dividing lines into the gentrification framework. Chapter 5 highlights the divides that are reproduced through the intergenerational transmission of resources: Parental support influences young people's neighbourhood outcomes and fuels gentrification. Chapter 6 subsequently turns to divides between generations. Especially younger generations face increasing constraints on the housing market and struggle to enter homeownership. Finally, chapter 7 of this dissertation zooms in on the residential behaviour of low-income groups to understand how displacement and broader issues of housing affordability and accessibility are implicated in reshaping the social geography of city regions.

### **The importance of urban policy context (chapters 2 and 3)**

In contemporary gentrification processes the state often plays a key role, as city governments aim to attract and retain more middle-class households. Although states may support gentrification in a number of ways, housing policies are often pivotal and this applies all the more to the highly-regulated Dutch housing context. Policies of tenure restructuring that seek to replace affordable social rent with more expensive rental or owner-occupied dwellings for the middle classes are part and parcel of state-led gentrification. Previous scholarship has therefore emphasized the close linkages between gentrification policies and social-mixing strategies. The Dutch state has traditionally invested heavily in housing policies that specifically target low-status, disadvantaged neighbourhoods where they aimed to spark gentrification processes to counteract market developments.

How state involvement in gentrification *changes over time*, and how this may have a differential spatial impact, is rarely considered. This dissertation provides insight into how gentrification as state policy may mutate. Focusing on changes in Amsterdam during the period 1999–2015, this dissertation highlights a triple shift. First, the decline of the social-rental stock has accelerated, indicating that gentrification as a state-led process has become more vigorous. Financial restrictions necessitate housing associations to sell part of their stock to generate income to continue their basic operations. Second, policy focus has shifted from urban renewal including large-scale demolition, to the sale of existing social-rental dwellings. Third, these shifts are accompanied by a changing geography. Urban renewal concentrated in struggling peripheral post-war neighbourhoods, but social-housing sales increasingly concentrate in central neighbourhoods where demand for housing is high. Rather than countering market developments in low-demand areas, states are thus increasingly involved in facilitating market upgrading in inner-city gentrification frontiers.

These shifts are stimulated by the global financial crisis, austerity measures, and welfare-state restructuring in general, making it more difficult to engage in costly renewal. The sale of social-rental housing represents a comparatively affordable alternative, and takes place in areas where market processes can be enabled. Interestingly, similar shifts cannot be discerned in Rotterdam, where the global financial crisis has in fact slowed down the decline of social rent. Although urban renewal also grinded to a halt here, it was not compensated by increasing social-housing sales, nor did the geography of tenure restructuring change. These differences can at least partially be ascribed to differences in housing demand and market pressures.

Housing associations also increasingly often rent out dwellings at market rate rents. This constitutes a rapidly growing niche market in the tight Amsterdam housing context, and contributes to the rental gentrification processes described above. The sale or marketization of social-rental dwellings is frequently legitimized by arguing it helps a group of “middle-income” households struggling on the housing market. In policies and public debates, these are often portrayed as young and upwardly-mobile households that are not able to buy at a premium. This comparatively marginal character of new in-movers is used by policymakers to downplay the intensity of gentrification processes taking place. More critical representations of gentrification instead stress structural class differences between these “marginal gentrifiers” and the lower-income sitting population – even if income differences may initially be limited.

#### **Anatomizing variegated gentrification processes (chapter 4)**

Moving from gentrification as urban policy to the social-spatial effects, chapter 4 of the dissertation has unravelled how gentrification may materialize in different forms in different neighbourhoods. Gentrification processes are commonly conceptualized as taking place primarily through residential moves, with higher-income residents moving in, and lower-income residents displaced or excluded. However, recent scholarship has emphasized the importance of *in situ* social mobility in driving neighbourhood change, while also demographic shifts – where one age cohort comes to replace the other – may be at work. Using population register data, this dissertation “anatomized” population composition change in Amsterdam and Rotterdam with the goal to assess the influence of residential moves, *in situ* social mobility, and demographic shifts. A second goal is to assess where these different mechanisms play their part.

There is not one decisive model of neighbourhood change, not even within a single urban context, or at any one time. Different forms of gentrification may coexist within a city, taking place in different types of neighbourhoods or, in some cases, even within the same neighbourhood. In already expensive or gentrified neighbourhoods, residential moves are the most important drivers of socio-economic population composition change, staying closest to dominant perceptions of gentrification processes. Due to the exclusive character of these neighbourhoods’ housing stock – high levels of homeownership combined with house prices – new residents need to have access to substantial stocks of economic capital to buy into these neighbourhoods.

However, in other neighbourhoods *in situ* social mobility and demographic shifts appear more important in driving gentrification. *In situ* social mobility refers specifically to income gains achieved within a neighbourhood, thereby driving socio-economic upgrading. This “model” of upgrading plays a particularly prominent role in erstwhile low-status neighbourhoods where gentrification processes are in a relatively early phase. Demographic shifts represent the ageing and succession of population cohorts which implies the gradual phasing out of older, working-class residents from gentrifying neighbourhoods with an ageing population and large social-rental stock. Because residential turnover rates tend to be low here, neighbourhood change takes place via succession: Following deaths and moves into retirement homes, the vacated social-rental dwellings are often brought onto the market.

Studies focusing solely on those neighbourhoods where high-income residents move in and low-income residents move out therefore only capture part of the gentrification processes taking place. Even if this is the most obvious and vigorous form of gentrification, failing to incorporate other forms leads to a serious underestimation of the impact of gentrification on cities and residents.

### **Intergenerational support fuelling gentrification (chapter 5)**

Intergenerational inequalities are on the rise and, in turn, also translated in the increasing reproduction of socio-economic divides across generations. This dissertation shows that relatively many young people leaving the parental home, “fledglings”, manage to gain access to some of the city’s most expensive or fastest gentrifying neighbourhoods, despite their predominantly very low incomes. This raises the question how these fledglings manage to get housing in such neighbourhood. This question resonates more broadly, and is related to the importance of social mobility highlighted in chapter 4: how do young “marginal gentrifiers” on a low income gain access to gentrifying neighbourhoods in the first place, prior to achieving upward mobility?

This dissertation introduces the crucial importance of parental class and parental support in explaining neighbourhood outcomes and gentrification processes. Parental assets are key. The majority of fledglings with “wealthy” parents move to Amsterdam’s high-status or gentrifying neighbourhoods, while fledglings with asset-poor parents typically move to low-status peripheral neighbourhoods. Various mechanisms may be at work here. Wealthy parents may provide substantial direct financial support to their offspring. Parents can buy for their children, make a down payment to help with the mortgage, or help cover rents or other expenses. Furthermore, parents may also lend non-financial support, such as resourceful social networks. These forms of support may be part of broader social reproduction strategies, as parents help their offspring on their way on the housing market and help them to access specific neighbourhoods. In addition, the purchase of a dwelling may also constitute an investment strategy by parents expecting to make windfall gains. Parental background may also have a more indirect and subtle effect on neighbourhood outcomes, by shaping preferences for the urban and specific neighbourhoods.

It is time for gentrification research to engage with the intergenerational transmission of inequalities. Particularly direct financial support is key, as it may be an important contributor to exacerbating social-spatial inequalities. Parental wealth flows via their children into gentrifying neighbourhoods, contributing to inflating house prices and rents, thus advancing gentrification. Acknowledging the importance of parental support also requires to make reconsider the figure of the marginal gentrifier – especially if they are from well-to-do backgrounds. Parental capital augments the relatively low incomes of the young marginal gentrifiers themselves, allowing them to shoulder higher housing costs. This in turn enables them to outbid other households in a weaker socio-economic position, aggravating the displacement and exclusion engendered by gentrification.

### **Generational divides and the rise of rental gentrification (chapter 6)**

Apart from the intergenerational transmission of inequalities, it is also important to consider broader divides between generations. Housing markets increasingly prioritize serving the financially powerful, i.e. those households that are high income, securely employed, and in possession of other assets. These households disproportionately belong to older generations, while young people on the other hand are faced with greater employment insecurities, an increasing inability to enter homeownership, and a greater reliance on capricious and insecure housing pathways. It is within this context that this dissertation has established the rise of new forms of rental gentrification in Amsterdam.

Rental housing has come to be in the crosshairs of investors looking to supply more upmarket rental dwellings. States encourage this as they seek ways to accommodate middle-income upwardly-mobile households, for example in the private-rental sector (chapters 2 and 3). The role of rental housing in driving specific forms of gentrification is not new, but the current rise of rental gentrification in Amsterdam *is* in a way a new phenomenon. Notably, it follows in the footsteps of homeownership gentrification, long the dominant mode of gentrification in Dutch cities due to the highly regulated character of rent. It is part of a broader reversal of fortunes for market rent that has taken place since the global financial crisis. Up until the crisis private rental housing had experienced decades of decline. Contemporary rental gentrification should on the one hand be linked to the growing demand from young middle-class households unable or unwilling to buy. On the other hand, the tenure is increasingly expensive, aiming at a higher income clientele. The spatial dimensions of the rise of expensive private rental housing clearly exposes its links to mature forms of gentrification.

The above points to a remarkable combination: the rise of private rent is increasingly upmarket and exclusive, but is also the consequence of households' inability to buy. This dissertation therefore forwards that some households should be considered marginal gentrifiers regardless of their high income. This is due to labour-market insecurities. This dissertation shows that temporary contracts have also become more common among higher-income

gentrifier households – especially younger households, suggesting that inter-generational inequalities cut through other dividing lines. Such insecurities impede access to homeownership despite otherwise high incomes. Yet, they are still able to “spend” on housing, hence their move into more expensive rental forms.

### **Displacement: gentrification and the suburbanization of poverty (chapter 7)**

A long-standing and elusive concern of gentrification research is what happens to the lower-income resident who are confronted with gentrification processes. Displacement, direct and exclusionary, may not only have a deep impact on the life courses and residential opportunities of low-income residents, but may also be important in reshaping the broader social geography of entire city regions. To understand the scale, role and impact of displacement, chapter 7 of this dissertation therefore analyses the effects of gentrification on the residential behaviour of low-income residents. This provides novel insights into how direct and indirect displacement processes map out in urban space, illuminating their important but complex social-spatial consequences.

Gentrification reshapes urban-regional social-spatial inequalities in profound ways. The overarching trends found are best described as a suburbanization of poverty. However, the suburbanization of poverty taking place is far from a uniform process; with various subtleties at work. Importantly, the suburbanization of poverty is not only a direct process of poor residents moving from the city to suburb. Gentrification also influences residential moves within or to urban regions through exclusionary effects. As central city locations grow increasingly unattainable, lower-income households may increasingly often opt to move to suburban locations a priori. In a way, gentrification sets in motion both a direct suburbanization of the poor and a broader more indirect suburbanization of poverty.

There is considerable diversity in outcomes between population groups though. Distinguishing between unemployed, working poor, and low-to-middle income households this dissertation finds rather different outcomes. Working-poor households typically do not suburbanize to the region but instead increasingly often move to peripheral locations in both cities, often post-war housing estates. They also frequently employ coping strategies that allow them to remain in the central city for instance by sharing a dwelling with multiple households. Unemployed households in contrast *do* increasingly suburbanize to the region, and especially to already struggling areas that were hit hardest by the crisis. These are often higher-density satellite and new towns, originally built for the middle classes. Low-to-middle income households also increasingly often move to these areas but, taken as a whole, spread out more across the region reflecting their slightly better social-economic prospects which may allow them to buy in certain areas where the housing market is more relaxed.

## **Concluding remarks**

The question is whether shifting social-spatial inequalities – e.g. the suburbanization of poverty – translate into *worsening* social-spatial inequalities. Gentrification may, at least initially, dampen segregation as it entails middle classes moving into erstwhile low-income neighbourhoods thereby mixing the neighbourhood. Likewise, suburban locations in many ways remain comparatively middle class despite signs of downgrading. The suburbanization of poverty may therefore lead to a more even distribution of low-income households across space implying that the aggregate scores on segregation indicators would go down. From this perspective, gentrification may at first glance appear a great equalizing force, while obscuring that it does so by constraining the housing position of low-income residents, diminishing their overall housing opportunities. Furthermore, even though gentrification may initially suppress segregation levels, after a certain turning point it will produce starker spatial divisions – all the while constantly reducing the housing options available to disadvantaged residents. It may therefore be more fruitful to establish whether lower-income residents are able to access or remain in neighbourhoods with high or rapidly increasing housing values. This illuminates to what extent emergent areas of privilege remain accessible to lower-income residents despite gentrification. Indeed, this dissertation has shown that social-spatial inequalities are worsening with lower-income residents increasingly moving into struggling areas in urban fringes or suburban cores. Yet, these patterns are variegated and complex, urging us to unravel social-spatial inequalities. As a final call it should be stressed that not one form of gentrification is necessarily *softer* than another. Although different logics may underpin gentrification processes, a common denominator is the decrease in housing affordability, contributing to different forms of displacement. Only by considering the different forms and expressions of gentrification in conjoint fashion, the substantial impact of gentrification on the reshaping of social-spatial inequalities comes to the fore.

