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Imposed from above or applied for from below: comparing Dutch and Danish social mix strategies in deprived neighbourhoods

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Abstract

This paper compares social mix strategies in Denmark and the Netherlands, focusing on policy rationale, policy instruments and the role of the national government. Physical restructuring of the housing stock and housing allocation criteria are the main instruments used in both countries. A notable difference is the role of the national government. In the Netherlands, urban policies have been decentralised in the last decades and national government funding has largely disappeared. Municipalities must apply before they can use certain measures. In Denmark, the national governance in relation to deprived areas is much stronger and using social mix measures in selected neighbourhoods is mandatory. The comparison shows that differences in governance of social mix strategies can have important consequences for housing rights and could also have an impact on the policies' effectiveness.

Keywords: urban regeneration, social mix, physical restructuring, housing allocation, governance

Introduction

Social mix strategies have become prominent policy tools for implementation in deprived neighbourhoods in many European cities in recent decades (Bolt et al., 2010; Galster & Friedrichs, 2015; van Gent et al., 2018). There are differences in goals and the specific social mix tools involved, as well as the contexts in which the policies are employed and the role of national governments in employing them (Galster, 2007; Alves, 2019). Two distinctive but sometimes combined approaches have evolved (Holmqvist & Bergsten, 2009): dispersing deprived households (e.g., through changed allocation rules) and creating a mixed housing structure through physical restructuring to attract more affluent residents. These are generally national strategies employed at a local level by local governments (Rose et. al., 2013).

The purpose of this paper is to compare two social mix strategies – from Denmark and the Netherlands – to answer the questions: what are the differences and similarities between the Dutch and Danish approaches to creating social mix in deprived neighbourhoods, and what can we learn from these cases? In comparing the strategies, we focus mainly on: 1) the policy rationale; 2) the key policy instruments of the strategies: physical restructuring of the housing stock and housing allocation criteria; 3) the role of the national government. We review the social mix strategies in Denmark and the Netherlands using policy documents and previous research as the main sources.

The two cases represent two examples of social mix strategies. As with all political strategies they are contextual and refer to distinct socioeconomic and political structures. However, comparing concrete examples allows us to highlight how different policies under the same umbrella term of social mix strategies can be shaped differently. The paper therefore adds to existing research by Levin et al. who argue that “*international comparative studies of social mix policies in different contexts allow for a better understanding of the practicalities of social mix processes for policymakers and planners*” (2021:361). Social mix strategies seem to be here to stay due to continuing support from politicians and policy makers. By providing a comparative policy review, this paper adds knowledge on how social mix strategies are shaped to inform whether and how they are adopted in other contexts.

The social mix strategies of both countries target deprived areas. However, the differences become clear in the very definition of a deprived area. In the Netherlands, the ‘Big Cities Policy’ (BCP)

involved various national lists of targeted neighbourhoods, but with no clear criteria for defining them. The Extraordinary Measures for Urban Problems Act (EMUPA) is based on applications from municipalities for specific targeted areas using different data sources and criteria. In most cases, both national and local policy makers selected neighbourhoods with relatively low 'liveability' scores (i.e., resident satisfaction). In contrast, a specific definition with clear criteria exists in Denmark. A deprived area is defined as a social housing area with at least 1,000 residents that meets at least two out of four criteria relating to 1) the proportion of residents outside of either the labour market or educational system, 2) the proportion of residents convicted of violating specific laws; 3) the proportion of residents with only a basic education, and 4) average gross income. If, in addition, the proportion of immigrants and descendants from non-Western countries exceeds 50%, the area is defined as a 'parallel society'. If an area is a parallel society for five consecutive years, it becomes a restructuring area. In 2022, 17 areas were on the list of deprived areas, 12 on the list of parallel societies and 9 on the list of restructuring areas (yet 17 are undergoing restructuring due to having been on the list previously). Dutch and Danish policies therefore target a similar number of areas, but the path to identifying the targeted areas differ. Further differences are elaborated below.

Urban renewal policies in the Netherlands

The Netherlands has a long tradition of area-based policies aimed at shaping the urban development of major Dutch cities (Musterd & Ostendorf, 2021). In the 1990s, an integral approach to urban renewal was introduced by the national government (the BCP), which combined physical, economic and social interventions. The physical pillar of the BCP was aimed at restructuring the housing stock in disadvantaged urban neighbourhoods by reducing the share of social housing and increasing the share of owner-occupied dwellings in order to attract more affluent residents to these neighbourhoods, thus creating a more balanced social mix.

The BCP was in place from 1994 to 2010 in four different phases. Mixing the neighbourhood population by mixing the housing stock remained an important strategy throughout. Meanwhile, the governance changed over time. Until 2002, a special minister coordinated the implementation of the BCP and the central government expenditure. Over time, its implementation became more and more decentralised (Musterd & Ostendorf, 2021). In BCP II (1998-2004), covenants were drawn up between the national and local governments. Urban municipalities were asked to set their own priorities in multi-year development plans as a condition for receiving central state funding. In BCP III (2004-2007), municipalities were allowed to formulate their own policies and apply for budgets from state funds. In the last phase (2007-2010), local housing associations were asked to play a larger role in urban renewal, especially in 40 selected 'power neighbourhoods'. After the 2010 national elections that followed the credit crisis, budget cuts and a lack of political support put an end to the BCP and national investments in urban renewal programmes.

Since 2006, EMUPA has been in force in the Netherlands, offering municipalities additional policy instruments to deal with urban challenges. The most important policy instruments offered by the EMUPA are in the field of housing allocation. Municipalities can only apply these instruments with the approval of the central government. Municipalities must ask the Minister of Housing to designate specific neighbourhoods as areas where EMUPA instruments may be applied. When assessing applications, the minister takes into consideration the necessity, proportionality and consequences of the measures for home seekers.

The EMUPA offers three options for the selective allocation of social rental properties: 1) imposing requirements related to the home seekers' income source (Article 8); 2) giving priority based on socioeconomic characteristics (Article 9); 3) screening for nuisance and criminal behaviour (Article 10). Under Article 8, municipalities can require potential tenants to have an income from work, with the exception of students and retirees. However, this condition can only be imposed on home seekers who have lived in the administrative region for less than six years. This measure is therefore only aimed at newcomers to the region. According to critics, the measure therefore discriminates against ethnic minorities (Ouweland & Doff, 2013). Article 9 makes it possible to give priority to home seekers with certain socioeconomic characteristics. These may relate to general personal characteristics, but also their contribution to society by professional or voluntary work (Kromhout et

al., 2021). Under article 10, municipalities can exclude tenants with a history of nuisance and/or criminal behaviour. The law includes a long but exhaustive list of such behaviours, ranging from public intoxication to terrorism.

Until 2015, the EMUPA only applied in Rotterdam (hence its nickname the ‘Rotterdam Act’). The 2015 Islamic State attacks in Paris exacerbated existing fears about parallel societies in urban neighbourhoods in the Netherlands. In the absence of national funding for physical restructuring, urban municipalities looked for alternative policy instruments to influence the social mix and found them in the EMUPA. Article 10 was introduced in 2017, partly in response to the aforementioned fears. Since then, the number of municipalities where the EMUPA is implemented has increased to ten municipalities in 2020. Five of these municipalities are in the vicinity of Rotterdam. Some of these municipalities were concerned about possible waterbed effects from the implementation of the EMUPA in Rotterdam, i.e. a greater influx of unemployed home seekers unable to find housing in Rotterdam. By mid 2020, the EMUPA applied to almost 50,000 (mostly social) rental dwellings owned by housing associations or private landlords. Most municipalities used more than one measure (Kromhout et al., 2021). Article 10 was the article most often applied.

EMUPA requirements dictate that the central government must carry out an evaluation of the effects of the measures every five years. The results show that it is very difficult, if not impossible, to determine whether the measures improve liveability in the designated neighbourhoods (Van Gent et al., 2018). One difficulty is that in all designated areas, the EMUPA is only part of a broader package of measures aimed at improving liveability conditions. This makes it difficult to distinguish the effects of the allocation criteria from effects of other instruments, e.g. physical restructuring or social investments.

In the last national EMUPA evaluation, more attention was paid to qualitative results based on local evaluations and interviews, in addition to quantitative data (Kromhout et al., 2021). The interviews with local stakeholders revealed that, despite a lack of quantitative proof, there is a widespread belief among urban professionals that selective housing allocation is a key instrument in managing social outcomes in deprived urban neighbourhoods.

In July 2022, in response to renewed calls for government funding for investment in urban neighbourhoods, the national government announced a new Liveability and Safety Programme that included a long-term integral approach for 20 vulnerable areas. This might mark a shift to a new period of more national government involvement in neighbourhood policies in the Netherlands.

Regeneration in Denmark

Deprived neighbourhoods have been on the political agenda in Denmark since the mid 1980s. Efforts to diversify neighbourhoods through social mix initiatives have intensified over time. A political focus on a strict stance towards immigration has spilled over into the approach to deprived neighbourhoods, leading to surveillance, policing, forceful measures and the use of strong and stigmatising words such as ‘ghettos’.

In 2010 a ‘ghetto list’ was introduced, which identified deprived areas as ghettos based on the residents’ socioeconomic characteristics. Prior to 2018, this list did not automatically trigger any measures or funds. The aim was to give municipalities and social housing organisations an incentive to change the residential composition of the areas to avoid being on the list. In 2018, national politicians passed parallel society legislation, arguing that the existing initiatives had not led to the desired changes.

The official goal of the legislation is ‘no ghettos by 2030’ (Regeringen, 2018). The legislation marked a shift towards stronger national governance and an intensification of the efforts in deprived areas. It included adapting the criteria for being on the list, dividing the list into three lists of three different kinds of areas: deprived areas, ‘ghettos’ and ‘hard ghettos’ (the latter two renamed in 2021 to ‘parallel societies’ and ‘restructuring areas’) and introducing specific and mandatory measures. These overarch several policy fields. In this paper, we focus on housing-related measures, namely two main tools: changed allocation procedures and physical restructuring.

The changes to the allocation criteria imply several measures. The overall aim is to steer the resident composition by helping some people move in while preventing others from doing so. On one hand, the municipality cannot place certain citizens in the three types of deprived area, including:

- People who have had their lease terminated due to violations of house rules
- Citizens of countries outside the European Union, the European Economic Area and Switzerland (apart from students)
- Recipients of specific forms of social benefits (e.g. unemployment benefit).

Equally, in restructuring areas, housing organisations must reject house hunters who receive specific forms of social benefits. On the other hand, it is compulsory in all three types of deprived housing areas to utilise the otherwise voluntary flexible letting. This means that the municipality and the social housing organisation have to agree on specific criteria that give some individuals preferential treatment, e.g., that people in employment or education are moved to the front of the housing queue for the given area.

Physical restructuring is the measure with the gravest implications and applies only to the restructuring areas. It is largely financed through the National Building Fund (NBF). The fund is made up of rent from older social housing estates where loans have been paid off. The national parliament decides on the use of these funds, allowing them to finance physical restructuring without using state funds. The measure implies that the proportion of social family housing in the area must be reduced to a maximum of 40% of the current numbers by 2030. There are several ways to meet this goal: 1) conversion of social family housing to youth housing or housing for the elderly, 2) selling social housing, which would entail a switch to owner-occupation or private rental, 3) densification, i.e., the construction of new non-social housing or business premises and 4) demolition of social family housing. The parallel societies legislation allows housing organisations to terminate renters' contracts due to sale. This was previously only allowed if the building was being demolished.

The social housing organisations and the municipality are obliged to make a development plan describing how they will achieve the goal of reducing the proportion of social family housing in the restructuring areas. This plan must be approved by the Ministry of the Interior and Housing. After approval from the authorities, the development plan must be translated into a masterplan for the area to ensure an overall long-term solution to the area's technical, social and/or economic problems. The masterplan is a prerequisite for obtaining economic support from the NBF to finance the implementation of the initiatives described in the development plan. If the plan has not been created, approved or effective, the state can decide that the area is to be sold off in whole or demolished. As of the end of 2022, 17 areas are restructuring areas. The plans for these areas include: conversion of 1,145 units to youth housing or housing for the elderly; sale of 648 units; densification through either new housing units (not social housing) or business premises equivalent to a total of 10,555 units; demolition of 4,037 units.

For years, problems in social housing areas have been addressed through the so-called 'housing-social masterplans'. These are still in place and will be linked to the development plans required by the parallel society legislation for the restructuring areas. However, funds for such masterplans have been cut from approx. 240 million to approx. 140 million Danish Kroner per year with the argument that such social efforts are the responsibility of the municipality. Whether municipalities will prioritise funding to continue the initiatives of the housing-social masterplans is not yet clear, but municipal economies are under pressure with tight budgets that are unlikely to have room for such social initiatives. Therefore, and somewhat paradoxically, increased physical effort in the most deprived areas is likely to take place simultaneously with decreased social initiatives.

Discussion

Social mix strategies play a vital role in neighbourhood regeneration policies in both Denmark and the Netherlands. In this section, we discuss the similarities and differences between the strategies, focusing on the policy rationale, the policy instruments and the role of the national government.

The policy rationale for using social mix strategies is similar. In both countries, these strategies were introduced during the 1990s in response to concerns about the concentration of problems in deprived neighbourhoods. These concerns were partly related to demographic changes caused by previous immigration from non-Western countries to urban areas. By pursuing a socially mixed population, policy makers in both countries hoped to prevent the emergence of American-style ghettos associated with high levels of unemployment, crime and liveability issues, using these as scare stories to legitimise strict measures. Negative expectations about neighbourhood effects for individuals living in these areas are less clearly pronounced in policy documents. After the 2015 Islamic State attacks in Western countries, public fears of 'parallel societies' in urban neighbourhoods spiked, resulting in growing calls for government action. This provided the rationale for more extreme measures that restricted citizens' housing rights. In both the Netherlands and Denmark, the policy rationale is at least partly based on a fear of parallel societies in areas with a concentration of ethnic minorities. Especially in Denmark, the rhetoric is hard and direct in stating so. While such rhetoric might be efficient in securing public support for severe measures, it adds insult to injury by creating or supporting the public perception that living in these neighbourhoods is not pleasant and may even be dangerous. With the aim of attracting more affluent residents, such rhetoric will do more harm than good.

Like in most other countries applying social mix strategies, physical restructuring of the housing stock is an important policy instrument in Denmark and the Netherlands. However, while the Netherlands has gone from more to less physical restructuring, Denmark has gone from less to more. We argue that these opposing trends are not the result of empirically or politically based arguments regarding what works; rather, it is a question of finances. Restructuring is expensive. The existence of the NBF in Denmark allows the national government to utilise physical restructuring as a measure without having to find national budget funds for it. This emphasises that to understand a chosen policy approach, one cannot look away from the financial opportunities or limitations that either help or hinder a given approach. The NBF can offer funds for necessary measures but also provides politicians with a free pass for severe physical measures as they do not have to find the funds in the state budget and argue their necessity in relation to other posts.

Denmark and the Netherlands stand out from other countries with social mix strategies by supplementing physical restructuring with restrictive allocation rules. In both countries, specific national legislation for deprived neighbourhoods makes it possible to use special allocation rules in designated areas. These allocation rules are aimed at preventing undesirable home seekers being housed in deprived areas while prioritising desired groups based on their occupation and/or education. In both countries, some of the allocation rules discriminate against newcomers, including ethnic minorities. These discriminatory aspects of the policy have been criticised in the public and professional debate. Nevertheless, the overall political climate in both countries allows for the introduction of restrictive allocation rules that affect disadvantaged citizens, including ethnic minorities, the most. No political attention is paid to the fact that this limits housing opportunities for those who already have the most limited choice in the housing market. This is especially problematic as the social housing sector is meant to house these groups. There is a need to address this issue politically.

Despite the similarities between the social mix strategies in Denmark and the Netherlands, the governance of the strategies differs. One major difference is that in Denmark both policy instruments are incorporated in the same legislation, whereas in the Netherlands there are separate legal frameworks for using allocation rules and physical restructuring. The Danish approach is thus more rigid as both tools must be applied simultaneously. A possible advantage of coupling the instruments is that the effect might be greater. This remains to be seen as the Danish initiatives have not yet been in place for long enough to be evaluated. However, with the very different local context of deprived neighbourhoods, rigidity is not a positive policy characteristic.

Likewise, the national government has a different role. Urban policy in general varies substantially from being highly decentralised to being highly centralised (Blanco et al., 2011). In the Netherlands, the national government used to be the main driver of neighbourhood regeneration. After the turn of the century, the Dutch government took a more facilitating role by providing funding for investments and additional policy instruments. Later, when investment budgets were cut, the national government

almost disappeared from the scene and neighbourhood policies were left to the municipalities. In Denmark, the trend in governance was quite the opposite. Until recently, municipalities used to shape their own neighbourhood policies (Skovgaard Nielsen & Haagerup 2017). Since 2004, the national government played a minor role by monitoring and identifying ‘problem areas’, but municipalities were still tasked with addressing those problems. In 2018, the national government expanded their own role, introducing mandatory measures and serious potential consequences if goals were not met. Furthermore, the list of areas under the parallel society legislation is determined by the national government through a set of national criteria. This is in stark contrast to the Netherlands, where special allocation rules are optional and municipalities can apply for the Minister to designate specific neighbourhoods for this purpose. This leaves less room for local adaption in Denmark and means more power at the national level to (attempt to) steer the development of deprived neighbourhoods. Again, the vast differences in local contexts of deprived housing areas should be an argument for the need for local adaption. Due to the severity of the measures involved, no unnecessary measures should be employed as they have substantial economic, social and personal consequences for residents and neighbourhoods.

Concluding remarks

By comparing the Dutch and Danish cases, we show that the governance of social mix strategies is an important aspect that should not be overlooked. Differences in governance can not only help to explain the instruments that are used in those strategies but can also have major implications for residents. If social mixing measures are imposed from above, as in the Danish case, there is no room to customise social mix strategies according to local views and needs, as in the Dutch case. In the Netherlands, only one of the four biggest cities has chosen to apply for permission to apply special allocation rules, as the others deem these measures too extreme. This shows that differences in the governance of social mix strategies can have important consequences for the housing rights of tenants and home seekers in urban areas; even when the strategies themselves are in many ways similar.

Whether the social mix policies are compulsory or voluntary could affect the motivation of local professionals to implement them and thus their effectiveness. The Dutch case has shown that in municipalities that have chosen to implement the EMUPA, most professionals share a common belief in the effectiveness of selective housing allocation, which might contribute to its success. In contrast, imposing social mix policies from above to local governments that might oppose these policies or are sceptical about their results could have a negative impact on their effectiveness. The Danish case will be able to show whether this is accurate in the coming years.

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