

## WINDOW ON THE NETHERLANDS

# WITHER THE 'UNDIVIDED CITY'? AN ASSESSMENT OF STATE-SPONSORED GENTRIFICATION IN AMSTERDAM

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### ABSTRACT

Like many other governments, the Dutch government has simultaneously pursued the contradictory goals of liberalising the housing market and countering the concentration of low-income groups. This paper discusses how the tension between promoting market forces and countering segregation has played out, using Amsterdam as a case study. The findings suggest that the policy may have mitigated but did not prevent a deepening division between the city's increasingly privileged core and its periphery. This is at least in part because social mixing was pursued also in neighbourhoods already prone to gentrification.

**Key words:** Amsterdam, segregation, state-sponsored gentrification, undivided city, restructuring policy

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### INTRODUCTION

Like several other Western European governments transitioning from a universal to a residual welfare state, the Dutch government has been faced with a dilemma. On the one hand, it wants to implement market rule in the field of housing, which will, *ceteris paribus*, result in cities that are segregated along class lines. On the other hand, the government wants to prevent segregation and the formation of 'no go areas', which requires state intervention. Through the so-called 'restructuring policy' the government has pursued the contradictory goals of simultaneously promoting market forces and countering segregation. By selectively investing in neighbourhoods with a weak position in the urban housing system, the government claimed to promote 'social mixing'

and prevent 'divided cities' (Priemus *et al.* 1998; Uitermark 2003; Uitermark *et al.* 2007; Boschman *et al.* 2013). The Netherlands is far from unique in this respect. As Lees *et al.* (2012, p. 2) note, encouraging socially mixed 'communities by bringing middle-income people into low-income neighbourhoods has become . . . a major policy goal in North America and in a number of Western European countries'. It is sometimes suggested that this amounts to a thinly disguised gentrification strategy as public and private actors 'recapture prime urban real estate despite the resultant displacement of many of those households that the strategy is purported to help' (Joseph and Chaskin, cited in Lees *et al.* 2012, p. 7; see also Lees 2008). Such 'disguised gentrification' is sponsored under the pretext of social mix but ends up deepening segregation by accelerating the

displacement of lower-income groups from areas with a strong market position.

The major question is how the contradiction between overall housing market liberalisation and spatially selective government interventions played out. We address this question for the case of Amsterdam where the government has since the late 1990s promoted the policy goal of an 'undivided' city but simultaneously liberalised the housing market. What were the policies pursued by the Amsterdam government and did they bring closer the policy goal of an undivided city? To tentatively answer this question, this paper first recapitulates the restructuring policy and shows how the Amsterdam government implemented the policy. The second section examines the spatially selective nature of the government interventions in Amsterdam. The third section analyses changing segregation patterns and attempts to answer the question how policies impacted on segregation. The fourth and concluding section summarises the findings and discusses what might happen now that the resources available for comprehensive and drastic urban restructuring have been depleted.

### THE NETHERLANDS' RESTRUCTURING POLICY

Due to the government's strong commitment to social housing and the political strength of social housing advocates, urban renewal policies in the 1980s were mainly aimed at expanding and upgrading the social housing stock. The motto was 'building for the neighbourhood' (*bouwen voor de buurt*), meaning that the physical interventions should respond to the housing needs of the present residents. In the 1990s, this type of urban renewal was

increasingly discredited. On the one hand, the government lost its commitment to social housing and gradually reduced funding. On the other hand, there were growing fears that deprived minority groups would concentrate in those parts of the housing stock with the weakest market position. It was increasingly felt that problems like crime, lack of social cohesion, or poverty could only be effectively addressed if (people now considered as) problem groups were deconcentrated (Uitermark 2003).

The prospect of privatisation further aggravated concerns about the concentration of problems within specific neighbourhoods as one would expect that a liberalised housing market will segregate (more) along class lines (SCP 1995). The restructuring policy of 1997 can be seen as an attempt to bring two contradictory policy objectives – the privatising of the housing stock and prevention of concentration neighbourhoods – in line with one another (Ministerie van VROM 1997). The policy's foundational idea is to especially promote home-ownership in neighbourhoods with a weak market position (Table 1). Using common definitions of gentrification as the transformation of space for more affluent users (Hackworth 2002; Clark 2005), it is apparent that we can label and analyse these policies as attempts to promote gentrification (see also Uitermark *et al.* 2007; Uitermark 2009; Van Gent 2013). The policy amounts to an attempt at state-sponsored gentrification: investments were made to increase the share of higher-income households in areas with a weak market position. To counteract market forces, the central government made funds available to concentrate investments in these areas with a weak market position. By selectively promoting gentrification in weak neighbourhoods, the

Table 1. *Intended tenure change in designated post-war neighbourhoods in the Netherlands, 2000–10 (percentages).*

Tenure type	Before restructuring (N = 445,900 dwellings)	After restructuring (N = 465,000 dwellings)
Social rented	65	42
Privately rented	17	13
Owner-occupied	18	45
Total	100	100

Source: Ministerie van VROM (1997), reproduced from Uitermark (2003)

restructuring policy aims to prevent neighbourhood decline and divided cities.

### AMSTERDAM'S RESTRUCTURING POLICY

Amsterdam is an interesting city to examine how these policy changes played out. The city has a large share of social housing and its government historically had a strong commitment to promote equity and counter segregation (Uitermark 2009; Fainstein 2010). The city thus provides a very favourable context for mixing policies. In its memorandum on the restructuring policy, the government stated that the 'all-encompassing goal is to revitalise cities and prevent a spatially and socially divided society' (Gemeente Amsterdam 1999, p. 6). The central government's contribution to the local policy in the period 2000–2010 was around 100 million euro per year (Gemeente Amsterdam 1999) but most of the investment would have to be made by housing corporations. The Amsterdam government made a distinction between three different types of neighbourhoods:

- the 'development areas' (*ontwikkelingsgebieden*). These areas are considered as problem concentrations requiring interventions;
- the 'attention areas' (*aandachtsgebieden*). These areas are also regarded as problem

concentrations requiring interventions, even though the problems are less severe than in the development areas; and

- the 'basis areas' (*basisgebieden*). These are areas with high shares of higher-income groups and owner-occupiers (Gemeente Amsterdam 1999, pp. 44–46)

As Figure 1 shows, the 'development areas' are peripheral areas. They are located on the outskirts of the city and comprise Noord, Zuidoost, and Nieuw West. The 'attention areas' are more central. They are mostly located in the nineteenth-century ring surrounding the canal district. These areas have been particularly in demand by gentrifiers and have seen rapidly increasing house and land prices (see below). The 'basis areas' comprise the canal district and the luxurious residential areas southwards. This categorisation of neighbourhoods implies that the 'all-encompassing goal' to prevent 'a socially and spatially divided society' concretely means that targeted investments have to especially improve the relative position of 'development areas' within the urban housing market. We thus use this categorisation and look at the period 2000–2010. The policy was fully operational in 2000 and lost steam – as a result of budget cuts and the real estate crisis – in 2010.



Figure 1. Policy-defined areas.

## INTERVENTIONS IN AMSTERDAM'S HOUSING STOCK

The main tools of the restructuring policy are the demolition of social housing and the construction of owner-occupied housing. These tools were indeed especially used in 'development areas' (Table 2). However, other tools for housing stock privatisation were not especially applied in 'development areas'. Under Dutch regulations, it is legally impossible to sell social housing unless a permit is provided. The proportion of the social housing stock that was sold was 8.1 per cent in 'attention areas', which is higher than in 'basis areas' (4.6%) and slightly higher than in 'development areas' (7.8%). The overall result of these various policy interventions, is that the share of owner-occupied housing increased in equal measure in 'development areas' (with 10.6%) and 'basis areas' (with 10.6%) while the sharpest increase (with 14.4%) took place in 'attention areas'. Tenure conversions thus took place especially in areas that already had a strong market position. Not only did most tenure conversions take place in historical central areas prone to gentrification, they are also most likely to accelerate gentrification in such areas. As Boterman and Van Gent note (2014, p. 140), 'tenure conversions may contribute to gentrification in the inner-city of Amsterdam, while conversions in post-war neighbourhoods do not lead to a social upgrading and may even facilitate downgrading'.

While the policy philosophy was to selectively promote privatisation and gentrification especially in the areas with the weakest market position, in reality state-sponsored gentrification also took place in areas with a strong market position. Rather than counteracting market forces, the government often facilitated or even reinforced market forces. The main reason for this is that promoting gentrification in areas in strong demand is easier. When housing corporations and governments demolish social housing, sell social housing, or deregulate the housing stock in central areas they can claim that they are promoting 'social mixing' but by doing so they help deepen the growing divide between core and periphery.

These figures suggest that selectively promoting gentrification in areas with a weak market

position has been difficult to achieve in practice. This would require the government to make available massive resources to compensate for unprofitable investments in weak areas and extensive regulations to keep investors from capitalising on land rents in strong areas – it seems that the Dutch and Amsterdam governments were committed mostly to the former, not to the latter. It is easier to speed up already ongoing gentrification than to reverse neighbourhood decline, even though only the latter strategy will prevent socio-spatial divisions.

## AMSTERDAM'S SOCIO-SPATIAL DIVISIONS

To examine Amsterdam's socio-spatial divisions, we draw upon a range of different data, including data on income, ethnicity, education, social cohesion, and different aspects of neighbourhood satisfaction.

One very basic way to measure socio-spatial divisions is to calculate the dissimilarity index, which measures the proportion of people within a certain group who would have to move to create an even distribution. We calculate this measure for neighbourhoods (*buurten*) and distinguish a 'lower-income group' (the bottom 40% income group) and a 'higher-income group' (the top 40% income group). The dissimilarity index shows a slight drop from 23.0 per cent in 2000 to 21.6 per cent in 2010. These numbers conceal a more complex process of change. Figures 2 and 3 show that many areas around the city centre had a strong overrepresentation of lower-income groups in 2000 and most of the times still do in 2010. However, the overrepresentation of lower-income groups declined, as Figure 4 shows. The figures suggest that decreasing scores for segregation result from the displacement of lower-income groups from areas (relatively) increasing or consistently high in market value (Table 3).

The maps thus show the (ongoing) relative decline of peripheral areas and the (ongoing) gentrification of the areas near the centre. They suggest that the government's objective to prevent the further decline of peripheral areas – the so-called 'development areas' receiving most investments – have not prevented deepening socio-spatial divisions. The share of

Table 2. *The demolition, sale and deregulation of social housing by housing corporations, and tenure transformation of Amsterdam's housing stock by policy area.*

	Area	Dwellings in 2005	Demolished 2005–2010	Percentage
Demolition	Development areas	94470	8051	8.5
	Attention areas	65033	1291	2.0
	Basis areas	40298	434	1.1
	Amsterdam	199801	9776	4.9
	Area	Dwellings in 2001	Sold 2001–2010	Percentage
Sale	Development areas	98835	7731	7.8
	Attention areas	64876	5224	8.1
	Basis areas	41060	1882	4.6
	Amsterdam	204771	14837	7.2
	Area	Rental dwellings in 2010	Deregulated 2000–2010	Percentage
Deregulation	Development areas	100472	73976	73.6
	Attention areas	96409	74502	77.3
	Basis areas	90369	39776	44.0
	Amsterdam	287330	189061	65.8
	Area	Percentage of owner-occupied dwellings in 2000	Percentage of owner-occupied dwellings in 2010	Difference
Owner-occupation	Development areas	16.2	26.8	10.6
	Attention areas	11.9	26.4	14.4
	Basis areas	17.8	28.4	10.6
	Amsterdam	15.3	27.2	11.9

*Source*: Data on deregulation, Amsterdam Bureau of Statistics (O&S). Data on sale and demolition, Amsterdam Federation of Housing Corporations (AFWC). Authors' calculations.

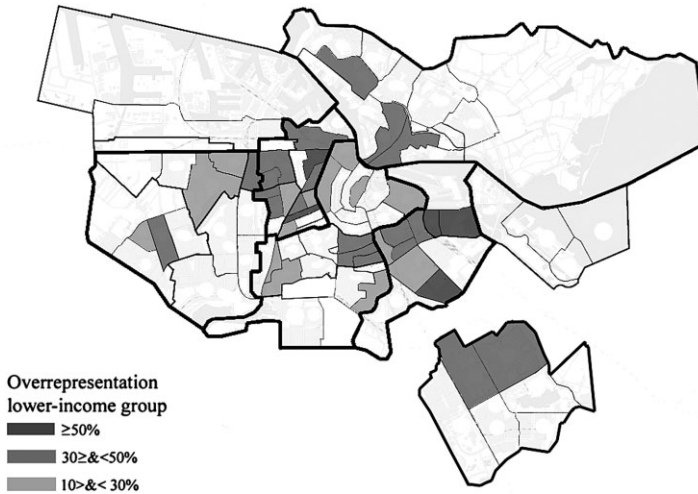


Figure 2. *Overrepresentation lower-income group 2000.*

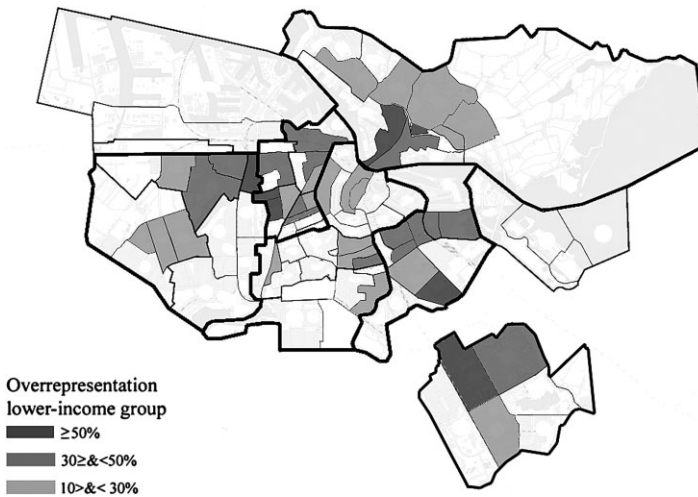


Figure 3. *Overrepresentation lower-income group 2010.*

lower-income groups increases in the ‘development areas’ from 52.7 to 53.7 per cent whereas it decreases in ‘basis areas’ (from 51.5% to 48.9%) and especially in ‘attention areas’ (from 60.8% to 53.9%). The divisions along the lines of income coincide with divisions along other status indicators (Table 4).

While the share of people with higher educational attainment increased in the ‘development areas’, the share increased much faster in already advantaged areas. The deepening division is also tied to ethnicity; while ‘basis areas’

saw a drop in the share of non-Western immigrants, the ‘development areas’ experienced an increase. The picture is that of a city increasingly segregated along the lines of income, education and ethnicity, with the more central areas becoming a habitat of privilege (see also Booi and Dignum 2012). These results suggest that, as in London or Paris, Amsterdam’s central locations become increasingly unaffordable for lower-income groups.

Are the emerging and deepening socio-spatial cleavages reflected in people’s



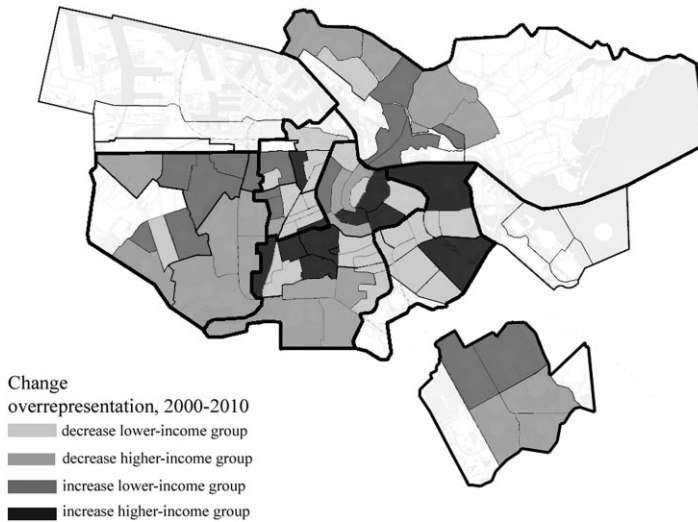


Figure 4. Change in overrepresentation lower-income and higher-income groups between 2000 and 2010.

Table 3. Market value per square meter in different types of designated areas.

Area	2001		2012	
	Value (euro)	Index	Value (euro)	Index
Development areas	1415	75.33	2374	73.05
Attention areas	1900	101.17	3527	108.53
Basis areas	2315	123.29	3993	122.87
Amsterdam	1878	100	3250	100

Source: Amsterdam Bureau of Statistics (O+S), authors' calculations.

Table 4. Status Indicators for different policy areas in 2000 and 2010 (percentages).

Status indicator	Area	Year		Difference
		2000	2010	
Higher education (age $\geq$ 30 years)	Development areas	12.5	14.5	2
	Attention areas	24.1	35	10.9
	Basis areas	32.1	44	11.9
	Amsterdam	22	30.1	8.1
Non-Western immigrants	Development areas	43.58	50.04	6.45
	Attention areas	37.69	33.13	-4.57
	Basis areas	17.62	16.2	-1.42
	Amsterdam	34.38	34.99	0.62

Source: Amsterdam Bureau of Statistics (O+S), authors' calculations.

experiences of their neighbourhoods? This is an important question to address as the policy aimed to improve the quality of life in all of Amsterdam and especially the 'development

areas'. Detailed information on neighbourhood satisfaction (Table 5) is provided by the so-called 'Wonen in Amsterdam' (living in Amsterdam) survey biannually conducted by

Table 5. *Residents' perceptions of their neighborhoods, 2001 and 2011.*

Residents' perceptions (measured on a 1 to 10 scale)	Area	Year		Difference
		2001	2011	
Overall neighbourhood score	Development areas	6.6	6.8	0.2
	Attention areas	6.6	7.4	0.8
	Basis areas	7.7	7.9	0.3
	Amsterdam	6.9	7.3	0.5
Maintenance dwellings	Development areas	6.3	6.4	0.1
	Attention areas	6.1	6.8	0.7
	Basis areas	6.8	7.1	0.3
	Amsterdam	6.4	6.7	0.4
Neighbourhood provisions	Development areas	6.6	6.8	0.2
	Attention areas	6.7	6.8	0.1
	Basis areas	7.2	6.9	-0.3
	Amsterdam	6.8	6.8	0.0
Social cohesion	Development areas	6.0	6.3	0.3
	Attention areas	5.8	6.6	0.8
	Basis areas	6.4	6.9	0.5
	Amsterdam	6.0	6.6	0.5
Future development	Development areas	no data	6.4	-
	Attention areas	no data	7.2	-
	Basis areas	no data	7.3	-
	Amsterdam	no data	7.0	-

Source: Wonen in Amsterdam (WiA) survey, edition 2001 and 2011 made available by Amsterdam Bureau of Statistics (O+S), authors' calculations.

the city's statistics bureau Onderzoek & Statistiek (O+S). As might be expected, residents in 'development areas' are generally less satisfied about their neighbourhoods. They give lower grades for social cohesion, housing maintenance, and overall neighbourhood evaluation and they are less optimistic about their neighbourhood's future trajectory. Although there is a general trend of increasing neighbourhood satisfaction, the gap between residents living in development areas and other Amsterdam residents has increased between 2001 and 2011, in spite of the government's prioritisation of investing in the 'development areas'. The only exception to this trend is residents' evaluation of neighbourhood services – while residents living in 'development areas' are less satisfied; the difference has become somewhat smaller.

However, while the restructuring policy has not been able to reverse core-periphery divergence, it is reasonable to assume it has softened this process by directing massive investments in weak areas. Moreover, even though residents of

the weakest areas increasingly are less satisfied with their neighbourhoods compared to other residents of Amsterdam, their levels of satisfaction are increasing. There are tendencies towards the marginalisation of lower-income groups but they appear to have been muted, partly as a result of the strong (but eroding) heritage of a strong social housing policy and partly as a result of the restructuring policy (see also Van Gent 2013).

### CONCLUSION: WITHER THE 'UNDIVIDED CITY'?

Like many other governments, the Amsterdam government tried to use housing policy instruments to prevent and reduce spatial problem concentrations. However, such interventions were made at a time when the government also sought to liberalise the housing market. This paper examined how this contradiction played out. What policies did the Amsterdam government pursue and did they bring closer the policy goal of an undivided city? To answer this



question, this paper examined if the government really invested mostly in the weakest areas in an attempt to prevent further decline or if it succumbed to temptation to accelerate gentrification in areas already prone to gentrification. We found that it did both. The government did intervene drastically in the peripheral areas of the city but it also enabled the acceleration of gentrification in the core areas. Although it seems reasonable to assume that the interventions did at least slow down the further decline of weaker neighbourhoods, the government did not overcome the gap between the city's core and its periphery.

While our results hint that the government mitigated or slowed down decline, we must conclude that even the investment of substantial amounts of energy and resources could not prevent deepening divides. Moreover, these interventions took place under very favourable circumstances. The central government provided substantial subsidies, the housing corporations had abundant resources, households had relatively easy access to mortgages, and Amsterdam became increasingly popular as a residential location. The conditions for preventing segregation through state-sponsored gentrification could hardly be more favourable and yet the policy did not deliver on the goal of moving towards the ideal of an undivided city. Like a recent comprehensive evaluation conducted by the Social Cultural Planning Agency (SCP 2013), our results give reasons for rethinking the restructuring policy.

Even when in a favourable context, state-sponsored gentrification fails to bring closer the undivided city, its effectiveness for this goal should be called into question in other cases too. Moreover, there are other reasons to reconsider such a policy. The restructuring policy often amounted to a top-down, real-estate driven approach that reduced neighbourhoods and their residents to problems that had to be fixed or moved. There are signs that, now that planners and administrators no longer have the funds to impose their plans, there is a shift in policy discourse: government think tanks and planners now embrace the idea that planners should work with local stakeholders to incrementally develop neighbourhoods (e.g. Urhahn Urban Design 2012). However, this strategy is especially likely to succeed in

neighbourhoods that already have local assets to exploit. While in the 1980s the government's near-universal provisions of social housing reduced inequalities between neighbourhoods and groups, in the current period of privatisation it is likely to exacerbate inequalities and deepen the divide between core and peripheral areas.

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