

CAUSES OF NEIGHBOURHOOD DECLINE

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Hypothesis 1: Austerity programs and budget cuts lead to a smaller social safety net for vulnerable groups on the one hand, and to more limited options on the social housing market on the other, leading to increasing concentrations of low-income groups in particular neighborhoods.

Hypothesis 2: The neighbourhood effects of the crisis are stronger in countries that have actively stimulated homeownership at high loan-to-value rates. Vulnerable groups such as racial or ethnic minorities, low- to middle-income households, and first-time buyers are especially affected by the crisis. When these groups are overrepresented, in particular neighborhoods, these neighbourhoods are often affected by rapid processes of decline.

Hypothesis 3: After the crisis, low- to middle-income groups and first-time buyers are increasingly excluded from the mortgage market, which creates a large group in need of affordable rental housing. At the same time, these changes will lead to a declining homeownership rate in particular areas, creating a spatial divide based on different tenures, and ultimately leading to increasing inequality.

Hypothesis 4: The crisis has fueled intra-generational differences in terms of housing opportunities. This will increase the influence of social class and inter-generational transmission of resources as stratifying factors.

Hypothesis 5: The crisis has led to an increase of corporate investment in the private rental sector. Converting properties into rental units might lead to neighborhood instability and might negatively impact surrounding property values. These effects will be the strongest in the most hard-hit neighborhoods and are likely to have negative spillover effects on surrounding areas.

Hypothesis 6: The crisis has the strongest negative effect on neighborhoods in metropolitan areas with a weak economy and their recovery (if any) will also take longer than in neighborhoods that are situated in a strong regional economy.

Hypothesis 7: Areas that are characterized by a low-quality housing stock and a negative reputation are particularly prone to processes of neighborhood decline.

Hypothesis 8: The crisis will have the largest effect on processes of neighborhood decline in neighborhoods where there has been strong government involvement in urban regeneration and other neighborhood policies.

Hypothesis 9: Decreases in residential mobility rates can have different outcomes in different contexts. In many Western European countries, we expect

a lower likelihood of an increase in residential segregation, while in the United States, foreclosures have led to a small short-term upsurge in residential mobility patterns, exacerbating existing segregation.

Hypothesis 10: In times of crisis, social cohesion may be reinforced in areas where there has been a reasonable level of social interaction in the past, while it is likely to crumble in areas that experience increasing tensions because of a diversification of the population, or in areas that are experiencing significant declines in population density.