

# Increasing Socio-Economic Segregation in European Cities

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## SUMMARY

- Income inequality is increasing in European cities and this rising inequality is increasingly translated into higher levels of spatial segregation in cities and neighbourhoods.
- Segregation levels in Helsinki are also increasing and segregation is mainly visible at a micro-urban scale.
- Poor and rich people are increasingly living in separate neighbourhoods and this can threaten the social sustainability of cities. The spatial isolation of low income people, often with an ethnic minority background, can lead them to get cut off from social networks and mainstream society, and this can lead to social unrest and reduced levels of trust.
- Socio-economic segregation is the outcome of a combination of inequality and poverty, type of welfare state system, and the spatial organisation of urban housing markets.
- Urban policy often focusses on reducing segregation through planning new mixed neighbourhoods, or through demolishing dwellings in deprived neighbourhoods and replacing them with middle class housing. Such social mix policies will redistribute poverty over cities, but will not solve the root causes of segregation: poverty and low social mobility of low income groups.
- Policy initiatives should focus on reducing inequality by creating better opportunities for the social mobility of low income groups by investing in education and training. Inclusive growth strategies should combine both people-based and area-based policy measures.

## INEQUALITY AND SEGREGATION

*Income inequality has been increasing in many countries in the last decades.*

The gap between the rich and poor is at its highest in 30 years<sup>i</sup>. Higher income groups (those with more skills) have benefited more from economic growth than lower income households. Rising income inequality is a major concern because it is also related to inequality in other life domains such as education, health, life expectancy, or employment prospects, and because it can harm the social stability of societies. Inequality has a clear spatial footprint in our cities, where rich and poor people often live segregated in different neighbourhoods.

*Segregation is not necessarily a negative phenomenon.*

Most households live in segregated neighbourhoods as people tend to choose neighbourhoods with people who are very similar to themselves in terms of income, class, ethnicity and religion<sup>ii</sup>. People are not just segregated in residential neighbourhoods, but also in other life domains, such as education and work<sup>iii</sup>. Living among similar people can reduce conflict, give a sense of safety, foster social networks, and give access to shared services and facilities.

*High levels of socio-economic segregation are problematic.*

Segregation is seen as problematic for individuals, households, neighbourhoods, cities and societies, even more so when such segregation is involuntary. The riots in Paris (2005), London (2011) and Stockholm (2013) cannot be seen separate from high concentrations of poverty in these cities, often in combination with high levels of ethnic segregation. There is the risk that when the rich and the poor live more and more separate lives, this might lead to estrangement and fear for others. There is also some evidence that living in poverty concentration neighbourhoods is connected with negative effects on individual outcomes such as health, income, education and general well-being<sup>iv</sup>, especially for

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children. Socio-economic and ethnic segregation are often strongly connected to each other, and residential segregation is strongly related to workplace segregation.

*The root causes of socio-economic segregation.*

The separation of the rich and poor and ethnic groups into different neighbourhoods in the city rises mainly because of income inequality, which is strongly connected with macro-level factors such as globalisation and restructuring of the labour market. The extent to which poverty leads to socio-economic segregation depends on the spatial organisation of the housing market and the housing and welfare systems in a country<sup>v</sup>. Cities with strongly spatially concentrated low cost (social) housing tend to be more segregated than cities where low cost housing is spread geographically. Welfare and housing market systems can either soften or enhance the effects of income inequality. More market involvement in housing provision often leads to more segregation.

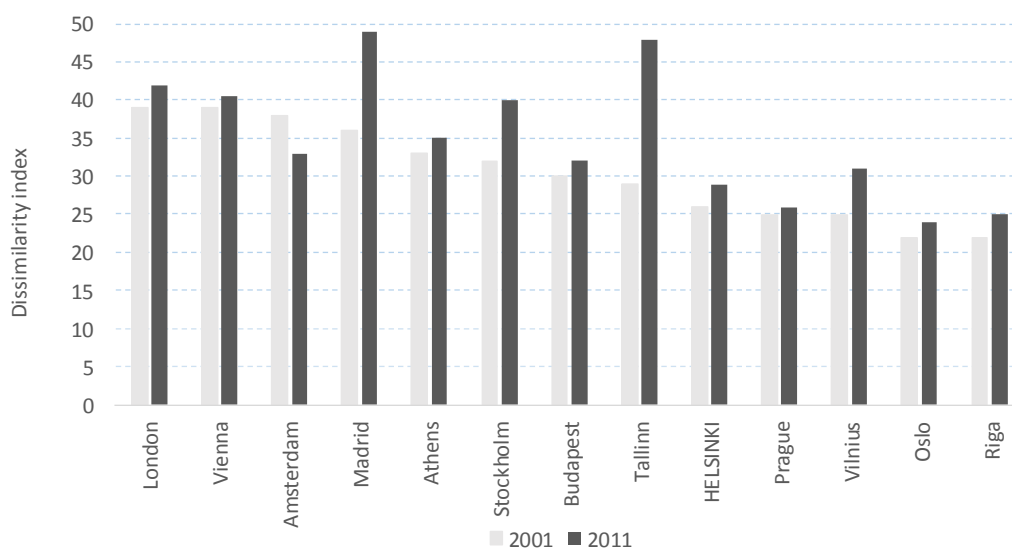
*Poverty, and living in poverty neighbourhoods, is reproduced over generations.*

The children of low income households often end up in neighbourhoods which are very similar to the neighbourhoods where they lived with their parents<sup>vi</sup>. This is especially the case for those belonging to non-Western ethnic minority groups, who often live concentrated in the lowest income neighbourhoods of cities. Concentrated neighbourhood poverty is reproduced over time through to the residential mobility behaviour of households<sup>vii</sup>.

**RISING SOCIO-ECONOMIC SEGREGATION IN EUROPE**

*Socio-Economic Segregation in European Capital Cities. East Meet West<sup>viii</sup>.*

The book on which this policy brief is based on, compares levels of socio-economic segregation in 2001 with 2011 in twelve European cities: Madrid, Tallinn, London, Stockholm, Vienna, Athens, Amsterdam, Budapest, Riga, Vilnius, Prague and Oslo (in order of decreasing levels of segregation). The conclusion is that socio-economic segregation has increased in almost all of these cities (see Figure 1). Despite the rises in segregation, the level of segregation in Europe is still low compared to the rest of the world; the most segregated cities in Europe are still less segregated than most major cities in the USA<sup>ix</sup>.



**Figure 1.**

Index of dissimilarity between top and bottom income groups.

Source: Tammaru et al., 2016.

*Segregation in Helsinki*

As part of the URMI project additional analyses have been done for the Helsinki metropolitan area, showing that Helsinki is one of the least segregated capital cities in Europe, and showing that also in Helsinki segregation levels are going up (see Figure 1).<sup>x</sup> The dissimilarity index between the top and bottom income quintiles was 26 in 2000 and 29 in 2010 and in 2014. In other words, in 2014 29% of

either the highest or the lowest income groups should move to another neighbourhood (zipcode area) in order to get an equal distribution of both groups across neighbourhoods in Helsinki.

The rise in segregation levels in Helsinki is in line with what happened in many other capital cities in Europe. Interestingly, levels of segregation went up much more in the capitals of two neighbouring countries. In Tallinn segregation levels went up from 29 to 48, and in Stockholm from 32 to 40. In both of these cities, there is a very strong correlation between socio-economic and ethnic segregation. In Helsinki, the segregation between non-Western immigrants and Finnish-born people is relatively low with an index of 28 in 2014, implying that 28% of migrants need to move to another zipcode area in order to achieve an equal distribution. On a smaller spatial scale (250 by 250 meter grids), we find much higher levels of both socio-economic and ethnic segregation in Helsinki with index values rising up to 41 in income segregation and 38 in ethnic segregation in 2014. So on a micro scale, segregation in Helsinki is relatively high.

## POLICY RESPONSES TO SEGREGATION

*Place-based policies mainly focus on creating a “better” social mix of residents<sup>xi</sup>*

There are three ways to achieve a “better” social mix of residents over the city. The first is by tenure mixing in new housing developments. The second is to use infill developments to introduce other types of households into neighbourhoods. And the third way is to demolish low cost (social) housing and rebuilding more expensive rental and owner-occupied housing. All three methods are aiming for creating more socio-economically mixed neighbourhoods. There is a strong belief that living in a socially mixed neighbourhood has positive effects on low income residents, but the evidence for this is limited. Many studies of large scale neighbourhood restructuring (option 3) show that place-based investments have been successful in upgrading buildings and infrastructure, but the original residents have not benefitted in terms of jobs and income.

*People-based policies focus on reducing poverty and enhancing social mobility.*

This is done by creating opportunities for people in education and employment. People-based policies require a very long term perspective as it might take a generation or longer to reduce (intergenerational) poverty. The success of people-based policies are not always visible as success might leak away as successful people move to other places. The success of such policies might therefore end up in other parts of the urban region, and the people who leave might be replaced by other low income households.

*Connectivity-based policies focus on access to jobs, schools and amenities.*

A major problem in many deprived neighbourhoods is the spatial isolation from good schools, jobs, and amenities. Both upgrading the level of facilities and improving the connectivity of deprived neighbourhoods can facilitate the social mobility of residents. A good example of such policies is the free public transport program in Tallinn.

*Place-based policies do not necessarily reduce poverty and inequality, and people-based policies might not have the desired local effect.* In the end segregation is a symptom of inequality and poverty and reducing poverty should be the main aim of policy. The best strategy seems to be a mix of the three policies, tailored at specific neighbourhoods and cities, where neighbourhoods should not be viewed in isolation, but how they function within the larger urban housing and labour markets. Such an urban wide view should also include policies which stimulate intra-urban mobility through public transport, aiming at improving access to jobs and services.

<sup>i</sup> OECD (2015) In It Together: Why Less Inequality Benefits All, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264235120-en>

<sup>ii</sup> Feijten P.M. and van Ham M. (2009) Neighbourhood change... reason to leave? *Urban Studies* 46, 2103–2122.

<sup>iii</sup> van Ham M. & Tammaru T. (2016) New perspectives on ethnic segregation over time and space. A domains approach. *Urban Geography*.

<sup>iv</sup> van Ham M., Manley D., Bailey N., Simpson L. & Maclennan D. (eds) (2012) *Neighbourhood Effects Research: New Perspectives*. Springer: Dordrecht.

<sup>v</sup> Musterd S. & Ostendorf W. (Eds) (1998) *Urban segregation and the welfare state: Inequality and exclusion in western cities*, London, Routledge.

<sup>vi</sup> van Ham, M., Hedman, L., Manley, D., Coulter, R., & Östh, J. (2014). Intergenerational transmission of neighbourhood poverty: an analysis of neighbourhood histories of individuals. *Transactions of the Institute of British Geographers*, 39(3), 402-417, doi:10.1111/tran.12040; De Vuijst, E., van Ham, M. & Kleinhans, R. (2015). The Moderating Effect of Higher Education on Intergenerational Spatial Inequality. IZA Discussion paper No. 9557, <http://ftp.iza.org/dp9557.pdf>

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<sup>vii</sup> Hedman L., van Ham M. and Manley D. (2011) Neighbourhood choice and neighbourhood reproduction. *Environment and Planning A* 43, 1381-1399.

<sup>viii</sup> Tammaru T., Marcińczak S., van Ham M. & Musterd S. (eds) (2016) *Socio-Economic Segregation in European Capital Cities: East Meets West*. Routledge: Oxford.

<sup>ix</sup> Musterd S., Marcińczak S., van Ham M. & Tammaru T. (forthcoming) Socio-economic segregation in European Capital Cities. Increasing separation between poor and rich. *Urban Geography*.

<sup>x</sup> Statistics Finland data licence TK-53-356-16, analyses done by Timo Kauppinen (National Institute for Health and Welfare).

<sup>xi</sup> Musterd, S. (2002), Response: Mixed housing policy: A European (Dutch), perspective, *Housing Studies*, 17: 139-143.