

This is the author's Post-print version (final draft post-refereeing as accepted for publication by the journal). The definitive, peer-reviewed and edited version of this article is published as: van Kempen R., Bolt G. & van Ham M. (online) Neighborhood Decline and the Economic Crisis: An Introduction. *Urban Geography*. DOI: <http://dx.doi.org/10.1080/02723638.2015.1096123>

Neighborhood Decline and the Economic Crisis: An Introduction

Ronald van Kempen

Faculty of Geosciences, Utrecht University
PO Box 80115, 3508 TC Utrecht, The Netherlands
e-mail: r.vankempen@uu.nl
(corresponding author)

Gideon Bolt

Faculty of Geosciences, Utrecht University
PO Box 80115, 3508 TC Utrecht, The Netherlands
e-mail: g.s.bolt@uu.nl

Maarten van Ham

OTB - Research for the Built Environment, Faculty of Architecture and the Built Environment, Delft University of Technology
PO Box 5030, 2600 GA Delft, The Netherlands
e-mail: m.vanham@tudelft.nl
Centre for Housing Research, School of Geography and Geosciences, University of St Andrews,
Irvine Building, North Street, St Andrews, Fife KY16 9AL, Scotland

Background

Since the Chicago School in the 1920s (e.g. Park et al., 1925; Hoyt, 1939), neighborhoods have never been away from the agenda of urban researchers. This is evidenced by the numerous articles and books that focus on life in urban neighborhoods (e.g., Gans, 1962; Suttles, 1974), on urban spatial segregation (e.g., Taeuber and Taeuber, 1965; Lieberman, 1981; Musterd and Ostendorf, 1998; Logan et al., 2004; Kazepov, 2005; South et al., 2005; Bolt et al., 2008; Musterd and Van Kempen, 2009) and the somewhat more recent research on neighborhood effects (Friedrichs et al., 2003; Musterd et al., 2008; Van Ham and Manley, 2010). Many studies show that the neighbourhood is certainly of importance, in particular for poorer households (see, e.g., Ellen and Turner, 1997; Guest and Wierzbicki, 1999) and for specific ethnic groups in the expectation that they will be more likely to receive social, economic, and emotional support from their fellow residents there (Enchautegui, 1997; Fong and Gulia, 1999).

However, already since the 1960s, researchers have also indicated that the neighborhood is becoming less important in the lives of people (Webber, 1964; Stein, 1972). At that time, this idea was based on the rapidly increasing (auto)mobility of urban society. Later, under the influence of the globalization literature, the further internationalization of the economy (Castells, 2000; Marcuse and Van Kempen, 2000), and the rapid development of the Internet and social media, the idea that the local becomes less important than the global became the dominant discourse (Graham and Marvin, 1996; Wellman, 1999; 2001; Van

Kempen and Wissink, 2014). In times of globalization, better transport and the Internet, many urban residents can 'go' almost anywhere, so why bother about the neighborhood?

At the same time we do know that the neighborhood is still important in the lives of people: we are willing to pay considerably more for a house in a good neighborhood (Cheshire, 2012); children go to local schools, play in the street and have a lot of their friends and social contacts in the neighborhood; local contacts and networks are still important in people's lives; and local residents organize themselves when there are threats to their neighborhood. In many neighborhoods social activities are organized by neighbors, often aiming at enhancing social contacts within the neighborhood. On the other side of the spectrum we also know that problems in the local environment can negatively affect peoples' lives, and lead to tensions between residents. In such a case, life is far less agreeable, even if people have their leisure and work activities in other parts of the city. Such problems may even be a reason to move to another neighborhood place as quickly as possible (e.g. Clark and Ledwith, 2006). So neighborhoods still matter for many.

A neighborhood can be defined as a relatively small spatial sub-division of a city or town for which a number of physical and socioeconomic characteristics can be measured (for a more elaborate discussion on this definition, see Zwiers et al., 2015, this issue). Cities always comprise a mosaic of neighborhoods: poor neighborhoods, slums, ghettos (not everywhere), mixed neighborhoods, "white" neighborhoods, immigrant neighborhoods, posh neighborhoods, working class neighborhoods, deprived neighborhoods, gentrified areas, gated communities (also not everywhere), calm suburbs and bustling inner city neighborhoods. Some neighborhoods show great stability over time. Others gradually, or sometimes quite quickly, change for the better or for worse, for example as the consequence of neighborhood directed policies or because of the availability of new and attractive housing opportunities elsewhere in the city or region (causing people who can afford to do so to move away). Processes such as gentrification can also change the population and the character of neighborhoods quite quickly.

A large number of papers and books have been dedicated to neighborhood change, and especially neighborhood decline, with contributions from various countries, including some more theoretical accounts of neighborhood decline (e.g. Grigsby et al., 1987; Temkin and Rohe, 1996; Prak and Priemus, 1986). The discussion on neighborhood decline combines population change, physical decline, economic developments and the role of governance and policy. We define neighborhood decline as *any negative development in the physical, social or economic conditions of a neighborhood as experienced by its residents or other stakeholders* (see Zwiers et al., 2015, this issue). Neighborhood decline often combines a number of negative developments, such as a declining physical quality of the housing stock, the outflow of more affluent households, the inflow of less affluent households, an unfriendly or even dangerous atmosphere in the streets, rising criminality, etc. The combination of all such developments can easily lead to a spiral of decline. Most models that aim to shed light on the causes of neighborhood decline also pay attention to external factors, especially (global) macro-developments.

The global financial and economic crisis that hit the world since 2008 is such a macro-development which affected neighborhoods. This crisis started with the fall of Lehman Brothers in September 2008, and affected banks and other financial institutions, multinationals and local firms, the employment structure, the housing market, property values, and public expenditure. But maybe most important, it affected the lives of many people all over the world in the form of declining incomes, unemployment, foreclosures and forced moves and declining services because of the cutbacks of national and local governments.

The question to what extent the crisis also affected urban neighborhoods has not yet received much attention. This is unfortunate, because although it is true that the crisis has

affected all countries, regions and neighborhoods, there are large geographical differences with respect to the impact of the crisis. Some countries have a much larger social rented sector than others, which may cushion the effects of the crisis. Some governments have decided to implement much more rigid austerity programs and budget cuts than others. Those budget cuts are likely to hit some regions and neighborhoods more than others. The poorest neighborhoods are likely to be hit most by the crisis, as the population in these neighborhoods runs the biggest risk of declining incomes and losing their jobs. The effects of the crisis also partially depends on the definition (especially the size) of the neighborhood: in large heterogeneous neighborhoods effects may be much more differential than in small homogeneous (for example very rich or very poor) neighborhoods. For this special feature of *Urban Geography* we asked a number of international authors to reflect on the development of urban neighborhoods in times of crisis.

Content of the Special Issue

The first paper in this special issue (Zwiers, Bolt, Van Ham and Van Kempen, 2015) attempts to unravel the complex and multidimensional process of neighborhood decline. Although many models of decline have been proposed, and many factors have been identified as a cause of neighborhood decline, until now researchers have paid only limited attention to the effects of economic developments and the economic crisis on neighborhoods. The authors of this introductory paper formulate a number of hypotheses that can be seen as starting points for further research into the relation between general economic developments and developments in and of neighborhoods.

Kathe Newman and Edward Goetz (2015, this issue) argue that the question of whether neighborhoods are still important in a globalizing world is not a crucial one. They point at the increasing inter-relatedness of neighborhoods and globalization: what happens in one place may affect what happens on the other side of the world. They, for example, state that changing financial regulations in the UK could affect the cost and availability of capital in the United States (and elsewhere), which can profoundly affect investments in urban places. The global economic crisis thus influences local developments (although it is not always clear how this exactly works). Neighborhoods remain at the heart of community development policy and practice, but part of the community development agenda means understanding and engaging with processes elsewhere that partly shape the development of neighborhoods.

In their paper, Newman and Goetz also point at a second issue: the growing body of literature and policy action that privileges the region as the place from which to understand urban decline and which addresses issues that have historically been the concern of community development. Newman and Goetz define regionalism as a political and policy approach that locates the problems of central city neighborhoods, as well as the solutions to those problems, in the relationship of those neighborhoods to larger, metropolitan level economic, social, and political dynamics. This idea is very much related to the fact that research has indicated that place-based revitalization policies have not effectively reversed the decline of central city neighborhoods in (American) cities. Also here, too much neighborhood based work does not engage with the broader economic and political processes that help to produce local conditions. At the same time, Newman and Goetz see a big danger in the work of the (primitive) regionalists: they often pathologize deprived neighborhoods and see solutions in moving people from those areas to other places. This is related to policies in Western Europe that focus on the restructuring of urban neighborhoods (i.e. large scale demolition in order to break down spatial concentrations of the poor), leading to forced moves of low-income households to other places in urban regions. Such policies often do not improve the socio-economic situation of households living in deprived communities.

In their longitudinal multiple case study, Derek Hyra and Jacob Rugh (2015, this issue) compare three gentrifying African American communities: Bronzeville in Chicago, Harlem in New York City and Shaw/U Street in Washington, DC. Much of each neighborhood's older housing stock was constructed in the mid to late 19th century when these areas were still mainly affluent and middle class. In the 1980s and 1990s, these neighborhoods were considered "no go" zones with high levels of poverty and crime, but in the 1990s they started to revitalize. In the 2000s property values in these areas began to skyrocket during the subprime lending boom (Hyra and Rugh, 2015, this issue). The Black population steadily started to decline in numbers. In their paper the authors compare the neighborhood developments in three phases: the pre-Recession (2000-2006), the Recession (2007-2009) and the post-Recession (2010-2012) period.

Hyra and Rugh put much emphasis on the effects of sub-prime lending. Their main conclusion is that neighborhoods are differentially influenced by the economic crisis and they make clear that distinct community and city contexts, in particular racial and class neighborhood transitions and citywide unemployment and housing market conditions, mediate the influence of national economic decline and recovery. They conclude that elite upper class, mixed-race gentrification in Harlem and Shaw/U Street's, compared to Bronzeville's Black middle class gentrification, might have protected these communities from excessive subprime lending rates and foreclosure concentrations. This might explain why these areas recovered more quickly during the post-recession period. Besides these race and class transitions, the authors indicate that the metropolitan context is important. Citywide data suggest that the Great Recession hit Chicago relatively hard compared to New York and Washington, DC and this might help to explain the continued downward trajectory of the Bronzeville area. The argument resembles the findings of Newman and Goetz: when explaining neighborhood trajectories, attention should be paid not only to local developments, but also to developments on other spatial levels.

The paper by Katrin Großmann and Annegret Haase (2015, this issue) assesses the value of assemblage and complexity thinking for the development of urban neighborhoods. Their basic argument is that our thinking of neighborhoods is too linear in terms of decline or gentrification, and that we pay insufficient attention to differential developments within neighborhoods and through time (that this is important was also indicated in the paper by Hyra and Rugh). They argue that assemblage and complexity thinking allows us to focus much more on such differential developments. As they state in their paper, assemblage thinking in urban research develops a view which claims to overcome reductionist, linear, causal thinking in favor of a better understanding of unexpected effects, shifts, and turns. They test whether such a different ontological perspective can enrich neighborhood change research by examining the development of an inner-city district and a large housing estate in Leipzig in the eastern part of Germany. Because it is necessary for their argument to give some elaborate descriptions of Leipzig and the two selected areas, the paper gives also some useful background information about a former Eastern European city and of the development of two areas that might be considered typical for such cities.

Does complexity and assemblage thinking help in explaining neighborhood developments better? The authors conclude that it does, but not as a new "one-size-fits-all" approach that replaces all other explanations. Assemblage thinking does however keep our eyes open to nuances of neighborhood developments that on first sight do not fit the story well. As the authors state: "*we might uncover unexpected dynamics, surprising differences, or counter-trends in that which seems to be stagnant or stable.*" Such open thinking might indeed lead to rich results and new perspectives. In the perspective of developments in times of crisis, an assemblage approach may lead to attention for developments that are not directly

related to economic developments, but can be important for the trajectory of (a part of) a neighborhood.

Roger Andersson and Lina Hedman (2015, this issue) start their paper on Malmö (Sweden) from the hypothesis that the economic crisis is likely to be associated with increasing levels of income segregation and income polarization, and that poor neighborhoods are more severely hit by negative economic developments than more affluent neighborhoods. They investigated neighborhood developments in two different time periods – one which was characterized by a severe economic crisis and one in which the economy was relatively stable. Their findings indeed suggest that income segregation and income polarization increased during the economic crisis and that in such a period poor neighborhoods fair worse than the region in general. The economic crisis of the early 1990s led to an increase in both income inequality and income segregation where the already poor neighborhoods experienced more dramatic increases in unemployment rates and the relative share of low-income people compared to better-off neighborhoods. During the more economically stable time period, these patterns and measures were also more stable. The authors state clearly that they cannot say that the economic recession *causes* these outcomes but there is at least a clear correlation between these two. Negative developments can be a consequence of in-situ changes (the population in poor neighborhoods was more likely to lose jobs than residents in other parts of the region) and of residential sorting, where the differences in income and employment status between in-, out-movers and stayers were greater during the period of recession compared to the more stable period. This indicates that we should always simultaneously look at the development of the population within neighborhoods and to developments as a consequence of residential mobility.

The final paper in this special issue, by Rebecca Tunstall (2015, this issue), shows us that neighborhood developments in the UK are generally slow: neighborhoods are more slothful than dynamic. Neighborhoods do change, for example under the influence of urban regeneration policies, or as a consequence of in-situ changes or residential mobility (see the paper by Hedman and Andersson), but in general this does not mean that their relative ranking in a city radically changes position. For example: the relative social status of neighborhoods in inner London in 1896 correlated highly with measures of deprivation for the same neighborhoods nearly a century later in 1991 (Tunstall, 2015, this issue). This also means that policy measures, for example urban regeneration policies, may have effects (for example with respect to social cohesion or neighborhood reputation), but not to the extent that policy makers might expect.

A final note

For many decades, in various countries, local and national governments, often in combination with private partners have implemented policies with the aim to counter neighborhood decline. This has been done under various headings, such as urban renewal, urban restructuring, social renewal, state-led gentrification, big cities policies and many more. However, the economic crisis and subsequent austerity measures have led to a major policy shift and changing priorities in recent years (Zwiers et al., 2015, this issue). Neighborhoods and neighborhood decline are not high on the political agenda anymore. Implicitly or sometimes even explicitly, governments point to the responsibility of neighborhood residents to solve problems in their own neighborhoods themselves: they should be the main actors to regenerate neighborhoods. But when social cohesion declines and the willingness to interfere with neighborhood developments disappears, it is a risky policy to count on the responsibilities of the local residents or entrepreneurs. Articles in this special issue indicate that the economic crisis, in combination with many other developments, does affect poor neighborhoods (and

consequently the people living in these neighborhoods) more severely than more affluent neighborhoods. It is not efficient to stop supporting vulnerable neighborhoods, as it may nullify the (often long-term) investments in such neighborhoods that have been done in the past. Moreover, it is not realistic and reasonable to expect the residents to solve the problems in their neighborhoods themselves. People in poor neighborhoods not only need their energies for their struggle to get by, they are often also faced with an environment with a high degree of cultural diversity, a lack of mutual trust between residents, a high level of turnover and a high risk to be a victim of a crime. These are all ingredients that make it unlikely that people are willing or able to intervene in their neighborhood in a positive way (see, e.g., Kleinhans and Bolt, 2014). Therefore, it is in our view the responsibility of (national and local) governments to prevent neighborhoods to slide down to a level where the safety and health of the residents are compromised.

Acknowledgements

The guest editors of the special feature would like to thank all paper reviewers: Manuel Aalbers, Hans Skifter Andersen, Annette Hastings, Jean Hillier, David Hulchanski, David Imbroscio, Dan Immercluck, Reinout Kleinhans, Ruth Lupton, Thomas Maloutas, David Manley, Alan Murie, Fenne Pinkster, Olof Sjtjernstrom, Kiril Stanilov, Todd Swanstrom, Tiit Tammaru and Sasha Tsenkova. We would also like to thank Deborah Martin for her excellent advises and great cooperation when preparing this special feature and we thank Platform31 (The Netherlands) for its financial support. Some of Maarten van Ham's time on this project has received funding from the European Research Council under the European Union's Seventh Framework Programme (FP/2007-2013) / ERC Grant Agreement n. 615159 (ERC Consolidator Grant DEPRIVEDHOODS, Socio-spatial inequality, deprived neighbourhoods, and neighbourhood effects) and from the Marie Curie programme under the European Union's Seventh Framework Programme (FP/2007-2013) / Career Integration Grant n. PCIG10-GA-2011-303728 (CIG Grant NBHCHOICE, Neighbourhood choice, neighbourhood sorting, and neighbourhood effects).

References

- Andersson, Roger and Hedman, Lina. (2015). Economic Decline and Residential Segregation: A Swedish Study with Focus on Malmö. *Urban Geography* (this issue).
- Bolt, Gideon, Van Kempen, Ronald, and Van Ham, Maarten. (2008). Minority Ethnic Groups in the Dutch Housing Market: Spatial Segregation, Relocation Dynamics and Housing Policy. *Urban Studies* 45(7), 1359-1384.
- Burgess, Ernest. W. (1925/1974). The Growth of the City: An Introduction to a Research Project. In Robert E. Park, Ernest W. Burgess and Roderick D. McKenzie, editors, *The City*. Chicago/London: University of Chicago Press, 47-62.
- Castells, Manuel. (2000). *The Information Age: Economy, Society and Culture. Volume I: the Rise of the Network Society*. Malden, Oxford and Carlton: Blackwell Publishing, 2nd edition.
- Cheshire, Paul. (2012). Are Mixed Community Policies Evidence Based? A Review of the Research on Neighbourhood Effects. In Maarten Van Ham, David Manley, Nick Bailey, Ludi Simpson & Duncan Maclennan, editors, *Neighbourhood Effects Research: New Perspectives*. Dordrecht, the Netherlands: Springer, 267-294.
- Clark William A.V., and Ledwith, Valerie. (2006). Mobility, Housing Stress, and Neighborhood Contexts: Evidence from Los Angeles. *Environment and Planning A* 38(6), 1077-1093.

- Ellen, Ingrid G. and Turner, Margery A. (1997). Does Neighborhood Matter? Assessing Recent Evidence. *Housing Policy Debate* 8(4), 833-866.
- Enchautegui, Maria E. (1997). Latino Neighborhoods and Latino Neighborhood Poverty. *Journal of Urban Affairs* 19(4), 445-467.
- Friedrichs, Jürgen, Galster, George, and Musterd, Sako. (2003). Neighbourhood Effects and Social Opportunities: the European and American Research and Policy Context. *Housing Studies*, 18(6), 797-806.
- Gans, Herbert J. (1962). *The Urban Villagers: Group and Class in the Life of Italian-Americans*. New York: The Free Press.
- Graham, Stephen, and Marvin, Simon. (1996). *Telecommunications and the City: Electronic Spaces, Urban Places*. London: Routledge.
- Grigsby, William, Baratz, Morton, Galster, George, and Maclennan, Duncan. (1987). The Dynamics of Neighborhood Change and Decline. *Progress in Planning* 28(1), 1-76.
- Großmann, Katrin and Haase, Annegret. (2015). Neighbourhood Change Beyond Clear Story Lines: What Can Assemblage and Complexity Thinking Contribute to a Better Understanding of Neighbourhood Development? *Urban Geography* (this issue).
- Guest, Avery M., and Wierzbicki, Susan K. (1999). Social Ties at the Neighborhood Level: Two Decades of GSS Evidence. *Urban Affairs Review* 35(1), 92-111.
- Hoyt, Homer. (1939). *The Structure and Growth of Residential Neighborhoods in American Cities*. Washington DC: Federal Housing Administration.
- Hyra, Derek and Rugh, Jacob (2015) The US Great Recession: Exploring Its Association with Black Neighborhood Rise, Decline and Recovery. *Urban Geography* (this issue).
- Kazepov, Yuri. (ed.) (2005). *Cities of Europe: Changing Contexts, Local Arrangements, and the Challenge to Social Cohesion*. Oxford: Blackwell.
- Kleinmans, Reinout J., and Bolt, Gideon. (2014). More Than Just Fear: On the Intricate Interplay Between Perceived Neighborhood Disorder, Collective Efficacy, and Action. *Journal of Urban Affairs* 36(3), 420-446.
- Kleinmans, Reinout, Priemus, Hugo, and Engbersen, Godfried. (2007). Understanding Social Capital in Recently Restructured Urban Neighborhoods: Two Case Studies in Rotterdam. *Urban Studies* 44(5/6), 1069-1091.
- Lieberson, Stanley. (1981). An Asymmetrical Approach to Segregation. In Ceri Peach, Vaughan Robinson and Susan Smith, editors, *Ethnic Segregation in Cities*. London: Croom Helm, 61-82.
- Logan, John, Stults, Brian, and Farley, Reynolds. (2004). Segregation of Minorities in the Metropolis: Two Decades of Change. *Demography* 41, 1-22.
- Marcuse, Peter, and Van Kempen, Ronald, editors, (2000). *Globalizing Cities: A New Spatial Order?* Oxford: Blackwell.
- Musterd, Sako. (2005). Social and Ethnic Segregation in Europe: Levels, Causes, and Effects. *Journal of Urban Affairs* 27(3), 331-348.
- Musterd, Sako, and Van Kempen, Ronald. (2009). Segregation and Housing of Minority Ethnic Groups in Western European Cities. *Tijdschrift voor Economische en Sociale Geografie* 100(4), 559-566.
- Musterd, Sako, and Ostendorf, Wim. (eds.) (1998). *Urban Segregation and the Welfare State*. London: Routledge.
- Musterd, Sako, Andersson, Roger, Galster, George, and Kauppinen, Timo. (2008). Are Immigrants' Earnings Influenced by the Characteristics of Their Neighbors? *Environment and Planning A* 40, 785-805.
- Newman, Kathe and Goetz, Edward. (2015). Reclaiming Neighborhood From the Inside Out: Regionalism, Globalization and Critical Community Development. *Urban Geography* (this issue).

- Park, Robert. E., Burgess, Ernest W. and McKenzie, Roderick, D., editors, (1925/1974). *The City*. Chicago: Chicago University Press.
- Peach, Ceri. (1975). *Urban Social Segregation*. London: Longman.
- Popkin, Susan, J., Harris, Laura E. and Cunningham, Mary K. (2002). *Families in Transition: A Qualitative Analysis of the MTO Experience, Final Report*. Washington DC: US Department of Housing and Urban Development.
- Prak, Niels L., and Priemus, Hugo. (1986). A Model for the Analysis of the Decline of Postwar Housing. *International Journal of Urban and Regional Research* 10(1), 1-7.
- South, Scott J., Crowder, Kyle, and Shavez, Erick. (2005). Migration and Spatial Assimilation among U.S. Latinos: Classical versus Segmented Trajectories. *Demography* 42, 497-521.
- Temkin, Kenneth, and Rohe, William. (1996). Neighborhood Change and Urban Policy. *Journal of Planning Education and Research* 15(3), 159-170.
- Taeuber, Karl E., and Taeuber, Alma F. (1965). *Negroes in Cities*. Chicago, Il.: Aldine.
- Tunstall, Rebecca. (2015). Are Neighbourhoods Dynamic or are They Slothful? The Limited Prevalence and Extent of Change in Neighbourhood Socio-economic Status, and its Implications for Regeneration Policy. *Urban Geography* (this issue).
- Van Beckhoven, Ellen, and Van Kempen, Ronald. (2003). Social Effects of Urban Restructuring: A Case Study in Amsterdam and Utrecht, the Netherlands. *Housing Studies* 18(6), 853-875.
- Van Ham, Maarten and Manley, David. (2010). The Effect of Neighbourhood Housing Tenure Mix on Labour Market Outcomes: A Longitudinal Investigation of Neighbourhood Effects. *Journal of Economic Geography* 10, 257-282.
- Webber, Melvin M. (1964). The Urban Place and the Non-place Urban Realm. In Melvin M. Webber, John W. Dijckman, Donald L. Foley, Albert Z. Guttenberg, William L.C. Wheaton and Catherine Bauer Wurster, editors, *Explorations into Urban Structure*. Philadelphia: University of Pennsylvania Press, 79-153.
- Wellman, Berry. (1999). *Networks in the Global Village: Life in Contemporary Communities*. Boulder, CO: Westview Press.
- Wellman, Berry. (2001). Physical Space and Cyberspace: The Rise of Personalized Networking, *International Journal of Urban and Regional Research* 25(2), 227-251.
- Zwiers, Merle, Bolt, Gideon, Van Ham, Maarten and Van Kempen, Ronald (2015). Neighborhood Decline and the Economic Crisis. *Urban Geography* (this issue).