Housing market issues in shrinking neighbourhoods

An owner occupiers’ perspective
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Foreword

For me when there is a matter of shrinking at stake in a region or city I think one must think differently to come up with solutions for the buildings in the region. For this to be possible there should be a policy at hand which is facilitating instead of frustrating the possibilities in this matter.

At the moment in the Netherlands there are different shrink regions, in those places I think policy must not only focus on buildings but on a much broader area of subject. Social opportunities, job opportunities, educational opportunities, they all have an effect on the real estate demand. Policy must focus on different areas and must be ready for the future otherwise policy is lagging behind events. For me those are two things I find very attractive in a study project, a wide perspective and long-term thinking.

A few years back I have taken an elective course in which a housing corporation in the south of Limburg was subject of study. That region is also shrinking. Then I did research which I documented. Those documentations, which contained among many other things; SWOT analysis and demographical studies, were subsequently used by other students to make a strategy for the housing corporation. Therefore I would very much like to dig in deeper in this subject by doing this graduation project.

After my graduation I would like to work in a field where there is always an eye for so societal aspects in cases. Besides this it would be preferable to always have a certain challenge during my career. This could be either for a governmental organization or non-governmental organization. This could even be abroad if there would be a nice opportunity.

During this project I hope to improve my analyzing skills as well as my writing in English. Further I obviously really want to get into the subject I am researching. When this research is finished I should have knowledge about a broad range of aspects regarding shrinking cities.
Abstract

This research proposal explores the problem caused by shrink on local housing markets. At first shrinkage will be investigated. Whenever there is a decline in population or the number of households is dropping this is designated as shrink. Shrinkage is occurring in more and more regions in Europe, while globally there is still an increase of the population. This development can be caused by: demographic developments, economic- and city structural change and political shifts.

In England there has already been a strong decline in population in certain areas as where in the Netherlands it is a more recent event. Both countries have regions where the consequences of shrink are visible; mismatch in demand and supply on the housing market, increasing vacancies, migration of young people and lower reputation.

The negative aspects for owner occupiers are most obvious on the housing market. The low demand for housing can lead to vacancies and decreasing housing value. The housing market is mostly driven by demand which can be influenced by exogenous aspects such as policy by local government. The other actor which has a big part on the housing market is the housing association.

Furthermore two wards in Rotterdam which are to be studied are introduced: Hillesluis and Tarwewijk. Both these wards in the south of Rotterdam show negative aspects such as a high number of vacancies, decreasing housing value, a low average income and a poor image. All these aspects are characteristic for shrinking regions. These wards however are at this moment not yet continuous shrinking. This is however expected in future years.

Consequently the ward Langworthy in Salford (England) is described. This is a ward which has already suffered the negative aspects caused by a strong demographic shrink. At this moment the figures for this ward and region show prudent improvement. It is ahead of the developments in Rotterdam and therefore a relevant case for a comparison.

By studying the three different wards insight needs to be gain in the risks faced by owner occupiers in shrinking wards. Through literature review and analysis of statistical data insight in different aspects of the housing market, housing policy and characteristics of these wards need to be achieved. Besides this interviews will be held with different stakeholders concerning the different wards. Eventually all the information and data needs to be combined and analyzed in order to come to recommendations and possible policy implications for not only Hillesluis and Tarwewijk, but preferably also for other local housing markets in the Netherlands.
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Reflection

In this research proposal the study subject are owner occupiers that are facing severeing problems caused by shrink in their region. This research is linked to the research of the department Housing of the Faculty of Architecture from Delft University of Technology. That research led by André Mulder aims to get insight in common characteristics of shrinking cities and local policy response. This research should give an insight into the owner occupiers’ perspective on this matter. The problem of shrinking regions is also a societal problem as these developments have an effect on not only the local housing market, but also on the economic circumstances and the image of an area. The intention of this research is to get insight in the societal problems for owner occupiers in shrinking areas in order to make recommendations that could improve their situation.
1 Shrink and consequences

This research will explore the local shrinking of cities and regions in the Netherlands and in England and the problems this can cause or has caused for different stakeholders. The main focus will be on the owner occupiers and their problems because of the mismatch on the housing market. This chapter gives insight in the larger setting on what shrink is, why it is happening and what the general consequences are in order to get a clearer view of the problem that will be examined.

1.1 Shrink

Considering shrink in an area or region, the main indicator is a decline in population. The moment the numbers of households are also dropping there will be physical consequences for the built environment. Preceding shrink there are some indicators that can be taken into account. When there is a decrease in the local labor force and there is an increase in the segment of older aged people in the households one can expect a further decrease in the population and possibly households on the longer term (Bontje and Musterd 2012).

1.2 Shrinking areas

Europe

Worldwide there is still an increase in population. This is mostly taking place in third world countries. In Europe there is a different development. From the year 2005 there has been a decrease and it is estimated that by the year 2050 Europe will have lost over 50 million inhabitants (KDT 2015). This decrease in population is most obvious on the city scale and region, but even when a city is not shrinking as a whole it can still occur that certain areas within a city have a decline in population.

Causes

There are different reasons why cities or regions are shrinking. Firstly there is an economic shift. Economic and demographic developments are closely connected. So whenever there is an economic decline caused by fading industry there is less labor and population decrease follows. This could be caused by de-industrialization or competition by countries with lower costs for labor. For example in England cities like Manchester and Liverpool no longer have the industry which in former times they did have.

Another cause is the change in city structure. Economic activity takes more and more place in the large urban regions as where the smaller urban regions feel the consequences and see their population fade. Furthermore obsolescence has a role. The portion of senior citizens in the population in Europe is increasing over the coming years and the consequences

Figure 1: Growing versus shrinking cities (Turok and Mykhnenko 2007)
are a further decrease in citizens on the longterm.
In conclusion there is a political shift in Europe. Because of this there are quite some cities in Eastern Europe with a decrease in population as is shown in figure 1. The shift from socialism to market economy and membership of the EU has made sure a lot of younger people migrate to Western Europe. (Hospers 2012)

**The Netherlands and England**
The situation in the Netherlands and England are quite similar compared to Europe. As a whole the amount of inhabitants is still increasing, however the growth is decreasing and parts of both countries are already coping with demographic shrink. In the Netherlands in the border regions, Limburg, Groningen and Zeeland this is already showing as is shown in figure 2. Besides these regions there are other parts in which shrink is expected in the near future and around the year 2025 half of all the municipalities in the Netherlands will be dealing with shrinkage. In the conurbation of Western Holland is expected maintain a growth in population. Of the four major cities it is Rotterdam which has the lowest growth till 2015 (CBS and PBL 2013). This city will be the first one which will have to cope with shrink and within the city the south wards will be the first to shrink (Dijk 2011). In England demographic shrink is most obvious due to deindustrialization in cities for example Liverpool and Manchester. English cities which formerly had large industries such as textiles, heavy engineering, coalmining and seaside professions have lost large part of their labor and therefore loss of population (figure 3) (Robson 2010).

**Greatest loss**

<table>
<thead>
<tr>
<th>City</th>
<th>1971</th>
<th>2009</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liverpool</td>
<td>1,200,900</td>
<td>975,200</td>
<td>-18.8</td>
</tr>
<tr>
<td>Tyneside</td>
<td>917,300</td>
<td>824,700</td>
<td>-10.1</td>
</tr>
<tr>
<td>Manchester</td>
<td>1,962,700</td>
<td>1,824,600</td>
<td>-7.0</td>
</tr>
<tr>
<td>Stoke</td>
<td>475,600</td>
<td>458,500</td>
<td>-3.6</td>
</tr>
<tr>
<td>Burnley</td>
<td>180,900</td>
<td>174,900</td>
<td>-3.3</td>
</tr>
<tr>
<td>Wirral</td>
<td>654,300</td>
<td>635,100</td>
<td>-2.9</td>
</tr>
<tr>
<td>Grimsby</td>
<td>160,400</td>
<td>157,100</td>
<td>-2.1</td>
</tr>
<tr>
<td>Sheffield</td>
<td>815,900</td>
<td>800,800</td>
<td>-1.9</td>
</tr>
<tr>
<td>Sunderland</td>
<td>802,200</td>
<td>788,100</td>
<td>-1.8</td>
</tr>
</tbody>
</table>

(figure 3: Population loss in English cities (Robson 2010))
1.3 Segregation

De groeiende kloof tussen arm en rijk zorgt in steeds meer Europese steden voor ruimtelijke segregatie. Arm en rijk wonen steeds verder uit elkaar en dit kan funest zijn voor de sociale stabiliteit en de competitiekracht van steden, blijkt uit de vergelijkende studie Socio-Economic Segregation in European Capital Cities.


Toenemende ongelijkheid onder invloed van globalisering, herstructurering van de economie en arbeidsmarkt, neoliberal politiek en (in sommige steden) teruglopende investeringen in de sociale huursector zijn directe oorzaken van de groeiende segregatie. Dat is de conclusie die de betrokken wetenschappers trekken uit harde data van de onderzochte steden. Teams in London, Amsterdam, Riga, Vilnius, Tallinn, Madrid, Milaan, Athene, Boedapest, Oslo, Stockholm, Praag en Wenen zetten voor de studie vergelijkbare gegevens per stad op een rijtje over onder meer inkomen en banen. Aan de hand van literatuur deden ze voorspellingen over de segregatie in ieder van de dertien steden en toetsten deze aan de praktijk. De toetsing koppelden ze aan een diepgaande analyse per stad van de unieke lokale situatie en het beleid.

Daaruit blijkt dat de theorie lang niet altijd overeenkomt met de praktijk. Zo heeft Stockholm al lang niet meer de gelijkmatige verdeling van sociale milieu die vroeger kenmerkend was voor het ‘sociale paradijs’ Zweden. Het liberale politieke klimaat van de afgelopen decennia maakte daarmee snel korte metten: Stockholm liet de sterkste stijging van segregatie tussen arm en rijk zien over de afgelopen tien jaar. Voorspellingen over typische West-Europese steden kwamen uit voor het gegaarglobaliseerde Londen (sterk gesegregeerd) en Amsterdam (matig gesegregeerd), maar niet voor Wenen. In de Oostenrijkse hoofdstad ging de sterke menging van rijk en arm juist teloor in het eerste decennium van de 21ste eeuw. Dat komt vooral door concentratie van lagere inkomensgroepen in sociale woningbouw en door toestroom van immigranten, concluderen de onderzoekers. In Athene zijn inkomensverschillen ook groot, maar van sterke ruimtelijke segregatie is geen sprake. De woningmarkt in de Griekse hoofdstad, met haar hoge percentage eigenwoningbezit, zit ‘op slot’ door de economische crisis, is de conclusie. Amsterdam is de enige van alle onderzochte steden waar de sociale menging van bevolkingsgroepen iets toenam. “Dat is waarschijnlijk een tijdelijk gevolg van de crisis. Sinds het begin van de crisis verhuisden Amsterdamse middenklasse gezinnen nauwelijks uit goedkope sociale woningbouw waardoor menging in stand bleef”, zegt Sako Musterd, hoogleraar stadsgeografie aan de Universiteit van Amsterdam.

Hoewel de studie was gericht op inkomenssegregatie, is duidelijk dat etniciteit vaak meespelte. Dat is het geval in Stockholm, maar ook zeker in Tallinn, de Europese koploper op het gebied van sociaaleconomische segregatie. Achterstandswijken met hoge concentraties lage inkomensgroepen zijn hier vooral bevolkt door etnische Russen. Opmerkelijk genoeg valt de segregatie alleszins mee in de andere Baltische hoofdsteden Riga en Vilnius.

Sociaaleconomische segregatie verminderd de competitiekracht van steden. Inwoners die kunnen, vertrekken uit buurten met overwegend lage inkomensgroepen. Het segregatieproces versnelt
Categorizing the problems

According to Hospers the consequences to cities caused by shrinking are divided into three categories: hardware, software and mindware of a specific area of region. This division can be used to categorize the different problems concerning shrinking neighborhoods.

Hardware

This category refers to both the physical and visible aspects of a city. For example vacancy, the local amenities and infrastructure (Haase, Hospers et al. 2012).

Software

These aspects contain the demographic and social infrastructure in a city. For example the way local actors are interacting with each other and the composition of the population.

Mindware

This is about the image of a city. Besides the measurable facets of a city or region there is the way people, both insiders and outsiders, think about a place. Whenever a region gets the label that it is a shrinking region this may have a negative impact on the hardware and software in the area.

General problems in shrinking regions

The moment the population in an area is decreasing that does not necessarily mean there is a problem. Downfall of inhabitants starts causing problems as soon as the number of households is falling back and the facilities and services can no longer provide for the needs of the ageing population. (Leidelmeijer and Marlet 2011)

Possible consequences are:

Hardware

- Decrease of spending power
- Stronger shrinkage
- Mismatch in demand and supply of the housing stock
- Long lasting vacancy of residences and institutions and organizations
- Decreasing rental income
- Increasing poverty
- Decreasing tax revenues
- Increasing entitlements
**Software**

- Migration of young people
- Lagging behind events; late anticipation at developments
- Leaving of the more wealthy inhabitants.
- Stronger ageing of the region
- No investment policy
Mindware

- Lower image
- Lower reputation
- Inhabitants start feeling minor compared to people living elsewhere

From these consequences there can originate different developments which reinforce themselves when there is shrinkage. Decrease of the population will make sure that the demand for residences will drop through which the value reduces and thereafter there will be less willingness to invest. Second of all because of a smaller number of citizens the bearing surface for the amenities will drop. Since the population follows the amenities more people will leave. Also the labor force can decrease which makes sure the employment will drop and even more people will leave the area. Finally there will be vacancy and because of this the area will become even more unattractive for people to live for which there will be even more vacancy. (Leidelmeijer and Marlet 2011)

The livability in shrinking areas in the Netherlands is at this moment hardly pressurized. Inhabitants have mainly positive thoughts of the neighborhood they live in. And they think even more positive about the region they live. Big influences for this are the social qualities, absences of nuisance and the quality of the constructions. Also they are satisfied about the social climate. Only aspect they are less content with is the level of the amenities in the area, but even though it is still not a negative thought.
2 Scope of the research

2.1 Housing market

Consequences for owner occupiers mainly partake due to the developments on the housing market. Figure 4 is a provisional scheme for the housing market. Exogenous influences such as: the economic environment, the interest, banking policy and government policy have consequences for the demand and, in less extent, the supply for housing in the local environment. Due to negative developments from outside the demand for housing is dropping and therefore the supply, which is does not match de demand anymore. Due to oversupply vacancy could arise and possibly the housing value could drop. The exogenous influences linked with shrinkage are the economic environment and the demographic developments. Policy from government and banks are more independent and a possible way to influence the housing market. During this research this provisional scheme needs to be further developed and expanded. This to obtain better understanding of the local housing market and get insight in possible ways to steer the demand or supply for housing in order to achieve a better match between these two.

According to Martens the housing market in both the Netherlands and England is an integrated market. So far there has been no literature found to endorse her statement. In an integrated market different segment such as detached houses, semi-detached houses, terraced houses and flats, are closely linked. This can be a short or a long link. In a segmented market the different segments are more or less acting independently of one another (Martens 2009). In an integrated market for example the purchase of a dwelling is dependent on the sale of the previous dwelling. So whenever there is a problem in a certain segment this will affect the other segments as well. When a certain type of dwelling is hardly sold this means there is no more permeability towards other segments. During this research it should appear whether the studied areas show characteristics of segmentation or integration on the housing market. With the former a specific dwelling type could be struggling on the local housing market while with the latter the problems will extent to different segments of the housing market.
2.2 Stakeholders

The moment there is shrinking in a region or area many different actors due to the change of the housing market could be affected by this: local businesses, inhabitants, landlords, housing associations and institutions. Although in this research the main focus will be on the owner occupiers there are some stakeholders that cannot be left out. Therefore subsequently the owner occupiers, municipality and housing association will be discussed.

Owner occupiers
Because of all former mentioned developments financial problems can be expected for owner occupiers in shrinking cities. If the number of households will drop and more vacancy will appear the value of properties can decrease. As in the Netherlands since the economic crisis of 2008 more and more dwellings have a mortgage which exceeds the value of the property (Notten 2012).

The private ownership in the shrink regions or neighborhoods is especially developing negatively. Even though the potential residual debt is lower than in general in most cities there is still a higher chance for financial problems. Because of a weaker social-economic structure and a growing oversupply on one side the potential amount one can loan is decreasing. On the other side, the amount that can be loaned for a mortgage in comparison to the value of a dwelling in decreasing as well which originates in a negative equity. This leads to payment difficulties and hard to sell houses. These issues play mostly its part on the lower side of the market and there are two groups particularly vulnerable:

1. Young households which have recently bought a dwelling
2. Older households in remote area’s

These groups will not only have financial issues but also social, because their perspective is dropping and therefore their participation in society is falling. Additional research regarding these groups is necessary to provide an insight into in which level this problem is already occurring. (Lupi and Dijken 2013)

Local government – municipalities
The negative consequences will mainly affect the cheaper segment of rentals and purchase dwellings. Municipalities will have to focus on changing the housings stock by adjusting their policy on newly built houses and stimulating re-development and demolishment. According to the demographic forecasts of the PBL(Planbureau voor de Leefomgeving) this transformation issue will be of a structural nature on the long term (PBL 2010). They need to cooperate with neighbor areas as otherwise the problems with shrinkage can be worsening. Oversupply in one place can strengthen the shrink in bordering communities. These are very hard things to realize. Municipalities are very careful in adjusting their housing building program downwards, as when they do, bordering communities might profit from it. This policy cannot be steered by the national politics directly. This because development plans are created by the local government. One way to influence local policy is indirectly by stimulating projects or experiments which aim for demolishing housing stock (Verwest, Sorel et al. 2008).
Housing associations
At the moment several associations in shrinking areas are considering or actually letting go of a certain amount of their housing stock. The associations have different reasons to sell or demolish certain dwellings. It can be to centralize their activities of to manage the value of the housing stock. The decisions these associations do or do not make also influence the value of the dwellings owned by private owners. This can be positive but may also have negative effects as the housing associations mainly consider the consequences for their own tenants and much less for other stakeholders in the region (Jong and Lagas 2012), but in general also the municipalities and regions itself find it desirable that a certain amount of the socially rented dwellings are demolished. Further research on this matter will be necessary to get insight in the exact consequences for the housing market as a whole and for the private owner occupiers in these regions.

3 Cases

Cases
To study housing market issues for owner occupiers two cases will be studied. One case is two wards in Rotterdam, Hillesluis and Tarwewijk, and the other one is the ward Langworthy in Salford (England).

3.1 Rotterdam

Although in the Netherlands demographic shrink is mainly occurring on the edges of the country Rotterdam and specifically the south side of the city is a relevant area to study. From the four biggest cities in the Netherlands (Amsterdam, Rotterdam, The Hague and Utrecht) Rotterdam is the only one that is showing signs of demographic shrink. The coming years there is a slight growth expected for the city as a whole but lower than the other three cities (CBS and PBL 2013). In the city there is however a contrast and in the south there is expecting to be a demographic shrink in certain areas from the year 2015 and beyond (Rotterdam 2015). The wards which will be studied already show negative aspects which are typical for shrinking areas such as vacancy, decreasing housing value and a bad image (Rijnmond 2012). Besides this there has been policy implemented to improve the south of Rotterdam by means of the so called “Nationaal Programma Rotterdam Zuid” (NPRZ). This is cooperation between local businesses, municipality, housing association and residents. It is a plan to improve the southern wards by investing in housing, education and labour (NPRZ 2015). These factors combined it becomes a very relevant case to study both the negative aspect of shrinkage as well as the influence of on-going policy on the wards.

South of Rotterdam
Rotterdam is a city in the west of the Netherlands. It is situated at the New Maas. The city is a harbour city and around 2011 there were around 90.000 jobs due to the harbour of Rotterdam. The harbour has been the largest of the world for quite some time and it is still the main harbour of Europe (Rotterdam 2011). The historical city of Rotterdam was mostly destroyed during WOII and was completely rebuild. Rotterdam is also known for its innovative architecture.
In 2012 Rotterdam had a little over 616,000 inhabitants. After the port was opened the city grew exponentially and in the 60’s and 70’s a lot of labour immigrants came to work in the docks. In Rotterdam 46% of the inhabitants is now of foreign origin.

The harbour activities have moved over the last decades more and more towards the west, towards the Maasvlakte. Since 1985 these activities don’t take place in the centre of the city anymore. At this moment the second Maasvlakte is being developed so the harbour economy can continue to grow. This is of importance not only for the city but also for the regional and maybe even for the national economy (Unknown 2015).

North versus South

In Rotterdam there is a contrast between the north and the south side of the city. If we take a look at the housing market and possible consequences of demographic shrink. The south side of the city is more vulnerable compared to the North regarding these consequences. The South of Rotterdam lacks the city amenities that the North does have besides this the North has educational facilities and employment in the service industry. Because of these circumstances the North of Rotterdam will attract the career starters and students while in the south the low-income and immigrants will be looking for affordable housing. This way the south will accommodate the more underprivileged citizens and everyone who is able to develop himself educationally will very likely move away from the area. This way the jeopardy will occur that after demographic shrink economic shrink will very likely follow. (Dijk 2011) As is shown in figure 4 the population in the south of Rotterdam decreased slightly in 2012.

![Figure 5: Population south of Rotterdam](Rhee and Roode 2013)
In the below figure it shows that Rotterdam is expecting a growth in population up until the year 2030, even though these forecasts continually change. As we take a look at the two areas “Charlois” and “Feijenoord” in which the wards Hillesluis and Tarwewijk are situated it is clear that these areas do not follow the general development of Rotterdam as a whole. However based on this forecast there is not yet a clear demographic shrink in these areas (Hoppesteyn 2012).

![Figure 6: Expected population growth Rotterdam](Rotterdam 2015)

Subsequent two wards in the Rotterdam areas Charlois and Feijenoord will be introduced: Tarwewijk and Hillesluis.

### 3.2 Tarwewijk

**Citizens**

The number of citizens in Tarwewijk has increased over the period 2009-2014, as shown in figure 7, however in the year 2012 and 2013 there has been a decrease, while Rotterdam as a whole was still increasing. In the year 2010 the neighbourhood of Rozenburg with 12,500 inhabitants was added to Rotterdam, which explains the large increase during the years 2010-2011.

The dependency ratio for working people compared to the non-working citizens, people age from 20-65 compared to the rest of the inhabitants, is higher compared to Rotterdam as a whole. 68,2% to 63,1%, with a higher percentage of young people 25 to 22. The division in household types does not show big differences compared to Rotterdam. Only difference is Tarwewijk shows a little more one-person households and one-parent households; 47,8 and 14,2 to 46,5 and 10,5(Rotterdam 2015).

![Figure 7: Inhabitants Tarwewijk](Rotterdam 2015)
Housing

The housing stock in Tarwewijk has hardly changed in numbers over the last five years (figure 8). While Rotterdam as a whole increased with 3-4% in Charlois and Tarwewijk there is slight decrease in the number of dwellings.

The housing supply in Tarwewijk is older than Rotterdam as a whole. 80% of the dwellings were built before 1945 while city-wide that is 31%. The number of owner-occupied dwellings in Tarwewijk is 27,5% while for Rotterdam that is 34,6%. A quarter of all the dwelling types are single family houses. In Tarwewijk the porch dwelling without an escalator is most common with 35% of the total.

Because of these differences the value of the dwellings in Tarwewijk differs as well. Almost three quarters of the dwellings here have a value of €50.000-100.000 while for Rotterdam that is only 27,9%. Besides the age of the dwellings and the types the main reason for this is also probably the dwelling surface. Around 30% of the dwellings in Tarwewijk are between 45-59m² while for Rotterdam that is only 17,5 %. Rotterdam as a whole has more dwellings in all the categories over 75m² to make up for this (Rotterdam 2015).

Income

Last we take a look at the general income in Tarwewijk. The average disposable income in Tarwewijk is €22.800 compared to €29.300 to Rotterdam as a whole. The number of inhabitants getting entitlements has increased with 5,4% over the years 2008-2014 but this is in fact a lower growth than is shown for the entire city of Rotterdam, the number of job-seekers has increased over these same years with 90% and this is higher than the average of Rotterdam (Rotterdam 2015).
3.3 Hillesluis

Citizens
The number of citizens in Hillesluis has increased over the period 2009-2014, as is shown in figure 10, however in the last two years the number of citizens stayed almost the same. This goes for the area Feijenoord as well. The ratio for working people compared to the non-working citizens, people age from 20-65 compared to the rest of the inhabitants, is slightly higher compared to Rotterdam as a whole. 64,5% to 63,1%, with a higher percentage of young people 27 to 22. The division in household types shows a few differences compared to Rotterdam. Hillesluis has more one-person households and one-parent household; 42,2 and 13,4 to 46,5 and 10,5. Besides this there are in Hillesluis more couples with children 25,2% while in Rotterdam that is 18,6%. To make up for this Rotterdam has more couples without children than Hillesluis (Rotterdam 2015).

Housing
The housing stock in Hillesluis has mildly changed in numbers over the last five years same as Rotterdam there is a slight increase between 3 and 4%. However as figure 11 shows during this period the year 2011 has shown a decrease (Rotterdam 2015).

The housing stock in Hillesluis is just like we have seen in Tarwewijk much older than Rotterdam as a whole. 71,9% of the dwellings were built before 1945 while city-wide that is 31%. The number of owner-occupied dwellings in Hillesluis is 27,8% while for Rotterdam that is 34,6%. A quarter of all the dwelling types are single family houses in Rotterdam. In Hillesluis that is only 8,2% while the majority of the dwellings just like in Tarwewijk porch dwellings without escalator.

Because of these differences the value of the dwellings in Tarwewijk differs as well. 63% of the dwellings in Hillesluis have a value of €50.000-100.000 while for Rotterdam that is only 27,9%. The age of the dwellings and the fact that here as well the average dwelling surface is lower than it is in Rotterdam will have influence on the value. However there is serious concern.
The chart below (figure 12) shows the increase in numbers of dwellings with a value of €50.000-100.000. This could be because of the economic recession, but this development should remain under observation cause other factors could have an influence as well (Rotterdam 2015).

![Figure 12: Development housing value in Hillesluis based WOZ value (Rotterdam 2015)](image)

**Income**

Last we took a look at the general income in Hillesluis. This is slightly better as seen in Tarwewijk but nevertheless well below the average for Rotterdam as a whole. €24.200 versus €29.300 (Rotterdam 2015).

The current situation in Tarwewijk and Hillesluis could be problematic in the coming years. The current situation is that there is a slight decrease in the number of citizens adjacent to this there are many dwellings representing a low value and the average income is quit low. When there will be a lasting demographic decrease and the demand for dwellings in the area will further decline the value of the properties could drop with all the social and financial consequences for an area where many people already have a low financial standard.

The vacancy rate for Rotterdam in 2013 was approximately 7,2%. In general the big cities in the Netherlands have a higher vacancy number than the national average of 5,3% (CBS 2014). However the number for the ward Hillesluis was 15,2% in 2007, the more current numbers in the different neighbourhoods will need to be sorted out (Feijenoord 2009) in the next stage of the research. Although this is not a very recent figure it is quite clear that it is well above the average for Rotterdam which could be even more problematic if this number increases even further.
3.4 Salford

This city is situated in the Northwest of England around 30-40 kilometres east of Liverpool and is part of Greater Manchester (figure 13). Central Salford lies on the west bound of the river Irwell. This is also the boundary with the city of Manchester which is directly on the east side of Salford (Figure 14). The centre of Manchester is at walking distance of the centre of Salford. Together with Cadishead, Eccles Irlam, Swinton and Worsley it forms the local government district of the City of Salford.

![Figure 13: Greater Manchester in England](image)

![Figure 14: Salford situation in comparison to Manchester](image)

In the 18th and 19th century Central Salford was a city with a lot of factories and labour in the docks. The 20th century was an era of decline. Due to foreign competition and improvement in infrastructure and post-industrial decline unemployment rose high in Central Salford. And because of this the population dropped significantly as is shown in the table below (figure 15).

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>162,452</td>
<td>172,998</td>
<td>234,045</td>
<td>223,438</td>
<td>166,386</td>
<td>178,194</td>
<td>155,090</td>
<td>131,006</td>
<td>98,343</td>
<td>79,755</td>
<td>72,750</td>
</tr>
</tbody>
</table>

*Figure 15: Inhabitants Central Salford in the past century*(Council 2012)

In the 60’s and 70’s Salford already had gone through a period of redevelopment but still in the 80’s and 90’s the area had a lot of poverty and low employment numbers. In the years 2002-2011 change has been achieved in Salford (Figure 16). Due to government policy which was terminated in 2011 the population has grown and additional improvements of neighbourhoods are showing. It is for this reason Salford is a very relevant case to compare with the situation in Rotterdam. The results of government policy are available to be studied while in Rotterdam this is still work in progress (Unknown 2015).

![Figure 16: Inhabitants Salford from 2001-2010](image)

**Housing Market Renewal Pathfinders**
In 2002 the department for Communities and Local Government initiated the Housing Market Renewal program. Nine pathfinders were initiated in this program and a tenth was added in 2008. Due to industrial decline in the years 1970-1990 there were several areas of extreme deprivation and population reduction. This was followed by the dropping of dwelling values, more people moving out and more vacancy. Ordinary housing solution would not suffice to turn these areas around. The intention of the HMR was to tackle the low demand and abandonment in order to restore the connection to regional markets, and besides this improve the areas and make sure people would once again want to work and live in these areas. In the pathfinders partnerships were created with local actors and authorities in order to achieve this. In order to make this possible government budget was set to develop and deliver strategies for the local housing markets to deal with these problems. In 2002 Salford was named as one of the cities which were in need of investments for new homes in the Manchester/Salford pathfinder. Over the years 2003-2010 £318M was invested in Manchester and Salford for demolishment en rebuilding of better suitable housing(Wilson 2013).

3.5 Langworthy

In Salford a closer look will be taken at the ward Langworthy. This neighbourhood is part of Central Salford (Figure 17). Central Salford is an urban area, while the east part has also areas which are much more spacious and rural.

The ward Langworthy is still showing a decrease in number of inhabitants in the years 2001-2010(figure 18). Mainly because of a large amount of demolished dwellings in this period (Council 2012). We will take a look at different aspects of this neighbourhood as to see in which ways it is comparable to the neighbourhoods in Rotterdam. The total number of inhabitants in the various areas is very similar. Langworthy is situated in the centre of Salford and therefore also close by the centre of Manchester, just like the wards in Rotterdam where relatively close towards the centre of the city.

<table>
<thead>
<tr>
<th>Population numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Langworthy</td>
</tr>
<tr>
<td>Central Salford</td>
</tr>
</tbody>
</table>

Deprivation
In England there are deprivation indices. Seven domains are taken into account: income, employment, Health & Disability, Education Skills & Training, Barriers to Housing & Services, Crime and Living environment. The deprivation index is a weighted combination of these seven domains. In figure 19 the deprivation index for Langworthy is shown for the year 2007. According to this index most of this ward was in the most 3% deprived areas of the country (Government 2007). This was after the improvements had started. It is clear that this ward was not a very desirable place to work or live due to a negative image which originates among other things from this index. Consequently several separated aspect in Langworthy will be explored.

![Map of Langworthy](image)

**Figure 19: Deprivation in Langworthy (Government 2007)**

**Demographic**
In the ward Langworthy the demographical pressure is around 67% with a small number of young people (18%) and 15% of people aged over 65. However in both these groups there has been a significant decrease, both over 20%.

**Income & Housing**
Langworthy has together with a few other wards the largest amount of claimants in proportion for job seekers allowance or National Insurance Credits (8,3%) Whether there is a relation between the facts that here are also the most single person households is unclear. The average income in Langworthy is £19,435 compared to £25,360 for Salford as a whole (Council 2012).

<table>
<thead>
<tr>
<th>Private (owner occupied)</th>
<th>Private rented</th>
<th>Local authority</th>
<th>Housing association</th>
</tr>
</thead>
</table>

23
In this ward there is compared to Central Salford a smaller proportion of private owner occupied dwellings as is seen in figure 20 and much smaller compared to England as a whole. In general the amount of owner occupied dwellings in England higher than is in the Netherlands. Due to the “Right to Buy” many formerly council and housing association dwellings have been sold to the former tenants. Since 1980 residents were able to buy the house they were renting at a large discount. About 1,5 million houses have since been sold. From 1997 the discount has been decreased (Wikipedia 2015).

Considering the dwelling types there is also quite a difference compared to the average of Central Salford as is seen in figure 21. Just like is seen in Tarwewijk and Hillesluis there is a much higher proportion of apartments compared to other types of dwellings.

<table>
<thead>
<tr>
<th>Type</th>
<th>Langworthy</th>
<th>Central Salford</th>
<th>England</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detached house/bungalow</td>
<td>29,5</td>
<td>44,2</td>
<td>68,7</td>
</tr>
<tr>
<td>Semi-detached house</td>
<td>18,9</td>
<td>17,2</td>
<td>12,0</td>
</tr>
<tr>
<td>Terraced house</td>
<td>36,5</td>
<td>28,0</td>
<td>13,2</td>
</tr>
<tr>
<td>Flats</td>
<td>15,2</td>
<td>10,6</td>
<td>6,1</td>
</tr>
</tbody>
</table>

Figure 20: Rented housing versus ownership (Council 2012)

Over the years 2003 and 2011 the housing stock of Langworthy has increased with 1.152 dwellings. 1.912 dwellings were newly built and 760 dwellings were demolished. It is the ward where the most amount of dwelling has been demolished due to the Pathfinder.

The average price of dwellings has increased very much since 2001 in Langworthy, however is still well below average compared to Salford as is show in figure 22 below.

<table>
<thead>
<tr>
<th>Area</th>
<th>Median house price</th>
<th>Median household income</th>
<th>House price to income ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Langworthy</td>
<td>£88.000</td>
<td>£19.435</td>
<td>4,5</td>
</tr>
<tr>
<td>Salford</td>
<td>£112.500</td>
<td>£25.360</td>
<td>4,4</td>
</tr>
</tbody>
</table>

Figure 22: House prices versus income 2010 (Council 2012)

Also the amount of vacancy in the area has dropped significantly over the years. While in 2006 is was above 16% it is now below 7% in Langworthy (Figure 23), even though it is much lower than before it is still above average.

<table>
<thead>
<tr>
<th>Area</th>
<th>Proportion of vacant dwellings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
</tr>
<tr>
<td>Langworthy</td>
<td>16,23%</td>
</tr>
<tr>
<td>Salford</td>
<td>5,73%</td>
</tr>
</tbody>
</table>

Figure 23: Vacancy Langworthy and Salford
As we take a look at the percentage of inhabitants that is receiving housing benefits this is in Langworthy much higher than in Salford; 43% versus 26.

The general situation in Langworthy is showing prudent figures of improvement. The instrument used for this, the HMR pathfinder is mostly responsible for the change. Besides the positive facts there is also criticism on this instrument. Many residents that had to vacate their houses in order to move to other areas claim that they were living in perfectly fine dwellings and demolishing was not necessary at all. Also there are certain ethnic groups that feel like they were targeted in order to separate them from the community they were part of (Phethean 2014).

All the facts together for Langworthy in Salford it is shown that it has similarities compared to the neighbourhoods in Rotterdam, and many aspects to be studied. The developments in Langworthy are ahead of possible demographic developments in the south of Rotterdam but show similar negative aspect on the housing market. Therefore Langworthy is a relevant case in the comparison.
4 Problem statement

In Europe there are several regions and cities that have experienced shrink or will experience this on the short or longer term. Due to economic transformation, demographic developments, change in urban structure, obsolescence and political change. These developments cause a mismatch in demand and supply on the housing market. This causes problems such as more vacancy, increasing poverty, increasing unemployment, decreasing housing value and a lower image. The two wards in Rotterdam exhibit similar problems. Both Hillesluis and Tarwewijk are coping with these aspects. It is for this reason they represent a good case study for this matter in the Netherlands.

Considering the problems at hand there is a financial risk for both the current owner occupiers and potential future owner occupiers for ending up with debts if the houses decrease more significantly in value if they even succeed in selling their houses. Besides the financial problems the consequence can be these people will get stuck in social desolation as they have no other opportunities and possibilities to move if they desire. As a consequence the local housing market does not connect with surrounding market and therefore it becomes nearly impossible to move away for example to the north of Rotterdam.

Besides the issues the owner occupiers will anticipate, the municipalities may have to cope with decreasing tax incomes and housing associations will cope with devaluation of their housing stock and less benefits due to the high vacancy in this part of Rotterdam.

It is clear there is a wide range of issues for different stakeholders that need attention in Hillesluis and Tarwewijk. Those issues can occur in many other regions from the year 2025 and further as from that year it is expected that over 50% of the municipalities in the Netherlands will be facing demographic shrink and the possible collateral mismatch in demand and supply on the housing market if proper action is not taken timely. In this research we will study the aspects regarding the different stakeholders but focus mainly on the matter that affects the owner occupiers.

4.1 Research objective

The goal of this research is to gain insight about the risks faced by owner occupiers in shrinking wards in order to enable different stakeholders take proactive action towards risk minimization.

4.2 Research questions

Main question
What are the potential risks faced by owner occupiers in areas of demographic shrinkage and how can they be managed?
Detailed research questions

1. What are the general characteristics of the housing market in the Netherlands and England?
   How: Literature review of the rules and regulations in the Netherlands and England and Analysis of the statistical data regarding these housing markets
   Objective: General similarities and differences concerning the housing market in both countries

2. What are the characteristics of the wards Hillesluis and Tarwewijk?
   How: Analyzing statistical data of the housing market, economic situation and demographics
   Objective: Overview of the characteristics of Hillesluis and Tarwewijk in order to gain insight in the similarities and differences to other wards or regions

3. What are the specifics of the current implemented policy in the south of Rotterdam which affects Hillesluis and Tarwewijk?
   How: Literature review of NPRZ (National program for the south of Rotterdam)
   Objective: Gain insight in the measures taken in attempt to improve the physical, economic and social situation in the south of Rotterdam

4. Are there effects of the policy of the NPRZ already noticeable in Hillesluis and Tarwewijk, and if so, what are they?
   How: Interviews with the different stakeholders (local government, housing associations owner-occupiers and tenants)
   Objective: Gain insight in the effects of the implemented policy from different perspectives.

5. How have the characteristics of Langworthy Salford changed because since policy measures have been taken and what are the specifics of this policy.
   How: Analysis of the statistical data of the housing market, economic situation and demographics both in the period before 2001 and the current situation (2011 and further) and literature review on the Housing Market Renewal Program and the individual Pathfinder Manchester/Salford.
   Objective: Overview of the changes in characteristics in Salford Langworthy and insight in the specifics of the taken measures in attempt to improve deprived wards physically, economically and socially.

6. What have been the noticeable effects of the executed policy for the ward Langworthy in Salford for the different stakeholders?
   How: Interviews with the different stakeholders (tenants, private owner occupiers, housing associations, local housing council and entrepreneurs) and survey in the wards.
   Objective: Overview of the positive and negative effects of the executed policy form different perspectives.

7. What recommendations are there for Hillesluis, Tarwewijk and other Dutch region to take from the case Langworthy?
   How: Integrative analysis of the data gathered from the previous research stages.
   Objective: Insight in possible policy implications that could be taken in Hillesluis Tarwewijk and other Dutch regions.
5 How to execute this research

5.1 Process and procedure

To answer the different questions different types of research is required. Literature review regarding the housing markets in the Netherlands and England to gather knowledge of the general context of the research. Furthermore three cases will be studied: the wards Langworthy, Hillesluis and Tarwewijk. These cases will be studied by literature review regarding the policies that are implemented, statistical analysis in order to gather data and figures about the wards and interviews with stakeholders. In the end all the information and findings should lead to possible measures which can be taken in the wards Hillesluis and Tarwewijk as the restructuring of these wards is still an ongoing process. And furthermore a framework for other Dutch regions or wards that are or will be coping with urban shrinkage derived issues in order to assist the local municipalities in deciding which measures should be taken.

<table>
<thead>
<tr>
<th>Weeks</th>
<th>Activity</th>
<th>Product/goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 till 11</td>
<td>Making contacts with stakeholders who can be interviewed during the visit in Salford and Rotterdam</td>
<td>Contacts and appointment with different stakeholders</td>
</tr>
<tr>
<td>1 till 3</td>
<td>Extensive literature review on the Dutch and English housing market</td>
<td>Understanding of the housing markets in the Netherlands and England and insight in the similarities and differences</td>
</tr>
<tr>
<td>4 till 6</td>
<td>Statistical analysis on the housing market for Langworthy, Hillesluis and Tarwewijk</td>
<td>Tables with data for the different wards in order to compare them</td>
</tr>
<tr>
<td>7 and 8</td>
<td>Extensive literature review on policy in the south of Rotterdam and in Salford</td>
<td>Understanding of implemented policy in the Netherlands and England and insight in the similarities and differences</td>
</tr>
<tr>
<td>9 and 10</td>
<td>Analysis of the gathered information so far in order to compose interviews for the different stakeholders in the Dutch and English wards</td>
<td>Questionnaires for the interviews</td>
</tr>
<tr>
<td>11</td>
<td>P3</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Having interviews with different stakeholders in Hillesluis and Rotterdam</td>
<td>Data regarding the experiences from the different stakeholders</td>
</tr>
<tr>
<td>13</td>
<td>Having interviews with different stakeholders in Langworthy</td>
<td>Data regarding the experiences from the different stakeholders</td>
</tr>
<tr>
<td>14 till 16</td>
<td>Extract and filter the data from the interviews</td>
<td>Summary of the data from the interviews</td>
</tr>
<tr>
<td>17 till 20</td>
<td>Integrative analysis of all the data in order to develop a framework for local housing markets in the Netherlands in order to cope with possible shrinkage</td>
<td>Framework with findings concerning shrinking wards/regions</td>
</tr>
<tr>
<td>21 till 22</td>
<td>Writing/Finishing the P4 report</td>
<td>P4 report</td>
</tr>
<tr>
<td>23</td>
<td>P4</td>
<td></td>
</tr>
<tr>
<td>24 and 25</td>
<td>Preparing and finishing the P5 report and presentation</td>
<td>P5 report and presentation</td>
</tr>
<tr>
<td>26</td>
<td>P5 presentation</td>
<td></td>
</tr>
</tbody>
</table>
The starting date for the research is the 22\textsuperscript{nd} of June; this is regarded as week 1 according to the schedule. After 26 weeks it is only half December. If some parts of the research take more time than now is presumed there is still some margin to make the deadline of January.

Besides this research there are no other examinations compulsory which need to be finished in order to be accepted for the P4 and P5. The desire is however to participate in an additional course “Written English for Academic Purposes” at the faculty Technology, Policy and Management. This in order to improve my writing style for the final report.

5.2 Table of contents for the Thesis

In the final report the following provisional guide will be used. It is a starting point as this will very likely change during the coming research period. It therefore serves as a handle and should support and guide the research process.

1. Reader’s guide
2. Problem statement
3. Research objective
4. Literature review on the housing markets, housing policy and characteristics of the three wards
5. The research design
6. Hypothesis
7. Data gained from the interviews
8. Integration of the gathered data
9. Conclusions and recommendations for the south of Rotterdam and the Netherlands
Literature


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