



3S RECIPE - Smart Shrinkage Solutions Fostering Resilient Cities in Inner Peripheries of Europe

MAASTRICHT (NL) POLICY BRIEF #2 • COMPACT CONNECTED CITY

EXECUTIVE SUMMARY

This policy brief discusses a new form of urban-regional policy developed in the Dutch South Limburg region to deal with the consequences of population decline. This policy can be summarized as “more city, more rural”, which means **regional municipalities aim to strengthen highly urban and rural living environments while selectively diluting in-between neighbourhoods, typically post-war suburban developments**. The brief draws on stakeholder interviews and policy analyses to understand the intended benefits, necessary conditions and future performance of this policy. Stakeholders suggest a range of benefits associated with the policy, whilst also acknowledging potential drawbacks. The brief ends with a discussion of the broader applicability of such an urban-regional policy strategy.



Increasing walkability and cycling around Maastricht (Marco Bontje, 2018)

INTRODUCTION

In the face of regional population decline, the seventeen municipalities of the South Limburg region, among which Maastricht is the largest, have developed an urban-regional policy to deal with decline. Within the region, Maastricht is currently not shrinking (the population is expected to remain stable) but aims to be a compact and accessible city. Policymakers and local politicians are typically quick to call for and implement measures that seek to turn the tide and return to population growth. This is perhaps no surprise, since indicators of growth are often equated with indicators of success. In the sphere of housing, this typically amounts to new projects aiming to attract new, more affluent residents. Such policies may also include investment in flagship projects, cultural landmarks and major events. This is an entrepreneurial approach towards urban policy. Policymakers increasingly question the effectiveness of such policies though, as they mostly generate local residential moves. In other words, it is a zero-sum game. In response, the South Limburg municipalities have developed an urban-regional strategy that (a) **accepts** the reality of population decline and (b) aims to guide decline to **generate positive outcomes**. In this policy brief, we discuss this specific policy and especially its relation to the regional housing market.

“MORE CITY, MORE RURAL”: A KEY POLICY TO ADDRESS THE CONSEQUENCES OF POPULATION DECLINE

Population decline poses a potential problem to regional housing markets. It may increase vacancy rates, potentially undermining the liveability and safety of neighbourhoods. When house prices may decrease, owner-occupier households may be confronted with mortgage debts exceeding house values. Decreasing property values and rental revenues may also contribute to physical deterioration of the housing stock. With these threats in mind, regional

municipalities have developed a housing strategy that seeks to guide, and essentially concentrates, residential patterns and housing demand. The essence of this policy can be reduced to (1) **stabilizing the size** of the housing stock, and (2) **“more city, more rural”** – as it is also referred to in the policy whitepaper itself (Dutch: *meer stad, meer land*).

The first key element of this policy is that overall housing supply should not increase in the wake of population decline. To counter increasing housing supply and new developments, housing policies are now coordinated at the regional rather than municipal level. This includes stipulations about the number of new developments, but also regulations to finance demolition of undesirable parts of the housing stock. For one, “in 2013, the province of Limburg issued a decree stating that new constructions have to be compensated for by the demolition of existing properties (or, in some cases, if a donation is made to a demolition fund) and can only proceed when certain qualitative location criteria are met. Consequently, development in promising locations goes hand in hand with the demolition of low-quality housing, located mostly in suburban neighbourhoods.” (Hoekstra et al. 2018, p.7). There are some exceptions to this rule, as it does not apply to the construction of student housing and the transformation of non-residential real estate.

The second key element is the targeted spatial concentration of growth and decline. The policy whitepaper distinguishes three types of residential environment: urban, suburban and rural (Figure 1). The strategy is to **strengthen urban**, high-density environments (red areas on the map) through further densification, while **cherishing rural** communities (blue). Conversely, post-war suburban environments (yellow) are targeted for selective dilution or transition. In other words, **population decline should spatially concentrate in these suburban neighbourhoods**. In a way, the region aims to become both more urban *and* more rural. It should be acknowledged, though, that not all suburban locations would disappear. The assumption is that such targeted spatial concentration can only be achieved through active housing politics.

The rationale is that high-density urban living is popular among young adults, especially those with a high education level and those working in the creative industry, but also among the growing group of older empty nesters who want to live close to cultural amenities. Rural communities are associated with stability and high quality of life, with affluent

retirees seeking out peace and quiet. Many suburban neighbourhoods on the other hand are associated with decline and lower levels of liveability. The idea is therefore to **gradually phase out** these suburban neighbourhoods, or in some cases incorporate them into the higher-density urban environments.

Quantitative analyses reveal that, within the Maastricht municipality, household density has increased most substantially in already high-density neighbourhoods (Figure 2). Yet, it is also shown that density has still increased *across the board*, which is reflective of the overall increase in household numbers despite population stagnation. This indicates that, at the municipal level, the densification of the urban core

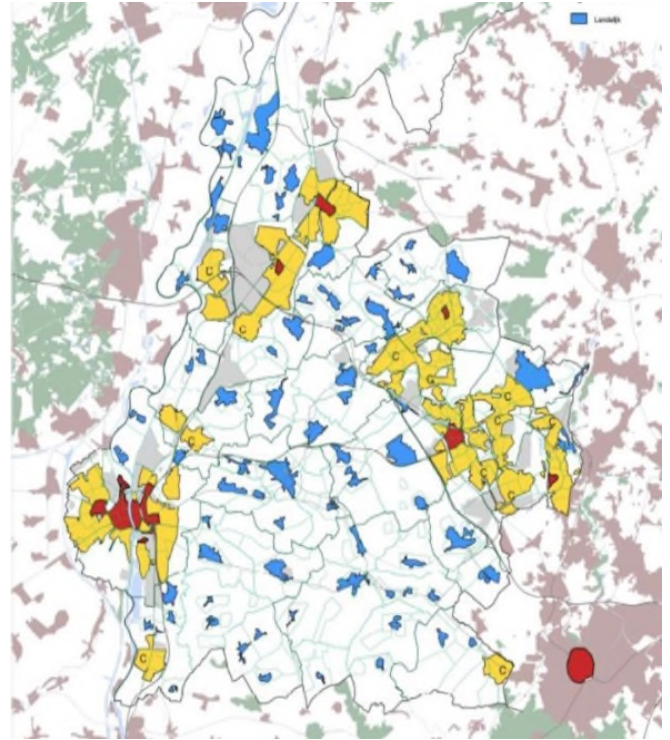
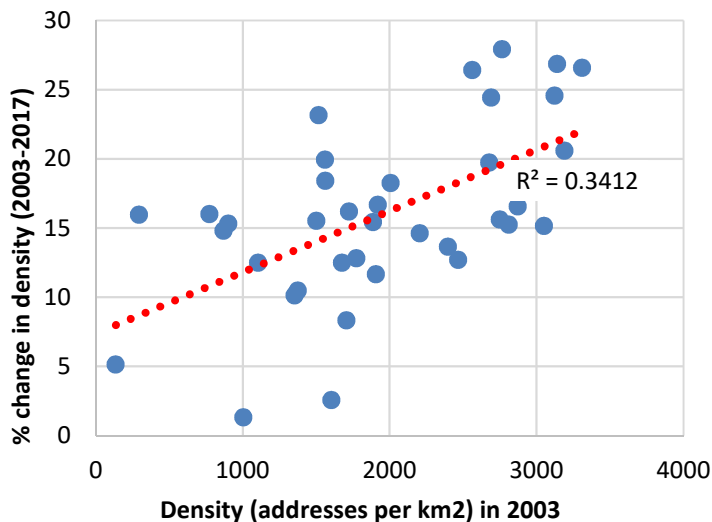


Figure 1. Types of residential environments in South Limburg

Source: [Structural Vision South Limburg \(2016\)](#)

Figure 2. Correlation between 2003 density levels at the neighbourhood level in Maastricht and 2003-2017 percentage change.



is already underway, but the selective dilution of suburban locations has not taken place yet.

Consulted stakeholders emphasize a range of **intended benefits** associated with this spatial housing strategy, including:

- Minimizing vacancy rates as old empty dwellings can be demolished using funds from new developments;
- Maintaining levels of liveability by strictly guiding the process of population decline.
- Maintaining house prices through selective demolitions. House prices in large parts of South Limburg have declined substantially since the global financial crisis of 2008 and have not increased as much since. The result is that homeowners are confronted with outstanding mortgage debts, making it more difficult to sell and move on.
- Preventing regional oversupply through excessive new production: for a prolonged period even as population decline commenced individual municipalities built more dwellings – the current system aims to prevent an increase in supply and facilitate targeted reductions.
- Helping with the transition towards a more environmentally sustainable built environment, by selectively demolishing energy-inefficient dwellings. Demolished dwellings may be replaced with greenery.



Enhancing liveability around Maastricht (Marco Bontje, 2018)

Stakeholders also recognize various **policy risks**. A key question is what types of dwellings are being demolished. Currently, it is mostly social-rental housing units because it is easier to make such agreements with large-scale housing associations owning these rental units than with individual owners. The selective demolition of cheaper rental dwellings thus has a relatively large impact on lower-income population groups. This has already contributed to a current lack of inexpensive social-rental units, as acknowledged in recent regional policy documents.

Furthermore, policies of “more city, more rural” may exacerbate spatial inequalities if this means disinvestment in those neighbourhoods where the poorest residents are left behind. The poorest and most vulnerable residents may concentrate in cheap housing in those neighbourhoods targeted for selective dilution. A recent study has shown a clear trend toward spatial housing-market polarization in Maastricht over the 2006-2018 period. In fact, Maastricht was one of the Dutch cities with the strongest increases in spatial inequality over this period ([Hochstenbach & Arundel 2019](#)). If current policies really come into practice, they may exacerbate the existing trends towards greater socio-spatial inequality.

Another consideration is that strict regional coordination may make it impossible to respond to high levels of housing demand in the city of Maastricht itself. At the regional level, this may contribute to stabilization, but at the local level, this may increase exclusion and price rates. It may also mean that Maastricht as a city will struggle more to retain highly educated knowledge workers. Finally, the policy essentially works from the premise that higher house prices are beneficial. While this may indeed be the case for some (i.e. current owners), high house prices exclude other residents or confront them with higher housing costs. Indeed, in the wake of rapidly increasing house prices in the Netherlands overall, affordability issues are also mounting in Maastricht.

For the policy of “more city, more rural” to be successfully implemented, conditions need to be in place that nurture intended benefits while mitigating identified risks. Policymakers have mentioned a range of **necessary conditions** to do so. This is not intended to be an exhaustive list, but these are considered key conditions that were tested using the

scenario methodology (see below). Stakeholders suggested a range of necessary conditions to ensure the success of the housing policy, as follows:

Outcome	What are the necessary conditions that make it happen?
Strengthening urban, high-density environments, while cherishing rural communities	1. There should be a business case for private owners to cooperate in policies of selective demolition. This would require (substantially) lower house prices but this is again at odds with the regional ambition to keep house prices stable. Alternatively, private demolition initiatives may become feasible through subsidization.
	2. Housing associations should have greater investment capacity and financial security , something that is currently under pressure due to national policies restricting their financial and institutional capacity. This would mean that housing associations can once again invest in neighbourhood restructuring with an eye for affordability, liveability and safety
	3. Residents , especially those in neighbourhoods targeted for selective dilution, need to be guided through and involved in the entire process. This should increase public acceptance as well as ensure proportionality.
	4. The policy also requires regional cooperation : municipalities need to coordinate where dwellings are added to the stock and where they are removed. Before cooperation was in place, individual municipalities competed with each other through new developments.
	5. The policy should be embedded in long-term thinking and commitments , while both elected officials and market actors tend to prioritize the shorter term. This policy is expected to generate particular benefits in the longer run.

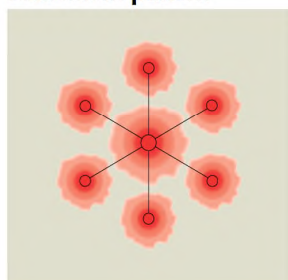
WOULD THE 'MORE CITY, MORE RURAL POLICY' DELIVER THE SAME BENEFITS IN DIFFERENT FUTURES?

Through stakeholder interviews we tested whether these necessary conditions are thought to be in place in different futures, using the UF scenario methodology (see Lombardi *et. al.*, 2012). The essential idea is that when these conditions are in place whatever the future brings, we can speak of a robust policy measure that is likely to generate the intended benefits. We drew on four **plausible but distinct** future scenarios for the mid to long-term future (Lombardi *et. al.*, 2012: Table 2). A summary of these four global **urban future scenarios** is as follows:

New Sustainability Paradigm (NSP)

Key driver: Equity and sustainability

Settlement pattern



Description

An ethos of 'one planet living' facilitates a shared vision for more sustainable living and a much improved quality of life. New socio-economic arrangements result in changes to the character of urban industrial civilisation. Local is valued but global links also play a role. A sustainable and more equitable future is emerging from new values, a revised model of development and the active engagement of civil society.

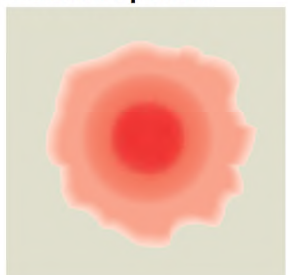
Philosophy

The worldview of the *New Sustainability Paradigm* has few historical precedents, although John Stuart Mill, the nineteenth century political economist, was prescient in theorising a post-industrial and post-scarcity social arrangement based on human development rather than material acquisition (Mill, 1848).

Policy Reform (PR)

Key driver: Economic growth with greater equity

Settlement pattern

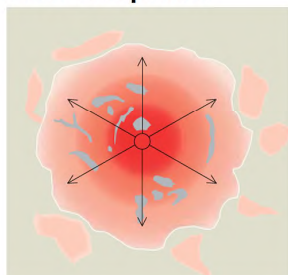


Description

Policy Reform depends on comprehensive and coordinated government action for poverty reduction and environmental sustainability, negating trends toward high inequality. The values of consumerism and individualism persist, creating a tension with policies that prioritise sustainability.

Philosophy

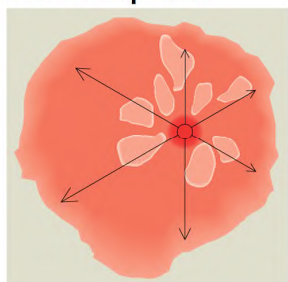
In *Policy Reform*, the belief is that markets require strong policy guidance to address inherent tendencies toward economic crisis, social conflict and environmental degradation. John Maynard Keynes, influenced by the Great Depression, is an important predecessor of those who hold that it is necessary to manage capitalism in order to temper its crises (Keynes, 1936).

Market Forces (MF)**Key driver: Competitive, open global markets****Settlement pattern****Description**

Market Forces relies on the self-correcting logic of competitive markets. Current demographic, economic, environmental, and technological trends unfold without major surprise. Competitive, open and integrated markets drive world development. Social and environmental concerns are secondary.

Philosophy

The *Market Forces* bias is one of market optimism, the faith that the hidden hand of well-functioning markets is the key to resolving social, economic and environmental problems. An important philosophic antecedent is Adam Smith (1776), while contemporary representatives include many neo-classical economists and free market enthusiasts.

Fortress World (FW)**Key driver: Protection and control of resources****Settlement pattern****Description**

Powerful individuals, groups and organisations develop an authoritarian response to the threats of resource scarcity and social breakdown by forming alliances to protect their own interests. Security and defensibility of resources are paramount for these privileged rich elites. An impoverished majority exists outside the fortress. Policy and regulation exist but enforcement may be limited. Armed forces act to impose order, protect the environment and prevent a societal collapse.

Philosophy

The *Fortress World* mindset was foreshadowed by the philosophy of Thomas Hobbes (1651), who held a pessimistic view of the nature of man and saw the need for powerful leadership. While it is rare to find modern Hobbesians, many people believe, in their resignation and anguish, that some kind of a *Fortress World* is the logical outcome of the unattended social polarisation and environmental degradation they observe.

Table 1 below summarizes to what extent the five necessary conditions described above are expected to be met in these four different future scenarios. Because the data was collected through individual interviews rather than a collective workshop, the research team has filled in the matrix based on those interviews. An important cautionary note is thus that the results are not directly the product of the interviewed stakeholders, but that the research team plays an important intermediary role interpreting their narrative and translating this into the scenario methodology with considerable discretionary power.

Table 1. The performance of necessary conditions in different future scenarios

Urban Futures Method applied to the 'more city, more rural' policy to promote compact connected city				
Necessary Conditions	New Sustainability Paradigm	Policy Reform	Marker Forces	Fortress World
Private business case	Neutral: a business case is not relevant in this scenario, spatial policies are- achieved through strong public interventions that are willing to subsidize	A business case is guaranteed via state subsidization	The fall-out of market demand will lead to significant price drops / alternative is that subsidies will remain necessary which won't be given in market scenario	Stronger spatial inequalities will lead to lower prices, means business case in weak areas
Housing associations have greater investment capacity	Ample funds are available to invest in not-for-profit organizations that work towards equitable redistribution	Current state policies restrict investment capacity, but more redistributive policies could boost it.	Market forces will remove funds from social housing and work towards residual model	The government is weak and housing associations will be mostly absent
Convincing residents	Local communities are starting point of interventions in this scenario, ensuring they are on board	Strong state involvement may get residents suspicious, although it is possible if their involvement is ensured	A clear business case may get residents on board	Interests of vulnerable residents in weak areas are of little concern

Long-term thinking	Sustainable future more important than short term incentives	Elected government officials tend to prioritize short term election cycles	Markets prioritize short term profits	Long-term planning is mostly absent
Regional cooperation	Regional cooperation around shared values is a key feature of the new sustainability paradigm	In a new policy paradigm, local and regional authorities may cooperate towards shared end goal.	Market stimulates inter-municipal competition and thus lack of cooperation (race to bottom)	Insider versus outsider interests are pitched against each other.

Key: ■ condition highly unlikely to continue in the future ■ condition is at risk in the future ■ condition highly likely to continue in the future

The scenario methodology summarized in **Table 1** reveals that successful implementation of the “more city, more rural” policy may be challenging, as various necessary conditions are not always met. It is argued these conditions need to be in place to facilitate successful policy implementation. This does not mean the policy cannot be implemented without these conditions in place, although it does become more of a challenge. Since the policy requires coordinated intervention, implementation seems more of a challenge in future scenarios built around market forces or individual consolidation (fortress world). In future scenarios of policy reform, many conditions may be in place but the state would have to change its current focus.

POLICY IMPLICATIONS

Maastricht and the wider region represent an interesting case where current policy responses to population decline do not seek a return to growth scenario, but want to manage decline through spatially selective interventions. The housing policy of “more city, more rural” represents an ambitious policy to strengthen locational qualities of high-density urban and low-density rural environments, while targeting suburban locations for population dilution. The policy is associated with various potential benefits, although there are also risks involved. The basic premise to develop spatial and housing strategies that seek to guide decline in the right direction rather than try to return to growth is laudable. Previous policies to return to growth often resulted in unnecessary inter-municipal competition, while failing actually to achieve urban growth. The Maastricht case provides insight into the conditions that need to be in place to develop such strategies.



Making Maastricht more liveable (M.A. Bontje, 2018)

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