

High Return Investments in Student Housing to Improve the Liveability

'Study on the usage of the Student Housing, to maximize the liveability in neighbourhoods'



Author: Evert Aries

Student number: 2371963

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Supervisor: dr. X. Liu

Abstract

The current study aims to provide an answer to the student housing problems in the Netherlands. Due to the growing student population, difficulties arise. Not only the number of Dutch students is growing, also is The Netherlands a very popular place to study for foreign students. We will first identify the difficulties on the student housing market. Due to the growth of the student population is the demand higher than the supply. But not only on the housing market are problems, student housing in neighbourhoods could lead to nuisance and a worse perception of liveability. Second, this research focuses on the minimization of nuisance and other disturbances, but also the maximisation of social cohesion between students and the other inhabitants of the city. To remain the focus, a case study is done of the city of Groningen.

Different stakeholders on the student housing market are interviewed in order to get insight in investment criteria, regulations, and other stakeholders. We used earlier studies to address the thoughts and feelings of inhabitants of neighbourhoods with large student populations.

The student housing market is hard to regulate due to the great revenues that can be earned. On the one hand, the municipality of Groningen is not always as adequate as it should be. On the other hand, it facilitates options to meet the student housing needs. On top of that they finance projects that could improve the social cohesion between students and other inhabitants. We propose that the current housing stock is not meant to serve as student housing, which results in nuisance of neighbours for inhabitants. New student housing to create a mix of the society (i.e. students, elderly, working adults) and the new programmes of the municipality of Groningen have the chance of become the future. Social mix and almost no nuisance combined with an active social interaction will almost certain lead to a better liveability in neighbourhoods.

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1. Introduction

1.1. Background

'Dutch student housing market one of the fastest growing markets of the world' (Savills, 2016). And in another recent publication, CBRE (2015) stated *"the primary driver of the increased investor interest is the student housing supply shortage that has grown following the failure of supply to keep up with the increasing number of students over the last decade."* Furthermore, investing in student housing will keep being interesting for investors, since the shortage of housing for the students is not expected to decrease in the near future. Namely, more and more students will need housing for the next couple of years (ABF Research, 2015; AON, 2016; CBRE, 2015). If the student population keeps on growing, it will have a direct effect on the student housing market, since 56% of all students do not wish to live with their parents during their study time (ABF Research, 2015).

The student population will influence life in the cities. Student housing is often linked to nuisance, especially noise disturbance, waste, and vandalism (Intraval, 2013). Also, according to a study performed in the municipality of Groningen, the amount of reports of nuisance has grown over the years (Meldpunt Overlast, 2011, via Intraval, 2013). There are more inhabitants of Groningen that state that the nuisance has become worse than there are inhabitants that state that the nuisance has become less. In addition, there are parts of the city where 78% of the participants in the study have complaints on a weekly basis. Figure 1 shows the student population per neighbourhood as percentage of the total inhabitants per neighbourhood in the municipality of Groningen. It shows that the most crowded student neighbourhoods are located in the centre of Groningen.

In conclusion; in the student cities of the Netherlands (e.g. Utrecht, Rotterdam, and Groningen) it is a great task controlling the growth of the student population and thereby all the effects of student housing. However, if the municipalities of the cities do succeed controlling the growth and minimalizing nuisances, the result could be increased liveability, for both the students as well as other inhabitants. Thus, it is clear that there is an urgent need finding a solution for the growing student-housing problem. This problem can be divided into two parts: the growth of the student population and the housing shortage, and the problems created by students.

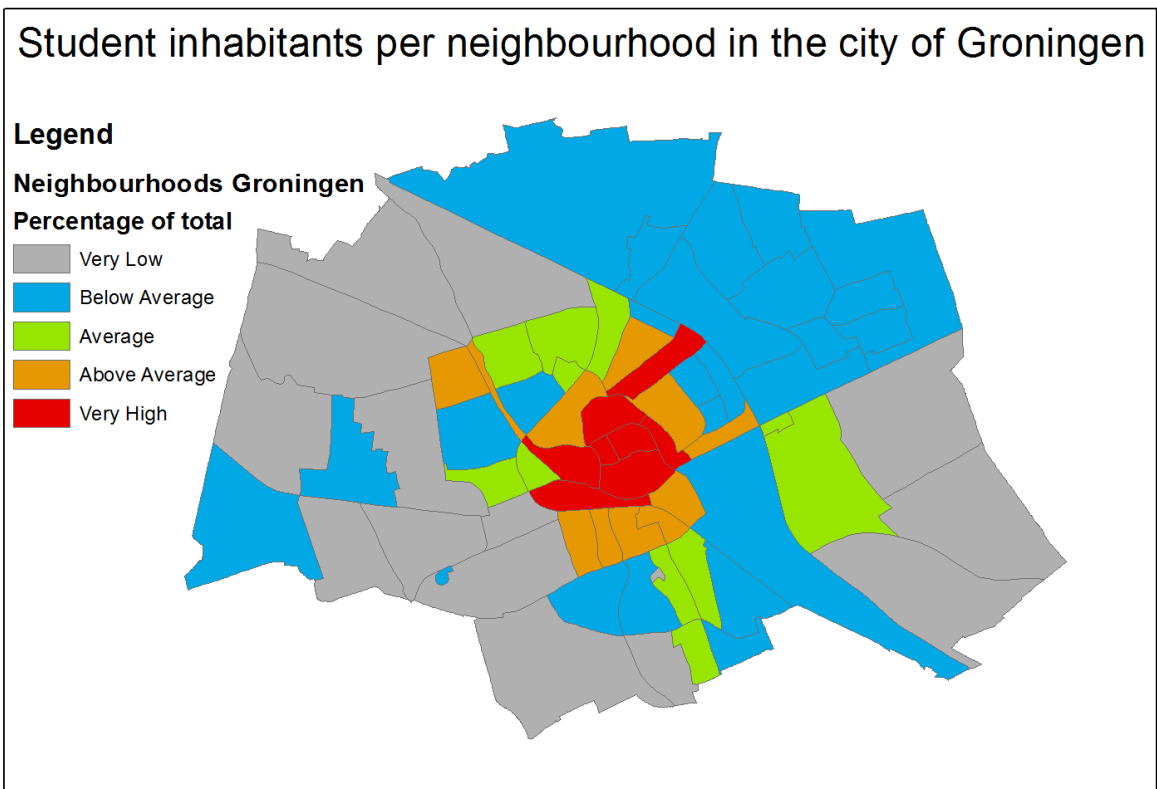


Figure 1. Percentage of students per neighbourhood in Groningen, 2014 (Source: Author's own production on the basis of ESRI and Onderzoek en Statistiek Groningen).

1.2. Research problem

The main aim is to investigate what solutions are possible to solve the problems of student housing (i.e. the growth of the student population, and the problem of the nuisance). Obviously, a simple solution would be that investors invest in student housing to realise more houses. However, building new houses has certain negative effects and building new houses is not something that can be done easily (Onderzoek en Statistiek Groningen 2014). Even if it were easily possible to create new student housing, one of the problems would be the nuisance for the neighbourhood at the time the new houses are being built. Besides, after the realisation of student housing, another issue of importance would be to find methods that ensure a better liveability in the neighbourhoods for all inhabitants. In the past there have been urban renewal projects, aimed to improve the liveability. The urban renewal in urban neighbourhoods is known as gentrification. Gentrification could have both negative and positive impacts; we will point this out in chapter 2.

Following the problems of student housing, the research question is: 'How could the stakeholders of the student housing market contribute to the liveability through studentification in the municipality of Groningen.' This question is derived from the following sub questions: (1) Is there a relation between the studentification and the liveability in the municipality of Groningen?, (2) What are the negative effects on the liveability of neighbourhoods in the municipality of Groningen due to the realisation of student housing?, (3) What is the role of the stakeholders of the student housing market in the municipality of Groningen?

1.3. Earlier Research

In other countries the phenomenon of growing student populations in cities its related issues is called studentification. Particularly in the United Kingdom and in South Africa the studentification process is studied. In the Netherlands, there has not been much research.

Chrisafis (2000) discussed the negative factors of studentification in Leeds, United Kingdom. The housing prices rose, which knocked first-time buyers out of the housing market in some neighbourhoods. Another negative result of studentification was the shortage of children in the studentified neighbourhoods, which resulted in the closure of schools. Ackermann and Visser (2016) explained the original situation in Bloemfontein, South Africa. First, the students all lived together at the university campus. However, due to the student growth, not all students could find a place to live on the campus itself. As a result of the student housing shortage, students of the university of Bloemfontein had to find places to live in surrounding neighbourhoods. Ackermann and Visser (2016) argued, as well as earlier mentioned studies, that there were significant economic impacts related to the studentification. However, these economic impacts are not necessarily positive for the neighbourhoods, as capital flowed to other parts of the city and even outside the region. In Bloemfontein, there was no sign that studentification might be leading to gentrification (i.e. a process of renovation and revival of deteriorated urban neighbourhoods by means of affluent residents). The study even stated that these neighbourhoods had become far less desirable to the general population of Bloemfontein. They concluded that there were issues regarding student housing regulations by governments. Donaldson et al. (2014) supported in their study that the shortage of student housing on campus originally caused

the studentification problem in Bloemfontein. Donaldson et al. (2014) witnessed the same pattern as Bloemfontein in Stellenbosch. In Cape Town the same pattern has been witnessed (Ordor et al., 2010) which indicated that the problem of studentification is not a problem of only few cities.

1.4. Structure

The following chapter will explain the theoretical framework and the main subjects of this thesis. In the theoretical framework literature is used to explain gentrification, studentification, the positive and negative effects on liveability, and other aspects of gentrification and studentification. Also discussed are studies regarding the phenomenon of studentification. Lastly, the conceptual model is explained.

In the third chapter, the methodology of the thesis is discussed, such as how and why the data is collected. In the fourth chapter, the data is analysed and sets out the results using the theoretical framework. In the last chapter, the research conclusion and policy recommendations are discussed. Also the reflection on the used methods and quality of the research is given.

2. Theoretical Framework

In this section, gentrification and liveability and studentification is discussed based on existing literature.

2.1. Gentrification and Liveability

When a lot of students are looking for and already living in student houses in big cities, negative effects of the student population are present. Negative effects of student housing have effects on the liveability in neighbourhoods. The rehabilitation of neighbourhoods with poor liveability is called gentrification. The term gentrification has more than one definition, which makes it often hard to understand whether events have something to do with gentrification or not. In order to clarify the definition of gentrification used in this study, gentrification in general is first discussed.

In the past, urban renewal has been seen as a purely physical restructuring of cities. However, it is also important to look to other factors in the cities to really understand gentrification. This is difficult, since the goals of urban renewal are not clear and straightforward and physical changes are the easiest to create and to spot (Bailey & Robertson, 1997). This has to do with the gentrification paradigm, described by Bailey and Robertson (1997). This paradigm describes that when investments are done in parts of the city that are not a popular place to live (e.g. low income) compared to the rest of the city, the unpopular part of the city will become more popular for middle- and even high-class inhabitants. This means that the prices of the housing in the invested parts of the city will rise and that the low-income inhabitants will not be able to live there anymore, since they cannot afford it. The definition of this type of gentrification is: "Gentrification is the rehabilitation of deteriorated, disinvested and low-income housing by middle class outsiders in central cities" (Lees et al., 2008; Ley, 1996). It is thus not difficult to conclude that the middle class outsiders will push out the low-income inhabitants through rising housing prices when investments are made.

Atkinson (2004) stated that gentrification has both positive and negative impacts (see Table 1) and that research regarding the positive effects of gentrification is sparser than research regarding the negative effects. Furthermore, Shaw and Hagemans (2015) questioned the positive effects of gentrification. According to their study, the social mix benefits were inferior to the decreasing sense of place due to gentrification. However, they

introduced a different way to reduce the negative effects of gentrification, through secure housing. They proposed that the neighbourhoods where low-income families stay during the gentrification process actually benefits the most. This is the result of the de-concentration of poverty or a relative increase in the social class of the population (Kennedy and Leonard, 2001). However, de-concentration means that parts of the population have moved to other parts of cities, which leads to a loss of sense of place for a part of the low-income population. This outcome is partly achieved in the United Kingdom by housing grants and state-sponsored gentrification (Hamnett, 1973). Following the reasoning above, it would be hard to conclude whether gentrification has more positive or more negative effects. Insight in the difficulties to define gentrification as merely positive or negative is shown in Table 1.

Table 1. Summary of Neighbourhood Impacts of Gentrification (derived from Atkinson, 2004)

Positive	Negative
Stabilization of declining areas	Community resentment and conflict
Increased property values	Loss of affordable housing
Reduced vacancy rates	Unsustainable speculative property price increases
	Homelessness
Increased local fiscal revenues	Greater draw on local spending through lobbying by middle-class groups
Encouragement and increased viability of further development	Commercial/industrial displacement
Reduction of suburban sprawl	Increased cost and changes to local services
Increased social mix	Loss of social diversity (from socially disparate to affluent ghettos)
Decreased crime	Increased crime
Rehabilitation of property both with and without state sponsorship	Under-occupancy and population loss to gentrified areas
	Displacement through rent/price increases
	Displacement and housing demand pressures on surrounding poor areas
	Secondary psychological costs of displacement

In this study, the focus of gentrification is on the positive effects of gentrification. Namely, we focused on the social mix benefits due to adding students, and not the middle-income households. Besides, focussed is on how to add value in terms of liveability, not in terms of housing prices, by reducing the negative effects. Our definition of gentrification is thus: Gentrification is the revaluation of certain neighbourhoods. Gentrification has some positive impacts, and one of the most important is improved liveability (in neighbourhoods).

Liveability, as similar to gentrification, is hard to define. In order to understand the term liveability used in this study, the definition must be clear. Below are two examples that we used to create our definition of liveability:

“Liveable communities are places where transportation, housing, and commercial development investments have been coordinated so that people have access to adequate, affordable, and environmentally sustainable travel options.” (USDOT Strategic Plan, 2010)

“A liveable community is one that has affordable and appropriate housing, supportive community features and services, and adequate mobility options, which together facilitate personal independence and the engagement of residents in civic and social life.” (American Association of Retired Persons, 2005)

Liveability is defined as being related to the environmental and social prosperity. We created a broad definition of liveability on purpose, in order to incorporate all the aspects of liveability.

2.2. Studentification

A second term of importance to this research study is studentification. Smith (2004) defined studentification as: “Studentification is the process that generates from residential concentration of higher education students and accompanied by spatial structure transformations which had social, economic, cultural, and physical impacts in districts enclaves of university campuses or higher education institutes.” This means that students

tend to concentrate around each other and around the university or other higher education institutes.

Studentification has social, economic, cultural, and physical impact on the parts of cities where it takes place (Sabri and Ludin, 2009). The following sections are derived from Sabri and Ludin (2009), unless otherwise stated.

First, studentification has social impacts. Students who live in studentified areas caused transformation in the population composition and the population balance. But the rising housing prices and the loss of amenity make it easier for non-students to consider leaving the studentified areas. Next to this, the loss of services (e.g. schools) make the emigration question easier and can have effects on failure of social networks.

Secondly, studentification has economic impacts. Studentification involves the rising housing prices and the seasonal demand for houses turns the economy to a seasonal market. The seasonal market will have effects on the available jobs, which will become seasonal or part-time. This insecurity of work can result in high insurance rates on property, contents, and vehicles.

The third impact of studentification is the cultural impacts. Often the presence of students brings 'dynamism' to the area. However, this has consequences such as extra noise. Furthermore, the presence of a large group of young people brings a 'pub-culture', which can turn the economy in a 'night-time economy', which can lead to nuisance for surrounding inhabitants. The nuisance in Groningen due to the high population of students was already discussed in the introduction. However the Groningen example is just one of many. The need for the presence of older people in the studentified areas to keep these area's alive cannot be provided, since they do not want to live in these areas.

At last, studentification has impacts on the physical state of cities because, no property, such as houses, shops, and offices, is immune for studentification. Every building is likely going to have a conversion. Buildings of good quality could be vandalized by poor quality dorm additions, basement conversions, and outward extensions. The gardens of students houses will be left to run wild, razed to the ground, or will be tiled. Not only the houses of the students are changed, also the surrounding could have visible transformations. Due to the lack of students' sense of belonging, there will be litter and large-scale waste strewn over the streets (Smith, 2004).

2.4. Conceptual Research Model

The conceptual research model (Figure 2) is conducted via the literature about the student housing market. First, an investor (e.g. housing corporation, private investor) is needed in order to invest in housing for students. However, investors can not built before they meet the rules of the municipality of Groningen. The municipality of Groningen has the power to regulate the student housing market. If the of Groningen and the investor reach an agreement, new student housing can be realised. When new student housing is built, a wide range of impacts occur. Social, economic, cultural and physical impacts are the result of student housing. In this study we will try to find out how those impacts can be positive, so the impacts can be the trigger a better liveability.

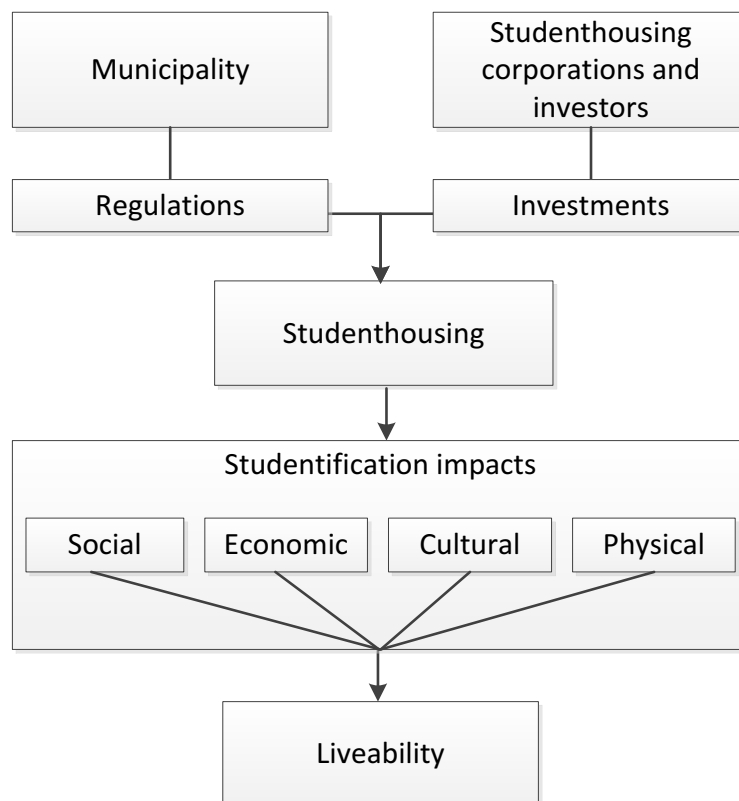


Figure 2. Conceptual Research Model

3. Methodology

In this section the choice of research methods used in this study will be described. At first the case of the city of Groningen will be explained, then the research methods and finally the ethical issues.

3.1. Case: The Student Housing Market in the City of Groningen

A case study is performed in order to answer the research question ‘How could the stakeholders of the student housing market affect the liveability through studentification in the municipality of Groningen.’ In the case study, the focus is on minor changes and improvements on the liveability when student housing is realised in a neighbourhood. To do so, we examined the local parties that are active on the student housing market in Groningen and municipalities that introduce initiatives to improve the liveability.

To select the city of Groningen as a case study, documents were used to strengthen the choice for the city of Groningen as a case study subject. The usage of secondary data can be useful to compare different themes and in this research different cities. For instance, we used the report of OIS Amsterdam (2015) to argue about the choice for the city of Groningen over a city like Amsterdam. Reports of the municipality of Groningen (Onderzoek en Statistiek Groningen, 2015) have been used as well as studies of local research firms about the nuisance in Groningen (Intraval, 2013; 2015).

The city of Groningen has a population over 200.000 inhabitants from which are about 35.000 are students (Onderzoek en Statistiek Groningen, 2015). In comparison, the city with the largest student population (i.e. Amsterdam) has almost 55.000 students living in the city of a total population of just over 800.000. It can therefore be concluded that the city of Groningen has a higher percentage of students compared to the total inhabitants. It can therefore be expected that Groningen has more problems with the student housing (OIS Amsterdam, 2015).

To determine the neighbourhoods with lower liveability, the municipality of Groningen is constantly measuring the liveability in the different parts of the city. The municipality of Groningen publishes the results in the ‘Neighbourhood compass’ (freely translated from the Dutch: het Wijkkompas). Every neighbourhood has an own compass. An example of a neighbourhood compass is given in Figure 3. The compass of Selwerd is a graphical representation of the liveability in the neighbourhoods of the city of Groningen.

The main subjects of the compass are social economic, physical environment, social environment, and population. The main subjects are then divided into three parts, which all have again three sub topics. We will not use the man subject population, since the population in terms of relocation, audience, and age are not important in relation to the other subjects and liveability. The other main subjects do have some similarities with the

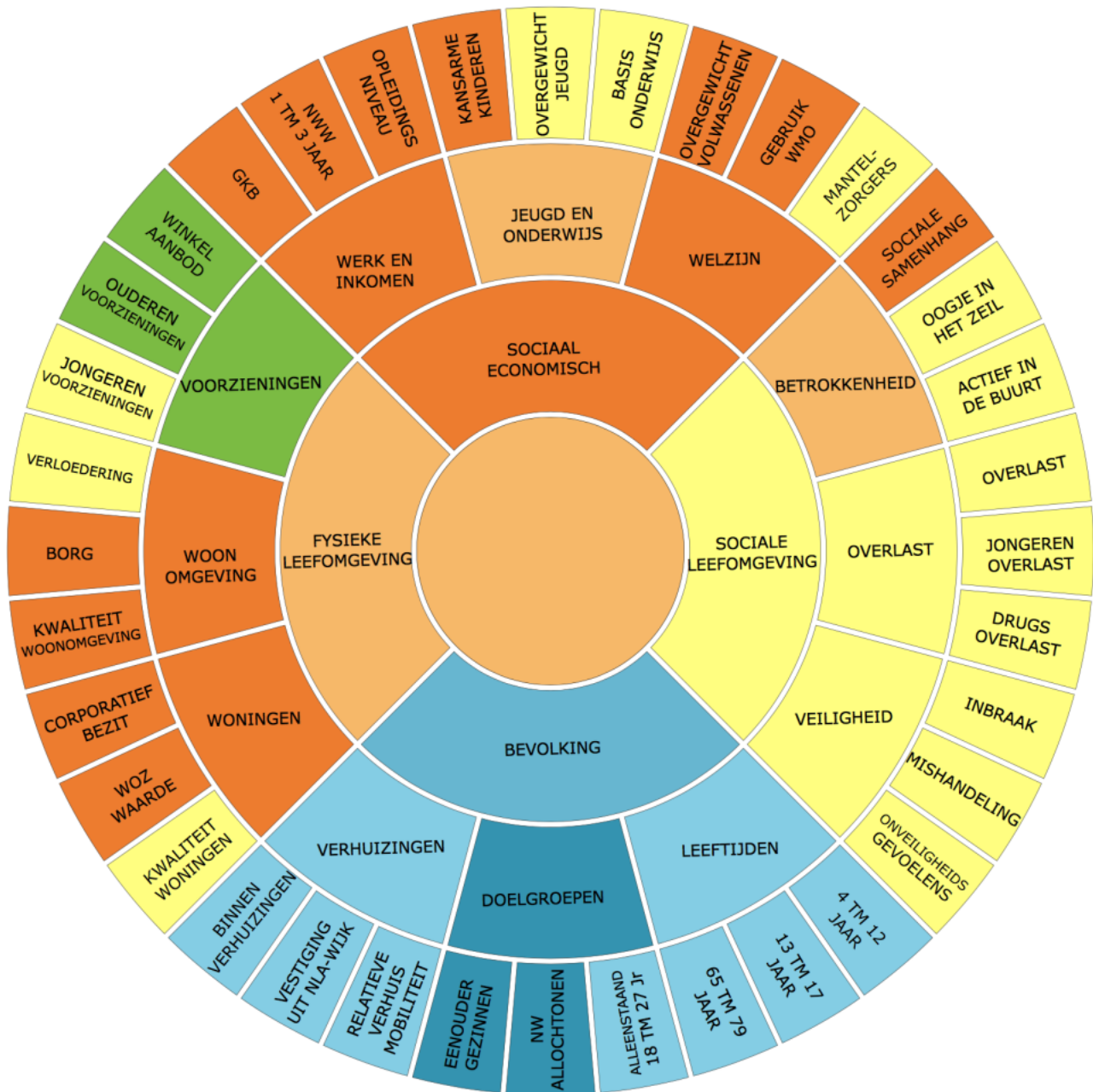


Figure 3. The neighbourhood compass of Selwerd, Groningen (Onderzoek en Statistiek Groningen, 2015).

Note. Because the neighbourhood compass is only available in Dutch, the used translations for the four main subjects are: sociaal economisch = social economic, fysieke leefomgeving = physical environment, sociale leefomgeving = social environment, bevolking = population

impacts mentioned in the definition of studentification. As earlier mentioned, studentification has four different impacts, namely social, economic, cultural, and physical impacts (Sabri and Ludin, 2009). These four impacts are also depicted in the neighbourhood compass. The social impact of studentification can be linked to the social and economic environment scores on the compass. The economic impact can be linked to social economic; cultural impact to physical environment; and physical impact to the physical and social environment.

In the compass, the municipality of Groningen provided scores to all of the 27 relevant subjects in the compass. The scores are used in ArcMap, to give an idea how the low-scoring neighbourhoods are spatially located. In Figure 4, the total score of all neighbourhoods in Groningen is depicted (the score per main subject per neighbourhood can be found in the appendix. Adding all three subjects per neighbourhood together to create one score creates the overall map. All subjects have the same weight in this addition.

Vinkhuizen, Paddepoel, Selwerd, De Hoogte, Indische buurt, and Oosterparkwijk have the lowest overall score. Therefore, these neighbourhoods have the lowest liveability according to the compass of the municipality of Groningen. Next to this, a certain pattern can be extracted from the map. Namely, the neighbourhoods north of the city centre have the lowest overall scores. Spatially, the areas north of the city centre are a good fit for student housing, since the Zernike Campus is located in the northwest of Groningen and the city centre in the middle.

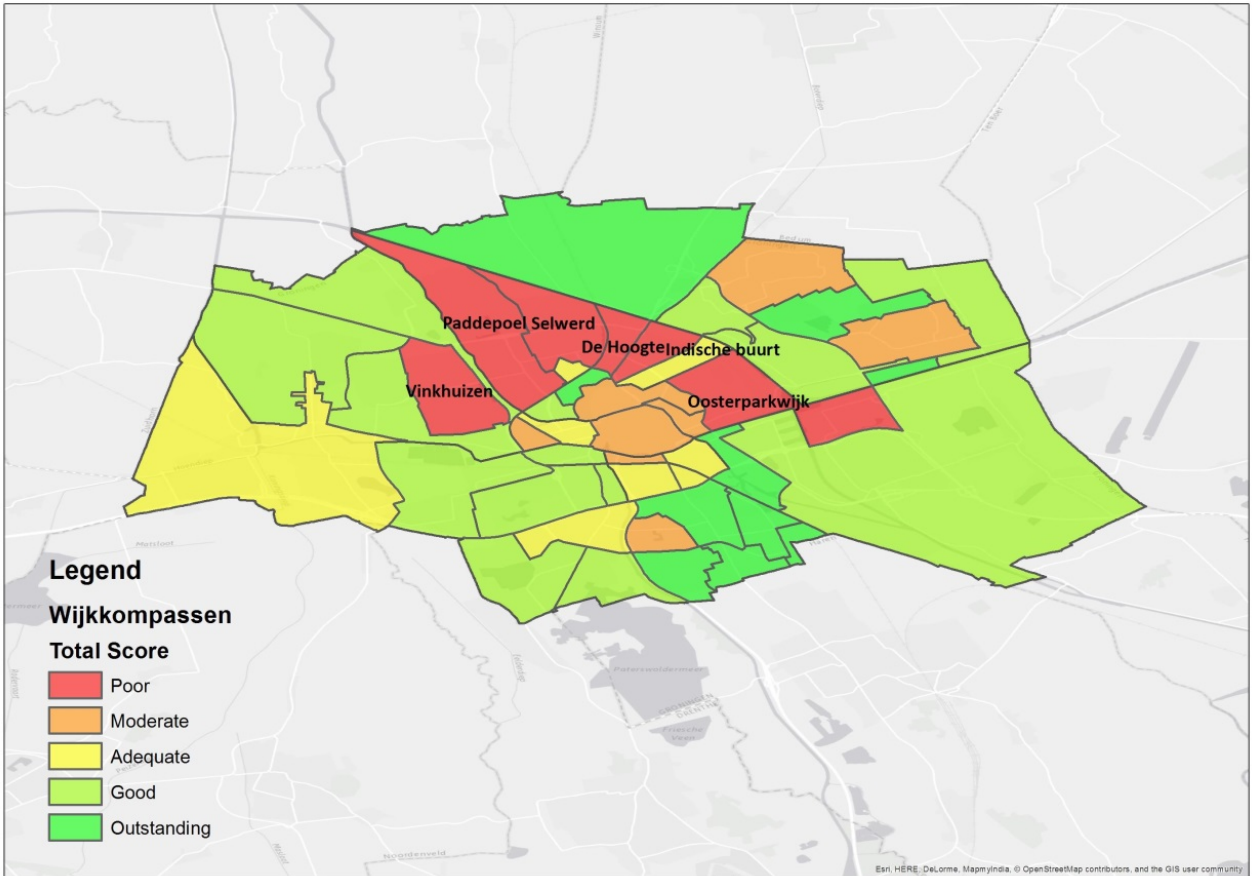


Figure 4. Total outcome of the neighbourhood compass analysis, 2015 (Source: Author’s own production on the basis of data from Onderzoek en Statistiek Groningen, Openstreetmap, and ESRI)

3.2. Interviews

The second data collection instrument was semi-structured interviews. Semi-structured interviews are primary and qualitative data. Interviews are generally used to create insights in the way of thinking of the interviewed (Dunn, 2010; Longhurst, 2010). Dunn stated that interviewing is the best way to gain information about opinions and experiences. Namely, in interviews direct and complete answers can be given and be further explained directly to gain even more information.

In this study, it was vital to get insight in the way of thinking of the parties controlling the student housing market in Groningen and the regulation of it. Interviews with the different parties involved were therefore the best way to obtain knowledge about all of the relevant factors. As the conceptual model already showed, the most important parties on the student housing market in Groningen were the (student) housing corporations and investors and governmental institutions, like the municipality of Groningen. The biggest student housing corporations and the municipality of Groningen were interviewed.

First, an expert of the real estate development of Nijestee is interviewed, which is a housing corporation active on different parts of the housing market in the province of Groningen, as well as in the city itself. The first interview took place at the head office of Nijestee in Groningen. The person interviewed was considered an expert on the subject of the student housing market. It is for this reason that the interview can be considered as a high quality interview.

Nijestee possesses more than 13 thousand houses, of which just over 2000 properties are only rentable by students. However, they do not distinguish between students and other youth, since 90% of the youth that rents by Nijestee is a student. One problem is that when students rent by Nijestee, they do not all end up in the student housing market and it is therefore hard to give an exact number of all the students in their properties.

For our second interview, another housing corporation in Groningen named Lefier is interviewed. This interview took place at the headquarters of Lefier in Groningen and was done with two employees of Lefier. One of the employees interviewed was the asset manager of the real estate property; the other was the expert of the social division of housing. Like Nijestee, Lefier is also active on different aspects of the real estate market in

the city and province of Groningen. Lefier possess and develops real estate for students. Since both interviewed employee's work as managers in the corporation, the interview can be considered as high quality.

The third interview took place with another party on the student housing market, the municipality of Groningen. The interview took place at the department of spatial planning and economic affairs of the municipality of Groningen. The respondent was policy adviser at the housing department of the municipality of Groningen. Since the respondent has the youth housing section in his portfolio, this interview can also be considered as high quality. The municipality of Groningen plays a major role on the student housing market; it has the ability to intervene on the student housing market. The municipality of Groningen can pressurize the housing market through rules and other forms of regulations.

Before the interviews took place, an interview guide is made to make sure all the needed information for this study could be obtained. All of the interviews were recorded with a voice recorder, which all of the respondents agreed with. After the interviews, the interviews are transcribed in order to analyse them to identify interesting similarities or differences between the interviews. The analyses of the interviews were used to find answers on the sub research questions.

3.3. Ethics

All interviews were performed at the location of the respondent. This is chosen to do so to minimize the distance between the interviewer and the respondent because the location is familiar for the respondent (O'Leary, 2010).

To conduct a proper interview, it is important to gain an understanding between the interviewer and the person being interviewed (Dunn, 2010). To create this understanding, it is important to take possible ethical issues into account. An important ethical issue is the anonymity of the respondent, which can be protected by handling information given by the respondent confidential (Longhurst, 2010). Next to this, the power ratio between the interviewer and the interviewee is also an important factor to take into account. Namely, the respondents are an important factor for the research and you thus have to treat them that way.

In the interviews, made sure is that everything the respondent said was confidential by asking the respondent the same first question: 'Do you mind if I record the interview, in

order to analyse it later?' Besides, the respondents' answers were anonymously processed in the study and that the answers given by the respondent during the interview were changed if the respondent indicated he wanted that.

4. Results

In order to accommodate the growing student population, there has to be invested in student housing. Private investors and housing corporations are the stakeholders on the investments side; the municipality of Groningen is the stakeholder on the regulation side of the student housing market. These investments will have impacts not only on the housing market, but also on the environment and physical appearance of the city through realising new housing. Next to this, investments in housing will also impact social, cultural, and economic fields (i.e. the impacts of studentification).

4.1 Studentification and Liveability

Studentification has certain effects on the liveability according the theory. And also in the conceptual model it is given that there is a connection between the liveability and studentification. In the interviews with different stakeholders the same pattern has come forward. The municipality of Groningen and the interviewed corporations used the Schildersbuurt as example.

The Schildersbuurt is a neighbourhood in the centre of the municipality of Groningen. According to Nijestee (Interview, 2016) 70 to 80% of the inhabitants are student, this makes the Schildersbuurt the most studentified neighbourhood in the municipality of Groningen. While almost all the housing stock in the Schildersbuurt is made for families to live in, rent in some streets students more than 50% of the houses. This results in nuisances (e.g. students become more active later on the day and make more noise in the evening and night) for the neighbourhoods. The municipality of Groningen, Lefier and Nijestee conclude that nuisances caused by the student population are not positive for the liveability. Families could move out due to the nuisances, which makes it possible for landlords to buy more houses and rent them to students. This could make the problem even worse. It has come clear that the municipality of Groningen could not stop the growth in the Schildersbuurt for years, due to the lack of rules and regulations.

According to the interviews private landlords and student-renters do not have as much affection with the neighbourhood as families would have, which results in more negative impacts on the liveability in the Schildersbuurt due to studentification. In general, the high percentage of students living in the Schildersbuurt results in problems in the neighbourhoods. Lefier, Nijestee and the municipality of Groningen recognize this problem.

“We (the municipality) are looking for a way to make the population in the Schildersbuurt more balanced. But we also think about if it is just for a neighbourhood like the Schildersbuurt, is the liveability in the Schildersbuurt so bad that the municipality has to intervene? (Interview municipality of Groningen, 2016)

In order to answer the question of the municipality of Groningen, the earlier introduced neighbourhood compass could help is out. The compass of the Schildersbuurt points out that the Schildersbuurt has one of the lowest scores of all the neighbourhoods in the municipality of Groningen on the social environment section on the compass (Onderzoek en Statistiek Groningen, 2014a). This could be the result of nuisance in the neighbourhood, since nuisance is one of the components of the social environment section.

4.2 Stakeholders’ role and intentions regards studentification

4.2.1 The Municipality

The municipality of Groningen has tried for years to regulate the student housing market. For years the municipality of Groningen has tried to bring back the student population in among other neighbourhoods, the Schildersbuurt. Due to the high revenues of the investments in student housing landlords found ways to buy and rent more housing to students, even when the municipality of Groningen did not want to. However it succeeded to stop the student housing growth last year, the municipality of Groningen has a task to bring back the amount of students in studentified neighbourhoods.

*“It is not possible that an investor can enter here and does whatever he wants”
(Interview municipality of Groningen, 2016)*

Unfortunately, the municipality of Groningen was too late with the regulations to prevent the Schildersbuurt from studentification. Now the market is regulated, the municipality of Groningen is trying to bring back the equal social mix in the neighbourhoods with relative a high student population. To do so, big gentrification

projects have been started in the municipality of Groningen. The gentrification project of Paddepoel in Groningen is an example of the new standard for student housing the municipality of Groningen has.

“We facilitate investments in student housing through our policies. Our policies point out where new student housing is possible. Also, we point out what other conditions there are needed for building houses. Those conditions contain, among other things, standards for quality, sustainability, and flexibility”

(Interview municipality of Groningen, 2016).

In short, the municipality of Groningen has a policy, which prevent the wild grow of student housing in the city in order to prevent the neighbourhoods from studentification.

4.2.1 The Corporations

The corporations have been great stakeholders on the student housing market in the municipality of Groningen. The corporations realised a great share of the entire student housing in the municipality of Groningen. The task of corporations on the student housing market is tot serve the market. Since they do not make profits, the corporations could realise high quality housing for relative low pricing. But when the financial crisis started their task changed. Before the financial crises the student housing corporations had the task to built sufficient housing for students. During the financial crises, the corporations could not compete with other investors.

“During times of financial crises, you would expect that the housing corporations get to work. However, due to state measures of minister Blok (Ministry of Housing and the Central Government sector) this was no longer possible. Other parties had to jump in” (Interview municipality of Groningen, 2016).

The recession had impact on the housing market, new rules applied for corporations. Housing corporations had to pay a part of the housing allowance of their properties, while other investors also had to pay a part of the housing allowance if they possessed more than 3 student houses. However they divided their properties and used multiple companies to remain under that maximum housing limit, to avoid payments. For housing corporations

this was not possible, because housing corporations have to do with many rules of the government. Both Lefier and Nijestee stated that this decision has been very important for the student housing market. Projects had to be rejected by the housing corporations and new investors took the place of the corporations. Private investors did not have many rules regarding the studentification.

4.2.3 The Private Investors

During the recession the need for student housing remained big. Housing corporations could not keep up with the pace of the growing student population in Groningen. This became a great opportunity for private investors, since there were not many rules to follow regarding student housing. Lefier, Nijestee and the municipality of Groningen stated that the returns of student housing are relative high. For private investors the student housing market was therefore an interesting market. CBRE (2015), ABF Research (2015) and the Ministry of Education, Culture and Science also forecast the number of students still to grow, as can be seen in Figure 5. By now the student housing market is regulated by the municipality of Groningen but private investors will always try to find new ways to expand their properties due to the high returns. The municipality of Groningen will have to find a way to bring back the amount of students living in studentified areas but it will be hard to bring back the amount of students living in studentified areas because the high returns private investors receive for their housing.

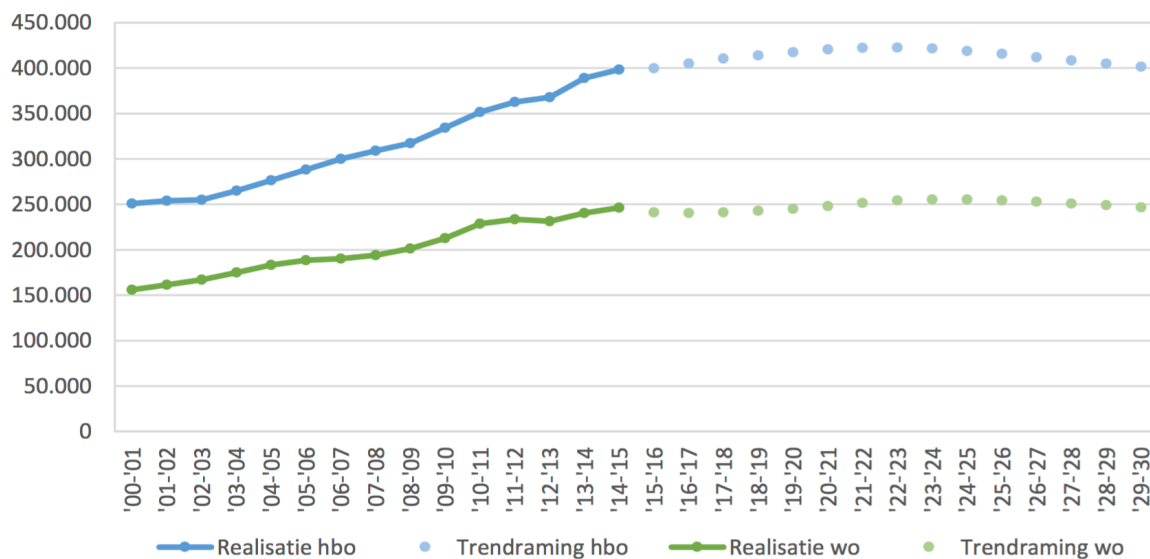


Figure 5. The development of the amount full-time students in higher education, by type of education (Referentieraming ministry of EC&S, 2015, via ABF Research, 2015).

4.3 Stakeholders' role and intentions regards liveability

4.3.1 The Municipality

The municipality of Groningen has the role to ensure a standard level of liveability in the city of Groningen. Studentification has impacts on the liveability in the neighbourhoods. On the one hand the municipality of Groningen tries to cut the percentage of student in some neighbourhoods (i.e. Vinkhuizen, Schildersbuurt, and Centrum). Trough cutting the percentage of students and regulate the student housing market, the municipality of Groningen tries to improve the liveability. In order to do so, it launched a programme: the BouwJong programme. BouwJong is a programme about student housing in the municipality of Groningen. In this program the municipality of Groningen has pointed out where it is allowed for investor to realise new student housing and where it is not. This programme is made to both improve liveability in the municipality of Groningen and built more student housing to keep up with the growing demand of student housing.

The student housing market has to be regulated otherwise there could be a wild-growth of student housing that leads to negative studentification impacts. The municipality

of Groningen has always tried to regulate the student housing market in order to ensure the liveability.

To improve the liveability in neighbourhoods the municipality of Groningen has started with major gentrification projects. Paddepoel in Groningen is an example of the gentrification process in order to improve the liveability. The student housing in Paddepoel is the new standard for student housing in Groningen. The student housing complexes in Paddepoel are built along side main roads to prevent the neighbourhoods of nuisance made by students at night.

Further more, the municipality of Groningen has multiple programmes to improve liveability of the studentified neighbourhoods and to decrease nuisance. 'Leven in de stad' (Living in the city) is an example of one of those programs, which focuses on the social cohesion of students and other inhabitants living in the city. Students and other inhabitants can send plans to improve the social cohesion and liveability to the municipality of Groningen. When the plan is considered as good for the social cohesion and liveability, money is available to make it happen. 'Leven in de stad' is not the only program that the municipality of Groningen has started. It has also started with making blogs about the collaboration projects between students and other inhabitants, and other projects in cooperation with the Hanze University of Applied sciences (Interview municipality of Groningen, 2016). The overall aim of the programmes of the municipality of Groningen is trying to bring the students of Groningen closer to other inhabitants. Programmes that focus on the social cohesion can eliminate the negative social impact of studentification.

At last, the measuring of impacts of certain decisions is a task of the municipality of Groningen.

"It is important to look at neighbourhoods and find out if the goals set in cooperation with the inhabitants are actually reached. Citizen participation is important. We cannot force them (the investors) by law"
(Interview municipality of Groningen, 2016).

As quoted, the municipality of Groningen checks if goals concerning the liveability are reached. But because they do not have the rights to force investors to keep the improvement of the liveability in mind, it is important for the municipality of Groningen to

maintain close contact with the investors. The municipality of Groningen do impose pressure on developers and investors to make sure that they keep their commitments. If the new student housing is realised, the main focus of the research done by the municipality Groningen is not about a single housing complex anymore, but it shifts its focus to the neighbourhood around the building.

4.3.2 The Corporations

Corporations are always looking in to new opportunities to improve the liveability around their possession. Corporations are different compared with private investors because corporations serve the market. In the first place they do not invest in new student housing for their own success. To do so, housing corporations have own departments that focus on the liveability in and around their property. Both Lefier and Nijestee find it important to look in to opportunities to improve the liveability.

“We are a part of the process which could lead to better liveability. Because we, and the residents together are looking from the real estate side and from the social side to certain neighbourhoods to point out how the neighbourhood composition should be. Because when a neighbourhood only consists of students of only consists social housing, the nuisance will only grow, therefore we are always looking for a certain balance” (Interview Lefier, 2016).

So, Lefier states that a social mix is important for the liveability of a neighbourhood and also Nijestee had quite the same view on the topic:

“We are thoughtful about the matter if student housing is a good fit in the neighbourhood” (Interview Nijestee, 2016).

Nijestee and Lefier both recognised the same problems of student housing. The biggest problem according to them was the difference between day-to-day life of the students and of the families. Nijestee stated that it does not necessarily have to be a big problem, but it is important to keep it in mind. A solution to reduce the noise nuisance is to build student housing close to a main road, so students do not have to bike through

neighbourhoods anymore. In short, corporations make concessions, between profits and liveability in the process before investing in student housing.

“In the end, the only thing that matters is the combined outcome, and to give a meaning to that outcome. That is the added value of corporations. Investors can built the houses even when the total outcome is not positive” (Interview Nijestee, 2016).

Also, after the realisation of student housing projects, housing corporations remain involved. Not only with a concierge to minimize the nuisances like waste, but also in the social cohesion between the renters of their property and the inhabitants of the neighbourhood.

Lefier want to improve the social cohesion in neighbourhoods where they have properties. Special teams are made to do the maintenance and management of the properties in gentrified areas. This is all for the aim to improve the liveability.

“The maintenance and management are elements of the investment plan. The goal is restrict the negative impacts and to reveal the positive impacts as much as possible” (Interview Lefier, 2016).

A positive impact of students living in the neighbourhood is, for example, a weekly meeting with elderly living in the same neighbourhood. This could lead to a better understanding between each other. According to the interviews with Lefier and Nijestee the housing corporations are interested in organising programmes. However, the government has restricted the possibility for housing corporations to invest in such programmes to improve liveability in neighbourhoods. Corporations can only invest in certain programmes if it will improve the liveability of their direct renters. So, despite the good will of the housing corporations they cannot initiate new programmes to improve the liveability. In short, only the municipality of Groningen has the ability to initiate programmes to improve liveability.

4.3.3 The Private Investors

Student-housing investors are always looking for new property to make money. This is the result of the returns on the student housing market. The student housing market is one of the fastest growing markets in the Netherlands (Savills, 2016). The private investors have always been looking for holes in the rules and regulation. And when they find holes, the private investors will use them. For example, when the municipality of Groningen restricted the realisation of new properties, investors built new student rooms above their properties because the municipality of Groningen did not made rules for this. It has taken time for the municipality of Groningen to close all the holes in the student housing market regulations. By now, it is not possible to built new student housing wherever investors want to.

In conclusion, the private investors will, most of the time, not look to how their investments could affect the liveability. The government failed to encourage the housing investors with an eye for liveability (i.e the housing corporations) and discourage the housing investors with an eye for only returns.

4.4 Synthesis findings

Overall, these interviews indicate that the student housing market is a complex market. There are multiple stakeholders with different interests. For the municipality of Groningen the liveability is important, for private investors the returns are important and for corporations both the liveability and the returns are important. In the past the cooperation between stakeholders has not been optimal. Therefore studentification has been a problem in neighbourhoods. With new rules and regulations the municipality of Groningen has tried to bring back the student population to an equal level. This is important because a mix of different social groups, according to the interviews with Lefier and the municipality of Groningen, stimulates the social cohesion and reduces nuisances. However, it is for the municipality of Groningen not possible to bring back the equal mix alone. The municipality Groningen has the difficulty that it does not invest itself. In neighbourhoods in Groningen where is tried to cause gentrification, new student housing is built in the form of complexes. Complexes have fewer nuisances and with the projects of municipalities the social cohesion between different groups of inhabitants could improve. New studies will have to point out if the gentrification projects will be a success.

The housing corporations have the intention to improve the liveability and realise quality student housing. Their difficulty lies in the fact that they have rules in order to be a corporation. Due to rules they lost control of parts of the student housing market since they could not keep up with the private investors. Also on the liveability they have rules to prevent them to invest in projects to improve the liveability, the housing corporations are only allowed to invest money in projects for their own renters and not the whole neighbourhood.

Private investors became very important for the student housing market during the recession. However the improvement of liveability is not their concern. It is important that the municipality of Groningen keeps regulating the student housing market to prevent the cities from negative studentification and lower liveability, like in the cities in South Africa and Leeds.

The findings are summarized in Table 2 per stakeholder.

Table 2. Summary of the findings per major stakeholder.

	Municipality of Groningen	Housing Corporations	Private Housing Investors
Role	Regulate the student housing market	Serve the student housing market	Invest in all profitable housing projects
Projects	Projects to improve the social cohesion between inhabitants in the municipality	Projects only in the properties, outside projects are restricted	No projects to improve social cohesion
Goal Liveability	Maximize the liveability	Improve the Liveability, and happier renters	Improvement of liveability is good for the housing prices. However no money will be spent on the liveability
Goal Student housing	Sufficient housing and optimisation of liveability	Sufficient and high quality housing and minimize nuisances	High profits with low investments

5. Conclusion & Reflection

5.1 Conclusion

From earlier research it has become clear that new student housing is still needed in the municipality of Groningen. Its growing student population brings challenges: a shortage of housing puts pressure on liveability of the neighbourhoods in Groningen. To ensure sufficient liveability the negative impacts of studentification will have to be minimized and the positive impacts maximized. We have learned that the role of municipalities on the student housing market is very important regarding regulations. Because, private investors consider returns on investments more important than the liveability it is the task of the municipality of Groningen to increase the incentive for private investors to focus more on the liveability

Besides, in projects stimulating gentrification and social cohesion the role of the municipality of Groningen is important. To improve the liveability, it plays the most important role.

On the investment side of the student housing market, there are two kinds of parties. First, housing corporations are relative big players on the market. However, the financial crises hit them hard. During the financial crises the housing corporations were not able to finance enough student housing projects to meet the demands for student housing. Therefore private investors were given a chance on the student housing market. The market of student housing gives relative high returns and low investments, which makes it interesting for private parties. Housing corporations serve the market commissioned by the government. Thus, housing corporations do not have to make profits but as a result housing corporations have to focus on the improvement of the liveability. Private investors are however, a task for municipalities to regulate. Since, private investors do not have the motivations to invest in liveability in the municipality of Groningen.

Studentification has negative impacts on 4 different disciplines. However, if the impact of these disciplines could be decreased the liveability probably increases. On the social side, the mix between students and other inhabitants is important to Lefier and the municipality of Groningen. Thus, new student housing should be built in areas with a low percentage of student housing. Also the projects and programmes of the municipality of Groningen are important for the liveability because the social cohesion is encouraged. On

the physical side, the liveability is harder to improve as students living in houses built for families, the chance of nuisances is higher. The mix of students and other inhabitants in neighbourhoods has to be more equal in order to limit the nuisance and improve the liveability. Building new student complexes could be a relative easy means to reduce negative physical impacts. This could result in fewer nuisances of noise, waste and bikes. Thirdly, a better social mix of inhabitants could also reduce the negative economic impact. Current facilities are likely to remain in the neighbourhoods if the neighbourhood has a equal social mix and other inhabitants can also use new facilities focused on students, which could lead to a better liveability. Fourthly, to reduce the negative cultural impact, the social mix is important again. Also the projects of the municipality of Groningen are important to create understanding and better social cohesion between different groups of inhabitants.

In conclusion, student housing can affect the liveability in neighbourhoods in multiple ways. Studentification has impacts on different parts of the liveability. Those impacts are, without the regulations and projects of the municipality of Groningen, often negative. The municipality of Groningen, therefore, has an important role in reducing the negative impacts of studentification. The municipality initiates gentrification in newly built structures or rebuilt areas as it is more easy to avoid the negative impacts of studentification in new built or restructured areas.

5.2 Policy Recommendations

The student housing market has to be regulated by the municipality in Groningen. If the regulations on the student housing market disappear, private investors could invest all projects they can realise, since the market is not yet saturated. So, to avoid the studentification like in Leeds and the South African cities, it is important that municipalities regulate the student housing market and set out strict rules and guidelines for investors.

When the market is regulated, not all the problems will be solved. Namely, it is almost not possible to reach better liveability in studentified areas if students continue to live in overcrowded old family houses with thin walls, since this could lead to nuisance. In older studentified neighbourhoods it is important to create a new balance between students and other inhabitants. As a result new student housing will have to be realised. Complexes with new student housing in gentrified areas could be the new standard. These

complexes will have to be built around popular student routes, so students will not bike through neighbourhoods anymore, which could minimize the noise nuisance during the nights. The flexibility of student housing is also a more important topic to make sure the student housing on the long term is still rentable, which makes it more interesting for investors. Only in neighbourhoods where students are in the minority should be invested in student housing, because a mixed population is important for the social cohesion and thereby, the liveability. It is also important that projects of the municipality of Groningen are realised in cooperation with student housing corporations and the private investors. This could result in a greater success of those projects, in terms of positive studentification and liveability.

At last due to new rules of the government, corporations could not compete anymore with the private investors during the recession. Hence, it could be helpful to start a lobby by the government to give the municipality of Groningen more power to regulate the student housing market in Groningen even better. In Table 3 a summary of the policy recommendations per stakeholder is given.

Stakeholder	Municipality of Groningen	Housing Corporations	Private Investors
Policy recommendation	Keep regulate the market in order to make sure the liveability could improve	For the housing corporations it could be important to serve the market and try to get the same advantages the private investors already have	Private investors could get more returns if they cooperate with the other parties

5.3 Reflection

This study is conducted by doing multiple in depth interviews with different stakeholders on the student housing market. The study sets out the difficulties on the student housing market in Groningen. Groningen is chosen for this study in order to do a precise study. However, since Groningen is the only city used in this study it is yet unclear, how the student housing market in other cities or countries works. Choosing Groningen as the only case study is therefore a strength in terms of the focus of this study, a weakness

because only three interviews have been done. Because only three interviews are conducted the conclusions do not have the full reliability. More interviews in more cities will improve the reliability.

The main subjects of this study are gentrification, and hereby liveability, and studentification, both phenomenon are hard to define. Gentrification and studentification have positive and negative impacts. Furthermore, different studies use different definitions; therefore it is hard to define them in this study as well. In this study we tried to place both terms in a broad perspective, and focus mainly in the positive factors like liveability.

For further research about this topic it could be interesting to question the students and other inhabitants in and around the newly built complexes. This is not possible at this time because the student complexes are being built at the time of writing this study.

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Appendix

Interview guide

Introduction

First of all, thanks for your time. I am Evert Aries, a third year student Social Geography & Urban and Regional Planning. I am doing research into the impacts of student housing on certain neighbourhoods. It is actually about reducing the negative impacts and enhances the positive impacts on the liveability.

Do you mind if I record the conversation?

Your answers will be processed with strict confidentiality.

Subjects:

Gentrification

Studentification

Liveability

Student housing investments

Social Cohesion

The interview:

What is your function in daily life?

What kind of investors are interested in student housing?

Why is it interesting to invest in student housing?

Why are the returns of student housing so high?

In what areas is it interesting to invest in student housing?

Is there a shortage in the student housing market?

What is the role of your employer on the student housing market?

Which parties are involved in the student housing investments business?

Under what kind of conditions do investors investments in student housing?

Does your employer take part in the gentrification in certain neighbourhoods?

With what kind of parties do you have to collaborate to reach goals, like gentrification?

What kind of results do you try to reach concerning gentrification?

What is the role of your employer after the realisation of student housing?

Does your employer look to opportunities to make sure your housing could lead to gentrification?

What kind of role can student housing have on the gentrification of neighbourhoods?

Does your employer measure the expected results after the realisation?

Is there a deadline, attached tot this measure point?

How does your employer communicate with neighbourhoods when you plan new projects?

Do you want to add something to the interview?

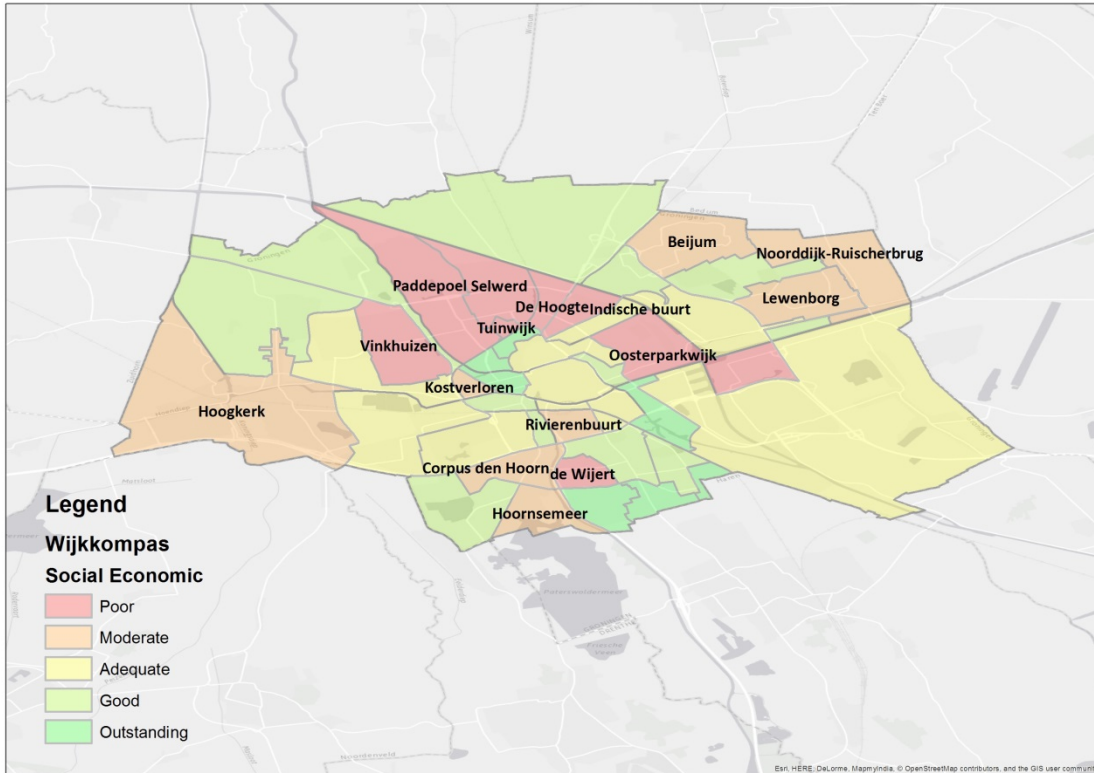
Are you interested in receiving the final result of my thesis?

Thank you for your time.

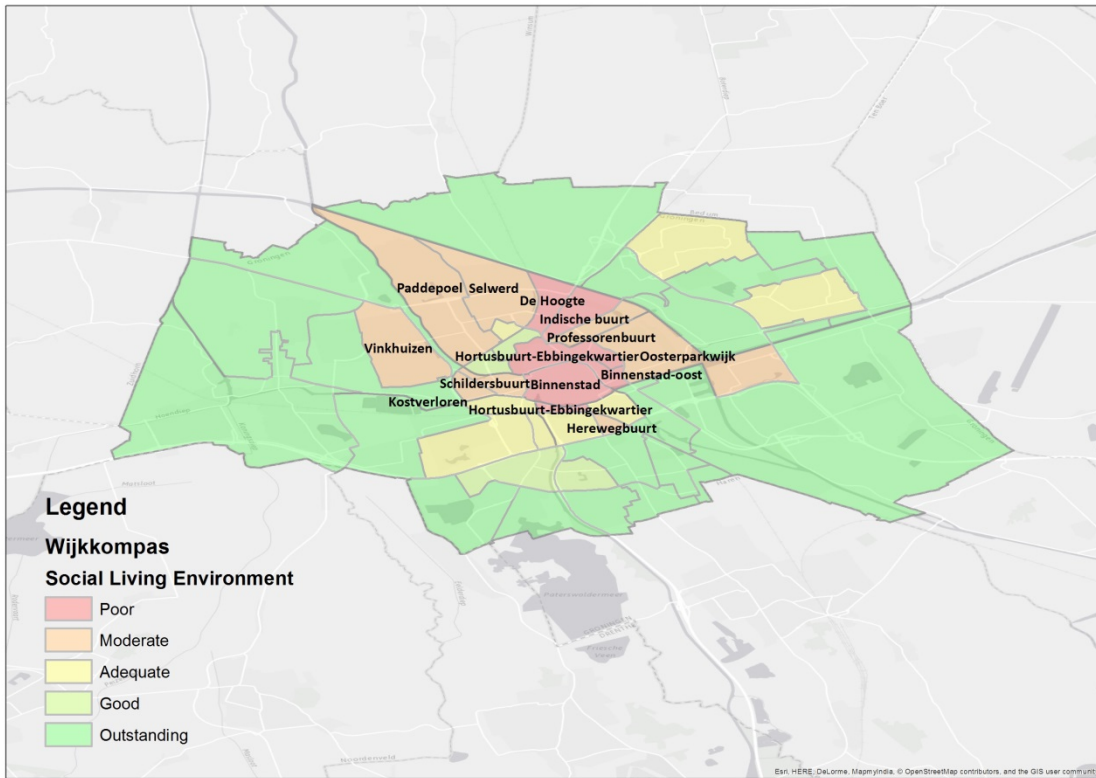
Compass Maps

The following maps are the result of the GIS-analysis of the neighbourhood compass, per main subject: social economic, social environment and physical environment.

Social Economic:



Social Environment:



Physical Environment:

