Sweden and Estonia represent specific types of welfare states before the 1990s (socio-democratic in case of Sweden, and state-controlled in case of Estonia), but now they have both entered a new era of neo-liberal political-institutional arrangement (similarly to many other European countries), leading also to new urban social order. Although welfare state transfers are still important determinants of residential outcomes, housing construction and distribution are now much more market-based in Sweden. From 1990 to 2010, municipally owned public housing diminished from 23% to 18% of the total housing stock, with the sharpest decline in the capital city region. Most tenure conversions (promoting mixed tenure neighbourhoods) have occurred in the biggest cities. Sweden has applied social mix policies and area-based policies to counteract the market processes, yet social mix and spatial integration have rarely been achieved, especially in the long run. Tenure shifts, de-regulation and marketisation processes have been especially marked in Estonia, where the rate of public housing dropped from 64% to 4% during the same period. As a result of these structural changes, urban areas in both countries have seen a marked increase in social disparities and socio-spatial differentiation.

Against this background, the overall objectives of the research were as follows: (i) to examine the dynamics of segregation and segmentation during the last two decades in selected city regions in Estonia and Sweden; (ii) to examine changes in social composition and the residential mobility patterns influencing these changes in urban neighbourhoods; (iii) to estimate the consequences of the prevailing policy paradigms (tenure conversions / area-based policies in Sweden, privatisation / restitution in Estonia) for the neighbourhoods’ compositional changes and residential trajectories. On the basis of findings, practical recommendations were to be established as to how to strike a better balance between attaining social diversity and preventing negative consequences of housing policies.

The research was based on Stockholm (SWE) and Tallinn (EST), with the main focus on inner-city neighbourhoods and housing estates built during the 1960s and 1970s in Sweden and from the 1960s to the early 1990s in Estonia. Longitudinal register data (for SWE) and census data (for EST) were used. The research was carried out in two phases. First, long-term region-wide changes resulting from the
structural changes taking place from 1990 to 2010 were mapped and analysed, using an index-based quantitative approach. Thereafter, indicators-based approach and regression analyses were applied to assess the impact of different mobility flows on neighbourhood change. The results indicate that in both cities the overall low level of socio-spatial segregation had been replaced by medium level segregation by 2010, with the highest and lowest social status categories standing out with the highest differentiation rates. The socio-economic dimension of residential segregation cannot be reduced solely to ethnic reasons (i.e. non-Western vs other groups in case of SWE, and Russian-speaking minorities vs others in case of EST), although there are clear links. Social status is increasingly shaping the constraints and opportunities for households in accessing particular neighbourhoods. In Stockholm children have been slightly worse off than adults as regards their exposure to the poverty neighbourhoods, with ethnic and socio-economic background being important determinants of children living in poverty areas.

The pattern of spatial differentiation also links to housing market segmentation (across tenures and housing types). In case of Stockholm, the new segregation patterns have been shaped by spatially selective tenure conversions. But, the growing spatial divides also relate to the overall increasing socio-economic disparities in both societies. Large housing estates have been most often identified as spots for ethnic concentration and social decline – especially in Stockholm, but increasingly also in Tallinn, whereas suburban low-rise areas have furthermore upgraded. Inner city neighbourhoods have selectively become subject to gentrification processes. As a difference, more ‘hybrid’ patterns were found in Tallinn due to the mix of ‘old’ and ‘new’ segregation patterns (which are often conflicting). As to neighbourhood processes, variegated neighbourhood trajectories were found in inner cities as well as housing estates in both city regions. Such variegated trajectories have been facilitated by policy measures, including spatial differences in tenure conversions in Stockholm, or restitution processes in case of Tallinn. Gentrification processes found in both inner cities were clearly linked to residential mobility processes, especially to the inflow of higher social status groups (less evidence was found on direct displacements). Rejuvenation processes occurred in both inner cities. The ‘hierarchy’ of housing estates appeared to be shaped by many factors – the initial planning and residential structure, the age and quality of construction, location, regeneration initiatives applied. In terms of compositional changes, the effects of residential mobility outweighed those of in situ processes. Historical inertia and continuity also played an important role, especially through the housing structures and historical layers of the cities. Socio-economic segregation is a complex urban issue which needs multifaceted public policy approach. Promoting long-term social mix in rapidly gentrifying areas not to totally deny the access to the more vulnerable and ethnic minorities should be as important policy goal as dealing with the most problematic areas. The link between inner city tenure conversions and gentrification has been quite straightforward in case of Stockholm. Certain parts of both inner cities have seen homogenization processes of high social status instead of social mix. Housing estates play an important role in the housing markets of both cities. Physical restructuring of housing and tenure types in those areas might help to diversify their monotonous look and to balance residential structure. In case of Stockholm, city centre connectivity could also be improved. The living environment in the housing estates should be made more attractive for families. Promoting social networks among local communities would help to build social capital and increase the feeling of security.

The project has substantially added to the existing knowledge on segregation patterns and mechanisms in capital cities, and on understanding neighbourhood processes in terms of flows and driving factors, especially in a comparative perspective. Building on this extensive knowledge it is possible to make good strategic choices on how to tackle segregation, and promote socially sustainable communities in urban neighbourhoods. Only when applying mixed measures, keeping the focus on the whole urban region, can hopefully help to stabilize the downward spiral in some risky neighbourhoods. Throughout the project the results were disseminated to practitioners and discussed with them, and the outputs were also communicated to the wider public which has provoked a considerable debate. Through the dissemination activities also the awareness of Marie Curie Actions was increased.