

# **Direct and Indirect Effects of a Housing Policy on Neighborhoods, Residential Mobility, and Inequality**

## **Abstract**

We analyze a reform in Copenhagen that converted approximately 20,000 public rental units into privately owned properties. We show that the policy attracted more affluent residents not only to the converted housing units but also to other units within the same neighborhoods. However, when expanding the analysis to encompass all neighborhoods in Copenhagen, we find an increase in the disparity between disadvantaged and affluent areas. While the neighborhoods directly impacted by the policy experienced positive development, other low-income neighborhoods saw a growing concentration of disadvantaged residents. These changes to residential patterns translated into changes in local crime rates and affected children's outcomes such as GPA and high-school completion underscoring both the large potential effects of residential segregation and place-based policies but also the importance of assessing policy effects beyond the initially targeted communities.

This paper is joint work with Christian Dustmann and Rasmus Landersø.

**Mikkel Mertz**

**Research economist at The ROCKWOOL Foundation and a  
Research Affiliate at IZA**