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**Affordable housing in the Netherlands: How it started, what  
are the benefits and what are the challenges today**

Sheet 1 - Dutch social housing

Dear ladies and gentlemen. My name is Viviane Regout and I am from the Netherlands. I am honoured to speak to you today about my daily work and the rough outline of the social housing sector in the Netherlands.

Personally, I am not employed in Switzerland but I do visit your beautiful country regularly for a holiday or a visit to friends and family. I find it highly informative to hear from you these days how the Swiss real estate and housing market operate.

In the nineteen nineties I studied at the Real estate and Housing Faculty of the Delft University of Technology. After that I have worked as a project developer at several project developers for many years and I realised several projects in the housing industry, but also offices and shops.

In the past 4 years I have been working as a director at the largest housing association of the Netherlands, Ymere. I am responsible for our real estate portfolio management, asset management, marketing and concept and project development.

After having worked in the commercial real estate sector for many years I now consider it to be particularly valuable to dedicate myself to the social housing sector. And this is certainly not an easy task in these times of more political steering on market forces and the drift to the cities.

Sheet 2 - Content

I would like to explain the rough outline of the social housing sector in the Netherlands to you. The time is too short to do this extensively but I will try to focus on a number of interesting elements in order that you obtain an impression of the functioning of this sector in the Netherlands.

Sheet 3 – 1. Brief history of social housing

A housing association is an organisation that focuses on the building, management and letting of houses (social housing). In the Netherlands the housing association occupies a central role in the social housing sector because the government entrusted the associations with the building of inexpensive houses.

The first housing associations were founded by socially engaged interested parties. They were Amsterdam merchants and industrials who wanted to do something about the bad housing of workers.

In 1994 a considerable number of the associations were privatised, the so-called 'grossing-up operation', ever since they have no longer received loans and subsidies from the national government but they still remained subject to the statutory obligation to provide for good and affordable houses for lower income groups.

At the end of the nineteen nineties the housing associations were allocated considerable responsibility by the government for the functioning of the total housing market in the Netherlands. The tasks of the association were expanded further via an adjustment of the Dutch Housing Law and currently extend to the preservation of the liveability in districts and neighbourhoods as well as more involvement in the management of social real estate. Performance arrangements are agreed on with mu-



municipalities in order to establish what the associations will do locally.

The parliamentary inquiry held in 2014 showed that political circles and society feel that associations need to return to their key task. The building, management and letting of social housing. And that associations need to leave all commercial activities to the market.

#### Sheet 4 – What is social housing?

What are the most important characteristics of social housing?

1. To qualify for social housing you cannot earn more than EUR 35.000 gross per year. Fairly comparable to the Swiss franc, converted approximately CHF 38,000.00.
2. The maximum rent that an association can charge is EUR 711 per month. This amount is linked to a points system in the course of which the level of the rent is determined by the number of points of the house. The location, surface area, presence or absence of outdoor space determine the number of points to an important degree. To give you an idea. The average rent at Ymere is around EUR 450.
3. The houses are owned by the associations and the association is an undertaking under private law.
4. However, the rules of play of the rental policy and the allocation of houses are determined by legislation and regulations. And the government carries out the supervision.

#### Sheet 5 – Key figures

To give an impression of the scope of the sector, a few other key indicators:

1. There are 375 associations in the Netherlands. That is about as many as there are municipalities in the Netherlands. Almost every municipality has its own housing association. The large cities even have multiple associations.
2. The Netherlands has approximately 7.2 million households and a population

1 Housing Act 1901  
Photo: Stadsarchief Amsterdam



of almost 17 million inhabitants. This means an average of 2.4 persons per household. Approximately 30% of the number of houses in the Netherlands has been labelled as social housing.

3. The non-subsidised rented housing sector is small at 10%. This finds its origin in a strong social tradition to realise social housing. And a strong stimulus for the owner-occupied sector due to the mortgage interest tax relief.

#### Sheet 6 – Radical changes since the 90's

From the nineteen nineties a big change occurred in the production-driven building of houses. The government also adjusted its rules of play and other considerable and additional tasks were requested from housing associations.

A list of the most important changes:

- The large housing shortage is over, there are enough houses. A shift occurs to more attention for quality.
- The government stops subsidising building of social housing. The housing associations become owner of the real estate and need to keep up their own trousers.
- The government stimulates owner-occupied housing and it is possible to fully deduct your mortgage interest.
- Housing associations receive many additional tasks. They become project developers. They start producing owner-occupied houses and finance the building of social housing with the proceeds. It is also expected of associations that they start working on projects in the area of liveability, social counselling of the tenants and the realisation of neighbourhood facilities. For instance schools, community centres, a library and even shops.

#### Sheet 7 – Financial frame work social rental sector

The social housing sector in the Netherlands has its own financial structure. The government no longer provides subsidies to housing associations but it is possible to borrow money inexpensively via the sectoral banks.

For investments it is possible to borrow money more inexpensively through the guarantee of the social housing guarantee fund. This is only possible for investments in social housing. All other investments are financed at the regular market rates. The government in turn guarantees the social housing guarantee fund.

At the right side of the diagram it can be seen that the central and local government can also grant subsidies. These subsidies are specifically meant for the restructuring of large post-war districts that often consist of almost 100% social housing and that are now so dated that renovation is an absolute necessity. This is expensive and cannot be done profitable, hence subsidies are required to make this possible.

At the right side of the diagram it can also be seen that the individual tenant can also obtain a subsidy from the government. This subsidy can be granted to tenants who are on a benefit or have such a low income that they cannot pay the rent independently. They are then entitled to housing allowance. The tenant applies for this directly with the government. The association has nothing to do with this.

This system works relatively well. It is safe, reliable and offers certainty. The danger today is that the government has ever fewer resources at its disposal to pay housing allowance to individual tenants. It is expected that the government will heavi-



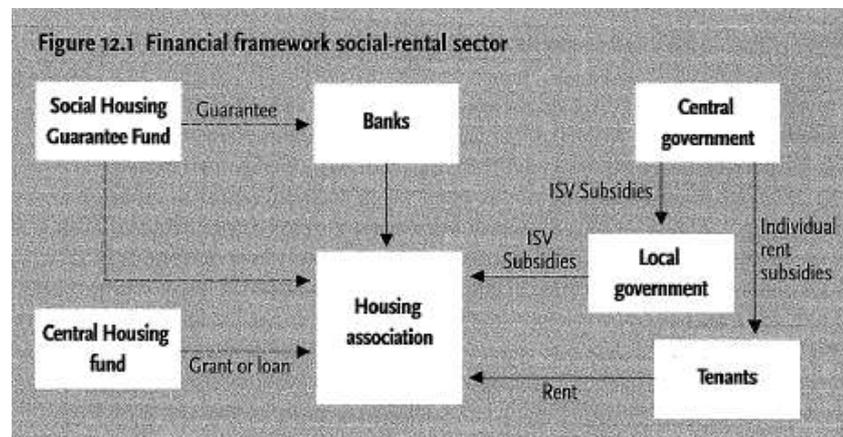
ly rely on the associations for this and they neither have the resources for it. This imminent problem has not been solved yet and will result in ample political and internal discussions in the time to come.

#### Sheet 8 – 2. History Ymere

Areas where the living conditions are not properly in order require an integral approach and a long-term commitment in order to realise the improvement. This asks for an investor who will commit to the improvement of the quality of an area in the long term.

Housing associations were born departing from this objective, like Ymere that started in 1852 as VAK (the Association for the Working Class in Amsterdam) to improve the living conditions of working class families in the Jordaan district in Amsterdam by realising affordable and good houses.

2 Financial framework social-  
rental sector  
Graphic: Ymere



#### Sheet 9 – Figures Ymere

A list of the most important key indicators:

- We let approximately 90,000 houses.
- We have an annual rental income of approximately EUR 550 million per year.
- We invest on a large-scale basis by maintaining our houses, adding new social houses and by carrying our renovation and new developments and liveability projects.
- Like an investor we steer on innovation of our real estate portfolio, however with a social drive.

#### Sheet 10 – Benefits housing associations

What are the most important advantages or added value of housing associations?

What do they contribute to society? In my opinion a number of important things.

- First of all, of course, the basis. Associations provide for good houses for their tenants. One of the most remarkable aspects of social housing in the Netherlands is, I feel, that you can usually not tell from the exterior that it regards social housing. This is based on a drive to realise quality but also the ideology that we are equal and do not want to stigmatise.
- In the crisis years associations made an important contribution to the



housing production. When the commercial project developers and investors failed because the market was bad, associations did continue and made an important contribution to the improvement and enhancement of the housing stock in the Netherlands.

- At the request of municipalities associations also invested in the realisation of collective facilities, like schools, community centres, business premises for starting entrepreneurs. Important facilities for a properly functioning district and liveability in the neighbourhood.
- And associations play an important role in the liveability in a district or neighbourhood or complex level. With concierges the commitment of tenants to their housing complex and neighbours is increased, social activities are organised. There is ample coordination and cooperation with social welfare centres, schools, police to provide the people who need it with the right support. The people of the associations are the eyes and ears of the district and are busy trying to make sure that the living conditions and the safety remain good in a neighbourhood.

#### Sheet 11 - Example Bijlmer

I will now show a number of examples of contributions of associations to society. The first image shows the transformation of the Bijlmer district in Amsterdam. An example of the transformation of a post-war district that was totally aged and run-down. From 1990 associations started working on this on a large scale in order to tackle the area. It consisted for almost 100% of social housing and it was the place where immigrants from Suriname, the Antilles and later Turkey and Morocco lived. Thousands of houses were demolished. Better new houses were built. Meanwhile the transformation has almost been completed, more than half consists of owner-occupied houses and the safety and look and feel have improved considerably.

#### Sheet 12 – School in Amsterdam West

The second image shows a school playground. Here Ymere realised a school with social housing on top. Prior to the move to the new development the school had been in a downward spiral and had received a bad assessment from the Inspectorate of Education. Due to the move and the inspiration of the building and environment the team of teachers and the pupils received a tremendous boost. The new housing is to the full satisfaction and meanwhile the assessment of the Inspectorate of Education has been good.

#### Sheet 13 – Renovation Berlage Blokken Amsterdam

The next image shows the renovation of a number of social housing blocks in Amsterdam South. Designed by the well-known Dutch architect Berlage. The houses were renovated beautifully. And we are proud that we are able to also offer social housing in this popular place in Amsterdam, where the house prices are high. And that we can also make sure that people on a low income can continue living in the city at the desirable places. This is important to the proper functioning of the city.

#### Sheet 14

What we consider the most important social task today is to prevent displacement.



To make sure that people with a small income can also continue living in the most popular living area of the Netherlands, the Amsterdam metropolis. And that this group is not displaced to the periphery of the city or the least popular places.

#### Sheet 15 – 4. Challenges today

Of course this brings about challenges because the social and political pressure is high to keep the housing market affordable.

The economic situation in the past years has brought about considerable problems. Meanwhile things are starting to look better but we have years behind us during which the housing market was fully locked. Houses were barely sold or built. This meant that an important source of income for us ran dry and that there were barely any people moving house with all associated consequences.

The new European and national guidelines and legislation also brought about ample changes. For instance, since last year housing associations have no longer been allowed to engage in commercial activities. The realisation of owner-occupied houses, from time an important source of income, was curbed significantly.

In addition the demand in the cities for social housing is only increasing. Ever more people move to the city and the large influx of refugees also increases the pressure. However due to the landlord levy imposed by the government (a tax related to the number of houses owned by an association) the investment in new social houses decreased considerably.

The ability to increase the rent was also curbed significantly. Associations can increase the rent on their entire portfolio by inflation + 1%. Compared to the costs that continue increasing ever more due to, among other things, higher building costs and higher taxes, the task has not become easier for the housing associations.

#### Sheet 16

Another subject matter that I have already mentioned is preserving mixed districts. How do we keep our districts healthy, vital, accessible to everybody.

Certainly in Amsterdam and also in other cities this is a theme:

- The pressure on these housing markets is considerable.
- The danger of displacement is present.
- And there is also a social trend that it is fine if there is no social housing available in the most popular areas and that this group should simply move to the less attractive parts of the city.

But what are the consequences of this in the long term? This has meanwhile become visible in the countries surrounding us:

- Our belief is that it is also necessary to keep low-paid labour in the city that can also live there. We have the example of London where the city has the utmost difficulty of bringing low-paid labour to the city. These people live at a 2-hour commuting distance from the city because they cannot live there. Nor can they permit themselves to travel to the city on a daily basis. Here you can now notice the phenomenon that the city of London is once again buying buildings in order to subsequently let these at a highly reduced rent.
- We also have the examples of the Parisian suburbs and the Brussels Molenbeek.
- And even in prosperous Sweden in Stockholm, where market forces are the



guiding principle, we can see ghettos well outside the city, for instance Husby. Perhaps you can still remember the series of burning cars and riots a number of years ago. And the inhabitants of these ghettos have no chance whatsoever of integrating in society, have no chance of schooling or work. They are damned to the districts where they barely have a chance of a good future.

#### Sheet 17

These are all problems that are not directly relevant to Switzerland. And also in the Netherlands, we have good examples when it comes to our housing and living environment. And we would like to keep it that way. In our opinion this means that we do not want to put all social housing at the popular places in a clearance sale and add new houses at the less popular places.

We believe in the power of mixed districts, they have a positive influence on a solidary and vital society.

And this also applies to the refugees that we accept in the Netherlands. We try to give this group of new Dutch residents a good start in our society. And this means that we do not want to hide them at a hidden away industrial estate where we can stack hundreds of containers. We try to house this group in our regular houses with neighbours who can help these newcomers on their way. Or we realise new complexes where a maximum of half of the residents consists of immigrants and the other half of autochthones in order that integration and helping each other are stimulated in a proper manner.

#### Sheet 18 – 5. Strategies Ymere

How do we realise this? We developed a number of strategies for this in our recently adopted business strategy. And I will mention some of these.

1. We want to better gear demand and supply of rent and income to each other. We now notice that too many people live in a too large, expensive house that they can no longer really afford. We want to actively counsel these people to a more appropriate house.
2. We are also going to better gear rent, product and location to each other. For instance we now have many large houses in the city centre of Amsterdam. At this popular place the difference between the market rent and the social rent is too big and consequently no longer affordable for us as an organisation. This means that we start offering more small houses at the expensive places and start selling the larger houses.
3. And we need to start cooperating much better and look for co-financing. What we used to finance ourselves, like the liveability projects, we now need to do together with social organisations and rely on their commitment and resources.

And what does this mean to our real estate and our portfolio strategy? We will adjust our portfolio in such manner that it contributes to attaining our objectives that were formulated in the business strategy. To this end we defined 5 Ps.

- Place: We want to keep the houses that are clustered within a certain radius and with a substantial scope. This makes it possible to keep the management



efficient and to play a role of importance.

- Price: We pursue a minimum difference between market rent and social rent.
- Products: We want products that are in line with the type of housing environment: like small apartments in the city centre of Amsterdam and larger houses outside the city.
- Performance: the state of repair must be good in order to reduce the operating costs over the life cycle of the real estate.
- Potential: We properly examine the market and value development of an area.

Sheet 19 – Comaking Academy

3 Ymere Strategies  
Graphic: Ymere



Since 4 years we have set up a special and far-reaching cooperation under the name Co-making Academy.

This is a long-term cooperation of Ymere with contractors and suppliers in the building sector where projects are not awarded on the basis of tendering but on the basis of added value and delivered quality.

The underlying vision is that the result of a project becomes better if you cooperate on the basis of confidence and transparency. And jointly establish the joint objectives in advance. And we have meanwhile gained very positive experience.

Sheet 20 Comaking targets

The most important results in 2015 and the targets for 2016 are listed here. What you can see is that we are improving down the entire line:

- the quality of the products becomes better, projects with 0 delivery points and almost no aftercare complaints;
- the costs decrease, up to 30% savings on overall building costs;
- it became much nicer to work together;
- higher customer satisfaction;
- development and implementation time reduced to a considerable degree;
- elimination of double entries – reduction of FTEs;
- distrust is almost gone, co-making becomes common knowledge;



- and we now have time for joint innovation.

We have meanwhile started a project under the name total cost of ownership where we examine the full life cycle of the real estate. We do not only steer on the initial investment of a building but also on the total quality and costs during the full life cycle. This requires of the team that it does not only think about the design and the building methodology but also about the maintenance cycle, the sustainability of materials and the technological innovations that can be used. This year we started 5 pilot projects to try and learn.

#### Sheet 21 – Social housing examples

Finally I would like to show a few good examples of social housing projects. It is, of course, the specific results that appeal to the imagination and show where all these beautiful visions and ideas lead to.

#### Sheet 22- Merkelbach Amsterdam

The following project is a typical example of the Amsterdam ‘stroke building’. Built in 1937 by architect Merkelbach. Merkelbach felt extremely committed to the social turbulence and was therefore intensively involved in social housing. He analysed the habits of workers in their houses in detail – how they dried their washing, where they left their rubbish, how they parked their bicycle – and based his designs on it. The most important thing was the way that working class houses were placed in the city: such that sufficient sun was available to everybody. He also felt that there had to be more squares and communal gardens in popular districts. Due to the so-called half open stroke building every house was assured of sufficient daylight other than in case of the closed building blocks with their messy courtyards that had been common up to then. Moreover all houses were basically identical to enable savings on the design costs. The flat roofs and large, steel windows had not been applied before in housing. The Landlust houses were very small and meagre, the rent amounted to only EURO 2 per week. The example was followed in practically all municipalities of the Netherlands.

This year the renovation of these aged houses starts. And they are again adjusted to the standards of today. A part of the houses will be sold in order to also finance the deficit on the social houses.

#### Sheet 23 – New building Amsterdam Oostpoort

The next new development project is in Amsterdam East and comprises 72 social rental houses of on average 70 m<sup>2</sup>. What makes the project so special is the art that is used in the building. Visible in the centre is the stained glass piece of art; it forms the windows in the stairwell. In some of our buildings we use art because we feel that it adds something extra to the quality of the building. And it gives it identity. We notice a feeling of pride and recognition amongst the inhabitants as a result of which they also handle their building in a more accurate and tidier manner. Really a good example of Total Cost of Ownership where the additional investment at the start pays off in lower management costs because the inhabitants handle their building more accurately. It gets less dirty and less gets defective.



Sheet 24 – Betondorp Amsterdam

And finally I show the football enthusiast the house where Johan Cruyff was born and raised. It is still owned by Ymere.

The neighbourhood was built between 1923 and 1925 as Tuindorp Watergraafsmeer, but as for the very first time a lot of concrete was used during the building of the houses and it quickly became known as Betondorp or Concrete Village. The neighbourhood was meant to be an experiment to explore the possibilities of the use of concrete in social housing, but a shortage of bricks in the entire housing sector in the Netherlands and the increasing prices of bricks most certainly also played a role. Johan Cruyff grew up here, at a stone's throw of the former Ajax Stadium. Since the death of Cruyff two weeks ago the neighbourhood has changed into a place of pilgrimage and a sea of flowers.

Sheet 25 – Thank you for listening

Dear ladies and gentlemen. Much more can be said about the Dutch social housing but we will save that for another time. It was a pleasure to give you a brief introduction to Dutch Social Housing. Thank you very much for your attention!

Herzlichen Dank unseren Projektpartnern



Jubiläumspartner ETH Forum Wohnungsbau 2016



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