

Amsterdam metropolitan housing policy: sustainable tenure change?

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Introduction

Regional or metropolitan housing policies have to tackle multiple issues at the same time. Consequently they attempt to be all-encompassing, accommodating economic and demographic growth while producing and maintaining liveable, affordable and sustainable residential environments. However, this may well turn into a tricky balancing act when certain trade-offs come the fore.

Some US research suggests that there is a trade off between urban-regional economic growth and affordability of housing (see Quigley and Raphael, 2004). However, US housing markets tend to be dominated by owner occupancy and private rent and feature little state intervention. European markets, however, tend to be more regulated and often have significant public ownership of housing. Consequently, some countries have a public social rental system alongside the private market. This regulation helps ensure housing access for low income groups, but also keep housing costs down when there is a unitary rental market (Kemeny, 1995). However, when government regulation and public ownership decrease, it may become more difficult for lower income groups and for young households to enter a housing market.

This implies that housing policies need to strike a balance between providing shelter and economic growth interests. This is especially true for metropolitan housing policies which have to cater for economic growth and housing its middle class workers while also keeping housing accessible and affordable for its lower income groups. Contrary to national housing policies, metropolitan housing policy for new housing tends to be more concrete in its choices with regard to target groups, housing market change and associated geographical considerations. This is certainly true for the Amsterdam metropolitan housing policies, which simultaneously aims to accommodate economic growth, renew and restructure the housing market while continuing to provide affordable housing.

The goal of this paper is to give a review of the Amsterdam metropolitan housing policy which reflects upon the choices made with regard to new housing in terms of target groups and its meaning for the Amsterdam regional housing market. The main question is: *what are the plans for new housing construction in the*

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metropolitan region of Amsterdam and what are the choices made with regard to sustainability and affordability?

This review will mainly focus on Amsterdam housing policy which is currently embedded in a regional focus. The metropolitan region of Amsterdam is fairly large area, holding 36 municipalities. It has a population of 2.2 million, which is 13% of the Dutch population. Alongside Amsterdam (pop. 747,000) it features four other municipalities with a population over 100,000; Almere, Haarlem, Zaanstad and Haarlemmermeer.

Amsterdam regional housing policy for new housing

In the course of the 20th century, the city of Amsterdam slowly developed a comprehensive social rental system. After WWII housing construction focused on providing housing for households with children. However, when a process of suburbanization started in the 1970s and new household arrangements became more popular, the city's housing strategy shifted towards the compact city ideal which meant further densification and housing for single or two-person households. After the economic crises of the 1970s, new housing was predominantly social rental sector housing until the mid-1980s. The focus on social rental housing in the city slowly changed in the around 1990 after generous state subsidies for social housing dried up. At that time the share of social rental housing was 54%, which would stay this high until 2005 (see figure 1, table 1 and 2).

Table 1. Housing Tenure in Amsterdam (Ottens and Galensloot, 2008, Onderzoek en Statistiek, 2009a)

	owner occupied	private rent	social rent
1990	8	38	54
2005	24	22	54
2008	52.9	23.9	50.2

Figure 1. the development of housing tenure in Amsterdam 1982-2006 (Source:GVI/O+S)

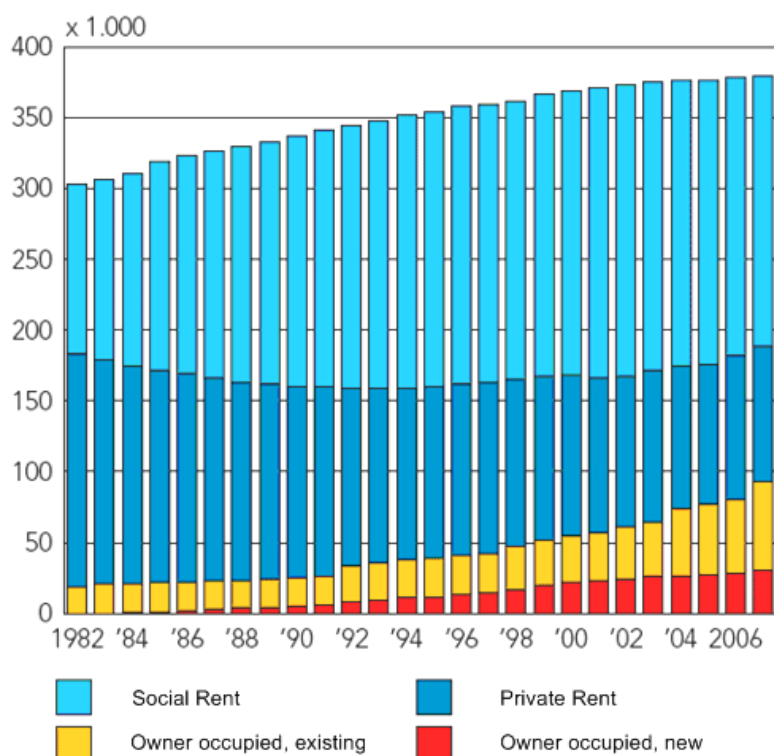


Table 2. Amsterdam regional housing market characteristics 2007 (Onderzoek en Statistiek, 2009a)

	Owner occupied	Private rent	Social Rent
Amsterdam	22.0%	26.8%	51.2%
Region without Amsterdam	57.0%	10.7%	32.3%
Metropolitan Region Amsterdam	43.4%	17.0%	39.6%
Netherlands	56.6%	10.6%	32.8%

In the 1990s, green fields for new housing development within Amsterdam municipal boundaries meant that new housing would increasingly involve restructuring post-WWII neighbourhoods, former harbour and industrial areas or, in the case of IJburg, develop new islands for housing. In addition, a more regional view is developing to accommodate population growth (Ottens and Galensloot, 2008).

In October 2008 the Amsterdam municipality issued a housing memorandum entitled ‘Housing in the Metropolitan Region; Outlook for housing in Amsterdam until 2020’ (Gemeente Amsterdam, 2008). This memorandum, or white paper, outlines housing policy for the city of Amsterdam in conjunction with the region. In acknowledging the surrounding region as a part of the housing market and economic performance, the memorandum is tied into the process of making the Metropolitan Region Amsterdam more than a formalised collaboration between municipalities and provinces, but also as a planning concept. Currently, this concept is being further developed in a new regional plan which aims to make the region a ‘international

competitive and sustainable European Metropolis' (Gemeente Amsterdam, 2009). Essentially, the goal is to increase urban competitiveness by accommodating economic growth and making the city and the region attractive for middle class workers, i.e. professionals and the 'creative class'. Sustainability is mentioned often and defined as either as environmentally sustainable or as socially sustainable.

To become more environmentally sustainable, the municipality aims to reduce CO₂ by 40% between 1990 to 2025 and acknowledges the rising cost of energy in housing affordability. In the field of housing this means:

- Energy conservation interventions within the existing stock by making changes in housing and in the mindset of inhabitants
- Sustainable construction, meaning energy saving, well-isolated, with sustainable materials and urban design.
- Flexible construction, meaning multi-functional and multi-use buildings who can be adapted easily
- Water conservation in new sanitary installations.

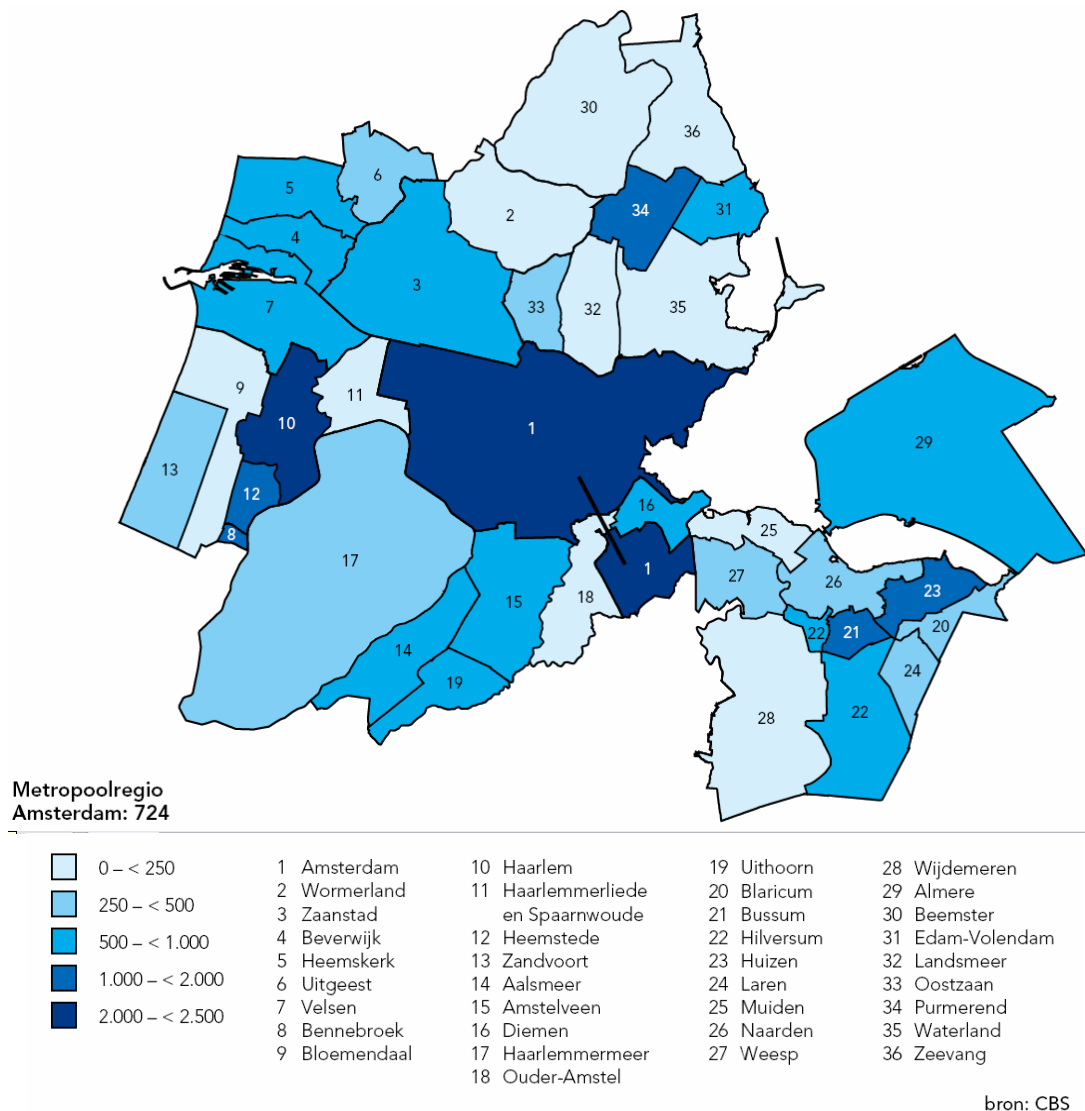
Social sustainability in the memorandum implies less social division through neighbourhood regeneration, education and new social and medical care facilities. The rest of this paper will focus on the social implications of the housing memorandum.

New housing: where?

To accommodate growth, policy aims to have 144,000 new dwellings in the region by 2025 (a 14% increase). The city of Amsterdam aims to add 32,000 dwellings by 2025 (8% increase) and at least 70,000 dwellings by 2040 (Gemeente Amsterdam, 2009, Onderzoek en Statistiek, 2009b).

The Amsterdam housing memorandum outlines different roles for the municipalities in the region. The Haarlem area offers quiet urban housing for higher middle class households. The Haarlemmermeer and Almere are still expanding new towns which offer affordable suburban housing for families. Diemen and Amstelveen offer suburban family housing for higher middle class families. The municipalities north of Amsterdam have a more rural character, while the Gooi area (numbers 20-28 in figure 2) is characterized by housing for the affluent. Amsterdam itself is characterized by high density urban housing, but also features some areas on its periphery which offer terraced housing for families.

Figure 2. Housing density in the Metropolitan Region of Amsterdam, January 1 2008 (dwellings/ km2) (Onderzoek en Statistiek, 2009b)



These characterizations are also used for the plans for new housing. Most of the new housing will be built in the areas surrounding Amsterdam. The availability of green fields in Almere means that this area will add 51% to its existing housing stock in 2025. Smaller municipalities like Beemster and Aalsmeer will likely undergo a transformation as they will add 44% and 31% to their existing stock. These developments will mostly be suburban in nature, and in the case of Almere may even resemble sprawl.

For the city of Amsterdam, which currently represents 39% of the regional housing stock, there is a clear choice for developing dense and highly ‘urban’ living environments as a counterpoint to the lower density suburban region. This implies the development of apartments in high rise blocks or towers (Gemeente Amsterdam, 2009). The policy documents explicitly express the need to make a convinced choice for more urban high density environments. The texts imply that some sort of sacrifices or tough choices will have to be made. What this will entail precisely remains unclear.

New housing: for whom?

The regional spatial development plans place a lot of emphasis on making economic and population growth happen. However, apart from citing the need for social sustainability, providing or developing low income housing is hardly mentioned in the new regional development plans. The reason for this can be found in the 'Housing in the Metropolitan Region' memorandum, where target groups and (low income) housing are discussed.

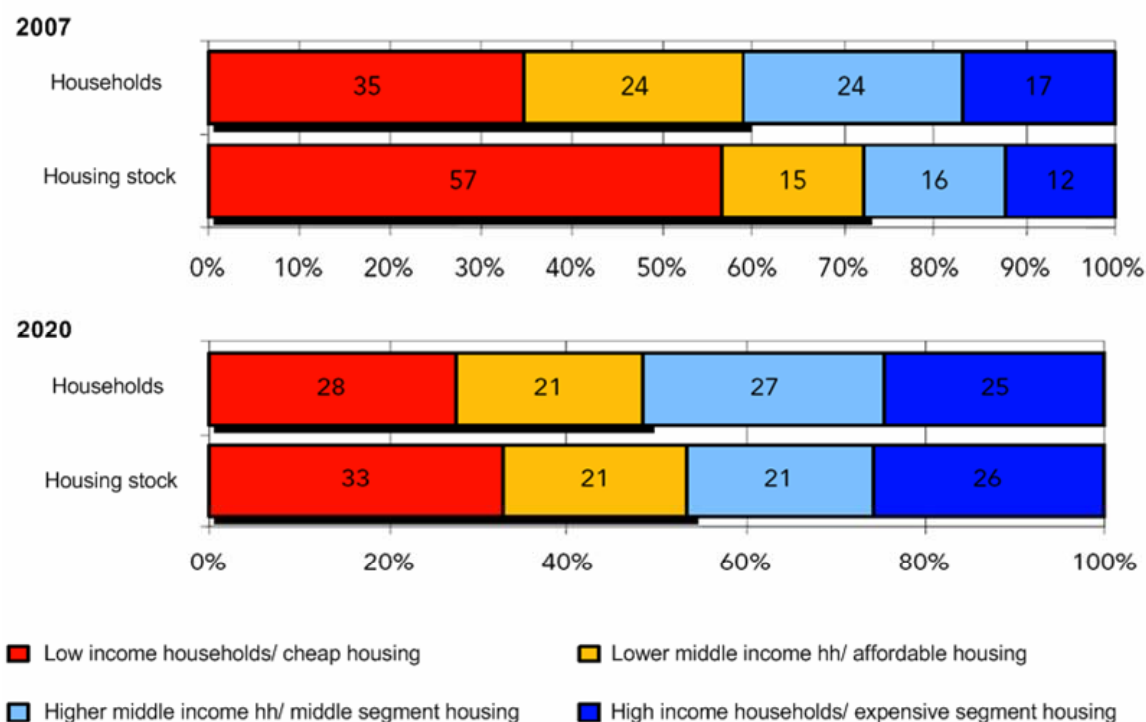
Figure 3 shows how the housing memorandum presents the current state and its plans for the Amsterdam housing market. The two graphs have an appealing simplicity and are meant to show that there currently is a mismatch between household income groups and housing stock. In addition, there is a problem of accessibility of housing.

Low income households rely mainly on the cheap social rental housing. However, there is little movement in this sector, meaning long waiting lists. Lower middle income households also rely on cheap social housing, but according to policy should also have the opportunity to enter the private market. However, in practice this is often not possible due to the housing prices. So, while the two groups are practically the same, policy defines a difference; there is a part of low income households which should be able to move into owner occupancy (private rent is not mentioned).

Higher middle income groups have more opportunities on the Amsterdam housing market. However, demand exceeds supply of housing, which in practice means that many higher middle income groups remain in the social housing sector, adding to the problem of social housing accessibility. There is the explicit intention to provide for this group outside public sector housing.

The policy also mentions that there is insufficient housing for big families (five or more persons), students and young people, elderly who are physically impaired, the homeless and asylum seekers. However, the biggest proposed change is related to providing owner occupied housing to both lower middle income and higher middle income groups. This would simultaneously tackle the waiting lists for social rental housing and provide for a workforce of middle class professionals who raise urban competitiveness.

Figure 3. Amsterdam housing stock and households in 2007 and policy aims for 2020 (from Gemeente Amsterdam, 2008).



Housing policy and social sustainability

The Amsterdam housing memorandum offers several interesting insights into the development and future of Amsterdam. Policy makers have made several decisions which affect the social sustainability and affordability of housing of Amsterdam. There are four points of critique to be made with regard to the use of concept of affordability, lower income housing, tenure and the spatial planning of new housing.

First, affordability is not a straightforward concept as it may seem. In the US, housing prices tend to be related to trends in construction costs (Quigley and Raphael, 2004). However, it is important to note that affordability is basically based on a normative notion of what a household can and therefore should spend on housing (Hulchanski, 1995). In other words, the distinction between what is cheap or affordable housing is a normative and arbitrary decision. As such, it is not so much an objective concept as it is a political stake.

The Amsterdam housing memorandum notes that some lower income households were spending 29% of their income on rent, compared to 16% for high income groups (p. 26). This is deemed problematic. However, when looking at the memorandum's distinctions for their own categories (as those in figure 3), the affordability definitions for rental housing are (Gemeente Amsterdam, 2008: p. 137):

- 37% of expendable income on rent for low income households,
- 49% of expendable income on rent for lower middle income households,
- 50% of expendable income on rent for higher middle income households.

These figures imply that Amsterdam households are not paying enough on housing or housing is too cheap in Amsterdam. This is a curious outcome and not in line with the policy statements above. For the sake of argument, this review will keep using the definitions of the memorandum to discuss other choices.

Second, as mentioned above, the housing memorandum is oriented towards attracting higher middle class groups to the city. Figure 3 clearly shows a decrease in the share of lower income groups and an increase in higher middle income and especially high income households. It is not only that the share of lower income groups will decline in share, they are also meant to decline in absolute numbers. As table 3 shows the housing memorandum aims for about 23,630 less lower income households in Amsterdam. This means a sizeable 9.8% decrease in 13 years. It should be noted that this calculation is based on the number of households on January 1st on 2008. Furthermore, it is unclear whether the housing memorandum took inflation into account in its prediction of income groups.

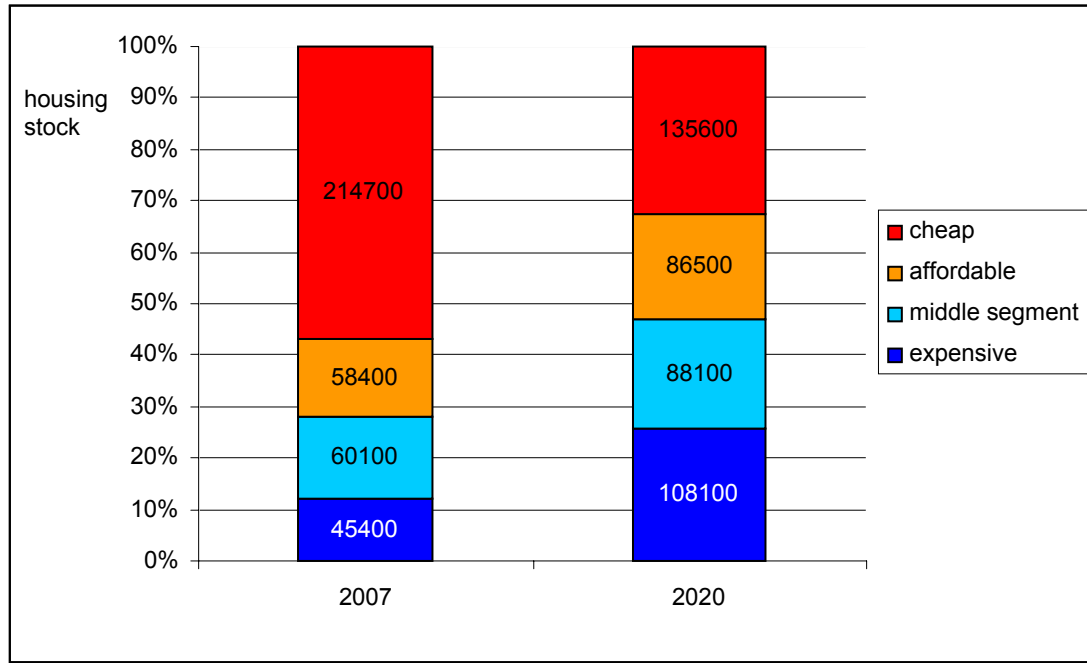
Table 3. Lower income households in Amsterdam in 2008 and prognosis in policy (Onderzoek en Statistiek, 2009a, Gemeente Amsterdam, 2008).

		Households	
2008	Total	409,442	
	Low income HH	143,305	(35%)
	Lower Middle income HH	98,266	(24%)
	Total Lower income groups	241,571	
		Prognosis households	
2020	Total	444,777	
	Low income HH	124,538	(28%)
	Lower Middle income HH	98,403	(21%)
	Lower income groups	217,941	
		Difference	-23,630
		2020 - 2008	(-9.8%)

The increase is due to the expectation that the increasing urban competitiveness will bring in new higher middle class professionals and will mean an increase in income levels. However, with the current economic crises it is uncertain whether this is a feasible prediction. What's more, the 9.8% figure may very well be the result of housing memorandum rather than a reason to change the Amsterdam housing market. In other words, housing policy at this level is not only a matter of providing for a demographic but also a matter of shaping your demographics. Figure 4 shows the memorandum's targets with regard to the changes in housing according to the affordability scale. It shows not only a relative decline but also an absolute decline in

cheap housing and an increase in affordable housing. What's important here is that the Amsterdam municipality aims to reduce the total amount of cheap and affordable dwellings in 2020 by 51,000, a decrease of 18.7%. Conversely, the amount of middle segment and expensive dwellings are meant to increase by 23.4% by 2020.

Figure 4. Housing memorandum's aims for the Amsterdam housing market (Gemeente Amsterdam, 2008)



So, the Amsterdam housing memorandum does not only want to attract higher middle class households, but is actively excluding lower (middle) income households from living in the city. The region is not expected to facilitate for this groups either (see below).

Third, the housing memorandum is very much ownership orientated. New housing in the social rented sector used to be developed based on a 30% quota of all new developments. From a European standpoint this percentage is rather high but compared to the 20th century rather low. Moreover, the memorandum stipulates that this no longer is mandatory for new developments in regeneration projects, when the area already has a significant amount of social rental housing. As future developments will be both redevelopment and green field development, this means that the share of social housing will be drop below 30%. Furthermore, there is also a 30% quota rule-of-thumb in developments in the region as well in order to realize a balance in social housing supply throughout the Metropolitan region. However, in practice regional municipalities do not comply and the central state is considering intervening.

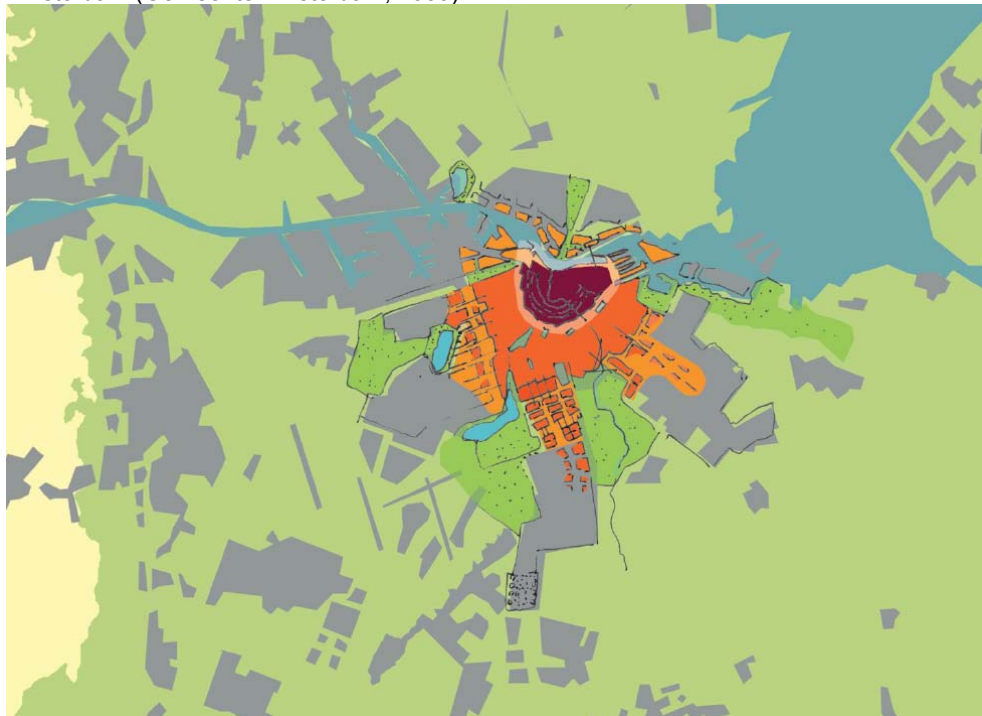
The memorandum cites new owner occupied housing as a means to tackle affordability and lack of access to housing. This is remarkable since owner occupied housing is still scarce in Amsterdam and new developments in certain locations will undoubtedly see a quick rise in prices. A senior policy maker commented optimistically that the amount of new owner occupied housing will prevent this from happening.

It is striking that private rental market is hardly mentioned as a means to regulate the Amsterdam housing market. For decades this form of tenure has been out of favour, yet it may offer some considerable advantages. Within the Amsterdam housing regime, rental prices are easier to regulate than housing prices. Furthermore, this form of tenure offers newcomers more flexibility and easier access than owner occupancy.

Fourth, the spatial planning of the housing memorandum is interesting as well. The Amsterdam municipality is looking to add higher income housing and reduce the amount of lower income housing.

New middle class housing is to be built in a wide circle around the 17th city centre which has been the gentrified for some time now. The housing memorandum explicitly cites gentrification as a strength and quality of the city of Amsterdam (Gemeente Amsterdam, 2008: p. 33). Spatial planning outlook for Amsterdam confirms this in its expansion of the city centre aim (see figure 5).

Figure 5. Policy visualisation of the expansion of the city centre within the Metropolitan Region of Amsterdam (Gemeente Amsterdam, 2009)



Most of the space for new housing is found by restructuring social housing estates and industrial harbour areas on the northern waterfront of IJ. Also, additional islands are planned to be constructed in the IJ lake east of Amsterdam and there will be further densification within the city.

The decrease of lower income class housing will mainly be accomplished by restructuring the post-WWII neighbourhoods on the Western, Southeastern and Northern periphery of Amsterdam (Gemeente Amsterdam, 2008). Especially the New West area and the Bijlmermeer are already in the process of a radical transformation, both physically and socially (see Aalbers et al., 2004, Van Gent, 2008).

The housing memorandum clearly expresses an intention to create more socially mixed areas. For instance, existing social housing units in the city centre will be maintained to guarantee a level of social mix. This 'vision of social mix' is used extensively in Western Europe in regeneration of neighbourhoods (see Hall and Rowlands, 2005, Van Gent, 2009). While mixed areas are important when it concerns existing low income neighbourhoods, the housing memorandum also stipulates that we should not be afraid to have (new) affluent areas in the city. This implies that there will not be any new low income housing in affluent areas to create a mix and it leaves open the possibility that low income housing may not be developed in certain new areas.

Conclusion

The city of Amsterdam came out of the 20th century as a compact city with a large share of rental housing. This offered a level of both sustainability and affordability of housing. Accessibility of rental housing, however, was more problematic due to high demand and long waiting lists.

The new housing and spatial planning visions of the municipality of Amsterdam display a strong choice for moving towards a middle class and ownership oriented, compact city and less social housing and less lower income households. The housing memorandum does include several measures and plans to help lower income households and sustain lower income housing in certain high demand areas. While this is commendable, these do not negate the planned decrease in lower income housing and therefore in lower income households.

The path away from social sustainability and towards more middle class housing is part of the strategy towards more urban-regional competitiveness. It is remarkable that the social democratic-green city administration is so overtly choosing a class strategy which disfavours the lower classes. The region is meant to build new suburban housing to facilitate families. Also, the region is expected to add social rental units to their housing stock. However, the question is whether the lower income households who are denied access on the Amsterdam housing market will find a place there.

The housing and spatial planning memoranda's aim to accommodate the 'creative' middle class professionals to stimulate urban competitiveness while making it harder for lower income groups to enter the city, is not an uncommon goal in Western cities in the age of global capitalism (see Lees et al., 2008, Lund Hansen et al., 2001). However, it is hardly a sustainable strategy when every city and administrative unit starts excluding lower income households from their territory.

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