Housing in the Netherlands

A closer look at the Social Housing Sector and the role of Housing Associations - HA

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Programme of the Session

0. The Netherlands: facts and figures
1. Trends in the Dutch Housing Sector
2. Retrospective on Development Policies
3. Housing Problems in the turn of 19th Century
4. The Statutory Frameworks: setting the rules.
5. Social Housing: yesterday and today.
6. The Organisation of the Housing Sector
7. The Financing of Social Housing
8. What do we learn from 100 years of Social Housing Policies in The Netherlands?

0.

The Netherlands: facts and figures

Table 1.1 Social-rental sector in Western Europe

Countries	% social-rental dwellings with respect to total housing stock	% social-rental dwellings with respect to total rental housing stock
Belgium	7	20
Denmark	19	43
France	18	46
Finland	*	48
Germany	*	15
Ireland	9	50
Netherlands	36	75
Portugal	3	9
United Kingdom	*	66

*Not available

1.

Trends in the Dutch Housing Sector

Trends: understanding the Housing Sector in Holland

1. Decreasing number of persons per household

Year	Population	Households	Persons per household
1900	5,104	1,113	4.51
1930	7,832	1,958	4.00
1960	11,417	3,171	3.56
1980	14,091	5,006	2.97
1997	15,567	6,407	2.41
1998	15,654	6,692	2.34
Prediction: 2010	16,470	7,414	2.22

Source: CSO/VROM/AEDES, 1999

Trends: Understanding the Housing Sector in Holland

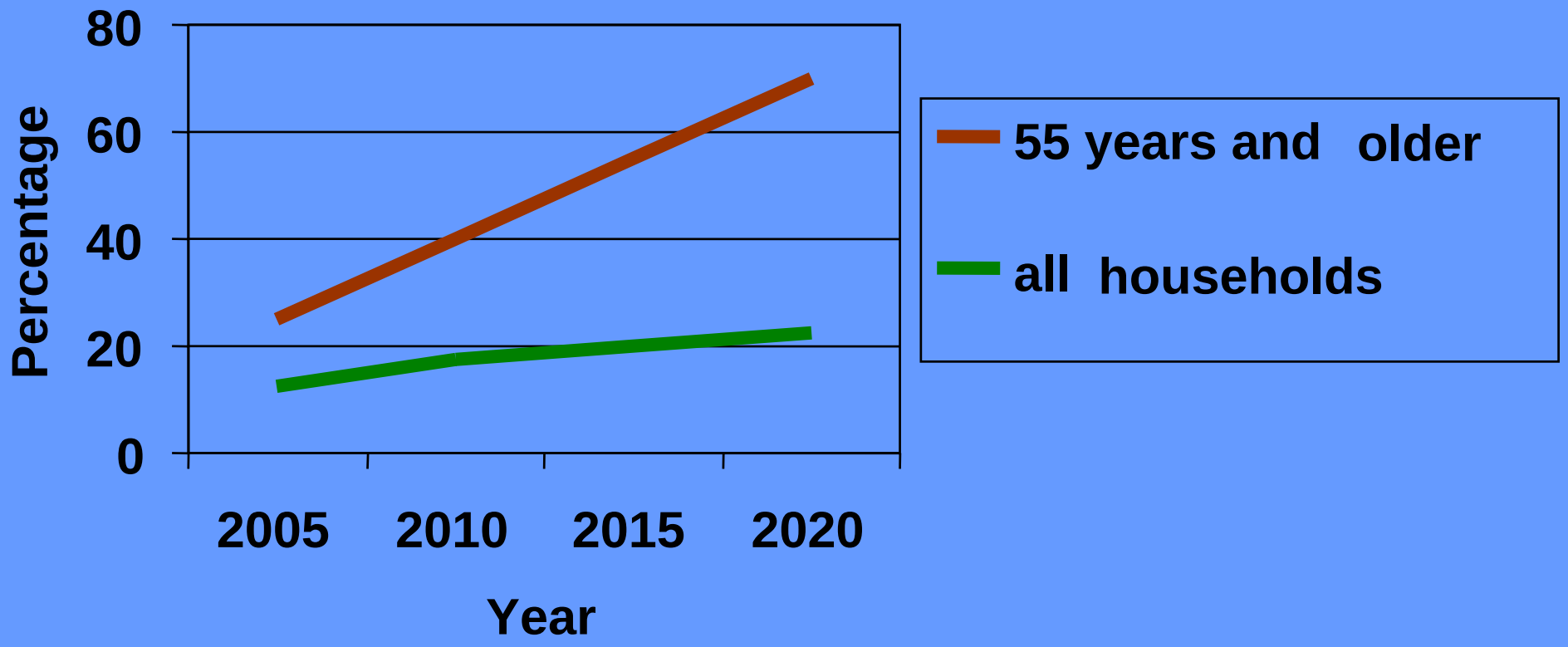
2. Increasing Home Ownership

Sectors	1990	1993	1997
Home Ownership	45%	47%	50%
Private rented	18%	15%	13%
Social rented	32%	35%	37%
Total (x1000)	5,802	6,044	6,366

Source: CSO/VROM/AEDES, 1999

Trends: Understanding the Housing Sector in Holland

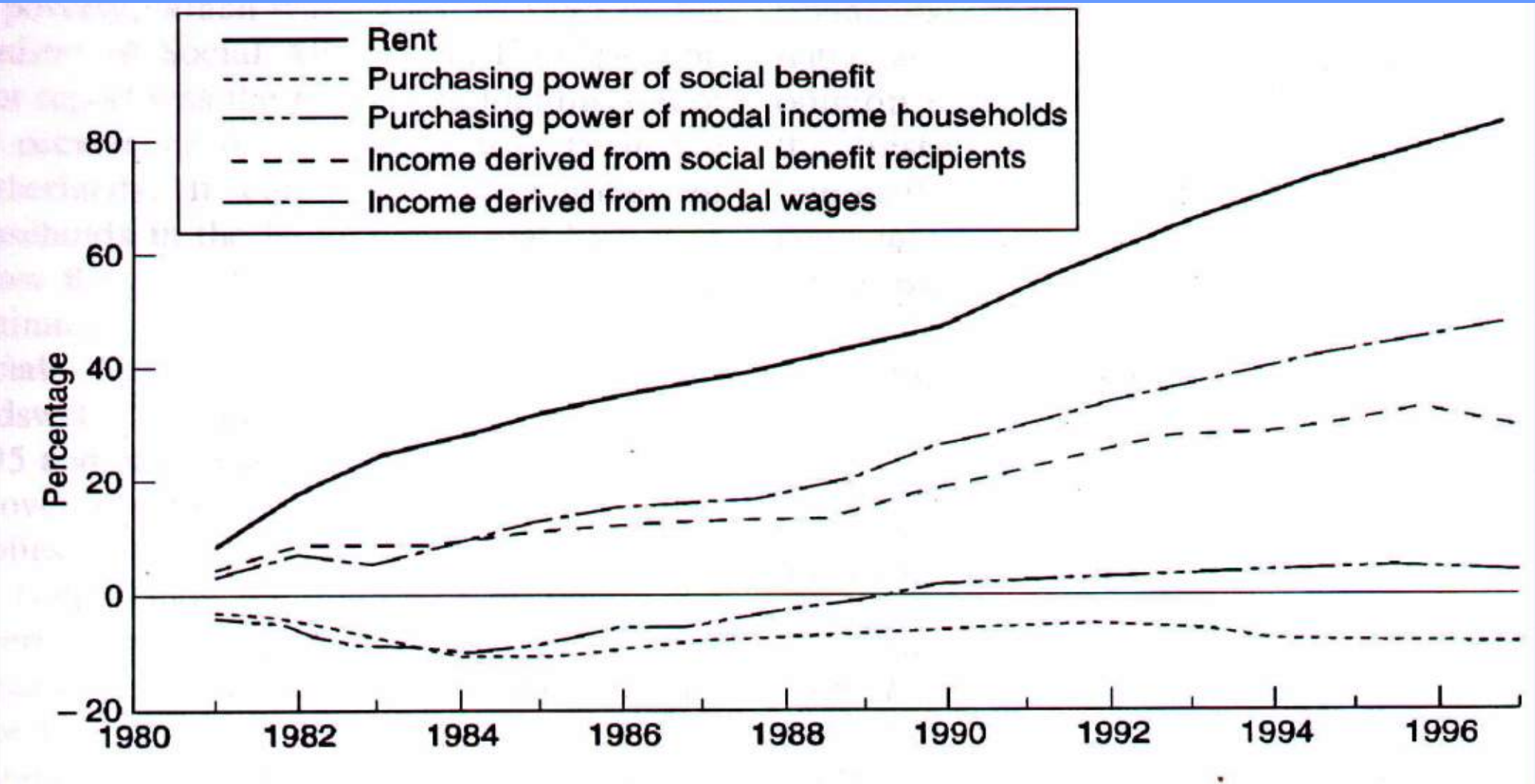
3. Increasing Demand for Housing for the Elderly



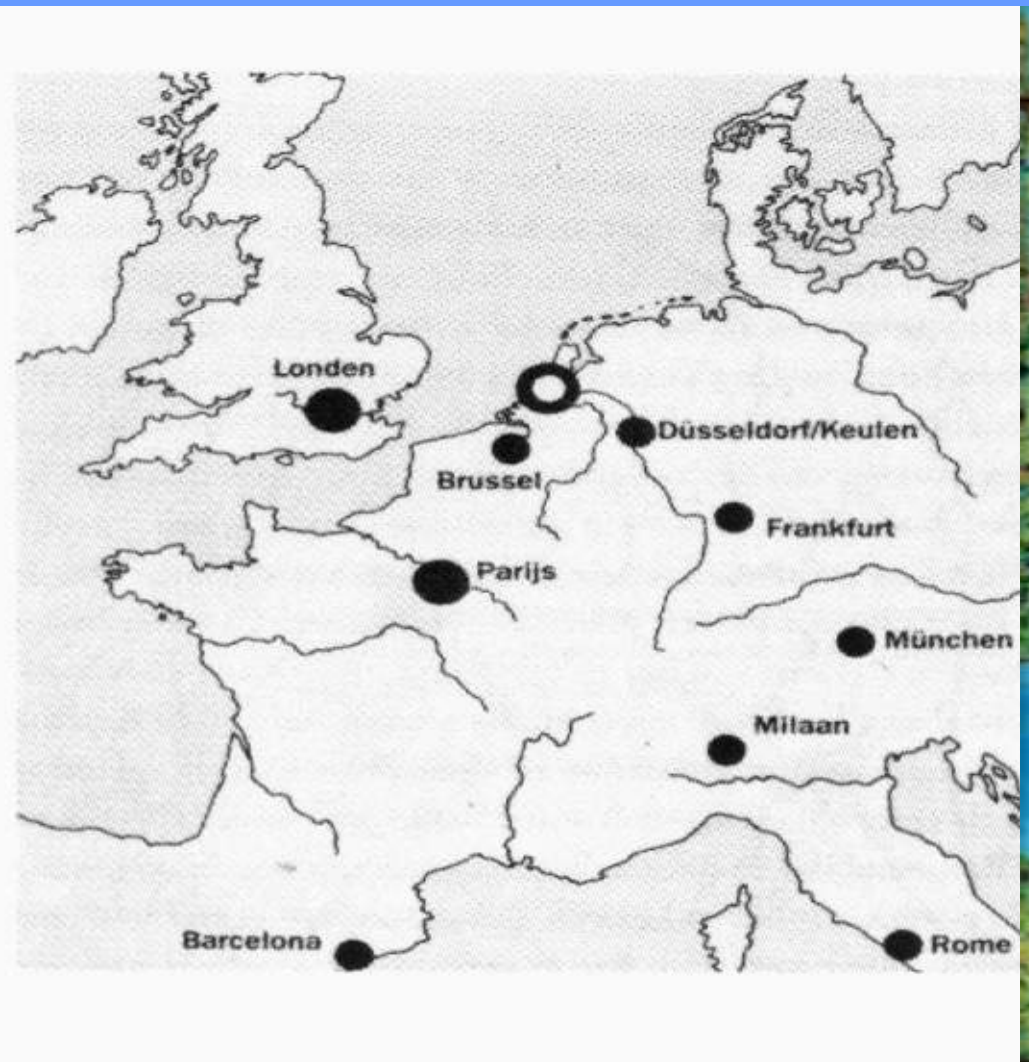
Source: CSO/VROM/AEDES, 1999

Trends: Understanding the Housing Sector in Holland

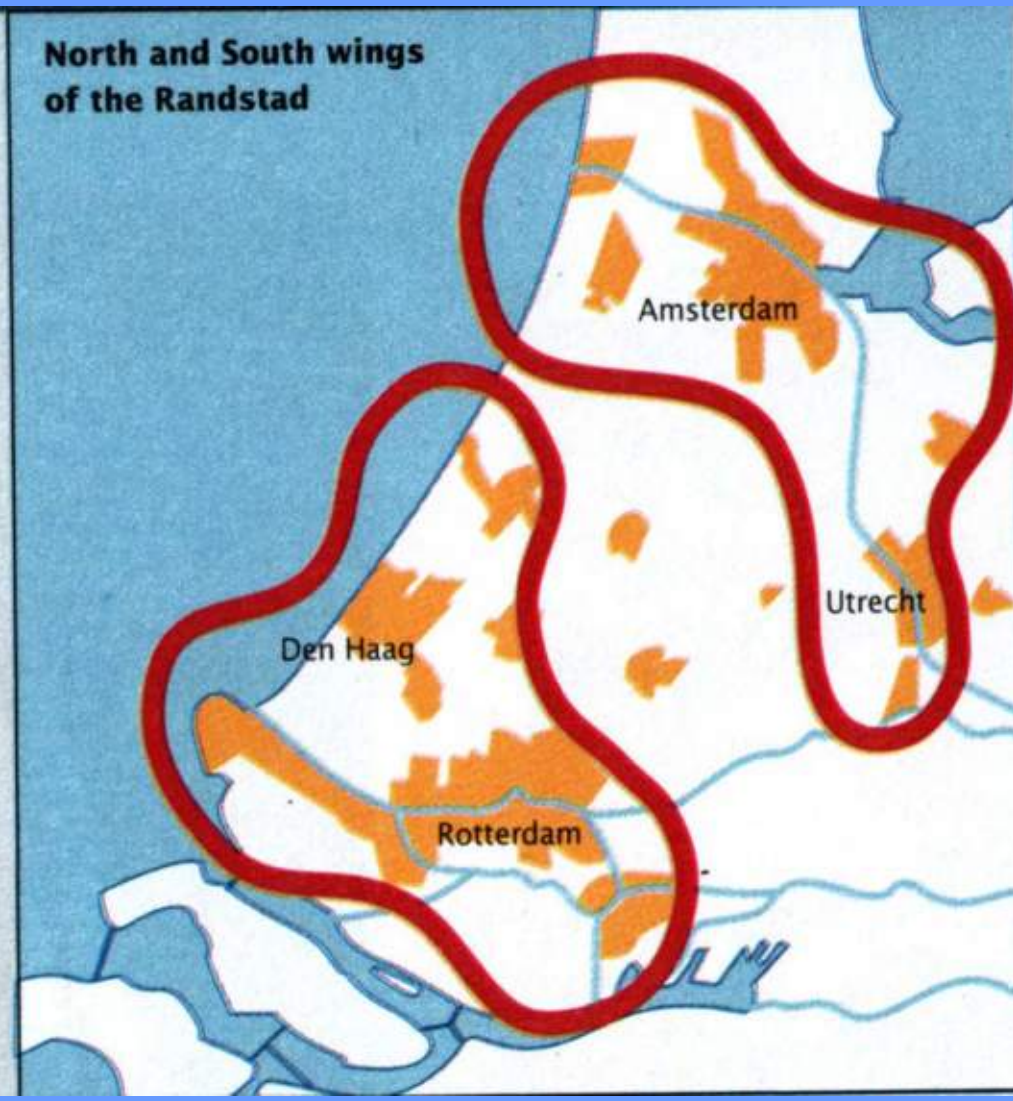
4. Decreasing household income in Social Rented Stock



TRENDS: Conurbation
Internationalisation



CITY REGION: Rotterdam as heart of the South Wing of the Randstad metropolitan region - connurbation



Conurbacion Randstad

Düsseldorf/Keulen

ussel

Frankfurt

Parijs

München

Milaan

Barcelona

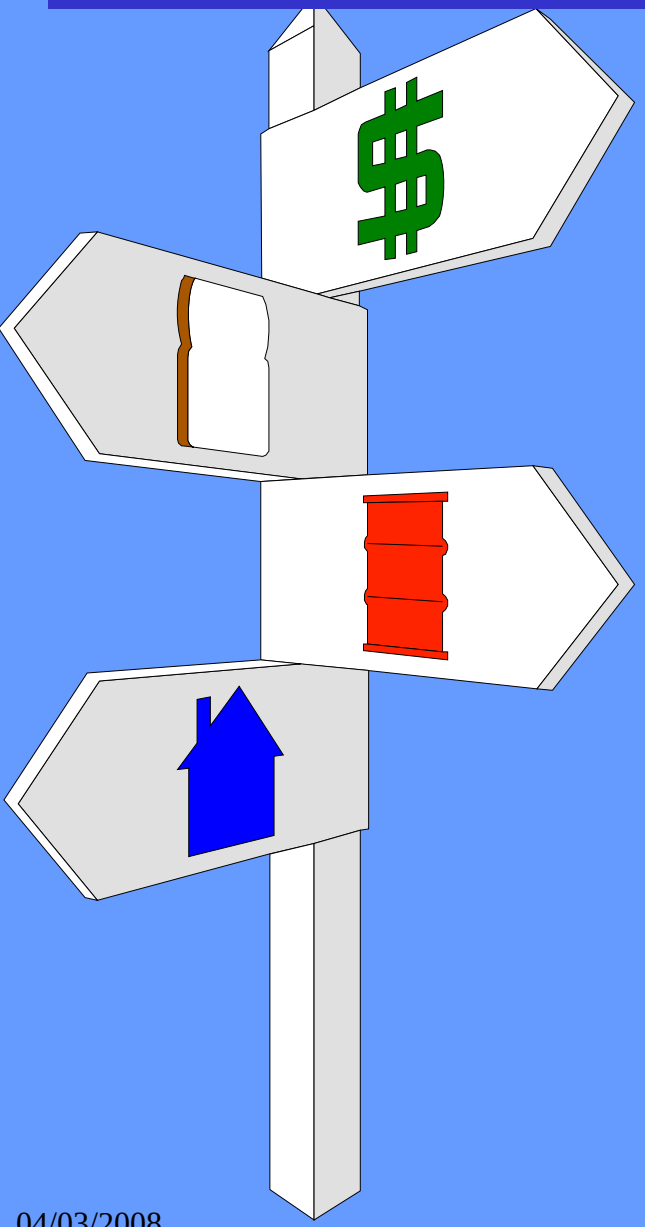
Rome

1. General Development Trends

2000 >

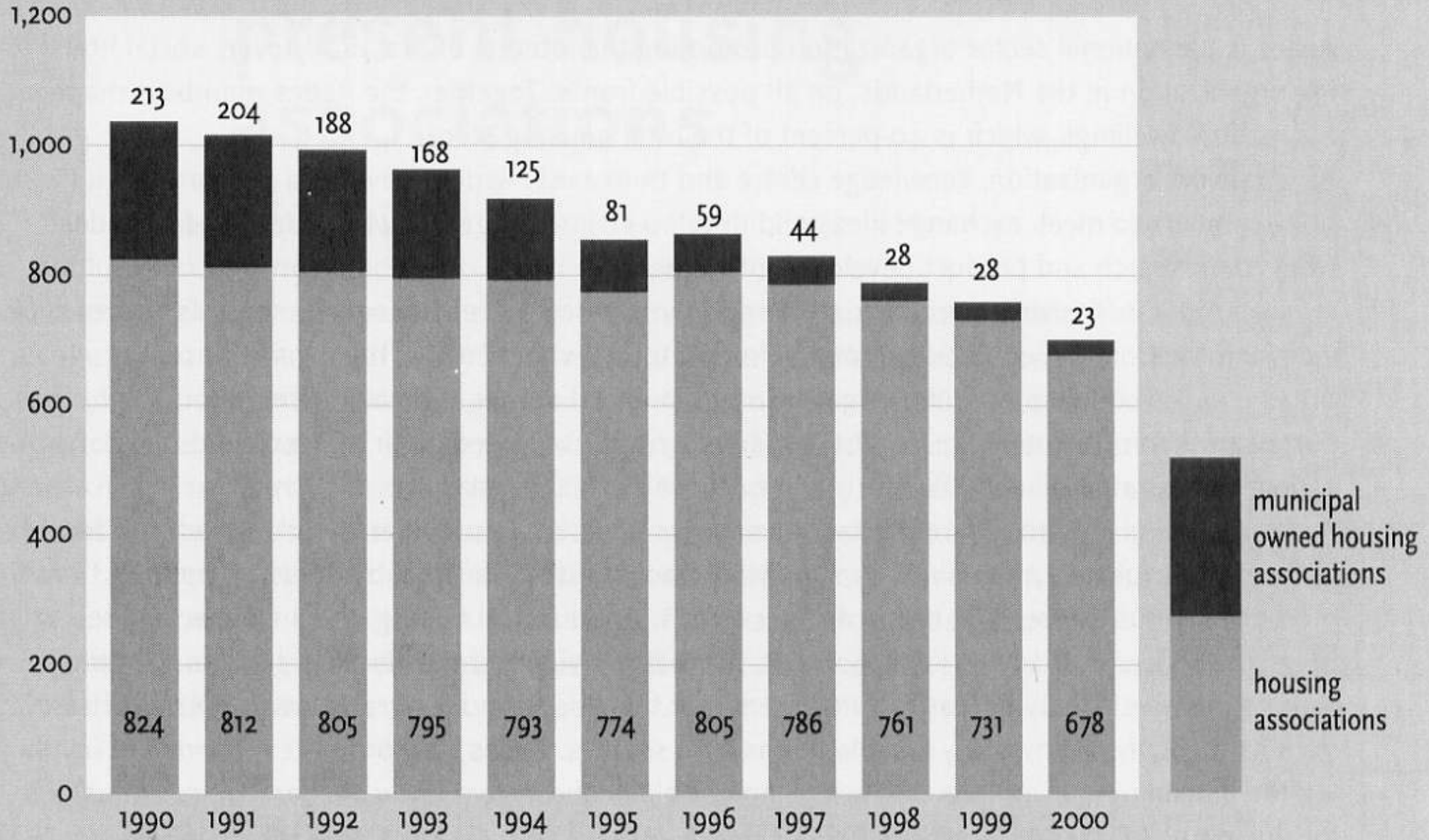
1. Housing Associations as developers
2. High population mobility
3. Internationalisation
4. Increased demand for housing
5. immigration
6. unlimited income tax deduction
7. People living alone: small households
8. Old people staying long independent

2. General Development Trends: 2000



1. Subject subsidy (individual rent allowance)
2. More quality
3. More diversity
4. Ethnic heterogeneity
5. Tenants' participation
6. Improving Residential Environment
7. Landlords selling out
8. Ageing of Dutch population
9. Compact Cities Policies
10. Greening cities

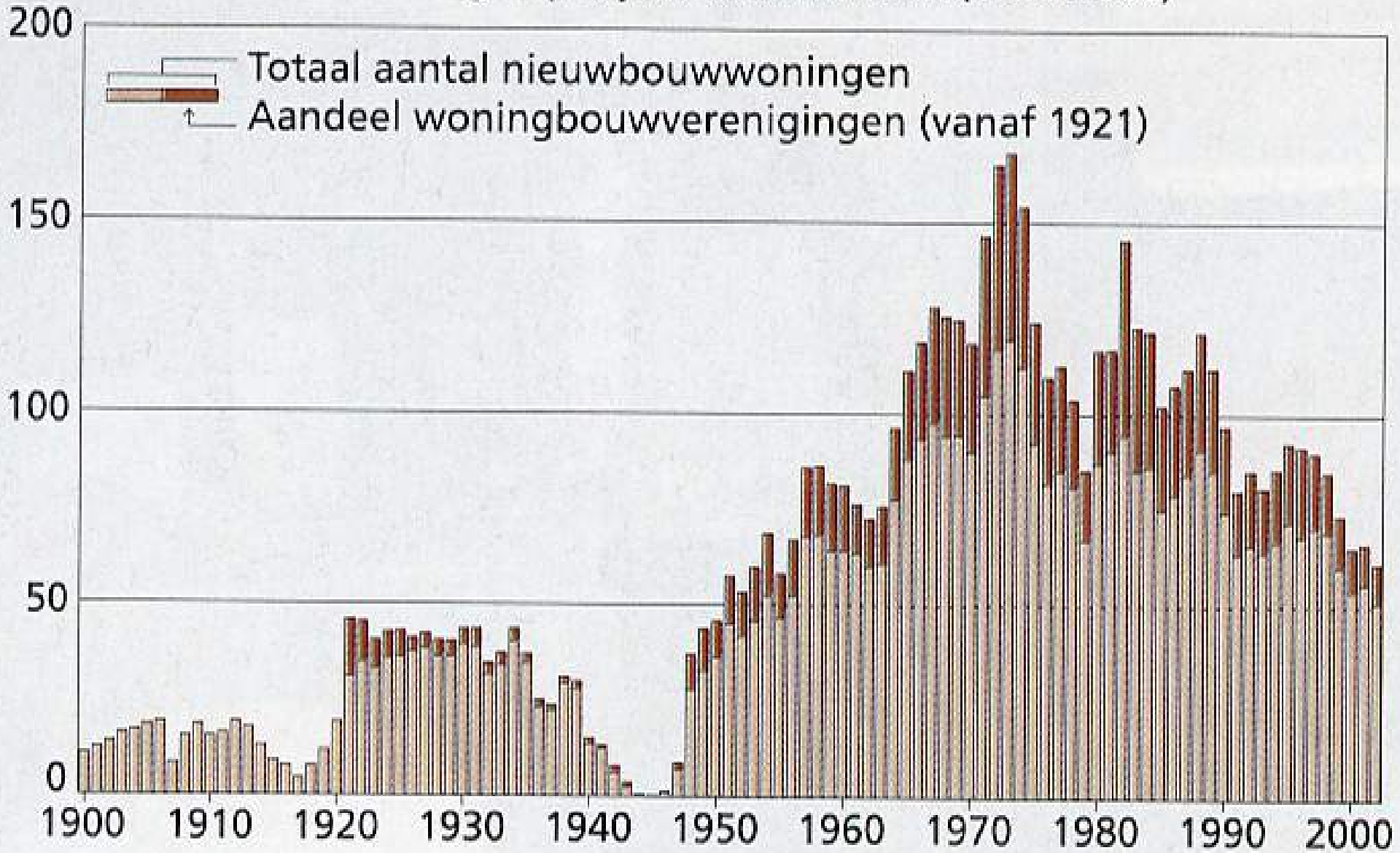
Figure 2.1 Number of housing and municipal owned housing associations 1990-2000



Source: Ministerie van VROM 1995, 1996, 1999; CFV, 2001

Aandeel woningbouwverenigingen neemt af

Aantal nieuwbouwwoningen per jaar in duizenden (1900-2002)



2.

Trends in the Dutch Housing Policies

Fourth Memoramdum Special: VINEX (1990)

- 1 million houses in 10 years
- Expansion areas defined by the Central government
- Good accessibility
- Mainly for Residential Use
- Higher Densities, more than 35 houses/ha
- Different types of Houses:
  - 30% Social
  - 40% Middle Price
  - 30% Expensive Price

Vinex Locations (1990)

Fifth National Policy Document on Spatial Planning 2000-2020 (issued on 1999)

Qualitative focus (1999)
Seven Criteria Spatial Quality

1) Spatial Diversity
2) Economic and Social Functionalities
3) Cultural Diversity
4) Social Equality
5) Sustainability
6) Attractiveness
7) Human Scales

Example: Carnisselande (Vinex location)

Project built under the Fifth National Policy on Spatial Planning
Vinex Location at the South of Rotterdam

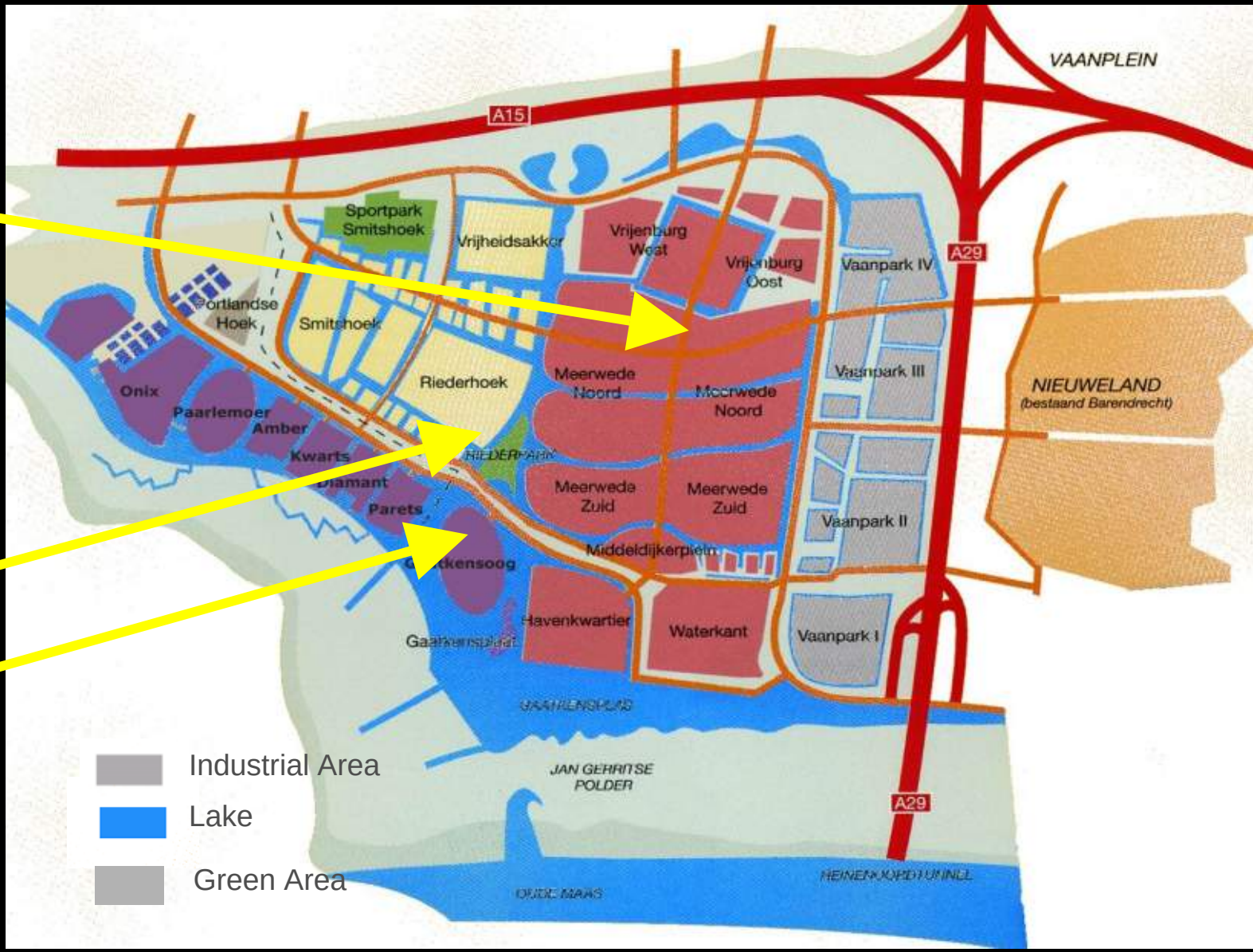
CARNISSELANDE MASTER PLAN

10,000 Houses in 3 different living areas (330 ha)

Urban Rectangle

Rural Triangle

Water Fringes



<u>Diversity in:</u>

price,

size,

typology,

location

Fifth National Policy Document on Spatial Planning 2000-2020 (issued on 1999)

the Netherlands	space requirements (low scenario)	space requirements (high scenario)
in 1996		
224,231	39,000	85,000

figures in hectares

Housing Needs

period	housing demand (low scenario)	housing demand (high scenario)
2000-2010	376,000	680,000
2010-2020	375,000	633,000
2020-2030	198,000	560,000

figures in number of dwellings

Source: VROM, June 2001.

Housing Memorandum 2000-2010

1. New focus on individual citizens
2. Greater influence and more choice for tenants and owner occupiers
3. Social Housing Associations to sell 500,000 dwellings
4. “responsibilities of the associations as ‘social entrepreneurs’ should be expressed in the improvement of their product, a moderate increase in their rents, and the promotion of freedom of choice for (potential) tenants”.
5. Urban revitalisation as a social challenge: provision of housing, housing services, and residential environments.

Housing in the Netherlands (2004)

- Ca 6,8 million dwellings
- 54 % is owner-occupied
- of which 10 % is an apartme
- 46 % rented:
- 37 % social housing
- 9 % rented in the private sector
- 29 % of the total housing stock is a multi family dwelling
- 6,7 % of Dutch housing is located in high-rise buildings

Source: VROM

STATUS QUO _ 2005

- 550 Housing Associations
- Balance total: 90 billion
- Solvency: 25% = 23 billion
- Equity: 10 billion to high?

Source: Eric Beijer, 2005

HOUSING IN NL 2006

- Housing Stock: 6,969,931 units
- Annual Production: 72,382 units
- Owner occupied: 55.9%
- Private rented occupied: 11%
- Social rented occupied: 33.1%
- All rented occupied: 44.1%

Major Cities Policy (1995)

Grote Steden Beleid-GSB

Physical: meeting increasingly higher standards set by residents, businesses, visitors, vacationers

Social: socially suitable, livable, safe & offer real opportunities to people who need them

Economic: offer jobs & adequate high-quality branche locations for businesses

Major Cities Policy (1995)

Grote Steden Beleid-GSB

- *Agreements and Convenants with G4 (Ams, Rdam, Utrecht, Den Haag)*
- *Positive evaluation in 1999……. Increased up to 27 (2006)*

1. Legal framework: “Urban & Village Renewal Act”
2. Issues: Employment, Education, Safety, Care and Liveability
3. Multi-year Development Plan (MOP)
4. MOP: integral conception of physical, economic and social infrastructure
5. Consultation with local organisations and relevant parties
6. Municipalities prioritising specific districts/neighbourhoods
7. Eligibility of Municipalities for national government finance
8. Monitoring and promotion of exchange of knowledge & experience

3.

Retrospective on Development Policies

Government Policies: historical perspective

1945 - 1973
(reconstruction):

- Centralization
- Quantity policies
- Rent control
- Economic growth
- Immigration
- Expansion housing associations
- Physical planning act (1962)

1901 - 1940
(world wars)

- THE HOUSING ACT !!!
- Health Act
- World War I: stagnation
- Liberal government intervention
- Quality housing policies
- Housing associations with public mandate
- World War II

1850 - 1901:
(Industrial revolution)

- crisis
- city walls torn down
- rapid urbanization
- first housing associations (private initiatives)
- no state intervention
- poverty, cholera,
- housing shortage

Government Policies: historical perspective

1989 - today:
(Restructuring)

- Decentralization
- Liberalization
- Deregulation
- Large Cities policy
- Social Renewal
- Market orientation
- Compact cities policies
- Is Holland fully occupied?
- From building to dwelling
- Sustainable building
- Boosting Home ownership

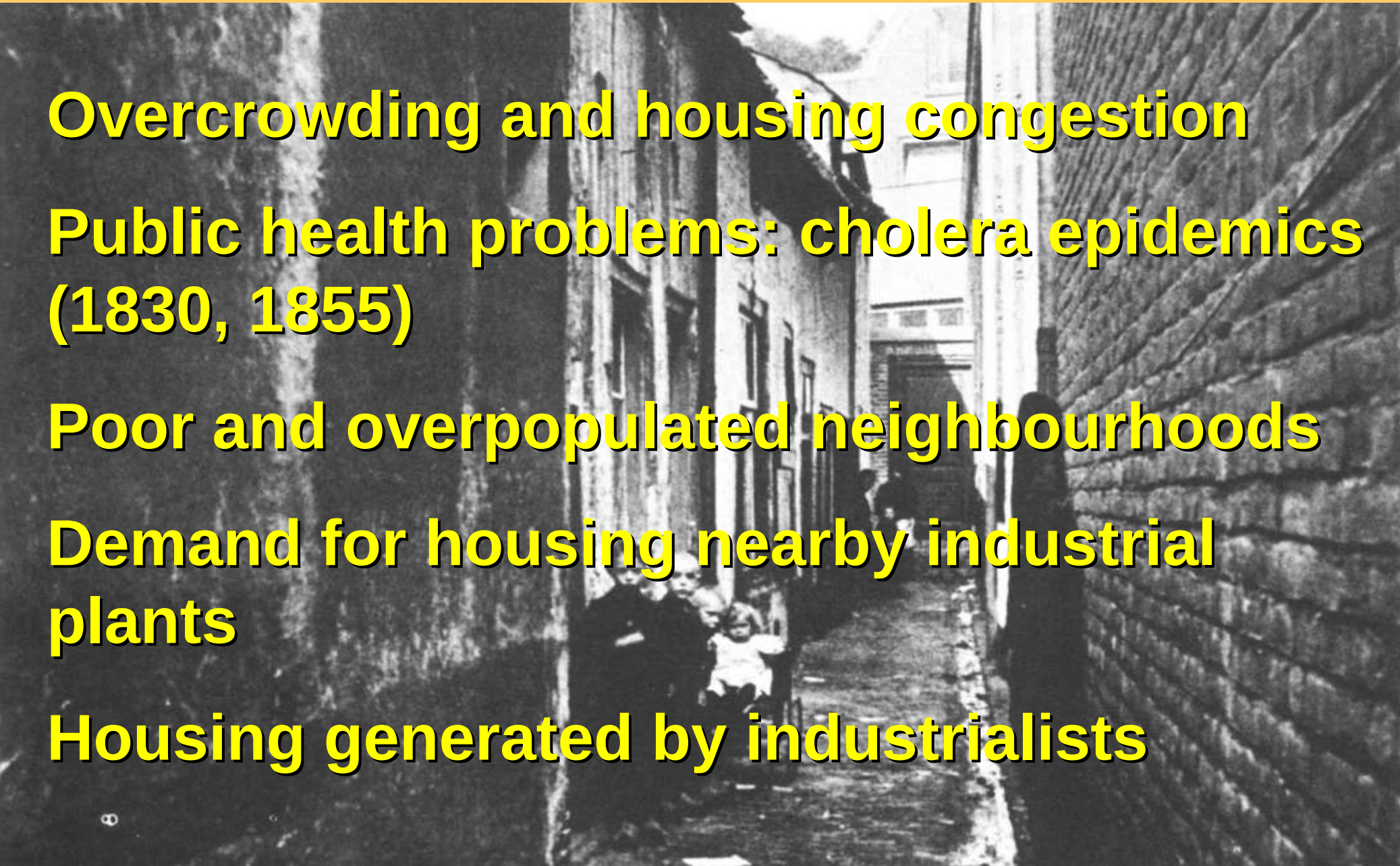
1972 - 1990:
(urban renewal)

- Quality and diversity policies
- Oil Crisis
- Squatter groups
- Tenants' mobilization
- Building for the barrios
- Shifts in rent policies
- Shifts in subsidy policies

4.

Housing Problems in the Turn of the 19th Century

Housing Conditions 1850-1900



Overcrowding and housing congestion

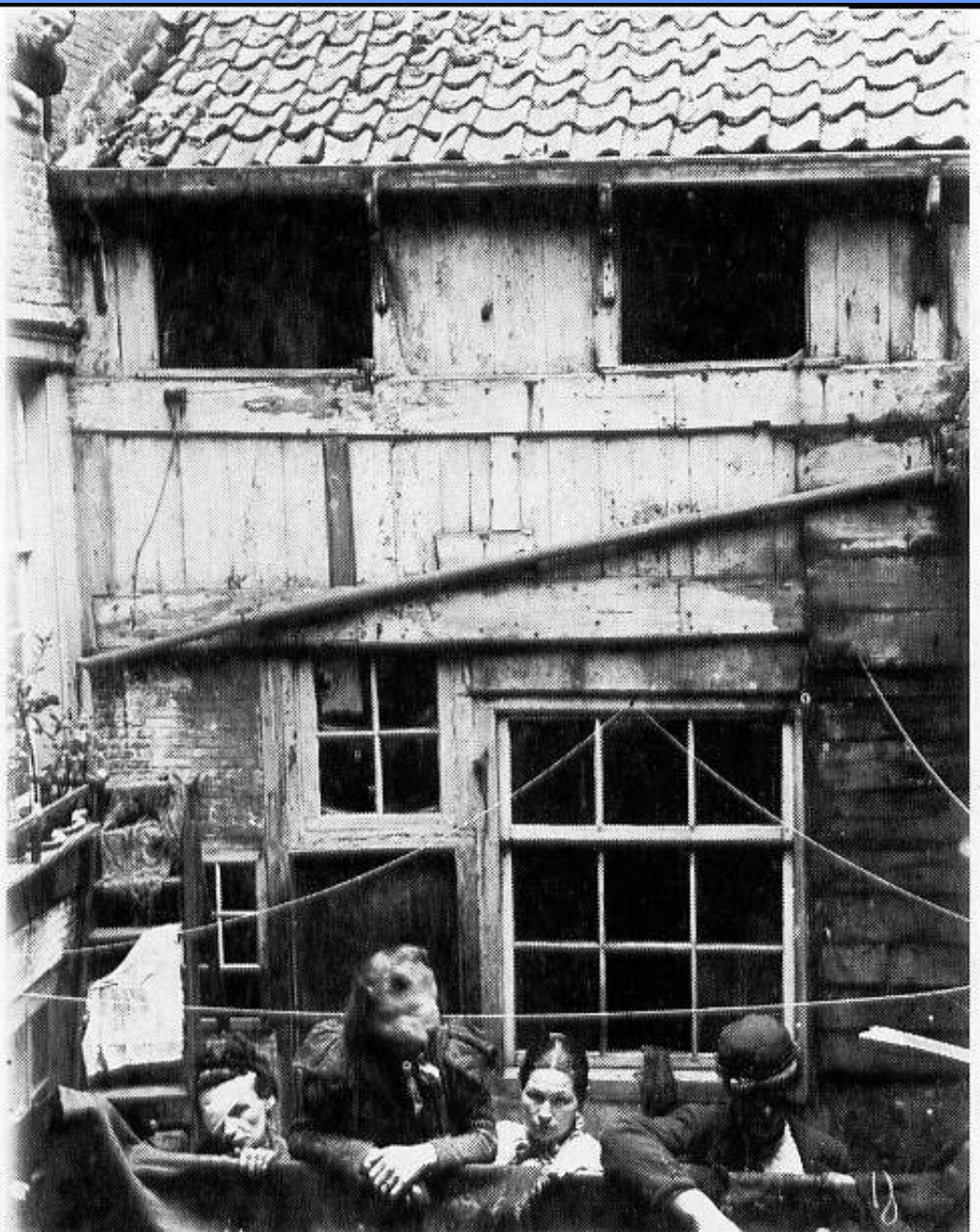
Public health problems: cholera epidemics (1830, 1855)

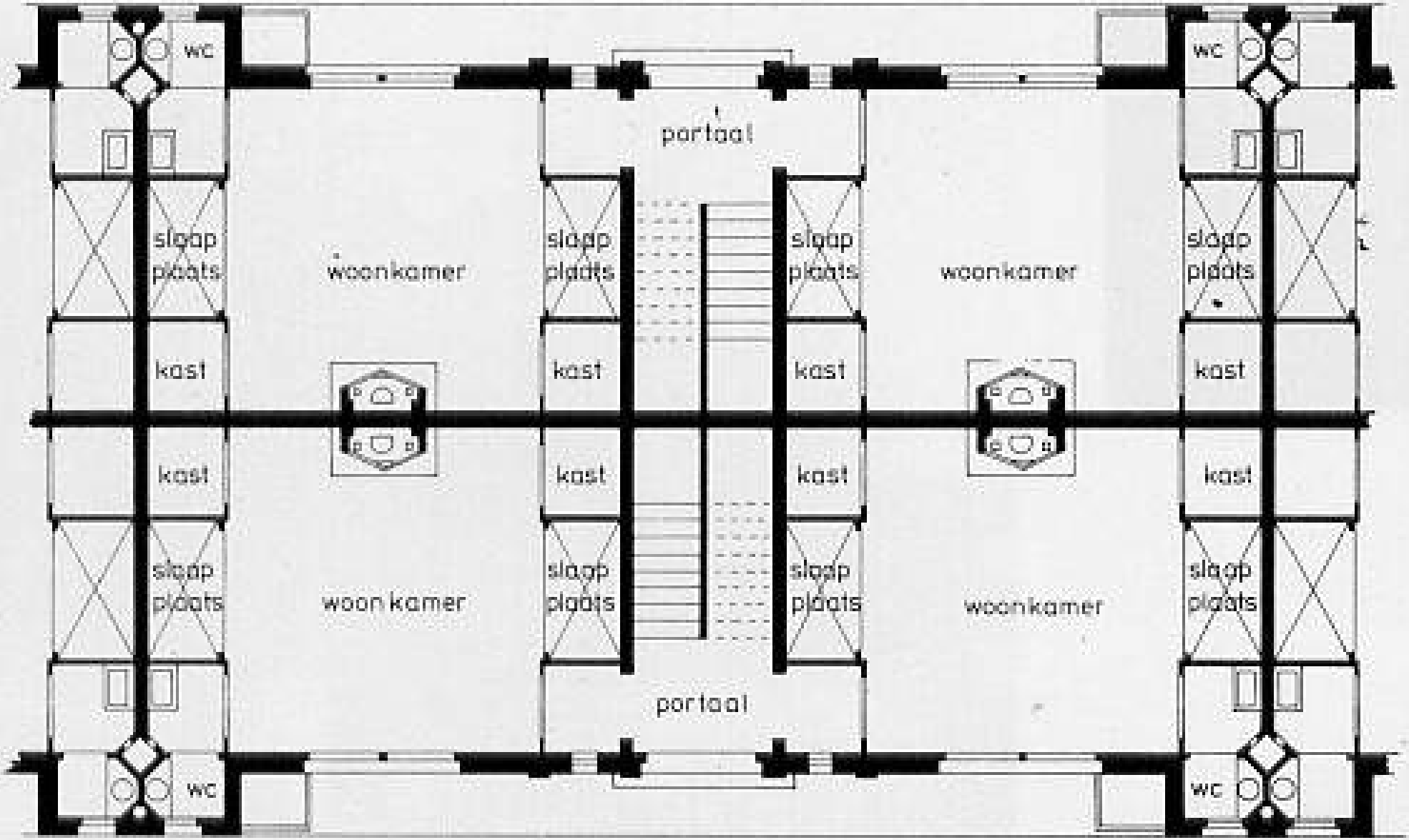
Poor and overpopulated neighbourhoods

Demand for housing nearby industrial plants

Housing generated by industrialists

Poor Housing Conditions in Amsterdam, 1900 & 1927

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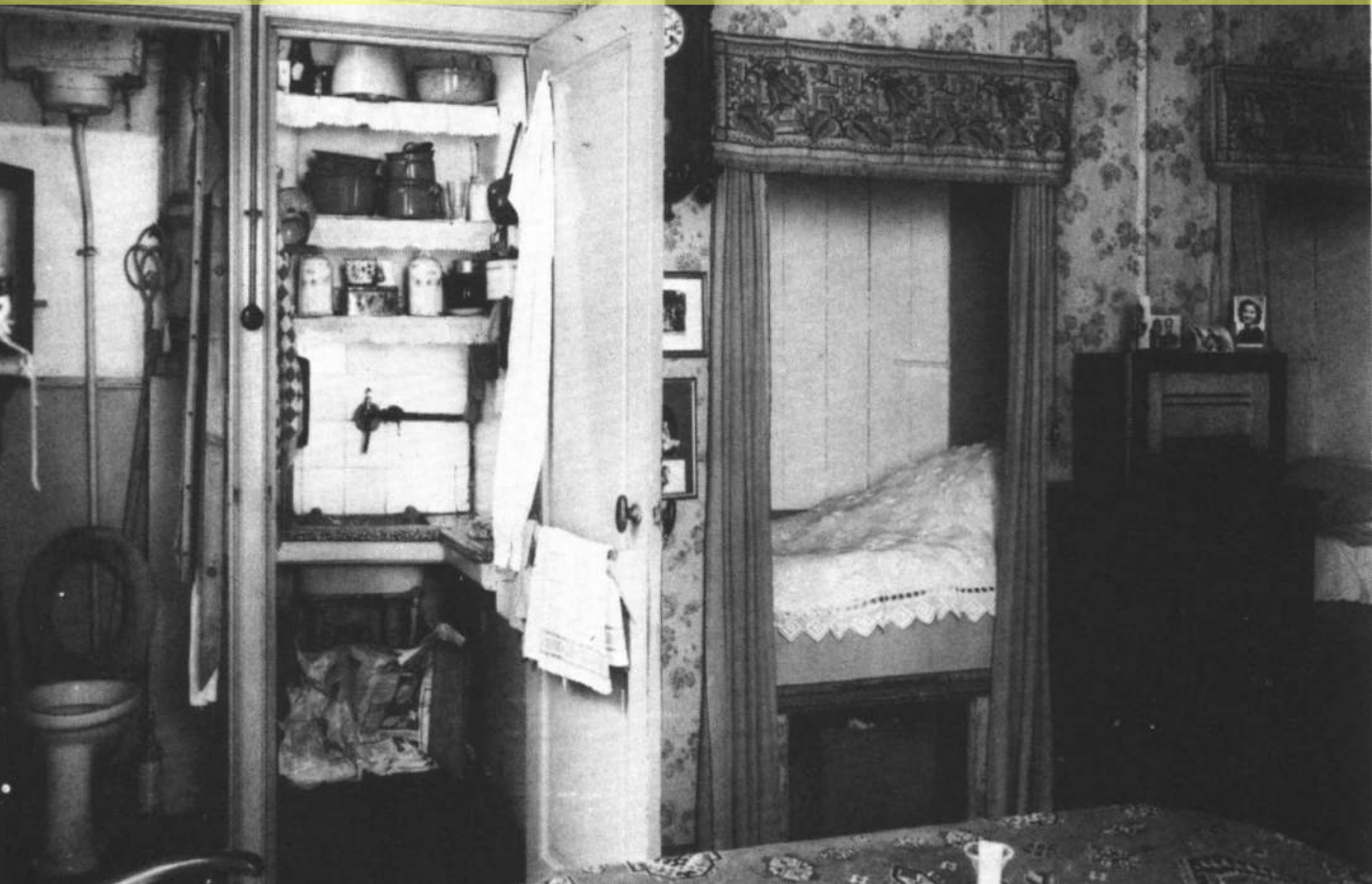
The cupboard bed dwellings (1877, Amsterdam)



5.

The Regulatory & Statutory Frameworks: setting the rules

Statutory & Regulatory Framework

The 1901 HOUSING ACT

Regularly amended (1965; 1992)

Dutch Constitution: "promotion of sufficient housing opportunities is a matter of government concern" !!!!!

1. **Sets duties and responsibilities of various parties concerned with housing**
2. **Provides the State with formal powers to subsidise the construction of houses**
3. **Indicates eligibility for State subsidy : financial frameworks**
4. **Allocates specific tasks to municipalities**
5. **Entrusts Housing Associations with special function**

The 1901 HOUSING ACT

Regularly amended (1965; 1992)

Municipalities

- Building Ordinance
- Housing codes
- Utilise Government subsidies for slum clearance
- Control of construction via building permits
- Registration of Properties
- Assist Municipalities and HA in financing “Housing Act Dwellings
- Condemn Properties for clearance & redevelopment
- Powers to supervise management & operations of HA

The 1901 HOUSING ACT

Regularly amended (1965; 1992)

Municipalities

PRIMARY RESPONSIBILITY FOR HOUSING

1. Approval Annual Operation Budget HA
2. Demand auditing of HA books
3. Approval of amount on annual depreciation claimed on projects
4. City council appoints a person to supervise management of HA
5. Right to carry mortgage loan on properties of HA

The 1901 HOUSING ACT

Regularly amended (1965; 1992)

Possible for private organisations - with government support - to build for the "general good"

HOUSING ASSOCIATIONS

"independent, private organisations, that build, rent and manage dwellings for those who have problems finding good, affordable housing on their own".

Legally registered as "non-profit" social housing organisations recognised by Municipal Governments

- Building housing
- Managing housing
- Selling housing
- Allocation of housing
- Supplying Services
- Maintaining Barrios

SOCIAL HOUSING ORGANIZATIONS

2006

1. Private Organisations with a PUBLIC GOAL
2. Since 1901: Key role in public housing
3. 40% total housing stock (2.4 ml dwellings)

- **Non-profit organisations:**

5. Earn some benefits: sub subsidies/tax benefits
6. Developed into full professional rental estate-companies
7. Benchmarking & Rating Systems

1. **Obliged to reinvest profits/reserves in social housing**
2. **Obliged to maintain/upkeep the stock**
3. **Obliged to keep part of the stock affordable (contracts with government)**

6.

Social Housing: yesterday and today

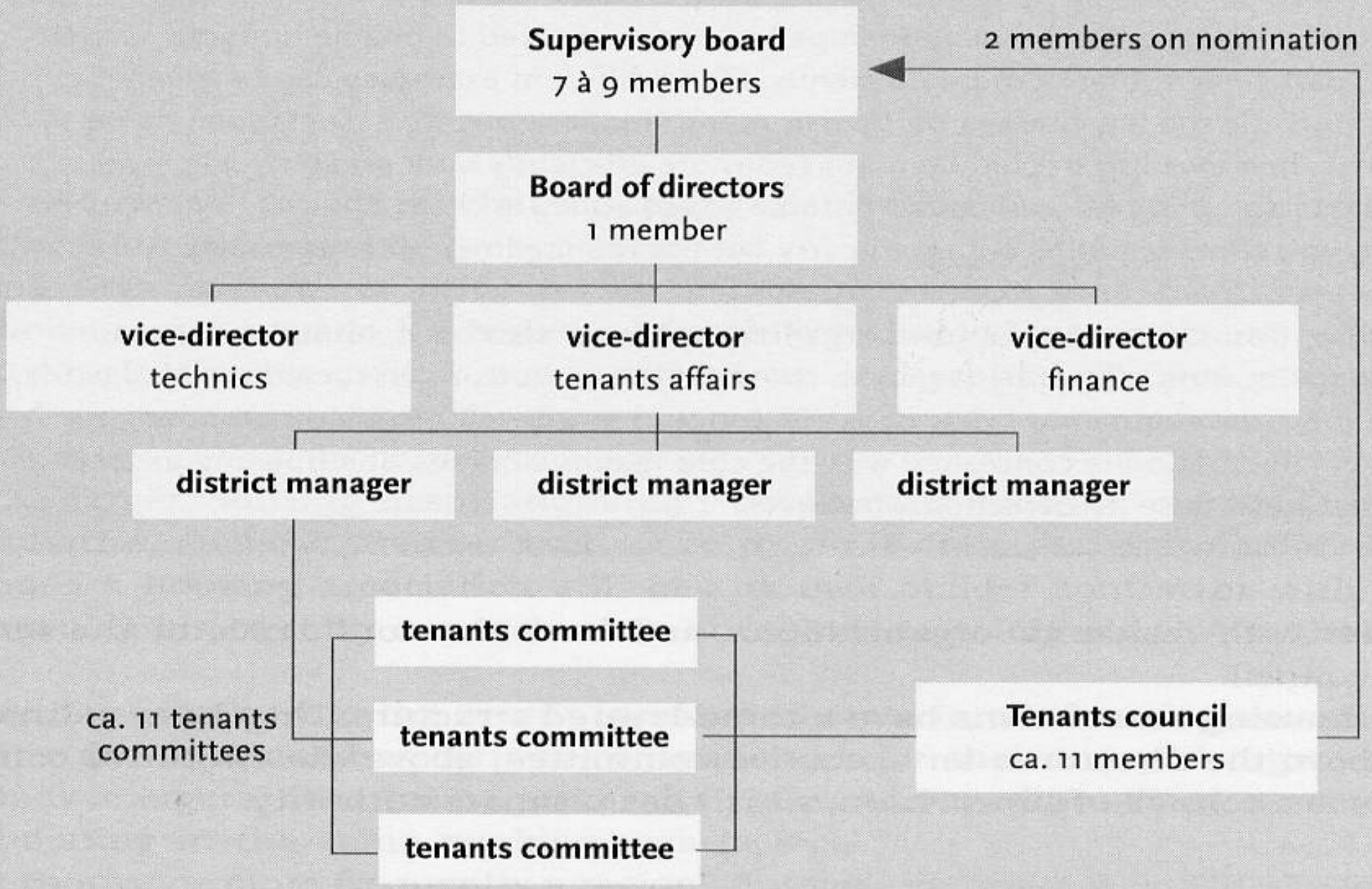
Brief History Social Housing Associations

1850-1901	1901	1945-1973	1980-1993	1993 to date
First housing associations; small-scale; no government relationship	Housing act; registered social housing organizations: private organizations that build, rent and manage dwellings with government support	Mass production (with subsidies and loans from the government)	Government's national debt forced cutbacks: decision not to make or guarantee loans	Increased independence of housing associations due to balancing out and building without subsidies

Legal & Organisational Structure

Association	x	**Foundation**
Operates exclusively in the interest of public housing!		
No profits accruing from construction and renting of dwellings may be distributed to other people or institutions!		
• Members • Greater saying of members		• Not-for-profit institution • Without members

Figure 5.1 Management model of a medium sized housing association



Denominations, Meanings, Translations of Terms

Housing Association-HA Housing Corporation-HC	Owers Association-OA Homeowners Association-HOA Condominium Association Condominium Community of Owners
Privately Operated Foundation	Cooperative

Housing Association

“Amsterdam Association for the Building of Workers’ Housing”

Roggerveenstraat/Dirk Hartoghstraat, 1884

Housing association Rochdale
Amsterdam
Van Beuningenstraat
1909
J.E. van der Pek

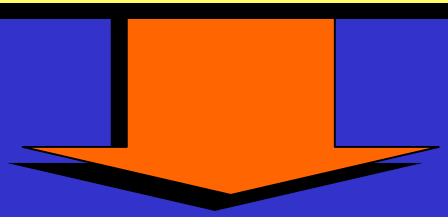
These first 1902 Housing Act dwellings in Amsterdam provided a much improved standard, but the housing association reported that some residents missed their former cupboard beds and alcoves. Note that the ground floor units have their own entrances. The architecture is quite straightforward and less eclectic than much housing built at the same time.

23
24a b/c

Housing Associations: a retrospective

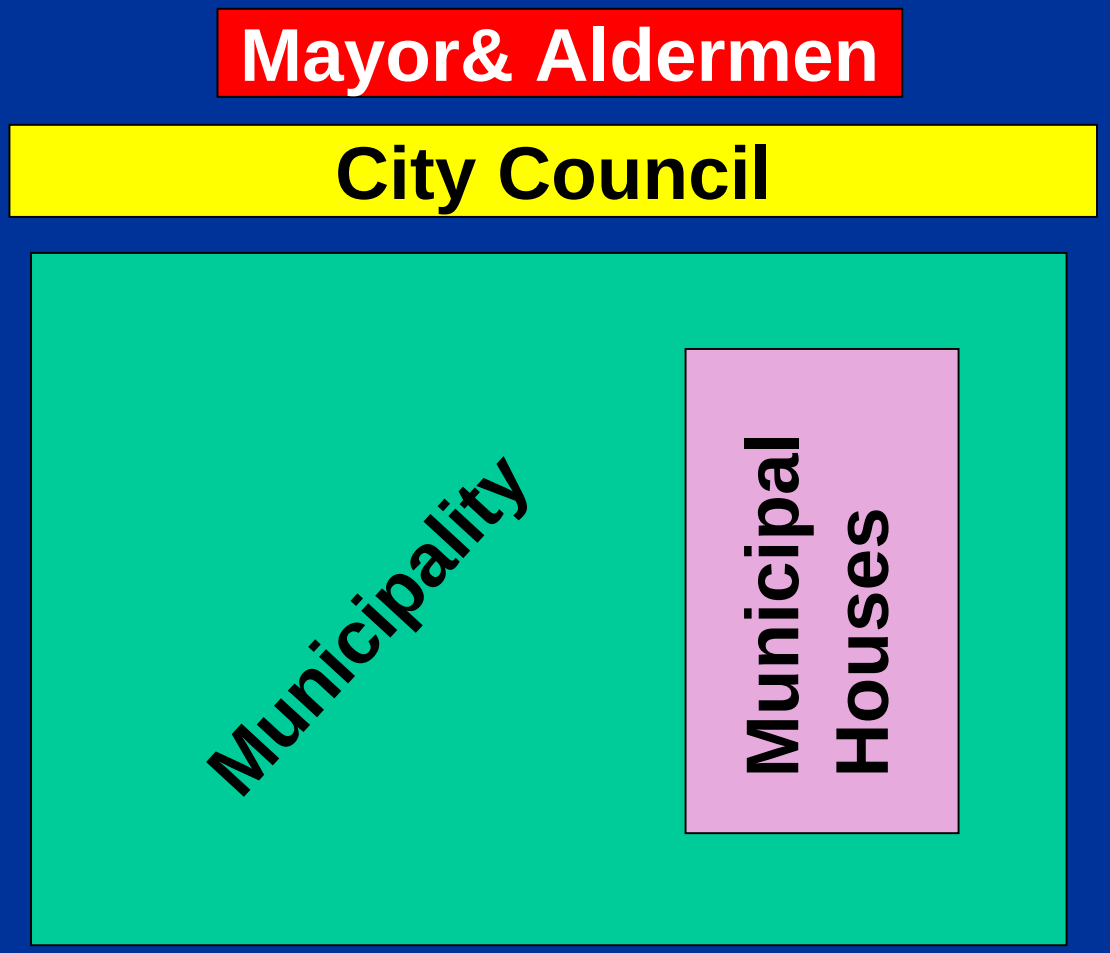
21 February 1852: First HA - “Association for the Benefit of the Working Class” founded in Amsterdam.

Voluntary fund raising movement of well-to-do citizens to build adequate working-class housing on a non-profit basis.



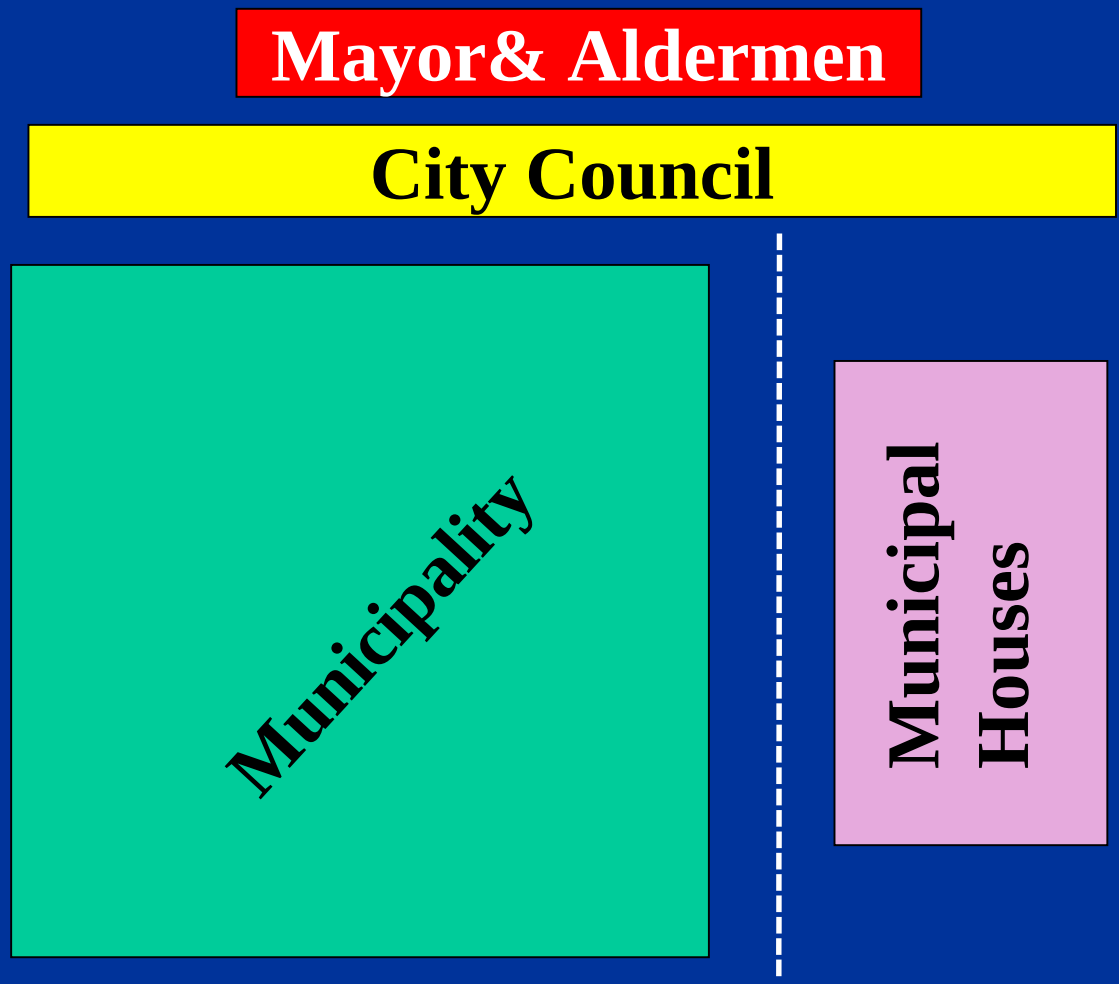
1906:	only 6 HA created before1901 applied f/ certification
	only 14 received certification
	Private developers and landlords dominating
1913:	301 HA approved.
1918-120:	743 HA approved.
1922:	1,341 HA established.
1999:	**761 registered housing institutions**

MUNICIPAL HOUSING:1945-1967



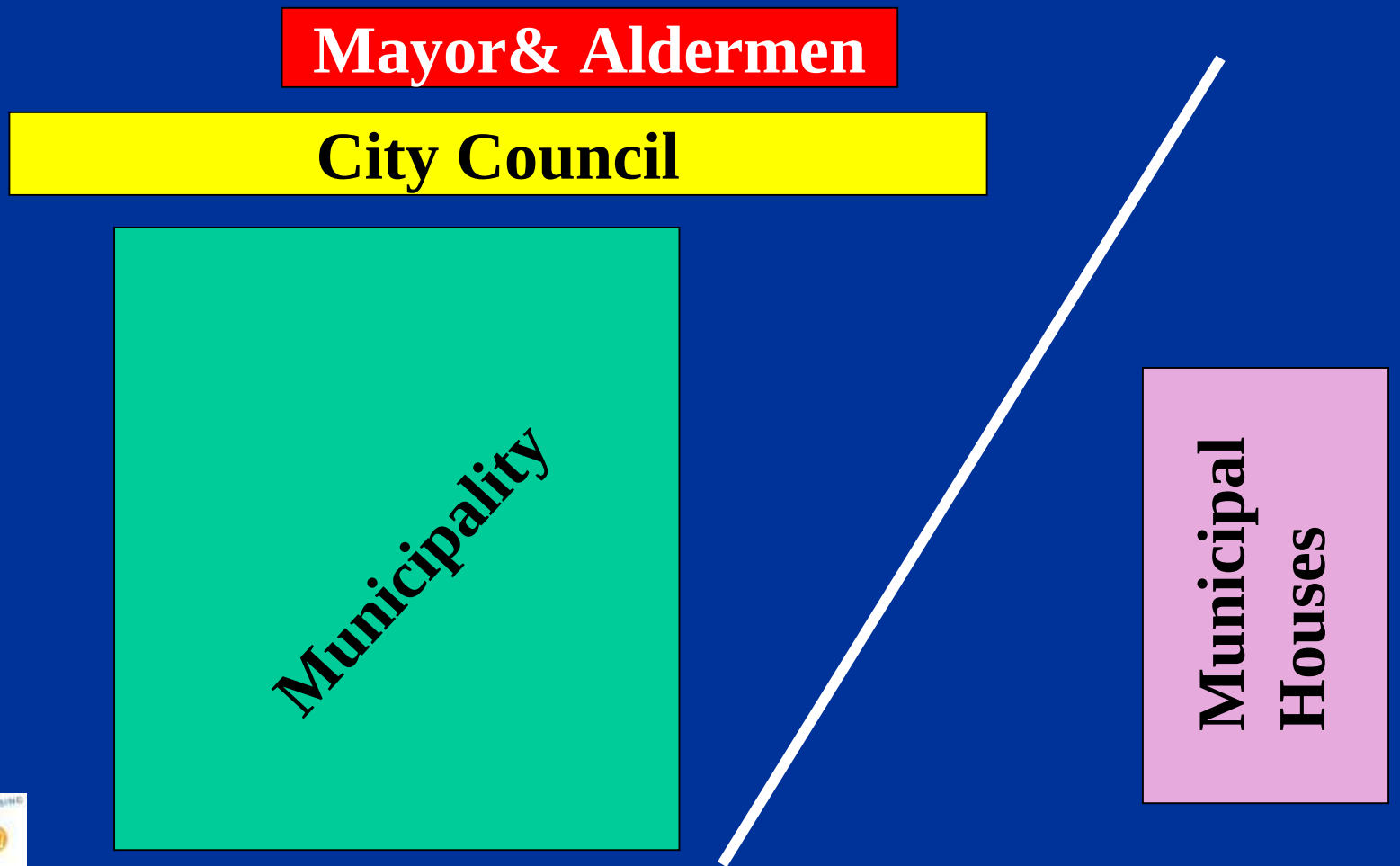
Source: Eric Beijer, 2005

MUNICIPAL HOUSING:1967-1990 --->municipal company



Source: Eric Beijer, 2005

MUNICIPAL HOUSING:1990-1997 ----> Externalisation



Source: Eric Beijer, 2005

From Housing Act to Residential Act

Residential Bill, 2002.

- Residents in stronger position – layout & management of the neighbourhood residential environment;
- HA to draw up progressive multi-year performance plans & linked to municipal housing mission statement;
- Expand social responsibility: vulnerable groups; effective investments;
- Central Housing Fund-CFV as supervisory organ (beyond financial supervision);
- HA can be obliged to meet its performance;
- Municipalities to draw up housing mission statement;
- Every 5 years the State sets out national policy framework.

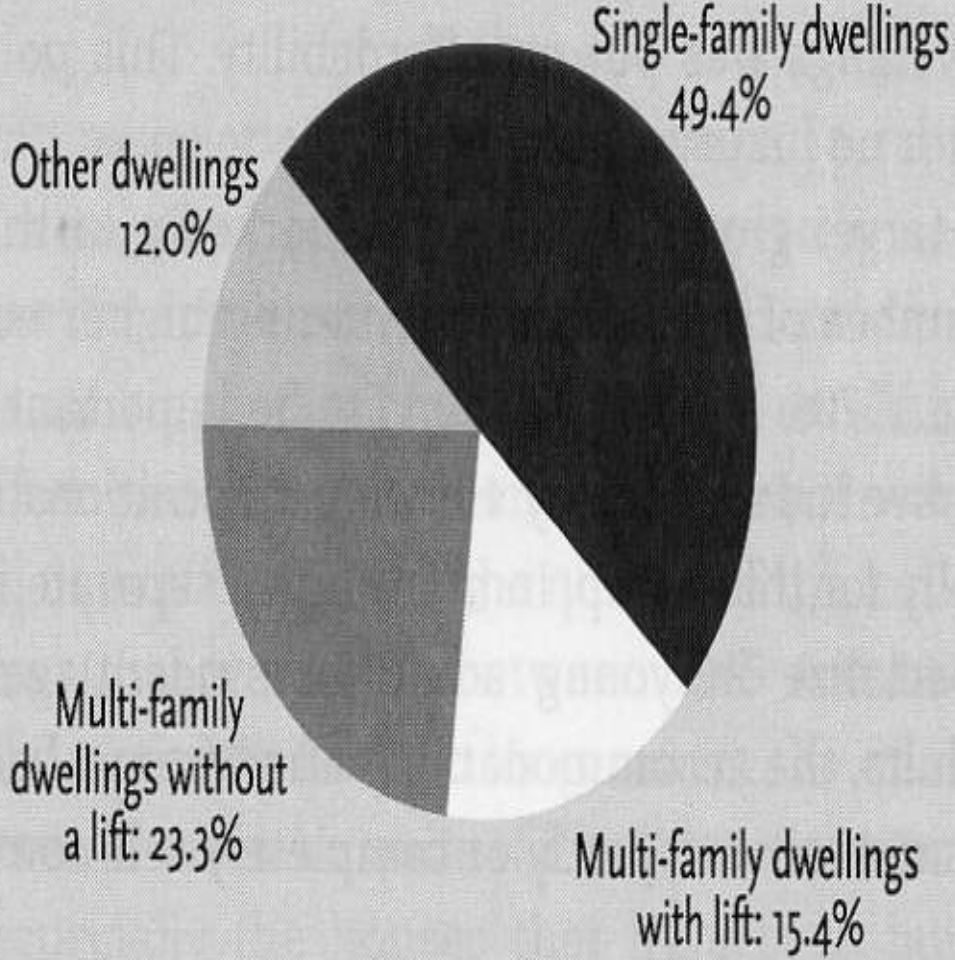
7.

Type and Size of a Social Housing Unit

An average social-rental dwelling

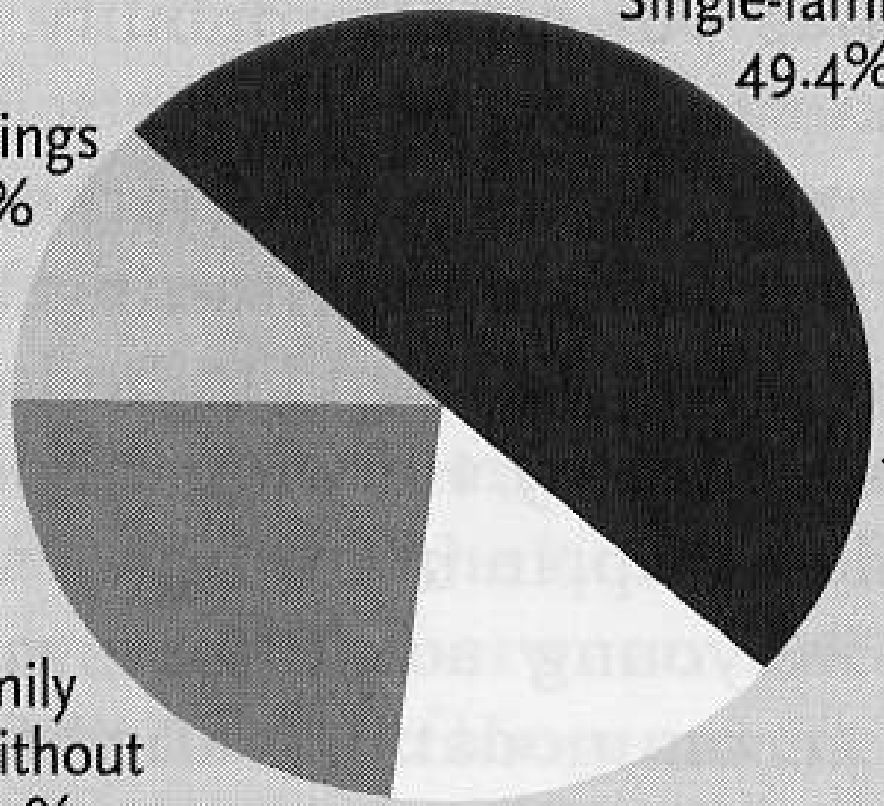
In the Netherlands, the average rent of a social-rental dwelling is about €320 (reference date 2000). Every dwelling is fitted as standard with a kitchen, toilet, and shower. The tenants themselves must take care of the decoration, floor covering, and furniture. In addition to a living room most of the dwellings also have one or more bedrooms. The average surface area of a dwelling is 61 m^2. The maintenance of the dwelling is carried out by the housing association.

Figure 3.3 Dwelling type of social-rental dwellings



Source: Aedes 2002

Figure 3.3 Dwelling type of social-rental dwellings

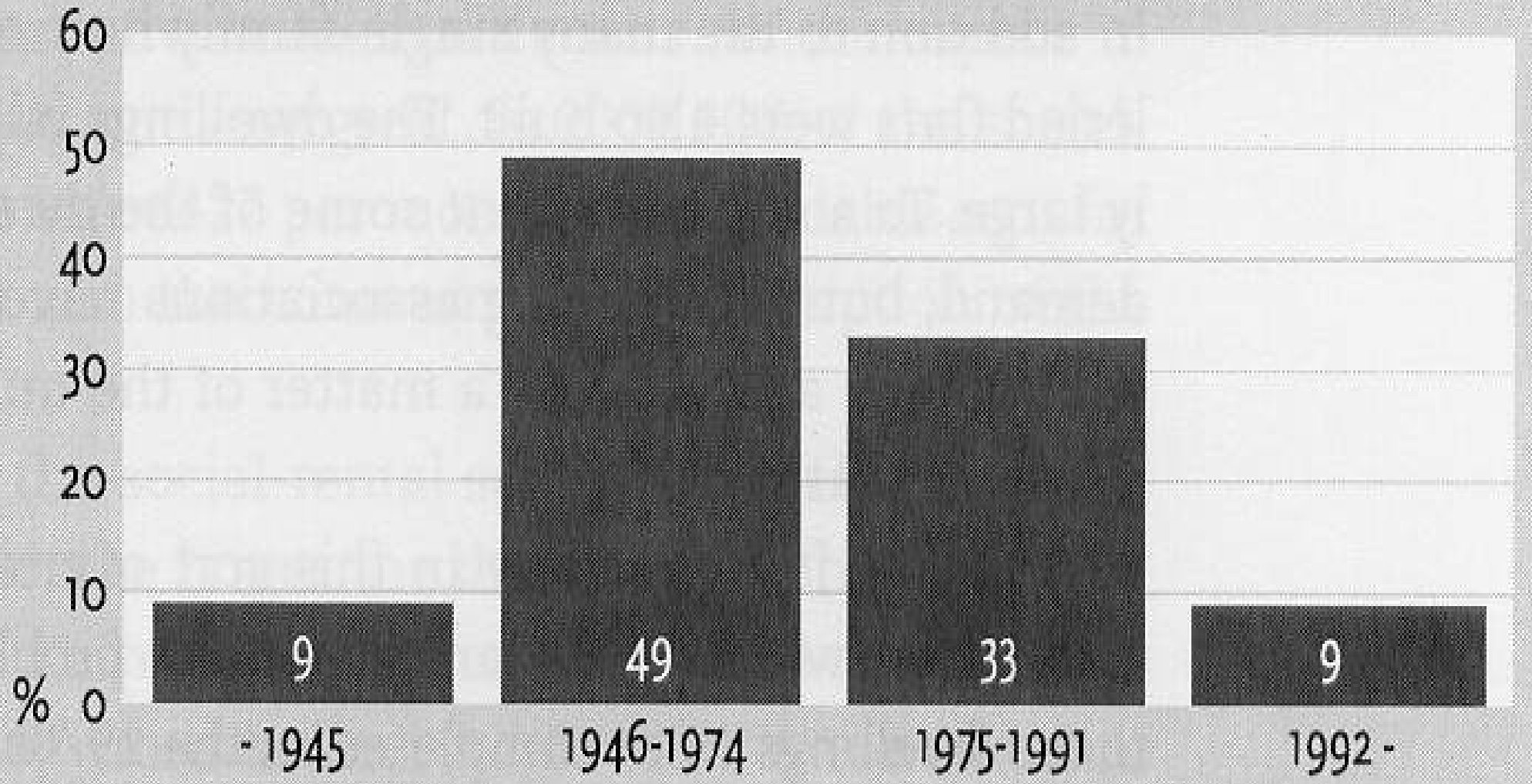


Source: Aedes 2002

38.7%

Multi-family Buildings

Figure 3.1 Building year of social rental dwellings



Source: Aedes, 2002

Table 3.1 Differences in social-rental dwellings according to type of city

Housing associations	% pre-war property	average surface area of the dwelling*	% cheap dwellings	% single-family-dwellings
Amsterdam, Rotterdam, The Hague, Utrecht	26	54 m^2	44	17
Medium sized cities within the Randstad	11	60 m^2	35	37
Medium sized cities outside the Randstad	11	64 m^2	39	44
Rest of the Netherlands	3	66 m^2	29	66
Total for the Netherlands	11	61 m^2	34	47

* On the basis of the house rating system, see section 6.3.

Source: CFW, 2000, referentiecorporaties

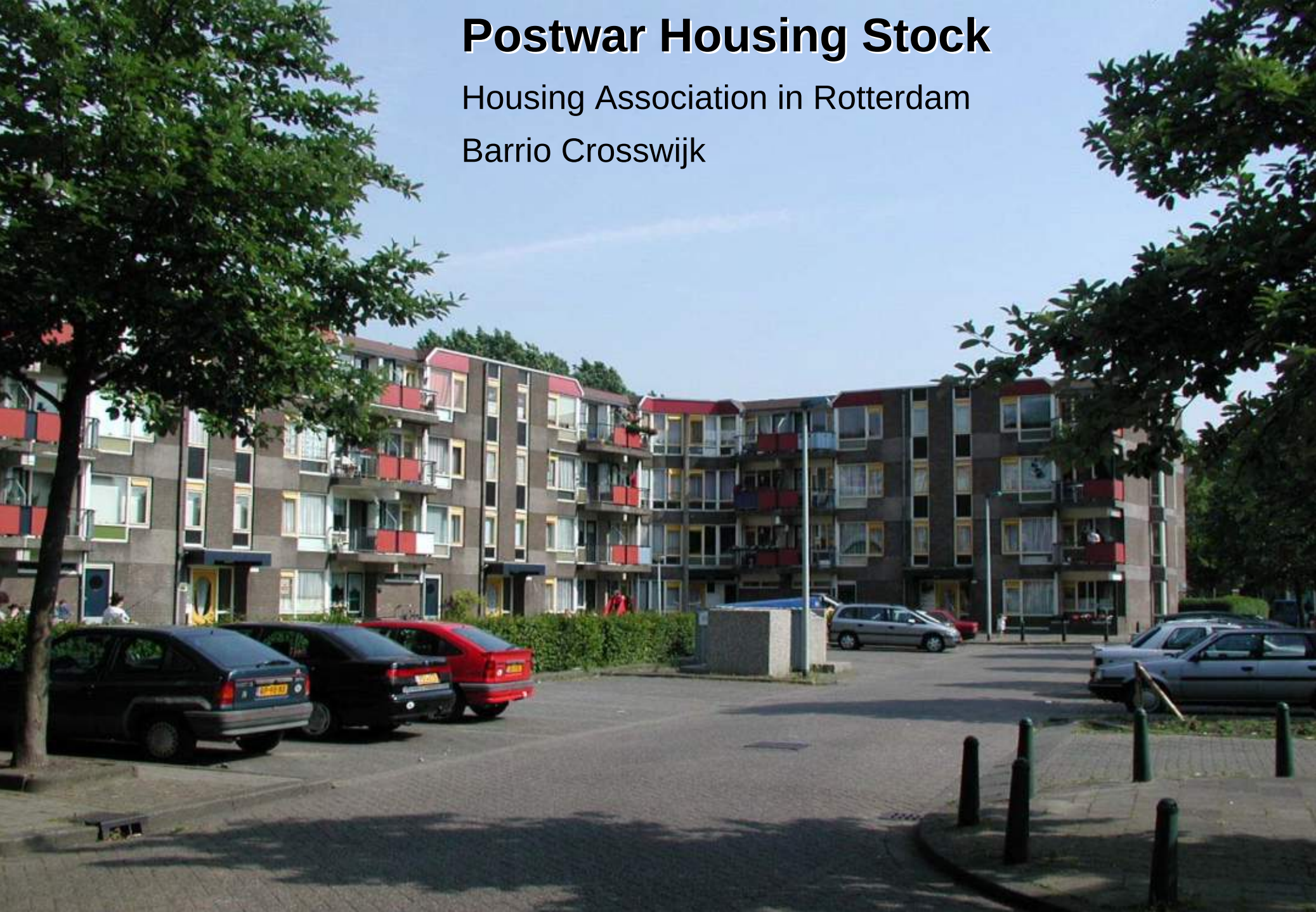
Postwar Housing by Housing Associations

- Multifamily housing
- Improvement in space
- Better environmental conditions

Postwar Housing Stock

Housing Association in Rotterdam

Barrio Crosswijk



Urban Renewal Areas in Rotterdam

Municipal housing improvement programs

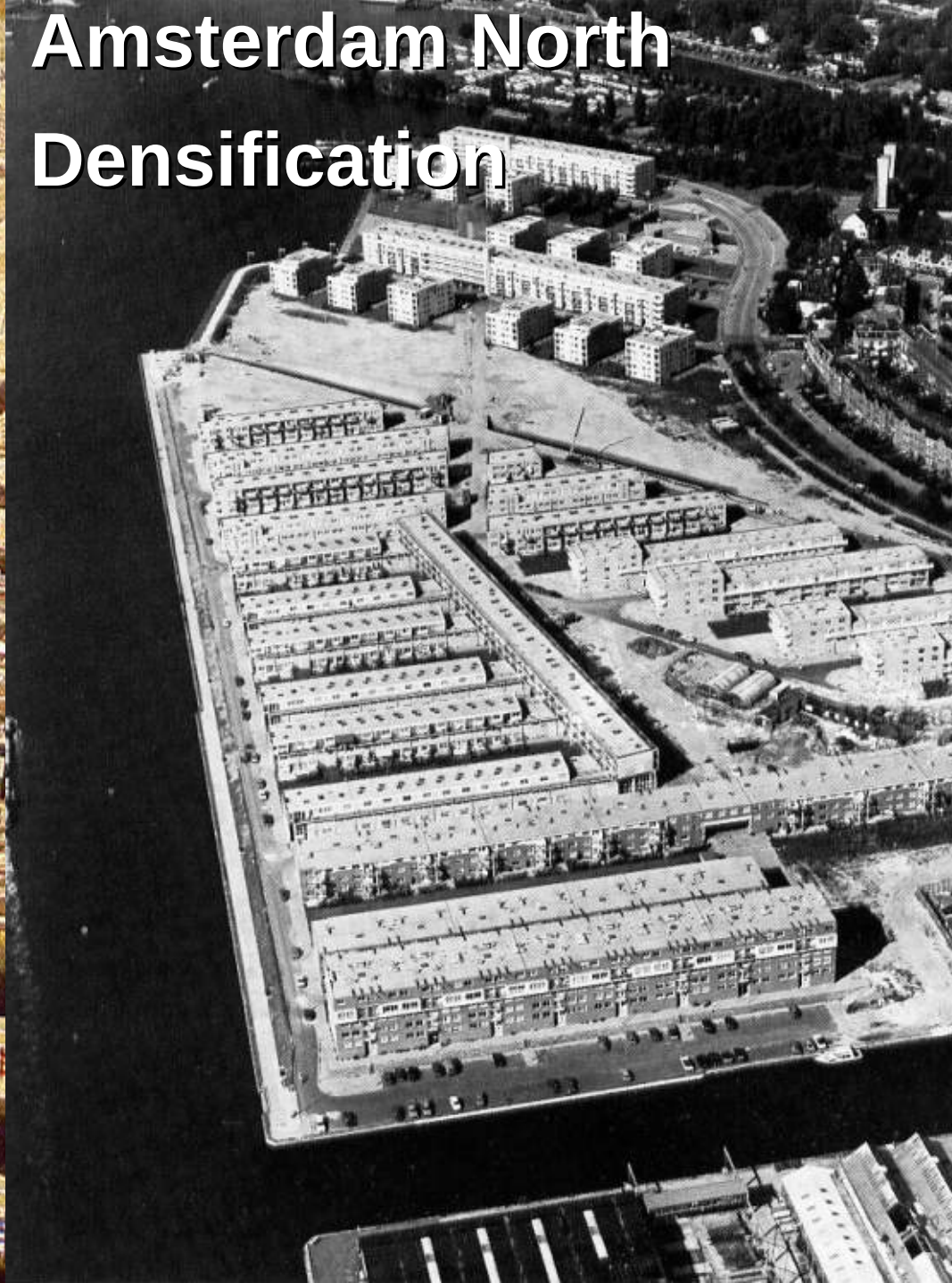
Crooswijk, early 1900’s

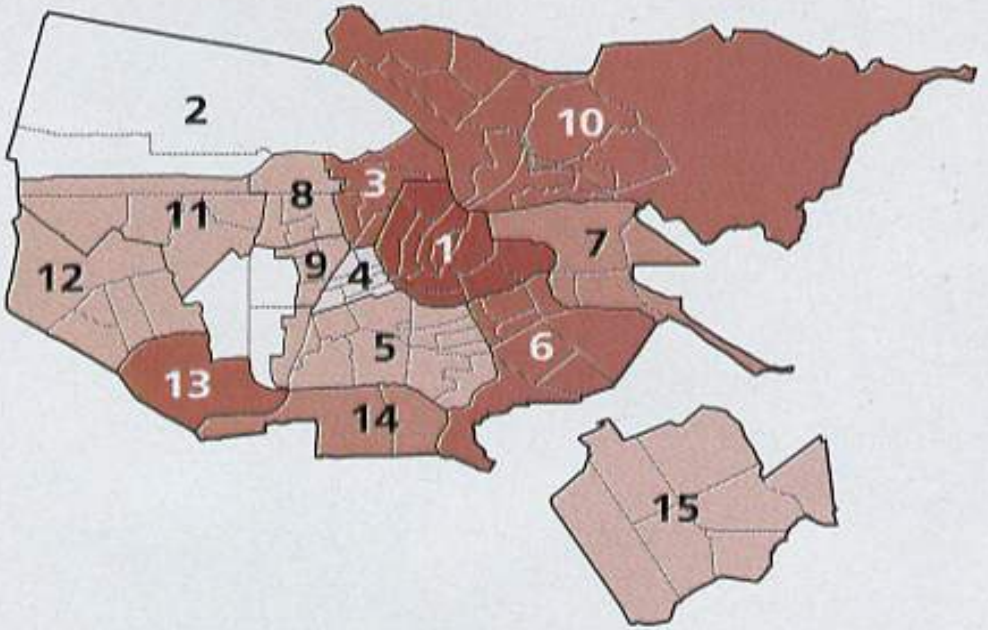
PENDAG

Housing Renewal in Rotterdam

- Prewar stock Housing Association
- Barrio Crooswijk

Amsterdam
Holendrecht-west
3000 units
1970’s


Amsterdam North
Densification



Het aantal woningen van woonstichting De Key, per Amsterdams stadsdeel

1	Centrum	7.280
2	Westpoort	–
3	Westerpark	4.009
4	Oud-west	151
5	Oud-zuid	1.396
6	Oost/Watergraafsmeer	3.728
7	Zeeburg	2.077
8	Bos en Lommer	1.036
9	De Baarsjes	1.712
10	Noord	4.036
11	Geuzenveld	1.348
12	Osdorp	1.525
13	Slotervaart/Overtoomse Veld	3.377
14	Zuidoost	2.994
15	Zuideramstel	1.242

14 **Palmdwarsstraat** 1-23, 39-81, 16-40
Goudsbloemstraat 74-76
Palmstraat 55-57, 61-65

Opdrachtgever
Woningbedrijf West

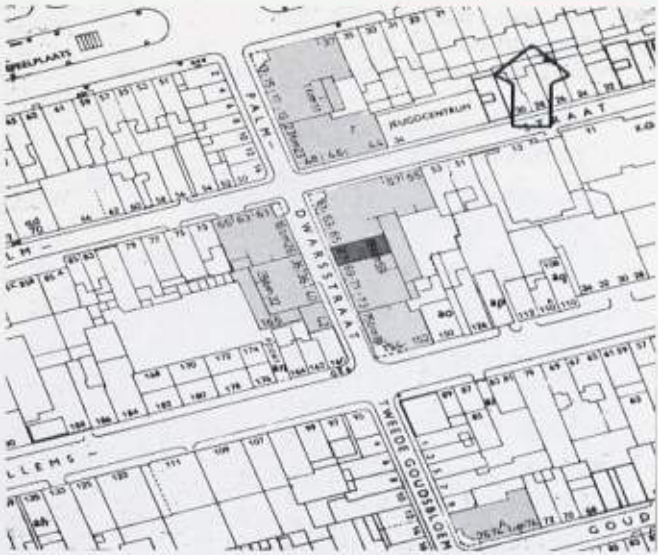
Architect
Van Eyck en Bosch

Aannemer
De Nijs

Aantal
50 woningen
22 bedrijfsruimten

Oplevering
1981

Stichtingskosten
f 102.900,–



21 Weteringschans 1-13, 50-60, 159-161
Eerste Weteringplantsoen 40-74
Nieuwe Vijzelstraat 2

Opdrachtgever
Amsterdam-Zuid

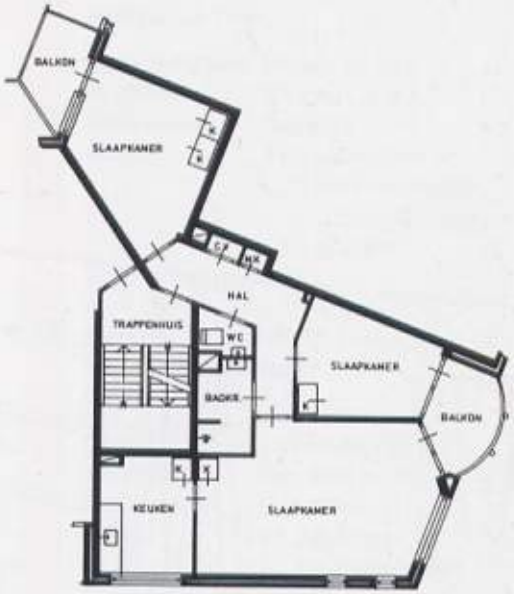
Architect
Snikkenburg

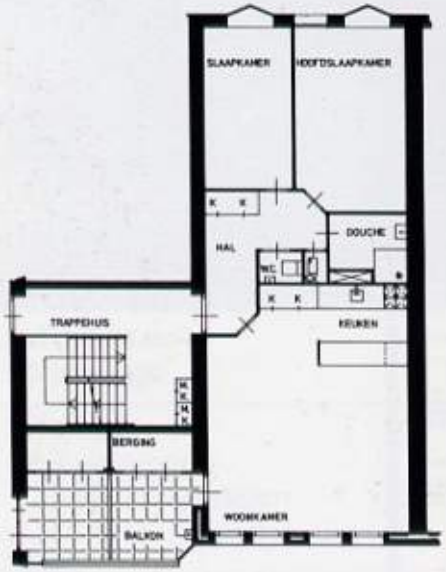
Aannemer
Nannings

Aantal
88 woningen
25 HAT-eenheden

Oplevering
1985

Stichtingskosten
f 119.738,–

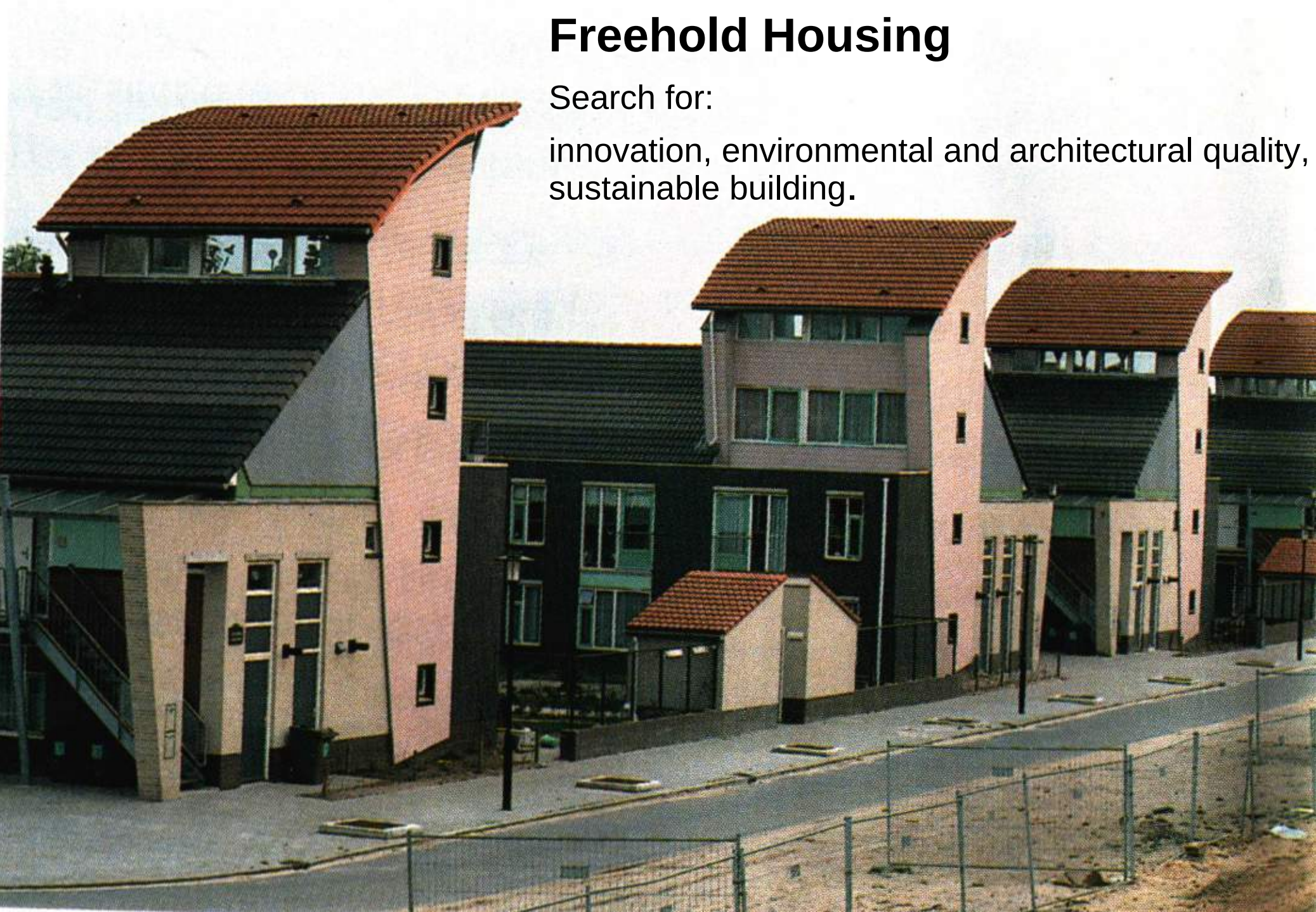



SLAAPKAMER
HOOFDSLAAPKAMER
DOUCHE
HAL
WC
TRAPPENHUIS
KEUKEN
BERGING
WOONKAMER
BALKON

Freehold Housing

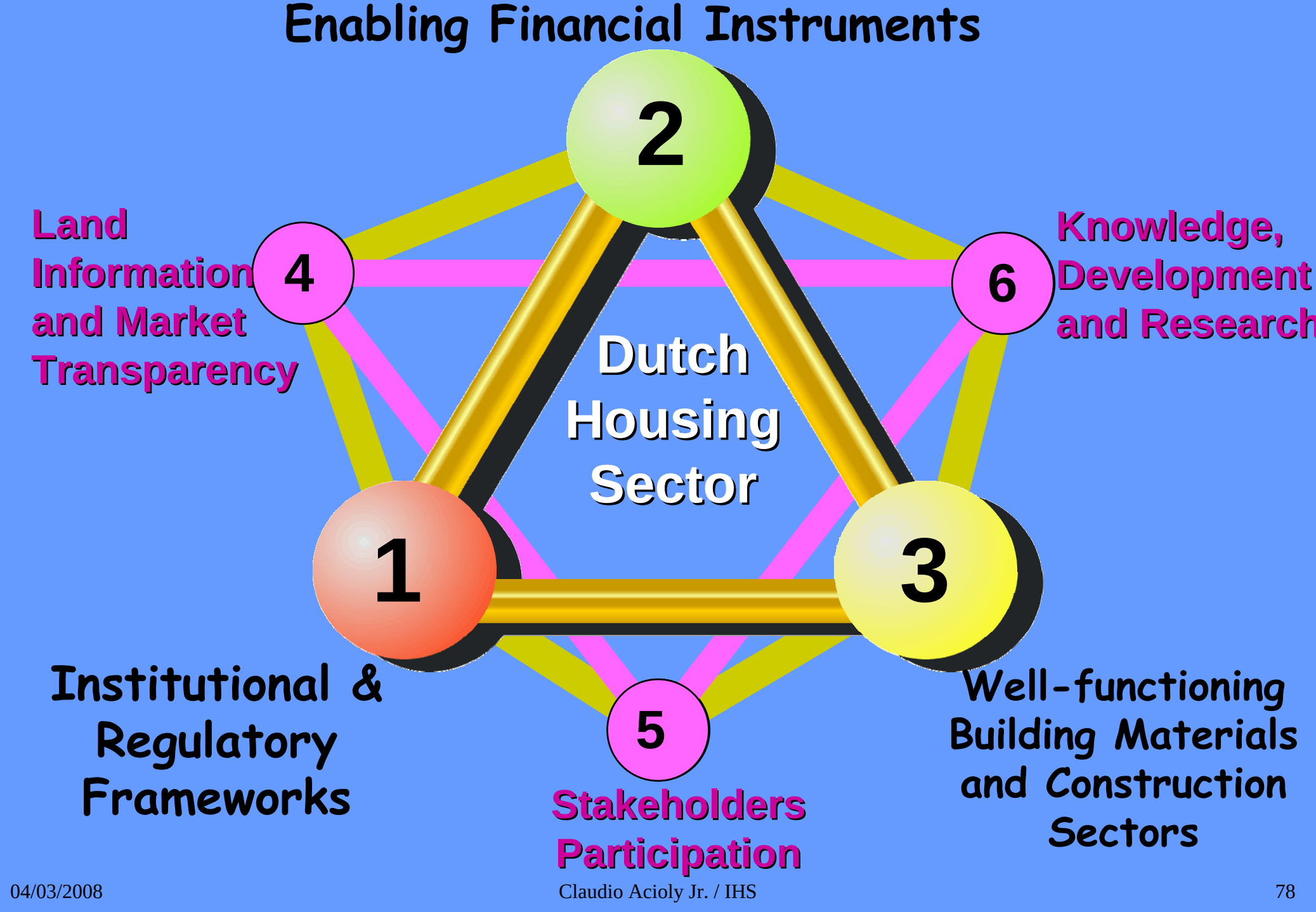
Search for:

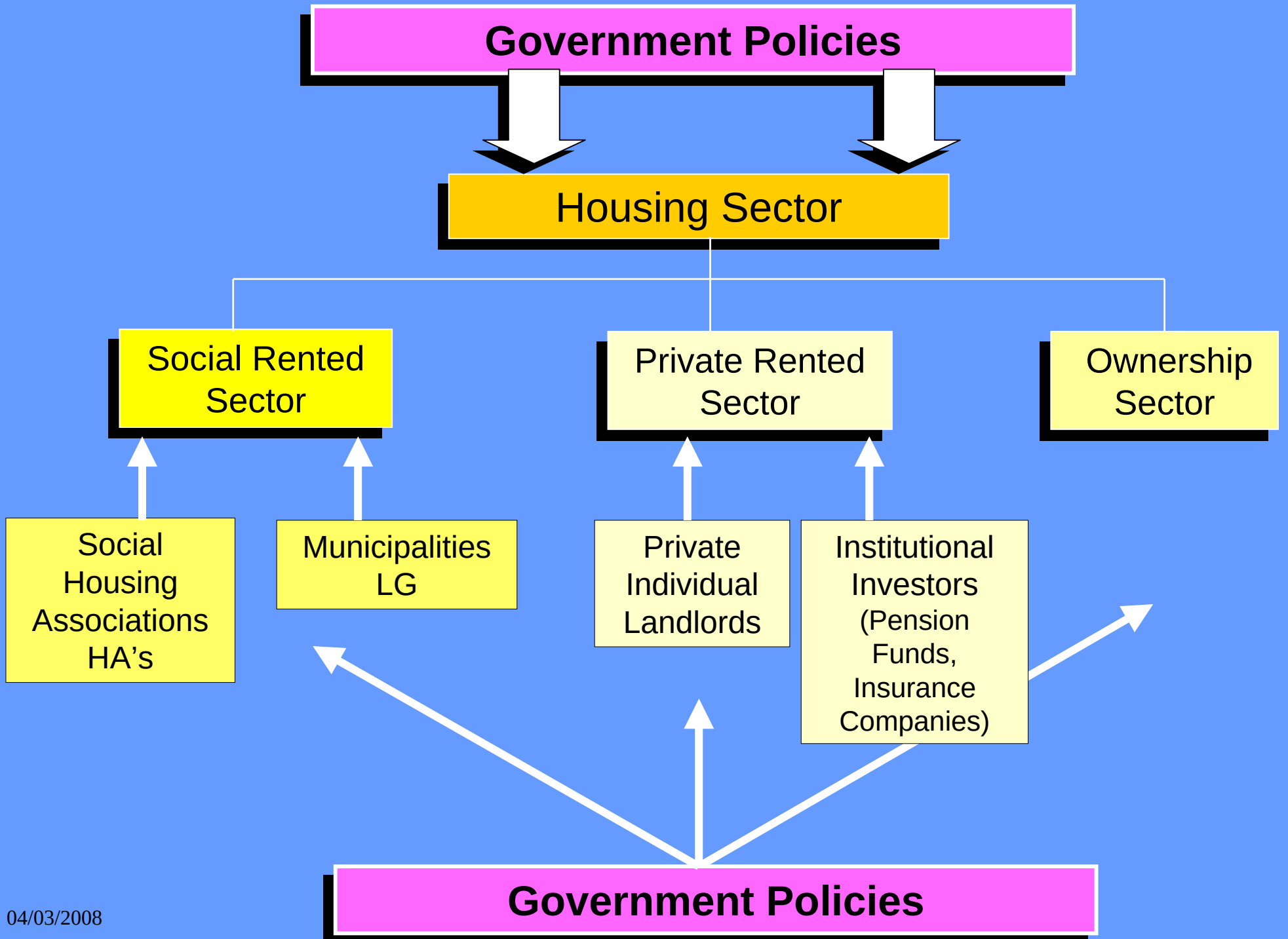
innovation, environmental and architectural quality, sustainable building.



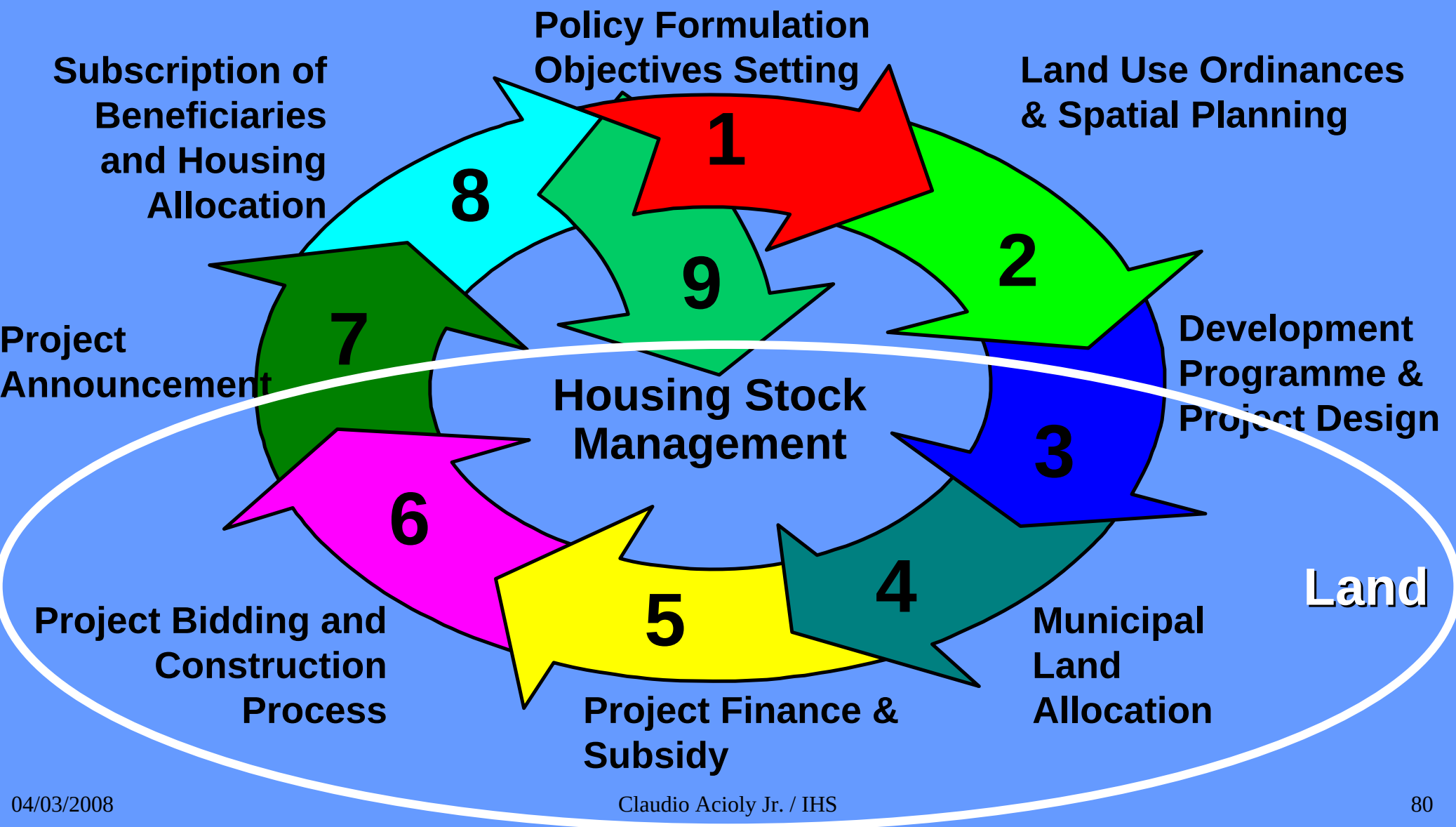
8.

The Organisation of the Housing Sector

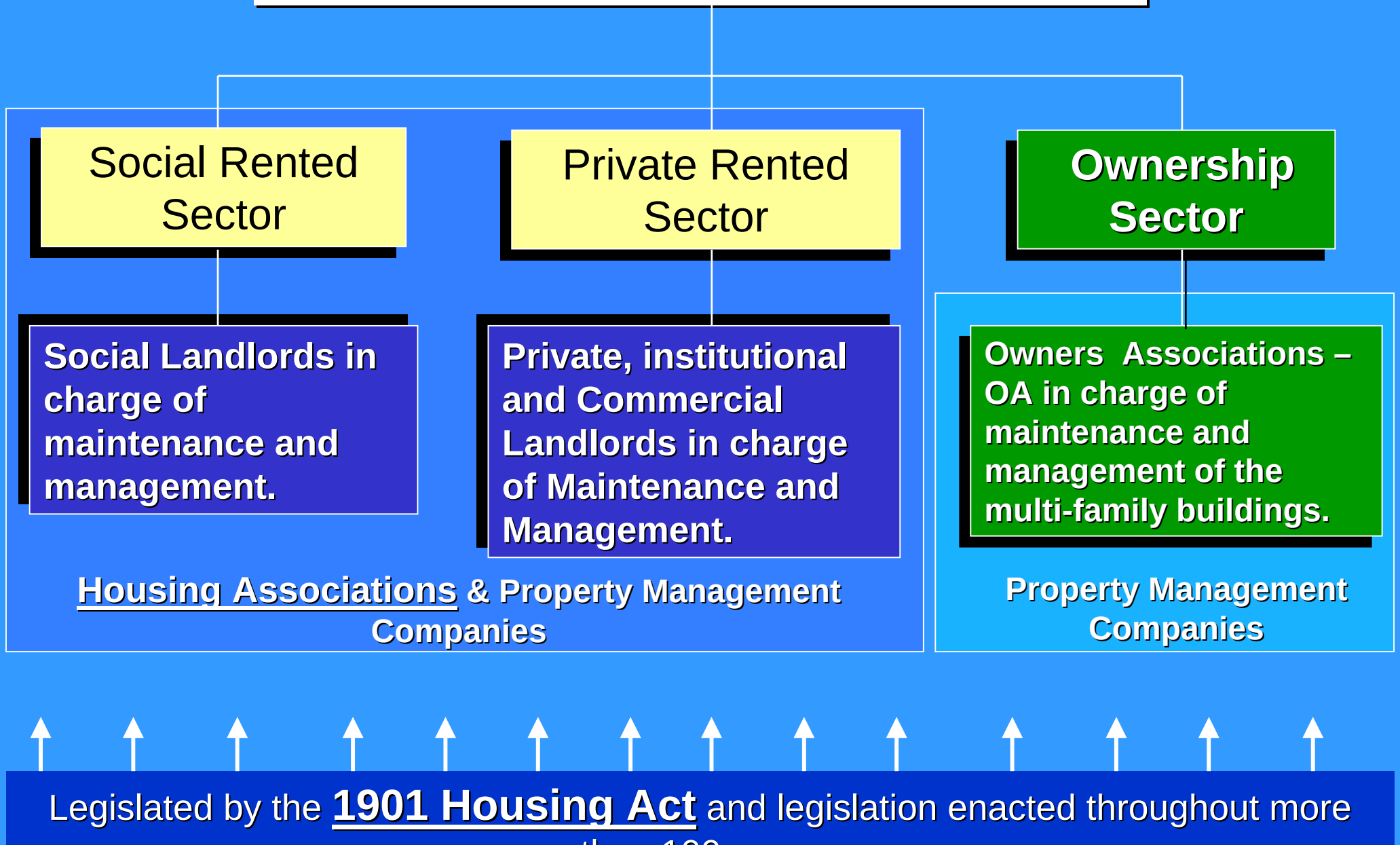

Enabling Financial Instruments
2
Land Information and Market Transparency
4
6
Knowledge, Development and Research
Dutch Housing Sector
1
3
Institutional & Regulatory Frameworks
5
Stakeholders Participation
Well-functioning Building Materials and Construction Sectors


Government Policies
Housing Sector
Social Rented Sector
Private Rented Sector
Ownership Sector
Social Housing Associations HA's
Municipalities LG
Private Individual Landlords
Institutional Investors (Pension Funds, Insurance Companies)
Government Policies

THE HOUSING DELIVERY PROCESS



HOUSING MAINTENANCE



TARGET GROUPS

HOUSING POLICY

People with lower incomes

Young people

Elderly

Disabled

Caravan dwellers

Minorities

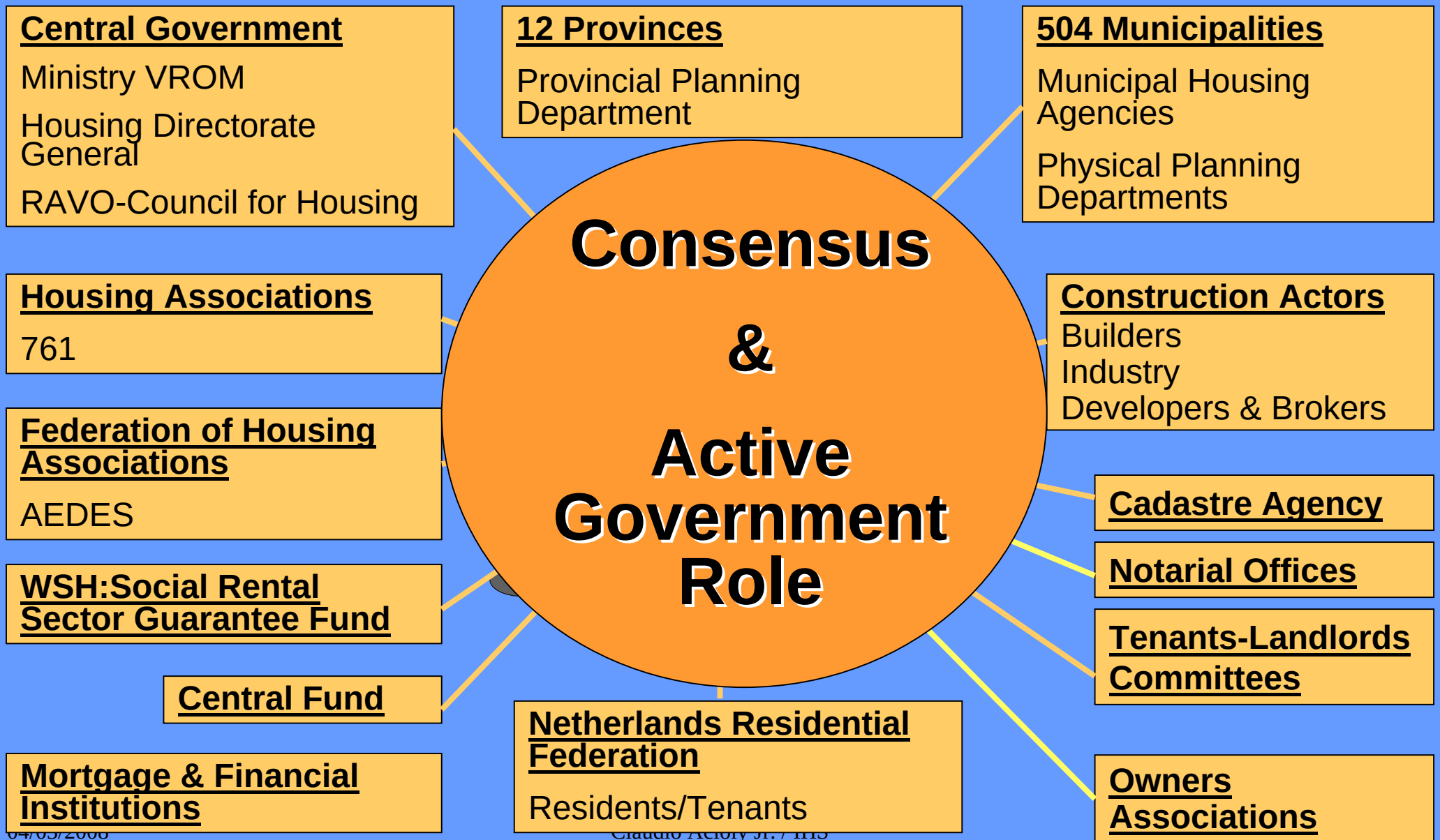
Asylum seekers

Tenants Manifesto (1999)

Good housing means sufficient choice for everyone & requires a large **variety of housing types, forms and living environments.**

Care and services connected to housing and environment factors, like the quality of public spaces, infrastructure, facilities and environment are elements that have a significant impact on **housing quality.**

KEY PLAYERS IN THE DUTCH HOUSING MARKET 2001



Central Government: Ministry VROM

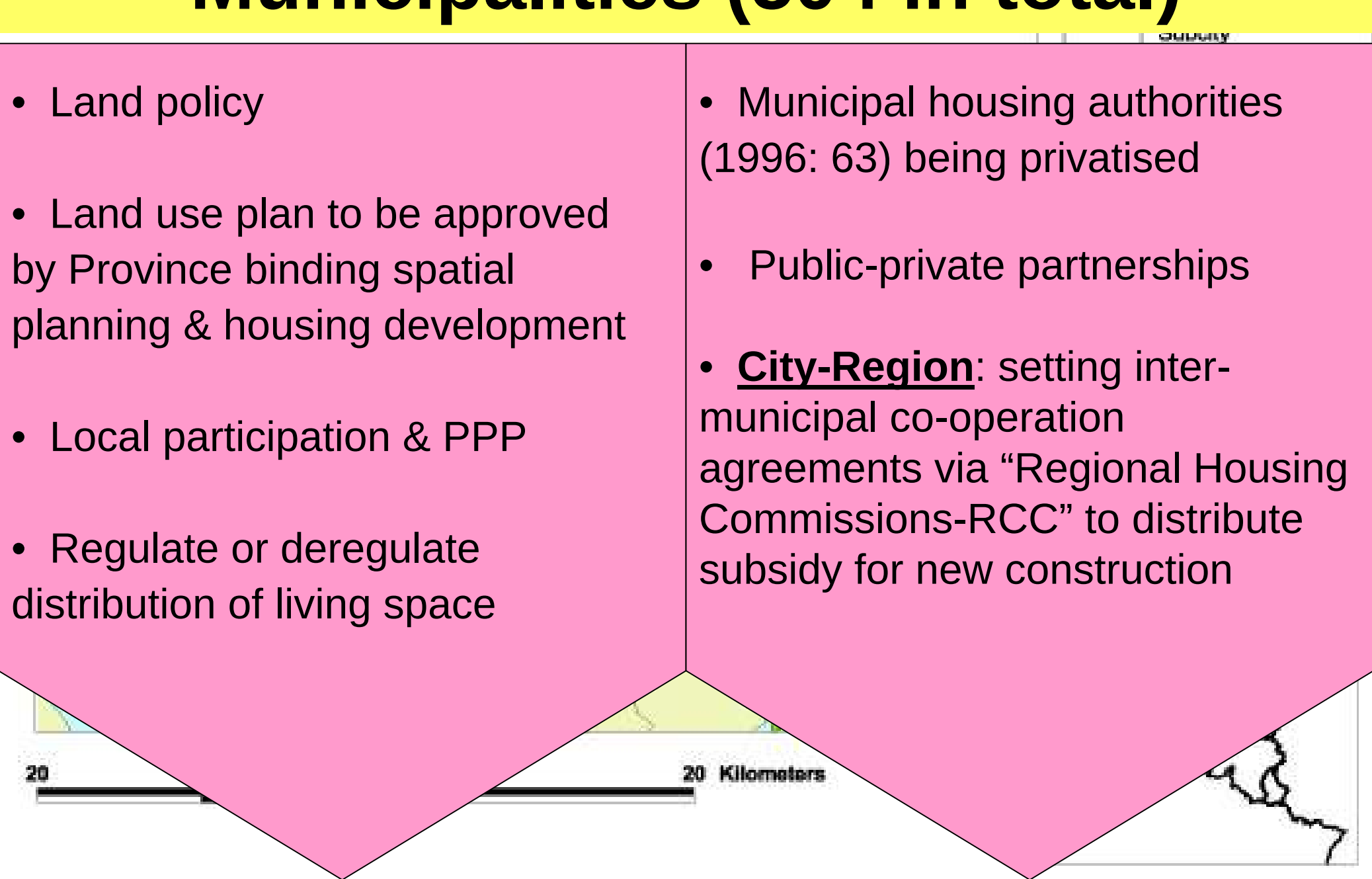
Directorate Housing

- Policy Making
- Active supervision and intervention
- Creating an enabling environment for building and living
- Indicating targets and fields of intervention for all actors in co-operative manner
- Decentralized (municipal level) development and implementation based on customer demand and consultation: integrated decentralized target approach
- Concentration on safety nets
- Rent allowance (IHS-individual rent subsidy)
- Setting benchmarks and general normative frameworks
- Subsidies and ceilings of rent increases and land prices for social housing
- Supporting and monitoring housing market performance

Municipalities (504 in total)

- Land policy
- Land use plan to be approved by Province binding spatial planning & housing development
- Local participation & PPP
- Regulate or deregulate distribution of living space

- Municipal housing authorities (1996: 63) being privatised
- Public-private partnerships
- **City-Region**: setting inter-municipal co-operation agreements via “Regional Housing Commissions-RCC” to distribute subsidy for new construction



HOUSING ASSOCIATIONS-HA

- Management of Housing Stock
- Contractual relations with tenants
- Project development: feasibility studies
- Business planning
- Liaison with municipalities and market players
- Owned and managed 58% of rental sector in 1994.
- Gaining increasing self-reliance (BBSH, 1993).

Size of Housing Stock of Dutch Housing Associations in 1/1/1991						
0-599 units	600-1,799	1,800-3,999	4,000-10,000	10,000 +	TOTAL	Units
207	291	225	117	24	864	HA

Housing Stock of Housing Associations in 1999: ~39% or 2,5 million units

BBSH: rules management of social rented sector (Besluit Beheer Sociale Huursector, 1993)

Tasks HA

1) to assure good quality in all dwellings
2) to guarantee the financial continuity of enterprise
3) to rent on a priority basis to the “special attention groups intended in policy”
4) to involve tenants in the policy and management of the organization
5) to make a contribution to the quality of life in neighborhoods and districts

Market parties

- **Market Players**: (sellers, buyers, brokers, banks, notaries) is interwoven with the:
- **Building sector players** (building contractors, project developers, construction companies, building material industry, etc.);
- **Land market players** (real estate brokers, municipalities, Cadastre Agency, agrarians etc.);
- **Capital market players** (institutional investors: pension funds, banks, insurance companies);
- **Knowledge market players** (research centres, training, design, IT etc.)

9.

Costs and Rent Values of a Social Housing Unit

The construction of new dwellings by the housing associations

In the year 2000, a little more than 14,563 newly-built dwellings commissioned by the housing associations were completed.

category	price range in €	numbers
inexpensive rent	≤ 340	5,686
medium price rent	340-455	3,619
inexpensive owner occupied	≤ 125,000	1,082
medium price owner occupied	125,000 – 177,000	1,391
expensive rented and owner occupied	≥ 455 ≥ 177,000	2,785
total		**14,563**

Source: Ministerie VROM, Cijfers over Wonen 2002

The plot size of inexpensive single-family dwellings is on average about 140 m^2; for multifamily dwellings it would be less. The living space (living room, kitchen, bedrooms) in an average new social-rental dwelling is about 50 m^2. The total usable space (living space together with bathroom, toilet, storage and circulation space) is about 70 m^2. A 3-room dwelling consists of a living room of about 25 m^2, a kitchen of 7 m^2, a bedroom of 12 m^2 and one of 8 m^2. The bathroom is equipped with a washstand and a shower; each dwelling has central heating and running hot water (often combined). The volume of an average rental dwelling is 350 m^3. Each dwelling has some outside space, either a garden or a balcony.

Table 12.2 Breakdown of costs for a social rental dwelling

costs	amount in €	€ per m² dwelling	€ per m³ dwelling
construction costs	66,000	880	240
land costs	14,250	190	52
other costs	10,500	140	38
total	**90,750**	**1,210**	**330**

Table 12.3 Basic assumptions in the costs scheme for a social-rental dwelling (in €)

total costs	90,750
rent per month 1st year	377
interest	6.5%
inflation	2.5%
rent increase	2.5%
loss of rents	1%
maintenance and variable costs	1,270
life expectancy	50 years
large-scale maintenance in the 25th year	8,100
large-scale maintenance in the 40th year	5,200

Table 12.4 Costs scheme 1st year (in €)

annuity	- 6,165
rent income	4,520
loss of rent	-45
variable costs	-1,270
loss 1st year	-2,960

COSTS ILLUSTRATION:
average social rental dwelling

140 m2 plot, 75 m2 floor space and volume of 275 m3

Costs	Amount in NLG	NLG per m2	NLG per m3
Construction	125,000	1,667	455
Land	28,000	373	102
Additional costs	17,000	227	62
TOTAL	**170,000**	**2,267**	**618**

ILLUSTRATION:

management and operation of a NLG170,000 social rental dwelling

Interest:	6 %
Variable costs:	1.4 %
Extra risk balance:	0.6 %
Inflation:	2.0 %
Rent development:	3.8 % (3.0% after 10 years)
Major maintenance (in 25th year):	NLG 17,500.00 (price 1995)
Cost-covering starting rent per month:	NLG 875.00
interest and repayments during first year:	NLG 10,800.00
Variable costs:	NLG 2,400.00
Extra risk balance:	NLG 1,000.00
Total costs (COST RENT):	NLG 14,200.00
Rent income (CHARGED RENT):	NLG 10,500.00
Deficit during first year:	NLG 3,700.00

Income from work and state benefits in 2000

	Net income per month
Average income, all households	€ 1,990
Minimum income from work	€ 1,013
Minimum state benefit, single people aged 21 to 65 years	€ 499
Minimum state benefit, single people aged 65 years and older	€ 733
Minimum state benefit, couples aged 65 years and older	€ 1,037

Source: Ministerie van VROM, Cijfers over Wonen, 2000/2001, processed by OTB

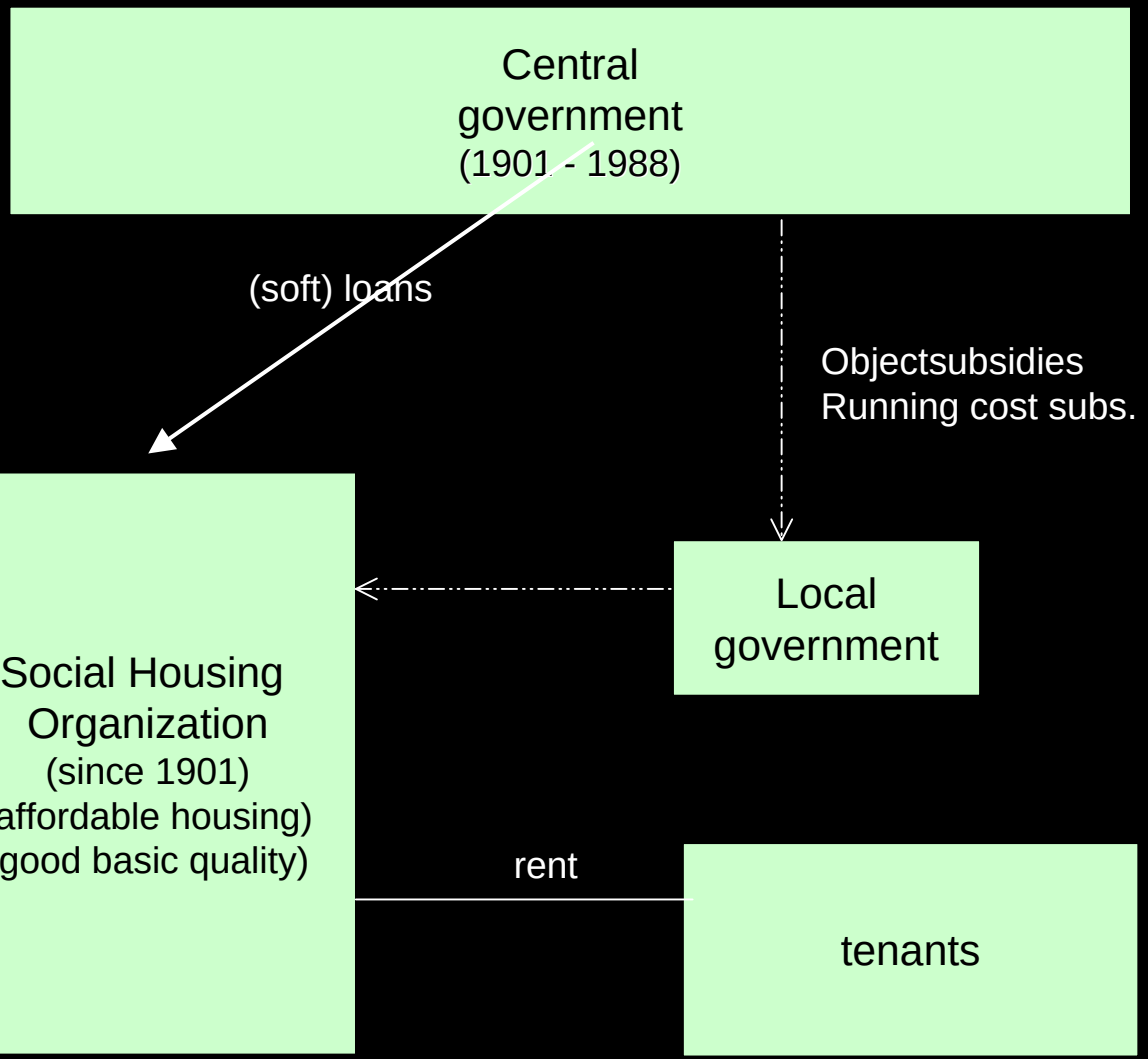
Example of the calculation of the maximum fair rent

1.	Area of the rooms (livingroom/bedrooms, kitchen and bathroom)	60 m^2 x 1 point	60
2.	Area of other spaces (utilities room, storage, attic, garage)	4 m^2 x 0.75 point	3
3.	Central heating		14
4.	Heat insulation		10
5.	Kitchen		7
6.	Sanitary fittings		8
	-toilet	3 points	
	-washstand	1 point	
	-shower	4 points	
7.	Ageing dwelling		-10
8.	Private outside space	to 25 m^2	2
9.	Housing type	1st floor with lift	5
10.	Residential environment		10
11.	Nuisance situations in the neighbourhood		-12
12.	Special services		0
	Total points		**97**
	Maximum fair rent		**€ 398,11**

10.

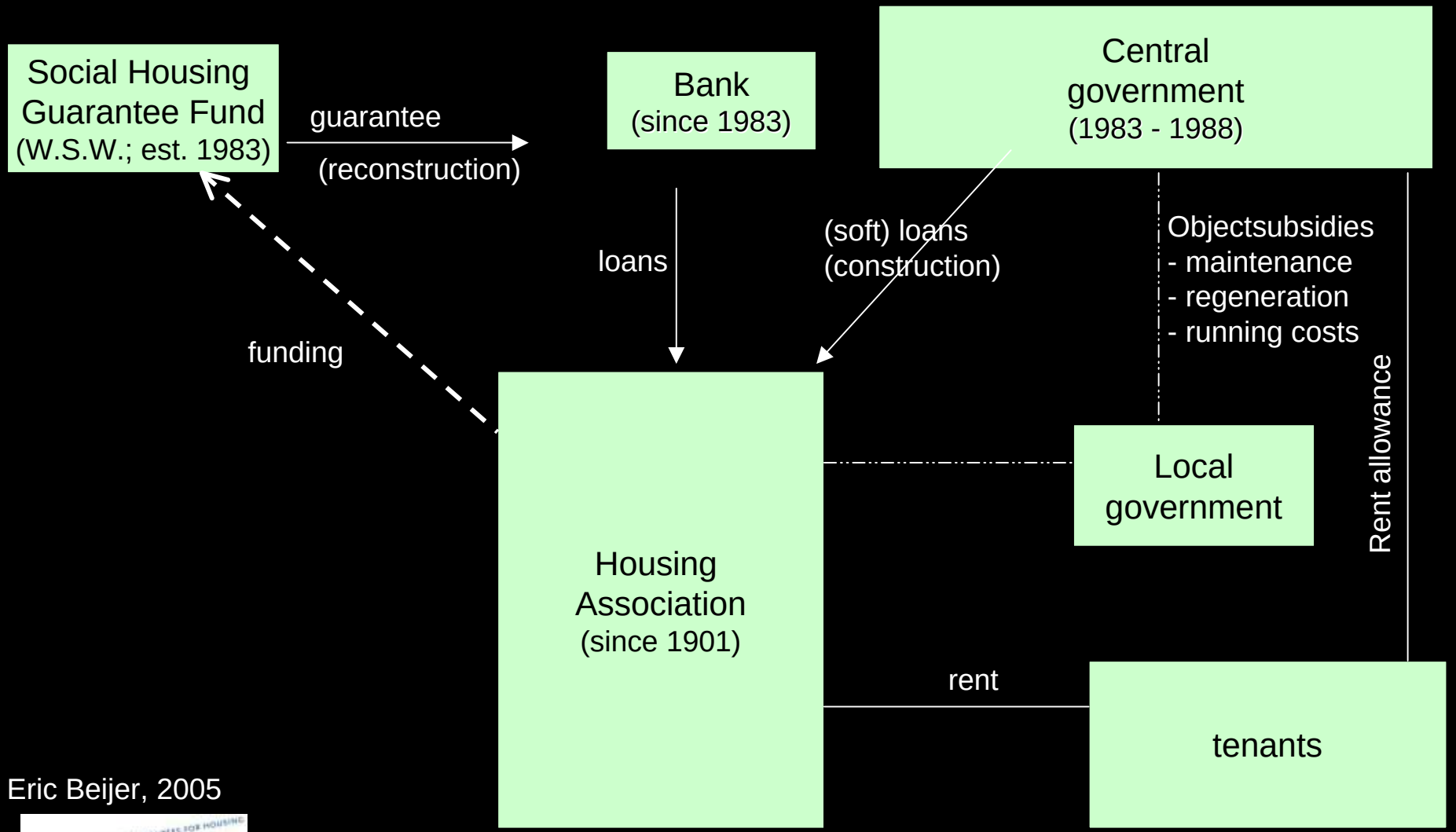
The Financing of Social Housing

Financial structure Dutch public housing sector 1:
1901-1983



Source: Eric Beijer, 2005

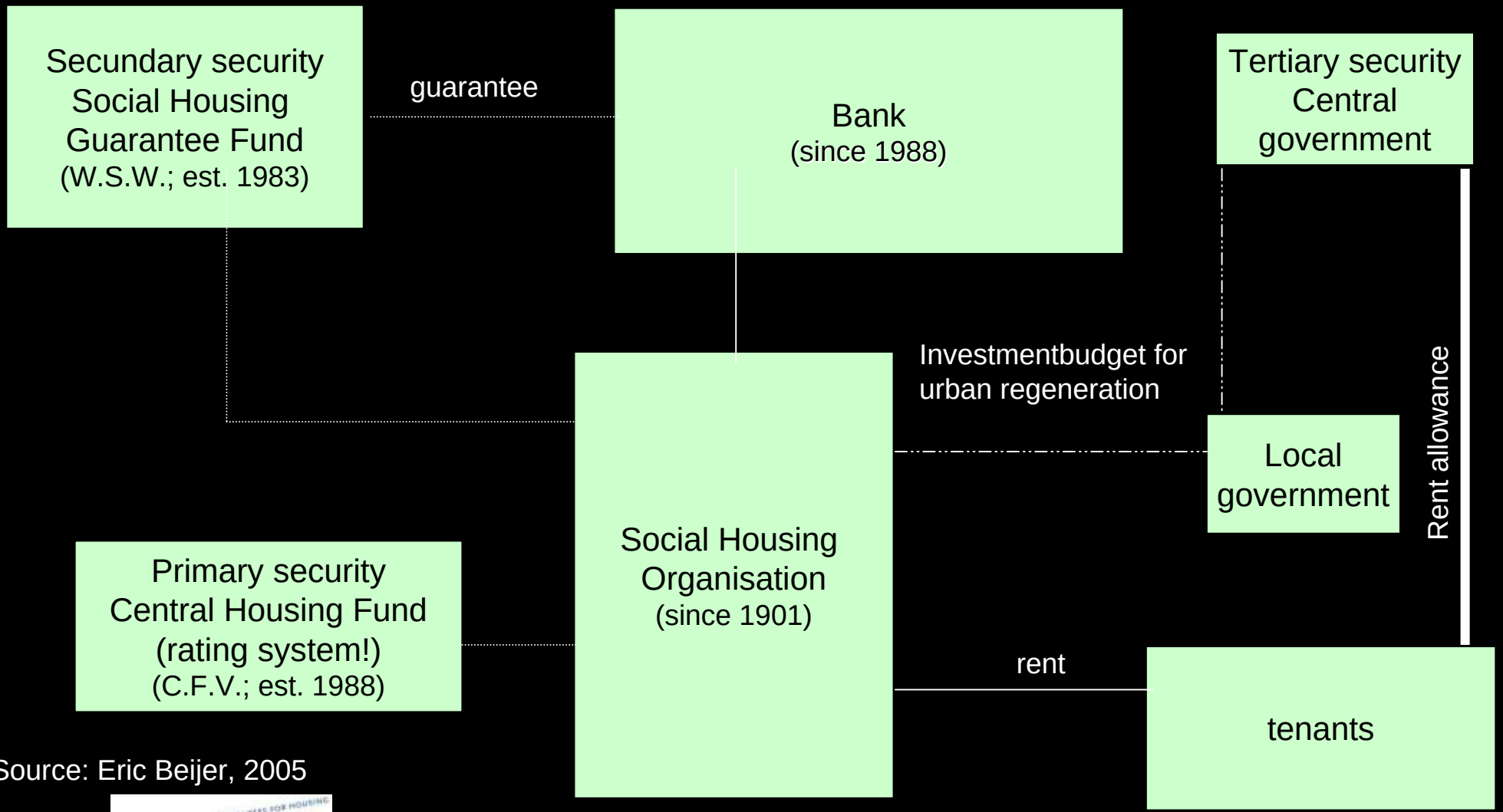
Financial structure Dutch public housing sector 1983-1988



Source: Eric Beijer, 2005

Financial structure Dutch public housing sector 2:

After 'Brutering': 1994 to date (2006)



Source: Eric Beijer, 2005

DUTCH INTERNATIONAL GUARANTEES FOR HOUSING

DIGH

Finance for Housing Associations

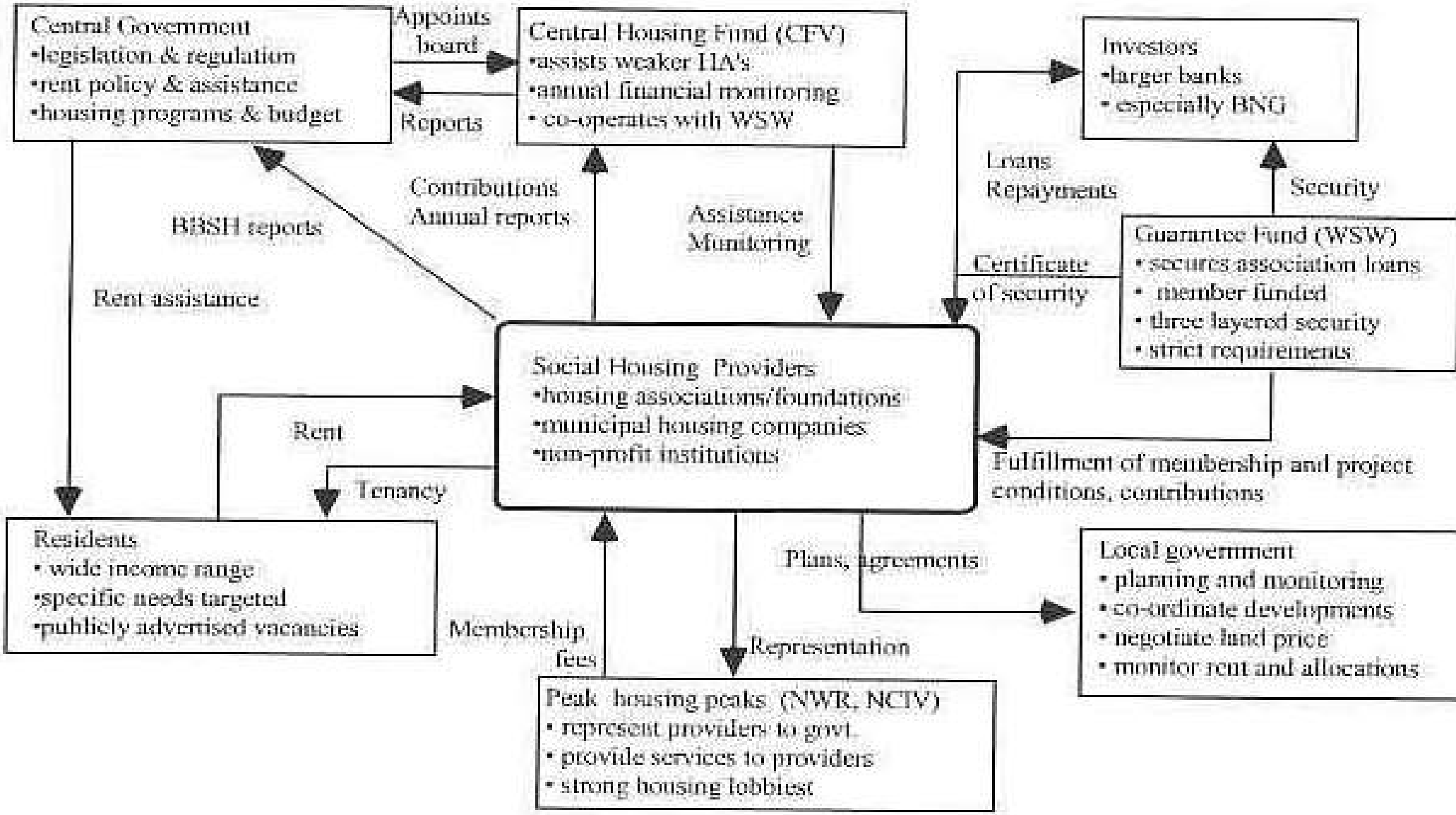
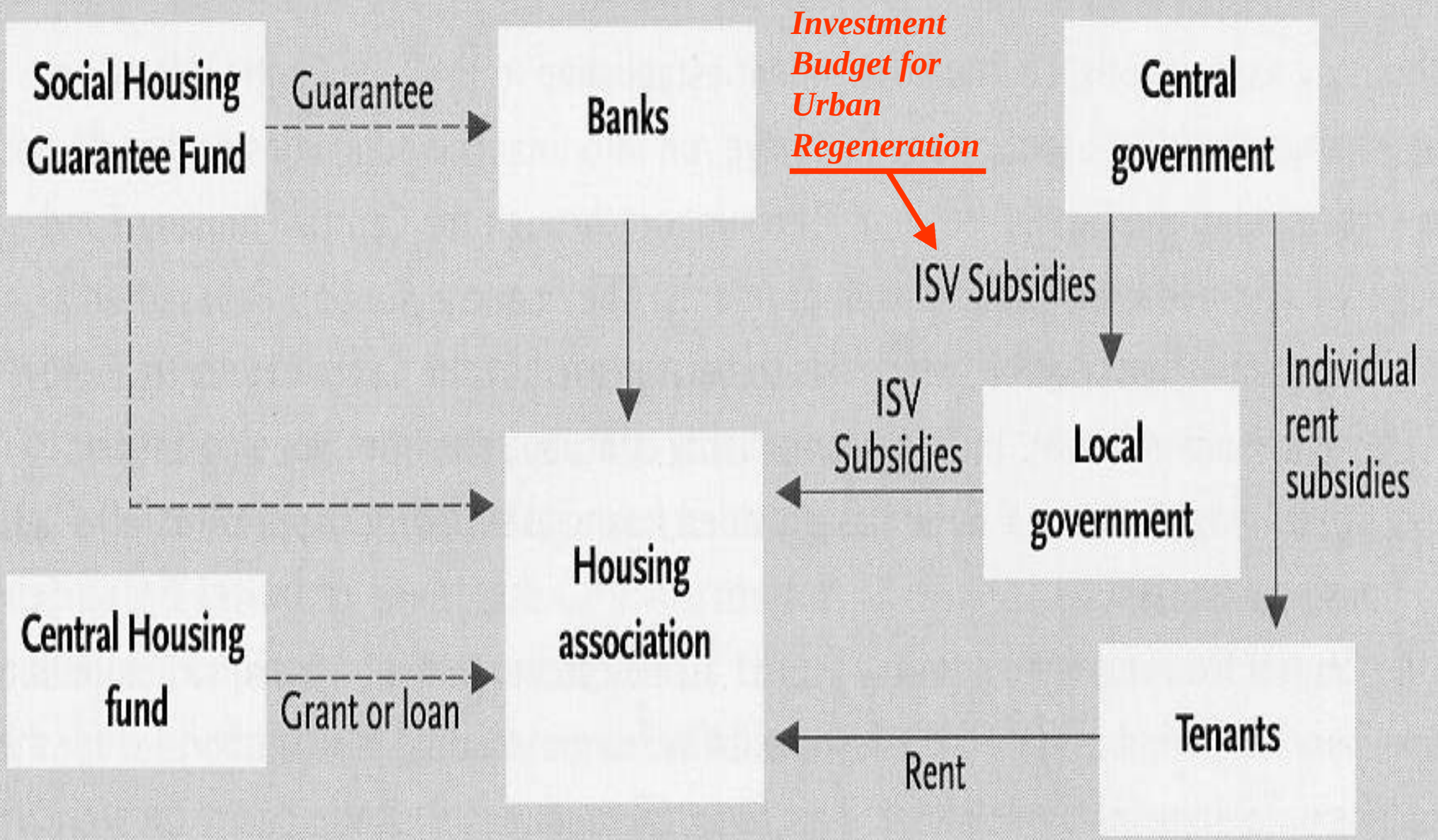


Figure 12.1 Financial framework social-rental sector



FINANCIAL STRUCTURE 3:
Conclusions

- **Strong support system**
- **Diversification of risks**
- **Credit monitoring**
- **Risk assessment mechanisms**
- **Secured guarantees**
- **Adaquate capital (int. Capitalmarket)**
- **Long term loans (30+)**
- **Lowest interest rate possible.**
- **Rentlevel can be 5-10% lower**

Source: Eric Beijer, 2005

DUTCH INTERNATIONAL GUARANTEES FOR HOUSING
DIGH

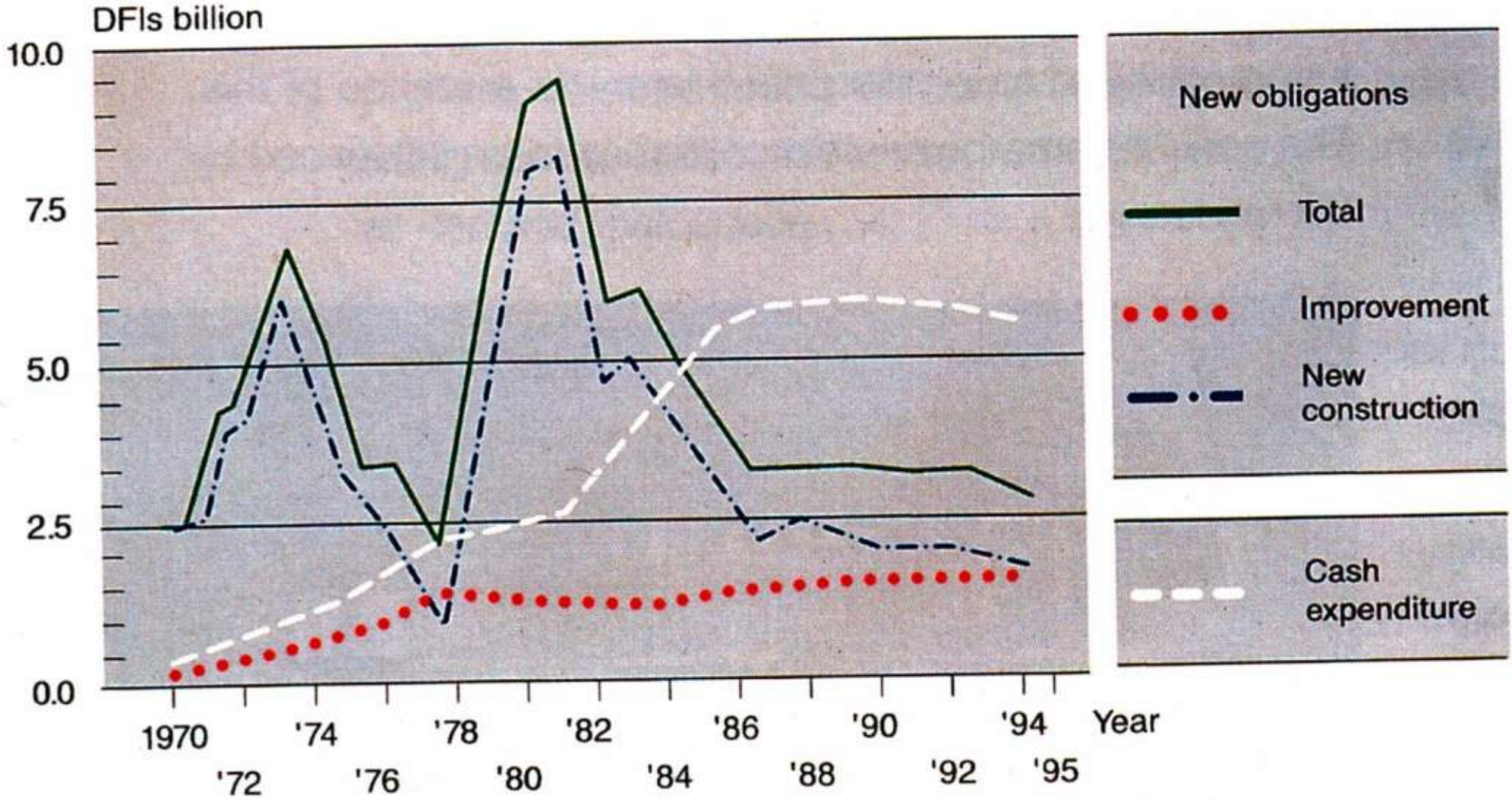
Strong Central Government Financing: a review

- Beginning: 50 years loan
- **Government Deliberations 1901**: loan funds of NLG100 million could sustain social housing production
- **Risks with Central Government** BUT insufficient income on city's own development and HA's failure relied on municipalities
- **First subsidies to private developers** (1920)discontinued in 1923.
- Post war (1948): **CG required LG to secure loans**
- 1958: **Central Government started giving loans** with 50 years for construction and 75 years for land acquisition with interests set 4%
- POST WAR: acceptance of subsidy for dwellings
- Turning point 1968: from fixed 4% interest rate to **market rate**.

11.

Subisidies

11 Subsidy obligations (net cash value) and cash expenditure[19]



What type of Subsidies?

SUBJECT SUBSIDY or

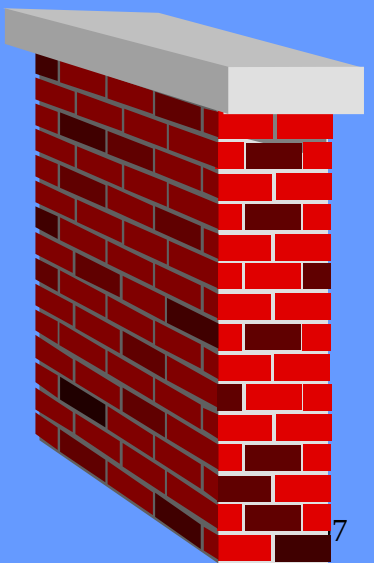
Rent Subsidies

individual rent allowance

OBJECT SUBSIDY or

Capital Subsidies

housing + operational aspects



Rent subsidy

All households receiving a rent subsidy must in any case pay some of the rent themselves (minimum €166). The rest of the rent can be paid wholly or in part by the rent subsidy. The total rent may not in any case be greater than €541. Tenants of a dwelling with a higher rent cannot receive any rent subsidy.

Some examples of the rent subsidy dependent on income and rent for the period 1-7-2001 to 1-7-2002

Income per year	€ 10,000	€ 10,000	€ 15,000	€ 15,000
Rent	€ 200	€ 400	€ 200	€ 400
Rent subsidy	€ 34	€ 209	-	€ 41
Rent to be paid	€ 166	€ 191	€ 200	€ 359

IHS_Individuele Huur Subsidie

Individual Rent Allowance

Condition:

Renter & occupant of the house

Type of Households:

(A) 1 person: single < 65 years

(B) More 1 person: highest income earner

(C) One person elderly: single 65 >

(D) More 1 person elderly: highest income earner 65 >

Income to Determine the Rent set by Norm

Sum of all income of residents after corrections from standard deduction (children, etc.)

Total taxable income:

TA: 12% on salary (minimum € 119.00 & maximum € 1605.00

NTA: unemployment benefit: € 487.00

TA & NTA: 12%, minimum € 487.00 & maximum € 1605.00

Individual Rent Allowance

Calculation Models (30/6/2004)

JOINT INCOME renters & members of household

(A) Single household<65y = € 19,875.00

(B) > 1person household <65 y = € 36,292.00

(C) Single household >65y = € 34,000.00

(D) > 1 person household >65 y = € 47,075.00

Calculation of Rent

Clean rent ceiling + service cost components minus office space & garage

(A) € 176.43

(B) € 176.43

(C) € 174.61

(D) € 172.80

Maximum Ceiling: € 585.24

Ceiling youth quality discount: € 317.03 (above this 75% subsidy)

Individual Rent Allowance

MINIMUM INCOME:

Single household (23-64 y)	= € 720.26 / month (€ 12,225.00)
Single (21-22 y)	= € 597.34 / month
Single parent + kid	= € 977.47 / month
Family (2 kids) 21 – 64 y	= € 1,086.08 / month

EXAMPLE: 1 single person household < 65, minimum income € 12,225.00

Rent value:	€ 350.00
Quality Rent limit:	€ 317.00 (above this limit, right for 75% rent allowance)
	€ 33.00
€ 33.00 x 75% =	€ 25.00

€ 176.00 is the rent everyone should be able to pay

€ 317.00 - € 176.00 =	€ 141.00 (100% subsidy)
€ 25.00 + € 141.00 =	**€ 166.00**

www.vrom.nl

www.huursubsidie.nl

Conclusion:

Rent (350) – IHS (166) = 184

Income (760): Rent (350) = 46%

But with IHS

Income (760): Rent (186) = 24%

Balancing Out: *brutering, 1993.*

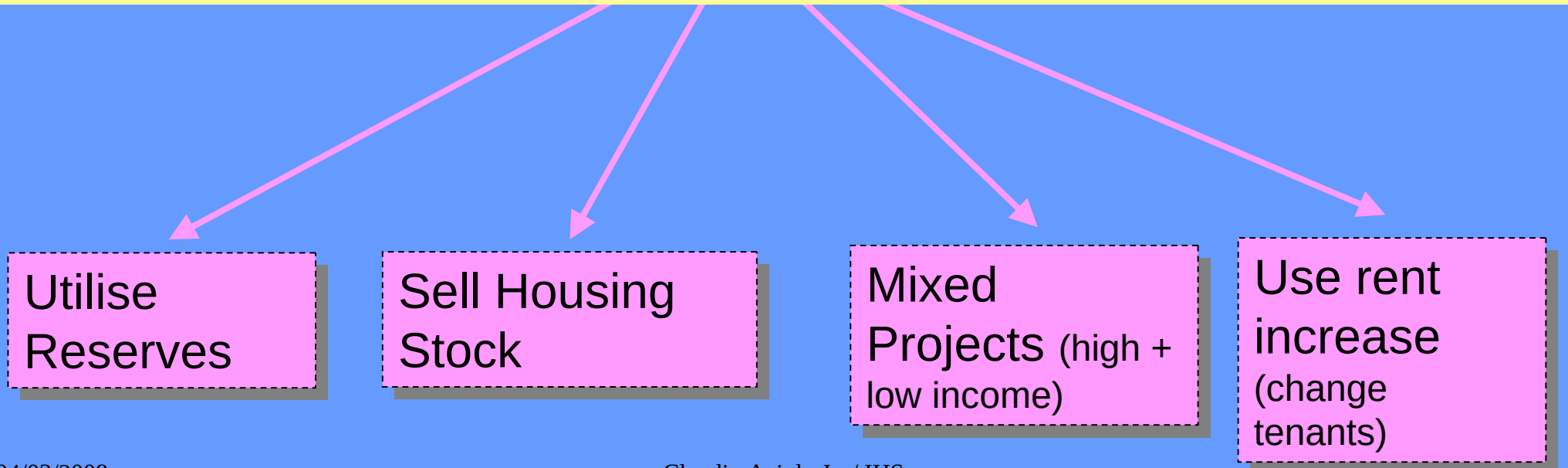
(NWR, NCIV, VNG and State agreement to settle debts of HA to the State: law 1995).

0 = 0

- Huge financial operation to settle HA debts (subsidies and loans) with the State. Both parties receive in one lump sum what they otherwise would have gotten over a period of years
- **Consequences**:
- ✓broke financial relationship State and HA
- ✓more responsibility for HA
- ✓cutbacks by the State no longer influence subsidies
- ✓higher interest rates work against HA

Building without capital subsidies

- 1992: capital subsidies reduced and rent subsidies increased
- 1997: 991,000 tenants received subsidies (>2.9 billion guilders)
- Average subsidy per household: NLG 245/month
- 1995: subsidy for building and managing new social rented housing is abolished!
- 2001: “incentive contributions” exist for very expensive building locations



12.

Sources of Funding

Sources of Funding and Credit

Equity & annual returns of HA's

(1997: NLG14.8 Billion plus NLG9.3 billion available for maintenance projects.

Central Social Housing Fund

Centraal Fonds Volkshuisvesting - **CFV**
Annual contribution HA's (1998): NLG 118,067,000)

A public corporation (levy = NLG 50 per dwelling

Municipality Guarantee

Municipal Loan (decreasing)

Financing by Colleagues

HA to HA at friendly (lower) interest rates

Social Housing Guarantee Fund

Waarborgfonds Sociale Woningbouw-**WSW**
664 participants (90% of HA's)
Secured capital (1998): NLG 100.4 billion
Secured capital (2000)~ NLG123 billion
Calamity capital (1997:NLG410 million)
Guaranteed capital (1998:NLG466 million)
WSW: guarantee capital

Financing and Guarantee Structure in 2001

Primary Security: • own financial position • business branch solidarity • creditworthiness of HA's	• Equity & annual returns • CFV-Central Social Housing Fund
Secondary Security: • savings by HA's together • municipality's guarantee	• WSW-Social Housing Guarantee Fund • Calamity capital • Guaranteed capital
Tertiary Security: • State safety net • State and municipality's gurantees	• Safety net functions at attractive rates

Ways HA's take out loans

LOANS FROM CAPITAL MARKET:

- with WSW guarantee;
- with local government guarantee;
- without guarantees (own financial base);

- Local government loans, with or without a WSW guarantee
- Financing by colleagues
- International open capital market (Euro)

Table 12.1 Key financal figures for the housing association sector, 2000

Description	Nominal x € 1 million	Per dwelling x € 1	In percentage of the total balance sheet
Capital			
Equity capital	9.350	3.810	11,3
Equalization account	1.410	590	
Provisions	4.130	1.680	
Buffer capital	14.200	5.810	17,3
Capital and reserves correction	8.120	3.360	7,1
Corrected capital and reserves	22.325	9.170	24,4
Value housing stock			
Book value (historical cost price)	65.980	27.045	
Total going concern value (uncorrected)	**79.910**	**32.760**	
Surpus value	13.930	5.720	
Total going concern value in percentage of bookvalue			**121**
Results, Profits and Expenses			
Annual results	590	240	
Normal operational results	27	10	
Profits from sales	860		
Unprofitable investments	360		
Revenues	10.390	4.265	
Interest charges	4.760	1.950	
Idem as a percentage of revenues			46
Idem as percentage of loans			7,8
Personnel costs	1.000	410	
Idem as a percentage of revenues			10
Maintenance costs	2.310	950	
Idem as a percentage of revenues			22
Other operating costs	1.630	680	
Idem as a percentage of revenues			16

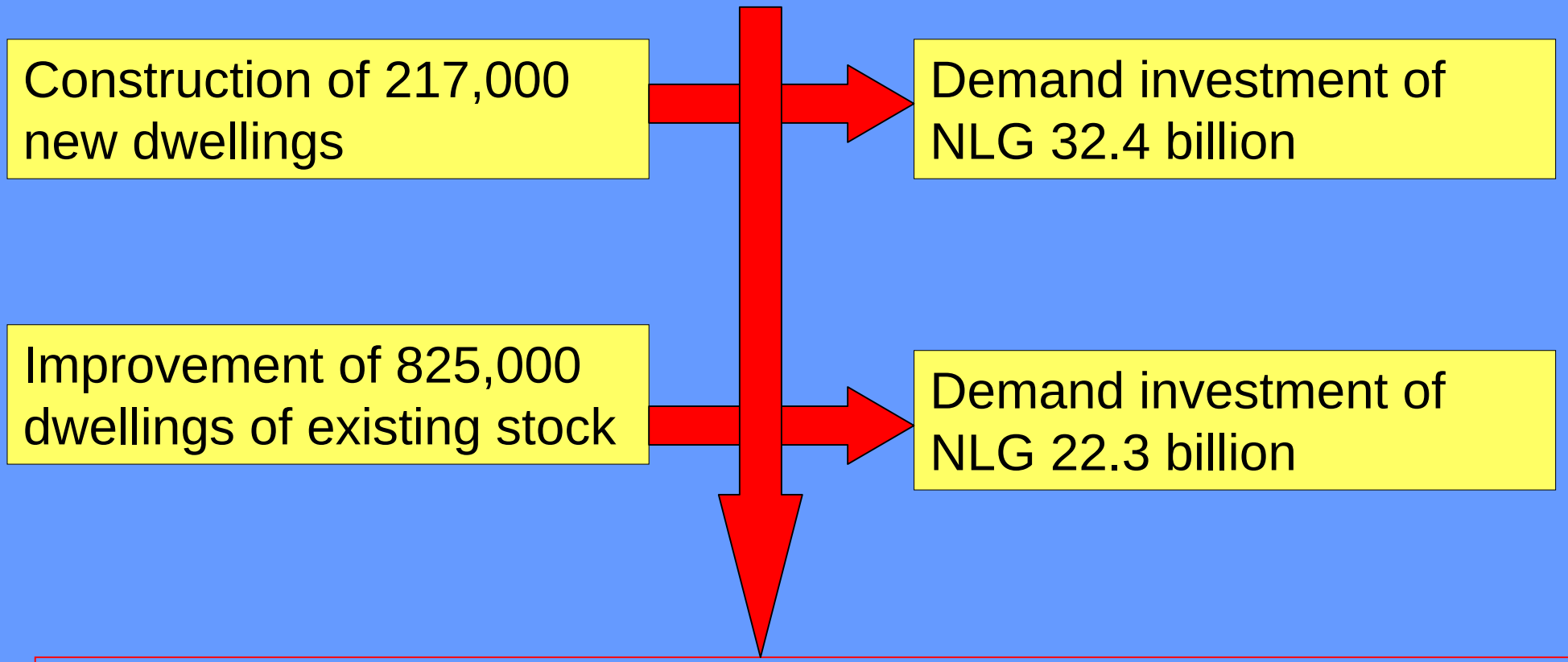
Source: Verslag financieel toezicht woningcorporaties 2000, CFV

INVESTMENT PREDICTIONS

1999 - 2015

Source: AEDES, 1999.

NLG 74 Billion



DILEMMA: 1/3 unprofitable = no rent or subsidy to balance

13.

What do we learn from 100 years of Social Housing Policies?

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