Distributive justice of housing in Amsterdam

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Chapter 2

Introduction to housing policy and provision in Amsterdam

Housing is a merit good, something which people generally believe that everyone has a certain right to. This is for instance expressed in the universal declaration of human rights (Bengtsson, 2001), the inclusion of housing in the sustainable development goals (United Nations, 2017) and the placement of adequate housing as a concern of the government in the Dutch constitution (e.g. Grondwet, artikel 22, lid 2). The organization of access to and distribution of this merit good differs greatly between countries. In this chapter some key characteristics of the Dutch housing market are described in order to help understand the later chapters. The specific elements of Dutch housing policy are described in section 2.1. Additional practices in the Amsterdam context related to housing development and land policy are described in section 2.2. Following this, the way in which policies and practices have shaped the Dutch housing market, which is rather unique from an international perspective (e.g. the social housing sector in the Netherlands is the largest in the Europe, see Pittini & Laino, 2011), is addressed in section 2.3.

2.1 Housing policy and regulation in the Netherlands

Differences in subsidization, taxation and entry and mortgage requirements influence the attractiveness and accessibility of different tenures for different households. The tenure structure in the Netherlands and in Amsterdam is the result of investment decisions shaped by policy and regulation, which treat different tenures differently. Conijn et al. (2016) describe how subsidies within the social rental and owner-occupied housing sectors resulted in the decline of private rental housing in the Netherlands. This stands in stark contrast to Germany and Switzerland where high shares of private rental housing are the result of tenure neutral housing policy (Gilbert, 2016; Kofner, 2014). Table 2.1 provides an overview of current and recent tenure specific arrangements that shape(d) the Dutch housing market in general and the Amsterdam housing stock in particular. The local property tax (OZB) is, for example, not included. While this property tax is mostly perceived as a tax on owner-occupied housing, the tax also applies to owners of rental dwellings and may indirectly be charged to tenants.

Housing policy instruments may impact the supply or the demand side of the housing market. Nonetheless, in this chapter this distinction is not made, as the impact of these instruments is not always as clear. The government-backed loans to social landlords, for instance, are passed on to tenants in the form of lower rents; and housing associations do not pass all landlord levies on to their tenants. Therefore, in the next paragraphs we describe only the elements of housing policy organized by tenure.

Tenure	Subsidies	Taxation	Entry requirements and credit conditions
Social rental	- Below market rate leasehold and land costs - Government-backed loans - Below market-rate rents - Housing allowance	- Landlord levy	- Waiting list position - Maximum income
Private rental	- Housing allowance	- Landlord levy	- Minimum income - Employment status
Owner-occupied	- Mortgage interest tax relief - Tax exemption home equity - National mortgage guarantee Gift tax exemption	- Transfer tax - Fixed rate imputed income from homeownership	- LTI and LTV constraints - Loan payment constraints

Table 2.1 Tenure specific subsidies, taxes and primary entry requirement and credit conditions

Social and private rented housing

It is important for the reader to realize that social and private rental housing are not synonymous for regulated and non-regulated housing. Social landlords not only rent out regulated dwellings, but are also active on the free, liberalized market. Private landlords (both institutional and private owners) also rent out regulated dwellings. Table 2.2 shows the ownership of rental housing in the Netherlands. In this dissertation, when referred to social housing we refer to the regulated dwellings owned by housing associations. As subsidies and taxation apply to both types of landlords, we have not included separate sections for the social and the private rental sector. It is, however, important to realize that not all subsidies and taxes apply to each type of landlord equally. This is independent of the institutional framework. It is simply the result of differences between the two types of landlords in terms of, for example, strategy. The landlord levy, for instance, applies to regulated dwellings of larger landlords. Since housing associations own more regulated dwellings, they pay more landlord levy than private landlords.

Subsidies

After the government abolished and paid off all future 'brick-and-mortar' subsidies owed to housing associations in 1995, the housing associations in the Netherlands became legally and financially independent. A revolving fund-model to finance housing associations was introduced (Elsinga & Lind, 2013), allowing rent pooling and stipulating that financial obligations and investments (e.g., upkeep, new construction and investments in community development) are to be financed out-of-pocket or through the acquisition of capital on financial markets. Despite the abolishment of direct subsidies, social

Type of landlord	Regulated	Liberalized	Total
Housing association	2.10 (90.7%)	0.22 (9.3%)	2.31 (100%)
Institutional investor	0.11 (48.4%)	0.12 (51.6%)	0.23 (100%)
Private/family	0.31 (69.0%)	0.14 (31.0%)	0.46 (100%)
Total	2.52 (84.2%)	0.47 (15.8%)	2.99 (100%)

Table 2.2 Distribution of the rental housing stock per type of landlord and regulation in the Netherlands, in millions, 2014 (Source: WOON2015, BZK/CBS, 2016, calculations by author)

housing continued to enjoy subsidies through the access to *below market rate leasehold and land costs* (Tasan-Kok, Groetelaers, Haffner, van der Heijden, & Korthals Altes, 2013). The market price is estimated as the residual of the price of an owner-occupied dwelling minus the value of the construction. As owner-occupied housing in the Netherlands is heavily subsidized (see next paragraph) and the price elasticity of supply is nearly zero (CPB Netherlands Bureau for Economic Policy Analysis, 2017; Vermeulen & Rouwendal, 2007), land is relatively expensive. Municipalities will seek to approach the residual value for land, but will at least aim to cover costs for the entire project including expenses on land acquisition and land servicing (Needham, 1992). Land and leasehold rates for social housing in Amsterdam changed from housing unit fees ranging from €15,205 to €34,836, depending on the neighborhood, to a flat-rate of €215 per square meter for the whole city (Huurdersvereniging Amsterdam, AFWC, & Gemeente Amsterdam, 2016). The size of implicit subsidies through land and leasehold-rates depends on the specificities of the project and the value of the land under market circumstances. Private landlords do not receive this subsidy and are charged market prices for land.

Another subsidy is the social rental sector's access to *government-backed loans*. Again, this subsidy is available to housing associations only. Loans are backed collectively by all housing associations and by the government. This security structure, organized in the Guarantee Fund for Social Housing Construction (WSW), has a triple A rating and provides housing associations access to capital at lower interest rates. Veenstra and van Ommeren (2015) estimate the interest rates paid by housing associations to be 80 basis points lower due to the security system. In addition to the provision of social rental housing, housing associations have also developed liberalized rental and owner-occupied housing. Because of housing associations' position as social entrepreneurs and their large amount of assets (housing stock), they were able to compete in the unitary market in which there was no clear divide between the social housing market and the private housing market (Blessing, 2012; Elsinga & Lind, 2013). It was in particular the provision of liberalized rental housing—making use of subsidies—that conflicted with state-support regulation of the European Union (Bertram & Helderman, 2008). Eventually, as of 2011 housing associations could no longer receive guaranteed loans for their commercial activities. If a housing association provides less than 90 percent of the social rental units to households within the primary target group, they are not allowed to receive state subsidies (i.e. the government-backed loans and the possibility to acquire land at below market rates) and may be fined. With the most recent Housing Act (Woningwet 2015), housing associations were furthermore forced to at least administratively separate their social and non-social activities, thus further guaranteeing a level playing field between social and private landlords.

On the demand side of social housing, households with lower incomes (maximum €30,400 in 2018, dependent on age and household composition) receive *housing allowance* to secure affordability. Only households renting a dwelling with a controlled rent below the housing allowance limit (€710.68 in 2018) can receive housing subsidy. The amount a household receives depends on the household income and the rent. No compensation is provided for a base level of rent, while for the remainder a cascading mechanism is organized in which decreasing shares of the rent are compensated: the first bracket of rent is compensated in full, the next bracket for 65 percent, followed by a bracket that is compensated by 40 percent. After a certain threshold, dependent on age and household composition, additional rent is not compensated.

Apart from explicit subsidies, renters also receive so-called implicit subsidies as a result of rent control: the rent paid by many renters in regulated dwellings is lower than the actual market price. Both maximum starting rents and yearly rent increases of social housing are tightly controlled in the Netherlands. Especially in the past, this resulted in *below market-rate rents* in most areas (Conijn et al., 2016). Maximum allowed rents for rental housing are determined through a point valuation system[1]. Rent increases of all rent-controlled housing units (i.e. initially rented out at rents below the liberalization limit) are restricted and primarily related to the previous year's inflation. All tenants of both regulated and liberalized rental housing

1 Only in specific cases (e.g. large rent arrears and disturbance) and after a court ruling may households be evicted. Evictions may furthermore take place because of drastic renovations or urban renewal projects. These households have to be offered alternative housing and compensation for moving.

are, moreover, protected against evictions for financial reasons[2] and there is no income test to re-evaluate eligibility for social housing tenants after they move in. Households whose income increases after they have moved into a regulated dwelling may not be evicted from their dwelling because they are no longer eligible. In 2013, however, income dependent rent-increases were introduced[3]. This gives the landlord some opportunity to decrease the implicit subsidy to higher income households. Next to the strict regulation of rents, an important difference in comparison to for-profit landlords is that housing associations do not have economic owners, as they are obliged to re-invest all revenues for the benefit of public housing. Consequently, demanded rates-of-return are low. In specific cases, a negative rate-of-return can even be accepted in order to achieve certain social goals (Conijn, 2011). Maximizing rents is both not required and not the practice. More specifically: not only do housing associations not charge market rents, they also tend to not charge the maximum allowed rent level under rent regulation. In Amsterdam, the average social housing tenant paid 78 percent of what was maximum allowed in 2008. After 2011, the share of the maximum allowed rent charged on average dropped to 67 percent, to later increase to 72 percent (Aedes, 2016a). The decrease in 2011 was the result of the introduction of scarcity points[4]. This change in the point valuation system increased the maximum allowed rents for all social housing units in Amsterdam. The increase in maximum allowed rents also increased the potential to liberalize social housing units and transfer them to the private sector category.

Taxation

In 2013 the *landlord levy* (*Verhuurdersheffing*) was introduced by the national government. This tax applies to all landlords that rent out more than 50 regulated dwellings with the intention that the total revenue generated would increase in a few yearly steps to €1.7 billion annually. Since most regulated dwellings are owned by housing associations, they pay the majority of the

2 Only in specific cases (e.g. large rent arrears and disturbance) and after a court ruling may households be evicted. Evictions may furthermore take place because of drastic renovations or urban renewal projects. These households have to be offered alternative housing and compensation for moving.

3 The rent of households with a yearly income above the income boundary for social housing can be increased extra. For 2013, the maximum allowed rent increases were set at inflation + 1.5 percent for households with an income up to the social housing income boundary of €33,614, inflation + 2 percent for households with in income in between the social housing income boundary and €43,000 and inflation + 4 percent for households with a yearly income above €43,000.

4 *Scarcity points* (*schaarstepunten*) were introduced in 2011. Depending on the average square meter price, 15 or 25 points are added to housing units in the more expensive areas. An increase of one point relates to a maximum rent increase of about €4.

levy. The landlord levy was introduced primarily for budgetary reasons (C. de Groot, Daalhuizen, Schilder, & Tennekes, 2016), although later it was used as an instrument to guide housing associations' behavior through discounts, e.g. by giving discounts for investments in sustainability. Gruis and van der Kuij (2012, p. 52) refer to the housing associations' double crisis. First, the global financial crisis resulting in stagnating sales, losses on new housing development projects due to revenue shortfalls and—for some housing associations—write-downs on interest swaps. Second, the landlord levy and other measures (e.g. restrictions on for-profit activities of housing associations) put additional financial pressure on housing associations. The increased financial pressure, consequently influenced rent setting decisions as well as decisions on the sale of social housing units (Elsinga & Wassenberg, 2014). Simultaneously it spurred housing associations to increase efficiency of management and maintenance, which had been criticized for being too costly (e.g. Conijn & Schilder, 2011). Between 2013 and 2016, housing association decreased operating expenses per housing unit by 23 percent (Aedes, 2017a).

Entry requirements

In general, social housing in the Netherlands is offered to the household that has spent the longest time on the *waiting list*[5], out of all eligible households that applied for the specific advertised unit. In 2011, the social housing target group was (re)defined by introducing a maximum income level of €36,165 (price level 2017) indexed yearly, making middle-income households more dependent on private rental and owner-occupied housing (Elsinga & Lind, 2013). To be clear: this only applies to the housing owned by housing associations. Private landlords, regardless whether they rent out their dwellings above or below the regulation boundary, are free to rent their dwellings to whoever they want. Usually, however, they have a minimum income requirement. In practice, prospective tenants of private landlords need to have a gross income of four times or more the rent. Housing associations often have similar income requirements for their liberalized dwellings. Additional qualification criteria for certain social housing units may apply in order to achieve a better fit or guarantee access to suitable housing for specific groups—including the elderly, students, or physically disabled persons. General rules are set by the national government, while additional matching criteria may be set at the local level.

5 In case of, for example, forced relocation due to urban renewal, a household can skip the waiting list for selected dwellings.

Owner-occupied housing

Subsidies

The long-term favorable fiscal treatment of owner-occupied housing has increased the relative attractiveness of this tenure, especially for higher income households (Haffner & Oxley, 1999; Heylen & Haffner, 2012). In the Netherlands *mortgage interest payments* are fully deductible from a home owner's taxable income for a period of 30 years. Because of the progressive income taxes, the higher one's income and one's mortgage debt the greater one's benefits. The interest of mortgages issued after 2013 is only deductible when the mortgage is amortized; existing interest-only mortgages remain tax deductible and can even be grandfathered when moving house (Janssen-Jansen & Schilder, 2015; Scanlon & Elsinga, 2014). This policy, originally created to prevent income taxation of costs made to realize income, dates back to the beginning of the twentieth century (Haffner, 2002; Rouwendal, 2007). The mortgage interest relief system will gradually be made less generous[6], but continues to stand out in international comparison.

The *National Mortgage Guarantee* (NMG) ensures households in return for a one-time payment of (in 2016) 0.55[7] percent of the loan amount (Cox & Zwinkels, 2016). The NMG repays the mortgage in case a household can no longer pay for their mortgage due to, for example, unemployment or divorce. In return for the decreased risk, mortgage lenders offer a 0.2 to 0.5 percentage point lower interest rate on NMG covered mortgages (Scanlon & Elsinga, 2014). During the global financial crisis, from 2008 until 2011, the maximum loan that was insured by the NMG was increased from €265,000 to €350,000 in an attempt to stimulate the recovery of the housing market (Boelhouwer & Priemus, 2014). For 2017, the maximum guaranteed mortgage has a value of €247,450.

In response to the global financial crisis, the *gift tax exemption* was temporarily extended for gifts used for the purchase of housing or for mortgage repayments. Instead of the existing €50,000, up to a €100,000 could be transferred from parents to child tax free in 2013 and 2014. As of 2017, a similar tax exemption

6 The deductibility of mortgage interest paid in the highest tax bracket is being phased out by 0.5 percent per year down to the 42 percent income tax bracket. The new government intends to increase this pace rapidly to 38 percent (and also includes other reforms in the taxation of income, including a lower middle marginal tax rate.

7 This percentage is regularly changed and is adjusted to the expected costs on the NMG. The bank is compensated based on a (fictive) annuity mortgage. Thus, in case of an interest-only mortgage the bank still runs a risk.

was re-introduced. In the new arrangement, donations do not have to stem from parents. However, if the donation stems from one's parents, a larger amount may be used without restriction (i.e. also for non-housing purposes). The initial arrangement was introduced to provide a positive impulse to the housing market and to both decrease mortgage-debt and decrease the number of households overleveraged (i.e. mortgage-debt is greater than the value of the house). The initial arrangement resulted in €1,350 million of lost income instead of an estimated €104 million (Algemene Rekenkamer, 2017).

Taxation

In the Netherlands, owner-occupiers are taxed for home-ownership with three instruments: the transfer tax, a taxation of imputed rent and a local property tax levied by the municipality. The local property tax, however, also applies to owners of rental housing and is therefore not included as a tenure specific tax.

Transfer tax is a tax that is levied only once, when the house is bought. Transfer tax may have a distortive impact on not only the housing market, reducing residential mobility and thus hampering the adjustment of housing consumption compared to housing demand, but also on for instance labor market mobility (e.g. van Ommeren, 2006). The transfer tax was first temporary lowered in 2011 from 6 to 2 percent to stimulate the housing market, but this was made permanent in 2012 (Scanlon & Elsinga, 2014). The 2 percent rate is comparatively low and expected to hardly limit mobility anymore (de Boer & Bitetti, 2014).

The *imputed income from homeownership* consists of the rent that the owner does not need to pay. Based on the taxation value of the property an amount is added the taxable income of the owner. For almost all owner-occupied dwellings 0.75 percent of the tax-assessed value of the dwelling is added to the owner's income[8] (Conijn & Schilder, 2011; CPB/PBL, 2016). For owner-occupiers with a mortgage debt this implies that the benefits from the mortgage interest deductibility are lowered as they can subtract somewhat less interest expenses from their income. Owner-occupiers who have no, or very little mortgage debt, are exempted from this tax. In 2018 the government started to slowly abolish this exemption.

8 For housing values exceeding €1,050,000 an extra 2.35 percent of the value exceeding this level needs to be added.

Credit conditions

The Dutch housing market is highly leveraged and the Netherlands ranks top of the world when comparing outstanding mortgage debt to the national GDP (IMF, 2014). This is made possible by a combination of strong economic growth, steep price increases and very relaxed credit conditions in the past (Tweede Kamer der Staten-Generaal, 2013). Despite the high outstanding mortgage debt and the crisis in the Dutch housing market, the number of delinquencies and defaults on mortgages has been very small. This is at least partly the result of the fact that mortgages in the Netherlands are full recourse: even after default the household needs to repay the mortgage and thus has a strong incentive to try and repay the mortgage (IMF, 2014). The crisis on the housing market, however, has led policy makers to tighten credit conditions further, although this process was initiated before the crisis. The two most important indicators for credit conditions on the household level are the loan-to-value ratio and the loan-to-income ratio.

The *loan-to-value ratio* (LTV) is the ratio between the outstanding mortgage debt and the value of the house. When buying a house one of the restrictions that the buyer has to deal with is the maximum LTV. The LTV is gradually being restricted to a 100 percent in 2018 (S. Groot et al., 2016). Before, LTVs of up to 110 percent were no exception and, especially around the turn of the century, LTVs of 120 percent were observed.

The *loan-to-income ratio* (LTI) is the ratio of mortgage debt to income. In the Netherlands an independent national budgeting institute (Nibud) presents tables that indicate what maximum LTI fits with specific levels of income. These tables play an important role in the mortgage production process. The maximum loan-to-income that credit lenders can give to households without having to create an extensive dossier on the financial situation of the household has been lowered in recent years. This means a significant lowering of the lending capacity of households, since LTIs of up to 6 were issued before (Janssen-Jansen & Schilder, 2015). The interest-only part of the mortgage was restricted to 50 percent of the mortgage, also leading to higher monthly payments (Scanlon & Elsinga, 2014) and later even to 0 percent if the household wishes to deduct the interest payments from income tax (see earlier).

2.2 Housing governance and land policy in Amsterdam

In addition to policies and regulation that shape the tenure structure, municipalities and other actors actively aim to (re)direct investments in different tenures in different parts of the city by closing agreements on investments and through land policy. Since 1998, three years after the replacement of direct subsidies for a revolving fund model (Elsinga & Lind, 2013), Amsterdam housing associations also started selling housing units. The city of Amsterdam declared the sale of thousands of social housing units was needed, because the population composition and demand for housing in the city had changed (Tenants' Union Amsterdam, AFWC, & City of Amsterdam, 2008). These city-level agreements include the number of dwellings in different city districts and under what conditions housing associations may sell housing units to sitting tenants, to a household if a tenant has moved out, or to another organization that will become the new landlord (Tenants' Union Amsterdam, AFWC, City of Amsterdam, & Amsterdam City Districts, 2011). The first two agreements allowed for the sale of 28,575 units in the 1998-2007 period. At the start of 2007, little over 10,000 of these units were sold. In the new agreement (Tenants' Union Amsterdam, AFWC, & City of Amsterdam, 2008), the remaining number of allowed sales was increased by 12,000 units to 30,349 for the period from 2007 to 2016. For each unit sold, the housing associations pay a fee to the municipal fund to stimulate the construction of social housing (*Stimuleringsfonds Volkshuisvesting*) and to the municipal fund to cover land development advancements (*Vereveningsfonds*) (Tenants' Union Amsterdam, AFWC, & City of Amsterdam, 2008). In the *Housing Vision Amsterdam 2020* (City of Amsterdam, 2009), the municipality states it does not engage with private actors to reach agreements, but that private actors are interlocutor of the municipality.

Municipalities in the Netherlands often play a central role in the production and distribution (i.e. freehold or leasehold) of buildable land. 'Active land policy' involves municipality acquiring land, servicing the land and disposing the land to developers who build on it (Needham, 1997). In conjunction with planning procedures, municipalities can influence what is built and where by strategically issuing land and closing agreements under private-law. Since 2016 the City of Amsterdam is charging one land price—including a 52-year leasehold—of €215 per square meter for social housing, whatever the location. For student housing and housing constructed for young households, fixed land prices per unit are charged. Before 2016, different fees per unit for different parts of the city applied, ranging from €15,205 to €34,836. If a unit is sold or liberalized, an extra leasehold payment needs to be made in exchange for a change of the zoning plan. In regard to land prices, municipalities will seek to approach a residual value that at least covers costs for the entire project, including costs of land acquisition, land servicing and organization (Needham, 1992). Next to deciding on where to acquire, service and dispose land, the municipality also influences developments by formulating additional requirements and through the design of selection processes (e.g. a tenders).

2.3. Tenure structure development

In different Western countries, private initiatives to help improve the living conditions of the urban poor were initiated in the 19th century, for example those unveiled by the likes of Andrew Mearns (1883) for London and Jacob Riis (1890) for New York. Around 1900, in different Western countries, new policies facilitated housing initiatives by private organizations—co-operatives and associations of worker unions—and building codes were installed to combat inhumane and unhealthy housing conditions (Hall, 2014). In the post-war period, referred to as the 'golden age' of social housing (Harloe, 1995), national governments played an increasingly central role in the expansion of social housing sectors. Social housing was thought to provide an efficient answer to counter large housing shortages, while simultaneously stimulating economies and provide employment (Scanlon, Whitehead, & Fernández Arrigoitia, 2014). This period saw rise of the mass model in which social housing became a dominant housing sector. After a shift in demand in qualitative terms and an increase of suburbanization in the 1970s and 1980s, renewed appreciation of the cities started processes of gentrification and contributed to a renewed faith in markets. Owner-occupied housing had become the preferred tenure, stimulated through policy (Ronald, 2008; Scanlon & Elsinga, 2014). The mass model of social housing was challenged and social housing gradually became targeted to an increasingly smaller and poorer segment of the population (Harloe, 1995). From the late 1980s until about 2007, ever larger mortgage loans were available to ever more households. In combination with low interest rates, mortgage lending and house prices increased rapidly. Households became more leveraged by taking on more debt, which did not cause structural problems as long as house values increased and interest rates remained low (Aalbers, 2015). The 2008 global financial crisis led to increased unemployment and house prices deflation. Large numbers of households in many countries struggled to pay their mortgages and many households had to cope with debts exceeding house values. Recovery and renewed growth started at different moments in time in different countries

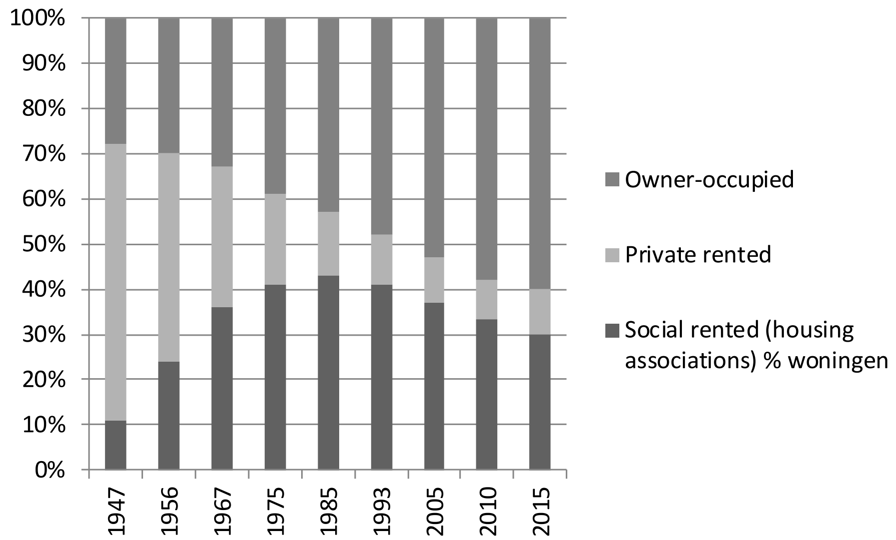

Figure 2.1 Tenure structure in the Netherlands, 1947 to 2015 (Source: Vlak et al., 2017; originally from Elsinga & Wassenberg, 2014)

and regions. Also the extent and pace of recovery differs over space and seems to be increasingly concentrated. The continued 'move to the city', increased scarcity and increasing spatial differences have raised questions about justice in regards of access to the city and the distribution of scarce resources.

The Dutch housing sector to a great extent mirrors these trends. Housing associations began as private initiatives to improve the living conditions of worker-families in the 19th century. In the *Housing Act* of 1901 the status and role of housing associations was formalized and these private organizations with a public mandate were assigned both privileges and obligations (van der Cammen & de Klerk, 2003). Housing associations can solely work in the field of housing, with the exception of activities to improve the livability of neighborhoods in which they possess housing and they have to let social housing with priority to households with certain needs that qualify for housing subsidy[9]. The shift towards social rental housing especially accelerated after World War II (see figure 2.1), when social rental housing was regarded the most suitable answer to housing shortages. The production of social housing was combined with strict rent controls, resulting in lower housing costs and suppressing demands for wage increases. Wage moderation was a central strategy to increase the country's competitiveness (Harloe, 1995). The social

9 These and other privileges and obligations of housing associations are laid down in the *Housing Act* and the *Management Decree Social Housing Sector* (BBSH).

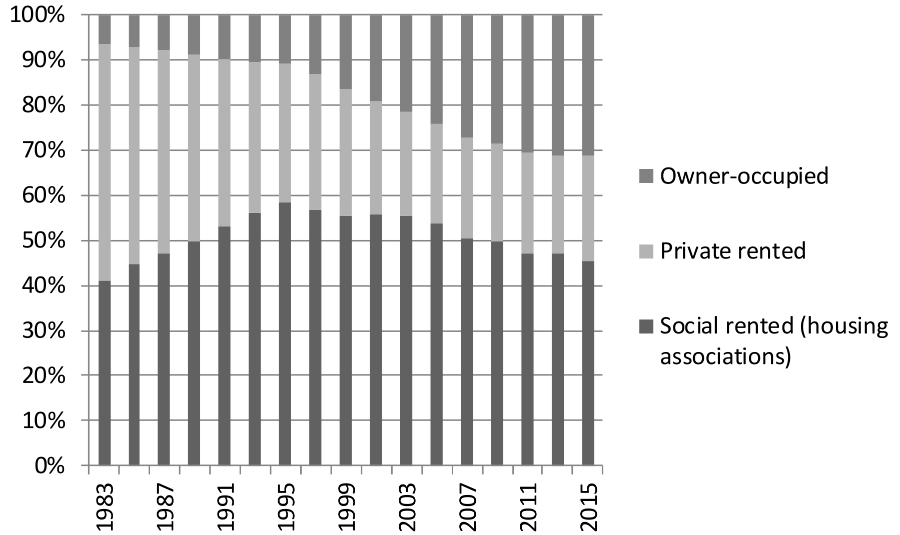

Figure 2.2 Tenure structure in Amsterdam, 1983 to 2017 (Source: OIS City of Amsterdam & WiA, see AFWC, 2016)

rental sector continued to increase until 1990 to a share of 38 percent (Dol & Haffner, 2010). Meanwhile, homeownership has gained grounds, especially since the 1970s as mortgage loans became accessible to larger shares of the population. Despite increased focus on owner-occupied housing, the social rental housing sector in the Netherlands still makes up 32 percent of the total housing stock (2.4 million housing units) and is the largest in Europe (Pittini & Laino, 2011). This is also related to the fact that rent regulation has given private landlords an incentive to sell their dwellings in the owner-occupied sector where prices were high resulting from fiscal subsidization (Vlak, Middelkoop, Schilder, & Eskinasi, 2017).

In Amsterdam, the private rental housing sector still made up just under half of the total housing stock in the 1980s (see figure 2.2). Housing association-owned housing made up little over 40 percent of the total stock and the owner-occupied sector was still very small (less than 10 percent). The social housing sector in Amsterdam continued to grow until well in the 1990s (Musterd, 2014) to about 57 percent of the total stock in 1995. Thereafter, the share of the tenure decreased to the current level of 45 percent of the 420,000 Amsterdam units housing the total population of 822,000. About 27 percent of the housing stock is private rental and 28 percent is owner-occupied (OIS Gemeente Amsterdam, 2015). In absolute terms, the social housing stock decreased from 206 000 in 2001 to under 183 000 units in 2013 as part of local housing market restructuring policy and strategy. The relative decrease was even more pronounced due to the steady increase in owner-occupied housing from 72,000 up to 125,000 units over the same period. The private rental sector remained roughly the same (Dignum, 2013). The recent housing market restructuring in Amsterdam included the sale and liberalization of social housing as the social housing sector was deemed too dominant (Kadi & Musterd, 2014). Large scale urban renewal projects, in which social housing was replaced by mixed-tenure estates with increased owner-occupied housing, have significantly changed the housing stock in post-war neighborhoods (Uitermark & Bosker, 2014). Next to a decrease in the total social housing stock, the yearly supply of units for new tenants decreased at an even higher rate, due to limited tenant turnover in addition to the tenure transfers of housing units, which became available. In 1999, approximately 16,000 units became available, while in the years from 2013 to 2016 this figure was as low as 6,000 units a year. This decrease is reflected—though less pronounced than may be expected—in an increase in the average time spent on the waiting list by new tenants from around 7 to over 8 years between 2003 and 2013 (not including households moving within the social housing sector; AFWC, 2005-2016).