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Distributive justice of housing in Amsterdam

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Publication date

2019

Document Version

Other version

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Citation for published version (APA):

Jonkman, A. R. (2019). *Distributive justice of housing in Amsterdam*.

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Housing investments and the implementation of the ideal of the undivided city

Abstract | Providing housing for all income groups and in such a way that limits the development of segregation is a shared concern of governments in rapidly growing cities. In Amsterdam, this resonates since the 1990s in the central policy aim of the ‘undivided city’. While different actors agree on the broad aim, policy competition and limited means cause tensions and force actors to weigh different and sometimes conflicting goals. This paper explores how different actors—individually and within governance networks—define and apply the undivided city-concept and how they deal with different (conflicting) policy aims and scarcity of resources. A qualitative content analysis of policy and strategy documents covering the period 2004–2014 and semi-structured interviews with different actors are conducted to analyze the understanding and application of the policy aim of the undivided city. We conclude that despite a seemingly consensus, ideas on practical implementation and what achieving it may cost differ among actors. The flexible and varying understanding of this policy aim is problematic for policy evaluation. Policy makers and scholars should give more attention to the adaptive and contextual nature of such shared ideals. For policy evaluation this suggests that the choice for a specific definition and operationalization may need to be made explicit and positioned in regards to different other (possibly conflicting) definitions and operationalizations. Alternatively, an evaluative framework rooted in theory may be applied.

Submitted as | Jonkman, A., L. Janssen-Jansen & F. Schilder. Housing investments and the implementation of the ideal of the undivided city. *Under review*.

3.1 Introduction

In high-demand cities the supply of housing often does not keep pace with growing demand. This results in an increasingly expensive housing stock. Spatial differences are becoming more visible due to extreme housing prices (e.g. Higgins, Campanera, & Nobajas, 2014) in city centers that push low income households outwards (Hochstenbach & Musterd, 2017; Raco, 2008). Literature, however, emphasizes the importance of social cohesive cities with limited levels of segregation (Arbaci & Tapada-Berteli, 2012; Dewilde & De Decker, 2016; Escafré-Dublet & Lelévrier, 2018; Higgins et al., 2014; McCann, 2008; Novy, 2011). For decades local governments in cities have tried to tackle this through spatial and housing policies, also supported by other actors, like housing associations and housing investors (Blessing, 2014). As evidence suggests socio-spatial inequality and segregation has increased in many cities and urban housing markets increasingly become inaccessible for certain groups (Kadi & Musterd, 2014; Madrazo & van Kempen, 2012; Musterd, Marcinczak, van Ham, & Tammaru, 2017). Still, the discourse for an undivided city with limited levels of segregation remained strong (Arbaci & Tapada-Berteli, 2012; Bolt, Phillips, & van Kempen, 2010; Musterd & Andersson, 2005).

In Amsterdam, as in many other Dutch cities, the ‘undivided city’ (in Dutch: *ongedeelde stad*) has been a central housing policy since the 1990s. The main aim is to shape the socio-spatial distribution of housing. Despite the long-lasting support and consensus among different housing actors for this objective, the perceived segregation has increased. While the divergence between policy aims and actual developments has been attributed to different structural and policy factors (e.g. Musterd et al., 2017), the role of urban actors has been criticized but scarcely understood. Also, the development of Amsterdam as an undivided city has been assessed, but largely based on researchers’ (different) interpretations of what the undivided city is (Uitermark & Bosker, 2014; van Gent, Musterd, & Veldhuizen, 2014). In strategy and policy documents, the concept of the undivided city is mostly described in general terms. Despite the seemingly consensus on a more abstract level, housing actors have different objectives and responsibilities.

The undivided city is a normative concept concerning the socio-spatial distribution of housing. The way in which housing actors understand and interpret this concept shapes their strategies and local housing policies. The aim of this paper is to understand how the concept of the undivided city is understood and operationalized by local housing actors and how this influences

strategy and policy within actor networks. A qualitative content analysis of written documents issued by local actors alongside semi-structured interviews with representatives of local stakeholders are conducted. The analysis shows how, despite a seemingly continued consensus on a more abstract level, the understanding of the undivided city changes over time and varies among actors. It also provides insights into how actors—individual and in coalitions—cope with tensions and make trade-offs between different (potentially conflicting) policy aims, interests and rationales in decision-making on place and tenure specific (dis)investments related to the objective of the undivided city. We conclude that policy evaluations of policy aims like the undivided city need to explicitly define and operationalize the concept and position this in relation to alternative understandings, or explicitly apply an alternative evaluative framework more rooted in theory.

In the next section, the concept of the undivided city is embedded in theory and practice. In the third section, methods and data are discussed, before presenting the results of the qualitative content analysis and semi-structured interviews. The last section contains reflections and a conclusion.

3.2 The undivided city in theory

One of the main arguments for the creation of mixed neighborhoods and planning for a diverse population stems from positive effects attributed to being among strangers. Young (1990, p. 237) argues:

“I propose to construct a normative ideal of city life as an alternative to both the ideal of community and the liberal individualism it criticizes as asocial. By “city life” I mean a form of social relations which I define as the being together of strangers. In the city persons and groups interact within spaces and institutions they all experience themselves as belonging to, but without those interactions dissolving into unity or commonness”.

On the other hand, Fainstein (2010, p. 49) questions the extent of these positive effects:

“Unfortunately, the argument supporting Young’s view that widening democratic inclusion will break the vicious circle supporting inequality seems overly sanguine, as there is no necessary link between greater inclusion and a commitment to a more just society”.

Moreover, in her framework of the just city—incorporating equity, democracy, and diversity—she discusses the tensions that arise between different aims

and the difficulty of combining those in practice. For example, tensions can arise because the majority of a population may not value the aim of diversity. Such potential theory-practice mismatches are acknowledged in literature (e.g. H. Campbell, 2006; Kennett, Forrest, & Marsh, 2013; Mak & Stouten, 2014; Uitermark & Bosker, 2014), yet the reasons for this mismatch and the way these arise in practice are underexplored.

In the undivided city discourse, the increasing segregation is often related to the effects of globalization (see Musterd, Priemus, & van Kempen, 1999a), the transformation into the post-industrial city and welfare-state reforms (Andersson, 1999; Marcuse & van Kempen, 2002). Several concepts have been used to describe levels and types of segregation within cities (Allegra, Casaglia, & Rokem, 2012; R. van Kempen, 2007), sometimes interchangeably (e.g. Madrazo & van Kempen, 2012). These include: *spatial polarization* (Sassen, 2001), the *segregated city*, the *fragmented city* (Burgers, 2002), the *partitioned city* (Marcuse & van Kempen, 2002), the *dual city* (Beauregard, 1993), and the more positively framed *inclusive city* (EUKN, 2014) and *undivided city* (Boal, 1999). While spatial polarization is more descriptive, the other terms refer to a certain level and/or type of dividedness. The level of dividedness is mostly assessed through measures of segregation (Buitelaar et al., 2017). The undivided city primarily refers to a static state or a development in regards to the level of segregation on one (e.g. ethnicity, see Boal, 1999) or more dimensions (e.g. income, household composition and ethnicity, see R. van Kempen & Priemus, 1999) usually combining different levels of scale (E. van Kempen, 1994). According to Musterd, Priemus and van Kempen (1999b, p. 575) a divided city may be “a city in which spatial segregation is manifest in such a way that at least some of the residing population categories involved, and possibly a broader range of people, consider this a problem”. This implies the use of segregation as the measure for unevenness and the divided city as the normative subjective judgement related to the level of segregation. Soja (2010a, pp. 71–72) states: “There will always be some degree of variation, although not all these variations and inequalities are of social significance”. Yet, even if a majority perceives segregation as a problem, it may still not be of intrinsic social significance. For example, while people might perceive a neighborhood as an ethnic enclave, the facts may be different and eventual problems may not be the result of segregation.

Even if segregation of social significance is identified it does not have to be unjust and necessarily require intervention. Inequality and segregation are inherent to the distribution of a spatial good. Its spatial distribution is tied to qualities households aspire, value and are prepared to pay for in different degrees. Examples include the vicinity of jobs and services, and esthetics of a neighborhood. While the houses in a neighborhood often have similar characteristics (e.g. size, quality of construction, type, ownership), differences exist between neighborhoods. Combined with differences in means and preferences between groups of households, this may lead to spatial sorting, inequality and segregation.

While segregation in itself does not have to be unjust, related negative effects may provide arguments for intervening. Moreover, differences in opportunities of households and whether they have access to a minimum standard of housing can be a ground for intervention. In this instance equality may be enhanced while it is not the primary aim of the intervention (Frankfurt, 2015).

3.3 The undivided city in practice

Policy measures in relation to the undivided city are mostly—but not exclusively—focused on the housing market. Governments intervene in housing markets through policy, regulation and land-use planning (Monk et al., 1996; Whitehead, 2007). Housing markets are, for example, regulated in order to increase positive externalities (e.g. those assigned to homeownership), reduce negative externalities (e.g. sprawl), or to change its distributive outcome (e.g. through housing allowance; Høj, 2011). State intervention may alter the relative attractiveness of tenures through subsidies (e.g. mortgage interest deduction, housing allowance), taxes (e.g. property tax), regulation (e.g. rent control), and providing necessary resources (e.g. land). Such interventions may change the user costs of tenures, which would be comparable for different tenures in a balanced housing market with tenure neutral policies (Haffner & Heylen, 2011; Høj, 2011). In such a balanced housing market, individual preferences would have a greater impact on demand for different tenures than, for example, a fiscal bias (Haffner & Oxley, 1999). In many countries the taxation structure and subsidies result in diverging user costs for different tenures and households (Ball, 2016; Conijn et al., 2016; Hancock & Munro, 1992; Heylen, 2013a). For example, depending on specificities, housing allowances lower the net user cost of rental housing, especially for low income households, while mortgage interest relief is most beneficial for high income households (Heylen, 2013b; ter Rele & van Steen, 2001).

Therefore, differences in net user costs can vary for different income groups or types of households and investors. This may also influence the distribution of groups over tenures and potentially impact the level of spatial segregation. Tenure transfers reflect the changing attractiveness of tenures. Such transfers can be more or less promoted or restricted by policy and regulation. Right-to-buy in the United Kingdom is an example of a policy stimulating transfers from social housing to owner-occupied housing (Robertson & Serpa, 2014). The extent to and speed at which changing attractiveness of tenures result in a changing tenure structure depends on the context and policy and regulatory framework.

In the Netherlands, multiple actors are actively involved in the development of cities, not only through their primary role as tenant, developer or investor, but also as participants in the development of housing policy. In the latest Dutch housing law (*Woningwet 2015*) municipalities are to actively engage housing associations and tenant representatives in realizing the municipality's vision on the housing market. However, this has been common practice for much longer in several cities including Amsterdam (AFWC, 1995). Recently, even private investors are more actively engaged in realizing local housing policy goals (van Gijzel, 2018). Obviously, given the diverse nature of each actor's private motives, policy outcomes for broader ideals such as the undivided city are not to be taken for granted. While these actors are actively and positively engaged in developing the undivided city policy, their decision-making is also conditioned by available resources (e.g. financial, land-ownership). These resources will force actors to prioritize and decide on what (dis)investments to make.

In growing cities with increasing house prices, constructing larger quantities of housing in general may be at odds with the aim of decreasing levels of dividedness. The greater differences in land prices are, the more costly securing affordability in the most expensive parts of the city will be. This becomes visible, for example, in the shift of affordable housing programs in New York and London towards providing housing for middle income households (Marom & Carmon, 2015). Providing affordable housing for larger families in expensive areas will demand even greater investments. Such investments limit available means for alternatives and may even require disinvestments elsewhere (e.g. the sale of social housing). Decisions on what investments to make and how to prioritize depend on what is understood by the undivided city. While it is assumed that there is consensus among actors on the undivided city-concept, they may have different perceptions.

3.4 Methods and data

The application of the undivided city policy was studied from the perspective of the actors involved. A longitudinal approach for the years 2004 to 2014 was conducted to assess how the understanding and implementation of the undivided city ideal changed in time and how this relates to changing housing market conditions. This period of time includes significantly changing circumstances, spanning from pre-crisis years to post-crisis years of recovery. During this whole period, the undivided city was a policy aim confirmed by different housing actors. The different housing actors, including the municipal government, city-districts, housing associations, tenants' union(s) and, to a lesser extent, private developers, cooperated to achieve (public) housing goals. Most of the land in Amsterdam is owned by the municipality and leased to users. This requires municipal involvement in case of transformation or new developments (Savini, Boterman, van Gent, & Majoor, 2016). The empirical analysis comprised two steps: 1) a qualitative content analysis of different written documents; 2) a series of semi-structured interviews with key actors in the local housing market. The semi-structured interviews enabled the triangulation of the documents analyzed in the qualitative content analysis. This was further facilitated by applying a similar qualitative content analysis strategy to both sets of data. The semi-structured interviews also provided valuable additional data on the decision-making processes and reasoning that often is not included in official documents.

Firstly, policy documents, housing visions, periodic policy agreements between local actors, and annual reports of the Association of Amsterdam Housing Associations (AFWC; later also referred to as the Federation) issued or in effect in the years between 2004 and 2014 were selected for a qualitative content analysis. The documents were first scanned in order to set-up a coding list centered around definitions and operationalizations of the undivided city and other references to this concept. In addition, a set of codes was applied concerning different measures that lead to changes in the housing stock and tenure structure through selective (dis)investments (e.g. references to the sale or new construction of social housing). The documents were coded using Atlas Ti and analyzed by considering the output for different codes consecutively.

Secondly, twelve semi-structured interviews with representatives of different key stakeholders in the field of housing in Amsterdam were conducted. All interviewees work as senior-policy advisors or directors. Most interviewees have been employed for the whole or the majority of the time-period under study. The interviews were conducted with four respondents from three

major housing associations, one of the Federation, three from the City of Amsterdam (i.e. working at the Department of Housing, the Project Management Bureau and the Department of Land and Urban Development) two from the Tenants' Union and two from Amsterdam based institutional housing investors. Respondents were asked about their conception of the undivided city, how this conception may have changed over time and what (policy) measures and decisions their organization has taken with regard to the aim of the undivided city. Furthermore, the interviews included questions concerning other actors in the field, whether ideas about the undivided city align and how respondents perceive relations and cooperation between actors. The interviews were transcribed and analyzed after coding the transcriptions making use of Atlas Ti and applying a similar coding structure as for the qualitative content analysis. Quotes used in this article were translated from Dutch to English by the authors.

3.5 The undivided city concept in use

The analysis will be presented in chronological order. The study period is divided in two blocks, from 2004 to 2009 and from 2009 to 2014. To better embed our findings we briefly discuss the period prior to 2004. Figure 3.1 shows the municipality of Amsterdam, including labels for neighborhoods repeatedly referred to in the studied documents and by interviewees. Also depicted is the ring motorway A10. This structure is included as it plays a central role in housing development debates in Amsterdam, and was also mentioned repeatedly by interviewees. The A10 South of the river IJ roughly divides pre-war districts from the post-war ones where large-scale housing estates with high shares of social housing are present.

Prelude

Social housing in the Netherlands is provided mainly by housing associations, and to a much lesser degree by institutional and private landlords (Conijn, 2011). The role of housing associations changed considerably prior to the period of study. The Dutch central government abolished direct object subsidies for the construction of social housing in 1995, changing the relationship between local governments and housing associations. Housing associations continued as private legal institutions which were funded in a revolving funds model—i.e. housing associations have to finance operations and new investments with revenues generated with their housing stock—that was further developed by allowing the sale of social housing, providing an

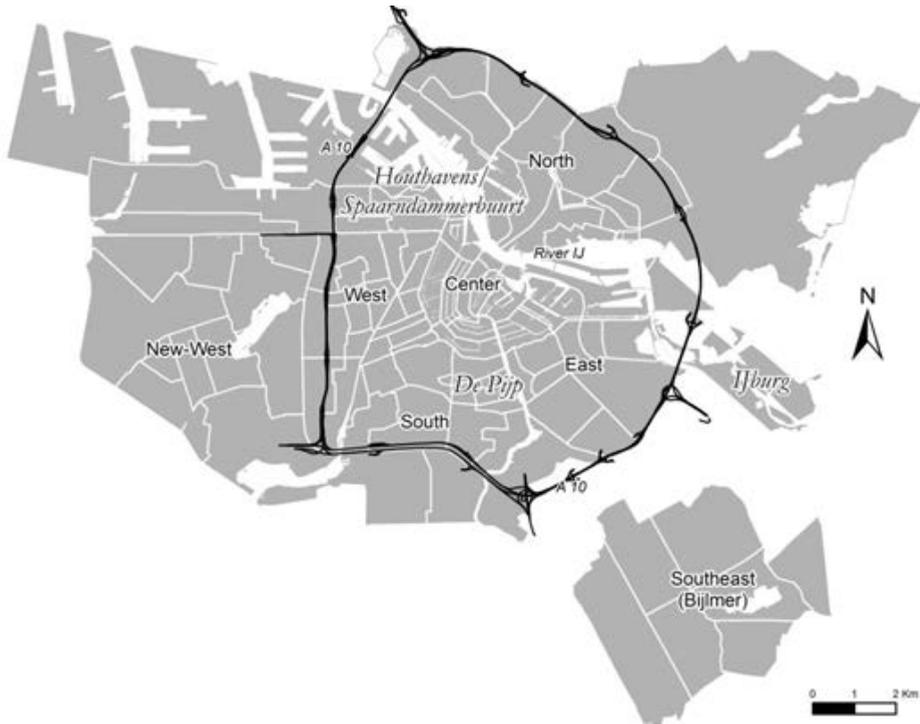


Figure 3.1 Amsterdam neighborhoods (Source background layer: CBS, 2009; made by author)

extra source of income¹.

“Before, the municipality could decide what housing associations were to do through subsidies, making use of contingent subsidies for the construction of social rental housing. The liberalization and grossing operation gave housing associations more independence” (Interview housing association, 10-23-2017).

Since the 1980s, a time until when almost exclusively social housing was built in Amsterdam (Interview municipality, 10-30-2017), the diversification of the housing stock was pursued, both by the municipality and the housing associations (see figure 3.2 for the development of the tenure structure). Most owner-occupied housing had been constructed in neighboring municipalities, advancing the suburbanization of middle and high income groups (Interview municipality, 10-16-2017). With the introduction of the compact cities policy around 1990, and in response to a changing population and corresponding increase in demand for higher quality housing and living environments

¹ The Federation of Amsterdam Housing Associations functions as representative body for housing associations towards the municipality.

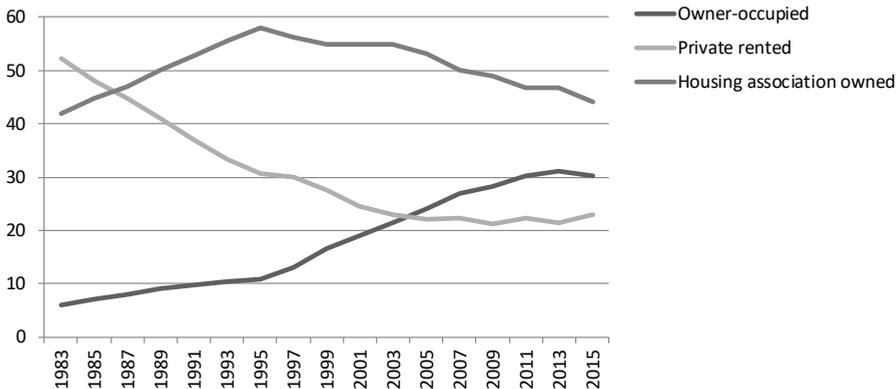


Figure 3.2 Tenure structure in Amsterdam, 1983 to 2015 (Source: OIS Amsterdam & WiA, in AFWC, 2016)

(Interview housing association, 10-23-2017), Amsterdam started building more diverse housing estates (Interview municipality, 10-16-2017). Yet, for new housing estate developments, a norm to include about 30 percent social housing was applied (Interview municipality, 10-30-2017). Next to these aims of improving and diversifying the Amsterdam housing stock at large, policies were introduced to increase mixing different tenures in specific existing city districts. Especially in post-war estates, the diversification of the housing stock through urban renewal was a central aim (Interview housing association, 10-23-2017).

Without making explicit references to the undivided city a specific proposal was drafted by the Amsterdam housing associations in 1995, arguing for the introduction of minimum requirements for the mixing of the housing stock at the city district-level². Every city district, they reasoned, should contain at least 25 percent affordable social housing and at least 25 percent expensive housing. Overall, a housing stock in balance with the population was the aim. Entry requirements for social housing were to be adapted to secure fair opportunities for households with different incomes. The housing stock, according to the Federation, required flexibility in allocating housing to higher income households in order to provide these households opportunities and to secure socio-economic mixing in social housing-dominated neighborhoods (AFWC, 1995).

² There are seven city districts in Amsterdam consisting of multiple neighborhoods.

From 2004 until 2009

In an agreement for the 2001-2002 period that was later extended until 2005, the aforementioned 1995 proposal from the housing associations was formalized as a collective aim by the housing platform³. Again, without explicit reference to the undivided city. The aim was to diversify the housing stock at the city district-level, applying the 25 percent norms mentioned above. The share of expensive housing should “be accessible for, and in price and quality tailored to the needs of households with higher incomes” (City of Amsterdam et al., 2001, p. 18). The City of Amsterdam (2009) later stressed that different living environments in the city should remain. However, the municipality simultaneously argued that all of these environments should provide space for different groups of households in terms of income, age and household composition and that all groups of households should be able to live in all city districts or even in all neighborhoods.

Thus, the importance of and consensus about the undivided city, has been repeatedly underlined in agreements between the city, housing associations, and the tenants’ union in Amsterdam: “Parties will, without hesitation, pursue the undivided city in which people, whatever their income, education or background are able to live and have housing market options” (Tenants’ Union Amsterdam, AFWC, City of Amsterdam, & Amsterdam City Districts, 2008, p. 5). This stance differs from earlier city district guidelines as it explicitly focuses on housing opportunities from the household’s perspective. Despite recurrent confirmations, explicit operationalizations of the concept are omitted. The underlying reasoning, however, connects the perspectives focusing on housing opportunities for different households and on housing stock diversification. A diversified supply of housing (e.g. price, tenure, size) is argued to provide opportunities for different groups of households resulting in more diverse (i.e. undivided) areas and—in general terms—“an open city that is accessible for newcomers, offering plenty of opportunity” (City of Amsterdam & AFWC, 2006, p. 2). Opportunities for different groups, is argued to advance the realization of a diverse and non-segregated city (City of Amsterdam, 2009). At that time, it was relatively easy for housing associations to also develop for-profit housing, which they also did (Interview housing association, 10-20-2017). Developers and investors had to comply with the aforementioned percentages in order to obtain building permits. There was very limited room for negotiation.

3 The housing platform consists of the Amsterdam housing associations (represented by the Federation), the tenants’ union and the municipality.

During this period, the undivided city was problematized in a dual sense. On the one hand, the city districts Center and South were regarded as vulnerable for becoming an expensive area inaccessible for increasingly large sections of the population. Related policy aimed to keep these popular neighborhoods diverse and accessible, for low and middle income households. Protecting the existing social housing stock in these areas was considered the way to achieve this. On the other hand, most other parts of the city were perceived to be dominated by social housing. This is thought to have resulted in “large concentrations of socio-economic problems, moreover related to ethnic segregation” (City of Amsterdam, 2009, p. 36). The policy aim that followed was to improve livability in those areas (amongst others), operationalized by attracting a more diverse population.⁴ To diversify the housing stock, shares of owner-occupied housing in new constructions were increased, social housing was replaced by large shares of owner-occupied housing and social housing was transferred into the owner-occupied housing sector. Private rented housing did not play a large role in this period, as a respondent explains:

“You could say the municipality thought it could permit itself to only go for owner-occupied and social housing construction. (...) [A]ctually there was a simple two-track policy” (Interview municipality, 10-30-2017).

During this period the role of private investors in the construction of new housing in Amsterdam was further reduced:

“In 2004 we kicked out those developers, you could say. Like, ‘get out!’ We signed all kinds of contracts [with the developers], but since [they] didn’t deliver we annulled these contracts” (Interview municipality, 10-31-2017).

Our analysis showed a consensus about both aims of the undivided city, but ideas about the prioritization of the aims differs among actors. In 2006, for example, the Federation stressed that not all neighborhoods need to mirror the average in Amsterdam: “we should not make a dogma of providing cheap rental housing in the canal belt at all costs” (AFWC, 2006, p. 50). Two years later they added that the municipality’s focus on keeping the most popular parts of the city accessible for even the lowest incomes is “overdone” (AFWC, 2008, p. 45). To increase the share of owner-occupied housing, the City and the Federation agreed to continue the sale of social housing. Both housing and financial considerations played a part:

⁴ The effectiveness of this is highly contested, but this is beyond the scope of this study.

“The Federation thinks it’s positive that the municipality in the Housing Vision [concept of 2005] supports continuing the sale policy. Not only does this greatly contribute to the furtherance of owner-occupation and serving the middle income households, it also is the financial foundation under all plans of housing associations. Rent revenues from social housing are too limited. The Housing Vision rightly states there is ample space in the housing stock to realize the sale program” (AFWC, 2006, p. 51).

Despite the significant amounts of social housing sold and increased shares of owner-occupied housing in new constructions, the housing stock diversification objectives were not met. Similarly, the intended increase of the share of owner-occupied housing from 11 to 35 percent in between 2005 and 2010 (AFWC, 2007) was not realized. The owner-occupied housing share was 30 percent in 2009 (City of Amsterdam, 2011). In the period leading up to the financial-economic crisis, large scale urban renewal was carried out in areas outside the A10 (Interview municipality, 10-16-2017).

“We have been mixing [tenures] a lot in those neighborhoods. But well, many researchers said it would not be effective, the mixing of cheap with expensive housing” (Interview municipality, 10-30-2017).

Consequently, according to respondents, ideas on the effectiveness of changing the tenure structure have changed since then:

“This livability idea, that if you realize expensive housing the area would improve automatically, we have reconsidered it” (Interview municipality, 10-23-2017).

From 2009 until 2014

During the 2009 to 2014 period, the housing market was greatly affected by the global financial crisis and different regulatory and policy changes. Simultaneously, Amsterdam kept growing (PBL Netherlands Environmental Assessment Agency, 2015). The crisis caused a decline of house prices and a decrease of transactions (ING, 2017; Schilder & Conijn, 2016). New constructions were put on hold due to a drop in demand, especially for owner-occupied housing (Boumeester, 2018). The active role of housing associations in development was not only affected by the crisis but also by regulatory changes, such as the re-defining of the social housing target group by the Dutch government in 2011. This followed a state-aid complaint at the European Commission by institutional investors which resulted in a statement

addressed to the Dutch government in 2009⁵. Furthermore, the liquidity of housing associations worsened through lower sales with also a lower average value. The lower book values limited the capacity to obtain capital for new investments (Interview housing association, 10-9-2017). Concurrently, the municipality tried to re-engage private developers.

Policy reform

Policy measures to reform housing markets, retrench and/or mitigate effects of the financial-economic crisis followed after 2009. Especially the redefinition of the social housing target group in 2011, the introduction of scarcity points in 2012, and the introduction of the landlord levy in 2013 have changed the (financial) circumstances for housing associations and the relative positions of different actors (Jonkman, Janssen-Jansen, & Schilder, 2018). Limiting the social housing target group was meant to protect private investors from unfair competition from housing associations, as they have access to relatively cheap capital due to government backing. In addition, housing associations have no formal owners and therefore lack a required return on their equity, thus increasing unfair competition (Conijn, 2011).

Scarcity points were added in 2012 to the point valuation system (*woningwaarderingstelsel*) to make rents better reflect the quality and demand for dwellings. This system determines the maximum rent the landlord is allowed to charge for a dwelling based on its characteristics, such as the type of dwelling, its size and the presence of e.g. a garden. Scarcity points were based on taxation values and were thus allocated to dwellings located in popular areas with high average house prices (e.g. the metropolitan area of Amsterdam). The total number of points of a dwelling corresponds to a maximum allowed rent. Units with more than 142 points (corresponding to a rent of €699 in 2014) may—but do not have to—be liberalized if rented out to a new tenant. If the starting rent was below the liberalization limit it cannot be liberalized for the duration of the tenancy. Before the introduction of scarcity points 12 percent of the social housing stock could potentially be liberalized at moment of turnover, thereafter this increased to 38 percent. In the Southeast of Amsterdam, for example, based on the new maximum allowed rents, 49 percent could be liberalized (AFWC, 2013). Despite the large shares that potentially could be liberalized, on January 1st 2013 only four

⁵ State-aid continued to be allowed for services of general economic investment (Tasan-Kok et al., 2013); being the housing of households with an income up to €34,678 (level of 2014). At least 90 percent of social housing had to be allocated to households with an income not higher than this 'liberalization boundary' (Priemus & Gruis, 2011).

percent of housing associations' dwellings are part of the liberalized housing stock. This measure led to the decrease of social rented housing, especially of regulated housing owned by private landlords (Interview housing association, 10-23-2017). The housing associations acknowledged that scarcity points have provided an opportunity to deliver mid-segment housing for households that since 2011 do not have access to social housing (AFWC, 2013). Given the decrease in revenues from the sale of social housing during the crisis, liberalization became increasingly important for housing associations to increase the liquidity (Interview housing association, 10-20-2017).

The landlord levy is a tax introduced in 2013 introduced primarily for its 'budgetary revenue' by the government (Tweede Kamer der Staten-Generaal, 2012), building up in a few yearly steps to a total tax of €1.7 billion for social housing providers: housing associations as well as private landlords renting out rent-controlled housing⁶. Next to directly affecting the financial position of landlords, this measure might incentivize the sale of social housing in the city center, because the levy is based on the tax assessed value of social housing:

“The weird thing is that because the value of dwellings increases in real terms, its tenanted investment value decreases as a result of that levy. The tenanted investment value is calculated based on incoming and outgoing cash flows, which are negatively affected by the increase in value and subsequent higher levy. If the value decreases, the loan-to-value also decreases, which is an important norm for the WSW.⁷ (...) It gets more attractive to get rid of these dwellings. In that sense, its effects go against the undivided city” (Interview housing association, 10-9-2017).

According to a respondent the introduction of this levy a few years after the start of the crisis contributed to a need for housing associations to increase rents and generate income through the sale of housing (Interview municipality, 10-16-2017).

Changed interpretation

After 2009, the focus in the undivided city discourse shifted somewhat from providing “a certain spatial mix in the city” (Interview housing association, 10-9-2017) towards making the city “accessible, in principle to all groups”

⁶ Landlords renting out less than 10 housing units (later changed to 25 housing units) are exempted. The major share (95 percent in 2017) is paid by housing associations (Aedes, 2017b).

⁷ The guarantee fund.

(Interview municipality, 16-10-2017). One respondent stated:

“I think the definition has not changed, but the housing market has. Or the city has. Consequently, the understanding of the undivided city has changed. The neighborhood may be mixed, but if you want to enter you need a lot of money. (...) Then you get to the question of how people from outside of the city can be provided access to such neighborhoods. (...) So in that perspective the concept of the undivided city—if you translate it into who has access and what is divided or undivided—gets another meaning. That also means that you start looking more to the city region. That you look where possibilities are for people to live” (Interview housing association, 10-23-2017).

Our analysis shows that the perception of the ideal of the undivided city did not necessarily change, but ideas about feasibility, limits and prioritization in regards to other policy aims did. The City can promote the undivided city by strategically providing land for the construction of specific housing segments. The City can provide (implicit) subsidies by charging below market rates for land used for the construction of social housing. Financial limitations restrict the extent to which housing associations and the municipality can subsidize the undivided city policy goals:

“It also has to do with the natural flow of the city, that you follow this somewhat and not constantly try to go against the current by adding many single-family dwellings in the city center. But that is simply a financial consideration” (Interview housing association, 10-9-2017).

The changing interpretation and application of the undivided city—under the influence of alterations of the economic circumstances, housing demand and supply, and the policy context—becomes visible in the shifting views on the undivided city. After a period in which it was accepted that larger households were moving out of Amsterdam into the suburbs, more single-family owner-occupied housing was built within Amsterdam by developers. Also, actors involved in the formal housing platform included goals for the construction of more spacious units suitable for large families (not necessarily single-family housing). While this is still the aim, adding large amounts of housing has become more important than adding (larger) single-family housing (Interview housing association, 10-23-2017). Limits to the spatial undividedness for large households were already recognized by the municipality in the 2008 Housing Vision:

“We acknowledge (...) that a highly urban neighborhood like De

Pijp plays an entirely different role than more peripherally situated districts such as De Bijlmer. In De Pijp large dwellings are by definition very expensive. In De Bijlmer, large dwellings can attract middle-income residents that, so far, have avoided this city district” (City of Amsterdam, 2009, p. 44).⁸

In the same document, the ambivalence of prioritizing housing for middle-income families with children, also in popular neighborhoods, while actually developing smaller and more expensive housing, comes to the fore (City of Amsterdam, 2009). One respondent summarizes the tension with regard to providing suitable housing for larger middle-income families in more popular neighborhoods as follows:

“I will just say it: it’s already expensive enough to preserve social housing in the city center. Large dwellings for families is especially unprofitable. Yes, it causes extra tensions” (Interview housing association, 10-9-2017).

The interviews revealed that while housing actors in Amsterdam repeatedly debated about the mix and especially a minimum level of social housing that should be secured in neighborhoods, the more general debate within the housing governance network regarding the scale at which accessibility for all groups should be guaranteed shifted from neighborhoods to the districts, the city and even the city-regional level. This shift is referred to as a necessity:

“I find the undivided city a wonderful aim, but it is not realistic. It is not realistic to pursue the undivided city at a micro-level. (...) To say everybody should be able to live everywhere is blatant nonsense. But you should ensure that in areas, for example at the scale of Amsterdam, everybody is able to live there” (Interview investor, 11-24-2017).

In this sense, considering the supply of housing at the regional level, in a context of increasing scarcity is changing the discourse on the undivided city:

“Not the city of Amsterdam, but the region is the pie. For some the pie only consists of the area within the ring way, but defining the pie differently is also a way to go” (Interview housing association, 10-9-2017).

Another argument stresses there is also an intrinsic logic behind a regional perspective as travel distances and times are relatively short:

“Almere, well, what are we talking about? You can reach Amsterdam within 20 minutes! If you would realize better living environments there...” (Interview municipality, 10-30-2017).

⁸ In practice, housing construction for a specific group does not necessarily mean these households will end up living there.

An investor stresses that certain preferences (e.g. a house with a garden) maybe cannot be fulfilled within the narrowly defined Amsterdam (Interview investor, 11-30-2017). This changing perception, according to a respondent of the City of Amsterdam, may also result in acceptance of higher levels of segregation at lower levels of scale. Since “it is very expensive to want to be undivided in the most expensive areas” (Interview municipality, 10-30-2017), realizing this policy goal may be directed to other parts of the city.

Simultaneously, increased financial pressures forced actors to weigh different financial and housing-related goals. The Houthavens brownfield development project at a former harbor site provides a clear example mentioned by several respondents. The initial aim for the neighborhood was to connect the new neighborhood to the adjacent Spaarndammerbuurt-neighborhood which consisted almost entirely of social housing:

“The [housing-supply in the] Spaandammerbuurt was supposed to transform to 70-30 percent⁹ and the Houthavens would get 30-70 percent, the other way around so to say” (Interview housing association, 10-20-2017).

The economic crisis, however, affected expected revenues. The municipality chose to keep the quality of this new neighborhood high, as from the start it was an expensive location to build, requiring a certain level of land revenues:

“Because Houthavens immediately became an expensive place to build at, there had to... we had to assume the land price also had to go up. Otherwise you cannot break even with the land development, with all the little bridges. It is just a very expensive plan. And you also do not want to make a cheap plan in a city like Amsterdam. I should still be nice in a hundred years” (Interview municipality, 10-30-2017).

In the negotiation process with private developers that stepped into the vacuum left by the housing associations, this resulted in a significantly lower share of social housing in the area:

“So you try it, in the beginning, but then there is this crisis and cutbacks have to be made. Still later, the housing market has changed again, the city has become even more popular and you just cannot stop it” (Interview housing association, 10-20-2017).

Housing investment decisions

Our findings reveal that due to the change in economy, demand and policy the involved actors not only have different operationalizations of the undivided

⁹ Ratio between social housing and owner-occupied housing.

city, but also that these change over time. Changing costs, revenues and risk-return-profiles are decisive factors for investment decisions of all actors that are financially involved. Different actors, however, have varying priorities and preconditions depending on their objectives and responsibilities. Consequently, the nature of these input factors for investment decision-making differs for the three financially engaged types of actors.

In Amsterdam, most land is owned by the City, and therefore the system of active land policy applies (Hartmann & Spit, 2015). Revenues of land depend on the development program projected for the land and the land price is usually determined based on its residual value (Buitelaar, 2010). Because of the application of residual land prices revenues depend on the development program to be realized. In turn, the development program determines the financial reach for public investments in the development. A deficit, however, may be covered by revenues from other projects through the City's urban development funds (Vereveningsfonds), general municipal means¹⁰ or project-based subsidies from higher governments. Next to the financial return, return in relation to different policy aims will be considered, of which the undivided city may be one. A higher share of social housing may be enabled or maximum rents housing associations may charge can be specified at a lower level (Tasan-Kok et al., 2013). This lowers the revenues on land and may require cross-subsidization (de Kam, Needham, & Buitelaar, 2014), the expansion of the development program (e.g. higher densities or more expensive housing), or reduced expenditure on public space.

The acquisition of buildable land is, together with development costs, the major expense for housing developers. Housing associations, however, are usually provided land for the construction of social housing at a discount to (partly) compensate for below-market rents charged for social housing (Tasan-Kok et al., 2013). In addition, housing associations have access to (indirectly) subsidized loans and do not have formal owners leading to relatively cheap access to capital and low requirements in terms of return on investments (Conijn, 2011). Cross-subsidization within larger projects or between projects even enables a negative financial return on specific projects with specific public housing related returns. Still, however, costs, benefits and financial and public housing related returns are to be weighed and considered in relation to alternative investments. Changing circumstances, affecting costs and benefits

¹⁰ Even before the economic crisis of 2008 the equalization fund had dried up (City of Amsterdam & AFWC, 2006).

of different investments affected portfolio decisions and the interpretation and meaning ascribed to the undivided city by housing associations. Simultaneously, different housing associations make somewhat different assessments of what is needed the most and what their specific objectives and responsibilities are, resulting in different operationalizations and decisions.

In contrast to housing associations, private investors do have formal owners demanding a certain return on investment that is sufficient considering alternative investments and the risk related to the investment. The risk-return profile, next to direct and indirect expected costs and revenues, depends on expected demand for the product in the short and longer run. An investment with a relatively low expected financial return may still be considered a good investment if it is paired with a low enough perceived risk. The undivided city, however, seems to have no real intrinsic value for private investors. Private investors oppose price regulation, though accept stipulations if the conditions (e.g. including lower land prices) still result in a positive risk-return profile. Agreements between private investors and the City to develop private rented housing to be rented at below market rates, a new strategy the City of Amsterdam recently adopted, lowers revenues but might still be a good investment if this loss is sufficiently mitigating by lower land prices and a decrease in risk as reduced rents increases demand for the unit and makes future decreases in revenues less likely.

Our findings also showed a tension between the quality of housing the City wants to see developed (including its size) and the quality housing associations and private investors argue they can develop financially feasible. This results in negotiations. In the example of Houthavens, the quality standards were kept high and were traded off against a tenure structure with more market-rate housing. A different decision could have been made. A lower quality, however, may worsen the risk-return profile. The economic circumstances are decisive in what is possible and what the directions of the trade-offs are. High demand results in more, but also more expensive housing. The latter is at odds with the aim to develop mixed neighborhoods and to keep the city accessible for all groups.

3.6 Conclusions: A bounded ideal

The undivided city—whatever the precise interpretation—is pursued to correct for socio-spatial-distributional outcomes of housing markets that may have resulted from market forces and former (planning) interventions. Especially

the supply of different tenures (including its price and quality) in different parts of the city are influenced by strategic investments of the involved actors conditioned by the three factors land price, housing development program and quality. These conditions, however, are continuously paired with other—often conflicting—aims and considerations, in particularly financial ones. Preserving or expanding housing opportunities for low and middle income groups in areas that become increasingly expensive requires financially sub-optimal or even unprofitable investments. Even though housing associations and the municipality (as land owner) can settle for a low or in particular cases even a negative return on investments or a lower land price, they often do not do this. Resources are limited and a social investment means those resources cannot be used for another investment. Private investors require higher rates of return and will decide whether to invest based on the risk-return profile and available alternatives. Recently, changing priorities became visible in the amplified focus on increasing the overall supply of housing contrasting the aim of securing mixed neighborhoods in the most popular parts of the city.

Despite consensus on the ideal of the undivided city, the investment decision making of all financially involved actors is conditioned by financial requirements and considerations about quantity and quality of housing. These conditions and considerations are subject to change, caused by developments in economy, demand and policy. Changing circumstances had a significant effect on how the concept informed (dis)investment-decisions. Consequently, investment decisions may be at odds with the undivided city ideal, while it may still be regarded the optimal outcome by involved investment actors. The ‘Worst Alternative to a Negotiated Agreement’ may be no housing at all.

The understanding and interpretation of the undivided city are flexible, adaptive and thus contextual and relative. The adaptive use of the concept shows it can only be thoroughly understood in relation to the context and housing governance networks within which it is applied. This conclusion is likely to expand to other contexts in which broad public (housing) aims are pursued within governance networks. Next to the understanding of the concept influencing strategy and policy, local circumstances also shape a concept’s meaning and priority in relation to other aims. Consequently, in the case of the undivided city, the concept cannot be regarded a static standard to which socio-spatial distributive outcomes can be valued. Actors (partly) responsible for the implementation of the policy aim may have a different and meandering idea on what they are thriving for. For policy evaluation these results suggest

that the specific definition and operationalization need to be made explicit and positioned in regards to different other (possibly conflicting) definitions and operationalizations. These may only become clear when discussed in relation to contextualized decisions. An alternative strategy for evaluation is to apply an alternative evaluative framework for the assessment of policy, which may relate to the policy aim but is more rooted in theory. In both ways, however, the effectiveness of 'the policy' cannot be assessed in terms of the initial surface-level policy aim.