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Privatising Social Housing in Europe: The Cases of Amsterdam and Berlin

Manuel B. Aalbers and Andrej Holm

1 Introduction

All over Europe, social housing organisations are selling their stock to tenants, new homeowners or investors. In this paper we take a look at the policy formation and implementation of privatising social housing in the cities of Berlin and Amsterdam. Therefore we quantify and qualify the privatisation process, by counting the number of sales as well as focussing on the social composition of the new owners and the urban geography of sales.

2 Housing Policy in Europe

In most of the European countries social housing has been a central matter of public welfare and therefore an important component in their housing policies (Balchin, 1996; Harloe, 1995). During the past twenty years a trend towards deregulation of existing national and local restrictions, privatisation of public housing stocks and a liberalisation of the housing sector can be identified. The privatisation of social housing stocks has changed both, the housing markets and urban governance constellations (Doling, 1997; Donner, 2000; Czasny, 2004; Turner and Withehead, 2002). Housing privatisation is an effect of local political decisions as well as it is a challenge for the local actors of urban policy. Privatisation itself has taken different forms and discussions about it take place in the context of rents increasing towards market levels, the outsourcing of various services to private agencies and the transfer of ownership into diverse forms. This essay is focussed on the transfer of ownership to sitting tenants and other individual owners, and to international financial investors.

Before discussing privatisation practices in the cities of Berlin and Amsterdam, we will briefly reflect on earlier experiences of housing privatisation in Europe in order to overview the diverse forms of privatisation.

The first wave of housing privatisation in Europe started in United Kingdom in the 1980s and was a consequence of the neo-liberal agenda of the British (national and urban) policy. The “right-to-buy” privatisation in the UK was and is widely discussed in political as well as in academic contexts (Forrest and Murie, 1990; Forrest et al., 1996).

The focal point of privatisation in the 1990s were the countries of transition. Most of the sell offs in the social housing sector (primarily to the former tenants) in the Central- and East-European Countries (CEE) are associated with changes in the political regimes in the late 1980s and the reestablishment of free market economies.

The privatisation in Berlin and Amsterdam, on the other hand, are occurring predominantly in the last decade and the forms of privatisation differs from the experiences in UK and the CEEs. The privatisation in Amsterdam could be described as a “cautious-” or “soft-” privatisation whereas the privatisation of large public housing estates in Berlin is more a selling-off of public housing.

3 Housing Privatisation in Berlin

3.1 Housing Policy in Germany

For a better understanding of the processes and effects of housing privatisation this chapter deals with German housing policy in a broader context. In Germany two different groups of social housing can be identified within the housing sector: public housing and rent-controlled social housing (Häußermann and Siebel, 1993).

Public housing can be regarded as a stock of housing in public ownership. On the national level, the relevance of public housing is only marginal (with three million units or 8% of the total housing stock). Over the past five years, more than 500.000 public housing units have been privatised in Germany (Deutsche Bank Research, 2005). However, the situation in larger cities is not the same. In the beginning of the 1990s, the share of public housing in Berlin, for instance, accounted for 30% of the total housing stock.

In comparison to public housing, social housing can be understood as a temporary social effect of public funding programs. In Germany, social housing does not consist in a clearly defined stock of housing. The term rather describes the temporary characteristics of a specific housing stock (Donner, 2000). The 'social' in social housing refers to a system of rent control. Yet, rent control only applies as long as government subsidies are at work. Currently the percentage of social housing amounts to 6% of the whole housing stock (approx. 2.3 million flats). As public subsidies have been reduced over the past couple of years, this stock currently decreases by about 100.000 apartments per year (GdW, 2004: 62).

At the beginning of the 1990s, both parts of the social housing sector – public housing and (rent-controlled) social housing - were reduced dramatically. In Germany, the restructuring from welfare to a workfare and the general trend towards deregulation resulted in a reduction of housing subsidies and led to a significant change of the housing policy. Instead of supplying broad levels of the population, housing policies are now increasingly limited to targeting marginalised social groups. To sum up, the privatisation of public housing is embedded into a general policy change within the housing sector and into the restructuring of the German welfare regime (Holm, 2006).

3.2 Privatisation Policy in Berlin

The housing situation in Berlin is considerably different to the housing situation in other parts of Germany. With only 12% privately owned houses and apartments, Berlin is still a city of tenants. Also the share of public housing – mostly housing companies in municipal ownership – is clearly above German average. In 1990, public housing amounted to almost 30% of the total housing stock (with more than 400.000 public housing units), but as a result of the privatisation policy of the past years this rate has decreased to currently 15%.

Since 1990, we have witnessed the privatisation of 200.000 public housing units in Berlin, with 125.000 units being sold by the city during the past five years (Coenen, 2000; Erdmeier, 2001; Oesterheld, 2000; Holm, 2005).

However, we have to differentiate between two kinds of privatisation: Firstly the stock transfer from public housing companies to tenants and secondly the privatisation of the entire public housing company. Latter occurs when local governments sell their part of public enterprises to private companies or individuals.

The main reason for housing associations to privatise the housing stocks, or at least parts of it, is the unfavourable economic situation of the associations and/or too high costs for renovations, respectively modernisations of aged apartments and buildings. More than 120.000 housing units were privatised in this manner in Berlin.

Local governments privatise their housing companies mainly because of the fundamental crisis of public budgets. Berlin's debts, for example, run up to approx. 50 billion Euros (Vesper, 2003). Here, about 88.000 housing units were privatised by selling two housing companies (Gehag, GSW) at a price of approx. one billion Euros. Yet, the housing privatisation had only a very small effect on the public budget. By selling 212.000 housing units, the city of Berlin has made only 4 billion Euro since 1990. That means the average price for each housing unit being sold was less than 20.000 Euro.

A close look at the legislative directives, through which public housing enterprises are being privatised, reveals the importance of the local state for housing policy. In Berlin, more than 85% of all housing privatisations have their roots at the local policy level – only 14% of the privatisations are carried out as legal acts on the national level.

During the first half of the 1990s, the privatisation process was mainly driven by a national act called *Altschuldenhilfegesetz*. This act aimed to a privatisation of at least 15% of the existing stock of all public housing companies and housing cooperatives. This was a precondition for the remission of the companies' and cooperatives' inherited debts. Arguing that it would not be fair to *only* privatise in the former East only, the government of Berlin decided a complementary privatisation of 15% for the public housing stock in West-Berlin, too.

The next wave of privatisation (in the end of the 1990s) was a result of the crisis of public budgets, which lead to the political decision to mobilise and activate the municipal assets. In order to support the public budget, the state parliament of Berlin (Berliner Abgeordnetenhaus) determined the stock transfer of 50.000 public housing units (Berliner Abgeordnetenhaus, 1997).

The momentous privatisation background was the parliamentary resolution for a sell out of a hole housing corporation with minimum 50.000 housing units in the year 2000. This was one of the last political decisions of the so-called 'big coalition' between the center-right Christian Party (CDU) and the Social-Democratic Party (SPD). However, the so-called 'red-red government' (SPD and PDS) that took office in 2001 implemented the conservative resolution and sold the housing company GSW with around 65.000 housing units in 2004 (Berliner Abgeordnetenhaus, 2000).

The process of housing privatisation started in the early 1990s with the political changes and the German reunification. Since then, three phases of privatisation can be identified, each being carried out with different political aims and under different legal conditions (Berliner Abgeordnetenhaus, 2004).

The first phase of privatisation (1990-1995) was mainly appointed by the national act (*Altschuldenhilfegesetz*) calling for a general 15 % privatisation. Altogether, this lead to the sale of an estimated 30.000 housing units, mostly in former East Berlin (average of 5.000 per year) (ibid).

The second phase of privatisation (1996-2000) resulted from the political decision to mobilise and activate public housing assets in order to contribute to Berlin's public budget. Around 46.000 housing units, mostly from public housing companies in former West-Berlin, were privatised during this time (an average of 9.200 per year) (ibd.).

The third and current phase (since 2001) could be described as a simple but massive sale of public housing. Over the past five years, more than 135.000 housing units were privatised (an average of 27.000 per year). More than half of this results from the complete privatisation of the GSW – with 65.000 housing units one of the largest public housing companies in Berlin (ibd.).

Altogether, more than 200.000 public housing units have been privatised since the German reunification – this is an average of 13.000 housing units per year.

3.3 The social geography of privatisation in Berlin

In the case of Berlin it is not possible to exactly ‘map out’ the process of privatisation. Most public housing companies manage a widespread housing stock. Privatisation statistics allow us to quantify privatisation practices for each of the housing corporations, but not for the districts (Stadtbezirke) or neighbourhoods (Kieze). Since most public housing corporations operate in either former West- or former East-Berlin, it is possible to identify the dynamics of public housing stock for the two parts of the city. The differences are smaller than one may expect. With about 108.000 housing units being sold, the privatisation in West-Berlin is only slightly stronger than in East-Berlin, where 104.000 housing units were transferred into private ownership. The share of public housing in East-Berlin (17%) is somewhat higher than in West-Berlin (13%). We may say that privatisation in Berlin seems to be a common urban practice without being concentrated in specific areas; the privatisation rather follows the patterns of public housing.

This correlation reflects itself also in the composition of the privatised housing stock in the dimension of the age of construction. The sales focus on buildings from the heyday of social and public housing in Germany. Nearly 75 % of the privatised housing stock were built between 1918 and 1972 and has to be regarded as artifacts of the Fordistic welfare-orientated housing policy (Holm, 2006).

The largest part of these tenement buildings is relatively small, with basic equipment, and located in characteristic residential areas of social housing. The rents for these apartments are mostly below average, and social data points out that the share of older people and of households, which depend on public transfer services, are much higher than in other parts of Berlin. This highlights the problematic social dimension of privatisation. Households with very limited economic resources are opposed to the high interest on revenue of the purchaser.

Concerning the buyers of public housing companies, a leading role of global investment funds can be revealed for the privatisation process in Berlin. About 58 % of all privatised housing companies were sold to financial investors like private equity funds. Only 5 % were sold directly to former tenants or to tenants near housing associations.

Obviously, the financial investors differ from classical housing corporations in terms of their interest in long term rental income (Zeller, 2004). The new investors’ core business is real estate speculation, leading to a buying and selling of housing units. Cerberus for example, the company that bought 65.000 apartments from the public housing corporation GSW, perfectly illustrates the new housing economy. Since 2004, Cerberus has been involved in at least nine housing transactions in Berlin (concerning about 30.000 housing units, not even including the ones from the GSW-deal).

The strategies of the investors target primarily at the internal structures of the companies. During the first two years after the privatisation, the business strategies focused on opening up new credit lines by reevaluating the housing stock and by introducing new forms of management. We also have to consider that different strategies are applied to distinct housing stocks, including: re-selling, modernisation and conversion into condominiums, but also the normal business of renting out, sometimes at a price below average. In this sense, it is still too early to clearly say whether the investors will stick to a strategy of selective profit-making and what the social-spatial consequences will be. Therefore further research is needed to understand the future effects and developments in this field.

4 Housing Privatisation in Amsterdam

4.1 Housing Policy in The Netherlands

Social housing in the Netherlands is *not* public housing. Social housing in the Netherlands is build by, owned by and managed by *private* organisations. The Housing Act of 1901 created the category of a “toegelaten instelling” [permitted institution], a private organisation established for the improvement of the housing situation. Such organisations were, and still are today, non-profit organisations which have to invest their gains into housing. As common in the Netherlands, these organisations developed along the model of “versuiling” (compartmentalisation), which means that each group in society was founding their own housing association. Yet, in some ways these private organisations are comparable to the organisations managing public housing in other countries such as Germany.

After the Second World War, there was a severe shortage of housing in the Netherlands. This led to a new phase in the history of social housing. Ever since the Second World War, the Dutch central government took the lead in public policies, including housing. Although the housing associations were privately regulated institutions, they became increasingly subject to public regulation (Salet, 1999). In practice the housing associations became branch offices of government in that (1) central government determined rents, and set very detailed building requirements through subsidies and loans; and (2) local government determined the choice of architect, the manner in which contracts were tendered, and also handled supervision during construction.

The government’s role changed in the 1980s. The belief that society could be governed down to the smallest detail by regulation was dropped. Growing central government deficits led to cutback after cutback. Because of a slowly declining housing shortage, social housing received a lower priority. With the policy document/white paper *Housing in the Nineties* (1989), government took some steps in withdrawal from the housing market. By several changes in the 1990s, the housing associations were cut loose from central government. The most important change was made by the “brutering” or “operatie balansverkorting” (1995) by which the exploitation subsidies for years to come were cancelled out against government loans. Although after the “brutering”, only a few financial ties remain between government and the housing associations, there are still a lot of hidden subsidies involved. The basics of this policy were strengthened in the 1990s and will be carried on in the years to come, as the next major policy document/white paper on housing (2000) has the following major purposes: (1) deregulation of the housing market, (2) more resident control and more choice for housing consumers, and (3) the promotion of homeownership and the selling of parts of the social housing stock.

Until the early 1990s, the idea of selling social housing was virtually unspeakable in Dutch politics. The few attempts that had been made were rather half-hearted (Boelhouwer, 1988; Frissen *et al.*, 2001). A shift in mentality came about when the Dutch social-democratic party (PvdA) announced its plan to coerce housing associations, via a scheme alike the British “right-to-buy”, to sell one million of their approximately three million social housing units. After much discussion, the right-to-buy idea was abandoned and a new plan was released that proposed a more moderate “stimulation to buy” scheme that would offer subsidies to low-income households. These initiatives were later included in the *Promotion of Home Ownership Act* (BEW) passed in 2000 and coming into force in 2001, and the 2000 *Policy Document on Housing* (2000). One of its main objectives is to raise the share of owner-occupied houses in the Netherlands to about 65% by 2010; as homeownership rates are the lowest in the bigger cities (see table 1), promoting homeownership in these cities is considered even more

important. This *Policy Document on Housing* indicates that promotion of homeownership is *needed* because (1) the Dutch rate of home ownership is relatively low, (2) citizens should have more control over their home and housing environment, (3) home ownership fits better in the government's philosophy of deregulation and privatisation, and (4) home ownership can contribute to *social goals* such as the formation of property and equity (my emphasis).

Table 1 Netherlands' housing stock by tenure (%), 2001

	Owner-occupied	Private rented	Social rented	Total number (100%)
The Netherlands	53	11	36	6,649,0
Amsterdam	17	27	57	373,0
Rotterdam	28	13	59	284,7
The Hague	35	26	39	216,0

Source: Ministry of VROM, 2003.

4.3 Privatisation in Amsterdam

Since the before-mentioned "brutering" the strings between government and the housing associations are slowly being cut. Increasingly housing associations become independent from national and local government. By cutting the financial ties to the associations, and by the deregulation of the housing market, government also lost part of its control on the housing associations. As long as housing associations meet their public task (guaranteeing financial continuity, giving priority to the housing policy target group, promoting the quality of the housing stock and the housing environment, giving tenants a say, and providing so-called 'housing-and-care arrangements') they have a considerable degree of freedom in their policies. Although the former Minister of Housing threatened that he would force the housing associations to sell off part of their stock, this would be hard to accomplish in reality. Today, most housing associations are selling off part of their stock and make high yields that are invested in the construction of new social rented dwellings and the restructuring of the remaining stock. However, some housing associations continue to refuse to sell off part of their stock – some of them argue that selling *off* in the short term results in selling *out* in the long term.

In Amsterdam, a majority of the housing stock is in the hands of housing associations. The share of socially rented housing is higher in the Dutch capital than the rest of the Netherlands and the share of owner-occupied housing is among the lowest in the world. There seems to be a potential shortage of houses for sale. In 1998, 22% of the tenants (66,500 households) indicated that they were interested in buying their home at market prices (Frissen *et al.*, 2001). However, the sale of social rented housing and promotion of homeownership up until recently was a very politically sensitive issue in Amsterdam, all the more so because it signals a break with the housing tradition of the city. This is characterised by far-reaching state intervention in the form of social housing, rent subsidies and publicly regulated allocation, which, up until recently even involved properties outside the social housing stock (Kesteloot and Cortie, 1998).

Under the influence of the new central government policy, things slowly began to change in Amsterdam as well. The Ministry of Housing's new policy had forced the housing associations and the municipality to draw up a sales policy. In Amsterdam, the arrangement regarding the sales of social rented housing was made in two separate agreements (Aalbers, 2004). The first, *Social Housing Sales Covenant I* (1997), signed by the *Amsterdam Federation of Housing Associations*, the municipality, the district authorities and the *Amsterdam tenants' Association*

established that a maximum of 15,575 dwellings would be allowed to be sold in the 1998-2001 period. The scepticism regarding the sale of rented dwellings seemed to have dissipated somewhat at the end of the century and continues to fade today. The *Housing Policy Agreement 2001-2002* includes a policy goal to raise the level of owner-occupied homes in Amsterdam to 35% (about 130,000 dwellings) by 2010. Sales quotas would be established for each city district. The same parties later agreed in the *Social Housing Sales Covenant II* that an additional 13,000 homes could be sold in the following period (2002-2008). In total, the housing associations would be allowed to sell 28,575 units.

Very recently, November 2006, a new covenant was signed between the housing associations and local government. This time it was not a separate covenant on the sale of social housing, but a more general one, including the sale of social housing. This covenant adds 12,000 units to the number of units the housing associations are allowed to sell. Together with the remaining quota of approximately 19,000 units, the housing associations can sell a maximum of 31,000 units in the period 2007-2016, that is, an average of 3,100 units per year. The quota per districts will be loosened and replaced by a system of three city rings to ensure the availability of affordable social housing and of owner-occupied units in all three city rings without making the system more difficult than it already is.

In the first years, the sale of social housing in Amsterdam has been rather sluggish: only about 200-400 homes were sold each year in the years 1998, 1999 and 2000. In 2001 and 2002, slightly more social rental units were sold: 694 and 512 respectively. Nevertheless, the total number of social housing units sold in five years time is a paltry 2,226 (see Table in Appendix). In the following years the number of sales rose swiftly: 1,068 in 2003, 1,902 in 2004 and 2,402 in 2005. Based on the sales in the first nine months, the number of sales in 2006 is expected to be between those of 2004 and 2005. So, after a rise in the number of sales, a consolidation seems to be taking place.

In view of the large number of rented dwellings and the great demand for owner-occupied housing, it is astonishing that so few units have been sold in Amsterdam in the first years. It has proved no simple task to change the deeply rooted working methods and beliefs regarding the division of tasks in Amsterdam's housing policy network. Until the turn of the century, most housing associations did not have a policy vision for the future that indicated how the sale of rented dwellings could contribute to their objectives (Aalbers, 2004). The Minister of Housing denounced this "poverty of policy" engulfing many housing associations and municipalities. There appeared to have been a latent resistance to the sale of rental housing. Once the mere mention of selling rental dwellings would cause a furore, but after living several years with this policy, the idea seems to be taking hold. Around the turn of the century, we can see a change in mentality, and today all housing associations have formulated an explicit sales objective. Other barriers, mostly administrative in nature, were slowing down the number and speed of sales. A number of initiatives have been developed to simplify sales by streamlining the various procedures and permit processes. In addition, it has become harder to use building requirements to frustrate sales.

Administrative barriers, unwilling city districts, unwilling housing associations and building requirements are all reasons for limiting, or at least slowing down, the number of sales, but there is another important reason: the local housing market in combination with sales requirements. In most cases, housing associations are only allowed to sell a unit when it is vacant or when the present tenant wants to buy the unit s/he already lives in. There are exceptions and by-passes, for instance by offering a tenant alternative accommodation in the case of an intensive renovation, but by-and-large units have to be vacant to be sold to others than the tenants. Most housing policies will have at least two types of policies in place. First, they will indicate blocks in which units will be offered to the tenants. Second, they will

indicate blocks in which vacant units will be sold. The two policies may refer to the same or to other blocks. Because of low residential mobility, in particular in the most popular social housing blocks, the number of vacancies – and thereby of houses for sale – may be much lower than the number of units targeted for sale. If units are offered to the sitting tenants, they may not be able or not be willing to buy their house. Quite a number of households is financially able to buy, but because of the high real estate prices in the city, they often prefer to remain tenants. The monthly rent is often much, much lower than the expected monthly mortgage payments (Aalbers, 2003). Many housing associations offer a discount of the sales price to sitting tenants, but (1) the discount is legally limited to 30 percent, and (2) discounts sometimes go together with a “first right of purchase” for the housing association or/and “profit caps” in case the homeowner decides to sell the house again within a number of years. For example, a house with a market value of 150,000 euro that was sold to a sitting tenants for 120,000 euro and which the new homeowners after three years re-sells for 170,000 euro may be faced with having to pay 25,000 euro to the housing association. Because of the legally and practically complicated situation of such profit caps, many housing associations are not eager to use such caps, but this often also implies only small discounts will be in place for sitting tenants.

Although the number of sales may be much more limited than expected, the number of sales should not be underestimated. In the last couple of years one out of every three to four housing units that was sold to a homeowner was sold by a housing association. In addition, one out of every four sold units was sold by a private landlord. In other words: more than half of the sales in recent years involved a tenure transfer from renting to owning. In this light, it may hardly be a surprise that each year the homeownership rate in Amsterdam increases with about one percent per year, up to 21.1 percent in 2006.

4.3 The social geography of privatisation in Amsterdam

The sale of social rented housing varies considerably between city districts. Most units were sold in one of Amsterdam’s least desirable districts (Zuidoost, 2,369 unit) and in one of the city’s moderately desirable districts (Noord, 2,047 units), whilst the number of units sold in other, in many cases more popular, districts varied between 259 (Slotervaart/Overtoomse Veld) and 601 (Zeeburg) (see Table in Appendix). It must be noted that these districts are the third and fourth most populous in the city, but the differences between the districts in the number of inhabitants are much smaller than between the number of sales. One reason for the high number of sales in Zuidoost and Noord is that the number of owner-occupied units was relatively low in these districts resulting in a high quota in the covenants. Because of the relatively high number of sales in these two districts, their homeownership rate today stands only just below the city’s average. However, in some other city districts with high quotas in the covenants the number of sales has been much lower and often comparable to the number of sales in districts with low quotas. Local contingencies play an additional role in explaining this pattern: the policies differ per city district and per housing association resulting in a uneven spatial breakdown of sales. Especially in the early years of the sales policy the differences between the housing associations were big.

In addition, the local housing market plays a key role in explaining the geography of sales. Before the major sale of social housing commenced, commentators were afraid most units would be sold in popular districts and much less so in less desirable districts. What happens is closer to the opposite: relatively little units are sold in the most popular districts, but also in a number of less desirable districts, while the two districts with the highest number of sales are less desirable districts. The explanation is an easy one: real estate prices per square meter are much higher in the popular districts than in the less desirable districts, but because the rent per

square meter varies relatively little between popular and less desirable districts (and may even be higher in less desirable districts, as is the case in Zuidoost), the gap between renting and owning is much smaller in less desirable neighbourhoods than in popular neighbourhoods (Aalbers, 2003). In some popular neighbourhoods, tenants could expect to pay up to six times as much per month in mortgage payments (even when tax benefits are taken into account) as their rent had been. So even though the share of tenants financially able to buy their house is higher in most popular districts, the number of sales to tenants will be higher in some of the less desirable districts. In addition, turnover rates are higher in the less desirable districts, enabling higher sales figures in those districts.

At about 150,000 euro, the average sales price of social rental units were lower than average for Amsterdam which stands at about 225,000 euro. In several of the more peripheral and more distressed districts, a majority of the sales take place at a price below 140,000 euro. Hence, the sale of social housing not only increases the size of the owner-occupied housing market (as desired based on housing preferences), but also improves housing affordability. Thirty percent of sales are made to sitting tenants, the other 70 percent is sold when a unit becomes vacant. Because of the relatively low prices, new homeowners are on average not only younger than the former tenants, but are also younger than new homeowners of other houses being sold (O+S, 2005). The number of households with at least three members is also greater among those buying former social housing than those buying other types of housing or than of those living in social housing. This implies a more efficient use of the housing stock. Like other owner-occupied units in the city, social housing is mostly sold to residents of the city rather than to residents from other municipalities – this is of course partly a result of the number of sales to sitting tenants. The share of ethnic minorities buying former social housing units is higher than the share of ethnic minorities buying other types of owner-occupied housing (De Heer & Dignum, 2005). To summarise, the sale of social housing benefits moderate-income households, larger households, ethnic minorities and local residents more than high-income households, smaller households, indigenous Dutch and residents from elsewhere. As a result the profile of homeowners is getting more diverse because those buying social housing units are often those underrepresented in owner-occupied housing.

5 Conclusions

The two cases offer a view into the diversity of privatisation policies and practices in European countries. The privatisation could be analysed in terms of different political motivations, different strategies of implementation and last but not least by different social effects.

A comparison of political motivations shows that the privatisation in Berlin was mainly enforced with the argument to reduce the public budget losses. Therefore the majority of legal directives to privatise were decided on the local level. This locally managed privatisation embodies a neoliberal political agenda. Yet, budgetary effect of selling the public housing stock was not very successful. The privatisation gains of around 3 Billion Euro couldn't solve the problem of Berlin's public debt which is about 50 Billion Euro. The privatisation in Amsterdam dominantly followed a general motivation to increase the range of homeownership and to reorganise the housing sector. The legal framework came from national government, but the design of privatisation practice was a result of a local political agreement between local administrations and housing associations.

Not only the policies themselves, but also the ways of implementation housing privatisation policies are different in these two cities. The Berlin privatisation politics don't incorporate the sitting tenants into the privatisation process and a majority of privatised housing were en-bloc sold out to financial investors. In Amsterdam privatisation takes place at the level of the

individual apartment (even though whole blocks may be targeted at privatisation) which implies that apartments are either sold when they become vacant or when the tenant and the owner mutually agree to privatisation and, in effect, the sitting tenant becomes the new owner. In sharp contrast to Berlin no privatisation takes place in Amsterdam against the sitting tenant's desire.

Considering that privatisation policies and practices are very different in these two cities, it will come as no surprise that the consequences of privatisation differ widely between Berlin and Amsterdam. In Berlin we see a dramatic reduction of public housing stock and selective upgrading activities. In consequence the local government lost an important instrument of political regulation and intervention in the housing market. On the other hand increasing rent prices in privatised housing stock constrict the access to housing for marginal groups. The privatisation in Amsterdam, although criticised, comes off better in the evaluation by both administrators and academics: it resulted in the diversification of the homeownership structure and has contributed to the stabilisation of disadvantaged areas. While there are many reasons to criticise housing privatisation in Berlin, we should be cautious in glorifying the Amsterdam experience: although the Amsterdam policies and practices are more tenant-friendly and may be beneficial for the larger housing market, the demise of social housing in the long run may be at stake.

The diversity of privatisation processes in Berlin and Amsterdam points out the importance of local political traditions and decisions in the context of reorganising the social housing sector. A wider view into housing policies in European countries shows a general trend of privatisation, but the concrete face of privatisation seems to depend more on local political structures and networks as well as on specific national and urban policies. In the context of increasing globalisation of urban policies, the privatisation experience highlights the potential for local regulation.

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Appendix. Sales of social rented units in Amsterdam, per city district, 1998-2006

City district*	1998	1999	2000	2001	2002	2003	2004	2005	1 st 9m 2006	Total	Covenant I & Remaining II quotas	Remaining quotas	Housing stock (Jan. 2006)	Quota as a share of housing stock	% Owner occupied (Jan. 2006)
Centrum	20	4	3	8	24	47	114	119	44	383	1,493	1,110	47,030	3.2	25.2
Oud-West	0	0		9	15	40	59	83	63	269	608	339	18,910	3.2	19.7
Westerpark	0	1		42	17	39	118	139	160	516	2,084	1,568	19,415	10.7	15.7
Oud-Zuid	0	0	12	13	21	20	123	109	73	371	1,094	723	47,828	2.3	21.2
Oost/Watergraafs meer	0	0	8	18	14	67	131	173	186	597	3,037	2,440	29,876	10.2	18.2
De Baarsjes	0	2	8		11	33	94	102	46	296	637	341	18,880	3.4	15.4
Bos & Lommer	6	0		16	6	28	49	81	117	303	1,438	1,135	14,743	9.8	13.2
Zeeburg	0	0	19	33	42	74	80	202	151	601	1,915	1,314	20,431	9.4	25.7
Slotervaart/Overt oomse Veld	0	0	36	51	17	25	22	77	31	259	844	585	19,199	4.4	26.2
Geuzenveld/Slote rmeer	0	0	10	3	7	17	168	193	60	458	2,362	1,904	18,006	13.1	18.9
Zuideramstel	10	4	4	25	37	50	57	62	32	281	475	194	27,310	1.7	23.4
Noord	4	10	91	142	113	322	448	558	359	2,047	5,399	3,352	39,533	13.7	18.3
Osdorp	5	106	37	20	18	23	41	147	108	505	2,169	1,664	20,461	10.6	30.2
Zuidoost	278	177	165	314	170	283	398	357	227	2,369	5,020	2,651	36,785	13.6	19.7
Total	323	304	393	694	512	1,068	1,902	2,402	1,662 **	9,260	28,575	19,315	378,507	7.6	21.1

* The city districts are ordered from central to peripheral.

** Five units are not yet classified according to city district.

Sources: AFWC, 2003; 2006; O+S, 2002; 2005.