

New and innovative concepts for realizing middle segment rental housing.



P5 Presentation

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Table of contents

01. Introduction

Problem statement
Main research question
Conceptual model

02. Methodology

Theoretical research
Empirical research

03. Findings

Cases A to E

04. Conclusion

Answering the main
research question

05. Recommendations

Recommendations for market
Recommendations for government

06. Reflection



01 INTRODUCTION

Problem statement

Main research question

Conceptual model





Problem statement

Problems

Current situation

The Netherlands is facing a housing crisis, in which there is a major shortage of affordable housing



Middle-income households

Inaccessibility
social rent and
owner-occupied
sector out of reach



Collaboration

Poor collaboration
between market
and government



Regulation

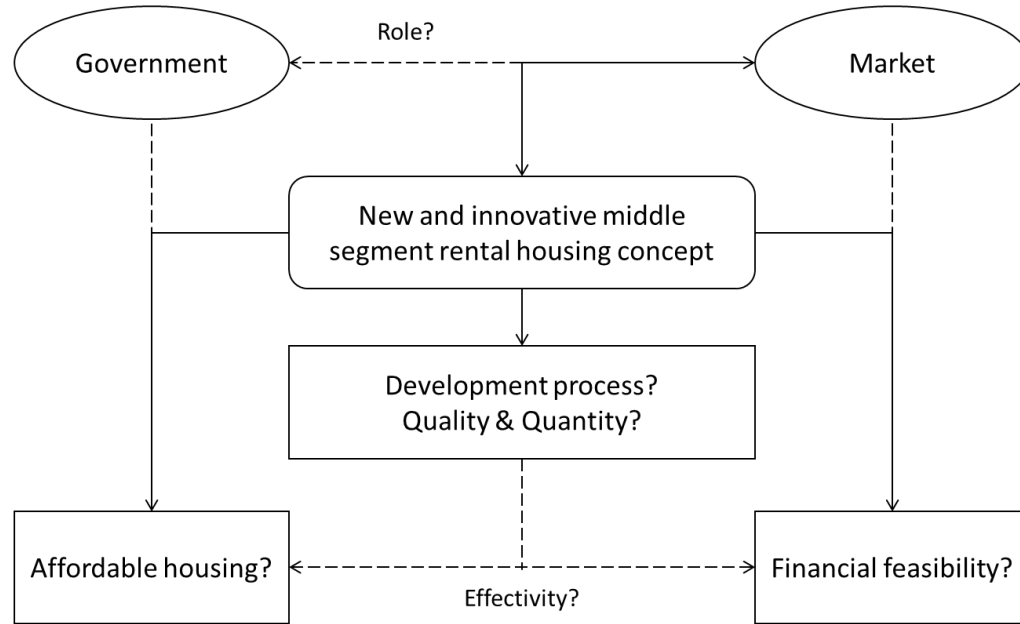
Tension between
affordability and
profitability



Main research question

“To what extent are new and innovative concepts effective in realizing middle segment rental housing, which remain affordable for tenants and financially feasible for project initiators?”

Conceptual model





02

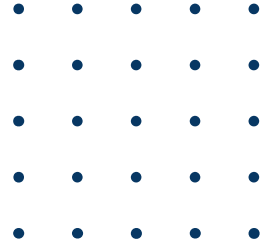
METHODOLOGY

Theoretical research

Empirical research



Theoretical research



Literature review

An explorative approach for shaping the contextual outlines of the research



Theoretical research sub-questions

1. MIDDLE SEGMENT RENTAL HOUSING

1.1 What is the function of middle segment rental housing?

1.2 Who are the main target groups for middle segment rental housing?

1.3 What does the demand for middle segment rental housing look like in the Netherlands?

1.4 What does the supply for middle segment rental housing look like in the Netherlands?

1.5 What are critical factors for the successful development of middle segment rental housing?

1.6 What regulations have to be taken into account when developing middle segment rental housing?

2. NEW AND INNOVATIVE CONCEPTS

2.1 How could local municipalities support new and innovative concepts for realizing middle segment rental housing?

2.2 What new and innovative concepts are currently utilized by project initiators to realize middle segment rental housing?

Empirical research

Qualitative study

An in-depth and evaluative approach for acquiring qualitative data on new and innovative concepts



Data collection

Semi-structured in-depth interviews with concept initiators and municipalities

Case studies

Analyzing 5 different new and innovative concepts using the case study method



Data analysis

Empirical research sub-questions supported by several key performance indicators

Empirical research sub-questions



Development process

Time management
Capacity
Innovation



Financial feasibility

Financial structure
Risk management
Gross initial yield



Affordability

Operating period
Target group
Rent



Quality

Sustainability
Social cohesion
Value for money



Quantity

Scalability
Reproducibility
Realized homes



Governmental role

Agreements
Legislation / regulation
Stimulation



3. Effectivity of new and innovative concepts

3.1 What development process is utilized within new and innovative concepts for realizing middle segment rental housing?

3.2 What is the financial feasibility of new and innovative concepts for realizing middle segment rental housing?

3.3 How affordable is middle segment rental housing realized through new and innovative concepts for tenants?

3.4 What are the qualitative and quantitative aspects of middle segment rental housing realized through new and innovative concepts?

3.5 How effective are new and innovative concepts in realizing middle segment rental housing?

4. Governmental role

4.1 What role does the government have within new and innovative concepts for realizing middle segment rental housing?



03

FINDINGS

Case A: Rabo SmartBuilds

Case B: OnsHuys

Case C: Buurblok

Case D: AMST

Case E: Woonfonds Rijswijk



Case A: Rabo SmartBuilds

- Temporary housing: prefabricated, circular, modular
- Financing with equity and loan capital from Rabobank (in-house)
- Temporariness of land positions is the greatest risk
- Rent price: $\leq \text{€}1000,-$
- Comparable quality to permanent housing
- Backed by large capacity of Rabobank; 12.000 rental homes in upcoming 10 years
- The municipality as an active and transparent partner during the development



Rent tenant

■ When increased,
rent tenant decreases

■ When increased,
rent tenant increases



Housing quantity



Operating period



Construction costs



Preparing land for housing



Ground lease costs



Housing quality



Yield Rabo SmartBuilds



Home size

Interviewee



Interviewee A1:

Manager of Rabo SmartBuilds



Rabobank

Interviewees



Interviewee B1:
Founder of OnsHuys

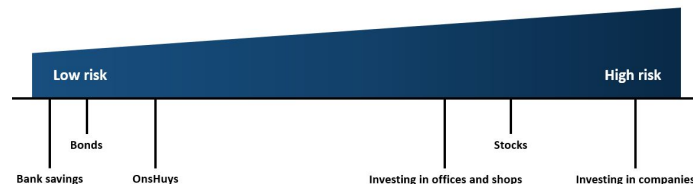
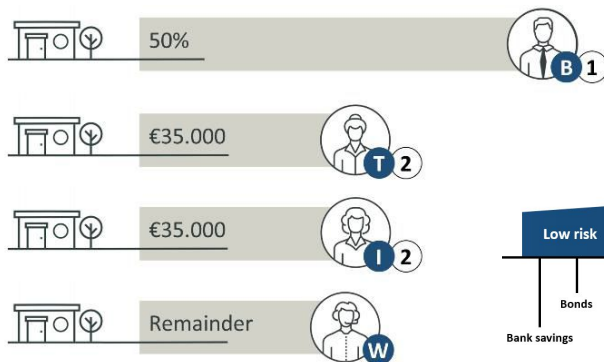
Interviewee B2:
Founder of OnsHuys

Case B: OnsHuys

- Collective private commissioning on a small scale in Brabant
- Unique financial structure with bond loans
- High quality and large rental bungalows
- Rent price: $\leq \text{€}1250,-$
- Attractive for the elderly (65+): free up capital, less maintenance
- Only a dozen of rental homes have been realized due to limited capacity and time

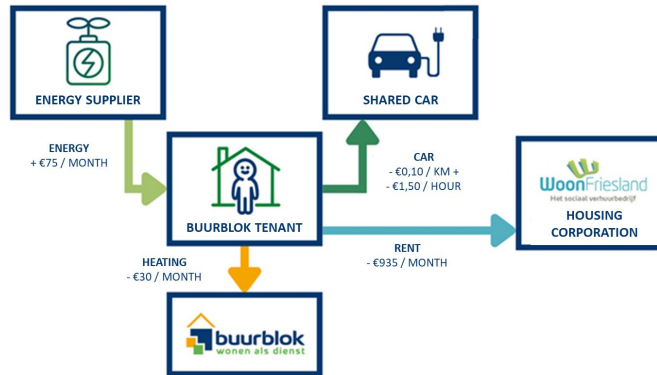


ONSHUYS



Case C: Buurblok

- Joint venture of BGDD and Wocozon foundation; risks & profits 50/50
- Living as a service by offering housing, energy, mobility and maintenance in one concept
- Buurblok remains owner and operationally leases the homes to housing associations
- Dry Stacking System; optimization of materials, sustainability and circularity
- First pilot project of 10 rental homes in Techum Leeuwarden
- Rent price: €935,-



Interviewees



Interviewee C1:
*Product developer Bouwgroep
Dijkstra Draisma*

Interviewee C2:
*Consultant location development
and sales from the municipality of
Leeuwarden*



Interviewees



Interviewee D1:
Developer of MRP

Interviewee D2:
Project leader from municipality of Amsterdam

Interviewee D3:
Project manager from municipality of Amsterdam

AMST
x x x

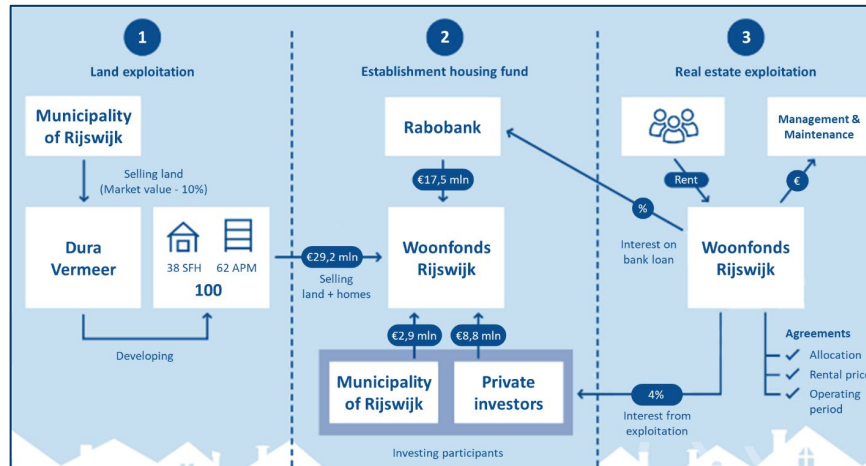


Case D: AMST

- Tender project from the municipality of Amsterdam
- Goal: Larger medium-priced rental homes for families in the city
- Tender challenges market parties to come up with new and innovative strategies
- MRP winner of the tender contract: 252 apartments, 198 intended for the middle rental segment
- Financing by Rabobank, after completion everything is purchased by a German institutional investor
- Commercial plinth compensates for lower returns on rental properties
- Average rent price: €1000,-

Case E: Woonfonds Rijswijk

- Problem: Inactive attitude of market parties towards development of middle segment rental housing
- Municipality of Rijswijk actively explores its own options
- Application of a housing fund concept to an ongoing area development in RijswijkBuiten: called Woonfonds Rijswijk
- Municipality earns its returns from the fund in the long term



Interviewees



Interviewee E1:

Developer RijswijkBuiten

Interviewee E2:

Alderman from municipality of Rijswijk






04

CONCLUSION

Answering the main research
question



Answering the main research question

"To what extent are new and innovative concepts effective in realizing middle segment rental housing, which remain affordable for tenants and financially feasible for project initiators?"

PROBLEMS



Effectiveness is ...

difficult to measure



Affordability is ...

ambiguous



Financial feasibility is ...

hard to compare

Answering the main research question

"To what extent are new and innovative concepts effective in realizing middle segment rental housing, which remain affordable for tenants and financially feasible for project initiators?"

SOLUTION



**Development
process**



**Financial
feasibility**



Affordability



Quality



Quantity

Answering the main research question

“To what extent are new and innovative concepts effective in realizing middle segment rental housing, which remain affordable for tenants and financially feasible for project initiators?”

ANSWER

New and innovative concepts are to a very high extend effective in realizing middle segment rental housing



Unique financial structures,
allowing to guarantee the
affordability for tenants



Contribution to other social
challenges, such as the energy
transition, skewed housing and
an aging population



The government influences new
and innovative concepts by
steering with legislations and
regulations



05

RECOMMENDATIONS

12 Recommendations for market

12 Recommendations for government



Recommendations for market



Development process

01.

Avoid simply following the standard permit procedures and explore stimulating legislations and regulations.

02.

Look for innovation in the field of the construction method, financial structure and/or positioning.

Financial feasibility



03.

Approach Rabobank for financing.

Discover whether there is a role for private investors in the concept regarding (partial) financing.

04.

05.

Aim for a gross initial yield between 4% and 5% in the business case.

Affordability



06.

Focus on complementing the social segment.

Focus on creating qualitatively and financially attractive homes for the 65+ target group.

07.

08.

Aim for a monthly rent of less than €1000, with a price of approximately €12 per square meter as a guideline.

Recommendations for market



Qualitative aspects

Cooperate with parties that organize energy concepts.

09.

10.

Incorporate social cohesion by: collective private commissioning, communal areas, shared cars and organizing evaluations with the neighborhood.

Recommendations for market



Quantitative aspects

11.

Bundle capacity with housing associations to make a larger quantitative impact and achieve benefits in the fields of mixed neighborhoods and less expensive construction procurement.

12.

Pursue modularity and circularity, as it is accompanied by flexibility, and thus reproducibility.



Recommendations for government

Agreements



01.

Operating period.

Maximum monthly rent price and annual rent increases.

02.

03.

Intended target group and allocation criteria.



Legislation and regulation

Awareness of legislations and regulations.

04.

05.

Awareness of effect government resources and market disruption

Focus primarily on accelerated and simplified procedures when setting up the new Environmental Act.

06.

07.

Implement a rent regulation in the middle rental segment.

Recommendations for government

Stimulation



08.

Stimulate acceleration in the development process.

09.

Keep an eye on the rent price - quality ratio during tenders.

10.

Develop a separate land price policy for middle segment rental housing.

Do not request too many additional sustainability requirements.

11.

12.

Apply new and innovative concepts to existing area developments.



06

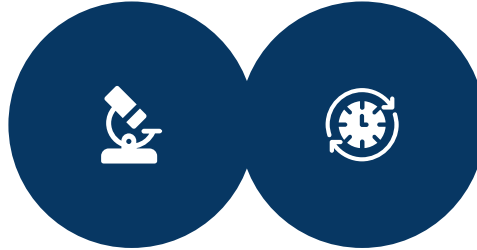
REFLECTION



Reflection

Methodology

Case studies for qualitative data
Planning & elaborating interviews
Iterative interview process

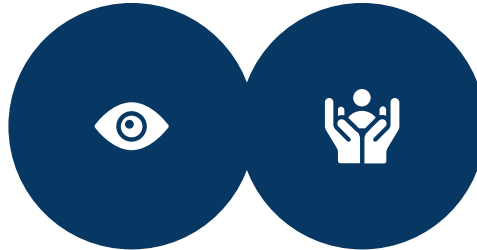


Time

Unrealized concepts
Half an academic year
Dynamic housing market

Findings

Initial purpose still stands
Validity Rabo and OnsHuys
Theoretical approach Rabo & Rijswijk
Hard to compare with existing literature



Personal development

Open minded to new insights
Application of theory
Practical lessons

Thanks

Are there any questions?



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