New strategies for housing quality improvement by Dutch landlords

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ABSTRACT

Social landlords own over a third of the housing stock in the Netherlands and approximately three-quarters of the overall rental sector. The housing stock has partly been refurbished. Nevertheless, not all buildings are able to satisfy current requirements of housing quality. In particular, those built in the immediate post-war period still demonstrate a number of shortcomings.

Without subsidies, an ageing housing stock and a need for quality, landlords have to adopt new strategies for housing quality improvement. This paper sought to answer the question what strategies landlords may adopt to improve housing quality that fit into their strategic housing management. New strategies, derived from the strategic asset management, take into account the scale and time of interventions, e.g. modifications to individual dwellings and/or building blocks, the freedom of choosing housing qualities and initiation and realisation of improvements by (new) tenants and tenants groups.

KEYWORDS:

INTRODUCTION

In 2002, the Dutch housing stock amounts to 6.6 million dwellings. 46% of the total housing stock is rented, the remaining 54% being owner-occupied. Of the rented housing stock approximately 2.3 million dwellings are owned and managed by social landlords (MVROM, 2003). The proportion of owner-occupied houses is expected to rise in coming years, due in part to increased production and to the sale of existing rented accommodation to sitting tenants under current government policy (MVROM, 2000b).

The Dutch social housing stock is relatively new compared to the remainder of the country's housing stock. Almost 90% date from after 1945. A part of the pre-war stock was demolished between 1970 and 1985, while a number of homes underwent extensive refurbishment. A large proportion of the post-war stock is now due for major restructuring, with several hundred thousand early post-war homes to be
modernized during the next ten to fifteen years. The government expects the social landlords to provide a substantial proportion of the necessary funding. To date, the landlords’ investment pattern does not justify these high expectations.

Changing market and housing management circumstances
Social landlords - private organisations, functioning within the public framework of the Housing Act - are responsible for the whole technical and financial management of their housing stock. Consequently, social landlords are adopting a more business-like behaviour in their stock management (Gruis and Nieboer, 2001; Priemus, 2003). They have to operate more market-driven and client-driven. Technical construction legislation just sets the lower limits for technical management. All dwellings have, in any case, to satisfy the minimal requirements of the Dutch Building Decree. Thomsen and Van der Flier (2002) argue that new construction is no more a realistic option for improving housing quality. The housing stock is ageing very fast and has to fulfil current needs of several target groups. Updating the housing stock asks for renovation-based approaches, because of the declining annual production. Surprisingly, the Dutch government neglects in the Memorandum housing in the 21st Century the necessity of maintaining a decent existing stock (MVROM, 2000b). Priemus (2003) contends that the social rented stock in the Netherlands is so large, and is able to be so large, because it operates to a large extent in conformance with the market and in practise services a highly differentiated tenant clientele. Target groups express a demand for more space and housing quality and freedom of choice in qualities. Especially the mass housing construction built after the Second World War does not fulfil current needs.

Research question
Without subsidies, an ageing housing stock and a need for quality, social landlords have to adopt new strategies for housing quality improvement. The paper sought to answer the question what strategies social landlords may adopt to improve housing quality that fit into their strategic housing management. Various research methods were employed to address these questions. First an extensive literature review was conducted. Secondly interviews with representatives of social landlords and other specialists in the field of public housing in the Netherlands were held. This paper is based on the results of a study conducted for the Dutch Ministry of Housing, Spatial Development and the Environment (MVROM) and the Netherlands Graduate School of Housing and Urban Research (NETHUR). The paper seeks to define housing quality before proceeding to give a description of the current initiatives undertaken by social landlords to improve housing quality. Subsequently we design new strategies for housing quality improvement and address preconditions for a successful introduction of those strategies.

HOUSING QUALITY

The concept of 'quality' involves various considerations. In his analysis of the fundamentals of quality in social housing, De Vreeze (1993) looks at three specific aspects: technical quality, functional quality and aesthetic quality. We chose to focus on the physical characteristics of dwellings (and the building blocks of which they are part) that determine the comfort, facility and satisfaction of the residents. We define housing quality as: the physical characteristics of a dwelling, which are relevant to the
use of that dwelling, including the plan features and facilities provided. Plan features are those, which are determined by, or are evident from, the building structure and layout of the floor plan of the dwelling in question, i.e.

- the volume and floor space;
- the (number of) rooms, their size and layout in relation to each other;
- internal and external accessibility (e.g. availability of a lift);
- outside spaces, such as a balcony, loggia, (roof) terrace or garden;
- external structures (shed, garage) or off-street parking space.

Facilities include:

- the standard of equipment and finishing of the kitchen, bathroom and toilet, heat and noise insulation, security features, etc.
- (central) heating and hot water installations, climate control, electrical systems, lighting and communication.

The type of dwelling, i.e. single-family and multifamily dwellings (apartment blocks) as well as its internal and external accessibility largely determines the plan features. Other determinant factors include the year of construction (built before or after the second world war and built after 1969) and tenure. This classification provides a useful starting point in establishing the quality of the housing stock and in developing strategies for improvement. The year of construction is particularly relevant in that it reflects the building regulations in force at the time as well as the financial standards for subsidised public housing, technological developments, the methods of construction employed and the general economic climate. The year of construction also reflects significant differences in present physical condition and tenure. The pre-war stock had a tradition of large-scale subsidised interventions in former private rental dwellings. Social landlords dominate the post-war stock. They have to manage a large stock of functional aged dwellings in monotonous less wanted neighbourhoods.

**CURRENT INITIATIVES TO IMPROVE HOUSING QUALITY**

During the 1990s, improvements to post-war multifamily houses have been limited to the fabric of the building blocks (e.g. insulation), entrance halls, stairwells and communal facilities such as central heating systems, with some changes to the level of equipment and finishing of the dwellings themselves (Straub, 2001). Under the standard approach, work within dwellings usually takes place at the same time as measures addressing the building block. The building as a whole and the individual dwellings will then be deliberately tailored to appeal to a certain (new) target group. As yet, there are few changes to interior volumes or the layout of the building's interior, or any measures to enhance housing differentiation.

**Plan features**

The social landlords recognise that the volume and floor space of dwellings is an important indicator of quality. The average internal (useable) floor space of a single-family house in the social housing sector, built after 1970 is 94 m², while that of a multifamily house is 69 m² (MVROM, 2003). Early post-war multifamily houses are
frequently only fifty to sixty square metres in area. Unfortunately, measures to increase volume in the post-war segment (other than single-family houses) are expensive and technically difficult. Combining of dwellings, whether vertically or horizontally, is often only financially viable if the property is then to be sold, whereby there will inevitably be a significant shift in the target group. Changes to the interior layout by combining rooms can also be seen to result in a significant shift in the target group. Many three and four-room apartments built prior to 1969 have since been converted to two or three-room units by combining rooms.

Accessibility
The external and the internal accessibility of the home are important considerations for a growing number of people, notably the elderly and those with mobility problems. Only 7% of the multifamily houses with at least four storeys, built before 1945, is equipped with a lift. Of the multifamily houses built after 1969, 65% has a lift (MVROM, 2003). In terms of internal accessibility, it is necessary to ensure that the entire home is one level. At the very least, the primary rooms (living room, kitchen, toilet, bathroom and one bedroom) should be on the same floor. Improving accessibility, social landlords focus on the gallery-type flat buildings with a significant number of elderly residents. Improving accessibility could be combined by other measures to ensure that occupants need not using steps or stairs, that there are hazards such as slippery hall or bathroom floors, poor lighting, door fittings which are awkward to operate or inaccessible window fittings (Zoet, 2002). But, initiatives to do so are still rare.

Facilities
The Dutch Housing Condition Survey 2000 reveals that all homes in the Netherlands have a shower, a bath or both. Besides, there are very few homes without any form of heating (MVROM, 2003). However, the interviews conducted as part of our study, suggest that the quality of these facilities does not always meet present standards. In particular, the standard of equipment in multifamily houses requires attention. There are a number of facilities, which are now seen as essential in providing residents with a reasonable degree of comfort and social safety. For residents security measures to prevent burglary have a high priority. In the interests of security it is clearly undesirable for entrance halls, stairwells and basement areas to be accessible to all. Social landlords have drawn attention to the poor level of social safety in many apartment buildings of the early seventies. An increasingly number of apartment blocks is equipped with an entry-phone intercom system and remote electronic door release (MVROM, 2003). It seems appropriate that such measures take place whenever there is a change of tenant, when all locks of the dwelling should also be changed. Many landlords have now embraced the use of 'total security packages' with among other things burglary-proof hinges and locks on all doors and windows. Some 71% of the social housing stock has central heating (MVROM, 2003). Many homes have had additional insulation added in recent years. In the year 2000, 70% of the housing stock had double-glazing (partial or throughout the unit), 50% had wall insulation, 63% had roof insulation and 34% had floor insulation. Wherever possible, collective heating and ventilation systems are being replaced by individual systems, and/or individual meters are being installed. This will allow residents to be in full control of their own energy expenditure. In many cases this has already been seen to result in greater energy efficiency.
NEW STRATEGIES FOR THE IMPROVEMENT OF HOUSING QUALITY

The ageing housing stock, financial constraints and actual demand for housing quality requires new strategies for the improvement of housing quality, as part of the strategic housing management of landlords. A landlord strives for a quality level of a housing complex appropriate to its present position on the housing market or its desirable position in the future. Alternatives for landlords’ exploitation of housing complexes can be summarised in two main groups: continuing exploitation or ending the exploitation period within a short time period, for instance by demolition or sale. If a complex will be exploited over a long time in the future, the final strategy depends on whether to preserve or to alter the technical performance (physical characteristics) and whether allocating the housing complex for the existing client (target) group or a new target group (Straub, 2002). See figure 1.

**Figure 1 Strategies for housing complexes continuing exploitation**

**New strategies**

We think that alterations of the physical characteristics of a housing complex, called improvement or upgrading, can take place in different ways. The standard approach of the 1990s is too limited. New strategies for improving housing quality can be based upon:
- quality levels on a modular basis;
- variation into the scale and time of interventions: per building block or per dwelling (‘one unit at a time’);
- variation into the initiation and realization of quality improvements;
- focussing on either existing or new tenants and tenant groups;
- offering freedom of choice in quality improvements and tenure.

Improvements to housing quality structured on a modular basis, take a standard level of quality for the collective building parts and communal facilities and for dwellings as the starting point. This standard level will be, in any case, above the minimal requirements of the Dutch Building Decree. Any improvements above this level will depend on the target group and/or the general lifestyle of tenants, who may be permitted to select their own improvements. For instance burglar-proof hinges and locks and a enhanced efficiency central heating boiler belong to the standard quality
of all dwellings of a certain housing complex. A high-yield boiler could be an optional level. It is possible to attach a price to the improvements and to determine the most appropriate method for their realisation. Options in this regard will depend on the tenure of the dwelling, the willingness of tenants and tenants groups to undertake home improvements themselves, and the amount of rent they are willing to pay. Until 2001 it was compulsory for tenants to leave their home in the same condition as it was concluded in the tenancy agreement. Umbrella organisations of social landlords and local tenants’ organisations agreed to give more freedom and choice of quality for tenants. The new Rent Act, in force since August 2003, requires that landlords in most circumstances should give permission to tenants to improve the interior of their dwelling themselves. If those improvements mean an increase of value, e.g. the installation of a new kitchen or a central heating system, tenants should get an allowance when they move. New forms of management and (shared) ownership structures offer even more opportunities to undertake home improvements by tenants. Landlords can give tenants overall responsibility for the interior of their dwelling by giving tenant the opportunity to buy the interior. The interventions may be undertaken while the unit is occupied or while vacant. To meet the standard quality level of a dwelling, improvements can be executed when the tenants move (relet maintenance). The landlord can realise more improvements by composing appropriate ‘improvement packages’ for housing blocks and dwellings and offering them to certain housing complexes and tenants. Examples are ‘total security’ (e.g. burglary-proof hinges and locks), internal and external accessibility (e.g. lift, no doorsteps), housing comfort (e.g. ease of operation of windows and doors, use of ‘domotica’) and housing sustainability (high-yield bowler, water saving flushing cistern). Landlords can encourage tenants’ own home improvement initiatives by giving technical advice. Overall responsibility for the improvements, and possibly for the selection of the contractor to carry them out, will rest with the landlord, the individual tenant or tenants’ representative group. Table 1 presents an overview of the various possibilities. Major improvements to the exterior and/or interior of building blocks and dwellings are called refurbishment. Landlords can integrate (minor) improvements to the exterior and interior in planned maintenance schemes.

<table>
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<tr>
<th>Scale of interventions</th>
<th>Dwellings</th>
<th>Initiator</th>
<th>Realisation</th>
<th>Choice</th>
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<tr>
<td>Building block (including collective building parts)</td>
<td>Occupied</td>
<td>Landlord</td>
<td>Refurbishment (Planned maintenance)</td>
<td>Existing tenant (dwelling)</td>
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<td>Plan features</td>
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<td>The new strategies may be adopted according to the characteristics of the post-war housing stock: single-family dwellings and multifamily dwellings with and without lifts. Above enumerated strategies mainly involve the facilities. They do not solve the lack of floor space. To improve that, major improvements are needed. In case of single-family dwellings the volume and floor space, the layout and outside spaces can change without functional and technical consequences for the other houses of the building block. Measures to increase volume in the post-war segment other than single-family houses, without combining houses, are expensive and technically difficult. Combining multifamily houses changes the whole layout of the building block, possible that the dwelling types and accessibility change too. However, there are various possibilities for adding new floor space on roofs of building blocks and converting basement storage areas into housing. To create outside space anew in multifamily houses is often an expensive and complex undertaking. It may be possible to attach so-called ‘floating’ balcony constructions to an outer wall. Where there is a substantial pitched roof, it becomes possible to create a terrace or loggia area within a projecting dormer window structure. However, it must be remembered that any solution, which encroaches on the interior of the unit will adversely affect its volume. Pre-fabricated balconies are an example of technical innovations, which can contribute to a improvement of housing quality. On the scale of building components other innovative project-independent pre-fabricated solutions can help, i.e. standardisation of the whole interior of bathrooms and lifts suitable for small stairwells. Recently an innovation was introduced by enlarging the bathrooms of dwellings on the first floor by adding floor space outside the external walls, called a...</td>
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backpack-bathroom. An additionally benefit was that the tenants could stay in their homes during the work (De Vries, 2001).

**Precondition for the scale and time of interventions**

In selecting an appropriate improvement strategy, it is important that the life expectancy of building components and installations is co-ordinated regardless whether it is undertaken for a complex as a whole, a building block or for individual dwellings. Where the social landlord adopts a ‘one unit at a time approach’, this may limit future opportunities for differentiation and modifications to volume. A joint approach involving the building block as a whole may entail problems if the dwellings are to be refitted in phases. It is important that the depreciation of the measures is appropriate to the level of quality involved. In the case of individual interventions, the lead-time of the overall project will depend on the frequency with which dwellings become available (or tenants permit work to be undertaken). The one unit at a time approach, undertaken when those dwellings are whether occupied or vacant, demands that there must be a minimum of inconvenience to neighbouring tenants. It then becomes particularly difficult to run vertical piping or to extend roof sections. Where improvements are particularly comprehensive, it will clearly be far more difficult to keep nuisance within reasonable bounds. Where the intended measures include redesigning the floor plan or entail removing walls or floors, the existing technical and spatial quality of the general structure (of the complex and the individual units) must be such as to permit such major interventions. In the case of vertical extensions for example, it is crucial that the foundations are able to withstand the additional load.

**Financial viability of housing quality improvements**

Any improvement to the quality of housing units will cost money. Owners will try to achieve a return on their investment wherever possible, whereby the costs of the improvement work will be charged on to the tenant by means of an increase in the rent. By offering improvements to housing quality on a modular basis, landlords can easily attach a price to those improvements. A section of the social landlords’ target group has not seen any great improvement in their financial situation in recent years. While these tenants also require improvements in housing quality, they may not be willing or able to pay their share of the costs. It is important that these tenants are not excluded from quality improvements needed to reach the standard level. The options open to the social landlord are to undertake the improvements on a loss-making basis or to mobilise the tenants themselves in carrying out at least part of the work involved.

**CONCLUSIONS**

Landlords have several possibilities to adopt new strategies for housing quality improvement under changing circumstances and derived from their strategic housing management. New strategies for improving housing quality can be based upon a modular basis, variation into the scale and time of interventions; per building block or per dwelling, variation into the initiation and realization of quality improvements; focussing on either existing or new tenants and tenant groups and offering freedom
of choice in quality improvements and tenure. Especially improvements of housing facilities may be offered on a new modular basis and realised in new ways. It may be useful to ask us whether improvements to housing quality will help to solve the social problems of monotonous less wanted neighbourhoods. We believe that quality improvement is a valid approach in some areas with moderate social problems and where rental accommodation is not in great demand as a result. We think that more research has to be done to the implementation of new strategies and especially possibilities for changing plan features and adding floor space to existing houses.

REFERENCES


