Many foreigners visiting the Netherlands who are interested in housing and taken on a tour through some of our cities and neighbourhoods ask, "Is all that social housing?" They are taken aback both by the large amount of social-rental dwellings, 36% of the total housing stock, and also by its quality. In many countries social housing can almost exclusively be equated with housing for deprived households in a situation offering few prospects. The hallmark of the social-rental sector in the Netherlands is that a very differentiated target group is provided for, not only households with a low income, but also a broad intermediate group. This book provides an introduction to Dutch housing associations. It therefore also provides readers with a large amount of more generally information on housing policy in the Netherlands. It will meet the needs of students, visitors, practitioners and politicians.
Dutch housing associations

A model for social housing
Dutch housing associations
A model for social housing

André Ouwehand
Gelske van Daalen

with a foreword by Hugo Priemus
and a contribution from Jeanet Kullberg
## Table of contents

**Foreword** .................................................. 1

1 **The social-rental sector in the Netherlands** .............. 2
1.1 Is all that social housing? ........................... 2
1.2 Independent organizations ......................... 4
1.3 A model for social housing ......................... 4
1.4 Structure of the book .................................. 6

2 **The growth and development of the social-rental sector** .... 8
2.1 A long history and a great development .............. 8
2.2 The start: small initiatives .......................... 8
2.3 The coming about of the housing associations .......... 10
2.4 The dominant government and the weak housing
   associations ............................................. 10
2.5 The first step towards more independent housing
   associations ............................................. 11
2.6 The second step: Heerma’s proposals ................. 13
2.7 Increase in scale in the housing associations .......... 14
2.8 At least ten more years ................................ 15

3 **The characteristics of present housing associations** .... 17
3.1 Diversity ................................................. 17
3.2 Composition of the housing associations’ property .... 17
3.3 Recent developments .................................. 21
3.4 Differences between the housing associations .......... 23

4 **Independent with a social responsibility** ................ 26
4.1 Independent organizations ............................ 26
4.2 Legal basis for housing associations ................. 26
4.3 The different administrative layers of government .... 28
4.4 The coordination of policy between the government and
   the housing associations ............................. 30
4.5 The supervision of the housing associations by the State .. 33

5 **Legal and organizational structure** ....................... 35
5.1 An association or a foundation ........................ 35
5.2 The administrative model ............................. 36
5.3 Organization of the administration .................... 38

6 **Tenants and Rent** ........................................ 40
6.1 Housing accomodation and income .................... 40
6.2 Social-rental dwellings and income ................... 41
6.3 Regulating the rent ..................................... 42
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.4</td>
<td>Rent subsidy</td>
<td>44</td>
</tr>
<tr>
<td>7</td>
<td>Social housing, access for whom?</td>
<td>47</td>
</tr>
<tr>
<td>7.1</td>
<td>Allocation policy</td>
<td>47</td>
</tr>
<tr>
<td>7.2</td>
<td>The administrative framework</td>
<td>47</td>
</tr>
<tr>
<td>7.3</td>
<td>Allocation practice in the post-war decades</td>
<td>48</td>
</tr>
<tr>
<td>7.4</td>
<td>A new allocation mechanism</td>
<td>49</td>
</tr>
<tr>
<td>7.5</td>
<td>Recent developments</td>
<td>52</td>
</tr>
<tr>
<td>8</td>
<td>A question of quality</td>
<td>53</td>
</tr>
<tr>
<td>8.1</td>
<td>The endeavour for more quality</td>
<td>53</td>
</tr>
<tr>
<td>8.2</td>
<td>New housing construction: beyond the commonplace</td>
<td>53</td>
</tr>
<tr>
<td>8.3</td>
<td>Strategic asset management</td>
<td>55</td>
</tr>
<tr>
<td>8.4</td>
<td>Renewal</td>
<td>56</td>
</tr>
<tr>
<td>9</td>
<td>The housing association and the residential climate</td>
<td>60</td>
</tr>
<tr>
<td>9.1</td>
<td>Three scale levels</td>
<td>60</td>
</tr>
<tr>
<td>9.2</td>
<td>The dwelling</td>
<td>60</td>
</tr>
<tr>
<td>9.3</td>
<td>The common entrance and the residential complex</td>
<td>62</td>
</tr>
<tr>
<td>9.4</td>
<td>The neighbourhood</td>
<td>62</td>
</tr>
<tr>
<td>10</td>
<td>Housing and care</td>
<td>65</td>
</tr>
<tr>
<td>10.1</td>
<td>Government policy for housing and care</td>
<td>65</td>
</tr>
<tr>
<td>10.2</td>
<td>The elderly</td>
<td>65</td>
</tr>
<tr>
<td>10.3</td>
<td>The handicapped</td>
<td>69</td>
</tr>
<tr>
<td>10.4</td>
<td>Street sleepers, the homeless and related groups</td>
<td>70</td>
</tr>
<tr>
<td>11</td>
<td>What has the tenant got to say?</td>
<td>72</td>
</tr>
<tr>
<td>11.1</td>
<td>From Friendly Society to Consultation Act</td>
<td>72</td>
</tr>
<tr>
<td>11.2</td>
<td>The individual tenant</td>
<td>72</td>
</tr>
<tr>
<td>11.3</td>
<td>The tenants’ organizations</td>
<td>73</td>
</tr>
<tr>
<td>11.4</td>
<td>The organizations promoting the interests of tenants at municipal and national level</td>
<td>75</td>
</tr>
<tr>
<td>11.5</td>
<td>Developments in residents’ participation</td>
<td>77</td>
</tr>
<tr>
<td>12</td>
<td>The financial frameworks for the social-rental sector</td>
<td>79</td>
</tr>
<tr>
<td>12.1</td>
<td>From state financial support to a revolving fund</td>
<td>79</td>
</tr>
<tr>
<td>12.2</td>
<td>Developments in the financial framework in the 20th century</td>
<td>80</td>
</tr>
<tr>
<td>12.3</td>
<td>The financial framework at the beginning of the 21st century</td>
<td>82</td>
</tr>
<tr>
<td>12.4</td>
<td>Some key financial figures for the housing association sector</td>
<td>85</td>
</tr>
</tbody>
</table>
Foreword

Housing associations were introduced in the Netherlands in the middle of the nineteenth century. They were then small scale non-profit organizations of two different types: associations of interested parties drawn together by a common need (workers who were seeking adequate housing for themselves) and associations of interested parties with a common desire to improve the lot of others (dignitaries who wished to direct their efforts specifically to the improvement of the accommodation of those in need). In the Housing Act of 1901, the housing associations were imbedded in a public context as authorized institutions.

The housing associations grew steadily after the First World War, and expanded enormously after the Second World War. In the 1990s the housing associations reached a market share of 42%. Since that time, their housing stock has gradually declined in both relative and absolute terms. At present the share is about 36%, still by far the highest figure in the European Union. Foreigners are often surprised by the high share of social–rental dwellings in the Netherlands and wonder whether the country has remained in the grip of socialism, or whether poverty is more prevalent than elsewhere. Neither is the case. The hallmark of the social–rental sector in the Netherlands is precisely that a very differentiated target group is provided for, not only households with a low income, but also a broad intermediate group. The social–rental sector in the Netherlands can claim to be professional, effective, and for the most part efficient. Negative phenomena such as stigma, ghetto formation and social isolation hardly arise (at least, to the best of our knowledge). In certain respects the social–rental sector and the housing associations in the Netherlands could form a benchmark for social landlords in other countries. Information about Dutch housing associations is being requested from abroad to an increasing extent. We realize only too often that, while there are many Dutch language information sources on the Dutch housing associations and the social rented sector, English language sources which would be accessible to foreigners are very few. This publication is designed to meet this increasing need. I hope that this booklet will contribute to an increased awareness of the housing association abroad and perhaps contribute to its development into a distinctive Dutch export product. Together with the cheese and the tulips, the housing association is a homemade product of which the Netherlands can be justly proud. The authors would welcome reactions from readers of this book, so that in following publications salient aspects of the housing associations can be pursued further.

Hugo Priemus
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1 The social-rental sector in the Netherlands

1.1 Is all that social housing?

Many foreigners visiting the Netherlands who are interested in housing and taken on a tour through some of our cities and neighbourhoods ask: ‘Is all that social housing?’ They are taken aback both by the large amount of social-rental dwellings (almost 2.5 million, or 36% of the total housing stock) and also by its quality. Social housing does not have a negative connotation in the Netherlands and varies in scope from shelter for the homeless, ‘ordinary’ rented apartments, special housing for the elderly, up to and including expensive single-family dwellings which are rented on the free market. Many foreigners are curious about the manner in which all that is organized in the Netherlands and the parts played by the housing associations and the government.

These questions come from professionals in the field, politicians, students and researchers from developing countries where a social-rental sector hardly exists, but where there is certainly a huge housing problem, as in South Africa. But visitors from countries undergoing extensive economic and societal transformation processes, such as Poland, Russia, or China also express great interest.

All these countries have in common the fact that people and organizations are searching for new forms of social housing. They are looking for sustainable alternatives for the lower income groups who cannot afford satisfactory housing on a completely free housing market. They are often seeking forms which carry no stigma for the households they accommodate. The countries are looking for organizational forms which make the most of opportunities for residents to organize themselves, and which allow a certain independence with respect to the government.

People involved in social housing in prosperous (Western) countries also pose the questions quoted above, from the United States up to Belgium. For them, it is as well the scale of the Dutch social-rental sector which is so striking as the manner in which it is organized with respect to the situation in their own countries. In many Western countries, social housing has come under pressure through a further liberalization of the econo-

<table>
<thead>
<tr>
<th>Countries</th>
<th>% social-rental dwellings with respect to total housing stock</th>
<th>% social-rental dwellings with respect to total rental housing stock</th>
</tr>
</thead>
<tbody>
<tr>
<td>Belgium</td>
<td>7</td>
<td>20</td>
</tr>
<tr>
<td>Denmark</td>
<td>19</td>
<td>43</td>
</tr>
<tr>
<td>France</td>
<td>18</td>
<td>46</td>
</tr>
<tr>
<td>Finland</td>
<td>*</td>
<td>48</td>
</tr>
<tr>
<td>Germany</td>
<td>*</td>
<td>15</td>
</tr>
<tr>
<td>Ireland</td>
<td>9</td>
<td>50</td>
</tr>
<tr>
<td>Netherlands</td>
<td>36</td>
<td>75</td>
</tr>
<tr>
<td>Portugal</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>*</td>
<td>66</td>
</tr>
</tbody>
</table>

*Not available

Source: Ministerie van VROM 2001
my, the necessity to control government expenditures, and the urge to achieve higher levels of effectiveness and efficiency in the management of the social housing sector.

In many countries social housing can almost exclusively be equated with housing for deprived households in a situation offering few societal prospects. Social housing is often situated in impoverished neighbourhoods, so that a negative stigma is soon attached.

That is totally different in the Netherlands. The Netherlands is a prosperous country with a gross national product of €355 billion, an average disposable income of €22,600, and little unemployment. It is a country with coalition governments and a strong consultation culture. The Polder Model exemplifies this culture: consultation between government and market parties (employers and employees) resulting in mutual agreements directed to economic development and a good social organization with social services and an income guarantee for everyone. In the Netherlands the social contrasts are less marked than in many other countries. In the Netherlands the term ‘social-rental sector’ is used for all the dwellings that are owned by housing associations and municipal owned housing associations, non-profit agencies that build and manage dwellings in order to provide housing for low-income and middle-income households. Also, the social-rental sector is primarily directed to the accommodation of households incapable of acquiring satisfac-
atory housing on their own account. But countless households with a middle or higher income also rent their homes from a housing association. That broad clientele has been a feature of the housing associations from the beginning.

1.2 Independent organizations

The Dutch social-rental sector is not only very large; it is also exceptional in the manner in which it is organized. The social-rental housing stock is owned and managed by housing associations. These are independent organizations which function within a legal framework set up by the government and which only operate in the interests of social housing and on the field of social housing. They are thus not set up for profit making.

The legal basis of these organizations is laid down by the Housing Act of 1901. During the last hundred years, the housing associations have grown into wealthy institutions, having received considerable financial support from the State. Now they are organizations capable of carrying out their housing responsibilities by using the financial resources built up in the social sector during that century. At the present time, there is no longer any question of subsidies for the construction of new social-rental dwellings, or for the very necessary improvements required by older rental dwellings. The housing associations invest their own resources in the interest of social housing within the given legal framework and in consultation with the government. In this way they fulfil the responsibilities which are still imposed on them with respect to social housing.

Although the housing associations have become much more professional and have developed into social entrepreneurs, their main responsibility remains the accommodation of households incapable of acquiring satisfactory housing on the free market. It will also be evident that, because of their social responsibilities, the relationship between the housing associations and their tenants is of prime importance. That importance is expressed in their client-centred service provision. They also offer their tenants the opportunity to influence housing association policy and enjoy far-reaching participation possibilities in housing improvement and the restructuring of residential neighbourhoods.

1.3 A model for social housing

The manner in which social housing is organized in the Netherlands by a strong independent social-rental sector cannot be exported to other countries just as it is. The interweaving of the organizational structure with the legal
framework and the cultural imbedding is too great. Moreover, the present organization of the social-rental sector is the fruit of a one and a half century's development and a century's investments by the State government. The Dutch housing associations are not 'the' model, but 'a' model for social housing.

A model must always be adapted to the host situation if it is to be capable of giving a satisfactory answer to the specific demands under discussion in every country. The spatial conditions under which social housing has to be organized make a considerable difference. In the Netherlands, with a high population density of 380 inhabitants per km², mass housing construction of flats and collective management is a more obvious approach than in countries with a low population density and less urbanization. The financial framework is of course decisive. That applies to both the social services and the income situation and to the financial frameworks within social housing.

The problem in countries where there has been a large social-housing stock organized and managed by the government, and which may now be privatized, is very different from that in developing countries where there is still hardly any sign of any government commitment to social housing.

In this book we describe the way in which the Dutch social-rental sector is structured and organized. The book provides an answer to the questions that strike so many foreigners when they first encounter the social-rental sector in the Netherlands. The book is not a manual for the establishment of a hous-
ing association in another country. So much depends on the local circumstances, it is impossible to give a standard prescription.
In this book we give some information about the Dutch model and its situation in the Dutch context. That will help make the Dutch model more readily understood for interested people from abroad; elements from it may contribute to the setting up of housing associations elsewhere, provided those elements are adapted to the local conditions in other countries.

1.4 Structure of the book

In chapter 2, a historical overview is first given of the growth and development of the social-rental sector, from the first initiatives and the Housing Act of 1901 to the present-day large and professional housing associations. The coming about and development of the various institutions now operating in the sector are also briefly described. Chapter 3 puts the present housing association in the frame: the number of housing associations, their size, the composition of their housing stock, the size of their dwellings, their age and the price of the social-rental stock. Some housing associations of various size are described by way of illustration. In chapter 4 the housing association is considered as an independent with a social responsibility: what is the relationship between the housing associations and the government; how does the supervision of the government operate? What part do housing associations play as partners in urban processes? Closely related to these questions is chapter 5, Legal and organizational structure of housing associations; the legal form, the internal supervision, the organizational structure and various organizational models of housing associations are discussed.
Then in chapter 6 we discuss the tenants and rent. Here, the breadth of the sector is reviewed: from low incomes to high and all those in between, and all sorts of families and faiths. The calculation of the rent and the system of rent subsidy as that operates in the Netherlands is explained here. In chapter 7 the question discussed is: Social housing, access for whom? An answer is given by considering the distribution of living space and a tenant’s freedom of choice. In chapter 8, A question of quality, the quality of the social-housing stock is discussed, as is the manner in which this is continuously adapted to meet demand. This adaptation is accomplished by a strategic stock policy and restructuring in the form of housing improvement, demolition and new construction, and house sales. The housing association and the residential climate is the theme of chapter 9. The housing stock must not only be built and allocated, it has also to be maintained and managed. In chapter 10 we concentrate on the specific demand for the combination of housing and care. It concerns the specific housing supply for people needing care, dwellings adaptable over a life cycle, up to and including shelter for the homeless. In chapter 11 we
discuss the question: What has the tenant got to say? We give a brief outline of the development of resident participation in the last few decades and the current assortment of participation opportunities. All the activities of housing associations must be carried out within the financial frameworks for the social-rental sector, the topic considered in chapter 12. We briefly describe these at project and housing association levels and discuss the function of sector institutes. In chapter 13 we end up with some last remarks about the future of social housing in the Netherlands and come back to the issue a model for social housing: whether or not can the Dutch housing associations act as a model for other countries.

For those who want to know more, further information is arranged in the annexes of this book after the references. According to subject different publications and organizations are given with a list of addresses, websites, and so forth. At the end of the book, there is an index with keywords.
2 The growth and development of the social-rental sector

2.1 A long history and a great development

A century ago, in 1901 the Housing Act came into force in the Netherlands, and so the legal basis was laid for the present-day housing associations. The act was the answer to the already thoroughly familiar problem of the totally inadequate housing of low income households. The private market had no solution to offer for their extremely poor living conditions at the end of the nineteenth century. The consequence was slum housing and public health problems in Dutch cities and countryside alike. The Dutch housing associations have their origins in the building societies which had already been set up in the second half of the nineteenth century, long before the Housing Act of 1901 came into force; however, without that act the sector would never have acquired so much scope and power.

2.2 The start: small initiatives

In about 1850, the first building societies were established. They were societies set up by the prosperous bourgeoisie to build working class dwellings for a satisfactory return, with a social goal linked to recognized self-interests. Some initiatives were also taken by working class associations and by certain industrialists. Although no huge numbers of dwellings were built, the example had been set. These initiatives usually involved rental dwellings. The overwhelming opinion in the Netherlands at that time was that home ownership would not be beneficial for the mobility of labour and would bring with it too many risks. Housing construction for the working class forms a part of the social question which was placed on the political agenda at the end of the nineteenth century. State government intervention was called for in the housing issue. In the first instance, that appeal was made from public health considerations: the poor living conditions made heavy risks inevitable, as exemplified by the outbreak of infectious diseases such as cholera, which also affected the prosperous middle classes.

The plea for better housing was supported by the Liberal Party, the Socialist Algemeen Nederlands Werklieden Verbond (set up in 1871), and Patrimonium, the Protestant Trade Union (set up in 1878). These trade unions endeavoured to uplift the working class materially and spiritually. When the Housing Act of 1901 then also offered the opportunity of financial support, these organizations, which were already in existence, responded by setting up housing associations. In many places housing associations were set up with the name Patrimonium.

It was actually not only the pre-existing organizations which took the initiative. In Rotterdam, for example, a group of local government officers set up
the cooperative housing association Onze Woning [Our House] which would build dwellings for its members (local government officers only). This direct connection between members and a society which would build and manage dwellings for them later disappeared. Now, after many years and several mergers, the housing association which started as a cooperative building society has become one of the largest in the Netherlands.

There were also many local authorities prepared to build social-rental dwellings. They did that as a local authority; they set up a municipal owned housing association. Depending on the political composition of the local authority and the presence of other building societies, they sometimes constructed large numbers of social-rental dwellings.

The Act of 1901 provided the opportunity of financial support both to housing associations (whether they chose the legal form of a society, a foundation, or a company) and to local authorities, as long as they worked: “exclusively in the interests of the improvement of social housing and as such have been permitted by Us so to do.”
2.3 The coming about of the housing associations

In 1904, De Vereeniging tot bevordering van den bouw van Werkmans-woningen [The society for the promotion of the building of Working men’s dwellings] in Leiden was the first to be recognized. The establishment of housing associations did not proceed everywhere at the same pace, because of the necessary discussions which took place at the local political level. The financial conditions which the State made available at that time were still limited. During the First World War the private builders withdrew almost completely from the building market, because of the lack of building materials and capital, the strong rise in building costs, and the high interest rates.

From 1915 the State made larger contributions available for social housing construction. In the following years, up to 1922, the number of housing associations increased markedly: from just under 300 in 1914 to 1350 in 1922. Their combined property increased tenfold in that time to more than 75,000 dwellings. On average, the housing associations were very small: each owned less than 60 dwellings. In those years, about 90% of social house building was carried out by the housing associations and 10% by the local authorities.

In 1913, the Nationale Woningraad (NWR) [National Housing Council] was set up. The aim of this council was to provide professional support to housing associations and to promote their interests.

In the 1920s, the share of house building commissioned by the local authority grew to about 30%; the influence of local authorities also increased. An amendment of the Housing Act in 1934 had a marked influence on the financial position of the housing associations. It was decided that the housing associations would in future have to repay the financial grants they had received from the State. What remained had for the most part to be deposited in a municipal fund.

2.4 The dominant government and the weak housing associations

After the Second World War there was a serious housing shortage. Many homes were destroyed through bombing and other war damage. The role of the government with respect to housing then also became dominant. The building of new dwellings and completely new neighbourhoods was not left to the initiatives of others. The local authority commissioned more than half the social dwellings built until the end of the 1960s. In practice the contribution of the local authorities was actually more important. They often acted as principal client to transfer the dwellings once they were built to a housing association. Many of these dwellings were built according to building systems
prescribed by the national government and according to standard designs to save on building costs. This approach produced rather austere, large-scale, often monotonous housing. But it also produced large quantities – the most important requirement at that time.

The local authorities were very decisive, while the position of the housing associations at that time was generally weak. They had very limited opportunity to build up financial reserves and there were certain other problems. There was a continuous debate as to whether the housing associations should only build for the poorest population group, or whether they could also build middle class dwellings, or whether housing for the bourgeoisie should be left to the private sector. In addition, the shortcomings in management expertise in the housing associations and their limited professionalism also played a part.

Not only was the building of the dwellings dominated by the government; because of the housing shortage, the government also took upon itself the allocation of the dwellings. As a result, the relationship between the housing associations and their members was enfeebled.

### 2.5 The first step towards more independent housing associations

At the beginning of the 1950s the need arose for a fundamental review of the position of the housing associations. This need was acknowledged at the
Ministry by civil service initiatives and recommendations and was expressed in the increasingly stronger national umbrella organizations of housing associations. Immediately after the Second World War, a separate federation for Catholic and another for Protestant housing associations were set up, so that at the beginning of the 1950s there were three federations. At the end of the 1950s the Minister established a broadly constituted advisory commission, the De Roos Commission, in which the various interests groups (the federations of housing associations, the private builders, the local authorities, and the State) were represented. They came to some important trend-setting recommendations.

It was several years before the matter was finally legally regulated, but the principle that made it possible that the housing associations could build up their own capital had been established. In the Housing Act of 1965 also another important article is entered. It is regulated that building by housing associations was preferred to building by local authorities and municipal owned housing associations: the primacy of the housing associations. The position of the housing associations was substantially strengthened with the amendments made in the 1960s and 1970s.

In the 1970s and 1980s, hundreds of thousands more dwellings were built. At that time the great need for urban renewal also became clear. The first social-rental dwellings dating from before the Second World War had to be renovated. But that applied to an even greater extent to the many tens of thousands of poor quality private rental-dwellings built in the nineteenth and early twentieth centuries. Halfway through the 1970s, urban renewal was given the highest priority. That step faced the housing associations with new challenges. They had to consult with their tenants about what should be done with their dwellings. Improvements cost a great deal of money, and tenants are not always prepared to pay a higher rent. In dealing with the old private rental dwellings in the big cities, many properties were sold, because the private landlords were not prepared to cooperate. Housing associations managed the dwellings purchased and, with substantial financial support from the government, moved into housing renovation and demolition, followed by new construction. Tenants demanded a say in the developments and the right to return to their

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**Keypoints for strengthening the position of the housing associations**

The key points of the advice of the De Roos Commission for the strengthening of the position of the housing associations were:

- the broad definition of the field of activity of the housing associations not only in terms of dwellings for the lowest incomes, but also for the middle groups;
- the abolition of the duty to repay the State contributions;
- the proposal to set up a Central Fund, as an institute that would guarantee the financing of house building;
- an increase in the independence of the housing associations in management, with less detailed involvement by the State; and
- the organizations to become more professional.
neighbourhood if their homes were threatened with demolition. The State and the local authorities proceeded under the slogan: Building for the neighbourhood.

2.6 The second step: Heerma’s proposals

At the end of the 1980s the housing shortage declined. The State government wished to implement radical economies and withdraw further from housing. Heerma, the state secretary for housing, set about achieving concentration on the key tasks, namely towards decentralization and the further independence of the social-rental sector. He pursued the steep reduction in the financial contributions from the State to social housing and wanted the housing associations to invest more of their own resources as a revolving fund. The loosening of the financial bonds between the government and the housing associations fits in that approach.

In the 1990s a big step forward was taken in this matter: the mutual cancellation of the State loans which the housing associations still had to repay and the subsidies they still had to receive. This operation was referred to as bruttering [grossing up]. These proposals of Heerma have had a significant effect on the relationships between the housing associations and the local authorities and between the housing associations and the State. At the end of the 1990s it could be concluded that the reallocation of responsibility and authority that had been sought, and had been formulated at the time by state secretary Heerma, had been achieved. However, it has to be said that the pendulum has continued to swing and local authorities do not know precisely how to proceed with the new balance of power. In parliament, too, the opinion can be heard that the politicians ought to have more say in housing.
2.7 Increase in scale in the housing associations

Through their increased independence and the bruter ing operation, the position of the housing associations has changed considerably in the last decade. They have become more private organizations, no longer tied by a complex system of financial bonds to the (State) government. They remain organizations with a primary public responsibility and a test on legitimacy and efficiency by the State government.

Through becoming more independent and necessarily more professional, and also through more regionalization, a substantial increase in scale has been created in the last few years in the housing associations. Their number decreased between 1990 and 2000 from 1037 to 701, including the municipal housing companies (of which there are only about twenty). The end of the mergers wave is certainly not yet in sight. More housing associations are seeking collaboration.

The motives for that differ. With the increase in prosperity and the shift towards the market sector, the housing associations have witnessed the shrinkage of their natural playing field – the accommodation in social-rental dwellings of households with incomes up to and including modal. In some cases, a wealthier housing association merges with a less prosperous one, so that a better harmonization is brought about of resources and expenditures. In other cases it is a matter of more capable management, a more efficient back office, improvement in financial continuity, or strengthening of the position within the (regional) field of forces.

In recent years cooperation or mergers at interregional and national level have taken place. Where mergers at local level are concerned, mutual shifts of the organizations of the housing associations is often part of the operation. Mergers at a regional or interregional level often have the character of bringing together within one holding structure a number of housing associations acting as district offices. Housing associations are becoming increasingly involved in activities traditionally undertaken by commercial market parties, such as the development of owner-occupied dwellings.

The merger wave has involved not only the housing associations, but also their national umbrella organizations. The changes that took place in housing during the 1990s strongly influenced the discussions concerning the responsibilities and structure of the national umbrella organizations. They, with the NWR established in 1913 in front, played an important part in building up the social-rental sector and the extension of the institution of the housing association. They acted as a strong pressure group promoting the interests of the housing associations at national level. The housing associations repositioned themselves in the 1990s and have now become much more independent; gov-
ernment involvement in the determination and implementation of their policy is much less strong and less detailed. The need for a reconsideration of the place and responsibilities of the umbrella organizations then became evident. In 1997, the umbrella organizations decided to work together as from 1 May 1998 in one new organization for the sector, entitled Aedes. Since 1999 the formal merger has become a fact.

2.8 At least ten more years

With the changes that have taken place in the last few years, it has also become necessary to give fundamental reconsideration to the position of the housing associations. In the policy document from 2000 of state secretary Remkes and minister Pronk: Mensen, wensen, wonen: wonen in de 21e eeuw [What people want, where people live: housing in the 21st century] the position of the housing associations is also discussed extensively. The government drew the conclusion that the local authorities must strengthen their housing policy. The responsibilities of the State must also be more precisely formulated, according to the Cabinet. Parliament has given its assent to the government proposal to leave the position of the housing associations as it is for the next ten years (see chapter 4). They remain organizations that have as their first responsibility the accommodation of households unable to acquire decent accommodation on their own account. For the next ten years huge tasks confront the housing associations, in particular in the renovation of the neighbourhoods built shortly after the Second World War. They have to fulfil
that task on their own: housing subsidies have almost vanished. The housing associations have to cover unprofitable investments with their own buffer capital. If we look at the level of the total social sector, their financial position has strengthened so much in the last ten years that they are able to do that (more about that in chapter 12).

The resolve that housing associations may only operate in the interests of housing remains undiminished. They must work efficiently and effectively, but they have not been set up to make a profit.

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**Aedes (association of housing associations)**

Aedes is the national sector organization promoting the interest of practically every social housing organization in the Netherlands, on all possible fronts. Together, the Aedes members manage 2.4 million dwellings, which is 40 percent of the total housing stock.

As a network organization, knowledge centre and think tank, Aedes provides a platform for its 900 members to meet, exchange ideas and develop visions. Together with its members, Aedes works on research and product development to meet the needs of housing consumers, resulting in new products like lease-purchase, inexpensive insurance and estate agency services. Aedes provides information and education about all important developments in the dynamic housing branch. Aedes co-operates with the government, political parties, special interest groups and the European Committee in order to get the manoeuvring space needed for the social housing organizations to operate well and effectively and fulfil their social function.

Aedes members are modern real estate businesses and service providers, working independently at their own expenses and risk. They supply a broad package of affordable housing services that meet the various desires and needs of their clients. Apart from housing, this includes a wide range of services that add to living comfort, security, service and quality. Aedes works together with its members on living/care arrangements for the elderly and for groups with special needs, such as mentally or physically disabled or asylum seekers. Aedes also promotes the idea of involving the housing organizations in city investment plans and enters into collaborative relationships for this purpose.

In addition, Aedes represents employers for the 23,000 people working in the Dutch social housing sector. As the employer’s organization for some 750 social housing organizations, Aedes has a seat at the meeting table with the trade unions to agree on a collective employment agreement (CAO).
3 The characteristics of present housing associations

3.1 Diversity

Both the stock of social-rental dwellings and the housing associations which manage them differ markedly from each other in their composition. The characteristics of the dwellings and the housing associations are closely related to the history of house building in the Netherlands. In this chapter these topics are further explained. First, the composition of the housing associations’ property and the history of its creation are described. Then attention is paid to recent developments and the mutual differences between the housing associations. At the end of the chapter, for illustration a description is given of three housing associations which differ from each other in the number of dwellings they possess.

3.2 Composition of the housing associations’ property

The property owned by the Dutch housing associations varies widely in terms of housing type. Type of dwelling is closely associated with the period in which it was built.

The beginning period

At the start, the housing associations for the most part built small dwellings for workers. Well-known examples of this period that covers the years up to 1945, are the garden villages which are still to be found in various parts of the Netherlands. Some of the dwellings dating from the pre-war period have been demolished; those remaining have been renovated or adapted on one or more occasions, sometimes radically. In general, the format of these dwellings is small. Their popularity varies markedly, depending on their location and present quality. The greatest part of the pre-war social-housing stock is still to be found in the big cities. But really large numbers of dwellings were not built in this period; that only occurred in the period directly after the Second World War.

Redevelopment

The housing shortage in the Netherlands was so great in the 1950s and 1960s, the
dwellings managed by the housing associations were laid down at a rapid pace and on a large scale. These were often constructed in completely new neighbourhoods consisting of continuous rows of houses with medium height apartment blocks and terraced single-family dwellings. The dwellings were usually quite small and uniform in appearance and floor plan. In this period the emphasis was put on the quantity and not the quality of the houses built. The design of the dwellings that were built between 1945 and 1975 has been described as austere and functional. They no longer meet the qualitative requirements of today and would often be quite difficult to modernize in line with current standards, especially the houses that have been built before 1968. There will be many changes in the next few years, particularly with restructuring activities in this sort of neighbourhood.

Suburbanization and urban renewal
In the 1970s and 1980s, large scale suburbanization was in full swing. Many people living in the big cities moved to one of the newly-built dwellings which were being constructed in large numbers in the surrounding smaller cities. Many people moved into a new single-family house in one of the local authorities designated for growth.
In addition to the many single-family houses, relatively large numbers of galleryed flats were also built. The dwellings built in this period were mostly fairly large. To a certain extent some of the dwellings from this period are still in demand, but the housing associations have adapted many of the rest. These adaptations are not only a matter of the quality of the dwellings but often of management problems.
In addition, it is precisely in this sort of neighbourhood that the aging of the population will become an important problem in the next few years. When these dwellings were completed in the 1970s and 1980s, the new tenants mostly consisted of young families. Many people have remained living in these neighbourhoods ever since, even after their children have left home. In the
next ten years this group of residents will increasingly call on the services for the elderly. In the big cities, considerable energy was put into urban renewal in this period. Some of the poor quality pre-war dwellings in the inner cities were renovated and some were demolished and replaced by new construction. These newly-built dwellings were intended in the first instance for the original residents in the neighbourhood. To ensure that the price difference with the old, small dwellings would not be too great, the emphasis in the new dwellings was put on affordability. This policy resulted in modest dwellings with no luxury.

A target group which grew markedly in this period was young adults. The number of young people entering higher education increased strongly from the 1970s. It was also found to be important that young adults should be able to live independently. Housing associations started to build dwellings specifically for this group. In many cities separate organizations were even set up to specialize in young adult (or student) accommodation. For these young adults, the accommodation varied from a bedsitter and shared kitchen, shower and toilet to partly or completely self-contained small dwellings.

The most recent new-built dwellings
The policy for new development in the 1990’s and the beginning of the 21st century has been a continuation of the period before. The emphasis was put on new estates next to the major cities and building new dwellings within the city boundaries in the context of urban renewal. The numbers diminished. Within the social rental sector there is an emphasis on housing for the elderly.

Rental prices
The social-rental dwellings in the Netherlands vary markedly according to building period, housing type, and environmental factors. With respect to rent levels, the differences are really not very great. In 2000 90% of the social-rental dwellings had a rent lower than €427 per month. An affordable rent for people with a low income is then also the common basic assumption of the social-rental sector.

The variation in rent level within the social-rental sector is closely related to the size of the dwelling. In general, the larger the dwelling, the higher is the rent. The size of the dwelling again often depends on the period when it was built. Most of the dwellings dating from before the Second World War are small. In addition to the size of the dwelling, the level of its facilities also determines the rent level.
An average social-rental dwelling

In the Netherlands, the average rent of a social-rental dwelling is about €320 (reference date 2000). Every dwelling is fitted as standard with a kitchen, toilet, and shower. The tenants themselves must take care of the decoration, floor covering, and furniture. In addition to a living room most of the dwellings also have one or more bedrooms. The average surface area of a dwelling is 61 m². The maintenance of the dwelling is carried out by the housing association.

Table 3.1 Differences in social-rental dwellings according to type of city

<table>
<thead>
<tr>
<th>Housing associations</th>
<th>% pre-war property</th>
<th>average surface area of the dwelling</th>
<th>% cheap dwellings</th>
<th>% single-family dwellings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amsterdam, Rotterdam, The Hague, Utrecht</td>
<td>26</td>
<td>54 m²</td>
<td>44</td>
<td>17</td>
</tr>
<tr>
<td>Medium sized cities within the Randstad</td>
<td>11</td>
<td>60 m²</td>
<td>35</td>
<td>37</td>
</tr>
<tr>
<td>Medium sized cities outside the Randstad</td>
<td>11</td>
<td>64 m²</td>
<td>39</td>
<td>44</td>
</tr>
<tr>
<td>Rest of the Netherlands</td>
<td>3</td>
<td>66 m²</td>
<td>29</td>
<td>66</td>
</tr>
<tr>
<td>Total for the Netherlands</td>
<td>11</td>
<td>61 m²</td>
<td>34</td>
<td>47</td>
</tr>
</tbody>
</table>

* On the basis of the house rating system, see section 6.3.

Source: CFW, 2000, referentiecorporaties
Dwelling type
The difference in dwelling type depends mostly on whether or not the location is urban.
In the Netherlands as a whole, almost half the social-rental dwellings stock consists of single-family dwellings. However, in the four big cities this average is only 17%, while in the smaller cities and villages the share of single-family dwellings is much larger. In general, in comparison with the rest of the country, in the cities there are more social-rental dwellings from before the war, more small dwellings, more cheap dwellings, and fewer single-family dwellings.

3.3 Recent developments
In the last few years, the number of social-rental dwellings has fallen. This decline has resulted from various developments. First, there has been a noticeable shift to the owner-occupied sector. Both the economic growth of the last few years and government policy have played an important part. The economic growth has enabled more people to embark on home ownership. In addition, present government policy is also oriented towards increasing home ownership. For a number of years, the housing associations have been encouraged to sell some of their housing property to tenants or other private
SavoWnv
Location: Eastern part of the Netherlands (Zwolle local authority)
Residents: 107,015
Dwellings: 47,432
Share of social-rental dwellings in the total housing stock: 40%
Number of housing associations: 3

SavoWnv is one of three housing associations in Zwolle, a medium-sized city in the eastern part of the Netherlands. Together these three housing associations manage about a third of the housing in Zwolle. In addition to the three housing associations, several large commercial landlords also operate in the city. SavoWnv was created in 2000 after the merger of two other housing associations.

The housing association rents out more than 9,000 dwellings and a further 600 other accommodation units. These include mobile homes and some special accommodation for mentally handicapped children, but the greatest share is made up of student units. This last group is amply represented in Zwolle because several institutes of higher education are situated in the city. After an initial slow start, in the last few years the demand for rental dwellings has again increased and the housing association does not have to cope with having property lying empty. The greatest share (88%) of the SavoWnv dwellings belongs to the affordable stock.

In 2000, the housing association sold 112 dwellings. These were mainly in the existing housing stock which had previously been rented; some, but to a lesser extent, were newly-built dwellings which had been developed by the housing association. The yield from the sale of the dwellings was used to limit rent increases and pay for the restructuring, the development of inexpensive new rental dwellings, and internal management (service). With respect to restructuring, the housing association will have a substantial amount of work to carry out in the next few years in a number of neighbourhoods. On the one hand, because of the selling and demolition of dwellings, the amount of property owned by SavoWnv is declining, while on the other hand, through the construction and purchase of dwellings the number of dwellings owned by SavoWnv is increasing. The newly built rental dwellings are often specially intended for senior citizens. It is anticipated that, in the next ten years, the number of elderly people living in Zwolle will rise steeply and so also will the demand for special dwellings suitable for the elderly. In 2000 SavoWnv took over from a care institute 184 ordinary dwellings and 118 sheltered dwellings specially designed for the elderly. In addition to such large-scale purchases, the housing association has just started a project to buy dwellings from private owners. This project is intended to help people who are no longer able to cope with the burdens of home ownership. SavoWnv buys the dwelling from the owner, who can then remain living there as a tenant.
probably related to the steep rise in prices on the housing market in the last few years. Since selling prices have risen more than rents have done, buying a dwelling has become less attractive than renting one.

In the western part of the country, where the pressure on the housing market is greatest, relatively few social-rental dwellings are sold. In those parts of the Netherlands where the housing market is more relaxed, the housing associations are selling some of their dwellings. These are often the more expensive single-family dwellings. The sale of dwellings is the most important reason for the decline in the share of social-rental dwellings in the Netherlands.

The other reason underlying the decline in the number of social-rental dwellings is the demolition of some of the social-rental stock. (9,400 in 1999). Demolition is one of the means by which restructuring can proceed in neighbourhoods in need of improvement. Most of the restructuring activities take place in the neighbourhoods built in the period just after the Second World War. It is precisely in these neighbourhoods that the housing associations have a large share of their property. In the next few years more dwellings will disappear in these neighbourhoods through demolition. The expectation is that the number of dwellings demolished each year will further increase.

Although the number of social-rental dwellings has declined through sales and demolition, the number of social-rental dwellings is actually increasing through the purchase of dwellings and the building of new dwellings. The share of new built dwellings is quite modest. Most of the newly constructed dwellings are houses for the owner-occupied sector and not social-rental dwellings. In addition, by replacing dwellings of poor quality with new construction, often fewer dwellings are built than the number demolished. The dwellings which are demolished almost always have a smaller surface area than the new dwellings. The sale and demolition of a part of the housing stock will lead to a decline in the next few years in the number of properties in the social-rental sector.

### 3.4 Differences between the housing associations

The housing associations can also differ markedly from each other. There is hardly a local authority in the Netherlands where no housing association is active. In most municipalities there is more than one, usually two or three. More than that number of housing associations can also occur. In a few municipalities more than ten housing associations operate.

The average housing association has about 3,600 dwellings. The size of the housing associations in the Netherlands varies from those with fewer than 100 dwellings to those with more than 25,000 dwellings. In the last case we are talking about organizations with a rent turnover of more than €100 mil-
Housing group Woonbron/Maasoevers

Location: Western part of the Netherlands (Urban Region of Rotterdam)
Residents: 1,166,806
Dwellings: 526,039
Share of social-rental-dwellings in the total housing stock: 50%
Number of housing associations: 49

Woonbron/Maasoevers is an amalgamation of the Woonbron and Maasoevers housing associations. Both organizations re-emerged after smaller housing associations had merged. The organization now has 36,000 dwellings in its possession and is one of the largest providers of accommodation in the urban region of Rotterdam.

Like many other housing associations in the urbanized regions, Woonbron/Maasoevers owns many dwellings which were built in the 1950s, 1960s, and 1970s. The quality of these dwellings is usually no longer acceptable. The neighbourhoods often have a monotonous, uniform character. In increasing numbers of neighbourhoods therefore restructuring has commenced on a large scale. This signifies a huge task for the housing associations. In the Hoogvliet district for example, in the next ten years about 4,000 dwellings will be demolished. This amounts to about a third of the housing stock in this district. The space which becomes available for building will be used for the construction of better quality dwellings, both for sale and to rent. Other ways in which the housing association will improve quality in the neighbourhoods are for example through the sale of dwellings in various neighbourhoods, and the establishment of neighbourhood management companies and associations of home owners in the neighbourhood. The dwellings will be sold to create a more balanced relationship between rented and owner-occupied houses in the neighbourhood. In addition to the ‘ordinary’ sale of dwellings, under certain conditions dwellings are also sold to low-income households. These households receive a discount on the full market price asked by the housing association. If in due course the house buyer wishes to move again, any profit or loss incurred by the purchase will be shared with the housing association. In this manner the housing association takes over some of the financial risk from the purchaser. Via the neighbourhood management companies, residents may have jobs carried out in and around the house for a reduced tariff. These activities are carried out by companies who take on the long-term unemployed. To involve the residents of a particular neighbourhood in their residential environment, an association of homeowners in the neighbourhood has been set up. Those residents who are members of this association have more say over what is to be done with the public space.

The housing association also takes care of the accommodation of special groups. Examples of these are dwellings adapted for the elderly and the handicapped, a reception centre for homeless young adults, a housing group for the elderly from ethnic minorities, and accommodation for asylum seekers.

Woonbron/Maasoevers has worked towards unification with eight or nine other housing associations in the same or an adjoining region. The aim of this unification is to join together to improve the housing quality in the area. By operating in union with each other (the joint property will amount to about 100,000 dwellings), they are expected to achieve better results, more quickly.

lion and with more than 100 employees.

While the total number of social-rental dwellings in the Netherlands is falling because of sales and demolition activities, the average number of dwellings
per housing association has risen in the last few years. This situation has come about because recently many of the housing associations have merged. As a result the organizations are larger and have more dwellings on average in their stock. To give a picture of the large differences between the housing associations, we describe below three housing associations in the Netherlands. These are a large housing association from the Rotterdam region, a medium-sized housing association with a local orientation, and a small housing association.
4 Independent with a social responsibility

4.1 Independent organizations

Dutch housing associations are independent, private organizations, but with a public responsibility. In chapter 2 we gave a brief historic account of the development of the social-rental sector in the Netherlands. It is noteworthy that the choice of a model incorporating independent housing associations was made more than a century ago. This is different from, say, the English or Swedish models where a municipal housing model was chosen. In Germany, certain private companies undertook social tasks for a time, for which they were paid. In the Netherlands, in keeping with the Dutch context, the chosen model allowed various social groupings to take the initiative and set up associations under their own management, within a legal framework laid down by the State.

In 2000, the housing associations had a joint balance sheet total of almost €83 billion and their own assets of more than €9.3 billion. They built up those assets over several decades, not without many years’ financial support from the State. For that reason, these assets are often referred to as ‘tied social assets’. They are assets built up through carrying out the social responsibilities with the sole purpose of ensuring their capability of undertaking these responsibilities in the future. The term ‘tied socially’ also indicates that the use of the assets must be accountable. Self-evidently, the government supervises the execution of these social responsibilities.

In 2001, Parliament published the most recent policy document on public housing entitled: ‘What people want, where people live: housing in the 21st century’. Extensive consideration was given to the position of the housing associations. It was decided that, for the next ten years, their current position as authorized institutions would remain more or less unchanged. They will be incorporated in the new Residential Act soon to be drawn up. The anticipated differences in relation to the current situation are set out in a separate textbox at the end of the section 4.4.

In this chapter, attention is first paid to the legal framework within which housing associations function and the manner in which relationships are established between the housing associations themselves and with the government. Government in the Netherlands takes various forms, each fulfilling a different task. We describe these briefly. We then consider how policy and control are coordinated in practice and how the State monitors the housing associations’ activities.

4.2 Legal basis for housing associations

Housing associations are authorized institutions, the legal basis for which is laid down in the Housing Act of 1901. People wanting to set up a housing
association had to set up a building society or a foundation and have it registered. They could then apply to the State for it to become authorized as an institution operating exclusively in the interests of public housing. Both building societies and foundations were eligible for admission (see chapter 5 for the differences between societies and foundations). Once authorized, an institution could make use of the facilities made available by the State to housing associations. These facilities enabled them to develop and build social housing. The Housing Act has been amended several times; it has also provided the legal basis for other government tasks concerning housing and spatial planning.

On the basis of the Housing Act, in the course of time various implementation regulations have come into force; these have also changed markedly in character. Until the 1980s, the system was such that the State was involved in the detailed finances of every separate complex of a housing association. But that has all changed. More responsibility on their own account was accorded to the housing associations. The State drew back on various points; no more government loans were granted for social house building, for example. In the 1990s the housing associations became even more independent (see chapter 2). The State now lays down a number of general regulations which are incorporated in the legislation, and maintains retrospective supervision on the financial position and the legitimacy of operations.

The Besluit Beheer Sociale Huursector (BBSH) [Decree on management of social rental sector] is now of great significance for the housing associations. This decree comprises all the implementation regulations. The first BBSH came into force in 1993; it was last amended in 2001. The decree regulates the fields in which the performance of the housing associations is to be assessed: the key tasks. These tasks clarify the points on which performance by the housing associations is expected. The housing associations must consult with the government on these points and take their responsibilities. The manner in which housing associations keep in contact with the government concerning the content of their work and the government’s retrospective checks on it is laid down in the BBSH.

### Key tasks for housing associations

The BBSH distinguishes six performance indicators:
- the prioritization of appropriate accommodation for the target group, so that low-income households receive priority in the allocation of inexpensive dwellings;
- the qualitative upkeep of the housing stock: maintenance, renovation, and new construction of social-rental dwellings;
- the involvement of tenants in the management of their dwellings and the development of new policy;
- the guarantee of the financial continuity of the housing association;
- a contribution to the quality of life in the neighbourhoods where the housing associations’ dwellings are situated;
- the combination of housing and care.
We discuss these topics below. But before we do so, we must first consider the various forms the government can take. It consists of several layers; knowing how their task distribution is regulated is essential if the Dutch social-rental sector is to be properly understood.

4.3 The different administrative layers of government

The Dutch constitution distinguishes three administrative layers: the State, the provinces, and the local authorities. These administrative layers have different responsibilities and powers with respect to housing. It should be noted that the State and the local authorities are particularly important. It is a truism that public housing is a State business and a local authority responsibility. That is to say that the State sets the framework, including the subsidy regulations. Planning has to be worked out at the local level so that State policy is carried out by the local authorities. Subsidy applications used to be submitted to the local authority, which had to approve them and then submit them to the State. But since the almost total abolition of house-building subsidies, local authorities are no longer able to borrow any significance of them. Nevertheless, local authorities continue to play a very important part in the pro-
vision of housing. They set local policy and influence the quality of housing through all kinds of responsibilities and powers. Public housing policy plays an important part in local authority politics; at that level, it is one of the most popular topics.

The provinces have fewer housing responsibilities, but they take care of the coordination between local authorities. Wherever in this book we discuss the tasks carried out by the State, we are usually referring to the Ministerie van Volkshuisvesting, Ruimtelijke Ordening en Milieubeheer (VROM) [Ministry of Housing, Spatial Planning and the Environment].

When we discuss the local authority in this book, we must remember that, just as with the housing associations, local authorities also differ widely. There are almost 500 local authorities in the Netherlands. They have set up

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### Three government authorities

**The State**
- provides the legal framework for the housing associations;
- draws up the state policy context with priorities as approved by Parliament;
- consults with local authorities on the coordination of municipal policy (municipal housing mission statements) in the State policy context;
- maintains financial and material supervision of the housing associations.

**The local authorities**
- draw up a municipal housing mission statement, in consultation with (among others) the housing associations and residents’ organizations;
- draw up performance agreements (also referred to as performance contracts) with the housing associations, listing matters to be undertaken and completed;
- draw up housing regulations for the allocation of certain categories of dwellings (including inexpensive rental dwellings);
- exert authority in the area of spatial planning; the local authorities have the responsibility (among other things) for drawing up land use allocation plans;
- are owners of and responsible for public space;
- lend building permits.

**The provinces**
- may formulate a housing mission statement at the provincial level;
- have no direct relationships with housing associations;
- fulfil a specific function in spatial planning and the mutual harmonization of local housing policy, particularly for the smaller local authorities.
an association to promote their interests, take care of service provision, and function as a local authorities platform. The association is called the Vereniging van Nederlandse Gemeenten (VNG) [Association of Netherlands Municipalities].

### 4.4 The coordination of policy between the government and the housing associations

The housing associations work within a legal framework set up by the State, but they are nevertheless independent organizations, setting their own objectives and bearing their own financial responsibilities. To avoid government over-involvement in the details of the everyday affairs of a housing association, a distinction has been drawn between the coordination of policy and the supervision of the housing associations. By supervision we mean the control the government exercises to ensure that a housing association does not operate outside its legal framework and deals astutely with its property and assets.

The coordination of policy takes place at both national and local levels. At national level there is frequent consultation between the Ministry and Aedes, the sector organization of housing associations. For topics in which the local authorities also play an important part, there is frequent consultation togeth-
Association of Netherlands Municipalities (VNG)

The Association of Netherlands Municipalities (VNG) is an independent organization of local authorities. Since 1950 all local authorities in the Netherlands have been a voluntary member of VNG. VNG looks after the interests of the Dutch local authorities, provides services and information to its members and facilitates the exchange of knowledge and experience. VNG has specialized departments concerned with a wide range of policy fields including spatial planning, housing, public transport and environmental policy and municipal international cooperation. Core themes are the directive role in the field of housing and urban renewal. The social rental sector and the position and role of the housing associations are important topics in this context.

VNG International is the international office of the Association of Netherlands Municipalities. Its mission is two-fold: to support Dutch municipalities in their efforts to improve the quality of their international activities, and to strengthen local government and local public institutions in developing nations, countries in transition, and regions emerging from protracted conflict. Its method is to make available its reservoir of knowledge concerning international best practices and assist in their adaptation to local circumstances through municipal partnerships or direct technical assistance.

The Dutch Habitat Platform is housed at the VNG offices as well. The platform was set up to facilitate local organizations in the implementation of the Habitat Agenda. The two central objectives of the Habitat Agenda are to ensure adequate housing for all and to promote sustainable human settlements in an urbanizing world. The Platform is a small, efficient body with limited budget that occupies a central position in the Habitat web and acts as agent/coordinator. The Dutch Habitat Platform is also responsible for the secretariat of the Habitat Platform South Africa, a joint platform of the Ministry of Housing, Spatial Planning and the Environment (VROM), VNG International, Aedes (sector organization of housing corporations) and the Dutch Habitat Platform itself. All four are active in the field of housing and Habitat Issues in South Africa. They provide support to Dutch organizations working in South Africa.

er with the Vereniging van Nederlandse Gemeenten (VNG) [Association of Netherlands Municipalities]. Should the position of the residents be explicitly affected, room is then also made for participation in the consultations by the Nederlandse Woonbond [Netherlands Tenants Association], the national organization of tenants (see chapter 11 for a more extensive account).

There are thus frequent consultations on a wide variety of topics in which the constitution of the consulting groups can differ. Aedes, for example, consult separately with the Nederlandse Woonbond on behalf of the housing associations on matters concerning the relationship between landlords and tenants.

In important policy questions the State often takes the lead to gain the support of the other national organization. For example, immediately after the most recent policy document had been drawn up, the National Akkoord Wonen 2001-2005 [National Housing Agreement 2001-2005] was established between the Ministry, Aedes, the VNG, the Nederlandse Woonbond and certain other national organizations involved with housing. In this Nationaal Akkoord, the parties concerned decided on a number of programme objectives. They have also drawn up agreements on how those objectives should be achieved. The coordination of policy also takes place at local level; after all, that is
where it is decided precisely what the housing responsibilities comprise. In addition, within the Dutch form of government municipal autonomy is most important. For the coordination of policy, there are two key issues:

- it must be clear what policy the housing associations advocate and what policy the government advocates;
- there must be a procedure for coordination to take place.

With respect to the last point, it is laid down that the housing associations must formulate a *performance plan* each year. Such a *performance plan* comprises a housing association’s intentions for the coming year with a further glimpse into later years with respect to interventions in their property (demolition, new construction, radical renovation). A housing association has to submit this plan to the local authority, which must be given the opportunity to react to it. The local authority must also set out their policy in a *housing mission statement*. In drafting it, they in turn should enable the other involved parties in the local authority (including the housing associations in particular) to contribute to it and have the opportunity to react to it.

The State urges the local authorities and housing associations to draw up *performance agreements*, sometimes referred to as *performance contracts*. That is actually undertaken in many local authorities. In these performance agreements, the involved parties decide what performance targets to meet in the next few years. Usually a period of four years, sometimes two, is involved. Usually, all six of the key tasks from the BBSH are incorporated in such a contract. The agreements are arrived at through negotiations between the local authority and the housing associations: both parties have expectations with respect to each other. The housing associations usually look to the local authority to make clear statements in such an agreement with respect to
In the Residential Bill (preparatory to the Act), state secretary Remkes set out the position of the housing associations. According to expectations Parliament will consider the Residential Bill in the course of the year 2002. The most important differences from the situation pertaining at the beginning of 2002 are listed below.

- Residents are put in a stronger position both with respect to the layout and management of the neighbouring residential environment, and whenever they seek information from their local authority or their landlord.
- Housing associations are required each year to draw up a progressive multi year performance plan. In doing so, they must take the municipal housing mission statement as the starting point and indicate the quantifiable performances for the first year.
- The areas in which housing associations may expand their activities have been extended in certain respects. The activities must contribute to their social responsibility: the accommodation of vulnerable groups. The associations have the duty to invest their resources as effectively as possible, whether for local operations, or to contribute to the activities of housing associations elsewhere.
- The Centraal Fonds voor de Volkshuisvesting [Central Housing Fund] will be converted into a supervisory organ that not only takes care of the financial supervision, but also ensures the legitimacy of the operations of the housing associations.
- Housing associations which fail to meet performance expectations can be obliged to do so.
- The medium-sized and large local authorities will be required to draw up a housing mission statement, in consultation with local citizens and organizations, such as local housing associations. That requirement only applies to the other local authorities if the province has so instructed.
- Every five years, the State sets out its national policy framework indicating the areas of housing policy on which it expects performance from the provinces, local authorities and housing associations. The State makes clear the topics which should be included in the municipal mission statement, but no quantitative performance.

who may build new dwellings; it is sometimes also set out how the local authority intends to set up projects in particular neighbourhoods to promote the quality of life, or keep the streets clean. It is usually also laid down how the parties will keep each other informed of the progress of the implementation through the monitoring of particular developments.

In addition to these performance agreements, there must also be an annual consultation between the local authority and the housing associations concerning the performance plans for the coming year.

4.5 The supervision of the housing associations by the State

In addition to the consultations between a local authority and a housing association on the housing association’s policy and its achievements with respect to the performance agreements, the State checks that the housing associations function efficiently and continue to operate within the legal framework. Financial supervision also takes place.
Supervision of the efficient functioning and the area in which the housing association expands its activities is undertaken by the Ministerie van Volks­huisvesting, Ruimtelijke Ordening en Milieubeheer [Ministry of Housing, Spatial Planning and the Environment], specifically by the VROM inspectorate (see the textbox on the Ministry). Every year, the Ministry receives an annual report from each housing association for the purposes of ascertaining the accountability of their activities. In addition, in certain situations housing associations are required to apply for prior approval from the State before entering into any legally binding cooperation with any other legal bodies which are not themselves active in the work sphere of the housing association. The financial supervision of the housing associations is carried out by the Centraal Fonds voor de Volkshuisvesting (CFV) [Central Housing Fund] to ensure that the financial continuity of the housing association is guaranteed. In chapter 12 we discuss further this responsibility of CFV.

If a housing association fails to meet the requirements imposed by the State, the State can intervene. An instruction is issued which has the effect of obliging the housing association to comply with the State’s demands. If the housing association fails to respond to its instruction, the State can appoint a supervision holder. Such a person can actively set up a (financial) reconstruction measure, or draw up and carry out an investment plan, to enable the desired result to be reached. In an extreme case the State can rescind the housing association’s authorized institution status.
In the Netherlands, social rental dwellings are built, rented out, and maintained by housing associations. But how is a housing association structured, how does it function, and what legal form does it have? What say do the tenants and housing seekers have in a housing association? In this chapter, we discuss these matters further. First we discuss the two legal forms we encounter: the association and the foundation. Then we consider the administrative structure: who has what responsibilities?

The social landlords have widely differing administrative organizations. We illustrate that with the help of a frequently used model. Finally, we discuss a number of specific matters concerned with the organizational structure, such as the mergers that have taken place in the last few years and the appropriate organizational models for those, and (temporary) cooperative relationships between housing associations and between housing associations and other parties.

5.1 An association or a foundation

A housing association wishing so to do can only acquire the status of an authorized institution if it operates ‘exclusively in the interests of public housing.’ In other words, no profits accruing from the construction and letting of dwellings may be distributed to other people or institutions. An association’s resources may only be used in the interests of public housing.

At the beginning of the twentieth century there were still several forms of housing associations: societies, cooperative societies, cooperatives, even limited liability companies. That is no longer possible; now, only two legal forms are allowed: associations and foundations. Cooperative societies are no longer authorized, because their profits can be distributed to the members. Since the 1960s, limited liability companies are also no longer eligible, because the basis of this company form is precisely the distribution of profits.

In the course of time, there have necessarily been discussions and differences of opinion about the most appropriate legal form for a housing association. In the past both legal forms were used. In the 1970s, after the democratization wave which swept over Europe, including the Netherlands, a preference was expressed in policy for the association form. By the end of the 1980s most institutions concerned with housing were associations, but with the scale increase of the last ten years many housing associations have moved over to the legal form of a foundation: a not for-profit institution without members.

This transformation to the foundation form is also associated with the increase in scale. The development and management of social housing is no longer work for well-meaning amateurs; it demands professional knowledge. Housing associations often refer to themselves as social entrepreneurs, signify-
ing an important hallmark of a present-day housing association. A housing association should be managed and organized as a company. While it is a company with social objectives, it must nevertheless be just as efficiently organized and effective as any other commercial company in the fulfilment of its social objectives.

Usually, the highest organ in an association can influence the composition of the executive committee directly, while the executive committee can appoint or dismiss the director. But there are also association forms in which the influence of the tenants is not so directly regulated. Private interests and the interests of the housing association as a whole can conflict with each other in an association. In a foundation, the influence of the tenants on the policy of the housing association is less direct. The foundation structure avoids the situation where a tenant can wear two hats: one as a tenant, and one as a manager with a direct influence on the appointment or dismissal of the director.

### 5.2 The administrative model

In addition to the current tendency to opt for a foundation form, there is another clear trend to give preference to an administrative model within the housing associations in which an executive committee no longer has the most power, but the director actually manages the housing association. This director is then answerable to a council of commissioners who manage at a distance. That is the situation in about half the housing associations.

In figure 5.1, the administrative model of a housing association is illustrated.

### Table 5.1 Legal form of housing associations in 1999, according to the size of the housing association in rental units in %

<table>
<thead>
<tr>
<th>Size of Housing Association</th>
<th>&lt;3,500</th>
<th>3,500-6,000</th>
<th>6,000-10,000</th>
<th>&gt;10,000</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Association</td>
<td>20</td>
<td>32</td>
<td>24</td>
<td>14</td>
<td>23</td>
</tr>
<tr>
<td>Foundation</td>
<td>80</td>
<td>65</td>
<td>76</td>
<td>86</td>
<td>77</td>
</tr>
</tbody>
</table>

Total 100 100 100 100 100

Source: Vulperhorst, 1999
Here, one director acts as manager and there are seven or nine commissioners (always an uneven number). The council of commissioners has a legal minimum of five members. The council reserves at least two seats for a person nominated by the organized tenants of the housing association; that provision is laid down in State regulations. The other members of the council of commissioners are usually recruited by the director for their specific expertise: management, finance, the social sphere, the technical sphere, and so forth.

The commissioners receive expenses for their work as commissioners; they are expected to have a normal job in some other organization or company. People are not eligible if they are already associated with the housing association, or exercise supervision there. A bank director already doing business with the housing association for example would not be eligible, because there could be a conflict of interests.

The director manages the administration and is accountable to the council of commissioners.

The model also shows the relationship between the housing association and the tenants. In this case there are eleven different tenants’ organizations. These form together a tenants’ council which consults with the director on all matters concerning the general policy of the housing association. The bare minimum of matters on which the housing association must consult are laid down in legal regulations. The tenants’ council also nominates two members for the council of commissioners. Such persons would not be members of a tenants’ organization, but persons that are qualified in the housing field,
familiar with residents’ organizations, and have the confidence of the tenants’ council.
Some housing associations have a three-layered structure. They have a director; above the director is an executive committee; above the executive committee is a council of supervision, which has ultimate authority.

5.3 Organization of the administration

In the model of a housing association illustrated above we see that under the managing director are three other directors, each responsible for a section of the organization. In this case a distinction is drawn between three different disciplines:

- Technical Services
  The dwellings must of course be maintained, and it is the technical services which see to that. Technical services deal not only with residents’ complaints, but also with the periodical maintenance, such as house painting, that has to be contracted out. Often the development of new projects falls under technical services. Sometimes a housing association does that itself, sometimes several housing associations work together (see textbox on cooperative relationships on area subdivisions).

- Housing Services
  The core task of a housing association is of course the letting of dwellings. In this example, that task is divided over three districts. Renting out the dwellings and consulting with residents’ committees is arranged at the level of a complex in each separate district.

- Finance
  Usually, the rent administration and the collection of rent in arrears are regulated centrally within the housing association. The ability to deal accurately with all the financial affairs of a housing association is required, as is the determination of treasury policy. By treasury, we mean the management of all the financial flows within a housing association. A great deal of money is involved, and it must be put to work efficiently; decisions have to be
made with respect to what a housing association can finance for itself and when money must be lent or borrowed. This organization can differ for other housing associations. In other cases, a choice may be made for housing management (divided into districts), resources (strategic finance policy and automation), and projects (project preparation and project management).

The larger housing associations can be seen to contract out innumerable activities, such as maintenance work to rectify tenants' complaints. Sometimes a housing association still has its own builder contractor within the organization to carry out such work, but that is certainly not always the case.

We have referred to the recent increase in scale in the housing associations. This development has serious consequences for their internal organization. Many mergers have taken place of smaller and medium-sized associations operating in the same working area (a local authority, or more frequently a region). But we have also observed mergers on a greater scale level: supra regional, or even national under the condition that the local ties are continued. Where housing associations merging at a local level have properties running through each other throughout several neighbourhoods, the administration is then usually reorganized to create a more efficient system. When merger processes occur on a higher scale level, then a different structure, such as a holding structure, may be chosen. This consists of one central holding concern with several local organizations operating quite independently. Responsibilities and resources are matched within the national organization. The pooled resources available within the total association are utilized where the housing tasks are the most pressing. Usually, treasury policy is implemented at the central level, while other activities are carried out at local level by the completely independent operating establishments.

In addition to mergers, in recent years we have also seen many area-oriented cooperative arrangements set up for a period of a maximum of about ten or fifteen years.

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### Area-oriented cooperation

Integrated renewal is difficult to achieve in city neighbourhoods where several housing associations each own some dwellings. A situation often arises with none of the housing associations willing to move first, each waiting to see what benefits may be gained from investments made by others. In such a situation, where taking greater risks and operating quickly and decisively is often essential, in recent years a neighbourhood development company has often been set up, sometimes with the participation of a private developer or a commercial investor, which also shares in the risk bearing. In some cases the properties of several housing associations in a particular area are brought together under one new, temporary housing association which can work in the ordinary way as an authorized institution. With this option, none of the fiscal problems arise which could well accompany some other forms.
6 Tenants and rent

6.1 Housing accommodation and income

Social-rental dwellings are to be found in every sort, size, and price class; that has been mentioned in chapter 3. More than a third of Dutch households live in a social-rental dwelling. All age groups and households are to be found among the clients of the housing associations: young single people, families with or without children, the elderly, and all income groups. Higher income families also form part of the housing associations’ clientele, although the social-rental sector is intended in the first instance for people on a low income.

In this chapter, we discuss the relationship between the rent of a dwelling and the income of the residents. We give an overview of the income groups who live in social-rental dwellings. We then discuss the legislation which controls rents. Finally, we deal with the rent subsidy system that makes it possible for low income groups to live in affordable, good quality housing. To help make the situation more readily understandable, in the textbox we have put some information about social services and general income levels in the Netherlands.

### Income levels in the Netherlands

The Netherlands is a prosperous country with good and extensive social services. There is an income guarantee for people who do not, or cannot, receive their personal income from paid employment. The basic assumption is that people earn their own income through work; but those who for some reason are not able to earn their own income, such as the sick, the unemployed, and the elderly, receive money from the government on which they can live. The extent of this amount differs according to age and circumstances. In certain circumstances, single people receive a lower state benefit than people living with a partner and/or have children. The basic assumption of the state benefit is that the amount should be sufficient to rent a dwelling and meet day-to-day living expenses.

### Income from work and state benefits in 2000

<table>
<thead>
<tr>
<th>Net income per month</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Average income, all households</td>
<td>€1,990</td>
</tr>
<tr>
<td>Minimum income from work</td>
<td>€1,013</td>
</tr>
<tr>
<td>Minimum state benefit, single people aged 21 to 65 years</td>
<td>€499</td>
</tr>
<tr>
<td>Minimum state benefit, single people aged 65 years and older</td>
<td>€733</td>
</tr>
<tr>
<td>Minimum state benefit, couples aged 65 years and older</td>
<td>€1,037</td>
</tr>
</tbody>
</table>

Source: Ministerie van VROM, Cijfers over Wonen, 2000/2001, processed by OTB
The housing associations are required to give priority in allocating housing accommodation to people on low incomes. Such people are considered to be the associations’ primary target group\(^1\). Most households without an income from employment, but who receive state benefits, belong to this primary target group. In addition, households earning a minimum wage also belong to this target group.

In the Netherlands in 1998, about 39% of all households belonged to the primary target group of the housing associations on account of their income. In total, 55% of all social-rental dwellings were rented to people from the primary target group. The remaining tenants of the housing associations were people with a higher income.

Most low-income households live in a social-rental dwelling. A substantial share of this primary target group lives in private rental dwellings. Homeowners account for a smaller share; this group includes households without any income from employment or a substantial pension, but who are nevertheless homeowners. Most high-income households are owner occupiers, although some of this income group are also housing association clients. In general, the higher the income, the lower is the likelihood of being a tenant of a social-rental dwelling. This can readily be seen in figure 6.1. There, Dutch households are classified into ten groups on the basis of income (income deciles). An average 55% of deciles 1 through 4, the 40% with the lowest incomes, rent a social rental dwelling. At 17%, the average is considerably lower for the top four deciles, the 40% of households with the highest incomes.

In many municipalities, income criteria are applied in the allocation of social-

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\(^1\) Single person households with a disposable income up to €12,900 and multi person households with a disposable income up to €17,600 (2000).
rental dwellings; in chapter 7 we discuss this matter further. At the time when a dwelling is let to a new tenant, that person’s income is checked to see whether it is in keeping with the level of the rent. Once a tenant rents a dwelling, the tenancy may be continued even if there is a later change in income. That security of tenure is concerned with the rent protection regulations which apply in the Netherlands. Tenancy agreements are almost always valid for an unlimited time. If a tenant has a rise in income, but has no wish to move house, there is no compulsion to do so. A landlord may not terminate a tenancy agreement with the aim of thereby increasing the rent.

### 6.3 Regulating the rent

To ensure a sufficient stock of dwellings at an affordable rent for people in the lower income groups, there are regulations in the Netherlands for setting rent levels. These regulations set the maximum rent a landlord may ask, and the maximum rent increase each year. The regulations apply to all social and private rental dwellings with a rent up to the rent subsidy limit. Landlords have to comply with the house rating system for the calculation of rent.

The rent subsidy limit for 2001/2002 is €541.
the rent. The regulations which have to be used generate a maximum fair rent for every dwelling. A landlord may not ask for more rent than this maximum fair rent. In practice, the rent asked by the housing associations is often considerably below this maximum. Since the same system operates over the whole country, rents for comparable dwellings differ very little from each other in different parts of the Netherlands.

There are in fact plans afoot to modify the house rating system. It has been proposed to start working from 1 July 2005 with a system in which the location of the dwelling and popularity of the neighbourhood is more heavily weighted. Also certain features of the dwelling will be rated differently. The current house rating system only takes these consumer preferences into account to a limited degree in the calculation of the maximum rent.

In association with the house rating system, each year the maximum rent increase is determined. Landlords (housing associations and private) may raise the rent for sitting tenants once a year, on 1 July. Each year, the government sets this maximum rent increase at national level. In 2001, the maximum permitted rent increase was 3.8% of the current rent.

If a tenant is dissatisfied about the rent level and cannot come to an agreement with the landlord on the matter, the tenant can submit a complaint to the rent commission. This is an independent organ whose ruling with respect
House rating system

In this system, a dwelling is awarded points on each of twelve components. Some of these points relate to the dwelling itself. This score is adjusted according to the dwelling type, positive and negative aspects of the residential environment and, where applicable, the extent to which the dwelling has become outdated. The aggregate of the points gives a rating for the quality of the dwelling. The higher the number of points, the higher the rent may be. A dwelling with a score of 50 points may have a maximum rent of €201.75; a dwelling with 75 points, €302.63; and a dwelling of 100 points, €411.40. Below, an example is given showing the calculation for a dwelling awarded 97 points (maximum rent €398.11).

Example of the calculation of the maximum fair rent

1. Area of the rooms
   (livingroom/bedrooms, kitchen and bathroom) 60 m² x 1 point 60
2. Area of other spaces
   (utilities room, storage, attic, garage) 4 m² x 0.75 point 3
3. Central heating 14
4. Heat insulation 10
5. Kitchen 7
6. Sanitary fittings
   - toilet 3 points
   - washstand 1 point
   - shower 4 points
7. Ageing dwelling -10
8. Private outside space to 25 m² 2
9. Housing type 1st floor with lift 5
10. Residential environment 10
11. Nuisance situations in the neighbourhood -12
12. Special services 0

Total points 97

Maximum fair rent €398.11

to a dispute between tenant and landlord is binding. If, on the basis of the house rating system, the rent indeed appears to be too high, the landlord must reduce it.

6.4 Rent subsidy

All households in the Netherlands have therefore sufficient income so that they can at least rent an inexpensive dwelling. However, for them all to be able to find such, there must be enough affordable dwellings available. This provision is the most important responsibility of the housing associations. By no means all housing association dwellings are immediately affordable for low-income households, so a financial concession is made available for them: the rent subsidy. Households from the primary target group can rent a dwelling from a housing association or from a private landlord. Depending on the household composition, the age, their taxable income and the rent, they receive a contribution to their housing costs via the rent subsidy (rental allowance). Usually, the lower the income and the higher the rent, the greater is the subsidy a household receives. A rent subsidy can only be granted for
dwellings with a rent below the rent subsidy limit. In 2000, more than a million households in the Netherlands lodged an appeal under the rent subsidy regulations. About a third of the tenants of the housing associations received rent subsidies in 2000. On average, they received about €130 per month. This sum represents about 40% of the average rent of the dwellings in which they were living. Thus, on average they paid 60% of the rent themselves and 40% was paid for by the rent subsidy.

The aim of the rent subsidy is to enable people on a low income also to live in dwellings of good quality. This aim seems to be achieved in practice. The dwellings occupied by housing association tenants receiving a rent subsidy and those occupied by tenants without a rent subsidy are on average equally expensive. The disadvantage of the current rent subsidy system is that there is hardly any incentive with respect to price. People who rent more expensive dwellings also receive more rent subsidy.

### Rent subsidy

All households receiving a rent subsidy must in any case pay some of the rent themselves (minimum €166). The rest of the rent can be paid wholly or in part by the rent subsidy. The total rent may not in any case be greater than €541. Tenants of a dwelling with a higher rent cannot receive any rent subsidy.

<table>
<thead>
<tr>
<th>Income per year</th>
<th>€10,000</th>
<th>€10,000</th>
<th>€15,000</th>
<th>€15,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent</td>
<td>€200</td>
<td>€400</td>
<td>€200</td>
<td>€400</td>
</tr>
<tr>
<td>Rent subsidy</td>
<td>€34</td>
<td>€209</td>
<td>-</td>
<td>€41</td>
</tr>
<tr>
<td>Rent to be paid</td>
<td>€166</td>
<td>€191</td>
<td>€200</td>
<td>€359</td>
</tr>
</tbody>
</table>
From the point of view of government finances, it would seem logical to reserve the least expensive dwellings for the people on the lowest incomes. In this manner, the lowest income groups would take up the least amount of rent subsidy. This approach was also the policy for a long time. But because the least expensive dwellings are often located in close proximity, neighbourhoods grew up with concentrations of low-income households. This concentration was found from experience to be undesirable. Nevertheless, keeping the rent subsidy expenditure within bounds is still an important objective. Housing associations can be fined if a certain total amount of rent subsidy is exceeded. But besides cost effectiveness, the mixing of income groups at neighbourhood level is also found to be very important. The current situation, with social-rental dwellings not exclusively occupied by households with the lowest incomes, is now perceived as one of the merits of the Dutch social-rental sector.
7 Social housing, access for whom?

7.1 Allocation policy

This chapter deals with the allocation of social rented dwellings: who is eligible for them, and what mechanisms are used to allocate them. In the post-war years, resolving the housing shortage was the first public priority; public housing was built in large quantities to make up for the losses and lack of building activity during the Second World War. With the large-scale building production came a Housing Allocation Act which featured a needs-based distribution of housing for a wide clientele of people in various income categories. Previously, housing associations had been solely responsible for the allocation of their accommodation units, without any intervention from local authority or national housing officers. In the early 1990s, a new Housing Allocation Act was passed, in line with the liberalization and decentralization of policy described in chapter two. Although this act did not change actual allocation practices radically, we discuss it here since it represents the most recent administrative framework.

Housing shortages lasted longer than anticipated as a result of the post-war baby boom, immigration in the 1960s and following decades and, most importantly, a drastic decrease in household size. Overall, little changed in allocation policy and practice until the beginning of the 1990s. A new allocation system was introduced in the city of Delft in order to deal with the disadvantages of the distribution system. We describe below the working of this choice-based letting mechanism. This way of letting became the leading system in the Netherlands in the course of the 1990s. We also discuss the latest developments and debates in allocation practice by housing associations.

7.2 The administrative framework

Distribution or needs-based allocation systems have operated since 1947, when the Woonruimtewet [Housing Allocation Act] was implemented to cope with the pressing housing shortages by allocating dwellings in a just and efficient manner. The Woonruimtewet provided for local authority intervention in the allocation of housing over the whole country. The most important policy tool was the local authority housing permit, which people needed to be considered for any kind of local housing. At the end of the 1960s, the housing permit policy was liberalized in several districts where housing shortages were supposed to have been resolved. In 1974 local authority intervention was restricted to the cheaper housing stock, both owner-occupied and rental.

The 1947 Housing Allocation Act lacked the flexibility to cope with local and regional differences in housing market conditions. A second problem was that the Act regulated on a local authority rather than a regional scale, whereas housing markets tend to be regional rather than local. Finally, the
differences in regulations (procedures, eligibility criteria, and definitions of need) between one local authority and another resulted in a lack of transparency and unequal opportunities for applicants in the social sector. These problems finally led to a new Huisvestingswet [Housing Allocation Act], which was implemented in 1993. The 1993 Housing Allocation Act provided uniformity on the one hand and more flexibility on the other. All instruments provided by the Act were made available for all districts in the country. It is up to the local authorities to decide which of the instruments they wish to use and for what categories of dwellings. Local authorities are able to make agreements with housing associations regarding allocation policy. Local authorities can either pass a formal byelaw (Huisvestingsverordening), or draw up a covenant. In the agreement, criteria are set for the eligibility, suitability, and sequence of applicants.

### 7.3 Allocation practice in the post-war decades

Under the 1947 Housing Allocation Act, the distribution model operated on the local authority level, allowing for local differences in the translation of needs in eligibility, suitability and ranking criteria. The degree of autonomy for housing associations in the process of allocating differed from one place to another. In some local authorities, all applicants would have to be regis-

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**Housing allocation criteria**

**Eligibility criteria**

Eligibility criteria (toegankelijkheidscriteria) determine which kinds of households are allowed to register. The conditions are usually: over eighteen years of age and (in some areas, mostly urban districts), social or economic ties to the area. Applicants must have a job in the area, or meaningful social networks, or a personal housing history that connects them to the specific area.

**Suitability criteria**

Suitability criteria (passendheidscriteria) determine the kind of dwelling for which a household can apply. These criteria are usually dwelling size in relation to household size and income level in relation to the rent level. As discussed in the previous chapters, the social-rented sector in the Netherlands is so large, it accommodates tenants from a wide income range. Therefore, particular attention has to be paid to the access of low-income households to affordable dwellings. Affordable housing is defined as housing up to the maximum rent levels that allow tenants to enrol in the national rent subsidy program. Housing associations can be fined if a certain total amount of rent subsidy is exceeded as a result of their allocation policy, even if they have allocated within the limits of the Rent Subsidy Law. They are thereby discouraged from letting inexpensive dwellings to people with higher incomes and leaving the expensive housing for people on low incomes. After all, the Ministry of Housing has to foot the rent subsidy bill.

**Sequence criteria**

Finally, sequence criteria (volgordecriteria) determine the sequence in which eligible applicants are allocated and under what conditions exceptions are allowed.
tered on a local authority waiting list and be ranked according to their wait-
ing time and specific needs. In other cases, housing associations would allo-
cate some of their vacancies to their own members, leaving some other
vacancies (usually not the best) for candidates from the local authority wait-
ing list.
Applicants received points for needs as well as waiting times and these
determined their ranking position. The vague definition of ‘needs’ offered
scope for pressure and fraud. Needs could be severe medical or social prob-
lems related to the housing situation, a long travelling distance from home to
work, lack of space in the house, or divorce. Applicants strived to escape long
waits by claiming priority credits for various reasons. Furthermore, a sub-
stantial portion of the registered applicants only registered in order to pro-
vide an additional option should future needs arise. As a result, many
dwellings were refused when offered. Also, the gap between registration on
the waiting list and actual allocations was so great that inventories of hous-
ing preferences had to be updated frequently, creating pointless paperwork
for housing officers. Overall, inefficiency and lack of transparency were con-
sidered serious problems of the post-war distribution system.

7.4 A new allocation mechanism

In 1990, the City of Delft (approximately 100,000 inhabitants) and the local
housing associations abolished the local waiting list and introduced a new
allocation mechanism, now known in the United Kingdom as the choice-based
letting mechanism and usually referred to in the Netherlands as the advertise-
ment model or supply model. Briefly, details of vacant dwellings are published in a magazine or newspaper and eligible applicants can respond to specific notices, provided they meet the accessibility criteria, which are published alongside the advertisements.

After the Delft model had been successfully introduced as a pilot project, the concept spread rapidly over practically all districts in the country, including areas with high demand for rentals as well as areas with low demand. Advertisement models have been implemented by individual housing associations, but more often by all the housing associations within a local authority, or within a regional housing market district.

The advertisement model was considered much more customer friendly and likely to fit in with the concept of a liberalized, market-oriented social sector. The Ministry of Housing advocated the model for this reason and local actors implemented it at such a pace that now, at the turn of the 21st century, most of the social rented sector is allocated through this mechanism. In less than 10% of the local authorities, mostly small and in rural areas, the distribution model still operates. A few individual housing associations have adopted a hybrid of the two allocation models, called the option model.

The general idea of the advertisement model can be summarized as follows. Dwellings available for rent are advertised in a weekly newspaper. Recently, other media are also being used to place advertisements, such as the Internet and local cable television. A description of the vacant dwelling is given accompanied in some cases by a photograph. The advertisements detail the qualifying conditions, such as income level and household size. Further rules and procedures for applying and a reply coupon are included alongside the advertisements. House seekers interested in a dwelling must send in the reply coupon (or respond by telephone, or the Internet) to one of the housing associations. Housing officers enter all the reply coupons into a database. Applications are ranked according to open, objective criteria, such as waiting time, or the age of the applicant, or the number of years in their current residence. For new applicants, priority is often given to the oldest. Transferring tenants are often ranked according to the length of occupancy; the applicant with the longest residency period is given priority. Both criteria were chosen because they resembled waits in the old waiting list system.

Notification of the selection and offer of a unit is made within several weeks of the application. After selection, the newspaper reports on the number of applicants per unit advertised and on the qualifications of each selected tenant. Unsuccessful applicants can check to see whether the successful applicant had indeed had better qualifications. The same information can be used by house seekers to focus their future applications on units for which there is likely to be less competition and for which they would have a more realistic chance of being allocated.
Advertisement of rentals in a housing magazine. The text describes type of dwelling, size of living room, number of rooms and the rent level. It also mentions conditional allocation criteria: income level and household size.

In the event of abandoning the needs-based system, the definition of needs was narrowed so that only a few applicants could escape the general criteria of waits. Small numbers are allowed priority for social reasons, including health problems related to their housing situation, homelessness, catastrophe, or urban renewal clearance. In most cases, divorce and overcrowding are no reason for giving priority over people with longer waits, as was previously the case. This change was made in order to obtain transparency and openness in the system and because divorced people, or people in overcrowded housing situations, are held responsible for their own situation. An independent committee decides on priorities for people who apply.

In short, the advertisement allocation mechanism pays less attention to needs and more to the transparency of the process, to customer empowerment and choice compared with the distribution system.
7.5 Recent developments

After ten years of experience in different local settings, the advertisement system is increasingly under discussion. The convenience for the customer – the house hunter – is being questioned. Although the open notification to the public of practically all vacancies is still considered a major improvement, this is less true for the effort that applicants have to make to get access to a vacancy. Repeatedly, vouchers have to be completed and sent in without any guarantee of access to one of the chosen dwellings. Through voice response, local cable television and especially the Internet, housing associations provide helpful personal feedback on people’s efforts. With the database needed to run the advertisement model, more convenient services can be offered. House hunters can for instance express their preferences (in terms of rent level, size of dwelling, and location) and then the database can apply on behalf of the applicant for all vacancies that match their preferences.

Another recent trend is to liberalize the suitability criteria, for two reasons: providing more choice, and simplifying the system. Some housing associations in areas of low demand have started renting out affordable dwellings to the first applicant entering the office rather than setting overall ranking criteria. This procedure is sometimes followed in urban areas for part of the stock that is easy to let. These dwellings are advertised as ‘for immediate letting’.

In the Randstad area, the information on vacant dwellings is being reorganized on a supra-regional scale. Rental vacancies and some newly-built owner-occupied dwellings are presented on one Internet site (www.woningnet.nl) and applications are processed in one database managed by WoningNet NV. WoningNet is an incorporated company (NV); housing associations in the areas are the stakeholders. WoningNet started in the Utrecht area and now includes the Northern Randstad area (involving in total a quarter of all the dwellings managed by Dutch housing associations), while negotiations are taking place to include areas in the southern Randstad as well. This would result in a representation of half the social-housing sector.

The ambition of WoningNet and its stakeholders is eventually for all the various local and regional advertisement models to merge into one national system with the same priority rules and procedures. In this way, it would be easier for house hunters to look beyond the borders of their home districts and to exercise choice in a larger geographical area.
8 A question of quality

8.1 The endeavour for more quality

Housing associations were set up at the beginning of the twentieth century as a reaction to the extremely poor housing conditions of households with low incomes. Many of the names of housing associations set up at that time reflect their ambition to develop better quality housing for households on a limited budget. To name a few: ‘Improvement is our goal’, ‘Good housing’ and ‘Better housing’. These names reveal what the heart of the matter always has been in social housing: the endeavour to achieve dwellings of better quality and sufficient availability.

Quality is a concept that is subject to considerable inflection. Quality for one person may not be such for another. Quality depends on individual resources and circumstances. A dwelling which you can only get to by going up four flights of stairs may well be quite satisfactory for a young and energetic person, but would certainly not be for a household including one member who is not very mobile.

And what was thought of as good quality in the past may no longer be today. In the last ten years, the marked increase in prosperity in the Netherlands has been accompanied by steeply rising expenditure on housing. Households with the ability to pay do so willingly. They set higher demands on their housing. In the 1960s, a new four-room dwelling of 60 m² was thought of as a palace. In the second half of the twentieth century, increased prosperity and higher standards in social housing led people to expect a four-room dwelling to have a minimum of 100 m². These higher demands set for a dwelling’s size are accompanied by higher demands on its fittings and finish, the soundness of its construction, and the quality of the energy provision. Newly-built dwellings added to a neighbourhood often put the older dwellings in the shade.

Residents assess housing quality according to the financial resources at their disposal, the availability of dwellings, and the specific characteristics of their households.

8.2 New housing construction: beyond the commonplace

The quality ambitions of social house building can often be construed from projects which have just been built. There, the quality standards current at that moment come to the fore. Aspects of quality that have not yet become commonplace can often be seen. The endeavour to raise the level of the housing culture is expressed in newly-built dwellings. The quality is to be seen in their size, their fittings and equipment, but also in the architecture.

Everything depends of course on the availability of resources. Immediately
after the war, under the pressure of the need for quantity, new dwellings were often functional, but austere. State policy has played a large part in the development of quality. Until the 1990s, the State could exercise a powerful influence on the technical quality of the construction of new dwellings through its substantial subsidies and its supervisory function. When the subsidies allied to house building were abolished, the influence of the State and the local authorities in this area declined.

The housing associations themselves have also played a very important part. Their ideals could often be derived from the complexes they built. It is still the policy of many housing associations to develop attractive new construction of a high quality. That endeavour is based on their ambitions in the sphere of social house building, namely to respond satisfactorily to the demand for accommodation for households with a low income. The endeavour is also based on common sense. Dwellings are built to last for a long time.
They involve heavy investments. If the developments of a housing association are not of high quality, the risk is run of being troubled after a time by dissatisfied tenants; a negative financial result is also likely for example in the case of deterioration or vacancy. Housing associations cannot ignore market forces.

### 8.3 Strategic asset management

Dwellings are built to last. On completion, they satisfy the demands set on the housing market at that moment. But, as the years pass, the quality norms rise and the social housing becomes older. It is a housing association's responsibility to be aware of market changes and develop and carry out a timely strategy to ensure that its housing stock is able to meet the requirements of changing demand. We refer to that as a **strategic asset management**.

In that policy, the housing associations endeavour to bring a number of developments into the frame together. These include data on the housing market, the environment, neighbourhood developments, the residents, the characteristics of the dwellings, and the objectives and opportunities of the housing association. By bringing these data together, a housing association can deter-
mine its policy per complex. In that way such a situation can be avoided where the maintenance department of a housing association carries out extensive maintenance work in a complex when in fact more radical renovation was necessary for it to remain attractive. Through collecting together data on the dwellings and the residents, an awareness of possible future changes can be acquired of demographic developments, and so forth.

8.4 Renewal

In drawing up a strategic stock policy a housing association may be confronted with a situation with the inevitable conclusion that a considerably more radical approach in a neighbourhood is necessary. That has been the case in the Netherlands in many neighbourhoods constructed in the years 1945-1970, sometimes also in somewhat older neighbourhoods and sometimes even in newer neighbourhoods.

Aspects incorporated in a strategic asset management

Housing market
- What are the general characteristics of the housing market in the area: is demand substantial, rising or falling; are there any discernable trends?
- What is the market position of the housing association's dwellings: how often do people move out of the complex; how many reactions does an advertisement attract when a dwelling becomes vacant; when a vacant dwelling offered to a household, is it readily accepted?

Environment
- What developments are there in the neighbourhood: what economic developments are there; will there be much new housing development?
- Developments in the neighbourhood
- Have the local authority, the housing association, or other housing associations drawn up mission statements for the neighbourhood in which the property lies?

Residents
- What are the characteristics of the residents with respect to age, household composition, income, and lifestyle?
- What developments have taken place in the last few years and what are the future expectations? Will there be any effects from ageing, for example?

Characteristics of the housing market stock per complex
- What is the general state of maintenance of the complex; what expenditure will have to be made on maintenance in the next few years?
- Does the dwelling still satisfy current requirements, or are some further adaptations necessary?
- What are the financial data of the complex?

General housing association data
- What is the financial position of the housing association?
- What is the character of the housing association, what objectives has it formulated?
It is frequently a matter of residential neighbourhoods with many of the dwellings no longer capable of satisfying current requirements: small dwellings with few conveniences, apartment blocks without a lift, and dwellings which from a technical viewpoint are in need of major repairs. These dwellings are often situated in neighbourhoods which are less popular.

The restructuring task

The recent policy document on housing included a calculation showing that, with no change of policy, the demand for quality and the expected growth in this demand would lead by 2010 to large surpluses in multifamily rental dwellings and shortfalls in the category of single-family owner-occupied houses. On the basis of this analysis, objectives were formulated for a transformation task. In the National Housing Agreement 2001-2005, the signatories of which include the Secretary of State, Aedes, the VNG and the Nederlandse Woonbond, the following objectives for restructuring and new construction in 2001 - 2005 have been laid down:

- demolition of 20,000 dwellings per year;
- merging of 16,000 small housing units into 8,000 housing units;
- improvement of 65,000 social rental dwellings per year;
- new construction of 100,000 dwellings per year, 25,000 of which to be social rental dwellings;
- sale of social rental dwellings (here the parties are not in agreement with respect to the figures; the Secretary of State aims for 50,000 dwellings per year to be sold to sitting tenants, but Aedes and the VNG do not subscribe to these figures);
- investments in sustainable construction;
- investments by the housing associations in the quality of the residential environment.

At the beginning of 2002 it became clear that these figures would not be fully attained. Where the parties are in full agreement, however, is that a very substantial quantitative task lies ahead. Together they will endeavour to accelerate progress in the restructuring process.
on the housing market. New tenants are only acquired from groups in a weak position on the housing market and people in urgent need of a dwelling. A situation can then arise in which low-income households, ethnic minority households, the unemployed, and other vulnerable social groups all collect together in an area where dwellings are poor. Problems of criminality, drug abuse, and the general quality of life soon mount up. This situation often leads those households still able to exercise some choice to move away, in particular the middle and higher incomes.

In such cases the conclusion is often drawn that a radical approach is necessary at the neighbourhood level and that suitable dwellings in such a neighbourhood should also be made available for middle and higher income households. We refer to that approach as the renewal of the neighbourhood. These are radical processes, intended in the first place for the residents of the dwellings concerned. These people should be offered another dwelling. It is of fundamental importance to begin with the residents if the problems – often raised by them – are to be dealt with satisfactorily. Discussions with residents can make clear what the pressing problems are and what matters in the neighbourhood are considered important. Different groups of residents set different demands and require different approaches. This often applies to ethnic minority groups, for example. (In chapter 11 we consider residents’ participation further.) This process is intensive and will require considerable investments in the next few years. It is also a process involving many parties: residents, housing association(s), sometimes private landlords and owner-occupiers, the local authority and countless other parties, varying from private landlords, project developers, tradesmen and shopkeepers in the area, not forgetting the local police.

The local authority plays a big part in the renewal process. She is the owner
and manager of the public space but next to that looks after the public interest and is carrying political responsibility. Renewal plans are mostly embedded in the municipal housing mission statement, as named in paragraph 4.3 and 4.4. Maintenance

Regeneration is perceived at this moment as the greatest task facing the housing associations. They own hundreds of thousands of dwellings dating from that period which now, or in the near future, will no longer meet residents’ requirements. But the people living in these dwellings often view renewal with apprehension. They may have no plans to move house. That is particularly true of the elderly, who may have lived in a neighbourhood for a long time. If it is the intention that these neighbourhoods should function well in the future, interventions are often necessary. These will usually have to be carried out at the level of a complex or block, because of the nature of the housing complexes.
9 The housing association and the residential climate

9.1 Three scale levels

The housing associations have for a long time taken on tasks which go well beyond ensuring the provision of housing for people on low incomes. Apart for housing, the associations have always felt responsible for the residential climate. When the social-rental sector was first established, their moral principles led to the selection of new tenants on the basis of their good lifestyle and compliance with strict house rules. These house rules covered the layout and maintenance of the grounds surrounding their block or their allotments and such details as the times when tenants could hang out their washing to dry. The current involvement of the housing associations in the residential climate is of a somewhat different nature.

Three scale levels of involvement can be distinguished: the dwelling itself, the residential complex and the neighbourhood.

As landlords of the dwelling the housing association offers a directing without qualitative shortcomings. Conversely, tenants must not cause any damage to the buildings or any nuisance to other residents.

The level of the common entrance and the housing complex is of particular importance for the complexes with multi family housing. In these, there are always common spaces used by all the tenants and which must be maintained. More than half the housing stock of the housing associations in the Netherlands consists of multi family housing.

The third scale level, the neighbourhood, is also of importance for a housing association. They are often the largest owners real estate in a neighbourhood in which they own dwellings. Together with the local authority and other house owners, the housing associations have an important responsibility for the residential climate.

These three scale levels are further discussed below.

9.2 The dwelling

A housing association has the duty to ensure for its tenants their undisturbed enjoyment of their dwellings. But a tenant renting a dwelling also takes on the duty to live in it in an appropriate manner. To ensure that a tenant actually does so and to clarify what is understood by ‘well-mannered living’, housing associations set conditions which they include in the rental contract. Sometimes these conditions are expanded into a separate house rulebook, or a set of regulations. These rules may differ according to the sort of dwelling.

In principle, people should be able to live together in close proximity without creating a nuisance for other residents. In practice, where people live in densely built complexes, irritations and conflicts sometimes arise concerning the behaviour of neighbours. In a complex situated in a neighbourhood
where there is considerable anonymity and the quality of the sound insulation leaves much to be desired, housing associations encounter this sort of nuisance frequently. Nuisance can take on various forms, from the sound nuisance of a TV turned up too loud to threatening behaviour. Residents suffering annoyance from other tenants can submit a complaint to the housing association. In the first instance the association will endeavour to bring an end to the nuisance through discussions and coming to some agreements. The housing associations usually have housing consultants, general social workers or specialized housing social workers on their staff. But if that endeavour has no effect, stronger measures must be taken. In extreme cases, tenants causing considerable nuisance can be evicted from their dwellings.

**House rulebook**

In the middle of the 1990s, the Amsterdam Housing Foundation ‘De Key’ began an experimental project in which tenants drew up house rules for themselves for their own entrance hallway and galleries. Since then, more housing associations in the Amsterdam area have joined the project Prettig Wonen doen wij zo! [We live together pleasantly like this]. The residents drew up the house rules in joint consultation. They cover, for example, how late in the evening do-it-yourself jobs can be done, how bicycles and other personal property should be left by residents in the common entrance, and keeping the common entrance area clean and tidy. New residents sign the house rules together with the rental contract. Residents can now deal more easily with neighbours failing to keep to the house rules. The matter can be discussed with the offenders, and if they do not react satisfactorily the problem can be taken over by the housing association.
Housing associations encourage residents to arrive at some mutual agreements on good neighbourly behaviour to avoid nuisance as far as possible.

9.3 The common entrance and the residential complex

Immediately after the Second World War, large numbers of apartment blocks with common entrances and galleries were built. The residents in these dwellings had comparable backgrounds and lifestyles. In the current situation, the backgrounds and lifestyles of the residents differ more widely. In addition, the sound insulation of these dwellings is antiquated and not in keeping with our current norms.

Apart from the physical nuisance described above, these different lifestyles can also clash. Different ideas about the use of public spaces, over contact with neighbours, the sort of music played, at what time and how loudly, cooking smells, and children’s behaviour are all examples of irritations which can lead to conflicts. These mutual irritations tend to erupt more heatedly in multi family dwellings than in single family dwellings, because in the first dwelling type the housing density is greater and some areas in the residential complex are shared, such as a common entrance hallway, galleries, lifts, and storage areas. Housing associations also organize meetings with all the tenants that share an entrance to solve these problems.

9.4 The neighbourhood

Achieving a pleasant residential climate in a neighbourhood can be considered from both a physical and a social point of view. A physically pleasing

Neighbourhood mediation

In a number of cities in the last few years, neighbourhood mediation services have been set up to resolve conflicts between neighbours. Neighbourhood mediation has drifted over to the Netherlands from the United States. It is a low-threshold method in which volunteers mediate in disputes between residents in the neighbourhood. They deal with the irritations or quarrels arising between people living next to each other, or very close by. The most important source of neighbour conflict is sound nuisance, followed by the use of abusive language, threats, and gossip. First comes the restoration of communication by talking the conflict through. Most projects are set up in cooperation between the local housing association, the police, and the welfare organizations.
neighbourhood is one in which the dwellings and residential environment are attractive, clean, and well kept up. The housing associations and other property owners are responsible for the quality and appearance of the dwellings in a neighbourhood. The local authority is responsible in the first instance for the quality of the residential environment. Since achieving this also depends on the housing associations, there is in this respect more cooperation with local authorities; their responsibilities and activities are better coordinated. Should, for example, a housing association wish to undertake Neighbourhood concierges and caretakers

Recently, the neighbourhood concierge has become a trusted figure in many districts. The neighbourhood concierge is a contact person for the tenants. They can come to the concierge with questions and reports about the public space. These can vary from reporting broken paving stones, or badly parked cars, to the nuisance caused by particular residents. The neighbourhood concierges’ responsibility is to resolve these matters as far as they can, or failing that to pass on the information to the appropriate authorities. In some districts a neighbourhood concierge doubles as a handyman dealing with minor household repairs. Neighbourhood concierges may be employed by the local authority, or by the housing association, or both. Their concern would be for a whole neighbourhood. In larger complexes, housing associations may appoint caretakers. Their responsibilities are comparable with those of the neighbourhood concierges, but then specifically for one residential complex.
radical renovation of a housing complex, consultation with the local authority may lead it to make simultaneous adjustments to the residential environment.

The residential climate is not just determined by the physical appearance of the neighbourhood. Housing, the residential environment, and the residents themselves determine together a neighbourhood's residential climate and image. The social side of the quality of life is mainly concerned with security and residents' involvement in their neighbourhood. Of course, security is also the responsibility of the local authority and the police, but the housing associations can also contribute. An example of this is the prevention of burglaries and break-ins.

The idea underlying the involvement of tenants in their neighbourhood is that they can be a positive influence on the residential climate. The housing associations therefore develop activities, alone or in cooperation with the local authority and other bodies. These activities can vary from street parties, communal cleanup operations, open house coffee mornings including making the residents who have made a positive effort for their neighbours and neighbourhood the centre of attention. More structural are the initiatives taken to give residents more say in the layout and maintenance of parts of their surroundings. A residents' group may receive far-reaching involvement, even its own budget, so that they may, for example, lay out and maintain a part of the public space according to their own ideas. This could be a square, a small park, or a playground.
10 Housing and care

10.1 Government policy for housing and care

The primary responsibility of housing associations is the accommodation of people who would themselves have difficulty in finding a suitable dwelling. These are not only households on a low income, but also households in need of care: the elderly, the handicapped, the homeless, and so forth. This responsibility has become more important in the last few years.

In the past, people who needed extra care were looked after in large, centralized institutions. For example, from the 1960s the elderly went into old people’s homes, where they probably had just one room for themselves and all other accommodation and services were shared. Since that time, ideas about care provision have changed. Policy has now shifted from centralized supply-oriented care provision to more demand-oriented tailor-made care. It is hoped that the wishes of individual clients can be better met and that as a result costs can be saved. The change in policy resulted in a separation in the organization and management of housing and care. Here, the dwellings and the accommodation must of course be suitable for the provision of such care; for example, the use of a wheelchair.

The second cause of the increased responsibility of the housing associations for housing and care is related to the demographic developments in the Netherlands. As in many other countries in Europe, in the next few decades there will be more elderly citizens and an ageing population. People live longer and the birth rate is falling. There will therefore be more people needing a dwelling in which they receive extra care and assistance. The living accommodation is in the area of responsibility of the housing association, while the care needed will have to be provided by another institution. A housing association can act as a mediator for its tenants.

The area of interest for combined housing and care is extensive. The first people mentioned are always the elderly. This large group is traditionally an important target group for the housing associations. The elderly on a low income used always to be the main target group, but latterly this has become more extensive and now includes all the elderly in need of care. In addition to providing accommodation for the elderly, dwellings are also offered to the physically handicapped and mentally handicapped people. A newer component in the area of housing and care is the accommodation of the homeless, (ex) drug addicts, (ex) psychiatric patients, and people on release from prison. The specific characteristics of the housing accommodation for these groups are described below.

10.2 The elderly

About 14% of the population in the Netherlands is 65 years of age or older.
Through the ageing of the population, this share will increase rapidly, reaching about 36% in 2020.

Most elderly people want to stay in their own homes and live independently for as long as possible; the government wants the same because of financial consideration. Many of them do not need any extra care or assistance. But, with the ageing of the population, the share of the elderly with physically limitations is increasing. For this group of people, daily activities such as walking upstairs, shopping and housekeeping become difficult, if not impossible. Some elderly people can manage for themselves very well in their own homes, possibly with some adaptations. But there is also a growing group of the elderly who have moved, or would like to move, into a dwelling specially adapted for the elderly.

Many elderly people would prefer to live in a smaller dwelling with all the rooms on the same floor. With children no longer at home, they need less space. Besides, housework and possibly maintaining a garden are hard work. People want to prepare themselves in good time for having to cope with...
physical limitations (for example, difficulty with stairs), or they want a residential environment where people of their own age are living.

Of all the people aged 75 and more who would like to move house, more than three quarters say that they would prefer to go to a senior citizen’s flat. These are usually dwellings with all the rooms on the same floor in an apartment block, which can be reached without stairs, and can comfortably accommodate wheelchair users. At the present time, about a third of people over 75 already live in a senior citizen’s flat. The housing associations in the Netherlands have only a limited supply of housing available for this target group. To meet the demand for housing suitable for the elderly, considerable attention is being paid to this target group in new construction in the social-rental sector.

Besides building new dwellings for the elderly, the housing associations are

**Lifelong Adaptable Housing**

In the centre of the Limburg Reuver, Woongoed 2-000 has about 30 apartments capable of adaptation as residents age. The apartments are built so that people can still live in them comfortably even when they grow old. People in a wheelchair have enough room to manoeuvre, there are no doorsteps, and if more space is needed to move about in the bathroom, the wall between the toilet and the bathroom can easily be removed. A team of general practitioners has an office in the administrative area to encourage people to continue to live independently with confidence.
also involved in the adaptation of some of their existing dwellings so that they can be made suitable for accommodating the elderly. An important element here is the introduction of lifts in existing apartment blocks. In this manner existing dwellings can be made accessible for the elderly who have difficulty in climbing stairs.

In the housing accommodation of the elderly, more attention is being paid to the ethnic minority elderly. This group is at present not very large, but it will certainly grow. The ethnic minority elderly often have more problems than the native Dutch elderly: language problems, a low income, and more (and earlier) health problems. If the ethnic minority elderly need more care and have to move into a care institution, they are then confronted with a more collective form of housing which does not always relate well to their cultural background or language abilities.

A form of housing accommodation which already exists for these elderly people is the sheltered housing cluster. These are small clusters of independent dwellings together with a number of shared rooms and facilities. Besides the social function, the idea underlying this form of housing is that the residents can help each other cope with their problems and physical limitations. In many cases in sheltered housing for the elderly, arrangements are also made with institutions providing residential care. Many ethnic minority elderly indicate a preference at this moment to live independently or in a small-scale form of sheltered housing with fellow countrymen. For several years in several places in the Netherlands, sheltered housing clusters provided by housing associations have been in operation for the elderly with Surinamese, Hindustani, Chinese, Turkish, or Moroccan backgrounds.
In care provision, the elderly demented form a separate group. At the present time, people still usually have to move into a nursing home when care and help in the home situation is no longer possible. But in the future, housing and care for this group of elderly people will also be arranged in a more decentralized manner: in sheltered housing, for example. These are small-scale apartment blocks, usually built for people with an intellectual impairment. Here, too, there is a division between housing and care. The tenants may rent an independent dwelling from a housing association and hire care from elsewhere. These dwellings are clustered together, so it is possible to provide care on a tailor-made basis. The target group may be demented elderly people, or younger people with a mental handicap. Through projects of this sort, it is possible for this target group to live independently (to some extent) and not have to be cared for by the family, or have to move into a large residential care institution.

10.3 The handicapped

Another target group for housing associations is the handicapped; about 850,000 handicapped people are living in the Netherlands. Two thirds of these are physically handicapped and about one third is mentally handicapped. As with the policy for housing the elderly, the policy for the accommodation of the handicapped is also directed to enabling them to live as independently as possible. Almost three quarters of the handicapped in the Netherlands live independently. For the physically handicapped to be able to look after themselves, they often need to have an adapted dwelling. If no radical alterations are required, then these can probably be put into an existing dwelling. Here, housing associations work together with the local authorities. The costs of the housing adaptations are paid for by the government. The radically adapted dwellings, for example a dwelling that is completely accessible by wheelchair, are usually to be found in newly constructed dwellings.

For mental handicapped persons, the form of housing depends on the guidance and the care which they need. Traditionally, they were looked after and provided with this care and guidance in large institutions. In a more decentralized form, housing and care can be combined in, for example, a supervised housing project, or clustered housing. With supervised housing, the residents have their own independent accommodation units, but can receive the necessary care and guidance within a short distance, 24 hours a day. The clustered dwellings are for people who need more care and guidance. Within

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**Hudsonhof Amsterdam**

In the Hudsonhof complex, there are 54 social-rental dwellings. Thirty of these are for the elderly; of these, 13 are tenanted by members of the Surinamese housing group Wi Makandra. The Hudsonhof also provides three common meeting rooms, one for Turks, one for Moroccans and one for all the elderly. A fourth room is used for day-care for the elderly with psychogeriatric problems. The Hudsonhof was completed in 1998; the building is owned by the Het Oosten housing association.
the small-scale complex, there are some common rooms and lounges and guidance in addition to private accommodation. The housing associations are only able to develop and manage these forms of housing on condition that there is close cooperation with the institutions responsible for care.

### 10.4 Street sleepers, the homeless and related groups

Street sleepers and the homeless, (ex) drug addicts, (ex) psychiatric patients, people recently discharged from prison and others who have lived on the margins of society comprises a completely different target group for the housing associations. This group is relatively small and is concentrated in the cities. Besides having no suitable housing accommodation, the people belonging to these groups usually have other problems as well. The provision of housing accommodation alone often fails to meet their needs; the residents also need guidance. Housing associations, certainly in the cities, have had to cope with tenants from these groups for some time, often under the heading of special target groups. The housing accommodation situation is then usually resolved on an individual basis; a normal dwelling is sought and arrangements are made with the care provision institutions with respect to guidance. Recently, however, several housing associations have become actively involved in a more structural provision of accommodation for these special target groups.

Just as with the other combinations of housing and care, in the housing accommodation of special target groups a clear distinction is usually drawn between housing and care, with the housing association responsible in the first instance for the management of the real estate.

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**Guesthouse for handicapped children**

The Aert Swaens Housing Federation in Veldhoven is going to set up a guesthouse for children with mental and/or multiple handicaps. The guesthouse is intended to accommodate handicapped children who would normally live with their parents. This accommodation can be provided not only during the day, but also for one or more nights. The provision depends on the parents’ needs. In the guesthouse, there will be six full board places and four day-care places. In addition, accommodation will soon be so that nursing personnel can be present 24 hours a day. The housing association is the owner of the building and is providing the many adaptations needed. The care is provided with the cooperation of a specialized institution.

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**Short-Stay Facility**

The Woondrecht housing association in Dordrecht has converted an old nursing home into a Short-Stay Facility. The residential complex consists of 200 independent one-room apartments for letting on a temporary basis to anyone who has the need of a temporary roof over their heads. The complex was set up to provide young foreigners (among others) with help in obtaining long-term accommodation, or a permanent dwelling. Some single Antillean mothers also belong to the group making use of this temporary housing accommodation. They are allocated a dwelling for themselves and their child(ren), but are also obliged to accept guidance. The ultimate goal here is also normal housing accommodation.
Social boarding house for young people

The Intermezzo Foundation in Haarlem manages a social boarding house for young people who have been sleeping rough, or cannot continue to live at home. The main goal of the centre is the provision of living accommodation. No emphasis is laid on therapy or treatment. The guidance is geared to residents’ needs. In cooperation with other institutions, attention is paid to the provision of arrangements affording a worthwhile way of spending the day. The residents can get meals in the boarding house. There is room for thirty young people in the house. Hopefully, in the course of time residents will move on to a more independent form of housing.

Pension Maaszicht Rotterdam for homeless youth (above) and resident pension

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11 What has the tenant got to say?

11.1 From Friendly Society to Consultation Act

The tenants’ powers of control within the housing associations have altered markedly in the hundred years that associations have existed in the Netherlands. Many of the current housing associations were originally set up as a friendly society, or a building association. The tenants of these organizations often had the same social background and persuasion (Roman Catholic, Social Democratic, Protestant, and so forth) and a strong mutual attachment and commitment to the landlord organization. To be a member of an association then meant that you could exert a direct influence on it, and you were also given preferential treatment in the allocation of housing.

With the greater part played by the local authorities in housing allocation (see chapter 7) and the increase in scale and professionalism, that direct involvement fell. People also no longer automatically accepted whatever plans the landlord had thought up. Housing associations which were planning to demolish or radically alter housing, with a steep rent increase as a result, could invariably count on resistance from the tenants. Countless action groups and tenants associations were set up in the 1970s to influence the policy of the housing associations and local authorities. The increasing democratization of society was also at work in the housing associations. In many housing associations tenants councils were set up so that tenants could have a say in the matter of policy.

Meanwhile, many housing associations have now grown into large, professional organizations. The largest share of the housing associations has also taken on the organizational form of a foundation (see chapter 5). There is no longer any direct involvement of members, but the participation of tenants’ organizations in the housing associations is being found increasingly important and has now also been laid down by law in the Consultation Act (Overlegwet).

Tenants are involved in their housing associations in various ways: first, as individual residents of the dwellings which they rent. Both tenants and landlords have certain rights and duties. Second, tenants may organize themselves. The housing associations have a statutory obligation to involve tenants’ organizations in the policies they implement. Finally, tenants have been able to organize themselves at municipal and national level. These organizations look after the interests of tenants in consultations with local authorities and the State. We conclude this chapter with a few observations about some of the trends in tenant participation.

11.2 The individual tenant

The rights and duties of tenant and landlord are regulated in a rental agreement. In the Netherlands, tenants are protected. A landlord can only termi-
nate a rental agreement in certain cases, such as: when a tenant refuses to pay the rent, or causes a nuisance, or if the dwelling has to be demolished, or radically renovated, or if the tenant does not actually live in the dwelling. But even when one of these situations arises, the landlord must still satisfy a number of conditions before the tenancy can be terminated. The tenant can indeed terminate the agreement, with a minimum of one month's notice. If tenants are not satisfied with the procedures of their housing associations, they may submit a complaint to an independent complaints commission. Every housing association is required to set up a complaints procedure. For disputes over the rent, or a rent increase, a tenant can apply to the rent commission.

In the last few years, housing associations have become increasingly market oriented. It is therefore appropriate that more attention should now be paid to the questions, complaints and preferences of individual tenants. Many housing associations are working towards an improvement of their services. To enable the associations to guarantee a certain quality level, they now have the opportunity to obtain certification. There are various types of certification: frequently encountered in the social-rental sector is the KWH hallmark (quality assurance in the housing services rental sector). This certification is particularly oriented towards service provision to tenants. Attention is paid for example to the information given to clients, or to the accessibility by telephone.

11.3 The tenants’ organizations

Since the 1970s, the Netherlands has had an abundance of tenants’ organizations. Sometimes they were set up as ad hoc action committees to campaign
against some undesirable proposal from the housing associations, for example housing demolition. In other cases, tenants’ organizations were set up with a more permanent aim and organizational structure to look after residents’ interests, to keep the annual rent increase as low as possible for example. In all cases, tenants’ organizations were only established on the basis of promoting the collective interests of tenants and where practical advantages could be obtained with such an association.

Since 1998 a number of matters over which consultation must take place between tenant and landlord (both housing associations and other landlords), have been laid down in an act: the Overlegwet [Consultation Act].

The Consultation Act sets out the minimum that landlords must do. But landlords and tenants’ organizations can always undertake further-going mutual agreements. There are housing associations which give their tenants’ organization approval rights on a number of items. As a result, policy changes on
these items can only be implemented if a tenants’ organization expresses its approval.

In practice, we see that tenants are organized at a variety of levels within the housing associations. In many complexes there is a tenants’ organization at complex level, or a tenants’ committee to take care of the interests of the residents concerned. Such committees usually act in direct consultation with the representatives of the housing associations in the district concerned. At housing association level, various tenants’ committees are represented in a tenants council which consults with the director of the housing association on its more general policy proposals, such as the annual rent increase, or participation regulations of general application within the housing association. Tenants’ organizations often have the structure of a society. The membership contributions together with the contribution they can obtain from the landlords put them in a position to afford professional legal advice, or the services of expert advisers should that be necessary. In addition, in many cases housing associations take care of the financial contributions for the professional support of tenants’ organizations, for example in the case of the renewal of a neighbourhood.

11.4 The organizations promoting the interests of tenants at municipal and national level

In some local municipalities, residents organizations and tenants committees are also joined together in an organization which acts as a negotiation part-

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**Nederlandse Woonbond [Netherlands Tenants Association]**

The Nederlandse Woonbond (often referred to just as the Woonbond) is the national organization of tenants and housing seekers. The aim of the Woonbond is to undertake and support campaigns which guarantee the availability of good and affordable dwellings in safe and pleasant neighbourhoods offering a good quality of life, and the promotion of strong tenants’ organizations at local level. Many tenants’ organizations are registered with the Woonbond; it has a membership of about 550,000 tenants. The head office is in Amsterdam and there are three regional offices.

The Woonbond publishes several house journals and arranges training courses for members of tenants’ organizations. It is vigorously involved in the national consultation and lobby circuit, both directly with Aedes, the umbrella organization of housing associations (with respect to rent increases and other housing related issues), and with politicians (with respect to new legislation which could strengthen the position of tenants). The Woonbond is part of the International Union of Tenants (IUT).
ner with the local authority, or with the combined housing associations. The residents’ organizations from various housing associations and neighbourhoods are brought together in such an organization. However, with the increased diversity of interests of the various residents groups, in the last few years there has been a decline in the significance of these organizations operating at municipal level. They are currently organized in a more problem oriented manner. If an issue arises which requires their interests to be defended at city level, various tenants’ organizations meet together in an ad hoc manner; they may subsequently undertake some joint action.
There is one large national organization which acts on behalf of the tenants interests in the Netherlands. That is the Nederlandse Woonbond [Netherlands Tenants Association].

11.5 Developments in residents’ participation

We have indicated above the manner in which consultation is laid down by law in formal structures. In practice it appears to be quite difficult to persuade enough tenants to become involved in their tenants’ organization. As a result, another problem can arise: the extent to which a tenants’ organization is representative. If only a few tenants are active in their organization, the chance is greater that the interests of only some tenants are defended. The differentiation of residents’ interests has increased markedly over the last few decades. Some residents have no need to discuss everything at
Various forms of participation in the Bijlmermeer

Participation is particularly important when a neighbourhood is undergoing renewal. This usually carves deep inroads in the residential climate. The residents themselves also form an important source of information and power to bring about improvements in the residential climate of impoverished neighbourhoods. A good example of where all possible forms of residents’ participation can be found is in the regeneration of the Amsterdam Bijlmermeer: a high-rise district built in the 1960s which has suffered a wide variety of problems. No assumptions were made about any particular sort of participation for residents in the Bijlmermeer, but rather of a combination of many different forms of participation so that as many people as possible were involved. In the last few years the participation forms included the following:
- house-to-house dissemination of informative material in various languages;
- informative evenings in Dutch and English;
- exhibitions;
- street parties with associated information markets;
- the Bijlmer suggestions post-box: on weekdays for two months there was a stand in the neighbourhood market where residents could hand in their ideas;
- a schools project in which local children were asked to draw what they thought had to change in the neighbourhood;
- large-scale surveys of residents to assess their opinions about the future of the neighbourhood, about the final plan or approach; more than 3,500 surveys were carried out.

An important aspect of residents’ participation is the relationship between the collectively made choices and the choices an individual resident can make. It is not the case that macro level matters are only discussed at vast meetings and that micro level matters can only be raised on a house visit. The well-balanced combination of both approaches can contribute substantially to positive results. An important part is played in this matter by the housing associations. They often set about putting together a differentiated programme and then offer real choices to individual residents, as would be the case on a real market.
The decisions to develop social housing have always been founded on the fact that households on low incomes cannot afford to pay for a good quality dwelling on the open market. A hundred years ago, the Dutch government of the time found that situation unacceptable. The Housing Act of 1901 gave the state government the power to provide financial support to authorized institutions. Over the last 100 years, this financial support has taken a variety of forms: subsidies, providing state loans, and offering guarantees for the repayment of loans.

Building a house is expensive; it is an investment for decades to come. Building costs can be subsidized; by a lump sum or a yearly contribution for the housing association we refer here to object subsidies. Alternatively, subsidies can be granted to the residents; dependent to there income these we refer to as subject subsidies. Next to that, the costs for building dwellings, by housing associations have been reduced in the past and are still being reduced by the municipalities by charging lower land costs. In the past they were obliged to do so by the national government.

The costs of building a house are usually repaid over a long term; house building invariably involves borrowing money and being able to provide the security ensuring its repayment. The burden of interest payments for this loan forms a very large part of the total development costs of a dwelling. Interest is paid according to the current rate on the capital market; however, interest rates also depend strongly on the credit risk. This is the risk the financier bears that those borrowing money will fail to make complete, or timely repayments. In the past, the State has tried various ways of reducing the costs of borrowing. These include the granting of state loans at a lower interest rate, standing as guarantor for the repayment so that the banks can charge a lower interest rate, and the creation of a guarantee structure.

Now, in the 21st century, the social-rental sector in the Netherlands operates without any financial contributions in the form of government finance or subsidies for new house construction or for house improvements. The indirect subsidy in charging lower land costs, still occurs. The State and the municipalities only operate as a safety net for the guarantee structure. The current situation has been achieved through the accumulation of capital over the last century by the social-rental sector with the help of financial support by the authorities.

There is now evidence of an independent sector acting within a legal framework which is able to afford to make the necessary investments by drawing on its own capital, partly because the housing associations sell a part of their housing stock and making profit on that which they can invest elsewhere.
That principle is usually referred to by the term \textit{revolving fund}. Housing associations, together with the sector institutes which have been set up, are still in a position to build new dwellings and let them at an affordable price, providing that they manage their capital in a sound manner.

In this chapter, we discuss the financial framework now in operation in the year 2002. In section 12.2 we give a brief review of the most important developments in the financial framework of the social-rental sector in the last century, so that the current financial framework may be better understood. We then give an outline of the financial framework at sector level as that now operates with its guarantee structure. Some financial figures for the housing association sector then follow; finally, we consider the costs structure and their financial cover at dwelling level.

12.2 Developments in the financial framework in the 20th century

After the Housing Act of 1901 came into force, housing associations which had become authorized could submit requests for state support for the development of new house construction. The State provided this support, depending on the financial resources which were available at national level, the state of the economy, and the functioning of the house building market at that moment. The housing associations had to keep their accounts per complex. Following a change in the law in the 1930s, any excess profits generated were used to repay the state financial support. If after that there was any money remaining, most of it had to be deposited in a municipal fund. The housing associations were quite unable to build up any reserves in this period. This situation only changed in the 1960s and 1970s.

In the decades immediately following the Second World War the financial involvement of the State government with the social-rental sector was extensive and detailed. On the one hand this was inspired by the current economic
policy. The government wished to maintain wage restraint over a long period and that required equal restraint in the development of rents; this policy was dictated by the need for the post-war reconstruction of the country. On the other hand, new house building and the development of rental dwellings had direct consequences for the national budget. At the end of the 1950s state loans were provided, first at market rates, and later at rates below the market level. At the end of the 1960s, interest rates were again set at the market level.

The subsidies on new house construction were operational subsidies. If the building costs of new house construction rose, the interest rates rose, or expenditures on maintenance rose, or the rent increases were lower than had been assumed, the expenditures on subsidies increased correspondingly. Also the loans for the construction of social-rental dwellings ran via the national budget. The State wanted to control all these possible rises in costs as far as possible. This subsidy and financing system actually led to extremely heavy expenditures. In the 1970s, important decisions were taken to work towards a more financially independent social-rental sector. From then on, housing associations had to deposit any credit balances from exploitation in a general company reserve.

Controlling the subsidization
In the 1980s some initiatives were undertaken to introduce other forms of subsidy. No longer would the subsidy have the character of an open-ended measure in which the State – through untoward interest rate developments or rent increases, for example – could be confronted with unforeseen high expenditures on subsidies. Fixed subsidy levels were introduced which were paid out in a number of annual contributions, or remitted all at once. In 1995, the general subsidy on the construction of new housing was abolished. Only a very limited subsidy remained which had the primary goal of functioning as a stimulus for certain projects; in addition, a subsidy was still available for the costs associated with a location. Both of these subsidies, together with the subsidies available to local authorities on the basis of the Wet op de stads-en dorpsvernieuwing [Town and Country Regeneration Act], were incorporated in 2000 in the new Investeringsfonds Stedelijke Vernieuwing (ISV) [Investment fund for urban regeneration].

Finance, suretystructure and a safety net for financial problems
In the 1980s, some important steps were taken to phase out State involvement in the financing of low-cost housing programmes. In 1983 the national umbrella organizations of the housing associations set up the Waarborgfonds Sociale Woningbouw (WSW) [Social Housing Guarantee Fund] in order to provide surety for the loans the housing associations took up. In the first instance just loans for house improvements were involved, but there was a
later stepwise extension to guarantee all the loans needed by the housing associations to fulfil their social responsibilities. Since 1988, the State has not provided any more loans for the building of social-rental dwellings. Since then, the housing associations have acquired loans on the capital market, with the State and the local authorities standing surety. Now all loans are secured through the WSW.

In 1988, the Centraal Fonds voor de Volkshuisvesting (CFV) [Central Housing Fund] was established. This fund has the responsibility of supporting housing associations which come into financial problems. It has taken over the first-line financial safety-net position from the State and the local authorities in the case of insolvent housing associations.

**From object subsidy to subject subsidy**

In the mid 1970s, the State government came to the conclusion that some other way had to be found of ensuring that people on the lowest incomes could afford to rent a good quality dwelling than just via the generally applicable subsidies associated with buildings, usually referred to as object subsidies. The State concluded that, in spite of the object subsidy, the lowest income groups were incapable of affording the rent of a new dwelling, while from the perspectives of the care of the elderly and concern for the continuation of the regeneration of cities it was appropriate for them to move towards the construction of new housing.

Thus, in the second half of the 1970s, the regulation for individual rent subsidies was rapidly extended into a measure of general application. From that moment, depending on the household’s composition, income, and the rent of the dwelling a low-income household could receive an individual rent subsidy. In the course of time the operation of this subsidy regulation has been extended, only to be reduced again in times of economic cuts. The most recent changes in the relevant Act of 1997 have led to substantial improvements. The operation of the regulation is explained in chapter 6. There has been a clearly discernible change of course with the aim that households in a position to pay the market rent should do so, and poorer households should be subsidized according to their incomes.

### 12.3 The financial framework at the beginning of the 21st century

The current financial structure can be represented diagrammatically as in figure 12.1. The housing associations are in the centre of the figure. If a housing association wishes to borrow money to construct new housing, or improve its property, it can apply to a bank for a loan. Almost all housing associations make use of the guarantee provided by the Waarborgfonds Sociale Woningbouw
(WSW) [Social Housing Guarantee Fund]. Through making use of this suretyship, housing associations are able to borrow on the capital market at a lower interest rate than that for ordinary capi-

**Waarborgfonds Sociale Woningbouw (WSW) [Social Housing Guarantee Fund]**

The Dutch housing associations are financially and legally independent organizations. Because their capital position is relatively limited, they would not be able to borrow, certainly not at relatively favourable terms. This applies to even the largest and wealthiest housing associations. That is why the Social Housing Guarantee Fund has been established. Together with the Central Housing fund it constitutes the security structure. The security structure mitigates the financial risks for the sector collectively, credit risk is virtually absent.

The WSW is a Dutch not-for-profit organization that enables Dutch registered housing associations to attract financial means, at the best possible terms. This is realised by issuing guarantees. All registered housing associations can opt to become member to WSW. Because of the general and financial interests, also on the longer term, certain conditions have to be met. WSW operates fully transparent, uniform, impartial, thoroughly and concise. Availability of capital and the relatively favourable terms are possible because lenders confide in WSW.

The WSW has been established in 1983 to help housing associations to borrow on the capital market, first for the improvement of their dwellings. Since 1988 this function was widened to the guarantee of loans for new construction and from 1994 the WSW can guarantee almost all loans that participating housing associations need.

Housing associations that participate in the WSW pay a small contribution. The central government and municipalities act as a financial ‘catcher’ for the WSW. The participating housing associations have the obligation to make available a certain percentage of the original principal amount of the guaranteed loan, if the WSW capital should fall below a certain required level. When the contribution of the housing associations is not sufficient, the authorities come to the aid.

At the end of the year 2001, 90% of all housing associations are member to WSW. They operate 2.3 million houses. This is about 95% of the total number of social rented houses, and almost 40% of all houses in The Netherlands. WSW has guaranteed more than €50 billion. WSW has the highest ratings possible by the renown rating agencies Standard & Poor’s and Moody’s Investors Service of AAA and Aaa.
The lower interest rate has a considerable effect on the determination of the rents; they can be 10% lower than they would be if there is no suretyship. To be able to take advantage of this suretyship, housing associations have to satisfy certain financial criteria. If a housing association cannot fulfil its responsibilities, it can appeal to the 

Centraal Fonds voor de Volkshuisvesting (CFV) [Central Housing Fund]

To support housing associations, central government established in 1988 the Central Housing Fund which deals with housing associations that have run into financial difficulties or that do not qualify for membership of the Guarantee Fund. The support through the Central Housing Fund can be through interest-free loans or lump sum payments. The financial support is based on a rescue plan of the housing association, which has to be approved by the Central Housing Fund. The Central Housing Fund is funded through compulsory contributions from housing associations. Since it's beginning the Central Fund has provided financial support of approximately €480 million to 17 housing associations.

Since 1998 the Central Housing Fund not only acts as a safe-catcher in the financial structure but also as a supervisor. The Fund assumed the responsibility from individual local authorities for the financial supervision of housing associations. This financial monitoring is intended to be a pre-warning system for the Minister of Housing who has been given considerable new powers to act on the advice of the Central Housing Fund in cases of heavy financial distress, including to replace board members and bring in interim managers to troubled associations. With the new policy document, submitted to parliament in December 2000, it is expected that the Central Housing Fund will get an extensive supervisory task.

There is a general belief that through the financial supervision and the support in recent years, no massive financial problems will occur in the foreseeable future, but that the focus in financial support is being changed to the process of managing the existing housing stock and the need for improving the residential quality of the cities. This improvement requires different skills, responsibilities and therefore risks for the housing associations. Because of the expected positive development of the financial position of the housing associations over the next few years, there is room for optimum benefit of the solidarity principle in the housing sector. The application of funds on behalf of the housing task of other associations outside the territorial scope of an association may be regarded as an investment with a high social return. The joint associations are asked by central government with developing a solidarity-based funding system. If the results should fail to live up to expectation, the government will intervene to ensure that the required funds reach the area where these are needed. The funding will appear through the Central Housing Fund.
then able to enforce the correction of the policy of the housing association. In the year 2000, 30 of the 620 housing associations investigated failed to meet the CFV norms for the desired capital and reserves; 23 of them had taken appropriate measures to be able to comply with the norms in the near future.

The financing takes place through the banks, among which the Bank Nederlandse Gemeenten (BNG) [Bank Netherlands Municipalities] takes a prominent position and is market leader with respect to the financing of housing associations.

Now, at the beginning of the 21st century, the State government no longer plays a direct part in the financial structure of construction projects. The State does play a part in providing a financial safety net for the WSW. The subsidies that were granted in the past have either been discontinued, or incorporated into the Investeringsbudget Stedelijke Vernieuwing (ISV) [Investment budget for Urban Regeneration]. Local authorities receive grants from the ISV. In their turn, local authorities can give subsidies to housing associations from that budget. As a rule the local authorities only do so in very special circumstances and not for generally applicable subsidies for house building in their local authority. The State does however grant subsidies to tenants: the individual rent subsidy described in chapter 6.

12.4 Some key financial figures for the housing association sector

The balance sheet of all housing associations together amounted in the year 2000 almost €828 billion and an equity capital of €9.3 billion. The solvency is 11.3%.

Table 12.1 contains some key financial figures for the housing association sector as reported in the Verslag financieel toezicht woningcorporaties 2000 [Report of
the financial supervision of the housing associations 2000] by the CFV.

The capital of the housing associations is built up from a number of components:

- Their equity capital is provided for by the annual results.
- The equalization account indicates the profits received or claimed, but which in the next few years will gradually come to the benefit of the results.
- Under provisions are included resources which have been ring-fenced for foreseen future obligations, such as for example multi year cyclic maintenance.
- The buffer capital presented is the sum of the three previous items, reduced by the intangible fixed assets.
- The capital and reserves correction is calculated by the CFV and is constituted from the surplus of the total going concern value and the earning power correction loans minus an uncertainty margin which is dealt with by the CFV.
- The corrected capital and reserves are the sum of the previous two items.

If we look at the annual results, we see that on an annual basis the result is almost €600 million. Almost half the annual results are devoted to the payment of interest, 10% are for personnel costs, 22% for maintenance, and 16% for the remaining operating costs. In 2000, profits in excess of €860 million were made from the sale of house property and against that more than €360 million has been invested in unprofitable investments. Under this last item falls specifically the new building of low-cost housing. The current costs of construction and land make it impossible to calculate a rent that would cover the building costs of a social-rental dwelling. That would make the rent so high, no household on a low income would be able to afford it.
12.5 Costs scheme in the construction of a new dwelling

With the accumulation of their own capital, together with the yields from the sale of social-rental dwellings, the housing associations are now in a position to build new social-rental dwellings and invest in their property without the need for direct government subsidies. The housing associations have indicated at national level that they are prepared to undertake these tasks. Exam-
Examples of their readiness are to be found in plans for new construction on extension locations near the cities, but also in the many new construction plans in the restructuring of cities. The example below is a costs scheme for an average social-rental dwelling, at 2001 price levels.

We assume an average floor space area of 75 m², which concurs with a volume of 275 m³. The dwelling stands on a plot of 140 m² and costs in total €90,750. The land costs of €41,250 are based on a normally applied reduced price for social dwellings.

For the costs scheme we assume the data and assumptions from table 12.3. We then arrive at the cost scheme in table 12.4 in the 1st year.

In the years that follow, the deficit will decline through the increase in rents, while the largest share of the costs, the annuity, will remain the same. In the 28th year the deficit on a yearly basis will change to a surplus. If we add together over the long term all the shortfalls and surpluses represented in current price levels, it turns out that we end up with a loss. For the total development costs of €90,750, at the start a contribution of €26,700 is required from the association’s own capital, assuming a rent of €377 per month in the first year and annual rent increases in line with inflation.

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<th>Table 12.2 Breakdown of costs for a social rental dwelling</th>
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<td>construction costs</td>
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<th>Table 12.3 Basic assumptions in the costs scheme for a social-rental dwelling (in €)</th>
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<td>total costs</td>
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<td>rent per month 1st year</td>
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<td>maintenance and variable costs</td>
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<td>life expectancy</td>
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<td>large-scale maintenance in the 25th year</td>
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<td>large-scale maintenance in the 40th year</td>
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<th>Table 12.4 Costs scheme 1st year (in €)</th>
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<td>annuity</td>
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<td>rent income</td>
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<td>variable costs</td>
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<td>loss 1st year</td>
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13 A model for social housing

13.1 History

In the year 2001 the 100th anniversary of the Housing Act of 1901 was celebrated extensively in the Netherlands with big expositions and seminars. The merits of the social housing system were highlighted. At the same time discussions were going on as to whether it would be wise to replace the Woningwet [Housing Act] with the Woonwet [Residential Act] as the government had announced in its policy document. It was also a discussion about the future of social housing in the Netherlands. Would it be wise to sell hundreds of thousands of social rental dwellings? Would it be wise to enforce this programme? Was it necessary to strengthen the housing policies of municipalities and the influence of the national government on these policies to create more counterforce power towards the housing associations? The parliament has endorsed the policy document. It has said yes to all these questions. It was also agreed to the continuation of the existing institutional arrangements for the sector.

In this book we have given a broad outline of the social rental sector in the Netherlands today. The choice at the end of the 19th century and beginning of the 20th century to opt for a model with independent institutions that could be founded bottom up, related to the social midfield, has been of great importance. The ties between the independent housing institutions and the authorities have however changed since then. At the start the relations took place at the level of housing projects. Housing associations did not have many possibilities to build up their own buffer capital. After the Second World War the influence of the authorities on the housing associations grew very fast. In the 1960s the independence of the housing associations was strengthened again and later, especially in the 1990s, grew further. Nowadays the housing associations have a strong financial position with a huge buffer capital. This position is based upon the financial support of the government throughout the 20th century. As much in subsidies as in co-operation in the refinancing of a lot of expensive state loans by much cheaper market loans in the 1980s and 1990s.

13.2 Future

The institutional framework of the social rental sector will not change too much in the coming years. There is however a changing task because there is a changing demand and a changed economic situation. The numbers in the programme up to 2010 were changed at the beginning of 2002, only a year after the most recent policy document was agreed upon. And it is not very daring to assume that the programme will be changed again in the coming years. The impact of the economic changes made in 2002 have not been
translated into new prognoses yet, but it is a fact that demand has changed in the last ten years and that the housing stock has not kept pace. This means that there will be a lot of work in the field of the sale of dwellings and in the restructuring of neighbourhoods. Sales will also be necessary to finance the restructuring. These changes will also influence the mergers and the discussion about the structure of housing associations as institutions. They will change to some extent into institutions that offer owner-occupied dwellings as well as rental dwellings. They will change into more demand-oriented organizations. All these changes will be strongly influenced by the more general economic, societal and political changes.

13.3 A model

The picture that we have given of the Dutch housing associations is not ‘the’ model for social housing, it is ‘a’ model. We would not recommend copying the Dutch situation in another country. That would be too simple and would not succeed because the societal, economic and political situation will always be different. We have painted the picture to give an insight into the structure of the social sector in the Netherlands and to make it more understandable for people that are interested. It is not duplicable, but one can learn from it about aspects that are relevant in setting up social housing. One can learn from the way the relation between the authorities and housing institutions can be arranged and be changed to meet the needs of certain changes. The advantage of a kind of independence has hopefully been illustrated. We have also described, for instance, the allocation systems and discussions. These
systems will also have to be adjusted to other or changing situations. Some of the principles that are used today, will also fit in a new context, others will have to be replaced. Although the financial situation of the Dutch housing associations cannot easily be copied, but the principles of the financial guarantee structure can be of use in other countries as well. In the annexes of this book you will find listings of publications, web sites and institutions that can give you more information. We hope that we have made you curious enough.
References


Centraal Fonds Volkshuisvesting, 2000, Referentiecorporaties [Referent housing associations], Naarden.


Faber, A.W., 1997, In naam van de Roos: verzelfstandiging van woningcorporaties [In the name of De Roos: housing associations becoming more independent], Delft (Delft University Press).


Ministerie van Volkshuisvesting, Ruimtelijke Ordening en Milieubeheer 1998, Besluit Beheer Sociale Huursector [Decree on management of social rental sector], Den Haag.


Nycolaas, J., 1974, *Volkshuisvesting, een bijdrage tot de geschiedenis van woningbouw en woningbouwbeleid* [Social housing, a contribution to the history of housing and house building policy], Nijmegen (SUN).


Snepvangers, M., 1993, *Onze Woning... meer dan een dak boven uw hoofd* [Our House... more than a roof above your head], Rotterdam (Woningstichting ‘Onze Woning’).


For those who want to know more

For those people who have become interested in more information, we give in this chapter a review of publications, websites and the organizations that have made a contribution in the making of this book.

The publications that we selected are all in English and are arranged in different sections. The sections are:

- Social housing in the Netherlands
- Tenants and rent
- Allocation systems
- Housing quality and restructuring of urban areas
- The housing association and the residential climate
- Social housing finance and management.

Most of these publications are articles in scientific journals, others are separate publications. The websites that are mentioned have several links to other subjects that might interest you. Only a few of the websites have an English part as well as a Dutch part. Finally there is a list of organizations that have participated in this book. If you want anymore information you can also contact them.

**Publications**

*Social Housing in the Netherlands*


Ministry of Housing, Spatial Planning and the Environment, 2001, Housing


Needham, B., G. de Kam, 2000, Land for social housing, Nijmegen/Hilversum (Cecodhas).


Tenants and rent


Allocation systems


Housing quality and restructuring of urban areas


The housing associations and the residential climate


Social housing finance and management


Dieleman, F.M., 2001, Social rented housing, valuable asset or unsustainable


Stichting Dutch International Guarantees for housing, Dutch international guarantees for Housing, Huizen.


Interesting websites

Social Housing in the Netherlands

www.aedesnet.nl
see page 14

www.vng.nl
see page 31

www.vrom.nl/international/
see page 30

www.vromraad.nl
The Council for Housing, Spatial Planning and the Environment is charged with providing broad-based advice to government and Parliament on issues
related to sustainability and our physical environment (information in English).

www.nirov.nl
Netherlands Institute for Housing and Planning (all information in Dutch).

gemeente.pagina.nl
Portal Dutch cities.

www.sev.nl
SEV (Dutch Housing Experiment Steering Committee) Innovation in Homes and Building (all information in Dutch).

woningcorporaties.pagina.nl
Portal Dutch housing associations.

www.posterestante.nl/digitaalmuseum/index.html
Internet gallery History Social Housing in the Netherlands (all information in Dutch).

Social housing finance and management

www.cfv.nl
see page 84

www.bng.nl
see page 85

www.wsw.nl
see page 83

Tenants’ organization

www.huurdersvereniging.nl/Huren.in.Nederland.htm
Tenants’ organizations.

www.woonbond.nl
Netherlands Tenants Association (English summary).
Restucturing of urban areas

www.kei-centrum.nl
Information centre Urban Renewal (all information in Dutch).
www.kenniscentrumgrotesteden.nl
The urban policy knowledge centre (all information in Dutch).

Housing and care

www.iwz.nl
Innovations programme Housing and Care (all information in Dutch).
www.kenniscentrumwonenzorg.nl
Information about Housing and Care (all information in Dutch).
www.nizw.nl
The Netherlands Institute for Care and Welfare (information in English).

www.scp.nl
The Social and Cultural Planning Office of the Netherlands is a government agency doing independent scientific research. It covers all areas of government policy as far as social aspects are involved. The main fields studied are health, welfare, social security, labour market and education, and especially the interfaces between these different social fields (information in English).

www.woonzinnig.nl
Humanitas is a provider of housing and home care as well as nursing and treatment (information in English).

Universities

www.frw.uva.nl/ame/Welcome.html
The Amsterdam study centre for the Metropolitan Environment (AME) reflects a range of academic disciplines from the University of Amsterdam in its integrated research approach to urban development and environmental policy.

nethur.geog.uu.nl
The Netherlands Graduate School of Housing and Urban Research is a joint initiative of the University of Amsterdam, Delft University of Technology, Eindhoven University of Technology, the University of Nijmegen, University of Groningen and Utrecht University (which hosts the secretariat).
www.geog.uu.nl/uru/uru.html
Urban Research centre Utrecht (URU) is one of the three research institutes of the Faculty of Geographical Sciences of Utrecht University. URU research deals with the fields of human geography, spatial planning and environmental science.

www.otb.tudelft.nl
see page 105

**International**

www.cecodhas.org
The European Liaison Committee for Social Housing, is a non-profit making organisation, representing its member organisations to European and International Institutions. The 31 full members of CECODHAS are national and regional housing organisations from the 15 EU member states. There are 8 associate members in other European countries. All members are non-governmental, non-profit-making organisations.

www.habitatplatform.nl
see page 31
Participants

Aedes, vereniging van woningcorporaties [association of housing associations]
Address: Olympia 1
Postal address: P.O. box 611
Hilversum
Telephone: +31.(0).35.6268200
Fax: +31.(0).35.6268211
Email: info@aedesnet.nl
Website: www.aedesnet.nl
General information Aedes (English)
List of names and addresses housing associations in the Netherlands
Additional information in Dutch
See also page 14

Bank Nederlandse Gemeenten [Bank Dutch Municipalities]
Address: Koninginnegracht 2
Postal address: P.O. box 30305
Den Haag
Telephone: +31.(0).70.3750750
Fax: +31.(0).70.3750926
Email: communicatie@bng.nl
Website: www.bng.nl
Information about financials, ratings, funding, lending (English)
Publications (English)
Press release (English)
See also page 85

Centraal Fonds Volkshuisvesting [Central Housing Fund]
Address: Huizerstraatweg 117-A
Postal address: P.O. box 5075
Naarden
Telephone: +31.(0).35.6954070
Fax: +31.(0).35.6954080
Email: info@cfv.nl
Website: www.cfv.nl
Information about CFV and activities CFV (Dutch)
Publications (Dutch)
See also page 84
Ministerie van Volkshuisvesting, Ruimtelijke Ordening en Milieubeheer
[Ministry of housing, spatial planning and the environment]
Address:
Rijnstraat 8
2515 XP Den Haag
Telephone: +31.(0).70.3395050
Fax:
Email:
Website: www.vrom.nl/international/
Housing in the Netherlands, recent developments
Articles, news items and press communiqués on domestic policy issues and
on the ministry’s international activities
Summary of the Policy Document, What People Want, Where People Live,
(describes the Dutch government’s policy on housing)
See also page 30

Vereniging Nederlandse Gemeenten / VNG-International / Dutch Habitat
Platform [Association of Dutch municipalities / VNG-International / Dutch
Habitat Platform]
Address:
Nassaulaan 12
2514 JS Den Haag
Telephone: +31.(0).70.3738393
Fax: +31.(0).70.3635682
Email: vng@vng.nl
Website: www.vng.nl
Information about VNG and activities VNG (Dutch)
News (Dutch)

VNG-International
Telephone: +31.(0).70.3738401
Fax: +31.(0).70.3738660
Email: vng-international@vng.nl
Website: www.vng.nl
Information on VNG-International
News
Products & Services
Publications
Dutch Habitat Platform
Telephone: +31.(0).70.3738772
Fax: +31.(0).70.3738311
Email: Habitat.Platform@VNG-Habitat.nl
Website: www.habitatplatform.nl
Information about Habitat, Habitat Platform and Habitat Agenda
News
Toolkits/collection of best practices relevant to habitat www.toolkitparticipation.com
Habitat Platform South Africa: www.zuid-afrika.habitatplatform.com

See also page 31

Waarborgfonds Sociale Woningbouw [Social Housing Guarantee Fund]
Address: Postal address:
Huizermaatweg 2 P.O. box 1232
1276 LB Huizen 1270 BE Huizen
Telephone: +31.(0).35.5286420
Fax: +31.(0).35.5286429
Email: info@wsw.nl
Website: www.wsw.nl
News
Company profile
Financial

See also page 83

Onderzoeksinstituut OTB [OTB Research Institute for Housing, Urban and Mobility Studies]
Address: Postal address:
Thijsseweg 11 P.O. box 5030
2629 JA Delft 2600 GA Delft
Telephone: +31.(0).15.2783005
Fax: +31.(0).15.2784422
Email: mailbox@otb.tudelft.nl
Website: www.otb.tudelft.nl
Research
News
Publications
Index

Aedes, vereniging van woningcorporaties [association of housing associations], page 14, 16, 103
Administrative model, page 36
Advertisement model, page 49
Allocation, page 47
Area-oriented cooperation, page 39
Association, page 35
Authorized institutions, page 26
Bank Nederlandse Gemeenten (BNG) [Bank Dutch Municipalities], page 85, 103
Beginning period, page 17
Besluit Beheer Sociale Huursector (BBSH), [Decree on management of social rental sector], page 27
Brutering [grossing up], page 13
Building societies, page 8
Building year, page 17
Centraal Fonds Volkshuisvesting (CFV) [Central Housing Fund], page 84, 103
Choice-based letting, page 49
Cooperative, page 35
Cooperative relationships, page 38
De Roos Commission, page 12
Distribution allocation systems, page 47
Directorate General of Housing (DGW), page 30
Dwelling type, page 20, 21
Elderly, page 65
Eligibility criteria, page 48
Financial framework, page 79
Financial supervision, page 33, 84
Foundation structure, page 35
Government authorities, page 29
Habitat Platform, page 31, 105
Handicapped, page 69
Homeless, page 70
House rulebook, page 61
House rating system, page 44
Housing Act, page 8, 12, 26, 79
Housing Allocation Act, page 47
Housing mission statement, page 29, 32, 33
Housing Services, page 38
Income levels, page 40
Investeringsbudget Stedelijke Vernieuwing (ISV) [Investment budget for Urban Regeneration], page 85
Lifelong Adaptable Housing, page 67
Local authorities, page 28
Management model, page 37
Maximum fair rent, page 42
Mensen, wensen, wonen: wonen in de 21e eeuw [What people want, where people live], page 16
Ministerie van Volkshuisvesting, Ruimtelijke Ordening en Milieubeheer (VROM) [Ministry of Housing, Spatial Planning and the Environment], page 30, 104
Municipal housing companies, page 14
National Akkoord Wonen [National Housing Agreement], page 31
Nationale Woningraad (NWR) [National Housing Council], page 10
Nederlandse Woonbond [Netherlands Tenants Association], page 31, 75
Neighbourhood, page 62
Neighbourhood concierges and caretakers, page 63
Neighbourhood mediation, page 62
Object subsidies, page 82
Option model, page 50
Overlegwet [Consultation Act], page 74
Performance agreements, page 29, 32
Performance contracts, page 29, 32
Performance Indicators, page 27
Performance plan, page 32
Police certificate Veilig Wonen [Security in the Home], page 64
Primary target group, page 41
Provinces, page 29
Quality, page 53
Redevelopment, page 17
Regeneration, page 59
Renewal activities, page 58
Renewal, page 18, 56
Rent subsidy, page 44
Rental class, page 19
Residential Act, page 33
Residential complex, page 62
Residents' participation, page 77
Revolving fund, page 13, 79
Sequence criteria, page 48
Short-Stay Facility, page 70
Social entrepreneurs, page 4, 36
Special target groups, page 70
State, page 13, 29, 33
State loans, page 79
Strategic stock policy, page 56
Subject subsidies, page 79
Suburbanization, page 18
Suitability criteria, page 48, 52
Surety structure, page 81
Technical services, page 38
Tenant, page 40
Tenants' organizations, page 73
Vereniging van Nederlandse Gemeenten (VNG) [Association of Netherlands Municipalities], page 31, 104
VROM inspectorate, page 30
Waarborgfonds Sociale Woningbouw (WSW) [Social Housing Guarantee Fund], page 83, 105
Young people, page 19, 58, 71
Cover photos
Klaas Laan (top)
Noud de Vreeze (bottom)

Inside photos
Aedes fotoarchief (NWR) (page 11, 34, 51 [right] and 68)
André Ouwehand, OTB (page 57 and 76)
Arie Wapenaar, Vlaardingen (page 45, 67 and 71)
De Jong en van Es, Rotterdam (page 32)
Dick Vader, Amstelveen (page 59 and 80)
Dikken en Hulsinga, Leeuwarden (page 54)
Dirk Dubbeling, OTB (page 20 and 86)
Frank Wassenberg, OTB (page 77)
Gedenkboek van de Afdeling Den Haag van Patrimonium (page 9)
Gemeentelijke Dienst Volkshuisvesting Amsterdam (page 7)
Han Meijer (page 18)
Hanzewonen (page 51 [left])
Harry Cock, Assen (page 49)
Harry Noback (page 90)
Henk Heeger, OTB (page 13)
Janus Laurens, Oosterhout (page 61)
Jeroen de Jong, Den Haag (page 73)
Johan Noppen, Den Haag (page 43)
Klaas Laan, Hoorn (page 36)
Martin Hollering, Twello (page 63)
Van Roekel and Henstra, Zoetermeer (page 5 and 28)
Many foreigners visiting the Netherlands who are interested in housing and taken on a tour through some of our cities and neighbourhoods ask: “Is all that social housing?” They are taken aback both by the large amount of social-rental dwellings, 36% of the total housing stock, and also by its quality. In many countries social housing can almost exclusively be equated with housing for deprived households in a situation offering few prospects. The hallmark of the social-rental sector in the Netherlands is that a very differentiated target group is provided for, not only households with a low income, but also a broad intermediate group. This book provides an introduction to Dutch housing associations. It therefore also provides readers with a large amount of more generally information on housing policy in the Netherlands. It will meet the needs of students, visitors, practitioners and politicians.