

The Influence of Deregulation and Privatization upon Social Housing Policy in the Netherlands

Akane Murakami*

1. Introduction

The Netherlands is known for its labor policies, such as work-sharing, flexicurity (Mizushima 2012), legalized same-sex marriage, and the highest level of child well-being in the world. Its housing policy is also distinctive. According to the OECD Better Life Index and the European Union Statistics on Income and Living Conditions, Europe boasts substantial housing policies. The Netherlands, however, is especially well-known for its vast quantity of social housing (Elsinga & Wassenberg 2014). This paper provides an overview of Dutch housing policy and the changes affecting it.

2. Status quo of housing stock in the Netherlands

The area of the Netherlands is 41,864 square kilometers, equivalent to the island of Kyushu in Japan. As of 2018, the population was 17,181,084, with a population density of 510 people/km², somewhat higher than Japan's 340 people/km² (Centraal Bureau voor de Statistiek, consequently CBS, and the Japanese Ministry of Internal Affairs and Communications, Bureau of Statistics). The population is concentrated in the Randstad megalopolis, including Amsterdam, Rotterdam, The Hague, and Utrecht. Multi-unit residences and terraced houses are widespread to maximize land use.

According to the governmental databook, *Cijfers over Wonen en Bouwen 2016* (p.10), as of 2015, the total housing stock was 7,588,000 units. These include 1,458,700 units from 1944 or earlier (19.2%), 2,476,400 from 1945 to 1975 (32.6%), and 3,652,900 from 1976 or later (48.1%). With regards to floor space, they include 1,513,900 units of less than 75 m² (20.0%), 1,811,500 of 75 to 100 m² (23.9%), 2,876,900 of 100 to 150 m² (37.9%), and 1,385,800 of 150 m² or more (18.3%). With regards to building type, they included 4,908,100 single-family houses and terraced houses (64.7%) and 2,679,900 multi-family units (35.3%).

As shown in Table 1, in 2015 there were 4,244,000 owner-occupied houses (55.9%), 1,045,200 private rented units, and 2,298,800 social rented units, for a total of 3,344,000 rented units (44.1%).² It is notable that social housing far outnumbered private rented housing, although the amount of social housing decreased during certain years.

Table 1 Housing tenure of dwelling 2011–2015

	Unit: Housing units					
	2011	2012	2012	2013	2014	2015
Total	7,217,800	7,266,300	7,373,600	7,444,000	7,535,300	7,588,000
Owner-occupation	4,308,700	4,363,300	4,080,300	4,107,700	4,214,500	4,244,000
Private rented	638,200	628,100	1,009,700	1,026,600	1,037,900	1,045,200
Social rented	2,270,900	2,275,000	2,283,700	2,309,700	2,282,800	2,298,800

Source: *Cijfers over Wonen en Bouwen 2016* p.11.

Double data for 2012 is due to a change in the registration method.

* St. Andrew's University/Momoyama Gakuin University

3. Rising prices in the housing market

Rising housing prices are reported frequently on the news. According to a CBS report from July 2018 (“Housing Prices Continue to Rise”), the sales prices for existing residences were up 29% from 2013, whereas the number of sales in the first half of 2018 was down year-on-year by at least 8%. Today, first-time homebuyers struggle without parental support. Rents are rising³, forcing more young people to live with their parents (*De Correspondent*, January 28, 2019). The current crisis is comparable to *shukatsu*, the famously stressful Japanese search for a first job, according to a student in the Japanese Studies course of the Leiden University. It is difficult for a Dutch student to find a student dormitory, and even more so for foreign exchange students (*Mare*, September 14, 2017/September 6, 2018).

There are many reasons for people to want to own their own homes. They include expected higher housing purchase prices and rents, investments, security in old age, freedom to customize interiors, etc. Mrs. P., a married Japanese woman in her 30s to 40s with children who lived in the Netherlands for over ten years, said, “We are waiting and seeing because the housing market isn’t good now.” Mrs. H., with similar demographic characteristics, said she had once missed out on purchasing a house because there were so many potential buyers that the sellers had effectively resorted to an auction.

Factors behind the overheated market include low inflation rates, a good job market, low-interest housing loans, homeownership policies, such as reduced (interest) taxes on housing loans (Dijkstra 2016: 83-99), demand for vacation rentals, and increased population. Although the population growth rate is not as steep as it was in the 1950s through the 1970s, it has remained steady since 2010 (CBS), growing at 4% to 6% because of natural and societal growth⁴. The government is working to prevent a housing bubble by lowering the upper limits on housing loan amounts, but to little effect. The housing issue was also a flashpoint in the March 2018 regional elections.

4. The housing system in the Netherlands

According to Kemeny, the Netherlands is classified as a unitarianism society with regulations and subsidies for the housing market, where public rental housing is not limited to the poor (Kemeny 1995, 2006). To provide decent and affordable housing, the upper limit on monthly rent in 2019 was set at €720.42. Various regulations apply in addition to the approximately 2% yearly price increase stipulated by the government in accordance with inflation (Dijkstra 2016: 83-99; Rijksoverheid 2019)⁵. While this allows tenants to live with more stability, it limits the incentive for landlords to build private rental housing.

Social housing refers to housing operated and managed by housing associations or municipalities. In the Netherlands, the private sector plays a substantial role, with that of the state limited, if anything, to financial support and supervision in practice,” (Mizushima 2012: 6) and little social housing is municipality-run. Housing associations (*Wooningscorporaties*) are non-profit organizations managing social housing. The first association was established in the 1850s and 1860s to provide plentiful housing for laborers (Elsinga & Wassenberg 2014: 25-9). A 2016 leaflet by Aedes—a national organization comprised of multiple housing associations—introduced various types of housing associations, such as Vidomes (for the elderly), Lefier (sustainable housing), Waterweg Wonen (for short-term resident workers), Alliantie (for the homeless), Wonen Limburg (for refugees), and Duwo (for students), etc.

Social housing is ubiquitous. In Leiden, social housing units are in the city center, near Leiden University, and in the suburbs. In Rotterdam, they are situated on the route from Rotterdam Station to the city center and in the south. Their diverse formats include multi-family units of approximately 70 m² for one or two residents, terraced houses for families with children, cooperative houses, student dormitories, and more.

The rent for social rented housing is controlled, with maximum appropriate rent limits, as per the points system⁶, and a yearly rental rate increase (Rijksoverheid 2019). According to Aedes (2016), the monthly average is €497. When rent is high compared to income, housing allowance⁷ is available. The percentage of housing costs (including rent or housing loans, fire and damage insurance, and utilities) out of disposable income for 2015 was 28.3% (€894.9) for owner-occupied units, 42.1% (€810.6) for private rental units, and 37.8% (€605.8) for social

housing, with residents of social housing under less of a burden than those with private rental units (CBS). Visits to social rented housing reveal good-quality housing, albeit with small kitchens.

The residents of social housing tend to be older than average, with small households, receiving a housing stipend. Although the data indicates that about 30% of them are not Dutch, social housing in the Netherlands is social mix⁸. Since it is not limited to low-income residents, it causes little stigma or social exclusion. Currently available social housing prioritizes low- to middle-income residents, the elderly, the disabled, students, refugees, the homeless, and other households in need (Aedes 2016: 3-4)⁹. Those with above-standard incomes are not urged to leave, which results in a diverse mix of residents (Boelhouwer & Priemus 2014: 223; Elsinga & Wassenberg 2014: 24,34; Ouwehand & Van Daalen 2009: 11-22, 61-2).

Ms. A., a single Japanese woman in her 40s, previously lived with a roommate in social rented housing. When her roommate moved out, she bought the same room because a purchasing slot became open. She is comfortable living there and has no plans to move out. According to Ms. A., social mix housing builds community and understanding among people from all socioeconomic classes. It gives foreigners living in social housing a greater opportunity to adjust to Dutch society, with the lifestyles of the two communities blending as their value systems grow closer. Mrs. U., a married Japanese woman in her 40s with children, lives in collective social rented housing. Her family was invited to move in after the building was erected upon municipal request, and some of her neighbors receive a housing allowance. In addition to the independent residential areas for each family, there is a shared garden and living space, where residents sometimes gather on weekends. Several children have grown up there, and residents could leave but choose not to. Both Ms. A. and Mrs. U. are highly-educated professionals.

Mr. E., a Dutchman in his 20s, lives in social rented housing with his girlfriend. His girlfriend is the breadwinner, whereas he maintains the house and looks for work. They plan to move out when their family grows, as space would be too small for children, in addition to the poorly kept garden and common spaces, outdated facilities, and upstairs noise.

Some residents have moved in due to family unemployment. Mr. & Mrs. C., a Dutch couple in their 60s, moved into social rented housing when Mr. C.'s company went bankrupt, and they had to sell their house. Mrs. O., a married Eastern European woman in her 30s to 40s with children, moved from private rented housing to social rented housing after her husband lost his well-paid job. They hope to find better employment and buy a house. Mr. K. and Mrs. T. entered social rented housing from a refugee center as Eastern European immigrants. Mrs. T. has since moved away but sometimes feels a lack of acceptance from the Dutch society.

Social housing in the Netherlands is centuries old. Its roots can be traced back to early Christian traditions, the land-ownership system, labor movements, and post-war housing reconstruction. The Netherlands and Flemish Belgium were once well supplied with Hofs (or Hofjes), co-living spaces for devout Christian women with no one to turn to (Kamijo 2015). The land was originally owned by the Royal Family, the nobility, or the church, but “in the late 19th century, a system of bestowing land on builders while retaining municipal ownership was established, and remains in place today” (Iwai 2013: 134-9), making land acquisition by local authorities relatively easy. While Engels noted the scarcity of worker housing, attempts to improve worker living circumstances were made by wealthy citizens like Louise Went and Philips, who was on good terms with Marx (Paulussen 2016; Zegeling 2017: 557-64). After World War II, the government was pressed to amend the severe housing shortage caused by the Nazi destruction of housing stock and the return of citizens from colonies and war zones. Low-rent housing was offered in return for low wages. Governmental responsibility is stated clearly in Article 22 of the Dutch Constitution, with the word “Volkshuisvesting” (public housing) included in the name of the Dutch ministry equivalent to the Japanese Ministry of Land, Infrastructure, Transport and Tourism until the 2010 governmental reorganization (Boelhouwer & Priemus 2014: 222; Elsinga & Wassenberg 2014: 26-9; Ouwehand & Van Daalen 2009: 21, 107).

5. Changes in Dutch housing policy

As the population increased and clustered in urban areas, the Housing Act (de woningwet)(1901) was passed, clarifying the positioning of housing associations and enhancing social housing in both quantity and quality (Iwai

2013: 134-7). However, from the 1970s, deregulation and privatization rapidly overtook the housing market (Boelhouwer 2006: 355), causing social housing to become something of an afterthought. These changes accelerated from the 1990s, leading to increased private rented housing exempt from rent control, higher rents, an overheated housing market, and lagging relocations.

A significant turning point was the Heerma Memorandum (Nota Heerma) of 1989. In 1995, state subsidies were cut, with housing associations circulating their funds to balance their budgets. This increased their independence, expertise, efficiency, and forgave their debts, suggesting that housing association operations would succeed through the use of existing assets. However, this ran into difficulties because of the economic crisis of 2008. Mergers brought the number of housing associations from over 1,350 to below 400. Although the expanded scales created by mergers led to enhanced financial capacity, they also meant more units under management¹⁰, affecting management quality and causing dissatisfaction among residents. Compensation of losses due to the economic crisis and failed derivative trading for Vestia, the largest housing association, left the other associations with limited resources for further investment and regional services, while urban regeneration projects were delayed. Given various other problems, the housing associations faced criticism from the government and the media. Leaving aside the euro crisis, the Rutte administration proceeded with major reductions in housing budgets and raised rents and taxes on housing associations, having been strictly tasked by the EU with enforcing financial regulation. EU regulations affected the resident criteria for social housing as well, with the New Housing Act of 2015 generally limiting eligibility to low-income residents and those in need of care, to encourage fair competition in the EU's single market (Ouweland & Van Daalen 2009: 24-5, 37-8, 41, 106; Elsinga & Wassenberg 2014: 28-38; Boelhouwer 2006: 358; Boelhouwer & Priemus 2014: 222-9).

The Netherlands is an aging society, with half of all adults aged 50 or over in 2019. While their society may seem ideal from a Japanese perspective, the “reforms” that have been enacted since the Kok administration have mainly benefited the Dutch middle and upper classes, leaving employment unstable for the immigrants and youth.

Amid globalization, Dutch universities are likewise adopting reforms. The social housing next to Leiden University was demolished for campus redevelopment. Housing shortages caused by increasing numbers of foreign students are breeding discontent among both foreign and Dutch students. Fraternities and sororities own many student dormitories in Leiden, but these are limited to members only. New student dormitories are not being built because the housing associations can not make a successful bid for obtaining land (Mare, September 14, 2017), suggesting the influence of privatization.

6. Summary

Housing policy in the Netherlands has created stability, decreased inequality, and integrated society. However, these functions have shrunk due to the advance of privatization (De Correspondent, July 22, 2015). While social housing is said to carry no stigma, Mrs. C says their neighborhood has problems, including gunfire and home upkeep. Aedes (2016) argues that urban regeneration through housing associations lowers the crime rate and increases property values. It also asserts that Dutch social housing is an appealing target for foreign investment funds. EU regulations have rendered housing cooperative management unstable, potentially threatening the stability of the resident lives.

Through this survey, it became clear that the factors affecting decent and affordable housing in the Netherlands—whether as owner or tenant—are the socioeconomic status of the household, linguistic ability (Dutch and English), a social network providing useful information, and assets. In addition to these factors, social demographic characteristics such as birth cohorts, country of origin or nationality, permanent residency and visa type, and municipality/government/EU policy are also significant.

Even in the so-called free and tolerant Netherlands, populism is on the rise amid increased immigration (Mizushima 2012), with far-right local parties winning some regional elections in March 2018. Dutch politics, which has reflected diverse opinions through coalitions of multiple parties, must now hold the line against the pressures of globalization, neoliberalism, and populism.

Despite these issues, however, there is much for Japan to learn from social inclusion through the Dutch housing policy described below.

Notes

- 1) I conducted 21 interviews in the Netherlands and Belgium between November 2017 and September 2018, with the approval of the St. Andrew's University Committee on Research Ethics.
- 2) The original Dutch word "koop" literally means "purchased," but here it is translated as "owner-occupied." Houses are sold immediately upon inheritance after a parent's death.
- 3) According to CBS, the national average rent increase rate is 2.3%, higher in major cities. The increase in housing prices means that those who already own housing can relocate to better dwellings through capital gains.
- 4) Non-European immigrants arrived during the post-1950s labor shortages, while many foreigners sought refugee status from the 1990s (Mizushima 2012: 102-03). There is also a tax break system, the "30% rule," for highly skilled foreign personnel (Dijkstra 2016: 105-11).
- 5) "Huur harmonisatie (rental harmonization)" refers to prices increased beyond the governmentally determined price increase rate as per regional actualities when residents move in and out (huurwoningen.nl 2019).
- 6) A system in which rent is determined with attention to facilities, house size, and location, etc.
- 7) Housing allowance is determined with attention to family size and composition and the income-rent balance (Rijksoverheid 2019).
- 8) In Japan, koei public housing is for low-income residents, whereas kodan (Urban Renaissance Agency) public housing is for the middle class.
- 9) 80% of available social housing must be rented to those with income up to €36,798 and 10% to those with income from €36,799 to €41,056; the remaining 10% may be rented to those with higher income (Rijksoverheid 2019).
- 10) Other issues include the low leaving rate and long waiting lists, local safety, and vandalism (Elsinga & Wassenberg 2014: 33-5).

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