

# **PARTNERSHIPS BETWEEN LANDLORDS AND WELFARE INSTITUTIONS**

Paper presented at

**IFHP Urban Networks 2000**

Dr. Frans Spierings, Verwey-Jonker Institute  
(tel. 31 30 2300799 / [f.spierings@verwey-jonker.nl](mailto:f.spierings@verwey-jonker.nl))

Drs. Willem Englebert, SKW-Certificatie

Walter van Beuzekom, Municipality of The Hague



## CONTENTS

## Page

-	
Introduction	
2	
-	
Public Housing in the Netherlands: A Short History	
3	
-	
The Position of the Privately Rented Sector in the Dutch Housing Market	
4	
-	
A Profile of Landlords	
6	
-	
A Profile of Tenants	
9	
-	
Living Conditions	
10	
-	
Daily Routines of Lodging House Tenants	
11	
-	
Mutual interests between Landlords and Tenants	
12	
-	
Government Regulations Concerning HMOs	
14	
-	
Policy Issues in the Privately Rented Sector in Holland	
16	
-	
Local Solutions	
21	
-	
Conclusions: Advantages and Incentives Offered by the Seal of Approval	
23	
-	
Summary	
24	
-	
Literature	
25	
-	
About the Contributors	
25	

## INTRODUCTION

The public housing sector in the Netherlands has grown considerably since World War II. This growth is caused by housing production, urban renewal policies, and changes in housing politics. During the same period, the private sector has residualized. Compared to the United Kingdom and Belgium, the Netherlands holds an intermediate position as far as the relative proportion of the private sector is concerned (see table 1). However, this share is continually declining.

**Table 1. Types of tenancy in the UK, Belgium and the Netherlands**

<i>Country</i>	<i>owner occupied</i>	<i>privately rented</i>	<i>social rented</i>
U.K.	67%	7%	26%
Belgium	63%	29%	6%
Neth.	45%	15%	40% *)
The Hague	38%	27%	35%
Rotterdam	21%	21%	58% **)

---

\*) source: Murie (1994)

\*\*\*) source: local statistics (1995)

Social housing is popular in the Netherlands. Owing to government subsidies in the past, the quality is high and the prices are relatively low. This is especially true for the older, well-kept, and relatively inexpensive parts of the housing stock. Target groups of social housing are the low income groups. The lowest income groups however, such as the homeless, those leaving institutional care or detention, refugees and irregular migrants do not receive special attention from most housing associations. Many of them live in lodgings, that is to say, in the expanding subsector of privately rented Housing in Multiple Occupation (HMOs), or with their informal network (family, friends). 66% of the homeless is finding shelter in HMO's. For the other groups, no statistics of their housing situation are available.

In this paper, we will present data from research carried out in Rotterdam and The Hague about landlords and tenants in the privately rented sector. First, we will present a short history of the housing market in the Netherlands. Second, we will describe the position of the privately rented sector and the subsector of privately rented Housing in Multiple Occupation (HMOs) within the broader Dutch housing system. Third, we will describe the relationship between different types of landlords and tenants in this subsector. And last, we will set a framework for addressing some theoretical and practical issues for the regulation of the furnished and unfurnished subsector of the private sector.

## PUBLIC HOUSING IN THE NETHERLANDS: A SHORT HISTORY

During the 19th century, the Netherlands was experiencing a wave of migration from rural areas to cities. Speculators hurled themselves into housing construction. Residential

districts were knocked up quickly and cheaply in a jerry-built fashion, but more importantly, by means of constructing small, poorly built dwellings. These districts, known in the Netherlands as 'Revolutiebouw,' were comprised of small housing units which accommodated predominantly large, working-class families. Housing and living conditions were miserable.

The government had only a very limited supervision over the construction and was focused on tasks such as defense, police and the fire brigade. In the Netherlands, we call this a 'Nachtwakerstaat' (night watchman state). In reaction to this, the private sector - housing associations - took the initiative in improving the housing and living conditions of inhabitants in these districts. Although chiefly charitable and focused on 'educating' the working class, there were also moves - on a rather small scale - to build houses of a somewhat better quality (De Swaan 1988).

The overpopulated cities and the small, miserable dwelling units with bad living conditions finally became a threat to public health, one of the central tasks of the government. The result was the Housing Act of 1901 in which construction and technical housing requirements were established. This legislation was aimed at preventing the most serious excrescences. The first housing associations were formed. Their role, however, remained limited until World War II.

The devastation in many Dutch cities caused by World War II, in combination with a sharp rise in the population in the post war period, created an enormous housing shortage in the Netherlands. Recently married couples had to wait years before they could move into a home of their own. In the 1960's, the housing demands of the post-war baby-boom generation were added to the situation. Public housing was being faced with the task of building huge numbers of dwelling units every year. The waiting lists could not be permitted to get any longer.

In the 1970's, a new task was added: urban renewal. It was precisely those districts which had been built by the 19th-century speculators - the 'Revolutiebouw' districts - that were the ones due for a large-scale programme of renewal.

Until the 1980's, social housing in the Netherlands was a state affair, locally administered by the city councils in cooperation with local housing associations. At the end of the 1980's, it became clear that the financing of public housing would present the government with an uncontrollable financial burden. The result, which was also desired by the housing associations, was the privatization of the public rented housing sector. The housing associations became 'civic-minded businesses.' Housing associations now own about 40% of the total market. They have the legal duty to provide adequate and affordable housing for citizens who are not self-reliant: low income groups and people who are socially vulnerable (a concept which is not legally defined, but in practice means 'the elderly, mentally ill or handicapped, physically disabled, and homeless'), on a limited profit or non-profit basis.

In the first half of the 1990's, waiting lists in the social sector were long. Unlike the rest of Europe, students and other young people gained access to this sector, through bad quality, cheap and unpopular housing in urban renewal neighbourhoods. These houses were directly let to them, or bought from the private sector by housing association for

urban renewal. Also, due to the popularity of social sector, we have seen massive inter-generational transfer of housing, illegal subletting, and high income groups living in low income housing. For a certain period in the eighties and early nineties, this sector became quite immobile and almost inaccessible for the extremely vulnerable, such as the homeless, refugees and those leaving institutional care or detention.

The housing market changed dramatically in the second half of the 1990's. First, due to the growing economy, people started earning more money, the rents rose 2-3 times stronger than inflation for five years, and house prices rose 5-8 times stronger than inflation for five years. The incomes of many young people, elderly, migrants, longterm unemployed, and homeless have only kept up with inflation. The quantity of unemployment dropped, from nearly one-million (from 6% of the total population) to 250.000 (1,7% of the total population). On the other hand, the quality of the problem hardened. The remaining category of inactive people, have been left out owing to the seriousness of their problems. On the housing market this led to a situation where the sitting tenants have been able to cope, also through the systems of rent protection and rent subsidies. Starters and restarters however, have been strongly affected by this process, especially the marginal starters/restarters. They find it virtually impossible to gain access to this sector of the housing market.

Second, because of rising incomes, demand for social housing is starting to change. People who earn more money, want to have more space and better and bigger houses. In response, housing associations are changing their policy. Houses are being sold to the sitting tenants, apartments are being combined to create bigger houses, etc. But rents do not drop. They keep rising. The supply of cheap housing in the social rented sector continues to drop. Putting pressure on the socially vulnerable from two sides (low supply and high rents). These groups are slowly but steadily being driven to privately rented sector, concentrating in the subsector of HMO-market. Privately rented shared housing is the affordable (and not even cheap) type of housing for vulnerable tenants. This, in short, is the housing problem cities in the Netherlands face: a continuing decline of the public rented sector and a strong increase in housing costs.

Private landlords have traditionally provided accommodations for those in the HMO housing market. Commercial room rental businesses thus serve a sheltering role for the underprivileged in the housing market. An increase in this demand quickly results in an increase of those offering this product to the market. When drawing a parallel with Maltus' theory, also the lowest quality of housing will be let, and they will be let to the socially vulnerable. They are now facing really poor living conditions.

## **THE PRIVATELY RENTED SECTOR IN THE DUTCH HOUSING SYSTEM**

Housing in the Netherlands is the "social right" of every citizen as defined in Article 22 of the Constitution. The Dutch state has the 'obligation to respect,' the 'obligation to protect,' the 'obligation to ensure,' and the 'obligation to promote' *sufficient* housing. This applies not only to the number of houses, but also to the quality, security, and condition of the housing. However, Article 22 establishes a *collective* right to housing, meaning that no individual claims can be drawn from it.<sup>1</sup>

The private sector consists largely of real estate agents (makelaars), institutional investors (beleggers)<sup>1</sup>, and small private landlords.<sup>2</sup> The main trend among the last mentioned group in recent years has been the conversion of self-contained housing into cubicles or furnished bedsits. Several factors have contributed to this trend. Firstly, many privately rented apartments have been bought up by the local council for urban renewal. In the rest of the sector, profits have been low, so investments have been low, leading to a deterioration of the quality of the housing, even slum-forming. Combined to this, there have been ample opportunities for illegal withdrawals from the official housing market by private landlords through slack inspection practices by local governments.

It appears, that socially vulnerable categories have in the Netherlands been traditionally housed by private landlords in cheap and poor housing. The main mechanism being: nobody asks questions and quality is already low. Social categories as the homeless and those leaving institutional care or detention, have been largely neglected by the public sector. In sociological terms, we could say that for many years on, the economically disadvantaged have been reasonably well protected by the public sector, but the culturally disadvantaged have not (Eckert and Shapiro mention "alcoholics, addicts, prostitutes, petty criminals, the chronically ill, mentally retarded, refugees, and homeless"). In many Dutch cities, these groups find shelter in the houses of the private landlords in the shadow market of HMOs.

This '*blind spot*' for the culturally disadvantaged on the demand side of the housing market has an equivalent on the supply side. The private landlord is himself seen as an '*urban villain*,' just as other trades and occupations throughout history have been looked down upon. Together with healers, barbers, millers, and prostitutes, private landlordism seems to have become a somewhat infamous profession.<sup>3</sup>

A shadow sector of substandard housing has emerged for special need groups, economically utilized by the small private landlord (see Figure 1 on page \*). Operating through basic price elasticity - bad housing on bad locations is cheap; good housing in top locations is very expensive - the private landlord offers a form of minimal standard (shared) housing that meets certain needs and for which there is an increasing demand. The body of knowledge about this privately rented subsector is limited. The size, on a

---

<sup>1</sup> We will not consider real estate agents and institutional investors in this article. Our knowledge about this small subsector of the housing market is limited to the local situation (in Rotterdam only 1.5% of a total of 280,000 houses, and not more than 5% of the privately rented sector) is rather limited. We are under the distinct impression that housing in this subsector is too expensive and largely inaccessible to potential tenants in special need groups.

<sup>2</sup> Due to the privatization of Housing Associations at the end of the 1980s, the difference between real estate agents, institutional investors, and the social sector has become somewhat blurred. The difference seems to be in degree of profit making, and not type of letting, investment, or market innovation.

<sup>3</sup> Gleichmann describes the 19th century German '*Hausherr*' as a strong social, economic and political class. The English '*petite bourgeoisie*', a respectable class according to Crossick, helped shape the structure and fabric of the nineteenth-century working-class housing in Britain. The English '*slum landlord*,' however, was often seen as a "folk-devil" (Englander 1983, McCrone and Elliott 1989).

national scale, is not accurately known. One of the most recent estimates (CBS, Faessen 1992) claims this sector has as many as 250,000 households which would mean that more than 4% of all Dutch households are living in this notorious segment of infamous landlords and culturally disadvantaged tenants, accommodated in substandard housing. These figures are incomplete, but the explanations for the genesis of the situation seem to be clear enough: a process of informalization on the housing market, on the one hand, and departmentalization, on the other.

Informalization on the housing market underscores the importance of new research into this shadow sector of Dutch housing system. In order to understand the anomalies, we need to understand the experiences, lifestyles, and life chances of tenants and landlords in the subsector. In 1992, the municipality of Rotterdam commissioned a large research project; the municipality of The Hague did the same in 1994 (Spierings, 1996; Krebber, 1996). Both research projects concluded that the negative picture of the private landlord as a slumlord is incorrect. The private landlord apparently has important social functions. The Rotterdam project also showed that lodging house tenants were not necessarily being victimized by the private landlord, but were being served by them in many informal ways.

## **A PROFILE OF LANDLORDS**

### Motives

Research indicates that landlords in the private sector have various motives for letting rooms. These are:

- a *labour* motive: some landlords let rooms merely as an economic activity, a job;
- a *financial* motive: some landlords are mainly interested in investments and profits;
- a *residency* motive; some landlords live in a house or building that they can only afford if they share a large part of it with tenants;
- a *social-commercial* motive; some landlords let rooms in hostels for special needs groups.

### Selection of tenants

Research also indicates that landlords often specialize in different target groups: working people, men or women, immigrants, special needs groups, illegal aliens, etc.

The selection of tenants is an important aspect of control for HMO properties. Landlords adopted two main strategies landlords for coping with tenant problems: 'supervisory' and 'encapsulation.' Most of the landlords in the interviews adopted an essentially 'supervisory' approach which involved two basic elements: the careful vetting of new tenants to screen out potential 'problems' and an attempt to manage tenant behaviour and frictions. The 'encapsulation' strategy was quite common among larger and less scrupulous landlords. This approach made little attempt to manage tenants. Rather, the technique was to maximise the return on the property with the minimum of contact. This distinction between strategies has also been found in British research (Thomas and Hedges, 1986). At this point, it is important to note that the 'supervisory' approach tended to produce the better managed properties, but also to exclude the least

conforming, least competent, and least presentable tenants.

A characterisation can be drawn of the different types of landlords based on the four different motives and the two property management strategies.

### Types of landlords

#### **- The 'small entrepreneur'**

The small entrepreneur has chosen this line of work because of the easy and flexible working conditions. He or she has built a small family company, with only one or two HMO properties. It seemed to be important for the small entrepreneur to keep the properties well managed. He or she knows that a special permit is required for establishing an HMO and has obtained one in the past. Owing to the high costs of obtaining (and keeping) the local permit, it is very important for the small entrepreneur to have a good reputation. The earning power of the property depends heavily on a constant flow of tenants, little damage to the property caused by tenants, and averting management orders from the council. As a consequence, potential problem tenants are carefully screened. The total market share of this entrepreneurial type is about 25%.

#### **- The 'capitalist'**

Profit is the most important motive of the capitalist. Often, he owns a large company. Obviously, this type of landlord is a non-resident. The capitalist is a so-called Hydra (a many-headed monster).

First, there is the *professional housing intermediary*. This type takes over the vetting of new tenants from owners of HMOs and serves the immediate interests of the owners. Stability is important for the intermediary: he wants to screen out potential problems. He has a professional attitude: he charges normal rates for services rendered. In Rotterdam and The Hague, the *professional housing intermediary* needs a permit to operate his business. In practice, this system of licences is not really checked, but more so in The Hague than in Rotterdam.

Secondly, there is the *slumlord*. He buys old properties and converts them into rooming houses, without the necessary legal permission from the council. With the profits from this enterprise, he purchases other (old, cheap) properties in pre-urban renewal areas, without investing in the quality of the living conditions. The slumlord assumes that tenants will behave badly and therefore makes little attempt either to select the tenants or maintain property conditions. Almost anyone can rent a room. Special prices and deductions can be negotiated by the tenants, sometimes in return for labour or doing odd jobs. The average housing costs are somewhat lower than those of the small entrepreneur and the professional housing intermediary, but the slumlord does not respond to complaints and sells the property to any buyer, often not recognizing tenant rights in the process.

Finally, the *shady intermediary*. He resembles the slumlord, but does not own property himself. Rents are high and the quality is low. This type of intermediary operates on a hit-and-run principle: quick and large profits. He is not interested in continuity and is constantly being chased by housing inspectors and, consequently, is served many closing orders.

The capitalist has gained significantly in the last ten years. Although only one in ten landlords 'fit' this stereotype, the total market share can now be estimated at about 50%. This part of the market is still growing, through conversions due to low financial returns in the housing market, strict quality controls, excessive quality criteria that push

the reputable, small landlords out of the market and drive the disreputable landlords 'underground.' The growing need and demand for cheap and accessible housing is a serious concern since many tenants in the Netherlands can no longer afford quality.

#### **- The 'commercial idealist'**

Commercial interests are only part of the motivation of the idealist; a social attitude is also important to him or her. The idealist lets rooms and beds to homeless people and other priority need groups. The idealist is also willing to support tenants in areas other than their immediate housing needs: taking medicines, writing letters to bureaucracies, reading postcards from relatives and friends, etc. The quality of living conditions in these lodgings is not always good, partly because of the cheap attitude of the landlord, partly because of the need for minimal (cheap) housing for the tenants. It would appear that housing the needy in this way can be an undertaking that yields substantial profits. A logical question is why housing associations - whose primary task this is - do not operate this type of minimal housing. The total market share of the commercial idealist is 15%.

#### **- The 'Hostess or Landlady'**

This type of landlord is characterized by their amateurish way of operating a business. Often, (s)he has bought his/her dream property, at a certain location, with a certain status, quality, or size. Owing to the high cost of the mortgage or rent, letting or subletting rooms becomes necessary. The main difference between the traditional and the modern landlady is one of scale: the modern landlady has more tenants. He or she cannot afford to be negligent with the property. Living conditions are ordinarily quite good. Problems and complaints are always handled and new tenants are carefully screened. Bad behaviour leads to eviction. Empty rooms seem to be preferable to problem tenants. It is noteworthy that many landladies do not have the necessary permits for operating an HMO. The total market share is 10% for this type.

## **THE TENANTS**

HMO tenants in Rotterdam and The Hague belong to different social categories. Students, young people, immigrants, and divorced men and women live with extremely vulnerable social groups, such as those leaving institutional care or detention, runaway youths, (ex-)psychiatric patients, homeless families, etc.

Our research has shown that students and young people are the target group of the non-profit sector. This subsector has 5000 rooms in Rotterdam and 2500 in The Hague.

Many of the vulnerable tenants, however, are dependent upon the commercial subsector of private rentals in multiple occupation. This subsector has 7000 rooms or bedsits in Rotterdam and 8800 in The Hague. It is not known how many individuals this represents since many rooms are inhabited by couples, broken families, or three-generation families.

More than one-third of all the HMOs in the private sector are *multi-ethnic*. This finding is consistent with British research in the sixties (Rex and Moore, 1967) which showed that multi-ethnicity is an important characteristic of this shadow segment of the total housing market.

It is important to understand how tenants in the shadow segment *cope* with their housing

situation. To address this issue, a special research project was carried out in Rotterdam. More than 40 *life histories* were collected from HMO tenants, with information on the following topics: socio-economic background, housing career, personal problems and adaptations, social networks (with family, friends, other tenants, landlords, and formal social services), and housing needs. Landlords, on the other hand (n=60), were asked questions about the tenants, their motivation for operating an HMO, selection principles, and rents.

The combined research material showed three typical housing careers. These are:

1. *'newcomers'* to the city, mainly from the former colonies;
2. *'dropouts'* from the indigenous population
3. *'stickers'* from the indigenous population and earlier immigrants.

The newcomers use HMOs as a starter circuit for housing. In the meanwhile, they are searching for a place of their own and are using HMO multiple occupation as waiting rooms. The dropouts use the lodging house as a safety net or a trampoline. They are having trouble coping with their situation and are trying very hard not to become homeless. For the rest of the group, the lodging house has become a stable living environment, often to their personal satisfaction. Many of them are unemployed, poor, have been homeless, or are continually on the verge of homelessness.

## THE LIVING CONDITIONS

The living conditions in 40% of the HMOs in Rotterdam and The Hague are substandard. Housing Inspectors are striving hard to improve conditions. There are five main components to the evaluation of physical standards. The HMOs are typically crowded - although overcrowding is not generally a problem - and there is a high turnover of tenants. Consequently, lack of *space* is a common complaint. In some of the properties in our research, all of the tenants had moved in the course of one year. Some landlords do not offer *security of tenancy*; tenants complained about a variety of problems owing to the nature or *condition* of the house in which they lived. Common problems were damp or condensation, the poor quality of furnishings in furnished accommodation, unclean conditions/facilities, lack of basic *facilities*, and serious disrepair. Some HMOs had inadequate *emergency exits*, especially those operating without the compulsory licence (DS+V 1996).

Important, however, is the fact that most tenants cannot afford to be too critical because they have nowhere else to go. HMO rents are substantially lower than on the formal housing market. Local taxes and water and energy costs are all included. The HMO sector of *'minimal housing'* is the cheapest available in the Netherlands. Another important advantage is its easy accessibility. A cubicle in an HMO is about the only way to quickly find accommodation because housing associations have such long waiting lists. The private landlord, on the other hand, can offer potential tenants a room from one day to the next. In the city of Rotterdam alone, 65,000 households are registered as looking for a house, while only 12,000 units become available each year.

## DAILY ROUTINES

In order to understand the relative importance of these housing conditions, we think it is essential to understand tenant attitudes and daily reactions to their living conditions.

What can be said about the daily coping routines of HMO tenants?

It appears that many tenants try to develop a common identity. They eat together, cook together, clean together, watch television, and deal with the deficiencies of the house together. Almost every HMO in our research had an unofficial *mother* who took responsibility for the whole building. This effort to create a bearable social climate in the house was characteristic of all the tenants. More often than not, people who previously did not know each other voluntarily shared possessions, participated when goods or food were jointly purchased, and kept the volume of the television or stereo down. Most HMO tenants recognized these mutual advantages, but also experienced them as moral obligations.

On the other hand, tenants also actively put pressure on one another to behave in a socially acceptable manner. Norms and codes are stated and socially confirmed on a daily basis. Some tenants said that they cleaned the communal facilities more often than they would if they were living on their own. The cleaning regime sets an example and sometimes takes on a ritual form of creating social order.

Certainly not every tenant is this socially inclined. Some argue a lot and deliberately avoid contact with each other. Thus, tenants at home stayed in their rooms, sometimes with the doors locked, and in some cases, cooked with camping gear to avoid sharing facilities. These tenants tried to be as self-sufficient as possible, keeping cooking utensils and food in their rooms, using bookshelves to create a small, separate bedroom, keeping everything locked, and waiting until other tenants have left before coming out. These actions can be seen as a way of coping with the crowded conditions. This strategy is frequently used in multi-ethnic HMOs to limit contact as much as possible.

A fourth, material routine could be called self-help. HMO tenants do, and often have to, make small repairs in the building. Firstly, they redecorate the room, replace broken facilities in kitchens, bathrooms or toilets, paint, clean, arrange heating themselves and treat damp or condensation. One of the tenants in our research got electricity from the neighbour - a student who rented a room in an adjoining HMO - with a reel. Other tenants had to bathe in a washtub. One mother had to put mattresses on the ground for her children to sleep everyday. All these examples show the strategies employed by HMO tenants to maintain themselves in their present situation and avoid a further decline to homelessness. In this way, they avoid unwanted arguments with other tenants or the landlord, a forced move to another HMO, lack of privacy, theft, etc. Rather than take the chance that the next apartment is even filthier and more dangerous, they prefer to make ends meet in their present environment. Most of the tenants do not have any alternative but to make the best of the present situation.

What is more, having a place of your own, even if it is dirty, crowded, and dangerous, has symbolic value. Having a place of your own, even if you have to share it with others, is a prerequisite of personal dignity. In western culture, it symbolizes self-sufficiency, autonomy, and independence. Homelessness, on the contrary, means 'not being able to care for yourself,' 'being needy,' 'subversive' or 'deviant.' People do many things to avoid that situation and stigma.

The main point is, we think, that this has important policy consequences.

## **MUTUAL INTERESTS OF TENANTS AND LANDLORDS**

The landlord-tenant relationship has been characterized as essentially one of conflict. Rex and Moore have pointed out that under day-to-day conditions, tenants and landlords deliberately avoid contact with each other (1967). This general tendency towards *withdrawal* was especially noticeable in multiracial lodging houses. Research in Rotterdam and The Hague has shown that this is only part of the picture.

Tenants were asked about their (dis)agreements with landlords. They stated that their relationship with the landlord was characterized by *informal* agreements. A system of norms, a code of conduct for landlord-tenant relationships, seems to develop outside the formal law of the larger society. These implicit rules of conduct seem advantageous to both parties and, consequently, are accepted by both. When both parties honour this informal system of norms, as is often the case, they can satisfy special interests and claim certain (informal) rights.

Tenants have certain expectations concerning privacy, security of tenancy, and code of conduct, which many landlords appear to honour. For instance, many landlords are prepared to look for new accommodation when an HMO has been served a closing order, landlords often accept small back rents, and accept small behavioral discrepancies. In turn, tenants are expected not to complain too quickly or too often. A broken lightbulb is not worth a complaint, nor is dampness. Tenants are not expected to ask for the landlord without good reason.

These expectations and implicit rules of conduct regulate the relationship between the landlord and his tenants and thereby create a silent, informal order. The anomalies in the interaction between tenants and landlords - bad housing conditions, relatively high rents, bad behaviour, back rents - are in fact much more ordered than one would initially suspect (Harré, 1976). This social order seems to be based on mutual interests and mutual trust. Tenants are dependent on private landlords, but they also generally trust them.

Flexibility characterizes the informal order of HMOs. The parties can negotiate rents, special prices, method of payment, clean up and refurbishing of the house, rights and duties, etc. Tenants can claim discounts for improving the living conditions, do odd jobs in and around the house for payment, select new tenants, and arrange shortcuts into the formal housing market. Seen from the perspective of the tenant, the private landlord offers a whole range of advantages, including personal treatment, daily care, special reductions, moving opportunities, and a mailing address.

The downside of this system, however, is that flexibility also *perpetuates* certain problems and disagreements. This mechanism has been eloquently described by Elliot Liebow in the Skid Rows of Chicago (1967, 38). Some landlords, using the 'encapsulation' strategy, make little attempt to manage properties. They anticipate bad behaviour from tenants and are therefore 'slow to make repairs' and to 'react to complaints.'

Flexibility is also limited. When parties do not obey the norms of their market community, sanctions are used to restrain one side or the other. The distinction between what is and what is not permitted is very subtle. A breach of confidence often leads to serious conflict. A direct conflict between the landlord and the tenant(s) leaves the tenant quite vulnerable, perhaps even on the street. But landlords who do not do their part and

mistreat their tenants, e.g., by not respecting privacy or evicting tenants on short notice, have suffered retaliation, e.g., tenants leaving without paying, breaking furniture and other facilities, etc. Both parties, therefore, have good reason to avoid conflict. They act within well-defined margins.

The mutual interests that exist between private landlords and tenants are not always recognized by bureaucratic organisations in the Dutch housing system. As mentioned before, both tenants and landlords in this sector have a negative image. The landlord is seen as a powerful, rich, and ruthless person whom tenants have to obey. The institutional, official actors on the housing market would like to buy them out and get rid of them. They do not recognize the social function of the private landlord: to provide housing for the homeless and those leaving institutional care or detention. These culturally disadvantaged groups are largely neglected by the public sector. They are stigmatized as unmotivated, bureaucratically incompetent, and culturally undesirable. As a consequence, many do not have any alternative. Waiting lists for social housing are long, prices are high, accessibility is problematic. In the major Dutch cities, many thousands of people are looking for more adequate, secure, and healthy accommodation. Since the nineties, rents have continued to rise and poverty has increased dramatically for the unemployed, uneducated, sick, and elderly. This dual process will lead to a strong demand for cheap and accessible housing in the future.

In the case of Rotterdam, over the course of one year, 3100 people use homeless shelters, mostly only incidentally. A smaller, but still sizeable number of people (750) use the shelters on a weekly basis. Seven years ago, at the end of the eighties, there were 2000 homeless in Rotterdam. This is an increase of more than 5% yearly. The institutional segments of the Dutch housing system cannot afford to lose the private landlord just yet.

## **GOVERNMENT REGULATIONS CONCERNING HMOs**

In the preceding pages, we have presented a picture of the privately rented sector. This section deals with the regulatory role of the municipal government and the housing associations. Before discussing policy issues in the privately rented sector, however, we will first provide a picture of the legal framework that is available particularly to municipalities.

### The Housing Act

The first Housing Act was written in 1901, with the most recent major change taking place in 1992. The Housing Act rules that the municipality must oversee constructions, vacant lots and terrains located within the municipality. This legislation prescribes a required verification of housing units which are inappropriate for habitation, and housing units and constructions which do not concur with the National Building Decree, as well as the degree to which these buildings, constructions, vacant lots and terrains are used in opposition to the local construction regulations. This law demands that the municipalities take an active position. The municipalities provide their own ways of determining this legislation. If a conflict with the National Building Decree is noted, the municipality must issue the owner with a written notice obliging him to repair the deficiencies. If the owner remains negligent, the municipality is authorized to carry out the necessary maintenance

itself, at the expense of the owner. It is this 'repair notice instrument' in particular that is frequently used in the large cities. When the buildings are in such bad shape that they cannot be fixed up, the possibility of implementing the repair notice, naturally, no longer offers any consolation. In these cases, a solution must be found within the framework of urban renewal.

### The National Building Decree

The National Building Decree issues rules with respect to safety, health, utility and energy efficiency. These regulations make distinctions between kinds of buildings, and between new constructions and existing constructions. The rules are formulated in such a way that concrete requirements for achievement are based on functional descriptions. In regard to residential construction, the National Building Decree provides architectural rules concerning *structural safety*, *fire safety* (the building's capacity to compartmentalize a fire, possibilities for escape), *health* (e.g., sound insulation, moisture resistance, daylight illumination), *utility* (e.g., minimal dimensions for rooms and dwelling units; the presence of a toilet, bathroom and kitchen), and *energy efficiency* (e.g., thermal insulation). The requirements concerning energy efficiency apply only to new constructions.

As far as the rental of rooms within buildings is concerned, the arrival of the National Building Decree means a step backward compared to the requirements that municipalities previously issued by means of their local regulations. Because the National Building Decree treats rooming houses and 'ordinary' homes equally, the requirements, especially those concerning fire safety, escape routes, and technical housing facilities (kitchens, shower, toilet), have become less strict.

Strong objections to this have developed on the part of the municipalities. This is because there are essential differences between the ways people living in rooming houses and regular families occupy living spaces. With the revisions being made to the National Building Decree, these complaints will be addressed.

### Municipal Building Ordinances

The Housing Act requires the municipalities to establish building ordinances. According to the National Building Decree, these building ordinances may no longer contain additional architectural requirements. In spite of this limitation, the building ordinances are indispensable instruments because the satisfying of the National Building Decree does not yet indicate that an acceptable situation exists. This is because the National Building Decree makes no provisions for such matters as the maximum number of inhabitants in a single dwelling, hygiene, the prevention of pollution, the presence and control of vermin, and the presence of non-architectural fire safety facilities, etc.

The building ordinances are also important for controlling room rental since they state that a room rental business may be exploited only with a utilization permit issued by the burgomaster and aldermen. The obligation to obtain a permit is usually linked to a minimum number of inhabitants. In the Municipality of The Hague, for instance, this minimum number has been placed at 5 persons. In the Municipality of Rotterdam, the minimum number is 3 persons. The main goal of the utilization permit is to guarantee fire safety, although it is also exercised to prevent such problems as the overcrowding of HMOs.

### Living and Working Environment Ordinance

The Urban and Rural Regeneration Act makes it possible for municipalities to establish temporary ordinances for certain parts of the city with the aim being to check an existing or threatening decline in living and housing conditions. The Municipality of The Hague has established two such Living and Working Environment Ordinances. One of them calls for a freeze to establishing new rooming houses in a number of districts where there are already so many rooming houses present that the quality of life there is at issue. New rooming houses may be established only with an exemption granted from the burgomaster and aldermen. In practice, exemptions are granted only when the initiatives will make a positive contribution to housing and living conditions. In itself, the Living and Working Environment Ordinance is an effective instrument. The drawback to it is that it does not allow for intervention into a situation that has already gone awry. The Living and Working Environment Ordinance, therefore, does not make it possible to get rid of some of the rooming houses.

### The Housing Allocation Act

On the basis of the Housing Allocation Act, municipalities can establish Housing Ordinances. These regulations can include a ban on converting self-contained housing into shared housing (HMO-type) without a permit from the burgomaster and aldermen. This permit is denied if the conversion threatens the preservation or composition of the supply of independent dwelling units. The permit can also be denied on the basis of quality-of-life considerations.

Also in this case, the Municipality of The Hague has proclaimed a freeze to new room rentals in that part of the city which already has too many established rooming houses. The Municipality of Rotterdam is working on this as well. The freeze in The Hague is also being applied city-wide to apartments and blocks of flats with an entrance hall. The Housing Ordinances involve only room rental in buildings that are in use as self-contained housing. Room rental in commercial buildings is not covered.

In summary: Municipalities have a number of legal instruments with which they can directly influence the quality of shared housing (room rental). These involve not only architectural and fire safety requirements, but also requirements concerning the buildings' use as HMOs or rooming houses. Where the situation has been tolerated for many years, there are few legal resources for reducing the number of HMOs. Nevertheless, it is possible to demand that the owners will yet make a start at satisfying all requirements. If they are unwilling to do so, the municipality can decide, in extreme cases, to close the facilities. This does not, however, solve the problems for the people living in rooming houses. A policy in Rotterdam was so strict, for example, that it cut the number of available rooms by 500.

The municipality's legal resources are chiefly *repressive* in nature. New room rental can be limited. The main reason behind developing the set of legal instruments was to protect the supply of self-contained housing. Those who rent rooms have different life styles. When this leads to unacceptable annoyance, intervention is possible. Nevertheless, the government cannot operate repressively everywhere. In regulating the market, the market parties must be involved themselves.

## **POLICY ISSUES IN THE PRIVATELY RENTED SECTOR**

**- The demand for shared housing**

In recent years, we have seen cutbacks in health care and in the social security system. Also, the privatization of the public rented housing sector accompanied by substantial, governmentally prescribed rental increases, are leading to an increasing demand for inexpensive, modest shared (dependent) housing. More and more people are on the verge of falling through the social safety net of the welfare state. Once more, the private market is providing a buffer for this demand. As a consequence, rackrenters are appearing on the market. Abuses are developing once again. In contrast to previous periods, however, the market conditions are essentially different:

- The privatized housing associations are becoming increasingly involved in their social task: helping those who cannot provide themselves independently with their housing accommodations. Housing associations themselves are realizing that a new target group has developed on the underside of the housing market; this new target group who is looking for shared (dependent) housing consists, for the most part, of those in the weakest positions in society.

- The target group has a different composition. In contrast to earlier periods, this target group now involves households that frequently have neither the means nor the skills to enter the regular housing market. Included in this group are addicts, psychiatric and ex-psychiatric patients, the homeless, young people with problems, and ex-convicts. These house-hunters frequently have several problems. For them, the HMO housing market is now the last possibility to which they can cling.

- The housing shortage, in an absolute sense, has almost been eliminated. The privatization of the housing associations has been completed. As a result, the government and the housing associations can now give more attention to these target groups.

**- The size of the problem in Rotterdam and The Hague**

The exact size of the problem, both nationwide as well as in the municipalities of Rotterdam and The Hague, is unknown. Estimates vary, and figures are hard to compare. If we limit ourselves to the extremely vulnerable, we will find the following numbers of people:

<b>Rotterdam 1995</b> Homeless: 3,100 Young drifters: 400-700 Ex-addicts: 2,000 Ex-convicts: 1,000 Ex-psychiatric patients: 1,550 Hard drug addicts: 2,000	<b>The Hague 1994</b> Homeless: 1,350 Young drifters: 350 Ex-addicts: 1,500 Ex-convicts: 1,000 Ex-psychiatric patients: 1,500 Hard drug addicts: 2,000
--	--

Taking a look at the shelter capacities for the homeless in the Netherlands, the

Association of Netherlands Municipalities (VNG) made the following estimate for 1990:

Public shelters: 9,000
Commercially-run shelters: 21,000
Total no. of homeless: 30,000

If we look at this table, 66% of the homeless is finding shelter in the commercial rental sector. This percentage is not expected to differ for the other target groups. A number of dilemmas exist, however.

1. The target group is not a clear-cut one. Homelessness is only part of the problem. We could also mention alcoholism combined with drug-addiction, refugees and irregular migrants without legal documents, and those leaving institutional care or detention. The term 'extremely vulnerable' is appropriate. These people are often dealing with several problems at once. Their problems cannot be solved merely by realizing housing.

2. Housing associations have little experience with shared housing.

3. The government has a repressive set of legal instruments for controlling the worst excrescences. Closing the worst rooming houses is possible but does not solve the problem for the renters. Realizing a suitable and reliable availability of space has only limited public attention.

4. The supply of shared rental space is found chiefly in the commercial rental sector.

5. Government funding for public shelters and funding from the privatized housing associations cannot provide for the full supply.

#### **- The relationship between the housing and welfare sectors**

A main feature of the Dutch welfare state is what can be called sectarian division, or *departmentalization*. This is a main characteristic of the social policy sector, not only of the housing sector, but of many other sector as well. It is a characteristic within and between sectors, and it is now slowly being changed.

Departmentalization between the welfare sector and the housing means that housing associations and social services are organized along separate lines in different sectors. The same can be said about the non-profit sector of HMO housing (for students and young people) and the formal sector of self-contained housing. The private landlord, so it appears, operates in the gap between housing associations and social services, and between the non-profit sector of HMO housing and the formal sector of self-contained housing.

The chain of 'shelter' and the departmentalization between the welfare and housing market can be illustrated as follows:

Figure 1 titel\*

Intensity    1                                    2                                    3                                    4

Living inde- pendently	Shared housing	Sheltered housing	Institutional setting
---------------------------	-------------------	----------------------	--------------------------

In figure 1, the housing market is understood as a continuum. On the one side are those living independently; on the other are those requiring complete supervision in such places as institutions. In between are the various forms of housing such as shared housing, room rental, sheltered housing and public boarding facilities.

The shaded part indicates the common ground between both sectors. This is where the relationships between the housing sector and the welfare sector are located. The greater the shaded area, the more intense the relationships between the sectors. It is within this part that the Social Recovery Project in The Hague and the general target groups of public housing are found.

If the position of these target groups is compared with the diagram, it can be proposed that:

- the housing needs of large parts of the target group have been located in the market for shared housing - a segment within the housing market where the housing associations have not traditionally centred their activities.

- the market supply of shared housing/room rental to which the largest part of the target group has been referred, in the first place, offers forms of housing which are neither sufficiently accessible nor sufficiently appropriate.

- the system of apportioning housing is focused on self-contained housing, and it is consequently unclear as to what the value of this is for the various target groups. What is their position in the system?

- as a result of the lack of appropriate housing opportunities for the target groups, a flexible exchange between the columns is not easy to achieve. This slows and/or hinders the individual members of the target group in following their 'course leading to a way back', increases the risk of reversion to old patterns, and puts pressure on the institutions' capacities to handle their work.

- individual projects, however useful and desirable, cannot in themselves offer a structural solution to the problem.

- what must be strived for is to structure and integrate the various phases through which the target groups for social recovery should possibly pass.

- process and/or chain agreements between care-providing institutions and landlords who rent reliable housing must be a goal. The return on the existing capacity must be increased. The size of the target group warrants this.

**- The market offering shared housing/room rentals**

For a solution, a relationship with the welfare sector is necessary. We are further limiting ourselves here to issues that are concerned with the housing side and particularly with commercial rental of shared housing. The most important problems in the market offering shared housing are:

- Many HMOs do not appear to satisfy the requirements as established in the National Building Decree and the municipal building ordinance. At the same time, abuses occur in management, rental pricing, the renter-landlord relationship, the price-quality ratio and maintenance.

- The room-rental market is a supplier's market. The demand surpasses the supply. Many of those offering rented rooms wind up on the wrong path in order to get their piece of the pie, legal or not.

- The irregular supply undermines the position of regular suppliers. Investments made are undermined as a result of dishonest competition. Abuses also lead to a poor image. The image of this branch is weak.

- The irregular supply makes the market obscure for the various parties operating in it. Many renters and potential renters do not know when reliable and unreliable housing is being offered.

- Care-providing and public relief institutions see themselves faced with the problem that they often cannot refer their clients satisfactorily once the clients must or choose to leave the institutions. Not enough appropriate places are available in the public housing sector. Public relief has less trust in the existing commercial relief possibilities. The current situation in the housing market increases the risk that clients will revert to old patterns.

- The living conditions in often vulnerable districts where the businesses are established are being further threatened by bad landlords.

- Applicable to commercial landlords as well as associations and the government is the fact that part of the funds already invested, for example, within the framework of urban renewal, is being threatened.

In its approach to the problem thus described, the Municipality of The Hague has in mind a project in the housing area which *combines* the following three policies:

- Removing obscurities in the market by developing a seal of approval. The good businesses must be able to distinguish themselves.
- Having the government take a hard stand by means of an integrated enforcement in handling existing abuses.
- Expanding on what is available in the higher-quality housing market by such means as housing associations.

Our conclusion is that making a contribution to the solution is impossible without involving the commercial landlords and the welfare institutions.

## **LOCAL SOLUTIONS**

### **- An integrated approach: Social Recovery in The Hague**

To arrive at a solution, it is important to base the reasoning on the problems faced by the target group. Considering the problems, an integrated approach is required. Two

aspects of this are of crucial importance: the relationship with the welfare sector and positioning the room-rental market within the total housing market. With its Social Recovery Project, the Municipality of The Hague is attempting to make those on the underside of society able-bodied enough (or in some cases to restore them to this state) to enable them to realize a more or less regular living pattern. In doing so, cooperation is being explicitly sought between the sectors of welfare, education, employment and housing.

Social Recovery is especially aimed at the following target groups: ex-convicts, addicts, the homeless, young drifters, and ex-psychiatric patients. An exceptional obstacle is their social, physical and/or mental vulnerability. It is often impossible for these people themselves to find a form of housing that is appropriate and which is in accordance with set norms and values, even though this is precisely what is so crucial in this stage of their existence.

Although not having housing appropriate to their needs is usually not the cause of their problems, without having a reliable form of housing, it is also very unlikely that they will complete their 'course of recovery'. Just as with most other people, they nevertheless want to be able to fall back on appropriate - appropriate in the sense of agreeing with their opportunities and abilities - housing as the basis for their activities.

Many of the members of these target groups are assigned to shared housing. To find a solution, it is relevant to define this relationship with the welfare sector to see where action must be undertaken. From the standpoint of housing, the target groups of the Social Recovery Project are also the ultimate target groups of the housing associations: *those who cannot provide themselves independently with their housing accommodations.*

#### **- Reasons for a seal of approval by SKW (Together Certifying Quality)**

The limited shelter capacity at care-providing institutions and the dominant role being played by the commercial sector in this market segment lead to the conclusion that a final answer to the problem, if conceivable, cannot be found without involving the commercial sector itself. Neither nationally nor city by city can we close all the illegal, dubious and bad businesses, and we cannot solve everything with subsidized institutions because this would require an impossibly high subsidy contribution. Associations have little experience as yet with this segment of the housing market except for student housing.

In view of the foregoing information, a solution to this problem will have to be based on an integrated approach in which the government and landlords each assume their own responsibilities. It should not be forgotten that it is precisely in boarding houses and room rental businesses that people can be found who, based on their past experience, are not anxious to come into contact with those in social services, even though this might be necessary in some cases.

In other branches, seals of approval have been shown to have made substantial contributions to removing obscurities in the market. In terms of housing, this means that there must be no distinction made in the type of landlord, such as institutions for public shelter, public landlords and commercial landlords. This fits nicely, thus, into an integrated approach, and is why the project is being financially supported by the Social Recovery Project.

In January 1995, several parties, called together by the Municipality of The Hague, met for the first time. These parties included a national association of commercial landlords (Vereniging Huis en Eigendom); the Municipalities of Rotterdam and Amsterdam; the Federatie Opvang (a national institution that promotes the interests of 120 subsidized centres for the homeless, crisis centres, and the women's refugee's centre); the National Housing Corporation (the national umbrella organization for housing associations); and the Steering Group on Experiments on Public Housing from the Ministry of Housing, Spatial Planning and the Environment.

*The aim of the seal of approval has been formulated as follows: to realize reliable housing by establishing a minimum standard of quality (for both the housing and the management components) in which satisfying the criteria does not lead to prohibitive costs. The seal of approval should eventually be conferred by an independent branch organization. With the seal of approval, it must be possible to separate the wheat from the chaff.*

The participants drew up a draft of criteria which were recorded in a National Assessment Guideline for Room Rental Businesses. Within a short time, trial approvals will be carried out at twelve suppliers in various cities of the country.

One of the first positive results from the experiment is that, considering the national operation that the seal of approval is intended to fulfil, the national umbrella organizations of housing associations, commercial landlords, and institutions for public shelter have formed a foundation that will take care of issuing the seal of approval.

The formation of this agency is of great importance. It must be clear to parties who are interested in this market that an independent agency is issuing the seal of approval. A foundation like this, in which named agencies participate, creates trust, widens support for the seal of approval, and is taken seriously by such parties as insurance companies and financing institutions. This increases the possibilities for realizing a number of the advantages of the seal of approval. What is being attempted is to introduce the seal of approval nationally during the first quarter of 1997.

## **SUMMARY**

Many social needs groups come to the city for housing. Their vulnerability in the housing market leads to problem situations in the area of housing (overcrowding, annoyances), usually in districts that are already vulnerable. Without an integrated approach to these problems, the policy aimed at improving the living and working conditions will not succeed. Associations and public relief institutions cannot solve these problems alone. The housing associations have become civic-minded businesses; are businesses also becoming more civil-minded? Our conclusion is that making a contribution to the solution of the issues mentioned above, is impossible without involving both the commercial landlords and social or welfare institutions.

## **LITERATURE**

- Avromov, D. *Homelessness in the European Union*, Brussels 1995.
- Binnenlands Bestuur*. Het souterrain van de woningmarkt. 1996, no. 43.
- Crossick, G. The petite bourgeoisie in nineteenth-century Britain: the urban and liberal case. In: G. Crossick, *Shopkeepers and master Artisans in Nineteenth-Century Europe*. London/New York 1984.
- DS+V, *De onderste kamer boven*, Stedebouw en Volkshuisvesting, Rotterdam '96.
- Eckert, K. *The Unseen Elderly - A study of Marginally Subsistent Hotel Dwellers*, San Diego, 1980.
- Englander, D. *Landlord and Tenant in Urban Britain 1838-1918*. Oxford 1983.
- Faessen, W. *Anders wonen dan in een woning*, CBS-Sup. 92/4, Heerlen 1992
- Gleichmann, P.R. Veranderingen in het beheer van woonhuizen. In: L.Deben, *Sociologie en gebouwde omgeving*, Deventer 1984.
- Harré, R. en P.F. Secord. *The Explanation of Social Behavior*. Oxford, 1976.
- Krebber, C. M., *De onderkant van de Haagse woningmarkt; vraag en aanbod in beeld*. Delft, OTB-werkdocument 96-20, 1996.
- Liebow, E. *Tally's Corner - A Study of Negro Streetcorner Men*. Boston, 1967.
- McCrone, D. and B. Elliott, *Property and Power in a City. The Sociological Significance of Landlordism*. Bristol 1989.
- Murie, A. *Cities and Housing after the Welfare State*, AME. Amsterdam, 1994.
- Putnam, R.D. 'Bowling Alone', *Journal of Democracy*, nr. 1. p.65-78.
- Rex, J. en R. Moore. *Race, community and conflict*. London, 1967.
- Schutz, A. en T. Luckmann. *The Structures of the Life-World*. London: 1974.
- Shapiro, J. *Communities of the Alone*. New York, 1971.
- Spierings, F. *Finding the Strength - The Life World of Lodging House Tenants*. Dissertation (in Dutch): Utrecht, 1996.
- Swaan, A. de. *In Care of the State*. Cambridge 1988.
- Thomas, A. en A. Hedges. *The 1985 physical and social survey of Houses in Multiple Occupation*. London, 1986.

## **ABOUT THE AUTHORS**

Frans Spierings worked as a housing analyst for the Social Services Department in the city of Rotterdam, from 1990 until 1996. He wrote his PhD on daily life-world of lodging house tenants and private landlords. He is currently working as a senior researcher at the Faculty of Law, Erasmus University, Rotterdam.

Willem Englebort studied Social Geography and Urban and Rural Planning at the University of Amsterdam (1981). He is currently working for the Municipality of The Hague in the position of Senior Policy Staff Member. In this position he is serving as the project leader for the project entitled 'The National Seal of Approval for Room Rental'. In his free time, he is a member of the Board of Directors at the ROAC-Huisvesting housing corporation in Purmerend.

Walter van Beuzekom is currently working for the Municipality of The Hague in the position of manager HMO with the City Development Department. With Willem Englebort he participates in the project entitled 'The National Seal of Approval for Room Rental'.

<sup>1.</sup> The European Parliament made the following statement about *housing the homeless in the European Community* (June 16th 1987): "The European Parliament desires that the right to housing/shelter should be lawfully guaranteed, and that all member states should recognize this fundamental right, and that nobody may be forced to vacate their housing without substitute housing" (translation *FS*).