

From the Egg to the Hourglass

An analysis regarding the position of the Dutch (semi)public- and private sector concerning the increasing pressure on the urban middle class



Master's thesis

Frank de Gouw

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Colophon

Master's thesis

Urban & Cultural Geography

Faculty of Management Sciences; Nijmegen School of Management

Radboud University Nijmegen

Author: Frank de Gouw
Student number: s4658973
Contact: fadegouw@gmail.com

Mentor Radboud University:

Name: Dr. R.G. van Melik
Contact: r.vanmelik@fm.ru.nl

Mentor Arcadis Design & Consultancy

Name: Aarnout Muizer	Name: Jeroen Westgeest
Contact: A.Muizer@arcadis.com	Contact: J.Westgeest@arcadis.com

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Preface

This is it! These are the last words I write as a student! It is already 7 years ago that I started my study at the Has Hogeschool in 's-Hertogenbosch and already 3 years ago that I started the pre-master at the Radboud University. Time has really flown by. Already in the beginning of my study at the HAS Hogeschool I came to realize that urban development in combination with social geography was the one thing that interested me most. When graduation from the HAS Hogeschool I, however, felt that I was not satisfied enough with my gained knowledge regarding the concept of urban development. All its concerned aspects were, in my opinion not discussed sufficiently. I therefore felt that my time studying the field of urbanism and social geography was not finished yet. The choice was made to complement my knowledge at the Radboud University. This payed of well!

The grand price of studying the subjects that attracts me most came together when writing this master's thesis. This thesis and the internship at the consultancy agency Arcadis gave me all the things I felt missing before. Concrete information about the housing market, its developments and actors, and the way urban projects are started, handled and executed are just a few examples of this. I moreover got a much better view on the housing market, which luckily for me, is booming right now. The road towards finalizing this thesis was longer than expected and it was not always without any obstacles or delays but with the gained knowledge I would not have it any other way.

Therefore, I would first like to thank all my colleagues at Arcadis for showing me the practices in real life and especially I would like to thank Aarnout Muizer and Jeroen Westgeest for their guidance and feedback along the road! Secondly, I would like to thank my mentor at the Radboud University, Rianne van Melik, for her supportive attitude, understandable remarks and the enjoyable conversations! Thank you! Also, a thank you is in place for the respondents of my interviews!

The only thing I have left to say is; enjoy reading!

Frank de Gouw

Nijmegen, 25th of September, 2018.

Summary

We are living in an age in which cities have triumphed (Glaeser, 2012) and have renewed themselves (Hyra, 2008). This urban turnaround plays an important part in what Richard Florida (2017) calls the New Urban Crisis. Within this ‘crisis’, cities are becoming too expensive, housing prices rise to high and gentrification spreads rapidly resulting in an exclusion of urban living for lower and middle classes and an increase of inequality. Cities are starting to demographically look like an hourglass instead of the image of an egg as Peter Marcuse (1989) called it. This popularity of urban living is visible in many countries, including the Netherlands where the housing market is exploding (NOS, 2017), families leave the cities (NOS, 2017) and rental prices are at record high (RTLNieuws, 2017). Within this urban environment the middle class is threatened to become stranded while their income is too high to gain access to social housing but too low to compete on the private rental market or owner-occupied market (Hekwolter et al., 2017). The objective of this study is to study the position of involved actors on the housing market and their subsequent actions.

The main question results in: *What is the position of both (semi)public and private actors on the Dutch housing market regarding the increasing pressure on the urban middle class and how do they experience this phenomenon?* The position of these actors is a decisive factor in determining the future of the urban middle class. Sub-questions evolve around prevalent definitions of the middle class, the characteristics of the public and private sector, developments on the Dutch housing market which could affect the middle class and the experience of the actors regarding the phenomenon. To study this phenomenon and to obtain usable empirical data, desk research is conducted towards the state of the Dutch housing market and a qualitative phenomenological approach is chosen in which, through 10 semi-structured interviews with public and private actors a description is made as to ‘what’ and ‘how’ the involved public and private actors experience the increasing pressure on the middle class. From this description emergent themes are collected which provide a clear view regarding the ‘essence’ of the experience of the interviewed actors.

The first outcome of both the literature study as the emergent themes from the interviews concerns the ambiguity of the definition of the middle class. Multiple studies (Cashell, 2007; Goldthorpe & Llewellyn, 1980; Weber, 1978; Eisenhauer, 2008) did not result in a consensus definition of the ‘middle class’ and also interviewees were questioning themselves if the middle class consists of ‘teachers’ (as being an archetype of a middle class person) or specific income groups. The concept therefore remains vague and contextual.

The position of the private parties is determined by the consideration between achieving the highest profit and performing their social duty while the position of the public sector is determined by the question ‘what kind of city you want to be’ and the amount of concessions with private parties they are willing to make to reach that objective. Some private parties are more willing to perform their social duties more than others while some municipalities are willing to pay more to keep the middle class in their city. Some argue that it is not acceptable that the lower middle class is excluded from living in Amsterdam while others argue that there is enough suitable housing for them in Almere which is 30 minutes from Amsterdam. Concerning each other it is said that private parties are: ‘lazy, non-creative, playing it safe, only collect their money, do not develop the needed middle-class housing, made no pre-crisis changes’. Public parties in their eyes are: ‘lacking understanding of the market, lacking planning and actions, distrust the private parties, demand the impossible and are ever changing’.

The experience of these actors regarding the housing market is that it is out of control and it does not regulate itself any longer. The cities themselves are becoming magnets in which people cannot or will not leave it any longer resulting in an increase of housing prices which spreads like a stain of oil towards suburbs and outer cities, enlarging the apparent problem. The mid rental market itself is according to the interviewees a ‘no man’s land’ in which private parties do not want to invest on a large scale while their profits are much lower in contradiction to investing in the upper rental market where they can ask higher rental prices. Moreover, the housing corporations are unable to invest within the mid rental market, while the Housing Act of 2015 restricted them to operate above the liberalization border of €710 rent a month. This liberalization demarcation of €710 a month is also causing negative remarks while it seems like a ‘one size fits all policy’ implemented throughout the entire country, while the regional differences (Randstad rental prices versus peripheral rental prices) are enormous. Some believe an increase of regulation is necessary while others believe it would scare off foreign investors. It is in this process however important to acknowledge what level of scale is taken to analyze the situation. When taking just the city of Amsterdam as a level of scale the pressure on the middle class is enormous, when taking its metropolitan region, the situation is less precarious.

Conclusively, the playing field consists of actors trying to persuade the other parties in reaching their objective. It is a battle of persuading property investors to develop towards the public need and meet desired local regeneration aims and a battle of private parties trying to persuade public actors to lower their demands and make more concessions on for instance prices of land, so they can develop for the middle class. Within these battles the earlier critique and distrust remains, resulting in a tensed market situation. They are however in a situation in which they need each other towards solving this enormous pressure on the housing market while they remain interdependent and interrelated actants on the housing market.

The short-term future of the middle class presumably is very fragile while the popularity of urban living will probably not decrease the coming years if the 'no man's land' on the rental market has not been filled up adequately. Moreover, there is a lack of personnel and building materials, slowing down the construction of development and therefore housing supply. It is however also visible that the market of real estate is becoming increasingly aware of their social duties, their so called corporate social responsibility. An investor like Bouwinvest openly advocates for more regulation and the construction of middle-class housing. This investor therefore evidently chooses not to follow the fastest way to the earn the most money but chooses a more social strategy. Local research regarding their building projects however must turn out if they are in fact developing according to the vision they pronounce while also these private firms need to find a way to conceptualize and implement social values within their spatial planning and development plans. This shift towards a more socially driven economy could be the savior of the middle class.

Contents

PREFACE	IV
SUMMARY	V
1. INTRODUCTION	1
1.1 BACKGROUND	1
1.2 OBJECTIVE	4
1.3 RESEARCH QUESTIONS	5
1.4 RELEVANCY	6
1.4.1 SOCIETAL RELEVANCE	6
1.4.2 SCIENTIFIC RELEVANCE	7
1.5 METHODS	8
1.6 THESIS OUTLINE	9
2. THE PLAYING FIELD OF THE HOUSING MARKET	10
2.1 THE URBAN MIDDLE CLASS	10
2.2 THE STATE, MARKET AND HYBRID ACTORS	13
2.2.1 THE PRIVATE SECTOR	16
2.2.2 THE PUBLIC SECTOR	19
2.2.3 HOUSING CORPORATIONS AS HYBRID ACTORS	22
2.3 INTERRELATEDNESS OF THE MARKET	24
2.4 CONCLUSION	26
2.5 CONCEPTUAL MODEL	28
3. METHODOLOGY	30
3.1 RESEARCH STRATEGY	30
3.2 RESEARCH DESIGN & DATA COLLECTION	32
3.2.1 INTERVIEWEES	33
3.2.2 SEMI-STRUCTURED INTERVIEWS	34
3.3 EXPLICATION OF THE DATA	35
3.4 RESEARCH AREA	35
4. THE DUTCH HOUSING MARKET	37
4.1 ACTORS OPERATING ON THE HOUSING MARKET	37
4.2 DEVELOPMENTS ON THE DUTCH HOUSING MARKET	42
4.2.1 THE OVERHEATED MARKET	44
4.2.2 THE HOUSING STOCK SHORTAGE	46
4.2.3 SUPPLY VS. DEMAND	47
4.3 CONCLUSION	49

5. EMERGENT THEMES	50
5.1 THE HOUSING MARKET	50
5.2 THE MIDDLE CLASS	53
5.2.1 THE MID RENTAL MARKET	56
5.2.2 LEVEL OF SCALE	57
5.3 POSITION OF THE PRIVATE SECTOR	58
5.4 POSITION OF PUBLIC SECTOR	61
5.4.1 CONCESSIONS	63
5.4.2 REGULATION?	64
5.4.3 WHAT KIND OF CITY?	65
5.5 POSITION OF HOUSING CORPORATIONS	67
5.6 COOPERATION OF ACTORS	69
5.7 CONCLUSION	70
6. CONCLUSION	72
6.1 THE POSITION OF ACTORS	73
6.2 THE ESSENCE OF EXPERIENCE AND FUTURE OF THE MIDDLE CLASS	75
6.3 RECOMMENDATIONS	77
6.4 REFLECTION	80
BIBLIOGRAPHY	82
APPENDICES	90
APPENDIX 1: FDW MODEL	90
APPENDIX 2: INTERVIEWEES	92
APPENDIX 3: INTERVIEW GUIDE	94
APPENDIX 4: MIGRATION TOWARDS CITIES	95

1. Introduction

1.1 Background

We are living in a new urban age. An age in which cities seem to be more alive than ever, while having survived their own darkest days a few decades ago. Within these darker decades, city centers were seen as foul, violent and unsafe places (Florida, 2017) and were therefore avoided by the upper- and middle classes. At this moment however, the world's urban population is booming and has experienced an unprecedented growth within recent decades (Rogatka & Ramos Ribeiro, 2015). Around the year 2010, the world's urban population was estimated around 3.2 billion people. To put this into perspective, that amount is larger than the world's total population in 1960. In the 20th century alone the size of the world's urban population increased more than ten times its original number (Satterthwaite, 2007; United Nations, 2006).

While the bulk of this increase in urban dwellers is momentarily occurring in countries like India, China, Nigeria and other developing cities in the global South (United Nations, 2014), Western cities have already encountered their first rapid growth and expansion. After the end of the Second World War, Western cities (mostly the larger cities in the US and UK) expanded rapidly causing them to sprawl due to the preference of suburban living. This preference of high- and middleclass-income people to live in suburbs rather than within city centers caused these centers to fall in decay (Florida, 2012). Within this period (i.e. the 1950s and 1960s) the upper- and middle-class people and their jobs were thus fleeing the cities to settle themselves in the surrounding suburbs, leaving the economies of these cities hollowed out. The faith of these western cities seemed to be sealed. As Richard Florida (2017, p. 5) stated: *“Shaped by deindustrialization and white flight, the urban crisis was hollowing out the city center, a phenomenon that urban theorists and policymakers labelled the hole-in-the-donut. As cities lost their core industries, they became sites of growing and persistent poverty: their housing decayed; crime and violence increased; and social problems, including drug abuse, teen pregnancy and infant mortality escalated”*.

Until, a few decades ago, something remarkable happened, which unknowingly then, instigated the ‘urban crisis’ we are facing today (Florida, 2017). Starting at the end of the 1960’s, the stay-in-the-city-movement marked the beginning of the end of the urban flight of the upper- and middle classes towards the suburbs (Hyra, 2015). Meanwhile, in addition to the return of these higher classes, capital investment returned to the city cores at unprecedented rates (Birch, 2009). This trend has been called the ‘urban turnaround’ (Simmons & Lang, 2003), the new urban renewal (Hyra, 2008) or, as Edward Glaeser

(2012) famously called it ‘The Triumph of the City’. An important cause of this urban revival was the settlement of the so-called ‘creative class’ or the urban pioneers in inner-city neighborhoods. To instigate this process, an area needs to go through a certain period of disinvestment, during which, older buildings deteriorate, businesses move out, median income steadily declines, and housing prices drop (e.g. what happened in Western city areas in between the 1950s and 1970s) (Hamnett, 2003). At this point urban pioneers arrive within these neighborhoods. These pioneers often are, knowingly or unknowingly, part of the ‘creative class’ (Slater, 2011). They are usually young, educated, predominately white and often active in creative industries (Florida, 2012). They are willing and able to buy the cheap houses, renovate them and/or to build new housing on vacant land. Besides the revitalization of buildings, they create a new vibrant, dynamic urban life which attracts new businesses like café’s, restaurants and other cultural amenities (Florida, 2017). In advance the neighborhood earns a new reputation and attracts the middle-class suburban livers and (Butler, 2007; Slater, 2011). This process of gentrification was understood ‘*as the rehabilitation of decaying and low-income housing by middle-class outsiders in central cities*’ (Sassen, 1991, p. 255). The new construction of upmarket housing and regeneration of dockyards, industrial spaces and warehouses that followed were mainly meant to be inhabited by these young professionals. Districts in cities that a decade ago were inhabited by the working class were now hotspots for young urban professionals, who created a new consumptive economy (Morain, 1985). Kate Shaw explained, as what gentrification is today: “*a generalized middle-class restructuring of place, encompassing the entire transformation from low-status neighborhoods to upper-middle-class playgrounds* (Shaw, 2008, p. 2).

After a setback, which was instigated by the collapse of the American housing market (i.e. in 2007) years of decline and stagnation followed. This collapse mutated in a global phenomenon ‘*with real estate prices down from the Irish countryside and the Spanish coast to Baltic seaports and even in parts in northern India*’ (Landler, 2008). With this crisis now behind us and a renewed trust in the economy, the development of inner-city housing is steamrolling again and the demand for housing, and the popularity for urban living seems to be higher than even in most Western cities. Also, when relating this development to the cities in the western country of the Netherlands it is clearly visible that the housing market is on the rise again. DeNederlandsche Bank states about the current situation of the Dutch housing market after the crisis: “*The Dutch housing market is recovering strongly from the crisis. Prices have risen by over 16% since the post-crisis low in 2013. The annual transaction volume has increased from 100,000 in 2013 to 215,000 in 2016*” (Hekwolter, Nijskens, & Heeringa, 2017, p. 12). An example of the growing popularity of urban living and the way the local governments in The Netherlands are dealing with this trend was given in a Dutch newspaper article entitled: ‘*Rotterdam intents on building 50.000 houses*’ (Liukki, 2017). It states that not too long ago, the municipality of Rotterdam drafted the ambition to build 30.000 houses within its city borders. However, the increasing demand for inner city housing and the fact that the housing market is steamrolling again, the ambition for 30.000 houses has

already been increased to 50.000 houses. Considering that Rotterdam momentarily consists of approximately 300.000 houses it becomes clear that the increase with 50.000 houses can be called substantially (Liukki, 2017). Amsterdam is also planning to build at least 50.000 houses, whereby also these housing projects will be realized within already urbanized areas (Liukki, 2017).

The focus of Dutch housing development has for some decades been on keeping its cities compact (Dieleman, Dijst, & Spit, 1999; Nabielek, 2012). Nabielek (2012) mentions that concepts for compact forms of urbanization in The Netherlands have played a major role for over a century. In various Dutch national spatial policy documents different concepts for urban compaction and urban densification have taken a prominent position. Most recently, the National Spatial Strategy in 2004, set out specific goals for ‘concentration areas’ around greater urban conurbations and urban densification in existing built-up areas (Nabielek, 2012).

The urban growth, demographic changes, formed by the increasing popularity of urban living, enormous demand for inner city housing, a renewed trust in the economy after years of crisis and the policy to build within city border, plays an important part of what Richard Florida (2017) calls the ‘new urban crisis’. Cities are becoming too expensive, housing prices become too high, inequality rises (Glaeser, Resseger, & Tobia, Urban Inequality, 2008) and the lower and middle-class incomes are being pushed out of the cities. Within this process it is stated that only the higher classes can afford the increasing housing prices, while the middle classes are forced to seek accessible housing elsewhere.

According to several Dutch newspaper articles dating from October to late November 2017 this ‘new urban crisis’ has also presented itself in The Netherlands. These articles state:

- October 12th, 2017: ‘Housing market exploding: largest increase in prices in decades (NOS, 2017).
- November 7th, 2017: ‘They Leave Amsterdam’: House with garden unaffordable (NOS, 2017).
- November 13th, 2017: ‘Lower-middle-incomes within the rental-housing market fall between two stools’ (NOS, 2017).
- November 15th, 2017: ‘Rental prices for housing in many provinces at record high’ (RTLNieuws, 2017).
- November 28th, 2017: ‘Total profit on a house on average €32.000, while in Amsterdam total profits rise to €131.000’ (NOS, 2017).

And so, it seems we are entering an era in which the city itself will only be affordable for ‘the happy few’ or the so-called urban elite. Hekwolter et al., (2017) state: *“Middle-income earners threaten to become stranded: living in the city is increasingly inaccessible for these groups. Their income is too high for social housing, they face fierce competition in the private rental market and they are not always*

able to afford an owner-occupied property in the city. As a result, prospective first-time buyers, are forced to choose between relatively expensive rental housing in the city (rental housing mismatch) or a more affordable place outside the city. High housing expenses prevent them from saving enough to buy a home. With mid-income groups facing exclusion from the urban housing market, the ideal of a socially mixed city, catering to all income groups, is coming under pressure (Hekwolter et al., 2017, p. 51)''.

The title of this Thesis: 'From the Egg to the Hourglass' refers to professor of Urban Planning; Peter Marcuse. In his article, Marcuse (1989) elaborated his vision on the concept of the divided city. He mentioned '*a city divided into two parts; one for the rich and one for the poor*' (Marcuse, 1989, p. 698). A fitting image then, Marcuse stated, is that of the egg and the hourglass: "*the population of the city is normally distributed like an egg, widest in the middle and tapering off at both ends; when it becomes polarized, the middle is squeezed and the ends expand till it looks like an hourglass*" (Marcuse, 1989, p. 699). In a way this also symbolizes the current state of the urban middle class, while they are trapped between the high housing prices but are also excluded from social housing. With the ongoing displacement of these middleclass incomes, the demography of future cities will transform more and more towards the image of an hourglass instead of that of an egg.

1.2 Objective

The current situation of the Dutch housing market has been described in the previous paragraph and if one thing can be concluded it is that the housing market is a changing and developing one. Within this changing urban landscape there are multiple actors, both (semi)public and private, who are involved in the urban policy making and the development of new urban projects. These actors (e.g. investors, project developers, consultancies, architectural firms, municipalities, housing corporations), which will be highlighted later in chapter 2 and 3, have a huge influence on the future of the urban landscape and therefore are also in the position of determining the future of the urban middle-class.

These actors probably have already enough thoughts and possible already instigated policies regarding the future of the middle class. Therefore, the objective of this thesis aims at giving a comprehensive, phenomenological view on the position of these actors regarding the increasing pressure on the urban middle-class. So, the question rises what these parties are doing about the apparent problem of the egg which is becoming an hourglass and if these parties see it as a problem as such. Do these involved parties see a disappearance of the middle class in the cities they operate in, and if so, what is there reaction towards it? Additionally, how do these public and private parties relate to one another? Are they dependent on each other in determining the future of the Dutch urban middle class?

The consequence of this choice is that this thesis will not so much focus on how people from the middle class themselves experience the increasing pressure on the housing market but will, like stated, focus on

how actors on the housing market experience the phenomenon. It therefore focusses on the productions side of the housing market and lefts aside the consumptions side.

1.3 Research questions

The **Main question** of this thesis can be formulated as:

What is the position of both (semi)public and private actors on the Dutch housing market regarding the increasing pressure on the urban middle class and how do they experience this phenomenon?

The main question of this thesis is a descriptive research question in which an attempt is made to describe the overall essence of the experience of both public and private parties regarding the increasing pressure of the urban middle class. Subsequently, the following sub questions are formulated to provide a sufficient answer to the main question. The first sub-question tries to grasp and explain the concept of 'the middle class'. What exactly is the middle class, is there such thing as a middle class and how does literature describe it? The second sub-question consists of a description, based on a literature review, of characteristics of the public and private sector operating within a market system. Information is provided regarding their position within this system and what their motives and principles are in determining their actions. The third sub-question provides information about the Dutch housing market, its actors and developments which could affect the urban middle class. It uncovers the current situation of Dutch cities and the important actors operating within them. The last sub-question describes the experience of these important aspects regarding the increasing pressure on the middle class. These experiences are elaborated using important statements resulting in an overall essence of their experience.

Sub questions:

1. What are prevalent definitions of the middle class?
2. What are characteristics of both the public and private sector operating as state and market?
3. What are important developments on the Dutch housing market which could affect the middle class and how does the playing field of the housing market look like?
4. How do the involved actors experience the increasing pressure on the middle class?
 - Which statements of involved stakeholders describe their experience?
 - What are emergent themes and contexts of the experience of involved stakeholders?
 - What is the overall essence of the experience of involved stakeholders?

1.4 Relevancy

1.4.1 Societal relevance

Multiple developments on the Dutch housing market thus affects certain groups within its society. The ongoing rise of housing prices results in a gap between the higher socio-economical classes who are still capable of affording housing and the lower socio-economical classes for whom social housing is available. The middle class are stuck between these two groups. They become stuck between housing which becomes unaffordable for them and the market of social housing which is not accessible for them. This can and presumably will result in the fact that this income group is forced to leave the city centers and settle themselves someplace else.

Boushey and Hersh (2012) concluded in their report that a strong middle class: ‘promotes the development of human capital and a well-educated population, ‘creates a stable source of demand for goods and services’, ‘incubates the next generation of entrepreneurs’, and ‘supports inclusive political and economic institutions, which underpin economic growth’. Pressman (2001) adds to these statements of Boushey and Hersh (2012) that a large and vibrant middle class offers indeed a contribution towards economic growth as well as to social and political stability. He furthermore mentions that the middle class helps to ‘mitigate class warfare’. He underlines this by mentioning that Marx (1948) believed that economic history was a class struggle between the haves and the have-nots, whereas the have-nots in some point of history would overthrow the capitalist’s system. According to Pressman, Marx failed to see that a middle class could arise which would serve as a buffer between the wealthy and the poor (Pressman, 2001). This buffer would function as a blockade for separation and segregation to develop and increase within cities itself. This middle class as being a buffer is also established within the classical city models of Burgess (1928) and Hoyt (1939) in which they provided the middle class to have specific zones as being a transit zone between the low-class residential zone (Hoyt, 1939) and the transition zone (Burgess, 1928) in which they lived.

It becomes clear that the literature seems to show a similar opinion among researchers concerning the presence and importance of the middle class. Despite this, paragraph 1.1 clearly underlined that this middle class is becoming under more and more pressure regarding their stay in urban areas itself. So, for the future of the cities and for the people who inhabit these urban areas it can be extremely important how the future of the middle class would look like, while it presumably would also affect their own urban life. The important question herein is how multiple parties, public and private, who are tasked with the development of cities deal with this ongoing pressure on the middle-class. Are they acknowledging it as a problem? How do they experience this new urban landscape and what are their subsequent actions? In the end the question rises how the experience and position of the involved actors affects the future of the urban middle class.

1.4.2 Scientific relevance

The concept or phenomena of the loss or decline of the middle class is not entirely new. For example, in the mid 1980's several researchers in the United States noticed a new disturbing trend within their country. They noticed a decline of the size and perhaps the relative affluence of the middle class (Foster & Wolfson, 1992). Lester Thurow (1984) was one of the first to notice and point out the decrease of the middle class within this period. He concluded that the percentage of middle incomes fell from 28.2% in 1967 to 23.7% in 1983. Other studies including those of Blackburn and Bloom (1985), Bluestone and Harrison (1988), Bradbury (1986) and, Horrigan and Haugen (1988) broadly confirmed these findings. While other studies (Koster & Ross, 1988; Levy, 1987; Rosenthal, 1985) offered evidence to the contrary.

A little while later, in the 1990's, when growth rates increased, and unemployment rates declined in the US, the concern about the fate of the middle class waned. Especially at the end of the 1990's where the abundance of jobs and the increase in wages seemed to make middle-class lifestyle more accessible to more families (Pressman, 2001). At this moment, however we face a renewed decline of the middle class in urban areas (Florida, 2017; Hekwolter et al., 2017) and this phenomenon started not that long ago. In the Netherlands a newspaper article stated in December 2016: *'The Netherlands has totally overcome the financial crisis'* (NOS, 2016), while in the same period the first articles about the pressure on the housing market popped up. The book of Richard Florida about this new urban crisis was also just published in 2017.

Within all these periods of time the changing of the middle class was influenced by actions carried out by actors on the housing market. Literature describing the specific role and position of real estate actors show a changing environment with researchers having different opinions regarding the role of the involved sectors. Nappi-Choulet (2006) argues that the primary motive for private sector parties lies in the achievability of high returns, complemented by Pestoff (1992) who argues that private firms are normally profit oriented. Other literature (Bondy, Moon, & Matten, 2012) implicates a more nuanced image in which private parties offer more than just making quick money. The public sector is within literature often described as a single entity empowering its hierarchical advantage. While others (Brandsen et al., 2005; Ball, 1986) argue that in fact there is no such thing as a 'state' or that the state as an omnipotent agency does not exist. There are thus multiple points of view regarding the position of the public and private sector.

These actors momentarily are experiencing a new urban situation, what Richard Florida thus described as the new urban crisis. But how are these actors dealing with this new urban crisis and has it affected their position regarding urban planning? Does this (changed) position changes the way we plan our urban environment and how literature describes the role of state and market within planning policies?

The interrelatedness of both public and private parties has also been subject to transformation within recent decades. Were formerly neoclassical approaches, as provided by for instance the work of George Stigler and John Hicks (Bateira, 2012), suggested a clear distinction between market activities and state intervention, we are apparently entering a new reality in which cooperation and interdependency is becoming more important (Ball, 1986; Ball, 1998; Degros, 2013; Jessop & Sum, 2001). This could suggest that the processes of urban development and the way new projects are developed differ much regarding previous decades, which in advance could also affect the position of these actors. So, besides the way this phenomenon is occurring the experience and following position of involved actors is also changing.

1.5 Methods

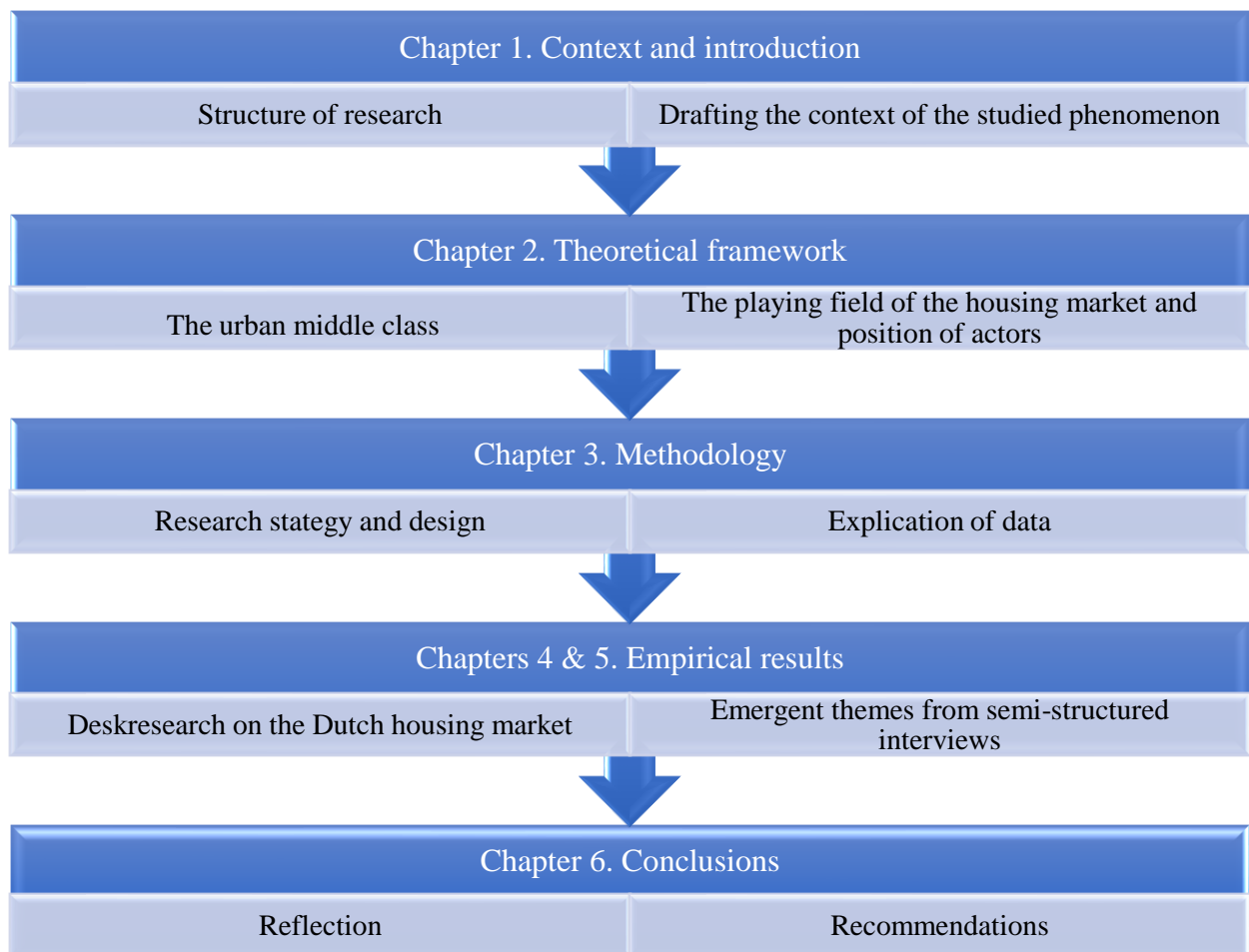
Chapter 3 consists of the main elaboration about the used methods within this study but in short, this study could be described as a qualitative explorative research regarding a new concept of the increasing pressure on the urban middle class. Within this explorative approach a choice is made to use the guidelines of a phenomenological study. A phenomenological approach is used while it is suitable approach to study experiences and behavior. The main aspect of this thesis is to study experiences and positions of involved actors regarding the increasing pressure on the middle class. The guidelines of a phenomenological approach describe that first the questions ‘how’ and ‘what’ involved actors experience must be described to write the overall essence of their experience. This overall essence makes clear the position of the involved actors and their possible reaction and action regarding the increasing pressure on the middle class.

The actors themselves are carefully chosen and are operating in different branches, both public and private, to provide a comprehensive view on the developments on the entire market. This results in 10 semi-structured interviews which are carried out with additionally one position paper of a private investor. Within these interviews emergent themes come forward which describe the ‘how’ and ‘what’ question, resulting in the overall essence. Secondly, desk research is used to describe the current state of the Dutch housing market. With the usage of policy documents and market research the actors on the housing market and important developments affecting the urban middle class are described. At last, ideas, information and opinions obtained during the internship at Arcadis also influenced the realization of this thesis. This mostly manifest itself mostly within the recommendation paragraph of 6.3.

1.6 Thesis outline

To conclude this introduction chapter, a short summary of the overall look of the thesis is given within figure 1.1. Chapter 1 describes the context of the phenomenon and gives an introduction of this thesis. Chapter 2 revolves around theoretical information providing insights in prevalent definition of the middle class and the playing field of the housing market. Chapter 3 in advance consists of the methodology used within this study, whereas chapters 4 and 5 elaborates the collected empirical data. Chapter 6 lastly, consists of the conclusions, recommendations and reflection.

Figure 1.1: Thesis outline.



2. *The playing field of the housing market*

This second chapter consists of the theoretical framework which is necessary to proceed towards the empirical chapters of this thesis and to conceptualize different subjects within this study. First, the concept of the middle class is elaborated and explained in paragraph 2.1. Within chapter 1 it became clear that the focus lies on the position of different actors on the housing market regarding the increasing pressure on the middle class. But what exactly the middle class is has not yet been explained and/or conceptualized. Secondly, the actors on the housing market are discussed and explained in paragraph 2.2. With the usage of the model of the welfare mix the sectors of the public domain, the private market and third sector are described. Subsequently, the actors operating within these three sectors, which are necessary for this study, are discussed. Within this paragraph it is tried to find an answer as to what exactly the position of these actors on the housing market within the different sectors is regarding the increasing pressure on the middle class. What are their principles, motives to act, wanted pay-offs and resources? The interrelatedness of these actors is explained in paragraph 2.3 at the hand of the FDW-model, wherein the interdependence of the actors on the housing market is discussed. Within the conclusion part of this chapter, paragraph 2.4, the concept of their 'position' is defined. This chapter ends with the construction and explanation of the conceptual model of this thesis in the fifth paragraph.

2.1 *The urban middle class*

Like mentioned within the previous chapter, the focus of the thesis lies on the position of the actors operating on the housing market regarding the phenomenon of the increasing pressure of the middle class. However, a conceptualization and working definition of the middle class has not been given yet but seems necessary to understand the group of which is constantly spoken of. A vital part in working with the middle class can be understanding the middle class in what it is or what it consists of. So, within this paragraph it is tried to give a literary review on what the middle class might be and how it could possibly be demarcated. Subsequently, within chapter 5, a part of the collected data derived from multiple actors will consist of information on how they see the middle class.

To start, Cashell (2007) in his paper tried to find a solution towards the question what the middle class in the United States exactly was and how it could be demarcated. Within his final reported he stated:

“There is no consensus definition of “middle class” neither is there an official government definition. What constitutes the middle class is relative, subjective, and not easily defined - in some contexts, the term middle class may refer to a group with shared values or views, but much of the time it is intended to refer to those who fall within a particular range of incomes” (Cashell, 2007, p. 1).

So, Cashell did not find a solid answer to the question what the middle class exactly was and how it could be defined. He concluded: *'no attempt to identify the middle class in the income distribution can be expected to yield a precise answer'* and *'if the middle class is taken to be those who have more than enough to afford basic necessities, it can be presumed to exclude those at or near the poverty threshold'* (Cashell, 2007, p. 9). Additionally, more researchers seem to follow the same line of doubt when demarcating the middle class or seem to disagree with one another. Weber (1978) classifies the middle class by introducing groups of status, Goldthorpe and Llewellynen (1980) by occupation, Bourdieu (1984) by education and cultural capital and Atkinson and Brandolini (2011) demarcate the middle class by income. Also, existing income and consumption thresholds used to measure the middle class have been defined by using ad-hoc criteria (Lopez-Calva & Ortiz, 2014). Milanovic and Yitzhaki (2002), for instance, defined the middle-class people as individuals living with a per capita income on \$12-\$50 a day, while Kharas and Gertz (2010) used a range, not divided by income but by consumption, of \$10 and \$100 daily expenditure per person. Where modern scholars have been reluctant in defining 'class' in a precise manner, an earlier generation of intellectuals faced the issue more readily (Eisenhauer, 2008). Most notable are the works of Thorstein Veblen (1899) and Karl Marx (1867). Both made bold attempts in distinguishing different classes within the entire population and both demarcated the classes by labor or employment. Veblen (1899) distinguished the leisure class, which consisted of individuals exempted from industrial work and/or employment by their accumulation of wealth. Marx (1867) *'distinguished the bourgeoisie, the petty bourgeoisie and the proletariat of the basis of their control or lack thereof'* (Eisenhauer, 2008, p. 107).

Eisenhauer (2008) adds that the concept of a middle class is prevalent in both common parlance and the academic literatures of several social sciences (e.g. the political science, economics and sociology). Despite the pervasiveness in modern society and the ease of which the concept is used it still is one of the most ambiguous terms within the economic lexicon (Eisenhauer, 2008). The demarcation and measurement of the middle class still depends crucially on the boundaries separating it from the upper and lower classes (Eisenhauer, 2008). And, no matter in what form the middle class is demarcated (income, status groups etc.) these boundaries still need to be defined to conceptualize the middle class you're talking about. And, according to Eisenhauer (2008) and in correspondence with Cashell (2007) no distinct line of demarcation has been agreed upon to distinguish the middle class from the upper class. Although, in the United States and other countries, an official poverty line has been established, this threshold has not always been adopted as the lower boundary for the middle class. This results in a notion of the middle class which remains vague and arbitrary (Eisenhauer, 2008). Lopez and Ortiz (2014, p. 24) state: *"Regardless of which definition is used, the measurement of the middle class is dependent on a particular period and place and affected by factors such as asset holdings and educational levels"*.

The upper boundary (i.e. the boundary between the middle class and the upper class) is made even more difficult to demarcate since the middle class itself can also be divided in different subgroups, being the lower middle class and the upper middle class, whereas the most pressure within cities currently lies on the lower middle class. Max Weber (1978) states that the upper middle class consists of well-educated professionals with postgraduate degrees and comfortable incomes. Thompson and Hickey (2005) that the upper middle class within the United States is defined similarly, when referring to Weber, using income, education and occupation as the predominant indicators. Within the United States the upper middle class is therefore defined as consisting mostly of ‘white-collar’ professionals who not only have above-average personal incomes and advanced educational degrees (Thompson & Hickey, 2005) but also a higher degree of autonomy in their work (Eibach, 1989), whereas the main middle-class individuals tend to focus on consulting, instruction and conceptualizing (Ehrenreich, 1989). They, in most cases, earn enough to live comfortably and can enjoy the luxuries of life, and still have enough left over for savings, investments, and retirements funds”.

To make the middle class a more workable group of people van Gijzel (2018) for instance tried to specify multiple target groups of people who he believed belonged to the middle-class segment. He specified (van Gijzel, 2018, p. 5):

- Households who do not have access to social housing, but are not capable of buying a house because of the price or the mortgage demands;
- People who just graduated, started working and now seek housing of their own;
- Households who resides in social housing but want to upgrade to the mid rental market while it now fits more adequate with their wishes.
- People wo do not want to buy a house and want to stay flexible; e.g. because of their occupation of contract;
- People who consciously choose to live in a rental house, because they do not want to risk their capital of want the responsibilities that come with a house;
- Elderly who want to sell their owner-occupied house to create extra capital;

Lastly, the analysis and demarcation of the middle class emerges as an important issue. Lopez and Ortiz (2014) argue that this is caused by the strong influence this social group has on society, politics and the economy. They state that a vast amount of literature suggests ‘*that the middle class helps to foster economic development through its emphasis on human capital investment, consumption and savings*’ (Lopez-Calva & Ortiz, 2014, p. 24). This effect incentivizes a virtuous circle which contributes to further development (Easterly, 2001). Other authors suggest that economic development within the middle class or caused by the middle class can also contribute to the economic development of the lower classes (i.e. the poor) (Lopez-Calva & Ortiz, 2014). In time, this fosters social cohesion and mitigate tensions between the poor and the rich. The outcome of this will be social and political stability (Birdsall, 2010).

In addition, van Gijzel (2018) adds that when cities want to maintain their mixed environment of multiple income groups and want to maintain offering different forms of housing, the middle class or the availability of middle income (rental or owner-occupied) housing must be a fundamental part of the city. With the presence of enough middle class housing the neighborhood should be more socially mixed, which is seen as being an antidote to negative neighborhoods effects (Mustard & Anderson, 2005; Bolt & Kempen, 2011). The middle class contributes to a more diverse population wherein young people want to stay and live and work after they finish their study. This, in effect causes a more livable, attractive and dynamic environment (van Gijzel, 2018). It is also argued that a more socially mixed area could increase the social mobility of lower income groups, therefore enlarging their ability to ‘climb the social ladder of society’ (Bolt & Kempen, 2011). Although in the academic literature the role of a social mix in counteracting negative neighborhood effects is fervently debated.

This thesis will however not focus directly on the concepts of socially mixing and social cohesion. The point however is that for neighborhoods and for actors operating within them, it can be very important to give a clear distinction of what the middle class precisely is to, for instance, accommodate adequate housing for them. It is for now however not the intention to demarcate the middle class itself. From this paragraph can therefore be concluded that the concept of the middle class remains vague, ambiguous and arbitrary. Question herein rises how the interviewed actors see the middle class for themselves and how they demarcate the middle class because their perception of what the urban middle-class is could be vital in determining their position regarding that specific class. Answers to that question follow within chapter 5. First, we continue with elaborating the parties that are involved with the developments that are affecting the middle class, that being the parties within the public, private and third sector.

2.2 The state, market and hybrid actors

Having provided a stronger image about what an urban middle class might be and how it could be defined and/or demarcated, we move on to the explanation regarding the playing field on the housing market itself. To provide a sufficient answer to the main question we need to define the actors operating within the housing market. These parties are later (chapter 5) interviewed and questioned about their position regarding the increasing pressure on the middle class. Different questions rise as; which actors are present on the housing market, what are overall characteristics of these sectors and additional actors, and how do these sectors relate to each other? To start, Ball (1986; 1998) in his studies towards the provision of the built environment and the physical framework of cities distinguished the following social agents within the field of production exchange, distribution and the use of the built structure:

“Creating and using built structures involves particular sets of social agents defined by their economic relation to the physical process of provision itself. Each historically specific set of social agents can be defined as a structure of building provision. By provision is meant the production, exchange,

distribution, and use of a built structure. Involved may be a landowner, a developer, a building firm, building workers, financiers, building owners, and final users” (Ball, 1986, p. 455).

Ball made the distinction based on the assumption that there are ‘users’ and ‘non-users’, while others choose another approach. Louw (1993) for instance, chose for another approach in distinguishing the different actors. He assumed that there are ‘owners-builders’ and ‘owners-users’. With this Louw meant that the ‘owners-builders’ are companies of institutions who, for own account, develop real estate and after realization use it for themselves. ‘Owners-users’ are also owner of real estate, but the difference is that they bought an already existing building (Louw, 1993). Ter Hart (1987), in addition, distinguishes on the real estate market the following categories of actors: developers, pension funds, insurance companies, investors, traders in real estate, exploitation companies, estate agents and the government. The different studies however do not provide a clear distinction as Ball (1998) could provide, whereas many studies (above all within classical economic theories) distinguish exclusively the consumers (buyers) and producers (providers).

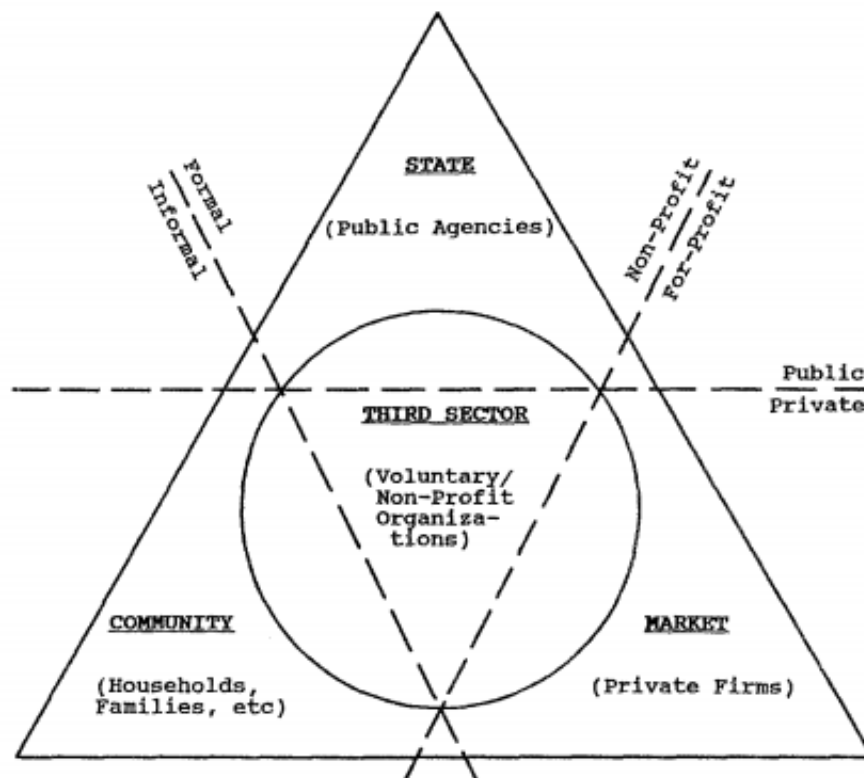
Within the previous chapter it was made clear that the main goal of this thesis lies within the position of certain actors operating within the branch of the provisioning of buildings towards the increasing pressure on the middle class. Ball, as quoted, mentioned a few of these actors such as a developer and a financier. Within this paragraph, the important actors that need to be studied to create a sufficient answer regarding the main question of this thesis are elaborated. This is done by dividing them into the sectors they belong to, that being the public, private and third sector. Subsequently, these multiple actors are elaborated and their different or likewise intentions they have in operating on the housing market are explained.

But before we continue with the elaboration of these actors, the characteristics of the sectors they ‘belong’ to are clarified at the hand of the model of the ‘welfare mix’, as visualized in figure 2.1. In which the multiple actors, as named by Ball can also be placed. The welfare mix itself refers to the interaction of multiple different social institutions and orders operating within a market system (Pestoff, 1992). The basic social order, in which the welfare mix pertains to the interrelatedness of these social orders and institutions, as spelled out by Streeck and Schmitter (1985) are the market, state, community and the associations. Each of these social institutions has its own principles, resources, predominant actors, principal motives and potential pay-offs. Actors operating within the ‘market’ segment are normally associated as private firms, actors within the ‘state’ segment as public agencies, actors within the ‘community’ segment as households and actors within the ‘association’ segment (third sector) as voluntary associations or non-profit organizations (Pestoff, 1992). Pestoff (1992) furthermore elaborates that it is essential to keep several distinctions in mind regarding the different social institutes and their interrelatedness. This, in regard, are differences between public/private, profit/non-profit, and

formal/informal institutions. *'Public agencies are normally formal, nonprofit organizations, while private firms are normally formal, for-profit organizations. Households are normally informal, private nonprofit organizations, while associations are normally formal, private nonprofit organizations'* (Pestoff, 1992, p. 24). The diagonal lines dividing the model within their 4 parts are visibly dashed lines, which means that the different segments are not 'enclosed boxes'. This indicates that although a market party, defined as being private and for-profit, could, in theory, have characteristics of the 'state segment' and 'community segment'.

A first demarcation has to be made however, while the community' segment within this thesis will not be highlighted any further. This thesis focusses solely on the public (state) and private (market) sector and partly on the third sector, as will be explained later. The part of the community is, despite being not further elaborated, also a player within the urban development or housing market. Seyfang (2010) for instance mentions a large sustainable housing movement in the UK that over the last 30 years has developed housing. They pioneer new ideas and experiment new practices, which have unfortunately not been widely diffused. These initiatives, although growing in number, do not yet have a great say within the decision making of future housing and the interrelation between state and market. Within the current climate of civilian participation this could change in the future but for this moment the choice is made to solely focus on the public and private sector.

Figure 2.1: The welfare mix (Zijderveld, 1999; Pestoff, 1992; Brandsen, Donk, & Putters, 2005)



2.2.1 The private sector

The triangle in the bottom right corner of the welfare mix model represents the ‘market’ segment in which it is indicated as ‘for-profit’, ‘formal’ and ‘private’. The private sector is the part of the economy which is run by private individuals or groups, usually as a means of enterprise for profit, and is partly controlled by the State (by e.g. laws, regulations and taxes). Within that sense the private sector is a market, or more suitable, numerous markets in which operate a vast number of private individuals or groups. As to what exactly a market is Theurillat et al., (2014) concluded:

“The market is an institution whose main characteristics is to distinguish specialist producers from consumers and to bring them together via various negotiations and exchange mechanisms (Theurillat, Rérat, & Crevoisier, 2014, p. 9).

So, like mentioned at the start of this paragraph, as in line with the neoclassical approach, Theurillat et al., (2014) make a clear distinction between producer and consumer. Vanberg (2005) in his study towards the differences between market and state adds:

Markets are seen as institutionally secured arenas for voluntary cooperation within which individuals are free to enter into contracts, that they expect to work their benefit, with others, and it is only – or, more precisely, to the extent that – market outcomes, are indeed, the result of voluntary contracting that they can be judged ‘efficient’ (Vanberg, 2005, p. 34)

When relating the concept of the ‘market’ towards the submarket of housing (central within this thesis) Theurillat et al., state about the concept of this submarket:

In the real estate sector, this corresponds to the emergence of professional property developers and brokers. The market is based on the calculation, as reckoned by the developers, of the difference between monetary cost of production and the market price, with the aim of achieving a margin. This margin enables developers to get paid for their work, and even create additional profit” (Theurillat, Rérat, & Crevoisier, 2014, p. 9; Fainstein, 2001; Healey, 1999).

This statement by Theurillat et al., (2014) towards some end makes clear the intentions of private firms, which does not come as a surprise. Like mentioned in the model of the welfare mix private firms are ‘for profit’. They need their margin to proceed their operations and additionally, more margin means more profit. Nappi-Choulet (2006) adds that actors (investors, developers, construction companies) that are involved within projects of urban regeneration are facing large financial risks, whereas *‘the process of urban regeneration is typically very long-term and involves large amounts of money’* (Nappi-Choulet, 2006, p. 1513). Developers, but mostly investors who have longer ties with certain building

projects even long after completion, thus need appropriate return rates to compensate for the risks and immobilizations of their constructed capital. These investors put money into these projects of urban regeneration because *'they believe the constructed property will ultimately yield a substantial cash flow and capital appreciation'* (Nappi-Choulet, 2006, p. 1513). McGreal et al., (2000) point out, and in apparent accordance with Nappi-Choulet, that companies invest in urban regeneration locations with the expectation of accumulating above average returns, while for investors it seemingly takes a long-term perspective in their anticipation of future capital. Trache and Green (2001) within their study regarding the rationale for private-sector investors' involvement in urban regeneration projects in six European cities, concluded in their analysis that *'the primary motivation for private-sector investors for participating in urban regeneration lies in the achievability of high returns. Non-finance-based instruments and clarity in public policy and processes are therefore fundamental and are of similar, if not greater, significance to the investor as financial incentives'* (Nappi-Choulet, 2006, p. 5).

To conclude with the driving forces of private firms, Healey (1991) also distinguishes a few different driving forces relating to the behavior of individual actors on the real estate markets (Krabben & Lambooy, 1993). To start Healey found the consumer demand for land and property from both production as consumption sector influences the market of urban property as an important force. Also, the strive for gains from created developments which defines the strategies of developers and investors and the dynamics of the investments by financial institutions as they affect flows of finance within the market (Krabben & Lambooy, 1993, p. 1385). While also the competition between local, national and international financial and property interests for control over property and investment opportunities is an increasing issue within the real estate market while for instance the number of foreign investors grows in many countries.

However, stating that the principles and motives of private parties as being solely 'for profit' and operating for their own interests feels somewhat over-simplified. The fact that they are operating to obtain their margin surely occurs but that does not automatically mean that they do not serve towards the public need or in the interest of the people. Like mentioned earlier, the demarcations within the welfare-mix are dashed lines which indicates that also private parties can participate within public actions or with the cooperation of the community of the third sector. An example of a situation in which the lines between the segments are 'dashed' is that of the concept of the entrepreneurial city. This concept is used to denote a situation where the activities of city government are influenced by the private sector (Hall & Hubbard, 1996; Jessop & Sum, 2001). Degros (2013) adds to this:

"The role of the designer (i.e. a collaboration of users, residents and clients) in this new relationship is to develop new ideas about: vacant property, process driven urban design, investment standstills, social

contradictions, petrified organizations and environmental demands; all with a strong focus on coalitions and partnerships, on urban strategies and unsolicited proposals”.

This relatively new idea of city development seems to be a more intertwined process of public and private parties both cooperating within for instance the housing market. Additionally, it is stated that this strategy consists of coalitions and partnerships and that private sector actors could conduct or influence public sector activities. This contrasts strongly with neoclassical ideas in which the ideal situation would be that the state only intervenes where the market fails to correct its failures (Ball, 1998; Foster C. , 1973). Additionally, the concept of corporate social responsibility is also growing in status. In short: *“it aims to ensure that companies conduct their business in a way that is ethical”* (University of Edinburgh, 2018). *“CSR is predicated upon the idea that business does not have a sole financial purpose, but a set of three core imperatives—economic, social and environmental—which guide decisions and activity, and which are equally valid and necessary within business”* (Bondy, Moon, & Matten, 2012, p. 281). The concept of CSR thus implicates that private sector parties are more than just money seeking institutions and, when implementing the ideas of CSR, also contribute towards social and environmental aspects.

Developers and investors

Within this framework of driving forces behind actions of private firms there are, like Ball (1986) mentioned, different private parties active on the market of the built environment. That may involve landowners, developers, building firms, financiers and building owners and users. The land owners (in most cases municipalities) will be elaborated further in the next chapter (i.e. subparagraph 2.2.2). The building firms and building workers will not be included within the analysis of this thesis, while the choice is made to analyze the private firms who develop the plans for new property and who have (within the framework of rules and regulations) the greatest say in how this new property will be constructed and what kind of housing it will include. Additionally, the private firms who invest their money within these construction plans, therefore providing the financial means necessary to start the construction are also included within this study. The private firms of developers and investors are therefore central within this thesis.

Important to note is the differences between the mentioned actors on the real estate market by for instance Trache and Green (2001). Investors and developers do have different actions they perform on the housing market, within different frames of time and different goals they presumably want to achieve. A developer is an actor who, on his own risk, carries out developments within a certain area on the market, which in advance are not for its own use (Nozeman, 2008). A developer normally wants to achieve a direct financial result from a development process. According to Schröder and de Vries (1993) a developer is in much cases of urban regeneration the initiator and driving force within the process of

risky developments. In most cases developers sell their constructed property immediately after construction (e.g. to investors or housing corporations), therefore they can also be seen as traders. These developers are often too 'small' and do not have the financial means and the needed capital to hold on to their constructed property. After the disposal a developer has no ties or control anymore over their constructed property (Schröder & Vries, 1993). Their margin and profits have within this stage already been collected. There are however developers who want to create a large volume of real estate to hold on to their property for own use or with the intention to rent. These developers in this case become investors. The developer itself plays a central part within the entire process of development while it is concerned with the exploitation of land and the financial exploitation and is consequently the link between construction and the end user (Putman, 2010).

The investor on the real estate market is a private firm who financially invests in exploitations of land and/or property development. A definition of investing in real estate can be stated as: *'to invest and secure capital directly (bricks) and indirectly (shares) with the goal of generating future gains from exploiting (direct investment) and selling (indirect investment)'* (Gool, Jager, Theebe, & Weisz, 2013). Within a situation of direct investment, the property is thus exploited by the investor and the rates of return are dependent on the income of rent and the increase in value of the property. These investors are mostly insurance companies, pension funds or private firms who are both investor and developer (Gool et al., 2013). Investors are the firms that after the stages of initiation, feasibility and realization buy the developed property from the developer, thus entering the stage of the management of the property (Putman, 2010). The investor is in most cases for a long time concerned with the realized property and its responsibilities and it therefore benefits from an increase in value of the property and possible increases of rent, while they therefore enlarge their margins.

2.2.2 The public sector

The public sector is a portion of the economy composed of all levels of government and government-controlled enterprises. Subsequently, it can control but not contain voluntary organizations, private companies and households, as visualized in the welfare mix model. Within the model of the welfare mix the state is defined as being 'formal', 'non-profit', and 'public', whereas it consists of state agencies. Billis (2010b) mentions that the public sector is active within the state domain and is owned by its citizens through taxes and elections. It is therefore governed by these public elections with work driven by collective choice and the principles of public service. This public service is carried out by public servants in a legally backed bureau and is being paid through taxation. The activities of the state are aimed at public duties where, according to Billis (2010b) 'loyalty, legitimacy, absence of pursuit of profit, sense of honor and public values' are important.

Brandsen et al., (2005) state about the essence of what a state is that the ideal typical image of the state and the actors operating within the domain of the state is less well-defined than the ideal typical image of the market (Brandsen et al., 2005). They conclude:

The 'state' is often defined as a single entity, relying on the mechanism of coercion, its powers only tempered by different types of coercion (e.g., the combination of hierarchy and formal rules within bureaucratic organizations) (Brandsen, Donk, & Putters, 2005, p. 756)

It would however be naïve to think that the entire state would consist of one single entity. And within public administration research, the notion of a state operating as a single entity has long been disproven. *"In practice there is no such thing as the state"* (Brandsen et al., 2005, p. 756). Within the state are numerous multiple departments in which they focus on different areas. Each of these departments of ministries contains a wide variety of organizations of different shapes and sizes. And just like every market has its own characteristics of formal and informal networks between social agents, and its rules and values these departments also have their different formal power structures, cultures, capacities and histories (Wilson, 1887; Zelizer, 2002). And within these unambiguous parts of the state are various mechanisms of coordination at work. Noordegraaf (2000) mentions the *'significance of personal networks among public officials and between officials and politicians.'* He adds that in many societies these networks are of utmost importance in explaining how state policy is shaped.

At the end of the 20th century Ball (1998) concluded in his study regarding public policy within the field of the build environment:

"At the heart of much of the British literature is a firm belief in the efficacy of public policy. It can either override markets or steer market forces to achieve desired political aims. Local politics and planning were frequently regarded in the 1970s and early 1980s as a battle of financiers and developers versus the local 'community'. In the 1990s, the emphasis has switched to one of trying to persuade property investors to meet desired local regeneration aims. Although the forms of intervention may have changed, the emphasis is still on putting policy rather than markets in the driving seat of urban development" (Ball, 1998, p. 1502).

So, Ball emphasized the role of the impact of policy within the progression of urban development. He thus concluded that the role of policy within the market of urban development and regeneration still possesses a very central place. He stated that these governments tried to persuade the investors to meet local regeneration aims. However, like mentioned in the previous chapter, these investors presumably want to achieve the largest margin and profit. It is not unthinkable that in some cases the desired local aims will not achieve the highest margin. So, through policy (i.e. rules, regulations, coercion,

concessions and other conditions) the state still tries to achieve and realize these desired local aims, possibly in contrast with the goals of private parties. Ball (1986) underlines this by stating that the role of the state within the creation of the built environment is and has been substantial. He highlights the role of the state in terms of *'direct interventions as land-use planner, infrastructure generator, the creation of state-orchestrated forms of provision and the land policy they implement'* (Ball, 1998, p. 458). It is therefore important to be aware of the strengths of state power as well as its limitations, while Ball also states that: *'the state is not some omnipotent agency able to dictate its will to the rest of society, it is instead a site of struggle between social agents'* (Ball, 1986, p. 459). So, although the state tries with its power structures to accomplish the aims for the public good it still is a struggle between agents (both public and private) in realizing it. Within that sense it can be stated that a typical top-down approach of the market obeying the wishes of the state in achieving its public duties is non-present.

Referring back to the neoclassical approach, it is their perspective that the state only has to intervene within the land market to correct failures of the market, whereas *'the state is only supposed to appear when all else has failed'* (Foster C. , 1973; Ball, 1986, p. 461). This idea of limited state control of the market contrasts strongly with the previous view, as indicated by Ball, that state intervention is a necessary condition for most structures of building provision to exist. Once again based on the dashed lines within the model of the welfare mix and the principles of the entrepreneurial city, it is also possible to have a climate in which the demarcation between state and market is not that harsh. Like Hall & Hubbard (1996), Jessop & Sum (2001) and Degros (2013) mentioned; *'a climate of a new reality in which users, clients and residents become collaborators with the designer'*. The state, in that sense would be more than just a superordinate institution which controls the other parts of society (i.e. community and market) by laws and regulations. Additionally, it would also be more than just an institution that only intervenes where the market fails.

Municipalities

So, the state plays a vital role in determining future urban developments and is therefore one of the most important players within the field of the built environment. Within this thesis the concept of state refers mostly to local municipalities. These local municipalities are best aware of what is happening in their cities and are daily busy with tackling its problems, facilitating ideas or creating new projects. Moreover, they know what is happening in their city regarding housing and additional the increasing pressure on the housing market and the middle class. Central governments naturally have influence over the municipalities by implementing general laws and regulations but in much countries the local municipalities decide what the future of their city look like and what is being developed.

These municipalities can, as a government agency be responsible for the land policy, the issue of land and licenses. With these available tools of power, they can steer the direction of urban development.

But, like mentioned before the state is not an omnipotent agency and is still dependent on private parties in realizing future housing. So, a social struggle can arise between the government reaching for the public good and the private parties reaching for the highest profit remains present. Or maybe, these processes are not that black and white, and a reality of cooperation exists in which these parties collaborate to achieve both of their objectives and potential pay-offs. Unquestionably, however remains the fact that the municipalities can steer the future of housing developments in a certain direction. Municipalities are in most cases also the owner of land which could be made available for future developments. They are thus in the position to allow these future developments from happening at a certain location by selling it to a private party.

2.2.3 Housing corporations as hybrid actors

Another actor which plays an important part within the housing market and is another central actor within this thesis are the housing corporations. Housing corporations are, in short corporations who provide social housing meant for people who have difficulties (financially) finding a suitable house. This lower and cheaper segment of housing is not attractive for private parties to invest in while their margin and profit is much higher when they develop housing in the more expensive segments. Therefore, housing corporations have been installed to ensure housing for the socio-economical lower classes in society. At first hand, these housing corporations do not seem necessary or obvious when studying the middle class, where they mainly provide housing for the lower social classes. However, they provide more services than just that and operate in more segments than just the lower ones. In Germany for instance, in areas with little economic growth these corporations in partnership with local authorities help to invest in creating jobs, revitalize communities and support local social enterprises (Pittini, Ghekière, Dijol, & Kiss, 2015). In Denmark these corporations have been increasingly active in promoting local community initiatives such as implementing crime prevention measures and establishing schools. Moreover, they in most cases possess a large part of the total supply of housing (Pittini et al., 2015).

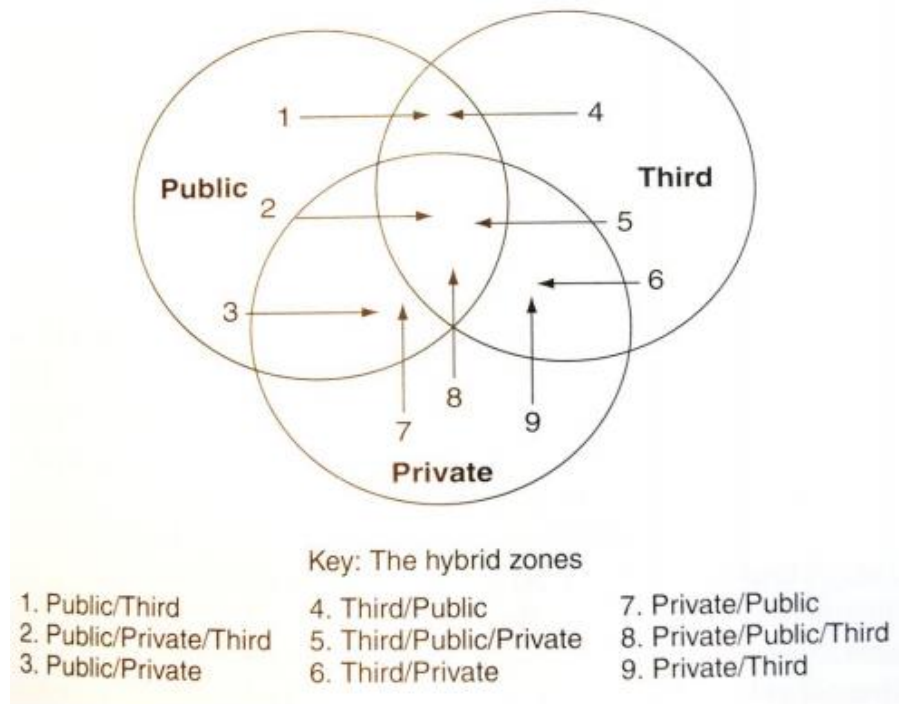
Where the goal of this thesis at the start was to analyze the public and private sector we now enter a somewhat grey area when discussing these housing corporation. These housing corporations cannot be placed within the private sector as well as the public sector while it will both not classify them right. These housing corporations are semi-public institutions and exist and operate under the finance of the state. They can however also participate in private activities but are in the essence non-profit. With the model of the welfare mix in mind these housing corporations can best be placed within the third sector of the model. Frumkin (2002), when revisiting the third sector, speaks of a contested arena between state and market in which *'public and private concerns meet and where individual and social efforts are united'* (Brandsen et al., 751). Frumkin furthermore adds to this that the third sector is an *'elusive mass of contradiction'*, where Levitt (1973, p. 49) describes it as an *"enormous residuum filled with a bewildering variety of organizations that only share their exclusion from the domains of the state and*

the market". Organizations operating within the third sector are involved in activities that both the domains of state and market are *'not doing, not doing so well or not doing often enough'* (Levitt, 1973). A more positive remark regarding the third sector was given by van de Donk (2001). Van de Donk conceptualized the third sector and concluded that *'the third sector is a hybrid domain amidst the three ideal-typical of pure domains of the society (state, market and community)*. Brandsen et al., (2005) adds that the assumption underlying this typology is that the organizations in this hybrid sector are caring organizations, providing services for the public good with a dual public and private nature. These hybrid organizations are thus understood as having characteristics of public, private and community sector actors. In short, but further elaborated within chapter 4, paragraph 4.1, the public aspects of housing corporations derive from the fact that they are funded by the government, operate for the public good, and that they additionally have certain privileges regarding private parties (e.g. state guarantees for loan, availability of public land below market value, the right to borrow from banks). Moreover, governments still want to sustain their controlling hand over these housing corporations by introducing taxes over the social- as well as the commercial activities of these corporations (Billis, 2010b).

The most important private sector aspect of housing corporations is the focus on commercial activities. Whereas their predominant actions lie on providing housing meant for the socio-economical lower classes they also remain active in these commercial activities (Czischke & Gruis, 2007; Brandsen, Farnell, & Ribeiro, 2006). Gruis (2008), additionally noticed an increasing market orientation within these corporations which leads to more activities within the commercial segment and more market-based corporations. Or like, Boelhouwer (1999) and Priemus & Dielemen (2002) stated: *'there is a shift away from government control towards reinforcement of market principles'*. Although in, for instance the Netherlands a law was implemented in 2015 (further elaborated in paragraph 4.1) regarding a new demarcation of tasks and responsibilities regarding the corporations which changed the playing field dramatically.

Regarding the third sector, the most significant aspect of hybridity is the commitment of housing corporations concerning their distinctive mission. This mission is to obtain, build and provide housing for disadvantages citizens and socially less fortunate groups (Koolma, 2011). Additionally, as will become clear within the results of this thesis, these corporations do not solely focus on realizing (social) housing. They also task themselves with providing a livable environment and resolving possible social issues. Moreover, housing corporations have a legal obligation to involve organizations of tenants within the decision-making process. Billis (2010a) in conclusion and in addition towards the welfare mix constructed a model (figure 2.2) combining the three sectors. Within this model and based on the elaboration of the housing corporations they must or can be placed at the center of the model in the hybridity of the public, private and third sector.

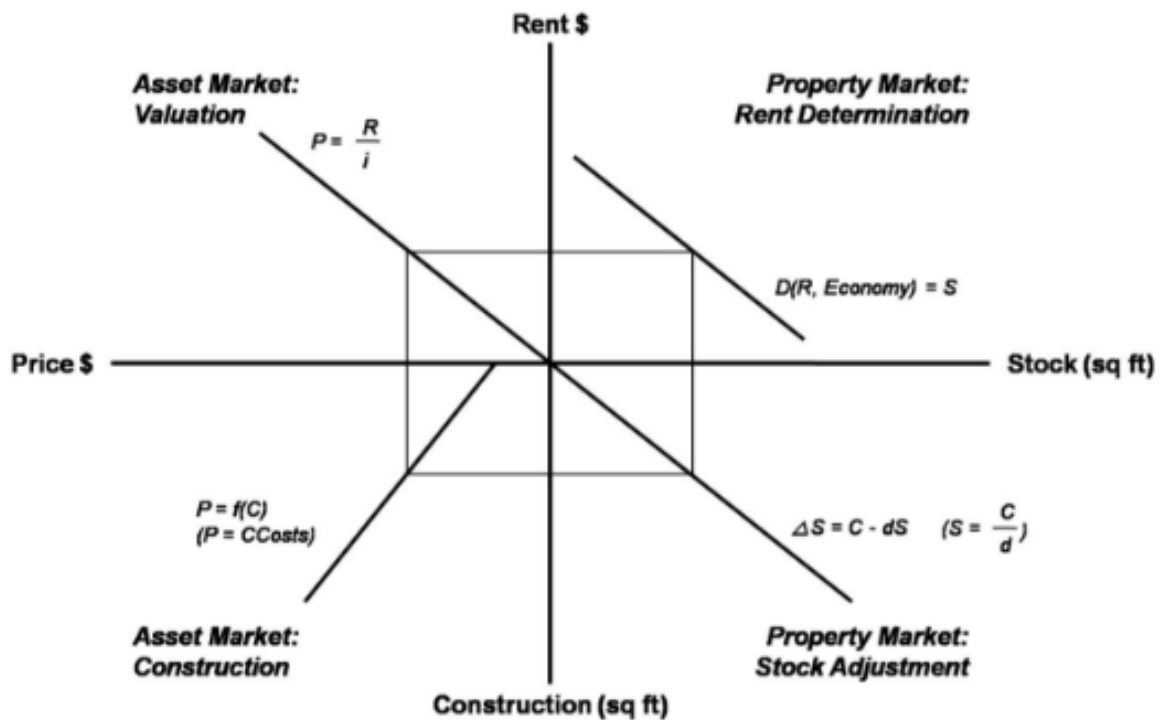
Figure 2.2: The different hybrid zones according to Billis (2010a).



2.3 Interrelatedness of the market

Within this entire chapter we have now dealt with and discussed both the public and private sector (and additionally the hybridity of housing corporations) within the field of urban development. To catch these multiple sectors within a single frame and to establish their interrelatedness to one another the Quadrant Fisher-DiPasquale-Wheaton (FDW) model (Figure 2.3) can be used as a conceptual framework for the functioning of the markets of real estate and to show, within a model, how the rental prices of commercial real estate are established. The FDW model *'traces the relationships between real estate market and market variables, as well as the adjustments that take place to establish equilibrium in the supply of and demand of real estate'* (Cloete & du Toit, 2003, p. 3). The model is founded on the principles of demand and supply modeling: *'the demand to own real estate assets must equal its supply'* (DiPasquale & Wheaton, 1996, p. 6). Within the ideal situation the available supply and attached rental price per square meter, the market prices for properties, the costs for development and the production level of new building projects are in equilibrium. The reason why this model is useful for this thesis is because the levels of rental prices as well as the size of the supply of properties are being formed by the multiple actors operating within the residential market. They are all dependent on each other, which means that when a change occurs with one actor other actors could or will be influenced, what in advance changes the rental prices and supply of properties (Hogerwerf, 2009). Within appendix 1, a short explanation regarding the functioning of the FDW model is described.

Figure 2.3: The Quadrant Fisher-DiPasquale-Wheaton model (DiPasquale & Wheaton, 1992).



The model of Fisher-DiPasquale-Wheaton shows that the different parts of the real estate market and the actors operating within it constantly affect and influence one another. A change in one factor leads to a change in the equilibrium of the entire market. Within this thesis this model will however not be used as a model to calculate certain prices or to calculate the total demand or supply of housing. Additionally, Hogerwerf (2009) states that the model cannot be used as a general calculation for the entire market, while every part of real estate or housing is unique in, for example, its location or other characteristics what in advance can influence the demand for it. He concludes, by stating that that the model functions as an illustrative model wherein it the interrelatedness and interdependence shows of the multiple actors operating within the real estate market. Understandably, that a small change can change the entire market and that multiple changes at different actors destabilizes the market even faster.

Relating back to the main subject of this thesis, the model, as an illustrative example of the mutual dependence of the actors, can be very helpful in understanding or solving the phenomena of the increasing pressure on the middle class. Whereas, the different actors (both public and private) play their part within the supply side of the real estate market. They create or can create adequate housing for the middle class but are also dependent on each other in creating that supply. Moreover, these actors are also influenced by external factors, such as the state of the economy, which in advance also influences the developments within the housing market, which are further elaborated in paragraph 4.2. Additionally, although not mentioned within the model, the municipalities play a vital part as an external factor for the influence within the market and their role is also further elaborated in paragraph 4.1.

Within this second chapter the multiple actors operating within the housing market are named and described. The next step is to study and describe the positions taken by these different actors, both public and private, in relation to the urban middle class, to create an image of how the market is evolving and how these actors influence each other and what the general description is of their position regarding the phenomenon. In theory, actions taken by municipalities regarding the urban middle class or mid rental market will influence the actions taken by the private sector. It is therefore chosen to not interview one group of actors (e.g. housing corporations) but to interview multiple different actors to understand their opinions, actions and points of view but also to create an image of their interrelatedness and interdependence. This will however, be further elaborated within the third chapter.

2.4 Conclusion

Within this chapter we have now elaborated the things needed to construct a conceptual model and to continue with the empirical chapters of this thesis. The first important aspect was the conceptualization of the urban middle class. Like mentioned within paragraph 2.1; to provide answers regarding how multiple parties from different actors react towards a phenomenon affecting the middle class it is needed to know what that class precisely is and what it consists of. Within this literary review it became clear that a comprehensive answer could not be given. There is no consensus on what the middle class is, where it begins and where it ends. It could be demarcated by income, occupation, social class, cultural capital etc. Despite this, within urban policy making there is much talk about for example preserving the middle class. So, when speaking of preserving the middle class there need to be some consensus about who that target group precisely is. Within the next chapters (above all within chapter 5 where the results from the interviews are elaborated), it will become interesting to analyze how the different parties see the middle class, how they acknowledge where it ‘begins’ and ‘ends’ and how they demarcate it.

These multiple parties, operating within the field of urban development were subsequently elaborated within paragraph 2.2. The market as the private sector, the state as the public sector and the housing corporations as hybrid actors who possess characteristics of the third sector. It became clear that each of these sectors and actors operating within them have their own principles, resources, predominant actors, principal motives and potential pay-offs. When referring to the concept of ‘position’ of these actors, as named in the main question of this thesis, these subjects are meant. They determine the position of the actors regarding the increasing pressure on the middle class. What are their principles (e.g. serving the public need), what do they want to achieve (e.g. the highest margin), what are their motives (e.g. supply social housing) etc.

Where it also became clear that the lines between the three segments are not that clear as one might think. The state can for instance, participate within private activities and vice versa. A collaboration

between these actors were users of housing can participate within the decision-making process with the designers (e.g. the market) is also a possible reality. Within that sense the market is more than just a money-grubber looking for a profit and the state can be more than just an omnipotent institution. Table 2.1 in conclusion briefly summarizes the differences between these sectors. It is furthermore established that the predominant actors within this thesis are the investors and developers as private parties, the municipalities as public actors and housing corporations as semi-public, hybrid actors. Presumably, they have their own strategy and actions regarding the increasing pressure on the middle class, something we are going to discover in chapter 5.

Table 2.1: Core elements of the public, private and third sector derived from (Own model, 2018), based on (Billis, 2010b; Streeck & Schmitter, 1985; Torre, Fenger, & Twist, 2012; Elzen, 2013) and own literary review.

	Core elements	Public sector	Private sector	Hybrid actors
Position of actors	Domain	State	Market	State/Market/Community
	Predominant actors	Government agencies	Investors/developers	Housing corporations
	Guiding principles	Public service and collective choice; Formal & non-profit	Market forces and individual forces; Formal & for-profit	Commitment about distinctive mission
	Potential pay-offs	A well-functioning city	Realizing the highest margins	Housing everyone in need
	Resources	Taxes	Sales and fees	Subsidies and sales
	Central values and principal motives	Public values (legitimacy, loyalty, absence of pursuit of profit, realizing the best city for everyone)	Economic values (entrepreneurship, innovations, achievability of high returns); with or without considering public and social values	Social values (developing for a socio-economical vulnerable group) Public values (distinctive mission is for the public good) Economic values (still active within private activities)

Lastly, to link these sectors and to show their interdependency on the housing market their interrelatedness is shown at the hand of the FDW model. It became clear that these actors, through their actions are dependent on one another and can therefore not act solely on their own on the housing market. With this collected information we can now draw the conceptual model which is used within this thesis.

2.5 Conceptual model

The essence of the conceptual model, which will be used during this study, is derived from the literary information of chapters 1 and 2. Firstly, at the hand of multiple developments such as demographic changes, a shortage of supply in housing, the increasing popularity of urban living and the current state of the economy the increasing pressure on the middle class takes place. Within this thesis the variables of the shortage of supply and the popularity of urban living take a more central position while these have direct affiliation with the supply that is created by the involved actors and the possible policies of public actors.

While these developments (which are further elaborated in chapter 4) are happening it is increasingly difficult for middle class income to find suitable housing within the cities they want to live. This increasing pressure on the middle class, additionally, provokes a certain reaction and position of actors that must deal with it. These actors are, as elaborated in chapter 2, the municipalities as the public sector, developers and investors as the private sector and housing corporations as hybrid actors. They all have their own principles, motives and wanted pay-offs which determines how they act on the housing market.

The main objective of what we want to know is their position regarding the increasing pressure on the middle class. This position is indicated as three dependent variables of the position of the public sector, the private sector and the housing corporations. We want to find out how they react towards the phenomena and why? What determines their position? Is it for instance, profit for the private parties, or are there more factors which determines their actions? Additionally, we want to know what their reaction is towards the phenomena. What do the interviewed parties find important, curious, remarkable etc. This results in multiple emergent themes, which are described in chapter 5.

Lastly, the interrelatedness (as indicated by the three red lines between the actors) is also an important factor within this study. How do they relate to one another and is there any cooperation between them? Are they operating solely from each other or are they dependent on each other in constructing the future of the Dutch cities?

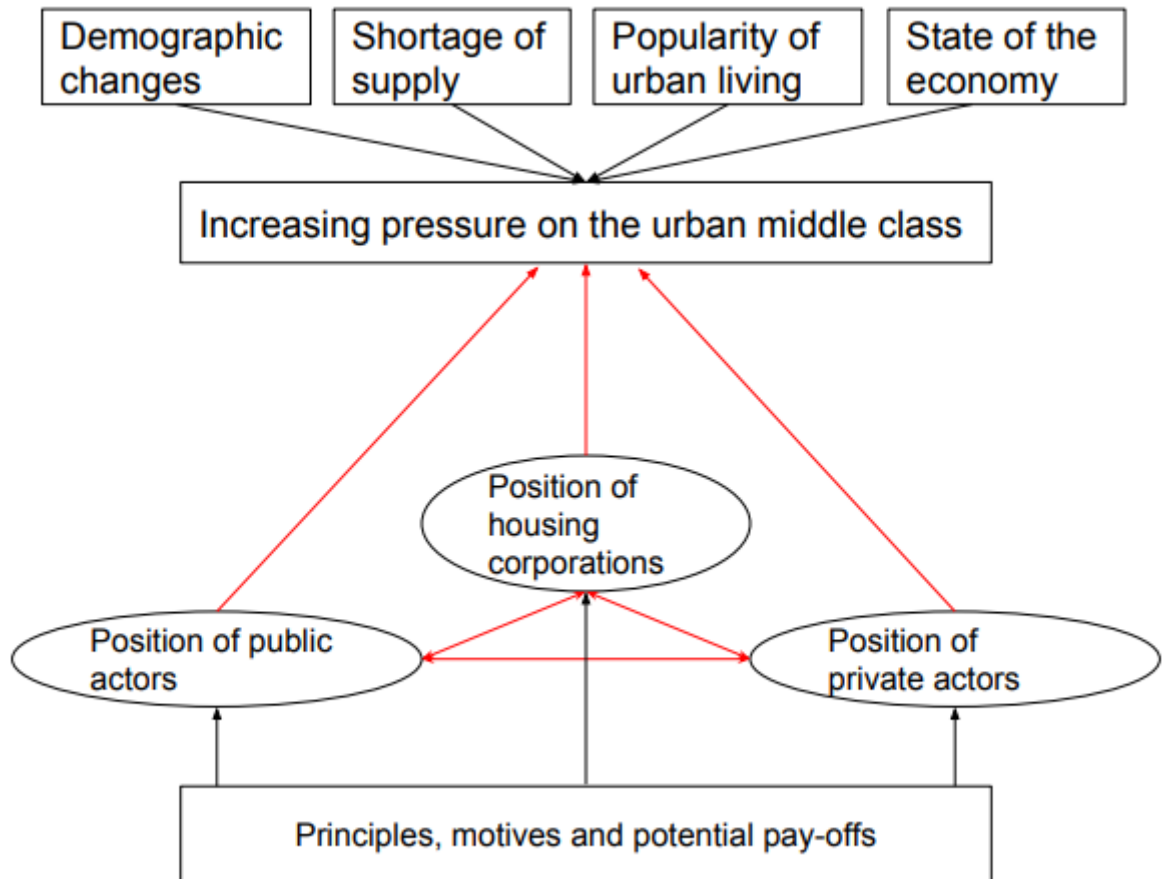


Figure 2.4: Conceptual model (Own model, 2018)

3. Methodology

Within the third chapter of this study the methodology used for the collection of sufficient data is elaborated. To start, the research strategy (i.e. a phenomenological approach) is discussed and motivated. In paragraph 3.2 the research design (i.e. the structure of this study) and the way the data is collected are substantiated. This consists of a motivation and explanation of collected information through desk-research, an explanation of the interviewees for the semi-structured interviews that have been conducted and an explanation of these semi-structured interviews themselves. Next, the explication of this collected data is subdivided in chronological steps that fits the principles of a phenomenological study and lastly, within paragraph 4 the research area is briefly described to clarify the scope of the study. After this chapter the empirical chapters of this study will follow.

3.1 Research strategy

In this thesis the focus lies on the opinions and positions certain stakeholders within the field of urban development have on the phenomenon of the increasing pressure on the middle class. The goal of this thesis is to study these opinions and motivations, whereas it is not the goal to quantify and/or generalize experiences and opinions (as is customary with a quantitative approach). So, a choice is made for a qualitative approach with the use of semi-structured interviews (paragraph 3.2.2) in which a flexible and responsive dialogue between interviewer and interviewee is possible. Qualitative research is used to gain an understanding of underlying reasons, opinions and motivations and it provides insights into the setting of a problem, wherein findings are usually descriptive (Creswell, 2007). Within that setting it is possible to dig deeper into opinions or statements and to highlight perspectives from different points of view. The study and the results itself are based on ten in-depth interviews with multiple actors (i.e. public, private and hybrid actors) operating within the Dutch housing market and additionally on different policy documents and market research studies (additional information follows in paragraph 3.2)

Creswell (2007) distinguishes five different qualitative approaches to inquiry; a narrative study, a phenomenology, a grounded theory, an ethnography, and a case study. Within this thesis a phenomenological approach is used as the main strategy. A phenomenological research: *'focusses on describing what all participants have in common as they experience a certain phenomenon. The basic purpose of phenomenology is to reduce individual experiences with a phenomenon to a description of the universal essence'* (van Manen, 1990, p. 177).

It is an inductive, descriptive approach, developed from phenomenological philosophy. According to Welman and Kruger (1999, p. 189) *"the phenomenologists are concerned with understanding social*

and psychological phenomena from the perspective of people involved". The researcher applying phenomenology is concerned with the lived experiences of the people involved, or who were involved with the issue that is being researched (Groenewald, 2004; Holloway, 1997; Kruger, 1988; Kvale, 1996). The aim of the researcher within a phenomenological approach is *"to describe as accurately as possible the phenomenon, refraining from any pre-given framework, but remaining true to its facts"* (Groenewald, 2004, p. 44). This description is derived from collected data from people who have experienced the phenomenon. In the end a composite description of the essence of the experiences for all individuals is developed. This description mostly consists of 'what' the individuals experienced and 'how' they experienced it (Moustakas, 1994).

There are multiple forms of phenomenological research, whereas Creswell (2007) elaborates two of them; the hermeneutical phenomenology of Van Manen (1990) and the transcendental phenomenology of Moustakas (1994). This study will focus more on the transcendental phenomenology of Moustakas, where is focused less on the interpretations of the researcher and more on a description of the experiences of participants. Transcendental phenomenology draws on the data analysis procedure of Van Kaam (1966) and Colaizzi. (1978) The procedure, illustrated by Moustakas (1994, p. 60) *"consists of identifying a phenomenon to study, bracketing out one's experiences, and collecting data from several persons who have experienced the phenomenon. The researcher then analyzes the data by reducing the information to significant statements or quotes and combines the statements into themes"*. Textural description (what individuals experienced) and a structural description (how they experienced it) are developed in combination of the textural and structural description to convey an overall essence of the experience (Creswell, 2007).

At first sight this study presumably does not seem as an ideal match for the use of a phenomenological approach. Whereas a true phenomenology would stick with describing a lived experience and not so much opinions and/or certain actions taken. It is therefore a popular method in sociology, psychology, nursing and health sciences, and education (Creswell, 2007). However, the main objective of this is to study the experience multiple stakeholders within the housing market have with the phenomenon of an urban process (i.e. the increasing pressure on the middle-class) and how they experience it. They are not experiencing the increasing pressure on the middle class for themselves within the sense that these stakeholders are experiencing the rise of housing prices the same as middle class income groups living in the cities. But the way they are acknowledging the developments of the increasing pressure on the middle class possibly would affect their policies and their actions. For instance, if they acknowledge it is a problem as such and they believe they are tasked with developing mid-rental housing, their actions would be much different than if they would acknowledge it otherwise. The lived experience of the stakeholders with the phenomenon is therefore very important. However, this study tries to move beyond the presumptions of regular phenomenological research where the focus lies on acknowledging the lived

experience of individuals. It is also interested in their opinions, following actions and their interrelatedness to one another. So, within the phenomenological data analysis in this study the emergent themes created out of the collected and analyzed data could also be themes about opinions and/or actions, therefore deviating from the conventional path of phenomenological research.

So, in conclusion, the essence of a phenomenological study is used wherein research is being done about how multiple different stakeholders, who operate within Dutch urban areas, acknowledge the increasing pressure on the urban middle class. In advance, the data analysis section, further elaborated in paragraph 3.3, also occurs according to the 'guidelines' of phenomenological research wherein themes are found within the collected data and the overall essence from the textural and structural description is written. These themes however, can go further than just describing the 'lived experience' of individuals. They will presumably also describe their opinions, actions and strategies.

3.2 Research design & data collection

From this point, this thesis roughly consists of three stages. The first stage consists of the collection of sufficient data through desk research (chapter 4) and semi-structured interviews. The second stage (chapter 5), would progress alongside the characteristics of a phenomenological research according to the following steps: the collection of significant statements, the meaning of these statements, the clustering of these statements into themes and the overall description (textural and structural description) of the essence of the phenomenon (Creswell, 2007; Moustakas, 1994). The third stage (chapter 6) consists of the conclusions of the empirical data collected and described in chapters 4 and 5.

An important part of this study would thus occur in the first stage, the collection of sufficient and usable empirical data. The data within this study was collected from actors operating within the (semi)public and private sector, who have experienced the phenomenon (i.e. the increasing pressure on the middle class) through their work-related activities. Data within this phenomenological research mostly consists of semi-structured, in-depth interviews, where other forms of data may also be collected, such as observations and other documents (Creswell, 2007; Polkinghorne, 1989).

Besides the empirical data derived from the interviews, chapter 4 within this thesis is written through desk research and available literature regarding policy documents and market research about the housing market. This chapter provides a clear image about the actors operating within the Dutch housing market and developments which could affect the middle class. This information is needed to provide a clear framework about what is spoken of when mentioning the Dutch housing market and its actors, which are later interviewed. In advance, it enlarges the validation of this study, while besides the collected data from the interviews also published market research and policy documents about the housing market are used.

3.2.1 Interviewees

The choice is made to interview multiple different actors of the housing market to provide a comprehensive view on the entire market. These actors must have experienced the increasing pressure on the middle class and must be operating within the (semi)public (i.e. municipalities and housing corporations) or private sector (i.e. investors and developers). The list of interviewees can be seen in Appendix 2. Eventually, data collected from eleven individuals from eight institutions with, additionally a position paper from another institution will serve as the main data for this thesis. These parties are moreover different in the actions and services (science, governmental, real estate, consultancy and financially) they provide on the housing market and have different goals (research, investments, developments etc.) to achieve. Most important criteria in selecting the different actors has been their expertise regarding the developments on the housing market and their affections with the middle class. Within that sense, the private parties of Arcadis (design & consultancy), BPD (development and investment), Amvest (development and investment) and Peak Development (development) have been selected to be interviewed. Firstly, these actors are not confined to a restricted area of operations. They invest, develop and/or consult nationwide and must therefore be aware of the developments on the housing market. Within the real estate investment market, BPD is the biggest player as a developer in the Netherlands and Amvest (also a big player) possesses an interesting position while it is both developer as investor. Additionally, a positioning paper from Bouwinvest (2018) (investment) is used in which they elaborate their vision and actions regarding the mid rental sector and the middle class. Arcadis takes a different position in the real estate market while they act as a consultancy (i.e. for real estate, infrastructure, and environmental and water issues) but nevertheless also design and invest in development and regeneration within cities.

From the public sector, first a governmental knowledge agency the Planbureau voor de Leefomgeving (PBL), or roughly translated as the ‘planning agency for the living environment’, is an independent actant of the national government who studies multiple different developments regarding the living environment in the Netherlands. One of these developments include the increasing pressure on the housing market and while they are an independent actor with no ties whatsoever to concrete developments and investments they are an interesting party to interview. The other public or, within the case of housing corporations, semi-public parties, are all located in the urban region of Amsterdam (additional argumentation for this follows in paragraph 3.4). The interviewed parties are the municipality of Amsterdam and the housing corporations of Ymere and Stadgenoot. These two corporations both have a significant amount of (social) housing in the Amsterdam urban region, and while the increasing pressure on cities is most pressing in Amsterdam, they must experience the lack of (social) housing and its consequences daily.

3.2.2 Semi-structured interviews

After the choice has been made for the use of qualitative research methods and the additional needed interviews, as explained in the previous paragraphs, a following choice is made for the usage of semi-structured interviews to collect sufficient data.

These semi-structured interviews are well suited for exploring experiences, values, beliefs and motives, according to Teijlingen (2014), whereas it aims to find accurate information without influences from the researcher. This seem to correspond with both what kind of data is wanted to derive and with the phenomenological approach that is used, while it wants to discover the experience and position of the public and private sector regarding the middle class, without any influence from the interviewer. In chapter 2, the prevailing characteristics of both the public and private sector were already elaborated. This means that in theory the private sector should be for profit, what should indicate that they want to ask the highest (rental) price for their developed buildings to create the largest margin. With the current state of the housing market in mind, as elaborated in chapter 1, this should result in the fact that the number of housing developed for the middle class will not be that substantial, whereas these private parties are in the position to develop housing for the higher classes.

What however is not the intention, is to steer the private sector parties towards the ‘for profit’ side. So, questions like: ‘do you want to create the highest profit within housing development, therefore sidelining the middle class’, are not asked. Instead broader, more general questions form the basis of the questionnaire. Interviewees first get the chance, without any prejudices to give their opinion and argumentation after which follow up question are asked which can differ every interview. These follow up questions can be modified based upon the interviewees perception of what seems most appropriate. As Miles and Gilbert argue (2005, p. 6) that within semi-structured interviews *‘the conversation is free to vary, and it is likely to change substantially between participants.’* This corresponds with the chosen phenomenological approach, in which a pre-given framework within the questionnaire and any prejudices concerning the interviewees must be absent to obtain the wanted results. Additionally, like the asked questions it is tried to take, as interviewer, a most neutral position as possible, in which personal ideas and opinions are suppressed to get the most reliable answers.

Conclusively, within the interviews, question is asked regarding the position of the interviewee towards the developments of the housing market in general, their position and opinions about the status of the middle class, and about the interrelatedness of the market and cooperation between actors. Lastly, two personal questions are asked regarding the ideas of the interviewee about possible actions needed on the housing market regarding the middle class. The interviews themselves all have a duration of approximately 45-60 minutes, except for one (i.e. 95 minutes) and are all held inside the office of the

interviewees, again except for one. The interview with Amvest is being over the phone. The interview guide is presented in appendix 3.

3.3 Explication of the data

Groenewald (2004) stated in his journal article that the word ‘analysis’ has dangerous connotations for phenomenology. The term usually means ‘a breaking into parts’, which in advance causes a loss of the phenomenon as a whole. The term ‘explication’ on the other hand “*implies the investigation of constituents of a phenomenon while keeping the context of the whole*” (Hycner, 1999, p. 161). Deriving from the phenomenology and the procedures advanced by Hycner (1999) and the simplified version of the Stevick-Colaizzi-Keen method by Moustaka (1994) (who called it the ‘systemic data analysis’) a following process of explication is used in ‘analyzing’ the gathered data.

- ➔ Describe the essence of the phenomenon and create and organize files for data
- ➔ Reading through the written transcripts several times to obtain an overall feeling for them
- ➔ Delineating unites of meaning
 - Identifying significant phrases or sentences that pertained directly to the experience.
List these statements and treat each statement as having equal worth.
- ➔ Clustering of unites of meaning into themes
 - Formulating meanings and clustering them into themes common to all the participants' transcripts
- ➔ Integrating the results into an in-depth, exhaustive description of the phenomenon;
 - Write a description of ‘what’ the stakeholders in the study experienced with the phenomenon (textural description)
 - Write a description of ‘how’ the experience happened (structural description); reflect on the context in which the phenomenon was experienced.
 - Write a composite description of the phenomenon incorporating both the textural as the structural description, resulting in the ‘essence’ of the experience.

3.4 Research area

In paragraph 3.1, it was mentioned that there are several methodological ways in approaching a qualitative research. One on them being a case study research. While the methodology of this study will not be that of a case study research, a specific area of research has been chosen to analyze the phenomenon of the increasing pressure on the middle class in the Netherlands. Stake (2005, p. 73) states: “*case study research is not a methodology but a choice of what is to be studied (i.e. a case within a bounded system)*”, were others (Denzel & Lincoln, 2000; Merriam, 1998; Yin, 2003) present it as a strategy of inquiry, a methodology, or a comprehensive research system. I choose to view it as a type of design as well as a product of inquiry within qualitative research in which it functions as a means towards

creating a suitable answer for the main question of this research. Furthermore, the phenomenon of the increasing pressure on the middle-class is not restricted to a selected number of urban centers or cities. It is a phenomenon which is visible in numerous cities throughout the Netherlands and in other, mostly developed countries. It is not the intention of this study to compare selected cases with one another while it is not so much the question if this phenomenon is occurring in another way on a different urban location. Rather, it is the question how certain stakeholders and parties involved react towards this process.

Within that sense and when keeping in mind that the increasing pressure on the middle class is occurring in numerous cities, the choice is made to not select one or more cases beforehand. Additionally, the interviewed parties and their activities (i.e. the private parties and PBL) are not restricted to one specific city. They operate in numerous cities in the Netherlands and therefore supposedly have information about multiple different cases in which they operate. The question of this thesis is what the position is of these parties. That question is not geographically restricted to a certain case of research area. Within that sense information that interviewees could provide from, for instance, Rotterdam or Utrecht is both usable.

It is plausible, that when interviewing the chosen private organizations (Peak Development, BPD, Amvest and Arcadis) the focus lies on the four largest cities (i.e. Amsterdam, Rotterdam, The Hague and Utrecht) because the studied phenomenon most likely occurs within these largest cities according to Hekwolter et al. (2017) and the study of Capital Value (2016). These private organizations will mostly encounter this development within these cities and presumably less within the smaller cities located in the Netherlands. Additionally, while the main problem of the increasing housing and rental prices is most precarious within the city of Amsterdam it is chosen that the housing corporations and a municipality that are interviewed to highlight the public sector will all be in Amsterdam. It is however not the intention to write and describe a detailed narrative about this case, whereas the case itself is not central in answering the main question.

With the methodological chapter written and a clear view on how the data is collected and what kind of data is necessary we move on towards the empirical chapters of this thesis. Starting with the empirical chapter concerning the Dutch housing market and subsequently the empirical chapter regarding the emergent themes from the semi-structured interviews.

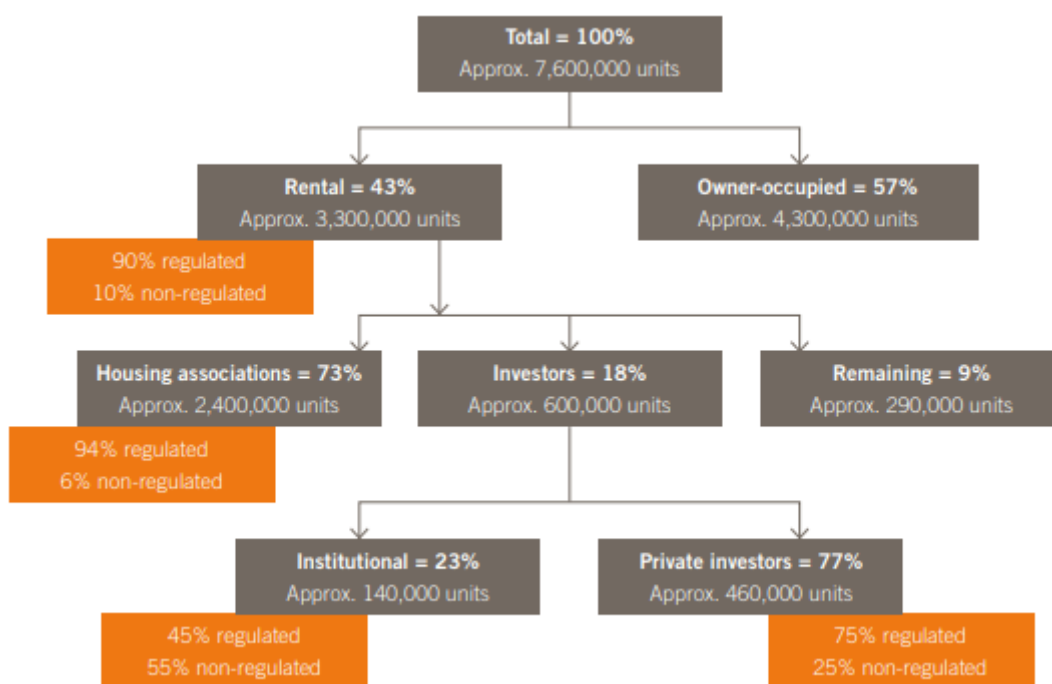
4. The Dutch housing market

The first empirical chapter of this thesis consists of an elaboration of the actors on the Dutch housing market and developments which could affect the urban middle class. Within paragraph 2.2 a literature review was written about the public, private and third sector and its actors. Understanding the position (i.e. principles, motives, resources and potential pay-offs) of these actors was the main objective. Within the first paragraph of this chapter these actors, operating within these different sectors, are now focused on the Dutch housing market. What is the influence of the local government on the Dutch housing market, and what is the situation of its housing corporations and private sector parties? Next, to understand the situation of the middle class within Dutch cities and to understand what these actors are facing, important developments on the housing market are named and described to provide a view of the current situation of the Dutch housing market. The data elaborated within this chapter, as indicated in paragraph 3.2, is based on desk research, policy documents and market research reports about the housing market. After understanding these actors and developments we can proceed with chapter 5, in which the results of the semi-structured interviews are elaborated.

4.1 Actors operating on the housing market

The Dutch housing market is recovering from the crisis which started several years ago. Hekwolter et al., (2017) state that since the post-crisis low in 2013 prices have already been increased by 16% while the prices are already at pre-crisis level and are not likely to stop growing yet. The Dutch housing market itself consists of approximately 7.6 million homes (Capital Value, 2016). Figure 4.1 shows the present structure of the Dutch housing market. In it, it becomes clear that the largest proportion of these homes, around 57%, are in the owner-occupied zone, while the remaining 43% of the homes are in the rented sector. Most of the housing within the rented sector are owned by the housing corporations and thereby form, for the most part, the supply of social housing in the Netherlands. Within this zone, 94% is regulated. Investors (institutional and private) own approximately 18% of all rental homes. The remaining 9% consists of a very diverse set of housing. It includes, for example other occupied spaces, such as rented rooms or anti-squat.

Figure 4.1: Structure of the Dutch residential market (CBS, 2016; Capital Value, 2016).



Multiple actors operate within the rental sector, as visualized in figure 4.1. Like mentioned before, the bulk of housing in the rental sector is owned by the housing corporations and institutional or private investors but there are more actors operating within this sector. PBL Netherlands (Schilder, Groot, Daalhuizen, & Tennekes, 2016) for instance, mentions the central government whose task is foremost to ensure the presence of sufficient housing, as stated in the Dutch constitution (Dam, Eskinasi, & Groot, 2014). The central government is responsible for the policies and regulations regarding housing, housing benefit and mortgage interest. It is furthermore responsible for regulation regarding the construction sector and it determines the playing field for the lenders of social (regulated) housing, like the housing corporations (Schilder et al., 2016). Until 2014 the central government was also tasked with multiple programs regarding the construction and planning of new housing, as stated in the *‘Vierde nota Ruimtelijke Ordening Extra’*. This meant that in the period between 1999 and 2005 the central government wanted to reduce the shortage of housing by implementing the compact-city policy in which it ordered housing to be built in or around existing cities (VROM, 2007). Currently, at the hand of the decentralization process, the responsibility for locating areas for new housing lies now with the regional and local governments (Dam, Eskinasi, & Groot, 2014).

The regional and foremost the local governments are currently the grandmasters of determining the housing policies at municipal level. In a ‘housing vision’ which they are obliged to draft, they formulate and visualize their plans for the coming years regarding housing. These visions are guidelines for negotiations and possible agreements with housing corporations and the private sector (i.e. a real estate

developer) when it comes to goals and investments for future housing projects (Schilder et al., 2016). While the local governments themselves are not tasked with developing new housing they are dependent on local parties, in particular the housing corporations and private institutions to carry out their housing policies. An important aspect which is under control of the local municipalities is the assigning and selling of available land, which is meant for development, to private parties. The municipalities are holding the power while they choose where private parties are allowed to start developing housing. Moreover, they decide the price of the land and therefore have a great influence on what is to be developed and how much it could cost. The policy of assigning land and determining the prices of land would be an important factor in developing housing for the middle class while it causes a lot of tension as would later be described within chapter 5.

Dutch housing corporations are private organizations who operate under the Dutch Housing Act (Koolma, 2012). Article 70 of the Dutch Housing Act is aimed specifically at the housing corporations. This article describes housing corporations as follows: *“associations with full legal rights, who aim to be active at providing housing, who task themselves with only operating within the field of social housing and whom are not aiming at conducting any task which is not in the interest of social housing”* (Bieleman, Snippe, & Tromp, 2010, p. 10). The housing act also describes the social role of the corporations: *“The corporations have to give priority to people for whom it is hard to find proper housing or do not have sufficient income to find affordable housing”* (Bieleman et al., p. 10). Boelhouwer et al. (2014) add that housing corporation are private institutions (foundations or associations) whom are only tasked with conducting public tasks within the field of social housing and are operating under the allowance of the central government. The importance and necessity of these corporations can be seen within figure 4.1, whereas they govern almost 2.4 million units.

The first housing corporations were set up in the second half of the 19th century. Intentionally they were private organizations providing housing for industry workers. A few decades later, in the first half of the 20th century, municipalities also started to provide social housing by creating the so-called municipal housing companies (Hoekstra, 2013). In the 1980's, the housing corporations gradually received more autonomy, resulting in financial independence in 1995, *“in which housing associations' debts to the state were written off against future government subsidies”* (Hoekstra, 2013, p. 1). Within this period most municipal housing corporations were transformed in 'regular' housing corporations and in 1995, when the housing corporations were cut loose from government influence, the municipalities lost their guiding role over these corporations, therefore losing some influence about future housing (Schaar, 2011). At the start of the 21st century, the financial situation of the housing association greatly improved, and many corporations broadened their activities by conducting social programs, neighborhood regenerations and public-purpose building. Meanwhile, their cost management and salaries of directors increased rapidly. Combined with multiple cases of mismanagement and fraud a widespread public and

political indignation arose (Hoekstra, 2013). This indignation was one of the main factors for drafting the *'Woningwet 2015'* or *'Housing act 2015'*.

Within this Housing Act new rules are drafted for the (social) housing sector. It creates clarity regarding the playing field of social housing and it redefines the core tasks of the housing corporations (Rijksoverheid, 2015). The services the housing corporations are allowed to conduct were restricted. This restriction has been implemented to let the housing associations focus themselves on their core business and to prevent the previous indignation about the economic position of the housing corporations from happening again. Their core business: to build, rent and manage social housing destined for low-income people or people who have difficulties in finding suitable housing, must be most important again. The housing they are tasked to provide are rental housing beneath the so-called 'limit of liberalization' (Rijksoverheid, 2015; Schilder, Groot, Daalhuizen, & Tennekes, 2016). This means that the prices of the housing beneath this limit are protected by rental control, whereas the current limit for social rental housing is stated at €710,68. This social rental housing falls under the 'DAEB-portefeuille'. DAEB stands for 'Diensten van Economisch Belang' which means 'services of economic importance' and consists of actions housing corporations must perform to accomplish their main task of providing adequate social housing. Also, in correspondence with the municipality, a housing corporation is allowed to invest within neighborhood renovations and revitalization. Besides the housing of the DAEB-portefeuille housing corporation also perform activities that falls within the 'niet-DAEB-portefeuille'. This 'portefeuille' consists of commercial activities, including rental housing which is not restricted by rental control (>€710,68) and are thus rented on the liberal market. The amount of housing of the 'niet-DAEB-portefeuille' (+/- 10%) is however, much smaller than the 'DAEB-portefeuille' (+/- 90%) (Rijksoverheid, 2015). This limitation of movement on the liberal market is meant to ensure that housing corporation do not plunge themselves again in commercial activities in which there are financial risks which could affect the tenants (Schilder et al., 2016).

The most important target groups of the housing corporations are households with an income beneath €36.798,-. Whereas the Housing Act adds that at least 80% of the social housing must be assigned to people beneath this amount, 10% is destined to be assigned to people with an income between €36.798,- and €41.056,- (i.e. lower-middle income households). For the remaining 10% the housing corporations can freely assign their supply of housing but are obliged to give priority to people who have difficulties at finding suitable housing (Rijksoverheid, 2015). Besides the housing they provide, housing corporations can carry out tasks regarding the improvement of the living environment of neighborhoods by investing in the physical environment within the drafted framework of the Housing Act. They are, for instance allowed to invest in social real estate such as a library or a community center, if the total investment does not exceed the 10% 'niet-DAEB portefeuille'. The corporations are also allowed to invest in the livability of the neighborhood, such as investments in greenery and neighborhoods

initiatives, and the installation of amenities improving the sustainability of the neighborhood (Rijksoverheid, 2015).

Lastly, besides the housing corporations also private parties are active on the rental market. As stated in chapter 2, these parties include, investors, trust funds, real estate agents, developers and insurance companies. This part of the rental sector is, in comparison to the rental controlled market relatively small. In 2012, not a quarter of all the rental housing was owned by private parties. And within that quarter 44% was owned by small rental parties, followed by the professional renters (33%) and the institutional investors (20%). Within figure 4.1 they can be placed within the institutional box, which has approximately 140.000 units within its supply. These private parties are not limited by conducting public tasks and by the Housing Act of 2015 but are still obliged to act according to multiple rules and laws within the housing sector. Besides, they are becoming more and more important in developing housing for middle-class incomes as the housing corporations are for the most part limited in developing housing beneath the limit of €710,68 and are not allowed any longer to build housing on a large scale for the middle class (Schilder et al., 2016). As stated within chapter 2 and 3 the data which is derived from private parties comes from both developers and investors (Arcadis, Peak Development, Amvest, BPD, and Bouwinvest). Table 4.1 shows the different types of developers, investors and owners on the Dutch housing market. Amvest, BPD and Bouwinvest can be placed within the indirect investor segment with the occupation of developer and direct investor. They are long term involved and are both developer as owner. Peak Development falls more within the trader segment as a developer who wants to sell and makes his profit after development.

Table 4.1: Differentiation of developers, investors and owners on the Dutch housing market (Louw, 1993; Boom & Brink, 2007; Wilkinson & Reed, 2008)

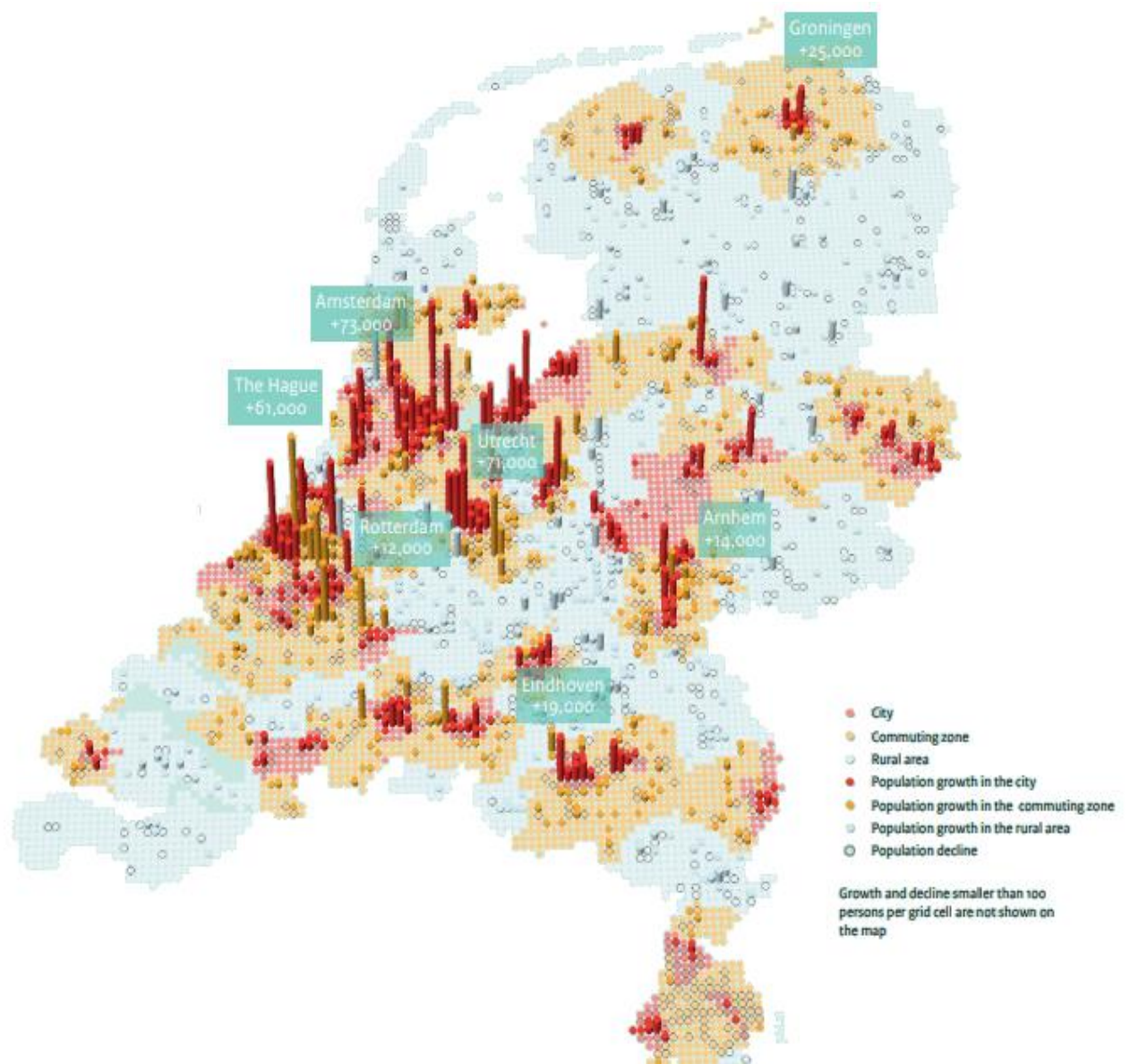
Entrepreneur	Duration	Occupation	Developer	Owner	Goal
Trader	Middle long term	Developer	Yes	No	Sell and profit after development
Trader	Short term	Building developer	Yes	No	Profit after construction
Direct investor	Long term	Developer for own use	Yes	Yes	Development for own use
Indirect investor	Long term	Developer and direct investor	Yes	Yes	Development of real estate with the intention of renting it after construction (more influence on the rented supply)

Indirect investor	Long term	Institutional direct investor	No	Yes	Buying of real estate to rent it and investing revenues for payment of shareholders/pension funds.
Indirect investor	Long or short term	Institutional direct investor	No	No	Investing in real estate funds.

4.2 Developments on the Dutch housing market

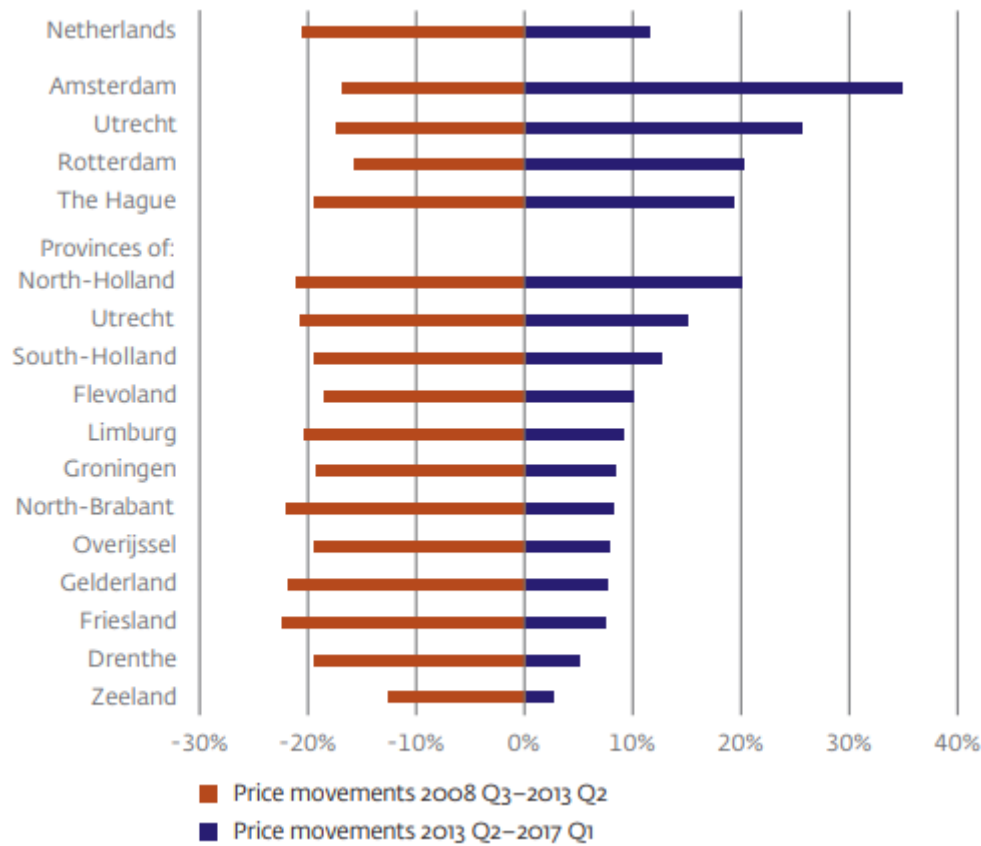
Now the multiple parties operating within the Dutch housing market are drafted, this paragraph focusses on the multiple developments on the housing market which affects the position of the middle-class income within the Dutch cities. To start, figure 4.2, adapted from a publication of PBL, visualizes the change in population from 2000 to 2014 in The Netherlands. First the regional changes between the population change in urban and rural is clearly visible but also a logical one, whereas it is mentioned earlier that urban living, in paragraph 1.1, is gaining in popularity again. Meanwhile the huge differences in population change between the cities located in the so-called Randstad Region (Amsterdam, Utrecht, Rotterdam and The Hague) become quite clear. Whereas cities located outside it, in this case, Groningen, Eindhoven and Arnhem notice a change between $>+14.000$ and $<+25.000$ inhabitants the cities in the Randstad, except for Rotterdam, experience a growth between $>+60.000$ and $<+75.000$ inhabitants.

Figure 4.2: Population change from 2000-2014 on a grid of 2x2 kilometers (Nabielek, Hamers, & Evers, 2016).



Eventually, among other factors which will be elaborated further within this paragraph, the growth of inhabitants, the presence of a low interest on mortgage, and the increase for the popularity for urban living, particularly in the four largest cities in combination with the shortage of adequate housing are key factors within the rise of the housing prices. Figure 4.3, in advance, shows the development of regional housing prices since the post-crisis low in 2013. In it, it becomes clear that in every province of the Netherlands the housing prices are on the rise and that especially the four largest cities are subject to this phenomenon. It is therefore plausible to assume that within these four largest cities the pressure on the middle class will be greatest. But also, other, smaller cities, located in ‘peripheral’ provinces are not escaping the rise in housing prices.

Figure 4.3: Regional prices of housing since the post-crisis low; percentage change from 2008 levels (Hekwolter et al., 2017).



4.2.1 The overheated market

The rise in housing prices and the increasing demand for inner city living can result in an overheating of the urban housing market. The term of overheating stems from increasing scarcity in the housing market. It occurs when more properties are sold than come on the market, resulting in a shrinkage of the supply which leaves potential house buyers with less choice which results in a tightening of the market and an increase of property prices. Another important factor is the specific time it takes to sell a house: quickening house sales could point to an overheating market. A final important indicator is the ratio between the transaction price and the asking price. When selling prices are structurally higher than the asking prices, the market may be overheating (Hekwolter et al., 2017).

To indicate a possible overheating of the Dutch urban housing market two ratios are commonly used to measure these price movements and the degree of overheating. For instance, the European Central Bank (2015), the European Systemic Risk Board (2015) and the International Monetary Fund (2016) use the price-to-income ratio and price-to-rent ratio. Hekwolter et al., (2017, p. 16) state: *‘the price-to-income ratio is a benchmark for affordability: if house prices rise faster than incomes, owner-occupied will, given interest rates, become less affordable and the number of potential buyers will decline’*. Regarding the price-to-rent ratio they state: *‘the price-to-rent ratio is, at a given interest rate level, a benchmark*

for the degree of equilibrium between owner-occupied and rental housing. This equilibrium should be achieved through arbitrage: if house prices rise much more sharply than rents, potential house buyers will be inclined to rent instead of buy'.

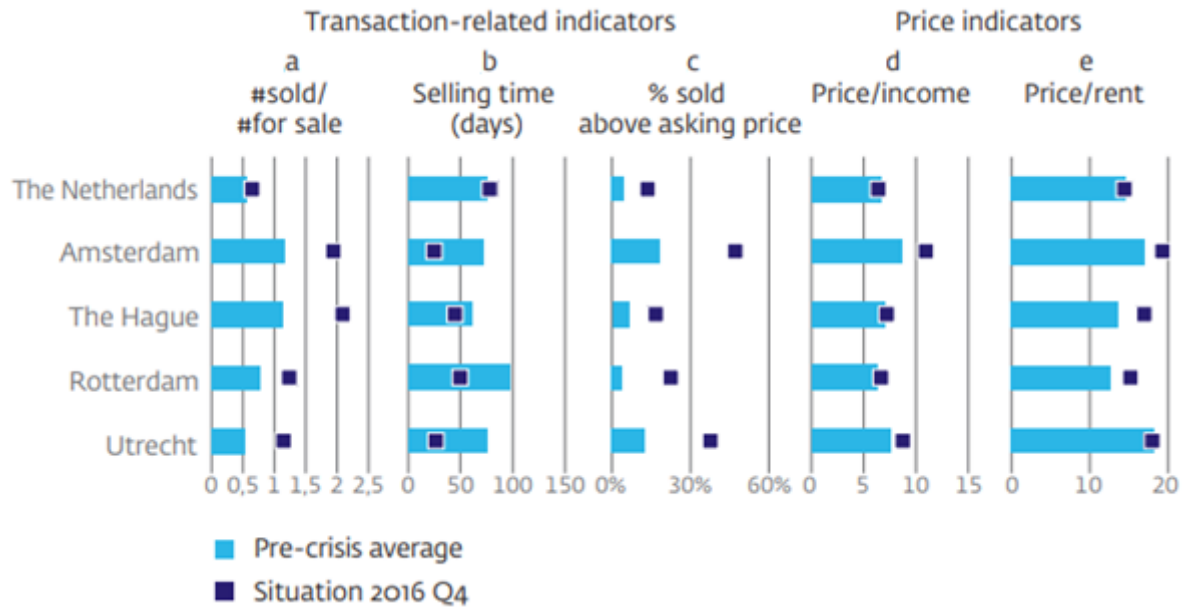
In their report about the need for more rental housing for the urban middle class the NVM (2016) applied two indicators of an overheating market on The Netherlands and the four largest cities; Amsterdam, Rotterdam, The Hague and Utrecht at the end of 2016. Figure 4.4 shows these results. The transaction-related indicators show that the housing markets in the major cities are real seller's markets: demand is surging ahead of the total supply, which in advance drives up the prices. The indicator #sold/#for sale shows that in Amsterdam the pre-crisis ratio was around 1, which means 1 property sold and 1 property for sale. The situation in the last quarter of 2016 indicates that when the #sold is still 1 the #for sale must be 0.5 to create the indicator of 2. This means that there are far less properties for sale than there are sold, which indicates a further overheating of the market.

In cities like Amsterdam and Utrecht the time it takes to sell a property has halved compared to the pre-crisis average (b). Kimman (2018) adds that the average time a house is on the market has fallen spectacularly from 76 days in 2016 to 52 days in the last quarter of 2017. This fall is visible for all types of property. This means that the housing market in the cities has become a lot tighter than it was before. Momentarily, the number of properties for sale in the cities is around 30% lower than the pre-crisis average (2000-2008). Additionally, far more properties are being sold above the asking price (c), again particularly in Amsterdam (58% of transactions) and Utrecht (46% of transactions), than before the crisis. Kimman (2018) adds to this statement that at this moment 28% of all properties are being sold above the asking price. He states: *"In the competitive struggle to gain ownership of a property, people are going for the maximum price. Sellers are capitalizing on this with competitive asking prices to maximize the number of candidates for a property (Kimman, 2018, p. 5)".* In his report, Kimman (2018) furthermore mentions that the average asking price has increased from the end of 2016 to the end of 2017 with almost 10%, that there is an acute shortage of property supply in large parts of The Netherlands and that consumers can only choose out of 4.1 properties, where it used to be 6. This last shortage indicator of 4.1 means that consumers choose from 4.1 competing properties on the housing market, whereas the market has moved from a 'balance' to a 'tight' housing market (Kimman, 2018).

The price-to-income (d) and price-to-rent (e) indicators also confirm an overheating of the urban housing markets. The price-to-income ratio in the major urban housing markets is above the pre-crisis level, which means that property value and the housing prices are rising faster than the general income, which concludes in a situation where property becomes less affordable wherein the numbers of buyers will decline while they must spend more of their income on the price of housing. At last, and also a remarkable development, is the fact that the price-to-rent ratio in the major cities is also above pre-crisis

level, which means that the prices of owner-occupied properties are increasing faster than the rental prices in the private rental sector (Hekwolter et al., 2017). This means that more potential buyers are forced to rent instead of buying property.

Figure 4.4: Indicators for overheating of the Dutch housing market (NVM, 2016).



4.2.2 The housing stock shortage

As elaborated in the previous chapter, the instigator of the increasing pressure on the middle class is an overheating of the market which in advance is caused by the growing gap between supply and demand within the housing sector. There are less properties for sale and the properties that are for sale are sold faster and above asking price. This concludes in the fact that housing demand is rising faster in the cities than the supply. Hekwolter et al., (2017) states that the reviving economy and low mortgage rates are jointly fueling demand for owner-occupied properties all over the country, and especially in the four largest cities.

One of the main factors is the current low interests on a mortgage which makes buying a house much more interesting and affordable, which in 2018 decreased to just around 2%. In short, a mortgage is a loan which you take out at a mortgage lender and on this loan, interest must be paid. The lower the percentage of interest the lower the monthly costs of living. So, when the percentage is as low as it is today it becomes much more interesting to buy a house and apply for a mortgage (Independer, 2018).

Another important aspect within the rise of demand for inner city housing is the earlier mentioned ongoing trend of urbanization. Multiple forecasts (Hekwolter et al., 2017; Capital Value, 2016) show that this trend of people moving towards the city will continue in the Netherlands. Within this growth

the large cities and the medium-large cities are expected to experience the strongest population growth. PBL Netherlands (2016) predicts: “until 2030, the number of households will rise by 53.000 (12%) in Amsterdam, nearly 29.000 (16%) in Utrecht, 19.000 (8%) in The Hague, and 15.000 (5%) in Rotterdam”. This urbanization is mainly caused by the migration of young people (Appendix 4) who are moving towards the cities and the immigration of people from other countries (e.g. asylum seekers) (Capital Value, 2016). These groups of young people consist of either students or young adults who are looking to find a job within these cities, in which they believe they have a greater chance in finding an adequate job. Moreover, they want to live close to their job in combination with the present amenities within these cities. They want to live in a place where they can connect with a global subculture in combination with a cosmopolitan environment where they can work, live, and relax. Moreover, where the cities used to have a function as an escalator, as the British geographer A.J. Fielding used to call it (Fielding, 1989; Fielding, 2006). By this, he meant that young people moved towards the city, used it as a place to study, learn and find a job and when they achieved this, settled with someone and suburbanized. They used the city as an escalator and stepped of it when they reached the top. Currently, however young people still use the city as a place to learn, study and find a job but when they are on top of the escalator most of them choose to stay and live within in the city instead of moving away and settling someplace else. Because of the opportunities the city offers and its living environment more young people and eventually families choose to stay and live within the cities, therefore increasing the pressure on it. In addition, the amount of asylum seekers also caused a growth of city inhabitants (Dam, Beets, & Manting, 2015). For instance, the amount of asylum seekers saw a growth of approximately 12.000 in 2013 towards almost 60.000 in 2016, and this number is expected to either maintain or grow in the coming years (Capital Value, 2016).

Also, the change within the composition of households is another important factor within the creation of a shortage of housing. The migration of people towards the cities has led and currently leads to a huge increase in the total number of households within the cities. A change within the composition of household however increases the total number of households, and additionally, also the number of people looking for a house, even further. According to statistics of CBS (2016) this occurs while there has been a significant increase of the one-person-households. In 2017 alone they recorded an increase of 28% of one-person-households in the Netherlands and concluded that a large part of that increase will occur within the four largest cities (i.e. Amsterdam, Rotterdam, Utrecht and The Hague) with a total of 40% total increase of households in the Netherlands (CLO, 2017).

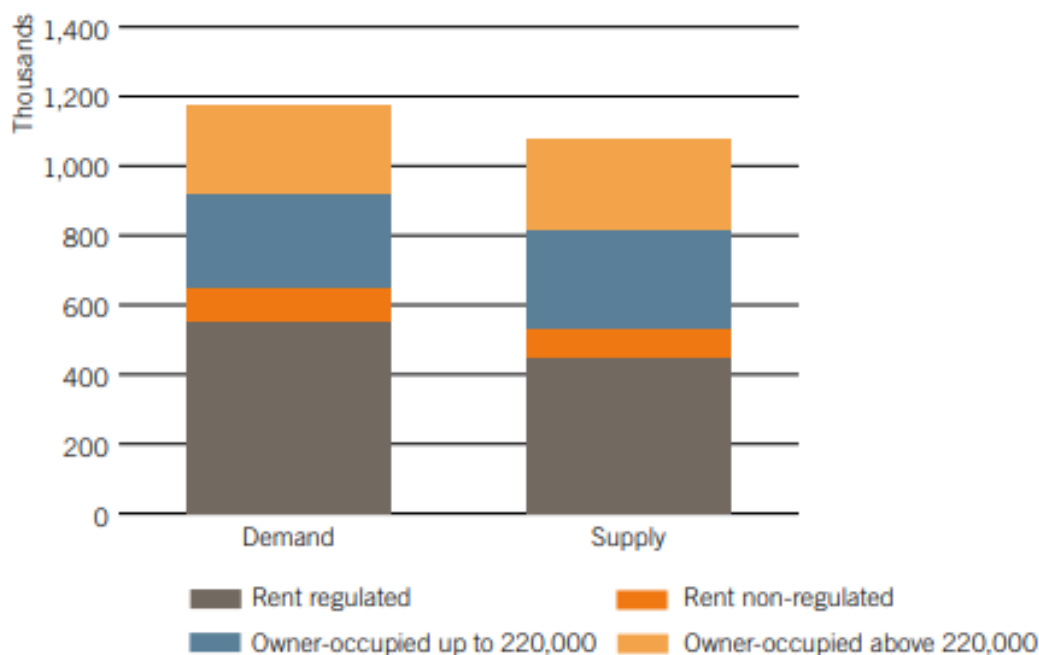
4.2.3 Supply vs. demand

According to the elaborated developments on the housing market and the signs of overheating it is safe to assume that the demand of housing rises higher than the present supply. It was additionally elaborated that an overheated market, could drive up the prices of housing which in advance could cause some

effects on the increasing pressure on the urban middle class. Figure 4.5 illustrates the annual supply versus the annual demand for housing over the period of 2016 to 2021. This figure, first, reveals the demographic growth and dynamics of the housing market where almost 1.2 million households annually will be looking for new adequate housing over the next five years. *‘These households include existing households whom are seeking other housing, starters who are looking for their first home and migrants from outside the Netherlands’* (Capital Value, 2016). Approximately 45% is expected to look at owner-occupied properties, 47% will be looking for a regulated rental home and some 8% seeking rental housing in the non-regulated sector. Besides the demand side this figure also visualizes the developments of the housing supply. It reveals that an expected 1.1 million homes will be available, whereas we just concluded that 1.2 million people will be seeking adequate housing. So, whereas figure 4.5 visualizes that despite most people would be able to find a home it also makes clear the growing gap between supply and demand within the housing market.

Another important factor is the mismatch that is occurring within the housing market. This means that the housing supply is not meeting up towards the demands of people who want to buy or rent another house. Problem herein is, is that people who, for example live within social housing sector but in the meantime have financially outgrowth this sector but are unable to find adequate housing in the mid rental sector remain within the social housing sector. This means that people who need to live in social housing are basically blocked from entering the market while the apartments are rented out to someone who basically does not need social housing.

Figure 4.5: Annual Housing demand versus the annual supply 2016-2021 (Capital Value, 2016).



In addition to figure 4.5, table 4.2 shows the key figures for the expected developments relating to supply, demand and the resulting discrepancies. It becomes clear that on an annual basis the demand in the rented sector exceeds supply. Within the rent regulated sector approximately 104.000 households are unable to find a suitable rental home within their sector. Within the non-regulated sector, there is an annual shortfall of 12.000 homes. This results in the fact that each year 25.000 households are unable to have their needs met. Hekwolter et al., (2017) adds to this that the supply of mid-market private rental housing with the non-regulated rental sector fall short of demand within the large cities. This is precisely the sector in which the middle class is looking to rent a house, while they are not qualified to obtain a rental home within the regulated sector. In addition, data obtained from Socrates (2015) also indicates that within the mid-market rental sector the need and pressure to build is greatest.

Table 4.2: Households, need, demand, supply and mismatch (number x1.000); 2016-2021 (Capital Value, 2016).

	Rent regulated	Rent non-regulated	Owner-occupied up to 220.000	Owner-occupied above 220.000
<i>Housing situation households 2016</i>	2.804	395	2.162	2.064
<i>Housing needs households 2016</i>	2.786	403	2.160	2.132
<i>Mismatch</i>	-18	8	-2	68
<i>On annual basis 2016-2021</i>				
<i>Demand/supply</i>	104	12	-7	-8
<i>Residual demand</i>	172	25	66	59
<i>Residual supply</i>	78	15	41	25

4.3 Conclusion

Within this chapter it becomes clear the housing market is becoming tighter and additionally, shows multiple sign of overheating. This starts at the point where urban living is becoming increasingly popular and in combination with immigration causes the urban population to grow. In advance, the demand exceeds the supply of housing causing housing and rental prices to rise, therefore causing shortages within different divisions of the (non)regulated rental sector. Especially, the middle-class incomes tend to become stranded, while living in the city is becoming increasingly inaccessible for them. Within this chapter also the interviewed branches of the interviewed actors on the Dutch housing market have been described. This description made clear the playing field of the Dutch housing market and the tasks and position every actor has in relation towards the urban middle class.

Within the next chapter the position and experiences of the public and private sector regarding this phenomenon is elaborated to find a solid answer to the main question of this thesis. This experience and positions are in conclusion compared with the literature of chapter 2.

5. Emergent themes

Within this fifth chapter the results from the interviews are elaborated. This is accomplished by the process of analyzing a phenomenological study (paragraph 3.3). Firstly, the transcripts of the interviews were repeatedly thoroughly read and studied. As a result, multiple emergent themes from these transcripts were derived. In creation of these emergent themes the interviewer had a minimal influence while it was tried to only use open, non-suggestive questions during the interviews. The themes that emerged from the interviews and additional data were mentioned multiple times by different actors and therefore appear to be important factors. Within this chapter the emergent themes are described within the main subjects of this thesis, which will serve as paragraphs. At the end of each paragraph the emergent themes are highlighted and enumerated. These paragraphs itself are subsequently written with the usage of quotes and statements provided by the interviewees. This paragraph gives an insight in 'what' and 'how' (paragraph 3.3) the interviewed actors experienced the phenomenon of the increasing pressure on the middle class and the current state of the Dutch housing market. The overall essence of the description, regarding their experience and position of the phenomenon will be elaborated within chapter 7 which will serve as the conclusion of this thesis. Appendix 2 shows the numbering of the respondents, therefore making clear which person, belonging to a public or private institution made which statements. To summarize it here, respondents 1 till 5 have a private sector background, while respondents 6 till 10 have a (semi)public background.

5.1 The housing market

The first themes that are derived from the data contains opinions and statements about the current state of the Dutch housing market in correspondence with the increasing pressure of the middle class. This information contributes within that sense to paragraph 4.2. These developments, as acknowledged by the interviewees, could or will have a potential impact on the middle class. To start, respondent 1 states about the Dutch housing market: *“Currently a sentiment of hurray is raging through the housing market. We are going to build again is the collective thought! And all the things that were spoken of before the crisis, building smart and intelligent for instance, seem all but forgotten. Banks are above pre-crisis level, mortgages rise, and consumers are already happy enough when they can even get a house, leaving the power at the hands of the real estate actors. And what are we doing!?! We are building in the exact same way as in 2008! The situation in cities is out of control. First in Amsterdam and Rotterdam but also in cities like Eindhoven and Nijmegen the hammer blow will strike!”*. According to respondent 1, the housing market has always been a very liberal one. By means of different systems of taxation the national government did try to have influence over the market but in the essence the market of real estate was left alone. Respondent 1 concluded: *“One thought when the market would be liberalized it would regulate itself. However, the market does not regulate itself any longer while it has completely changed*

in the past years, by for instance the growing capital from China, resulting in a totally different dynamic. There are so many different forces apparent that the times of Adam Smith and his 19th century economic theories about the self-regulation of markets are over and we have to deal with that change". Respondent 3 adds: *"within the market of housing there are always fluctuations within its cyclical situation. Due to that economic situation we are entering a market with increasing tension due to different forces which drive up the prices"*.

Regarding the 'left alone' situation of the housing market, respondent 5 sees an increasing withdrawal of the national government regarding the social housing sector after the implementation of the 2015 Housing Act (paragraph 4.1). He believes that in some cases the withdrawal of the national government has been too far. Respondent 5 acknowledges that on national level he does not see a certain vision regarding social housing and he believes intervention in some cases is needed to restore the equilibrium on the market. Regarding this equilibrium respondent 5 states: *"in Amsterdam and Utrecht the waiting list for a house extends to 10 years while in other parts of the country one could have 10 houses by tomorrow"*. Respondent 8 contributes to the withdrawal of the central government that already since the end of the 20th century the political area of housing has been controlled by (cooperating) municipalities, *"whereas the time that everything was being calculated in The Hague is over"* (resp. 9). Within this process of decentralization and its apparent flaws, respondent 2 mentions that this process has been fatal for the future of the middle class while a central governed spatial policy is not present any longer.

In addition to the functioning of the market, respondent 7 states that it is obvious that momentarily the housing market is not functioning properly, *"there is little to no movement and a stagnation in the flow of people moving towards other housing"*. Respondent 6 adds: *"slowly it grinds to a halt"*. With this statements respondent 6 refers to the fact that flow of people moving towards more suitable housing (e.g. mid rental housing) runs dry. This is partly due the fact that this housing is not available or present and due to the enormous pressure on the housing market. In the Netherlands they call this 'scheefwonen'. It basically means that people earn too much or not enough for the (rental) price of their house. If they earn too much they should in fact relocate to a more suitable house, so other people who have a more fitting income can reside in that specific house. So, for instance someone residing in social housing who has had some salary increase should go looking for housing in the mid rental segment. But if supply within that segment is not available that specific person probably stays within his social rental apartment therefore denying someone who needs it to reside in it.

To elaborate further on the enormous pressure on the housing market, respondent 2 states: *"the demand for housing within cities will, due to demographical developments, not decline. I can assure you that. Except when cities will be so densified they become unpleasant to live in"*. Respondent 7 adds about the situation in Amsterdam: *"I have the feeling that the popularity of Amsterdam will only increase and in*

addition also the pressure on the already limited space". According to respondent 6 it is evident that the pressure within cities is increasing. "Out of the inner city of Amsterdam you see it spreading like oil. It started with the gentrification of de Pijp, de Jordaan and OudWest and now, for over 20 years, it is spreading towards the outer neighborhoods of Amsterdam and even towards cities surrounding Amsterdam. The oil stain is expanding".

This increasing pressure is, among other things, partly caused by the huge popularity of urban living. Respondent 8 states: *"the city is a magnet in which it attracts people from smaller municipalities due to its facilities and educational institutions. At first the city used to be like an elevator where younger people came to study, graduated, found work and after which left towards the suburbs. During the crisis however, the city also became a sponge in which people did not it leave anymore".* Question herein rises, according to respondent 6 if people do not want to leave the city anymore or if they cannot leave the city due to their financial situation and the overheated housing market. In any case the elevator function of a city therefore seems a process of the past. Respondent 3 adds: *"visible is the enormous and continuous migration to the city of, not only students who later stay in the city, but also of older people who return to it".*

Additional developments were given by respondent 4. This respondent acknowledges, in correspondence with respondent 9, that within the years of crisis the construction sector suffered severe blows. *"The capacity to develop had left the construction sector"* (resp. 9). People retired or left the sector and it costs time to get it back on track. There are already locations suitable for redevelopment but not under construction due to a lack of building material and skilled personnel. *"In the Netherlands you just cannot extremely increase the speed of construction, simply because it lacks the capacity"* (resp. 4). Accumulated with the rising costs of construction the current low interests on mortgages also triggers people to go look for housing now (resp. 3). So, with construction falling behind, the low interest on mortgages and the popularity of urban living still increasing the end of the overheated market and the increasing prices of housing are far from over.

So, it can be concluded that in the modern housing market there are a lot of flaws and irregularities. Most developments mentioned can be observed as being problems or unwanted processes. It is however also important to note that the interviewed persons are relieved the housing market is rolling again. Municipalities are yet again able to develop areas and to create new housing within their jurisdiction and the private parties operating within the market can construct, develop and invest in the numerous projects that are ready for development.

Emergent themes

The market is out of control where it does not regulate itself.

The effect of decentralization of the central government.

The 'oil stain' of unaffordability and inaccessibility will spread

The city is not functioning any longer like a magnet but more and more like a sponge.

There is a lack of building material and adequate personnel.

5.2 The middle class

One of the main questions of this thesis was about the current state of the urban middle class and the way it could be defined. In chapter 2, paragraph 1, it was concluded that a clear definition of the middle class could not be given while it could be demarcated by multiple different variables (e.g. income, occupation, cultural capital, social status). Most important was how the interviewed actors see the middle class and acknowledge it. To start, most of the interviewees see a decrease of the middle class within Dutch cities. Respondent 1 states: *“the middle class is losing ground; the upper class is getting bigger as is the lower class. Take Rotterdam for instance, the middle class is leaving while almost no suitable housing is available.”* So, in Rotterdam the middle class is apparently losing ground while also in Amsterdam and its suburbs (Zaanstad, Purmerend and Almere) as respondent 6 acknowledges the city is increasingly started to look like an hourglass *“with predominantly high and low-income groups”*. Respondent 7 adds: *“the housing corporations can protect the lower classes and the higher classes are still able to afford the increasing prices, left is the middle-income group who find it more and more difficult to survive”*. The owner-occupied sector is also getting less accessible for the middle-income group, while the average price of a house in Amsterdam is estimated around €300.000,-. Besides, the social housing sector is not accessible for them (i.e. middle-income segment) and the mid rental sector only has a limited supply and high demand. *“And you know what happens when supply is limited, and demand is high”* (resp. 8). Respondent 1 in conclusion adds: *“one of the most elemental things in life is a roof above your head and for some groups that is either subsidized or affordable, except for one group, whom are screwed, the middle class”*. As an example, respondent 10 states: *“A rental apartment of 40 square meters outside the ring of Amsterdam for €1.000,- a month is not an exception anymore”*, and respondent 7 states: *“Last year we had a small upstairs apartment available outside the center of Amsterdam in Oost. We got 1.500 reactions”*. These examples provide clear examples of the exploding market.

Other voices are however also heard. These voices do not counter the earlier mentioned statements regarding the pressure on the middle class but does give a certain nuance to the ‘problem’. Respondent 2 states: *“there is an important difference in what people want and what they can. If families do want to live in the city but are not capable only then it can be named a problem”*. Respondent 6 adds: *“to what extent do police-officers and teachers want to live in the busy city? In most cases the living requirements of the middleclass income groups are more fitting with suburban living”*. Besides, a large part of the mid-income group, according to respondent 8, already lives in an owner-occupied house (around 60%) and are therefore not affected by the increasing housing prices. *“So, do not blindsides yourself with the fact that all people from the middle class have a serious problem, a large part of them happily lives within their suburbs”* (resp. 8).

Within city centers the interviewees are mostly in agreement that accessibility for the middle class is shrinking and they are aware of its possible implications. About the necessity of the middle class a couple of them state:

- *“The middle class is the backbone for your economic and social wellbeing”* (resp. 1)
- *“A city without a middle class seems to me a city without a long future”* (resp. 2)
- *“Wiping away the middle class would nowhere be a good option, but you can question yourself, when only a small bit moves away or is displaced from the city center if that is a problem or not. If they are however also displaced from suburbs than it does become precarious”* (resp. 4)
- *“I believe a certain amount of middle class needs to be present in neighborhoods to ensure that no neighborhoods will exist with solely social housing, to ensure social mobility and the fact that people have an easier way of moving towards other housing (such as mid rental)”* (resp. 6)

“But is the middle class necessary for the functioning of an ‘hourglass neighborhood’?” Is asked by respondent 6. Can it be firmly stated that without a middle-class a neighborhood does not have a high life expectancy? And what do you mean with the middle class within that sense? *“Do you mean and want people with a certain income, education or occupation? Do you want someone with an income above 40.000 euros or do you want teachers”* (resp. 6)? Others are also struggling with the definition of it. *“Maybe the demand for housing between 710 and 1000 euros exists by a class we should maybe not even call the middle class but the lower class”* is stated by respondent 2. *“The minimum of free market prices in Amsterdam starts at 1000 to 1100 euros and is therefore unreachable for the lower middle class”* (resp. 7). So, within that sense everything below 1.000 euros should also be for the ‘lower class’ in Amsterdam. Respondent 3 talks about the fact that the mid rental sector feels like a technocratic category founded by introducing certain policies and laws. *“In reality it is more ‘social housing+’ or ‘liberal market-’, you need to choose a clear format of what exactly it is. Is it becoming more social housing+ or is it really handed over to the liberal market?”* Are we making the middle-class sector a real sector and are we going to preserve it within our policy making? Or are we, like respondent 6 states,

“letting the middle-class segment within a twilight zone”. Moreover, the middle class is just not one definable group, as mentioned by respondent 10: *“This group is less stable, and it is harder to appoint who belongs to it. It is often a transit sector towards either the upper classes or back to the lower classes”*. Respondent 4 concludes with the question if one believes that people with a certain income are earning enough to survive on the free market or if we need to create a second social category. As stated in paragraph 1 of chapter 4, income is also used in determining whether someone can apply for social housing. Housing corporations are primarily concerned with the income group till 37.000. Whereas, respondent 7 states that the 10% of private supply they have (niet-DAEB) they mostly use to house the lower middle-income group of approximately 37.000 to 47.000 euros of income a year.

Conclusively, giving a solid definition of the middle class can still not stated. Just as the studies of chapter 2 (Cashell, 2007; Goldthorpe & Llewellynen, 1980; Weber, 1978; Lopez-Calva & Ortiz, 2014; Milanovic & Yitzhaki, 2002; Kharas & Gertz, 2010; Eisenhauer, 2008; Bolt & Kempen, 2011; van Gijzel, 2018) had difficulties creating a comprehensive explanation as to what the middle class is or all had different ideas about an explanation, the respondents also seem to be unable to grasp this normative, arbitrary and ambiguous concept. Whether it is based on ‘the teacher’ (as some sort or archetype as to what the middle class is), a certain income or education has not been cleared up yet. A reason for this is that the concept of the middle class is not (yet) implemented as a real class within policy making, therefore remaining subject to multiple different points of view. For now, the definition of the middle class seems mostly dependent on the liberalization demarcation of the rental sector. When you earn too much for social housing (>€710 rent and above €37.000) you ‘belong’ to the middle class. If you do not earn enough and can apply for social housing, you ‘belong’ to the lower classes. Just as respondent 3 stated it seems like a technocratic demarcation, ‘created’ at the hands of the Housing Act and the demarcation of social housing and free market.

Emergent themes

Cities are starting to look like ‘hourglasses’ in which the middle class is losing ground.

There is consensus about the middle class being the backbone of a city and necessary for livable neighborhoods.

The definition of ‘the middle class’ remains contextual, ambiguous, and arbitrary.

The acknowledgment that not the entire middle class is having troubles.

The middle class is a technocratic demarcated category created at the hands of the Housing Act.

Is it a real sector or is it more social housing+ or liberal market-, or is it a transit sector?

5.2.1 The mid rental market

“One of the problems is that there is supply for the middle-class income groups but these housing is mostly already occupied for 20-30 years and when it does come on the market the price explodes” (resp. 10). And in some cases, respondent 8 states, inhabitants of an apartment who originally paid 900 euros a month have encountered an increase of rent up to 300 euros in 4 to 5 years. So, due to the state of the market, privately owned apartments that come available see an enormous increase of their price therefore making them inaccessible for the intended target group. *“But why would I rent my apartment for 800 euros when cities are so dynamic and ‘hot’ I can ask 1200 for it”?* (resp. 1) is a legitimate statement, which is further elaborated in paragraph 5.3. Respondent 1 furthermore highlights the changed role of the housing corporations when describing the increasing gap between the social rent and the liberal market. After the Housing Act, when the housing corporations were restricted within their actions and from that point only focused on their core task (i.e. providing social housing) the gap has only increased because nobody feels directly responsible for developing mid rental housing or are not able to develop in it. Respondent 6 states that he notices that this gap between the limit of social rent and the prices on the liberal market within the past years has only been enlarged. Within the interviews the possibility to allow the housing corporations to develop again for the 710 – 1000 euros segment (more in paragraph 5.5) or to regulate the segment further to force the private actors to develop middle class housing (more in paragraph 5.4.2) was mentioned a few times.

This increasing gap between the social rent and the liberal market does however not seem to be a nationwide phenomenon. Like earlier mentioned by respondent 5; in Amsterdam and Utrecht you must wait for 10 years while in other parts of the country one can have 10 houses by tomorrow. Respondent 6 wonders: *“Amsterdam has a totally different situation than in Appelscha, but the demarcation of social rent is the same, which is totally crazy. The regional differences are enormous but still the national government has applied it everywhere”*. In addition to respondent 6, respondent 5 mentions: *“this demarcation is typically something that had to be dealt with on a regional scale. There are parts of the Netherlands which have an extremely tense housing market (Amsterdam, Utrecht and in the meantime also Rotterdam and The Hague) and there are parts where the market is more relax like the province of Limburg or Zeeuws-Vlaanderen. This nation-wide model is thus a wrong means to an end while the regional differences are just huge”*. These respondents thus indicate that when for instance Amsterdam can increase their social rent demarcation to 900 euros, it therefore becomes possible again for the housing corporations to develop again for the middle class. This seems plausible but, as respondent 10 mentions, the market fears that 400 possible municipalities in which they could operate, create their own demarcations which leaves them with 400 different demarcated zones. This ends up being a very

complex situation and can create multiple disadvantages. Moreover, as respondent 4 states: *“it is very opportunistic to think that when you increase the demarcation towards 900 euros the problem would go away, for all we know you replace the problem towards the 900-1200 euros segment”*.

Emergent themes

The mid rental market is momentarily ‘no man’s land’.

The demarcation line of €710 seems a ‘one size fits all formula’, but does it fit all?

5.2.2 Level of scale

One of the most important emergent themes related towards the presence of the middle class within its city is the way you define the city. What do you see as the borders of the city? As respondent 8 states: *“it all depends on how you define the city”*. He mentions Amsterdam as an example and states that when you take the entire metropolitan region, including Zaandam and Almere for instance the options for suitable housing are much larger. So, when speaking of the increase pressure of housing in Amsterdam what level of scale do we take to analyze the situation? *The fact that not everyone can live alongside the city canals is evident, but does it remain a problem when these people can also happily live in Zaandam? Important is what you want to do with this situation. That you must earn a high income if you want to live within the ring of Amsterdam or in neighborhoods like the Pijp of Jordaan is a fact. But is that a bad thing and do you have to intervene to change it?”* So, respondent 8 is stating that the level of scale you take when evaluating this certain situation is critical. When you look at Amsterdam as just the city boundaries the problems of housing are much larger than when you look at the total metropolitan area of Amsterdam. Respondent 7 in addition acknowledges: *“yes within Amsterdam there is a shortage of housing for the middleclass but outside the city are numerous affordable alternatives. Question is if this segment of the middleclass is attracted towards these alternatives outside the city center”*.

Respondent 6 adds: *“the middleclass incomes are unable to afford any housing within the ring of canals in Amsterdam and personally I do not think it is a very large problem that these people are unable to afford housing within these neighborhoods but somewhere in the future this area of ‘it is not a problem yet’ will end”*. Like stated before within this chapter the area of unaffordability is spreading out like oil. What respondent 6 indicates is that when this stain of oil will spread out further and the areas in which the middle class could not afford housing any longer will increase than it does become a serious problem. Respondent 9 shares the concern of respondent 6 and states: *“where do you draw the line? When does it become a problem? I do however believe that when socially mixed neighborhoods are preserved, when there is no accumulation of social problems and when the accessibility of the city is guaranteed I do not see direct causes to intervene”*. So, there are respondents who do not think it is a direct problem when

middleclass people are unable to live alongside the city canals in Amsterdam but that it could become a problem when this area of unaffordability would become larger and that is exactly what seems to be happening.

As respondent 4 states: *“I do personally not believe that everyone (who cannot afford it) should live within the city centers”*. The question now however is if we are not already at the point that people also cannot afford the suburbs anymore. Respondent 7 clearly underlines the fact that the popularity of urban and the pressure on the housing market living is also occurring outside the city boundaries of Amsterdam. As an argumentation of that statement, respondent 6 states: *“But also the city of Haarlem is unaffordable. So, now people from Alkmaar are complaining that they are being overbid on their housing by people from Amsterdam and Haarlem. The oil stain is sprawling at the cost of people with a small income, including the middle class”*.

An interesting point of view is in conclusion given by respondent 2. He compares the Dutch situation of city and suburbs with foreign cities. He states: *“in foreign countries they absolutely have no idea what we, in the Netherlands, are talking about. Take the infrastructural connection between Rijnburg and Utrecht. That is 12 minutes by train. In Munich they talk about traveling an hour within the city. We speak about such small distances that we are landed within discussions on a level of detail of which I question if they are even necessary”*. Respondent 2 does not speak about whether it is a problem if people cannot live anymore within the city center, but he does highlight the fact that maybe we are planning on such small scale that we are creating problems that maybe are not even there.

Emergent theme

The level of scale which is used to analyze the situation.

5.3 Position of the private sector

The literature, quotes and the model of the welfare mix of chapter 2 indicated that private parties within a market system mostly operate mostly with the intention of making a profit (Zijderveld, 1999; Pestoff, 1992; Fainstein, 2001; Healey, 1999; Nappi-Choulet, 2006). There were however also indications that the position of these private parties has changed the past years towards a new reality of coalitions and partnerships (Degros, 2013) in which neoclassical ideas regarding the separation of state and market have in reality and practices evolved towards more intertwined playing field (Ball, 1998; Foster C. , 1973). So, what is, according to the interviewees the current position of these private actors? Within the transcript of the interviews it became clear that there are three dominant subjects are present: the critique on the private parties, the way they operate and the way they are providing housing for the middle class. To start with some points of critique or remarks regarding the private parties, respondent 1 states: *“a*

developer comes along, develops, collects his money and is finished, and on short term they are happy while they can develop again, they shout: it is 2008 again, let's start building! No! Develop for the future! Following this critical point of view respondent 7 states that *“this tensed market makes market parties lazy. They can rent everything they have so they do not have to be creative anymore to achieve their interests”*. Respondent 1 adds: *“They (i.e. private parties) lack the awareness that we are on a crucial point in time in which everything changes rapidly. They need to deal with and anticipate on changes instead of playing it safe”*. Apparently, a lot of critique regarding the actions of private parties, even critique from someone who works at a private firm (respondent 1) is present.

Respondent 6 states about the housing they do develop: *“within cities we see that investors do not sufficiently supply in adequate middle-class housing and if they develop for the middle class it could be a simple, small studio for 900 euros, and it is fine that these studios are being developed but there should also be normal apartment for 800 euros”*. Regarding the supply created by some private parties, respondent 10 states: *“what exactly is the mid rental sector? There are private parties who develop interesting concepts of which I question myself if that is mid rental”*. A known example is the concept of ‘friends’ apartments’ in which you rent half an apartment for 800 euros. The price of the total apartment thus accumulates to 1600 euros, is that mid rental we want to have? So apparently, according to in this case respondent 6 and 10 some private parties find new ways in developing mid rental housing but in their opinion, it is not the mid rental housing they believe is needed.

It seems a lot of criticism and maybe even mistrust is existing regarding private parties operating within the housing market. Within that sense it can possibly be concluded that the motives of the private parties are indeed solely for profit and within their own interest. The fact that when they do develop for the mid rental sector they find interesting ways in which they still collect the grand price for apartments but develop it as for instance ‘friends’ apartments.’ However, the same respondents who express their critique also have an understanding for the private parties. Respondent 1 states: *“private parties need to make their profit, otherwise they do not exist. They need to adjust to the changing dynamics of the housing market (which they are not doing sufficiently now) but they also need to make their 7% profit, so that makes it difficult for them.”* So, while having previously stated that the private parties do not sufficiently anticipate on the changing dynamics of the housing market he does possess an understanding that it is difficult for them to do so, while they must achieve their financial goals. Respondent 3 states: *“as an investor you need to be willing to lower your percentage of financial returns, which is a choice you have to make. It is difficult to develop for the middle class. You will not achieve the highest profits while enough business case has to be made.”*

“When I speak personally; I get these private investors and landlords. Their actions are tied to the forces of the free market and these are not present to ensure a socially mixed neighborhood. Why would

you oblige a private investor to lower the rent of their apartments? It is not their task to develop for certain segments but that of the housing corporations” (resp. 3). Respondent 5 adds: “an investor is simply financially driven and has a part of his capital invested in real estate to spread his risk. Why would he rent an apartment in Amsterdam for 800 euros when he can rent it for 1200? That is just not happening”. He furthermore states that developing 1 euro above 710 is absolutely uninteresting, that developing 2 euros above 710 is a little more interesting, that developing 3 euros above 710 is even more interesting underlining his understanding of private actor actions.

For private parties it seems a consideration in finding a balance between their financial motives and to create livable neighborhoods (to strengthen their own financial situation but also to show their social interests towards the public). But despite the critique and the additional understanding of some respondents of private parties developing for market prices it is by other respondents argued that private parties do in fact care about keeping neighborhoods livable. Respondent 3 states: *“for an investor like Amvest realizing a healthy demographic mix is also in their interest. You now see that market parties are taking up the task of establishing an equilibrium of affordable housing. Market parties are also benefiting from a good social mix and functioning neighborhood.* With this statement it can thus be stated that with the remaining presence of that one little shop the neighborhood continues to be livable and therefore more financially interesting for these investors. So, the principle motive, as stated in chapter 2, seems to remain a financial one wherein a secondary motive surely can be the willingness to create a livable situation. Respondent 4 adds that investors are on average for nearly 30 years the owners of developed housing within their projects. *“Our profit is also determined by how attractive an area is, how pleasant people live in it and how well a city operates. So, yes, we are operating for profit but that runs deeper than just revenue optimization”.* Respondent 4 furthermore adds that she believes that private parties do not get enough credits for their actions, in which the public believe they only operate to achieve the highest revenue while they get too few credits for their long-term actions.

According to respondent 4, the regular vision of investors and developers says: just let us build and things will turn out fine. When enough is developed the prices will decrease eventually and housing for everyone will come available. Another interesting vision is that of Bouwinvest who wants to increase regulation and believe that it is their societal duty to keep neighborhoods livable and accessible for everyone. They wrote a positioning paper titled: ‘Bouwinvest wants to develop for the middle class within urban environments.’ They state: *“it becomes more and more difficult to invest within the mid rental sector due to the increasing costs of development and the increasing demands for rental prices, rent increase, quality of building and sustainability. Nevertheless, we are doing everything to ensure that our projects stay affordable within the mid rental segment.”* So, Bouwinvest (2018) openly and actively wants to develop for the middle class. Question herein rises if they act like this because they purely believe in it or if this is a ‘if you can’t beat them, join them’ action and with the benefits for

public relations within their minds. But they surely earn the benefit of the doubt and it in any case shows a position of a private institutional developer who wants to lower its financial revenues now with the intention of creating accessible neighborhoods.

Subsequently, a divide must be made between long-term investors like Amvest, BDP and Bouwinvest and private renters. Respondent 4 states: *“the institutional investors are only a small part of the entire rental market. A far larger part is operated by the private individual investors who in most cases operate with a short-term vision while they want to earn their money now and not over 20/30 years. Practice teaches us that they are not all playing according to the rules, thus creating a bad image for all the investors.”* So, it is argued that also due to some smaller individual investors and possibly some of their negative actions the total image of the entire investors market is negatively affected. Respondent 4 states that is however also their own task to disprove this thought.

Emergent themes

The critique on the private parties is extensive.

There is understanding for the way they operate and their financial position.

For private parties it is a consideration between achieving the highest profit versus their feeling of social duty and responsibility.

Investors acknowledge that they financially benefit from well-functioning neighborhoods.

Some private parties openly advocate for more regulation and construction for the middle class.

Private parties state that they do not get enough credits for their long-term activities, actions.

Institutional investors obtain a bad reputation due to the smaller investors who often operate with less regard to laws and regulation.

5.4 Position of public sector

Besides the private actors the public sector also takes a central position within the future of Dutch urban centers and the middle class. From the interviews multiple interesting themes came forward. Most remarkable and most interesting to elaborate are the concessions a municipality is forced to do regarding the presence of the middle class and the possible interventions to regulate the housing market. But first, overall opinions, remarks and points of critique regarding the actions of the public sector are elaborated.

Respondent 1 states: *“I believe the municipalities are the responsible party for ensuring the vitality of a city, you cannot expect a private corporate to take care of that”*. According to respondent 3 however these public parties have done not enough the past years about housing problems. He states: *“what you noticed in the past years (especially within the crisis years) is a lack of planning and actions from the government towards housing. If you look at the politicians of Amsterdam there has been a complete standstill of the development of plans”*. Within the years of crisis, the municipalities had reduced their level of planning towards a minimum which now results in a situation in which the governments are desperately trying to catch up for these ‘lost’ years. Private parties such as contractors and developers are however not able to construct a plan within a day or two. *“So, before you have a certain plan and have the materials and personnel to your disposal you talk about multiple years in the future. momentarily, it is creating fraction on multiple fronts”*. But despite all the criticism there apparently is regarding the public sector, respondent 4 states: *“But I am glad that I am not in their situation”*, indicating that some forms of recognition are present.

The changing composition of governments are also a difficult variable for private parties. First, you can doubt if municipalities are able to ensure this vitality of cities or are able to take care of for instance the pressure on the housing market. Respondent 1 states: *“Lijst de Mos (a political party and winner of the last municipal elections) in The Hague, is he going to solve this situation? Never! If we, as experts within the field of housing are, not even able to solve it and to see how the market evolves how are they going to do it?”* The composition of the local governments can also be an obstacle for private parties. As respondent 2 states: *“currently we are also looking and waiting what kind of coalitions within municipalities are being formed because that will affect the formed policies and therefore our plans”*. Respondent 4 adds: *“leftish parties are often for more regulation and are known for having little trust in the market and market parties and for a part that can be justified. Within this situation you also see the difference between the mid right national government and the local governments within the larger cities whom are mainly leftish oriented”*. What subsequently is very difficult, according to respondent 4 is the fact that every municipality is doing something different and is making their own policies while the central government is excluding itself, moreover she acknowledges is that *“there is a lot of distrust from local governments towards market parties”*. A concluding point of critique is given by respondent 3 who states that municipalities are not understanding enough of what is happening within the housing market and within the private sector. He states: *“you cannot ask the impossible of contractors, developers and investors, were the prices for development are rising as are the prices of land”*. But respondent 3 and respondent 4 do acknowledge that is not necessary to pity the private parties. Respondent 2 in conclusion states: *“the private parties have handed over enough solutions regarding the tensed market but now is must come from the politicians and municipalities”*.

When speaking of the case of Amsterdam and the position of the municipality respondent 10 states: *“you just want to create the best city for the people. The goal is and will be creating the undivided city. That is not specifically aimed at the middle class but keeping the city accessible for everyone who wants to live in it, which means lower, middle and higher incomes.* Regarding the position of the municipality about the mid rental housing he states: *“We tender a certain location which is meant for middle class housing and add multiple conditions under which it must be developed. When we do not lay down these conditions you see that these apartments very rapidly becoming too expensive and unreachable for the segment they were intended for”.* In practice it remains difficult for a municipality to not lose control of the situation. When a private rental apartment or owner-occupied property enters the market, it is out of the legal grasp of the municipality to control its prices. They simply lack the legal instruments to control it. *“So, if anywhere a location becomes available or must be redeveloped we demand certain criteria to insert mid rental housing in combination with social housing and free market housing”.* But by demanding private parties to develop mid rental housing while they could also develop more expensive housing (therefore earning more) our next emergent theme is created as an important public choice.

Emergent themes

The critique on public parties is extensive.

There is distrust from the market towards the public parties.

Powerlessness regarding the influence on prices of rental apartments and owner-occupied housing.

5.4.1 Concessions

“As a municipality you cannot ask the impossible by not letting the private parties ask the maximum for their apartments and ask the maximal price they have to pay for the land they develop on” (resp. 3). The current situation is that private parties are not obliged to develop housing for the middle class. We previously stated that some of them do feel it as a social duty to do so and that they too can benefit from the presence of the middle class while it upholds the vitality of the neighborhoods but in the essence, they can ask the market price. Respondent 6 states: *“in the Netherlands we have the social price for land, which is the lowered price meant for the housing corporations, so they can develop social housing and the market price for land meant for the private parties”.* Municipalities earn money when selling land for development to private parties. So, asking the maximum means more income for these municipalities. *“If you, as a municipality want to do something with middle class housing you need to make concessions which means they have to lower the price they ask for the land they sell”* (resp. 7). Respondent 4 adds: *“they (i.e. municipalities) need to accept that for what they want (i.e. mid rental housing) a lower price of land is unavoidably but that does not sink in with most municipalities.* The

demands for construction are being raised and according to the respondents the investors do want to deliver their contribution but if the prices for land remain the same a solution will not be found. If they can achieve less financial growth and ask less rent than the municipalities should lower their asking price for land. Respondent 2 states: *“you need to interrelate the selling price of the land with the selling price of the housing”*.

For private parties it does financially not matter if they develop for 800 euros or 1200 euros if their margin remains the same. Momentarily, however their margin is larger when they develop for 1200 euros so in most cases they develop for that segment. What these private parties acknowledge is, that when municipalities lower the prices for land towards a ratio that their margin is the same when they develop for 800 euros they surely would develop for that segment. It concludes to the fact that it is a public principle whether you want to lower your prices for land. In the end the municipality will receive less money but does develop middle class housing. It however seems that they are entering a somewhat grey area. Questions that arise are for whom are you willing to lower the prices of land and by how much are you willing to lower it? The following question is if other departments of the municipality end up with less financial means to invest while the total income of the selling of land would decline.

Emergent theme

The struggle between achieving the best city for everyone and making concessions to persuade investors to meet desired local aims.

5.4.2 Regulation?

Besides the consideration about the prices of land another important aspect revolves around the regulation of the market. As stated before, the middle class is not a protected/implemented aspect within local policies. The most important demarcation is implemented in the Housing Act of 2015, as elaborated within paragraph 4.1, in which was stated that the housing corporations can develop up to a maximum of 710 euros rent a month for people with an income of approximately 37.000 euros of income a year. In this paragraph it also became clear that unless prices of land are dropped or another solution comes to surface, developing for the middle class is financially not interesting for private parties. A different approach, instead of lowering prices of land, would be to regulate the housing market of the middle class. Previously, as an example, the increase of the demarcation line of housing corporations towards 1.000 euros rent a month was mentioned. Respondent 6 states: *“if the market would be totally liberal one the only apartment you would get for 500 euros would be a box beneath a bridge”*. Respondent 1 states: *“I still believe that regulation is absolutely necessary. But not within that sense that a local government determines what to be done with its city but in coherence with public, private and societal organizations”*.

So, these respondents believe that regulation, in any form, would be necessary to maintain a healthy market, while in paragraph 5.2.1 respondents 5 and 6 also mentioned and vouched for a further regulation of the market. Respondent 2, as a private actor, has a very different opinion. He states: *“we should not regulate any further above the 710 line or we end up with 80% social housing. We already have enough regulated rental housing. We finally have capital from foreign companies flowing in our housing market and asset market and if you want to decelerate that than you should continue with increasing regulation on our housing market”*. To give strength to his statement he mentions Germany as example, where they say that as an investor you should avoid the Netherlands. Losing investors means losing capital and losing capital means less supply on the market. He believes, like almost all private actors, in the changing of land prices in which *“local government can regulate by linking the selling price of the land with the selling price of the housing. But that is a political choice and not a strategical move of a private party”*.

Respondent 2 furthermore states that the central governments is already planning to assure the segment of the middle class within zoning plans of municipalities. So, public parties are likely to force private parties to develop middle class housing in the future. Question is, he states, if private parties will achieve their revenues and if they are willing to participate within this forced climate.

Emergent theme

The increase of regulation on the housing market

5.4.3 What kind of city?

From a public point of view, it is a political choice what is being done relating to the middle class. Action of local governments determine whether the accessibility of the city centers for the middle class is preserved. Like stated earlier, if you want the middle class within the city center because you believe that is in the best interest of the city you need to make concessions with the private parties such as lowering the price of land. In that case the private parties make the same revenues in comparison with developing for higher price classes. The municipality in that case needs to accept the fact that they earn less on selling areas for development. As respondent 5 states: *“do you want social housing on the Dam square in Amsterdam? Yes? Make it possible. If not. Than you are bound to live in Almere, you get in in the train and in about half an hour you are also on the Dam square”*. According to him there are politicians who say that is not acceptable that someone with a lower income cannot live on the IJ in Amsterdam and there are those who say that such an A class location should not be destined for social housing while it would be a devastation of possible capital. *“Personally, I think it is ridiculous that someone, without it being his own fault, should travel for miles to reach the city center just because that*

person has not much to spend. However, I believe it is also ridiculous that you could live for just 400 euros rent a month on the IJ in Amsterdam because that would be a total devastation of possible capital". From the perspective of the municipality of Amsterdam respondent 10 states when asked about if it is a problem if people are pushed towards Almere but are still able to travel to Amsterdam within 15 minutes by train: *"that is right, but traveling is also costly as being the fact the most people have to be flexible for their work. In the end you get the discussion about when you have a smaller income you must live far outside the city because otherwise living in the city center is unaffordable. For Amsterdam that is not something we want our future to be"*.

Within this theme you reach the discussion of how you want to act as a municipality regarding the middle class and people with a lower income. This, results in the question what your principles and motives are to act, as stated within table 2.1 of paragraph 2.4. Is your principle that the middle class should remain in the city center of Amsterdam with as motive that socially mixed neighborhoods are better for a city and as pay-off a more livable city? And do you subsequently, believe it to be a problem if they move (willingly or unwillingly) to Almere or Purmerend? Than act accordingly, so that they can stay within the city center. In paragraph 5.2 we discovered that most people do see the value of the middle class for the entire society so within that sense it should be a problem that they should disappear towards the suburbs. If you however see Amsterdam and its suburbs as one entity whereas this middle class is still able to reach the city center within 15 minutes, then the 'problem' seems a lot less urgent. Respondent 1 believes that you need to close your cycles as a city and maintain your working population and human capital. He states: *"do you want to keep your working population, or do you want to push them out and replace them for the higher educated whereby the prices only increase and the bottom classes would find it even more difficult to climb the ladder (social mobility)"*. Rotterdam is an example of a city where the middle class is leaving towards suburbs as Barendrecht. This results in the fact that these people work and earn their income in Rotterdam but mostly spent that money in Barendrecht. Respondent 1 however argues that a city needs to close its cycles. If people work in Rotterdam they should be able to live in Rotterdam. *"But believe me, you need to assure that your own working population can participate within your economy. The higher educated are footloose and make the city more expensive than it already is. As a municipality you must steer towards realizing a balanced distribution of work and population. Within these changing dynamics you need to have differentiation and diversity. That is your quality and capacity for innovation. Diversity is your power for insecurity which is your ability to anticipate"* (resp. 1).

Emergent themes

Facilitate the middle class to live within the city centers or 'let' them leave towards suburbs.

As a city you need to close your cycles of human capital.

5.5 Position of housing corporations

The third actor within this thesis are, as elaborated within paragraph 2.2.3 and 4.1, the housing corporations operating within the housing market as some sort of hybrid actors. At first, these corporations are not that heavily involved as they used to be within the mid rental- and owner-occupied market, as elaborated in paragraph 4.1. Respondent 8 states: *"Now the corporations have their DAEB (core tasks of providing social housing) segment and their niet-DAEB segment (private tasks not conducted by market parties)".* As concluded earlier within this thesis the housing corporations were restricted to developing rental housing up and till 710 euros rent a month. Almost everything above that line is supposed to be territory for the liberal market. Respondent 6 states: *"with the housing act we divided two worlds; that of social housing and the market. The housing act made it very clear that we, the corporations, are working to develop social housing. Our mission however sounds that we want to develop for everyone who cannot make it on his own on the housing market in Amsterdam".* Although their mission implies that they want to develop for everyone, in practice they are almost solely allowed to develop social housing. Only within the niet-DEAB segment of their entire budget, which is mostly around 10%, the housing corporations are still able to develop and maintain housing for other segments, including the (lower) middle class. As respondent 7 states: *"we have our secondary target group, that of the lower middle income of 37.000 income a year to 47.000 euros. Within our 10% niet-DEAB we try to house them with that budget and in that way, we also try to do something about the shortage of supply for the middle class.*

The remaining situation however is that although the housing corporations are still able to develop housing for the middle class from their niet-DAEB segment, it is not enough to ensure housing for that entire class. As indicated within paragraph 5.3, it is for private parties financially not that interesting to develop housing just above the demarcation of 710 euros. As respondent 1 states: *"as a city you have to organize something to keep middle class housing within your city. In the past this was done by the housing corporations which has vanished while it has been completely privatized during which the housing corporations had to sell their supply to private parties".* Within paragraph 5.4 the increasing gap between the two divided worlds; the world of social housing and the world of the market became distinctively clear. So, what place do these housing corporations have within the middle-class housing development and how could their role be changed? The most important possible change would be to

give back some of the responsibilities of the housing corporations regarding realizing housing for the middle-class. For example, to give corporations in Amsterdam permission to develop housing within the segment of 710-1.000 euros rent a month. Respondent 4 states: *“slowly you hear these increasing discussions about giving the corporations more responsibilities on the housing market”*. Respondent 10, for the municipality of Amsterdam states: *“it is a difficult point, but do we want to give the corporations more responsibilities to do more on a local scale for the middle class? We say yes!* However, he acknowledges that they also know that the solution is not to solely give the corporations more responsibilities because in the meantime they also must provide social housing and momentarily they have too few resources to do both. Moreover, every euro can only be spent once. So, they must question themselves if they want the corporations for social housing or do they want to deploy them for the middle class?

Is giving the corporations more room to operate thus a solution for decrease the pressure on the middle class and to ensure more housing for them? Respondent 5 states: *“for commercial development of housing we already have the developers and investors in the Netherlands, moreover these corporations have already proven in the past that they cannot operate that well on the liberal market”*. Respondent 4 is also critical on this point of view. She states: *“as a private party we will lose the fight against the housing corporations on the liberal market because of their privilege position regarding state support and their efficiency. So, no we are not a supporter of giving the housing corporations more room to operate”*. Respondent 2 adds: *“I think you are on the wrong path when speaking about this. We must seek the solution in making deals with municipalities regarding the prices for land and not regulate the market even further by giving the corporations more responsibilities”*. It becomes clear that using the corporations as hybrid actors for realizing and developing housing for the middle class causes a lot of protest from private parties. It is moreover doubtful if the corporations are (financially) able to even carry out these possible new tasks. So, despite that corporations want to develop for everyone in need of housing it seems that possibly expanding their business will result in a heated debate. As respondent 6 states: *“we as a corporation are struggling. The challenge here in Amsterdam is enormous and the demand for social housing is exploding. The need for renovation is high, the demands for increasing the sustainability of our supply is getting stricter and in the meantime the prices for development are rising. We sell less housing then we used to, due to the Housing Act and the restrictions regarding the private supply (niet-DAEB), and we are expected to pay more and more money to the central government”*.

The position of the housing corporation seems to be established with the Housing Act. Whereas, their main principle is to provide housing for everyone in need, as respondent 6 states, their position is determined otherwise. With the demarcation of the housing act their actions are limited and the only thing that could possibly change their position is to increase their responsibilities towards developing for the middle class again.

Emergent themes

The divided world of social housing and the liberal market

The increase the responsibilities of the housing corporations above €710.

5.6 Cooperation of actors

Within previous paragraphs the position and principles of the public- and private sector and housing corporations as hybrid actor were explained and elaborated. Their points of critique towards each other as well as their points of view and possible actions regarding the middle class they could undertake. When reviewing these paragraphs also their interrelatedness and interdependence is another emergent theme that is becoming more understandable. Within the housing market they (i.e. the public sector and private sector) simply cannot operate without each other and this cooperation goes deeper than just a public sector which determines the rules and the private parties operating within that set of rules. With the usage of the literature framework of chapter 2 it can be stated that the state as an omnipotent agent is not present on the housing market. As respondent 8 states: *“we are in a complex situation in which local governments need private parties (e.g. corporations, developers and investors) to realize housing and in which the renters have acquired a stronger position then they had before”*. Respondent 1 in addition mentions: *“we do not need a government who says; we are going to do it like this! But instead we need coherence between the public, private and social institutions”*. Regarding the cooperation between the municipality of Amsterdam and the housing corporations, respondent 6 states: *“together with the municipality we want to develop enough social housing and mid rental housing if possible and sustainable and livable neighborhoods. We do have a lot of heated discussions with the municipality and with our renters about numerous subjects but in the essence, we have the same goal and to realize that goal we need power for investments”*.

Respondent 10 states about the cooperation between his local government and private institutions: *“if a developer wants to develop housing they need to have the cooperation of the local government. What you see is that these developers shout that they are going to develop for the middle class in the hope to get the cooperation of the government a lot faster”*. This statement insinuates that developing parties just shout that they would develop for the middle class to win some project while their intention could be different. Respondent 6 states about the interrelation between cooperation and private sector: *“we are making agreements with private parties and investors in Amsterdam to make sure to develop more middleclass housing. And I believe these private parties are really having a constructive position within this collaboration when these are parties which could be afraid that we, as corporation, are obtaining their territory of realizing housing above 710 euros”*. Respondent 6 furthermore mentions new sorts of cooperation were, in new development programs, private parties handle the business side and housing

corporations deal with the social aspects. Regarding the cooperation between municipality and private parties, respondent 10 acknowledges: *“from the perspective of the municipality of Amsterdam cooperation with housing corporations is easier to accomplish. This cooperation accomplishes more grasp from the government on developments than cooperation with market parties. We do not have specific agreements for certain actions with developers and investors”*. One reason why such specific agreements are not present is the fact that also these private parties are all very different. One is a pension fund, the other a developer and yet another is a private investor with only one or two apartments. *“It is very hard to get them all to the table to have a discussion and to make agreements”*.

Some respondents thus mention that cooperation and coherence between the multiple actors is necessary to realize ‘the best cities.’ However, within past paragraphs and especially within the points of critique regarding one another we discovered that this cooperating is not functioning without any obstacles. It was stated that there is distrust from local governments towards private parties or that public institutions believe private parties are only interested in profit and not the social aspects. Moreover, the struggle between the two parties in realizing mid rental housing surely evokes heated debates. Respondent 4 states: *“the cooperation between us and public institutions is in most cases pretty bumpy”*. Whereas respondent 3 acknowledges that it differs per municipality. Each of them has a different position and some or more open to new ideas than others. But overall, *“I believe that most of the relationships between us and local governments are constructive collaborations although sometimes we do have heated debates”* (resp. 3).

Emergent themes

It is a complex playing field, filled with distrust in critique, with everyone trying to achieve their goals

A battle between the public and private sector to persuade one another towards achieving desired local aims or lowering demands for plans.

5.7 Conclusion

Within this chapter an attempt is made to show how and what the interviewed actors experience regarding the increasing pressure on the middle class and what their position is concerning it. The emergent themes which were derived from the data give a clear summary on the most important aspects and are all listed within appendix 5. In short it could be stated that all the involved actors do believe that the presence of the middle class is vital in obtaining livable neighborhoods but have difficulties defining what exactly the middle class is. What moreover became clear is the different approaches multiple respondents had in dealing with this middle class. For public institutions it seems a consideration

between creating a city for everyone and making concessions with private institutions in achieving it. These concessions are needed to persuade private parties to develop middle class housing. But how many concessions are you willing to make and are you able to account for as a municipality? For private parties it seems a consideration between achieving the highest margin and operating for the public good and maintaining a good image. Some of the private parties want a free hand in developing their housing while other vouches for more regulation and the development of mid rental housing. Housing corporations within that sense do not play a central part any longer while their focus has shifted to social housing.

Regarding the interrelatedness it seems that although some forms of cooperation are constructive a lot of distrust, negativity and critique is present towards each other. It seems no one believes that the other sector is acting adequately and all believe the other party to be lacking awareness or creativity. For the future of the urban middle class this appears to be a precarious situation.

6. Conclusion

Having collected and analyzed the empirical data of chapters 4 and 5 we now reach the conclusion part of this thesis. Within the introduction chapter it was established that we have entered a new urban age in which the popularity of urban living, the enormous demand for inner city housing and the renewed trust in the economy caused a ‘new urban crisis’ which resulted in a growing pressure on the urban middle class. These middle class people are not able to afford the increasing (rental)prices of housing but are also excluded from social housing while their earnings are too high. The follow-up question of this precarious situation was how multiple different actors, operating within the Dutch housing market reacted towards this phenomenon. This resulted in the main question:

What is the position of both (semi)public and private actors on the Dutch housing market regarding the increasing pressure on the urban middle class and how do they experience this phenomenon?

Using and applying the models of the welfare mix and the FDW model gave multiple insights in how actors operate within a market system and additionally their position, motives and principles and their interaction and interrelation on the housing market. Chapter 4 in advance provided an answer to the third sub-question regarding important developments on the Dutch housing market. This chapter made clear that the housing market indeed shows multiple sign of overheating. This starts at the point where urban living is becoming increasingly popular and in combination with demographic changes causes the urban population to grow. In advance, the demand exceeds the supply of housing causing housing and rental prices to rise, therefore causing shortages within different divisions of the (non)regulated rental sector. It also showed us regional differences of population growth and housing prices in which the Randstad region is experiencing faster growth compared to other parts of the Netherlands. This overheating of the market results in the situation we face today in which middle class incomes have more and more difficulty finding suitable housing. Linking the empirical data of the interviews towards the literature of the second chapter and having established the current state of the housing market within the fourth chapter it is now possible to provide an answer towards the main question.

Within the following elaboration we start with concluding the position of the interviewed actors after which a conclusion follows regarding the experiences of the interviewed actors concerning the increasing pressure on the middle class. This conclusion chapter ends with recommendations for the actors and future research in the third paragraph and a short reflection in the final, fourth paragraph.

6.1 The position of actors

Logically and understandably the position of the private parties within this entire process remains primarily profit orientated. This comes as no surprise while these companies, investors as developers, need to achieve a certain margin to remain operational. Within that sense statements by Nappi-Choulet (2006), Fainstein (2001) and Healey (1999) regarding the for-profit principles and motives of private parties seems to be fitting. This position would in advance also influence their actions regarding the development of for instance mid rental housing, therefore affecting the presence of the middle class within city centers. This for-profit orientation does not automatically mean that private parties who operate to obtain the highest margin act against the public good. As became clear within the emergent themes these private parties are currently blessed with the fact they can ask high prices for their supply. They state that when their costs of production would be lower they are able to ask less rent while retaining their margin. Their position and principle motives would remain for-profit but this time, this will not negatively influence the public good while also mid rental housing would be developed. As questioned within the scientific relevance of paragraph 1.4.2, it seems that within this post-crisis situation promises made during the crisis about changing their (i.e. private parties) actions in the future have not been fulfilled.

Moreover, the importance of public relations and the responsible feeling towards society from private parties also became clear within chapter 5. Respondent 4 spoke about the negative image of private sector parties and the need for them to disprove this collective thought. One way to disprove this is to develop housing towards the public need. And with this public need is not meant developing 'friends' apartments' for 1600 euros a month and calling it middle class housing as certain private actors are currently doing. But there are already private parties, such as Bouwinvest who disproves the thought of operating solely for profit. It would be naïve to think that they would operate without that thought, while they also need financial results, but they clearly manifest the idea of a more regulated market and expressed their ideas of a social duty they had for developing housing. In conclusion, it therefore seems for private parties a consideration between operating to obtain the highest margin and operating towards a supposedly social duty. A possible shift is visible of companies with increasing intention to operate towards public needs, whether this is just for public relations is a question yet to be answered. For investors this seems a more logical shift while they profit by an increase of value of their supply. This increase of value could be the consequence of realizing and maintaining livable and sustainable neighborhoods. The question however remains if you need middle class housing to obtain livable neighborhoods and subsequently if 'hourglass neighborhoods' do not function adequately.

Developers and construction companies within that regard have less to gain from long-term developments while they are only short term involved with housing development. The position of the public sector of the area in which they operate is therefore of the utmost importance while they set the

ground rules for future developments. This results in the fact that we enter a situation in which governments need to persuade the investors and developers to invest and develop mid rental housing. The statement of Ball (1986) in which he emphasized the changing role of the battle between financiers and developers versus the local community towards the battle of persuading property investors to meet desired local regeneration needs seem all but present. That raises the question how to persuade those developers to develop in such a way that local regeneration aims are met. One of those already named is to make concessions with the prices of land, so the total cost of construction decreases for developers and investors resulting in the fact that they can ask less rent to realize the same margin. The follow up question is how much concessions municipalities are willing and able to make? What city do they want to be and what principles do they hold on to? Their motive, as respondent 10 states, creating the best city for everyone, will remain with no doubt present but how far you are willing to go depends on your principles and pay-offs you want to achieve. This comes down to the question towards what end a municipality is willing to serve the public good while a municipality can also be acknowledged as ‘a company’ which needs to achieve its financial goals. From that point of view it can be stated that also a municipality is in some form a private firm.

The state within that sense is not some omnipotent agency, able to dictate its will to community and market to achieve their desired aims. Developing towards the public need or developing for the middle class is an interplay between social agents in which they struggle to achieve their own goals as much as possible. This results in heated debates and negotiations of conditions of development programs and future end results. Getting satisfying results from these negotiations is made more difficult due to the interrelatedness of public and private actors. From the emergent these it became clear that a lot of critique and distrust (figure 6.1) is present between the actors. This distrust and critique make constructive cooperation and the development of new projects more difficult.

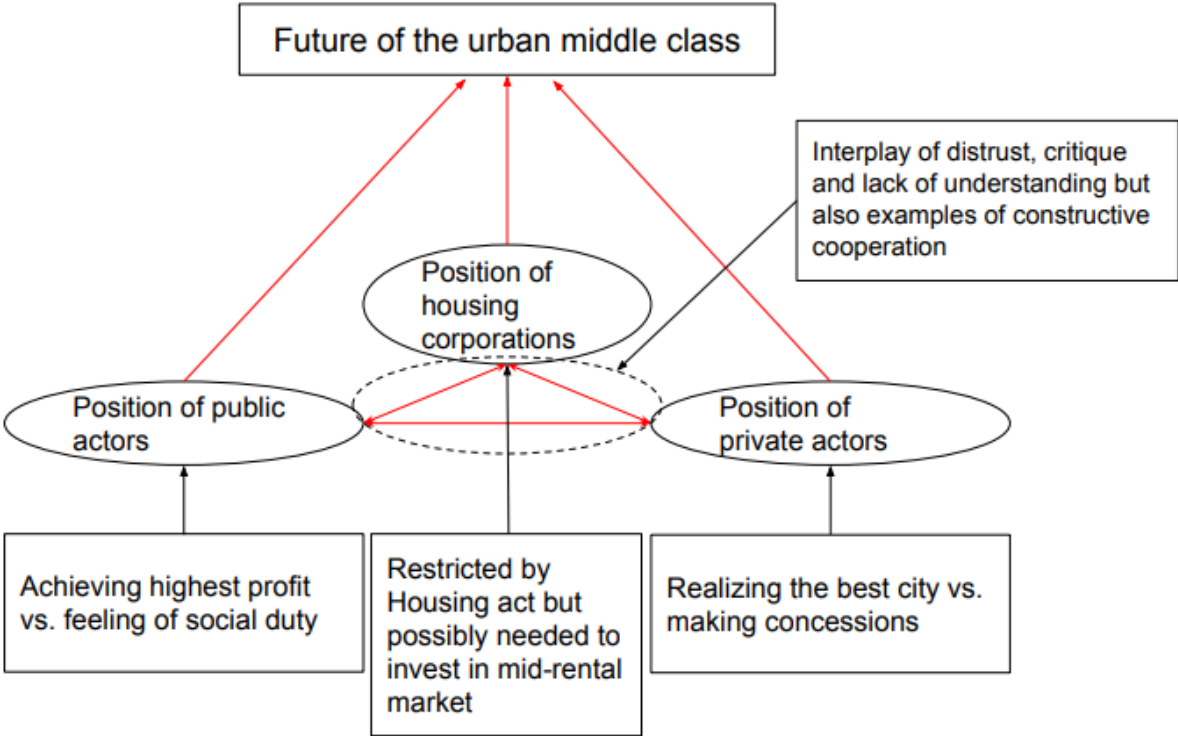
Table 6.1: Opinions of the public and private sector parties operating within the Dutch housing market.

Private firms are:	Public institutions are:
Lazy	Lacking understanding of the market
Non-creative	Lacking planning and actions
Not making pre-crisis changes	Distrusting the intentions of private parties
Playing it safe	Demanding the impossible
Only collecting their money	Ever changing and all doing something different
Not developing middle class housing which is needed	Lacking legal instruments to influence prices of rental housing and owner-occupied housing → powerlessness.
Distrusting the capabilities of public sector	

The position of the housing corporations will be determined within future years when it becomes clear if the responsibilities of these corporations will be expanded or not. They are a party which would in theory be very able to develop mid rental housing in the segment of 710 – 900 euros. Moreover, when private parties fail to invest within the mid rental market these housing corporations could be the only parties willing and able to invest in it, but questions rise. Are these housing corporations (financially) able to develop mid rental housing while all euros can only be spent once. Will it not negatively affect their attention towards constructing social housing?

With the collected and analyzed data it is possible to implement it within the conceptual model. Within this conceptual model (figure 6.1) the position of the actors, which determines their actions and future of the middle class, has been implemented as is the interplay between the interviewed actors.

Figure 6.1: Conceptual model after implementation of collected data.



6.2 The essence of experience and future of the middle class

As an answer towards the first sub-question regarding prevalent definitions of the middle class the concept of the middle class remains ambiguous. All respondents were in consensus regarding the importance of the appearance of a middle class, but none could specify what it exactly is or had different ideas regarding it. Starts the middle class above the technocratic demarcated line of 710 euros, as stated in the housing act and do you want a certain income between 36.000 and 50.000 euros a year, or do you want a certain occupation and education within your neighborhood? Should it be acknowledged as social

housing+ or liberal market-? Conclusively, and in comparison, with the literature of chapter 2, also the respondents could not really grasp the concept of the middle class leaving it vague and arbitrary and perhaps that is currently one of the biggest obstacles for the urban middle class.

The future of the middle class is a precarious one. According to the desk research data of chapter 4 and the emergent these from chapter 5 the popularity of urban living will not decline in the nearby future, therefore enlarging the area of unaffordability and inaccessibility for people from the middle class. This stain of oil will spread, and nothing indicates this will stop the coming years. Momentarily, the development for the middle class seems to be a 'no man's land' in which nobody wants, or nobody can put afford in. For private parties it is financially not interesting or not interesting enough and housing corporations are for the most part restricted towards developing social housing for the lower classes. For private firms as investors and developers it is far more profitable to develop and maintain housing for higher and more expensive classes in which they can achieve a larger margin. Moreover, like stated earlier it is not their core task to provide housing for everyone or to create sustainable and livable neighborhoods.

A possible solution towards this apparent problematic situation is to increase regulation on the mid rental market. A form of regulation is to increase the demarcation line, as implemented by the housing act of 2015, from 710 euros (the current limitation) towards 900 or 1000 euros in cities such as Amsterdam where the situation is dire. The increasing pressure on the middle class is after all not a nationwide phenomenon while cities in the Randstad region face an entirely different situation than other parts of the Netherlands regarding the housing prices. So, this current '1 size fits all' formula, of setting the limitation nationwide on 710 euros a month appears not to have the desired outcome. Respondents however argued resetting this '1 size fits all' formula can result in the fact that every city or municipality will have a different demarcation line in the future which makes the entire situation unclear, disordered and very inconvenient, especially for the private parties. Another form of increasing regulation would be to give the housing corporations back their responsibilities they once had, regarding developing for the middle class. It is however questionable if they are even able and or willing to do that. Moreover, this plan is received with a lot of doubt by some respondents who do not want to see a housing market with 80% social housing in which (foreign) investors will lose interest, therefore losing capital on the market which is needed to develop housing. And developing extra housing results in more supply which in advance can cause prices to drop.

But looking at this apparent problem with a different level of scale could make the whole situation less critical. Momentarily we see the urban middle class vanishing from city centers and moving towards the suburbs or further away. The question rises if that is a problem or not. When taking Amsterdam as the level of scale and seeing the middle class being displaced from the city, this seems to be an unwanted

situation while having socially mixed neighborhoods still appears to be the wanted outcome. But taking a somewhat larger level of scale and adding the suburbs and surrounding cities of Amsterdam one sees that according to some respondents, the middle class is still finding suitable housing without much difficulties. So, are we looking towards this phenomenon on a too small level of scale? Should our definition of a city not be just the city of Amsterdam but the entire metropolitan region of Amsterdam or even the entire Randstad region? Is it a problem that city center neighborhoods are becoming hourglass neighborhoods, while suburbs are becoming popular? Question which rises are if people are willingly or unwillingly moving towards the suburbs and if even these suburbs are already becoming too expensive, returning towards the concept of the spreading oil stain.

6.3 Recommendations

Actors

Within the societal relevance, of paragraph 1.4.1., the supposedly importance of the urban middle class was mentioned. In addition, all the respondents believed this class to be the backbone of a city. So, if everyone agrees to the fact that this class is so important for the cities why is developing for this class such a difficult task which evokes heated debated, critique and distrust? And the most important part is, the clock is ticking! A sense of urgency must be created. Additional housing supply is needed directly and not over 10 years. It is not meant to indicate that nothing is being developed but the different sectors and operating parties need to come together to create an environment in which more project are being planned and developed in a faster way. I received numerous statements about projects which are currently on hold while somewhere conditions could not be worked out and that situation is killing for the middle class.

For the interviewed institutional investors, I believe that they must anticipate right now towards a new socially driven economy. It was indicated that some of them are already pointing their businesses towards that direction and that is a good development but more progression regarding this matter is needed to provide suitable housing for all. The time has come to move beyond own (financial) goals and try to combine these goals with serving the public good. The days of a cold, financially driven real estate sector are also numbered. Private sector firms can no longer justify not taking into account social values or the community segment of a market system. Within this change it is important to find a way to implement the socio-economic good into spatial planning policies. Investors but also developers need to construct a model or a way in which social values are conceptualized, creating a bridge between those values, spatial planning and future urban (re)development projects.

Moreover, the pre-crisis promises of building smart, adaptive and intelligent need take a more central place within urban development. Building adaptively results in housing you can transform towards the

demand for it, which could solve future housing problems. It is not the intention to argue that when building adaptively all problems will be solved but it is more the way of thinking which must change while the pre-crisis way of building sky high, static buildings seems old fashioned. We need to dive into the future and according to some respondents this is not being done sufficiently. The housing crisis offered us a chance to rethink the way we shape our cities and we should not waste that chance. A third action revolves around their public relations. The institutional investors (e.g. Amvest, BPD & Bouwinvest) I interviewed all seem concerned with the livability of the neighborhoods they operate in but still they obtain a bad reputation with the general public. It is their task to disprove this bad reputation by showing the public the willingness to invest in their neighborhoods and to invest in middle class housing. With a bad reputation gone the development of further project could possibly process much smoother.

But the task lies not solely on the private sector investors and developers. For them to serve the public good the public sector needs to make adjustments of their own. I noticed that it seems easy to just blame the developer and accuse them of just making fast money and not considering social and environmental aspects if a certain situation evolves in an unwanted way. The public sector themselves need to have a more open attitude in which they cooperate with private sector parties in a more constructive way. These government agencies, and especially the municipalities possess an exemplary role regarding the spatial development of the area they are responsible for. They should be the visionary combining the state, market and community, taking away the distrust that haunts them. As a municipality, be more aware of what happens in the market and try not to ask the impossible of private parties. By being more aware of the situation of the market, the cooperation with the private sector should be more constructive and the distrust should be lower. The central government in advance should do a study regarding the impacts of decentralization on the middle class while there are certain aspects which needs to be dealt with nationally such as a national housing vision as indicated by respondent 5. But there are also aspects that possibly need to be dealt with regionally or locally such as the liberalization border of €710 euros a month.

Housing corporations should take a more active position within the development of the mid rental market. More market studies should be implemented in which the willingness of private sector parties to invest and develop in mid rental housing is evaluated. When this willingness is not high enough and/or investment rates are too low, the housing corporations should be made able to develop mid rental housing. The corporations should be allowed to take an active position within these new projects already at the beginning of the process making it easier for them to develop those plans in the end.

A combined action of both state and market and a possible important policy aspect within the future is, in combination with the community segment of the market, to study future housing needs. We need to

shape our cities together, combining all three segments of the market. The middle class, as a part of the community segment, knows best what their demands and needs are for future housing. And our housing needs and demands are changing. Is the assumption that upper class people want to live in larger housing still correct? Other forms of housing, such as the tiny house concept, are currently entering the market which could implicate that housing demands are in fact changing. The middle-class people themselves should let their voice be heard. They form the basis of urban development while constructed housing is meant for them. They should not let a delegation of public and private actors decide for them in what kind of housing they are ought to live. Moreover, within a shift towards a more socially driven economy these public and private actors should involve the community segment within policy making and plan developing even further.

Moreover, the question if the middle class could even be called a class is an interesting topic for the involved actors. Is it not more a group of people living between the lower and upper class? And what exactly is the dividing line between the middle class and upper class? Does the concept of a 'class' even exist? And if you acknowledge it is a real class how do you implement it within policy making? To create an idea of what this 'class' consist of and who belongs in it, it seems important to involve the community segment of the market even further. Talk to them to get an idea of what this middle class or 'middle group of people' is and what their wishes and demands are.

Future research

A pressing question and apparent obstacle within this entire discussion remains the definition of the middle class. Although voices are present about implementing the middle class as a being a real class within policy making, it remains a vague and contextual concept. There was speak of a certain amount of income, about the presence of 'teachers' or as the class begin social housing+. The next question rises regarding the fact how you could implement this within policy making. Implementing a certain income as being middle class does not sound that difficult but implementing with the use of other characteristics, such as occupation or education, makes is more complex. Moreover, you could question yourself what you want and need as a government agency for a well-functioning neighborhood. Do you want an income group, or do you want teachers?

Within this entire discussion about the middle class it is also quite interesting to study the importance of the presence of the middle class. As one respondent doubted; can it be stated that an 'hourglass neighborhood' does not function properly? Are there examples of neighborhoods without a middle class that do or do not function? And could it only be a collective thought that the middle class is necessary while practice maybe proofs otherwise? This refers also to the level of scale you take when studying this, while the middle class could vanish in one urban district but flourish in a neighboring one. Is that a problematic situation for the neighborhood where the middle class vanished?

A different recommendation for future research resolves around the decentralization process that runs through the Netherlands. Some respondents acknowledge that decentralization process is a decisive blow for the middle class while a national vision regarding this phenomenon apparently does not exist any longer. So, a study can be conducted regarding the effects of the process of decentralization concerning the middle class and how the middle class is affected by it. Ironically, one of the things that is nationwide implemented, the demarcation line of social housing is critically judged by most respondents. This should be dealt with on a more regional or even local level some believe.

Despite it being left out of this study, the importance of the community segment, as visualized within the model of the welfare mix of chapter 2 is also a valid possibility for future research. I believe the influence of the community segment will grow the coming years, while for, for instance, private companies it becomes more important to obtain good public relations, therefore developing for the public good. The voice of the community segment within that sense would become more important. Therefore, a study regarding the opinions the community itself could be a necessary study.

The last point enters the world of social justice and the right to the city. This idea touches the concept of the city we want to create, together with private and public institutions. Will our future cities be a meeting point for building collective life or will our cities be cities which consists of social housing and affordable housing only for the happy few?

6.4 Reflection

It is, to begin with, important to question the validity and trustworthiness of the interviewees, while for the interviewees of the private parties it is convenient to say that they believe it to be very important that the middle class in present while in practice they only develop for more expensive segments or develop 'friends' apartments.' During my internship and while reading multiple position papers it that also the social side of real estate development is becoming a more important subject than it was before. The position paper of Bouwinvest and statements from respondent 3 and 4, seems to provide an image of private sector parties that does have a larger mindset regarding their public duty and social actions. While it can provide them a higher margin but also because the current society almost demands it from them, therefore showing the importance of the community segment. Within that sense a consensus seems possible of public and private parties operating to achieve a healthy urban environment. But while these statement does give an image of a more socially driven real estate actor it remains a question if that is the case. First, I would like to acknowledge the fact that these interviewees were not cautious in telling their position and opinions within the interviews. They were all very open in telling their experiences, own opinions and positions. This does give some reassurance regarding the trustworthiness of their statements, but it still does not prove them to be the truth.

A solution would be to shrink the research area which is chosen within this thesis. When taking, for instance just the city of Amsterdam or maybe even a few selected development cases in Amsterdam the scope of the study itself would possibly be a lot clearer. Now the thought was that the increasing pressure on the middle class is happening basically in every city, more heavily in the larger cities, and that it therefore did not matter where interviewed actors operate, being it in Rotterdam or Amsterdam. In a certain way I still believe this to be true, however when taking just one city or just a few selected cases it would be a lot simpler to establish the involved actors and moreover, their actions within the selected cases. If you take one development plan for instance, it will become a lot clearer what kind of conditions municipalities lay down for private investors or developers, therefore showing how far they are willing to go to provide adequate housing. Moreover, it would be interesting to see how the private actors deal with these conditions, if their supposedly feeling of social duty is reflected within the housing they do develop or if they still develop 'friends' apartments' for 1.600 euros a month. The actions taken by private parties are also a lot clearer which results in the fact that on a local scape one could study if the statements about creating middle class housing do present itself or if these statements are just socially desirable answers.

Within that regard the scope regarding the chosen actors possibly also was very broad. The intention was to grasp not just one actor on the market but a few important ones (municipalities, housing corporations, investors and developers) to create a more comprehensive view on the market and to establish their interrelatedness. Moreover, the thought was that when studying just one actor (say the investors) the influence and points of view of other actors (say municipalities) would be non-present. Only a single voice would be heard without the other side being able to say otherwise. Monetarily, however hard conclusions are difficult to present while to in the effort to interview multiple different institutions to few actors of every branch have been interviewed. The information does provide clear insides in their motives, principles and actions but it could be questionable if positions of all actors in one branch, say investors, can now be presented. Additional data directed on a single actor or just the private sector for instance would be very usable and necessary for the validity of the research.

Finally, the choice for a phenomenological approach of this study at first seemed a fitting one, while the process of the increasing pressure on the middle class could be called a phenomenon. The ground rules of a phenomenology and the action points it provided regarding writing the essence of the experience of the actors did provide a usable guideline in writing this thesis. It is however questionable towards what end the phenomenological approach really did contribute towards finding the empirical data and conclusions of this thesis and if other approaches or theories could in theory be more helpful.

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Appendices

Appendix 1: FDW Model

The model consists of four quadrants in which 3 submarkets of actors can be distinguished. The first quadrant of the **Property Market: Rent Determination** consists of the demand side of the users of housing. A certain amount of supply of real estate, in combination with the level of demand for it, results in rental prices per square meter; classical market mechanisms. This quadrant is dependent on the conjuncture of the economy. When the economy improves the demand for properties and real estate shall increase which results in a higher level of rental prices. This results in the formula $D(R, \text{Economy}) = S$, in which D is the demand from the market, R is the rental price per square meter, which is influenced by the state of the Economy and which results in a certain amount of housing stock (S) (DiPasquale & Wheaton, 1992; Cloete & du Toit, 2003; Hogerwerf, 2009).









The rental prices established within the first quarter thereafter influences the second quarter, the **Asset Market: Valuation**. This is the quarter of the submarket of investors (housing corporations as well as private investors) operating within the real estate market. This quadrant shows the relation between the achievable rental prices and the market value of the property. A higher level of rental prices means a higher value of property. This quadrant thus shows how the market of the users influences the market of the investors, whereas higher rental prices means a better environment for investments. Conclusively, within this quarter the market value (purchase price) of properties is being calculated through the formula of $P=R/I$, wherein P stands for the market value of housing, which is calculated by R (the expected rental price and I , the capitalization ratio) (DiPasquale & Wheaton, 1992; Cloete & du Toit, 2003; Hogerwerf, 2009).

The coefficient established from the formula of the second quadrant, influences in advance the third quadrant of the **Asset Market: Construction**. This quadrant houses the submarket of the developers and construction companies. When the market value for properties is at a high level, the amount of production of new building projects will also increase because investments should be profitable. Within that sense, the market of investors influences the market of developers. The coefficient derives from the formula $P=f(C)$ in which P stands for the price of the new building projects, f for the replacement value of existing real estate, and C for the level of construction. (DiPasquale & Wheaton, 1992; Cloete & du Toit, 2003; Hogerwerf, 2009).

In conclusion, quadrant 3 influences quadrant 4 the **Property Market: Stock Adjustment**; which does not represent a submarket of its own. This quadrant shows the consequences of the changes which

happened within the other quadrants. The supply of properties is being influenced by the amount of new building projects from quadrant 3 minus the demolition of parts of the existing stock. The newly build stock minus the parts that are demolished or are redesigned will derive into a new total stock of properties. When the total stock is known the corresponding rental prices within the first quadrant can be determined, thus closing the circle (DiPasquale & Wheaton, 1992; Cloete & du Toit, 2003; Hoyerwerf, 2009).

Appendix 2: Interviewees

Resp.	Interviewee	Company/Institute	Business/Date/Location
1	Arie Voorburg	 ARCADIS	<ul style="list-style-type: none"> ▪ Consultancy ▪ 14-04-2018 ▪ Rotterdam
2	Han Joosten	 bpd	<ul style="list-style-type: none"> ▪ Indirect Investor/developer ▪ 26-04-2018 ▪ Amsterdam
3	Rogier Claasen	 PEAK partner in real estate development	<ul style="list-style-type: none"> ▪ Developer ▪ 24-04-2018 ▪ Amsterdam
4	Loes Driessen	 AMVEST	<ul style="list-style-type: none"> ▪ Indirect Investor/Developer ▪ 24-04-2018 ▪ Amersfoort
5	Roel Koster	 ARCADIS	<ul style="list-style-type: none"> ▪ Consultancy ▪ 03-05-2018 ▪ Rotterdam
6	Perry Hoetjes	 Stadgenoot	<ul style="list-style-type: none"> ▪ Housing corporation ▪ 25-04-2018 ▪ Amsterdam
7	Arnoud Schüller	 Ymere	<ul style="list-style-type: none"> ▪ Housing corporation ▪ 26-04-2018 ▪ Amsterdam
8	Martijn Eskinasi	 Planbureau voor de Leefomgeving	<ul style="list-style-type: none"> ▪ Governmental knowledge institute ▪ 17-04-2018 ▪ Den Haag

9	Frans Schilder	 <p>Planbureau voor de Leefomgeving</p>	<ul style="list-style-type: none"> ▪ Governmental knowledge institute ▪ 17-04-2018 ▪ Den Haag
10	Deputy	 <p>Gemeente Amsterdam</p>	<ul style="list-style-type: none"> ▪ Municipality ▪ 16-05-2018 ▪ Amsterdam

Appendix 3: Interview Guide

1. De woningmarkt

- a. Wat voor belangrijke, ingrijpende ontwikkelingen ziet u momenteel vooral op de Nederlandse woningmarkt, ook t.a.v. van de middenklasse?
- b. Hoe is de markt veranderd ten opzichte van voor de crisisjaren?
- c. Wat voor directe invloed hebben deze ontwikkelingen op de stedelijke bevolking en de steden in het algemeen?

2. De middenklasse

- a. Is deze klasse in de verdrukking geraakt en daardoor aan het verdwijnen uit de stad, en is dit een probleem? (Wachtrijen sociale huur gigantisch – koopwoningen onbereikbaar – huurwoningen te duur → is betaald wonen een luxe worden i.p.v. een recht?)
- b. Wat is, denkt u, het belang van de middenklasse in een stad? Is er een belang van deze klasse?
- c. Hoe reageert u als persoon op deze ontwikkelingen en hoe staat de (...instantie...) hierin?

3. De spelers

- a. Wat is de positie van ...instantie... binnen de ontwikkelingen op de woningmarkt?
- b. Probeert ...instantie... invloed uit te oefenen op ontwikkelingen/projecten op de woningmarkt, en hoe?
- c. Wat is volgens u de huidige positie van de publieke sector en de woningcorporaties op de woningmarkt?
 - o Wat is hun specifieke rol (en moet deze veranderen?)
 - o Moeten zij eventueel iets aanpassen aan hun werkwijze t.a.v. de middenklasse? Of moeten marktpartijen meer inspelen op veranderingen?
- d. Wat is de huidige positie van de private sector (beleggers, ontwikkelaar, investeerders etc.) (ook ten aanzien van de middenklasse) en wat is uw mening hierover?
- e. Hoe verloopt de onderlinge communicatie/samenwerking naar uw mening tussen de publieke en private sector?

4. Acties

- a. Is ingrijpen op de woningmarkt momenteel noodzakelijk?
 - i. Zo ja, waarom? Zo nee, waarom niet?
- b. Is het noodzakelijk voor een stad om de middenklasse te behouden?
 - i. Zo ja, waarom? Zo nee, waarom niet?

Appendix 4: Migration towards cities

Net migration into the four major cities 2001-2014; by age category in thousands (Hekwolter, Nijsskens, & Heeringa, 2017).

