



*Stadsuitbreiding en volkswoningbouw in private handen - Amsterdam 1877-1940*

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## **English summary**

### **Urban extensions and housing in private hands. Amsterdam 1877-1940**

Housing, especially where the working and lower middle classes were concerned, has been an emotionally charged subject in Amsterdam since the end of the 19<sup>th</sup> century. Long before the city council, the state, and housing corporations were involved, commercial developers realized working-class houses in large numbers. The role of housing corporations and the municipal housing association has been studied extensively, to the extent that many now believe that the ‘the Mecca of social housing’, as Amsterdam has been called, came about as a result of their activities. But nothing could be further from the truth. Over 75% of all dwellings built in Amsterdam between 1877 and 1940 was realized by commercial project developers. They called the tune, yet their contribution to Amsterdam’s development remained virtually unstudied. This is the first study of that contribution.

Many districts built between 1877 and 1940 long had a bad name, notwithstanding the fact that for every household involved, moving into these neighbourhoods meant a big leap forwards, away from their basement tenements and inner city slum dwellings. Councillors, aldermen, researchers and many other Amsterdammers judged the streets in these districts to be too narrow, the housing units too small and noisy, and the rents too high.

Project developers had an equally unsavoury reputation. They were being accused of massive speculation with land and houses to the detriment of the working and lower middle classes. Their financiers, the mortgage banks, likewise had an ill name, supposedly charging sky-high interest rates and imposing ultra-short repayment plans.

Using council records, minutes of mortgage bank Boards, the scant archival material about development and building costs, land registries, and company archives, this publication describes the role of project developers and mortgage companies. The question we have tried to answer is: to what extent do these reputations match the historical reality?

### **Government authority, planning and building regulations**

In 1866, the Amsterdam council rejected municipal engineer Van Niftrik’s extension plan for Amsterdam as being over-ambitious. Until then, the council had been largely uninvolved in building and housing. Overall, the Municipal Executive and the council, composed of the assembled urban elite, largely ignored the appalling housing conditions of the lower classes. Those who had no choice but to live in a dank basement or draughty attic room were simply out of luck. Government measures were looked upon as an unacceptable meddling in the free market. Only after sanitary conditions and accessibility had hit rock bottom did the council intervene: in 1877, a new extension plan was approved, the ‘Kalff plan’.

However, prior to the Kalff plan’s approval and the famous 1901 Housing Act, the municipal authorities had already enforced a bylaw (*‘Algemeene Politieverordening’*) laying down regulations regarding building and housing. Compared to the 1905 Building Code or, especially, modern regulations the bylaw was limited in scope and force.

But as time went by the council could no longer keep aloof from the city's development; the Executive's plans were amended and councillors took a stand against alleged land speculation, high mortgages and shady dealings with leasehold estates, and for a beautiful city. Such interventions were usually based on emotion and ideology, not on factual information.

Aldermen, not only the Social Democrats and all-time political heroes F.M. Wibaut and M. de Miranda but also their predecessors, faced down these ideologically inspired squabbles with facts and cold logic. Despite persistent pressure to comply, De Miranda refused to go along with the council in its desire to establish a municipal mortgage bank, because he considered the plan too risky due to the political influence the bank would be exposed to. Instead, De Miranda actively involved project developers in his struggle against housing shortages, despite ingrained prejudices among his political associates against this professional group. Nonetheless, the perception of developers as building cheap, noisy, thin-walled houses in overly narrow streets with an utter disregard for minimum requirements or building regulations, persisted. Project developers, however, did not operate in a political and legislative vacuum. By means of a constantly expanding building code, a planning authority (judging the quality of the architectural design), and a system of loans and guarantees for housing development, the government was asserting increasing control not only over the functional and aesthetic quality of new housing projects but also the project developers' operational management.

Before 1900, rents were unregulated, but competition between the countless developers and landlords and the tight budgets of the working and lower middle classes prevented them from rising above a certain level.

### **Speculation**

Since the 19<sup>th</sup> century, Amsterdam's development has been inextricably bound up with the notion of speculation. People speculated with building plots, housing, and even with leaseholds; according to many councillors, historians, and the man in the street, large sums of money disappeared into the pockets of speculators. But these allegations lack a factual basis.

First, none of the council records, newspaper articles or academic studies record any specific sums. Even academic historians do not go beyond vague indications as to the size of the profits made with speculation. They have never been quantified.

Second, analysis reveals price fluctuations of building plots in the period between 1840 and 1940 to have been very modest. Land prices went up when land was designated as a building plot; in other words, when risks changed into profits. The price mechanism mitigated land prices and rent levels. Many people needed land and there were many suppliers but no cartels that might have interfered with the market, and in any case the spending power of the end users, the working and lower middle class tenants, was limited so that excessive land prices and rents were simply out of the question. Higher rents not matched by higher

quality (the alleged result of speculation) would disqualify housing for the tough rental market.

The alleged speculation with leasehold contracts has been the subject of council debates for many years. In the end, a list with 'leasehold speculators' was published. However, analysis of land registry documents revealed that none of the developers listed was actually involved in speculation. We must therefore conclude that many councillors were guided by rumours and ideology-based tunnel vision. A possible explanation for the recurring speculation myth is the fact that property developers for commercial reasons would refuse to divulge their costs and revenues. Under these circumstances, the realization of a plan of 6,000 housing units leaves ample room for exaggeration and tall stories about legendary profits in housing development. On top of that, any losses developers incurred in land acquisition and sales remained invisible.

### **Mortgage banks**

Mortgage banks have been active in the Netherlands since 1861. In 1899, the Amsterdam city council discussed a memorandum which painted an unfavourable picture of these banks; they were regarded as money grabbers that shackled property developers to sky-high interests and impossibly short-term repayment plans. A study of the fragmented extant archives of mortgage companies yielded a completely different picture of their operating procedures. They were characterized by prudence, risk spreading and careful background checks of any credit application, collateral, and the project to be developed. But what about these supposedly steep interest rates, which according to one historian could run up to 20%? This is, in fact, a case of misinformation: between 1897 and 1932, the mortgage companies that were studied charged an average interest of 5.34% and an average non-recurrent commission fee of 1.57%. These figures are based on 577 cases, admittedly a statistically limited spot-check in view of the total number of development mortgages, which runs into the thousands.

We may conclude that the criticism levelled against mortgage banks lacks a basis in solid fact. Instead, in virtually every instance it is based on rumours and hearsay. Just as on the consumer market for real estate development, margins were small on the market targeted by mortgage banks – working and lower middle class housing. In addition, competition between mortgage companies was murderous; in the late 19<sup>th</sup> century, tens of thousands of mortgage banks operated on the market and interest levels were the only means by which they could outgun the competition.

### **Conclusion**

Between 1880 and 1940, over 134,000 housing units were built in Amsterdam, an average of 2,200 per year. Ongoing debates about housing quality, the beauty (or lack thereof) of urban extensions, and the height of rents aside, that is an admirable achievement in a period before the construction process became industrialized. The current popularity of the neighbourhoods built at the time, as reflected in property prices, is a demonstration of their

attractiveness: these are the mixed-use districts that are still suited to a modern urban lifestyle as places of residence, work, recreation, leisure, and education. They are living proof of a movement that is in opposition to the spatial and social segregation which characterizes post-war modernist urbanism, and equally living proof of the fact that private property developers, with occasional government subsidies, were perfectly capable of producing sustainable housing projects that adhered to stringent building and housing regulations.