Amsterdam is booming. While the 1970s and ‘80s saw population decreases (reaching a low point of around 675,000 in the mid-1980s), the city has subsequently grown to 850,000 inhabitants today. With a projected population of more than one million by 2034, Amsterdam is growing at a rate far faster than the Dutch average. But as the city is becoming more popular as both a place to live and a place to visit, major challenges are emerging that are making it less affordable and, consequently, reducing quality of life for its residents. In recent years, the municipality of Amsterdam has taken specific, and in some cases dramatic, policy measures that aim to both make the city more affordable for residents, from Amsterdam to Toronto and beyond.

By Brian Doucet

SUMMARY
Amsterdam is a growing city of 850,000 inhabitants, which receives around 17 million tourist visits per year. Both gentrification and tourism have placed incredible strains on the city’s housing market, which impacts quality of life. But Amsterdam’s local government has been a pioneer in developing policies that manage and regulate these challenges. The most famous of these – two landmark agreements with Airbnb – will be examined within the context of other important planning and policy initiatives which bring to light the conflict between building a city for tourists or building a city for its inhabitants.
and curb the negative effects of tourism. These initiatives offer insightful lessons for planners and policymakers facing similar challenges in Canadian cities. This paper examines Amsterdam’s policy responses to these challenges.

GENTRIFYING AMSTERDAM
Property prices in Amsterdam are skyrocketing. Between 2013 and 2017, average selling prices in the city jumped from approximately €260,000 to €420,000 (C$405,000 – C$653,000). Compared with Canada, however, a much higher percentage of the housing stock is in the not-for-profit social rented sector, with rents capped by the government at €710.68 (C$1,100) per month. Unlike in Canada, where most public or social housing is provided by municipalities or the state, housing associations (woningcorporaties) that provide this housing are non-governmental, not-for-profit entities with a remit to build, maintain, and rent good quality, affordable housing. Historically they received government money to subsidize housing, though this is changing and they must also be more entrepreneurial in generating new revenues to fund their affordable housing (this often takes the form of selling off social housing in desirable areas of the city and using those profits to build new social housing elsewhere). While each city may have dozens of these associations, waiting lists are centralized across the city and are based on wait times, rather than need. In Amsterdam around 45% of all housing within the city is in the social rental sector, but this percentage has declined in recent years even though demand for affordable housing has led to waiting times averaging almost nine years, which is longer than the national average.

Gentrification is a major contributor to both the unaffordability of owner-occupied housing and waiting times for social housing. In the early 2000s, gentrification was a policy objective of the municipality of Amsterdam, in part to reverse the trend of urban decline, particularly in the inner city. These policies aimed to increase the supply of market-rate housing and stimulate neighbourhood improvement. In the inner city, this was done primarily by selling social housing units as they became vacant, while in outer areas, this was done through a process of urban regeneration: demolition of large housing estates replaced with mixed tenure neighbourhoods. The results have meant that while the city is growing, prospering, and gentrifying, many working- and middle-class households can no longer afford to live there.

TOURIST CITY AMSTERDAM
Just as the city became more attractive to wealthier residents, it also became a popular destination for tourists. Despite the city’s relatively small population, Amsterdam received more than 17 million tourists in 2016, with numbers expected to grow to more than 23 million in the coming years. The city has 30,000 hotel rooms, with close to half located in the city centre. Like other European cities, Amsterdam has also seen tremendous growth in vacation apartment rentals, primarily via Airbnb. In 2016, there were an estimated 18,000 rooms to rent on Airbnb, out of around 23,000 total vacation apartments to rent, making it the largest provider of vacation apartment rentals. In 2015, just over one million tourist/nights were booked on the site, representing...
7% of the total stays in Amsterdam in that year. In popular neighbourhoods in or near the city centre, as many as one in six homeowners rent out rooms to tourists. As with gentrification, the city initially welcomed the idea of mass tourism because it contributed to an upgrading of the city, particularly with the suffering of the financial sector during the global financial crisis of 2008. The city undertook an aggressive marketing campaign and gave incentives for developers to construct new hotels. In a twist of irony, many were constructed in former offices dotted around the ring of the city, left vacant because of the crisis. However, as numbers have grown and more apartments turned into permanent Airbnb rentals, concerns about the negative consequences of tourism increased.

There are several specific concerns, which are by no means unique to Amsterdam. In many neighbourhoods, shops catering to local residents have been replaced with businesses catering to tourists, such as bike rentals or souvenir shops. There is a fear that the city will become like Venice, with few residents left and the city given over to tourists. With increased tourism, particularly in residential neighbourhoods, noise and nuisance have become problems as well; 10% of city residents have experienced some form of nuisance from tourist rentals, increasing to 17% in the city centre. Typical housing in Amsterdam involves apartments sharing entrances and stairs and a common complaint is late night partying or noise.
coming from vacation rentals within a residential block.

With more dwellings being rented to tourists, housing affordability has also become a major issue. Two factors are at play here: the first is that growth in Airbnb rentals reduces the overall housing stock available for residents to live in, particularly if these are permanently rented out to tourists. The second is that it drives up prices because owners can make extra money by renting out their apartments.

This latter point was illustrated by a study conducted in 2016 by the Dutch bank ING into the effects of Airbnb on the property market in Amsterdam. It concluded that Airbnb had a ‘considerable effect’ on the rapidly increasing prices in the city. The study concluded that being able to rent your house on Airbnb translated to a potential extra mortgage for a property of €95,000 (C$148,500). According to the report, “A house is literally and figuratively worth more money … A house [in central Amsterdam] is not just a desirable home, but also a source of income.” [author’s translation]

POLICY RESPONSES

As both gentrification and tourism are placing strains on quality of life and the city’s housing market, the city council has implemented a number of unique and sometimes radical policy measures. In a reversal of almost two decades of gentrification-oriented housing policy, the city’s Housing Agenda 2025 aims to stimulate construction of affordable and mid-market housing. It stipulates a 40-40-20 model for new construction: 40% of new homes must be social rent (under €710.68/month (C$1,100)); a further 40% are to be mid-market rentals and owner-occupied homes (roughly €700-1000/month (~C$1,100 – C$1,550)) and the remaining 20% can be priced at market rates.10 Previous rules stipulated that only 30% should be social rented housing.11 As the city councillor in charge of housing, Laurens Ivens, stated: “If we leave it to the [real estate] market, people with low or middle income cannot live in Amsterdam.”12

In trying to limit the negative impacts of tourism, four policy measures are worth noting:

- The first is to try to reduce the number of budget tourists who visit the city through higher tourist taxes. The city proposed to increase this tax to €10/night (C$15/night), plus a percentage of the room.
- The second is a policy prohibiting new tourist shops from opening in the city centre. These include even very typically Dutch symbols such as cheese shops and bicycle rentals (which are aimed at tourists, rather than locals), as well as ticket shops, souvenir stores, and shops selling food for immediate consumption.13

Another city councillor, Udo Koch,
contraption – from operating in the city centre. This ordinance came after a petition from 6,000 residents was delivered to city hall, calling for their removal from the city because of their nuisance, encouragement of lewd behaviour (including urinating in public), and congestion for other bicycles and road users.\textsuperscript{15}

• The fourth and, in many ways, most significant policy response relates to cracking down on illegal hotels, which is what rentals on Airbnb (and other similar sites) fell under until 2014. Despite it being illegal to rent your house on Airbnb, the growth of this industry was tremendous and having a strong impact on the city. Rather than trying to ban it outright, the city struck a landmark agreement with the US-based company, through a Memorandum of Understanding (MoU) in January 2014. The city created a new category of housing, ‘private vacation rental’ (particulier vacatieverhuur), which stated that homeowners can legally rent out their home for a maximum of 60 days a year, and to no more than four people at a time. In the MoU with Airbnb, the company agreed to inform users of these rules, levy and hand over the tourist tax, and remove addresses where the city intervened due to complaints.

While the MoU was ground breaking, and the first of its kind in Europe, it left significant challenges. Airbnb refused to disclose the identity of those who did not stick to the rules. Enforcement was also difficult, particularly because there was no automatic shut-off of hosts who exceeded the 60-day limit (the burden fell to the city to gather evidence and prove this had been the case). However, surveys conducted by the municipality in 2015 and 2016 showed that residents wanted regulation; 70\% thought it was good that the city was placing conditions on tourist rentals and 64\% were very negative about the idea of houses being used as permanent tourist rentals.\textsuperscript{16}

To continue to crack down on illegal hotels, the city’s approach was two-fold; the first came through increased communication with residents via info sites, ad campaigns, and growing media awareness.\textsuperscript{17} The city created a phone number where residents could call to complain about illegal hotels or tourist nuisance, as well as an easy to fill-in website to report ‘housing fraud.’ The second was through stronger enforcement of illegal hotels via €1 million (C$1.55 million) in extra funding, which was spent on research, inspection, following up on complaints, and doubling the number of inspectors from 15 to 30. These efforts have started to have results; in the first half of 2017, the city collected €2 million (C$3.1 million) in fines, more than the total amount from 2016.\textsuperscript{18} The number of complaints is also increasing; in the first half of 2017, there were more complaints of tourist rentals than in all of 2015.\textsuperscript{19}

To address the shortcomings with the initial MoU, the municipality and Airbnb struck a new agreement in January 2017. In it, Airbnb shares more (but not all) information about its hosts and business in Amsterdam. Importantly, the company instilled an automatic shut off for hosts who exceed the 60-day limit (a loophole still exists that hosts can switch to another site and list their properties there, but they are, of course, then in violation of the law). Hosts see a ‘day counter’ on Airbnb’s website and receive reminders when they are close to their limit.\textsuperscript{20}

Since October 1 2017, it is also mandatory for owners to register their private vacation rental in advance with the municipality.\textsuperscript{21} This applies to all sites and rentals, not just via Airbnb. This duty to report means that doing nothing (i.e., not registering) is punishable. Owners who do not register risk a fine of €6,000 (C$9,330), an amount that can increase to €20,500 (C$31,900) if other violations are found, such as being in excess of the 60-day limit. Unsurprisingly, Airbnb was against this duty to report and urged its hosts to file complaints to the municipality.\textsuperscript{22} As with previous rules, only homeowners who live in their properties can rent them out legally, and renting out social housing units is not allowed.

WHOSE CITY?

Both Amsterdam’s housing market pressures and the tremendous growth in tourism highlight one of the biggest fault lines in today’s cities: the conflicting and often incompatible interests of building a city for tourists or building a city for its residents.\textsuperscript{23} In Amsterdam, the municipality has taken numerous and specific measures to combat the negative consequences of tourism and gentrification. The results are showing some positive signs, particularly that the ‘turbulent,’ ‘explosive,’ and ‘immortal’ growth of Airbnb may now be over, and some statistics have shown a decrease in houses on Airbnb in the first half of 2017.\textsuperscript{24}
be that if municipalities are serious about vision, leadership, and sometimes even the Amsterdam example shows that civic agreements are more about Airbnb adapting and deliberation, this is done by reaching city. In the true Dutch nature of compromise, this turns homes into hotels, highlight the growing conflict about who the city is for. While these debates are more advanced in the Netherlands (both in policy circles and amongst the general population) than they currently are in Canada, questions of who will be able to live in and access Canadian cities is a growing challenge and political issue, and not only in Toronto and Vancouver. As British geographer Tom Slater states, “cities are not natural organisms, but arenas for political struggle.” In Amsterdam, and other cities, the fault lines are clearly drawn and are succinctly summarised by city councillor Laurens Ivens, speaking about why, in light of the ever-present challenges of affordability and liveability, the regulations enacted by the municipality are necessary: “We are delivering a blow to speculative landlords through digital research, fines, the use of mystery guests, and the agreement with Airbnb to limit rentals… I hope that this [declining trend] continues, but we shouldn’t celebrate too quickly. We need to carry on with this fight and it’s a fight we must win. Ultimately this is about whether Amsterdam is a city where people can live or a city where only tourists can stay because they can pay more.”

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ENDNOTES
2 “Amsterdamer wacht gemiddeld 8,7 jaar op sociale huurwoning,” Het Parool, May 24. https://www.parool.nl/amsterdam/amsterdamer-wacht-gemiddeld-8-7-jaar-op-sociale-huurwoning~a4306876/ It should also be noted that waiting times for apartments in the city centre can be much higher; in 2015 it was as long as seventeen years. Source: “Tot 17 jaar wachten op sociale huurwoning in Amsterdam,” Het Parool, September 12. https://www.parool.nl/amsterdam/tot-17-jaar-wachten-op-sociale-huurwoning-in-amsterdam~a4141144/ However, by contrast, as late as the mid-1990s, waiting times averaged approximately two years (see Justus Uitermark, and Tjerk Bosker, “Wither the ‘Undivided City’? An Assessment of State-Sponsored Gentrification in Amsterdam.” Tijdschrift Voor Economische en Sociale Geografie, 105, no. 2 (2014): 221-230.)
7 Renate Van der Zee, “The Airbnb Effect: It Is Real and what is it doing to...
a city like Amsterdam?” The Guardian, October 6, 2016.


9 ING, “Airbnb heeft flik opwaarts effect op Amsterdamse huizenprijzen,” ING Bank, April 25, 2016. This calculation is based on renting your home for the legal maximum of 60 days per year, for an average price of €130/night. That equates to €650/month gross income. Minus expenses (such as cleaning, taxes), leads to a gross monthly income of €350 for the homeowner. At today’s interest rates, that translates into €95,000 extra.

10 https://www.amsterdam.nl/bestuur-organisatie/organisatie/ruimte-economie/wonen/woonbeleid/woonagenda-2025/ While this sounds high by Canadian standards, it should be noted that social housing has a very different history in the Netherlands. Many postwar neighbourhoods constructed in Amsterdam (Bijlmer, Westelijke Tuinsteden, Geuzeveld, Slootermeer) were constructed with almost 100% social housing. In the inner city, housing associations actively bought up existing property, even in what are very popular areas today, such as the Jordaan and De Pijp. That means that even in gentrified neighbourhoods, there remains a mix of housing tenures. As late as 1995, around 60% of the housing stock in the entire city was in the social rental sector. From around the mid-1990s, the city pursued a policy of stimulating gentrification and encouraged the construction of market-rate and owner-occupied housing. However, given the large share of social housing, it was also unthinkable to completely eliminate it from new construction. In this context, 30% social rented housing should be seen as a low number rather than the very high percentage it would be considered to be in Canada.


12 Elle Hunt, “Cheesed Off: Amsterdam to Curb Tourist Shops Amid Visitor Influx,” The Guardian, 5 October 5, 2017


16 Gemeente Amsterdam, “Draagvlak Verhuur Woningen aan Toeristen,” Gemeente Amsterdam, Onderzoek, Informatie en Statistiek, February, 2016. Also helping in the awareness was a documentary on the Dutch current affairs program Tegenlicht (Backlight). The episode, Slapend Rijk, appeared on September 18, 2016 and raised many of the issues that existed with the initial MoU. Online: https://www.vpro.nl/programmas/tegenlicht/kijk-affleveringen/2016-2017/slapend-rijk.html


18 The rise in complaints may reflect easier ways of reporting housing fraud and nuisance, rather than more incidences of these issues.


22 For a very good, if somewhat dated academic article on this conflict, see Peter Eisinger, “The Politics of Bread and Circuses: Building the City for the Visitor Class,” Urban Affairs Review 35, no. 3 (2000): 316-333.


26 Tom Slater, “There is nothing natural about gentrification,” New Left Project, November 24, 2014.

27 The translation of ‘speculative landlords’ comes from the Dutch word huisjesmelkers, which is literally ‘house milkers.’