



Buy-to-let: Problem or solution?

A study on contrasting buy-to-let policies in Amsterdam and Rotterdam



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Preface

In front of you lies the master's thesis "*Buy-to-let: Problem or solution? A study on contrasting buy-to-let policies in Amsterdam and Rotterdam*" This research delves into the explanation behind policy diversity concerning buy-to-let investments between the two biggest cities of the Netherlands: Amsterdam and Rotterdam. The information is collected from both public databases such as CBS and municipal databases, as well as personal information collected through interviews with policy advisors at both municipalities. The aim is to provide the reader with a contextual explanation of the different approaches used in cities concerning buy-to-let.

The thesis was written in the period from January to August 2020 in the context of graduating from the Human Geography master's program at the University of Utrecht.

In writing this research I was guided by Prof. Dr. Ron Boschma. His guidance and knowledge have provided me with the important help that I could not have missed during this research period. His contribution and help have made an essential contribution to completing this thesis.

I would also like to thank the policy advisors at the municipalities of Amsterdam and Rotterdam for the important and useful information they provided me with, without them I would not have been able to research this topic.

Finally, I would like to thank my girlfriend and family for all the (moral) support they have given me in the period that I worked on this thesis. The positive support and encouragement I received from them have helped a lot in developing the positive, productive mindset that completing this thesis required.

I hope you enjoy reading this thesis!

Rienk Overeem

Utrecht, July, 2020

Summary

Buy-to-let is a growing phenomenon on the Dutch housing market. It can be defined as an investment involving the purchase and transfer of a dwelling to the private rental market (Paccoud, 2016, p. 839). Both societal and scientific discussions are held which concern the consequences and effects. Positive consequences such as qualitative improvement of homes and expansion of the housing supply are mentioned. However, negative consequences seem to be receiving increasing attention. Exploitation, degeneration, excessive price increases, changing city characters and displacement by gentrification are examples of this (Boersma, Langen & Smets, 2013; Pinkster & Boterman, 2017; Hochstenbach, 2018). In any case, buy-to-let has consequences for the local context in which it takes place. Therefore, more and more Dutch cities are developing specific policy on buy-to-let, with Amsterdam as national forerunner. Cities like Rotterdam, on the other hand, seem to be increasingly confronted with buy-to-let, and here too buy-to-let policy development is taking place. However, the current policy appears to be very different from Amsterdam. The question for scientists is therefore: what moves municipalities towards a certain type of buy-to-let related policy, and which contexts influence this differentiation?

Policy related literature often focuses on the final product; what is the result of the policy, and is it right or wrong (Sykes, 2008; Getimis, 2012). International buy-to-let related research has previously conducted research from this 'criticizing' approach (Sprigings, 2008; Leyshon & French, 2009). However, this research focuses mainly on the contextual framework within which policymaking takes place. Attention is paid to the local, macroeconomic, and organizational context. To gain insight into how these contexts influence buy-to-let related policy in Amsterdam and Rotterdam, interviews were held with policy advisors in both municipalities. Based on the results found, an answer has been formulated on the central research question, which reads:

How do the local-, macroeconomic and organizational contexts in which buy-to-let takes place influence the policy regarding buy-to-let in Amsterdam and Rotterdam?

In summary, the general vision of both cities on buy-to-let is determined by the extent to which positive and negative effects are observed, and to which extent these effect may or may not be in line with the housing objectives set. For example, this study shows that the degree to which negative consequences of buy-to-let overwhelm positive consequences causes the Amsterdam 'skeptical' vision on buy-to-let investment. Changing neighborhood characters, decreasing quality of life, illegal rental and excessive house price increases all make it difficult to achieve the set housing goals. These predominantly negative developments in Amsterdam therefore are decisive for their skeptical vision. In Rotterdam, on the other hand, the positive effects seem to be mainly observed. Qualitative home improvement and differentiation of the housing stock are observed effects that are in accordance with the set housing objectives. In addition to these different visions in both cities, the municipal political composition seems to be decisive for the approach. We observe a clear difference between the two cities; moderate 'left-wing' in Amsterdam and moderate 'right-wing' in Rotterdam. The different political views on buy-to-let seem to determine the way in which both cities are prepared to intervene in the free market. Vision and political ideas within the municipality, form the basis for the type of approach that

is chosen in municipal policy. Subsequently, the local, macroeconomic, and organizational context all have varying degrees of influence on the resulting buy-to-let policy in both cities. This is caused by the reactive nature of policymaking, in which experiences of buy-to-let in the local context (desirable or undesirable) form the basis on which policy is formed. Undesirable consequences in the Amsterdam local context therefore result in restrictive and discouraging policy (control), where desired consequences in the Rotterdam local context mainly result in steering policy (regulation and/or promotion). Moreover, the organizational context mainly determines the possibilities that municipalities have to intervene by means of power. This is most evident in Amsterdam's preventive policy, which requires a higher degree of authority. This degree of authority directly determines the way in which policy can be conducted. Finally, the macroeconomic context works primarily as a facilitator for buy-to-let investors and is therefore indirectly relevant for the ultimate policy.

In conclusion, this framework of different contexts offers possibilities and limitations within which municipalities can shape their policies. Therefore, buy-to-let policy making in Amsterdam and Rotterdam is subject to the complex and different nature of these contexts, which results in fundamentally different policies. As a result, a controlling, discouraging, and preventive policy is pursued in Amsterdam, whereas steering, regulative policy is pursued in Rotterdam.

Recommendation to municipalities

Based on the conclusion and information provided in this study, several recommendations have also been made, which can improve the buy-to-let policy development process and contribute to well-considered buy-to-let related policy making:

- *Share knowledge with cities where similar problems have not yet arisen.*

By sharing knowledge and best practices, negative symptoms can be recognized in earlier stages, and more effectively countered. Consider and use what someone else has done beforehand to your advantage.

- *Reflect and anticipate on changing contexts*

Policymaking needs to pay attention to this changing contextual situation in order to formulate a well-considered policy. Irrelevance by changing contexts can happen. Always formulate a plan B.

- *Invest in more cooperation and coordination with the national government*

The importance of coordination and communication is necessary for a coherent and effective policy. Collectively remove friction between national and local policy.

- *Focus on dialogue with investors*

Steering starts with communication. Expectations from both sides become clearer, so that more effective policy can be pursued, in which both contribute to achieve goals set.

Concepts

· Buy-to-let · Policy · Context · Amsterdam · Rotterdam ·

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Chapter 1 - Introduction

§1.1 Booming buy-to-let

In the past few years, the economic policy of the European Central Bank [ECB] focused on stimulating economic growth in its member states (ECB, 2019). The ECB tried to achieve this through various forms of incentives, including systematically determining long-term fixed low interest rates on savings accounts (Dees & Palenzuela, 2016). This way, people would be encouraged to spend money instead of saving it to stimulate economic growth. However, the low interest rate created a dilemma for Dutch savers. Simply putting money in a savings account resulted in minimal interest income. At the time of writing (early 2020), the highest savings rate on Dutch private savings accounts does not even exceed 0.3% with the prediction that a negative savings rate will be used in the near future (Meijer, 2020).

It is therefore obvious that investors look for more profitable alternatives. Real estate, and specifically the rental housing market, has turned out to be an attractive alternative for these investors (Breddels, 2019). Buy-to-let, the renting out of purchased properties, is an interesting model for investors to earn revenue in potentially attractive regions with high housing demand (such as the Randstad). The short explanation: When rental prices are higher than the interest on a mortgage, purchasing a property for renting is profitable. The rising housing shortage and high demand in the Randstad are continuously contributing to the rise of rental prices, and this model of earning revenue is becoming increasingly attractive for investors (Van de Lustgraaf, 2019).

However, this has far-reaching consequences for the existing housing market. Not only do many owner-occupied homes disappear and turn into rental properties, also do these attractive owner-occupied homes often disappear from the "cheap" owner-occupied segment, after which they are rented out for higher prices in the more expensive rental segment (Aalbers et al., 2018). This creates a selective shortage that seems to affect the low- and middle cost housing segment.

The economic policy of the ECB is just one of multiple variables that played a role in the recent growth of buy-to-let. With both its positive and negative and negative outcomes, buy-to-let therefore provides policy advisors at municipal level with the task to manage these investments in order to steer these developments in the right direction. The question arises: What to do with buy-to-let?

§1.2 The interesting cases of Amsterdam and Rotterdam

Since the turn of the century, the amount of buy-to-let investments in the Netherlands seems to focus on the large cities within the Randstad. For instance, in the G4 (Amsterdam, Rotterdam, The Hague & Utrecht) the number of buy-to-let transactions increased by more than 75% between 2006 and 2016 (Aalbers et al., 2018). The municipality of Amsterdam takes the crown within the Netherlands and sees similar developments occurring. For example, the Amsterdam Federation of Housing Associations [AFWC] stated in its 2018 annual report that more than a quarter of the complete housing stock (26.7%) was owned by private landlords (AFWC, 2018). In order to limit the growth in buy-to-let investments, the municipality has been implementing policies for many years and these are regularly reviewed, with the focus on preventing a too high selective shortage on the housing market (Gemeente Amsterdam,

2020a). Examples of new policies include rent interest rate ceilings, the obligation that buyers should live in the obtained property themselves (self-occupancy obligation) and the prohibition of transformation from buy to lease property (Aalbers et al., 2018; Gemeente Amsterdam, 2020b). The recent changes in their policy concerning buy-to-let have made the municipality of Amsterdam actively counteract to prevent new buy-to-let investments.

This active policy to counter buy-to-let investments provides us with an interesting comparison. The city of Rotterdam, the second largest city in the Netherlands, has seen similar investments take place in recent years. Although the characteristics of the local housing market situation differs from Amsterdam, the comparison between both cities is an interesting one. With an economic structure and housing market that is predicted to becoming increasingly similar to the Amsterdam housing market a comparison is valuable to underline different characteristics and policy actions taken to analyze the outcomes, whether they are similar or different (Hwang & Quigley, 2006; Trip, 2007; Sykes, 2008).

Although property prices are substantially lower per square meter in Rotterdam, similar housing developments are also taking place here in the private rental market (Hypothecker, 2020). Whereas the total number of homes remained virtually the same over the past five years, the relative share of homes in the private rental sector is also increasing in Rotterdam (Centraal Bureau Statistiek [CBS], 2020b). Housing prices also rise above the national average, vacancy decreases, and the housing shortage grows (CBS, 2019b; 2020a). In addition, housing corporations and owner-occupied homes are losing their share in the housing market and rental prices are increasing rapidly (Gemeente Rotterdam, 2020a). The question is therefore whether the Rotterdam housing market is facing the same fate as the Amsterdam housing market.

In contrast to Amsterdam, their policy concerning buy-to-let differs heavily. Where Amsterdam recently changed their policy to actively counter buy-to-let investments, Rotterdam has a more 'neutral' standpoint, and even hints at attracting more private investors in their Housing Vision 2030 (Dutch: Woonvisie 2030), by for instance facilitating the transformation of social rent into owner-occupied homes, which in turn can be bought by private investors (Gemeente Rotterdam, 2016). The aim therefore is a comparative study which researches to what extent policies, and their development regarding buy-to-let processes differ between the two cities, and to what extent this can be explained by the general contexts that influence policymaking by policymakers.

The different situations on the housing market in combination with different views of policy advisors and academics concerning buy-to-let indicates that an interesting field of tension has arisen. In addition, scientists such as Paccoud (2017) and Hochstenbach (2018) state that these are inextricably linked to socio-economic processes such as gentrification. Boterman and Van Gent, among others, therefore recommend in their research (2015) that it is important for the municipalities to view urban processes such as gentrification from the housing market dynamics in which buy-to-let is situated, in order to shape their policies accordingly. Spatial policy therefore has a direct and indirect impact on the environment.

This complex dynamic combined with the need for attention of diverse geographical national contexts of Amsterdam and Rotterdam (Sykes, 2008) has therefore led to the formulation of the central research question in this research, which reads:

How do the local-, macroeconomic and organizational contexts in which buy-to-let takes place influence the policy regarding buy-to-let in Amsterdam and Rotterdam?

This central research question is divided into several sub-questions, which read:

1. *What is the general vision of the municipalities of Amsterdam and Rotterdam on buy-to-let investments?*
2. *What approach do the municipalities of Amsterdam and Rotterdam use in their policy regarding buy-to-let investments?*
3. *How does the local context influence the municipal buy-to-let policy in Amsterdam and Rotterdam?*
4. *How does the macroeconomic context influence the municipal buy-to-let policy in Amsterdam and Rotterdam?*
5. *How does the organizational context influence the municipal buy-to-let policy in Amsterdam and Rotterdam?*

This division of sub-questions deals with the different contexts which (based on explored literature) are considered important to answer the main question of this research. First, sub-question one will explore the 'vision' of the municipality regarding buy-to-let. Here the view of the municipality on buy-to-let is elaborated on, which is important in order to be able to explain policy making on buy-to-let. Subsequently, question two explores the approach that results from this vision. This way, policies, measures, decision-making and legislation are explored. As the role of different relevant contexts has been shortly addressed in the first two sub-questions, the latter (sub questions three, four and five) further elaborates on these results and buy-to-let policymaking is gradually placed in light of its relevant contexts, with a specific exploration of the local, macroeconomic and organizational contextual influences.

§1.3 Societal & scientific relevance

In this study, a policy analysis of the housing market policy in Amsterdam and Rotterdam concerning buy-to-let will be conducted, whereby policy making and resulting plans are compared and analyzed. Attention will be paid to the differences, the motivations behind the policy and the various contexts that found to be relevant, namely the local, macroeconomic and organizational contexts. Gaining different insights into current Amsterdam and Rotterdam policy is important for understanding the choices that are made during policymaking regarding buy-to-let and the socio-economic impact that this can have on the city. By offering the results of this analysis to both municipalities, they are provided with a scientific tool whereby insights into each other's policies can lead to a possible adjustment of their own policy. This way one can learn from each other, in order to prevent making similar mistakes and to provide a healthy housing market, whereby the importance of available housing for all types of residents is of central importance.

Moreover, as Sykes (2008) states, it is important that policy analysis should pay attention to the diversity of territorial contexts in which these spatial policies, objectives and

strategies are applied. Since current buy-to-let developments in the major cities of the Netherlands are taking place recently, it is important to understand these in their geographical context. The conclusion of this study is therefore that a contextualized and comparative approach is essential when researching the application of buy-to-let-driven housing market policies in the two largest diverse cities in the Netherlands. In addition, a focus is taken on understanding why certain types of policies are formed and actions are taken by government officials. This way, instead of being normative, and depict whether policy is good or bad, the aim of the research is to be descriptive and explanatory. This way a focus is taken which generally lacks in comparing spatial policy and planning systems in scientific literature (Getimis, 2012). This research will therefore supplement current literature and provide new information on analyzing underlying housing market situations, processes, and ways of thinking to which policy advisors within the municipality of Amsterdam and Rotterdam are subject.

§1.4 Readers guide

In this paper, the reader will be taken step by step through the research, so that after reading a clear idea of the policymaking regarding buy-to-let investments in Amsterdam and Rotterdam can be composed. The reader will get a general understanding of the different variables that form the basis of the buy-to-let related policy and get a clear explanation of the different circumstances to which this policy responds.

First, you will find a summarization of the different literature regarding buy-to-let investments in chapter two. First, the scientific literature concerning developments of policy in the Dutch rental market will be discussed, after which the investment type "buy-to-let" itself will be discussed in more detail. Investors, motivations, conditions under which buy-to-let takes place and consequences are discussed here. As a conclusion, a synthesis of the treated literature will summarize the literature conceptually. In chapter three, the research methods will be discussed in which an insight is given into the author's actions, to provide this research with maximum transparency. Chapter four will subsequently focus on the empirical findings that form the basis of the buy-to-let investments in Amsterdam and Rotterdam. This is based on the schematic overview as shown in the conceptual model. First, general statistics on the Dutch rental market are provided, after which the macro-economic context is discussed in the following section. After all, this applies to both cases. Secondly, location-specific data will first be worked out for Amsterdam, with attention also being paid to their current policy. Lastly, this takes place for Rotterdam. Based on this empirical exploration of the investment type buy-to-let and the current policy in Amsterdam and Rotterdam, chapter five shows the results of the surveys, which focus on the motivation behind the policy. Based on these results, a conclusion will be drawn in chapter six in which the research questions are answered. Therefore, chapter six first answers the five different sub-questions, after which an answer is formulated to the central research question in a comprehensive conclusion. Subsequently, a theoretical and methodological reflection will also take place here, with recommendations being made for further scientific research. Finally, based on the results found, recommendations are made for the municipalities.

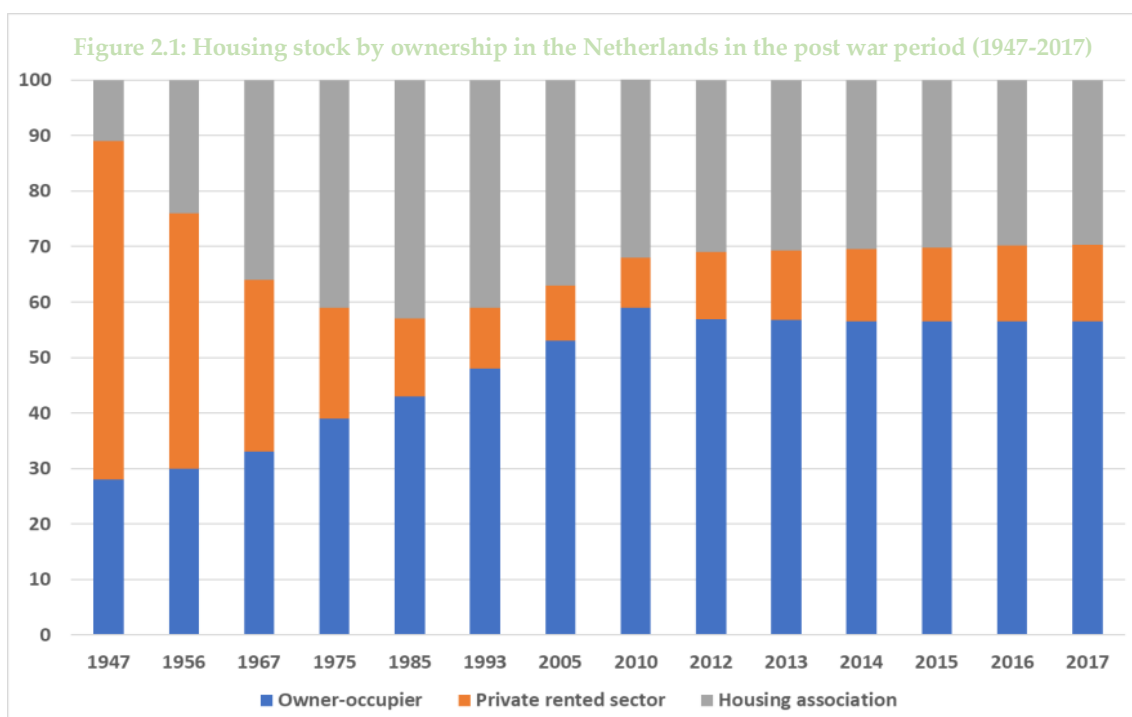
Chapter 2 - Theoretical framework

This chapter outlines a theoretical framework in which the various scientific literature is discussed that is important for the justification and substantiation of this research. Firstly, the current situation regarding the Dutch private rental sector is outlined. This context is needed to place the buy-to-let investment process in the local (spatial) context. In the following, theoretical knowledge regarding the buy-to-let phenomenon is summarized and presented. Attention is also paid to investor motives, after which these are highlighted at various scales that form the basis of buy-to-let transactions, namely the macro-economic and local setting. Subsequently, the scientific literature on decision making by various actors in the spatial and economic domain will be explained. Various cases will be cited here. The focus lies therefore on the occurrence of buy-to-let, the context in which it takes place, the attitude of actors, the measures taken and finally the result. Based on this theoretical framework, various hypotheses have been formed, after which a conceptual model abstractly displays the framework of used theoretical knowledge.

§2.1 The private rental sector in the Netherlands

§2.1.1 A short history of the Dutch private rental sector

The Dutch housing market forms a complex framework in which different actors, who in turn have different interests, are active and invest in so-called 'assets' (Da Silva et al., 2016). A distinction in these assets can be made between rental assets and owner-occupied assets. Within the rental housing segment there are 2 categories in the Netherlands, namely the (regulated) social rental housing sector and the (liberated) private rental housing sector (Aalbers et al., 2018). Social rental assets are owned by housing associations and private rental assets are owned by actors with a profit motive, such as private investors and pension funds (Jonker-Verkaart & Wassenberg, 2015).



Source: PBL (2017)

The Dutch housing landscape, however, has been transforming continuously in the post-war period. Shortly after the war, more than half of the total number of houses could be concerned a private rental dwelling (Haffner, 2009; Planbureau Leefomgeving [PBL], 2017). Assuring affordable housing formed for a long time a central part of the welfare state that was built up after the Second World War (Musterd, 2014). Therefore, the governmental policies favored affordable social housing instead. The total share of private rental dwellings in the Netherlands there has since therefore diminished almost completely in first post-war decades (Van de Heijden, 2013). As can be seen in *figure 2.1*, especially in the 50's and 60's of the last century, the total share of private rental dwellings on the housing market decreased. As Boelhouwer states, this could be a direct result from changing government policies in which the social renting sector and owner-occupied housing were favored instead of the private rental sector (2002, p.219). Stimulation of the social rental sector, for instance, took place in form of lower land prices, subsidies and cheaper loans on projects which involved social housing (Haffner, 2009; Jonker-Verkaart & Wassenberg, 2015). Also, social housing in the Netherlands got a special status.

Unlike in other European countries, where social housing is concerned as a segment exclusively for low-income households, the Dutch social housing was also attractive for middle income households due to, for example, lower rents and higher quality of building (Van Kempen & Priemus, 2002; Elsinga & Wassenberg, 2014). These governmental incentives in combination with the attractiveness of the social rental sector eventually resulted in one of the biggest market shares of social renting in Europe (Dieleman, Van Kempen & Hooijmaijers, 1993). As the same subsidies that applied to social renting landlords also applied to investments made by corporations, the amount of private individual landlords decreased because of an increasing attractiveness of investing in the social rental sector. Moreover, governmental incentives were also applied to stimulate the owner-occupied housing sector, for instance through a mortgage tax relief system (Jonker-Verkaart & Wassenberg, 2015).

§2.1.2 The Dutch private rental sector post 2000; the era of policy revisions

Multiple factors may play a role in this development of interest in the private rental sector on the Dutch housing market. As earlier shortly discussed in the introduction do changing policies generate different outcomes. Whereas, for instance, supply of social housing in the last centuries was highly stimulated by subsidies and other incentives, these policies have undergone multiple changes. Policies regarding subsidies in social housing have become much stricter, resulting in less social housing being developed (Hekwolter of Hekhuis et al., 2017). In addition, on international level, the earlier discussed economic policy of the European Central Bank, with its long-term low interest that should encourage people to invest more, also resulted in higher investments made in the private rental sector (Dees & Palenzuela, 2016; Breddels, 2019; Meijer, 2020). In their search for profitable investments, investors have found real estate, and specifically the private rental sector, to be an attractive earning model (Breddels, 2019). This sector is also where the investment model of buy-to-let exists and will be discussed later.

However, not only the low interests drove investors in the last decade to reinvest in the private rental sector. An important turning point in the decline of the private rental sector took place a decade ago, when the European Commission [EC] judged the competition in the

Netherlands regarding private and social landlords as unequal competition (Priemus & Gruis, 2011). Where housing associations could apply for governmental aids to support and induce investments in the private rental sector, this was ruled as unfair (Elsinga & Lind, 2013). The EC stated that this type of state aid should not be provided to housing associations, and that they should solely be used for social activities only. This resulted in new regulations for housing associations in which it was ensured that state aid from that point on could only be used to serve target groups, such as the elderly and low-income households. This resulted in the dividing of activities that housing associations could carry out. This division was made between the so-called 'Services of General Economic Interest' [SGEI], and 'non-SGEI'. It was ruled that housing associations should be restricted to carry out SGEI activities (Hoekstra, 2017). Because of the limitations the ability to invest in the private rental sector, in combination with the new policy that social rental dwelling should only be allocated to target groups it got more interesting for private landlords (to which these rules did not apply) to invest in the private rental sector (Elsinga & Lind, 2013). Because of these new regulations it was expected that there would be a renewed interest and demand in the private rental sector, which made it interesting for investment. This tightening of governmental policy can therefore be seen as one of the factors that have contributed to the renewed interest in the private rental sector, which has been on the rise from 2009 onwards (CBS, 2020b).

Whereas the SGEI/non-SGEI division targeted housing associations, private landlords were not affected by these renewed governmental policies. In 2013 however, they as well were subject to policy changes with the introduction of the 'landlord-levy' (Hoekstra, 2017). This new policy introduced a compulsory levy that landlords in both social and private sectors needed to pay when their regulated housing assets exceeded 10 units. In 2018 this has been expanded to 50 regulated housing units (Belastingdienst, 2020). However, because most landlords do not have more than 50 regulated housing units in their possession, this does levy does not affect them anymore. Almost 80 percent of all private landlords has only 1 housing unit available for rent (CBS, 2019a).

While it is less attractive for landlords with a large housing portfolio to rent out regulated homes, it is not expected that the share of private rental homes will decrease like it did in the second half of the last century (CBS, 2019a). On the contrary, the exact opposite is expected. As stated, this is partly because private landlords usually rent out no more than 50 homes, but also because the demand for private rental homes has continued to increase in recent years. This is partly because mortgage lending has become more difficult for households in recent years (Hekwolter van Hekhuis, Nijskens, & Heeringa, 2017). For example, the law on financial supervision (Dutch: Wet op financieel toezicht), which entered into force in 2016, limits and restricts the maximum amount of the mortgage issued. This form of 'responsible lending' responds to the major mistakes made in the period of crisis in the provision of opportunistic mortgages (Mak, 2015; Boelhouwer, 2017). Since the entry into force of this policy, the amount of the mortgage is determined based on the family income and the value of the home. With high transaction costs of housing units on the owner-occupied market and still rising, this development means that it is more difficult for Dutch households to obtain an owner-occupied home, as mortgages are no longer sufficient to cover the cost of acquiring owner occupied housing units and are therefore 'pushed' towards the private rental sector (CBS, 2019b). This fuels the growing demand for housing units in the private rental sector

even more and provides private and institutional investors with an earning investment object (Breddels, 2019; Van de Lustgraaf, 2019).

To conclude; the Dutch private rental market has been subject to many mutations and changes in the post-war period. The development of the welfare state with a relatively big social rental sector into a liberalized market has contributed to the emergence of the private rental sector in the last decade, which has been facilitated by both international, national and local policy changes. The private rental market is therefore a complex framework in which buy-to-let related investments take place. Now that the general framework has been explained, the following paragraph will deal in more detail with the specific buy-to-let driven investments.

§2.2 Buy-to-let

As the previous paragraph discussed the general framework of the Dutch private rental market, it is now time to further investigate the investment process of buy-to-let. Which actors are active in this investment market, where does it take place, why do they choose buy-to-let and what conditions influence this type of investment? First, it is important to define the investment type 'buy-to-let', after which it can be further elaborated on.

Several definitions of buy-to-let can be found when searching for a definition. Aalbers et al. (2018), for instance, defines it as a process in which small private investors buy existing homes for rental (p.12). However, as multiple definitions circulate, the specific type of investor is not mentioned in some scientific papers. Buy-to-let can therefore also be defined more broadly as the process of buying a home for rent to generate a rental return and income stream (HOA, 2019). In their research on behavior of Dutch Buy-to-let investors, Aalbers et al. (2018) tend to focus on defining buy-to-let investors based on the size of their housing portfolio. However, international literature does not focus on the size of the housing portfolio, but on the market segment in which one is active. Buy-to-let investors however, are active in the market of owner-occupied homes and mainly buy homes from their residents who want to move. Instead of living there themselves they rent out these homes. Paccoud (2016, p.839) therefore defines it more broadly, namely, the purchase and transfer of a dwelling to the private rental market. This broader definition also provides us with the option to compare whether policies distinguish between the different active actors (also actors with a housing portfolio exceeding 50 assets). Therefore, this paper uses the broader definition as used by Paccoud (2016, p.839) in which the process is defined as purchasing and transferring of a dwelling to the private rental market.

§2.2.1 Investors and their motives

Residential real estate can be bought as a consumer good and as an investment good (Rieger, 2012). Buy-to-let investments are a clear example of a residential purchase as an investment tool. To get a clear picture of these investments, it is necessary to look at who is behind these investments; what does the scientific literature say about them? In this subsection therefore, the focus will first be on the actors behind the action, before analyzing the consequences. Who invests in buy-to-let in the Netherlands, how do they perform these investments and what motivates them?

As stated in the previous section, 2 types of investors are active in the Dutch private rental market, the small private investors, and the professional investors (Breddels, 2019). This

also applies to buy-to-let related investments. Whereas scientific literature on buy-to-let focuses mainly on small private investors, Aalbers et al. (2018) argue that the influence of institutional investors should also not be underestimated. For example, it appears that institutions such as investor funds have increasingly been investing in existing and new homes since 2014, according to data from the NVM (2018).

However, the share of small private investors who carry out buy-to-let is experiencing the greatest growth. With a doubling in the number of buy-to-let transactions among small private investors between 2006 and 2016, the share of buy-to-let is increasing the most in the largest cities (Bosma et al., 2018). While the previous section discussed that the Dutch rental market has again seen a change from decrease to increase in the private rental sector in recent decades, the way in which residential property was acquired has also changed for the private investors involved (Van de Heijden, 2013). Where around half of all buy-to-let investments were made with owned capital in the late 1990s, loan-finance has become the dominant method of acquisition (Kemp, 2015). This makes the mortgage the preferred method of acquisition among buy-to-let investors.

Investors can usually apply for higher mortgages than for starters. The cause can be found in the way in which the mortgages are obtained. After all, obtaining a mortgage that is sufficient to buy a home has become increasingly difficult for starters in recent years because of tightening of the rules concerning income and maximum mortgage (Hekwolter van Hekhuis, Nijskens, & Heeringa, 2017). Investors, on the other hand, use the equity of their (paid) first home for this, or use their own capital to acquire the home (Wind, 2018). This gives them more possibilities in obtaining a mortgage than starters on the housing market. In the lowest segment of the housing market, this share of mortgage lending among investors is at its highest (Kadaster, 2017).

Buy-to-let investments are mainly made in 'smaller' homes (Michielsen, 2018). More than thirty percent of homes of less than 50 square meters in the Randstad are bought by private investors (Aalbers et al., 2018). Who then are the intended tenants for actors who want to invest in buy-to-let? A survey among English buy-to-let landlords, distributed in 2016, showed that they preferred to rent out to white-collar or professional workers, young couples and families with children (Scanlon & Whitehead, 2016; Hekwolter van Hekhuis, Nijskens, & Heeringa, 2017). This however concerns a household type in the Netherlands that started struggling since the tightening of the income requirement in social rent; for example, they are no longer eligible for social rented housing, but also, they are no longer eligible for a mortgage because their income is not sufficient (Wind, 2018). They are excluded from the segment of house-ownership and social rent, making private rent the only remaining alternative for them, which inevitably drives them towards the private rental sector (CBS, 2019b).

This way they are pushed, as it were, by private investors to the private rental market, and subsequently rent from the same investors. The advantage that investors have when applying for a mortgage, among other things, leads to demand for the homes they want to rent out. The high cost of owner-occupied homes, selective mortgage lending and the tightly regulated rental sector are some of the reasons why buy-to-let is so popular among private investors. But for what reasons do these investors enter the housing market?

Internationally research concerning the motives of buy-to-let investors are similar to the Dutch situation. In their research amongst English buy-to-let investors, Scanlon and

Whitehead (2016) asked landlords why they invested. Their results were as follows; most often people invested in buy-to-let because of the high rental yields and poor or uncertain returns of other investment classes, such as bonds. More than 30 percent stated the steady or rising house prices as motivation for investing. Similar motives do occur in the Dutch situation. Although profit motives are not always decisive, we mostly find old-fashioned landlords, well-organized small investors and 'random investors' for whom rental is a consequence of other activities (Aalbers et al., 2018). When asked about the main reason why they owned rental properties, the answer for more than 60 percent of landlords was that it was an (additional) income or pension provision (Scanlon & Whitehead, 2016). Other reasons for investing include renting out a home pending future sale, people who have inherited a property or who buy a house to rent out to family or friends.

To conclude, investors in buy-to-let can have very different reasons to rent out bought property. These reasons vary from profit motives to family services. Inherent to the different types of investors and motives the manifestation of buy-to-let therefore are complex. Both these actors and their actions are subject to conditions out of their reach, such as local laws and international policies. The next section will therefore further elaborate on the external conditions which investors are subject to.

§2.2.2 Conditions

Buy-to-let takes place when the circumstances or conditions are right. Context therefore is of great importance in explaining this type of investment in the housing market (Sprigings, 2008; Michielsen, 2018). One of the basic conditions for acquisition of housing units with the purpose of renting them out is a high housing demand. Whereas housing demand is higher in potentially attractive regions it offers investors in, for example the Randstad, an interesting revenue model. When the rental income is higher than the interest on a mortgage, buying a house for rent is profitable. Moreover, it can also grow in value and offer added value in sales (HOA, 2019). In addition to the high housing demand, there are also other circumstances that affect the presence of buy-to-let. In this paper, these circumstances will be divided into three different factors, namely: the financial market, the institutional actors and the local context. Although they are heavily intertwined and do all affect each other, they will be explicated as the main circumstances which do facilitate buy-to-let investments (Marcuse & Van Kempen, 2002).

§2.2.2.1 The financial market

The first, and perhaps most determining factor, is the status of the financial economic market. As housing markets are embedded in the financial market, outcomes on the housing market reflect economic conditions (Tsatsaronis & Zhu, 2004; Hwang & Quigley, 2006). Obtaining the necessary financial resources helps to provide the means to buy real estate and is a key factor in boosting the offer of "buy to let" investments (Mellish & Rhoden, 2009). During the global financial crisis of 2008, the housing market, with construction and all other interwoven activities, was perhaps the hit the hardest (Bordo, 2008). Heavy layoffs and bankruptcies in the construction industry, declining house prices, non-repayable mortgages and a large loss of confidence in the housing market were the result (Ronald & Dol, 2011).

In contrast, a stable market economy promotes the idea of market stability among investors and thus the willingness to invest in sectors such as the private rental sector (Gybb

& Nygaard, 2005). We therefore see a gradual increase in the years after the crisis (CBS, 2019b). The effects of the global financial crisis and its resurrection after 2009 are reflected in the resurgence of buy-to-let investments after the economic recession. One of the determining conditions for the buy-to-let to take place is therefore economic growth and stability in (inter) national financial markets.

In addition, the general positive idea about investing in buy-to-let contributes to the stimulus in investments. For example, the general idea about investing in buy-to-let is somewhat positive. For example, most investment strategies believe that the benefits outweigh the disadvantages of investing in the private sector (Mellish & Rhoden, 2009). The large amounts of opportunistic mortgages provided in the years before the financial crisis are proof that these investment strategies can also go wrong. In this period, the housing market was mainly funded by irresponsible lending, because people continued to invest in the housing market based on "confidence" on price data that did not reflect the actual condition the housing market was in. Ignorance thrived over knowledge because of the overly opportunistic trust that investors had in their investments (Sprigings, 2008).

Interestingly, the 2008 financial crisis also contributed to the attractiveness of investing in buy-to-let. Partly due to the large wave of layoffs and bankruptcies in construction, and the coming to a halt of new housing projects, the Netherlands will still have a housing shortage in 2020 (CBS, 2019c). The resulting demand for affordable housing is particularly high in the Randstand (Van der Lustgraaf, 2019; CBS, 2019c). This high demand for housing units provides investors in the private rental sector with a low risk investment object (Wind, 2018; Breddels, 2019; Van de Lustgraaf, 2019).

Lastly, the poor performance of other markets may be a reason why investors choose to buy-to-let (Kemp, 2015). For example, returns on national and international stock exchanges, savings and pension savings are relatively low in the Netherlands. This results in a lower return on other investments. As far as the Dutch housing market is concerned, this can be one of the most important circumstances why investors turn to the housing market. Thus, more attractive returns on investment in the Dutch private rental sector facilitate buy-to-let (Jonker-Verkaart & Wassenberg, 2015). Investing is seen as hedging against possible inflation. International policy of banks, among other things, contributes to this attractiveness of buy-to-let investments. For example, with their long-term low interest rates, the European Central Bank [ECB] is trying to stimulate the economy by trying to encourage people to reinvest capital (Dees & Palenzuela, 2016). Money in savings accounts therefore generates minimal interest income, making investments in other forms of capital, including real estate, more profitable (Breddels, 2019).

§2.2.2.2 Institutional actors

The second circumstance that plays a major role in facilitating buy-to-let are actions taken by institutional actors. Although banks are institutions, these are heavily intertwined with the financial market and have therefore been discussed in the previous section. This section will therefore focus more on the laws and regulations imposed by international, national, and local governments. These policies and regulations on multiple scales play an important role in shaping the macro-economic setting in which buy-to-let takes place (Sprigings, 2008). An example of this is the UK policy to deregulate the housing sector to promote market rents and

investor liquidity, with the result that it became more attractive for private investors to invest in the buy-to-let market (Gibb & Nygaard, 2005; Copley, 2014). Legislative amendments to private leases that stimulated financial deregulation, created new mortgage- and other lending structures that could contribute to the growth of buy-to-let investments in the private rental sector (Sprigings, 2008).

Similar actions to regulate and influence the rental housing sector have taken place in the Netherlands in the past (Wind, 2018). For example, the national government has tightened up the laws regarding obtaining social housing. This is also an example of the power of international institutions over national institutional actors such as the national government. For example, as stated earlier, the European Commission has determined that government aid may only apply to social activities (Elsinga & Lind, 2013). This has led to the division between SGEI and non-SGEI (Hoekstra, 2017). For buy-to-let investors, this means that the target group for their homes has grown. After all, the intended target group, white-collar or professional workers, young couples and families with children, find it more difficult to find an affordable home, which increases the demand on the private rental market (Scanlon & Whitehead, 2016; Hekwolter van Hekhuis, Nijskens, & Heeringa, 2017).

Another national governmental policy change that both positively and negatively influence the circumstances under which buy-to-let takes place is the Financial Supervision law (Rijksoverheid, 2020). The limitation of the mortgage is central to this, whereby mortgage levels based on household incomes are central to prevent them from being repaid and debt from continuing to accrue (Mak, 2015; Boelhouwer, 2017). This has both positive and negative consequences for investors in buy-to-let. In this way, like the SGEI / non-SGEI policies, it increases the potential target group to which buy-to-let homes are rented (Aalbers et al., 2018). As a result, these households are dependent on the supply of rental housing on the regulated private rental market. However, it also makes it more difficult for prospective investors to obtain a mortgage that is sufficient to obtain a home.

In addition, national governmental institutions also influence local governmental institutions and policies. For example, in 2014 the national government passed the new Housing Law (Dutch: Huisvestingwet). This law gives the local municipal authorities the power to manage the distribution of living space and the composition of the living space stock (Rijksoverheid, 2017). This also includes a limit on the withdrawal of owner-occupied homes destined for the rental market, a measure that could make investments in buy-to-let impossible. After all, this concerns the purchase and transfer of a dwelling to the private rental market (Paccoud, 2016). However, this is not the only circumstance that buy-to-let investors have to deal with locally. For example, municipalities at local level also have decisiveness through zoning plans and housing visions. In 2020, for example, the Council of State ruled that it is legally punishable for buy-to-let investors to rent out their homes to tourists without a report, a statement that will have a major impact, especially in touristic Amsterdam (Heede, 2020). After all, people have been dealing with alienation from the city for years because of the high increase in Airbnb rental addresses (Aalbers et al., 2018). Despite the guiding policy of the national government, it is the local government that ultimately determines through these policies within which legal framework buy-to-let investors can operate. Local governments further specify and elaborate on the framework given to them by the national government. Since these local policies have far-reaching consequences for the manifestation of buy-to-let

and can vary heavily between cities, they will be further elaborated on through the Amsterdam and Rotterdam cases in the policy analysis of this paper.

Finally, national politics plays an important role in the policy framework in which buy-to-let investors function (Copley, 2014). Political opinion and policymaking regarding this type of investment in the housing market are of a dynamic nature and can vary within different terms of office among different ministers. For example, the policy regarding buy-to-let under Ollongren (Dutch Minister of the Interior and Relations) has changed from *laissez-faire* (not intervening and letting the market do its work), to tightening investment mortgages, self-occupancy laws and WOZ ceilings by 2022 (Rijksoverheid, 2019). Where, on base of Kadasterdata she first insisted on not intervening because, the at that time (2017), functioning local governmental laws were enough to contain and limit the effects of buy-to-let, she now indicated that she wanted to take measures against rising rents and shortages on the housing market.

In short, institutions on both international, national and local scale influence the extent to which buy-to-let investments can be made through the policies they pursue. They serve different interests in this and these different institutions also influence each other. The accompanying dynamic influence of national politics therefore makes the organizational context regarding buy-to-let complex and will therefore be further elaborated in the policy analysis in this paper.

§2.2.2.3 *Local context*

In addition to the state of the financial markets and the various institutions that influence the housing market, buy-to-let investors are also dealing with the diverse local spatial context in which these investments take place. Despite the claim of several scientists that there is a homogenizing trend between cities where they try to distance themselves from others to develop competitive advantages, urban environments differ greatly from one another (Musterd & Murie, 2011). Resulting from different policies among institutional actors in different financial situations, differences in manifestation of cultural attractiveness, urban spatial layout, presence of knowledge institutes and economic strategies have taken place (Portugali, 2016). This subsection will therefore attempt to provide a clear overview of why it is precisely this local spatial context that is important for buy-to-let investments.

We have previously analyzed that investments take place when financial gains can be made (Van de Lustgraaf, 2019). A stipulated condition is therefore that a high demand for private rental homes must be present. Without tenants to rent a property, no income. Investors are therefore looking for investment objects in areas where demand is highest (Aalbers et al., 2018; Breddels, 2019). As a result of this demand, the yield will be highest here. In absolute numbers the Netherlands this demand for housing is strongest in the Amsterdam Metropolitan Area (MRA), the regions of The Hague and Rotterdam and in the Utrecht region (Rijksoverheid, 2018). The share of the private rental sector is also the highest within these cities and most buy-to-let investments are made. But why?

There are several reasons for the high demand in rental houses in Dutch urban regions. As Glaeser (2013) states, people are first of all looking for work opportunities. People look for locations where job opportunities are highest. Companies, in turn, are looking for locations where they are most easily accessible, knowledge is available and the costs of developing a

product is the lowest. Dutch urban centers are characterized by these high supply levels, efficient infrastructure and the presence of knowledge institutes (Garretsen & Marlet, 2017). This clustering of activity therefore attracts residents and increases housing demand. In addition, knowledge institutes attract new students and the companies involved attract international knowledge employees, as is the case in cities like Wageningen, Groningen and Eindhoven (Thomsen & Eikemo, 2010; Hekwolter or Hekhuis, Nijskens & Heeringa, 2017; De Voogt, 2018). Growth of the private rental sector in student cities cannot, however, be entirely attributed to knowledge institutes, Aalbers et al. states. Just as in the big cities, investment could also be made through new construction by institutional investors or the purchase of portfolios of housing corporations through which they initiate both the absolute and relative growth of the private rental sector (Aalbers et al., 2018).

Moreover, cities with a higher degree of cultural heritage, such as Amsterdam, also attract tourists (Aalbers et al., 2018). Students, tourists, and employees compete with each other in the housing market, a development that puts a lot of pressure on the housing market when the existing housing stock is insufficient. This is currently the case in Dutch cities and housing numbers are not growing at the same rate as demand, according to studies and future forecasts by the national government (Rijksoverheid, 2018). An explanatory factor for this is the restrictive spatial planning policy in highly urbanized areas - such as the Randstad (CPB, 2018). Spatial planning policy limits the extent to which supply here responds to changes in demand (supply elasticity) (Glaeser and Gyourko, 2003).

This low degree of supply elasticity, together with factors such as high construction costs and land scarcity in Dutch cities, has led to an increase in house prices, according to the CPB (2018). This creates both a positive and a negative circumstance for investors. Shortages of supply on the urban owner-occupied housing market in combination with excessive prices are pushing middle-class incomes into the private rental market, but there are also fewer homes for investors to buy. Large-scale European research among investors in the private rental sector shows that this is the greatest uncertainty that investors are concerned with, namely the availability of suitable assets for acquisition (PWC, 2019, p. 6) Despite the relatively high house prices, these developments seem to continue in Dutch cities in the coming years, which is an important factor for investors. After all, in addition to income from rental, the home is worth more money.

In addition, research by Yieldstreet (2017) shows that urban house prices have a higher crisis resilience than rural house prices. The economic diversity in cities in combination with the high housing demand contributes to mitigating the effects of an economic crisis. This makes the investment in urban real estate "safer" and contributes to the preference for investments in the urban housing market. This is in line with the results of the study by Scanlon and Whitehead (2016) which showed that most often people invested in cities because of the high rental yields and financial certainty of investment returns.

Where investors in buy-to-let prefer urban regions to rural areas, the local context within cities also determines where buy-to-let takes place and in what way. For example, the limits of buy-to-let seem to have been reached in urban centers in Amsterdam and Utrecht, and investments are shifting to city edges (Kadaster, 2018). This also changes the type of home in which investments are made. Where in urban centers investors mainly target apartments (Copley, 2014; Scanlon & Whitehead, 2016), at the urban edges they invest in single-family

homes (Aalbers et al., 2018). This is because the high building density in urban centers is characterized by small apartments, where there is more building space on city edges. Buy-to-let investments therefore mainly target 'smaller' homes and apartments, which are abundant in most cities (Michielsen, 2018). Most buy-to-let investments therefore occur in areas and neighborhoods where these small apartment types are located. In the Randstad as a whole, more than thirty percent of homes of less than 50 square meters are bought by private investors (Aalbers et al., 2018).

In summary, data from the national government (2018), the CPB (2018) and the CBS (2019c) show investments in buy-to-let mainly take place in urban areas. The urban environment is a favorable factor for investors in buy-to-let. This is partly due to the attractiveness of cities because of the large supply of jobs, the high density of amenities and the extensive infrastructure. In addition, due to the presence of knowledge institutes and tourist attractions, there is also demand for rental properties by international employees, students and tourists. These properties of urbanized regions lead to a high demand for housing. The inflexibility and high prices of housing supply create shortages here that have both positive and negative consequences for investors. In addition, real estate in urban regions appears to be less subject to economic recessions. The spatial urban context is therefore important in contextualizing the success of investors in buy-to-let and will therefore be extensively analyzed for both cases in the spatial analysis of the buy-to-let phenomenon in Amsterdam and Rotterdam.

§2.2.3 Consequences of buy-to-let

Buy-to-let investments have multiple consequences for the existing housing market. These consequences may or may not be related. For example, it is argued that buy-to-let investments lead to excessive rent increases and gentrification (Boersma, Langen & Smets, 2013; Pinkster & Boterman, 2017; Hochstenbach, 2018). This would have drastic consequences for the appearance of neighborhoods in which buy-to-let takes place and have impact on its residents. There is therefore a lot of political attention at national level for buy-to-let, with different parties focusing on different consequences, with the opinion changing between parties from laissez-faire to intervening to prevent displacement (Hochstenbach, 2018).

The emphasis is mainly on the consequences of the withdrawal of owner-occupied homes for rental. After all, buying a house to rent removes a house from the owner-occupied market. When more owner-occupied homes are added than transformed or demolished, the number of homes on the owner-occupied housing market will increase (CBS, 2020). However, the number of transformations exceeded the construction of new owner-occupied homes in some Dutch cities. For example, 1,400 owner-occupied homes were built in Amsterdam in 2019, but the total owner-occupied homes decreased by 2,900 homes in the same period (Koops, 2020). In combination with an increasing population, this leads to a higher demand for owner-occupied homes.

In the scientific literature however, it is mainly the indirect consequences that receive attention. For example, Paccoud (2017) states that buy-to-let investments lead to gentrification and that the two processes cannot be viewed separately from each other. It could cause lower income groups to find it more difficult or impossible to find a home at all and ultimately displacing them indirectly from the city (Bosma et al., 2018). Indeed, it are the smaller

apartments in the Dutch cities which are mostly targeted for investments (Prins & De Vries, 2019). Nevertheless, the discussion regarding gentrification is complex, arguments are put forward for positive fair economic development through gentrification (Bourdieu & Wacquant, 2001; Florida, 2002) as well as arguments for negative consequences as displacement of residents caused by gentrification (Marcuse, 1985; Slater, 2009). It is certain that policymaking in the private rental sector can have far-reaching consequences for the socio-economic situation in cities.

Gentrifying processes have been taking place in, for instance, Amsterdam for years (Boersma, Langen & Smets, 2013; Pinkster & Boterman, 2017; Hochstenbach, 2018). However, scientists are divided on the nature of gentrification in the Amsterdam neighborhoods, as some scientists note bottom-up gentrification (Kloosterman & Van der Leun, 1999), where others point to top-down policy as a catalyst (Smith, 2002; Boterman & Van Gent, 2015; Hochstenbach, 2018). Hochstenbach, for instance, states: "The gentrification of Amsterdam is wrongly seen as a spontaneous process. It is a political choice."

This discussion points to another indirect effect of buy-to-let, namely house price increases. The absolute influence of buy-to-let on house price increases is difficult to estimate due to the many variables that could influence this (Kadaster, 2018). Aalbers et al. (2018), for example, argue that buy-to-let investments certainly contribute to house price increases, but that these increases have been uplifted for years, mainly due to the high mortgage loans granted (p. 23). Despite the various variables in addition to buy-to-let investments that may have an impact, there remains much public debate about whether or not house prices will rise through buy-to-let. There are therefore some parties that have attempted to better categorize the influence. For example, ING (2017) has analyzed how house prices have risen in Amsterdam and what variables are responsible for this. They concluded that buy-to-let investments indirectly increase house prices by extracting owner-occupied houses from the housing market. In 2018, Kadaster agreed with this conclusion, based on results from its own research. They did not limit themselves to the city of Amsterdam but analyzed investments throughout the Netherlands. They concluded that the strength of the total price effect differs per metropolis; the strongest effects are the metropolises of Rotterdam and The Hague. However, the Kadaster model also shows no causal relationship, but a statistical association between the share of private investors (in the same neighborhood in the past six months) and the house price (Kadaster, 2018). While the relationship between house price increases and buy-to-let investments has only recently been studied in the Netherlands, this has been the case in the United Kingdom for some time. However, similar results are found here, and therefore draw the same conclusion, namely, a higher presence of buy-to-let investments results in faster rising house prices (Sprigings, 2008; Gibb & Nygaard, 2005).

Finally, the literature shows that the type of renter that is attracted by buy-to-let investments influences the quality of life. Where institutional investors may rent out to households that settle for a longer period of time, buy-to-let investors also rent out to "passers-by", such as students, tourists or expats (Martens, 2018). In recent years, many investors in Amsterdam have invested in rental to tourists (Van Melik & Nieuwland, 2018). This is mainly due to the rise of Airbnb, a company where landlords can offer their homes for rent to tourists (Hekwolter or Hekhuis, Nijskens & Heeringa, 2017). However, the popularity of Airbnb has recently put pressure on livability (Heede, 2020). Where 1 in 15 homes in Centrum-west, for

example, was rented out to tourists, tourists also inconvenienced the city by waste and crime (De Ridder et al., 2016). The same judgment is also attributed to a large influx of students, where attention is mainly paid to the consequences of an increasing student density and the tensions that arises in the neighborhood between the students and the local residents (Hubbard, 2008; Smith, 2008).

The most important and most common consequences of buy-to-let investments on the current housing market can therefore be summarized in problems that arise because of the changing distribution of purchase and rental housing. Among other things, house prices increase and resulting gentrification are mentioned. The far-reaching consequences of buy-to-let investments in tight housing markets such as in the Randstad therefore cause many social debates, which clarifies the social relevance of the subject. It is then up to the various authorities to apply policy to this, which facilitates or limits it. More attention will be paid to this in the coming chapters.

§2.3 Dutch policymaking

In the previous section, the positive and negative perceived consequences of buy-to-let investments were discussed briefly within its scientific context. As stated earlier, buy-to-let investments, and in particular its consequences, are intensively analyzed scientifically and are gaining societal attention. Moreover, with the rise of intensive media attention, social issues (such as the negative consequences of buy-to-let) are receiving increased political attention, making the demand for specific buy-to-let policy among municipal officials and policymakers more urgent (Hajer, 2009). Therefore, resulting societal issues such as housing shortages and excessive price increases have far-reaching consequences for municipalities, in which laws and regulations need to be formulated that affect catalysts such as buy-to-let (Boterman & Van Gent, 2015, Paccoud, 2017; Aalbers et al., 2018). In order to be able to analyze the buy-to-let related policies, it firstly has to be addressed how the Dutch policy-making procedure functions. Subsequently, the final buy-to-let policy can be placed within the different relevant contexts of this research (local, macroeconomic, and organizational).

In scientific literature, the general Dutch policy making is explained in various ways (e.g. Kurstjens, 1999; Van Der Valk & Faludi, 2001). The policy-making procedure itself, the type of policy and the purpose that the policy serves have many interfaces with each other. At its purest form, policy management is seen as reactive, whereby the policy is a reaction to an event (for example, buy-to-let). The specific procedure that policy makers subsequently apply is interpreted in different ways. First of all, a difference is made in the type of procedure, whereby De Jong and Hickling (1990) distinguish between reactive and proactive policy. In this case, 'reactive' policy refers to procedure where the policymaker designs the plan and afterwards submits it to feedback groups and decisive actors within the municipality, whereas 'proactive' policy is first established through group consultations. Proactive policy therefore reverses this order of procedure.

Despite this difference in procedural steps taken, policymaking remains a response to the current trend, and the dividing line between reactive and proactive policy therefore appears to be "cloudy". Kurstjens (1999, p.170) therefore describes Dutch municipal policymaking as "strategic policy-making". In strategic policymaking, policymakers look at the relevant development (in this case buy-to-let), the extent to which this corresponds to the

municipal goals, and lastly at the possibilities that the municipality has for realizing new policy. In this strategic policymaking, therefore, three questions are central, which are related to the three basic contexts in this study (Kurstjens, 1999, p. 171). First of all, what event happens with what consequences (local and macroeconomic context)? Secondly, what does the municipality desire (local and organizational context)? And thirdly, what can the municipality do (organizational context)? The final policy is formed on the basis of these three questions (also known as the strategic triangle).

Lastly, researchers Barrett and Fudge (1981) distinguish between three goals of the policy, namely controlling, regulating or promoting policy. Controlling and limiting negative consequences, promoting positive effects and regulating as a "neutral" middle ground. A clear example of the controlling policy is the rental ban (Hochstenbach, 2018), whereby restrictive legislation must prevent buy-to-let investments from happening. However, despite the 'authority' of the municipality, there is an increasing demand in Dutch strategic policymaking to involve individuals, groups, organizations and companies in society when consulting policy in order to create more support (Priemus, 2002). Increasing support and knowledge within policymaking is therefore of central importance (Faludi & Van Der Valk, 2001, p. 15).

To shortly summarize, the Dutch municipal policymaking features strategic policymaking whereby complex relationships between stakeholders, and research (e.g. environmental surveys and trend analysis) eventually lead to more support and well-considered policy making. Eventually this serves the goal of controlling (negative effects), regulating or promoting (positive effects).

§2.4 Synthesis

The previous paragraphs described the process of buy-to-let investments systematically by reviewing existing scientific literature and examined which circumstances underlie this. It also analyzed which consequences this has for built-up space and social-economic landscapes. In *figure 2.2* is a schematic overview of the general concepts that emerged from the scientific literature.

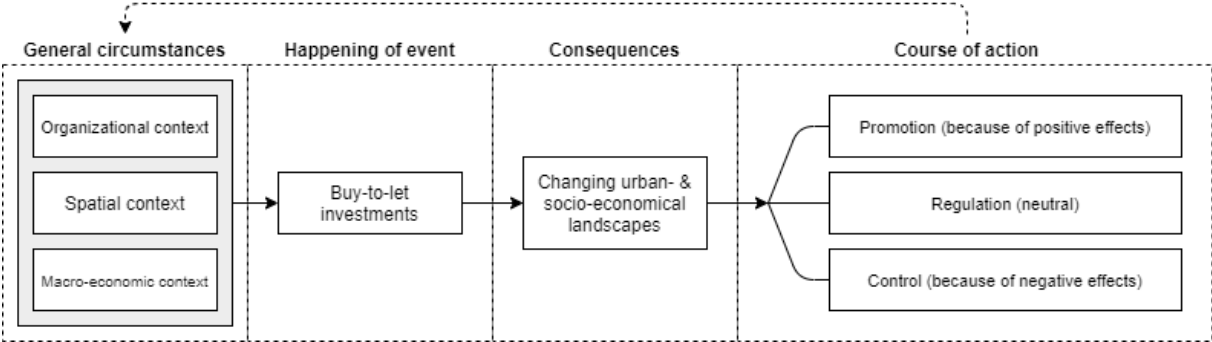
To summarize; first of all, the literature emphasizes that buy-to-let must be explained within a broader framework. In the conceptual model this framework is called 'general circumstances'. Conditions are determined by policies formed by institutional actors at international, national and local levels (Gibb & Nygaard, 2005; Sprigings, 2008; Elsinga & Lind, 2013; Copley, 2014). This is supplemented by the possibilities offered by the local context. The scientific literature showed, among other things, that the diverse local context determines the possibilities that it offers investors to invest (Aalbers et al., 2018; Van Der Lustgraaf, 2019). Attention is paid to the possibilities that cities offer through housing supply, housing density (CPB, 2018), knowledge institutes (Garretsen & Marlet, 2017) and business activity (Hekwolter or Hekhuis, Nijskens & Heeringa, 2017). Additionally, and equally important, is the macroeconomic context under which these investments are made. For example, favorable mortgages and loans determine the extent to which investors are able to purchase homes, low interest rates encourage investors to turn to the real estate market (Jonker-Verkaart & Wassenberg, 2015; Kemp, 2015) and economic growth and stability contribute to the investor confidence (Gybb & Nygaard, 2005; Mellish & Rhoden, 2009). Together, these general circumstances form a framework that can facilitate or counteract buy-to-let.

When the conditions within this framework are therefore favorable, buy-to-let can take place. As a result, the socio-economic and urban landscape changes. These changes take place both directly and indirectly. As a direct consequence, the housing stock changes (CBS, 2020; Koops, 2020), and indirect consequences vary from displacement (Paccoud, 2017; Aalbers et al., 2018; Bosma et al., 2018) to house price increases (Sprigings, 2008; Gibb & Nygaard) or dilapidation by new residents' (Hubbard, 2008; Smith, 2008).

Nevertheless, as consequences are perceived to a different degree depending on the location, local policy development on buy-to-let also has differs per municipality. As the Dutch municipal policymaking, through reactive and proactive procedures (including research and complex cooperation and consultation with stakeholders), leads to strategic well-considered policy making, different policy outcomes are generated depending on the urban situation (Kurstjens, 1999; Van Der Valk & Faludi, 2001). Eventually, three types of policy can be observed, namely controlling policy (of negative effects), regulating policy (neutral) or promoting policy (of positive effects) (Barett & Fudge, 1981). These policies all have repercussions on the general circumstances, for example through an adjustment of local zoning plans or housing visions. The goal of the policy formed is to adjust the general circumstances in such a way that the behavior of investors changes to buy-to-let, thereby changing the general circumstances (in particular the organizational context). This makes the model of a reiterative nature.

After having explored the general circumstances in a literary way in this chapter, the case-specific situations of Amsterdam and Rotterdam will be discussed in the coming chapters. By examining the local spatial context in the two research areas, the left part of the conceptual model will be discussed, namely the local spatial context in which buy-to-let takes place in Amsterdam and Rotterdam. The subsequent policy analysis mainly relates to the right-hand part of the conceptual model, therefore paying attention to the vision of the municipalities on buy-to-let and the resulting choices made by policy advisors in Amsterdam and Rotterdam. In this way, the importance of the territorial context is emphasized, as well as the motivation behind buy-to-let related policy making, while responding to the criticisms of current policy analyzes by Sykes (2008) and Getimis (2012). This way it is possible to formulate a clear answer to the central research question, namely: *How do the local-, macroeconomic and organizational context in which buy-to-let takes place influence the policy regarding buy-to-let in Amsterdam and Rotterdam?*

Figure 2.2: Conceptual model



Chapter 3 - Methods

This chapter will focus on the way in which the research methods of this study were conducted, in order to answer the main question in the coming chapters: *'How do the local-, macroeconomic and organizational contexts in which buy-to-let takes place influence the policy regarding buy-to-let in Amsterdam and Rotterdam?'*

Theory and practice will be combined, whereby it is explaining how the research is carried out. In the first section the research method will be explained, in which the manner of research and the method of data collection is discussed. The sample characteristics of the study are then described. In the last two sections, the data analysis is first explained, followed by the topic list with an explanation of various chosen topics.

§3.1 Research design

It is important that in analyzing policies, attention must be paid to the diversity of territorial contexts in which these spatial policies, objectives and strategies are applied (Sykes, 2008). This way it becomes possible to gain insight into the motives of policy advisors to be able to "understand" the policy (Weiss, 1995). To gain insights and generate results, a qualitative research approach has therefore been used in which an analysis of available policy documents has taken place with additional expert interviews. This way it was possible to understand the experiences and reasoning of policy advisors from their own perspective (Barzelay, 1993). This would not have been possible through quantitative research methods (Maxwell, 2008).

The research has taken place in the form of a comparative case study. Kaarbo and Bealsey (1999) state the following in this regard: *'The case study, often uses a number of techniques for gathering information—from interviews to surveys to content analysis—but it is not necessary to use multiple sources or types of evidence in order to perform a case study'* (p.373). As diversity of territorial context, as well as experiences and reasoning of policy advisors are important in the case of this study, a combination of comparative market analysis (territorial context) and policy analysis with semi-structured interviews (Weiss, 1995; Sykes, 2008) has been chosen. By using these two different cases of Amsterdam and Rotterdam, different experiences could be compared, thereby increasing possible insights from this study (Sartori, 1991).

Semi-structured interviews were used to be able to investigate these experiences of policy advisors. Aspects related to the subject of this research were mentioned, leaving sufficient room for the respondent to formulate their own insights and ideas. This way both the theoretical aspect and the experienced experiences of the respondents could be recorded (Galletta, 2013). During the interview, the researcher used a guideline through the formulated topic list in which a basic discussion structure, main questions and fixed key topics were noted. This way the interview had a structured design in which variation was possible, so that it could be adapted to the situation and the interview could take the form of a natural conversation (Bierhoff & Petermann, 2010).

The questions were developed based on the theoretical background and local (spatial) context. The first part did contain questions about the role of the respondents in the design of the spatial policy regarding buy-to-let. The policy was then discussed, after which motivation and bottlenecks were discussed. This section contained questions about the tactics that policy officials use to deal with those bottlenecks. The last part of the interview concerned future vision and expectations of the policy advisors. In this section policy advisors were able to

reflect on possible reform or adjustment of policy strategies. In general, the interview questions were aimed at understanding the role and motivation of the policy advisor in the process of policymaking in light of buy-to-let, in other words, with the aim to "understand" (Platt, 1985; Weiss, 1995).

To prevent bias in this study, multiple measures have been taken. First of all, the questions are neutral, as objective as possible and openly formulated to prevent respondents from being 'forced' to a certain answer. Thereby, respondents were given the freedom to formulate their 'own' answers, without being forced by the researcher. Secondly, the form of the interviews (semi-structured) has created a basic structure in which all respondents have answered the same questions. It has therefore been attempted as much as possible to prevent skewness in the results of this study.

Normally, the use of qualitative research methods requires fewer respondents than quantitative research methods. Here, the sample size when conducting qualitative research depends on various aspects (Flick, 2007). To guarantee the planning, administration, transcription and analysis of interviews within a realistic timeframe, a sample of twelve policy advisors was aimed at within this study, such as suggested by Adler and Adler for this type of research (2012). However, due to the limited size of the related departments in which these policy advisors were active in the municipalities of Amsterdam and Rotterdam, four interviews per city were held. In addition, as the research progressed, it became more realistic to shorten the number of intended interviews because the Covid-19 crisis led to major reforms internally at the municipality, making it difficult to obtain interviews among policy advisors due to increased workload. Despite adjusting the number of interviews, conducting four interviews per city achieved the intended degree of saturation as these policy advisors work in teams, generating and discussing similar information. Within the municipalities of Amsterdam and Rotterdam these policy advisors were active within in the housing related departments.

§3.2 Selection of respondents

A relevant selection is reached when the relevance of a phenomenon, in our case buy-to-let, is presented in the experiences from the perception of the respondent (Klintwort, 2018). Because this study concerns a case study on the buy-to-let municipal policy, respondents were selected based on their experience as policy advisor at the municipalities of Amsterdam and Rotterdam. Respondents in this survey were therefore selected based on involvement in the formation or development of the buy-to-let policy within the municipality.

Because both municipalities have a different structural design, municipal sites were first consulted to get an impression of the different departments within which the research units could be found. For Amsterdam these policy advisors were active within what they call Department of Housing (Dutch: De eenheid Wonen) (Gemeente Amsterdam, 2020c). Within the municipality of Amsterdam, it functions as the platform for housing and urban renewal. They work and develop plans and policies for the entire city, in close collaboration with the executive committees involved. They also focus on implementation, prevention, and enforcement of the housing policy, so that they have very up-to-date knowledge of the buy-to-let developments in the city. The main task of policy advisors in this department, however, is to drive the continuous policy cycle (planning, implementation, control, change) around

housing and urban renewal at all levels in the city. Since the research is precisely in line with this policymaking, the policy staff on this unit were of central importance. Within the municipality of Amsterdam, they therefore formed the research units of this study.

Rotterdam, on the other hand, works with a different organizational structure. For example, policy officers regarding buy-to-let were active both within the 'urban development & area quality management' and within the 'urban development management' (Gemeente Rotterdam, 2020b). The latter include construction, home supervision, space, and housing. Under this product space and housing, the municipality pursues a policy of 3 scale levels: area, city, and region. Within this department, policy development is central to area visions, design, and zoning plans, with coordination for housing and spatial planning as the main theme. As with the municipality of Amsterdam, policy staff are found here who are at the basis of driving the policy cycle around housing. Policy officers in the Space and Housing department within Rotterdam were therefore considered as relevant research units in this study.

These research units, or respondents, were approached in several ways. First, contacts were made via social media (such as LinkedIn), in which potential respondents were asked if they would like to participate in this study. A second way in which respondents have been sought is via the network of the researcher himself, for example through acquaintances at the relevant municipalities. Thirdly, respondents were sought via municipal mail for the relevant departments. However, as pointed out earlier, due to the Covid-19 influence on large-scale reorganizations at both municipalities, respondents proved difficult to reach. Ultimately, 4 interviews were conducted at both the municipality of Amsterdam and Rotterdam, making a total of 8 interviews. Although this appears to be a relatively low number of respondents, these respondents were selected based on correspondence with the heads of department. Therefore, an informed selection could be made, and this selection based on 'insight knowledge' proved most important in order to obtain maximum coverage of information (with a limited number of interviews). In the end, this method proved to be the successful, whereby subject coverage has been at the maximum level. After all, this striving for information coverage was of central importance in order to achieve the desired substantive saturation (Maxwell, 2008).

§3.3 Data-analysis

To formulate an answer to the research question, interviews have taken place. This way, in the analysis of policy, attention could be given to motivations of individual policy staff in relation to the diversity of territorial contexts in which these spatial policy guidelines, objectives and strategies were applied.

First, the interviews were recorded with a voice recorder. The audio data that could be recorded here was then fully transcribed before it was uploaded in NVivo. This software supports the processing of qualitative data. By first reading the entire transcript and making notes of the interesting and relevant passages for the research, a general impression of the interview could be presented. Subsequently, further substantive sorting was carried out, whereby a categorization of various relevant subjects was made based on the most important observations. This categorization is based on theories from the already explored scientific literature (chapter 2), supplemented by ideas that emerged from the empirical data. This categorization also uses the structure as shown in the conceptual model (*figure 2.2*) in order to make it easier to link to the existing theory.

This extensive categorization, through the so-called 'code tree' of nodes in NVivo, provided the possibility to display what the respondents said about specific topics. These nodes presented the most important quotes from respondents, which summarized the essence of the interview. These quotes were later used to provide insight into the motivation behind policymaking, enabling the 'verstehen' of policy advisors (Platt, 1985). During the research phase, general data collection and data analysis alternated. After all, some data was important as background information to have present before starting the interviews.

After these interviews, an attempt was made to encode and analyze the data immediately. This gave the researcher the opportunity to adjust some categories based on new insights. This 'tightening' allowed the researcher to ask more concrete questions, based on the knowledge gained in previous interviews. This way it was possible to contribute to the desired saturation of information during the qualitative research. This higher degree of saturation benefits the quality of the research (Maxwell, 2008).

In order to guarantee a high quality of research, validity and reliability are of central importance (Boeije, 2009). While generalization is central to quantitative research, qualitative research is approached differently (Golafshani, 2003). It can be stated that a qualitative investigation is valid when the method used is appropriate to measure what the research tried to measure. This can guarantee that results are in line with the central research question and are able to provide an answer to this. This study has attempted to increase this validity by using the different cases of Amsterdam and Rotterdam in which several different participants were interviewed within these cases (Creswell, 2009). In addition, so-called 'triangulation' contributed to increasing validity in qualitative research. For example, Patton (2002) states: *"triangulation strengthens a study by combining methods. This can mean using several kinds of methods or data, including using both quantitative and qualitative approaches"* (p. 247). In this study, this is done through the combination of the use of collected empirical statistics (chapter four) and interviews (chapter five). The further operationalization of various basic concepts that emerged in the theoretical exploration, fits in with measuring what is intended with the questions, so that the correct conclusions are then drawn (Boeije, 2009).

During the interviews, respondents' answers were summarized, with which verification of the researcher's interpretation took place. This way it was possible to check whether these answers were correctly interpreted, so that they could be used appropriately in the processing of data. In addition, the draft version of this study was also sent to respondents, enabling them to check it for wrong interpretations. Incorrect interpretation of information by the researcher could then be ruled out. Reliability is central to this, because repeating this study would after all yield similar results for these respondents.

Finally, this research has attempted as much as possible to take account of research ethics, considering transparency and protection towards respondents (Shaw, 2008). For example, communication with the respondents took place in advance, by which the subjects to be discussed were indicated and respondents were asked at the start of the interviews whether they wanted to remain anonymous. Although this was asked at the start of all interviews, anonymity was provided for all interviewees at the recommendation of the policy advisors themselves, because this facilitates the giving of personal opinion on policy in the public domain, without causing negative personal or work-related consequences.

Chapter 4 - Empirical findings

This chapter focuses on the presentation of the empirical data that contributes to answering the research questions. This data has been selected for recentness and comes from sources such as CBS, Neighborhood Monitors and PBL. The main structure of the conceptual model (*figure 2.1*) is leading in chapter. Where in chapter 2 attention was paid to the Dutch housing market, in which buy-to-let investments are made, this will again be the case here. Subsequently, the second paragraph will describe the current Dutch macroeconomic situation. After all, both the situation on the Dutch housing market and the macro-economic situation apply to both the Amsterdam and Rotterdam case. However, this does not apply to the case-specific properties. For this reason, sections 3 and 4 will focus on case-specific data regarding the local context, buy-to-let investments, local policy and the changing urban and socio-economical landscapes in Amsterdam and Rotterdam. The clear presentation of this data will support the processing of the results in the next chapter.

§4.1 The general statistics of the Dutch rental market

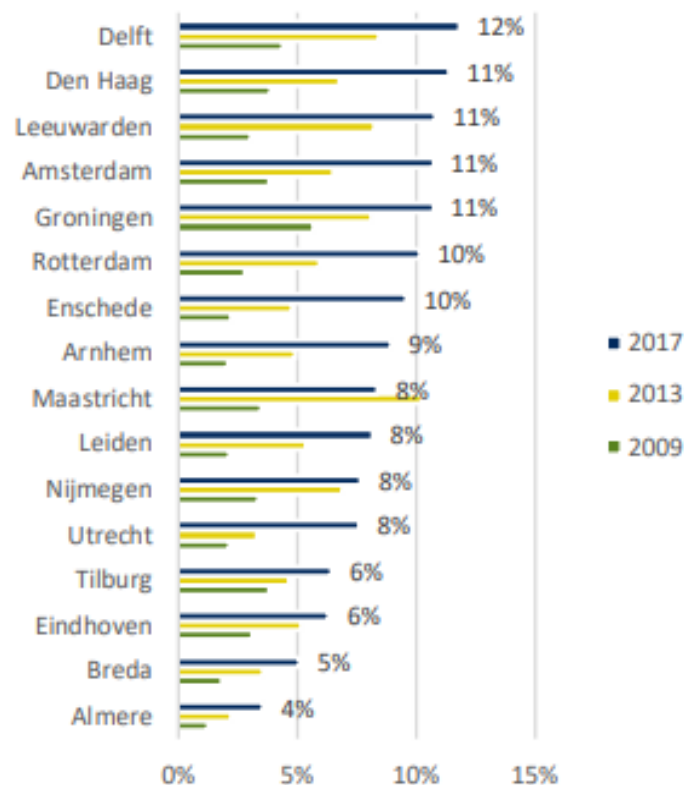
In most recent data archives of the CBS, the Dutch housing market consisted in December 2019 of nearly 8 million homes (CBS, 2020b). Within this housing market a share of 42.2% consisted of rental assets and 57.8% of owner-occupied housing. The rental sector is particularly strongly represented in the cities (CBS, 2018). In rural Dutch municipalities, on the other hand, the share of owner-occupied homes is considerably higher. As stated in chapter 2, the rental segment is divided, whereby a distinction is made between the (regulated) social rental housing sector and the (liberated) private rental housing sector (Jonker-Verkaart & Wassenberg, 2015; Aalbers et al., 2018). More than one million homes fell into the last category in the Netherlands in 2019. This means that approximately 13% of the housing stock concerns a private rental home (CBS, 2020b). The current private rental sector thus covers a relatively small amount of the Dutch housing market (CBS, 2019b). With this relatively low share of the private rental sector in the Netherlands, it is smaller than in other Western European countries (Hekwolter or Hekhuis, Nijskens, & Heeringa, 2017).

However, as has been deduced of the literature, the Dutch rental market has undergone a major transformation in recent decades. Where shortly after the war (1947) more than half of the houses (60%) on the housing market were private rental homes, this share shrank to a meager 6% at its lowest point in 1993 (Haffner, 2009). The last decade however, there can be seen an upwards trend in the supply of dwellings in the private rented sector. As can be seen in *figure 2.1*, since 2009 the private rental sector stopped shrinking and actually has seen an increase of 7% to 13% in 2019.

Nowadays, the private rental housing sector consists of various active actors, who all use different approaches to invest in the market. A distinction can be made between the 'small' private investors and the 'larger' institutional investors (Breddels, 2019). The large institutional investors include professional investors with larger real estate portfolios that commercially function to buy, rent out and resell. Lastly, within the private rental market, active institutional investors are present, who for instance manage the capital of pension funds. These small private investors made up almost half (47%) of the private rental market in 2018. That year, more than 280 thousand people owned one or more homes for rent. Together they rented out over 475 thousand homes (6% of the total housing stock) (CBS, 2019a).

An absolute increase in the size of the private rental sector is therefore most noticeable in the G4, namely Amsterdam, Rotterdam, The Hague and Utrecht (Aalbers et al., 2018). More than a quarter (27 percent) of all privately rented homes are located in these cities. As can be seen in *figure 4.1*, in addition to the G4 cities, the private rental sector has seen the most investments of buy-to-let investors in the student cities (Kadaster, 2018). In some of these student cities the absolute growth has also been staggering in the past decade, with Wageningen as best example, as this city has witnessed a growth of 121% in the period 2012 to 2017 (CBS Statline, 2020).

Figure 4.1: Share of sold homes that is bought by a private investor in the G4 and student cities



Source: Kadaster (2018, p. 16)

§4.2 The macro-economic context

As discussed in the theoretical framework, the macroeconomic context mainly has an impact on the financial possibilities that investors have, the possibilities to obtain financial resources and the climate of investing (Jonker-Verkaart & Wassenberg, 2015; Kemp, 2015). The following applies; a higher degree of confidence by investors in the economy results in a higher degree of willingness to invest (Gybb & Nygaard, 2005; Mellish & Rhoden, 2009).

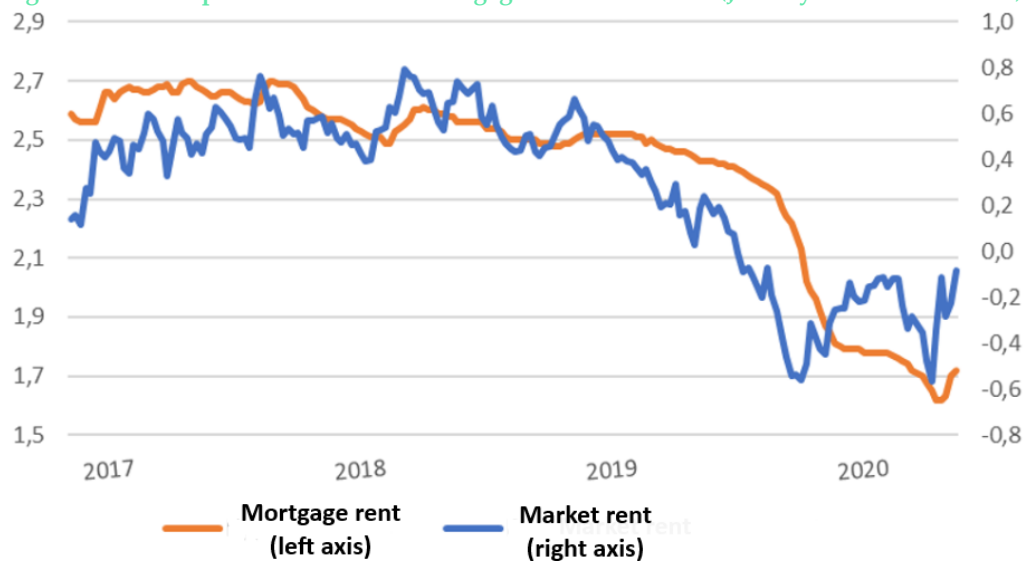
§4.2.1 The current state of the Dutch financial market

As stated before, a stable market economy promotes the idea of market stability among investors. This eventually leads to a higher willingness to invest in sectors such as the private rental sector (Gybb & Nygaard, 2005). As market stability is heavily intertwined with the state of the financial market, and the housing market is interwoven with other financial markets, it is important to review the state of economic growth and stability. For instance, the Dutch Bank

[DNB] yearly monitors the financial state of the Dutch economy in its 'business cycle indicator'. Their statistics show economic recovery, stability and growth in the decade after the economic crisis. The CBS also finds a gradual increase in buy-to-let investments in the same period (CBS, 2019b). This corresponds to the theory that economic growth and stability in (inter) national financial markets stimulate buy-to-let investments. Over the coming year of 2020 however, an economic downturn is expected, due to the negative effects that de corona pandemic on the international economic market has. This will be further elaborated on later in this paragraph.

In addition, investors in the Netherlands are increasingly making use of portfolio diversification (PBL, 2019). The aforementioned low interest rates of ECB loans pushed market rents on saving accounts even further down (Dees & Palenzuela, 2016). As shown in *figure 4.3*, money in savings accounts generates a minimal or even negative interest. (DNB, 2020). Poor performance of savings accounts and other financial markets such as bonds and stocks motivate the "bigger" private investors most, with more than 50 assets the most, with 80 percent of them investing in the housing market because of diversification. Only 25 percent of buy-to-let investors with 1 housing asset in does this because of portfolio diversification (PBL, 2019).

Figure 4.2: Development of the Dutch mortgage- and market rent (January 2017 – March 2020)



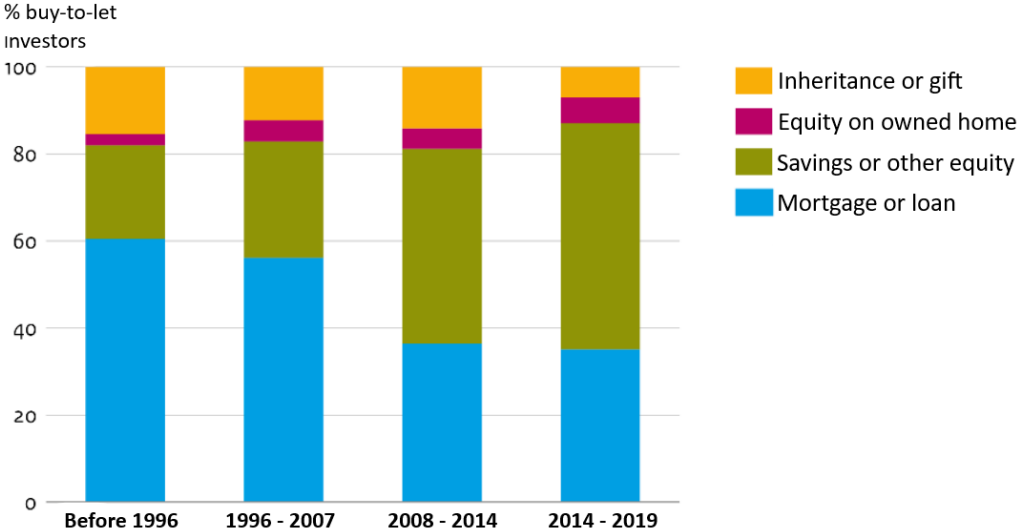
Source: Hypotheekshop (2020)

It also appears that almost half of the investors in buy-to-let purchase their first investor home with savings or other equity (*figure 4.3*). About 30 percent bought an investor home with a mortgage. Mortgage lending therefore plays an important role in the investor market. Obtaining a mortgage in order to invest is the preferred method of acquisition among Dutch private buy-to-let investors (Kemp, 2015). This is due to increasing tightening of rules concerning income and maximum mortgage which allow investors to apply for higher mortgages than starters (Hekwolter van Hekhuis, Nijskens, & Heeringa, 2017). In addition to buying property through mortgages, investors also make use of the overvalue of their (paid) first home to get a higher mortgage (Wind, 2018). Additional own capital and equity provides them with different options to invest in buy-to-let (PBL, 2019). These increased possibilities

therefore provide a competitive advantage. Since the lowest price segment has the highest interest from investors (due to the high demand), the share of mortgage lending among investors is at its highest in this segment (Kadaster, 2017).

Also, there are multiple types of mortgage loans that private investors can use. First of all, there is the well-known 'usual' bank financing. This concerns real estate mortgages especially for rental investments. These interest rates are often the lowest (1-2%) with the major banks (Rabobank, ING, etc.). However, these parties are precisely limiting their portfolios by the Basel III banking rules. Under this policy, representatives of central banks and supervisors decided in 2010 that banks should keep larger reserves of capital in cash, making them more resistant to future crises. As a result, investors are limited to a mortgage for 70% of the value of the home in the rented state. This means that investors in buy-to-let have to bring in more of their own money, usually at least 30 percent (Trompert, 2019). Despite this, mortgage interest rates are at an all-time low at the time of writing and mortgage rates have been declining for decades, with interest rates falling especially in 2019, as shown in the *figure 4.2*.

Figure 4.3: Use of financing instrument by investors in Dutch buy-to-let assets



Source: PBL (2019, p.32)

In addition, the statistics from Kadaster (2020) show that the absolute growth in the number of mortgages issued annually continues to show an upward trend, and since the low point after the economic crisis (2013) relative growth has taken place from 170 thousand to 375 thousand issued mortgages per year. This amounts to a relative growth of 121 percent. This may be partly due to the emergence of alternative mortgage options. For example, new specialist banks (such as NIBC and RNHB) are willing to provide higher mortgages (up to 80% of the market value of the home) for a higher interest rate (3-5%). In addition, German banks are also still prepared to finance Dutch real estate. To conclude shortly; despite the more recent tightening of regular banks on mortgage loans, there are still some alternative ways in which investors can finance real estate.

§4.2.2 Consequences of the corona pandemic on the macro-economy

At the time of writing this research however, a pandemic is occurring, namely the coronavirus. Due to the uncertainties that this presents in many different areas of society, including healthcare and the general economy, the macro-economy is subject to a turbulent, uncertain period, in which an economic crisis is looming (Gradus, 2020). Due to its negative impact on stock prices, the investor climate and mortgage lending, it is therefore expected that the housing market will not escape this crisis. For example, the corona crisis has increased the risks of financing, which means that mortgage lenders are currently going to raise interest rates again (Hypotheekshop, 2020). This has led to a record number of mortgage applications from actors who still want to take advantage of this low interest rate, while the loan is still "cheap".

However, there are also real estate experts who believe that the negative consequences for private investment in real estate remain limited. For example, there is talk of a growing rental market (and therefore a target group for private investors) due to the lack of purchases on the owner-occupied housing market, the stable income generated by rental income from monthly rental income and the crisis resilience of house prices, which is also in line with literature (Yield Street, 2017). Nevertheless, it is important to read this research that it is subject to the macroeconomic future uncertainties that are present at the time of writing, as a result of which the described macroeconomic situation may differ at the time of reading.

§4.3 Amsterdam

§4.3.1 Local context

On January 1, 2020, Amsterdam counted 863 thousand inhabitants, which were divided over 470,200 households. The city has a young population, a large majority (63%) were in the age category up to 45 years. More than half of these inhabitants (55%) are in single-person households (Allecijfers, 2020a). These Amsterdam households live together in 441,490 homes. On January 1, 2020, the housing stock in the city consisted of 30% owner-occupied homes, where a majority of 71% were rental homes. The social rental sector represents the largest share of rental housing on the Amsterdam housing market, with 43% of the total housing stock. Private rent accounts for 28% of the housing stock (Dynamis, 2020).

Due to shortages in supply (60,000 seeking households, total supply of 1,900 homes), and high, rising house prices, there are more and more households that want to buy, but simply cannot afford to buy. They therefore turn to private rental. This sector has therefore been growing rapidly in recent years. The share of private rental homes has doubled since 2013, from 8% in 2013 to 15% in 2019. Although this share seems somewhat limited, the total housing stock is not interesting, but it is better to look at the available supply. Here, the share of the private rental sector is larger. A quarter of all recently moved households have rented private rented housing in the private sector (MRA, 2020).

The high demand and low supply result in a current housing shortage that stands at approximately 50 thousand homes (Capital Value & ABF Research, 2020). This shortage is expected to persist in the future and to increase due to the continuing and increasing demand for housing among the target groups of private investors, who will continue to search for housing in Amsterdam. For example, PBL (2019) and CBS (2019) expect that the number of households in Amsterdam will increase by 53 thousand households until 2030, an increase of

approximately 11%. The Amsterdam municipality is therefore faced with a huge task to meet this demand. Due to this high demand, private investors see Amsterdam real estate as an interesting investment object. They invest mainly in properties throughout the city, both the more expensive (located in the center) and the cheaper (on the city edges). As shown in *figure 4.5* is no clear buy-to-let concentration to be discovered.

From the literature consulted, we know that investors mainly invest in apartments. This housing category is strongly represented in the supply (approximately 80%) on the Amsterdam housing market. In 63% of the cases, however, this concerns an apartment with an asking price above 550 thousand euros, which makes it too expensive for starters, whereas the budget of investors is higher (Dynamis, 2020). The low supply of affordable starter homes in Amsterdam means that young households are hit hardest by housing shortages (ABF Research, 2020). As of January 1, 2020, approximately 65 homes will be offered under € 250,000, which represents approximately 3% of the total supply of homes in Amsterdam (Dynamis, 2020). Only a marginal part of the total offer has a price that can be financed by starters with an average income.

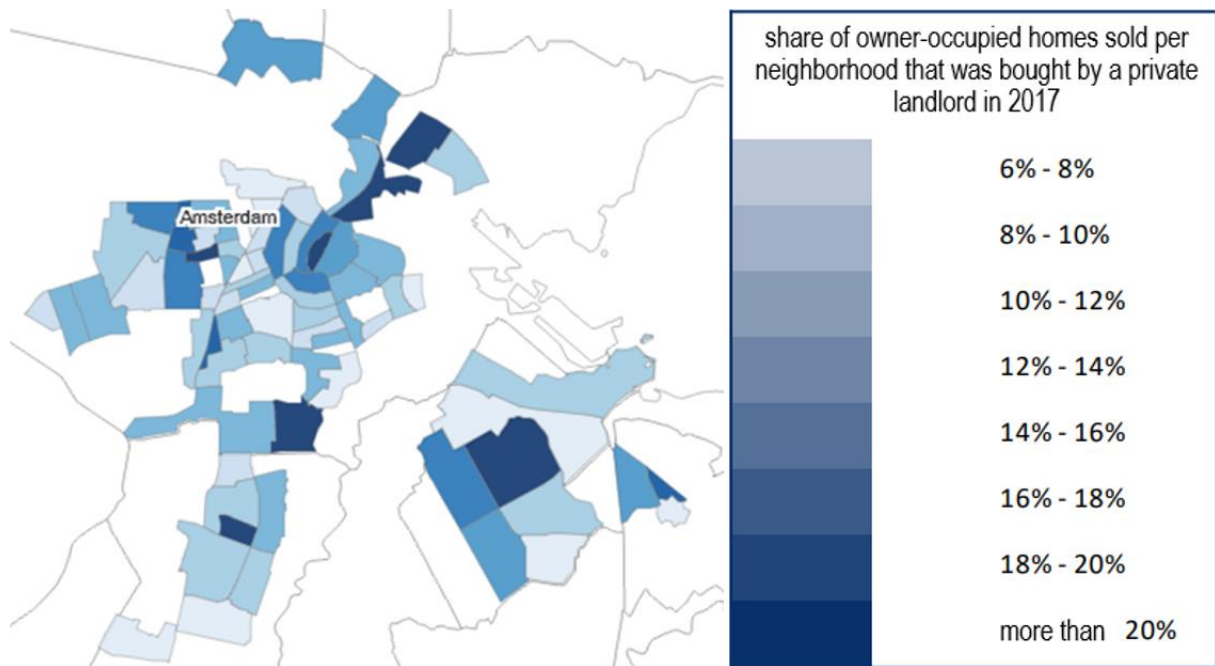
Another spatial aspect that makes Amsterdam interesting for investors is the presence of knowledge institutes. Amsterdam has several large knowledge institutes and its international allure has attracted more and more students in recent years. Almost 110 thousand students studied in Amsterdam in 2019, of which 62,901 actually live in Amsterdam (CBS, 2019). 43 percent of these students rents a room, studio or house from a private landlord. The rest rents from housing corporations (ASVA, 2018). The demand for student rooms is expected to increase in the coming years, due to the growing numbers of students choosing knowledge institutes in Amsterdam for their studies. The growing numbers of international students, which increase by approximately 12% annually, contribute to this (Nuffiq, 2019). In addition to students, more expats are living in Amsterdam. This is partly due to the growing number of internationally active companies. In recent years, companies such as Booking.com, TomTom, Picnic and Adyen have established their head offices in Amsterdam. It is estimated that between 80 thousand and 110 thousand expats live in the Amsterdam region and data from the CBS (2019) show that this group grew by 15 thousand new expats in 2018.

Lastly, the city has a high cultural value, which attracts many tourists (Pinkster & Boterman, 2017). Amsterdam has been popular with tourists for years, both nationally and internationally. In 2019, more than 9 million tourists flocked to the city. Compared to 2018, the number of guests who stayed in Amsterdam increased by 9 percent, the largest increase in the four major cities. The number of foreign guests in Amsterdam in particular increased (CBS, 2020). The number of overnight stays increased by 11.7%. This also translates into an increase in private rental properties rented to tourists. For example, in 2018, the number of rental properties at landlord Airbnb increased by two thousand to a total of 21 thousand accommodations (Gemeente Amsterdam, 2020).

In summary, the local context of the city makes investing in the Amsterdam private rental sector an interesting investment object for investors. Due to the combination of high housing demand (and a low supply) among the target groups of investors, and high supply of investment objects (apartments) that are unaffordable for these target groups, the city is attractive for investors in the private rental market. The presence of culture, large knowledge institutes and many international companies contribute to this.

§4.3.2 Buy-to-let

Figure 4.4 Share of owner-occupied homes sold per Amsterdam neighborhood that was bought by a private landlord in 2017



Source: Kadaster (2018, p.17)

In 2019, 28.5% of the Amsterdam housing market consisted of homes rented out by private investors. This amounted to a total of 125,700 homes (Gemeente Amsterdam, 2020). More than half of these homes were above the liberalization limit (>€720, free sector), namely 54%. Over the past few years, an explosive upward trend has taken place in which both a relative and an absolute increase can be observed. For example, the private rental housing stock has grown in absolute terms since 2011, by 34,100, where the share has increased by 25% in relative terms. The Living-in-Amsterdam-study (WiA) carried out by the municipality shows that, especially since 2017, a shift in the Amsterdam housing market towards private rent has been observable. This is mainly reflected in the change in the supply of owner-occupied and private rental properties. For the first time in years, the stock of owner-occupied homes has decreased in share and in number. On the other hand, there is a growth in the share and number of private rental homes (Gemeente Amsterdam, 2020).

The data from the WiA-study shows that the shift from owner-occupied to private rental is increasing the most in a number of districts. This concerns the city districts of Centrum, Nieuw-West and Zuidoost. In these districts, purchasing is decreasing the fastest and private rent is increasing the most. While this may not always be a buy-to-let investment (it may be possible to demolish owner-occupied homes and build private rental homes), it does provide an indication of where buy-to-let takes place. Research by Kadaster (2018) therefore shows an image that corresponds to this. The map they have compiled (*figure 4.4*) shows that the aforementioned shift in the housing market in the city districts where the shift from purchase to private rent is increasing most. However, there is no clear pattern to be discovered here, with investors investing in owner-occupied homes throughout the whole city. As stated above, this concerns homes in all price ranges, both on the outskirts and in the

center. This is in line with the literature of, among others, Hochstenbach (2018) and Bosma et al. (2018), where it was stated that investors' buying spree in Amsterdam has long ceased to solely focus on the center.

In addition, it can be stated that research by the Kadaster and the NVM (2017) also shows that the largest four cities have the largest share of the market bought by private landlords in smaller homes. Where Amsterdam deviates from the general price trend (investors in Amsterdam assets are active in all price ranges), the view that private investors are predominantly active in purchasing homes with a smaller surface area is similar. It is also noticeable that despite the construction of new-build homes in the medium-priced owner-occupied and rental segment, the share and number of medium-priced rental homes hardly increases. In addition, in the past ten years there has been an absolute and relative decline in Amsterdam in the cheap purchasing and rental segment. The municipality of Amsterdam therefore concludes that this means that existing homes in these classes will shift to more expensive segments by selling owner-occupied homes to private landlords (p. 5, 2020).

§4.3.3 Local policy

As mentioned in the introduction, Amsterdam's policy towards buy-to-let has been subject to change in recent years. Buy-to-let is curtailed to ensure sufficient housing is available in the low and mid-priced rental and purchase segments. For example, recently Amsterdam city officials and politicians broadly supported the idea of the 'self-occupancy obligation' (Dutch: Zelfwoonplicht; the buyer must live in purchased building) in new-build owner-occupied homes (Gemeente Amsterdam, 2020b; 2020d). In addition, in 2018 the 'licensing obligation' (Dutch: Vergunningsplicht; obligation of acquiring a permit) for transformation of owner-occupied housing to rental housing was adopted, which should have the effect of countering rental abuse by investors (so-called 'huisjesmelkers'). These policy implementations try to contribute to achieving the goals set in the Housing Agenda 2025 (Dutch: Woonagenda 2025) and Course 2025 (Koers 2025), in which a roadmap to sufficient and affordable urban housing is provided. The resulting policies will be further explained below.

§4.3.3.1 Tightening policies

The substantive message in the Amsterdam Housing Agenda is clear: "Ensuring sufficient, affordable and good homes is our long-term goal" (Gemeente Amsterdam, 2017, p. 6). The city must remain affordable for all inhabitants of Amsterdam in the coming years. However, as has previously been addressed in paragraph 4.3.1, the supply of expensive rent has increased in recent years. The Housing Agenda therefore puts this point on the policy agenda, whereby the aim is to increase the share and total amount of medium-rent segment (Gemeente Amsterdam, 2017, p. 15). The Course 2025 is in line with this urban vision and aims to increase the diversity in the housing supply that provides for various forms of housing in all cost segments, from social- and medium-rent to expensive owner-occupied housing (Gemeente Amsterdam, 2016, p. 24).

As constantly rising house prices are being identified as an undesirable phenomenon in the city, the possibility of buy-to-let being one of the causes is linked to this phenomenon (Gemeente Amsterdam, 2020b; 2020d). In order to achieve set goals in policy agendas such the Housing Vision, policy changes have recently been implemented that curb buy-to-let. The best-known policy reform concerns the self-occupancy obligation.

This policy, drawn up in 2020, is again an attempt to contribute to the preservation and increase of the number of medium-priced rental homes. It mainly responds to the buy-to-let investments that move homes from the owner-occupied housing market to the segment of expensive rental properties. This way, buy-to-let is restricted to happen in the medium cost rental segment, preventing investors from buying owner occupied homes to rent them out in the expensive segment. However, this obligation is not included in the leasehold condition of the current existing owner-occupied homes. In new buildings, the municipality can intervene via the leasehold conditions, but this is not possible in the existing housing stock. In order to be able to apply this policy in the long term, the policy is included in both the current leasehold conditions and also applies to the buyers of the building thereafter (Gemeente Amsterdam, 2020b; 2020d).

In addition, in 2020 the new Housing Regulation (Dutch: Huisvestingverordering) entered into force. This policy document imposes a maximum number of conversion permits per building, per district and for the entire city. The quota has been set at 5 percent per district or 25 percent per building. For the entire city, this means that a maximum of 13,405 new permits will be issued (Gemeente Amsterdam, 2020e, p. 26). This policy hinders the new housing conversions from purchase to rental homes (Gemeente Amsterdam, 2020e, p. 26). This is to counteract the large-scale 'chambering' of apartments in Amsterdam, making it difficult for landlords to exploit apartments by dividing them in several rentable rooms (Couzy, 2019). This policy therefore makes it more difficult to invest in buy-to-let with the aim to divide former owner-occupied homes into several rentable rooms. With this new housing regulation, the municipality of Amsterdam is responding to the political motions that were submitted in 2018 by various political parties with the aim of limiting buy-to-let related chambering of apartments (Couzy, 2018).

The new housing regulation also introduces a ban on holiday rental in certain districts of the city. Buy-to-let investments in owner-occupied homes with the aim of renting them out to tourists are thus curtailed in neighborhoods where the municipality determines that the quality of life is under pressure from tourism there (Gemeente Amsterdam, 2020, p. 20). For example, the city council wants a ban on holiday rental in the Haarlemmerbuurt, the Kinkerbuurt and the Wallen. However, in order to make this decision, it must be investigated whether holiday rental in these districts is detrimental to the quality of life (Couzy, 2019). However, a ban on holiday rental in neighborhoods where the quality of life is deteriorating due to holiday rental will only partly influence buy-to-let investments in these neighborhoods, because the investor can also rent out to residents on a long-term basis.

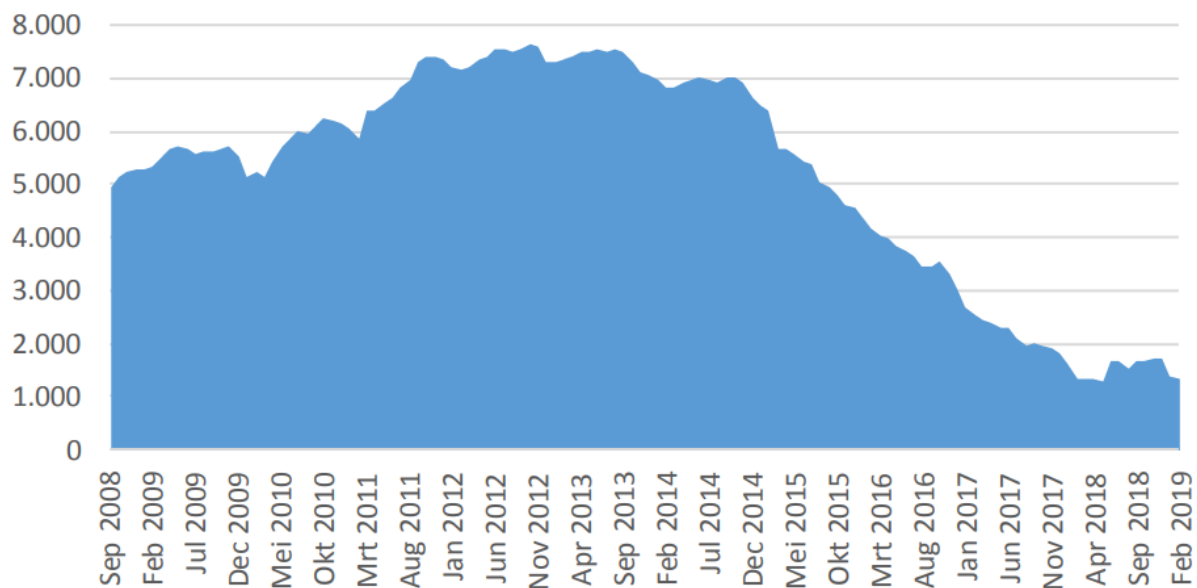
With these various measures such as the self-occupancy obligation and quotas on conversion permits including bans on specific holiday rentals in some districts, the municipality of Amsterdam is trying to set a new course in 2020, in which it will focus on limiting buy-to-let, unless buy-to-let contributes to the growth of middle segment rentals. New policies seek to meet the central goals set in, among others, the Housing Agenda 2025 and the Course 2025. In this way, the aim is to meet the basic principle in the Amsterdam policy agenda, namely, "ensuring adequate, affordable and good housing" (Gemeente Amsterdam, 2017, p. 6).

§4.4 Rotterdam

§4.4.1 Local context

On January 1, 2020, Rotterdam counted 651,376 inhabitants. Together they formed 324,500 households, which lived in 281,851 homes (Alle Figures, 2020b). The city population is characterized by a majority of young inhabitants, whereby 61% percent of the inhabitants are in the age category up to 45 years. The housing stock has a similar distribution to the Amsterdam housing stock. In Rotterdam, for example, the largest share of the total housing stock is social housing (45%). The share of owner-occupied homes (35%) is also higher than the share of private rent (20%) (Dynamis, 2020).

Figure 4.5: Availability of houses for sale Rotterdam, 2008-2019



Source: Dynamis (2019, p.8)

However, the difference between the share of owner-occupied homes and private rent is greater, where this division in Amsterdam is roughly the same. A difference is also noticeable when looking at the median meter prices of owner-occupied homes. This amounts to 3200 euro in Rotterdam, where it is almost twice as high in Amsterdam with a cost of 6050 euro per meter (Dynamis, 2020). However, the relative house price increase per square meter in Rotterdam is higher. In 2019, this increased by 11% in Rotterdam, where this increase in Amsterdam was 'just' 3%. This translates into a decrease in the amount of the 'cheaper' housing stock that Rotterdam has had for decades. The rent increase, on the other hand, is less in Rotterdam with an annual increase of 4.6%, compared to an increase of 10.6% in Amsterdam (NVM, 2020). High demand and a relatively low supply are the cause of this. For example, 51,582 people were looking for a home in Rotterdam in 2019, while the supply consisted of 1,320 homes (Dynamis, 2019; Gemeente Rotterdam, 2020). As can be seen in *figure 4.5*, the supply has been decreasing rapidly the last 5 years. This is also reflected the market ratio, which calculated the ratio of bought homes compared to the offered homes. In Rotterdam this amounts to 141%, where this ratio is similar to Amsterdam (142%). This indicates that the high pressure on the housing market in both cities is roughly the same (Dynamis, 2020).

The north side of the city is particularly popular with tenants. For example, in neighborhoods located in the north (Kralingen-Crooswijk, Rotterdam Centrum and Prins Alexander) the most rental transactions took place in 2019 and the average transaction price of rented homes increased the most (5.5%). This mainly concerned apartments, which make up 73% of the total housing market in Rotterdam. Despite the high proportion of apartments on the Rotterdam housing market, this is not represented in the housing supply. The demand for apartments in Rotterdam (as well as in Amsterdam) is higher than the demand for residential houses, which leads to similar problems for home seekers in this housing category (NVM, 2020).

This demand is reinforced by growing numbers of students. 66,560 students' study at Rotterdam knowledge institutes, of whom more than 36,000 also live in the city. Since 2010, this number of students living in the city has increased by approximately 6000, and is expected to keep increasing (CBS, 2020; Kences, 2020). For example, in 2018, Rotterdam attracted the most international students of all Dutch cities (EVR, 2018). The increase in the number of students has also resulted in higher pressure on the demand for student rooms (29 thousand room-searching students in 2019 compared to 13 thousand available rooms), and rents have also moved with the upward trend (Kences, 2020). Despite this, Rotterdam is not yet seen as a student city. However, the relative share of students living in the city in 2019 (5.5%) is almost equal to Amsterdam (7.2%).

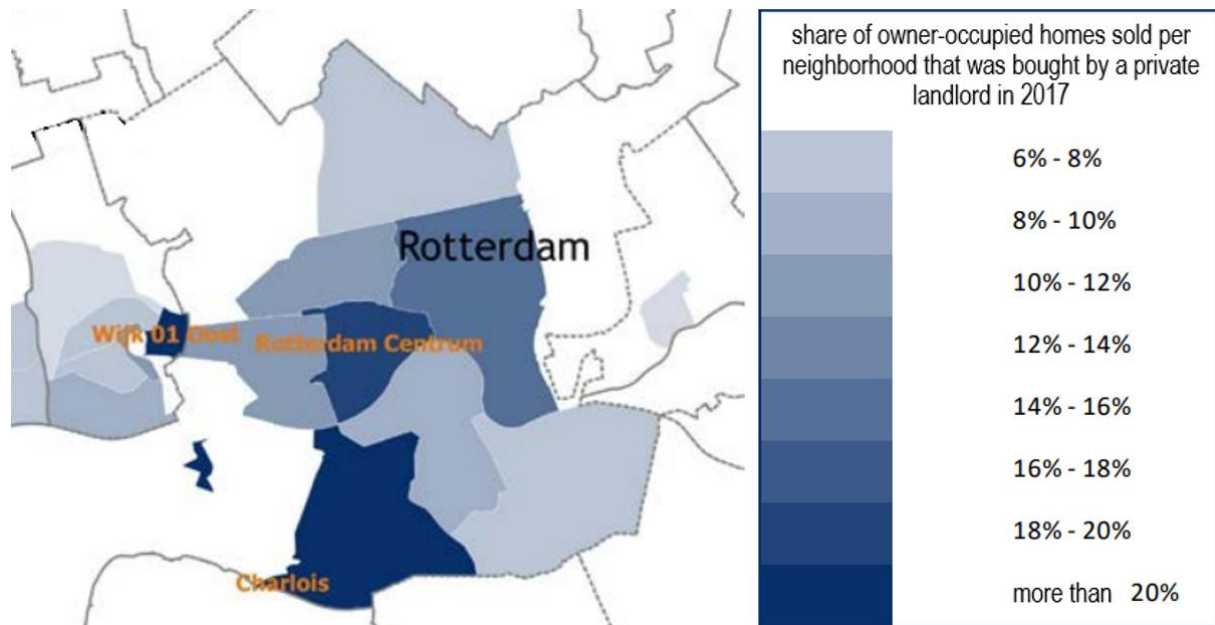
In addition, the city attracts many tourists every year. In 2019, Rotterdam attracted around 1.2 million tourists. However, in contrast to Utrecht and Amsterdam, this meant a slight contraction in both the total number of tourists (-4%) and the number of overnight stays on accommodation (-2.3%) (CBS, 2020). Over the last 10 years, however, the same pattern has occurred as in Amsterdam, namely a growth in the number of accommodations stays of 50%. Nevertheless, the city currently has about 1300 addresses intended for rental to tourists. This translates to a small share of 0.5% of the total housing market.

One of the reasons for the increasing competition on the housing market can be found in the rising number of expats, according to research by the NVM (2020). For example, Rotterdam brokers have indicated that in 2019 1 out of 3 rented homes was rented by an expat. The city is also doing well in the Expat City Ranking (2018). In this large-scale survey among expats worldwide, Rotterdam is seventeenth in the world rankings. This popularity also translated into an increase in the number of expats. For example, 2,212 new expats were enrolled in 2018, almost doubling the numbers of 2017 (1,362). As a result, the city had between 25 thousand and 30 thousand expats in 2019. Resulting out of the recruitment of new international companies, these numbers are still increasing. For example, in 2018 Rotterdam attracted 36 new international companies that generated more than 1,430 new jobs (Rotterdampartners, 2019).

In summary, the local context of Rotterdam can contribute to the facilitation of buy-to-let investments. Just as in Amsterdam, high demand and low supply of housing characterize the current housing situation. Although the pressure due to the search for living places by students and expats on the Rotterdam housing market is more limited than Amsterdam, an increase is also expected here. In addition, the city has high annual house price increases of around 11%, which are among the highest increases among Dutch cities. These factors can all contribute to the growing trend in the number of buy-to-let investments on the Rotterdam housing market.

§4.4.2 Buy-to-let

Figure 4.6: Share of owner-occupied homes sold per Rotterdam neighborhood that was bought by a private landlord in 2017



Source: Kadaster (2018, p. 18)

In 2019, 19.9% of the Rotterdam housing market consisted of rental properties, which were rented out by private investors. This share amounted to a total of 62,007 homes (Research010, 2020). This meant an increase of 0.6% in the share of the total housing market compared to 2018. As in the other major cities, investors invest the most in apartments with a lower floor area (Kadaster & NVM, 2017). In Rotterdam, the expensive apartments and houses are rented out on the north side of the river Maas. Cheaper rental and owner-occupied homes can be found south of the Maas, or on the eastern outskirts of the city, like IJsselmonde. The lowest average rents in the private rental sector are found for apartments and houses in the southern districts of Hoogvliet and Charlois.

Interestingly enough, the Charlois district in Rotterdam is the epicenter of buy-to-let investments. This also becomes clear when taking a look at *figure 4.6* in which the most recent available data from the Land Registry (2018) provides a map of where buy-to-let occurs in the different Rotterdam districts. In most Dutch cities (including Leiden, Groningen, Utrecht) the share is growing mainly in and around the center, while in Rotterdam the largest growth has taken place in the southern districts. In addition, research by the Land Registry (2018) shows that buy-to-let takes place only more recently in Rotterdam than in Amsterdam, as a result of which the share of rental homes compared to the housing stock has increased faster in recent years (2013-2018: 1.2% relative to -0.3%). In 2017, 10% of all sold owner-occupied homes were bought by a private investor with the aim of letting them in the private rental sector (*figure 4.1*). This share has grown explosively since the 2009 economic crisis. In that year, only 3% of all owner-occupied homes were bought by an investor. The theory of Gybb and Nygaard (2005), and (Mellish & Rhoden, 2009) that investors will invest more with greater confidence in the economy is fully demonstrated in Rotterdam.

§4.4.3 Local policy

"Setting frameworks, initiating and stimulating". When looking for policy documents that apply to buy-to-let in Rotterdam, these are terms that occur repeatedly. Policy regarding buy-to-let therefore has a fundamentally different angle than its Amsterdam counterpart. This is based on goals such as stimulating the free middle cost rental segment and differentiation of the socio-economic situation. In recent years, for example, Rotterdam's policy has increasingly developed into a policy in which buy-to-let has been given a place. Related policy documents include middle segment rent policies (Dutch: Actieplan Middenhuur) and the Housing Vision 2030 (Dutch: Woonvisie Rotterdam 2030). The latter has since been tightened up in 2019 by means of the 'Addendum'. As will be elaborated on further below, investors in the private rental sector are assigned an important role in the transformation of the urban residential environment.

§4.4.3.1 Setting frameworks, initiating, and stimulating

The Housing Vision 2030 is the municipal vision for the future for Rotterdam as an attractive residential city in 2030, in which the policy to be pursued is presented, with its core objectives (Gemeente Rotterdam, 2016). The main topics are urban growth, balance, quality of life. It is central to this that anyone who wants to live in Rotterdam can find a home. In addition, the policy tries to respond to the changing demand for housing in the city. It explains which homes are involved and how the municipality of Rotterdam tries to match supply to demand. To achieve this in the period up to 2030, three goals have been centralized in the Housing Vision 2030, which are:

- Realizing more attractive living environments
- Ensuring housing stock with future value
- Keeping the base housing stock in order

Where the state and stock of the housing market are discussed in general terms, investors in the private rental sector are repeatedly quoted as part of the solution to the objectives to be achieved. While the goals of 'providing housing stock with future value' and 'keeping the basics in order' mainly focus on controlling the consequences of buy-to-let, the realization of attractive residential environments mainly applies to the act of purchasing a home for rental.

For example, it is stated that the presence of private investors can contribute to the development of attractive residential environments. The financial compensation of private investors for investments in "unprofitable" homes in focus areas (Gemeente Rotterdam, 2016, p. 18) is mentioned as a policy tool to attract these investors. This usually concerns neighborhoods in the South, such as Charlois, Feijenoord and Afrikaanderwijk, where the current housing supply mainly consists of a homogeneous, qualitatively low housing stock, which are due for maintenance. In these by the municipality designated 'vital neighborhoods', a more differentiated housing stock must be ensured in areas where this is still one-sided, and quality of living is under pressure (p. 21). By attracting investors with financial support, efforts can be made to invest here and to restore and upgrade the quality of the existing housing stock. This results in, as the Housing Vision states; *"The enlargement of investment capacity in focus neighborhoods and the city and therefore a positive upwards spiral of the focus neighborhoods"* (p.17). In the previous section (§4.4.2) it became clear the part of attracting investors is being achieved

due to a higher degree of buy-to-let investments happening in the districts of Rotterdam South.

In Rotterdam North however, where the older city districts are located, the facilitating approach is mainly used. For example, the municipality states:

"In Rotterdam North, there are often old city districts where the value of the homes is increasing, and investments are already being made in the housing stock. This development is positive and is taking place autonomously, we will not actively intervene here. The market does its work, we mainly facilitate."

(Gemeente Rotterdam, 2016, p.24).

This will be facilitated by making the process of housing transformation possible for private investors, in which densification of the city center is of central importance. Here too, the emphasis is on the middle- and high cost (rental) segment. The city tries to achieve a higher inclusivity and more growth opportunities. Attracting investors to contribute to the differentiation of the housing stock is one of the ways the municipality tries to achieve their central goal of inclusivity. In order to guarantee that investors in private rent meet the quality requirements, the 'plan against residential nuisance' (Dutch: Actieplan Samen tegen woonoverlast) (Gemeente Rotterdam, 2019c) was added.

After reassessing the Housing Vision (Progress report Housing Vision) (Gemeente Rotterdam, 2019a), an addition to the Housing Vision was made in 2019 with the Addendum (Gemeente Rotterdam, 2019b). The aim was to sharpen the Housing Vision so that the housing supply in Rotterdam matches the needs of Rotterdam residents even better. The appointment of the municipal investigation, which examines the possibility and desirability of imposing a self-occupancy obligation, is striking here. The actions resulting from the results found in this study could have far reaching consequences for buy-to-let investors. Nevertheless, the Addendum also mentions that the municipality facilitates the meetings with market parties such as private investors and housing associations to meet the housing needs in Rotterdam South, whereby, among other things, owner-occupied housing transformations are an option (Gemeente Rotterdam, 2019b, p. 17).

§4.4.3.2 Stimulating the middle-cost rental segment

The middle segment rent policies which were developed in 2019 are in line with the earlier (2016) developed Housing Vision. The aim is to tie more middle income households to the city, and for a longer period. Many people with a middle income have previously not been able to find an affordable rental or owner-occupied home in Rotterdam that suited their housing needs. As stated previously (§4.4.1), the housing shortage for this group is growing. A longer housing career within the city is therefore problematic for this target group, forcing them to remain where they are or to move to other municipalities. With this action plan, the municipality of Rotterdam hopes to increase the growth opportunities in the city for this target group. Buy-to-let investments are cited specifically as the desired phenomenon to achieve this goal. Buy-to-let, as the municipality states, can provide; *"when calculating reasonable rents, a positive contribution to the expansion of the free sector rental stock in Rotterdam"* (Gemeente Rotterdam, 2019c, p. 12). Here too, the municipality seems to be in favor of limiting measures regarding buy-to-let, because this benefits market forces and has less negative impact on rents, which would lower the attractiveness of investing in the middle cost rental housing. To meet

specific wishes and requirements of investors, and to discuss options from the municipality, including municipal ambitions regarding middle segment rentals in the existing stock, the municipality again facilitates consultation with private investors.

In summary, it can be stated that the municipality of Rotterdam therefore appears to use a fundamentally different approach in its policy than its Amsterdam counterpart. The municipality is prepared to cooperate with investors, and sets various frameworks within which investors can operate in the city, provided that this benefits the goals of the municipality; realizing an attractive residential environment in which there are plenty of opportunities for growth and where the city is able to be inclusive with its housing stock. The emphasis here is on increasing housing differentiation, with private investors playing an important role.

Chapter 5 - Results

In this chapter, the different results are presented on basis of the qualitative analysis that has been applied to the interviews. In addition to the various contexts in which buy-to-let takes place, including the current relevant policies and the macro-economic situation, the focus will be on the personal experiences that policy advisors at the municipalities of Amsterdam and Rotterdam have gained regarding buy-to-let. Similar to the previous chapters, Amsterdam will first be discussed, after which the same is done for Rotterdam. Here, the main structure per city broadly follows the conceptual model (*figure 2.1*). Therefore, the first subsection will look at the personal views of the interviewed policy advisors on buy-to-let and its consequences. The municipal vision and policy on buy-to-let per city are then discussed, after which the following subsection will analyze the policy in relation to the different contexts, namely the local, the macroeconomic and the organizational context.

§5.1 Amsterdam

§5.1.1 The Amsterdam municipal vision and policy on buy-to-let investments

From the analysis of various policy documents in the previous chapter (4.3.3), it was concluded that the recently adopted municipal course, in which 'ensuring adequate, affordable and good housing' is central, is accompanied by the tightening of various rules and regulations which make buy-to-let less attractive. Therefore, the interviews first focused on the motivation behind these tightening's. The municipal vision is at the heart of this. But what exactly does the municipality of Amsterdam think of the buy-to-let investments, what are the positive and what are the negative consequences? How is this processed in their vision?

Both politically and socially, the topic plays an important role in Amsterdam, the policy advisors acknowledge. This debate often focuses on the negative consequences of buy-to-let investments in Amsterdam. Topics such as the ever-increasing cost of housing in the owner-occupied and rental markets, illegal rental and gentrification are mentioned several times. Nevertheless, the interviewed policy advisors also point at the positive effects of buy-to-let investments in the city. Among other things, the quality improvement of real estate is appointed here.

"There are buy-to-let investors who really refurbish homes, turn them into high-quality, much better homes. Remove lead pipes, remove asbestos-containing materials, improve sound insulation. So, the quality of the house is really improving. This also means that the price will go up, but well, you see that there is a better quality of housing offered."

(Policy advisor 1 Amsterdam)

In addition to providing quality improvements, buy-to-let is mainly seen as an outcome for home seekers who cannot yet buy but are also not eligible for social rent, for people who do not want to buy, and as an outcome for the many students and expats. For the latter, usually 'chambering' of family homes is applied by buy-to-let investors. This type of transformation involves adding rooms or houses to the rental market that are in great demand. In these cases, a contribution to the development of an increased housing stock is made by creating accommodation for the growing numbers of students and expats (as previously explored in

4.3.1). Nevertheless, one of the policy advisors has a very critical comment on this idea. She states:

"That [creation of middle cost rentals by buy-to-let investments] does not happen. I think that's typical VVD talk. That is what Minister Ollongren has always said. Although she is from D66, that is the attitude that always comes from the national government. They state; if we realize a 'freer' rental segment then it will be fine with the middle cost rentals. But they have no idea what is going on here. Every asset added to the free rental segment is an expensive rental home."

(Policy Advisor 4 Amsterdam)

Creating rental properties in the middle cost rental segment by stimulating buy-to-let investments, does not work, she says. The assumption that buy-to-let contributes to an increase in the housing supply of the middle segment rentals is an illusion, she concludes. The policy advisor therefore clearly implies that buy-to-let rental properties are almost never offered in the middle cost rental segment in Amsterdam, and that the policy idea that buy-to-let can contribute to increase the housing supply in this segment is utopian. After all, the prices of owner-occupied homes in Amsterdam are so high that it is not profitable enough for buy-to-let investors to rent them out in the mid-priced rental segment. Monthly rental income does not outweigh any mortgage or purchase price. Ultimately it is about returns and earnings. In this case, the initial cost of purchasing Amsterdam owner-occupied homes does not allow buy-to-let rental, and moreover, the fiscal state of the Amsterdam housing market determines the increase in overpriced buy-to-let rental.

In addition to this increase in (too) high rents, the policy advisors sum up different comments and are therefore mainly critical on the effects of buy-to-let. For example, they mention the overrepresentation of buy-to-let investments in Amsterdam and the negative consequences this may have for the composition of neighborhoods. For example, Amsterdam neighborhood characteristics are changing as a result of chambering and the increasing numbers of students that this buy-to-let related practice attracts. According to the policy advisors, these developments are often accompanied by a decline in the quality of life in the neighborhoods.

In addition to the previously mentioned central topic, namely the excessive price increases, more consequences of buy-to-let investments are also mentioned by the policy advisors, namely a decrease in accessibility to the housing market. The demand for owner-occupied homes in the city is high (4.3.1), and investors are preventing potential owner-occupiers from acquiring homes. This is due to the inability to pay for the intended home, or to be outbid by buy-to-let investors, according to a policy advisor. The owner-occupiers therefore find it increasingly difficult to find a place on the Amsterdam housing market as a result of buy-to-let, is the conclusion.

"Houses are in principle to live in and it [buy-to-let] also has an enormous price-driving effect. So, you notice that a lot of people are literally forced to leave the city because they simply cannot get a home in Amsterdam, just because it is getting too expensive."

(Policy advisor 3 Amsterdam)

The by the policy advisors identified problems in Amsterdam therefore seem to correspond to the gentrifying effect that Paccoud attributes to buy-to-let investments in his theories (2017). Moreover, the policy advisors add to this that some of the buy-to-let investors do not actively pursue contributing to the creation of housing. It is said that the houses are primarily used as a commodity and not as a basic provision of housing. This is mainly due to the excessive increase in value of real estate in Amsterdam, which has shown a continuous increase in recent years. Indirect income (profit by selling an asset) is sometimes preferred over direct income (through rental). This creates vacancy and actually also removes living space from the city, whereas housing space is needed to meet demands, the policy advisors say. These type of buy-to-let investments in Amsterdam are seen therefore seen by the policy advisors as adverse and unwanted developments.

The above-mentioned negative consequences of buy-to-let, observed by policy advisors, appear to be increasingly present in Amsterdam and the municipality therefore can no longer ignore this. Negative effects overwhelm the positive effects and there can no longer be a passive attitude towards buy-to-let investors. Nevertheless, as the policy advisors state, the approach to buy-to-let differs per political movement. The way in which the municipality of Amsterdam approaches buy-to-let in its policy can therefore be explained to a large extent from the political background of the city council.

"The city council determines what our vision is"
(Policy advisor 2 Amsterdam)

The current democratically elected city council of Amsterdam, a politically oriented 'left' government, focuses, as a policy advisor argues, on 'the negative sides of it, the consequences for the quality of life'. Political 'color' would therefore clearly define the urban vision of buy-to-let in Amsterdam, in which intervention on the housing market is seen as a necessary evil to achieve the set objectives such as residential affordability and improved quality of life. The city is under pressure, and the acting against the negative consequences of buy-to-let is central.

§5.1.2 The Amsterdam municipal approach to buy-to-let investments

From the previous subsection, it could be concluded that the municipality of Amsterdam has a certain vision regarding buy-to-let. The policy advisors state this is a 'neutral vision that involves interventions in order to promote quality of life'. First of all, it is important to analyze from the interviews how buy-to-let related policy documents are shaped according to this vision, and how buy-to-let is approached in these policy documents. The many different policy documents, rules and policy reviews related to buy-to-let serve a greater purpose, policy advisors state. The quote below illustrates this goal.

"You want to have a dynamic housing market, you want to keep supply for buyers, for parents with money, for investors, for tenants and for people who do not want to buy or cannot buy."
(Policy Advisor 1 Amsterdam)

In short, this means that the Amsterdam policy aims to keep the market inclusive for all parties. An aim that strives for 'accessibility and quality of life'. This is prioritized on the municipal agenda in Amsterdam due to the situation of the housing market, policy advisors say. After all, the analysis of the Amsterdam housing market situation in the previous chapter

showed that Amsterdam has experienced the sharpest house price increases of the whole country in recent decades, and the demand for housing still seems to be increasing every year.

In addition, the interviews revealed that for the first time in years, Amsterdam has experienced a decline in owner-occupied homes. The city council recognizes the role of buy-to-let investors in this development, the advisors say. To prevent these developments from continuing and intensifying, the municipality is therefore introducing various measures to enforce more a strict buy-to-let related policy. This includes, among other things, the ban on letting and a stricter control on room-based permits. In recent years, the policy climate has therefore sharpened on control of buy-to-let investments because the municipality sees that these investments contribute to growing problems in the city. Moreover, the current policy is a legacy of policy management in recent decades. The city came from a completely different position in the 1980s, the policy advisors state.

"Of course, we have done a lot to renovate the city, because we found that the disadvantaged neighborhoods were degenerating. [...] Therefore, we wanted to work with corporations and investors to make things better. There was a clear goal behind it. Making the city better for its residents. There was already a movement behind it, we wanted to make some of those rental properties better or put them up for sale. The share of owner-occupied homes had to grow, because I think 80% of all homes in the city were housing corporations. [...] However, one of its effects was gentrification. People couldn't afford it anymore and it drove up prices."

(Policy advisor 2 Amsterdam)

Major policy revisions are therefore taking place, with the municipal opinion regarding buy-to-let investments shifting from desirable to (to some extent) undesirable. However, policy advisors differ on the goals of current policy. For example, one argues that the policy is to discourage buy-to-let as an investment, while the other argues that it is purely about limiting its negative effects. This is differentiation might be due to the political background, a policy advisor states:

"Is it the phenomenon, or are it the consequences? I think it differs how you look at it regarding your political background. [...] I think I personally worry about the consequences, because I am not necessarily reluctant to the phenomenon of people investing."

(Policy advisor 4 Amsterdam)

The policy advisor therefore summarizes the entire public debate regarding Amsterdam policy. After all, according to a "left-wing" social policy advisor, buy-to-let related policy should about investment discouragement, whereas "right-wing" liberal policy advisors focus mainly on the negative consequences. Nevertheless, the Amsterdam municipal policy seems to strive to intervene more and more in the local housing market. As a policy advisor states; "Amsterdam can, and certainly wants to be in control, when it comes to the buy-to-let policy." The Amsterdam municipal policy therefore seems to be moving away from the national liberal climate. The buy-to-let related municipal policy therefore fits "social and left-wing" ideas, which the policy advisors considered necessary to solve the buy-to-let related problems in the city.

"The government is never neutral; the government implements the policy. At least in a democracy, where the majority of people think it is important. We just call that 'neutral'."

(Policy Advisor 2 Amsterdam)

It is therefore possible to nuance the first lines of this sub-section, in which policy advisors stated that Amsterdam has a "neutral" buy-to-let policy. The policy that is viewed as neutral by the advisors seems to become increasingly negative for investors (and positive for owner-occupiers in search of a home). The status of the Amsterdam housing market therefore, characterized by the shortages and the great pressure, seems to position policy advisors where they simply can no longer be neutral for all actors. When compared with the scientific literature, the municipality distantiates from their neutral attitude (regulation) and the focus shifts sharply to control (Barett & Fudge, 1981). The municipality has to make choices, and to achieve accessibility and affordability, neutrality towards all actors is impossible in Amsterdam. The Amsterdam municipal policy is therefore labeled by the policy advisors as: "Positive for the people of Amsterdam, but negative for the buy-to-let investor".

§5.1.3 The contextual influence on buy-to-let policy making in Amsterdam

§5.1.3.1 *The local context*

According to the stated vision and policy of the current Amsterdam municipality, there is a need to tighten the buy-to-let related policy. In accordance with the literature, this sub-section will first analyze to what extent Amsterdam policy is formed in relation to the local context, from the perspective of policy advisors.

The interviews seem to show that there is a differentiation in the focus of the policy. On the one hand, policy appears to stem from the idea of limiting the local negative effects, while the idea of pursuing local preventive policy, which prevents the buy-to-let investment itself, is also an issue. Both the local and organizational context influence this policymaking. For example, the municipality of Amsterdam can exercise control over the leasehold (organizational context) of their municipality owned lands and the new-build homes built on it (for example, the self-occupancy obligation / rental ban). However, this does not apply to the already built-up space, since governmental property rights apply here. Nevertheless, there is a strong focus on the local context, with policy advisors indicating that specific local issues (including affordability and quality of life) have led to the policy to be formed. The reactive nature of the policy is reflected here again, with the policy responding to local developments in order to steer similar developments in the future. Since this section highlights the latter local context in perspective to the buy-to-let related policy, the organizational perspective will be explained later.

First, the relationship between the local context and the guiding 'reactive' policy is emphasized by the policy advisors. This concerns policy that applies to the existing housing stock. Policy advisors indicate that it is legislation that does not apply to the sheer prevention of buy-to-let, but to limiting the negative associated direct and indirect effects. In addition, control and steering of buy-to-let is of central importance here.

"The goal is to steer the existing housing stock. The measures are to make it [buy-to-let investments] less attractive."

(Policy Advisor 3 Amsterdam)

Although the Amsterdam policy pays attention to location-specific problems, for example illegal or excessive holiday rental in the Amsterdam center neighborhoods, the buy-to-let related policies are mainly generic policies. Although the local context determines the policy to be formed, that does not mean the policy is applied on a location-specific basis.

"The measures are generic for the entire city, but some policies are certainly more desirable in some areas than in others."

(Policy Officer 4 Amsterdam)

Nevertheless, there also seems to be a shift within Amsterdam policymaking here. For example, the possibilities of applying local specific policies are being examined, including holiday rental bans and restrictions on room-by-room rental. The latter illustrates a shift in which the municipality researches if it is feasible to develop buy-to-let related policy to be applied on a specific local scale. For example, as a result of growing student numbers, investors have begun to invest and acquire more and more homes on the outskirts of the city. Buy-to-let is increasingly moving to the edges of the city, according to policy advisors. This shows overlap to the contextual exploration that took place in the previous chapter. These investments specifically concern 'cheaper' single-family homes on the city edges, that are bought by buy-to-let investors, which then are transformed by chambering to be rented out per room. As these houses are still relatively cheap and have a larger surface area, these local characteristics concern house specific features that facilitate room rental. The local context therefore is decisive for the policy to be formed, and a local specific chambering permit would provide a solution in these peripheral neighborhoods to counteract to negative effects, a policy advisor states. 'With these 'negative effects', he refers to overdue home maintenance, changing neighborhood structures, diminishing solidarity and exploitation by "slumlords". The municipality is trying to counter these specific buy-to-let-related problems with permits such as specific chambering quotas and tightening of individual lease contracts. Local practice therefore forms the basis for the policy formed and pursued.

"We have now started with quotas on room rental, so investors can use a specific number of houses for room rental per district. So, they cannot put students in every house, and we are now working with 1 fixed quota for the entire city, but we might differentiate in that. "

(Policy Advisor 3 Amsterdam)

In conclusion, it can be stated that the first type of policy focuses mainly on mitigating negative effects and controlling and steering buy-to-let. Nevertheless, this mainly focuses on the effects of buy-to-let investments within the private rental sector and not specifically on the investment type buy-to-let itself. Therefore, this concerns generic policy regarding the free rental sector, within which the majority of the buy-to-let rental properties are rented out. For instance, policy on housing quality, chambering permits and counteracting to exploitation are measures that the municipality is taking on the negative effect of buy-to-let investments in order offer high-quality and affordable homes in the existing housing stock in the future. The aforementioned

policy in relation to the local context therefore mainly contributes to the last 2 basic pillars of the Housing Agenda 2025 and the Course 2025, namely, to focus on "ensuring affordable and good homes".

"The municipality wants to be able to steer if necessary. Because certain segments are affected excessively or too negatively. For example, starter homes. Amsterdam is quite sure that they want control."

(Policy advisor 1 Amsterdam)

Secondly, the interviews with policy advisors show that there is a relationship between the local context and the guiding 'preventive' policy. This mainly ties in with the first basic pillar in the 2025 Housing Agenda, namely ensuring sufficient homes. In contrast to the reactive policy on affordability and housing quality, which mainly applies to the existing housing stock, these are preventive measures that should prevent the future unwanted effects of buy-to-let from happening. Whether this concerns investment prevention in itself, or mitigation of future negative developments, differs per policy advisor.

"Amsterdam is fortunate here to issue leasehold cases. Because the property is ours, we can enact private law agreements."

(Policy Advisor 1 Amsterdam)

It is through the municipal ownership of urban lands that the municipal policy can pursue an active policy on the newly built homes on Amsterdam city lands, the policy advisors state. The local context therefore determines the motivation behind the desired policy. This is a municipal policy course where new-build homes are prohibited from being sold to buy-to-let investors, unless the investors opt for rental in the coveted middle cost rental segment.

Following several studies by the PBL and the Land Registry, the municipality came up with this idea to investigate such a rental ban or self-occupancy obligation. From these investigations, the municipality concluded that the local contextual situation in Amsterdam, (in which there was a growing housing shortage on owner-occupied and middle-segment rental properties), deteriorated as a result of such buy-to-let investments. After all, these would remove owner-occupied homes from the housing market and transform them into expensive rental homes or student rooms, according to policy advisors. This contextual exploration of the municipality in the local space also pointed to a growing skewness in the supply on the housing market. With the implementation of the self-occupancy obligation or the rental ban, the municipality therefore wants to act preventively and respond to the local demand for owner-occupied housing.

"In Southeast, there is a lot of space and a lot of construction going on. There are also owner-occupied homes added in the medium-priced owner-occupied segment, because it is thought that this will provide a better mix of housing types at that location, because we believe that the supply is still one-sided. [...] It is precisely in these cheaper areas in Amsterdam that there is a high risk of buy-to-let. The policy is therefore generic, but it is very necessary in some locations."

(Policy advisor 4 Amsterdam)

In addition to preserving homes for owner-occupiers, combating price increases and meeting housing demand, the preventive policy that Amsterdam intends to implement in new construction must contribute to limiting the negatively associated indirect effects of buy-to-let. This second objective is therefore in line with the aforementioned policymaking, which focuses on mitigation of negative buy-to-let effects such as illegal rental, over-habitation and lack of maintenance. However, the measures are primarily a preventive policy based on the local context, which can be implemented in Amsterdam through leasehold, the policy advisors say. The organizational context is therefore closely interwoven with this policy and will be further explained in the coming sub-sections.

§5.1.3.2 The macroeconomic context

While, according to the interviewed policy advisors, the local context appears to play a direct determining role in the policy that has been formed, the macroeconomic context seems to be to a lesser extent taken into account in policymaking on buy-to-let. While the macroeconomic context has been previously identified as the basis for the likeness of the occurrence of buy-to-let investments, this does not seem to be included in eventual policy. Nevertheless, the importance here lies in the direct and indirect effects of the macroeconomic context on buy-to-let investments and the related policy.

First of all, policy advisors note that the macroeconomic context is particularly important for the profitability buy-to-let investments, or in other words, the direct connection. The indirect connections, on the other hand, are important for the actual policy to be pursued, according to the interviews. This mainly concerns the applicability of the policy and the general course taken by the municipality. Both are further elaborated on. For instance, a policy advisor emphasizes on the importance of the macro-economic context for the applicability of the Amsterdam buy-to-let policy. First, as mentioned earlier, she argues that the macroeconomic context is mainly at the basis of buy-to-let investments in the city. This is the direct influence of the macroeconomic context on investment. However, the success of the future implementation of legislation such as the self-occupancy obligation or a rental ban are uncertain due to this direct influence. After all, the current favorable macroeconomic context for investors, the driving factor behind buy-to-let, is subject to change. For example, a policy advisor cites the uncertain economic situation that arise at the time of writing as a result of the Covid pandemic as a determining factor for the successful or unsuccessful implementation of the future self-occupancy obligation.

"It (self-occupancy obligation) is therefore really a command given by the municipal administration. However, it is a measure that will only take effect after a few years' time, whereas the question is still what the effects will be. Currently we are witnessing the Covid-crisis, and maybe it will no longer be necessary at all. Maybe other measures will be better."

(Policy advisor 4 Amsterdam)

The reactive nature of the newly adopted policies on the negative effects of buy-to-let, (an investment primarily caused by the favorable macroeconomic context), makes it vulnerable to potential uncertainty in the changing macroeconomic context. The policy is pursued on the effects that people are now perceiving from buy-to-let, while a possible future crisis would

make this policy redundant, or perhaps counteracting. In that case, the assumption is that the economic situation will change in such a manner that buy-to-let investments and the perceived consequences will also change. The success of the policy to be implemented therefore depends on the extent to which buy-to-let, and the observed effects respond to the changing macroeconomic context.

"We (before the financial crisis) of course did a lot to revive the city, because we thought that disadvantaged neighborhoods were degenerating. Where the age deteriorated, we wanted to work together with corporations and investors to make things better. There was a very nice clear goal behind it. Making the city better for its residents.

(Policy advisor 2 Amsterdam)

"In the previous crisis, all kinds of owner-occupied homes were under water [economically], when it was promoted from central government and the municipality to rent out those homes."

(Policy advisor 4 Amsterdam)

In addition to the uncertainty of the future implementation of buy-to-let legislation, the macroeconomic context also indirectly determined the general Amsterdam municipal vision on buy-to-let, resulting in the policy to be implemented, a policy advisor states. The changing macroeconomic situation has therefore led to changing policy in Amsterdam in recent decades. At the time of crisis and disinterest in the city, private investment in the rented rental sector was therefore encouraged, whereas in the latter period of economic growth and effort, the municipality has been increasingly abandoning this policy and started focusing on discouraging and limiting, another policy advisor concludes. Thus, the macroeconomic context does not directly affect the buy-to-let related policy, but indirectly plays a major determining role in the general course being pursued, and consequently, the policies resulting of this.

§5.1.3.3 The organizational context

The Amsterdam buy-to-let policy, in relation to the organizational context at the different scale levels (international, national and local), seems to be explained in the interviews out of the relation and interaction between these scale levels. These interactions relate to the policy course to be followed and to the extent to which policy can be formed. This will be further elaborated on below.

International organizational context

First of all, the interviews seem to show that the influence of the international organizational context on municipal buy-to-let related policymaking is limited in nature. International financial deregulation and European rental policy, among other things, have been cited by policy advisors as the reasons for the increased attractiveness of investing in the Amsterdam rental sector. However, this mainly concerns the influence on the extent to which buy-to-let investments are likely to occur, and not directly to the development of buy-to-let related policy. It is therefore concluded by the policy advisors that the interaction between European policy (which stimulates enlargement of the private rental sector), in combination with the national liberalized political climate, mainly contributes to the growing numbers of buy-to-let

investments. Where there is no direct connection between the international organizational context and the local Amsterdam policymaking, the international organizational context however indirectly plays a role in the municipal policymaking which tries to reduce and limit buy-to-let investments and negative effects.

"It is not only gentrification that can explain that these prices have risen so much. What is behind it, that of course we also see international deregulation throughout the financial world from the 1980s onwards. [...] I think you can see that here in the city too."

(Policy advisor 2 Amsterdam)

National organizational context

Nevertheless, the influence of international organizational context on buy-to-let related policy making remains relatively unnamed in the interviews. At the national level, on the other hand, the organizational context is starting to play a greater role in Amsterdam's policy on buy-to-let, policy advisors state. They argue that this mainly concerns 2 matters. Firstly, the influence of the national liberal climate on the locally pursued municipal course (and the associated policy), and secondly, the extent to which national policy determines the possibilities in which the municipality can form on buy-to-let.

"The fact that Amsterdam is taking so many of those measures has exactly to do with the freedom of market forces that the Dutch government has pursued in recent years. The deregulation of the past 10 years by the government has actually induced everything we are actually trying to repair within Amsterdam."

(Policy advisor 2 Amsterdam)

First of all, the interviews show that the Amsterdam buy-to-let related policy that has been formed is a result of the situation on the housing market that policy advisors see caused by the national liberal political climate. The above quote clearly illustrates this. The various policies taken under national liberal cabinets are cited as the cause of market liberalization. For instance, protection of social rental housing market decreased, as pointed out earlier (2.1.1). In addition, measures such as taking the WOZ value into account in the points system (on which it was calculated whether a house belonged to social rent) contributed to the fact that the free rental sector in Amsterdam grew exponentially. This national decision has caused a large proportion of Amsterdam's homes to become purchasable for buy-to-let investors, thus contributing to the increased investment level in the city. In combination with the lack of control of the rental height in the free rental sector, this meant that the city quickly became unaffordable.

The excessive price increases, the decrease in owner-occupied homes and other buy-to-let-related problems in Amsterdam are therefore primarily attributed by policy advisors to the national, liberal policies. As previously described (and as becomes clear from the above quotation), policy advisors view the current municipal policy as necessary to limit the negative impact on this housing market of Amsterdam that the liberal national policy has induced. "Repairing the troubles that the national government has provided us with" a policy advisor calls the municipal policy course. In summary, it can therefore be concluded from the interviews that the national organizational context has a decisive influence on the local

municipal policy regarding buy-to-let, namely through steering, limiting, discouraging and prevention.

"In the Housing law, which is the national law that states what the municipality can do with a housing regulation, there is no possibility for municipalities to include self-occupation laws."

(Policy advisor 3 Amsterdam)

Not only is the national liberal climate assigned by the policy advisors as a catalyst for the negative effects of buy-to-let in Amsterdam, but also the national policy contributes to the extent to which the municipality has the 'freedom' to formulate its policy. In other words, this provides limitations to Dutch strategic municipal planning (Kurstjens, 1999). There is a certain degree of hierarchy here, policy advisors say. For example, it has been determined at national level which policy measures a municipality can apply. As a result, the municipality cannot intervene where it sometimes would like to. Buy-to-let, by which investments take place in the existing housing stock is a good example of this. Even if the municipality wanted a preventive policy to be pursued here, this would not be possible due to national policy. The above quote illustrates this hierarchical setup. Among other things, due to the current nationally determined housing law and property rights, the municipality is limited in its possibilities to include rental bans and self-occupancy obligations. Moreover, it is also currently impossible to intervene on excessive rental prices in the private rental sector. It is for this reason that the current Amsterdam policy does not initially have the option of applying preventive policy, the policy advisors state.

"Amsterdam doesn't have that many options. For instance, you have property rights. That is one of the most important and strongest national rights someone can have. If you own something, then we cannot just put restrictions on it. [...] As far as existing housing stock is concerned, in the end we have relatively little to say."

(Policy advisor 1 Amsterdam)

Local organizational context

Despite the national organizational context, which, according to policy advisors, plays a decisive role in the Amsterdam buy-to-let related policy context, the local organizational context also appears to determine the policy that has been formed. The analysis of the interviews seems to reveal two issues here, namely the role of municipal politics and the presence of the municipal leasehold that provides the city with vigor.

Nevertheless, the latter once more has interfaces with the national contextual level, according to policy advisors. Recently, there has been a shift at national policy level as a result of multiple municipal issues (in which preventive measures such as the self-occupancy were requested), in which it is examined whether municipalities should be given more autonomy to intervene on buy-to-let investments.

"The ministry is still working on that. However, that letter from Ollongren, which talks about buy-to-let prohibition, is not yet entirely clear what that will look like. It remains to be seen whether we can apply that. However, that would be an approach that we are open to, in order to remove the excesses in certain areas of Amsterdam."

(Policy advisor 3 Amsterdam)

If municipalities are granted these enforcement powers, this would help Amsterdam policy advisors much. The municipality of Amsterdam is in a luxury position in this respect, the advisors state. In combination with the aforementioned leasehold, this could play a central role in the shaping and realization of future policy. After all, the leasehold, in which the municipality owns much of its land and issues it for new construction, sets leasehold conditions to the buyer. This local organizational context, in which the municipality has control, therefore determines the implementation and application of the requested purchase protection and the self-occupancy obligation. The policy advisors say that these can preventively keep the new-built houses away from buy-to-let investors. In this case, the local organizational context therefore facilitates a preventive policy. Nevertheless, policy advisors are aware that such a rental ban will not solve all buy-to-let related problems. The municipality therefore still lacks the decisiveness to limit buy-to-let in the existing housing stock.

"What happens to that existing housing stock is governmental responsibility. We can merely try to influence this through rules on scaling, chambering etc. But our influence is simply limited."

(Policy advisor 4 Amsterdam)

This local organizational context, in which municipal powers appear to be central, the way determines in which policy is formed and implemented. The extent to which the municipality has powers therefore determines the type of policy that Amsterdam can pursue. At the moment, this is still "steering and discouraging" in the existing housing stock. In the construction of new houses, this may become a preventive policy in response to the local organizational context, namely the Amsterdam leasehold, with which the municipality hopes to work towards achieving an 'accessible housing market'.

§5.2 Rotterdam

§5.2.1 The Rotterdam municipal vision and policy on buy-to-let investments

Based on the previous chapter, we concluded on the basis of the analyzed Housing Vision, the revision through the Addendum and the middle segment rent policies that the municipality of Rotterdam is prepared to cooperate with buy-to-let investors, by facilitating and primarily guiding them. Buy-to-let investments are approached from a positive perspective, with the municipality declaring that they can contribute to the goals that the municipality has set for itself, namely realizing differentiation in the housing supply, whereby buy-to-let investments can contribute to meeting the housing demand (4.4.3). The focus lies on medium rent and buy-to-let investors can contribute in making quality improvements which are desirable in many neighborhoods. This sub-section will therefore analyze the policy regarding the underlying vision of the municipality and its policy advisors from the perspective of the policy advisors. Here the 'why' question is asked; how does the municipality approach buy-to-let in its policy, and above all; why this way?

While the previous sub-sections focused on the first half of the conceptual model (which is used as a guideline in this results chapter) and analyzed how the different contexts facilitate buy-to-let, we will now look at the consequences of buy-to-let and the municipal vision on this. This means looking at the municipal vision of buy-to-let based on the consequences that policy advisors perceive in the city (the third quarter of the conceptual

model). First, we analyze the positive consequences that Rotterdam policy advisors perceive. Based on the interviews, these seem to be divided into 2 different categories, namely quality improvement and a broadening of the housing supply. Both positive effects are in line with the goals set in the Rotterdam Housing Vision, namely an increased differentiation in housing type and an increase in housing quality. A policy advisor states the following about the consequences of buy-to-let investments in Rotterdam:

"The exterior has improved a lot, especially the front facade, and I also see rear facades that hide some things. But the street view has really improved dramatically in recent years."

(Policy advisor 4 Rotterdam)

Despite the fact that improving the esthetics of the street view is seen as one of the best consequences of buy-to-let in his opinion, he does nuance that it mainly concerns the facade on the street whereas quality improvement still leaves much to be desired indoors. Nevertheless, this is already a big improvement in the city and the various policy advisors agree with this. This in turn also contributes to improving the image of the city. Another policy advisor agrees and illustrates this with a brief anecdote.

"Rotterdam has come a long way. The city was not always flourishing. Certainly, areas in the center have improved enormously in the past 10-15 years. I remember when I came here as a child, and at that time I thought; what kind of city is this, this does not appeal to me at all. And now I am very proud that I am a resident of Rotterdam."

(Policy Advisor 1 Rotterdam)

He therefore emphasizes that this cannot be fully attributed to buy-to-let investments, but especially to the various revaluation and renovation projects, creative initiatives, and activity, which in turn attract new investors. This again refers to the local context in which growing urban popularity and an improved image contribute to the increase in buy-to-let investments.

In addition to quality improvement, the differentiation of housing types is also mentioned as a positive consequence of buy-to-let investments in the city by the various policy advisors. This seems to be in line with the goals of the middle segment rent policies, in which more homes will be built in the mid-priced rental segment, the segment which, according to policy advisors, is still too small in the city. Buy-to-let therefore can contribute to creating 'growth opportunities' for residents of Rotterdam. When looking at the literature (Paccoud, 2017; Boschma et al., 2018), this could reduce gentrification. The policy advisors interviewed therefore argue that the growing housing stock held by buy-to-let investors can, among other things, contribute to increasing the medium-rent, which is in high demand, by improving quality. In her interview, a policy advisor therefore emphasizes the importance of the private rental sector, but also makes an important comment.

"We consider the private rental sector very important because they form a large group in Rotterdam, and we have a large housing stock where people can rent. For a very large part that is also going well, but there is also a part that rents less well, because they do not take the rules so closely, do not take maintenance so closely and sometimes also ask a very high rent."

(Policy Advisor 3 Rotterdam)

This brings us to a critical comment of the policy advisors. In particular, the feasibility of these positive effects is highlighted, and it is emphasized that, specifically, municipal guidance is needed in order to achieve this. The positive consequences are not a given and there are also various, often occurring, negative effects. Both the direct effects of buy-to-let, namely the decrease in owner-occupied homes due to the transformation to rental homes, are discussed, but it is mainly the indirect negative effect that get attention from the policy advisors. Interestingly enough, this concerns similar problems. This includes unwanted rent increases and quality problems. With excessive rent increases, reference is made to rent increases that are not in proportion to the offered housing quality. It results in an 'too expensive house for the quality that one gets, according to one of the policy advisors. Another policy advisor adds that these price increases also mean that people must accept far too high rents because there is simply no other housing supply present in the middle cost rental segment. Another policy advisor adds that he sees people being pushed out of the neighborhoods by these price developments. He touches on the scientific theories of Paccoud (2017), which states that buy-to-let leads to gentrification and displacement. However, this thought is not unanimously supported.

"[Buy-to-let] is not a new phenomenon, and it does not necessarily have to be problematic. We haven't witnessed the problems that some cities have undergone in Rotterdam."

(Policy advisor 2 Rotterdam)

Nevertheless, all policy advisors agree that rents are rising. However, they disagree about the extent to which this can be attributed to buy-to-let. The picture here is the same as in the scientific theory, in which different studies come to different conclusions regarding the price-driving effects of buy-to-let (Gibb & Nygaard, 2005; Hochstenbach, 2018; Kadaster, 2018). In addition to excessive price increases, reference is also made to the lack of quality increase. This not only concerns the lack of maintenance and qualitative improvement of the houses, but also 'cheap' renovation.

"Traditionally, in Rotterdam we had a lot of slumlords that bought properties, and then renovated it plainly. That looked good on the outside. But junk materials were often used there, and the goal was to resell with great profit."

(Policy Advisor 4 Rotterdam)

The reason for this can be found in the maximum profit pursuit of the various investors, according to the policy advisors. The idea is that if there is no need to invest in already acquired homes, and this is too much at the expense of the indirect income through rental, the investor takes no action. According to the various policy advisors, management is required in the Rotterdam housing market to guarantee housing quality. In Rotterdam housing policy,

this subject is therefore frequently given attention. This will also be reflected later in the analysis of the policy in relation to the local context. It is therefore questionable to what extent the municipality wants to intervene to stimulate the positive consequences and limit the negative ones. The way in which Rotterdam dealt with buy-to-let in the past also has to do with the former situation of the Rotterdam housing market. For example, a policy advisor says about this:

"For a long time, we had the problem of; how do we fill those houses? So, we come from a completely different situation. It is also impossible to compare at what rate buy-to-let has developed here and in Amsterdam."

(Policy Advisor 3 Rotterdam)

The former situation of the Rotterdam housing market is therefore subject to changes that appear as a result of the change from high vacancy to high demand. As a result, new goals have been set, for which, for example, habitation is no longer a priority. Increasing demand, rising prices and the overdue quality of the housing market require new policies. Too often returns are at the expense of good stewardship, the policy advisors conclude. The importance of a response to buy-to-let in perspective of these developments by the municipality is therefore shared by the various advisors. For example, a policy advisor states the following on responding to the negative consequences such as exploitation and qualitative delinquency by buy-to-let investors:

"If the government finds housing at the bottom of society important, that it is functions in an orderly and tidy manner, and that people do not run into social problems that are too great, then the government does have a role to take action where necessary."

(Policy Advisor 4 Rotterdam)

From these analyzed interviews, and the brief analysis of policy documents in the previous chapter, it can therefore be stated that there is a role for buy-to-let investors in the housing assignments in Rotterdam, where it is of central importance for the municipality that it provides guidance. The coming sub-section will therefore analyze this policy in relation to the different contexts from the perspective of the policy advisors.

§5.2.2 The Rotterdam municipal approach to buy-to-let investments

From the contextual exploration in the previous chapter (4.4.3), it became clear that within Rotterdam politics related to buy-to-let investments, and especially the consequences, are receiving increasing attention. Within this discussion it is therefore interesting to analyze how these investors are approached. A policy advisor summarizes the municipal vision regarding buy-to-let as follows:

"It [buy-to-let] is therefore a subject that is discussed, because our starting point is; it doesn't matter who owns a home, as long as the owner adheres neatly to the rules and proper maintenance. [...] It doesn't matter who rents out, but how it is rented out."

(Policy Advisor 1 Rotterdam)

Based on this neutral approach, it can therefore be explained that buy-to-let investors are not excluded in the Housing Vision and the middle segment rent policies. It mostly touches upon 'regulation', as predetermined by Barrett and Fudge (1981). This however, is subject to the primary condition that investors contribute to the objectives set by the municipality, namely quality improvement and housing type differentiation. In case of positive development however, some 'promotion' can be observed. As a result of this moderately positive stance, the municipal approach is therefore situated between regulation and promotion and is difficult to classify in the literary frameworks set by Barrett and Fudge (1981). The municipality does not favor buy-to-let investors in order to achieve policy goals, they are just one of the means, as the following statement illustrates.

"We want to attract everyone who can do it. We actually do not favor any form of housing, and do not favor suppliers. We have no preference for buying or renting, we believe that both forms should be available and should also be accessible."

(Policy advisor 2 Rotterdam)

In addition to this, the municipality's view on investing is also interesting. In a way, this differs from the literature on buy-to-let investments (Paccoud, 2016; Aalbers et al., 2018). Where the literature defines buy-to-let as the actual action of buying an owner-occupied home which subsequently leads to the transformation of this home into the rental market, from the perspective of the municipality this is not yet an actual investment. It is not the process of buying, but what the investor does with it afterwards. "Yes, you buy and that is an investment, but we do not always see that as an investment," states one of the policy advisors. The municipal perspective therefore changes the definition of "investment", it can be said. Not the direct-, but the indirect investments are of importance. It is therefore this reasoning why the municipal policy mainly concerns controlling these indirect consequences, investing as the municipality sees it. In addition, the willingness of the municipality to intervene when necessary has also been subject to change over the years. The quote below emphasizes this change within the municipality of Rotterdam.

"We have found some undesirable things [effects related to buy-to-let rental], and we really have an approach now. This contrasts to a few years ago, when we said; the private rental market is private, and the private rental sector is not what we [the municipality] are responsible for."

(Policy Advisor 3 Rotterdam)

The past thus provides the basis for policymaking in the future. In line with the literature (De Jong & Hickling, 1990), this leads to the conclusion that municipal policy regarding buy-to-let is reactive in nature. Nevertheless, this also makes it necessary to make point out that the policy must contribute to the creation of a future housing market, which shows characteristics as the municipality sees them fit. This model of policymaking shows overlap with 'strategic policymaking', as described by Kurstjens (1999). Therefore, in accordance to the literature (Sykes, 2008), it can be concluded that policymaking regarding buy-to-let is context-dependent, based on this reactive nature of the policy. The contexts (local, socio-economic, and organizational context) that are considered important, are therefore explained in the following sub-sections in their relationship to buy-to-let investments on the Rotterdam housing market.

§5.2.3 The contextual influence on buy-to-let policy making in Rotterdam

As described in the previous sub-paragraph, the municipal policy is mainly designed to regulate the effects that buy-to-let has on the city and its housing stock. Based on the literature explored, this should be based on a local, socio-economic, and national / local policy context. This theory will be applied on the results and this will be further elaborated on below.

§5.2.3.1 The local context

In the interviews, the various policy advisors emphasize the importance of research in the local context. They address municipal policymaking with its various steps taken in the process of policymaking, including the first phase of investigation. During this first phase, the local context in which the research theme can be found is investigated. Based on the problems that might occur in the local context, various policy solutions are then considered in which positive and negative consequences are predicted. When this is translated into literature, we find ourselves here in the contextual approach which Sykes (2008) considers important in his theories. The local context of the problem is therefore central to this research phase and this context is therefore important to understand the policy. After all, the policy should be based on the observations made by policy advisors.

When the various interviews are placed side by side, it seems that the policy regarding buy-to-let seems to be mainly the result of the state of the Rotterdam housing market of the past decades. Thus, the reactive nature, as described by De Jong and Hickling (1990) comes into play again. In the first sub-section, it was already concluded that buy-to-let investors focus on the lowest price segments, buying outdated post-war porch flats with a smaller surface, often with a size of up to 50 square meters. These are also the 'cheap' houses that can still be found in the southern districts of the city. The NPRZ, the Housing Vision and the middle segment rent policies, among others, have a clear vision of what should be done with these homes. The former post-war working-class homes are a legacy of the city's post-war growth and reconstruction period, and served their purposes at that time, which is to house the working class in the city. However, the goals that these homes served (for instance housing of the working class) seem to be changing.

"The story of the Rotterdam Living Vision is that we say; we have a surplus of cheap homes in Rotterdam, so homes with a low WOZ value, with low quality. If you look at the long-term population projections, there is simply a mismatch. More high-quality supply is needed."

(Policy officer 1 Rotterdam)

Some parts of the city, for instance the South, needed to renew and therefore needed a makeover, the policy advisors state. Everyone who can contribute to this goal of renewal can therefore get involved in these plans. This concerns subsidies to owner-occupiers, housing associations, investors in new construction, and therefore also buy-to-let investors. This is achieved, among other things, by creating consultation platforms, steering groups and applying municipal subsidies. An example of this is the use of a 'merging' subsidy, where investors are entitled to partial coverage of the unprofitable costs resulting from merging two small homes. After all, two small houses can yield more, but one of the policy advisors believes that the development of larger houses is also an objective in order to contribute to medium-

rent and differentiated housing types. Regulations such as these will therefore be able to accommodate buy-to-let investors and thus stimulate the attractiveness to invest in this way. However, it should be noted that this aid should not become too high, because European legislation considers this as incorrect state aid. This is in line with what emerged earlier in the literary exploration, namely limited opportunities for national and municipal authorities to apply support to investors in the free rental sector (Priemus & Gruis, 2011; Elsinga & Lind, 2013).

"Yes, we primarily seek, say if someone is benevolent, and that we facilitate where possible to do good for the city."

(Policy Advisor 4 Rotterdam)

"How can you involve parties to work together on such a national program, for example, and on the other hand, market parties themselves come up with initiatives and we look at how they fit within the framework we have."

(Policy Advisor 3 Rotterdam)

The search for investment capital from external parties therefore plays a major role in the Rotterdam policy to improve the local context of the city, towards the goals and ideas that the municipality has. Where "major" policy documents such as the Housing Vision broadly determine the policy agenda, there are still many different "smaller" legislations that deal more specifically with quality preservation in the private rental sector. This concerns the scattered policies that guides investors in their options. Regulations in the Building Decree, the Housing Act and regulations for room-based rental are examples of this, says one of the policy advisors. Here, too, the local context is taken into account. For example, the earlier appointed 'merging' subsidy is a good example of this. Based on the local context, in which the municipality found that homes in some neighborhoods are too small to be attractive to new home seekers, this policy has been designed to encourage buyers (including buy-to-let investors). The local context is therefore also important for these "smaller" regulations, according to the policy advisors. This way, the policy responds to local spatial factors that make investing interesting for buy-to-let investors.

Nevertheless, a specific policy that primarily focusses on buy-to-let investments itself does not (yet) exist in Rotterdam. The buy-to-let related policies mainly concern general policies that apply to the private rental sector. For instance, the possibilities that buyers have to transform, and the role they could play in the housing assignments set out in the larger policy documents. Therefore, the policy advisors state that these are often policy documents that overlap with buy-to-let investments, but do not specifically counteract buy-to-let. Facilitating investments such as buy-to-let, in order to achieve municipal goals, such as making a quality improvement in the housing stock, are specifically part of this, and it is precisely here that the local context seems to play a decisive role.

§5.2.3.2 The macroeconomic context

The interviews show that in municipal policymaking a shift is taking place from the macroeconomic context to the socio-economic context. It was previously stated that the macroeconomic context mainly affects the buy-to-let investment itself, and to a lesser extent its effects. After all, favorable economic conditions lead to an increased degree of investment

(Gybb & Nygaard, 2005; Mellish & Rhoden, 2009). It are mainly the indirect effects that the macroeconomic context has on the socioeconomic context, which are included in the buy-to-let related policy. As stated earlier, Rotterdam is not about who rents out homes, but how they are rented out. The focus here is therefore on the long-term effects after the investment has taken place. The way in which the macroeconomic context is responsible for these long-term effects therefore seems indirect. All policy advisors view the macroeconomic context as an overarching context that explains the attractiveness of buy-to-let, but it is mainly the changing socioeconomic context that influence the buy-to-let related policy.

As stated, the focus during policymaking shifts from the macroeconomic context to the socio-economic context. Since the Rotterdam policy does not directly respond to the prevention of the buy-to-let investment, the policy often focuses on controlling the indirect consequences of private rental, the policy advisors say. When looking at policy in relation to the socio-economic context of Rotterdam, it is therefore striking that this mainly concerns steering towards what the policy advisors call 'good renting out'.

In this plan, for example, the middle segment rent policies anticipate the socio-economic growth experienced by residents of Rotterdam. For example, buy-to-let investors are expected to contribute to the creation of a mid-cost rental class, thereby meeting housing differentiation. The policy advisors emphasize the importance of this. In this way, homes can be offered to people who are "stuck" in social rent, whereas moving out is a viable option provided by their socio-economic growth. Residents must be able to grow in the city and unfortunately that is not yet possible. The socio-economic context in which residents enter is subject to change, which calls for a housing market that meets the wishes of these residents. The urban image is flourishing, the residents are experiencing social and economic growth, so the housing supply must also grow in order to remain relevant within this changing socio-economic context. This therefore concerns the development of the 'long-term vision', according to policy advisors. In addition to socio-economic growth of residents, the city is attracting more and more people who want to apply for middle-class housing, as was previously concluded in the context chapter (4.4.1).

"We want to have people working, and then we also want to offer those people an attractive perspective on living. Because when you finish your education, you will eventually no longer want to live in that apartment in Carnisse at the 4th floor. Then you may want to have a somewhat larger home."

(Policy Advisor 3 Rotterdam)

The quote above therefore illustrates why the NPRZ has included the basic pillar "living" in the upgrading plan of South. In order to bring about socio-economic progress for residents, an upgrade of the existing housing stock is also desirable. Investors therefore seem to have a role to play in contributing to the increase in middle segment rentals. The Housing Vision therefore describes this as "The enlargement of investment capacity" (Gemeente Rotterdam, 2016, p. 17). According to the policy advisors, this can be done by, among other things, refurbishing homes qualitatively, including aesthetic refurbishment, better quality materials or making a home energy neutral. This means that there is an "upgrade" of the house, so that this middle cost rental homes become found worthy of being middle cost, and therefore an increased rent becomes justified. The changing macro-economic context, which led to the changing socio-

economic context, therefore requires reviews of the current policies to avoid having unwanted or unintended effects.

However, as the policy advisors state, a comment must also be made. First of all, the focus on improving the quality of housing has many interfaces with the local context that has been discussed earlier, and therefore it cannot be placed in isolation in the socio-economic context. It cannot therefore be stated here that it is only a policy rule that applies to the changing socio-economically desired context. It is a measure in which applies to both contexts and can therefore not be seen separately. It is a clear picture that buy-to-let policy cannot be influenced by, or based on 1 context only, but that it depends on different contexts, because these also interact with each other. A policy document such as the Housing Vision thus comprises many different contexts. In addition, this does not specifically concern buy-to-let investors, this group of investors is merely a possible actor that can contribute to the desired housing differentiation.

In addition to steering the housing differentiation and thereby responding to and anticipating changing socio-economic conditions, there are also policies on private rental that must combat 'bad' buy-to-let rental. With these bad rentals, the policy advisors refer to the "dysfunctional" aspects of the housing rental market in the interviews. This concerns the negative effects which seem to have interfaces with the social context, namely exploitation of residents, rental for criminal purposes and illegal habitation. Where rental of high-quality homes for too high prices is also included in these dysfunctional aspects, this also has more overlay with the local context, as a result of which it has already been discussed in the previous sub-section.

§5.2.3.3 *The organizational context*

International organizational context

Although the Amsterdam policy advisors made multiple divisions in the organizational context, the Rotterdam policy advisors mainly focused on the interaction between national politics and local municipal policy formation. Although the international organizational context for Rotterdam might be similar to Amsterdam, Rotterdam policy advisors did not mention the international organizational context, and therefore either the international organizational context does not play a role in forming a municipal buy-to-let related policy, or the policy advisors just don't think it is of importance for the Rotterdam buy-to-let related policy.

The national organizational context

First, the interviews seem to show that national politics (the organizational context) play an important role in the policy making of the municipality. This mainly concerns the powers that municipalities are granted by the national government. This is where national politics find their way in the formation of local municipal buy-to-let legislation, according to an interviewed policy advisor.

"You see initiatives popping up based on landlord permits in Groningen and Schiedam, and that is something we are currently investigating. You notice that municipalities want something to do with this and then it is not surprising that the national government moves along with it. A good observation is that the

municipalities are pushing this, and the government is lagging. You are also dealing with a national government here, which is also more liberal on national level than many municipalities at the moment. Nationally, there is a more positive approach towards buy-to-let and investors, while municipalities are confronted with the negative consequences and are therefore more critical. "

(Policy Advisor 1 Rotterdam)

The policy advisor here states that the municipality therefore depends on national policy and politics to be able to introduce new rules, which they previously could not apply. For example, the municipality would like to apply specific policies such as self-occupancy obligations and landlord permits to increase control on buy-to-let investments. However, this is simply not yet possible because the national government has to approve this. Politically, it is therefore a complex issue, according to a policy advisor. The municipality is dependent on the national political vision and its policy. One of the points on which municipalities should be able to formulate more policy is, among other things, applying controls on 'fair' rental prices, another policy advisor says.

"Because, of course, if a party buys such a property, and it is only allowed to ask the rent according to the rental price law, and according to the house valuation system, then it is immediately a lot less interesting."

(Policy advisor 4 Rotterdam)

In the interviews, various policy advisors therefore seem to indicate that it is a lack of power to formulate policies on the fiscal aspect of buy-to-let in the private rental sector. As a result, they cannot apply a policy to control rents where they would like to. However, the policy advisors see opportunities to shape this within municipal policy. It can therefore be concluded from the interviews with policy advisors that national politics and policy have consequences for policymaking at municipal level regarding buy-to-let. As a result of the national regulations that include WOZ values, they also see the development that a large social housing stock has ended up in the private rental sector. Policy advisors say that the rents being asked for this are excessive. In order not to let this get out of control, they wonder whether a nationwide increase in municipal powers to control these rents will offer a solution.

In addition to national control over specific fiscal buy-to-let related policies, national decisions also have far-reaching consequences for what happens in the municipal policy regarding the housing market, and specifically buy-to-let. As a result of this national policy, local Rotterdam policymaking takes place to ensure that local policy complements national policy, according to policy advisors. This becomes especially clear in Rotterdam from the large national development plan NPRZ. This has already been briefly discussed in the previous two sub-sections. The national development program, whereby Rotterdam Zuid is designated as a 'development region' in the national policy, receives a lot of national support through subsidies and consultation, whereby the municipality of Rotterdam designs the policy on a local scale in such a manner that it can contribute to the national and local goals. In the field of housing, for example, a quality improvement must be made here, to which buy-to-let investments can contribute. National policy therefore has consequences for Rotterdam on buy-to-let related local policy.

The local organizational context

Moreover, in addition to national politics and policy in the national organizational context, another aspect within the organizational context seems to have an influence on buy-to-let related policy making, namely municipal politics on local organizational level. In the Rotterdam municipality this is perhaps one of the most defining contexts for policy formation. The cause of this can be found in the policymaking procedures that underlie the buy-to-let policy to be formed.

The various policy advisors emphasize here on the way in which a policy topic is presented by the municipal council. After all, they are the actors that submits a policymaking request to which the policy advisors, civil servants employed by the municipality, must comply. This is then addressed in various investigations and various actors, including the council and the college, become involved. Since these colleges are democratically elected at municipal level, and also represent a political background, political orientation and approach to topics such as housing and buy-to-let cannot be ruled out, all policy advisors say. For example, one of the policy advisors interviewed argues that the last college focuses much more on the issue of affordability of housing, and that the political background plays an important role in this. Currently there is a VVD councilor responsible for "housing" in Rotterdam and the municipal vision corresponds to the liberal thinking on buy-to-let; "It does not matter who is rented, but how it is rented." After all, the VVD is a liberal political party that mostly opposes market intervention. Nevertheless, the issue of affordability is increasingly gaining political attention in Rotterdam and cannot be ignored.

"We are primarily committed to shaping policy. It is their will; we live in a democracy. Anyway, it is our job to point out the long term of their wishes to the municipal council. And to draw attention to it."

(Policy Advisor 4 Rotterdam)

The influence of municipal political vision can therefore not be underestimated in the vision regarding buy-to-let, namely the aforementioned regulation and promotion. In other words, not intervening in the market when this is not necessary. Nevertheless, the long-term problems that come with buy-to-let, including affordability, have repercussions on politics. Political movements are therefore not all-inclusive, partly due to media coverage, political debates, and signals from the city. The nuance must be made, the advisors state.

"Of course, political view matters. It is not the case that you set the same course with every municipal college. But at the same time, this was already part of the housing vision that was drawn up much longer ago."

(Policy advisor 3 Rotterdam)

It is therefore this balance between political focus and long-term thinking where the policy advisors buy-to-let find their place in Rotterdam, they state. Despite the political 'color' of the policy advisor, he or she cannot apply it in his task as a policy advisor. Therefore, from the standing point of the policy advisors, personal political views do not seem to play a role in the policymaking of buy-to-let, where municipal politics do. One policy advisor summarizes this as follows.

"A policy advisor is a civil servant and is not politically colored. And if all goes well, a policy should last multiple cabinets. So, I can't shout anything until I think, I can work with this policy for decades. Which means; not because the world doesn't change, but because what I'm trying to solve a problem which has been well researched. [...] In terms of timing, it may be more sensitive to political developments, but not the content."

(Policy Advisor 2 Rotterdam)

Ultimately, the personal vision of the policy advisor therefore appears to play a very limited role in the influence on the policy to be formed in general and therefore also the buy-to-let policy in particular. In line with the pro-active policymaking theories of De Jong and Hickling, (1990), the role of municipal politics and visions seems to be of greater importance in this, after all, the actors in power within the municipalities must approve the policy that has been formed, and ultimately the judicial power lies with the politically 'colored' actors. As a result of the interviews, the current approach of the Rotterdam municipality towards buy-to-let seems to be largely explained by municipal politics in the organizational context and this result cannot be left out in the analysis of the Rotterdam policy on buy-to-let.

Chapter 6 – Conclusion & discussion

§6.1 Conclusion

With the results and knowledge gained from the previous chapter, it is possible to answer the sub-questions of this study. The next sub-sections will answer these questions for both municipalities, in which the comparison between both cities is made. This makes it possible to answer the central research question in the second paragraph, namely: *How do the local-, macroeconomic and organizational contexts in which buy-to-let takes place influence the policy regarding buy-to-let in Amsterdam and Rotterdam?* Subsequently, recommendations and discussions complete this final chapter.

Sub-question 1: What is the general vision of the municipalities of Amsterdam and Rotterdam on buy-to-let investments?

In the introduction of this study it was stated that political and societal debates regarding buy-to-let investments are different in both municipalities. Nevertheless, it was concluded in the previous chapter that the two municipalities have broadly set similar goals on the topics of housing and the private rental sector, namely 'ensuring adequate, affordable and good housing' in Amsterdam and 'realizing attracting living environments, ensuring housing stock with future value and keeping the base housing stock in order' in Rotterdam (Gemeente Amsterdam, 2017; Gemeente Rotterdam, 2016). Broadly speaking, both cases involve developing sufficient homes, with a focus on quality and affordability. Due to strategic planning procedures, buy-to-let investments have many interfaces with these goals, according to policy advisors in both municipalities.

Nevertheless, municipal visions regarding buy-to-let seem to differ greatly. This research shows that the Amsterdam vision is skeptical of buy-to-let investments, whereas the municipality of Rotterdam appears to have a moderately positive vision. These differences are explained in particular by previous experiences with buy-to-let, the historical development of buy-to-let and the extent to which buy-to-let contributes to the general housing objectives set.

Despite the fact that Amsterdam policy advisors recognize that buy-to-let can contribute positively to the housing stock, negative experiences with buy-to-let cause skepticism. They see an excessive price increases in housing, which is driving residents out of the city and changing the urban character. Homes are primarily used as a commodity, and secondly as a residential facility. The vision of the municipality of Rotterdam appears to be more positive. The extent to which the municipality perceives the positive effects of buy-to-let compared to Amsterdam differs. For example, Rotterdam policy advisors place more emphasis on the positive quality improvement in homes. Although rents are rising just like in Amsterdam, affordability is not under equal pressure here.

In addition, the historical development of the urban housing stock and the general development in both cities appears to influence the different municipal visions. Where buy-to-let has taken place in Amsterdam for decades, Rotterdam faces it as a more recent development. In the early days of buy-to-let in Amsterdam, the municipality saw similar positive effects that are now visible in Rotterdam. In Amsterdam, however, a shift from this positive view on the buy-to-let effect to a skeptical view took place. In Rotterdam, the negative effects, such as the excessive profit margins, are not yet similarly visible, but rather the

previously mentioned positive effects are noticed. This also explains the positive vision. Policy advisors do make the comment here that the Rotterdam vision is not solely positive. Here too, one is faced with negative effects such as overdue maintenance and exploitation. Nevertheless, this problem appears to be manageable, where - unlike Amsterdam - housing objectives are not yet at odds with buy-to-let.

Even though policy advisors in both municipalities argue that the practiced policies are neutral, skepticism prevails in Amsterdam versus moderate positivism in Rotterdam.

Sub-question 2: What approach do the municipalities of Amsterdam and Rotterdam use in their policy regarding buy-to-let investments?

Where municipal visions differ compared to buy-to-let investments, it was expected that this would affect the way in which the policies approached buy-to-let investments. The policy advisors agreed. Amsterdam's skepticism, for example, appears to lead to a moderate preventive policy, whereas there is room for cooperation in Rotterdam.

Based on the municipal skeptical vision of Amsterdam - due to the negative consequences of buy-to-let - the municipality has a preventive buy-to-let related policy. Policy advisors argue that this is characterized by management, discouragement and the limitation of both investments and their consequences. However, whether the approach focuses on the investment itself, or on the consequences, appears to depend on the "political color" of the policy advisors interviewed. Nevertheless, the Amsterdam policy is characterized by preventive action, in the form of, for example, the rental ban and the self-occupancy obligation. Due to the historic presence of buy-to-let investments, the package of measures and legislation in this municipality appears to be more comprehensive than in Rotterdam. Municipal policy is therefore in line with its vision.

Therefore, there is no preventive policy present in Rotterdam. Despite the fact that this municipality is also tackling the negative problems in the rental housing stock, including exploitation, overdue maintenance and illegal rental, the municipality is not going as far as Amsterdam. According to policy advisors, there is also no need to intervene, as the negative consequences (such as in Amsterdam) are not observed in similar fashion. The more recent rise of investments also means that there are fewer measures and laws regarding buy-to-let. The more positive view of the municipality of Rotterdam - on buy-to-let processes - appears to lead to a more moderate and somewhat 'more positive' policy, which differences compared its Amsterdam counterpart. Control and cooperation are the hallmarks of policy in Rotterdam. The main difference is that the municipality wants to use buy-to-let investments. This is based on the approach that investors contribute to the basic pillars of quality and housing differentiation. Management and control of buy-to-let in the housing stock are central to achieve positive consequences and limit negative ones.

In conclusion, it can be stated that the Amsterdam approach to buy-to-let is "harder" for investors than the Rotterdam one. This can be explained from the different municipal visions and the policy based on it. This reactive nature of policy making, however, is shaped by the context in which buy-to-let takes place. This contextual nature will therefore be discussed in the coming sub-questions.

Sub-question 3: How does the local context influence the municipal buy-to-let policy in Amsterdam and Rotterdam?

This study shows that policymakers see the local context as the most decisive context for policy. This is the context within which the urban characteristics and properties are located. For example, the effect of buy-to-let investments on the local context is a determining factor for the municipal vision, the approach is based on the extent to which buy-to-let effects are desired in the local context, and the policy is based on the extent to which buy-to-let investments influence the local context. It is therefore not surprising that the differences between the Amsterdam and Rotterdam local context result in different policies.

For example, Amsterdam wants more affordable housing supply, whereas Rotterdam mainly wants a higher-quality housing supply. Rotterdam policy advisors therefore place greater emphasis on the positive effects experienced by buy-to-let investments. Large parts of the city need to redevelop, and more high-quality supply is needed. In the search for investment capital, the municipality finds a place for buy-to-let investments. In addition, there appears to be no discouraging or preventive policy in Rotterdam, simply because there is no need for this in the local context, the policy advisors argue. It is for this reason that there is no specific preventive buy-to-let policy in Rotterdam (yet).

In Amsterdam, however, making this quality improvement is less of a priority, as the city mainly suffers from selective housing shortages that are found to be increased by buy-to-let investments. Policy advisors therefore argue that Amsterdam is dealing with the local negative effects of buy-to-let, such as changing neighborhood characters, rising rents, excessive tourist rental and a growing housing shortage. This determines skepticism towards buy-to-let, which is therefore an indirect effect of consequences for the local context.

The municipality therefore finds the need to protect the local housing market in a preventive manner. The local situation requires a different package of policy measures. It is therefore the experiences gained in the local context that are compared to the desired housing goals that Amsterdam and Rotterdam have set. This results in different policies; where in Amsterdam it is mainly about steering, discouraging and prevention, in Rotterdam steering and using are of central importance. In other words, an intermediate form of Barrett and Fudges control and regulation (1981) in Amsterdam and an intermediate form of regulation and promotion in Rotterdam.

Sub-question 4: How does the macroeconomic context influence the municipal buy-to-let policy in Amsterdam and Rotterdam?

While the macroeconomic context has been cited as one of the determining factors for the purchase-to-let investments in literature (Gybb & Nygaard, 2005; Mellish & Rhoden, 2009), the influence of the macroeconomic context on the policy to be formed appears to be limited. Moreover, policy advisors stated that the buy-to-let related municipal policy cannot intervene in the national and macro-economic situation. Nevertheless, the policy advisors agreed that there is primarily an indirect relationship between the macroeconomic context and the buy-to-let related policy. They point out two relations; (1) the influence of macroeconomic context on changing housing goals and (2) the influence on the success of policy implementation.

For example, policy advisors emphasize that there is an interaction between the changing macroeconomic context and the changing socio-economic situation of residents.

When things are going better economically, things often go better socio-economically. This results in more demand for housing, with which the housing stock should evolve. That is why investments (such as buy-to-let) are required in Rotterdam. Amsterdam policy advisors interviewed also see these processes taking place in their city. However, it has a different effect here, namely the image of a flourishing economy that led to buy-to-let investments with unwanted problems. They therefore believe that Amsterdam policy should limit effects such as excessive price increases (caused by the buy-to-let investors and the macro-economic boom) by intervening in the market.

Moreover, Amsterdam policy advisors also comment that a changing economic situation, such as an economic crisis, affects the attractiveness of investing. Restrictions and prevention in the buy-to-let related policy would thereby become superfluous, or could have unwanted effects. The macroeconomic context is therefore the primary stimulating factor for investors, where for policy advisors it is mainly indirectly determines municipal buy-to-let policy. Moreover, it determines the long-term success of implementation of buy-to-let related policies.

Sub-question 5: How does the organizational context influence the municipal buy-to-let policy in Amsterdam and Rotterdam?

This research shows that in both cities the organizational factors at three different levels - international, national and local - play a decisive role in the buy-to-let related policy. However, the extent to which policies are affected by these levels varies.

For example, the relationship between policy and the international organizational context (European policy) appears to be indirect. This context also appears to be the least determining of the three organizational levels. Amsterdam policy advisors argue that the European policy - which has triggered the division of SGEI and non-SGEI - combined with the national liberalized political climate, created the favorable investment climate in Amsterdam. The international organizational context thus forms a facilitating context for the buy-to-let investments in both cities, which indirectly determines the buy-to-let related policy.

The national organizational context, on the other hand, appears to have an indirect and direct influence in both cities on the buy-to-let related policy. In both cases this concerns the interaction between national policy and local policy. For example, policy advisors indicate that national liberal policy - through various liberal measures - stimulates investment in urban real estate. This is partly due to the promotion of low savings, the low mortgage interest rates and the promotion of investment by entrepreneurs. This led to the emergence of buy-to-let investments in both cities, with municipal policy subsequently focusing on limiting buy-to-let related issues. Municipal policy is therefore indirectly influenced by the national organizational context.

In both municipalities, policy advisors state that the local organizational level is the context that directly determines the buy-to-let related policy formed. Especially the way in which the municipal council is politically composited influences the preferred type of policymaking and therefore, the extent to which this political philosophy matches national policy is particularly important. After all, the democratically elected council instructs to formulate a specific policy, focused on control, regulation or promotion. Policy advisors interpret the wishes of the council and executive board and translate this to policy. Therefore,

the extent to which policy advisors process their own political ideas is minimal. While the Amsterdam city council consists of largely left-wing board members, the Rotterdam city council mainly consists of a mix of right-wing and left-wing parties. The aldermen left-wing in Amsterdam (Socialist Party) and in Rotterdam right-wing (VVD). This political background - at the higher municipal level - appears to have an impact on the present policy, which results in intervening with buy-to-let in Amsterdam and mostly steering and regulating in Rotterdam. The policy advisors emphasize that the policy would therefore have been different if the city council had a different political background.

Also, municipalities do not appear to have the power to implement specific preventive policies, because this is contrary to national liberal legislation such as property rights. "Left-wing" policies therefore seem to be more difficult to implement than liberal "right-wing" policy. This touches upon the limitations in Dutch strategic planning as described by Kurstjens (1999). The hierarchical relationship between national generic policy and local municipal policy therefore impedes municipalities when they want to formulate tailor-made solutions and act in ways that they deem necessary. The excessive rents, and with it the increasing cost of living of Amsterdam, in combination with national policy such as property rights, are therefore directing the municipality to a controlling and preventive policy. In contrast, Rotterdam has a higher degree of compatibility with national policy, which results in less strict regulation.

Conclusion: How do the local-, macroeconomic and organizational contexts in which buy-to-let takes place influence the policy regarding buy-to-let in Amsterdam and Rotterdam?

To conclude this study; the local, macroeconomic and organizational contexts have varying direct and indirect influences on the buy-to-let investments in the city. Particularly the local- and local organizational context are directly influential in policy making. Indirectly, however, the other contexts do play a role. Nevertheless, the three general contexts cannot be viewed separately.

For example, this study shows that the local context explains the differences in policy between Amsterdam and Rotterdam both directly and indirectly. The reactive nature of policymaking proves that the local context is important for municipal policy making, whereas it is also important for investors. The more negative experiences with buy-to-let, the historical development in the city and the negative influence of buy-to-let on the housing goals lead to more negative effects on the local context of Amsterdam than in Rotterdam. Where the pressure on the (local) shortage of housing in Amsterdam - through buy-to-let processes - is increasing, buy-to-let in Rotterdam is solving the (local) demand for investment capital. This explains, among other things, the skeptical vision, and the policy aimed at control, discouragement and regulation investments in Amsterdam, against the moderately positivistic vision and policy aimed at regulation, cooperation and promotion in Rotterdam. Therefore, both policies take intermediate forms of the aims that literature of Barrett and Fudge (1981) provide, and cannot completely be determined as solely controlling, regulating or promoting.

This local context is indirectly linked to the macroeconomic and organizational context. This explains the differences between the two cities, despite the equality of the macroeconomic context on a national scale. The context directly influences the local socio-economic status of

residents in both cities, and thus also the favorable investment climate for investors. The policy responds to this, based on the municipal vision. A change in the economic situation can change the need for a policy aimed at buy-to-let, which can for instance, lead to undesired effects of the rental ban and the self-occupancy obligation in Amsterdam. Rotterdam's policy (regulation and/or promotion) appears to be less sensitive to a changing macroeconomic context, because market interventions are less prevalent.

At the organizational level, the interaction between national liberal policy and local municipal policy, as well as the interaction between the local political ideas and those at national level are important. Because national liberal policy also contributes to the interest in buy-to-let, especially in the case of Amsterdam, local policy is seen as a response to the problems caused by national policy. In addition, the hierarchical policy structure determines the extent to which municipalities can provide tailor-made policies. Thus, in line with the literature, the limitations that are encountered in strategic Dutch municipal policymaking (Kurstjens, 1999). When municipal views do not correspond with higher-level policies, municipalities do not have the necessary authority to intervene in their own housing market. As a result, the national policy, in combination with the changing local context, directs the municipality of Amsterdam to a "preventive" policy. In addition, the policy is determined by parties in power, so that policy in Amsterdam corresponds to the "left" political ideology, while in Rotterdam it corresponds to "right" political ideology.

The extent to which the corresponding visions correspond to those at the national level determines the municipal leeway to intervene in the buy-to-let market. It is therefore the case that the different contexts, which are considered relevant, do not all have equal influence on buy-to-let policy making in Amsterdam and Rotterdam. To fall back on the introductory chapter; the policy depends on the contextual situation in which it is formed, not only directly but also indirectly, whereby attention is precisely needed for the interaction of these contexts with each other. This goes further than Sykes (2008), by stating that not only contextual exploration is a "must" in the analysis of policy, but also an analysis of the interaction of these contexts with one another. The buy-to-let policy is the result of the opportunities and limitations offered by the interaction amongst context within the contextual framework, whereby political power decisively prevails within the policy-making process.

§6.2 Theoretical and methodological reflection

Where previous studies have mainly attempted to analyze the consequences of the buy-to-let investment itself, this qualitative study on the topic-related policy in the Dutch context of Amsterdam and Rotterdam complements the current available literature. Not only are knowledge and insights been obtained in municipal buy-to-let related policymaking, but this research, with its qualitative analysis of the various determining contextual influences, offers a new insight into the Dutch buy-to-let-oriented research. Because existing international literature mostly focusses on the English contextual situation, theories cannot instantly be applied to the Dutch municipal policymaking processes. The theory in this research has therefore been updated to reflect the Dutch municipal context. For example, the policymaking procedure in the Dutch municipal context is at odds with the scientific idea that suggests influence of the personal context on policymaking. The research instead concludes that it is not the personal context of the policy advisors that is most important, but rather the political

thoughts that prevail at higher, democratically elected positions within the municipality.

The contextual approach in this research therefore complements the literature where previous studies were mostly limited to identifying the effects of buy-to-let investments. Where these studies focus on the problem and are limited to describing the general policies, this research also provides insights into the extent to which the policy can be formed. A contextual framework has been outlined in which policymaking is subject to the limitations and opportunities that the framework offers, specifically for the Dutch municipal context.

Nevertheless, there are also some notes to be made on this study. Although the contextual influences on policymaking in general were well illustrated in the interviews, the causal influence of these contexts on buy-to-let policymaking is difficult to portray with this qualitative research method. Instead, personal visions of the policy advisor are central to qualitative research. However, the various policy advisors indicated that they themselves could exercise minimal influence on the policy to be formed, whereas the political motivation of higher positioned actors behind policymaking was thought to be more influential in the Dutch municipal system. Where this research makes a clear start towards an analysis of various contextual influences on buy-to-let policy, a political discourse analysis of the municipal administration can therefore contribute more deeply to clarifying the political motivation behind the related policies.

Moreover, the COVID-19 period also meant that policy advisors could not be interviewed in person, but by telephone. Emotions were therefore more difficult to interpret. In addition, it has proved more difficult to achieve the desired number of respondents due to municipal reorganization and the limited amount of policy advisors involved on the specific topic of buy-to-let. Despite this, heads of department in both Amsterdam and Rotterdam indicated that this selection of respondents could achieve optimal coverage of information. Although ideally, more policy advisors were interviewed, given the current selection, the best coverage of the research topic is expected.

§6.2.1 Recommendations for future research

Nevertheless, due to the predetermined research design, some research aspects have been neglected, as indicated in the previous sections. The broad contextual exploration therefore has its flaws, and the Covid-19 period in which this research took place hindered some research aspects, even though this influence is limited as much as possible. Hence, some suggestions for follow-up or future research must be made.

First, this study took place from February to August 2020, and was therefore performed during the Covid-19 pandemic. The pandemic can have substantive consequences for the relevance of the results. After all, the pandemic may result in economic downturn, and therefore macroeconomic contextual changes may appear. As stated, this could cause researched policies to be irrelevant. Nevertheless, it is an uncertain economic situation where results may differ from expectations. A follow-up study therefore can provide more clarity on these effects in a few years' time. Where knowledge about the influence of Covid-19 on buy-to-let and the related policy making is limited, follow-up research can provide more scientific insight, whereby a clearer analysis of the relationship between policymaking and the changing macroeconomic context can take place.

Secondly, in this study, policy advisors were chosen to be interviewed. The results however showed that their personal influence is relatively limited in Dutch policymaking processes. The local organizational context, in form of the municipal council, seemed to have a greater decisive influence on the formation of buy-to-let related policies. The personal, 'politically colored scope' of the determining actors within the municipality therefore offers an interesting view on the specific relation between the local organizational context and policymaking on buy-to-let. This further contributes to scientific knowledge regarding 'political' policymaking as response to the "new" phenomenon of buy-to-let.

Thirdly, prior to this study, the choice was made to highlight buy-to-let related policy making in the largest two Dutch cities. The analyzed data (CBS Statline, 2020) also revealed that similar issues arose in smaller Dutch cities such as Breda, Wageningen and Groningen. The nature of buy-to-let problems could be different here, so that results cannot be generalized for these cities. The emerging buy-to-let policy making in these medium-sized to small cities provide us with an interesting comparison. An analysis of policy for smaller cities could also complement international literature, which mainly focuses on large cities. Appropriate research can thus offer a "new" perspective on the current topic.

Finally, based on the literature explored, this study chose in advance to limit the contextual approach to the local, macroeconomic, and organizational context. The relationship of the contexts to buy-to-let related policy turned out to be present to varying degrees. Due to this demarcated structure, other contexts have mainly been left unmentioned outside these three contexts (the semi-structured interviews mostly discussed the predetermined contexts). Research with an "open" design could supplement this by taking a broader view on the contextual influence, while contributing to the already known buy-to-let and policy-related literature.

§6.3 Recommendations for municipalities

Whereas the previous chapters have mainly sought the theoretical approach, there are also some practical policy recommendations to make. These are divided into four recommendations.

1. Share knowledge with cities where similar problems have not yet arisen.

Underestimation can be a pitfall. Despite the different degree of buy-to-let related problems in Amsterdam and Rotterdam, the buy-to-let related problems can show a similar development path. Early consultation with others is the solution here. By listening to others and sharing knowledge and best practices, negative symptoms can be recognized in earlier stages. As a policy advisor states: *"It is a shame not to take into account what someone has done beforehand"* (Policy Advisor 1 Rotterdam). Amsterdam, national forerunner in buy-to-let policy making on municipal scale, can serve as a school for other municipalities. Future prevention through sharing best practices.

2. Reflect and anticipate on changing contexts

Be critical on the policy being developed and always develop a plan B that anticipates the changing contexts. Since the influence of the macroeconomic situation seems to be of great importance for the way in which buy-to-let investments manifest themselves in the city, the question is whether preventive policy management is currently the right choice. Especially

now that the Covid-19 crisis has unclear consequences for the economic situation, the question is whether preventive policy on buy-to-let is not superfluous at the time of implementation. Policymaking therefore needs to pay attention to this changing situation in order to formulate a well-considered policy. Plan B is key.

3. Invest in more cooperation and coordination with the national government

This study shows that there are large differences at the national level between the extent to which buy-to-let has positive and negative consequences for cities. However, the national policy is generic and liberal in nature, where this does not always seem to be the solution for municipalities. Therefore, municipalities should enter into dialogue with the national government, and clearly communicate what the municipality needs in its policy. The importance of coordination, communication and customization is necessary for a coherent and effective policy. Collectively remove friction between national and local policy.

4. Focus on dialogue with investors

Focus on extensive consultation with buy-to-let investors. Despite being actors who seem difficult to reach, they own a large part of the urban housing stock. Steering starts with communication. Share expectations but also listen to the investors; what do they expect from the municipality? In this way expectations from both sides become clearer, so that more effective policy can be pursued. Goodwill among investors can grow, whereby both camps make concessions to find a middle ground, in which policy management actively pursues contributing housing goals.

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Appendix

Appendix 1: Topic list

Introduction

- Introduction of the researcher
- Explanation of the research; aim of the research and short overview of what will be discussed
- Consent to recording

Individual characteristics

- Can you briefly describe your role within the municipality in the buy-to-let policy making procedure?
- What experience do you have in your field of expertise?
- What role do you play within policy formation?
- What consequences of buy-to-let do you experience in your city?
- What is your personal view on the buy-to-let process (positive / negative / neutral, and why?)
- What consequences of the buy-to-let do you experience and what is your personal view on this (positive / negative / neutral, and why?)
- What is your personal opinion on intervening in the market through policies?

Circumstances

- Where do you see buy-to-let occur (location, type of housing, type of investor etc.)
- What local (spatial) aspects does the policy advisor think that makes his / her city interesting for private investors in buy-to-let
- What financial aspects does the policy advisor think that makes his / her city interesting for private investors in buy-to-let?
- What role does the national government play in the number of buy-to-let investments in his/her city? (eg. DAEB and non-DAEB)

Happening and consequences of buy-to-let

- Vision of the municipality on buy-to-let (positive / negative / neutral, and why?)
- What consequences does the city view as most desirable?
- What consequences does the city view as most undesirable?
- General vision of the municipality on the consequences of buy-to-let (positive / negative / neutral, and why?)
- What is the municipal vision on intervening in the market through policies?
- What role do municipal politics play in the municipal vision and policymaking on buy-to-let?
- How does the municipality deal with buy-to-let, what measures do you take?
- Why was this approach specifically chosen?
- How does this policy tie in with the general policy documents (Housing Vision, etc.)?
- How does this policy match the specific urban context?

Method and Policy

- How does the policy-making procedure work in general?
- Do you, and if so, what organizational problems do you encounter?
- Does the municipality's vision of buy-to-let influence the policy advisor in his work, or vice versa?
- How much space do you, as a policy advisor, have in the policy-making procedure to work through your ideas / vision?
- How does the municipality ensure that the policy formed is enforced?
- Do you think that the current policy is future-proof, or that some things will have to be tightened up. If so, why? If not, what needs to be adjusted?

Future

- How do you envision the future of buy-to-let? Which developments will take place?
- How do you hope buy-to-let will look in the future?
- How can your current policy contribute to this?
- What challenges will the municipality face in the future with regard to the development of buy-to-let? What can be done better?

Closing

- Uncontested matters
- Explanation of how the interview en the results will be processed
- Wrap up

Appendix 2: Nvivo codetree

Nodes		Files	References
Name			
Amsterdam		4	149
Consequences		4	48
Negative		4	35
Positive		3	11
Course of action by municipality		4	57
Desirable		4	7
Neutral		4	8
Undesirable		4	20
Future		4	15
General Circumstances		4	55
Institutional policy		4	27
International		1	2
Local		4	17
National		4	19
Macro-economic context		4	24
Spatial context		4	27
Happening of event		4	43
Location		4	22
Type of homes		4	15
When		4	5
Who		4	14
Why		4	20
Influence on policy		4	61
Negative		4	9
Neutral		4	11
Positive		4	6
Municipal policy		4	74
Goal		4	29
Politics		4	20
What policy		4	27
Personal context		4	30
Other		4	14
Perception on consequences buy to let		4	10
Perception on free market		3	7
Rotterdam		4	97
Consequences		4	27
Negative		4	16
Positive		3	7
Course of action by municipality		4	18
Desirable		2	2
Neutral		3	4
Undesirable		0	0
Future		4	11
General Circumstances		4	31
Institutional policy		3	11
International		0	0
Local		3	7
National		2	7
Macro-economic context		3	13
Spatial context		4	11
Happening of event		4	28
Location		3	4
Type of homes		3	3
When		3	4
Who		2	3
Why		4	12
Influence on policy		4	16
Negative		0	0
Neutral		2	2
Positive		2	2
Municipal policy		4	35
Goal		3	10
Politics		4	12
What policy		1	4
Personal context		4	24
Other		4	6
Perception on consequences buy to let		3	4
Perception on free market		3	4