



Micha Wijngaarde (left) and Coen Mica: "The end result must above all be clear".

People on a small budget often find it difficult to buy a house. Zaanstad Affordable Homes ("BKZ") is changing that. BKZ offers potential buyers with a low income the opportunity to purchase part of a house. They can then buy the remaining part as soon as their income allows. The Zaanstad model is catching on: buyers are queuing up, and so are municipalities.

# On a shoestring budget, yet a homeowner

## BKZ sells social housing, but in a slightly different way

Municipalities stimulate homeownership among the less wealthy. However, this largely gets no further than a political aspiration. The reality is more challenging. "You can give a subsidy on a house," explains BKZ director Micha Wijngaarde, "but only the first owner will profit from that. If the house is sold, then this first owner walks off with the profit from the increased value. We do it differently. BKZ subsidises people, not properties."

The BKZ model was developed within the municipality of Zaanstad as part of its efforts to find an effective way to stimulate homeownership while discouraging occupancy of social housing by people with higher incomes and promoting them to move up on the property ladder. Wijngaarde: "The primary objective was, after all, to enable people with an annual income of 32,000 euro to buy a house." The idea is simple, Wijngaarde explains: "We give people the opportunity to purchase a social housing unit at a price that



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is roughly 20% lower than its actual market value. So if a house is worth 150,000 euro, we agree with the buyer that he only has to pay 120,000 euro. However, the buyer does commit to pay the remaining amount as soon as his income allows. If his income increases, the buyer can become the full owner of the house within a few years. Furthermore, the land is not sold but leased. This helps lower the cost of purchase.”

Buyers enter into an agreement with BKZ, a limited company that is wholly owned by the municipality of Zaanstad. The scheme is set up in such a way that the BKZ earns back its investment over the course of time. Any profits are ploughed back into new social housing projects.

### Commercial-social

The commercial-social Zaanstad model is catching on. About 200 Zaanstad houses have actually been sold since 2005. BKZ still has another 300 on option and is also looking beyond the municipal borders. In Amstelveen, for instance, BKZ is working on selling 58 houses on the basis of a similar construction. And there are many other deals in the pipeline. “One of the effects we had not counted on was that people would take much better care of their houses,” according to Wijngaarde. “We also see a favourable effect on the price development for other houses in neighbourhoods where BKZ homes are located.”

Wijngaarde works as an independent real estate adviser. He not only collaborates with the BKZ but is also involved in the development of a cinema in Surinam and multi-tenant buildings for starters in Amsterdam. “I like to put these kinds of projects into motion,” Wijngaarde says. “The key to success is that we simply went and did it. The municipality had been thinking about this construction for years in order to make the model as good as it could be. You can continue to think about it and tinker with it, but at a certain moment you just have to start. That is what we did, with the idea that any problems we encountered would be solved along the way. This approach worked.” Wijngaarde started in Zaanstad with an empty desk and five binders. Now his team consists of five employees and several external advisers.

### Expertise

BKZ is glad to make use of Zanders’ expertise in the field of real estate. “What I needed was a model with which I could quickly calculate scenarios in order to determine our cash position,” Wijngaarde explains. “It proved to be difficult, for instance, to report to the municipality how the value of the fund develops and how much is available to put into new houses at a certain moment. I needed a model that would allow me to do that quickly and easily.” Consultant Coen Mica of Zanders Real Estate Finance sank his teeth into the problem. “What you do in this kind of scenario is to make sure that you understand the business case thoroughly. Then you simplify the problem and determine what basic variants there are. Using this basic information, you forecast what happens with a single house over several years. Once you know that, you can bring more houses into the picture. First simplify, then build out from there; that is the standard approach.”

The end result must above all be clear, says Wijngaarde. “Zanders certainly succeeded at that. I have a single input sheet where I fill in ten variables and an output sheet which shows the end result. I am really not all that interested in the calculations going on in the background.” Wijngaarde is happy with the cooperation with Zanders. “As always with these kinds of

jobs it had to be finished rapidly. Zanders changed gear quickly; I could call them at any time. This was certainly not the last time I’ll be working with Zanders.”

### Clarify the possibilities

The model helps Wijngaarde clarify the possibilities of the Zaanstad approach, not only to the municipality, but also to other parties. “Convincing the buyers is not such a problem. It surprises me sometimes how little information people need before they put their signature on a purchase agreement. Corporations on the other hand were a bit sceptical at first. We do not work with a buy-back guarantee for the corporation, for instance, while that is very customary in the sector. But now the penny has dropped, it seems. The Zaanstad model has been well received in the Netherlands. The number of municipalities where BKZ can set to work is growing by the day. “We are now in talks with ten municipalities,” Wijngaarde says. <



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