

Stadsherstel Amsterdam, The Netherlands



Key Features

Stadsherstel Amsterdam N.V. (Stadsherstel) has spearheaded the regeneration of Amsterdam's built heritage for over 60 years. Having undertaken the conservation and stewardship of more than 600 buildings, its work has been essential to preserving and enhancing the experience of Amsterdam's historic core. The increased value of the Stadsherstel's property portfolio is a testament to the business case for equity investment in cultural heritage. The transformation of the city center has propagated a wide range of social benefits as well.

Stadsherstel's original model blended the methods of a social housing development corporation and a heritage restoration institute. Stadsherstel's founders—members of the Amsterdam business and arts communities—brought a practical market-oriented discipline to the work. The company operated much like a real estate investment trust, but focused solely on the restoration and adaptive reuse of historic structures for the greater good of the city. By holding the properties for the long term and collecting rents, Stadsherstel was able to offer a modest but reliable return to its investors.

Recognizing the importance of the connected urban fabric, Stadsherstel worked initially with multiple units of the common house type, not necessarily grand canal houses or landmark structures. As an affordable housing company, Stadsherstel benefited from Dutch tax incentives. While many of the buildings came to Stadsherstel by chance, or were purchased when they were particularly dilapidated, Stadsherstel also selected structures at prominent corner sites to maximize the positive impact of the restoration along two streets and to enhance the broader public realm.

Throughout its long history, Stadsherstel specified the quality of its restoration works to a high standard and long time horizon. Retention of and training in the traditions of restoration crafts has been integral to its mission and success. Stadsherstel did not undertake improvements of adjacent public infrastructure in streets and canals, leaving that work to the public sector. Stadsherstel was careful to work in a complementary fashion to the municipality and other civic groups, but with little operational coordination until recent decades. The city's 13% investment stake, made some 10 years after Stadsherstel's foundation, has been entirely passive. In recent years, Stadsherstel has restored and adapted numerous churches and other monumental buildings, moving beyond its roots in social housing and further enlarging its positive impact on the city.

Success Factors

- Providing affordable housing to counter urban decline
- A long-term investment strategy guiding property choice
- A commitment to high-quality renovations and sustainable reuse
- Independence from public influence

IN BRIEF



Location

Amsterdam, including the historic center and metropolitan area is an area of 8.04 km², comprising eight districts and including the 2010 designated UNESCO World Heritage site, the Amsterdam Canal District.

Project Type

Urban regeneration primarily through renewal of canal house ensembles and a mix of other historic building types and monuments. Portfolio of properties includes more than 600 buildings from the 17th to the 20th centuries, most with landmark designation.

Project Objectives

Retention of historic buildings including provision of affordable housing.

Duration

1956-present

Sponsoring Entity

Stadsherstel Amsterdam N.V.

Business Model

Real estate investment model earns revenue from rentals and for shareholders, including a municipal investment stake of 13%. Dual structure organization has evolved into solely a limited liability corporation.

Investment Model

Equity investment. Investors receive a fixed 5% annual dividend.

Current Leadership

Director, Onno Meerstadt

Website

Stadsherstel.nl



Program Development & Implementation

Amsterdam Without Canals?

Imagine if the houses and canals of Amsterdam had been lost in post-war redevelopment. Indeed, the historic fabric of the Dutch Golden Age of the 17th century was once in jeopardy. After the industrial and commercial boom of the 19th century, the pressures of urbanization and traffic began to alter the city in the 20th century. Although the historic core was spared bombing in WW II, the devastating population decline of the city's Jewish community left properties and portions of the city empty. The ensuing architectural decay, disinvestment, slums and presence of squatters coincided with the post-war demands of car culture. These threats to the inner city spawned urban planning approaches like that of police chief Hero Kaasjager, who in 1954 sought to level buildings and fill canals to make room for ring roads. This prospect was so controversial that it galvanized municipal and citizen groups to action. Thanks largely to an effort that rallied against this proposal and led to the founding of the Stadsherstel Amsterdam N.V., a walk through the city today continues to evoke the atmosphere represented by Dutch painters of the period.

Originally called the Amsterdamse Maatschappij tot Stadsherstel, or "Society for City Recovery," Stadsherstel was spearheaded by the collaboration of an unlikely duo, a young artist-activist, Guert Brinkgreve and a distant relative of his, Pieter Joseph Hendrik Marie Van der Does de Willebois. Known as Uncle Jost, Van der Does was the president of the Court of Justice, and carried the social capital necessary to support the advocacy espoused by Brinkgreve's publications and public lectures on urban design and city renewal. Their partnership fueled a critical mass of citizen engagement and protest against filling canals and led to the formation of a committee (Comité De Stad

Amsterdam) to advocate for the city's heritage. With Jan Six van Hillegom, the director of the Amstel Brewery as chairman, the group of twelve prominent citizens voiced concerns to the municipality over urban planning. With the canal infill issue settled, the committee formally established the Stadsherstel in 1956 to take further action regarding the built heritage.

The mission of the Stadsherstel is encapsulated in the etymology of its chosen name. Composed of Stad, the Dutch word for city—and herstel whose meanings include both 'to restore' and 'to heal', the compound name points to the pillars of its mission:

- preserve built heritage and the restoration craft
- advocate for urban development sensitive to historic character
- increase citizen engagement with their heritage.

"Institutional Investors to Protect Old Amsterdam"

The establishment of the Stadsherstel was captured in this headline of the local newspaper, *Leeuwarder Courant* on August 31, 1956. Legend has it that Jan Six van Hillegom raised the company's original capital of "1.1 million guilders with half an hour of phone calls" to colleagues in banking, insurance and shipping (Feddes, p. 43). Shareholders drawn from local industries, and therefore with a vested interest in participating and accepting a modest return, have been integral to its business model ever since.

The Stadsherstel was founded and continues to operate as a real estate investment company purchasing, restoring and operating properties. Rehabilitations and adaptations have created housing, commercial and mixed-use spaces, entertainment and special event venues, the rentals of which provide steady operating income. The basis of Stadsherstel's value is the growth and appreciation of the property portfolio (seen below in the bar

graph of Fixed Assets), which includes 14 churches, 23 monuments and over 500 buildings that house 378 commercial units and 774 residential units.

Fundamental to the original profit strategy and model was to capture tax incentives in transactions. Comité member Huibert Van Saane owned a public housing corporation, NEMAVO (Nederlandse Maatschappij Volkshuisvesting), that he suggested as a model for the Stadsherstel. Consequently, Stadsherstel copied the unique example and was founded as a limited liability corporation (*Naamloze vennootschap, or N.V.*) that met the statutory requirements of a social housing corporation. Designation as a housing authority offered the exemption of some corporation taxes and the benefit that government would subsidize rents in return for following guidelines linked to rental price ceilings.

While Dutch social housing is comparable to “affordable housing” in other countries, the market in the Netherlands is robust and without stigma due to a national policy that treats housing as a citizen’s right. Today more than 40% of the rental market in Amsterdam is social housing. The demand for Stadsherstel’s offerings is renowned, with considerable waiting lists for its rentals.

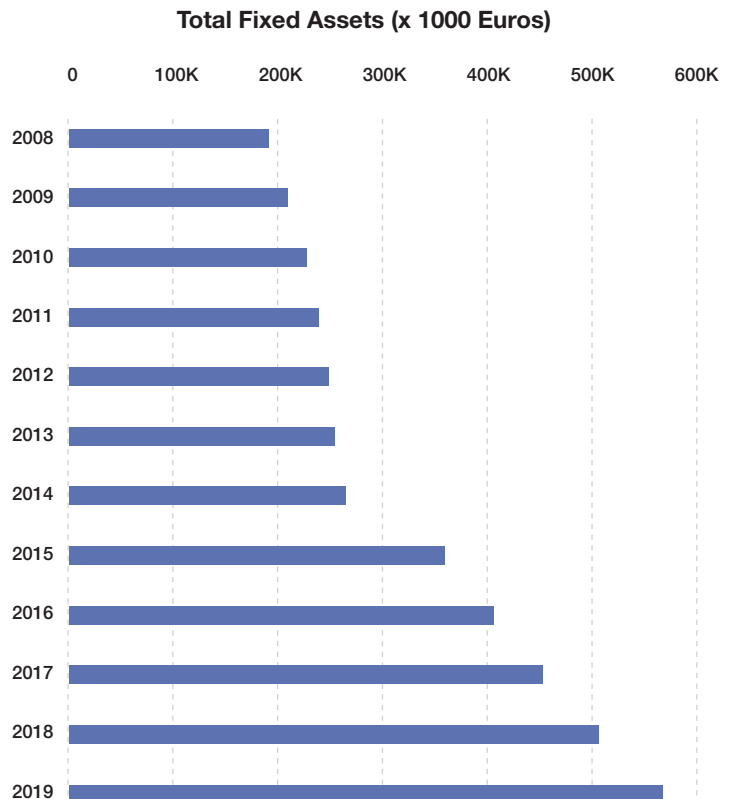
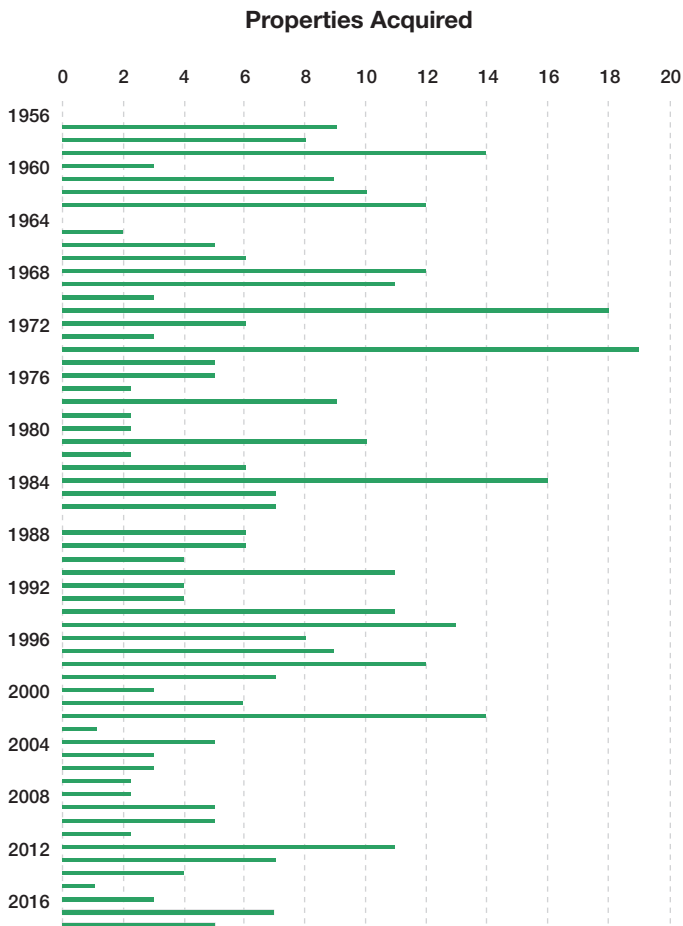
In addition to social housing subsidies, through the purchase of designated and protected historic buildings, the Stadsherstel enjoys tax credits and other subsidies. The economic balance of investments with compounded incentives ensures the long-term

financial sustainability of its equity investments. A rental equation with projections of restoration costs versus revenue with a 50-year horizon are applied to each prospect for the portfolio. Algorithms integrate market and vacancy risks into the formula.

An Evolving Model

Stadsherstel’s business structure and management of social housing continued for the first 40 years of operation. However, its organizational structure changed to include a Stadsherstel foundation (*stichting*) in 2013 by means of which 91 social housing properties were moved into a separate portfolio. Since 2013, “only 20 percent of its total possessions are in the social sector.” (Feddes, p. 47.) In 2017, the Foundation’s apartment portfolio was merged with Amsterdam’s largest housing corporation, Eigen Haard. (*Nieuwsartikel*, Nov. 1, 2017.)

The segregation of social housing properties from the rest of the portfolio was implemented to alleviate perceived conflicts of interest with business from the municipality, which since 1968 has held a 13% stake in the Stadsherstel. This public investment was a contribution from fines collected on controversial demolitions of historic properties. Although the financial participation by the municipality was not a contractual public-private partnership, it implied public sector support and has over time attracted scrutiny, resulting in the distinction of the business lines. A silent partner in the early years, the public sector more recently has



been a collaborator with the Stadsherstel in relation to formal outreach to international partners in urban regeneration.

Playing the Long Game

Through the decades Stadsherstel's operations have evolved in response to changing market conditions by taking on building types other than houses, broadening its business activities and diversifying their revenue streams. Stadsherstel's original investments included multiple houses along entire city blocks, such as those along Bloemgracht, where it acquired twelve buildings by 1971. Targeting large corner properties that could act as "book-ends" and would contribute the greatest to surrounding renewal along two streets was a strategy implemented at the corner of Brouwersgracht and Prinsengracht. In the early decades, the stock of residential buildings in need of rehabilitation was abundant and implementation inexpensive, making for the rapid expansion of Stadsherstel's portfolio.

Equity investment with a long horizon guides the Stadsherstel vision of operational imperatives for future stewardship. The company is known for its innovation and high standards of architectural design, craftsmanship, and materials employed to reduce the long-term maintenance costs. The expertise from a continuity of staff and a cadre of contractors addressing the particular needs of historic properties is fundamental to its success and reputation. Integrated in its projects are apprenticeship programs to train craftsmen and tradesmen in the traditional methods and particular needs of historic properties for generations to come. Stadsherstel designs solutions for sustainability and was a founding partner of The Green Canals (De Groene Grachten) in 2012, a program that has tested the feasibility of alternative HVAC methods applied to canal houses.

Real estate speculation in the 1970's changed the market, as did the expansion of housing corporations constructing large apartment blocks. Stadsherstel's influence on these developments is impossible to quantify. In some ways it has become a victim of its own success. An inflection point occurred in 1987, when it acquired not a single property. Real estate values have

increased such that it has become difficult to acquire a property (except by donation) in the historic core, where restoration and operation can produce a sustainable return.

Financing for projects has been cultivated resourcefully through grant and loan support from organizations such as the Prins Bernhard Cultuurfonds and the Nationaal Restauratiefonds Netherlands. Development of a Friends (Vrienden) group numbering more than 2500 members, was key to augmenting budgets for costly restorations that otherwise would not be realized. Anyone may join the Friends group for a nominal donation. Opportunities to participate through volunteering, attending events like charity races, concerts, cultural programs, or joining numerous Open Monument days and heritage walking tours, are also activities that feed into the Friends' group income. Contributions by the Friends are significant additions to project budgets; for instance from membership and targeted fundraising campaigns, more than 450,000 Euros were contributed in 2019 (*Jaarverslag 2019* p37).

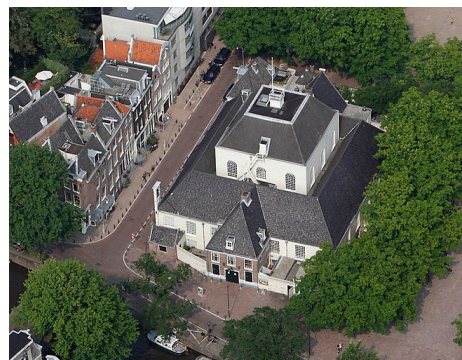
An Expanded Field

The capabilities of the Stadsherstel have brought opportunities to acquire monumental properties outside of canal house tracts. After merging with a sister organization, the Amsterdam Monuments Foundation, in 1999, Stadsherstel expanded its portfolio to include landmarks and other types of buildings, including windmills, industrial landscapes and prominent churches such as the Vondelkerk. A shift in company practice toward adaptive reuse of larger properties and management of those operations for public use began with the conversion of the Amstelkerk, a 17th-century church into a commercial space with a restaurant and Stadsherstel offices.

Notable projects include De Duif, a 19th-century church adapted by the addition of radiant floor heating to an active events space. Kromhout Wharf, an 18th-century shipyard, was converted into a commercial space with a museum. Pakhuis De Zwijger, a 19th century warehouse, considered a white elephant because of a roadway bridge later built through it, was adapted to a mixed-



Early investments included Bloemgracht 36, 34 and 32 identified by the ubiquitous blue and white Stadsherstel plaques.



In recent years the Stadshertel has taken on the conservation and adaptive reuse of landmark buildings, such as the Amstelkerk, now the headquarters of Stadsherstel.



The houses at the corner of Vijzelgracht and Prinsengracht were among the early tracts restored by the Stadsherstel

use commercial and creative incubator noted internationally as an example of best practice in regeneration. For these and other projects, Stadsherstel is highly regarded for its transformations of properties with challenging prospects.

Stadsherstel's assets continue to grow through legacy gifts in the historic center and expansion beyond of the city perimeter. Over 50 projects in greater metropolitan Amsterdam have become a lab for innovation in adaptive reuse, sustainable building technologies, outreach, and social program development with partners.

- In the town of Etersheim, 30-km northeast of Amsterdam, where the adaptation of the 19th century single-classroom Dik Trom School into a museum of children's books enlisted the first crowd funding for heritage in the Netherlands. This campaign in 2011 filled a 50,000 Euro funding gap and showed the utility of incorporating crowd-sourcing into every project's standard toolbox.
- Ongoing conversion of the Fronik Boerderij farmhouse in Zaandam, a town 15 km northwest of the city, includes housing, community and work development for autistic residents.
- Sponsorship of a design competition for solar installations for the Pakhuis De Zwijger and more recently the addition of photovoltaic panels to the Rosenstock Huessy Huis rehabilitation in Haarlem, exemplify the utilization of renewables when feasible.

Stadsherstel Amsterdam has always been on the edge of innovation in its technical practices. Social, cultural and environmental elements of its restorations demonstrate the interwoven relationship of built heritage regeneration, and the strengthening of community and culture, with protection of the environment.

Responsible for the conservation of more than 700 buildings and 50 monuments, Stadsherstel Amsterdam has made significant contributions to the preservation of cultural heritage and life in Amsterdam's historic center and surrounding districts. The cumulative number of tenants who have obtained affordable housing has contributed to retention of a diverse local population. Numerous jobs created, educational opportunities, enhancement of social cohesion and increased cultural engagement have resulted from Stadsherstel's restorations and programs in renewed spaces. The magnitude of its impact is, however, unquantifiable. As a profit driven organization Stadsherstel has not devoted resources to actively monitor or measure the long-range social impacts of its portfolio.

Exporting the Model

The financial success of the Stadsherstel Amsterdam business model and mission has inspired its replication in other locales, including more than 40 cities across the Netherlands and five other countries. These initiatives replicate the methodologies of Stadsherstel Amsterdam, including the structure of shareholders from local industries, the guaranteed annual dividend and financial model for project selection. With the support of UNESCO and the World Heritage Center in 2011, Stadsherstel convened a colloquium, Urban Heritage Inc., to share its working model, resulting in collaborations far afield in Africa, South America and



More than a dozen houses along Bloemgracht were restored between 1963 and 2011.

Asia. Stadsherstel staff have been recruited by the development arms of the Dutch government, to share and replicate the model in Suriname, Curaçao, Zanzibar, Tanzania, Indonesia and Morocco. Outcomes include:

- replication of the business model in Curaçao in the 1990's, resulting in the N.V. Stadsherstel Willemstad, Curaçao, active in the preservation and management of properties of the World Heritage city
- collaboration with Indonesia, largely through consultation with the Indonesian Heritage Trust (BPPI) and convening of regional collaborative events
- formation of Hifadhi Zanzibar in 2012, enlisting local investors and purchasing its first building in 2015 in efforts to preserve heritage buildings in the Stone Town in collaboration with an NGO, African Architecture Matters
- consultation in Casablanca, Morocco, on restoration approaches for adaptation of sacred spaces
- formation of the Stichting Stadsherstel Paramaribo (SSP) on Oct. 25, 2011. The SSP began as a foundation and is now an N.V., founded by seven shareholders from the local business community, with contributions of €50,000 each, with De Surinaamsche Bank, the largest private bank as a shareholder. It is currently restoring its fifth property.

While the Stadsherstel organizations in the Netherlands, such as those in Utrecht, The Hague and Delft enjoy similar success to the one in Amsterdam, the international entities face challenges in adapting the operating model to different legal and political contexts. Undoubtedly, the developed ecosystem of support for cultural heritage, civic engagement, and financial innovation of the Netherlands is a key factor in the competitive advantage, longevity, and success of the Stadsherstel Amsterdam N.V. But ultimately its success would not have been possible without the participation of the private sector and the application of profit-making business practices dedicated to the common good. 🌐

Stadsherstel has restored more than 600 properties in Amsterdam. A plan showing all projects would blanket the city plan. We have therefore selected five projects per decade of Stadsherstel's work to give an impression of how completely their work has affected the historic city center.



Stadsherstel Properties & Year of Acquisition

1 Bloemgracht 34	1957	13 Nieuwe Spiegelstraat 22B, C, E	1974	25 Kerkstraat 196	1998
2 Amstel 95	1958	14 Bloemgracht 39	1976	26 Vijzelgracht 63	2000
3 Buiten Wieringerstraat 1	1958	15 Sint Nicolaasstraat 51-57	1978	27 Wingerdweg 28-34	2002
4 Korte Prinsengracht 5, 7, 9	1959	16 Reestraat 5	1980	28 Lauriergracht 12	2004
5 Prinsengracht 337, 339	1959	17 Passeerdersgracht 6	1982	29 Herengracht 532	2009
6 Prinsengracht 8	1961	18 Dwars Spinhuissteeg 5	1984	30 Reguliersgracht 2	2009
7 Keizersgracht 62, 64	1962	19 Amstelveld 8	1986	31 Raamsteeg 6	2010
8 Kloveniersburgwal 6, 8	1965	20 Utrechtsestraat 135	1988	32 Vondelstraat 41	2012
9 Keizersgracht 99	1966	21 Eerste Lauriedwarsstraat 50	1990	33 Rapenburg 93	2014
10 Achtergracht 36-38	1969	22 Bethaniënstraat 14	1992	34 Groenburgwal 42 (Christ Church)	2018
11 Kerkstraat 402	1970	23 Sint Annenstraat 12	1994	35 Sarphatistraat 500 (Muiderpoort)	2019
12 Herenmarkt 19	1972	24 Haarlemmer Houttuinen 47	1996		

Timeline

- 1956** ● Stadsherstel founded as the Amsterdamse Maatschappij tot Stadsherstel
- 1961** ● Chairman of the supervisory board, Six van Hillegom, dies in a car accident
- 1963** ● New chairman appointed, Goos Van 't Hull
- 1965** ● President, K.W. van Houten retired. New President, J.M. Hengeveld, appointed
- 1966** ● Total houses restored to date =26
- 1968** ● Municipality becomes shareholder with 13% stake
- 1975** ● Nieuwmarkt riots in protest of housing demolition for metro construction affects municipal policy
- 1976** ● Total houses restored to date = 126
- 1980** ● Friends group activated to develop in philanthropy outside of Shareholders
- 1986** ● Total Houses restored to date = 202; owned = 297
- 1987** ● The only year with no acquisitions
- 1986-1990** ● Amstelkerk restored; becomes Stadsherstel head office
- 1991** ● Wim Eggenkamp becomes Director, having worked in urban renewal for municipalities of Leiden and Haarlem
- 1996** ● Total houses restored to date = 250; owned = 400
- 1999** ● Entire city of Amsterdam designated as cultural heritage. Stadsherstel merges with Amsterdam Monuments Foundation, bringing seven historic churches into portfolio
- 1999-2002** ● De Duif church restored
- 2000** ● Expansion of work to include properties outside of the Singelgracht, or city boundary perimeter
- 2007** ● Onno Meerstadt succeeds Wim Eggenkamp as director
- 2010** ● 17th-century Canal Ring inside the Singelgracht inscribed on the World Heritage list
- 2013** ● Stadsherstel is split into two entities: a Stichting, a non-profit housing authority with 91 properties, and an N.V. for the remaining ones. Also, Stadsherstel changes status from being a Designated Monument Conservation Organization (AOM) to being a Professional Organization for Conservation of Monuments (POM). This change reflects quality of work and offers advantages in applying for subsidies and fundraising
- 2017** ● Stichting Stadsherstel Amsterdam merges with Eigen Haard, one of the largest housing corporations in Amsterdam, adding its 300 some units to EH's 55,000.

Financial Performance Summary

Information Item	Description
Transaction Summary	Company founded in 1956 with a pool of \$500,000 (Tung, p.12) local investment for restoration of decrepit historic buildings.
Investor(s)/lender(s)	<p>Early investors included Dutch banks and insurance companies. In 2019 shareholders with more than a 5% share included: ABN Amro Bank N.V., ASR Life Insurance N.V., Cooperative Rabobank U.A., De Nederlandsche Bank N.V., National Netherlands Life Insurance Society N.V., ING Bank N.V., and Janivo Foundation.</p> <p>Since 1968, the municipality of Amsterdam has held a 13% stake. Current lending from Nationaal Restauratiefonds.</p>
Amount	Current portfolio includes 505,982,000 € in property assets; 3.5% are in restoration; the rest operating.
Instruments	Purchase of properties from public and private owners
Investment Mechanism	For profit corporation
Use of proceeds	Over 600 buildings and 20 monuments were purchased by or donated to the Stadsherstel
Currency	Originally the Dutch guilder, since 2002, the Euro
Liquidation Terms	Majority of properties are still held by Stadsherstel
Closing Date/Time Frame	The Stadsherstel remains active
Private investment	2018 Shareholder equity of 61,894,350 €, with each share valued at 450 €
Board of Directors	Supervisory Board (six members) with a maximum term of eight years (prior to 2017 the maximum term was nine years). "The composition of the Supervisory Board is such that the members operate independently and critically with respect to each other, the management and the organization. The members of the Board carry out their activities on behalf of the company without remuneration. None of the members of the Supervisory Board have any personal shares in the company. This also applies to the management." (p.# 10 <i>Jaarsverlag</i> 2018).
Investor rights	Investor rights over the life of the investment (e.g. to participate in votes in the company, right to request and obtain information).
Governing Law	Law governing the transaction
Performance	5% annual dividend to shareholders. Otherwise, per property, ROI varies.

Sustainable Development Goals

The work of Stadsherstel Amsterdam has produced positive economic, social, and environmental impacts over its more than 60 years of operation. Its initiatives have made diverse contributions to the local environment that align with the Sustainable Development Goal framework.



GOAL 4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all:

- Apprenticeship programs for construction and preservation trades have offered advanced skills and experience to hundreds of trainees.



GOAL 11 Make cities and human settlements inclusive, safe, resilient and sustainable:

- Stadsherstel's focus on conservation of built heritage to provide housing and commercial resources contributes to sustainable livable cities.
- Its primary focus on affordable social housing has contributed significantly to the diversity of Amsterdam's population.
- Individual projects such as the Rosenstock Huessyhuys in Haarlem have focused on adaptive re-use as a solution for greater inclusion for marginalized communities such as autistic teens and adults.



GOAL 12 Responsible consumption and production:

- All of Stadsherstel's work supports the recycling of material through its re-use of construction materials employed in restoration of building stock. This creates significant reductions in waste that enters landfills compared to the alternative of demolition.



GOAL 17 Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development:

- Public, private and philanthropic partners have joined in financing, implementing and advocating for complementary aspects of numerous initiatives.
- Local and national government agencies have collaborated with Stadsherstel in for urban renewal with projects around the world.



De Hallen was the former tram depot of Amsterdam, restored and converted into markets, a food hall, hotel and offices.

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CULTURAL HERITAGE FINANCE ALLIANCE

www.heritagefinance.org