

# OPTIMAL USE OF PRIVATE FINANCE FOR SOCIAL AND AFFORDABLE HOUSING



The “private” financiers’ model of the Nederlandse Waterschapsbank (NWB Bank) in the Netherlands



## 1. Overview and context



The Nederlandse Waterschapsbank (NWB Bank) is a national promotional bank serving the Dutch public sector. Originally founded by and for the Dutch water authorities, it has since expanded its financing activities to the wider Dutch public sector, which includes among others, municipalities, drinking water companies, healthcare institutions, and housing associations.

NWB Bank raises its funds on international capital markets, including by issuing Environmental, Social, and Governance (ESG) bonds. Housing associations are primarily financed through SDG Housing Bonds. Since its first ESG bond in 2014, NWB Bank has raised over €31 billion, making it a market leader in the Netherlands. This financing helps keep social rents affordable while supporting sustainability improvements in the housing stock<sup>21</sup>.

The bank's loan portfolio is predominantly composed of loans to (local) governments or institutions guaranteed by (local) governments, contributing to its strong credit rating (AAA/Aaa) and its position as one of the world's safest banks. Owing to this high creditworthiness, financial expertise, and efficient organisation, NWB Bank can respond to financing needs even in challenging circumstances. As a significant bank, it is directly supervised by the European Central Bank<sup>22</sup>.

In 2024, NWB Bank provided €6.8 billion in loans to housing associations (2023: €5.3 billion), and outstanding loans to housing associations stood at nearly €35 billion<sup>23</sup>.

## 2. Governance and ownership



NWB Bank is publicly owned, with its shareholders being Dutch public entities, primarily the water authorities (81%). It operates under a public-interest mandate, with its lending activities confined to activities within or related to the Dutch public sector. Its designation as a national promotional bank reflects its mission to serve collective needs rather than profit maximisation.

The bank is subject to direct supervision by the European Central Bank, ensuring compliance with EU banking regulations and prudential safeguards<sup>24</sup>.

## 3. Funding model



NWB Bank raises funds almost exclusively on the international money and capital markets, relying on its AAA/Aaa credit ratings to borrow at very low cost. A large share of its issuances are ESG-labelled, through Water Bonds and SDG Housing Bonds<sup>25</sup>.

Housing associations provide for social housing. The Social Housing Guarantee Fund

<sup>21</sup> NWB BANK, (2024). *Annual Report*, p. 21. [https://nwbbank.com/application/files/5817/4781/3487/NWB\\_Bank\\_Annual\\_Report\\_2024.pdf](https://nwbbank.com/application/files/5817/4781/3487/NWB_Bank_Annual_Report_2024.pdf)

<sup>22</sup> NWB BANK, (2024). *Annual Report*, pp. 12-13. [https://nwbbank.com/application/files/5817/4781/3487/NWB\\_Bank\\_Annual\\_Report\\_2024.pdf](https://nwbbank.com/application/files/5817/4781/3487/NWB_Bank_Annual_Report_2024.pdf)

<sup>23</sup> NWB BANK, (2024). *Annual Report*, p. 42. [https://nwbbank.com/application/files/5817/4781/3487/NWB\\_Bank\\_Annual\\_Report\\_2024.pdf](https://nwbbank.com/application/files/5817/4781/3487/NWB_Bank_Annual_Report_2024.pdf)

<sup>24</sup> NWB BANK, (2024). *Annual Report*, pp. 12-13. [https://nwbbank.com/application/files/5817/4781/3487/NWB\\_Bank\\_Annual\\_Report\\_2024.pdf](https://nwbbank.com/application/files/5817/4781/3487/NWB_Bank_Annual_Report_2024.pdf)

<sup>25</sup> NWB BANK, (2024). *Annual Report*, pp. 21. [https://nwbbank.com/application/files/5817/4781/3487/NWB\\_Bank\\_Annual\\_Report\\_2024.pdf](https://nwbbank.com/application/files/5817/4781/3487/NWB_Bank_Annual_Report_2024.pdf)

(Waarborgfonds Sociale Woningbouw – WSW) guarantees loans issued by housing associations to provide for social housing. The WSW guarantee reduces the credit risk for lenders and underpins the affordability of borrowing conditions<sup>26</sup>.

Dutch housing associations finance new development and renovation from a portfolio approach. Debt is issued at the corporate level and distributed across projects, rather than on a project-by-project basis. Financing comes primarily from two sources:

- ➔ Own equity (operating surpluses and asset sales).
- ➔ Private loans, mostly from NWB Bank and BNG Bank, guaranteed by WSW.

Together, NWB Bank and BNG Bank provide around 90% of private loans to Dutch housing associations.

As of 2024, the WSW guaranteed €92.2 billion in loans to housing associations, of which NWB Bank financed around 37%<sup>27</sup>.

## 4. Loan and investment conditions



NWB Bank provides long-term loans to housing associations, usually with maturities aligned to the depreciation periods of housing assets (40–50 years).

In 2024, the bank also issued its first Sustainability-Linked Loan (SLL) to Domijn, a housing association in the city of Enschede which is the **first housing association in the Netherlands to publish a CSRD report**<sup>28</sup>. NWB Bank and Domijn agreed on a number of sustainability targets for the next five years. If Domijn meets these targets, it will get a discount on the interest rate and saves over €80,000 in the coming years<sup>29</sup>.

Thanks to the WSW guarantee, for housing associations loan terms are highly attractive compared to commercial markets. Most loans are provided at fixed rates, with the remainder variable<sup>30</sup>.

## 5. Impact and performance



Housing associations own around 30% of the housing stock in the Netherlands, and NWB Bank finances over one-third of their needs.

In 2024, NWB BANK provided €6.8 billion in loans to housing associations, reflecting both new demand and revisions of existing spreads. At the end of 2024, the bank had nearly €35 billion in outstanding loans to the sector.

<sup>26</sup> WSW, (2024). *About WSW – Who are we ?*. <https://www.wsw.nl/over-wsw/over-ons/wie-zijn-wij>

<sup>27</sup> NWB BANK, (2024). *Annual Report*, p. 42. [https://nwbbank.com/application/files/5817/4781/3487/NWB\\_Bank\\_Annual\\_Report\\_2024.pdf](https://nwbbank.com/application/files/5817/4781/3487/NWB_Bank_Annual_Report_2024.pdf)

<sup>28</sup> Domijn (2024, August 6). We receive a sustainable loan and save €80,000. <https://www.domijn.nl/over-ons/actueel/nieuws/we-krijgen-een-duurzame-lening-en-besparen-zo-80000/>

<sup>29</sup> NWB, (2024). *Annual Report*, p. 42. [https://nwbbank.com/application/files/5817/4781/3487/NWB\\_Bank\\_Annual\\_Report\\_2024.pdf](https://nwbbank.com/application/files/5817/4781/3487/NWB_Bank_Annual_Report_2024.pdf)

<sup>30</sup> WSW, (2024). *Jaarverslag WSW 2024 [WSW Annual Report 2024]*. <https://storage-customers.zig365.nl/wsw-ksp-web-hupo-portal-p-pub/20250424%20Jaarverslag%20WSW%202024.pdf>

Borrowing by housing associations is expected to increase significantly in the coming years. They plan to invest more than €50 billion over the next decade, including insulation, making homes gas-free, and upgrades of poorly performing homes (E, F, G labels). At the same time, they are committed to building yearly 30,000 new social homes starting from at the latest 2029 and ending 2035.

## 6. Cooperation with EU/International Institutions





Although NWB Bank’s model is firmly rooted in Dutch public-sector finance, it cooperates with European institutions through capital market standards and joint initiatives. Its ESG-labelled bond issuances align with EU sustainability frameworks and attract international institutional investors.

The WSW guarantee system is widely recognised as a model of good practice in Europe. NWB Bank’s close cooperation with the WSW, combined with the oversight of the Dutch Authority for Housing (Aw), provides a robust governance system that underpins its credibility with European and global investors.

NWB Bank also cooperates with the EIB Bank. NWB Bank acts as a financial intermediary for the EIB in the Netherlands, channelling EIB funds to its clients, including housing associations.

## 7. Advantages and disadvantages

### OVERVIEW OF THE ADVANTAGES AND DISADVANTAGES OF NWB BANK

 ADVANTAGES	 DISADVANTAGES
Access to low-cost funding on international markets due to AAA rating.	Dependence on capital markets—potential vulnerability to volatility. Mitigated by spreading the funding in terms of geography, currency, tenors and investor type.
Significant role in financing housing associations, covering over one-third of their needs.	Limited flexibility outside of its narrow public-sector mandate.
Pioneering ESG bonds, aligning with sustainability targets and attracting global investors.	Exposure to changes in regulation (EU state aid, DAEB/SGEI rules).
Long maturities (up to 50 years), aligned with housing assets.	—

Source: Own compilation. Housing Europe, (2025).

Note: This table is based on a qualitative review of NWB Bank’s institutional model, drawing on financial reports and policy analysis, and Housing Europe (2025). The advantages and disadvantages reflect key dimensions such as funding structure, regulatory environment, and alignment with housing sector needs.

## 8. Replicability and key success factors



The NWB Bank model demonstrates how a public-sector promotional bank can mobilise capital markets for affordable housing when combined with strong guarantees and supervision. **Key factors for replication include:**

- ➔ Existence of a dedicated promotional bank with high credit quality.
- ➔ A guarantee fund (similar to WSW) that mutualises credit risks across housing associations.
- ➔ Rigorous supervision and transparency mechanisms.
- ➔ A supportive policy framework that provides certainty for long-term investments.
- ➔ The ability to issue ESG-labelled bonds, creating international investor appetite.

### THE FINANCING OF SOCIAL HOUSING, AND PUBLIC HOUSING SUPPORTS IN THE NETHERLANDS

TYPE OF FUNDING	% OF TOTAL	GENERAL COMMENTS
Bilateral loans	37%*	<ul style="list-style-type: none"><li>● Loans from financial institutions</li><li>● Receive a guarantee from a risk-sharing fund owned by the housing associations</li></ul>
Own equity	63%*	<ul style="list-style-type: none"><li>● Equity reinvested from the 'profits'/savings of the housing associations; or the sale of assets</li></ul>

Dutch housing associations use **portfolio financing** (balance sheet model), unlike the project-based approach common in most of Europe. They borrow at scale and then allocate funds across projects.

Their financing comes from two main sources:

- ➔ **OWN EQUITY:** operating surpluses and asset sales, which they are legally obliged to reinvest in social housing.
- ➔ **BILATERAL LOANS:** primarily from BNG and NWB Bank. These loans are made affordable through the **guarantee of the WSW**, which underpins confidence in the sector and allows borrowing on favourable terms.

\*Recent research suggests a **37% loans / 63% equity split**, but investment targets mean the share of loan financing will increase in the coming years. However, the way that equity is calculated will change too by 2026, from market value to policy value.





## THE GUARANTEE FUND FOR SOCIAL HOUSING (WSW)

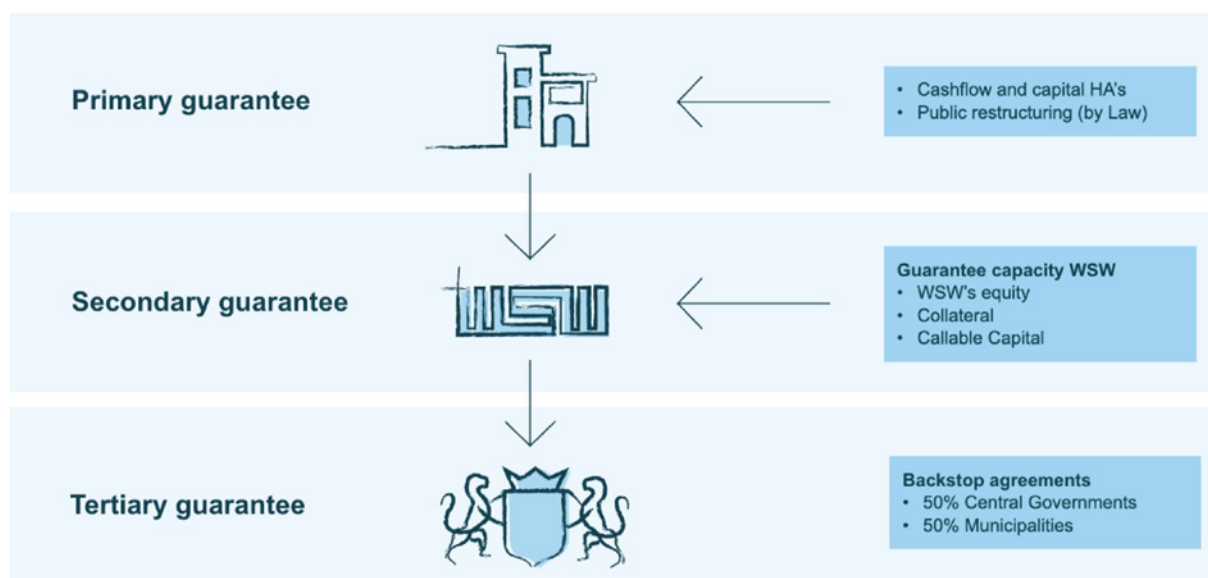
The WSW was created after the 1995 reforms to guarantee housing associations' loans. It enables low-cost borrowing (avg. 2.79% across the loan book in 2023; 3.15% for new lending).

- ➔ **COVERAGE:** 268 associations (98% of sector), guaranteeing ~€94.9 bn loans<sup>31</sup>.
- ➔ **RISK:** Only €40m (0.05%) of these loans are high-risk.
- ➔ **RATING:** Aaa/AAA (Moody's, S&P).
- ➔ **FUNDING:** Housing associations pay a variable guarantee fee on outstanding loans (0.0297% in 2023), adjusted to maintain adequate risk capital (€575.6m in 2024).

### THREE-TIER RISK SYSTEM:

- ➔ **1. WSW risk capital** – first buffer; may liquidate collateral of distressed associations.
- ➔ **2. Mutual guarantee ("Obligo")** – healthy associations collectively absorb first losses on outstanding loans up to the size of the Obligo.
- ➔ **3. State and municipalities** – guarantors of last resort through interest-free loans (never used) on 50/50 basis.

## WSW THREE LAYERS SECURITY SYSTEM



Source: WSW, (2025).

This three-tier backstop ensures stability of the Dutch social housing sector and keeps borrowing affordable.

<sup>31</sup> WSW, (2024). Jaarverslag WSW 2024 [Annual Report 2024]. <https://storage-customers.zig365.nl/wws-ksp-web-hupo-portal-p-pub/20250424%20Jaarverslag%20WSW%202024.pdf>

## HOUSING EUROPE MEMBERS



## HOUSING EUROPE PARTNERS



## CO-FOUNDERS OF THE INITIATIVE

...Housing Europe Members and Partners and

