

# NETHERLANDS

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**Table 1: Housing in the Netherlands, by tenure**

Tenure	# of Dwellings	% of total
Social Housing	2,246,108	28.6
Private Rental	1,056,905	13.5
Owner Occupiers	4,548,444	57.9
Other / Unknown	4,934	0.1
<b>Total</b>	<b>7,856,391</b>	

Source: Housing Europe estimates, based on CBS Statsline. Note: Housing stock on the 1st of January, 2024. Excludes vacant dwellings

## Origins and brief historical overview

Social housing in the Netherlands has gone through at least four distinct phases; early development, post-war boom, market liberalisation, and post-financial crisis 're-regulation'.

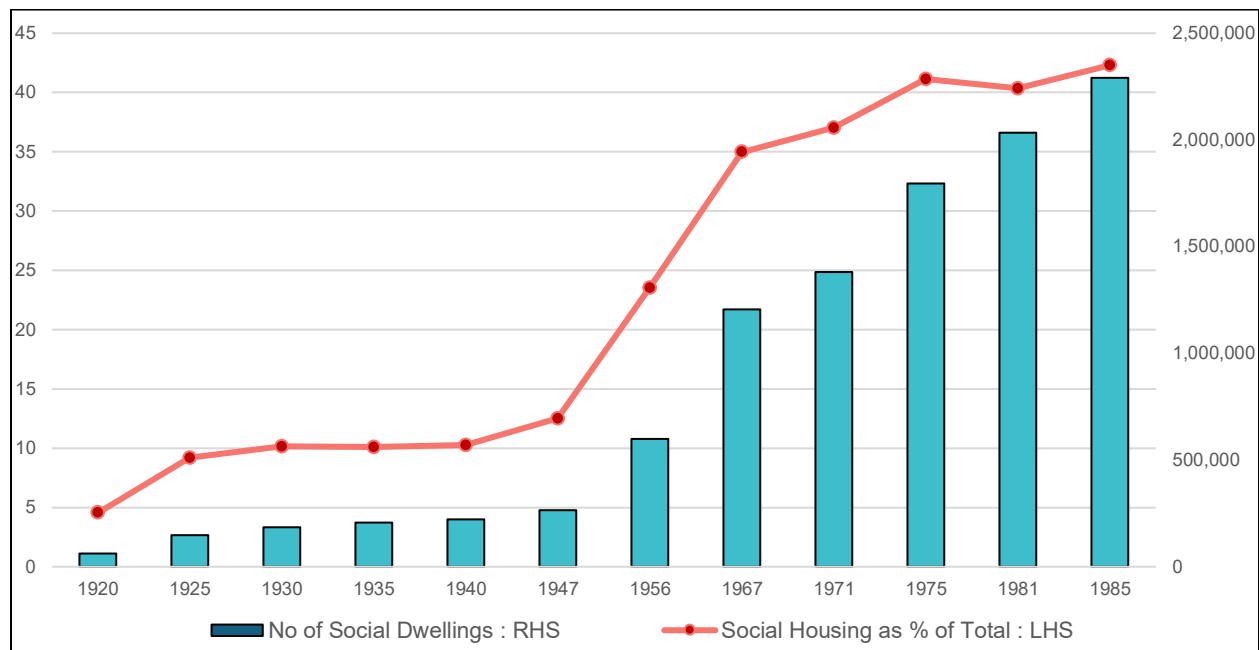
The emergence of social housing in the Netherlands can be traced to the mid-19th century, when private philanthropic organisations and housing cooperatives, including workers' cooperatives, began building affordable homes for low-income workers in the largest cities. However, these were quite modest in scale. The major turning point came with the passage of the Housing Act of 1901 (*Woningwet 1901*). It provided for state subsidies for the emerging Dutch housing associations (*woningcorporaties*) and provided a framework for improving housing conditions through regulations on building quality and urban planning.<sup>1</sup> The Housing Inspectorate (*Rijksinspectie voor de Volkshuisvesting*) was established to oversee the implementation of the law.

During the early 20th century, Governments increased their support for social housing through additional subsidies and policies aimed at expanding the affordable housing stock. Housing associations—often established by religious groups, cooperatives, and trade unions—played a crucial role in this expansion.

World War II severely damaged parts of the country's housing stock, leading to an urgent need for reconstruction. The Government took an active role in financing and coordinating large-scale social housing projects, laying the groundwork for a post-war boom in social housing development. Indeed, as shown in Figure 1, the level of social housing in the Netherlands rose from around 10% prior to WWII, to 24% by 1956, and 35% by 1967.

The Urban Renewal Act of 1970 (*Wet Stedelijke Vernieuwing*) marked a shift from mass housing construction to the rehabilitation of older housing stock and inner-city areas. The Government also introduced policies aimed at improving housing quality and reducing socio-economic segregation.

<sup>1</sup> Hoekstra, J. (2017). Reregulation and residualization in Dutch social housing: A critical evaluation of new policies. *Critical Housing Analysis*, 4(1), 31-39.

**Figure 1: Development of the Dutch social housing stock (1920-1985)**

Source: Aedes, CBS, Van der Schaar, J. (1986)<sup>2</sup>

It is important to mention that development of social housing was, despite being provided by housing associations that were independent of the state, heavily reliant on public funding for capital investment. At the same time, social housing at this time was still based on a ‘universalist’ approach, meaning it was theoretically available to all. As such, the system of public financial support required significant annual funding allocations, which posed a burden on the state’s finances. Although, the compensation for the state was that they exercised a strong degree of control over the housing associations. This meant that the “housing associations were reduced to implementing bodies of the central government”.<sup>3</sup>

The ‘Brutering’ operation (*Bruteringsoperatie*) in 1995 was a significant turning point. While the operation was quite a complex public accounting exercise, the short summary is that the Government sought to ‘balance’ the money it was owed from the housing associations for the repayment of outstanding public loans (‘receivables’) with the future ‘obligations’ that the state had to provide operating subsidies to the housing associations to cover the difference between the rent paid by social tenants and the costs of provision; with the *Bruteringsoperatie* working to make the ‘receivables’ and ‘obligations’ cancel each other out.<sup>4</sup> This is why the process is often referred to as the “grossing and balancing operation”.<sup>5</sup> The *Brutering* also marked the end of state subsidies and public loans for the sector. Thus, since 1995 housing associations have been expected to be financially self-sufficient, while still fulfilling their core mission to provide social housing.

Politically speaking, the reasoning for the *Bruteringsoperatie* was twofold. Firstly, by the late 1980s many Dutch politicians had come to believe that the original justification for the generous government

<sup>2</sup> Van der Schaar, J. (1986). De huisvestingssituatie in Nederland, 1900-1982: Lange termijn ontwikkeling in de hoogte en de verdeling van woonlasten. Delft, Netherlands: Delftse Universitaire Pers.

<sup>3</sup> Hoekstra, J. (2017). Reregulation and residualization in Dutch social housing: A critical evaluation of new policies. *Critical Housing Analysis*, 4(1), 31-39.

<sup>4</sup> Aukes, J., & Maat, J. (1999). De verwerking van de brutering in de jaarrekening van woningcorporaties [*The processing of grossing up in the annual accounts of housing corporations*]. *Maandblad voor Accountancy en Bedrijfseconomie*, 73(3), 73-82.

<sup>5</sup> Hoekstra, J. (2017).

subsidies for the development of social housing, the large post-war unmet need for affordable housing, was no longer relevant.<sup>6</sup> Secondly, the public debt and deficit requirements set out in the 1992 Maastricht Treaty were also important. It was decided by policymakers that making the housing associations financially independent, and shifting them off balance sheet, was a way to help the Dutch reach the agreed targets ahead of the adoption of the euro.

It is important to outline the financial implications of the 1995 reforms, as it effectively meant upending the funding structure that the housing associations had come to rely on over many decades. The first point to note is that by the mid-1990s, many housing associations had managed to build up a stock of unencumbered assets, with rents paid generating some operating surpluses.<sup>7</sup> Indeed, in 1995, the year of the reforms, housing associations owned 37% of the homes in the Netherlands. The second point is that the sale of parts of the existing stock also increased substantially post *Bruteringsoperatie*; from around 2,000-3,000 sales per year in the early 1990s, to around 16,000 on average during the second half of the decade.<sup>8</sup> This provided revenues for reinvestment. Finally, the “grossing and balancing operation” itself dramatically increased the share of unencumbered social housing, meaning that most housing associations started off the period of independence on a solid financial footing.

However, in the aftermath of the 1995 reforms, the strong financial situation of the housing association sector was combined with looser regulation and reduced government oversight. This meant that associations started to broaden their scope beyond the provision of social housing. This included investing in commercial real estate<sup>9</sup> and other market-based activities. This eventually led to one prominent housing association recording significant losses,<sup>10</sup> and serious questions being raised around the use of funds and resources by other associations.

In the post-Global Financial Crisis (GFC) period, the Dutch social housing sector underwent significant reform. In 2011, the Government decided to introduce income-limits for households wishing to access social housing; moving away from a ‘universalist’ model. This was as a result of EU-level challenges by the Dutch private housing sector over what they saw as being unfair competition.<sup>11</sup> In addition, a parliamentary enquiry was established in 2013 to investigate the business practices of the housing associations.<sup>12</sup>

The culmination of the greater public scrutiny of the sector, the 2011 European Commission opinion on fair competition, the parliamentary enquiry—as well as the election of a new more market-liberal government—was the passing of the new ‘Housing Act of 2015’ (*Woningwet 2015*). It was the key pillar of what is regarded as the “re-regulation” of the Dutch social housing sector. Amongst its various contents it:

- Established a new independent watchdog for the social housing sector (*Autoriteit woningcorporaties, Aw*);
- Obligated housing associations to clearly separate social housing activities from commercial activities, with no possibility for cross-subsidisation;

<sup>6</sup> Aukes, J., & Maat, J. (1999).

<sup>7</sup> van der Schaar, J. (2003). *Corporatievermogen en overheidssturing* [Corporation capacity and government control]. Amsterdam: Rigo Research en Advies BV.

<sup>8</sup> Housing Europe (2021). *The sale of social and public housing in Europe*. Brussels: Housing Europe.

<sup>9</sup> Hoekstra, J. (2017).

<sup>10</sup> The so-called “Vestia derivatives scandal” is well-known in the Netherlands. It resulted in several lawsuits and had a negative impact on the reputation of the broader social housing sector. See: Storbeck, O. (2019, July 12). *Deutsche pays €175m to settle Dutch bribery lawsuit*. London: The Financial Times.

<sup>11</sup> European Commission (2009). *State aid No E 2/2005 and N 642/2009 – The Netherlands Existing and special project aid to housing corporations*. Available at: [https://ec.europa.eu/competition/state\\_aid/cases/197757/197757\\_1155868\\_173\\_2.pdf](https://ec.europa.eu/competition/state_aid/cases/197757/197757_1155868_173_2.pdf)

<sup>12</sup> Hoekstra, J. (2017).

- Redefined the core tasks and responsibilities of the housing associations;
- Required the Aw to review and vet the appointment of directors or supervisory board members of housing associations (the so-called ‘fit and proper test’);
- Established mandatory tri-party negotiations between housing associations, local municipalities, and tenants’ organisations to agree on the investment activities of the associations at the local level (e.g., how many new homes, and of what type). These are the so-called ‘Performance Agreements’ that have become integral to the social housing sector in the Netherlands in recent times.

Looking at the situation today, the Dutch social housing sector remains the largest (in relative terms) in all of Europe, at close to 30% of the housing stock. As will be outlined in greater detail later, the sector is also under significant pressure. The Government has demanded that the housing associations invest more in both new construction and renovations over the medium-term. While many associations have a positive operating cash flow (OCF) to help achieve this, it also means that the sector is expected to have to take on significant new debts in the coming years. In a climate of higher interest rates, this is going to be a costly exercise, and one that will disrupt the stable and successful financing model seen in recent years.

### The role of government and private actors in social housing

The highest public power on housing matters in the Netherlands is the ‘Ministry for Housing and Spatial Planning’ (*Ministerie van Volkshuisvesting and Ruimtelijke Ordening*, VRO). It oversees legislation related to the social housing sector, and distributes housing allowances to eligible households. It is also the lead negotiator on behalf of government in terms of establishing national ‘Performance Agreements’ in relation to the medium-term activities and targets of the housing association sector. For its part, the housing associations are represented by Aedes, which is the national federation that advocates on their behalf at the national and EU levels.

At the local level, municipalities have a crucial role to play in relation to social housing. Firstly, they are a key party to the local ‘tri-party’ performance agreements that establish social housing delivery objectives. In addition, they set zoning plans that can effectively reserve land for use as social housing or increase the allowable density on plots already owned by housing associations. One other important housing ‘lever’ of note that can be pulled by the municipalities is setting out a local ‘housing vision’ (*woonvisie*).<sup>13</sup> Such ‘visions’ have existed already for several years, though were not compulsory. Historically speaking, if a *woonvisie* did exist, then the local housing associations had to try to fit it into their medium-term (roughly four years) development plan; though within reason and taking account of available resources. The *woonvisie* was, thus, another way that even if the housing associations in the Netherlands were independent of the state, policymakers could still exercise some degree of influence over housing policy in their region. Since an amendment to the Housing Act in 2022, local municipal housing ‘visions’ are now mandatory, bringing local policymakers and housing associations even closer together.

In terms of important public agencies, the aforementioned *Autoriteit woningcorporaties* (Aw)<sup>14</sup> is the sectoral supervisor that oversees the performance of the Dutch housing associations. The Aw is charged with ensuring that they keep to their core mission, which Aedes defines as being “to ensure that people with a low income can live well and affordably”.<sup>15</sup> It also monitors the behaviour and internal governance of housing associations and their financial management. The Aw can impose sanctions

<sup>13</sup> It should be noted that in draft legislation currently under discussion, the term “*volskhuisvestingsprogramma*” (public housing programme) is used, rather than *woonvisie*.

<sup>14</sup> See: <https://www.ilent.nl/onderwerpen/themas/autoriteit-woningcorporaties>

<sup>15</sup> Housing Europe (2025). *Unlocking Potential - A Comparative Analysis of Approved Housing Body Models in the European Union*.

on housing associations, such as fines or the appointment of an external ‘supervisor’. It also reports on the financial situation of the sector as a whole, and helps to identify any possible challenges ahead of time.

## The financing of social housing, and public housing supports

**Table 2: Typical financing structure for new social housing developments**

Type of funding	% of total	General comments
Public loan	Undefined	<ul style="list-style-type: none"> <li>Loans from private financial institutions</li> <li>Receive a guarantee from a risk-sharing fund owned by the housing associations</li> </ul>
Own equity	Undefined	<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 social housing providers are amongst the rare few in Europe who finance the development of new social housing from a ‘portfolio’ of available funds (i.e., balance sheet financing); rather than working on a project-by-project basis as is common in most peer countries. In other words, the housing associations will take on debt and then distribute it in various smaller tranches to finance individual projects. The overall ‘portfolio’ is based on two primary sources. Firstly, the “own equity” of the individual housing associations, derived from their operating surpluses or savings. This can include revenues from the sale of assets. Secondly, via “private loans”, which are collectively guaranteed by the social housing sector via the ‘Guarantee Fund for Social Housing’ (*Waarborgfonds Sociale Woningbouw*, WSW).

It is not possible to say precisely what the typical balance between private loans and own equity is in the ‘average’ social housing project, as this depends on the preferences and means of each individual housing provider. While recent research indicated and approximately 60%/40% split (private loan/own equity), based on figures from 2021/22,<sup>16</sup> it also noted that as a result of ambitious investment targets for the sector in the coming years (see below), this mix is expected to change, with a jump in private loan financing<sup>17</sup> relative to own equity.

With regard to the private loans, as in the case of Finland and Sweden, Dutch housing associations benefit from the presence of a nominally ‘private’, but effectively ‘public’, banking system (i.e., similar to the Finnish *MuniFin*, and Swedish *Kommuninvest*). There are two such nominally private providers of finance for Dutch housing associations—*Bank Nederlandse Gemeenten* (BNG Bank)<sup>18</sup> and *Nederlandse Waterschapsbank* (NWB Bank)<sup>19</sup>. Together, they provide around 90 per cent of the

<sup>16</sup> Housing Europe (2025). *Unlocking Potential - A Comparative Analysis of Approved Housing Body Models in the European Union*.

<sup>17</sup> See: Section 4.4 of WSW (2023). [Portefeuillerapportage Per 31 december 2023](#) [Portfolio Reporting, as of December 31 2023]. Hilversum: Waarborgfonds Sociale Woningbouw.

<sup>18</sup> One of the two public sector banks in the Netherlands. It provides funding to the public sector, including municipal authorities, housing associations and healthcare and educational institutions, with the aim to maximise social impact. As of the end of 2023, BNG Bank had €46.9 billion in outstanding long-term loans to Dutch social housing providers. It issued €6.9 billion in new WSW-guaranteed loans to housing associations in 2023. See: <https://www.bngbank.nl/-/media/Project/CBB/BNG-Bank-Shared/Documents/Annual-Report-2023/BNG-Bank-Annual-Report-2023.pdf?rev=10366a6ba31345faa937fd4c6aef1d9c>

<sup>19</sup> Originally founded in 1954, the NWB was set up to finance the modernisation of the Netherlands’ local water infrastructure, by providing loans to local or regional water providers. It has since diversified to also provide cheap loans to housing associations. At the end of 2023, the NWB Bank had €32.6 billion in outstanding loans to housing associations. It made €5.3 billion in new loans to the sector in 2023, down from €6.3 billion in 2022. See: [https://nwbbank.com/application/files/3217/1214/7891/NWB\\_Bank\\_Annual\\_Report\\_2023.pdf](https://nwbbank.com/application/files/3217/1214/7891/NWB_Bank_Annual_Report_2023.pdf)

private loans used to develop new social housing projects.<sup>20</sup> The remaining 10 per cent primarily comes from “institutional investors” (mostly risk-averse pension funds), with a very small amount of loan financing provided by central government<sup>21</sup> or ‘peer’ financing.<sup>22</sup>

A crucial element of the Dutch financing model is the existence of the ‘Guarantee Fund for Social Housing’ (WSW), which helps to keep the private financing used relatively ‘affordable’. The WSW was created in the context of the aforementioned 1995 reforms, since which the housing associations have been financially autonomous from the state. If a housing association finds itself in financial difficulty, and is unable to service all or part of its outstanding debts, it will have to draw up a “recovery plan”. This may include selling some of its assets (usually to social tenants or another housing association) to raise capital. The WSW will also take over the payment of loans, if needed, effectively guaranteeing repayment for the BNG or NWB Banks, or other investors. However, such measures are exceptional.

The general purpose of the WSW is to guarantee the loans taken out by the housing associations. In order to ensure the solidity of the system, WSW carries out rigorous assessments of loans. This helps to inspire confidence in the WSW, which in turn legitimises its role as a guarantor, helping to justify lending to social housing providers on favourable terms. Indeed, at present the WSW has a AAA rating from both Moody’s and S&P, showing the confidence in the Fund to act as an effective ‘backstop’ for the sector. 268 housing associations participate in the WSW, or 98% of the total.

The most recently available figures from the WSW show that it provides a guarantee on about €88.6 billion of outstanding loans, of which only €40 million (0.05% of the total) was considered to have a high risk of becoming impaired in the future.<sup>23</sup> The average interest rate across the whole portfolio of guaranteed loans was 2.79% in 2023, with the average rate for new lending at 3.15% in the same year. In 2023, 89 per cent of loans guaranteed were on fixed-rate terms, with just 11 per cent variable-rate.

In return for providing the guarantee, the social housing providers pay a levy to the WSW; which we can think of as being like a form of insurance. This levy is variable and is based on the volume of guaranteed loans at the end of the previous calendar year. As such, those associations with higher levels of outstanding loans will pay relatively more than those with fewer outstanding liabilities.

The reason that the levy is variable is that it depends on the assessed need for risk capital at any given moment. If the risk capital of the WSW falls below an assessed minimum level, based on the potential for part of the guaranteed loan book to become impaired, the levy will bring it back up to this level. As stated above, the latest assessment is that just 0.05% of outstanding loans face such a risk.

The minimum risk capital of the WSW is determined by the highest of the three tests below:<sup>24</sup>

- i. The risk capital is at least equal to the expected losses based on claims on guarantees provided;

<sup>20</sup> Many are issued as bullet loans, which do not require intermediate repayments but are to be repaid all at once at the end of the loan term.

<sup>21</sup> The loans from central government are a legacy issue, based on social housing built before such direct public funding was cut off in 1995. The few outstanding loans that remain will be fully repaid in the coming years.

<sup>22</sup> “Peer financing” refers to lending between social housing associations. Source: WSW (2023).

[Portefeuillerapportage Per 31 december 2023 \[Portfolio Reporting, as of December 31 2023\]](#). Hilversum: Waarborgfonds Sociale Woningbouw.

<sup>23</sup> The forecast is for the guaranteed lending to increase to €145 billion by 2028, in order to meet the commitments made by Aedes members as part of the national agreement with the government. See: WSW (2023).

[Portefeuillerapportage Per 31 december 2023 \[Portfolio Reporting, as of December 31 2023\]](#). Hilversum: Waarborgfonds Sociale Woningbouw.

<sup>24</sup> Based on information supplied by the WSW. See: <https://zigbukcproduction.blob.core.windows.net/wsw-ksp-web-hupo-portal-p-pub/20240508%20Toelichting%20obligoheffing%20DEF.pdf>

- ii. The risk capital is at least 0.65% of the guaranteed debt balance;
- iii. The risk capital (committed exposure plus maximum annual exposure tax plus available risk capital) is greater than the required capital.

In 2024, the current risk capital of the WSW was compliant with both (i) and (iii), but not (ii). In other words, the available risk capital was below 0.65% of the guaranteed debt balance. This shortfall meant that €26.2 million was required to be levied, on a debt-linked pro-rata basis, on the Dutch housing associations (i.e., a levy of 0.0297% of the total guaranteed debt balance at the end of 2023).<sup>25</sup> Upon payment, the risk capital of the WSW would be equal to €575.6 million.

As well as the WSW, social providers in the Netherlands also have oversight from the Aw. This helps to provide further transparency and oversight of the sector and avoid risky borrowing practices that could otherwise serve to undermine the WSW and the housing association sector more broadly.

It is important to explain that in fact the financial stability of the private borrowing of the Dutch housing associations is built on a three-tier risk minimisation system. If one tier is 'breached', then the distressed loan cascades to the next tier, which should be able to absorb it.<sup>26</sup>

**Tier 1:** The risk capital of the WSW is the first buffer to absorb claims on the deposit. The fund can supplement this reserve, if necessary, by realising the collateral of the distressed participant (i.e., selling assets).

**Tier 2:** The second buffer is the mutual guarantee of participants (the so-called "Obligo").<sup>27</sup> This means that if, for some exceptional reason, the WSW cannot absorb the bad debt of a social provider—for example if many providers were to encounter financial difficulties at the same moment—then the excess bad debt is cascaded to the 'healthy' housing associations, who must collectively come together to 'bail out' their sector. This may see the 'healthy' housing associations acquiring assets (e.g., social dwellings) from other associations.

**Tier 3:** Finally, the WSW has an agreement with the Dutch state and municipalities that, if necessary, housing associations have access to interest-free loans to help to tide over the sector in the case that bad debts grow to a degree that Tier 1 and Tier 2 cannot collectively handle. Thus, the state is effectively a guarantor of last resort; though one that has so far never been called upon.

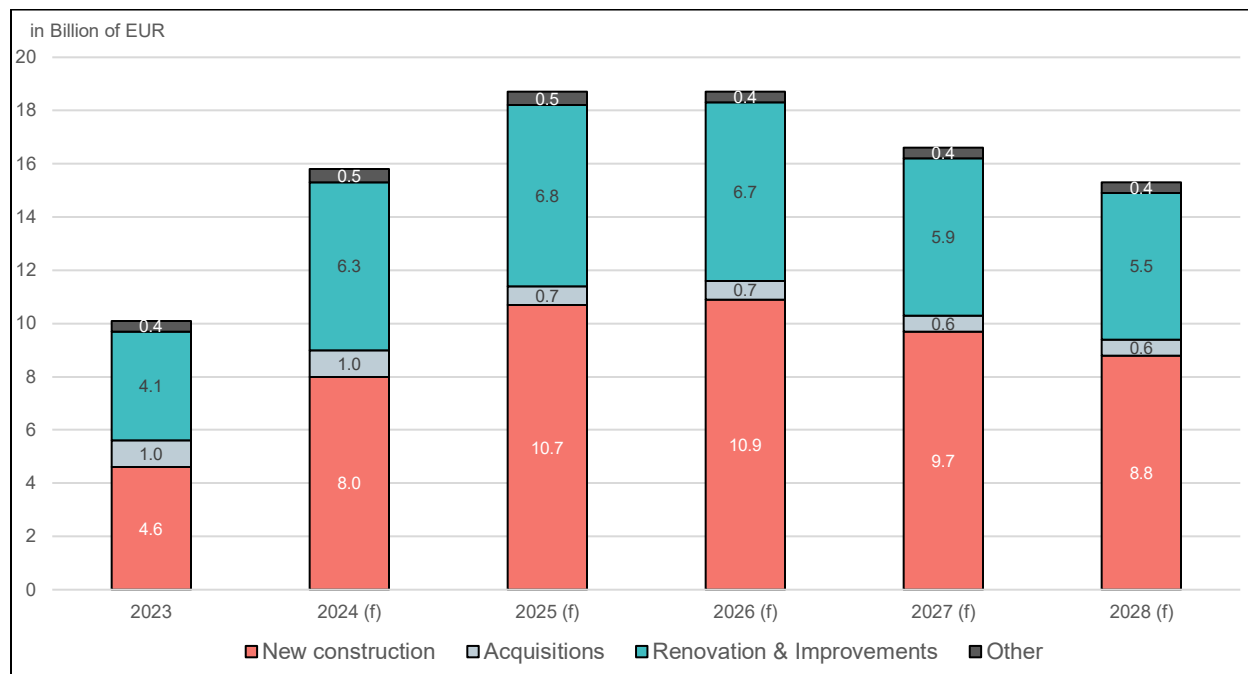
In terms of the 'own equity' of the housing associations. The social providers are legally obliged to reinvest profits/reserves in social housing. Indeed, the associations had a combined operating cash flow (OCF) of €3.5 billion in 2023.<sup>28</sup> This is based on income from rent and other sources of €18 billion, with expenses (including maintenance of its stock) of €14.6 billion. At the same time, equity for investment can also come from the sale of assets. Combined, OCF and revenue generated from sales provide the overwhelming amount of the capital that Dutch housing associations have had to contribute from their own resources in recent years.

<sup>25</sup> *Ibid.*

<sup>26</sup> Due to the multi-layered setup of the guarantee system, guarantees are not part of the EU Government debt ratio, i.e., they are not considered to be 'on-book'. This is due to the fact that while the Dutch state does in theory have quite larger liability, the probability of it actually being called upon to make good on its guarantee is considered to be so low that the guarantees are not considered as contingent liabilities

<sup>27</sup> See : <https://www.wsw.nl/corporaties/over-deelnemerschap/obligo/>

<sup>28</sup> WSW (2023). [Portefeuillerapportage Per 31 december 2023](#) [*Portfolio Reporting, as of December 31 2023*]. Hilversum: Waarborgfonds Sociale Woningbouw.

**Figure 2: Actual and planned investment by Dutch housing associations**

Source: WSW

Notes: "Acquisitions" refers primarily to the purchase of social housing by one housing association from another. Turnkey acquisitions should be captured under "New construction"

Looking at the actual investment activities of the overall Dutch housing association sector, we see that in 2023, it invested €10.1 billion. Looking at the breakdown, €4.6 billion was allocated on new construction, with €4.1 billion on renovations and upgrades to the existing stock. In addition, there was €1 billion in "acquisitions". However, this primarily refers to the acquisition, or 'transfer', of housing between different associations. Thus, it should not represent a net gain for the sector.

The WSW, which collects the annual investment data, also gathers information from housing associations on their medium-term investment plans. It notes an expected jump in investment in 2024 (official data not yet available) to nearly €16 billion, with a significant increase in new construction and, though to a slightly lesser extent, renovations. Further growth is foreseen in 2025 and 2026 (both forecast at €18.7bn), before falling back a little in 2027 (€16.6bn) and 2028 (€15.3bn). The context behind the expected jump in investment is the National Performance Agreement (NPA) between the Government and Aedes from 2022. However, a new agreement was signed at the end of 2024, meaning that the forecast investment outlined above is now somewhat out of date, and indeed we may expect to see even higher levels of investment out to 2028 and beyond when the WSW releases updated estimates. The new NPA will be outlined later in this chapter.

As already noted, the state has not directly funded the social housing sector since 1995. However, there is one small exception to this that is worth mentioning. In cases where housing associations are providing specialist housing for people with needs for additional care, and/or issues with mobility, government can provide small grants to help support some of the additional cost that this would require. However, according to Aedes, this public subsidy usually does not actually fully cover the costs of providing the additional facilities.<sup>29</sup>

<sup>29</sup> Housing Europe. (2025).

In terms of the more consequential publicly-funded housing supports in the Netherlands, both social and private tenants can access rent allowances (*huurtoeslag*). However, this is based on a somewhat complex arrangement:

In the Netherlands, every tenant is expected to pay at least a part of their own rent (known as the 'basic rent'). This varies and depends on the income of each individual household. Households can then receive government allowances in order to support at least a portion of the part of the rent that falls above the basic rent. However, government supports are divided into different 'tranches', which in turn inform the rents in the social housing sector.

**Table 3: Overview of key concepts in the determining of Dutch rent allowances**

Key housing allowance determining factor	Dutch name	Brief explanation	Rent limit / Housing allowance rate (%)
<b>Rent limit</b>	Huurtoeslaggrens	This is the maximum allowable rent that is eligible for rent allowance. In other words, if the tenant pays more than this amount, they are not eligible for rent allowances. This means that if the rent was €900.08 per month, or above, the tenant would not be eligible for any rent allowance	€900.07 / 40%
<b>Low capping limit</b>	Aftoppingsgrens laag	The tenant will receive a portion of the rent between the quality discount limit and the capping limit via rent allowance (65%).	€682.96 / 65%
<b>High capping limit</b>	Aftoppingsgrens hoog	<ul style="list-style-type: none"> <li>○ The 'high' capping limit applies to households of 2 or more persons.</li> <li>○ The 'low' capping limit applies to single-person households</li> </ul>	€731.93 / 65%
<b>Quality discount limit</b>	Kwaliteitskortingsgrens	The part between the basic rent and the quality discount limit is usually fully reimbursed by the rent allowance. For young people up to 23 years of age, the quality discount limit also applies as a maximum rent limit for rent allowance.	€477.20 / 100%
<b>Basic rent</b>	Basishuur	The rent that housing benefit recipients must pay themselves. The basic rent depends on the household type. The basic rent increases with the income. The higher the income, the higher the basic rent and the larger the share of the rent that someone has to pay themselves.	

Source: VRO

To explain this a little more clearly, we can consider a practical example. If we imagine that a three-person household has a rent of €900.07 per month (the maximum allowable amount to be eligible for rental supports), and that based on their income they have a basic rent of €270 per month.<sup>30</sup>

1.	€477.20-€270	= €207.20 * 100%	= €207.20
2.	€731.93-€477.20	= €254.73 * 65%	= €165.57
3.	€900.07-€731.93	= €168.14 * 40%	= €67.26
4.	<b>Total possible allowance</b>		<b>= €440.03</b>
5.	<b>Rent share covered by tenant</b>	<b>= €900.07-€440.03</b>	<b>= €460.04</b>

The system of providing allowances for those who struggle to meet their rental obligations has been reformed recently. For example, it is now possible to receive an allowance on the part of the rent that falls between the “capping limit” and the “rent limit”. Previously, no allowances were paid on this share. Other changes to the system will be decided on later in 2025.<sup>31</sup>

As we will see in the next section, the rent allowances system in the Netherlands has had an impact on the income limits and allocations policies for the social housing sector, with lower income households largely assigned to lower cost housing, limiting the possible scale of the state's rent allowance obligations in the process.

**Table 4: : Public budget for various housing measures (in thousands of EUR)**

	2022	2023	2024
<b>Housing market (<i>Woningmarkt</i>)</b>	<b>4,584,147</b>	<b>5,029,211</b>	<b>5,926,085</b>
Rent allowance	4,471,228	4,912,195	5,688,825
Subsidy schemes	21,860	36,323	107,982
- of which: Affordable Homes for Starters	0	0	70,000
- of which: Promotion of home ownership	4,800	8,600	9,700
- of which: Incentives for housing associations	0	176	44
- of which: Senior housing	0	12,016	20,076
- of which: Housing market	17,060	15,531	8,162
Risk provision (e.g., linked to WSW)	71,593	57,355	86,323
Other (including intra-governmental transfers)	19,466	23,338	42,955
<b>Residential construction (<i>Woningbouw</i>)</b>	<b>750,617</b>	<b>1,576,568</b>	<b>1,086,783</b>
- of which: Housing Construction Impulse	380,921	105,659	284,620
- of which: Public housing fund	0	280,684	323,642
- of which: Large-scale residential areas	0	454,500	0
- of which: Other housing support funds	233,135	407,092	204,668
- of which: Other (including intra-governmental transfers)	136,561	328,633	273,853
<b>Total</b>	<b>5,334,764</b>	<b>6,605,779</b>	<b>7,012,868</b>

Source: Author's analysis of annual budget data, from [rijksfinancien.nl](https://rijksfinancien.nl)

Taken together, housing allowances for all eligible tenants amounted to about €5.7 billion in 2024. This has been increasing in recent years, reflecting higher rents, a larger number of claimants, and

<sup>30</sup> The Dutch government provides a useful online tool that allows tenants to assess their rental allowance: <https://www.belastingdienst.nl/wps/wcm/connect/nl/toeslagen/content/hulpmiddel-proefberekening-toeslagen>

<sup>31</sup> van As, J. (2024, November 13). Voorgestelde veranderingen huurtoeslag vanaf 2025 [Proposed changes to rent allowance from 2025]. The Hague: Aedes.

recent reforms aimed at simplifying the system. As part of its Programme for Government, the new Dutch Government (in office since July 2024) has also pledged to dedicate much greater funding to rental allowances in the coming years.

In addition to the €5.9 billion in 'current' spending on housing in 2024, the state also spent a little over €1 billion on various capital supports and transfers to support construction activity. Below we briefly explain some of the recipients of these transfers in 2024, as well as temporary transfers that were available in 2023.

- **Public housing fund** (*Volkshuisvestingsfonds*) – The *Volkshuisvestingsfonds*<sup>32</sup> is a public funding initiative established by the Dutch government in 2021 to enhance the quality of housing and living conditions in the country's most vulnerable areas. The fund provides financial support to municipalities and regions, enabling them to invest in the restructuring of the housing stock with the aim of improving liveability, sustainability, and safety in these communities;
- **Housing construction impulse** (*Woningbouwimpuls*) – is a subsidy program launched by the Dutch government in 2019 to accelerate the construction of affordable housing in areas with significant housing shortages. Municipalities can apply for funding from the *Woningbouwimpuls* to support projects that would otherwise struggle to materialise due to cost or financing issues. The subsidy can be used for various measures, such as cleaning up polluted land, relocating existing residents or businesses, or upgrading infrastructure. It is estimated that since its inception the programme has supported the more rapid development of 213,195 homes.<sup>33</sup>
- **Large-scale residential areas scheme** (*Grootschalige woningbouwgebieden*) – There are designated locations in the Netherlands where large-scale housing projects are being developed to address the national housing shortage.<sup>34</sup> The goal is to build approximately 980,000 new homes by 2030, with around 400,000 of these located in these large-scale development areas. To support these developments, the Dutch Government has made available funds for improving accessibility and transportation in these new housing areas, in order to avoid building housing that is isolated and poorly integrated with surrounding communities.

We can also mention a forthcoming initiative, the '*realisatiestimulans*' (realisation incentive). While the final details are still being finalised,<sup>35</sup> it will financially reward municipalities for building social housing. The Government has committed €1.6 billion to the scheme, which is due to run until 2029. It will replace some existing funding schemes to support municipalities. The Government hopes that the new schemes will be more streamline and thus lessen the overall administrative burden.

Finally, while not an investment by the state, we must briefly mention the favourable treatment of mortgages in the Netherlands. Mortgage Interest Deduction (*Hypotheekrenteaftrek*) allows households to deduct interest payments, reducing their taxable income. The OECD estimates that tax benefits for homeowners in the Netherlands were around 1.2% of GDP in 2022; the highest of any OECD nation.<sup>36</sup> However, these reliefs have been scaled back in subsequent years. Overall, though, they remain quite

<sup>32</sup> See: <https://www.volkshuisvestingnederland.nl/onderwerpen/aanpak-woningnood/volkshuisvestingsfonds>

<sup>33</sup> Dutch Government (2024, April 25). Nieuwsbericht: 6e ronde Woningbouwimpuls zorgt voor 28.828 nieuwbouwwoningen [News item: 6th round of Housing Construction Boost provides 28,828 new homes].

<sup>34</sup> Dutch Government (2024, June 5). Nieuwsbericht: Nieuwe potentiële grootschalige woningbouwgebieden nodig [News item: New potential large-scale housing areas needed].

<sup>35</sup> See: <https://www.volkshuisvestingnederland.nl/onderwerpen/realisatiestimulans>

<sup>36</sup> OECD (2024). PH2.1. Public Spending on Financial Support and tax relief for homebuyers and homeowners.

generous and advantageous for mortgage holders.<sup>37</sup> Indeed, it is estimated that the Dutch state forewent €9.3 billion in tax revenues because of the *Hypotheekrenteaftrek* in 2023.<sup>38</sup>

### Accessing social housing

Since the aforementioned 2011 reforms, income is the most important factor in determining access to social housing in the Netherlands. At least 92.5% of the dwellings (or 85%, if a special agreement is made during the tri-party negotiations) that are allocated every year must be allocated to people in the income-based “target group”. As of 1<sup>st</sup> January 2025, this includes one-person households with an income up to €49,669, or €54,847 for other households.<sup>39</sup> These thresholds are uniform across the Netherlands, with no regional variation.

Since 2016, if a household has a very low income (below €28,375 for one-person households, or €38,500 for others) then it should be allocated to the cheaper part of the social housing stock in at least 95% of such allocations. This is in order to minimise the risk that they will not be able to afford their rent. This policy is called “*passend toewijzen*”, or “appropriate allocation”.

Some households can get what is called an “urgency status”. This might include cases where they are experiencing homelessness, because of a break-up of their existing family unit (e.g., in cases of divorce), or cases where people may have specific medical or care needs. These households can be allocated social housing more quickly, from the 7.5% of homes that can be allocated using criteria other than income. Thus, these groups can effectively bypass the queue-based system used to allocate homes to households without an urgent need. In practice, 2.9% of social dwellings are actually allocated to this “urgent” group.<sup>40</sup>

One of the questions that is often asked about the 2011 reforms to social housing eligibility (i.e., the introduction of income limits) is if it has had an impact on the composition of the social housing stock. Throughout the post-war period it was the goal of housing associations “to provide decent housing to the working population and not necessarily to disadvantaged groups”.<sup>41</sup> However, by the late 1980s, homeownership had become a socially engrained “middle class norm”.<sup>42</sup> Therefore, even though the social housing model at this time was still ‘universalist’ in its approach, the sector was already moving towards more residualisation as those who could afford to buy their own home generally did so.

At the same time, the Dutch housing sector suffered during the aftermath of the Global Financial Crisis. In this period, a public debate around so-called “*scheefwonen*” (skewed living) emerged. This was the idea that some social tenants had incomes that were too high for social housing. Added to this was the introduction of the so-called ‘Landlord Levy’, an austerity budget measure to increase tax liabilities of landlords with more than 50 properties.

In order to try and convince the housing associations (who would pay the majority of the levy) that it would not pose a financial problem, the Government also introduced measures for strong year-on-year rent price increases for those households whose incomes were above social rental eligibility

<sup>37</sup> For a brief overview of how the deduction works, see: <https://www.hypotheek.nl/begrippenlijst/wet-en-regelgeving/hypotheekrenteaftrek/>

<sup>38</sup> Based on : <https://www.rijksfinancien.nl/miljoenennota/2023/bijlage/1485655>

<sup>39</sup> See: <https://www.rijksoverheid.nl/actueel/nieuws/2024/11/18/indexering-inkomensgrenzen-voor-woningcorporaties-en-huurtoeslagparameters-per-2025>

<sup>40</sup> Aw (2025). Onderzoeksrapport bij de Staat van de corporatiesector 2025 [Research report at the State of the Corporation Sector 2025]. The Hague: *Autoriteit woningcorporaties*

<sup>41</sup> Van Gent, W., & Hochstenbach, C. (2020). The neo-liberal politics and socio-spatial implications of Dutch post-crisis social housing policies. *International Journal of Housing Policy*, 20(1), 156-172.

<sup>42</sup> *Ibid.*

levels. These measures “were meant to displace tenants who were thought to be able to buy a dwelling” especially given the post-GFC “distressed market”.<sup>43</sup>

The result of the natural move towards more residualisation, followed by more explicit Government measures aimed at actually promoting it, is as one might expect. Analysis shows that while 12% of social tenants belonged to the lowest income quintile group in 1990, this share had increased to 37% by 2009 (pre-introduction of income limits) and stood at 43% in 2018.<sup>44</sup>

We must also consider the rent that social tenants pay. The setting of rents in Dutch social housing is interesting when compared to the vast majority of peer countries in Europe; which typically use ‘income’ or ‘cost of provision’ as the basis for the determination of the rent. In the Netherlands, social housing providers use a ‘utility-based’ model, where it is the characteristics of the dwelling that determine the rent. This is what is called the ‘*Woningwaarderingstelsel*’ model (WWS); or the “points system”. In the Dutch model, the points are primarily based on the size (in square metres), energy performance, and location, as well as the facilities within the building.<sup>45</sup> The higher the number of points allocated by the WWS model, the higher the maximum allowable rent.<sup>46</sup>

However, while the points system helps to define a maximum allowable rent, the reality is that in most cases the actual rent charged is below this level. Indeed, Aedes estimates that the average rent is only around 62.5% of the maximum allowable rent.<sup>47</sup> In addition, no social rent may exceed a maximum level set each year by the government. As of the start of 2025, this maximum social rent is €900.07.<sup>48</sup> However, for the aforementioned “low income” households, housing associations should try to allocate them to homes below the “capping limit” (€682.96 for one- or two-person households, or €731.93 for families). The average social rent in 2023 was €577 per month.<sup>49</sup> The current “payment risk” percentage—defined as the percentage of social tenant households who do not have sufficient income to cover their monthly net housing costs and the most necessary living expenses—was 7.8% according to the latest estimates produced by Aedes.<sup>50</sup>

To prevent a situation in which all of the lowest income tenants are clustered together (i.e., in homes under the capping limit), or that they end up only in lower quality or less desirable homes, a fixed amount (~5%) of social dwellings with a better quality (e.g. a good energy performance) or in more sought-after neighbourhoods will be assigned an artificially low rent (i.e., below the capping limit) and will be allocated to lower income households. Conversely, housing associations can also use the free allocation quota (usually 7.5% of allocations) to promote a greater social mix in neighbourhoods that are assessed to be socially segregated. It is also possible for the free allocation to rise to 15% locally if housing associations, tenants’ organisations and municipalities have included this in their local performance agreement. This is another way to promote ‘social mix’ in certain neighbourhoods.<sup>51</sup>

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<sup>43</sup> *Ibid.*

<sup>44</sup> SCP. (2017). *Sociale staat van Nederland 2017*. Den Haag: Sociaal en Cultureel Planbureau; and : <https://digitaal.scp.nl/ssn2020/wonen/>

<sup>45</sup> A social tenant can check online if the rent they are being charged is allowable -

<https://www.huurcommissie.nl/huurders/sociale-huurwoning/maximale-huurprijs-berekenen>

<sup>46</sup> The points are legally codified and are subject to periodic revision. For an overview of the current points system, see: <https://wetten.overheid.nl/BWBR0003237/2022-07-01>

<sup>47</sup> Based on the results of Aedes’ annual survey of members for 2023. Available at:

<https://benchmark.aedes.nl/nl/editie-2024/beschikbaarheid>

<sup>48</sup> See: <https://www.rijksoverheid.nl/actueel/nieuws/2024/11/18/indexering-inkomensgrenzen-voor-woningcorporaties-en-huurtoeslagparameters-per-2025>

<sup>49</sup> *Ibid.*

<sup>50</sup> Available at: <https://aedesdatacentrum.nl/mosaic/aedesdatacentrum/betaalbare-woningen>

<sup>51</sup> See: <https://www.volkshuisvestingnederland.nl/onderwerpen/dossier-woningtoewijzing/alle-illustratieve-artikelen/veelgestelde-vragen-over-passend-toewijzen>

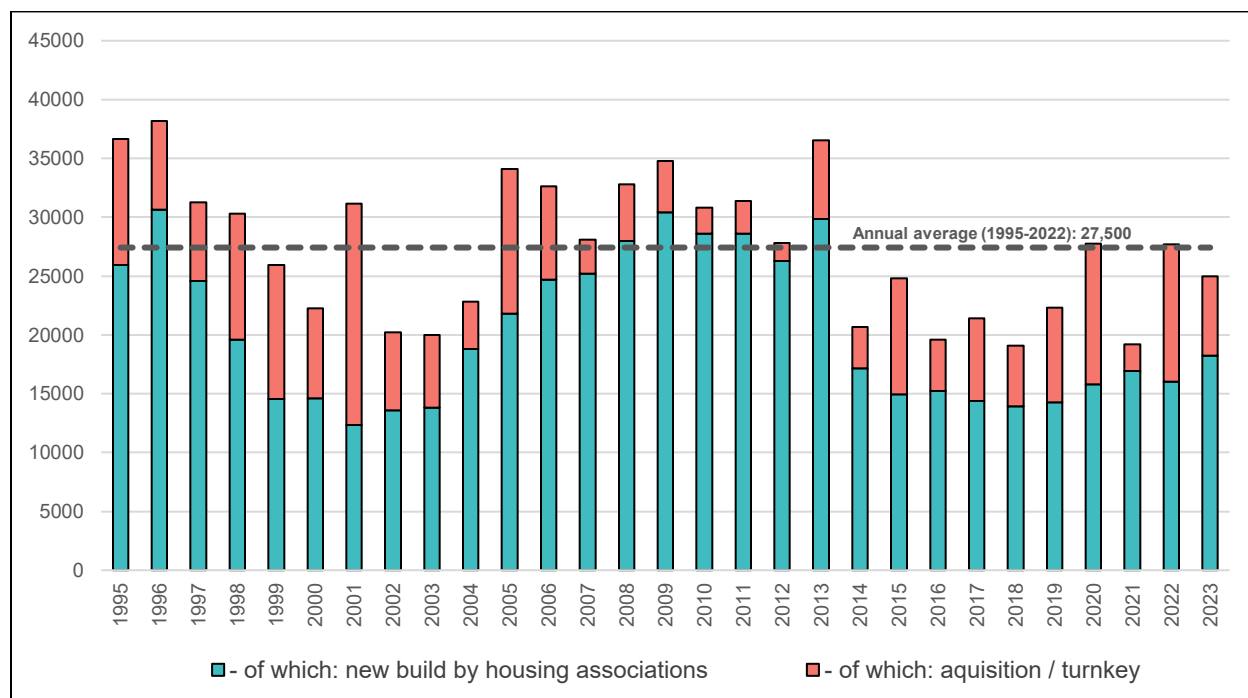
In addition, in 2023 all households with a low income got an automatic rent-decrease to ensure that they did not pay more than €575 per month. About 30% of sitting social tenants benefited from this decrease. This artificial lowering of the rent came at a significant cost to the housing association sector, but was agreed between the Government and Aedes as being necessary to protect the most vulnerable social tenants during a moment of acute financial stress for many.

The rent paid by tenants is indexed and is modified each year. However, to avoid situations where social tenants see sharp increases in their rent during periods of high inflation, there is also a maximum allowable annual rent increase. In the past few years, for example, the average rent increase per housing association could not exceed the average income increase in the Netherlands in the previous year, minus 0.5 percentage points. In 2023, the average income increase was 5.8%, meaning the maximum allowable rent increase was 5.3% on average across an entire housing association. This means that some individual dwellings could see a higher than 5.3% increase, and others a lower one. At the same time, a housing association may simply choose not to apply the maximum average increase. In the past, the maximum increase was based on consumer price inflation.

In the event that a social tenant’s income increases to a level above the eligible income ceiling after they take up a contract with a housing association, they are allowed to remain in their home. However, there is the possibility for the social landlord to charge them a rent ‘surcharge’ of €50 (those eligible for mid-rent housing) or €100 (those ineligible for either social or mid-rent housing).<sup>52</sup>

### Developing new social housing and meeting targets

Figure 3: Annual additions to the Dutch social housing stock, by source



Source: Author’s estimates, based on CBS Statline, Dutch Housing Review (various years), Aedes Datacentrum  
 Notes: ‘Acquisition / turnkey’ excludes purchases and sales from or to other housing associations

<sup>52</sup> For further information on this, please see (in Dutch): <https://www.volkshuisvestingnederland.nl/onderwerpen/passende-huur/inkomensafhankelijke-hogere-huurverhoging-en-huursprongen-voor-zeer-lage-huren-in-2022>

At present, Dutch housing associations are independent from the state, and are thus not required to apply EU or national rules on public procurement.<sup>53</sup> Aedes notes that having to apply public procurement would make reaching the housing association sector's ambitious renovation targets much more challenging.<sup>54</sup> This is because currently housing associations have shaped the tendering process by means of long-term and cross-project collaborations with contractors, whereby new concepts are created jointly, tested and refined. This does not fit well within the constraints of the procurement directive.<sup>55</sup>

When developing new social housing, the housing associations use a mix of newbuild and turnkey/acquisition. In the cases where the housing association builds homes itself, the works are completed by private firms on their behalf.<sup>56</sup> The leasing of buildings to provide social housing is another way in which homes can be delivered. However, this is typically only a short-term solution, which is used in special circumstances (e.g. to provide homes for those with an urgent need at short notice). Something that is more common, though, is the long-term leasing of land for the development of social housing. This applies particularly to the leasing of public land, especially in Amsterdam, but also in some of the other major cities where developable land is expensive and not in plentiful supply.

In terms of defining their area of operations, the Netherlands is divided into 19 so-called "housing market regions".<sup>57</sup> These regions form the core areas of activity of the housing associations; with each association having a core geographic focus in one of the 19 regions. They can in turn be active in any municipality within their core region, even if in reality a housing association may in fact only be active in a part of their core region. One important thing to note is that the 19 housing regions in the Netherlands do not map onto the political or administrative provinces of the country; of which there are 12. In fact, a housing region may cover only part of a province.<sup>58</sup>

In terms of the scale of development activity: in the period 1995-2022, Dutch housing associations added approximately 27,500 homes to their stock each year. If we look at the breakdown of new delivery, we see that housing associations built around 20,400 new homes each year (under contract with private developers), and additionally acquired around 7,100 homes per year (both turnkey acquisitions and purchases of existing properties).

With regard to how new construction relates to clearly defined 'targets' or objectives, under a 'National Performance Agreement' (NPA)<sup>59</sup> that had been negotiated by Aedes and the previous Dutch Government in 2022, the housing associations committed to building at least 250,000 additional social units by 2030, in addition to 50,000 'mid-rent' (*middenhuur*) dwellings. This would have represented a significant increase versus the completion rate recorded in recent years.

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<sup>53</sup> The European Commission has instigated an infringement procedure against the Dutch state related to the application of public procurement in the social housing sector. The Commission considers that transparency obligation in [Directive 2014/23/EU](#) and [Directive 2014/24/EU](#) are being breached. The Dutch state disputes this.

<sup>54</sup> Housing Europe (2025). *Unlocking Potential*

<sup>55</sup> For example, a so-called "truck and trailer" approach is used, where a new renovation approach is tested in one building. The process is then refined in an adjacent second building, and so on. This means that over time the process can be sped up substantially, and costs brought down. This also relies on retaining a large number of workers as the renovation model is tested and refined. However, under public procurement rules, this truck and trailer model would not be allowed, as each renovation project would have to be tendered for separately, losing time and offering no guarantee to the private sector partner of their services being retained.

<sup>56</sup> Most housing association only have staff to handle basic maintenance and dealing with ordinary wear and tear of building components.

<sup>57</sup> Inspectie Leefomgeving en Transport. (n.d.). *Woningmarktregio's | Governance en integriteit*. Retrieved January 12, 2025, from <https://www.ilent.nl/onderwerpen/governance-en-integriteit/woningmarktregios>

<sup>58</sup> Housing Europe (2025). *Unlocking Potential*

<sup>59</sup> The national performance agreement can be read (in Dutch) at: <https://open.overheid.nl/documenten/ronl-5876ce9d61deab2b6cf83e37649fd936548d6843/pdf>

## CASE STUDY / KEY POLICY FEATURE

**Mid-rent housing in the Netherlands**

*Middenhuur*, as it is known, is a form of ‘affordable’ housing in the Netherlands. It is provided by the same housing associations that provide social housing. However, there are some important differences.<sup>60</sup>

- **Eligibility and targeting:** Income limits to be eligible to access mid-rent housing are higher than for social housing. As of the start of 2025, these are €67,366 for a single person household, and €89,821 for other households. As with social rental, these income limits are uniform, with no regional variations.
- **Rent levels:** cannot be below the €900.07 cut-off for social housing. But they cannot be above €1,184.82. A version of the WWS is also used to set the rent, based on the utility value of the property.

In addition, the financing model for mid-rent housing is different from social housing. While social housing benefits from a common sectoral guarantee from the WSW, as well as access to low-interest loans from the publicly-owned BNG and NWB Banks, mid-rent housing cannot avail of these supports. Thus, the necessary funds are typically provided by commercial banks as mortgage loans, and at prevailing market conditions.

Another key point is the legal requirement for housing associations to keep social and mid-rent activities separate. This means that there can be no cross-financing between the two segments. In other words, revenues from social housing activities cannot help to fund the development of mid-rent housing, and vice versa. Indeed, housing associations typically establish separate legal entities to avoid any improper blurring of the lines between the two rental segments.

The reason for the separation can be related back to the ‘re-regulation’ of the sector. The Government wanted housing associations to focus on social housing, and avoid more ‘risky’ market-type activities. There were also concerns about the alignment of housing aimed at middle-income households with obligations under the EU ‘Services of General Economic Interest’<sup>61</sup> (SGEI, or ‘DAEB’ in Dutch) framework, which defines the types of ‘common good’ activities Member States can directly support. Based on the aforementioned 2011 legal case, the Dutch government has been particularly cognisant of the SGEI parameters with regard to the activities of housing associations.

Therefore, while the Dutch state sets numerous limits and special obligations on the mid-rent segment (e.g., income and rent limits), it considers it to fall outside the scope of the SGEI framework. Dutch housing associations are therefore in a ‘worst of both worlds’ scenario, where the state places many constraints on them regarding the provision of mid-rent housing, but offers no form of compensation in the form of financial assistance or other supports.

Indeed, research conducted by Aedes in early 2024 estimated that its members would be able to build 41,000 additional mid-rent homes in the coming years if the loans underpinning such activity were also allowed to benefit from a WSW guarantee.<sup>62</sup> This would not require any actual government financial supports, just a change in regulations. The research also suggested that only 26,000 of the 50,000 mid-rent homes agreed to in the 2022 NPA could be delivered if no

<sup>60</sup> See, for example: <https://www.rijksoverheid.nl/actueel/nieuws/2024/11/18/indexering-inkomensgrenzen-voor-woningcorporaties-en-huurtoeslagparameters-per-2025>

<sup>61</sup> See: [https://competition-policy.ec.europa.eu/state-aid/legislation/sgei\\_en](https://competition-policy.ec.europa.eu/state-aid/legislation/sgei_en)

<sup>62</sup> Stadszaken. (2024, March 28). Aedes: ‘41.000 meer middenhuurwoningen mogelijk door waarborgstelsel’ [Aedes: ‘41,000 more mid-range rental homes possible through guarantee scheme’]. Amersfoort: Stadszaken.

change in the existing financing conditions was forthcoming. Similar issues are likely to weigh on the feasibility of the mid-rent targets outlined in the revised NPA agreed in December 2024.

However, a revised NPA was concluded at the end of 2024 with the new Dutch Government. The revised NPA covers the period 2025-2035.<sup>63</sup> Now the agreement is to provide an average of 30,000 additional social dwellings per year out to 2035. This is new social housing and excludes acquisitions of existing properties. The objective of ramping up new supply to 30,000 homes per year should be reached by 2029 at the latest. Aedes projects that 22,300 new social dwellings were built in 2024.<sup>64</sup> In addition, around 5,000 mid-rent homes should be delivered each year from 2029.

**Table 5: Objective for net additions to the social housing stock**

Development of the social housing stock (forecast)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	TOTAL
<b>New construction (social housing)</b>	19.081	21.606	24.132	26.816	30.000	30.000	30.000	30.000	30.000	30.000	271.635
<b>Less: demolition (for new building)</b>	6.413	7.195	8.019	9.048	10.494	10.559	10.337	10.273	10.296	10.375	93.009
<b>Less: sale to owner-occupier</b>	3.427	3.941	4.454	4.999	5.545	5.545	5.545	5.545	5.545	5.545	50.092
<b>Net growth in the stock (year)</b>	<b>9.241</b>	<b>10.471</b>	<b>11.659</b>	<b>12.768</b>	<b>13.961</b>	<b>13.896</b>	<b>14.118</b>	<b>14.182</b>	<b>14.159</b>	<b>14.080</b>	<b>128.535</b>
<b>Net growth in the stock (cumulative)</b>	<b>9.241</b>	<b>19.712</b>	<b>31.371</b>	<b>44.139</b>	<b>58.101</b>	<b>71.996</b>	<b>86.114</b>	<b>100.296</b>	<b>114.456</b>	<b>128.535</b>	

Source: National Performance Agreement (December, 2024)

**Table 6: Objective for net additions to the mid-rent housing stock**

Development of the mid-rent housing stock	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	TOTAL
<b>New construction (mid-rent)</b>	1.430	2.010	2.600	3.199	5.000	4.998	5.000	5.000	5.000	5.000	39.237
<b>Less: sales</b>	491	517	537	556	590	578	577	585	591	482	5.504
<b>Net growth in the stock (year)</b>	<b>939</b>	<b>1.493</b>	<b>2.063</b>	<b>2.643</b>	<b>4.410</b>	<b>4.420</b>	<b>4.423</b>	<b>4.415</b>	<b>4.409</b>	<b>4.518</b>	<b>33.733</b>
<b>Net growth in the stock (cumulative)</b>	<b>939</b>	<b>2.431</b>	<b>4.494</b>	<b>7.137</b>	<b>11.547</b>	<b>15.967</b>	<b>20.390</b>	<b>24.806</b>	<b>29.215</b>	<b>33.733</b>	

Source: National Performance Agreement (December, 2024)

<sup>63</sup> The new agreement [*Nationale Prestatieafspraken 2025 - 2035*] can be viewed at: <https://www.rijksoverheid.nl/documenten/rapporten/2024/12/02/nationale-prestatieafspraken-2025-2035>

<sup>64</sup> Based on an annual survey of housing associations. Available at: <https://aedesdatacentrum.nl/mosaic/aedesdatacentrum/voldoende-huurwoningen>

To achieve its ambitions, the new Government has made the following proposals:

1. Municipal planning strategies must be set up to guarantee that at least 30% of new homes delivered locally are social housing. This new target must be included in the municipal ‘housing vision’, as well as forming the basis for upcoming tri-party negotiations;
2. Efforts will be made to accelerate the delivery of social housing currently in the planning or pre-planning stage. This will focus particularly on municipalities supporting housing providers (e.g., assistance with permitting and administration) where they see that projects are not advancing quickly enough;
3. Promoting “densification” in areas with insufficient supply of social housing, by removing or relaxing existing barriers to such projects;
4. Making available land at affordable prices to social housing associations. This will include municipal land, but an on-going review will also set out possibilities to make privately owned land available at lower prices to support social housing.

### Impact and integration with social policy

The “re-regulation” of the Dutch social housing sector over the past decade or so has more narrowly defined the activities of the country’s housing associations. However, this still leaves scope and opportunity for them to play an important role in the realisation of various aspects of social policy.

One crucial manifestation of this is the provision by housing associations of homes that are built specifically for those requiring long-term care and support. These are so-called ‘*Intramuraaal*’ dwellings, the role and function of which are outlined in the ‘Long-Term Care Act’ (*Wet langdurige zorg*, *Wlz*). In 2024, Dutch housing associations provided approximately 90,000 such homes.<sup>65</sup> This covered older people needing support in their day-to-day lives, those struggling with their mental health, and those with various physical and mental disabilities. As already discussed, government subsidies are provided to such housing schemes, though they may not fully cover the additional cost compared to a ‘traditional’ social housing project.

With regard to younger adults, many housing associations will, as part of local performance agreements, develop housing schemes that specifically cater to this cohort. This could be young workers (e.g., those under the age of 30), or else those pursuing third-level education or training/apprenticeships. As with the case of housing for those with care needs, there are also housing associations that specialise in housing young adults. These housing associations have established their own national federation (Kences<sup>66</sup>), which is similar to Aedes, but confined to those offering housing for younger people. Kences’ members provide over 90,000 homes in the Netherlands.

One example of this is the ‘Lieven de Key’ housing association, which offers about 7,000 rental properties in the below market rental space, aimed primarily at young adults in the Amsterdam area. It has also pioneered “short-term” social rental solutions for international students, interns, and young workers in a period of personal transition. In 2023, 77% of Lieven de Key tenants were under the age of 28.<sup>67</sup>

Dutch housing associations have also been key partners with regard to tackling homelessness, and providing for other vulnerable households. As already noted, while income is the main criteria for accessing social housing, based on a queue, allowances are made for ‘urgent’ need. There are

<sup>65</sup> This is based on figures provided by the Dutch government. Available at: [https://datawonen.nl/jive/jivereportcontents.ashx?report=cowh\\_framework\\_report\\_preview&chaptercode=2019\\_cowh\\_I](https://datawonen.nl/jive/jivereportcontents.ashx?report=cowh_framework_report_preview&chaptercode=2019_cowh_I)

<sup>66</sup> See: <https://www.kences.nl/over-kences/>

<sup>67</sup> See: <https://jaarverslag.lievendekey.nl/>

currently around 30 housing associations in the Netherlands that provide 'Housing First' solutions. In addition, figures for 2023 show that around 30,000 refugees are being housed by housing associations,<sup>68</sup> with several thousand more currently waiting to access social housing. However, as will be noted later, this is a source of some 'tension' in the Netherlands, with a general resistance on the part of many Dutch people to the sector playing a larger role in dealing with migration issues or giving priority access to refugees or asylum seekers.

In terms of their broader impact. Dutch housing associations are legally responsible not just for the residential buildings they own, but also the area around these buildings. However, when it comes to the provision of local 'amenities' and community facilities, there are a couple of different types of scenario.

If 'community facility' refers to a common space within a building, this can in principle be funded through higher rents. As outlined, the rent for social housing is based on a so-called "points system". The presence of common spaces increases the number of points, which means that a higher rent can be asked, which supports such investments.

If 'community facility' refers to a larger off-site facility—such as sports facilities, a community centre, or necessary transport or social infrastructure—this remains the responsibility of the local municipality. Therefore, when planning new housing projects, the existing tri-party negotiations can help to also ensure that community infrastructure is part of the planning and execution. The housing associations do not have to make a direct financial contribution to the provision or upkeep of the municipally-provided facilities.<sup>69</sup> However, they do indirectly contribute through local taxes. For its part, the government supports the development of new residential areas via initiatives like the aforementioned '*Grootschalige woningbouwgebieden*' scheme.

In terms of public policies to 'diversify' areas with high concentrations of low-income households, including many social housing tenants, the Dutch Government adopted the 'National Programme for Liveability and Safety' (*Nationaal Programma Leefbaarheid en Veiligheid*, NPLV) in 2022.<sup>70</sup> The programme is focused on the regeneration of 20 areas of the country with high levels of unemployment and other markers of social disadvantage or isolation. These areas are home to around 1.3 million people. In the areas targeted by the NPLV, around 60% of homes are part of the social housing stock, versus a national average of 29%. Thus, sales of part of the existing social stock may be required in some areas. Housing associations will also be asked to develop mid-rent housing in these areas to promote greater social mix.

While sales of social housing can be either obliged by the state, or used as a way of raising much needed capital in some European nations, this is not the case in the Netherlands.<sup>71</sup> Indeed, the primary objectives for sales in the Netherlands, at least in more recent times, are social in nature. This includes promoting a better social mix within a neighbourhood or promoting family reunification (e.g., by making available homes to purchase in areas with low levels of supply). Unlike in many other countries, where sales of social housing happen at below market or discounted prices, this is not typically the case in the Netherlands. Indeed, the latest figures available on this show that 85% of sales are at market

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<sup>68</sup> Figures taken from Aedes datacentrum 'Huisvesting vergunninghouders' : <https://aedesdatacentrum.nl/home>

<sup>69</sup> However, many municipalities do try to put pressure on the social housing providers to include roads, footpaths, and similar infrastructure in their construction projects, even if the long-term responsibility for such 'public' spaces rests with the municipality.

<sup>70</sup> See : <https://www.leefbaarenveilig.nl/>

<sup>71</sup> For a detailed discussion of this topic, see: Housing Europe (2021). The sale of social and public housing in Europe. Brussels: Housing Europe.

prices, with most of the balance being sold with only relatively small discounts.<sup>72</sup> This means that those on low incomes may not be able to afford to purchase their social housing dwelling.

However, given the issues related to managing the cost of long-term upkeep and maintenance that some former social tenants have experienced in countries where they were able to buy their homes well below the market rate, including parts of the United Kingdom,<sup>73</sup> perhaps the Dutch approach is more appropriate. It also means that the housing associations receive fair value for the homes, which better supports them to reinvest in new construction and renovations.

The number of sales in a given area are decided on via the tri-party negotiations. Sales of social housing units must be to social tenants or to other providers of social housing. In terms of social tenants, while most sales are to sitting tenants (i.e., those already in situ in the property to be sold), social tenants can also buy a property in a building they do not already live in. However, there is a discrepancy in the sales policy. While there are no income-related criteria for in situ purchases, households who wish to purchase a home that they do not already live in are only eligible to do so if their income is below the eligibility thresholds for accessing social housing.

Overall, sales of social housing in the Netherlands are ‘allowed’, rather than ‘required’.<sup>74</sup> At the same time, sales come with strong conditionality around things like re-sale of a property, with housing associations usually retaining a right of first refusal to re-purchase the dwelling. Other controls include profit sharing if the property is sold on the open market. It may also be the case that a housing association will ‘tactically’ choose to sell a property, if the cost of renovating it to the required energy performance standard is deemed to not be cost effective.

### Additional local context and conclusions

As was noted in the revised NPA of December 2024, in the Netherlands there are “*major societal challenges around the availability of sufficient affordable housing, the quality, comfort and sustainability of existing housing and liveability in neighbourhoods and districts*”. A part of the reply to this is to increase the development of new social housing to levels not seen since the mid-1980s, when annual completions were at or above 30,000 units per year.

However, the context of that period was different, with the state still providing significant subsidies to Dutch housing associations; something that is not the case today. As such, the savings of the housing associations will have to be reduced in the coming years, while additional capital will be raised from the sales of existing assets, and much more private debt will have to be taken on. This is despite the higher interest rate environment now making such borrowing more expensive. However, given that

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<sup>72</sup> See :

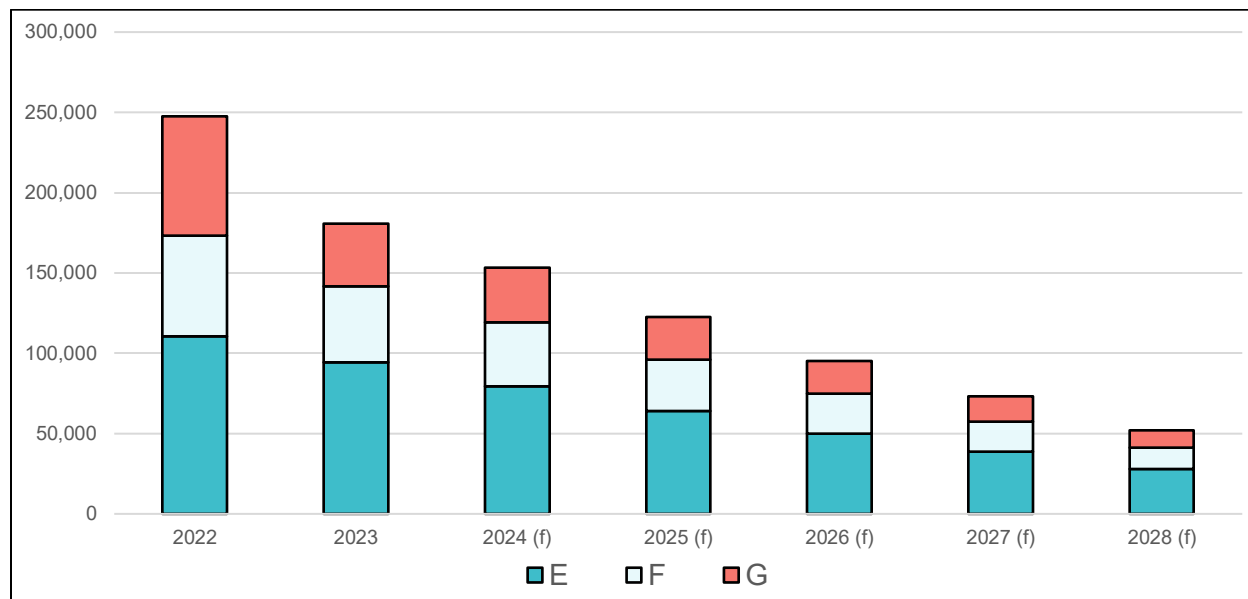
[https://datawonen.nl/viewer/jivereportcontents.ashx?report=cowb\\_framework\\_report\\_preview&chaptercode=2019\\_cowh2](https://datawonen.nl/viewer/jivereportcontents.ashx?report=cowb_framework_report_preview&chaptercode=2019_cowh2) – Table 7.18

<sup>73</sup> Housing Europe (2021). The sale of social and public housing in Europe.

<sup>74</sup> *Ibid.*

the NPA was revised so recently, it appears that this is the context that will prevail, at least during the lifetime of the current Government.

**Figure 4: EFG Rated Homes of Dutch Housing Associations – outlook to 2028**



Source: Aedes

It is also important to point out that the NPA goes beyond new construction. Indeed, increasing the quality and performance of the existing social housing stock is also an integral part of the medium-term agenda of the housing associations. It is foreseen to rapidly eliminate the stock of poor-quality dwellings, by making significant investments in renovations. It is intended that it will no longer be possible to rent out homes with low energy ratings after 2028. Although, in practice, some exceptions may be made for homes that have heritage status or properties in mixed-tenure buildings where more time will be needed to find agreement on the necessary works. Overall, the pace of renovations is impressive. 31,800 homes were lifted out of the EFG category in 2022, followed by a further 66,700 homes in 2023. As shown earlier, housing associations expect to invest close to €7 billion in 2025 in renovations and upgrades.

However, in addition to the headwinds to investment already mentioned (e.g., existing financial structure of mid-rent housing, higher interest rates, etc.) there is one other ongoing issue that must be noted. The EU 'Anti-Tax Avoidance Directive' [2016/1164], or ATAD, is an effort to combat tax avoidance by multinational firms. One element of this is the "interest limitation rule", which restricts the deductibility of net interest expenses to 20% of a company's profit (based on 'Earnings Before Interest, Taxes, Depreciation, and Amortisation', EBITDA). By doing so, it is intended to limit the ability of companies to finance themselves with excessive debt simply to lower their taxable profits.

Despite only legally operating in the Netherlands, not paying any form of dividends, and being required to reinvest all profits in social housing, Dutch housing associations have become unintentionally snared by the EBITDA provisions. Aedes estimates that this means that its members paid around €314 million in additional corporation tax in 2023. Given the aforementioned requirements to ramp up investment and borrowing in the coming years, Aedes estimates that "the non-deductible interest for our sector will increase to €1.8 billion per year in 2027",<sup>75</sup> with additional ATAD-related corporation tax

<sup>75</sup> Aedes (2024). Evaluation ATAD Directive – contribution Aedes. Available at: <https://aedes.nl/media/document/evaluation-atad-directive-2024pdf>

of €462 million being paid on this.<sup>76</sup> This would bring total corporation tax paid by the sector up to around €1.5 billion per year. In other words, the ATAD will lead to 45% higher corporation tax liabilities for the housing associations.<sup>77</sup> This undermines the ability of the sector to meet the objectives set out in the NPA.

Finally, in terms of the national ‘mood’, recent polling suggests that around nine out of ten Dutch people feel that there is a national housing “crisis”.<sup>78</sup> At the same time, support for housing associations is very strong, with 93% of people feeling that they are “important”. Interestingly, with regard to target groups and the activities of housing associations, providing housing for the elderly and mid-rent housing were the most popular. On the other hand, increasing allocations for housing refugees was generally not popular amongst Dutch adults.

This highlights some ‘tension’ in the Netherlands, with a perceived ‘competition’ for available housing—including social housing—shaping social attitudes. This points to the importance of access to affordable housing not just as the satisfaction of a fundamental need, but also as something that helps to support overall social cohesion – the alternative to which appears to be social fragmentation and acrimony.

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<sup>76</sup> Aedes (2023). *Ontwikkeling Vpb/ATAD woningcorporaties - Rapportage vervolgonderzoek oktober 2023*.

<sup>77</sup> For further context, the corporation tax per social home amounted to an average of €477 per year in 2023. This amount is expected to increase to €655 by 2027. The average rent for a social housing unit in 2023 was €572 per month.

<sup>78</sup> I&O Research (2023). *Peiling thema Wonen [Poll on the topic of housing], Report 2023/193*. Amsterdam : I&O Research.