The position of social tenants in the Netherlands

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Abstract
The continuing financial crisis effects the financial, labour and housing market. Governments are forced to take action to ensure welfare amongst its citizens. Four aspects can be regarded as basic criteria of social housing: affordability, availability, accessibility and quality. Along these criteria the effects of the crisis can be assessed and the effects of regulation, or the intended effects of proposed housing market regulations can be evaluated. This paper explores the effects of the crisis, implemented regulations and proposed regulations for the housing market according to the four basic criteria. Previous focus in housing market regulations was put on privatisation, strengthening the position of the tenants and supporting individual choice. Recently the focus seems to have moved away from a focus on privatisation and shifted towards a more government controlled social sector. At the same time, continuing housing market problems are approached with liberal housing market policies, thus shifting towards individual choice but probably weakening the tenants positions. Crisis related governmental policies, aimed at cutting expenditures, introduced several measures that impact the housing market as well, both social rented sector as owner occupied sector. Examples of implemented and proposed regulations are the ‘social housing providers levy’, ‘right to buy’, ‘mortgage tax relief moderations’, ‘rent increase according to household income’ and others. The effects on the four basic criteria of social housing are assessed and the conclusion addresses the position of tenants in the social rented sector and their outlook. A careful conclusion is that in general the position of social rented tenants is not improving and that especially the living quality comes under even more pressure in already threatened neighbourhoods.

Keywords: the Netherlands, housing associations, privatisation, centralisation, basic criteria.

Introduction
Social housing in the Netherlands is amongst others characterised by its size. The social housing sector made up for over 41% of the housing stock in the past but has been on the decline the last decades (Boelhouwer 2002). One reason for the decline are the changes made to the housing system over the years. A push towards privatisation, selling social rented dwellings, providing choice for the social rented tenants and new construction and urban restructuring focussed on generating ownership has contributed to the decline. As a result of the crisis, policies have been changing and the ensuing effects influence some pre-existing conditions of the housing market. The most urgent issues on the Dutch housing market are seen as: slow movements on the housing ladder; the gap between housing sectors; (public) expenditures on housing; (low income) home ownership (and residual debt); activities and governance of housing associations.
To battle the pre-existing conditions on the housing market the national government has imposed some measures. These are: housing providers levy, income related rent increases, limitation of mortgage lending and the governance structure of social housing associations. Some proposals haven’t reached implementation yet, these are: rent price reforms, right to buy and limitations to rewards and salaries in housing associations. The crisis and the imposed measures have had as a direct result that new construction as well as replacement in urban restructuring has grinded to a halt (WSW 2013).

Some imposed measures have a direct effect on the basic criteria of social housing, some have only an indirect effect or are just to be seen as a policy measure to regulate the housing providers (housing associations). The basic criteria of social housing consist of four elements: availability, affordability, accessibility and quality (Priemus 1997, Gruis and Nieboer 2005). The criteria describe the functioning of the housing system regarded from the perspective of the tenants. The position of the individuals as well as organised consumers on the housing market is considered to be weak as opposed to the monopolistic position of housing providers (Oxley et al 2010, Gruis 2002). Enforcement of the position has been aimed for through different policies, such as the introduction of the first housing law (around 1900) and later (1979) in regulation of rent prices, individual housing allowances (1970-1975) and rent protection (included in the civil code). Despite the regulations, some problems keep troubling the consumers on the housing market. The amount of housing provided, especially in the rented sector and the low end of the owner occupied market is insufficient. This problem seems hard to battle although regional differences have become more clear (due to local shrinkage). The amount is described by the criteria of availability. The pricing mechanism in the different housing market sectors differ drastically and as a result the price gap between the sectors has grown. The market has pushed prices in the owner occupied market up, while rent control kept the prices in the social rented sector down (Boelhouwer and Priemus 2012). As a result it has become very difficult (almost impossible) for social landlords to acquire or to have new construction done intended for the social rental sector. The price setting and the gap between the sectors is described as the affordability. The access to the housing market, described as the accessibility, has been under stress in both sectors. The social rented sector limits its access through an allocation which uses different criteria (amongst others income levels) while the owner occupied sector the access is mainly based on mortgage borrowing capacity. Entrance in both sectors is heavily regulated by income. However, the accessibility is influenced by the information sources, local housing market characteristics and immobility of the product (one of the core characteristics of housing, Priemus 1978). For the social sector, especially the local markets, with different allocation models, these characteristics pose a further complication compared to the owner occupied market. For both sectors, regulations have been changing, thus complicating the overview one has over their compliance. Lastly, the fourth criteria is quality. This hardly needs explanation and is mainly regulated by building and construction laws and represented in the pricing mechanisms.

The basic criteria are interrelated and regulations on the housing market will effect more than one criterion. For example, the rent price regulations aim to guard the affordability. At the same time, as a result of the capping of the pricing system, it presents problems in the exploitation of social rented housing since the investment for new constructed homes cannot be earned with a social rent. As a result the additions to the sector are small and the availability is and remains limited. In general, the interplay between the housing market shortcomings, the regulations and the effects on the four basic criteria demand for an careful approach that pays attention to these relations.
**Central question**
The central question in this paper is to examine the measures imposed on the housing market by the national government in reaction to and in addition to the ‘financial crisis’ based on the four basic criteria of social housing. The measures are put in the historical perspective of a shift towards privatising of the national housing system and ask if the imposed and proposed measures shift away from privatisation towards (re)centralisation of the housing market. Finally, based on the four basic criteria and looking back towards pre-existing housing market problems, the paper discusses what the future implications of the measures are for the position of the tenants of social housing. Some proposed measures are shortly discussed as well, either to illustrate a potential to improve the basic criteria, either to illustrate the shift from privatisation towards centralisation of the social rented sector.

**Outline**
The paper is organised in four sections. The first section addresses the system history and presents the development of the housing market in the Netherlands to a background of strengthening the tenants position while focussing on privatisation of the social sector. The second section describes the recently imposed measures from the national government, considers them from the privatisation perspective and relates to the rationales mentioned. The third section evaluates the measures imposed by the national government from the perspective of the four basic criteria of social housing. The fourth and final section discusses the development path of the social rented sector in the Netherlands and signals some contradictions and inconsistencies.

**System history**
The social housing sector in the Netherlands originates from private institutions that build homes for either factory workers or for needy individuals. Around the year 1900 the government decided to support these institutions in their provision of housing with subsidies. During crisis these subsidies were cranked up in order to assist the private institutions to provide sufficient housing for the citizens. After the WWII, due to the massive damage to the housing stock, the national government took control over the institutions to control the efforts in rebuilding and allocation of housing. This phase has been labelled ‘governmentalisation’ (centralisation). The national government invested in housing and distributed the investments through the municipalities. Municipal housing organisation were responsible for the planning and construction of homes.

**Privatisation**
The social housing sector was subjected to major reforms in the 80-ties and 90-ties. In 1992 the social landlords were privatised and their direct ties to the national government or municipalities were cut (known as the ‘bruteringsoperatie’). This put an end to the flow of subsidies between the national government and the social landlords. The privatisation led to a situation wherein the government had no longer a direct say in what social landlords should do (e.g. where and what to build and who to allocate to). The housing associations had to develop their market orientation, their strategy formulation and financial management to cope with their new found independence. In the wake of the independence from the national government, relations with national government and municipalities had to be redefined, a governance structure had to be introduced and activities had to be determined. In the social rented sector housing management decree *(Besluit beheer sociale huursector)* the activities that a social landlord can perform are determined. The decree describes
what housing providers have to do, what they can do and in some cases what they are not allowed to do.

**Enforcement of tenants positions**

It was signalled that the position of the tenants in the social rented sector was weak. Comparisons were made with monopolies and the tenant was seen as a voiceless pawn in the housing system. To enforce the position of the tenants in the social housing management decree a paragraph on deliberation was included. This paragraph is rather vague on the amount of say the tenant should have. To make the influence tenants should have in the management of their housing more clear the ‘housing providers tenants deliberation act’ was installed in 1998. This act specifies the management decisions in which the tenant has to be heard, has a say, a vote or even a (majority) veto. The act gives clear guidelines for response times etc. The act was lastly revised in 2009 and 2011 by extending the time tenants have to react on proposals by the housing provider.

Other measures to protect tenants from landlords are the rental laws and the rent price act. The rental laws protect tenants against for example eviction and determines when certain occupancy rights can be claimed. The rent price act provides a system for determining the price of a property (see section on rent price reforms) and provides a scheme for the height of the yearly rent price increase (basically followed inflation the last years and is decided upon by national government, however, the tenants organisations have to accept the proposal from the housing association). A specially installed ‘rental committee’ has the power to rule over disputes between the tenant and landlord considering the price and quality of the property. The rental committee can be asked to rule on the rent price in case of a conflict between the landlord and tenant.

**Unfinished business**

The privatisation of the social housing sector was never fully finished. Ties with the national government still existed after the mid 90-ties. The first tie consists of the social housing providers being ‘admitted institutions’ (*toegelaten instellingen*). A specific act determines the social housing providers’ do’s and don’ts: social housing sector management decree. The decree demands that housing providers operate in ‘housing and relevant objects’ and consist (in 2013 since ) of 6 areas: housing target groups, involvement of tenants, maintaining the housing, taking care of financial continuity, living conditions of the area and care related housing (BBSH). They can do this by: construction, maintenance, area management, management and allocation, selling, additional housing services. The governance structure has been defined by BBSH and additionally by the governance code (Aedes 2011).The act specifies the areas where social housing providers are expected to operate and to some extend how to operate. The second tie is the financial backing of the social housing sector. The national government backs the loans social housing providers take out. The effect is that the social housing providers can borrow money with lower interest rates and therefore can invest more easily. Other housing providers and landlords, who aren’t an admitted institution cannot benefit from some special arrangements, but also don’t have to justify their actions based on the social housing sector management decree.

The existing relations with the national government have resulted in returning debates on governance, tasks and activities. For example, private institutions can reward their boards with salary as they please. However, a returning debate on height of the salaries of the boards of housing associations suggests two main issues: first the social housing providers are regarded as a derived
public service and thus could the board (but all personnel) be regarded as public servants with similar pay. This idea might be supported by the fact that housing associations are admitted institutions and that housing associations have been under direct governmental control previously and/or were even part of the municipality. Housing associations are privatised institutions but not private and are regularly referred to as either ‘hybrid’ (Priemus 2001), civic entrepreneurs, non-profit and or third sector (Blessing 2012). The second issue is the question if the state backing the loans of the providers are skewing the market. This question has been under review of the European Commission (BiJa 2010) after a group of private real estate investors turned to the E.U. in the early 2000’s. The real estate investors asked for a position on the government backing of the loans to social landlords. Their claim is that the backing disturbs the ‘level playing field’ and thus disrupts the competition on the housing market. The European commission and national government came to an agreement in 2009 (EC 2009) known as the ‘eurupese beschikking’. The agreement finds its way to Dutch law in several ways. First, in allocation rules to grant or deny access to the social housing sector. Second, the activities of housing associations have to be divided in a ‘DAEB’ and non-DAEB (tijdelijke regeling Diensten van Algemeen Economisch Belang, 2011). DAEB are the core activities of the housing providers that directly contribute to their goals and tasks. Non-DAEB are all other activities, including commercial. The division provides a framework for the activities that can apply for state backed loans and the loans are maximised. State backing is only admissible for future developments for the DAEB activities and only available for investments in housing with a monthly rent up to 652 Euro (BZK 2010). Some other activities can apply for state backed loans as well, but are limited. The ruling will result in a split of the social housing associations in a DAEB and non-DAEB organisation, or at least a split book keeping. In the next section, some effects are addressed.

Relation with owner-occupied market
The relation between the social rented sector and the owner-occupied market has been under stress for many years. It has been argued that it is virtually impossible to switch from a social rental home to an owner-occupied one. Several main reasons are given. First of all the price gap (Haffner and Bouwmeester 2010). Social rental homes are cheap, possibly too cheap. And for low incomes the housing allowance makes renting even cheaper (if the income is eligible for an allowance). Although there is mortgage debt relief as well, a typical (low) income household will not (or only hardly) be able to afford an owner occupied home. Therefore different schemes have been introduced to lower the gap between the (social) rented sector and the owner-occupied sector. Specific government loans and loan backings are available, price reductions are given and in specific schemes, reductions and risk sharing is offered through alternatives tenures (see e.g. Zijlstra 2008, Gruis et al 2005). The divide between the housing sectors and the crisis has led to new regulations which are addressed in the next section.

New national regulations
Several debates on the housing market and its functioning return with irregularity. Amongst others the allowed activities, the governance, height of salaries, backing system etc. In the wake of the crisis some new policies have been introduced to reform the (social) housing market. Some measures have been discussed before as well, but returned to the scene or are still under political debate. This section will provide an overview of imposed and suggested legislation and their intentions.
Housing providers levy

In 2012 the minister responsible for housing affairs suggested to introduce a levy for housing providers to balance the expenses made for housing allowances. A alternative that was discussed was to have the social housing providers balance the housing allowances directly (on their own expenses) with the rent price. In the latest government agreement (Rutte 2012) a housing providers levy was included and it should total 2 billion Euro’s in 2016. Later Blok (2013) lowered the levy to be 1.7 billion in 2016. However, the levy has not been introduced yet. The proposed levy presents housing associations both with great insecurity about the future possible investments. But has led to cutbacks in investment programs, maintenance work and to poorer financial positions (WSW 2013). The government however seems to be of the opinion that, as a result of the crisis, it is crucial for the construction sector to receive commissions from the housing associations and were shocked to learn that the housing associations were lowering their spending on construction (NOS 2013). According to the minister, the total levy can be earned by the housing associations by raising the rent (see the next section).

Income related rent increase

The government proposed a income related rent increase and after some modifications the law passed and was installed in 2013. For the income related rent increase, three income levels are distinguished: up to 33.000 Euro/year, between 33. and 43.000, and over 43.000 Euro/year. For the first time since years, the annual rent increase exceeds the inflation rate. For all the income groups the rent increase is higher than the annual inflation. The lowest income group has to pay 4% rent increase, the second 4,5% and the third 6,5%. The size of the different income groups in the social housing sector is hard to establish and has been subject of debate. In daily practice, it will be hard for the different parties to provide the housing association with the income data for every household and for the association to increase the rent based on the data provided by the tax bureau. Issues of privacy, accuracy and special circumstances (such as having lost your job in the meantime) are unsolved (Huurbond 2013). It is expected that not all associations will use the availability to increase the rent according to the income of the tenants. But at the same time, in order to be able to pay the levy, it is reasonable to expect that the housing associations will raise the rents based on income in the future. The rationale to impose a rent increase based on income, is the needless support higher incomes receive by living in the social rented sector. The objective is to push the higher incomes away from the social rented sector into the commercial rented or owner occupied sector.

Limitations to Mortgage lending

As an effect of the financial crisis, getting a mortgage has been regulated more strictly. The signal that mortgages were given out too easily has led to imposing limitations to mortgage lending. The rules instruct the banks on a maximised mortgage loan in relation to income of the applicant. As a result, and as a result of the crisis in itself and lowered consumer trust, the housing market has grinded to a halt. Both market prices have dropped as well as have transactions and construction. The lending limitations only allow banks to grant 4.5 times the annual income, only for employees with a life-time appointment and does not allow to lend based on temporary contracts. Moreover, the second income of a household can only be used to calculate the mortgage sum (2011). The purchasing power of all households has thus shrunk and for households with temporary contracts or people who are self employed the mortgage lending opportunities are almost none. The downturn in the economy has led to more unemployment, new start-ups (self-employment). Unemployment has led to an increase in forced sales of homes and the mortgage lending regulations to the inability of
many people to move (within the owner occupied sector or from the rented sector to the owner occupied sector). Finally, the allocation in the social rented sector is capped by an income limit which keeps incomes above 33k out of the sector.

**Proposed: Rent price reforms**

The rent price of social housing is controlled by the government. The price of social rented properties is established with points. These points are given to different qualities of the property such as surface area, kitchen size, heating equipment etc. In the pricing system additional points for location were included such as for availability of public transport and services. For nuisances points could be subtracted, such as for noise from a busy street or industry. The system was introduced in 1979 and has been modified several times. Lastly in 2010 to simplify the system. It has been argued that a flaw in the system is that it isn’t responsive to housing market characteristics. Especially the lack of relations to the free market price is seen as a great impediment. Therefore in 2011 (BZK 2011) it was decided by the government to allow adding a specific amount of points (thereby adding to the price) in tight housing market areas. This contributes to bigger regional differences, but not to a more market oriented pricing mechanism. The selected areas include popular living places such as the capitol city and surrounding areas. The selection of the areas was not without debate: how was to be determined if the market is tight? Should it be based on popularity of the rental sector or the e.g. the prices in the owner occupied sector? As a result of continuing debate in the government agreement (Rutte 2012) it was decided to maximize the social rent at 4.5% of the property value. This suggestion posed some major concerns. First of all, in some regions it would be rather impossible to level the social rented price to 4.5%, especially in the shrinking regions. Moreover, it would confront both rental tenants and the landlords with sudden changes in their spending and income. The ambiguity of the effects mainly on the housing associations daily operations made that the proposal didn’t make it, but the search for a better pricing system continues.

**Proposed: right to buy**

A right to buy for social rented tenants has been on debate in several instances in the Netherlands. Lastly a proposal to provide only the tenants of admitted institutions a right to buy was discussed. The rationale behind the proposals are ambiguous and claim both empowerment as well as the opportunity to save (Zijlstra 2008). In the coalition agreement, the right to buy hasn’t returned. However, since the changes in the rent increase and allocation regulations, a right to buy might be a welcome contribution for the incomes above 33.000 Euro/year. These incomes will not be granted access to the social housing market as a result of the European agreement. But if they are already renting a home, they will be faced with higher rent increase than anticipated. The commercial rental market poses another challenge, not only is this sector very small, the prices jump with several hundreds of euros a month up, for similar dwellings. The owner occupied sector in the price segment for the incomes just over 33.000 Euro is very limited as well and will only provide dwellings of poorer quality. Moreover, as a result of the mortgage lending regulations, it can be expected that a part of the households with an income above 33.000 euro will not be able to buy overall: either the prices are too high, their labour contract is finite. For these households a special arrangement to offer them a affordable home through ownership is not as farfetched. A policy offering them a special lease (as compared with intermediate tenures, see Zijlstra 2008, Gruis et al 2005) , with special mortgage lending possibilities is needed. The policy could combine the intermediate tenure features (shared risk and reduction on the price), with governmental backing (NHG, national mortgage guarantee backing), but needs to consider the mortgage lending conditions as well in order to provide
households with a alternative (and providing them individual choice at the same time).

**Policies without a focus**
As becomes quite clear from the presented policies that have been suggested or have been implemented, the policies lack a clear cut view on the functioning of the housing market. The major problems, that might be wrongful allocation of the social sector spending, the gap between the housing market sectors, and the living quality in certain neighbourhoods, all are not directly addressed nor affected by the policies. Moreover, some effects of the policies might in fact be opposite to what has been intended. The policies illustrate the difficult position of housing associations as admitted institutions: not really governed by the state, but to a great extend considered as public institutions rather than private. In the policies the position of the tenants seem to have been overlooked. Especially the choice (and options) aspect that used to be important in previous policies has not been considered.

**Position of the tenants**
As a combined result of the recent policy changes and developments in the housing sector in the Netherlands conclusions on the position of social rental sector tenants, or consumers of housing in general, can be formulated along the lines of affordability, availability, accessibility and quality. Every policy measure is shortly discussed individually on their direct effects on the four basic criteria. Thereafter for each criteria the cumulated effects of the policies are discussed from the perspective of the tenants.

**Income related rent increase**
The effect of the income related rent increase works directly on the affordability of social housing. For the higher income groups the effect can be considered to be more severe, however, the deviation from annual rent increase based on inflation will affect the low income households possibly even more heavy. For households above 33.000 Euro/year, the upper limit of the social housing sector rent will come within reach within a couple of years. On average the social rented sector dwellings are rented out for (on average) 70% of their maximum price according to the price setting scheme. For the incomes in the highest price segment, this means that they will arrive at the maximum within 5 years. Thereafter the household could find themselves in the commercial rental sector (since the tipping point is partly determined by the rent price) and thus loses some benefits of being in the social rented sector. At the same time, moving to another home is difficult. The commercial sector is small, the owner occupied sector is poorly accessible. It is to be expected that instead of generating a flow in the social housing sector (incomes that are to high moving out to another sector) the migration will stall completely. With only 6% of tenants moving each year (WoON 2013, for a large extend in and out of the same homes in the same neighbourhoods), the availability will be limited even further. Sitting social rental tenants in the lowest income group will probably change their search tactics when looking for a new home. They will weigh the quality of the considered home more deliberate and reweigh the price-quality of their new home. For sitting tenants the quality increase must be substantial before they will decide to move to a new dwelling which has a maximised rent.

**Housing providers levy**
The housing providers levy will have a direct effect on primarily the housing associations, however, as they have to produce the levy, they will have to find the money some way. First reaction of the
housing providers is to lower investments and try to limit their (investment) debts. This has resulted in falling construction rate and possibly in lower numbers and standards in maintenance and renovation. This has effects on both quantity (availability) and quality of housing. It is to be expected that, in the long run, the housing providers’ levy will translate in raising rents. They will, as they are allowed to, raise the rent to the maximum (as is allowed by the WWS system) when a home vacated. This puts a limit on the available affordable homes and at the affects the affordability. As a result of the limited investments, it can be expected that low quality and low price will become even more intertwined as already is the case in the Netherlands. Thus contributing to segregation and endangering living conditions in specific areas.

One of the few opportunities for housing associations is to shift homes from the social rented sector to commercial rented sector, but only when the quality and price (according to WWS system) allow such a shift. However, there emerges a dilemma between the points-based quality (thus allowing a dwelling to be shifted to the commercial sector) and the perceived quality of the home (the clients in the commercial sector seem to be more critical of the quality of the dwelling and location). The opportunities to invest in the dwellings are limited (by the levy) thus, shifting from the social rented sector towards the commercial rented sector is believed to be only possible in specific areas such as inner-city districts.

Another opportunity is to sell homes to generate cash flow to pay the levy. This will directly affect the availability in the social rented sector. While investments (and especially new construction) are being lowered, the number of dwellings that is added to the sector is low. Selling homes could lead to a further decline of the sector, limiting especially the lower incomes in their choices for another home.

Rent price setting
The proposition to replace the current rent price setting system has not been carried out, but the search for alternatives continues. The biggest disadvantage of a change in the system would be that the affordability would change at once and that the price becomes relative to fluctuations in the market. This could be a good thing for social rented tenants, as long as the downward trend continues. However, it ends the security the tenants had about the price. Especially the lack of transparency for the tenant in how the price is set for the dwelling is a great loss in relation to the existing system. Some other problems present themselves when the rent prices are to be related to owner occupied market values. First of all, the social rented homes aren’t sold on the market, establishing the value needs to be done independently. Second, it would be difficult for tenants to appeal the price since the interests of the landlord and tenants are conflicting. From the tenants point of view, the benefits of such a system are hard to find and the tenants are presented with more insecurity than in the current system.

Affordability
Social rented housing prices are controlled by national legislation. In general the social rented prices are considered to be lower than the market value (however, strong local differences appear) and generally speaking investments in social housing (renovation or new construction) will not be
covered by the future revenues from the paid rents. This pricing mechanism guarantees tenants in the social rented sector an affordable home.

Effects on affordability can be expected from the income related rent increase, as a result of the housing providers levy. The other measures will not directly be discussed since they are not implemented yet. The income related rent increase will have a direct negative effect on affordability which might will not be compensated by the housing allowances. For all the income groups the effect is negative as the prices will rise and more than inflation. For the social rented sector in general this will mean that rent prices approach their maximum. This is expected to have an effect on the housing quest of future tenants. Overall, the number of movements in the social rental sector is to be lowered. Alternatives, as pointed out in the previous section, are scarce: the commercial rented sector is small, the owner occupied sector only accessible when the prospective occupant meets specific (income and job security related) criteria. Overall, the affordability of housing is under stress as a result of the income relate rent increase. In addition, the housing providers levy can have effect on the affordability as well. This will push the rent prices to be maximised. This will limit the number of movements within the social rented sector. At the same time, the levy could lead to sales of social housing, thereby putting pressure on the number of homes still in the social rented sector. But at the same time, this might have a counter effect on the owner occupied market where supply (in the lower-end section) could become much bigger than demand.

**Availability**

As a result of the crisis and the implementation of the social housing providers levy, new construction and renovation are grinding to a halt. Market parties lack financial means to invest in construction and are not willing to risk investing in possibly hard to sell or rent housing. Social housing providers are made to pay a levy which takes away their investment possibilities almost completely. The direct result of both crisis and levy is that less (new constructed or renovated) dwellings are (coming to be) available. Limiting the options to invest further, are the imposed limitations for government backed lending for the housing associations. As a result, cross-subsidising (financing social housing with revenues from private rental or owner occupied housing) is made (almost) impossible. The additions to all housing sectors is thereby stopped and thus limits availability in all sectors.

There is a potential positive effect to be expected on the availability of vacated dwellings as a result of the new rent-raise regulations. However, the households that would like to vacate their social rented dwellings are unlikely to find equally affordable or cheaper housing: since their access to the social housing market is restricted and their financial means to afford a home on the owner occupied market are insufficient. In general the availability of social rented housing will come under stress, while for the income groups that aren’t considered to be allowed in to the social housing sector, options are even more scarce. At the same time, limitations that already pre-existed, such as local differences in the allocation system, limit transparency, access and mobility on the social rented market. None of the proposals addresses these topics. And at the same time, the frequent changes in regulations do not provide any security for the tenants, nor for the landlords.

**Accessibility**

Implementation of the EU ruling in the Dutch housing policy has led to a limited access for households with an income above 33.000 Euros annually. The same category, incomes between
33,000 and 43,000 euros annually, are faced with an additional rent increase. Incomes above 43,000 euros annually are faced with an even higher annual rent increase. These households are excluded from access to the social rented sector. While the introduction of a household income related rent increase is said to generate mobility on the housing market, it might well force the tenants to move to another, cheaper dwelling. At the same time, the accessibility of the social rented sector is limited by income level regulations. The commercial rented sector is however too small to accommodate the possible increase in demand and is relatively much more expensive. The owner-occupied market is much more expensive (however, the prices have been on a slow decline since the crisis set in) but the mortgage lending regulations limit access for lower incomes and households with less secure employments.

**Quality**

Both crisis and the social housing providers levy limit the investments done and investments that can and will be done in the housing sector. As a result, the quality, which is in general rather good in the Netherlands, will not increase. As a result of the housing providers levy it might become the case that even for regular maintenance, housing providers will lack the funds in the future. This will have a devastating effect on the quality of the housing stock since the majority of dwellings owned by social housing providers dates back to the period between the 50ties and 70ties and is in urgent need of renovation. Concentration of low incomes has been considered as a problem and actions (both physical as in policy and financial terms) have been undertaken to battle this situation. These activities are expected to come to a full stop. With the lower possibilities of moving from home to home, the further concentration is expected to increase, especially since the probable sales strategies will focus on homes of better qualities and thus limiting choice for the tenants, and leaving the available homes in the concentration areas.

**Less favourable position as result of regulation**

As a result of the crisis, imposed regulations and the expected short term developments on the housing market, it is clear that the opportunities for the households with incomes above 33,000 euros annually with insecure employments will be limited. On all four levels (affordability, availability, accessibility and quality) they are likely to find themselves in a less favourable position. On the other hand, the households with incomes below 33,000 Euros annually are expected to at least find an enlarged availability and their affordability and accessibility are ensured. However, as suggested, since the incomes above 33,000 Euros annually have limited alternatives, an increase in availability is unlikely to occur since there are few alternatives. It is likely to expect that people won’t move unless they really have to. As a result the desired flow in the housing market, one argument to install income related rent increases, will not occur. The availability will be limited and as a result the options for housing associations to sell or shift homes to the commercial sector are limited as well. At the same time, the housing providers levy will affect the investments in renovations and new construction which will affect all the income groups on the housing market with a possible lower quality. The quality poses a threat as well for the affordability of the dwellings since investments in sustainability are suspended and rising energy prices will weigh down heavily on the tenants budgets. In short, all social rented tenants are in some way or another touched in a negative way by the crisis and the imposed regulations. Opposing to this the mortgage tax relief for current home owners hasn’t been touched by or changed regulations: only new mortgages are limited in tax relief in time. As a result, the rental tenants that consider to switch to an owner occupied home will benefit less from mortgage tax relief than before thus making the decision even less attractive.
From the tenants perspective, the effects of the imposed measures could be drastic. The tenants can only hope that the levy will not be imposed on the housing associations to avoid the effects on availability, affordability and quality. On the other hand, the flow in the sector, the number of movements, has been (very) low for several years already. The new regulations will probably not contribute to increase the number of movements and thus the effect on affordability for the social rental sector in general will be limited. However, for the homes that come available, the prices will literally jump up (from 70% of maximised rent level to 100%) and this poses a further limitation on movements, thus limiting choice and opportunity to match quality with the household conditions. The results will be noticeable in the way housing associations are ‘forced’ to impose the income related rent increase, limit construction and maintenance. The overall condition of the social rental sector and probably the housing market will not improve as a result of the regulations.

Discussion on the trajectory of the social rented sector

The housing market positions of households with less income than 33.000 euros annually have been negatively affected by the new regulations. Households in the rental sector with incomes over 33.000 euros are threatened by the new regulations. Owner-occupiers who have owned a home before the new regulations are only touched by the crisis if they are planning to sell their home (and thus are likely to experience an investment loss as result of prices going down). Equality and social characteristics of the housing market in the Netherlands are under pressure and the newly imposed regulations lack coherence in spreading negative effects of the crisis and need to cut in government expenditures. Quick wins can be found in offering a special safety net for households with an income below 33.000 euro annually by allocating a subsidy that either supports them in their energy bill or in investment in the sustainable quality of their home. For incomes above 33.000 euros annually in the social rented sector a special ownership scheme can avoid forced moving by providing the right to buy their rental dwelling and by granting a special mortgage treatment (give them access to mortgage lending and backing by the state). But to ensure a well-functioning and equal opportunities on the housing market, a major revision of all rules and regulations is needed.

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