

# DUTCH IDEAS FOR STRESSING THE RESPONSIBILITY OF HOMEOWNERS FOR HOUSING QUALITY

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## **Abstract:**

*The quality of the housing stock in some parts of cities in the Netherlands fails to meet the varied housing preferences. A more appropriate housing supply is needed if these various preferences are to be met. This can be achieved by demolition, followed by new construction and product innovation in the housing stock. Homeowners have the primary responsibility for the quality of their buildings, but this responsibility must be facilitated, and adequate building regulation is needed for existing housing.*

*Neither local authorities nor consumers currently have sufficient insight into housing quality. Furthermore, there are too many requirements, and the regulations, which are basically oriented toward new construction, are too complex. Solutions for these problems may be found in a proposal made by the Dutch Ministry of Housing to introduce a building file, an instrument that describes the condition of buildings and functions as a user and maintenance manual. Such an instrument could assist homeowners in fulfilling their responsibility for the quality of their dwellings.*

*This article describes the context and development of the Dutch Building File and compares the Dutch approach to improving the quality of the housing stock to approaches and instruments currently in use or being developed in other European countries.*

**Keywords:** *Building regulations, housing stock, housing quality, building file, quality requirements.*

## **1. INTRODUCTION**

The need for policy instruments and regulations concerning the quality of the existing housing stock is a subject of increasing importance. The Dutch Ministry of Housing emphasizes the necessity to develop specific policies concerning the quality of the existing housing stock, as the quality of the housing stock in cities fails to meet the varied housing preferences (MINISTRY OF HOUSING, 2000). Meeting these preferences requires an appropriate housing supply, which requires radical renovation, demolition followed by radical new construction and a strong product innovation with regard to the housing stock (MINISTRY OF HOUSING, 2002). Improving the housing stock requires renewing and facilitating the responsibility of homeowners for the quality of their housing, in conjunction with insight into housing quality and adequate regulations. Shortcomings regarding

housing quality and regulations make it important to explore ways in which it is possible, by means of regulations and quality instruments, to gain insight into the actual quality of existing housing and to improve housing quality in an effective and efficient way.

Regulation is one of the instruments with which quality can be improved. In practice, however, building regulations tend to pose barriers to renovating the housing stock. In principle, current Dutch legislation related to building quality is oriented toward new construction. Because new construction accounts for only about one percent of the annual increase in housing stock, the effect of a quality policy that operates through new construction requirements is marginal. Moreover, the regulatory system proves to be very complex and nearly inaccessible to anyone other than building experts (MDW-WORKING GROUP, 2001).

Insight into housing quality is further hindered by the enormous number of building requirements and the complexity of the housing market (OPB, 2001). Assessing the actual quality of housing is particularly troublesome for prospective buyers, who may have trouble assessing the actual quality of housing, rendering it difficult to make balanced choices between different houses. In addition, municipalities lack sufficient insight into the quality of the existing housing stock. Improving their insight could strengthen their ability to develop and implement specific quality policy.

In order to improve building regulations and to gain better insight into housing quality, the Ministry of Housing has proposed the introduction of a building file that would make the quality of the existing housing stock clearer and assist homeowners in fulfilling their responsibility for the quality of their houses (OPB, 2001).

This article seeks to describe the development of the proposed building file and to compare the Dutch approach to other comparable European instruments for improving the quality of the housing stock. The article starts with a short overview of instruments regarding the quality of the existing housing stock in the Netherlands and the plans to introduce a building file, followed by a description of other European instruments that address the quality of existing housing and comparable building files. The article ends with conclusions.

## **2. DUTCH INSTRUMENTS REGARDING THE QUALITY OF EXISTING HOUSING**

Public law in the Netherlands contains several requirements that affect the quality of existing housing. A building decree specifies minimum quality standards for existing housing. The minimum standards are derived mainly from the oldest known municipal and provincial building requirements, which date from the beginning of the twentieth century. The law states that no stricter requirements can be enforced than those that were in effect at the time the building permit was issued (MINISTRY OF HOUSING, 2003).

If a dwelling does not meet the requirements, municipalities are authorized to enforce compliance. A proposed amendment to the Condominium Act also affects the quality of existing housing. The amendment would require homeowners' associations to deposit money in maintenance funds. Other laws impose additional specific requirements, as in those specified in the Gas Act for gas installations.

In addition to public law, several provisions of private law also influence housing quality. Most newly built dwellings are delivered with GIW-guarantees (i.e., a six-year guarantee of housing quality and a ten-year guarantee against technical defects). There are also many other labels and quality marks. As a result of several gas explosions, requirements concerning gas and electricity have become stricter in recent years. Since 2005, gas installations in all risky dwellings have been subject to mandatory inspection.

Several housing surveys regarding the quality of the housing stock are in use in the Netherlands. At the national level, the government conducts a building quality survey (KWR) and housing needs survey (WBO). In addition, some municipalities carry out housing quality surveys in order to fulfil the obligation to have insight regarding the quality of their housing stock.

Several requirements and instruments are intended specifically to inform consumers about housing quality. Civil law requires sellers to inform prospective buyers about the quality and defects of dwellings that are to be sold. Moreover, a range of different user and maintenance guides for dwellings are available in the Netherlands, many of which are compiled on a voluntary basis.

In the Netherlands, a number of different organisations register information about buildings. General information about rights (legal status), ownership, purchase price and notarial deeds relating to registered properties (e.g., deeds of conveyance and mortgage deeds) are recorded in the cadastre. Local authorities gather information in their building registers. Most authorities maintain a basic register containing current information concerning the date of construction, use, address and number of rooms. The Ministry of Housing has recently proposed the introduction of a building file, which would also register information concerning building quality.

### **3. DUTCH BUILDING FILE**

The main objective of the building file is to improve insight into the quality of buildings. Many consumers are not adequately equipped to assess the actual quality of a dwelling and may therefore have difficulty choosing among different dwellings. The proposed building file is intended to make the housing market more transparent and to assist homeowners in fulfilling their responsibility to maintaining their houses. In addition, local authorities

also lack insight into housing quality and need better information about their housing stock in order to develop specific policies concerning quality. Another objective of the building file would be to decrease the number of mandatory public technical requirements (Building Decree). The Ministry proposed to delete some requirements regarding utility, as the building file would provide good information concerning the quality of existing housing, thus assisting consumers in properly judging whether particular dwellings meet their demands. Private law provisions, including the proposed building file, would specify quality standards regarding utility. Finally, the building file would be expected to contribute to the improvement of housing quality (OPB, 2001).

The draft version of the building file consists of four boxes for information (see Figure 1). The first box contains general information about the building, including address, owner and building type. The cadastre already records this type of information. The second and third boxes provide the necessary insight in actual quality. The second box describes the technical condition of the building, which is inspected and assessed according to the requirements specified in the Building Decree. The third box contains supplementary information, including the layout of the dwelling, installations, functional quality, environmental sustainability and facilities in the neighbourhood. It functions as a selection guide and quality reference for consumers. Later, this third box could also contain utility aspects, possibly allowing the deletion of utility requirements from the Building Decree. The last box is voluntary and contains a user and maintenance guide for keeping the building in a good state of repair (OPB, 2003).

Following the publication of the vision of the OPB, research was conducted to determine which information would be necessary for the building file to create a proper image of the building quality of existing housing. A preliminary format was developed recently and will be tested in practice. A current experiment involves inspections by independent inspectors, the results of which are used to fill in the building file form. The results of the experiment will be used to improve the final format.

*Figure 1: Conceptual Model of the (draft) Building File*

The homeowner is responsible for keeping the building file up to date, which requires periodic inspections of installations, major repairs and the building carcass. Sellers are required to make the building file available throughout the entire sales process, in order to give prospective buyers better insight into the quality of buildings. In addition, homeowners are required to submit copies of modified building files to local authorities following any inspections or relevant alterations, in order to keep the authorities' insight into the condition of their housing stock up to date. Local authorities will then be able to base their building quality policy on this insight, thus and develop specific policies for dilapidated neighbourhoods. The building file will also be able to function as a basis

for serving improvement notices to owners of dwellings that do not meet the requirements. In this case, the building file would also be an instrument supporting the improvement of housing quality (OPB, 2001).

At present, the building file focuses only on dwellings. If it proves to be a feasible instrument, however, additional building files will be developed for other types of buildings. In fact, concerns over fire safety in public buildings were one important impetus for developing the building file in the first place.

#### **4. INSTRUMENTS REGARDING THE QUALITY OF EXISTING HOUSING IN EU-COUNTRIES**

Most EU-countries have various instruments for improving the quality of existing housing. Building regulations often contain requirements regarding the quality of existing housing. In addition to public law, several provisions of private law (e.g., completion certificates and quality marks) also have an influence on housing quality. Our research focused on instruments that register information on the quality aspects of buildings.

Almost all EU-countries maintain property registers or cadastres in which general (legal) information about buildings (e.g., ownership and mortgage) is recorded. Many EU-countries also register such quality aspects as energy performance. The EU-directive on energy performance forces EU-countries to focus on the quality aspect of the energy efficiency of existing buildings. The EU-directive requires all existing buildings to have energy certificates documenting compliance with legal standards and benchmarks and also containing recommendations for cost-effective improvements in energy performance.

Many countries have developed (or are currently developing) instruments for registering other quality aspects of buildings. The German *Gebäudepass*, the Spanish *libro del edificio*, the English Home Information Pack and the Scottish Purchasers' Information Pack are examples of such instruments. In some ways, these instruments are comparable to the Dutch Building File. Initial results, however, show that none of the countries has an exact equivalent of the Dutch instrument.

#### **5. ENERGY CERTIFICATES IN EUROPEAN COUNTRIES**

Since the passage of the EU-directive on energy performance in the 1990s, many European countries have adopted various initiatives to improve the energy performance of dwellings. In Germany, various energy passports (*Energiepassen*) and heating passports (*Wärmepassen*) have been developed and introduced (LOGA, 2002). The *Deutsche Energie Agentur* (DENA) is working to develop a uniform energy passport for existing buildings, based on the EU-directive on energy performance (DENA, 2004). Denmark introduced an energy-labelling system in 1997

(THOMSEN, 2003). Many European countries are currently developing such systems for measuring the energy efficiency of buildings.

On the one hand, energy labels are intended to provide information, mainly for consumers, concerning the energy-efficiency quality of dwellings. On the other hand, the labels also serve to make homeowners conscious of the energy performance of their houses and to decrease energy consumption. The energy labels use a standardized format to show energy performance and to describe recommendations for energy-saving measures, along with the associated costs and energy savings.

Most energy labels apply to all dwellings. While energy labels are not mandatory in Germany, a subsidy program is used to stimulate energy labelling. The energy passport used in Sachsen, for example, is part of the *Sächsisches Klimaschutzprogramm*. According the Danish Act 'to promote energy and water savings in buildings', an energy label is compulsory for all new and existing dwellings. When a dwelling is sold, the homeowner is obliged to have an energy label that is no more than 3 years old.

The contents of the different energy labels vary. In Germany, energy labels are particularly diverse, as each city or region has its own label or certificate. Some labels contain only short descriptions of energy performance while others also contain information about energy-saving measures. Most energy labels contain the following information:

- General information (e.g., homeowner, address, building)
- Energy performance (e.g., yearly energy consumption and energy costs)
- Energy saving measures (e.g., costs and savings)
- Information about the building concerning energy performance (e.g., installations, insulation, ventilation)

In Denmark, energy consumption is subdivided into heating, electricity and water. The environmental burden is subsequently calculated as the level of CO<sub>2</sub>-production. Letters (A, B or C) are used to indicate the energy performance of buildings. The same letters also indicate the performance of energy-saving measures. Finally, the Danish energy label describes the current energy usage of the dwelling, along with future projections concerning energy prices and the number of occupants in the dwelling.

The size and scope of energy labels varies strongly. In Germany, many labels are voluntary, with the result that only a small percentage of buildings have these labels. The energy passports of Sachsen and Hannover have a broader scope, however, and a substantial portion of the housing stock has energy passports. The DENA is working to introduce a national energy label. In Denmark, energy labels are part of a national program. In the first three and a half years of the program, 12 percent of

all small buildings had already been labelled, with approximately 45,000 to 50,000 dwellings labelled each year.

The practical effects of the energy-saving measures have not been monitored, but the government estimates that each household can save 20 percent in energy costs by adopting such measures. Approximately 26 percent of the owners of labelled dwellings had taken energy-saving measures after purchasing their dwellings, and an additional 21 percent plan to take the measures. Research in Germany has concluded that households with labelled dwellings tend to take energy-saving measures more often and earlier in order to improve the energy performance of their dwellings (IFEU, 2003).

## **6. HAUSAKTE AND GEBÄUDEPASS (GERMANY)**

In Germany, various initiatives have been taken to develop building passports (at both the local and the national level) to improve insight into the quality of housing. As in other countries, German consumers also have trouble assessing the quality of houses. Potential homebuyers have only general information (e.g., location, size and number of rooms) at their disposal. At the national level, the *Bundesministeriums für Verkehr, Bau- und Wohnungswesen* (BMVBW) developed the *Hausakte* in 2001. The building passport that is used in the district Schleswig-Holstein is an example of a regional-level building passport.

The building passport used in the district Schleswig-Holstein is similar to the Dutch building file. The instrument is used to document the most important technical and structural information about a house, including a short description of the building construction, its materials and any technical installations. Similar to the building file in the Netherlands, the Schleswig-Holstein building passport provides a potential buyer with an objective overview of the condition of the dwelling. The building passport is also included as part of the local property register ([www.lbs-schleswigholstein.de](http://www.lbs-schleswigholstein.de)).

The introduction of the *Hausakte* (building passport) is expected to improve consumer access to housing quality and increase the transparency of the housing market. The passport was developed as part of a project concerning costs and raising consciousness with respect to building quality. It is intended to replace a range of quality marks and building certificates in Germany. At present, the use and compilation of the building passport is voluntary for newly built single-family dwellings.

The first part of the building passport presents the characteristics of a building in a standardized format. It provides consumers with unambiguous and reliable insight into the fire safety, thermal and sound insulation, structural safety, health, hygiene and energy efficiency of the building. This part can be filled in and provided upon completion of the

building process. Aspects that are described in the *Hausakte* are as follows (KOMPETENZZENTRUM, 2004):

**General information about the building (e.g., location, number of storeys)**

Extensive description of the construction, technical installations, energy certificate, permits and parties involved in the building process.

Inspection and maintenance reports for installations and similar features.

Costs concerning taxes, insurance, inspection reports and maintenance activities involving installations.

Other maintenance activities.

Inspection and overhaul certificates for ventilation and elevator systems.

To date, there are no statutory requirements prescribing a standard format for the contents of the building passport. In addition to the version used by the Ministry of Housing, approximately thirty building passports are available on the housing market (provided by governmental institutions, interest groups and private organisations), and these passports differ in both content and size.

Discussion is currently taking place about the *Hausakte* and the *Gebäudepass*. In the first six months following its introduction at the end of 2001, the Ministry received approximately 3,000 *Hausakte* applications (BAUPRESSE 24, 2002). The German government is also considering the introduction of mandatory building passports, which would also contain information about the energy efficiency and energy performance of buildings. Beginning in 2006, the registration of information about the energy performance of dwellings will be mandatory.

## **7. LIBRO DEL EDIFICIO (SPAIN)**

Since 1999, a building booklet (*Libro del Edificio*) has been obligatory for each new building. The booklets are part of the Spanish Building Act (*Ley sobre la Ordenación de la Edificación*). The booklet is given to the building's end users at the end of the building process, and it includes the reception certificate and a list of all agents involved in the building process, along with instructions for using and maintaining the building and its services (MFOM, 1999). The building booklet is intended to be an instrument for monitoring the quality of the future housing stock.

The compilation and use of the booklet is mandatory, but each province or city can, within certain limits, design its own standards for the booklet. The building booklet used in Madrid, for example, contains the following information (COMUNIDAD DE MADRID, 2000):

General information about the building (e.g., identification number, location).

Characteristics of the building:

Description and maps of the structure and installations of building, energy performance;  
List of all companies involved in the building process, activities performed and guarantees;  
Accreditation of the quality of products, construction processes, installations etc.;  
History of maintenance and alterations (e.g., dates, guarantees for work performed).  
User and maintenance guides for the complete building and for each apartment (obligatory and recommended maintenance, maintenance plan).  
Procedures for action in case of emergency (e.g., fire, explosion).  
Important documents (e.g., permits, insurance).

#### Home Information Pack (United Kingdom / England and Wales)

In the United Kingdom, sellers of dwellings are not yet obliged to inform potential purchasers about the quality condition of the dwellings. A seller must, however, inform a potential buyer about hidden defects. In addition, independent inspectors survey most of the dwellings that are sold. A valuation assessment is often pre-requisite to obtaining a mortgage (ODPM, 2004a).

A recent proposal to introduce a *Home Information Pack* has been discussed in the English Parliament. With the introduction of this information pack, the government aims to streamline the buying process for consumers. This information pack is one of the key components of broader measures intended to reform the selling and buying process. These measures will require a homeowner to have a home information pack in order to sell a house. Prospective purchasers can receive copies of the information pack upon request.

The information pack is likely to contain documents and information for interested purchasers. This information is usually made available later during the buying process (ODPM, 2003):

- Terms of sale
- Evidence of title
- Replies to standard preliminary enquiries made on behalf of buyers
- Copies of any planning, listed building and building regulations consents and approvals
- Form for new properties, copies of warranties and guarantees
- Any guarantees for work carried out on the property
- Replies to local searches
- A home condition report based on a professional survey of the property, including an energy efficiency assessment

The packs contain additional information for leasehold properties, including:

- A copy of the lease

- Most recent service charge accounts and receipts
- Building insurance policy details and payment receipts
- Regulations made by the landlord or management company
- Memorandum and articles of the landlord or management company.

In December 1999, the government started a pilot project in Bristol to test the practical operation of home information packs. One of the main conclusions of the pilot project was that the packs do increase transparency in the buying process (ODPM, 2004b). Subsequently, the Homes Bill, including the plans for the home information packs, was introduced in the Parliament in December 2000. The plans have recently been reintroduced for consultation as a part of the Housing Bill, published March 2003. If all goes according to plan, the information pack will come into force by 2006.

## 8. CONCLUSIONS

The Netherlands is not alone in developing a building file to support and assist homeowners and prospective buyers. Other EU-countries are also developing comparable initiatives for files relating to building quality, including the *Hausakte* in Germany, the *Libro del Edificio* in Spain and the Home (or Purchasers) Information Pack in England/Wales. The rationale, objectives, scope and contents of the building (quality) files differ strongly, however.

In Germany, the *Hausakte* is a voluntary instrument that was introduced into the housing market on a limited scale. The Spanish *Libro del Edificio* is obliged for all new buildings. The contents of the Spanish building files differ regionally. In England and Wales, the Home Information Pack is in preparation. A bill concerning the Information Pack was recently introduced in Parliament. Plans are being made to make this information pack a compulsory part of the buying and selling process for dwellings, in order to streamline the process. In the Netherlands, building files are being developed on a much broader scale; the files will not only inform homebuyers about potential dwellings, but should also give local authorities the information they need to form a sound basis for developing policy concerning housing quality.

The Dutch initiative to introduce a comprehensive document containing quality information about specific buildings could be a valuable instrument for providing detailed insight into housing quality. Moreover, it would assist homeowners in carrying out their responsibility for the quality of their dwellings. It is possible, however, that the document will be too extensive and complex, such that it becomes infeasible in practice. It will take time to provide each building owner with a complete building file, to keep these files up to date and to send copies of (all alterations of) the files to local authorities. Experiments with the building file have been started, along

with discussions involving all stakeholders. In the near future, we will see whether the building file (with the content as proposed) will be feasible.

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