

Housing crisis in The Netherlands

Good morning to you all. I want to thank you for this invitation, for me it is an honor and a pleasure to do this presentation.

I was asked to explain and comment our housing crisis and recent elections a bit.

I will do my best but please interrupt me if you have any questions, you also may wait, whatever you prefer.

Talking about a housing crisis in The Netherlands raises some questions

- Did it play an important role at our recent elections?
- How does that housing crisis look like?
- Where does this crisis come from?
- Which housing programs are we having now?
- How did these programs response on the covid-19 crisis?
- Which role is played by housing associations, local authorities, Dutch government, Europe?

I will try to answer those questions

What was the role of our housing crisis at elections

- You may have seen the video of Euronews titled: Housing crisis emerges as major election issue as Netherlands goes to the polls. Posted at one of our election days.

<https://www.euronews.com/2021/03/15/housing-crisis-emerges-as-major-election-issue-as-netherlands-goes-to-the-polls#vuukle-comments-1423352> I received it through Tara Clifford

- When asking the question: was it a major election issue?
- The answer is: We are definitely in a housing crisis since about 5 years.
- And Yes, it was a policy issue in the programs of all participating parties
- They all agreed on the existence of problem.
- Of course, they disagreed on the solutions
- Despite this it was hardly an issue. Covid19 blew it away.
- How come?
- In our political landscape there is new kid on the block, a rightwing party – very popular. They tried to cover up their racist views. This brought them huge – bad – publicity. Quickly they turned themselves into a covid19-denying party in a kind of way your former president did.
- From then every discussion was about covid19. Nothing was heard anymore about a housing crisis.
- By the way we ended up with 17 parties in our parliament. Your two-party system may not be ideal, but neither is ours.
- Forming a majority government will be very difficult
- Specially since our prime minister who won the elections, turned out to have lied in parliament.

Returning to the questions, one could ask: What housing crisis?

- Well there is not just a crisis in NL, but also in other European countries. Of 450 million people 4,3% (=19 million) suffers from the housing shortage, 17,1% (= 77 million) lives in an over-occupied home.

- Generally, we consider our crisis is to do with 4 factors. It is about the availability, the pricing and the quality / sustainability of our stock and about the quality of life in our neighborhoods. Some remarks to these items:
- **Availability:** the actual housing **shortage** 330.000 now, 40.000 homeless, 60.000 living in substitutes like mobile homes, caravans, holiday homes, etc.
- **Pricing:** We have about 16 million people in NL. Of our 8 million households 10% (= 800.000) spends over 40% of their income for housing. Not just the rents went up and up. The price of owner-occupied homes has increased 12% average every year over the past 20 years.
- **Quality / sustainability:** looking at quality and age of our housing stock we should renew 1% of it each year = about 80.000 a year! That is a lot.
- **Quality of life** in neighborhoods is very much influenced by criminality, drugs, unemployment, people with psychiatric issues.

Did this crisis come out of the blue?

- No it did not! I will try to explain.
- We have a long history of taking good care of our housing.
- Our population grew, we needed more homes and we have built them
- But after years with lots of construction activities - in 1973 production was 155.000 houses – we had a record low of 45.000 in 2014. Due to economic crisis.
- And you can imagine, it is also difficult when there is a shortage of land.
- Housing has to compete with industry, agriculture, tourism and conservation of the little nature we have. It is all politics.

- It is government versus provinces and local authorities. Each having their own interests, resulting in huge discussions and delays for any new initiative.
- In those discussions climate change and sustainability are big issues nowadays. And similar to the corona discussion we have – as you have - our climate change deniers.
- But not just that. Politics has had and still has a specific influence on the activities of housing associations. The ones who are taking care of low-income housing.

Role of housing associations

- Since the nineties, housing associations successfully fulfilled a more independent role in housing construction in the Netherlands. Their influence increased.
- But after a number of incidents politicians intervened. You may remember the fraud at housing association Vestia with a loss of 3 billion euros.
- From then on both left and right politicians agreed to reduce the role of the housing associations in favor of market parties.
- Thus happened. It resulted in all kinds of limitations on activities of the housing associations. Less building activities, a smaller target group to house, a strict rent policy, etc. And a special new property tax just for housing associations was introduced.
- This was announced already in 2010 at the International Social Housing Summit in The Hague.
- If I remember well Betsy Morris was there, as well as Jody Ciufu and Dave Eddy from CHRA.
- This so-called landlord levy was introduced to reduce the competitiveness the housing associations and give way to market parties.
- Our government falsely claimed this was imposed by Brussels.

- Since its introduction \$ 13,5 billion of the rents was taken from the housing associations. For example, in 2023: expected an expected amount of \$ 2,4 billion. It equals a month rent of every unit a year.
- As many already expected it did not lead to a more active role of market parties. Risks were apparently considered as too high and profits to low compared to other sectors. In the last ten years for example office-buildings were a main point of attraction.
- What also was to expect – but just not by our politicians – is that all this restricted the investment scope for housing associations and their options to help fighting the housing crisis. And worse it contributed to the existence and growth of the crisis.

Where are we now? Some claims by experts, politicians, tenant organizations.

- We would need again a ministry of housing, which was dismantled 10 years ago.
- More control by government and less talking and discussion with provinces and local authorities.
- Contradictory, however, the idea that housing associations should be viewed less strictly
- The housing shortage is about 330.000 houses and it will grow to 400.000 in 2025.
- The coming ten years we should produce 100.000 new houses a year. Of which about 20.000 low-income
- The property tax for housing associations should be cancelled.

What official plans are there?

- A few months before the March elections our government announced a package of measures to fight the housing crisis.
- Amongst others: 1) a fund of \$ 550 million for investments in quality of neighborhoods, 2) a maximum for raising the rents (inflation +1%), 3) tax facilities for first time buyers.
- 16 cities and 13 regions of a shrinking market were designated for the usage of the fund.

- This is all partly due to plans of the EU. In 2020 the EU announced two major programs: *The Renovation Wave* and *A New European Bauhaus*.
- This is because buildings account for over **40%** of energy consumption and **36%** of energy-related greenhouse gas emissions
- Therefore, the goals of the EU are (quote)
 - *To reduce emissions by at least 55% in 2030 and build the foundations for a climate neutral Europe by 2050, the Renovation Wave aims to **renovate 35 million inefficient buildings by 2030**.*
 - *85-95% of buildings in the EU are expected to still be standing in 2050. **Renovating them is essential to reducing emissions and energy use**.*
 - *the **New European Bauhaus** will match style with sustainability. It will promote sustainable design and nature-based materials.*

If you are interested, I could send you the webpages where this all is explained in English:

https://ec.europa.eu/commission/presscorner/detail/en/IP_20_1835

A final remark

- Can one question the realism of all this? Yes!
- There seems a lot of wishful thinking and symbolic politics in the plans and policies of our government.
- The general idea in the housing sector about it is: there are a lot of plans but without an adequate budget and without an adequate administrative system it is likely not to work.
- And at least it is questionable where it concerns the activities of the housing associations.
- All the investments in new properties, renovation, sustainability and quality of life in their stock would need about \$ 140 billion and they will lack about \$ 36 billion