



# New Dutch government:

## Tackling the housing shortage is the top priority

- New law to facilitate the construction of at least 100.000 houses on an annual basis
- Extra financial support provided for a total of €5bn up to 2030 to support the construction of new housing and measures to improve the energy efficiency of housing
- Affordability of mortgages remains in tact as the current mortgage interest deduction system remains unchanged
- Focus on both energy transition and climate adaptation

### NEW PLANS PRESENTED ON 'PRINSJESDAG'

As mentioned in our **previous article about the new coalition plans**, we were positive about the upcoming plans of the new Dutch government. With the publication of the government plans for the coming four years on Budget Day (in Dutch: Prinsjesdag), more details are provided on how the housing crisis will be tackled. In this article, we will elaborate on these plans.

### WHAT THE GOVERNMENT IS AIMING FOR

The primary goal is to build 100,000 new homes annually, two-thirds of which will be affordable to low and middle-income households. The government aims to make more land available for housing development and reduce barriers to construction. A new law, 'Versterking regie volkshuisvesting', will make this possible. Measures will be taken to make building land more affordable and accessible. This includes exploring a new tax on undeveloped land zoned for housing. This is intended to encourage owners to put the land up for sale rather than holding on to it to increase its value.



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### PINPOINT WHERE TO BUILD AND HOW MUCH AT EACH LOCATION

To achieve these targets, the government will strengthen its role, or in other words take the lead, in spatial planning, working closely with provinces and municipalities. A new "Nota Ruimte" (Spatial Planning Memorandum) will be developed to guide long-term land use decisions.



The government will designate additional large-scale housing areas throughout the country and enter into binding agreements with local authorities on housing production.

### **OPTIMISATION OF CONSTRUCTION AND CONVERSION OF OFFICE BUILDINGS**

To accelerate housing construction, the government plans to streamline planning and shorten permit processes. It will promote the use of standardised and industrial building methods, aiming for 50% of new homes to be built industrially by 2030.

In addition to new construction, the plan focuses on making better use of existing buildings. This includes encouraging the conversion of empty office buildings into housing, facilitating the division of large homes, and making it easier for families to share housing. Legal and financial barriers to these approaches will be addressed. Therefore, both subsidies and loans will be made available to support these efforts.

### **ADEQUATE AND AFFORDABLE HOUSING**

The State Commission on Demographic Trends 2050 has highlighted the significant implications of an ageing population on the housing sector. It has been observed that the existing housing stock is inadequate to meet the increasing needs of the elderly and other specific demographic groups, leading to stagnation in the housing market.

A key aspect of this initiative is the target to construct 290,000 homes designed specifically for elderly occupants by 2030. To achieve this, the government will offer financial support for the construction of clustered and assisted living-housing. A key focus of this initiative is affordability, with a commitment that two-thirds of the newly built homes will be accessible to low and middle income households. Furthermore, at least 30% of these homes are designated as social rental properties.

### **FINANCIAL SUPPORT**

The government decided to allocate €5 billion until 2030 to support housing construction. Municipalities will get extra financial backing with the new "realisation incentive". With this new plan, municipalities will get a financial incentive to support housing development by receiving a fixed amount per home completed. Additional funding will be available for innovative building methods and removing obstacles to housing production.

### **MORTGAGE INTEREST DEDUCTION SYSTEM REMAINS UNCHANGED**

The government will take measures to protect the affordability of existing housing. This includes maintaining the current mortgage interest deduction system for homeowners and exploring ways to limit increases of the local government property taxes.

### **FOCUS ON ENERGY TRANSITION AND CLIMATE ADAPTATION**

The Dutch government aims to make housing more sustainable and energy-efficient, with the primary goal of reducing energy costs for residents. A key component of this approach is improving insulation in existing homes and buildings.

Housing associations are encouraged to implement sustainability measures that contribute to affordable living costs for tenants. Additionally, the government is continuing to phase-out rental properties with low energy efficiency ratings (E, F, and G labels) to reduce energy bills for tenants.

The National Flood Protection Program (Hoogwaterbeschermingsprogramma) will undergo a comprehensive update to enhance the Netherlands' resilience against extreme flood risks from both the sea and rivers.



This revision aims to ensure that the country is prepared for the most severe potential flood events.

The updated program will incorporate the following:

1. Reinforcement of existing flood defences: Where necessary, dikes and other protective structures will be fortified to withstand higher water levels.
2. Expansion of river flood plains: In critical areas, additional land will be allocated to rivers, to allow for controlled flooding during high-water events. This approach, known as "Room for the River," will increase the water-carrying capacity of river systems without compromising the safety of built environments.

These measures are designed to increase the overall flood management capacity of the Netherlands, enabling the country to effectively mitigate the risks associated with extreme water volumes and safeguard both urban and rural areas.

### **ADDRESSING FOUNDATION PROBLEMS**

In addition to energy conservation and climate adaptation, the government is also addressing foundation problems. They are working on a coherent national approach to foundation damage, with all stakeholders contributing from their own areas of responsibility. As a first step, a national information center for foundation issues will be established for a period of four years. Furthermore, research will be conducted to determine how people with foundation problems can be assisted at the local level with foundation inspections and advice.

### **WANT TO READ MORE?**

In a follow-up article published next week, we will dive deeper into the severity of the housing shortage issue and the implications and efficiency of the proposed measures.



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