To build or not to build, what to expect from the new Dutch coalition agreement

Last week, the negotiating parties D66, VVD and CDA presented their coalition agreement for 2026-2030, titled ‘On with the job, Building a Better Netherlands’. Since the three parties will form a minority cabinet (66 seats (out of 150) in the House of Representatives), they will need to secure opposition support for each proposal individually. This may result in modifications to the agreement's plans to gain the necessary votes. Still, the coalition agreement offers a strong signal of the coalition's intended course and the incoming government's focus areas. We aim to highlight several key issues related to the housing market and mortgage market in the Netherlands.

The coalition agreement outlines a new approach to the housing market, structured along three key aspects: **more construction**, **affordable housing**, and **fewer obstacles**. But what is the concrete substance given to this?

- On a yearly basis, an extra 1 billion Euro (until 2035) will be allocated to boost housing construction in the Netherlands.
- Procedures and objections will be tightened. In practice, this will mean that there will be a single appeals procedure, fixed decision deadlines and options to halt construction will be limited and the threshold for objections and appeals will be raised.

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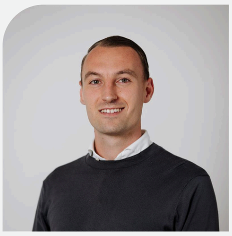

- A yearly Simplification Act will permanently streamline legislation and rules, featuring simplified procedures for adding floors or splitting homes without permits when possible. Municipalities will need explicit policies outlining allowable cases, with the central government setting baseline requirements to ensure such modifications are approved.
- Sustainability requirements will be standardized and all municipalities should eliminate varying statutory construction rules, ensuring national uniformity.
- The aim is to work towards approximately 30 large new construction sites (new neighbourhoods or even new cities) spread across the country.
- For new housing deals, the coalition aims for two-thirds affordable homes, of which 30% social rental and 25% affordable owner-occupied homes.
- The Affordable Rent Act will be evaluated and adjusted where necessary to improve the investment climate for landlords and increase the rental supply.

All of the above mentioned should contribute to the yearly aim of the 100,000 new homes that should be built. Given the housing shortage of 400,000 units, solving the housing crisis is one of the main pillars of the underlying coalition agreement. Although these plans seem promising at first glance, we believe that there are also points of criticism. If we dive deeper into the financial annex of the coalition agreement (table 1), we can conclude that the financial support to solve the housing crisis is rather limited. For example, affordable housing will only get €1bn in 2029 and another €1bn in 2030. However, they put a 0 in the structural column which means that there will be no ongoing, permanent annual allocation beyond the initial impulse period.

These negligible amounts that should contribute to the housing market are only a drop in the ocean. Professor Peter Boulhouwer stated: “The plans are financially too meagre and do not match the ambitions”.

Furthermore, the goals for reducing obstacles appear to be oversimplified, lacking specific targets or timelines. Experience shows that amending legislation and regulations is inherently challenging, so the actual outcomes remain to be seen.

Table 1: Budgetary table

Housing and Infrastructure (Amounts in Mln.)	2026	2027	2028	2029	2030	Structural
Investments in affordable housing (2029-2035)				1.000	1.000	0
Maintenance and management of infrastructure and housing development access						500
Priority infrastructure projects			750	750		0
Investment capacity for housing corporations (corporate income tax)			250	250	275	325
Reducing transfer tax for private investors from 8% to 7%	265	-143	84	84	84	84
Continuing the national program for liveability and safety untill 2035				135	135	0

Source: Budgettaire tabel en bijlage bij coalitieakkoord Aan de slag | Kabinetsformatie

We will also highlight the most important plans regarding the mortgage market:

- The tax rules for owner-occupied homes, such as the mortgage interest deduction and the owner-occupied home scheme will remain unchanged. With this decision, the coalition aims to ensure stability in the housing market.
- For properties not intended for personal use, such as investment homes, second residences, or rentals, the transfer tax will be reduced from 8% to 7% starting in 2027, making investments in rental housing somewhat more appealing.
- For older adults, a “transition bank” or special mortgage product (the transition mortgage) will be introduced to help them move to more suitable housing without facing financial stress. This measure is intended to stimulate mobility in the housing market.

Taken together, these measures suggest that the coalition prioritises stability in the housing and mortgage markets over major reform. Although stable tax rules provide certainty for homeowners, they also leave underlying structural issues like the limited opportunities for first-time buyers unresolved. Although the introduction of a “transition mortgage” may ease mobility for older homeowners, it is unlikely to significantly improve the overall housing flow without broader changes to supply and affordability, especially as housing demand shows no signs of weakening. Furthermore, we can also safely draw the conclusion that the housing crisis will not be solved, before up to 2030. One could even question whether the presented measures create improvement in the housing shortage. For the short term this ultimately means continuing upward price pressure due to the simple lack of housing supply.

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