

The Dutch social housing system from a European perspective: similarities and differences vis-à-vis the other EU member states

1. Introduction

It is becoming increasingly common in various policy areas to use international comparisons to provide a clearer picture of national policy. This document also takes this approach in respect of social housing, an area where for some considerable time now international (i.e. European) comparative data has been collected.

In most cases these international comparisons concentrate on one or more countries or foreign areas (i.e. cities, districts) and on certain aspects of a situation or policy. In many cases, they are also used to illustrate or even partly justify a country's own position or policy by pointing out similarities and - perhaps in particular - differences in a positive or negative sense.

However, in this case we will simply be looking at important national differences and similarities between as many EU member states as possible in order to position the Netherlands within the EU and to illustrate the Netherlands' situation. In other words, the aim is to provide a picture that is clear and as objective as possible and not to use such comparisons to justify Dutch policy (or not). The picture - i.e. the profile - created in this way gives an impression of the wide range of political and administrative circumstances and instruments over the years at national and local (i.e. regional) level in relation to public housing. This picture has only been made more varied - and the differences within the EU have increased - following the accession of the 10 new EU member states (known as the "EU 10").

Most of the (mainly statistical) comparative data used is drawn from the contacts that have been cultivated via the regular informal meetings that have been held since 1989 between the EU government ministers responsible for Housing, as well as from the Committee on Human Settlements (CHS) of the United Nations Economic Commission for Europe (UN ECE)- please see section 4 for the specific sources. The websites of the fellow European ministries listed there offer a lot of additional qualitative and quantitative data, much of which is also available in English, although in most cases this data only refers to the country's own national situation and social housing policy.

All data relates to the most recent year for which data was available (usually 2002 or 2003). In principle, the comparisons concern all 25 member states, but where this was not possible only those countries were compared for which relevant data was available. Some aspects of this comparative study concentrate on a number of our neighbouring countries or on all "EU 15" countries (i.e. the "old" EU member states).

As is to be expected, the Dutch social housing system shows a number of significant similarities with the system in other countries. However, there are clear differences between the countries in the degree to which certain aspects, instruments and circumstances are prevalent, and thus in the way in which policy is shaped.

2. Similarities

- 2.1. All social housing systems in the EU aim to make sufficient housing available, to make housing affordable for the entire population and to ensure that said housing is of sufficient quality.
- 2.2. All member states (with the exception of Greece) have also implemented a national statutory framework for the housing sector. In most of the countries, the existing legislation has been revised in recent years. All countries have national regulations for the construction sector and standards for assessing the quality of housing; in recent years, most countries have amended their regulations and standards in ways designed to promote greater sustainability (and in particular greater energy efficiency).
- 2.3. There are shortages everywhere in the number of new houses being built, in particular in the major cities; this shortfall is often related to the limited supply of land (which pushes up prices) but it is also due to inefficient planning procedures and the acquisition and construction supervision systems. Other reasons for this shortfall in the various countries include building costs that are both high and rising faster than the general level of inflation and a lack of trained construction industry employees.
- 2.4. In the great majority of member states, the mortgage interest rate has fallen significantly in recent years. Probably in part as a result, many countries have seen a very substantial increase in the total number of outstanding mortgage loans.
- 2.5. In so far as data on this is available, it may be concluded that in most countries housing prices have risen more sharply than the general rate of inflation, especially in urban areas.
- 2.6. In most countries, the demand for housing exceeds the supply in certain sectors of the housing market or in most urbanised regions. These countries have implemented policies to end specific shortages. These countries expect housing demand to rise over the next decade.
- 2.7. In most member states, the renovation of the existing housing stock is the subject of policy and subsidies; only Finland, Malta, Austria and Sweden - to different degrees and for various reasons - do not have any large-scale renovation

programmes. In the major cities in particular, one of the focal points of policy is to improve private and social sector rented accommodation.

- 2.8. The average housing occupancy rate - the number of people per residence - varies in the EU between 2 and 3 people; for **the Netherlands**, the figure is 2.4 people and the rate is therefore average.
- 2.9. All countries have a “social” housing sector¹. In almost all these countries, the landlords in this sector are national, regional or municipal institutions, with most countries - including **the Netherlands** - also having non-profit legal entities that are active in the housing sector. In other words, these social landlords focus explicitly on low-income groups and the socially disadvantaged.

A number of countries – that is to say, Belgium (Flanders), Finland, Austria and the United Kingdom (the UK) - who all have housing corporations similar to those in **the Netherlands** and which have been approached on this subject, along with France, have stated that in their opinion these institutions, like the Dutch corporations, provide services of General Economic Interest within the meaning of Article 86.2 of the European Treaty. In Austria, commercial housing-related activities are carried out by separate subsidiaries or else are kept at arm’s length.

- 2.10. With the exception of the UK and Belgium, all member states have one or more national ministries and/or agencies that are responsible for formulating housing policy. In most cases, the physical implementation of that policy is carried out by and/or in conjunction with local authorities.
- 2.11. Right across the EU - including in the new member states - there is a clear understanding in policy-making circles of the need to avoid social exclusion/segregation in the housing stock. In other words, all countries recognise the need to promote residential areas that are to be mixed in terms of both income groups and background. Campaigns that target neighbourhoods, groups and the individual are undertaken to this end. The importance of providing good economic, employment, medical, safety, educational and other facilities (such as improving the quality of public spaces) is also underlined, and accordingly that an integrated (holistic) broad-based approach is needed. An important aspect of this is a differentiated, broad range of available housing, including in terms of types of management, in a spatial and social mix. Various countries give the impression that they have increased their efforts in recent years to prevent segregation.

The most obvious signs of social exclusion, as seen in all the EU 15 countries, are:

¹ It is difficult to give a generally accepted pan-European definition of “social housing”. “Public-sector rented accommodation” is often used as a synonym, but this ignores the phenomenon of rented and owner-occupied housing provided by the cooperative sector in a number of countries and the fact that owner-occupied housing can fulfil a social function. In all cases there is some form of housing cost subsidy and/or rent allowance system and/or groups of people on relatively low incomes.

- the continuing problems being experienced by semi-skilled and unskilled youngsters in particular (particularly the youngsters of foreign origin) and by women and older workers in gaining access to the labour market in the form of jobs;
- the shortage of affordable housing, in particular for young families, families with a single (low) income, relatively large families with a low income (often of foreign origin) and other disadvantaged categories such as older and handicapped people;
- the large number of people who are either homeless or have no permanent residence, including legal or illegal immigrants;
- the concentration of certain population groups such as isolated older people or families of foreign origin who live in the old districts in the city centres and in districts on a city's outskirts, often in high-rise buildings.

During the 1990s, almost all the EU 15 developed their own national programmes designed to promote social cohesion.

In the EU 15, it appears that the four areas of intervention that are most often linked together are the promotion of job opportunities, training and education, social initiatives *and* social housing. The municipalities turn out to be the key players in the implementation of the programmes in the policy areas involved, with the central - in this case the regional /provincial - authorities playing an important role in this respect as well. In many countries, social housing organisations also participate in initiatives to promote job opportunities, in social initiatives and/or in security (France, Finland, Austria, **the Netherlands**).

- 2.12. All countries also have some form of state subsidisation of rented and/or owner-occupied housing.

In most countries there is some form of housing cost subsidy system ("supply side subsidies") and government loans for housing; in many cases government guarantees are provided too, by local, regional and/or central governments. As far as is known, all countries also provide rent allowances ("personal" or "household-related" subsidies), which are often provided by the central government but may also come from the "Länder" (states) in Germany and Austria, for instance. Mortgage loans are provided in all member states in the housing sector. Almost all member states that produce the relevant information have seen total outstanding mortgage debt rise in recent years as a percentage of GDP. Most of the EU 15 countries also offer mortgage interest relief as a tax benefit on housing.

- 2.13. All EU 15 countries recognise that measures have to be taken in the field of housing for the elderly.

3. Differences

- 3.1. Whereas **the Netherlands** was the 6th largest of the EU 15 member states by population size, among the EU 25 it is now the 7th largest.
- 3.2. As regards the urban structure, **the Netherlands**, in contrast to the major member states, has no large metropolitan cities like Berlin, London, Madrid, Paris and Rome, which are home to millions of people. There is still no EU-wide comparison available of the number, size, nature and structure of districts that the member states have officially designated as deprived or problem areas, such as the “56 districts” in **the Netherlands**. However, it can still be said that in general the size of the deprived and restructuring districts in the Netherlands appears to be smaller than in the above-mentioned countries. France has 751 so-called “zones urbaines sensibles”; Germany has 249 within the context of its “Soziale Stadt” programme; in the context of its “National Strategy for Neighbourhood Renewal”, the UK refers to 88 “most deprived districts”).
- 3.3 The average GNP per capita in the EU varies widely, between Latvia with €6,100 per head of the population and Luxembourg with €62,300. **The Netherlands** is ranked fifth highest, with a figure of €30,100 (after Sweden, Ireland, Denmark and Luxembourg).
- 3.4 The percentage of the total national budget spent on housing (for subsidies, (soft) loans, guarantees, etc.) varies between 0.01 % (Greece) and 4.45% (in France); for **the Netherlands**, the figure is 3% (excl. mortgage interest relief).
- 3.5 Seen in a European Union context, the main distinguishing feature of the **Dutch** system is the relatively large proportion of social-sector rented accommodation in the total housing stock; **the Netherlands** is the European frontrunner here with 34.6% of the total housing stock, followed by Poland (23.4%), Austria (approx. 23%), the UK and Sweden (each approx. 21%), Denmark and the Czech Republic (both 20.0%), Finland and France (each approx. 17%) and Germany (approx. 15%).

The fact that such a large proportion of rented accommodation is owned and managed by housing corporations – with scarcely any still being in the hands of municipal housing companies - sets **the Netherlands** apart from the other countries.

- 3.6 The rate of home ownership in **the Netherlands** is 55%, which apart from Germany (45%) and Sweden (46%) is the lowest in the whole EU. The difference between the EU 15 and the EU 10 is very striking in this respect: since the fall of the Berlin Wall, home ownership in the EU 10 in general has risen sharply, as homes have been sold off to their sitting tenants, often at reduced prices. Nowhere has the sale (“privatisation”) of social-sector rented accommodation been taken as far as in the EU 10 countries. In contrast to **the Netherlands**, in some countries

there is a partial ban - or in some cases until recently even an outright ban - on such sales (in Austria, Denmark, Lithuania and Slovenia, for example). In most countries where it was permitted, the housing was sold below market price, with the British “right to buy” programme (which existed for many years) being perhaps the most well-known example. Where the data is available it shows that such sales of social-sector rented accommodation have fallen in recent years in countries where these sales already took place, such as Belgium, France, the UK, Ireland, Poland and Sweden.

In the EU 10 countries - in contrast to **the Netherlands** and the other old EU 15 countries- low-income groups are larger in the owner-occupied sector. Although exact figures are unavailable, it is clear that in certain important segments of the urban housing stock in the Central and Eastern European member states in particular, these low income groups are increasingly having to deal with problems of overdue maintenance and rising housing costs, and thus with problems of affordability. The rapid privatisation programmes implemented in a number of these countries have also led to a shortage in social sector rented accommodation.

At 99.9%, the total outstanding mortgage debt (as a percentage of GDP) is easily the highest in **the Netherlands**, followed by Denmark (87.5%) and the UK (70.4%); although see above under “Similarities” too.

- 3.7 There is a wide variation in the amount of available housing per 1,000 inhabitants in the EU, which varies from 513 residences in Spain to 330 in Poland; **the Netherlands** has 419 residences per 1,000 inhabitants, which is still fairly low compared to Belgium (462), Germany (472), France (503), Austria (404), the UK (430) and the Scandinavian EU countries Denmark (484), Finland (499), and Sweden (485). This underlines why the Dutch Cabinet is attaching such importance to increasing housing production in our country. This need is also underlined in part by the figures for new housing production per 1,000 inhabitants, which at 3.7 is fairly low in **the Netherlands**. The frontrunners in this respect are Ireland with 17.4 (in 2003; which is also an exceptionally high figure), Spain (11.3) and Portugal (7.9). The rate of new housing production in Belgium (3.9), France (5.6), Austria (5.2), Denmark (4.4) and Finland (5.4) is also greater than in **the Netherlands**. (N.B.: Unfortunately, only a few countries break down these figures into social and private sector rented and owner-occupied housing).

Finally, a relevant factor here is the relatively high number (in absolute terms) of withdrawals from the pool of housing stock in **the Netherlands**: the figure of approx. 17,800 withdrawn residences for **the Netherlands** makes it a striking frontrunner after France (21,000 in 2003); Austria too, with 15,800 withdrawals, scores highly here, and even scores higher than the Netherlands in relative terms as a percentage of population size.

- 3.8 The average usable floor area of each residence in the total stock in **the Netherlands** is 98 m², which puts it between Luxembourg (125 m²) and Latvia

(55.4 m²). When compared to the EU 15, **the Netherlands** scores reasonably well, and higher than such countries as Sweden (91.6 m²), Belgium (86.3 m²), Austria (93.9 m²), Germany (89.7 m²), France (89.6 m²) and the UK (86.9 m²).

Comment [HvE1]:

- 3.9 As regards housing expenditure as a proportion of total household consumption, **the Netherlands** occupies a halfway position in the EU, at 21.4%. The EU 15 countries that spend more are Belgium (23.6%), Denmark (28.6%) Finland (25.9%), France (24.1%), Germany (25.1%), Luxembourg (21.6%), Spain (31.4%) and Sweden (28.9%). In other words, the income ratio is even on the low side compared to countries where income is comparable to or higher than that in **the Netherlands**.
- 3.10 The development of the rent index figure for the period 1995 - 2003 shows that at 124.1 (1996 = 100) **the Netherlands** lies somewhat above the estimated EU average of 118.3 and is ranked between frontrunner Poland (288.2) and Lithuania, which brings up the rear at 99.0; in the EU 15 countries, the index ranges from Germany at 109.8 on the one hand to the UK and Austria on the other, both at 121.8.
- 3.11 The market price index for a single-family residence has risen sharply in **the Netherlands** to 246 (1985 = 100); only the UK (277) and Ireland (265) have a higher index, with our neighbour Belgium being significantly lower at 184. (Unfortunately, no comparative data exists for Germany).
- 3.12 **The Netherlands'** percentage of households receiving a subsidy (not tax relief) is 14.0% of all households, which places it in a middle-ranking position. When compared to some other countries in the EU 15 - such as Denmark at 21.0% (frontrunner), Finland (20.0%), France (19.5%), the UK (19%) and Sweden (16%) - **the Netherlands** therefore comes off well.
- 3.13 At 6.7%, **the Netherlands** is placed strikingly low in the EU rankings on the proportion of high-rise housing (= more than 4 storeys) as a percentage of the total housing stock; only Belgium at 4.3% and the UK at 2.4% have a lower percentage. In contrast, the figure for the EU 10 countries in Central and Eastern Europe in particular is significant, with an average of about 34%, which is more than twice as high as in the EU 15 (14.7%). However, high rises account for a lower percentage everywhere than multi-family residences, which on average make up a little less than half (47%) of the total housing stock in the EU 15 and a little more than half (55.8%) in the 10 new member states.
- 3.14 The percentage vacancy rate in **the Netherlands** is very low, at 2.3% of the total housing stock. For the other countries, the percentage varies greatly from 31.8% in Greece to 2.1% in Latvia. **The Netherlands** has the lowest vacancy rate of any EU 15 country.

4 Sources:

The most important sources for the above information were:

- (1) “*Housing Statistics in the European Union 2004*”; a publication of the National Board of Housing, Building and Planning (Sweden) and the Czech Ministry for Regional Development in collaboration with all ministries responsible for housing in the EU that was prepared for the 16th EU Ministers’ Conference on Housing; www.boverket.se.
- (2) “*Social Housing Policy Guidelines*”; a publication of the United Nations Economic Commission for Europe (UNECE, 2005); www.unece.org.
- (3) “*Regular National Report on Housing Developments in European Countries*”; a publication of the Department of the Environment, Heritage and Local Government of Ireland in collaboration with all ministries responsible for housing in the EU (November 2004); prepared for the 16th EU Ministers’ Conference on Housing; not available in digital form.
- (4) “*Huisvestingsbeleid als instrument om de social cohesie te versterken - syntheseverslag*” [“Housing policy as an instrument for strengthening social cohesion - outline report”], prepared for the 13th meeting of the Housing Ministers in the EU, 1-2.10.2001.
- (5) Websites of ministries responsible for housing and urban development in Europe (by country, arranged in alphabetical order according to country’s name in English): Austria (www.bmwa.gv.at), Belgium (www.mrw.wallonie.be and www.flanders.be), Bulgaria (www.mrrb.government.bg), Croatia (www.mzopu.hr), Cyprus (www.cyprus.gov.cy), Czech Republic (www.mmr.cz), Denmark (www.sm.dk), Estonia (www.mkm.ee), Finland (www.ymparisto.fi), France (www.equipement.gouv.fr and www.gouv.ville.fr), Germany (www.bmvbw.bund.de), Greece (www.minenv.gr), Hungary (www.bm.hu and www.meh.hu), Iceland (www.felagsmalaraduneyti.is), Ireland (www.environ.ie), Italy (www.infrastrutturetrasporti.it), Latvia (www.mk.gov.lv), Lithuania (www.am.lt), Luxembourg (www.logement.lu), Malta (www.gov.mt), the Netherlands (www.minvrom.nl), Norway (www.krd.dep.no), Poland (www.mi.gov.pl), Portugal (www.portugal.gov.pt), Romania (www.mt.ro), Slovak Republic (www.build.gov.sk), Slovenia (www.gov.si/mop), Spain (www.mviv.es), Sweden (www.sustainable.ministry.se), Turkey (www.toki.gov.tr) and the United Kingdom (www.odpm.gov.uk).

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(tkcorpos)