



Ministry of Housing, Spatial
Planning and the
Environment

Brussels approves state assistance for housing corporations

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The Dutch national government will be permitted to continue providing financial assistance to housing corporations, so they can maintain their important role in providing living accommodation to people who have difficulty finding affordable housing on the private housing market, in contributing to the quality of life and in building properties for society as a whole in villages and neighbourhoods, such as community centres, youth centres or community schools. Moreover, the contribution to the financing of the community-based approach via the special project support is now safeguarded. These are the issues about which Minister Van der Laan of Housing, Communities and Integration (WWI) reached agreement with European Commissioner for Competition, Neelie Kroes. The European Commission endorsed the agreement today.

Van der Laan is happy with the outcome. "I am pleased with the content of the results and the agreement puts an end to a discussion which has dragged on for years. I am going to lay down the results in regulations as soon as possible." In a letter which was sent to the Lower House of the Dutch Parliament today, he explains the negotiated agreement and informs the House of the steps completed that led to the European Commission's decision to approve the agreement.

The most important issue concerned what is referred to as existing state assistance. This is assistance that consists of government back-up facilities (state and municipal) for guaranteeing loans by the Social Housing Guarantee Fund (*Waarborgfonds Sociale Woningbouw*) and the regular project and remediation support of the Central Fund for Housing (*Centraal Fonds voor de Volkshuisvesting*). This assistance allows corporations to borrow money at more favourable interest rates. The instruments referred to constitute the core of the government support for the housing corporations. Housing corporations are essential for a properly functioning social housing system. That is why the aim of the Netherlands, from the outset, has been to preserve this support.

The European Commission wanted the Netherlands to define the target group which is eligible for social housing built using state assistance on the basis of income limits. During the negotiations the Netherlands maintained that a definition based on income would have to focus on the moment of allocation of the rented accommodation, and not on the subsequent occupancy. After all, corporations cannot be blamed for an increase in income of the tenants



after the moment of allocation. Van der Laan believes that the fact that housing corporation tenants may start earning more over time actually underlines the important role of social housing in a tenant's (initial) period of residency. The European Commission approved the idea defining the target group at the moment of allocation.

Defining at the moment of allocation

The state assistance rules for the corporations which Van der Laan agreed with the European Commission are as follows: At least 90% of the rented accommodation with a rent below the maximum rent allowance limit (approx. €648) must, when available, be allocated to households with an income of up to €33,000. This means approximately 43% of Dutch households. Newly graduated police officers, teachers and nurses fall within this income limit. Brussels has agreed to the other 10% of the available accommodation being allocated to people with higher incomes who need social support, such as large families or handicapped people. In the case of specific regions where demand and supply make it difficult to fulfil this requirement, the Minister of WWI may set different percentages as long as the national average stays at 90%.

Properties for society

Another key aspect of the agreement is that the Netherlands is allowed to continue providing state assistance for the construction and rental of buildings which serve a social function and which contribute to the quality of life in the neighbourhoods, such as community schools, community centres or youth centres. The Netherlands has managed to convince the European Commission that commercial market players are not usually interested in properties for society as a whole in neighbourhoods and villages, despite these being important for the quality of life. This applies not only in the 40 priority neighbourhoods, but in the rest of the Netherlands as well. The Commission was sympathetic to this Dutch position.

Special project support for neighbourhoods

In his letter, Van der Laan states that he is going to implement the details of the negotiated agreement as regards the existing assistance via a scheme to be drawn up this very year and, if possible, introduced as of 1 January 2010. Similarly, he is also going to lay down the special project support for the 40 priority neighbourhoods in a scheme. At the same time, the Central Fund for Housing is going to prepare levies and payments relating to 2009. Now that the EC has given its approval, Van der Laan assumes that the payments relating to 2008 will be made before Christmas.