

## **Social housing organizations want EU decision overturned**

### **Half a million households in the Netherlands excluded**

Last Friday, 30 April, 133 Dutch social housing organizations filed an objection to a decision of the European Commission. The decision stipulates that housing associations may only allocate social rental dwellings to households with an income of € 33,000 or less per year. This will force double-income households in particular to buy a home or seek accommodation in the more expensive commercially rented segment.

For example: Jeroen and Marije are expecting a baby and want to move in together. Jeroen is a police officer and Marije is a classroom assistant. Their combined gross income is € 35,000 a year. According to the new directive, they are not eligible for a social rented dwelling (under 648 euro rent per month). They can only afford to buy a home worth up to around € 151,000 (including purchasing costs). Yet the average price for a single-family house in the Netherlands is € 209,000. Rented housing costing more than € 648 euro a month is in very short supply, making up just 6% of all rented accommodation.

The example of Jeroen and Marije highlights the problem. With the EU decision, only single-income households (with a gross annual income of less than € 33,000), senior citizens with a very small pension and people on benefits will be eligible for public-sector rented accommodation, according to the housing associations. People with middle incomes who live in public-sector rented accommodation now are already less inclined to move to slightly more expensive accommodation, which frees up less room for first-time renters.

The associations are of the opinion that social housing should be a matter for the Dutch government. "Brussels has involved itself in matters that are not its concern. By doing so, Europe is precluding a thorough discussion of the housing market in the Dutch parliament," says Ria Koppen, Director of Operations for housing association Haag Wonen. "The consequences will be felt immediately by starters in the housing market, but the long-term effect will be disastrous for multiple groups. Allocation according to income will lead to income neighborhoods and thus to segregation. And the major regional differences are not being taken into account." The associations build a large proportion of homes. Therefore the decision will also bring construction to a standstill, which is bad news for all tenants in the Netherlands.

The decision will mainly affect modest middle-income households. As a result of the decision, approximately half a million households in this category are in danger of falling into the wide gap between the rental and buying market.

The objection of the 133 housing associations is supported by CECODHAS (The European Liaison Committee for Social Housing), Woonbond (Netherlands Union of Tenants) and Aedes (Dutch association of social housing organizations).

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#### **For more information, please contact:**

Ria Koppen – Kreyne, Operations Manager, Haag Wonen through Esther Clason, Communication, Haag Wonen, tel. nr. +31 (0)6 388 269 30 or +31 (0)70 388 04 51.

<http://www.haagwonen.nl/>

**Background to EU decision:**

The EU decision requires the Dutch State to reduce the target group for public-sector rented accommodation in order to combat implied unfair competition. By doing so, the European Commission is acting outside its powers. Furthermore, this decision fails to take numerous issues into account. Contrary to other (commercial) market parties, associations are obliged to maintain good living conditions, and they invest millions of euros in this each year. To a certain extent, other market parties also benefit from the associations' investments.

The vast majority of the association sector, with the exception of the associations that operate in the 40 deprived neighborhoods referred to as 'krachtwijken', pay millions each year to help tackle these 40 neighborhoods. This too benefits the market parties with properties in these neighborhoods.

Associations are subject to taxation within the framework of corporation tax. In contrast to commercial investors, they may not have the fiscal status of an investment institution.

Therefore they do not have the benefits of a fiscal investment institution, for which corporation tax is set at 0%. Clearly this is a competitive disadvantage. The support which the associations receive from the government consists mainly of guarantees for loans. The value of this support is much lower than the unprofitable investments of social activities by the associations, such as building public-sector rented accommodation