

Dutch rent control system

The 'WoningWaarderingStelsel' (WWS) explained

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Content of the presentation (11 sheets)

- What is the WWS ?
- History of the WWS
- How does the WWS work?
- What to improve?

What is the WWS?

- Woningwaarderingstelsel or WWS is the system of rent control where the quality of a house leads to a maximum allowed rent price. It protects tenants against high rents.
- It is a point system where the quality of housing counts up to an amount of points corresponding to a maximum allowed rent.
- It is forbidden to demand higher rents than the WWS sets. The WWS is binding. That means tenants can get rents lowered when the prices are higher and municipalities can fine landlords for asking rents that are too high.

History WWS

- It was installed in 1979 for all rental housing.
- In 1989 new builds above a certain point (liberalisatiegrens or rent control threshold) were exempt from having a maximum rent
- In 1994 a rent control threshold was introduced for the existing housing stock. Due to 'lack of scarcity'
- As a result the free (unregulated) market became very expensive for a lot of tenants.
- In 2015 estimated property value became part of the point system, leading to higher maximum prices.
- As a response Government raised the rent control threshold (from 142 points to 186 points) in 2024.

How does the WWS work?

- Points for quality
 - Property value evaluation (WOZ)
 - Energy efficiency
 - Square meters
 - Facilities and qualities (appliances in kitchen, bathroom, (private) outdoor space)

Points decide maximum rent



Distribution of Rental Housing in the Netherlands since 2024

- **Social housing (≤ 143 WWS points)**
 $\approx 2,548,000$ dwellings (83%) < 900 euro/month
- **Mid-range rental housing (144–186 WWS points)**
 $\approx 397,000$ dwellings (13%) < 1185 euro/month
- **Free market rental sector (≥ 187 WWS points)**
 $\approx 125,000$ dwellings (4%) > 1185 per month
- Based on *quality*. In reality there are less mid-range and more free market dwellings because the Midrange regulating only applies to contracts after 1 july 2024.



Economic analysis?

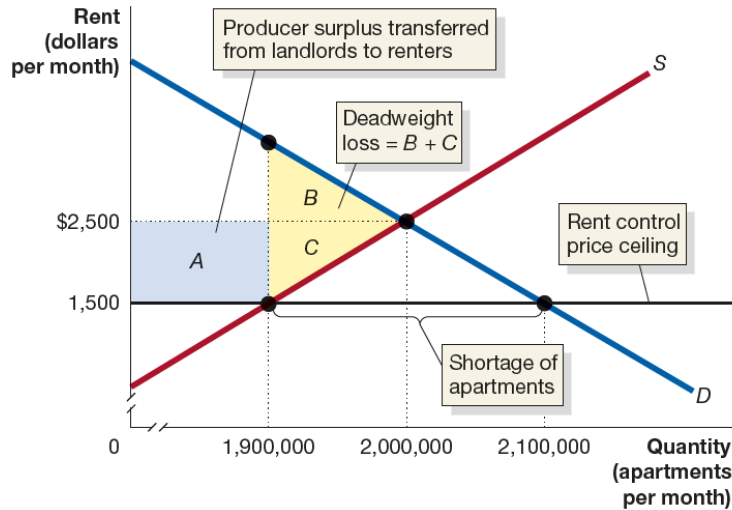


Figure 4.10

The Economic Effect of a Rent Ceiling

Without rent control, the equilibrium rent is \$2,500 per month. At that price, 2,000,000 apartments would be rented. If the government imposes a rent ceiling of \$1,500 per month, the quantity of apartments supplied decreases to 1,900,000, and the quantity of apartments demanded increases to 2,100,000, resulting in a shortage of 200,000 apartments. Producer surplus equal to the area of rectangle A is transferred from landlords to renters, and there is a deadweight loss equal to the areas of triangles B and C.

<https://hubbardbrieneconomics.com/tag/rent-control-in-the-netherlands/>

What if the rent is too high?

- A tenant can go to the *rental comittee*. They will check the pointsystem and lower the rent when necessary
- 2545 procedures on to high rents according to rent control last year
- On average tenants that won their case got a rent decrease of €400,-
- Roughly 6 out of 10 verdicts in Rent control cases are in favour of tenants.
- Most of the cases stem from the private rental market.

What would the Woonbond improve on the WWS?

- Rent control for all rental dwellings (no threshold)
- Diminish the influence of property value in the maximum rent
- Support tenants locally (huurteams)