



New Dutch regulations for mid-priced rental homes

including an update of the housing evaluation system (WWS)

As per 1 July 2024

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Introduction

Effective July 1, 2024, the Affordable Rent Act will come into force in the Netherlands. This decision was made following a vote in the Senate on June 25, 2024. The final law was established after several legislative proposals were refined through an online consultation round, review by the Council of State, and various amendments and motions. In this whitepaper, you will find comprehensive information about the new Affordable Rent Act, changes to the Housing Evaluation System (WWS), and the (potential) impact on your residential portfolio and/or new development projects.

Regulation of mid-priced rental homes

1. Three rental segments: low, middle and high

From 1 July 2024 onwards there will be three rental segments in the Dutch housing market: the Low-Priced Segment, Middle-Priced segment and High-Priced Segment. Homes up to and including 143 housing evaluation points (WWS points) will fall into the Low Segment, formerly the regulated (social) rented segment. Homes with a point range of 144 to 186 WWS points will fall into the new Middle segment and can be rented out for the maximum allowed WWS rent corresponding to the number of WWS points from July 1, 2024*.

Furthermore, two rent limits are being introduced: the Maximum Low-Priced Rent Limit (up to and including 143 WWS points, or €879.58, price level as of July 2024) and the Maximum Mid-Priced Rent Limit (up to and including 186 WWS points, or €1,157.95, price level as of July 2024).

The table below presents the information per segment and rent limit.

Now

Term	Definition
Regulated segment	Homes with a starting rent up to and including the rent-control ceiling
Non-regulated segment	Homes with a starting rent above the rent-control ceiling
Rent-control ceiling	€ 879.66, corresponding to a housing quality up to 147 points (price level as of January 2024)

* The law applies to all new rental contracts starting from July 1, 2024. Dutch municipalities will enforce compliance with the law from January 1, 2025.

AS PER 1 JULY 2024

Term	Definition
Low-Priced segment	Homes with a starting rent up to and including the maximum low-priced rent limit
Mid-Priced segment	Homes with a starting rent up to and including the maximum mid-priced rent limit
Regulated segment	The low-priced and mid-priced segments combined
High-Priced segment	Homes with a starting rent above the maximum mid-priced rent limit
Maximum Low-Priced rent limit	€ 879.58, corresponding to a housing quality up to and including 143 points (price level as of July 2024)
Maximum Mid-Priced rent limit	€ 1,157.58, corresponding to a housing quality up to and including 186 points (price level as of July 2024)

In principle, the starting rent will remain the primary factor to determine which segment a home should be classed under and what the corresponding regime is. This means that all homes with a starting rent below the mid-priced rent limit shall fall under the regulated segment, regardless of the number of WWS points the home has. This starting rent can be assessed using the housing quality expressed in WWS points.

2. Indexation of rent limits (WWS Table)

The moment of indexation of the maximum rent based on the WWS (the “WWS table”) will be synchronised with the moment of indexation of the maximum low and mid-priced rent limits. These will be indexed to the CPI annually on 1 January, ensuring that the upper limit of the regulation shall always correspond with a housing quality up to and including 186 WWS points. In order to ensure that this change will not cause a period of indexation to be skipped over, a semi-annual indexation of the WWS will be performed once only on 1 July 2024. After implementation of this change, the indexation of the maximum low and mid-priced rent limits will always occur in tandem with the indexation of the maximum rents in accordance with the WWS.

3. Indexation of rent

The rents of current leases in the new mid-priced rental segment will be indexed annually. The table below presents the indexations for each segment. Note that rents in the regulated segment (low-priced and mid-priced segment) may under no circumstances exceed the maximum rent corresponding to the WWS point total of a home as per the WWS rent table.

The 'Nijboer Act', which was ratified by the Senate on 23 April until 1 May 2029, prescribes that the maximum rent increase should be the lowest rate of inflation +1% or CLA + 1% for the high segment.

Segment	Maximum annual rent increase
Low-Priced segment	CAO +0%
Mid-Priced segment	CAO +1%
High-Priced segment	The lowest rate of inflation +1% or CAO +1%

4. 10% markup for new-build projects

Projects that are currently under construction or will commence construction in the coming years were planned on the basis of the current WWS system, not the imminent regulation and the new WWS system. In order to prevent the proposed rent regulation from causing a reduction in the new-build output, a markup is being introduced for new-build mid-priced rental homes:

- The new-build markup is 10% and will be calculated through an increase of the maximum rent prices in the WWS table.
- The markup applies to projects that will be first occupied after the legislation takes effect and whose construction began before 1 January 2028.
- The markup only applies to new mid-priced rental homes; it does not apply to the low-priced segment.
- Homes added to the housing stock through transformations will also qualify for the new-build markup.
- Projects completed before the act takes effect may be let in accordance with the current WWS system and (where homes with a point score up to and including 186) will only be bound by the new WWS after the first change of tenant.
- The 10% markup for new-build projects is for a term of 20 years.

5. Allocation to middle-income households

Based on the prevailing Housing Allocation Act of 2014, municipalities have the option to set rules for the allocation of mid-priced rental homes to certain target demographic groups. The new law explicitly stipulates that municipalities, when preparing housing regulations, are obliged to argue why they do or do not designate middle-income rental housing. For this, only middle-income house seekers can obtain a housing permit. The upper limit of a middle income is determined by law (single-person households with annual incomes between €47,699 and €62,191 and multi-person households with annual incomes between €52,671 and €82,921, price level 2024).

6. Compulsory nature of the WWS & Enforcement

In the present system, the maximum rent according to the WWS is enforceable, but requires tenants to approach the Rent Assessment Committee or to instigate court proceedings in order to obtain a lower rent.

The new system will implement three changes in this respect:

a. Maximum rents based on the WWS will be made compulsory

Municipalities will be given the authority to supervise and, where necessary, take enforcement action. Enforcement requests can only be submitted to municipalities by stakeholders. Municipalities may also take enforcement action pursuant to their own observations and implement risk-based enforcement based on other signs.

b. Assessments also possible for current lease agreements

The proposal is to open up the point-based rent assessment to tenants who inhabit homes in the former regulated segment, but who have a liberalised agreement, after the submission term of six months for the assessment of the starting rent has lapsed (so not made use of). In this situation, the home in question has a lower point score than the point limit for liberalisation in effect at the time (currently 147 points), but the starting rent was higher than the rent corresponding to that point total (€ 879.66, price level as of January 2024). Such lease agreements may thus be designated as falling within the regulated segment, even six months after their starting date.

The situation regarding these agreements is such that tenants presently do not have any options to enforce correction of the rent after the first six months have passed; in the future, however, they will be able to do so. Assessment of the current rent may lead to a lowering of the rent, but the tenant will not receive retroactive reimbursement of the sums paid in excess of the WWS maximum. This regulation is subject to a transitional period: after one year, i.e. starting on 1 July 2025, lease agreements whose point totals place them in the low-priced rental segment of the WWS, but which are currently leased for a higher (formerly liberalised) rent, will become subject to the compulsory regulation.

	I. Starting rent assessment	II. Point-based rent assessment
Legal basis	Section 249, Book 7, Dutch Civil Code	Section 249, Book 7, Dutch Civil Code
Effect	Rent reduction with retroactive effect up to the starting date of the lease agreement	Rent reduction without retroactive effect (starting from the moment indicated in the tenant's proposal)
Scope	All lease agreements	All lease agreements for independent homes
Moment of assessment	Ex tunc (based on situation at the time of the start of the lease agreement)	Ex nunc (at the moment indicated in the tenant's proposal)
Request submission deadline	Within 6 months after the effective date of the agreement.	No deadline

c. Assessment by Rent Assessment Committee and municipality

The currently available legal recourses via the Rent Assessment Committee and the subdistrict court are being supplemented with a third option available to all tenants in the Netherlands. The act prohibits landlords to charge rents in excess of the maximum WWS rent, while municipalities must monitor compliance with that maximum and may where necessary enforce it using administrative enforcement instruments.

The cooperation between the Rent Assessment Committee and municipalities will be organised as follows:

- The Rent Assessment Committee remains the primary recourse for rent disputes.
- Additionally, tenants who suspect that the rent charged exceeds the WWS maximum may submit an enforcement request to the municipality.
- In order to ensure that the Rent Assessment Committee is adequately prepared for this extension of its remit, a number of adjustments to the Rent Assessment Committee's legal framework have been proposed. These adjustments relate to the staff capacity and the financial stability of the Rent Assessment Committee.
- All tenants will have access to the Rent Commission regarding service charges.
- A public register will be created in which the Rent Assessment Committee publishes its rulings. If a ruling has already been given, the municipality can take enforcement action based on that ruling.
- Before municipalities move on to penalisation of a landlord, the government deems it preferable for municipalities to consult the Rent Assessment Committee on the valuation of a residential property.

	I. Rent Assessment Committee	II. Point-based rent assessment
Effective date of rent reduction	In case of rent assessment: as of the date indicated in the tenant's proposal for rent reduction. In case of starting rent assessment (within six months after effective date of the agreement): from the start of the agreement.	Date depends on the municipality's demand. The municipality may demand that the landlord ceases the violation within a reasonable period
Claiming back rent paid in excess	Yes, if the request for starting rent assessment was submitted within six months after the effective date of the agreement.	No, a rent reduction does not result in an obligation to repay excess paid rent
Penalty	No, except administrative fees to be paid by landlord if he/she loses the case.	Yes, the municipality can impose an order or fine on the landlord.
Support	The Rent Assessment Committee offers support to tenants (and landlords) through various channels, including its Customer Contact Centre (Klantcontactcentrum), but focuses on tenants in these matters. rent price policy.	The municipality more broadly monitors abuses (construction control, housing allocation, intimidation, discrimination, service charges) and can offer broad support for
Term	The Rent Assessment Committee generally gives a ruling within four months.	The time required for handling by the municipality depends on various factors (priority, attitude of landlord).

d. Landlords will be subject to additional information obligations

Pursuant to the Good Landlordship Act (Dutch: Wet Goed Verhuurderschap), landlords are obliged to include a WWS point score in an appendix to the lease agreement. This will make it clear from the outset how many points a home has, what the components of the rent are, and how the rent relates to the rent protection. Information about the rights and obligations of the tenant (including specification of the option to engage the Rent Assessment Committee) and the contact details of the municipal reporting centre must also be provided in writing.

7. Interaction with local new-build agreements

Various municipalities have indicated that they wish to retain the option of exerting control over matters such as rent price and surface area of mid-priced rental homes where new projects are concerned. They also wish to be able to continue setting a minimum term for these regulations. The Act does not preclude agreements between market parties and municipalities with regard to new construction projects in the mid-priced segment, as long as such agreements fall within the framework of the national regulations. The expectation is that the implementation of national-level rent price regulation will remove much of the need to regulate maximum rent prices for new projects, as it will establish national maximum rent limits in the mid-priced segment. This will have to be reviewed on a project-by-project basis.

8. Evaluation of legislation

The Act does not include a sunset clause. However, the act in its entirety and the amendments to the Residential Tenancies (Rent) Decree will be periodically evaluated by the Minister of the Interior and Kingdom Relations. This evaluation will pay specific attention to the need for and the effects of the mid-priced rent regulation, the enforceability of the legislation by the Rent Assessment Committee, and its consequences (financial and otherwise) for tenants and landlords. For monitoring purposes, the ministry will also inquire among housing associations and market party umbrella organisations to determine how many new-build plans and projects have been established each year.

Component	Evaluation clause
Affordable Rent Act	Within three years
Affordable Rent Decree – section that provides for the raising of the rent control ceiling	Within three years
Affordable Rent Decree - 10% markup for new-build projects until 2028	Once before 1 July 2027
Affordable Rent Decree – other sections	Once after five years
Good Landlordship Act (including amendments introduced alongside the Affordable Rent Act)	Once in 2026

The new housing evaluation system (WWS)

1. New valuation of energy labels

In the new system, energy labels will weigh more heavily due to the introduction of penalty points for the labels E, F and G and bonus points for labels A and higher. The increased valuation of the most sustainable labels will help improve the feasibility of new-build projects and encourage the sustainabilisation of the existing stock. The table below outlines the proposed changes to energy labels. The distinction between homes above and under 40 m² UFA has been abolished, and listed buildings ('monuments') are excepted from energy label point penalties.

Label	Now		Future	
	Single-family	Multi-family	Single-family	Multi-family
A++++	52	48	62	58
A+++	48	44	57	53
A++	44	40	52	48
A+	40	36	47	43
A	36	32	41	37
B	32	28	34	30
C	22	15	22	15
D	14	11	14	11
E	8	5	-4	-4
F	4	1	-9	-9
G	0	0	-15	-15

2. WOZ value

The principles for the calculation of points to determine the WOZ value (value for the purposes of the Valuation of Immovable Property Act) have been adjusted. Fundamentally, the most recently calculated WOZ value of the home pursuant to the Value of Immovable Property Act continues to apply. If no WOZ value has been determined, 85% of the assessed value of the property will be used instead. If no valuation is available, a minimum value of €73,607 will apply.

As regards the WOZ cap, the current situation is that the WOZ value of non-regulated homes may not count for more than 33% of the total number of points under the Housing Evaluation System (WWS points). In the current system, the rent-control ceiling is 147 WWS points. In the new system, the rent-control ceiling will be raised to 186 WWS points.

This means, concretely, that the WOZ value for a home with a point score up to 186 points will weigh fully, but the WOZ value of homes with 187 points or more may not count for more than 33% of the total number of points. Furthermore, when homes revert from the high-rent segment to the low or middle segment, they will revert to the upper limit of the middle segment (186 points).

Finally, the stipulation has been added that fluctuations in WOZ value while a contract is in effect cannot cause a home to revert from the high-rent segment to the regulated segment (low- or mid-rent segment). This only concerns the reversion of homes to a different segment; the maximum rent of regulated homes can still be reduced as a result of a change in their WOZ value.

3. More points for outdoor space

The valuation of private outdoor spaces currently stands at 2 points up to 25 m². For multi-family homes this is not adequate given that most homes only have small balconies under 25 m², so more differentiation will be needed in the future. In addition, shared outdoor spaces are only worth a minor amount of points. In the new bill, points for outdoor space are awarded as follows:

Area	Former point allocation	Revision	New point allocation
Up to 25 m ²	2	> 0 m ²	2
25 to 50 m ²	4	Per m ²	+ 0,35
50 to 75 m ²	6	Per m ²	+ 0,35
75 to 100 m ²	8	Per m ²	+ 0,35
100 m ² and more	10 to 15	Per m ²	+ 0,35
If no private outdoor space at all	- 5	If no private or shared outdoor space at all	- 5

In the new WWS system, the quality of outdoor spaces and the improved quality of life that they offer is valued more highly. Also, points will be deducted if the home in question has no private or shared outdoor space at all. In the current WWS system, this was only the case if a home lacked private outdoor space.

4. Updating of facilities appropriate to the times and mid-priced rental homes

The tables below provide an overview of the facilities whose point allocations have been updated.

Temperature regulation	Former point allocation	New point allocation
Cooling function per private room or other space (provided it also features a heating function)	0,00	+1.00 (maximum 2 in the event of multiple rooms or other spaces with cooling function)

Kitchen	Former point allocation	New point allocation
Built-in extractor system	0.50	0.75
Built-in induction hob	1.50	1.75
Built-in ceramic hob	1.25	1.00
Built-in gas hob	0.50	0.50
Built-in fridge	0.75	1.00
Built-in freezer	0.50	0.75
Built-in electric oven	0.75	1.00
Built-in gas oven	0.75	0.50
Built-in microwave	0.75	1.00
Built-in dishwasher	1.25	1.50
Extra cupboard	0.50	0.75
Single-lever mixer tap	0.25	0.25
Thermostatic mixer tap	0.50	0.50
Tap with boiling water function (integrated in the tap or as a separate addition)	-	0.50

Sanitary facilities	Former point allocation	New point allocation
Bubble bath	2.00	1.50
Full mounted shower partition	1.00	1.25
Towel radiator	0.25	0.75
Cabinet with built-in sink	0.25	1.00
Extra cupboard	0.25	0.75
Power outlet	-	0.25
Wall-hung toilet	0.50	0.75
Luxury mixer tap	0.25	0.25
Thermostatic mixer tap	0.50	0.50

Parking space	Description	New point allocation
Type I	Parking place in secure parking garage belonging to the property	+9 points per parking place, divided by the number of addresses that have access and right of use.
Type II	Outdoor covered parking place belonging to the property	+6 points per parking place, divided by the number of addresses that have access and right of use.
Type III	Outdoor uncovered parking place belonging to the property	+4 points per parking place, divided by the number of addresses that have access and right of use.
Charging station	If parking place features a charging station for electric vehicles, exclusively for use by residents	+2 additional points per parking place, divided by the number of addresses that have access and right of use.

5. Policy for listed buildings

Finally, the policy for listed buildings has been adjusted and simplified:

- The rent markup of 15% for urban conservation areas and village conservation areas is changed to 5%
- Municipal and provincial listed buildings are valued at a 15% markup
- The valuation of nationally listed buildings will be converted from 50 WWS points to a maximum 35% rent markup. In view of the direct financial consequences of this change, a specific transitional regulation will apply for one year
- Point penalties for EFG labels will not apply to listed buildings (EFG labels yield 0 points)

More information

Would you like to have the impact of the Affordable Rent Act on your residential portfolio or new development calculated? Let us know. Using newly developed models, we are happy to provide you with tailored advice. Recently, we developed an Optimisation Scan that provides insight into measures you can take to optimise the WWS (housing evaluation) points for your properties.

For more information, please contact:



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