



Ministerie van Binnenlandse Zaken en
Koninkrijksrelaties



Split incentives in the residential rental sector in the Netherlands

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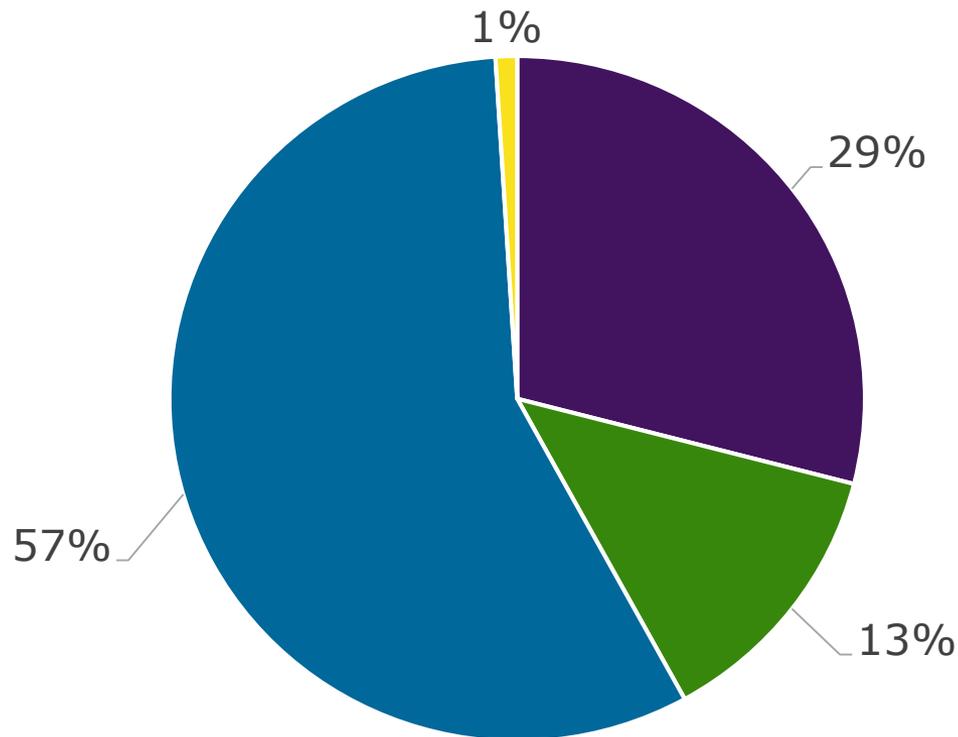
Overview

- The Dutch regulated rental market
- Three examples of overcoming split incentives
 1. Higher rent prices due to the Energy Label
 2. Separate energy performance payments in case of very deep renovations
 3. Tenant's right of initiating energy efficiency
- Discussion



Characteristics of the Dutch housing market

Housing stock by type of owner



- social housing organisations
- Private landlords
- Home owners
- Other



Size of regulated rental sector

*Deregulation limit:
€720 per month*

	Social/regulated sector (83%)	non-regulated sector (17%)	Total
Social housing organisations	96%	4%	100%
Private landlords /institutional investors	55%	45%	100%



Rental market regulation

- > Legal protection of all tenants: high level of tenancy security
 - > Price regulation: rent price depends on quality of the house.
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- Instruments:
 - Rent price regulation: maximum rent price based on size (m²) / **energy label** / market value / outdoor space
 - Restricted rent increase, depending on income and type of household
 - Social housing organisations: allocation of rental homes based on income, type of household
 - Housing allowance, depending on income and actual rent price



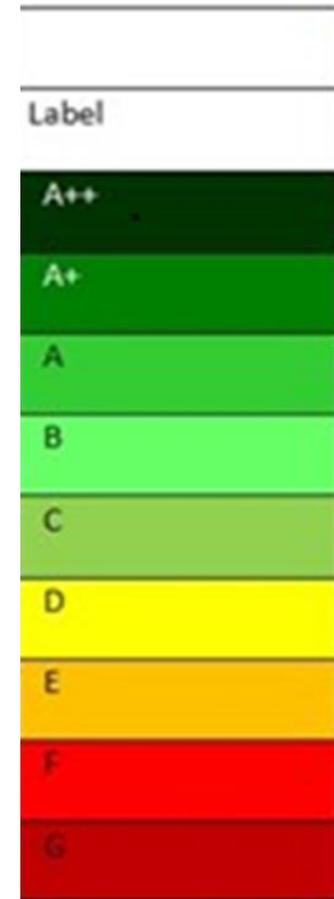
Rent price regulation

- › Maximum rent price based on:
 - size (m²)
 - energy label
 - market value
 - (a.o. outdoor space)
- Regulated < 142 points > non-regulated



1. Rent price and energy label

Energy Perf. Cert.	Max. monthly effect
A++	€ 200 - 220
A+	€ 180 - 200
A	€ 160 - 180
B	€ 140 - 160
C	€ 75 - 110
D	€ 55 - 70
E	€ 25 - 40
F	€ 5 - 20
G	-





2. Energy performance payments

- Separate energy performance payments in case of very deep renovations
- Comparable to new buildings or better
- Two rates:
 - $< 50 \text{ kWh /m}^2 \text{ / year}$
 - $< 30 \text{ kWh /m}^2 \text{ / year}$









3. Tenant's right of initiative

Civil Code

Three areas:

- Insulation of floor, walls and/or roof
- Double glazing
- Replacing and old, inefficient boiler

Landlord may ask a "reasonable" rise in rent price



Discussion

