City of Amsterdam

Ground lease is being overhauled

June 2015

In 2016 Amsterdam will introduce a perpetual ground lease system. Instead of setting the fee every 50 years, the fee you pay to use the land will be set for perpetuity. That means that leaseholders will no longer have to cope with unanticipated fee increases and will know for all time how much they have to pay.

600.000 Amsterdam residents live on leased land



What is a ground lease?

A ground lease allows you to use or develop land owned by another party, in this case of the Municipality of Amsterdam. As the lessee you pay a fee for that use.

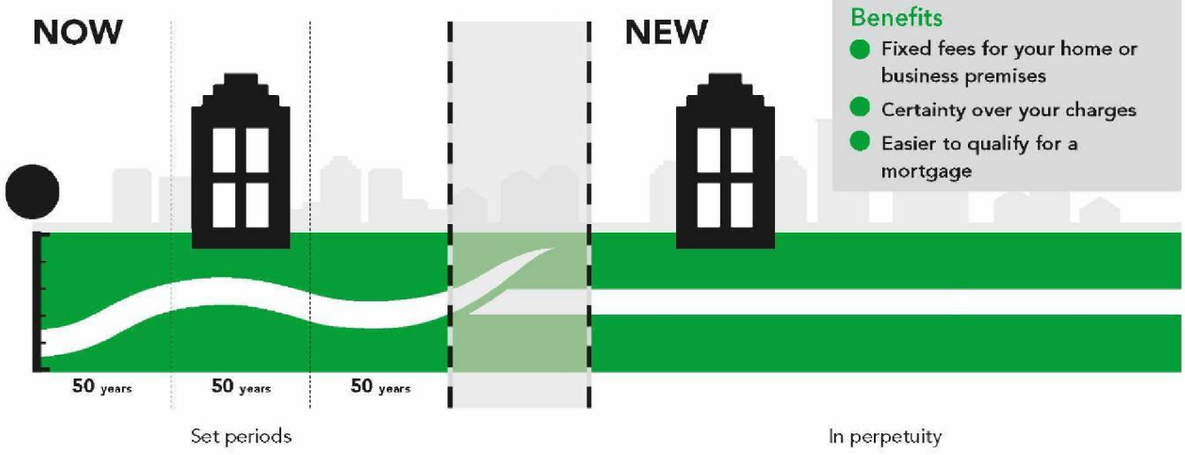
How is it regulated now?

At present, the Municipality sets the amount of the ground lease every 50 years. This is done on the basis of actual land values at the time. Often the land value has risen sharply in the intervening period, which means leaseholders suddenly have to pay a higher user's fee for the next 50-year period. Leaseholders frequently don't account for this increase when they take out their mortgage.

What will change?

As soon as you switch over to a perpetual lease the municipality sets the fee for all time. You can choose to pay this in one lump sum, and if you continue to use the land in the same way, no other charges will be levied. Under the same conditions, if you opt for annual instalments, then the amount will only increase in line with inflation.

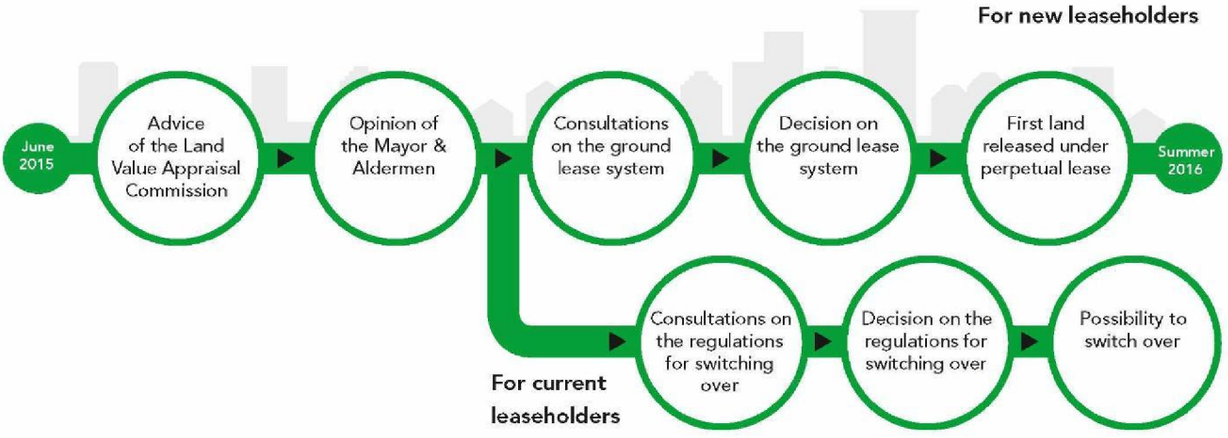
Towards a perpetual lease



Benefits

- Fixed fees for your home or business premises
- Certainty over your charges
- Easier to qualify for a mortgage

Towards a perpetual lease: the process



When will I know how this affects me?

At the moment the cost of a perpetual lease is still unknown. An independent Land Value Appraisal Commission advised the municipal authorities on this matter. This Commission also advised on the way leaseholders can switch from the current system to a perpetual lease. In the near future, the Board will decide how to incorporate the Commission's advice into the new system. The Mayor and Aldermen then open up the new system for consultation and clarify it to the City Council for final decision-making.

When can you switch over?

For newly built houses, the new system comes into effect in 2016. Next, current leaseholders will be invited to convert their leases. You can switch over as soon as the new system is effective, or when the current lease expires. The Municipality will contact you about switching over as that date approaches.

Want to join the conversation about perpetual leases?

The Municipality of Amsterdam would like to hear your views on the new ground lease system, and of course will answer any of your questions. You can also join the customer panel. Contact us at (10)(2e) @amsterdam.nl. We are organising consultations for the autumn of 2015, and all Amsterdam residents and leaseholders are invited to participate. After the summer, the dates, location(s) and additional information about these consultations will be available at **www.amsterdam.nl/erfpacht**. You can also log in via this site to become a member of the customer panel and/or to subscribe to the newsletter.



Want to know more?

The latest information in Dutch is here:
www.amsterdam.nl/erfpacht

Any questions?

Call: 14 020 or send an e-mail to
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