Perpetual ground lease



The City Council is currently working on creating the new perpetual ground lease system. Joint deliberations are expected after the 2015 summer recess, after which the City Council will then take a decision on introducing the new system in the spring of 2016.

How does a perpetual ground lease work?

With a perpetual ground lease, the amount of the lease payment is specified once only. This is done when someone takes over a plot of land from the City for the first time (in the case of new building projects, for example), or changes over to a ground lessee. Ground lessees can purchase the amount all at once as a lump sum or pay the ground rent annually. That ground rent will only rise thereafter in accordance with an index yet to be specified – with inflation, for example. The City Council will never alter the amount and the other agreements afterwards, so long as the use of the land doesn't change. This provides clarity and certainty for ground lessees, buyers, sellers and mortgage providers.

Who can use the new ground lease system?

From the summer of 2016 onwards, the new system will apply to all new ground lessees who, for the private homeowner, purchase residential and commercial property on new land to be released. In addition, all the 110,000 current ground lessees will be given an offer from the City Council to change over to the new system. Not everyone can change over at the same time, because that would involve a total of 250,000 ground lease contracts. The City Council is devising a phased plan for this purpose.

When will the new system start?

The City Council is currently working on creating the new perpetual ground lease system. Joint deliberations are expected after the 2015 summer recess, after which the City Council will then take a decision on introducing the new system in the spring of 2016. That would mean that the first contracts under the perpetual ground lease system would be signed in the summer of 2016.

What will a perpetual ground lease cost?

June 18, an independent land valuation commission advised the City Council on the value of a perpetual ground lease. Their advice is currently being discussed with different stakeholders, such as brokers, notaries, banks and, of course, leaseholders. All reactions will be weighed in to finally form the official stand point of the City Council. Only then will the first consequences of the new lease system become clearer. Formal participation ('inspraak' in Dutch) will take place by the end of 2015.

More information

For questions about perpetual ground lease contact us via phone number 14020 or send us an e-mail via erfpacht@amsterdam.nl

Or visit the Dutch website Amsterdam.nl/erfpacht.