

# The EU policy response towards housing

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# About us

**Network** of national and regional housing provider federations

- 4,500 public, voluntary housing organisations
- 28,000 cooperative housing organisations

**44 members in 24 countries (20 EU Member States)**

Manage **26 million dwellings**, about **11% of existing dwellings in the EU**



Our vision: ‘... a Europe which provides access to decent and affordable housing for all in communities which are socially, economically and environmentally sustainable and where all are enabled to reach their full potential.’

# Diverse Membership-social housing in the EU

Diversity of national housing situations, conceptions & policies

- **Tenures:** although social housing is mostly provided for rent, in many countries sale of dwellings is also possible, as well as the provision of intermediate tenures
- **Providers:**
  - Central Government
  - Local Authority
  - Independent Public Body or a Publicly Owned Company
  - Co-operative
  - Other Private Non-profit
  - Private Non-profit
- **Beneficiaries:** in some countries social or public housing is open to all citizens, in some others eligibility is based on income. In a few countries the most vulnerable households are priority.
- **Funding arrangements:** Financing models vary across countries (countries where the sector is almost 100% financed by public money; or housing providers rely heavily on credit).

# How to influence EU policy from a mixed membership organization?

- Through the constant **monitoring** of the work of the EU in the field of housing and related **advocacy** work, **developing a positive message** to EU leaders.

Priorities :

- **Sufficient long term financial resources** for affordable house building
- Support to **develop a business model** around the reduction of energy consumption in the housing sector
- Clear **visibility on housing needs** to help guide public decision on housing policies
- Support the **adaptation of the affordable housing sector to the challenges** of ageing and growing housing exclusion

# Benefits for Members



# Strong alliances



# Challenge the EU



# EU not competent on Housing?



Primarily the competence of the MS to provide with adequate & affordable housing (1993)

BUT! Almost every national government fails (homelessness)

- Inefficiency of national policies, resource constraints for public spending, changing socio-economic patterns, demographic pressures & shocks (refugee influx), lack of political will, structural problems

**The EU can act according to the Treaty of Maastricht:** *"Encouraging economic integration & promoting social cohesion"*

Assisting Member States

- a) by policy initiatives in which the Union has competence and programmes
- b) by providing structural and financial support

Right to housing?

Recognised in the UN International Covenant, European Social Charter- ratified by all Member States.

Significant gaps between MS (protection of the right, diverse housing provisions)

# Housing systems really matter



Housing policy is changing significantly in many countries: integrated with social security systems, environmental and regeneration policies.

Recognized: Housing policies shape the convergence



- Housing systems influence the overall **costs and benefits of Monetary Union**.
- Social housing systems are **key integrative systems**
- Social segregation **may erode the cohesion** and the competitiveness of neighbourhoods



**Interventions should take local housing systems into consideration.**



# General trends-EU policy towards housing since 2008

Period	EU policies and measures	Expected vs real outcomes	Economic rationale and key policy actors
2008-2009	The European recovery plan – support to housing refurbishment through Structural Funds and EIB	<p>Expected - <b>Increased investment</b> in refurbishment/construction of social housing</p> <p>Actual – real positive outcome in <b>some countries</b></p> <ul style="list-style-type: none"> <li>➤ inadequacy of the financial products offered</li> <li>➤ Reduction of public investment</li> </ul>	<p>Keynesian-type economic rationale</p> <p>European Commission (DG REGIO) and Member States</p>
2011 – to date	European economic coordination – Macroeconomic imbalances and country specific recommendations	<p>Expected – <b>Reduction of risks</b> related to overheated housing markets (Spain, Ireland)</p> <p>Actual – <b>Reduction of state support</b> to social housing</p>	<p>Focus on <b>supply</b> side of economy</p> <p>European Commission (DG ECFIN) and Member States</p>

# Current State of play

Period	EU policies and measures	Expected vs real outcomes	Underlying economic rationale and key policy actors
2013 – to date	Requirements to banks on capital ratios (CRD IV)	<i>Expected</i> – <b>avoid irresponsible lending</b> to housing activities <i>Actual</i> – <b>lower credit availability</b> for housing investment	Control of production and access to credit  European Commission; Member States; Banks
2014-2020	European Structural and Investment Funds, AMIF, H2020 + Juncker Plan → Support to social housing	<i>Expected</i> - Increased investment in refurbishment of social housing <i>Actual</i> – real positive outcome in some countries	Focus on <b>supply</b> side of economy + <b>emphasis on welfare</b> objectives  European Commission (DG REGIO, EMPL) and EIB

# Europeanisation of housing policies through the European Coordination of Economic Policies

- Policy and legal framework that focuses on **tackling macroeconomic imbalances- Contributed to the economic crisis!**
- If issues are not addressed, they could have huge negative impact on people's housing conditions



Led by DG ECFIN

Structure: **Country Reports**

- 1) In-depth reviews examining the existence & nature of possible macroeconomic imbalances in 18 Member States
- 2) **Country Specific Recommendations** (2016: Sweden, France, Ireland, the Netherlands)

# Change of approach in the Semester?

European Semester was criticised for **being non democratic and biased towards fiscal consolidation, useless...** but ....

Example of Ireland

Mr Moscovici on behalf of the Commission to an EP Written question:

*“The Commission is aware of the social consequences due to the pressures currently observed in the Irish residential property market. The Commission has therefore **recommended Ireland to prioritise public investment in infrastructure**, in particular transport, water services and **housing** as part of the proposed 2016 Country Specific Recommendations”.*

→ Does that mean a **change of approach of the EC ?**

→ Or « **simply** » **good lobbying** at the national and EU level from Irish NGOs that sided with their governments?



# Impact on national housing policies through the EU macroprudential rules on banks (« Basel III ») ?

Higher risk weighting and increased capital requirements

- **potential negative impact on relevant lenders' appetite** for lending to housing associations, and the overall cost of borrowing.
- Consequences: access to finance & cost of finance (constraining effect on housing association development capacity).

**Our Message: Social housing organizations need to be differentiated**

International agreement in process-Political issue



# Is Social Europe the future?



**Access to social housing is part of the Social Pillar**  
**EC considers that a good social policy should promote access to social housing**

- ✓ First clear attempt at EU level that covers the **right to housing** in a comprehensive manner
- ✓ Link the European Pillar to the **European Semester**
- ✓ **EU funding** is dedicated for housing infrastructure (ERDF, ESF+ EFSI)

So what is the concern?

- Principles are not directly enforceable –need dedicated national legislation  
Implementation: primary is the responsibility of MS (EC can only invite them to adopt measures for more effective housing policies)
- Applied first in EMU area and open to other MS to join- even bigger gap?
- **No indicator** in the [Social Pillar Scoreboard](#) refers to housing-no way to follow the process on affordability/access to housing.
- Finalisation-EPSCO Council -many national governments are opposed shifting more powers to EU

# Can the SDG Agenda help?

**Sustainable development – ‘Core value of EU, firmly anchored in EU treaties’**

2016 Communication can help supporting our demands

Important elements:

- We need growth that is socially inclusive and innovative
- A New Governance Approach (to **review the working methods of Eurostat, EU Semester**)
- Support the creation of Green Bonds, Deepen the European Monetary Union
- Develop “Sustainable Cities Benchmark”
- Shared responsibility of EU, MS, stakeholders, citizens
- **No clear implementation strategy- no attention to the alternative development models and economic and financial systems**



- EU implementation strategy (July 2017)
- Launch of a Multi-stakeholder Platform -exchange of best practices on SDG implementation across sectors (Responsible: Timmelmans)
- **Housing relevant Eurostat indicators**



# Urban policies as part of the Global Agenda

**Global Urban Agenda**-EC considers as integrated part of Agenda 2030

*§ 31-A call for local governments to **put in place housing policies***

*§ 46-Commitment to promote the role of **affordable and sustainable housing** and housing finance*

**Missing point: the recognition of the necessity to set up long term housing institutions & structures**

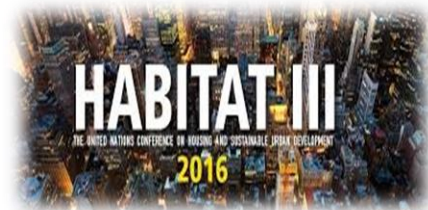
**EU Urban Agenda** -‘Key EU delivery mechanism’ (in particular SDG 11)

Integrated approach and long-term vision: to promote liveable, socially inclusive and safe, resilient, resource-efficient & environmentally sustainable cities.

4 Partnerships (Air Quality, Housing, Urban Poverty, Integration of refugees)

**Clear push for strengthening the recognition of the urban dimension**

- **Housing Partnership** run by DG REGIO involve MS, cities, EIB, stakeholders  
First multi-level coalition targeting to establish affordable housing of good quality  
Commission open to talk about **State Aid issue**





# Cohesion policy is key to deliver EU's objectives



**Structural Funds -significantly improved approach towards housing** compared to the last period:

- A larger budget for housing (6 billion)
  - Allocation even in INTERREG, UIA
- Flexible rules of the Fund usage- better combination (Multifund OPs)
- A more strategic focus



## Fears about post-2020

- EC, EIB pushes for increased proportion of financial instruments (now 12%): EP does not agree
- Ex-ante conditionalities to be linked to EU Semester: but DG ECFIN is not yet ready, the CSRs often do not target social housing
- Macro-economic conditionalities: we push to delete them (or adequate compensation mechanisms -> national co-funding to be exempted from deficit rules)

## Positive recommendations of EP

- **Partnership principle** should be legally binding
- GDP indicator not enough- **alternative indicators needed** (*the Social Progress Index*)
- Ensure consistency between **cohesion & competition policy** (in particular State aid rules)



# Real challenges ahead...

- At least **100 m** low and middle-income people in the UNECE region spend **more than 40 %** of their income on housing
- 1 out of 4 EU citizens are at **risk of poverty**-increase of 1.7 million people since 2014
- **Housing costs** a much heavier burden for the poor (41% compared to 22%)-81 m Europeans are overburdened
- **Housing exclusion, homelessness** is increasing
- **Lack of access** to decent affordable and social housing
- **Long waiting lists** for social housing



- **Demographic challenge** -Europeans will be the oldest in the world by 2030
- **Need for age-friendly housing**, effective health and care sectors
- **Generational gap on access to housing**- a divide between young and old
- Growing risk of social isolation-**1 person households** accounted for **1/3 of all households in the EU (2015)**

# Reflections on the future of Europe

## 5 scenarios after Brexit assessed

### 1) Single market only

- more competition in the construction sector
- less funding for affordable housing & reinforced state aid control

### 2) Small Europe

- subsidiarity and flexibility for national housing policies
- some financial support

### 3) Big Europe

- more financial support
- it could mean more prescription from the EU on economic and fiscal policies
- the **only scenario where** integration of migrants & fight against **housing exclusion would be tackled at EU level**

### 4) Multispeed Europe

- complex decision making at EU level (our advocacy work less efficient)
- potentially differentiated access to finance for “B countries” and/or countries not ready to follow the reinforced cooperation

## Paper on the social dimension of Europe → 3 scenarios

1. Limit the "social dimension" to free movement;
2. those who want to do more could do more;
3. **the EU27 to deepen the social dimension together: legislation, cooperation, guidance and funding**

### Meaning

- Legislation would set **minimum standards**
- in selected areas could fully harmonise **citizens' rights**
- **Binding benchmarks** could be developed
- **More funds** available to support **the fight against poverty and promote social innovation**
- EU funding could be made **conditional upon a commitment to reach certain benchmarks/adopt certain reform**

A chance to convince MS at the next Social Summit  
(Gothenburg, Nov 2017)

# Thank you!



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