



Housing costs and the EU initiatives against poverty and social exclusion

What is the best way to help the most in need?

CECODHAS - Housing Europe Conference

27 October 2010, Brussels

Hans Dubois

Eurofound, Living Conditions and Quality of Life Unit



The next 20 minutes...

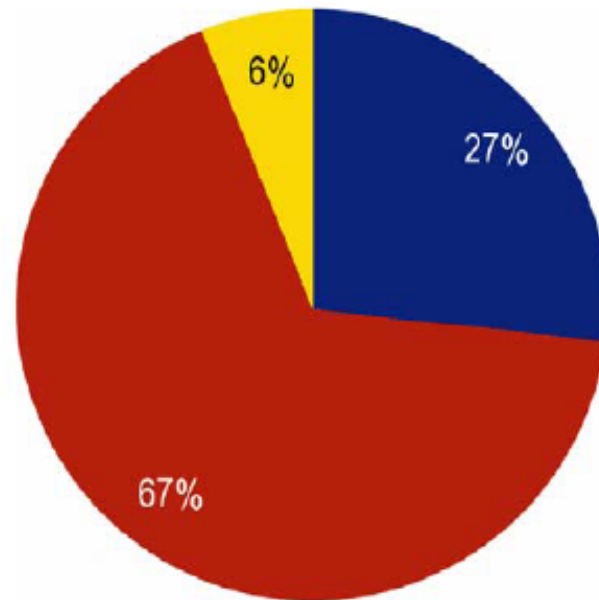
- i. Housing costs in the EU
 - a. nature
 - b. problem?
- ii. EU initiatives against poverty and social exclusion
 - a. general
 - b. housing cost
- iii. Some broad conclusions on how to help the most in need





I) Housing cost in the EU

QA28. Would you say that finding decent housing at reasonable price in the area where you live is ...?



● Very easy + Fairly easy ● Fairly difficult + Very difficult ● DK

● EU27

Source: Eurobarometer (2010)

Note: 2009 data



Housing cost...

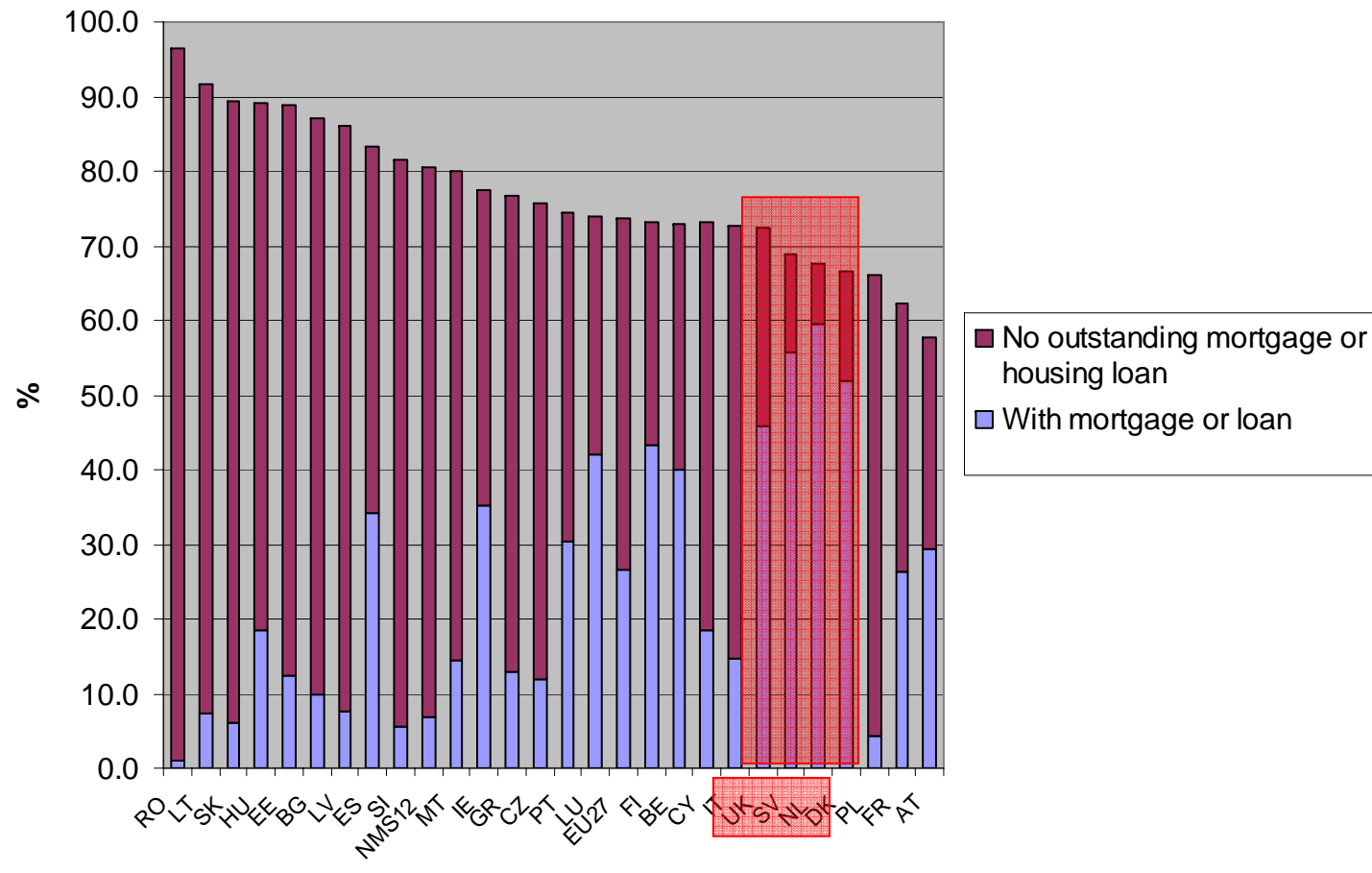
- Cost of ‘decent’ housing: quality & cost
- Not only the monthly rent or mortgage
 - ▶ energy bills
 - ▶ repair issues (e.g. bad insulation, leaking roofs, dampening walls)
- Housing costs on average 20% of disposable income
- For 1 in 8 EU citizens > 40%, strongly linked to poverty and social exclusion
- Cost components differ greatly depending on context!

Source: Elsinga (2010)





Home ownership



Different cost emphasis

- High rental (AT,FR): rents
- High ownership with mortgage (SV,NL): interest
- High ownership without mortgage (RO,SK): home repairs

- All: energy bills

- Important to take this policy context into account when taking an EU point of view



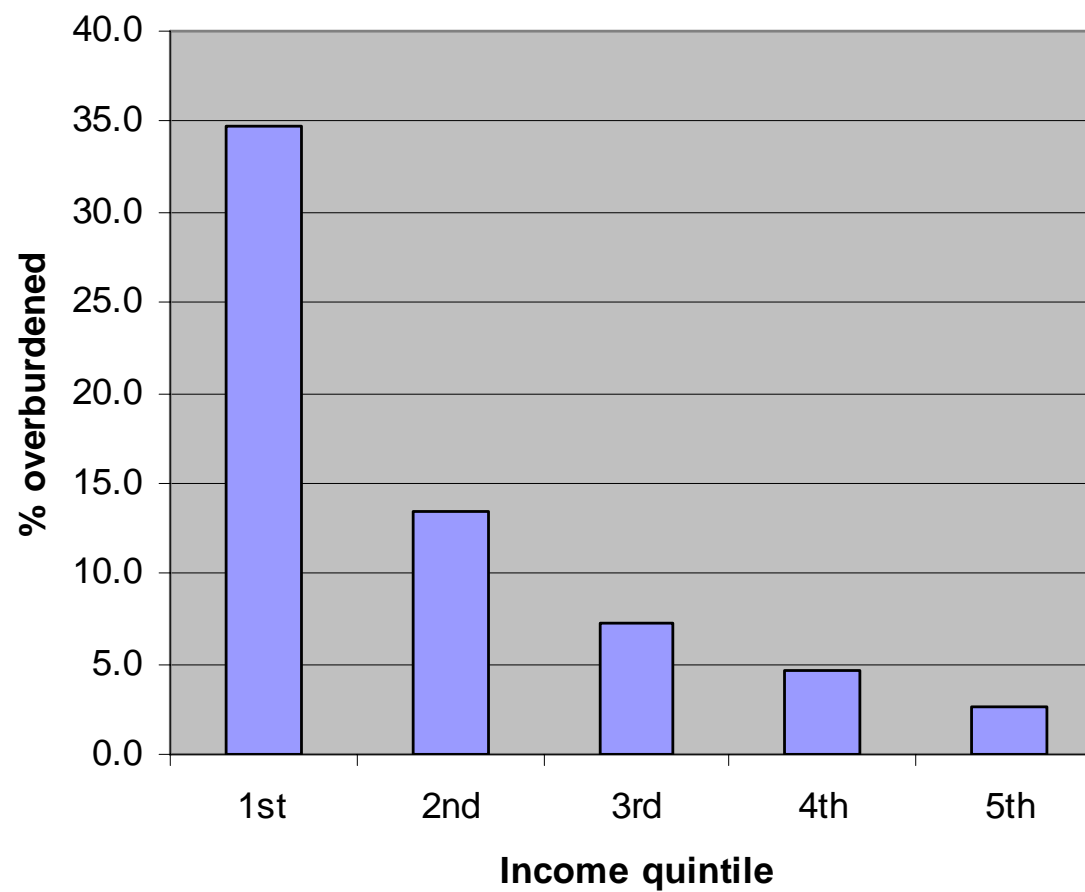
EU mean* housing cost overburden rate by...

total housing costs ('net' of housing allowances) >
40 % of disposable income

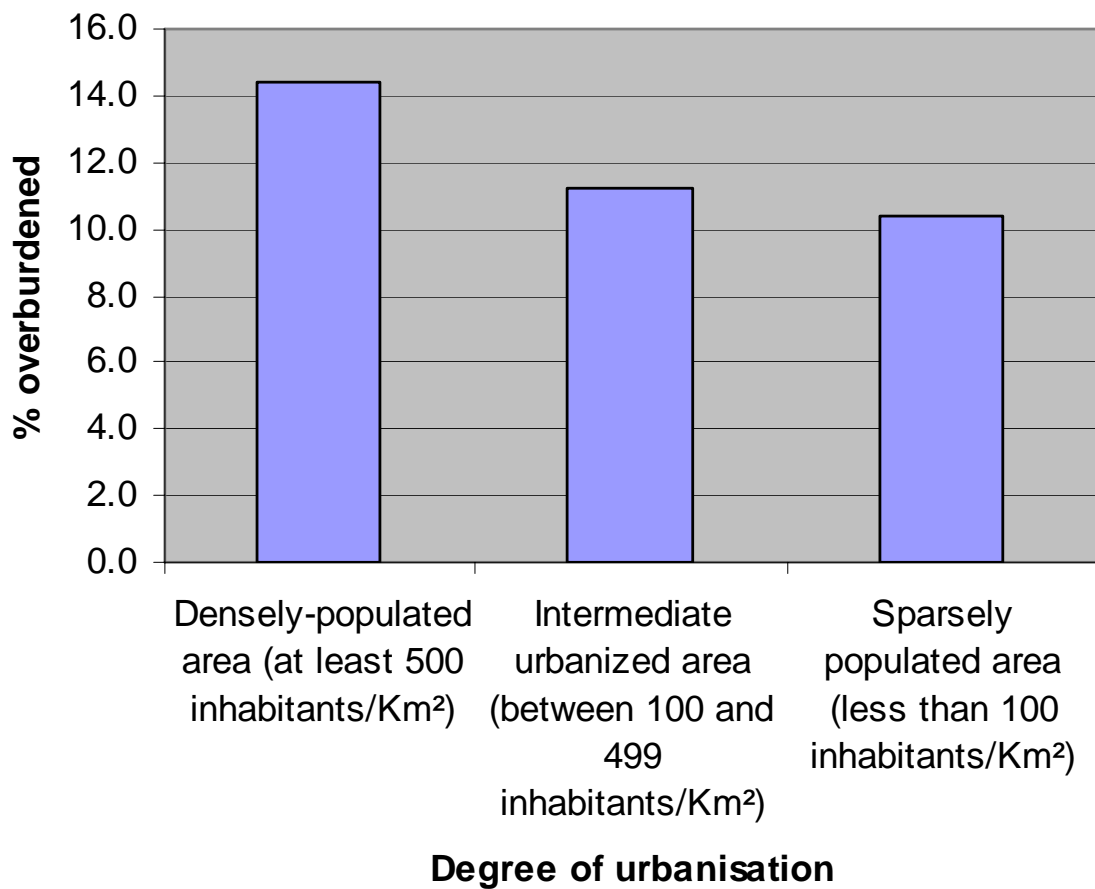
*population-weighted

Source: based on EU-SILC data

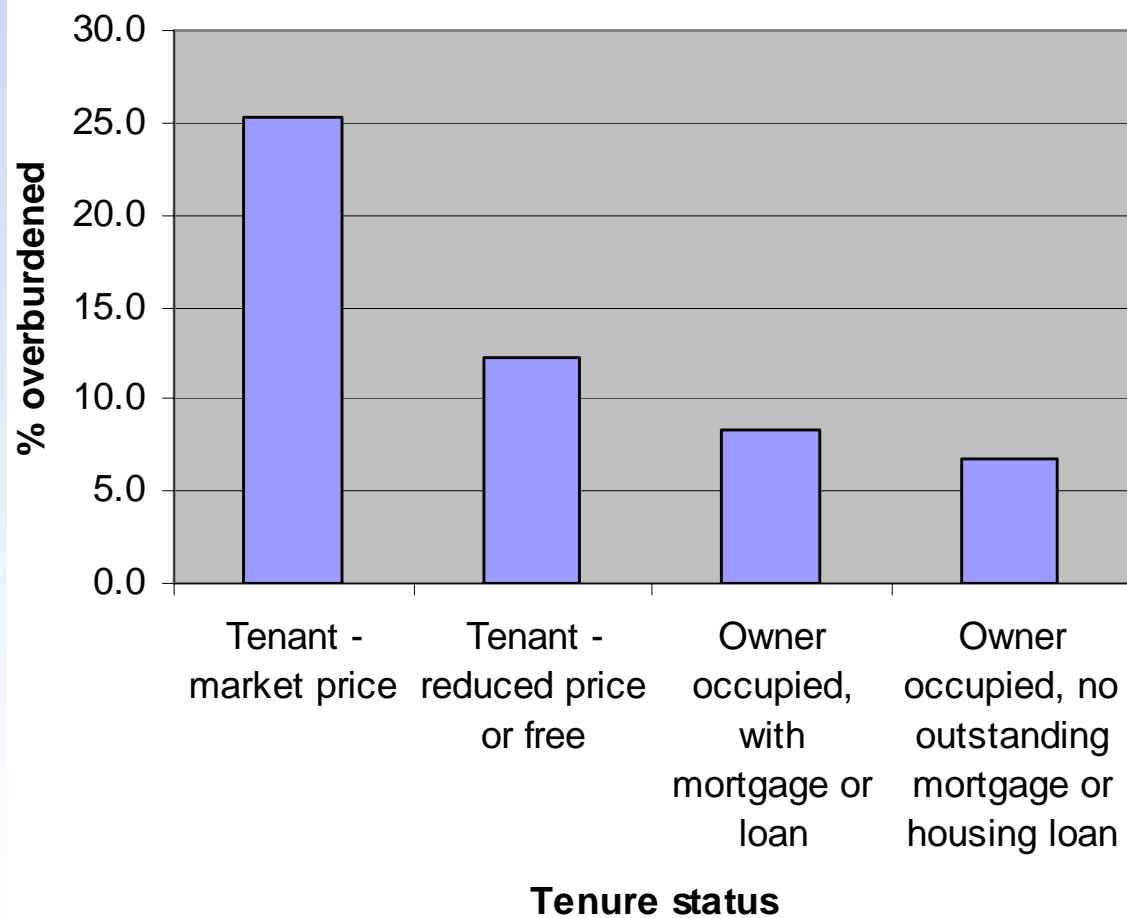
...income quintile



...degree of urbanization

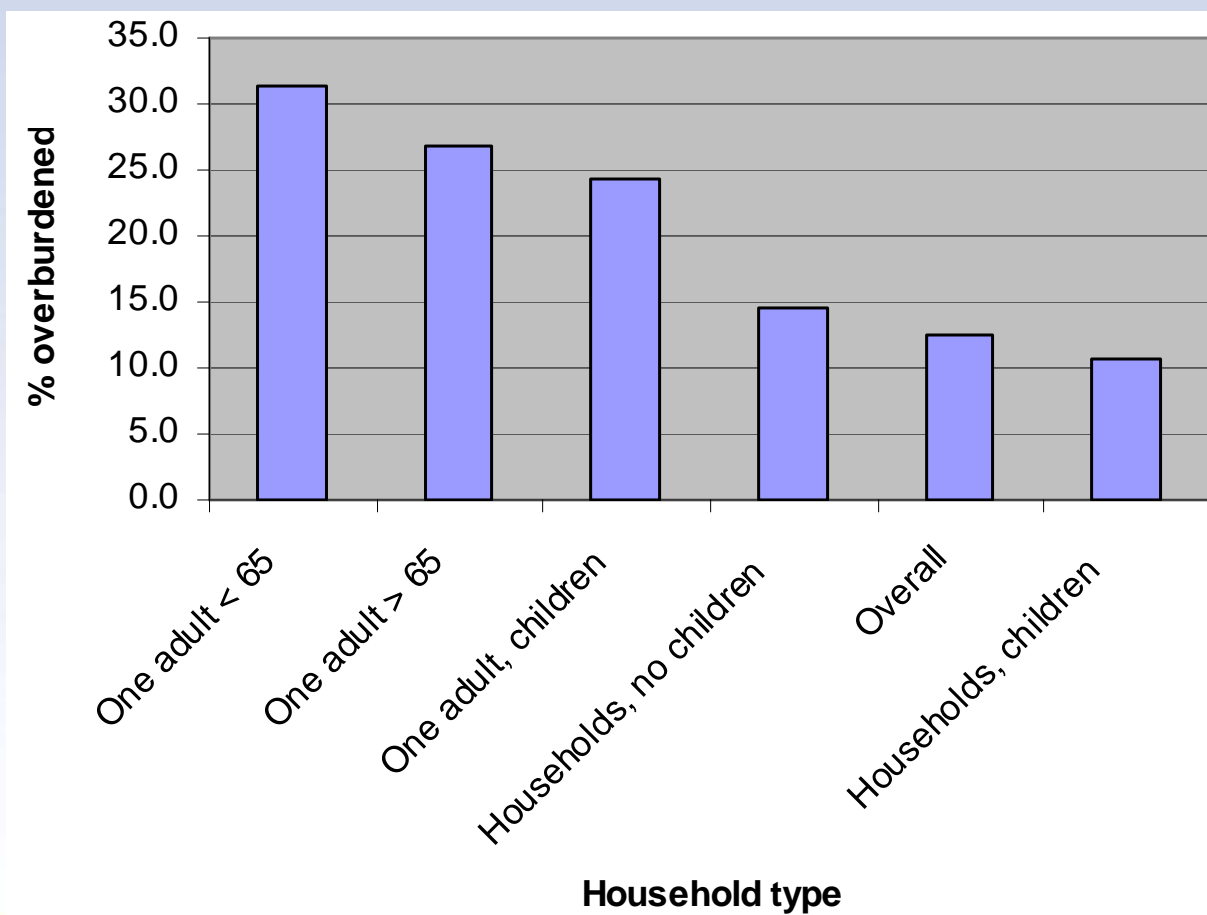


...tenure status





...household type



But...

- Aspects inter-related
 - ▶ e.g. couples with children might have higher incomes
- Spending more than 40% of income on housing is more problematic for some than for others
 - ▶ Alternative measure: arrears
- Not all type of payment problems are the same
 - ▶ Look at different arrears: mortgage/rent, utility, or both





	Household has been in rent or mortgage arrears over the past 12 months	
	Coefficient	Significance
Intercept	-1.914***	0.000
HEL	0.123	0.335
INC	-0.062***	0.000
CHI	0.082	0.100
SNG	-0.026	0.898
SNGCHI	1.149***	0.001
MIG	0.206	0.429
ILL	0.503***	0.000
FIFP	-0.043	0.860
NMS12	-0.222	0.281
FIFPNMS	0.055	0.854
OWNMOR	0.301**	0.030
FIFPFEM	0.566	0.138
AGE	-0.491***	0.000
FEM	-0.549	0.091
UNEM	0.625***	0.001

- Rent or mortgage arrears
- Most vulnerable:
 - ▶ Low income
 - ▶ Unemployed
 - ▶ Young adult
 - ▶ Single with at least 1 child
 - ▶ Chronically ill

Source: Dubois & Anderson's (2010) multinomial logit analysis of EQLS data





	Household has been in utility arrears over the past 12 months	
	Coefficient	Significance
Intercept	-0.953***	0.000
HEL	-0.035	0.634
INC	-0.147***	0.000
CHI	0.158***	0.000
SNG	0.050	0.667
SNGCHI	0.879***	0.000
MIG	-0.748***	0.003
ILL	0.430***	0.000
FIFP	-0.588***	0.000
NMS12	-0.203	0.095
FIFPNMS	0.374**	0.010
OWNMOR	-0.642***	0.000
FIFPFEM	0.404	0.070
AGE	-0.054	0.385
FEM	-0.650***	0.002
UNEM	0.451***	0.000

- Utility arrears
- Most vulnerable:
 - ▶ Low income
 - ▶ Unemployed
 - ▶ With children
 - ▶ Single with at least 1 child
 - ▶ Under 50 years, but less so: NMS
 - ▶ Chronically ill

Source: Dubois & Anderson (2010)





	Household has been in both rent or mortgage, and utility arrears over the past 12 months	
	Coefficient	Significance
Intercept	-0.273	0.184
HEL	-0.205***	0.004
INC	-0.120***	0.000
CHI	0.140***	0.000
SNG	0.237**	0.031
SNGCHI	0.511**	0.013
MIG	0.405***	0.004
ILL	0.150	0.060
FIFP	-0.281*	0.050
NMS12	-0.247**	0.031
FIFPNMS	0.196	0.201
OWNMOR	0.186**	0.032
FIFPFEM	0.411**	0.048
AGE	-0.357***	0.000
FEM	-0.533***	0.003
UNEM	0.702***	0.000

- Rent or mortgage & utility arrears
- Most vulnerable:
 - ▶ Low income
 - ▶ Unemployed
 - ▶ With children
 - ▶ Single with at least 1 child
 - ▶ Young adult, but less so: NMS & female
 - ▶ Migrant
 - ▶ Chronically ill
 - ▶ Bad social network

Source: Dubois & Anderson (2010)



EU initiatives against poverty and social exclusion

- EU Inclusion Strategy
 - ▶ Open Method of Coordination
- Funding
 - ▶ European Social Fund
 - ▶ European Globalisation Adjustment Fund
 - ▶ PROGRESS programme
- Future: EU2020
- Generic measures to combat poverty help, but not enough

EU action on housing

- Housing is not a competence of the EU, but many EU proposals and legislation directly impact upon it
 - ▶ Energy Performance of Buildings Directive
 - ▶ Services of General Interest
 - ▶ Construction Products Directive
 - ▶ etc.
- Also e.g. funding organizations & initiatives



Housing rights guaranteed by European Social Charter (came in force in 1999)

- Access to adequate and affordable housing;
- reduction of homelessness;
- procedures to limit forced eviction;
- equal access for non-nationals to social housing and housing benefits;
- housing construction and housing benefits related to family needs.



EC adopted proposal to boost energy efficiency and renewable energy in low-income households (2008)

- Part of the 2008 European Economic Recovery Plan targeting the most in need.
- Member States and regions can use European Cohesion Policy funding in the European Union to invest in energy-efficiency and renewable energy measures in housing.
- EU will be able to co-finance national, regional or local authority schemes to install double-glazing, wall insulation and solar panels in housing.
- Aims: save energy, cut emissions, bring down fuel bills for the most vulnerable in society and help industry



III) How to help the most in need?

- Ideas to move forward & stimulate discussion, rather than ‘best way’
- Probably makes sense to focus on policies targeted at
 - ▶ lowest-income quintile
 - ▶ market-price tenants
 - ▶ single households
- While focusing on these groups might be most effective, it does not mean other groups should be ignored, e.g.
 - ▶ reduced-price tenants
 - ▶ owners with mortgage (e.g. facilitate transition to less expensive dwelling for households with high-cost, sticky mortgages)



- Stimulate an exchange of *experiences* (not only good practices)
- Guarantee life in dignity
 - ▶ What if credit payments affect minimum living conditions?
Food vouchers? (note: Riga survey)
 - ▶ What if people are about to be cut off from utilities?
Make sure people are aware of rights (if they have). Transfers to households or to utility companies? (note: Hungarian experience)
- Stakeholder participation in planning, delivery & monitoring (most notably: people affected)*





Eurofound

Thank you!

Hans.Dubois@eurofound.europa.eu

Dublin, Ireland

