

**The State
Of Housing
In The EU
2019**



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While every effort has been made to ensure that the facts and figures in this report are accurate, some errors may remain.



Housing Europe, the European Federation of Public,
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FOREWORD BY HOUSING EUROPE PRESIDENT



As Housing Europe President, I am proud to introduce the 3rd edition of the State of Housing.

In June last year, the housing world gathered in Lyon for the International Housing Festival and agreed on the Lyon Commitment, a document which calls for a New Deal for housing to address this global challenge which is the affordable housing crisis. Therefore I cannot overstate the importance of this new edition of a publication which has a key role in setting out the housing reality on the ground in Europe. The State of Housing Report, using the Housing Europe network presents the evidence and examples needed to help drive a new deal for Housing with the right to housing at its heart. What we need in addition is the political will in our villages, towns, cities and countries to turn this right into a reality.

In this declaration we highlight, in 5 concrete steps, the role that the European Union can play in supporting the continent in this challenge going from having a supportive legal basis to the creation of more instruments to support investment. Our ambition is that both the European Commission and the European Parliament will use this report as a reference point in the hard work that expects them in this new term for a more cohesive and inclusive Europe. Housing Europe looks forward to working with the European Institutions to meet this challenge.

*Cédric Van Styvendael,
Housing Europe President*

<https://www.ishf2019.com/lyon-commitment-for-a-society-committed-to-affordable-housing/#>

INNOVATING TO FACE THE NEW FRONTIERS



In this new edition of the State of Housing report, the Housing Europe Observatory has included some elements highlighting innovation within the housing sector.

The new frontiers in broad policy framework are the Sustainable Development Goals: reaching almost all of these goals will require more responsible housing policies. The new frontiers in our sector which social housing providers is to future-proof our Europe's districts & neighbourhoods which can cater for climate change, ageing population, growing levels of housing exclusion of our youth, integration of services, changing lifestyles, sharing economy, circular economy and of course the need to decentralised and adapt our energy supply to these realities.

Many tools are needed by housing providers to reach the new frontiers, such as for instance industrialisation of construction and renovation, circular renovation modules, zero-emission neighbourhoods, integrated home renovation service, digital tools and gamification, and BIMs.

But the key tool to meet the new frontiers is partnerships – this we see in European Responsible Housing Awards and in the examples collected in the Observatory briefings produced over the past two years: that most innovation is born from new partnerships with residents, communities for increasing community leadership, with associations, with cities, with social services to adapt to increasing social problems, with the private sector etc. This will be the topic of Housing Europe Annual conference in Scotland in 2020.

Furthermore, the Housing Evolutions website we're planning on launching next year will be a crucial source of inspiration for the sector to help with future proofing and using the open source dimensions will also bring in input from the wider housing world.

*Sorcha Edwards,
Housing Europe Secretary General*

HOUSING EUROPE OBSERVATORY: GENERATING EVIDENCE FOR SUSTAINABLE HOUSING FOR 25 YEARS



2019 marks a special anniversary for Housing Europe Observatory. It's now 25 years since the first research bulletin was issued by the European observatory of social housing, which at the time was set up in Paris as a joint initiative from CECODHAS (now Housing Europe) and the French federation Union Sociale pour l'Habitat. Today, the Observatory is fully established as Housing Europe's research unit in Brussels and represents a reference point on housing across Europe.

25 years of research and analysis of housing market failure in Europe, of social and affordable supply strategies and policies of Members States, of crisis and reforms – lead us to conclude the following: housing is a common good and a fundamental right and as such requires legal protection, regulation and support.

Today more than ever, we need to change our view of housing and establish a strategy at EU level to achieve affordable housing for all as a common good, for the general interest, including to face climate change. In a context where local, national and European policies are increasingly intertwined, the role of the Observatory becomes even more important in making sure that priorities set by policy-makers are aligned with the reality on the ground.

*Laurent Ghekière,
Chair of Housing Europe Observatory*

THE HOUSING EUROPE OBSERVATORY

The Observatory is the research branch of Housing Europe. The main aim of the Observatory is to identify research needs and analyse key trends in the field of housing and social housing at European level, and thus support Housing Europe's policy work by providing strategic and evidence-based analysis. Contact: Alice Pittini, Research Director, alice.pittini@housingeurope.eu

A FEW WORDS ON HOUSING EUROPE

Housing Europe is the European Federation of Public, Cooperative & Social Housing, a network of 45 national & regional federations gathering in 24 countries:

- About 43 thousand housing organisations on the ground
- Almost 25 million homes
- Roughly 200 hundred thousand homes newly provide per year

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- **Italy** (Fondazione Housing Sociale)

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- Habitat for Humanity
- IWO – The housing initiative for eastern europe
- Urbamonde

DECODING THE NEW HOUSING REALITY - HIGHLIGHTS FROM 'THE STATE OF HOUSING IN EUROPE 2019'

The Housing Europe Observatory, the research branch of Housing Europe celebrates its 25th anniversary by presenting the latest edition of its flagship report 'The State of Housing in Europe' that has become over the last years the biennial compass of Europe's housing sector. Here are in a nutshell the highlights of this unique report.

1. ADDRESSING A STRUCTURAL PROBLEM WITH PATCHWORK

Europe's housing crisis, already identified in the 2015 and 2017 editions of the 'State of Housing in Europe' is still a reality many countries are confronted with. What we have seen, in the meantime, is that although this is clearly a structural problem- as the data below shows- it continues to be addressed by decision makers with a patchwork of, often costly, policy solutions.

While populations as a whole may not struggle to put a roof over their head, national statistics often hide huge differences in terms of how different income groups and geographic areas are impacted. In 2017, 10.2% of households in the EU spent over 40% of their disposable income on housing costs, but this share increases to 37.8% when considering households at risk of poverty. At the same time, when housing costs are taken into account, 156 million people are at risk of poverty, as against 85 million before housing costs are taken into account (EU SILC).

On top of that, while a 2018 study by the High-Level Task Force (HLTF) estimated that the investment gap in affordable housing stands at €57 billion per year, public investment in the sector that could boost the supply keeps falling. Instead, governments are often focusing on incentives to private developers while housing supports for low income households is increasingly being given in the form of social welfare type payments. Between 2009 and 2015, expenditure on housing allowances in the EU has increased from 54.5bn to 80.8bn Euros.

Nobody can argue against the necessity of social welfare support delivered via housing allowances that are essential for millions of Europeans but this should not prevent governments from addressing the structural problems causing the housing crisis, which additionally can lead to significant savings on the long term.

2. HOUSING AND THE ALARMING SOCIAL DIVIDE

The housing question is at the heart of the growing social divide that we observe in most European societies over the last years. While accessing and sustaining decent accommodation is primarily an issue for those living on low incomes, more and more people are affected by the lack of affordable housing, particularly in big cities, and make their voice heard putting housing de facto on the political agenda. Rising rents have mobilized thousands of people across Europe, while for the first time ever a European Citizens' Initiative has been launched calling for more affordable housing in Europe.

Although attention is drawn to the need to reduce the energy consumption in our homes, energy poverty is affecting almost 50 million people in Europe and investment in better quality homes is slower than necessary, often for those who need it most, impacting also the public budgets allocated in health.

What has become also evident over the last couple of years is that housing has been used as part of the wider populist, anti-immigration agenda, making the link with the arrival of new populations and supply shortage across Europe while over-looking the pre-existing shortage and under-investment. This narrative has unfortunately hijacked the housing policy in many cases.

3. CITIES AT THE FOREFRONT OF THE HOUSING CHALLENGE

The role of cities in determining housing policies and ultimately housing conditions of their inhabitants has become a key policy topic in recent years. This is due on the one hand to increasing evidence showing that cities, in Europe and beyond, are the places where the shortage of affordable housing is mostly concentrated and on the other to a number of city-led policy initiatives in the field of housing.

The extent to which cities are active in tackling the housing shortage varies significantly. Exemplary cases are often to be found in a context where municipalities must respect targets on affordable housing delivery – as it is the case in France- and where devolution of powers and competences mean that the city administration can play an active role- with examples such as Vienna, Munich or Barcelona. However, lack of available land, NIMBYism, existing problems with spatial inequalities and segregation, in some cases a preference by local administration to use available land for more lucrative activities – ultimately simply lack of political will, prevent the implementation of local housing policies in many countries.

No matter which path cities are taking in the housing challenge crossroads, the lesson learnt over the last years is that the housing issue cannot be addressed with purely housing tools. Improvement of transport within city districts and between other agglomerations for instance can be used to reduce pressure. An integrated urban approach can provide with sustainable policy initiatives.

4. CHANGES IN HOUSING DELIVERY

The role of social and affordable housing providers continues to evolve, going beyond just housing provision reacting to changing needs. Supported housing schemes helping households with economic and social difficulties to access and keep permanent housing are now a reality in France, Italy and Spain.

==Housing providers deploy more and more partnerships with employment services to help residents get into work, as in the case of the French 'Pack Emploi-Logement'. Mobility and digitalization are also incorporated in the traditional public, cooperative and social housing models with providers putting in place car sharing platforms or e-platforms to access parking spots in Austria and installing chargers for electric cars in Norway and in Spain. At the same time, the housing selection experience is changing with tenants now having in many cases the option of a 'virtual tour' of the premises or even the possibility to swap

social housing units using just an app, see for instance the Dutch 'Huisjehuisje'.

5. HOUSING, A PRIORITY FOR DECISION MAKERS AT LOCAL, NATIONAL AND EUROPEAN LEVEL

No doubt, housing is a local issue and, as mentioned above, local authorities tend to take over bigger shares of responsibility. However, the national policies as well as the European agenda in multiple housing-related areas are more than ever intertwined with the local dimension. Social and affordable housing has been at the heart of the EU Urban Agenda. The EU is now aiming to implement effectively the "Housing and assistance to homeless people" part of the European Pillar of Social Rights. At the same time the EU internal market legal framework for affordable housing is impacting local and national housing policies. Could the future see the EU dedicating an investment fund to housing or excluding investments in social housing from the Stability Pact? It's probably a matter of time...

** More information online: www.housingeurope.eu*

Housing Europe is the European Federation of Public, Cooperative & Social Housing. Since 1988 it's a network of 45 national & regional federations gathering 43.000 housing providers in 24 countries. Together they manage over 26 million homes, about 11% of existing dwellings in Europe.

**Trends
In Housing
Affordability**

HOUSING AFFORDABILITY IN EUROPE: A BRIEF ASSESSMENT USING EU-SILC DATA

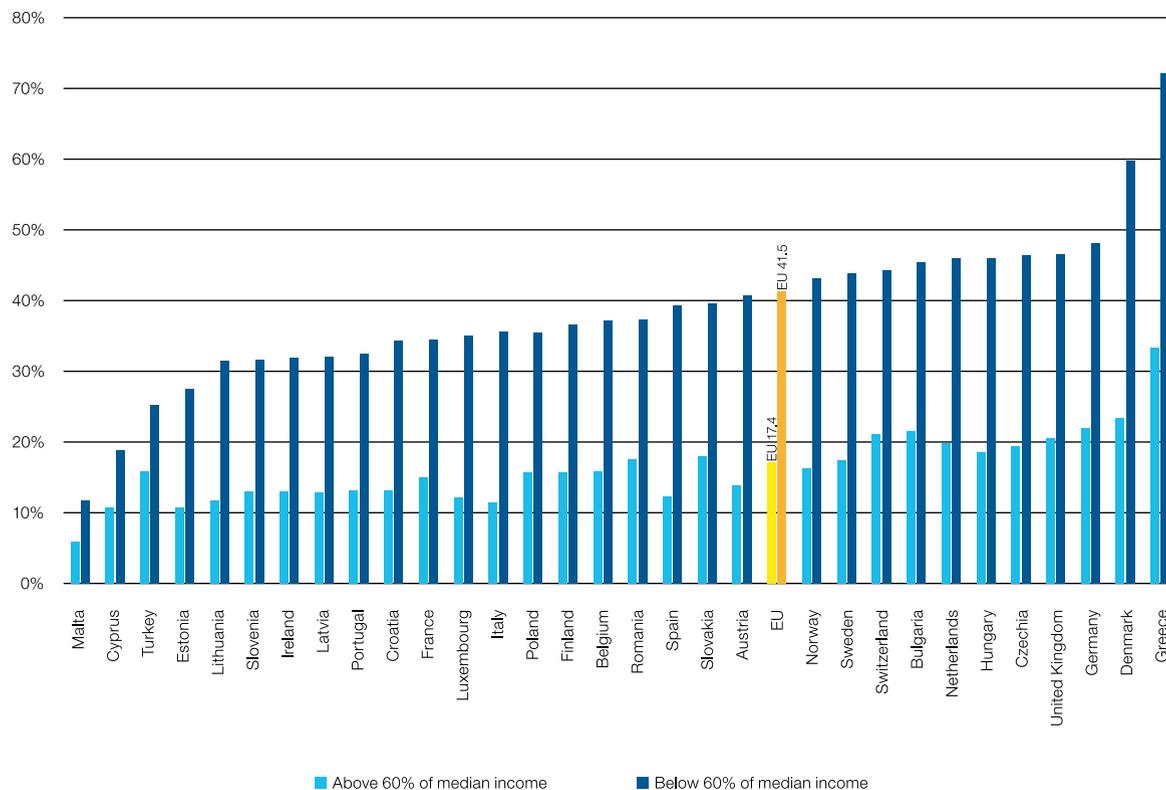
How affordable is housing in Europe? If popular citizens' movements, newspaper column inches and the tone of much political discourse is to be believed, then being able to put a roof over one's head at a reasonable price is a serious issue in many regions of Europe.

Using the most recently published European Union Statistics on Income and Living Conditions (EU-SILC) data, which is for 2017, we can attempt to make a Europe-wide assessment of affordability issues, while of course being cognoscente of the fact that 'quirks' or individual market characteristics present in some countries can make comparability somewhat tricky. The average EU household is paying an estimated 21.4 per cent of its disposable (after taxes and social transfers) income on housing. This

includes spending on things like rent and mortgage interest payments, property related taxes, as well as home maintenance and insurance. With many economists arguing that housing costs of less than one third of household income can be considered 'affordable', it would appear on the face of it that the average European household is not particularly overburdened when it comes to meeting its housing needs. Greece is the most notable exception with over 41%. This can be largely explained by the fact that net median household incomes in the country were down by a staggering 36 per cent in 2017 versus their peak in 2010, following on from the Greek financial crisis (EU-SILC ilc_di04), whilst the numbers in full-time employment are currently down by 20 per cent from their peak. By contrast, full-time employment in the EU as a whole recently hit a new all-time high (Eurostat ifsa_epgaed).

This seems to contradict the aforementioned increased level of public discussion of issues around housing affordability. However, as Figure 1 indicates, housing affordability is clearly more of an issue for lower income households.

Figure 1
Share of housing costs in disposable household income - 2017 (by income group)
 Source: EU-SILC [ilc_md01]



The differences between households whose income is 60 per cent of the median national level and those above 60 per cent is often stark. In the vast majority of countries, spending by lower income households on accommodation is above the one-third threshold. Indeed, the EU average for this income cohort was 41.5 per cent in 2017. The EU

average spend for higher income households was just 17.4 per cent. The large dichotomy between different income groups is not a new phenomenon. While spending on housing has decreased slightly over the past decade (on an EU average basis), this reflects a decline amongst higher income households. Their expenditure has fallen from 20.3

per cent of equivalised household disposable income in 2007, to 17.4 per cent in 2017. Lower income households have seen their spending on housing remain broadly stable, averaging 41.4 per cent over the period. One factor which likely goes some way to explaining the fact that lower income households have not seen the same

decline in spending which higher income households have seen is, tenure. By this it is meant the 'legal' relationship between households and their dwelling. In other words, do they own their property (with or without a mortgage), or are they tenants (at market or reduced rents).

Table 1
EU Average Housing Tenure Status by Income Group
 Source: EU-SILC [ilc_lwho02]; Note: Figures are for EU-27 (i.e. ex-Croatia)

Below 60% Tenure

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Owner (with mortgage)	11.4	11.8	13.4	13.5	12.5	12.6	12.4	13.4	12.1	12.1	11.4
Owner (without mortgage)	48.7	46.5	45.1	39.1	39.7	39.3	38.4	38.1	37.7	37.8	37.8
Market Rent	18.1	18.4	18.7	27.5	27.5	29.4	30.1	29.8	31.6	31.4	31.5
Reduced Rent	21.8	23.3	22.8	19.9	20.3	18.7	19.1	18.7	18.6	18.8	19.3

Above 60% Tenure

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Owner (with mortgage)	28.5	29.5	29.5	30.6	30.5	30.1	30.5	30.1	30.1	29.8	29.8
Owner (without mortgage)	46.8	46.6	46.5	43.3	43.4	43.8	43	43.4	43.1	43.2	43.5
Market Rent	11.5	11	11.5	15.6	15.9	16.3	17	17.2	17.5	17.8	17.9
Reduced Rent	13.2	12.9	12.6	10.5	10.2	9.7	9.4	9.3	9.3	9.2	8.9

For both lower and higher income households, the percentage who own their home with a mortgage have seen little or no change versus 2007. Those who own their home without a mortgage has been broadly stable amongst higher income households, whilst there has been a significant decline in rates amongst lower income households. This is a significant development, as it reflects not only an inability of lower income households to afford to buy their own home, but also because households who own their own property typically face the lowest housing costs. Those availing of 'reduced rent' accommodation, such as social and affordable housing, have declined for both income groups. This will of course have had a negative impact on housing affordability.

The key issue, though, seems to be the sharp rise in those paying 'market rents'. This broadly consists of households renting their property off a private landlord¹. Amongst higher income households, this has increased by 6.4 percentage points, from 11.5 to 17.9 per cent. Amongst lower income households, we have seen a far more significant 13.4 percentage point increase, from 18.1 to 31.5 per cent.

This reflects a broad number of issues which will be mentioned in the next chapters of this report, including financialisation of property, urbanisation, changing life cycles, as well as mortgage lending restrictions and a lack of construction activity in some countries. Policy choices are also part of the explanation: housing supports for low income households are increasingly being given in the form of social welfare type payments, rather than in the form of government supported social and affordable housing units. These payments often go towards 'topping-up' disposable income in order to allow lower income households afford privately available rental accommodation. However, at a time when construction output is far below underlying demographic demand in many regions, these payments may do little other than inflate already overheating markets and encourage financial speculation and economically

unproductive 'rent seeking' activities². The result of all of this is borne out in the EU-SILC data. They confirm that households in the private rental sector are significantly more likely to be 'overburdened' by the cost of meeting their housing needs. Eurostat defines being overburdened as any household whose expenditure on housing exceeds 40 per cent of disposable income.

Data show that in 2017, 26.3 per cent of households in the private rental market in the EU were overburdened by their housing costs. This is broadly in line with its average over the last decade. By way of contrast, just 10.4 per cent of all households are overburdened³. Thus, the recent shift towards private rental tenures seems to be related to a lack of improvement in affordability for lower income households. Another issue to consider in the discussion around housing affordability is 'urbanisation'. It can be observed across Europe that cities and urban areas tend to have noticeably higher property and rental prices. Not surprisingly then, the SILC figures show that housing overburden rates are highest in cities, followed by towns and suburban areas, with the lowest rates being found in rural areas, where housing is comparatively less expensive.

¹ It should be noted that while countries like Denmark and the Netherlands have large socially rented sectors, issues with classification of tenancies by the EU-SILC data mean that these are still classified as being 'market rented'. See <https://www.oecd.org/els/family/HM1-3-Housing-tenures.pdf> for more details on this.

² Rent seeking refers to the return from a factor of production in excess of the cost of bringing it into production. Since land has no cost of production, any payment given for its use can be considered to be rent seeking. It extracts the proceeds of economic growth and local investment, without contributing anything itself and most economists agree that it should be discouraged by governments.

³ It is important to note, though, that 'Owners (With Mortgage)' do not have their repayment of the 'principal' of their loans included in housing costs, only interest payments, thus the overburden rate for this category is likely understated to some extent.

Figure 2
EU Housing Overburden Rate (%) by Household Tenure (All Household Income Groups)
 Source: EU-SILC [ilc_lvho07c]

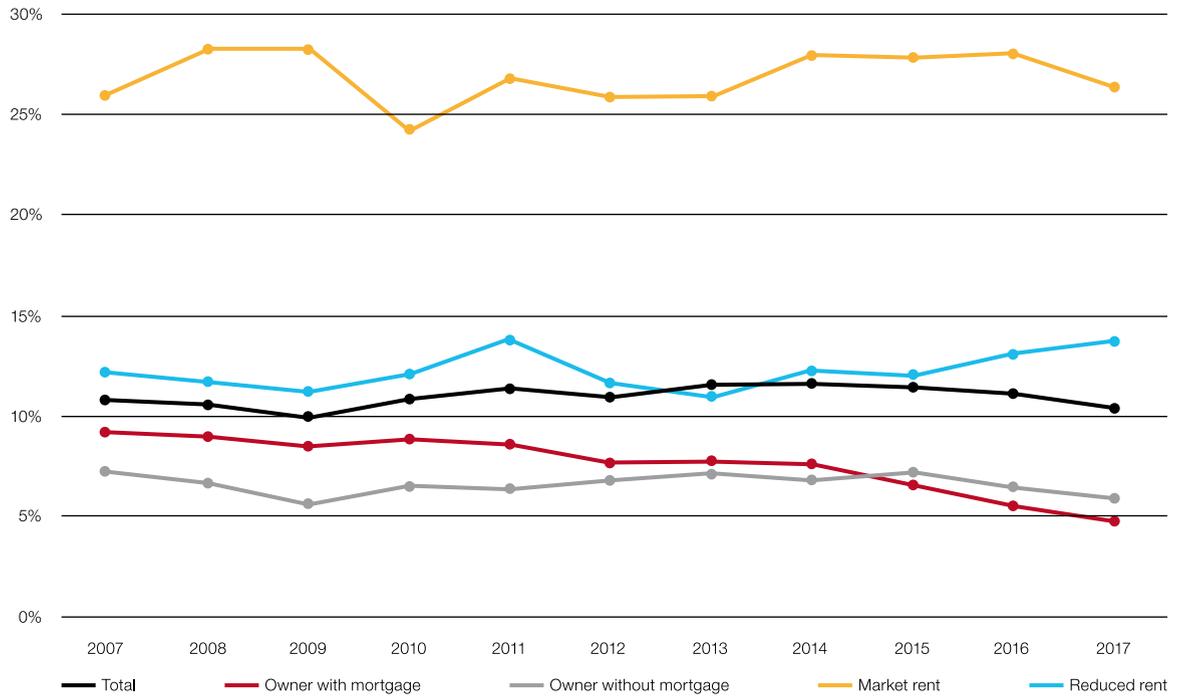
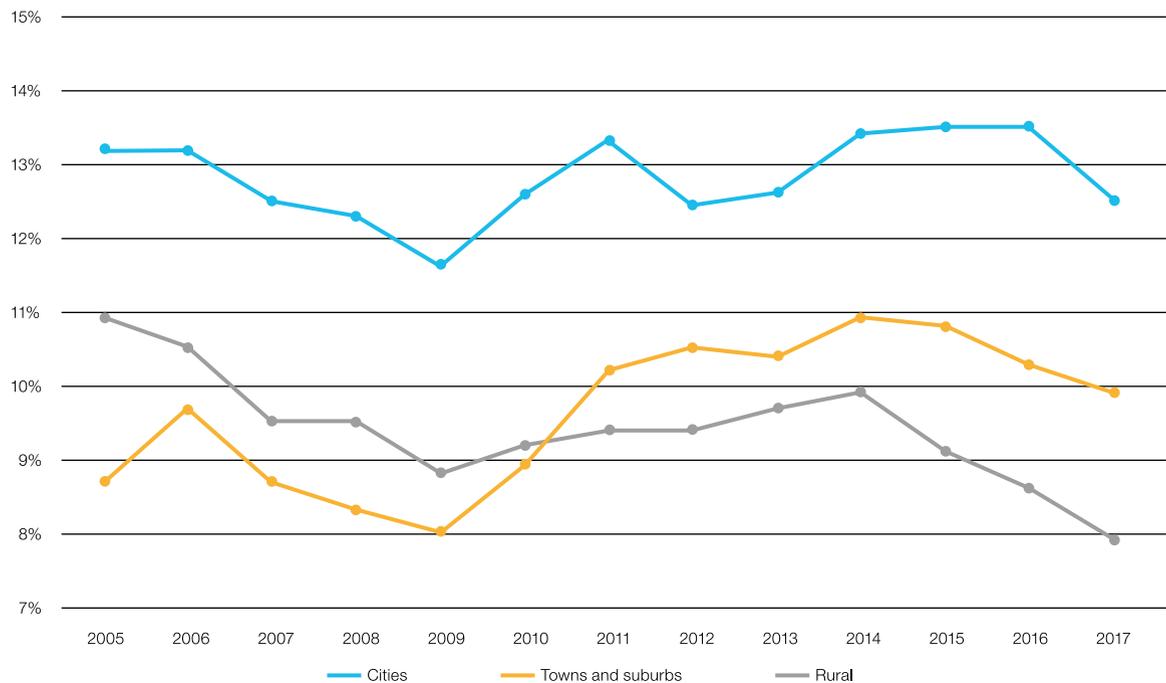


Figure 3
EU Housing Overburden Rate (%) by Degree of Urbanisation
 Source: EU-SILC [ilc_lvho07d]



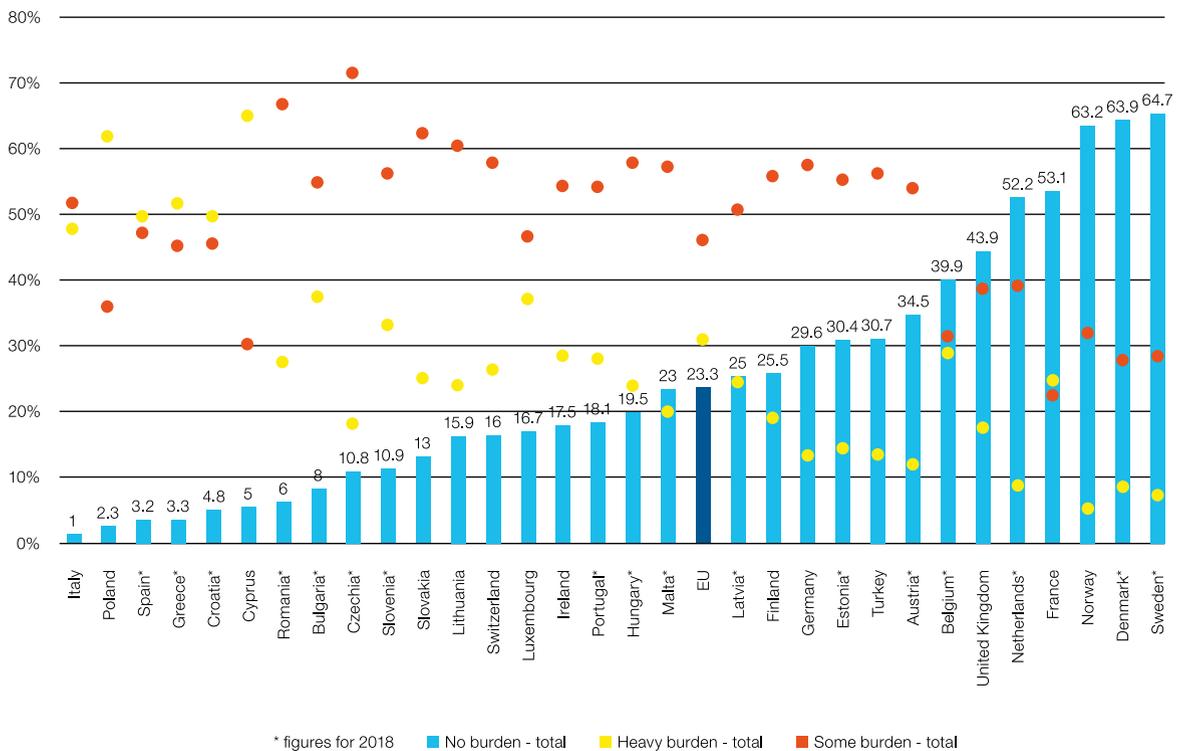
This observation is perfectly comprehensible, as higher wages in urban areas often don't fully compensate for higher housing costs. It is well understood by economists that peoples' willingness to pay for housing is strongly related to their perceived likely economic benefit from living in a given property. In essence, people will pay more to live in areas where job opportunities are strong and wages are relatively high than they will to live in areas which are struggling economically. Given that land is a finite resource and that most well paying service sector jobs tend to be clustered in large urban hubs, it is reasonable to assume that city dwellers will continue to face above average overburden rates.

So, having highlighted some of the main dynamics of housing affordability in Europe as a whole, which countries

seem to be doing something right and which ones seem to need to do more to tackle issues in their housing markets?

Figure 1 shows the level of disposable income required to meet housing needs in a wide variety of European countries, while figure 2 and 3 use the 'housing cost overburden rate' which is again simply based on housing costs on incomes. However, as already discussed, these measures are imperfect as they omit some important forms of housing costs, such as the repayment of the principal for mortgage holders. It may also poorly take account of individual 'quirks' in some countries, such as very high levels of households who own their property outright (e.g. Malta, which has the lowest levels of housing costs according to Figure 1).

Figure 4
Households' Judgement of their Housing Cost Burden - 2017 (All Households)
 Source: EU-SILC [ilc_mdcd04]



Conveniently, the EU-SILC asks households to give a subjective rating of the "burden" of their housing costs. This encapsulates a much broader definition of costs, which does include repayment of the principal for mortgage holders. These figures are quite credible, with typically only quite modest changes from year to year and with many of the same households interviewed for SILC purposes during consecutive years.

What these data show is that there are significant differences between countries in terms of housing affordability. Nordic countries Sweden, Denmark and Norway show the highest numbers of households saying they perceive

that their housing needs pose no financial burden (all over 63 per cent). 'Mediterranean' nations such as Italy, Spain, Greece, Croatia and Cyprus dominate the other end of the graph, with only five per cent or less of households saying housing poses no financial burden. If we take the top five and bottom five performing countries in Figure 4, perhaps we can see similarities between countries. These in turn may point us towards policy suggestions.

Table 2
Selected National Statistics

Source: Housing Europe, The State of Housing in the European Union 2017; Statistics Norway; EU AMECO Database; Eurostat; Author's Calculations

*public housing (only partly used for social purposes)
 ^includes some company provided housing for workers
 +Figures for 2016 (rest for 2017)

	Share of Public / Social Housing in Housing Stock	Per Capita Spending on Public Housing Development (in Eur)	Per Capita Spending on Housing Welfare (in Eur)	Employment Rate (15-64, %)	Spending on Housing Construction per Working Age Adult (in Eur)
Sweden	19*	77.74	133.43	77.5	4,299
Denmark	21	98.92	340.92	75.4	3,735
Norway	20^	319.97	75.54	74.8	5,876+
France	17	92.89	328.45	65.4	3,406
Netherlands	30	45.24	201.39	77.2	2,928
Average	21	126.95	215.94	74.1	4,049
Italy	4	67.60	10.08	58.5	1,934
Poland	8	36.99	4.82	67.4	495+
Spain	3	38.85	5.97	62.4	1,989
Greece	0	0.00	3.91	54.9	152
Croatia	2	0.31	1.84	60.6	N/A
Average	3	28.75	5.32	60.8	1,143

While we must be careful not to confuse correlation and causation, Table 2 does seem to highlight some key similarities between countries where residents state that they are not burdened by housing costs and those which show a high level of financial strain.

In the low-burden countries, the average level of social and affordable housing in the housing stock is relatively high. In the high-burden countries, this average is significantly lower at just 3 per cent. While already stated, countries in Europe have largely moved away from directly financing the development of housing. However, there is a broad spectrum of national approaches. In 2017, per capita spending in low-burden countries was significantly higher than in high-burden countries (by approximately 4.5 times). At the same time, housing welfare payments were also much higher in low-burden countries (over 40 times!). Furthermore, higher employment rates (percentage of population working, aged 15-64) mean that there are more people in a position to afford housing. Although to varying degrees, employment rates are significantly higher in low-burden countries (74.1 per cent versus 60.8 per cent). Finally, with housing output well below underlying demographic demand in many parts of Europe, spending on housing construction is a key indicator. While increased supply should not be viewed as a panacea for affordability issues, low output in the construction sector certainly does serve to exacerbate problems. What Table 2 shows is that capital investment in 'dwellings' per working age adult is again, significantly different in low-burden and high-burden countries.

Overall, what this briefing highlights is that while populations as a whole may not struggle to put a roof over their head, sub-sections in every country are facing difficulties. While a diverse and complex menu of policy proposals will be required to tackle this, boosting government investment

and making sure that people have genuinely affordable housing options needs to be to the fore.

THE QUESTION OF AFFORDABLE HOUSING: A REVIEW OF RECENT LITERATURE

Housing affordability is currently one of the most complex policy challenges our societies in Europe are faced with. From the increasing amount of recent reports we can clearly see that the issue of housing affordability is also, today probably more than ever, a 'hot topic' and one that is a subject of new increasing attention from international organisations (such as the OECD and the World Bank) as well as European institutions. As part of our work to identify solutions to this challenge, Housing Europe has launched in 2019 a series of blog interviews on housing affordability where we ask the opinion of institutions, academics and other stakeholders that have been looking at affordable housing, publishing influential reports and generating valuable data. Furthermore, Housing Europe has joined with the UNECE Housing and Land Management Committee to launch an Affordable Housing Outlook to run for one year. As well as taking stock of the growing global consensus on the need for a change in direction of housing, the Outlook will work to channel the expertise and experience on housing systems, financing and governance to 5 key issues to be considered by the European Commission and Member States when 'ensuring functioning housing markets and adequate provision of social housing' (See Chapter 5 in this report for further details on EU policy).

COUNCIL OF EUROPE DEVELOPMENT BANK: HOUSING INEQUALITY IN EUROPE⁴

As we will see in Chapter 3, the Council of Europe Development Bank is increasingly involved in financing housing projects with a high social return. The Bank also publishes research reports from its Studies Department. According to its 2017 report, housing inequality in Europe is a complex topic because of the many different ways in which governments deal with it and the wide variety of housing market models that exist throughout the continent. However, housing inequalities can be both a symptom and a cause of existing income inequalities: poor households cannot afford better homes and live in neighbourhoods that exacerbate inequalities. Housing solutions should work to overcome both cost and spatial inequalities – tackling housing inequality requires a two-fold approach of investment and policy change.

HIGH-LEVEL TASK FORCE REPORT: BOOSTING INVESTMENT IN SOCIAL INFRASTRUCTURE IN EUROPE⁵

The High-Level Task Force on investing in social infrastructure in Europe was promoted by the European Association of Long-Term Investors (ELTI) and established in February 2017, in close consultation with the European Commission. Its purpose was (i) to assess how long-term investment in social infrastructure could be boosted and (ii) to make recommendations and proposals. The focus is on education, lifelong learning, health and long-term care as well as on affordable, accessible and energy-efficient housing. This report argues that a major boost is needed in long-term social infrastructure investment, considering future changes in European social models, which need to adapt continuously and invest massively in human capital and inclusive resilient communities. As regards to housing, the report has identified the investment gap in accessible, energy-efficient and affordable housing amounting to a minimum 57 billion Euros per year in Europe (including both new construction and renovation).

THE WORLD BANK: LIVING AND LEAVING: HOUSING, MOBILITY AND WELFARE IN THE EUROPEAN UNION⁶

The World Bank published in 2018 a report on housing in the European Union, a subject that had not been a close focus of this global institution previously or at least not to a significant extent. Availability and affordability of decent housing has become an important economic and social concern in the EU, the report highlights. This has accelerated in recent years, as housing price increases in metropolitan regions (where labour productivity is highest) have often outpaced wage increases, affecting young people and newcomers to cities the hardest. Land and housing assets are a source of wealth inequality, have an important impact on spatial inequality, and could potentially determine the degree of intergenerational mobility within a society.

FONDATION ABBÉ PIERRE AND FEANTSA: OVER- VIEW OF HOUSING EXCLUSION IN EUROPE⁷

Since 2016, Fondation Abbé Pierre together with FEANTSA publish an annual review of housing exclusion in Europe. Since its inception this report has been particularly useful in presenting statistics on the number and characteristics of people experiencing homelessness and highlighting

the phenomenon is rising in all European countries except Finland, and in particular in capitals and major cities. The most recent edition was published in the spring of 2019. Besides presenting an analysis of recent Eurostat data on housing and producing an ‘index of housing exclusion’, the fourth edition focuses on access to emergency accommodation in Europe, a sector which increasingly saturated and inadequate vis a vis the increasingly diverse homeless populations.

OECD: UNDER PRESSURE: THE SQUEEZED MIDDLE CLASS⁸

In 2019 the OECD released a new report investigating to what extent middle class households have been left behind in an increasingly globalised and polarised economy, and the factors that are driving this trend – notably rising house prices. The report points out that while middle incomes have ‘barely grown’, the cost of ‘essential parts of middle-class lifestyle has increased faster than incomes’, notably housing, health and higher education. At the same time job insecurity has risen in the context of fast transforming labour markets. ‘Rising house prices also hinder labour mobility towards the most dynamic urban areas and [...] upwards social mobility’. Between 1995 and 2015, the share of middle-incomes budget going into housing has increased from a quarter to almost one-third. Expenditure on owned homes made up most of the rise, although spending on rent and utilities also expanded considerably.

EUROPEAN COMMISSION, JOINT RESEARCH CENTRE: THE FUTURE OF CITIES⁹

This report is an initiative of the Joint Research Centre, supported by the Commission’s Directorate-General for Regional and Urban Policy (DG REGIO). It identifies challenges influencing the future of cities in Europe and beyond, and presents several perspectives from which to look at resolving these issues. The report includes a full chapter

⁴ Council of Europe Development Bank (2017) *Housing inequality in Europe*, CEB, Paris, France. Available at https://coebank.org/media/documents/Part_3-Inequality-Housing.pdf

⁵ Lieve Fransen, Gino del Bufalo and Edoardo Reviglio (2018), *Boosting Investment in Social Infrastructure in Europe*. European Economy Discussion Paper 074, January 2018, Publications Office of the European Union, Luxembourg. Available at https://ec.europa.eu/info/sites/info/files/economy-finance/dp074_en.pdf

⁶ Inchauste, Gabriela, et al (2018), *Living and Leaving: Housing, Mobility and Welfare in the European Union*. The World Bank, Washington DC. Available at <http://pubdocs.worldbank.org/en/507021541611553122/Living-Leaving-web.pdf>

⁷ Fondation Abbé Pierre and FEANTSA (2019), *Fourth overview of housing exclusion in Europe* https://www.feantsa.org/download/oheeu_2019_eng_web5120646087993915253.pdf

⁸ OECD (2019), *Under Pressure: The Squeezed Middle Class*, OECD Publishing, Paris, <https://doi.org/10.1787/689afed1-en>

⁹ Vandecasteele I., Baranzelli C., Siragusa A., Aurnambout J.P. (Eds.), Alberti V., Alonso Raposo M., Attardo C., Auteri D., Barranco R., Batista e Silva F., Benczur P., Bertoldi P., Bono F., Bussolari I., Caldeira S., Carlsson J., Christidis P., Christodoulou A., Ciuffo B., Corrado S., Fioretti C., Galassi M. C., Galbusera L., Gawlik B., Giusti F., Gomez J., Grosso M., Guimarães Pereira Â., Jacobs-Crisioni C., Kavalov B., Kompil M., Kucas A., Kona A., Lavalle C., Leip A., Lyons L., Manca A.R., Melchiorri M., Monforti-Ferrario F., Montalto V., Mortara B., Natale F., Panella F., Pasi G., Perpiña C., Pertoldi M., Pisoni E., Polvora A., Rainoldi A., Rembges D., Rissola G., Sala S., Schade S., Serra N., Spirito L., Tsakalidis A., Schiavina M., Tintori G., Vaccari L., Vandyck T., Vanham D., Van Heerden S., Van Noordt C., Vespe M., Vettters N., Vilahur Chiaraviglio N., Vizcaino P., Von Estorff U., Zuilian G., *The Future of Cities – Opportunities, challenges and the way forward*, EUR 29752 EN, Publications Office, Luxembourg, 2019, ISBN 978-92-76-03847-4, doi:10.2760/375209, JRC116711.

on affordable housing (see Chapter 2 in this report for more details). The main findings from this chapter highlight that 'Europe's most in-demand cities have seen sharp increases in housing prices over the past years, affecting their capacity to provide adequate and affordable housing. The recent scale-up of foreign and corporate investments in residential urban property has transformed patterns of ownership. Prices are recovering faster than earnings, and the availability of housing is low. Short-term rental platforms may also cause property prices to spiral and negatively affect local liveability.'

KEEP AN EYE ON...

Work is fully underway on a number of further key relevant publications and reports which will mean housing affordability will remain a hot topic also in the second half of 2019 and next year.

As we already mentioned in the previous edition of this report, the OECD Affordable Housing Database¹⁰ helps countries monitor access to good-quality affordable housing and strengthen the knowledge base for policy evaluation. The AHD provides cross-nationally comparable indicators from OECD countries and EU member states to support policy makers in assessing housing outcomes and identifying best housing policy practice. Many indicators in the AHD will be updated in the last week of November when a policy brief on Homelessness is also scheduled for release. In 2020, policy briefs on Social and Affordable Housing will be released while another comprehensive update of the AHD and a policy brief on housing and disability is due in 2021.

An initiative of the Commission under COSME, the European Construction Observatory analyses and carries out comparative assessments on the construction sector in all 28 EU countries. The observatory has been preparing an analytical report on housing, to be published most likely in October 2019.

CONCLUSIONS FROM CHAPTER 1

HOUSING COSTS COMPARED TO INCOMES

Despite a slight decrease in the rate of housing overburden over the past two years observed in many countries (SILC), 'the share of household disposable income spent in housing-related expenditures remains significant in a number of Member States – especially if compared to pre-crisis level. When housing costs are taken into account, 156 million people are at risk of poverty.'

PERCEPTIONS OF AFFORDABILITY

There are significant differences between countries in terms of housing affordability. The countries showing the highest numbers of households saying they perceive that their housing needs pose no financial burden tend to have a higher share of social housing, higher government spending on housing support, and higher employment rates.

TENANTS ARE STRUGGLING

While there has been a sharp rise in those paying 'market rents' over the past 10 years, those availing of 'reduced rent' accommodation, such as social and affordable hous-

ing, have declined for both income groups. In most countries, tenants who rent at market price are considerably more overburdened by housing related costs than owners with a mortgage or a loan (EU average of 25.1% for tenants paying market rent, compared to around 5% for owners).

LACK OF AFFORDABILITY FOR LOW INCOME HOUSEHOLDS...

While populations as a whole may not struggle to put a roof over their head, aggregate data mask huge differences. This condition is particularly draining for households with lower income. In 2017, 10.2% of households in the EU spent over 40% of their disposable income on housing costs, but this share increases to 37.8% when considering households at risk of poverty.

...HITTING ALSO THE MIDDLE CLASS

Although facing housing costs remains a most pressing challenge for low income people and the most vulnerable in our societies, current dynamics in the housing and labour market are contributing to increasing the risk of housing exclusion also for the middle class, as housing accounts for an increasing share of middle-income household budgets. Between 1995 and 2015, it increased from a quarter to almost one-third. Expenditure on owned homes made up most of the rise, although spending on rent and utilities also expanded considerably.

HOUSING AS PART OF INCREASING SOCIAL DIVIDE

Rising house prices also hinder labour mobility towards the most dynamic urban areas and, more generally, upwards social mobility as housing price increases in metropolitan regions have often outpaced wage increases. Young people and newcomers to cities are especially affected. Housing inequalities can be both a symptom and a cause of existing income inequalities: poor households cannot afford better homes and live in neighbourhoods that exacerbate inequalities.

INCREASING ATTENTION AT EUROPEAN AND GLOBAL LEVEL

Through a review of recent literature we can clearly see that the issue of housing affordability is now more than ever a 'hot topic' and one that is a subject of new increasing attention from international organisations as well as European institutions.

¹⁰ <http://oe.cd/ahd>

Changes In Governance

cities facing the housing
challenge

The role of cities in determining housing policies and ultimately housing conditions of their inhabitants has become a key policy topic in recent years. This is due on the one hand to increasing evidence available showing that cities, in Europe and beyond, are the places where the shortage of affordable housing is most concentrated (a trend that seems only likely to increase in the future due to demographic dynamics), and on the other to a number of city-led policy initiatives in the field of housing. But to what extent are European cities the level of administration where changes are possible and where innovation in housing is really happening? We try to address this question in the country profiles included in this report but the answer is far from straightforward. Evidence shows a mixed picture and much nuanced reality. The level of public administration responsible for the different instruments of housing policy presents a complex picture¹¹, as the interaction between national, regional and local regulation.

We find cities and metropolitan areas that are most active in terms of housing programmes are often in federal states where competences are very much devolved to regional and local level (one very well-known example is for instance the city of Vienna in Austria) and/or where cities have specific targets and obligations in terms of (social) housing policy which are translated into local measures (this is the case for instance of a number of French municipalities). The main instrument under the direct control of cities to increase affordable housing is their planning and zoning regulation¹², as well as funding (which in a time of tight public budget is not always available) and the use of public companies or public-private partnerships specifically set up for this purpose.

However, we also find examples where responsibility at the local level in the absence of coordination does not translate into an active policy to increase availability of affordable housing. Lack of available land is for sure a key element determining low levels of affordable housing construction. However there are also other factors such as lack of housing stock or non-for-profit housing providers, limited influence on mortgage rules or private property law, complex or slow planning procedures, NIMBYism, existing problems with spatial inequalities and segregation, in some cases a preference by local administration to use available land for more lucrative activities – ultimately simply lack of political will.

It's also important to keep in mind that some phenomenon linked with the financialization of housing such as large scale sale of buildings in strategic areas to investors only to be left empty or the spreading of short-term tourist lettings via web based platforms seems to be (still) relatively beyond the control of cities that are affected, although regulation can and should play a key role in sheltering housing resources and making sure they remain available for the local population.

Furthermore, sustainable strategies at local level in the context of growing urban population require increasingly complex thinking as the mere provision of housing is often not an answer, whereas an integrated approach is needed taking into account social mix, transports, educational and health facilities, availability of green areas and commercial as well as leisure activities and much more. Keeping in mind all the considerations above, in this chapter we present some of the most relevant evidence collected over the past two years.

HOUSING IN EUROPEAN CITIES: CURRENT TRENDS AND ISSUES

In the past edition of this report, we pointed out the main elements of the territorial divide in terms of affordability and access to housing. 'Major cities face a structural housing shortage and house prices in areas of high demand are higher and raising faster with rents following similar upward trends. This means finding adequate and affordable housing in places where job opportunities are increasingly hard. At the same time, some of our cities and regions are experiencing outward migration and population decrease¹³. These concerns are still very much up to date. The recent report from the European Commission on the future of cities¹⁴ summarises as follows its main findings in relation to urban housing markets: 'some of Europe's most in-demand cities have seen sharp increases in housing prices over the past years. This threatens housing affordability as prices are recovering faster than earnings, and the availability of housing is low'.

Furthermore, 'the recent scale-up of foreign and corporate investments in residential urban property has transformed patterns of ownership, raising concerns on the social fabric of a city and on who can be held accountable for citizen's rights to adequate and affordable housing'. Also, 'short-term rental platforms, which are becoming increasingly popular, may cause property prices to spiral and negatively affect local livability'. The fact that problems with housing affordability tend to concentrate in large cities and urban centres has been reiterated by a number of international reports (such as for instance the OECD and the World Bank, see chapter 1 for details), and at the same time an increasing body of evidence (although still with significant gaps) is now available to highlight new issues such as financialization and the impact of short term tourist lettings.

FINANCIALIZATION AND THE ROLE OF INVESTORS

While investors have long been operating on real estate markets, 'in recent years urban property has increasingly become the commodity of choice to stash capital and excess liquidity'¹⁵. In some countries such as the Netherlands, France and Germany, residential housing has been a key real estate investment sector for investors for many years. However, in many other countries in Europe, until about 5–10 years ago, institutional investors concentrated almost exclusively on commercial real estate, such as offices and retail¹⁶. Today the demand for housing as an investment good, from domestic as well as foreign investors,

¹¹ OECD, 2016, <https://www.oecd.org/els/family/PH1-1-Policy-instruments-levels-of-governance.pdf>

¹² For further information see Housing Europe briefing 'Spatial Planning tools for the provision of affordable housing in Europe' <http://www.housingeurope.eu/resource-1072/spatial-planning-tools-for-the-provision-of-affordable-housing-in-europe>

¹³ Housing Europe (2017), 'The State of Housing in the European Union 2017', available at <http://www.housingeurope.eu/resource-1000/the-state-of-housing-in-the-eu-2017>

¹⁴ European Commission (2019), 'The future of cities: opportunities, challenges and the way forward', Luxembourg: Publications Office of the European Union, 2019. <https://urban.jrc.ec.europa.eu/thefutureofcities/>

¹⁵ European Commission (2019) Ibid

¹⁶ Rob Nijskens, Melanie Lohuis, Paul Hilbers, Willem Heeringa (2019), 'Hot Property: the housing market in major cities'. Springer

contributes to the increasing demand for urban housing. House prices in the cities thus not only reflect the local factors such as supply constraints, regulations and zoning, but also global trends like the growing role of foreign investors. This phenomenon is called “glocalisation”¹⁷. Recent INREV research¹⁸ shows that globally, real estate makes up 8.9% of institutional investors’ total assets. Approximately half of the institutional investors expect their allocations to real estate to increase over the next 2 years. With more capital seeking real estate to invest in, prices might be pressured even further.

However, on the other hand, the presence of long-term institutional investors in the market can help to make real estate cycles less volatile, as these types of investors tend not to overbid for properties at the peak of the market, and do not have to sell in a downturn (INREV 2013). Institutional investors tend to focus on cities where see the best development and investment opportunities, and these are typically cities which score high on elements such as connectivity, sustainability and quality of living¹⁹. Between 2013 and 2014, corporate buying of larger properties in the top 100 recipient global cities rose from approximately EUR 520 billion to EUR 870 billion. For example, during this period, foreign corporate buying of properties in Amsterdam/Randstad rose by 248%, and by 180% in Madrid²⁰. Increasing inflows of equity from wealthy individuals are also observed (mostly from Asia), rather than just from institutions.

‘When remote investors own rented homes (or mortgages) money mainly flows out of communities. Moreover, many corporate owners of housing are anonymous, obscuring where and to whom exactly ownership belongs. In London, for example, shell companies registered in offshore havens hold more than 36,000 properties. Tenants living in places owned by absentee corporate landlords have complained of sharp rent increases and inadequate maintenance, being unable to hold anyone responsible. Consequently, financialisation of the housing market has raised concerns over accountability as regards the right to adequate housing’²¹.

In some cities, a significant proportion of property is also left vacant. This phenomenon is referred to as ‘runaway real estate speculation’ or ‘buy to leave’ property. In Paris, around 7% of houses lie vacant – 40% of which are not even connected to the electricity grid²². Despite concerns about the financialisation of the urban housing market, some cities consider the presence of investors as positive and encouraged this development. Cyprus, Greece, Portugal and Spain, for example, have specifically implemented policies to attract investment into property from wealthy foreigners²³.

SHORT TERM LETTINGS IN EUROPEAN CITIES: NEITHER HOTEL NOR HOME²⁴

The phenomenon of holiday rentals or indeed sharing one’s home is not (or not entirely) a new one. However, the existence of online platforms for short-term lettings (Airbnb, HomeAway, Booking.com) is novel and is increasingly having an effect on cities. Two years on from the previous State of Housing and the situation has been both exacerbated and transformed. One study from Barcelona has shown the effect on affordability, namely that a 1-point increase in Airbnb density would lead to increases in rents of 0.5 to 1% and increases in prices of 1 to 1.8% (Garcia-Lopez et al 2018). A geographic information systems

(GIS)-based study of, again, Airbnb in Barcelona used spatial analyses of listing data, providing clear evidence of tourist encroachment into residential neighborhoods (Gutiérrez 2016). While not European, the results of a study by the University of Southern California showed that Airbnb increases both rental rates and housing prices, helping explain the 0.59% of the annual increase in rental rates and 0.82% of the annual increase in housing prices (Barron et al 2018).

In addition, the number of nights spent by non-residents in an EU country increased by 40% between 2009 and 2016, according to Eurostat. data shows the majority of AirBnB listings in most cities are entire homes, many of which are rented all year round (UnFairBnB 2018). Many “hosts” are businesses with multiple properties, benefiting from an unregulated market and making large profits. Thus, a distinction must be made between commercial letters vs. “mom and pop” hosts/“true” homesharers. In many areas, a minority of hosts are controlling a large part of listings, e.g. in Toronto, 16% of hosts control 38% of listings (FairBnB 2019). The effect on housing availability and affordability is becoming increasingly visible and, while still sparse, there is a growing body of evidence as more and more studies are undertaken highlighting this and in conjunction with cities becoming more and more vocal.

Responses by cities can be described as either either permissive, notificatory or restrictive (Crommelin et. al. 2018) and regulations include: obligation to register as a host with the city or local authority, limiting the number of total days and/or consecutive days that a room or unit can be let, putting a cap on the number of permits/licenses, bans on use of apartments for purposes other than long term letting, bans on renting out secondary residences.

CITIES REGULATING SHORT-TERM LETTINGS, UPDATES SINCE THE 2017 EDITION

AMSTERDAM – (Then) 2017 saw the introduction of fines of €6,000 for illegal lettings and active encouragement of citizens to report instances of malpractice. REF1

(Now) In 2018, the City of Amsterdam urged the EU to intervene with regards to both regulations on quality/standards and data sharing obligations (Boztas 2018). The Dutch parliament adopted a motion to allow municipalities to seize profits from illegal rentals. From 2019, Amsterdam will only allow people to rent their homes for 30 days (Solanki 2018). In terms of social housing, some estimate that between 10-20% may be let out illegally. Social housing tenants can face a fine of up to €83,000 (Dutch News 2019).

¹⁷ Ibid.

¹⁸ INREV (2018). Investment intentions survey. Amsterdam: INREV

¹⁹ Cities ranking 2018 (PwC and ULI 2017)

²⁰ United Nations 2017, Sassen 2018, quoted in European Commission (2019) The Future of Cities

²¹ European Commission (2019)

²² Ibid

²³ Ibid

²⁴ Article written by Mariel Whelan for Housing Europe Observatory, May 2019

BARCELONA – (Then) 2016 saw the City of Barcelona hit Airbnb with a €600,000 (as yet unpaid and contested) fine for illegal listings, this was followed by an intensification of checks.

(Now) In June 2018, a new agreement with Airbnb gave City officials access to listings data. In early 2019, Mayor Ada Colau announced that listings of illegal apartments dropped by 95%, 4,900 were shut down, and 6,500 fines were issued, some up to €30,000 (Vasquez et. al. 2019). A study by DataHippo found that the 10 biggest hosts in Barcelona manage 996 apartments between them, 666 hosts manage five or more, and 3,633 hosts manage between two to four (Burgin 2018). The 2014 moratorium for new short-term letting permits is still in place, these permits have a market value of €80,000 each (O’Sullivan 2018).

PARIS – (Then) 2017 saw the mandatory registration of short-term lettings with city hall, while authorities carried out “raids”, and the introduction of a ban on lettings for more than 120 consecutive days.

(Now) In 2018, a fine of up to €25,000 and a penalty of €1,000 per day was introduced. During that year, Paris property owners were fined more than €1.4 million for illegal lettings, the average fine being €12,500. In June 2018, Airbnb partnered up with real estate agent Century 21 on a subletting agreement whereby the landlord (building owner), tenant and agency share on the profits (plus the usual fee going to Airbnb) (Airbnb Citizen 2018). In October 2018, a Paris court ordered a tenant who “illegally” sublet her Paris flat to pay the property owner around €58,800 in earnings and damages (Chazan 2018). In March 2019, a Paris court rejected the City’s claim against Airbnb that it “knowingly violat[ed]” regulations by listing hundreds of illegal lettings i.e. with no owner registration number. The judge held evidence provided by the City was not sufficient. This case is ongoing (Connexion France 2019). City officials estimate there are 65,000 rooms and apartments available for short-term letting, with only 38% (around 25,000) registered (France24 2018).

BERLIN – (Then) 2016 saw the introduction of a ban on short-term letting of entire flats (only up to 50% of the entire space allowed), with breaches punishable by a €100,000 fine. During this year, 2,500 units returned to the rental market.

(Now) In March 2018, the 2016 law was overturned. Home-owners can now rent out their home (with some conditions), and rent out a second house for up to 90 days. They must apply for a permit from their local authority, a primary residence being more likely to be approved than a secondary residence. Properties must secure a special permit to be left vacant for more than three months. The maximum penalty for breaking the new rules is now €500,000 (O’Sullivan 2019).

There is a growing number of legislative initiatives and case law related to Airbnb of relevance for housing affordability which is outlined in more detail in the chapter on EU policy. Briefly, other concerns include: changes in the city landscape (gentrification) i.e. arrival of new shops targeting rich tourists (fast food, souvenirs, etc.), traditional businesses dedicated to residents are suffering from this change in consumption (Toplensky and Murgia 2019). Illustrating the expansion of these businesses, Airbnb announced in November 2018 their move into the construction industry, led by their subsidiary company Samara. This new “Backyard” initiative plans to design and build “sharing homes based on contemporary lifestyles, coinciding with the

burgeoning co-living space trend (Gibson 2018).

In the short-term letting sector, developments happen quickly and actors move fast. Airbnb, for instance, has made over 400 agreements with local and national governments across the globe. Ultimately, housing availability and affordability issues in all tenures in all cities manifest themselves in different ways and have a variety of causes. Any policy, legal or regulatory response to short-term lettings must act as one part in a set of site-specific strategies to tackle housing issues.

RECENT CITY-LED POLICY INITIATIVES AT EUROPEAN AND INTERNATIONAL LEVEL

In the light of the issues mentioned above, cities have engaged in a number of international since the last edition of this report that are worth mentioning here. First and foremost, the Housing Partnership as outlined further in the EU policy chapter was an attempt to foster multi-level governance at EU level, which ran from December 2015 to the end of 2018.

In 2019, within the framework of the EUROCITIES initiative ‘Inclusive Cities for All: Social Rights in My City’, 21 cities have adopted pledges showing how they act to translate the principles of the European Pillar of Social Rights into actions to improve people’s lives²⁵. The following cities have pledged to article 19 of the Pillar which focuses on housing and assistance for the homeless: Ghent, Glasgow, Leipzig, Ljubljana, Lyon, Nantes, Utrecht.

At the international level, in a joint statement to the United Nations in July 2018, the cities of Amsterdam, Barcelona, London, Montreal, Montevideo, New York and Paris presented a Municipalist Declaration of Local Governments for the Right to Housing and the Right to the City²⁶. Building on the milestones of the New Urban Agenda of Habitat III (Quito, 2016) and the momentum of “The Shift”, a global initiative on the right to housing, the declaration calls for the following 5 actions: more powers to better regulate the real estate market; more funds to improve our public housing stocks; more tools to co-produce public-private community-driven alternative housing; an urban planning that combines adequate housing with quality, inclusive and sustainable neighbourhoods; and municipal cooperation in residential strategies.

EVIDENCE FROM EUROPEAN CITIES

Cities with the largest share of social rental housing are to be found in Austria, namely Linz where it represents altogether 54% of total stock (51% owned by limited profit companies and 3% municipal housing) and Vienna where 43% of all homes are social housing (23% municipal housing and 20% limited profit). The Dutch capital Amsterdam also has a striking 42% of social housing.

The map from the next page shows there’s large variation in the share of social housing between cities in the same country. In general, there tends to be a concentration of social housing in the largest cities – however, there are some significant exceptions.

²⁵ <http://www.eurocities.eu/eurocities/news/21-cities-pledge-to-implement-the-European-Pillar-of-Social-Rights-WSP0-B9JPR4>

²⁶ From <https://citiesforhousing.org/>

THE SHARE OF SOCIAL HOUSING

Austria	24%	Italy	4%
Belgium	7%	Netherlands	30%
Czech Rep	8%	Poland	8%
Denmark	21%	Portugal	2%
Estonia	2%	Slovenia	6%
Finland	13%	Spain	3%
France	16.5%	Sweden	19%
Germany	3%	UK	18%
Ireland	9%		



CHANGES TO PLANNING AND ZONING

The availability and price of land impact significantly the possibility to supply affordable housing. This is one area where cities can intervene through planning and zoning policy. For instance, in order to address the spiralling cost of land, the Vienna City Council has introduced the new land use category 'subsidised housing'. With this new mechanism, which came into force in March 2019, at least half of all homes (in terms of the floor space) in the designated areas must be built under the Viennese subsidy scheme for social housing.

In Denmark, to ensure a varied choice of good flats throughout the city and a balanced composition of residents, the government has adopted amendments to The Planning Act, which make it possible for the municipalities to require that up to 25 percent of the total housing stock in new urban development areas and other areas without an applicable local plan be reserved for social housing.

Similarly, since 2018 in Barcelona 30% of new developments and major renovation projects has to be dedicated to 'protected housing' which includes affordable housing for rent or purchase.

In the UK, the Belfast Local Development Plan Draft Plan Strategy includes an affordable housing policy, which indicates that planning permission will be granted for residential development containing five or more dwelling units where a minimum of 20% are provided as affordable housing. The Welsh capital Cardiff has plans to build over 40,000 new homes and 20-30% of sites to be affordable housing.

In Germany, Munich has been regarded for a long time as a role model for its 'Social welfare land use'. This important instrument in Munich's urban development policy requires that all development plans, that trigger costs and burdens, should finance a part public costs for technical and social infrastructure. As well 30 percent of the new build dwellings must be subsidized social housing, plus an extra 10 percent since 2017. In recent years, more and more cities in Germany have copied the Munich model and set their own quotes for social housing, most recently Berlin, which now also calls for 30 percent social housing within new developments.

INVESTMENT PROGRAMMES FOR SOCIAL / AFFORDABLE HOUSING

Some European cities have been particularly active in recent years in supporting new social housing programmes. In Paris for instance housing represents a key priority for the municipality and the highest sector of expenditure in the municipal budget for 2014-2020. Out of about 10000 units produced every year, about 7000 are public housing. Social housing currently accounts for 19.09% of all housing units in the capital and the target is to reach 25%.

In Germany, where we find a variety of different strategies at local level, it's worth mentioning that Hamburg adopted in 2011 an ambitious long-term housing programme, which allows the city to deliver about 30,000 subsidized social housing for small and middle-income households. In Munich between 2007 and 2018, almost 17,500 social housing apartments were completed (22 percent of all completed apartments). With the new housing policy action program

"Living in Munich VI (2017-2021)", the target figures for new building in subsidized and low-cost rental housing construction were increased from 1,800 to 2,000 apartments per year.

In Italy, there are some examples worth mentioning of local initiatives mainly carried out by municipal housing companies. For instance Bologna is investing 61 million to produce 1,000 affordable and social housing units. Milan is investing in the rehabilitation of vacant public housing units, and at the same time it's also been a pioneer in the delivery of private sector affordable housing projects financed through a new system of integrated funds mixing public and private investment.

As for Central and Eastern Europe, examples mentioned include the city of Ostrava in Czech Republic which is making use of available support from the government to implement a pilot project for social rental housing, and the city of Poznan in Poland where an EIB loan backed by EFSI guarantee is supporting the creation of approximately 1300 affordable housing units. Furthermore, in Slovenia, the production of rental units by the Housing Fund has significantly increased in recent years and particularly in the two main cities, Ljubljana and Maribor.

MEASURES TO CONTAIN RENT INCREASES

Faced with a problem of increasing rent levels, some cities have been trying to implement measures to stem this phenomenon over the years, but there are some new examples. For instance, recently the Irish government introduced restrictions in rent pressure zones (RPZs) in Dublin and other areas with large rent pressure. There are over 20 electoral areas which are rent pressure zones, where private landlord rents cannot be increased by more than 4% per annum. From July 2019, new measures have also been introduced in these areas introducing a limit of 90 days for short-term lettings. In France, a new law has been introduced setting out caps on rent increases for new and renewed leases in areas considered to have a tight housing market ('zones tendues'). Paris has adopted a different experimental measure whereby reference rent levels will be defined by decree by the prefect. New leases cannot set rents higher than reference rents. In the spring of 2019, the Catalan government passed a new law capping rental prices in neighbourhoods deemed to have a lack of affordable housing. Areas affected will be identified by the Barcelona's City Council or the regional government based on criteria set by the law.

NEIGHBOURHOOD RENEWAL PROGRAMMES

A key priority for a more sustainable urban development is to intervene on the built environment while at the same time tackling spatial segregation and social exclusion. A number of regeneration programmes are emerging at the local level across Europe bringing together different actors and stakeholders including housing providers. For instance in some Irish cities, such as Dublin, there have been a number of regeneration programmes on local authority flat complexes with housing associations assisting local authorities in a playing a role in the financing, development and management of these projects.

The renewal of the Otxarkoaga neighborhood in Bilbao (Spain) will invest in the requalification of more than 240 dwellings, including a pioneer research laboratory about

urban regeneration. Furthermore, the working class neighborhood of Lada in Langreo includes the requalification of 258 social dwellings with modern energy efficiency measures.

In Denmark we find several examples of local programmes to tackle segregation and exclusion in distressed social housing estates, including both physical measures (such as renovation of housing stock and surrounding areas) and social measures (creating employment opportunities and improving the educational performance of young people). For example since 2011 the area of Aalborg East has moved from being a challenged area with great social problems to an area in rapid development. Furthermore, in Aarhus – the second largest city of Denmark – the area of Gellerup and Toveshøj has long been considered one of the most socially challenged urban housing areas in Denmark. It is currently undergoing a large-scale transformation process through a public-private partnership between the municipality, local housing organizations and development companies.

Since 2011 a series of devolution deals have been agreed with a number of cities and regions across England. This work is probably most advanced in Greater Manchester where housing providers work directly with the 10 local authorities through the Greater Manchester Combined Authority (GMCA). A Greater Manchester Housing Providers (GMHP) group was established to work with the combined authority and has grown to 28 members. In recent years the group have been delivering around 40% of new homes. In addition, the partnership operates across a full range of themes such as social investment, access to housing, homelessness, health and social care.

CONCLUSIONS FROM CHAPTER 2

AFFORDABILITY IN (MAJOR) CITIES

National figures may also hide challenges at the level of particular cities. [...] It can be observed across Europe that cities and urban areas tend to have noticeably higher property and rental prices. Not surprisingly then, the SILC figures show that housing overburden rates are highest in cities.

In all but two of the 28 EU capitals, most people disagree with the statement that finding good housing at reasonable prices was easy

NEW DYNAMICS CHANGING URBAN HOUSING MARKETS

Problems with lack of affordable housing in cities reflect of course issues with demand/supply. However, there are also new phenomena which complicate this equation such as financialization and the increase in short-term lettings. Cities have limited competence to stem the uninhibited drive to invest in real estate – however there are significant attempts emerging.

SOCIAL HOUSING IN CITIES: NEVER ENOUGH?

Data collected show in most cases a paradox situation whereby capitals and major cities/agglomerations have the highest share of social/affordable housing compared to the rest of the territory – however they also show the signs of most dramatic shortage of social housing such as long and

ever-increasing waiting lists and increasing manifestation of housing exclusion.

CITIES AT THE FOREFRONT?

Recent initiatives mentioned in the country profiles in this report fall under four main areas: changes to planning and zoning, investment programmes for social/affordable housing, measures to contain rent increases, and neighbourhood renewal programmes (through new partnerships at local level). To what extent cities are active in tackling the housing shortage varies significantly. Exemplary cases are often to be found in a context where devolution of powers and competences mean that the city administration can play an active role. However, a number of factors prevent the implementation of local housing policies in many countries in the absence of national coordination and specific obligations in this sense.

Investment In Affordable Housing

about time
to turn the tide

As we saw in chapter one, there is increasing evidence pointing at a shortage of affordable housing. Furthermore, securing consent from the local authorities is a key step as highlighted by the examples in Chapter 2 but it's not the only one. 'In a context where housing-related expenditures amount to a significant share of many households' incomes and the evolution in the number of homeless is not improving'²⁷ why the long-awaited for increase in supply of affordable housing is simply not happening?

Research carried out in the framework of the Housing Partnership of the EU Urban Agenda²⁸ highlights that there appear to be barriers created by a broad lack of public finance. For instance, there are funding issues related to the provision of the infrastructure required to unlock housing development, such as the re-use of existing land. Land shortages and elevated land prices are also an important issue.

A number of countries faced with limited public investment also report challenges in engaging private investors and other stakeholders to participate in affordable housing finance and provision. Several of the countries studied also experienced challenges related to planning systems, housing development and construction, which are perceived as slow in responding to the pressing demand for housing.

However complex the issue, a key missing piece that is needed to solve this puzzle is clearly: money. A 2018 study by the High-Level Task Force (HLTF)²⁹, in association with DG ECFIN and the European Long-Term Investors Association (ELTI), estimated that the lack of investment in affordable housing stands at a minimum €57 billion per year. However controversial the precise figures may be (as

estimates are based on the few available data on public expenditure in the sector and are admittedly at the lower end of the real need in social infrastructure investment) it represents undoubtedly a striking amount, especially if compared to current levels of public funding to the sector.

Taking stock of the negative impact of existing shortages, the European Commission through the European Semester recommended the Member States for the first time in 2019 to focus investment specifically on affordable and/or social housing in a number of countries including Ireland, Germany, Latvia, Luxembourg and Slovakia.

However, public investment in the sector that could boost the supply keeps falling. Increasingly, housing supports for low income households are being given in the form of social welfare type payments, rather than in the form of government supported social and affordable housing units.

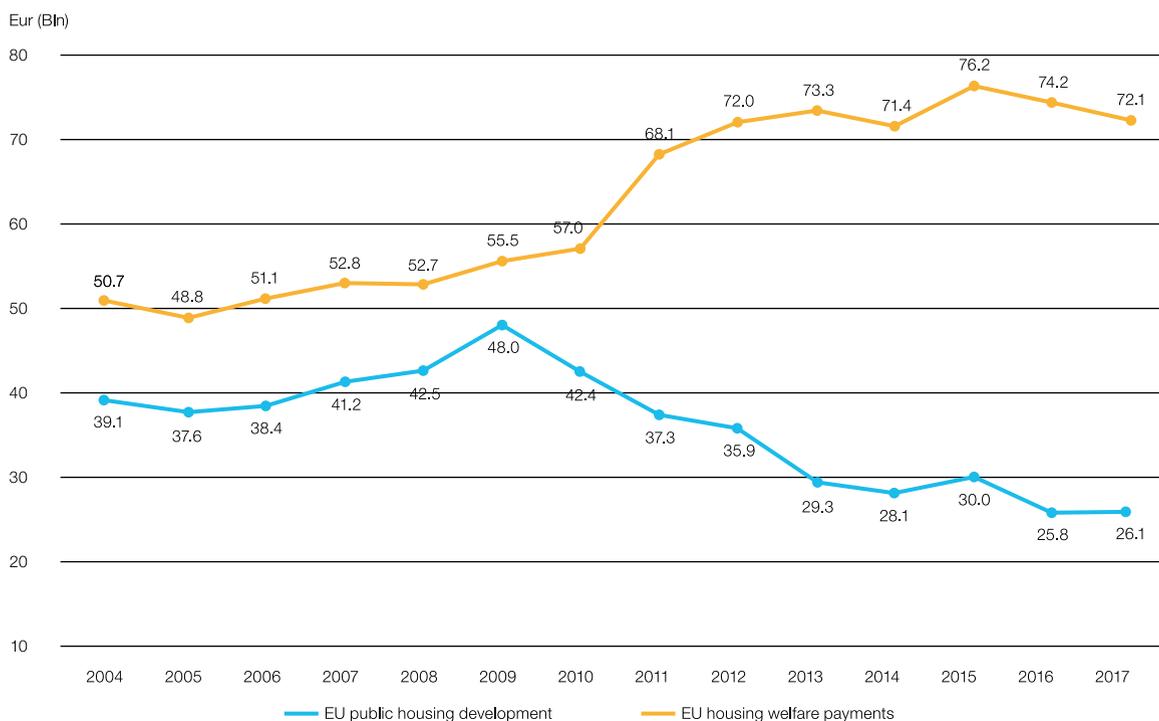
As grant funding has been gradually less used to support housing development, different mechanisms have been put in place. Housing organizations in many European countries

²⁷ European Commission (2018) DRAFT JOINT EMPLOYMENT REPORT FROM THE COMMISSION AND THE COUNCIL accompanying the Communication from the Commission on the Annual Growth Survey 2019

²⁸ Kenneth Gibb and Jim Hayton (2017). Overcoming Obstacles to the Funding and Delivery of Affordable Housing Supply in European States. Available at <https://ec.europa.eu/futurium/en/housing/annexes-housing-partnership-action-plan>

²⁹ Lieve Franssen, Gino del Bufalo and Edoardo Reviglio (2018), Boosting Investment in Social Infrastructure in Europe. European Economy Discussion Paper 074, January 2018, Publications Office of the European Union, Luxembourg. Available at https://ec.europa.eu/info/sites/info/files/economy-finance/dp074_en.pdf

Figure 5
Housing Supports in the EU (Total combined spending by member states by type of support)
 Source: Eurostat (COFOG) [gov_10a_exp]



have access to special financing channels that serve housing as a general interest. The Netherlands for instance has a mutual solidarity system and public guarantees for housing associations. Austria for instance, makes use of special "House building banks". Also, Switzerland and Belgium set up dedicated financing instruments and entities for social housing providers. One may often observe combinations of financial instruments: savings (the case of Caisse des Dépôts et Consignations (CDC) in France), bonds, bank loans, grants, guarantees, tax incentives, etc³⁰.

At the same time, the social and affordable housing sector has a clear interest in attracting more private investment, as reflected in the inputs by many country experts who contributed to this report (see the summary table at the end of this chapter). To boost private sector investments in affordable housing, governments have therefore come up with several types of support to lower the cost of affordable housing. These include fiscal and/or financing mechanisms including de-risking, guarantees, subsidies for developer financing, facilitating access to building land. Furthermore, aggregators/financial intermediaries have been put in place in different countries to reach scale needed to attract investors and then channel investments at the local level.

However, we should acknowledge there are so far some limitations in working within the framework of private investments. They are not necessarily suited to all developments because, while the private sector looks for return on investment, rents of units in affordable housing developments are always below market levels – although to varying degrees. This increases the risk of generating a return on investment that would be considered as too low. As a result, and to some extent not surprisingly, where there is a stronger participation from private investors is usually in the area of intermediate/affordable housing schemes rather than social housing with very low rents. This means that some kind of public support is still and will always be necessary, and/or the possibility for social housing to diversify their field of activity in order to cross-finance the most social ones. But investing in affordable housing 'as such is not risky: it requires long term investments with stable but low returns on investment'³¹.

Furthermore, Public-Private-Partnerships (PPPs) can be useful platforms to overcome funding limitations. 'Public PPPs harness both the public and the private sector to provide goods and services conventionally supplied by the public sector, while easing the tight budget constraints on public spending'³². However, a recent report by the European Court of Auditors warns against the risk of embarking in such projects in the 'absence of adequate analyses, strategic approaches towards the use of PPPs and institutional and legal frameworks'³³. The Court analysed a number of large scale infrastructures PPP projects and registered Delays, cost increases and underuse – pointing at both risks and opportunities. Furthermore, setting up this kind of partnership can be challenging in terms of administrative burden and public procurement rules.

In this changing context, an interesting and very much welcome development over the past two years has been the increasing involvement of the European Investment Bank. Affordable and social housing represents a priority area for EIB as it responds to EU policy objectives such as the fight against poverty or climate change. Thus, the EIB is taking an increasing role in investing in affordable housing at both the national and local levels (with or without the use of the

European Fund for Strategic Investment as a guarantee³⁴). Between 2011 and 2015 EIB Lending for social housing in the EU amounted to a total of 13.8 billion³⁵, significantly more other sectors of social infrastructure. Furthermore, the EIB is also going to manage the future investment fund (InvestEU) announced by the European Commission in May 2018. Within its 4 Windows, one is going to focus specifically on 'social investment and skills' in the period of 2021-2027, creating more opportunities for affordable housing providers.

As typically EIB loans consist of large amounts (usually over 100 million euros), financing is often channelled to the social housing sector via intermediary bodies which range from governments and local administration (municipalities and regions), public aggregators at national level (such as the Housign Agency in Ireland), specific sector intermediaries (such as the Housing Finance Corporation in the UK), or National Promotional Banks (including for instance Caisse des Depots in France, or Bank Gospodarstwa Krajwego in Poland). However, there is also a growing number of instances where housing organisations and/or groups of housing companies have managed to access directly EIB finance, most recently for instance in Denmark and France (see the summary table at the end of this chapter).

The Council of Europe Development Bank has also been active in lending to the housing sector, in particular by financing sustainable and affordable housing for particularly vulnerable populations: they estimate that housing represents about 20% of the share of total loans under the credit line for 'sustainable and inclusive growth'. Over the period 2010-17 the bank financed 13 projects for a total 700 million euros, benefitting 30,000 families³⁶.

³⁰ Sebastien Garnier (2016) Responsible Housing Finance in Europe. Article published on Housing Europe website on 7 December 2016, <http://www.housingeurope.eu/blog-849/responsible-housing-finance-in-europe>

³¹ Ad Hereijgers (2016) Financing affordable housing in Europe. European Federation for Living, available at https://www.ef-l.eu/wp-content/files_mf/1478782067FinancingAffordableHousinginEuropeNovember2016.pdf

³² European Court of Editors (2018), Public Private Partnerships in the EU: Widespread shortcomings and limited benefits. Special report No 09, 2018. Available at https://www.eca.europa.eu/Lists/ECADocuments/SR18_09/SR_PPP_EN.pdf

³³ <https://www.eca.europa.eu/en/Pages/DocItem.aspx?did=45153>

³⁴ See also Edit Lakatos (2018), A Mid-Term Analysis of the Impact of Structural Funds on Public, Cooperative and Social Housing in 2014-2020. Housing Europe report, available at <http://www.housingeurope.eu/resource-1075/a-mid-term-analysis-of-the-impact-of-structural-funds-on-public-cooperative-and-social-housing-in-2014-2020>

³⁵ Andrea Colantonio (2018) EIB Financing for Social and Affordable Housing. Presentation at the Housing Partnership event 'Affordable housing for inclusive cities, 16 May 2018, Brussels. Available at https://ec.europa.eu/futurium/en/system/files/ged/colantonio_affordable_housing_for_inclusive_cities_may_2018.pdf

³⁶ CEB Technical Brief "Social and affordable housing"; October 2017

INVESTMENT IN PUBLIC, COOPERATIVE AND SOCIAL HOUSING: CURRENT AND FUTURE NEEDS

Despite widespread recognition of an urgent need to invest in both new construction and rehabilitation, and the increasing availability of data on affordable housing in Europe and beyond, the lack of knowledge on the actual needs and related investment in social and affordable housing is striking. First of all, there is little comparable information on how much investment is currently feeding into housing, and more specifically affordable and social housing. If data on public expenditure related to the different policy measures in place are fragmented and hardly comparable (partly due to the variety of support mechanisms in place), information on private investment is almost completely lacking. Secondly, there are huge discrepancies across countries in terms of the availability of official estimates of housing needs.

Despite the limitations mentioned above, Housing Europe jointly with EIB is working on identifying current and future investment needs in social and affordable housing. Below we provide a snapshot from few selected countries based on contributions from our member organisations.

In Austria, members of Housing Europe have invested an average annual 2.7 billion per year in new construction and 885.4 million euros in renovation (including rehabilitation and maintenance) between 2013 and 2017. They build on average between 12,000 and 15,000 dwellings per year – almost one third of total new construction in the country. Almost a third of the stock was built before 1970, 23% was built between 1971 and 1990, and 18% over the past 20 to 30 years. However, it is estimated that at least 80 per cent of the buildings constructed before 1980 have already been renovated³⁷. GBV (the Austrian Federation of Limited-Profit Housing Associations) estimates that over the next six years (2019-2025) housing associations will have to build 210,000 units. This means 20,000 units per year with an estimated investment of 3.2 billion euros per year without taking into consideration the cost of land. Furthermore, over the same period they estimate 78,000 units will have to be rehabilitated, or 13,000 per year with an annual investment of 195 million euros. Limited-profit housing associations are well established in the Austrian housing market. They provide homes for almost a quarter of all Austrian households and they continue to build between a quarter and a third of all new homes in Austria. However, the increasing cost of land and construction is making it a lot harder for housing associations to finance new affordable homes.

In Estonia, the focus is very much on renovation of existing units and in particular flats in multi-apartment buildings. As of today, only about 5% of housing stock is renovated. There are more than 20,000 residential apartment buildings that need renovation. EKYL (the Estonian union of apartment owners associations), estimated that the average cost faced by an apartment association to renovate a full building is about 875,000 euros. Based on this estimates, Estonia needs at least 17.5 billion euros for renovating the multi-apartment housing stock to energy efficient level. With an investment of about 1 billion per year it's possible to achieve the desired level in 20 years.

Despite being the country in Europe which produces the highest number of social housing units per year, France had 2.1 million pending applications for social housing in 2017 (including 690,000 coming from households already living in the sector due to mobility), against an average 500,000 new housing allocations every year. On average the social housing sector has produced about 100,000 new homes per year over the past ten years (80,000 per year by HLM companies alone), between one fourth and one third of total housing starts in France depending on the year. Real estate activities of HLM providers in the five year period between 2012 and 2016 amounted to an average investment of 18 and half billion per year, including buying existing dwellings, new construction, and major works on social housing stock.

According to estimates by USH (Union Sociale pour l'Habitat, the French social housing confederation), if they are to keep up the same level of supply, this would require an estimated yearly investment of about 14 billion per year, and this is excluding renovation/rehabilitation works. However, it is estimated that measures put in place through recent reforms are costing the HLM sector about 2 billion Euros per year. This could result into a loss in terms of new housing outputs of an estimated 54,000 new units, and decrease in the rate of renovation.

At the same time, the State has foreseen new measure to support investment by social landlords mainly through an increase in the amount of available loans from the public bank Caisse de Depots. It is also expected that social housing providers should save on management costs and raise resources by increasing the number of sales of existing dwellings to 40,000 per year. Basically the sector is changing its economic model, and key to the future sustainability of the sector will be finding a new balance and stability so that HLM companies can keep their investment capacity.

GdW, the Federal Association of German Housing and Real Estate Companies is the umbrella organization of the relevant sectors in Germany. Its members represent nearly 30 percent of all rental flats in Germany, or about 5.9 million units out of which about 1.2 million are social housing. In the five years between 2013 and 2017 its members have invested an average 6.7 billion euros per year in rehabilitation, 4.4 billion euros per year in maintenance, and 6.2 billion euros in new construction -producing about 20 thousand new units per year.

In the last decade, housing construction has not kept up with population development in metropolitan areas and in university cities in Germany. In 2018 around 286,000 new dwellings were built, an increase by 126,000 units compared to 2010. However, the actual new construction still falls short compared to the estimated need for 360,000 new dwellings per year. More specifically, according to a study by the GdW, 140,000 additional new rented dwellings in urban areas are required annually of which 80,000 apartments should be social housing and 60,000 affordable housing. But new build social housing in 2018 fulfils only 34 percent of this demand: in 2018, only 27,000 new social housing apartments for rent were built. Although recently the production of social housing has increased to some extent, the social housing stock in Germany is still

³⁷ Housing Europe, CdC and USH (2017) The financing of renovation in the social housing sector. A comparative study in 6 European countries.

decreasing (from 2,570,000 in 2002 to approximately 1,210,000 in 2018). This is due to the fact that social housing in Germany is only temporarily required to fulfil obligations in terms of rents and beneficiaries and after a period which usually varies from 20 to 30 years (depending on the repayment period of the public loan) it can be rented at market rates or sold. Between 2017 and 2020, the long term rent controls will expire for around 43,000 social rental apartments each year.

The government has set a target of building 300,000 new homes a year in England by the mid-2020s. Research undertaken by Savills³⁸ on behalf of the G15, National Housing Federation and Homes for the North shows that overall supply is unlikely to rise beyond 260,000 homes per year by 2021 without a step change in delivery. National Housing Federation and Crisis worked with Heriot-Watt University to publish a detailed analysis of the number of new homes needed per year. It shows that to meet housing need in England over the decade from 2021, 145,000 of these new homes must be affordable homes, including 90,000 for social rent³⁹.

In contrast, 47,000 affordable homes were completed in 2017/18, 43,000 of which were newly built, and less than 6000 (or 12%) for social rent. Therefore, a substantial increase in output will be required in future years to meet assessed affordable housing need, and a shift towards building homes for social rent.

It is estimated that to meet social housing need will require an average of £14.6bn in capital grant from Government each year for ten years (£12.8bn per year in today's prices), to unlock a total housebuilding programme worth £46.2bn per year in total, on average⁴⁰.

³⁸ Savills (2019) Additionality of Affordable Housing <http://s3-eu-west-1.amazonaws.com/pub.housing.org.uk/Additionality-of-Affordable-Housing-Published-April-2019.pdf>

³⁹ Bramley, G. (2018) Housing supply requirements across Great Britain: for low-income households and homeless people <https://www.crisis.org.uk/ending-homelessness/homelessness-knowledge-hub/housing-models-and-access/housingsupply-requirements-across-great-britain-2018/>

⁴⁰ National Housing Federation (2019) Capital grant required to meet social housing need in England 2021 – 2031. Report available at http://s3-eu-west-1.amazonaws.com/doc.housing.org.uk/Editorial/Grant_modelling_report_June_2019.pdf

Table 3
Summary of recent changes in financing of social and affordable housing
Source: inputs from Housing Europe members and correspondents at national level

	New financing models	New actors / partnerships	New finance from European banks
Austria			EIB loan to the region of Lower Austria to build housing associations homes
Belgium		Flemish SH seeking more involvement of private developers and investors	ELENA grant for solar panels programme in SH in Flanders; CEB loan to Fonds du Logement de Wallonie
Cyprus		Plan to increase cooperation with the private sector in the provision of affordable housing through a number of gov incentives	
Denmark	Currently negotiations on future investment by National Building Fund; Target to reduce SH operating costs; Restructuring of financing of loans to SH now with full gov guarantee	Testing new partnerships across public and private sectors, e.g. urban development companies	First ELENA grant to a not for profit housing organisation in DK in 2019
France	Recent reforms challenge SH economic model by decreasing rent revenue		Increasing use of EIB loans for SH: typically indirectly through loans to CDC, but first HLM group to access directly EIB finance in 2019
Germany	Recent reform allows federal gov to grant the federal states earmarked financial aid for social housing from 2020 onwards		

	New financing models	New actors / partnerships	New finance from European banks
Ireland	Increased access to loan finance from private finance institutions and Housing Agency	A number of PPP SH projects were established and HAs are undertaking the tenancy management of the homes delivered	EIB financing SH indirectly through loan to Housing Agency
Italy	System of national with resources from CDP, government and private investors. It works in combination with local funds to support not for profit / affordable housing projects	Public private partnerships for affordable housing provision in the context of these new funds. Foundations and coops are involved but so far not public social housing companies	
Netherlands	Recent launch of Social housing bonds		
Poland			EFSI backed EIB loans for affordable housing in Poznan
Portugal			EFSI backed framework loan to the city of Lisbon for urban renewal incl social housing
Slovenia			CEB loan to the National Housing Fund
Spain		Seeking new ways to collaborate with private sector	EIB loans in Navarra, Barcelona and Zaragoza for SH construction
United Kingdom	England: cross subsidies from market sales (possible only in high value markets); Northern Ireland: increase in private finance borrowing from HAs		

CONCLUSIONS FROM CHAPTER 3

DECREASING PUBLIC INVESTMENT

Boosting government investment to ensure that people have genuinely affordable housing options should be a key policy priority. Unfortunately data on public expenditure on housing show the opposite trend. Total expenditure on housing development in the EU has declined by 44%, from 48.2bn Euros in 2009 to 27.5bn Euros in 2015.

SWITCH TO DEMAND-SIDE MEASURES

Over the same time period, expenditure on social welfare type payments such as housing allowances in the EU has increased from 54.5bn to 80.8bn Euros – pointing to the fact that the retreat of the state from funding housing provision may not be such an economically savvy choice after all.

ESTIMATING CURRENT INVESTMENT GAP

A 2018 study by the High-Level Task Force (HLTF), in association with DG ECFIN and the European Long-Term Investors Association (ELTI), estimated that the lack of investment in affordable housing stands at a minimum €57 billion per year. Although still scattered, evidence we've

collected from a number of selected countries points to a potential much higher investment in both new supply and rehabilitation if we are to take into consideration current and future needs.

ATTRACTING PRIVATE INVESTMENT REQUIRES STRIKING A THIN BALANCE...

Public budgets currently show limited capacity to support much needed housing supply. Hence the need to increasingly attract private investment into the provision of social and affordable housing. However, there are some limitations in working within the framework of private investments and PPPs, especially when it comes to providing homes with rents significantly below market level. Striking a balance requires careful consideration from all sides involved and implies changes in the way they work.

... AND PUTTING IN PLACE NECESSARY TOOLS

To boost private sector investments in affordable housing, governments have come up with several types of support to lower the cost of affordable housing. At the same time providers of social and affordable housing are adapting to the changing funding context: the increase in private finance borrowing is a generalised trend and one that has been going on –to varied degrees- for decades. The role

of financial aggregators is key to reach scale necessary to attract capital from big investors.

SEIZING THE OPPORTUNITIES FROM 'EUROPEAN BANKS'

The role of both COEB and EIB in the social and affordable housing sector is increasing significantly. In particular, the EIB is taking an increasing role in investing in affordable housing at both the national and local levels, and over the past two years several projects received EIB financing either directly to social housing providers or indirectly through public banks and/or specific vehicles.

Changes In Housing Delivery

an evolving role for social and
affordable housing providers

Today's highly globalized and interconnected world is changing at a really fast pace and we can feel the effects of this constant transformation happening at international scale clearly reflected at local level. The public, cooperative and social housing providers across Europe are facing big challenges, such as an ageing population, migration and a growth of homelessness to name a few. These as well as other defining factors in the social fabric are calling on the sector to adapt the way we operate and we provide homes.

Housing Europe asked its members to report on recent changes within the sector and more precisely initiatives carried out by social housing providers to raise up to the challenges mentioned above. As a result we've gathered a lot of information on innovation in our sector, such as for instance: development of new services to tenants, development of new line of activities such as commercial real estate or other, creation of groups/mergers on a large scale, cooperation with other stakeholders and new actors active in the field, spread of 'collaborative housing' forms, benchmarking initiatives, and technical innovations. The examples listed in the chapter are by no means exhaustive but they provide a relevant illustration of the king of initiatives and innovations the sector is undergoing.

NEW SERVICES TO TENANTS AND LOCAL COMMUNITIES

The first point is the establishment of new services to tenants and local communities. In particular, the increasing need for social support among residents is a clear reality for all members, despite very different starting points as to what extent housing providers have a culture or history of combining housing with social care. This way of working (in cooperation with other stakeholders/service providers) has proved to be the most effective in enhancing quality of life for their residents and it can also lead to significant savings for the public purse in the long term.

This trend manifests itself in different ways. First of all, it's worth mentioning that social housing providers in recent years have been increasingly involved in programmes aimed specifically at helping particularly vulnerable groups, tackling homelessness and the risk of housing exclusion. This includes, for instance, participation in Housing First programmes⁴¹ in Finland, Belgium and Austria, just to mention a few. This is partly linked to policy reforms implemented in some member states but also a direct consequence of the worsening socio-economic conditions of social housing tenants. In France for instance, the national federation Union Sociale pour l'Habitat has recently launched a call for '10,000 Logements accompagnés' (10,000 HLM supported housing units) with a view to help households facing multiple economic and social difficulties access and keep permanent housing. In Italy and Spain, public housing companies are trying to establish closer links with social services as well as healthcare providers to be better equipped to help their most vulnerable residents.

Another key topic is the link between housing and employment, with housing providers increasingly entering partnerships with employment services to help residents getting into work. For instance, in France one promising pilot project which sees the direct involvement of Union Sociale pour l'Habitat is the 'Employment package' (pack employ) targeting young (under 30) social housing residents who are recent graduates looking for employment opportunities

and independent accommodation.

Another major driver for the establishment of new services to tenants is the greying population. Among the examples mentioned by those who contributed to this report, in Germany, housing organisations are developing approaches for age-appropriate living as well as for social integration, Swedish housing coops are developing new models for care housing for elderly people which include halt hand care services, intergenerational housing projects in Spain, independent living services in England including a strong focus on de-institutionalization and step down from hospital services. This list is far from exhaustive and in the light of population projections and socio-demographic trends this issue can only become increasingly important in the future deserving further research. There is also a tendency for providers of social and affordable housing to work with local communities. Examples of this trend include, for instance, the establishment of programmes to support the creation of social enterprises such as the one which is run by the Northern Ireland Housing Executive and cooperation with local businesses in Wales.

Furthermore, housing providers increasingly see themselves as key in guaranteeing the cohesion of the social fabric in the estates and therefore employ dedicated staff to act as 'social managers' who work not only with tenants but also local neighbours organising communal initiatives – this is the case of housing cooperatives and third sector actors in Italy working in mixed public-private estates. Other new services mentioned by members of Housing Europe in the framework of this report are those related to mobility, such as car sharing and an e-platform to access parking in Austria, or the installation of chargers for electric cars (Norway, Spain). Also, the potential of digitalization in facilitating the delivery of new services is an area that deserves increasing attention. Just to name a couple of examples, some housing companies in Austria have started offering 'virtual tours' of the premises to prospective tenants, while Dutch housing associations have developed a Tinder-like smartphone app to allow people swapping homes more easily.

STRONGER COLLABORATIVE MODELS

A trend toward stronger cooperation with residents and a more active role of inhabitants in leading self-help initiatives reflects a societal need for a more democratic and bottom-up approach, including the housing sector.

On the one hand, there have been, over the years, many initiatives showing an increasing involvement of tenants in management and decision-making to various degrees, in some cases being a requirement by law. For instance, in the Belgian region of Wallonia, public housing companies today must establish resident consultation committees that are in charge of representing their collective interest. Furthermore, there are initiatives outside the 'classic' social housing sphere promoting closer cooperation with social housing providers. In the UK and Belgium there are several

⁴¹ Further information: Housing Europe (2019) Supporting people through Housing First: the experience of social housing providers. Housing Europe Observatory Research briefing, available at <http://www.housingeurope.eu/resource-1281/supporting-people-through-housing-first-the-experience-of-social-housing-providers>

examples of Community Land Trusts, and in France recent reforms have allowed the creation of ‘solidarity land agencies’ which are developing housing projects where the units are sold to moderate income households while the land remains in/under public ownership.

NEW TYPES OF TENURES AND CONTRACTS

Today there’s an increasing number of people experiencing homelessness and supply of social housing is ever falling behind compared to demand, and at the same time an increasing amount of middle-class households are getting/are increasingly exposed to increasing costs linked with housing⁴². These trends require adaptation and innovation in the types of tenures that are offered and in the kind of contracts that regulate them.

In the social and public housing sector, we’ve seen in recent years changes related to increasing transparency of social housing allocation, but also the introduction in several countries of time-limited lease contracts (as opposed to lifelong tenancies). The idea behind this change which, for instance, has recently happened across the Belgian regions is that at the end of the lease contract the situation of the tenant household will be checked to ensure they still fulfil the criteria, otherwise they will be required to leave the dwelling to be used by someone else in need. At the same time though, public housing companies are being encouraged to provide also ‘intermediate’ rental housing solutions to households with incomes slightly above the ones who qualify for social housing. Similarly, in Ireland where the social housing sector is small and very much targeted towards low incomes and vulnerable groups, new ‘cost rental schemes’ are being implemented in Dublin and other urban areas with a tight housing market.

Another trend which concerns all sectors including (if not especially) private rental is the establishment of specific contracts – usually also of limited duration – aimed at responding to the needs of students and/or people who are willing to share a home – this is the case in Belgium and France. This kind of contracts are aimed at introducing more flexibility in the rental market whereby mainly young people and students seeking affordable options are finding it hard to find suitable accommodation⁴³.

A third development is the introduction of new formulas to access home ownership, often through ‘intermediate’ solutions like shared ownership schemes whereby for instance a household can buy only a share of a dwelling and pay a rent on the remainder and/or acquire full ownership over time. We find a range of different solutions but driven by similar principles, mainly carried out by cooperatives and not for profit housing providers. For instance, while ‘right of occupancy’ housing in Finland and shared ownership schemes in England have been on the market for quite some time, recently cooperatives are testing models for ‘rent-before-buying’ tenure in Norway and rent-purchase and shared ownership schemes in Sweden, the not for profit organisation ‘Co-ownership’ in Northern Ireland has developed a ‘rent to own’ product. While this kind of solutions are designed for households with an income sufficient to allow them to save some money in the long term, typically low to middle class and not very low-income people, if well designed, they can represent a significantly more affordable option than simply buying a home, as they require less equity.

INNOVATION IN CONSTRUCTION AND RENOVATION

If all the elements mentioned above can be considered as the ‘software’ part of the work of housing providers, the ‘hardware’ is what concerns the dwelling stock and the built environment. Today, the way providers of social and affordable housing build and renovate homes is also evolving⁴⁴. One of the main drivers is no doubt the need for homes to consume less and greener energy. The most innovative initiatives in this area use, for instance, standardization of renovation techniques and increase scale to speed up and reduce costs linked with the refurbishment process, as showcased characteristically by the Energiesprong project. This initiative started in the Netherlands and was subsequently tested also in France and the UK thanks to EU funding from the Horizon 2020 programme – the Transition Zero project, winner of the EUSEW 2019 Award in the innovation category.

Also key and increasing in recent years is investment by housing organisations in renewable energy sources. For instance, initiatives are ongoing in Flanders and the Brussels region of Belgium to scale up the use of solar panels. In Austria, photovoltaic modules on rooftops of limited profit housing associations are already a widespread reality but most recently an amendment of the national electricity regulation has made it possible to set up “joint production facilities”, where tenants have the option to acquire shares and to use the produced energy for their own consumption, therefore reducing their monthly energy bills. Some Scottish housing associations are building wind turbines for the benefit of their residents and local communities. As alternatives for natural gas, in Spain housing cooperatives are testing some pilots using geothermal energy in the residential stock, while district heating is a key component in the Dutch Starting Engine project that aims to have 100.000 rental houses natural gas free by 2022.

Secondly, a top priority is the reduction of construction costs and housing providers are testing the potential for technology to help with this challenge. They bring up a range of different ideas, from deploying an industrial approach with the use of serial and modular construction and off-site manufacturing (for instance in Germany, Ireland and England), to using digital technology such as BIM, which is being tested in the affordable housing sector in Sweden, France and elsewhere.

In England, housing associations are committed to ‘Modern Methods of Construction’ (MMC) which utilises a range of approaches such as off-site manufacturing, improvements in the supply chain and digitalisation, to produce more, better quality homes in less time.

Procurement rules can also help reduce the costs, using framework agreements/nation-wide agreements and standardised contracts such as recently in Sweden and Germany.

⁴² See for instance OECD (2019), *Under Pressure: The Squeezed Middle Class*, OECD Publishing, Paris, <https://doi.org/10.1787/689afed1-en>

⁴³ For more details, see Housing Europe (2018) *Housing the EU Youth*. Housing Europe Observatory Research briefing, available at <http://www.housingeurope.eu/resource-1081/housing-the-eu-youth>

⁴⁴ See Housing Europe (2018) *Affordability in housing construction*. Housing Europe Observatory Research briefing, available at <http://www.housingeurope.eu/resource-1209/affordability-in-housing-construction>

ORGANISATIONAL ASPECTS

Housing providers are often also undergoing changes in the way companies are structured and/or reviewing a number of internal processes, especially in relation to performance evaluation. First of all, although in countries such as England and the Netherlands the process of mergers already happened over the last two decades, we see a new 'wave' of mergers, notably in some Belgian and Italian regions as well as, most recently, in France. While in some cases mergers are a solution adopted as part of a company's business plan to deliver the social mission more effectively and efficiently, in other cases mergers are the consequence of a top-down policy request/obligation, with the view of reducing expenditure.

Furthermore, housing providers are also adopting new tools for evaluation and benchmarking initiatives. For instance, social housing providers in Flanders now have to undergo regular performance reviews, while a number of housing federations have adopted tools for CSR reporting (e.g. in Germany, France, Austria). The Dutch social housing federation AEDES has established a benchmarking/'benchmarking' exercise for its members: it is based on collection of data and analysis on 5 performance fields (tenants' evaluation, operating expenses, maintenance and improvement, sustainability, availability and affordability). Interestingly, the HLM movement in France has strengthened its focus on gender equality and has signed a Charter which includes a number of commitments concerning both the internal organisation of social housing companies as well as access to services they provide and impact of their activities.

CAPTURING INNOVATION IN THE HOUSING SECTOR: EUROPEAN RESPONSIBLE HOUSING INITIATIVE

Social housing is sometimes portrayed as an 'old' sector, part of a welfare and urban development model that belongs to the past. The evidence collected from our members we've presented above shows this is far from true – and these trends and initiatives are just part of the story/big picture. To support housing organisations in the process of innovation that is needed to create sustainable and 'future-proof' housing in the light of an ever-changing context, Housing Europe has partnered up with the International Union of Tenants and Delphis for the European Responsible Housing Awards⁴⁵. What began in 2014 as an EU-funded initiative, has now evolved into a unique opportunity for public, social and cooperative housing providers to participate in a Europe-wide competition and demonstrate accomplishments, innovations and best practices. The responsible housing approach – which has received the endorsement of the Housing Partnership of the Urban Agenda for the EU – comprises 5 dimensions:

1. Fair financing for housing affordability: sustainable investment that ensures cost effectiveness and balancing of the level of services provided, related costs and how far current and prospective tenants/residents can afford them – can minimise housing costs as well as mitigating real estate speculation.
2. "More than a roof" – supporting communities of equal opportunities: Ensuring decent, affordable housing, and that will remain so in the future, is key to avoiding social and spatial segregation and promoting social cohesion in neighbourhoods.

3. Leading innovation, agents of fair energy transition: through innovative, sustainable construction and retrofitting, and to the highest standard possible within the financial means available, housing associations and tenants/residents can reduce the environmental footprint of housing stock.
4. Building strategic alliances, fostering community collaboration: "No one is an island" and certainly, no (responsible) housing association works in isolation. Good communication and transparency on how and why decisions are taken, between housing associations, local authorities, tenants/residents and other stakeholders, can ensure fairer and more effective collaborations.
5. Empowering the team, addressing employees' changing needs: Fair labour practices in a healthy, safe and positive work environment that actively promotes equality and diversity is an essential starting point for the personal and professional development of employees.

NEW! HOUSING EVOLUTIONS HUB



The newly launched Housing Evolutions Hub highlights the latest innovations in the field of social, public, affordable and responsible housing. Additionally, it provides a European-wide platform for communities of experts and practitioners to share and learn from innovation challenges that are crucial to enhance and promote their housing objectives.

THE PILLARS OF THE HOUSING EVOLUTION HUB

1. Bringing together best practices in the field of social, affordable, cooperative and public housing
2. Possibilities for housing actors and professionals to exchange on innovation in different fields and organize meetings as part of thematic communities
3. Entries from experts that encompass dimensions such as digital innovation, architecture, construction, planning, business and governance models, financing, the role of public authorities.
4. Stories with news about experiences and benefits of innovation from Housing Europe members and others. The innovations and best practices are shaped around the categories defined by the European Responsible Housing Initiative's (ERHIN).

MAIN THEMES

- Economic sustainability and responsibility
- Local social sustainability
- Environment and Natural resource
- Fair relations to stakeholders and Good governance
- Responsible human resource management
- Data and ICT solutions
- Construction and Development
- Finance
- Land use
- Organizational structures

⁴⁵ For more information on the initiative and on winners of past editions, see <http://www.housingeurope.eu/resource-1204/european-responsible-housing-awards-2019>

- Target groups (e.g. demographic categories and groups with specific vulnerabilities)

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<https://www.housingevolutions.eu/>

CONCLUSIONS FROM CHAPTER 4

CHANGING CONTEXT DETERMINES CHANGES IN THE SECTOR

The changing funding context and strategies that housing providers are putting in place to cope with it are only part

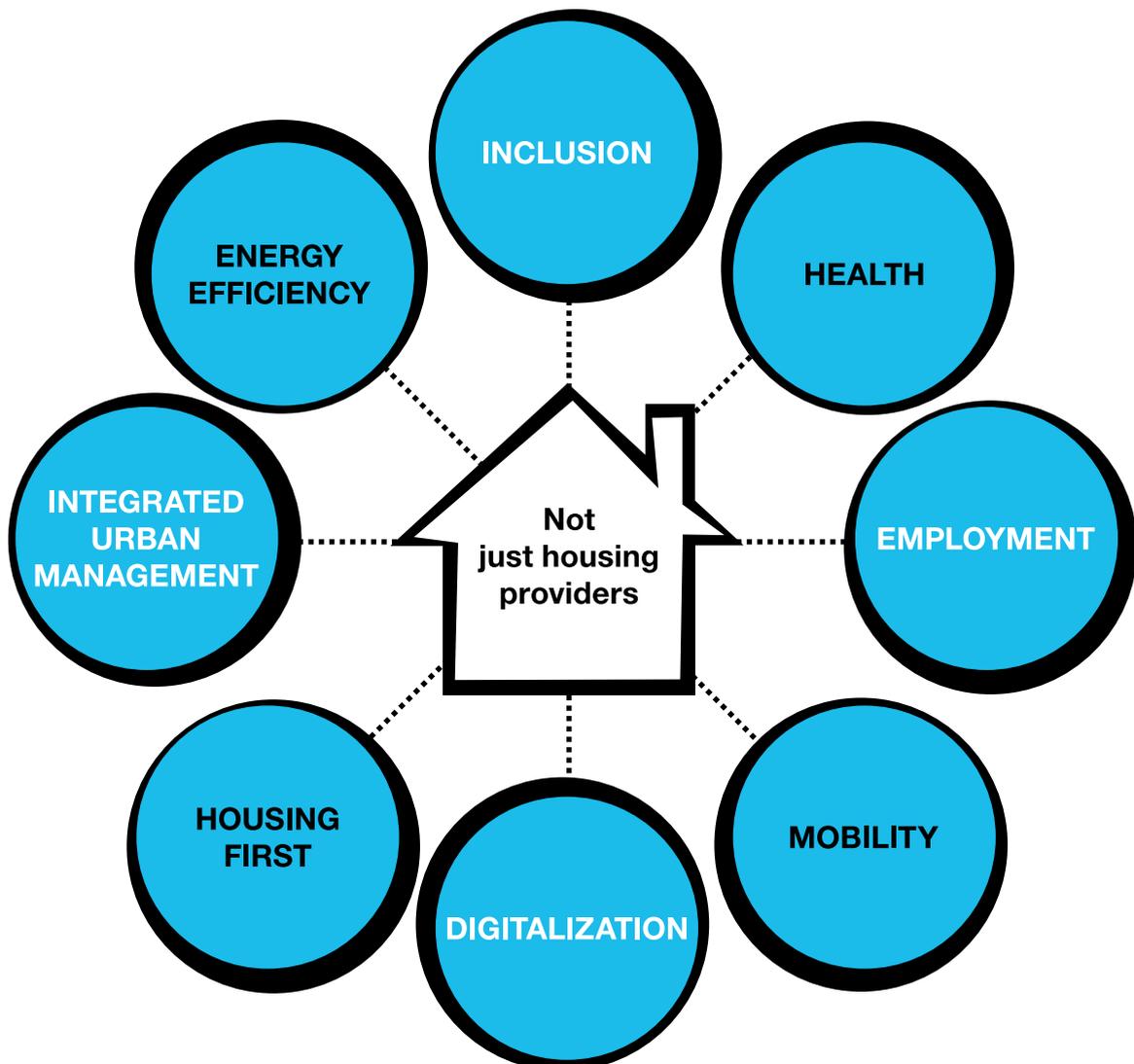
of the story. Overall housing delivery is evolving to respond to changing socio-demographic context, new needs from different population groups, technological development, environmental challenge – just to name a few.

INNOVATION CONCERNS ALL ASPECTS OF HOUSING PROVIDERS’ WORK

We’ve found the main areas where this innovation is taking place are the provision of new services to residents and local communities, more democratic and collaborative practices, new types of tenures and contracts, innovation in construction and renovation techniques, as well as organisational aspects.

A ‘RESPONSIBLE HOUSING’ APPROACH TO PREPARE THE FUTURE

There are a number of exemplary projects and practices across Europe. However, the sector will need to further innovate to create sustainable and ‘future-proof’ housing in the light of an ever-changing context and the principles of ‘responsible housing’ should guide this process.



Changes In EU Landscape

social, cooperative and public housing
and the European policy of resilience

When discussing housing policies and the relationship with the EU, it is important to understand the greater framework in which this relationship takes place. The European institutions have recently tried to identify “mega trends” that will mark the foreseeable future of Europe and the context in which EU policies will operate. Those can be summarized as follows: «we are hotter, we are more, (but where?), we live in cities, we continue to grow economically, we need more energy, we are highly connected»⁴⁶. With this in mind, in the following paragraphs, we focus on the interaction between EU policies and national/regional housing policies in an increasingly challenging economic, social and environmental context. We will first look at the role of the EU in housing policies, and then focus on some of the most relevant policy interactions in the light of the contribution of the European Commission to discussion on the future of the EU⁴⁷.

THE LEGITIMATE ROLE OF THE EU IN HOUSING POLICIES

Housing is very often quite high on the agenda of national politics, and has increasingly become an important topic for European policy makers. First and foremost because both the origin and the solution to the global financial crisis of 2008 had a lot to do with housing, but also because the European Union has now reached a point where there is considerable pressure to show that it has a positive and tangible influence on people’s lives. In this quest for legitimacy, supporting social infrastructures such as housing has become almost obvious opportunity to do this. However the interlinks between housing policies and the European Union are complex.

On the one hand, housing markets are local markets that react to local circumstances in terms of demographics, availability of land, legislative frameworks. The supply of social housing is determined by political choices which are linked partly to local decision makers (inclusive zoning, quotas for social housing) partly by regional or national levels (eligibility to access social housing, funding of providers). Those frameworks evolve over time but broadly speaking remain anchored in specific welfare state traditions.

On the other hand, affordable housing or the lack thereof is a determinant of economic growth (or on the contrary determinant of economic crisis) impacting demand, social cohesion and regional development. That is why there are clear interlinkages between national or regional housing policies on the one hand and EU policies aiming at supporting growth, cohesion and regional development on the other hand.

It is therefore logical for the EU to include housing in the scope of its action in the field of social policies and economic policies. For instance in the social field, the European Pillar of Social Rights expresses principles and rights essential for fair and well-functioning labour markets and welfare systems in 21st century Europe. It reaffirms some of the rights already present in the Union acquis. It adds new principles which address the challenges arising from societal, technological and economic developments. And the Pillar considers it essential for the European Welfare state that access to social housing or housing assistance of good quality shall be provided for those in need. Despite this positive trend to recognise housing as essential for a European Welfare State, there will always be a tension between calling for the EU to intervene on housing issues and calling the EU to refrain from doing so, arguing that, according to the Treaty on the Functioning of the EU, the

member states and their local governments remain the sole authorities competent on funding and designing public and social services.

Where should be the balance then between too much EU and too little EU in the field of housing? Instead of mechanically referring to the EU treaty and the principle of subsidiarity, a more convincing and substantial answer is probably to be found in the very democratic values of our society. As a matter of fact, any democratic system, and this should be the case for the EU, is based on the central role of the people, in particular because policies should aim at improving people’s lives. Another important aspect of democratic systems is that policies implemented by governments should enable the capacity of the subsequent levels of governance to design measures that will make sense for people according to local circumstances. As democracy is indeed also about enabling, giving citizens the capacity to make choices, a democratic Europe that works for all can only be real if it makes sure that the policies undertaken do enable and don’t undermine this capacity.

WHAT DOES IT MEAN FOR SOCIAL, COOPERATIVE AND PUBLIC HOUSING?

To put it bluntly, the EU can either enable member states and other levels of governance to shape, fund, and implement the right housing policy for the citizens or it can limit this capacity. This is a kind of test for European democracy. (To the question of what is the «right» housing policy, we take here for granted that positive housing outcomes (i.e. decent and affordable housing for all) is a universal aspiration). Rather than evaluating now whether the EU has passed the test, we will look at what can be done to develop a «Europe that works for all». There is no doubt that there is a number of policies that the EU can promote in order to ensure that member states and other levels of governance can shape, fund, and implement the right housing policy for the citizens, for instance:

- The European coordination of economic policies («European semester») can incentivize member states to adequately regulate housing markets and adequately fund housing policies in order to achieve affordable and decent housing for all.
- The European energy policies can urge the greater use of renewable energy combined with constant effort to increase the energy performance of buildings and decrease the CO2 emissions of neighbourhoods and cities, as well as provide for the right skills to do it. The European Commission should review the national energy and climate plans with this in mind.
- The European regional and cohesion policies can support communities and cities with integrated plans tackling urban poverty, segregation and poor built environment. Despite the reduction of funding for cohesion policy, all regions should be able to use ERDF and ESF to tackle pressing issues and the rate of EU financing should be sufficiently high to create an incentive for projects.
- State aid rules for social housing should allow for more flexibility, i.e. adapting the mission of social housing providers

⁴⁶ https://ec.europa.eu/epsr/sites/epsr/files/espas_report2019.pdf

⁴⁷ «We need to support access to quality, energy-efficient affordable housing for all in Europe, supporting Member States to ensure functioning housing markets and adequate provision of social housing». https://ec.europa.eu/commission/sites/beta-political/files/euco_sibiu_communication_en.pdf

to the local circumstances (for instance in tense housing markets where is no supply from the private market for low to middle income households).

Those policies will be part of the future programme of the EU institutions. It is legitimate that future EU decision makers discuss the fate of housing policies, not because the EU has to take over this topic at the expense of other levels of governance, but because there is a need for the EU to be an enabling force. As put in Housing Europe manifesto for the European elections, « the state of housing in the European Union today remains critical and calls for an integrated approach bringing together political will from the governments, inclusive planning at local level and innovation from the construction and renovation sector. We cannot keep approaching housing policy with the tools of the past. In such a co-productive process, public, cooperative and social housing providers are the key to unlock the full potential of our cities ». In the next pages we will go into more details about the main policy interactions and analyse key EU policies for social, cooperative and public housing.

HOUSING INVESTMENT AND THE EU ECONOMIC POLICIES

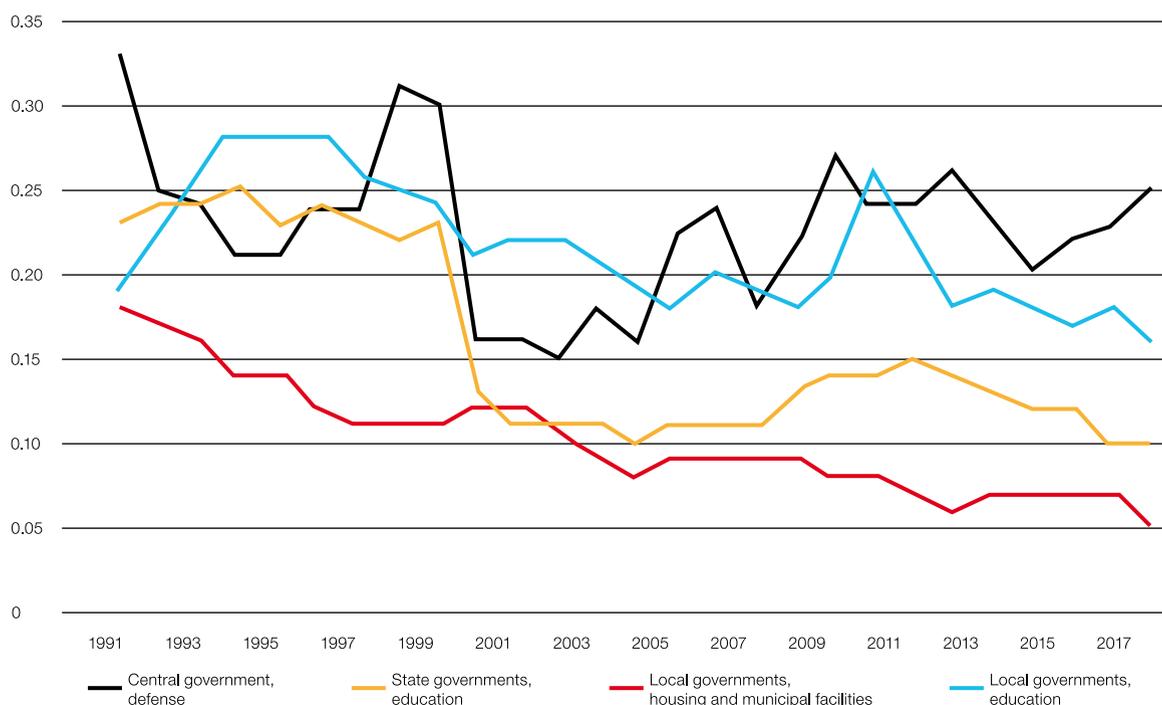
THE ROLE OF THE EUROPEAN SEMESTER

Adopted by the EU in the aftermath of the sovereign debt crisis in 2010, the coordination of the economic policies via the European Semester is an important tool to monitor and issue recommendations to Member States on their fiscal and broad economic policies. While the primary goal of this coordination is to avoid economic imbalances in the

form of excess public deficit or private household indebtedness, it also looks at investment areas and in particular public investment. As the EIB pointed out in 2018⁴⁸, «there is no recovery yet in infrastructure investment – undermining Europe’s long-term potential. Infrastructure investment appears to have stabilised at 1.8% of EU GDP, down from 2.2% in 2009». The decline is strongest in countries with the lowest infrastructure quality, pointing to a slow-down in the convergence process. Municipalities report a significant infrastructure gap mostly in social housing, urban transport and ICT and see fiscal constraints, rather than access to finance, as the main obstacle». In the field of social infrastructure the Prodi-Sautter task force has looked the sectors of education, healthcare and housing and estimates that Europe would need an increase of 142 bio € per year to reach the objectives set by the Europe 2020 strategy (57 bio€ for housing). At the same time, as stated by the European Commission, access to social and affordable, energy efficient housing is a challenge. Around 10% of households in the EU spend over 40% of their income on housing costs. Therefore, we need to support access to quality, energy-efficient affordable housing for all in Europe, supporting Member States to ensure functioning housing markets and adequate provision of social housing. The public investment gap in housing is also illustrated by the trends for the different public investment purposes. Germany is a good example of a country where public investment in housing has been declining over the last 3 decades, with the global financial crisis sharpening the downward trend – as illustrated in Figure 6 below.

⁴⁸ https://www.eib.org/attachments/efs/economic_investment_report_2017_en.pdf and https://www.eib.org/attachments/efs/eibis_2017_municipality_eu_overview_en.pdf

Figure 6
Public gross fixed capital formation by government and purpose (as a percentage of GDP)
Source : European Commission



This graph from a Bruegel research note illustrates that *“like in many other European countries, German households’ spending on rents and property is increasing – especially in urban regions. German local governments (which are primarily responsible for investing into housing) have seen their investment ratio more than halved, from 0.19% in 1991 to 0.05% of GDP in 2017”*⁴⁹

There is a constant under-investment in housing in almost all EU countries. While the European Commission via the European Semester has recommended Member States to reverse that trend, the Stability and Growth Pact remains a deterring framework for many governments, despite its flexibility mechanisms. It somehow signals that the design of existing flexibility mechanisms within the Stability and Growth Pact must be improved: as the European Commission reported, four Member States have applied to make use of the structural reforms and/or investment clauses within Stability and Growth Pact since 2015: Italy, Latvia, Lithuania and Finland for structural reform; Italy and Finland for investment. Nearly half of the Member States would have been eligible to apply to make use of the structural reform clause but most did not request to do so. The condition that a Member State must be experiencing an economic downturn to benefit from the investment clause limited its use significantly⁵⁰.

FINANCING OPPORTUNITIES FOR NEW CONSTRUCTION AND RENOVATION OF SOCIAL, COOPERATIVE AND PUBLIC HOUSING

While the coordination of the economic policies as well as the *Stability and Growth Pact* have created a framework that can constraint public investment in social, cooperative and public housing, the financial opportunities provided by the EU can help housing providers to maintain investment in supply of affordable housing. The traditional (but effective) approach is illustrated on the one hand by the role of the cohesion policy (i.e. the European Structural and Investment Funds) which has provided more than 6 bio € of mainly subsidies for housing related projects over the period 2014-2020⁵¹; both the European Regional Development Fund and European Social Fund (in particular in relation to technical assistance for public authorities willing to improve their housing policies) have been used by regions and member states with various levels of economic development. On the other hand, the European Investment Bank provides loans to providers of social housing in Europe for an amount of about 10 bio € currently. Those loans help to finance supply of highly energy efficient social housing but also for the renovation of existing housing units.

Beyond the traditional approach of finance to social housing, we can identify another approach based on the leverage effect of public money. This approach is epitomized by the way the European Fund for Strategic Investments has been operating and the way the InvestEU programme will operate from 2021. The basic principle of those 2 funds is to provide a public guarantee (in that case the EU budget), and seed funding (EIB loan) in order to pull private funds into the project. The InvestEU fund will have one specific branch for social policy projects which include social housing and student housing. It means that providers of social housing will be able to apply for the EU guarantee as well as the necessary technical assistance. An interesting aspect of this approach is that it cannot only operate on a project basis but also can help to create thematic or territorial investment platforms as a way to aggregate various

project promoters and increase project size. The question remains though whether private investors in sufficient quantity will be willing to invest in social, cooperative and public housing within the framework of InvestEU.

The European Commission intends to create a market push for investment in sustainable development by developing a taxonomy for the investment in green sectors, including housing, i.e. a list of economic activities assessed and classified based on their contribution to EU sustainability related policy objectives⁵². Furthermore the increasing use of non-financial performance indicators, in line with the approach of the Sustainable Development Goals, is also a signal that private investors are interested in invested in sectors like social, cooperative and public housing.

STATE AID RULES

The state support to undertakings carrying out missions of general interest is regulated by the European Commission Decision 2012/21⁵³. The objective of this Decision was to implement the EU competition policy while respecting the specific nature of the social sector. As a reminder, aids that are not notified are illegal according to TFEU. Therefore it was necessary to provide a legal answer for the provision of those services which are essential for EU citizens and social cohesion in Europe.

Under the SGEI decision social housing is exempted from the notification obligation under Article 108 TFEU – as long as they comply with the requirements of the Decision. The state aid rules provided by the 2012 decision have helped providers of social housing to operate in a stable regulatory environment with predictable sources of financing. Indeed the variety of forms of public support, as well as the structural nature of the aid (in relation to the necessary continuity of public service mission) required a framework that would allow public investment while complying with the EU competition policy. Furthermore the specific treatment without 15 million € ceiling is justified by the yearly amounts involved for the building and renovation of social housing stock. The decision has helped to clarify the regulatory context in which the social housing providers operate and prevent the potential rise of state aid cases

However, it is necessary that the way the Decision is implemented takes into account the growing complex housing needs and rapidly evolving local housing markets. A clarification is necessary on the capacity of relevant Member States public authorities to define the scope of social housing according to those evolving needs (and thus responding to local market failures) The housing crisis in the EU is still a harsh reality in cities. Urban areas in many member states are faced with pressured housing markets. In many cities, it has become difficult to find affordable housing at market prices. Investors and other landlords offer dwellings in the private rental market, however the rental prices are often higher than many households can afford. There is an increase in buy-to-let constructions in cities. This has a

⁵¹ <http://www.housingeurope.eu/resource-1075/a-mid-term-analysis-of-the-impact-of-structural-funds-on-public-cooperative-and-social-housing-in-2014-2020>

⁵² https://ec.europa.eu/info/sites/info/files/business_economy_euro/banking_and_finance/documents/190618-sustainable-finance-teg-report-taxonomy_en.pdf

⁵³ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32012D0021&from=FRF>

negative effect on both the affordability and the availability of housing. Middle income households often cannot afford market priced housing in urban areas. They face the risk of being pushed out of cities. In some member states cities are even prioritizing key workers in the allocation of housing in order to prevent a shortage of, for example, teachers, nurses or police officers.

THE PRODUCTION OF CLIMATE-PROOFED SOCIAL, COOPERATIVE AND PUBLIC HOUSING

In June 2018, the EU co-legislators (the European Parliament and the European Council) adopted the revised Energy Performance of Buildings Directive (EPBD)⁵⁴. This Directive brings the concept and objective of decarbonising the entire EU building stock by 2050. It is in line with the long-term strategy for CO2 emissions reduction adopted by the European Commission in November 2018. It says that *«the aim of this long-term strategy is to confirm Europe's commitment to lead in global climate action and to present a vision that can lead to achieving net-zero greenhouse gas emissions by 2050 through a socially-fair transition in a cost-efficient manner»*⁵⁵. This new concept of decarbonisation applied to the building stock in EU legislation is ambitious as it means a reduction as close as possible to zero of the CO2 emissions of the building stock and a provision of renewable energy for the remaining energy needs. The approach therefore also takes into account the need for more renewable energy to meet the energy needs. The recognition of the importance of the district level is also crucial and it remains unclear how member states will implement the revised EPBD with the view of changing neighbourhoods and not only building envelopes. Eventually the revised EPBD refers to the necessity to combat energy poverty when a member state prepares a strategy to decarbonise the building stock.

The ambitious decarbonisation approach of the EU is however facing the challenge posed by the costs of renovation and new construction. In a sector where the final price for consumers (i.e. rents) is regulated to be affordable, the increasing cost of construction and still high cost of renovation pose an economic problem for the housing providers. Measures related to land policy, planning and productivity in the construction sectors are necessary⁵⁶.

THE URBAN DIMENSION OF EU POLICIES

Many initiatives on the urban dimension of the EU policies have flourished over the past years either from the European Commission or the EU member states⁵⁷. The latest and probably the most elaborate attempt to take into account the impact of EU policies on cities is the Urban Agenda. The Urban Agenda for the EU⁵⁸ was launched in May 2016 with the Pact of Amsterdam⁵⁹. It represents a new multi-level working method promoting cooperation between Member States, cities, the European Commission and other stakeholders in order to stimulate growth, liveability and innovation in the cities of Europe and to identify and successfully tackle social challenges. Thematic Partnerships representing various governmental levels and stakeholders are the key delivery mechanism within the Urban Agenda for the EU. One of the partnerships is on housing. The Housing Partnership⁶⁰ was one of the first to be established within the framework of the Urban Agenda

for the European Union. As stated in the Pact of Amsterdam, its objectives were 'to have affordable housing of good quality'. The focus was on public affordable housing, state aid rules and general housing policy. In taking up these issues, the Council acknowledged their relevance for the EU and its citizens, even though the EU does not have a direct mandate on housing.

The Housing Partnership analysed the challenges faced by Member States, regions, cities, and social and affordable housing providers throughout Europe. The starting point was the acknowledgement that cities, urban areas, regions and countries all over the EU are in need of a stable framework of conditions to ensure that their populations can find accessible and affordable housing. They are in search of solutions relating to the provision of new and for renewal of existing housing, finding building ground for affordable housing, developing inclusive neighbourhoods in partnership with citizens, and establishing housing schemes where none are yet available. Through the work of the Partnership, a set of 12 substantial actions and recommendations by the Housing Partnership are described in the Action Plan of the Housing Partnership, which also includes recommendations on the development of good policies in the housing sector at local, regional and national level.

One specific aspect not directly addressed by the Housing Partnership is the impact of short-term rented holiday housing on affordability. As we have seen a spectacular growth of online short-term housing rental platforms in recent years, some cities have decided to regulate this activity, by imposing a limit, or even a ban the type of housing provision. Those restrictions have given rise to a number of court cases. In April 2019, a European Court of Justice Advocate General found that French real estate law is not applicable to Airbnb and that the company's online services instead constitute an information society service which fall under of the E-commerce directive and Services directive on the sector, confirming the principle that any restriction to an economic activity must be justified, must have a direct link to the desired impact of the regulation and must be proportional. This opinion is not binding and the case will go to the ECJ who will give a full judgment later on in the year. As we see that the EU legislation will potentially limit the ability of cities to regulate short-term rentals, some stakeholders have called the EU to change its legislation, as for instance in the European Citizens' Initiative on affordable housing⁶¹.

⁵⁴ <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1529394717053&uri=CELEX:32018L0844>

⁵⁵ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52018DC0773>

⁵⁶ See for instance: <https://www.mckinsey.com/featured-insights/future-of-cities/housing-affordability-a-supply-side-tool-kit-for-cities>

⁵⁷ https://ec.europa.eu/regional_policy/archive/themes/urban/leipzig_charter.pdf

⁵⁸ See here for more details: <https://ec.europa.eu/futurium/en/urban-agenda-eu/what-urban-agenda-eu#Next-Steps>

⁵⁹ <https://ec.europa.eu/futurium/en/content/pact-amsterdam>

⁶⁰ <https://ec.europa.eu/futurium/en/housing>

⁶¹ https://europa.eu/rapid/press-release_IP-19-1612_en.htm

SOCIAL HOUSING IN THE EUROPEAN WELFARE STATE

While social, cooperative and public housing have been increasingly recognised at EU level for their role in the economic performance and environmental quality, it was only recently that the social role has been put into the wider perspective. In November 2017, the EU institutions adopted a Interinstitutional declaration on the European Pillar of Social Rights which provides, in its principle 19 point a, that access to social housing shall be provided for those in need⁶².

In order to understand the scope of the principle 19 point a, the staff working document prepared by the European Commission made it clear that: «*While the Charter of Fundamental Rights provides the right to housing assistance and to a decent existence for all those who lack sufficient resources, Principle 19a goes further by referring to the provision of housing support in-kind, namely social housing. Either social housing or housing assistance should be provided: the material scope of the Principle includes the whole range of possibilities in providing support in relation to housing, and covers, for example, housing benefit, income support, rental guarantees and tax deductions. The personal scope of this provision is also wider than under the Charter as it includes housing assistance for everyone in need, not only for those who lack sufficient financial resources but equally those with special needs – due to their disabilities, family breakdown etc.*».

The European Pillar is also a commitment of all EU institutions and member states to support better social outcomes (including access to social housing). through the economic coordination at the EU level. The country reports and country specific recommendations, have a role to play in influencing fiscal and economic policies of Member States). The 2019 country specific recommendations encompass remarks on housing for 17 countries and recommendations to invest in housing for 6 of them.

The recognition of the role of social housing for the EU welfare state is a positive step towards recognising the increasing demand for social housing in the Europe. As this report has shown, in many countries and cities in the EU, the new construction of housing is below the housing needs (calculated on the basis of households' formation). This is even truer for social housing. This goes for highly attractive areas with high growth and employment rate, whether in urban or peri-urban areas. Not only is the quantity of affordable housing not sufficient, but the quality of housing support remains a challenge for municipalities and service providers facing the task of integration of migrants but also independent living for elderly people. The next and final part of this chapter will draw lessons from the policy analysis and seek to provide some advice for housing policies.

WHAT IS NEEDED FOR THE FUTURE OF AFFORDABLE HOUSING IN THE EU?

Faced with the challenges posed by growing inequalities and the climate crisis, housing policy makers need to implement a positive framework for social, cooperative and public housing at the adequate level of governance.

Increasingly local policy makers are putting this on their agenda, commit to renewed ambition and call for support from the EU. One of the most recent initiative by stakeholders from various sectors is the Lyon commitment towards an affordable housing society⁶³. It calls for a framework that would consist of :

- Reaffirming the commitment to implement the right to housing by all levels of government, as well as the notion of the common good as regards social housing: its use must be protected, free from any attempt of financialization,
- Providing solutions to complex and specific needs: people with limited income, homeless people, elderly people, youths, migrants, large families, people with disabilities or mental illnesses... ,
- Promoting local and partnership actions that enable the increase in household's purchasing power and dynamism
- Defining new ways of building the city, respectful of the environment and adapted to climatic variations, natural disasters and land shortage,
- Supporting initiatives working to reclaim and realize the right to housing, as well as those initiatives that promote citizenship and living together, in particular through social diversity and access to social rights.

Some of those principles are relevant for the EU level and details policy proposals for the EU have also been elaborated at the occasion of the European elections of 2019⁶⁴. Those proposals and reflections about the role of national or European institutions follow years of reflections, most of them dated back to the aftermath of the global financial crisis.

KEY RECENT EU HOUSING POLICY DOCUMENTS:

Housing Europe 's contribution to UN Habitat III conference (2016): <http://www.housingeurope.eu/resource-808/we-call-governments-in-the-eu-and-beyond-to-put-social-housing-back-at-the-centre>

EU Pillar of Social Rights (2017): https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights/european-pillar-social-rights-20-principles_en

Committee of the Regions' opinion on European Agenda for Housing (2017): <http://edz.bib.uni-mannheim.de/edz/doku/adr/2017/cdr-2017-1529-en.pdf>

European Parliament opinion on Social Housing in the European Union (2013): <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+REPORT+A7-2013-0155+0+DOC+XML+V0//EN>

⁶² https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights/european-pillar-social-rights-20-principles_en

⁶³ the Lyon commitment «Towards an affordable housing society»: <http://www.housingeurope.eu/resource-1287/lyon-commitment-towards-an-affordable-housing-society>

⁶⁴ For instance, Housing Europe Manifesto for the European elections: <http://www.housingeurope.eu/resource-530/our-homes-are-where-europe-s-future-starts>

CONCLUSIONS FROM CHAPTER 5

HOUSING ON THE EU AGENDA

Housing is very often quite high on the agenda of national politics, and it has increasingly become an important topic for the European policy makers. First and foremost because both the origin and the solution to the global financial crisis of 2008 had a lot to do with housing, but also because the European Union has now reached a point where there is a desperate need considerable pressure to show that it has a positive and tangible influence on people's lives. In this quest for legitimacy, supporting social infrastructures such as housing has become almost obvious opportunity to do this.

BETWEEN CONFLICTING AMBITIONS AND RESILIENCE FOR CITIES

We will live in hotter, bigger, more diverse cities, marked by contradictory ambitions: being attractive for the most skilled workers, become resilient against climate change, and still be catering for the people in need, in particular in need of affordable housing. This will impact the ability of cities and the European society in general to prove resilient in the face of external and internal challenges.

A MUCH MORE POSITIVE APPROACH

Without any doubt, the context and 'narrative' with regards to housing have changed significantly at European level. Following the adoption of the EU Pillar of Social Rights in 2017, the European Semester increasingly recognises scarcity of adequate and affordable housing as a growing problem and for the first time in 2019 calls on a number of member states to increase investment in social housing in a number of countries. The European Commission at the informal EU27 leaders' meeting in Sibiu in May 2019 specifically stated that 'We need to support access to quality, energy-efficient affordable housing for all in Europe, supporting Member States to ensure functioning housing markets and adequate provision of social housing'.

... STILL A LOT TO DO FOR EUROPE!

However, there's a lot the EU can do. Well designed and well-funded housing policy can be an essential part of the resilience strategy of the EU and a way for cities to meet up those seemingly contradictory challenges. For that the housing policy of the future (whether it is at the national or local level) will have to be marked by stability, cooperation and adaptation to people's need. The EU should help the relevant levels of governance to provide the necessary resources for more community-led, social, cooperative and public housing.

**Member States'
Profiles
Of The Housing
Sector**

A U S T R I A

RECENT DEVELOPMENTS IN POLICY AND GOVERNANCE

Housing associations in Austria are governed by the Limited-Profit Housing Act - LPHA (Wohnungsgemeinnützigkeitsgesetz). This sector-specific law includes regulations about the type of activities housing associations are allowed to undertake, under which conditions they can rent and sell homes including for what price, but it also sets the auditing rules they must adhere to. This law dates back almost 100 years and has seen numerous alterations in its history.

In April 2019 the Coalition Government has proposed a new reform to this law, which came into force in August 2019. The main thrust of the reform is to safeguard housing association property against speculative interests by extending the possibilities of the regulator to intervene when deemed necessary. The context for this reform are a few attempts in recent years by some housing association to get rid of their legal status and deriving regulation, whereby association properties have been sold at below-market prices to investors, who then sold on these properties generating windfall gains with homes that had been built with public subsidies. There were also occasions where these homes have been used for short-term rentals, such as AirBnB. In order to prevent such practices, which are against the long-term public service nature of the sector, the reform stipulates that the rent regulation of the LPHA will continue to apply to housing associations homes even after they've been sold. Furthermore the new acts foresees an extension of the period in which the owner of a right-to-buy home cannot make any profit from selling the property (from 10 to 15 years). If an owner sells their property within this time, any uplift in value must be paid back to the housing association. At the same time, however, the minimum amount of time a tenant needs to wait to exercise their right to buy has been lowered from ten years to five years.

RECENT CHANGES AT CITY LEVEL

Many cities across Europe are struggling with the spiralling cost of land, which makes it very difficult to build homes at an affordable price. Often, land prices are inflated simply by changing the land use category from greenfield to building land. In order to address this growing problem, the Vienna City Council has introduced the new land use category "subsidised housing" (geförderter Wohnbau). With this new mechanism, which came into force in March 2019, all land designated with this category has to be used predominantly for social housing. More precisely, two thirds of all homes (in terms of the floor space) in developments dedicated with this land use category must be built under the Viennese subsidy scheme for social housing. This is achieved by freezing land costs at 188 Euros per square metre once land is classed as building land for "subsidised housing". This policy is also expected to cool down the overheated land market. At the same time, a major challenge for many rural villages is to keep their centres lively and attractive places to live and work. In line with many other rural areas across Europe, villages in Austria are often faced with stagnant or declining populations. Additionally, rural development in the past has often been via the construction of single-family homes, predominantly on greenfield land. This (car-dependent) sprawl has

contributed to the decline of economic and community life in rural centres. Housing associations are trying to address this issue by revitalising rural centres. Two notable trends include densification and conversion. This is achieved for example via the construction of homes on top of new commercially used spaces, such as supermarkets and the conversion of disused (centrally located) restaurants. By improving the compactness of rural structures, both initiatives aim to make use of existing infrastructure and thereby also help preserve green spaces. The two Austrian cities with the largest share of social housing are Vienna and Linz. Whereby in Vienna 43% of all homes are social housing, roughly half municipal housing and half limited-profit, in Linz social housing represents 54% and it's almost entirely stock managed by housing associations.

FUTURE PERSPECTIVES

Limited-profit housing associations provide homes for almost a quarter of all Austrian households and they continue to build between a quarter and a third of all new homes in Austria. Both politicians and the population value the contribution housing associations make to deliver affordable homes. A recent Gallup (2018) poll has shown that around 9 in 10 people in Austria think that housing associations play an important role in the housing market. Hence, there are enough reasons to be optimistic when thinking about the future of the sector. Nonetheless, there are also some serious challenges many housing associations are facing. A boom in building activity by private developers in cities like Vienna has driven up the cost of land and construction making it a lot harder for housing associations to finance new affordable homes. This is not least a result of low-interest rates and the renewed interest of many individuals to invest in the property market. While any housing stock constructed by a housing association remains "social" in perpetuity (and cannot be rented out at market prices), as mentioned above there have been attempts to bypass regulation. Fortunately the phenomenon is so far very limited: there are four housing associations that have lost their status and no longer build new social housing.

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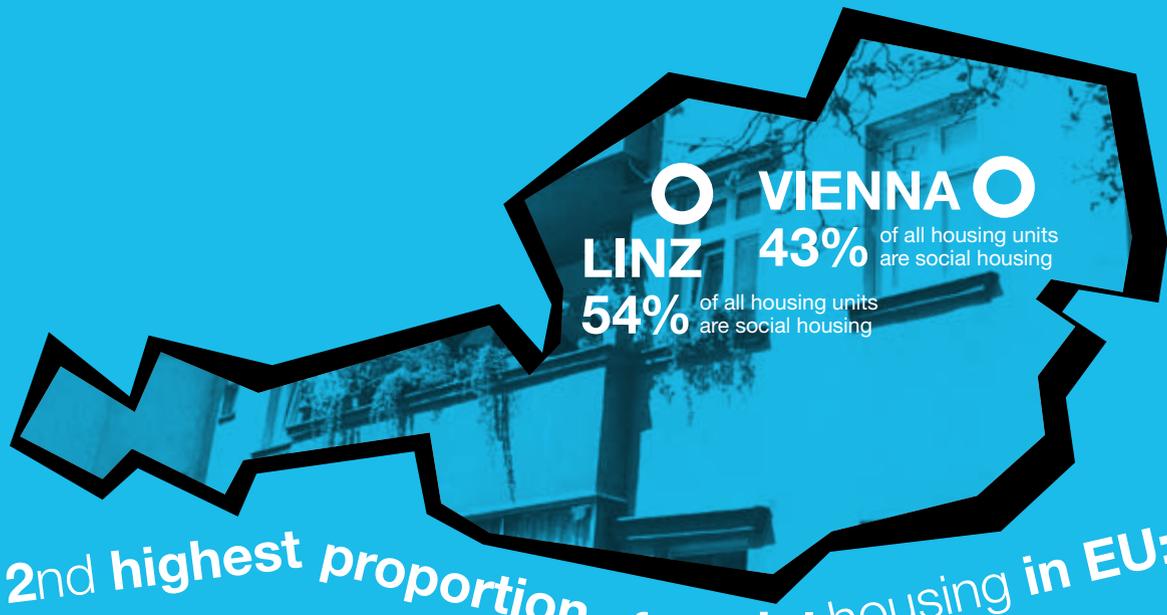
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Acknowledgments:

Gerald Koessl and Gerlinde Gutheil-Knopp-Kirchwald, GBV



2nd highest proportion of social housing in EU:

24%

8.8 million Total population in 2017
4,652,000 Total housing stock in 2017
55,000 Housing completions in 2017
923,000 Units managed by housing associations in 2017

16,600 Housing units completed by housing associations in 2017

- Housing associations build on average 25-30 % of total housing construction
- Almost 1 in 4 households live in social housing: 7% in public and 17% in housing association homes

B E L G I U M

RECENT DEVELOPMENTS IN POLICY AND GOVERNANCE

Since the 6th reform of the Belgian state which transferred a number of competences from the federal to the regional level, housing policy and regulation in Belgium is a full responsibility of the Regions. The Flemish regional government is investing about 1 billion a year in social housing to build both rental and owner-occupied social dwellings, renovate existing rental dwellings. Furthermore, the regional government finances improvement of quality and energy efficiency of social dwellings through the Climate Fund, and a recently approved investment program financed by EIB aims at introducing more renewable energy in social housing through solar panels. As for changes in regulation, rental agreements have been introduced in social housing with a duration of 9 years (instead of lifelong). After 9 years there will be an evaluation based on the income of the tenants. In the Walloon region, a number of bylaws have been adopted since 2017 modifying the regional Housing Code. The main changes concern first of all public subsidies to support new housing construction and renovation, which includes specific rules for public housing companies, and ends the obligation for social housing companies to sell part of the stock.

Furthermore, new regulation have been introduced concerning lease contracts in the private rental sector both in the Walloon and Brussels region, including the two new categories 'student letting' and 'home-share letting' and measures aimed at increasing transparency. In the Brussels Region, the social housing sector is focusing a lot on environmental sustainability. The Region has invested 10 million euros to install photovoltaic panels in social housing, and the Local action plan for energy management (PLAGE) aims at mobilising all actors involved in the management of residential properties. Renovation of social housing is financed by specific 4-year investment programmes.

RECENT CHANGES AT CITY LEVEL

As mentioned above competence for housing policy in Belgium is highly de-centralised and it is the regional authorities that are competent in this field. Social housing is more concentrated in the biggest urban areas but to a lesser extent than in other countries. The major cities in Flanders are Antwerp which has 22.185 social rental dwellings (about 8.3% of total housing stock) and Ghent with 14.211 social rental dwellings (about 10%), while the regional average is 6%. As for Wallonie, the city with the largest share of social housing is Charleroi (10%), followed by Mons (8%) and Namur (7%). Social housing in Brussels represents 12,2% of the total stock. Interestingly 8 Belgian municipalities, including all those mentioned above as well as Molenbeek Saint-Jean, Hasselt and Liège, were involved in a federal funded Housing First pilot programme running from 2013 to 2016, whose continuation is now supported by the regions. Also important to mention is the relatively recent creation of some collaborative housing initiatives at local level such as

community land trusts in Brussels and Ghent.

FUTURE PERSPECTIVES

Throughout the country measures are needed to stimulate the growth of social housing and to improve the quality and energy performance of the stock. The European Commission highlights in its 2019 country report that *'[...] there are important investment needs in social housing. In Belgium, the percentage of social housing compared to total housing market is rather weak (6.5 % of all dwellings) [...] All regions are affected, in particular Brussels where the demand would be double to the offer.'*

In Brussels the gap between offer and demand is indeed very large: there is a total social housing stock of about 40,000 units, while there were about 43,000 families on the waiting list on January 1st, 2019. The average waiting time amounts to 10 years. The Region is financing two specific programmes aimed at increasing construction of social and affordable housing units. However, new social housing construction programmes very often suffer from a phenomenon of NIMBYsm, and social cohesion is key to guarantee the success of these new developments. Data from Wallonia show that the share of social housing in the region is also low compared to demand (39,300 households on waiting lists at January first 2019), with an estimated 29 social housing units every 1000 inhabitants - and it's decreasing due to an increase in population and decrease in production of public housing since the '90s. Furthermore, the majority of the existing public stock was built between the 50s and 80s. This has consequences in terms of low energy performance. Furthermore, most of the stock was built at a time when the majority of tenants were couples with children and needed relatively big dwellings. On the contrary today 45% of applications are for one-bedroom apartments - which currently represent only 17% of the stock. It's become a priority to build homes to satisfy the demand from people living alone and couples with no kids. Despite an increase in public investment in recent years, the share of social housing remains low also in Flanders. The sector sees as essential more flexibility and less administrative burden for housing companies and a new financing system attracting not only public funding but also private investors.

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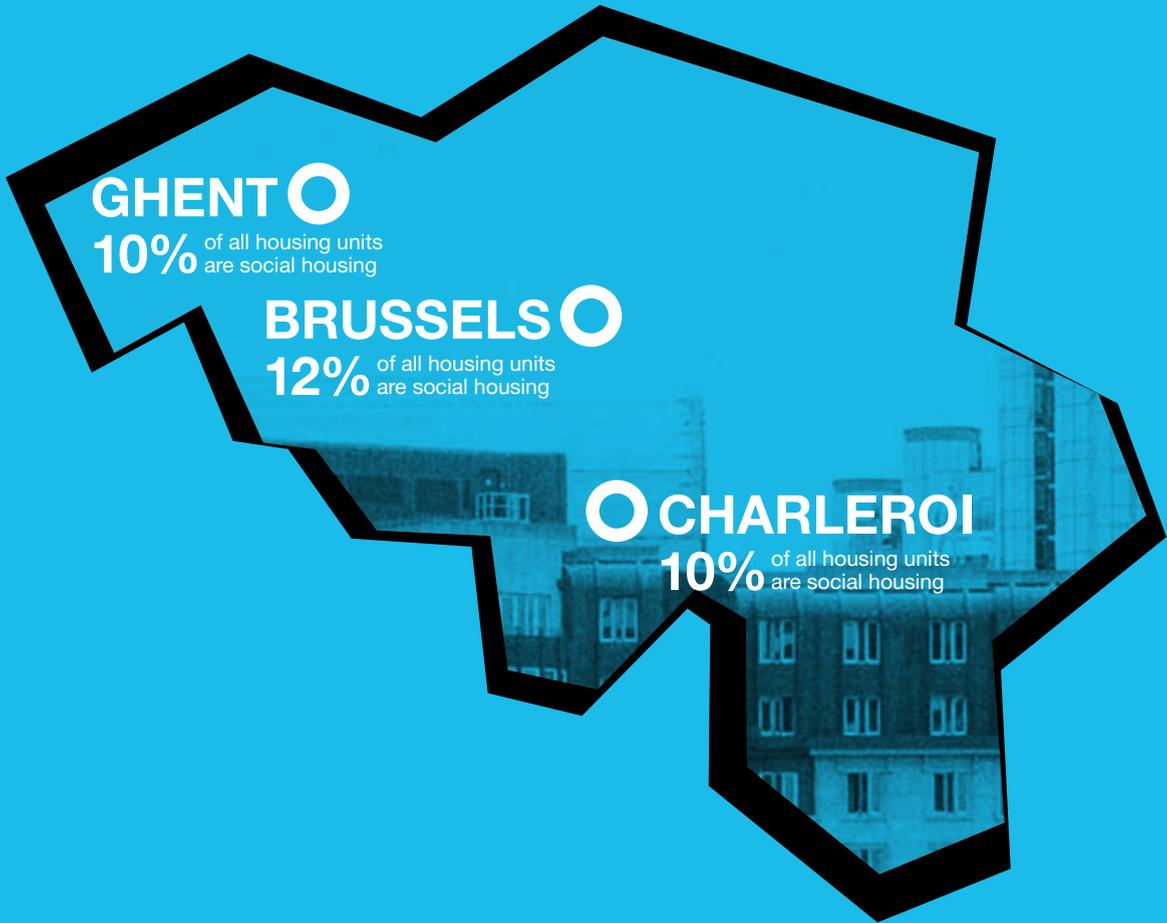
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Acknowledgments:

Bjorn Mallants, VVH
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Social rental housing represents 6% of the total housing stock

11.3 million Total population in 2017
5,464,000 Total housing stock in 2017
50,419 Housing completions in 2017

316,000 Social housing units managed by Housing Europe members in 2017

B U L G A R I A

RECENT DEVELOPMENTS IN POLICY AND GOVERNANCE

According to a recent report by the World Bank, little has been done in Bulgaria under the current legal and fiscal structure to address the increasing housing informality and marginalization of poor households (including a high proportion of Roma households). There is some funding for social infrastructure (including social housing) and promoting social inclusion for vulnerable groups but they do not focus on infrastructure upgrading in marginalized areas. The two largest programs in the housing sector – National Program for Energy Efficiency in Residential Buildings (NEEP) and Regions in Growth-Priority Axis 1 – have faced difficulty in scaling up. Furthermore, they focus heavily on energy efficiency, and are aimed at serving a broad population and do not necessarily target the poor.

Local governments are required to provide social housing for those in need, but the public social housing program is inadequate both in terms of quality and quantity (and the fact that sitting tenants of social housing units have the right to buy the unit after a certain period of time puts an even bigger strain on the already limited pool of public housing stock).

According to the European Commission, the limited scope of the social housing measures currently being implemented calls for further dedicated investment.

RECENT CHANGES AT CITY LEVEL

In Bulgaria there are significant disparities at regional and local level. Many cities which were created or expanded to host state-owned industries have been left behind by the transition to a market-oriented economy and housing vacancies are extremely high, with some villages and towns facing complete abandonment. 'Not only are many of the cities in the 'wrong place', so too are many housing developments in the wrong locations within cities'.

More than 20 urban municipalities have made plans (Integrated Plans for Urban Regeneration and Development, with the support of the European Regional Development Fund) to invest in social housing, but the operation is still in a preparatory phase. The exception is the city of Blagoevgrad, where 202 social apartments are already under construction.

FUTURE PERSPECTIVES

Population decline, poverty, deteriorating housing stock, and the aftermath of the financial crisis – have exacerbated the housing demand-supply imbalance in Bulgaria. Today, the affordability of housing and energy services is limited, especially for vulnerable groups. The share of the population experiencing severe housing deprivation is very high, at 10.6 % in 2017 (EU average 4.0%). The situation is worse for the population at risk of poverty (27.2 % of households in this category). Housing costs are also an issue for the majority of the population at risk of poverty (50.1 % of

households at poverty risk overburdened by housing costs, compared to the EU average of 37.9 %). This contributes to a high share of overcrowded households at 41.9 % and to the development of illegal dwellings and neighbourhoods, while 30 % of dwellings are vacant.

More than a third of young adults are unable to afford a house, and hence are continuing to live with parents or other family. Job mobility and corresponding productivity is very low, and emigration is high, particularly among the educated youth. The loss of the educated young population is of enormous consequence for Bulgaria, and efforts to ameliorate this situation need to be further investigated. In this context, it is essential that local authorities better monitor the housing sector and demand from different population subgroups (not only low-income households, but also youth, young starter families, professionals, students, etc.). Social housing and housing assistance programme should be designed accordingly.

Furthermore, the majority of Bulgarians own a house or a flat, but they struggle to maintain them. Key will be the capacity to improve the quality of the housing stock and the management and maintenance of multifamily housing.

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2,6%

of total housing stock is SOCIAL rental HOUSING

7.05 million Total population in 2017
3,951,000 Total housing stock in 2017
2,205 Housing completions in 2017

2,6% of total housing stock is social rental housing

• One of the highest shares of people overburdened by housing costs at 18.9% (against an average 10.4% for the EU)

C Y P R U S

RECENT DEVELOPMENTS IN POLICY AND GOVERNANCE

In the past, social housing policy in Cyprus generally focused on demand-side measures to encourage home ownership. They were mainly concentrated in housing provision for Cypriot nationals or Cyprus residents who had their main residence in an area forcibly evacuated during the 1974 conflict - but also included some programmes for non-refugees. There was lack of coordination between the different governments departments involved.

However, the Ministry of Interior of the Republic of Cyprus has recently started to focus more on providing social housing and is taking measures for the upgrade of the sector, including increasing the supply of affordable housing, for purchase or rent. A newly announced program will support the construction and implementation of around 170 new housing units by 2023, by the main governmental social housing department in Cyprus, the Cyprus Land Development Corporation. These housing units shall be provided to households under specific criteria and after a comparative evaluation between the income of households and their ability to pay rents and debt instalments.

The Ministry of Interior has also adopted new measures and regulations in order to achieve the aforementioned target. The changes include changes in the income criteria to the benefit of low-income households (while more families shall be eligible for housing acquisition) and an increase in grants for housing settlement in rural areas and areas near the buffer zone.

Moreover, the government wants to increase cooperation with the private sector in the provision of affordable housing through a number of incentives, under public supervision and following a number of criteria and conditions, in exchange for including a minimum number of affordable housing units in new developments.

Additionally, the aim is to speed up and simplify the process for construction licenses and permits through the use of new upgraded technology systems (e-government) and the inclusion of shared information on construction and design data among all the involved authorities.

RECENT CHANGES AT CITY LEVEL

Throughout the years, there has been all over Cyprus a shortage of provided social housing and this became critical due to the financial crisis of 2013-2019.

Even though this issue also occurred in the capital Nicosia, it was more critical in Limassol. The private sector is nowadays funding and developing luxury apartments, especially in Limassol, by constructing high-storey buildings mainly near the city center as well as 'luxury' large housing units and flats. Real estate prices in Limassol, where the foreign, predominantly Russian, community is concentrated, rose much more strongly than elsewhere.

At the same time, new strategies are needed to contain urbanization and develop functional housing projects in rural areas.

FUTURE PERSPECTIVES

There is a need to focus and centralize to new policies based on evidence and data, such as for instance on demographic changes, age, households' needs and problems, available land, type of ownership and financial situation.

The Cyprus Land Development Corporation, has been assigned by the Ministry of Interior the task of working on surveys to collect relevant information and assess actual needs for social housing across the country. Furthermore, the Corporation should evaluate effectively all prospects and construction opportunities and to regulate the correct use of the land for social housing purposes – effectively becoming the main body coordinating social housing provision. Currently there is a valuable opportunity to use of government-owned land for new housing programs which may combine social housing with other related types of development and services, such as student housing, commercial developments etc.

It's also very important to speed up administrative procedures and use of innovative and up-to-date construction techniques to upgrade of energy efficiency and performance of the buildings.

Acknowledgments:

Maria Kyriakidou, Cyprus Land Development Corporation



2,8% **one of the lowest rates of housing cost overburden in Europe**

854,802 Total population in 2017

452,000 Total housing stock in 2017

2,993 Housing completions in 2017

48% of all property sold in 2018 were bought by foreigners

15% of the population according to SILC pays reduced rent which most likely includes mainly beneficiaries of refugee status following the Turkish dispute

• Social rental housing is still virtually non-existing in Cyprus but new government-backed programmes aim at addressing this gap

CZECH REPUBLIC

RECENT DEVELOPMENTS IN POLICY AND GOVERNANCE

Adopted in 2015, the 'Concept of Social Housing of the Czech Republic 2015 - 2025' is not a piece of legislation but it is supposed to guide government action in this field and it's therefore considered binding for ministries. It distinguishes 3 types of housing:

- Crisis housing: temporary emergency and support system for individuals and households where acute housing needs must be solved, in cooperation with social workers
- Social housing: for families with children and people without roof flat rented for 2 years and with the possibility of extension, with involvement of social services
- Affordable housing: Seniors, disabled, families with children, female and male single parents

The adoption of a specific Law on Social Housing, which was supposed to set eligibility and quality criteria for access to social rental housing, was on the agenda for almost five years – but it failed being approved in 2018.

However, in the meantime the Ministry of Labour and Social Affairs has started a programme to support social housing (thanks to funding from the European Social Fund), which includes testing the social housing system through pilots in 16 participating municipalities. It's estimated that the programme helped providing more than 470 flats by participating municipalities and supported over 2000 people.

At the same time, the Ministry of Regional Development runs several schemes related to housing development and renovation, including: low interest-rate loans for repair and modernization of apartment buildings, loans for municipalities for repair and modernisation of their housing stock, a programme supporting young homebuyers, a program for the regeneration of public areas in housing estates, and finally a programme for the development of rental housing for young adults, people with disabilities, senior citizens and those who lost their home due to natural disaster.

RECENT CHANGES AT CITY LEVEL

Despite support from different government schemes, ultimately it's the municipalities who have the responsibility to cater for their citizens in need, including by providing housing support. This has led to a very fragmented picture with different approaches by different municipalities. Also the quality and location of properties used as social housing is problematic.

Based on Census data, we can estimate that about 9% of all occupied homes in the country overall are owned municipalities. The share in the capital Prague is about 12%. As mentioned above, some municipalities have recently initiated social housing programmes. For instance the city of Ostrava through renovation of existing stock has managed to provide an additional 5 emergency housing units and 100 social housing units. Brno has launched a programme for Housing First and rapid re-housing.

FUTURE PERSPECTIVES

While overall the poverty rate is low in Czech Republic, there is a lack of affordable and quality social housing and the personal indebtedness of certain socioeconomic groups and homelessness are increasing. In general, the affordability of housing is deteriorating due to increasing prices. Against this background, the European Commission highlights that 'the current legislation does not sufficiently address the lack of affordable and quality social housing and its negative social impact' and considers that future government schemes that are in the pipeline do not sufficiently address social aspects. Spatial segregation is increasing and there is a growing number of 'socially excluded localities' with a concentration of vulnerable groups, including Roma. Recently, the former inhabitants of many of these areas have been further 'pushed out' to more remote municipalities with less functional infrastructure. At the same time metropolitan areas with higher productivity face pressures on their transport infrastructure, high costs of living and lack of affordable housing – especially Prague and Brno.

Last but not least, there are also some issues with the management and maintenance of the housing stock in general and more specifically multi-apartment buildings. There are more than 10,000 housing co-operatives and more than 60,000 associations of owners in the Czech Republic, managing blocks of flats where 4.5 million people live. Currently, it is increasingly difficult to administer and operate housing in multi-apartment buildings due to lack of clear rules and regulations on the management of co-ownership as well as the low level of law enforcement in this area. Furthermore, as many as 1.2 million flats across the country (almost one third of the housing stock) were constructed over the years by means of various prefabricated technologies. Most blocks of flats were poorly constructed. Further investment is needed to increase the pace and extent of renovation of panel-built housing in multi-apartment buildings.

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Acknowledgments:

Dušan Čechvala, SCMBD



PRAGUE

12% of the total housing stock is owned by the municipality or state entities

Municipally owned housing represent about

90% of the **whole stock**

10,5 million Total population in 2017
4,366,000 Total housing stock in 2017
3,826,000 of total housing stock are permanently occupied
28,575 Housing completions in 2017

650,000 units administered by housing cooperatives within the federation SCMBD
18% of all apartments in the Czech Republic and about half of all flats built with prefabricated technologies

D E N M A R K

RECENT DEVELOPMENTS IN POLICY AND GOVERNANCE

A plan was approved by the Danish Parliament at the end of 2018 focusing on concentration of socially deprived population and ethnic communities on social housing estates. The cornerstone of the plan is to demolish and transform up to 60% of the family units in 15 areas which the government identifies as the “roughest ghetto areas”. The plan also involves other measures such as more control over those who live in the distressed social housing estates, more policing and harsher punishments, more sanctions in relation to the raising and education of children.

The housing estates affected by the law had to complete a development plan by the end of May 2019 including concrete proposals on how to reduce the share of social family housing to a maximum of 40 percent - through heavy densification with new private housing units, demolition, sale or split and reclassification of family flats as student or senior housing. The plans must be approved by the Ministry of Transport, Building and Housing. It is estimated that approximately 3,000 family homes must be demolished. However, there are a number of unsolved problems to consider: first of all for some of these homes there are already long waiting lists. Furthermore, current residents will need new housing and will most likely have to move into other social housing areas. Another pending issue is the negotiation of a new Housing Agreement by the Danish Parliament, which happens every four years. New negotiations were planned for the autumn of 2018, but were postponed until the autumn of 2019. A major point in the negotiations will be the investment framework of the National Building Fund (NBF), which plays a key role in providing funds for renovation projects of social housing estates.

Streamlining operation costs in the Danish social housing sector is also a major issue. In 2016, an efficiency agreement was reached between KL – Local Government Denmark, BL - The Danish Social Housing Sector and the Danish Government. The agreement sets a target for efficiency in the social housing sector, reducing operation costs by DKK 1.5 billion from 2014 to 2020. In the period between 2014 and 2017 operation cost have already declined by DKK 1 billion.

At the same time, the Danish Government entered into an agreement with the mortgage banks on restructuring the financing of loans in the social housing sector at the end of 2017. The agreement ensures that mortgage banks will continue to provide loans to social housing, and the state will guarantee the loans in full. This is expected to save the government about DKK 9 billion until 2025 without affecting the rent level in social housing.

RECENT CHANGES AT CITY LEVEL

For the past few years there has been a strong economic growth in Denmark. It is reflected on the housing market with rapidly increasing prices of owner-occupied housing - especially in big cities. The rapid development in the cities

means that there is a tendency towards increasing differences between neighborhoods and risk of segregation.

The highest proportion of social housing in Denmark is situated in suburban areas. Social housing makes up about 20% of the housing market in the capital Copenhagen, and 28% in the second largest city, Aarhus. Currently there is a shortage of social housing in the City of Copenhagen and the waiting lists for housing units are long.

To ensure a varied choice of good flats throughout the city and a balanced composition of residents, the government has adopted amendments to The Planning Act, which make it possible for the municipalities to require that up to 25 percent of the total housing stock be reserved for social housing in new urban development areas and other areas without an applicable local plan.

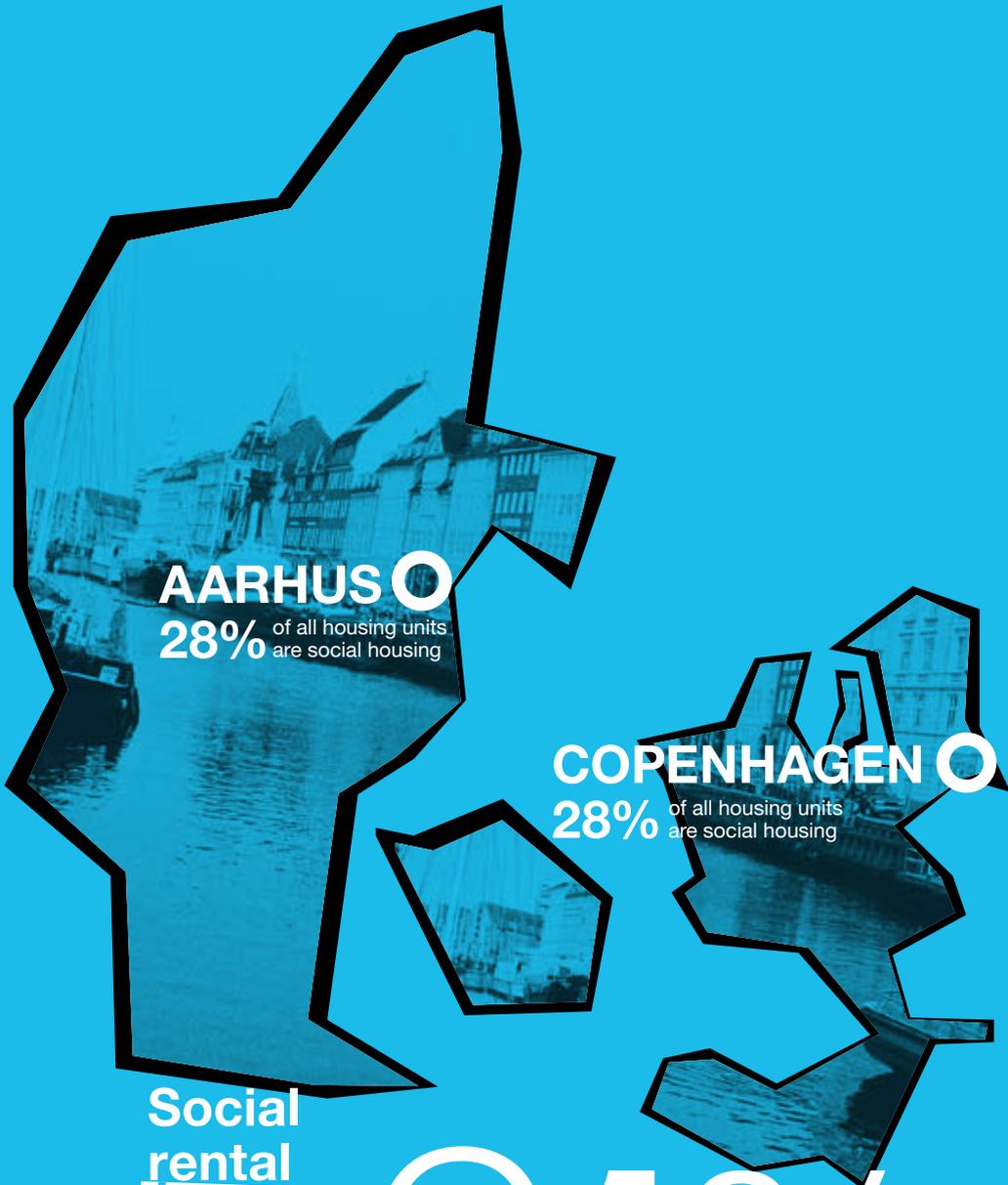
Strategic planning approaches are established at the local level to target segregation and exclusion in distressed social housing estates, including both physical and social measures. In Aalborg - the fourth largest city in Denmark – several measures have been implemented to combat social, physical and economic problems in the distressed social housing areas, and the first effects have been positive. In particular the area of Aalborg East (which received a grant from the National Building Fund) has moved from being an area with big social problems to one in rapid development. The renewal plan was carried out in cooperation with local authorities, business community, private investors, volunteers and associations. Similarly, the area of Gellerup and Toveshøj in Aarhus – the second largest city of Denmark – has long been considered one of the most socially challenged urban housing areas and it is currently undergoing a large-scale transformation process..

FUTURE PERSPECTIVES

A growing population and ageing society will increase the demand for more homes in the future. These trends urgently call for adapting housing for the ageing population and ensuring that accessible housing is available. The National Building Fund provides significant support for this. At the same time, as people increasingly want to live in big cities, it is critical to look at how cities can be expanded in a sustainable way with a mixed composition of residents. To this goal, a strong collaboration between the social housing sector and Government is essential, as well as strategic partnership across the public and private sectors. More specifically, establishment of urban development companies can provide municipalities and the social sector with new opportunities to optimize the strategic urban development of cities.

Acknowledgments:

Solveig Råberg Tingey, BL – Danmarks Almene Boliger



Social rental housing as % of total housing stock: 21%

5,748,700 Total population in 2017
2,815,000 Total housing stock in 2017
24,519 Housing completions in 2017

589,707 Total social housing units in 2017
1,903 New social housing completions in 2017

E S T O N I A

RECENT DEVELOPMENTS IN POLICY AND GOVERNANCE

There haven't been major changes in the housing policy framework in Estonia over the past two years, but it's worth mentioning that a new law came into force in early 2018 which makes it compulsory for all apartment buildings to form an association in charge of managing the building. The new Act created more than 10,000 new apartment associations which means there are now 23,000 such associations in Estonia, whose membership accounts for almost 70% of the population. A first evaluation of the new act's implementation was carried out in 2019 by the Ministry of Justice in cooperation with EKYL. The results show that the new Act has been well implemented but there are still small legal and practical problems for apartment associations which need attention from legislators' side.

Furthermore, KredEx fund, the financial body offering grants for apartment associations and local authorities in Estonia, opened the application round for renovation grants 2019 in May, making available 17,5 million euros for renovation by apartment associations. However, the amount is far from sufficient to cover the urgent need for renovation of energy inefficient multi-apartment housing stock in Estonia, which would require at least 50 million euros annually.

RECENT CHANGES AT CITY LEVEL

In Estonia social housing is defined as rented housing provided by municipalities, and housing units owned and rented by municipalities only count of 1-2% of the housing stock. The largest share of social housing in housing stock is in Tallinn and Tartu, which are the 2 largest cities in Estonia. As Tartu is also university-city, private rental housing stock has a significant share there.

Interestingly, a strong movement of neighbourhood associations has emerged, mainly in Tallinn and Tartu but also in other cities. These are civic initiatives to bring together neighbours from the district and to rise community spirit and involve residents in communal initiatives such as for instance community festivals.

FUTURE PERSPECTIVES

In general, lack of reliable statistics on the housing sector represents an issue in Estonia. For instance, the rental market overall seems to be very limited but there are no official data available about the real size of the rental market. It is estimated that it could represent 6-7% of total housing or 10%, depending on the source. Hopefully, recent changes in the Population Register Act will improve the knowledge and overview of housing data.

A new strategy should also be developed for low-income areas and areas with decreasing population. The results of research on distribution of energy efficiency-based renovation subsidies for apartment buildings in Estonia showed that state renovation programme fails to mitigate regional

disparities. Approximately one third of apartment buildings are situated in areas where renovation is unlikely to happen because salaries are below the national average while renovation costs remain high. This situation needs to be taken into account when calculating climate and housing energy efficiency targets for Estonia, as today only 5% of dwellings are renovated. Overall, energy use in buildings in Estonia is decreasing but the sector still represents 50% of overall energy consumption (compared to an average 40% in the EU).

Furthermore the government has recently announced a new initiative to improve the living environment in small towns in East and South-Estonia by relocating residents from half-empty apartment buildings which are in bad condition and must be demolished. Pilot projects will be launched with state financial support (in the form of compensation for owners who must leave their apartments) in coming years in 3 different municipalities in Estonia. Renovation of existing dwellings and multi-apartment buildings in particular will remain key in the next years to improving the energy performance of the housing stock. The last call for applications for renovation grants showed that apartment associations are very interested to reconstruct their buildings and start to use renewable energy solutions provided some financial support is available.

Acknowledgments:

Anu Sarnet, EKYL - the Estonian Union of Co-operative Housing Associations



LESS THAN 20%

1.3 million Total population in 2017
706,000 Total housing stock in 2017
5,890 Housing completions in 2017

98% of all homes are in private ownership
70% of the population lives in apartments

F I N L A N D

RECENT DEVELOPMENTS IN POLICY AND GOVERNANCE

During the last legislature's term, there were few changes in housing policy in Finland. A package of laws entered into force in February 2019 aiming to support owners of affordable rental dwellings in rural areas. Due to urbanization, areas outside growing cities suffer from a decline in the number of residents, and the new legislation is meant to provide more timely economic support. Furthermore, in October 2018, Parliament's audit committee issued a report, in which it highlights few major problems with housing policy in Finland. The report involves ten recommendations, such as an eight-year development programme which should also include a plan to prevent segregation. The committee also demanded increasing of state-subsidized affordable rental housing production in the Helsinki metropolitan area and in other growing areas. As part of the social security reform, housing allowances are to be reviewed, too.

There is now a growing interest towards co-operative housing (which historically has not been as present in Finland as in other Nordic countries). In their report in last October, Parliament's audit committee demands regulation to promote co-operative housing, however there is no specific regulation considering co-operative housing or its funding yet. On the contrary, in Finland there are already 46,000 dwellings that are used under 'right of occupancy' - a mix of co-operative and rental housing in which residents invest 15 percent of costs as a key money. At the time of writing this report, the new parliament in Finland was only recently elected (in April 2019) and negotiations are ongoing to form a new government. It will be up to the new administration to follow up to the recommendations from the parliamentary committee mentioned above, and it can be expected that urbanization and affordable housing will have more importance on policy-making than during the last administration.

RECENT CHANGES AT CITY LEVEL

Almost a third of all the state subsidized rental dwellings in Finland are located in the Helsinki metropolitan area. In the city of Helsinki, affordable rental housing represents 13 percent of whole housing market, and nearly half of all rental dwellings. One of the key challenges in state-subsidized housing is rapid urbanization. Population in the Helsinki metropolitan area is expected to increase by 250,000 people over the next 20 years. The population of the entire country is predicted to increase by just over 100,000 people. The only three growing areas would be the Helsinki area and the cities of Turku and Tampere. According to the forecast, in the year 2040, 32.7 percent of Finland's population will live in the Helsinki area and 67.1 percent of the population will live in the top ten cities.

FUTURE PERSPECTIVES

As the urbanization increase, demand for affordable hous-

ing grows in Helsinki area but also in those ten other city areas. The high costs of living are starting to affect also the middle class, and if there is not enough affordable housing this can have a negative effect on labour market and slow down economic growth.

At the same time, as mentioned above, population is declining in many in rural areas. Overall, population is ageing rapidly and the country's birth rate is declining. Keeping up with these dynamics requires investment in affordable housing (for rent and other tenures). One challenge for affordable rental housing production is building costs, which are rapidly increasing especially in the Helsinki metropolitan area.

There is also increasing demand for better energy efficiency of the buildings. Helping reduce greenhouse gas emission in a cost-effective way and thereby mitigate climate change is a strong priority for housing providers and even more so in the future. Saving energy is also a way to secure energy supply, reduce energy costs and ensure resource efficiency.

Acknowledgments:

Vilma Pihlaja, Association for Advocating Affordable Rental Housing - KOVA



120%

social
rental
housing
as %
of total
housing
stock

HELSINKI 
13% of all housing units
are social housing

4.4 million Total population in 2017

2,680,000 Total housing stock in 2017

34,700 Housing completions in 2017

317,000 Total social housing units in 2017

3,200 New social housing completions in 2017

• Finland is considered the only country in the EU that has managed to reduce homelessness while the problem grows across Member States

F R A N C E

RECENT DEVELOPMENTS IN POLICY AND GOVERNANCE

First of all, in 2017 there was a reform (Reduction du Loyer de Solidarité) aimed at reducing public expenditure on housing allowances (which amounted to 40 billion in 2017). The expected reduction in public budget amounts to 800 million euros in 2018 and 2019 and 1.5 billion euros in 2020.

As a consequence of the reform, HLM providers had to decrease the rent for households with income below a given ceiling depending on household composition and location. The decrease in social housing rents is not the only change brought about by the financial law: the rate of VAT on investments was increased for 2018 and 2019, rents have been frozen at 2018 level, and the amounts that HLM providers have to contribute to the guarantee fund for social housing were increased. It is estimated that these measures are costing the HLM sector about 2 billion Euros per year. At the same time, the State has foreseen new measure to support investment by social landlords mainly through an increase in the amount of available loans from the public bank Caisse de Depots. It is also expected that social housing providers should save on management costs and raise resources by increasing the number of sales of existing dwellings to 40,000 per year.

Furthermore, a new Law on housing, urbanism and digitalisation (ELAN) was adopted in November 2018. It includes several measures directly concerning social housing, including simplification aimed at allowing to build more, less expensive and better quality homes (less stringent rules on accessibility; simplification of construction procedures and new tools to speed up new projects).

It also sets new rules for the sector, encouraging mergers (it's now obligatory to group together housing providers that have less than 12000 units, and currently more than 260 mergers are being implemented) and supporting movement of capital between providers.

The new law strives to better respond to tenants' needs and favour social mix: it creates a new form of temporary lease for furnished flats to be let to young people (bail mobilité); it makes criteria for allocation of social housing more systematic and transparent; less stringent obligations on the binding percentage of social housing in each municipality in case of sales. It also includes measures for the revitalization of city centres and energy refurbishment, and foresees the production of 40,000 'very social' housing units per year for the most disadvantaged households, as part of the government housing first strategy. Finally, from January 2020 units that are let at 'intermediate' rents will no longer be considered as services of general interest and will have to be owned and managed by 'sister' companies created specifically for this purpose. At the same time ANCOLLS, the body in charge of controlling state aid to social housing, has been provided with new increased powers and is revising the rules for calculating compensation for general interest services.

RECENT CHANGES AT CITY LEVEL

Affordable housing is a common, 'hot' issue for all metropolitan areas in France. Paris for instance is investing a lot in social housing. Rents in Paris overall have increased by almost 80% between 1995 and 2013. However, rents in social housing are much lower than in the private sector (13 vs 23 euros per square meter). As housing is the highest expenditure for Parisians, it represents a key priority for the municipality and the highest sector of expenditure in the municipal budget for 2014-2020. Out of about 10000 units produced every year, about 7000 are public housing. Social housing currently accounts for 19.09% of all housing units in the capital and the target is to reach 25% by 2025. Furthermore, whereas in the past rent control regulation was considered illegal by national courts, a new law has been introduced setting out caps on rent increases for new and renewed leases in areas considered to have a tight housing market ('zones tendues'). Paris is an exception in that it has adopted a different experimental measure that consists in having reference rent levels defined by decree by the prefect. New leases cannot set rents higher than reference rents plus supplementary charges.

RECENT CHANGES / INITIATIVES BY THE SOCIAL AND AFFORDABLE HOUSING SECTOR

At the time of writing this report social housing providers in France are dealing with the consequences of the above-mentioned reforms. It's important to highlight that on average the social housing sector has produced on average about 100,000 new homes per year over the past ten years (80,000 by HLM companies alone), between one fourth and one third of total housing starts in France depending on the year. Key to the future sustainability of the sector will be finding a new balance and stability so that HLM companies can keep their investment capacity and not become a residual player in the housing market at a time when the provision of affordable housing is increasingly needed. Furthermore, investing in renovation of the housing stock remains a priority. In its 2019 Country-Specific Recommendations, the European Commission highlights high investment needs in energy efficiency in buildings across France. Access to European funding can complement available resources and have a significant impact, especially in the area of energy refurbishment – as shown by the experience of the French social housing sector in using ERDF funding in the previous and current programming period.

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Acknowledgments:

Virginie Toussain and Martin de Bettignie, USH



PARIS ○
19% of all housing units
are social housing

16.5% of all
housing
units
are **social
housing**

66.77 million Total population
in 2017
35.80 million Total housing stock
in 2017
430,000 Housing starts
in 2017
10 million Live in social
housing
135,000 HLM housing units
renovated in 2017
5.2 million Total social housing
(4.5 million managed
by HLM companies)

31% of housing units managed by HLM organisa-
tions (more than 1.4 million) are in areas that
are considered as priority for urban renewal
(quartiers prioritaires de la politique de la ville)

4.7 is the relatively low rate of housing cost over-
burden in France, compared to EU average
(10.4)

- The social housing sector accounted for about ¼ of all
housing starts in France in 2017 (one of the highest rates
of social housing production in Europe)

G E R M A N Y

RECENT DEVELOPMENTS IN POLICY AND GOVERNANCE

In 2018 around 286,000 new dwellings were built in Germany, an increase by 126,000 units compared to 2010. However, actual new construction still falls short of the estimated need for 360,000 new dwellings per year. According to a study by the the Federal Association of German Housing and Real Estate Companies (GdW), 140,000 additional new rented dwellings in urban areas are required annually of which 80,000 apartments should be social housing and 60,000 affordable housing. Based on these estimates, only 70% of the needs for new affordable housing are being met by current levels of supply, and little more than a third of social housing needs. Furthermore, although supply of social housing has moderately picked up in recent years, the overall social housing stock in Germany is still decreasing, from 2,570,000 in 2002 to approximately 1,210,000 in 2018. Between 2017 and 2020, the long term rent controls will expire for a further 43,000 social rental apartments each year.

Therefore, with an aim to increase social housing supply, the government changed the constitution in April 2019, giving new competences to the Federal Government. The latter will be able to grant the federal states earmarked financial aid for social housing from 2020 onwards. For the period from 2020 to 2021, the federal government has planned to allocate about 2 billion euros to this goal. Besides efforts to support new supply, most recently housing policy in Germany has shown a significant shift towards stronger rent price regulation. Initially limited to five years, the government now plans to extend and tighten the so-called 'rental price brake' (which is basically a cap on rent increases). The potential impact of tightening rent price regulation is a matter of debate, with experts including the GdW warning that it risks counteract efforts to stimulate construction.

RECENT CHANGES AT CITY LEVEL

In 2018 tenants in the 13 German cities with more than 500,000 inhabitants, faced an average 8.3% rent increase. The city of Munich shows the highest rent levels in new leases with 17.73 euros per square meter. Policy approaches across the three biggest German Cities shows both similarities and differences. Hamburg has been following an ambitious and long-term housing program since 2011, with a target of 10,000 new build apartments per year out of which 3,000 should be subsidized social housing. The city of Berlin has concentrated on its six municipal housing companies. Their housing stock is estimated to grow from 277,000 dwellings in to 300,000 in 2018. Furthermore, in the future plots of land belonging to the City of Berlin will be allocated directly to the municipal housing companies for new construction. In Munich, almost 17,500 social housing apartments were completed between 2007 and 2018. This corresponds to a total of 22 percent of all newly built apartment units over the same period. The new housing policy action program 'Living in Munich

VI (2017-2021)', set a target of 2,000 apartment per year through subsidized and low-cost rental housing construction. Furthermore, 'Social welfare land use' which is an important instrument in Munich's urban development policy has been strengthened so as to include more subsidized social housing.

FUTURE PERSPECTIVES

Strong population growth in bigger cities and metropolitan areas require enormous investments in housing, transport and social infrastructure.

Housing providers will face a variety of challenges over the next few years, including inter alia new construction, energy modernization and climate protection, adaptation of existing homes to the ageing society. The capacity of the sector to adapt to these priorities while keeping homes affordable will depend on a number of factors. Housing policy must now once again focus more on creating and maintaining social and affordable housing, as also pointed out by the European Commission in its 2019 country-specific recommendations.

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Acknowledgments:

Klaus Schrader, GdW Bundesverband deutscher Wohnungs- und Immobilienunternehmen e.V.



HAMBURG

8.5% of all housing units are social housing

BERLIN

5.9% of all housing units are social housing

30% of housing stock is social **HOUSING**

- 82.5 million** Total population in 2017
- 41,968,100** Total housing stock in 2017
- 275,350** Total housing units completed in 2017
- 27,000** Total social housing units completed in 2017
- 1,210,000** Total social housing stock

- Germany is the only country in the EU where renting is more common than living in owner-occupied homes.
- Germany is building only 70% of affordable housing and a third of social housing that would be needed.
- Since 2015 both rents and house prices have grown faster than their long-term averages, in particular in large cities.

G R E E C E

RECENT DEVELOPMENTS IN POLICY AND GOVERNANCE

Greece has not established yet a sound social housing policy, although the country was hit disproportionately by the 2008/2009 economic crisis and further to a major decline in national wealth and households' income, housing costs became the most significant burden for Greek households - by far the highest share in the EU especially for the poor. Current housing support programmes in Greece include:

- a) marginal means-tested payments by municipalities for the rental costs of low income elderly people,
- b) temporary support to re-house homeless people,
- c) temporary rental subsidy schemes and
- d) the scheme for subsidized heating and energy costs for low income individuals and households. But between 2015 and 2018 Greece continued to reduce public spending on housing development (which historically included mainly programmes for home buyers and homeowners), while raising housing allowances.

A rent-subsidy welfare scheme for low income households that reside in a rented dwelling or are burdened with the cost of a mortgage loan for a first residence was passed in 2018 by the Parliament on the initiative of the Ministry of Labour, Social Insurance and Social Solidarity; it came into effect on March, 2019 and it currently supports approximately 650,000 persons. However, the new government in power after the general elections of 7 July 2019 has announced the reform of this scheme within the broader context of a new integrated social policy agenda, based on the principles of the 2014 National Social Inclusion Strategy. It is expected that relevant legislation will be passed by the Parliament till the end of this year. Another issue is the protection of heavily indebted home owners. Greek banks hold in 2019 about EUR 88 billion in bad loans, and of these around 41% are delinquent mortgages. For those eligible to the scheme currently in place, debt can be written off if the outstanding balance of the loan exceeds 120% of the commercial value of the primary residence (i.e. in case of negative equity). Repayment of loans can be spread across 25 years, so that low monthly payments can be made by the borrower. Last but not least, specific restrictions on short-term rentals via online platforms were adopted in 2019 (more than 132,000 houses were available in the first months of 2019 for short-term rental, compared to 57,000 in 2016) a measure which was deemed necessary due to their impact on rents and property.

RECENT CHANGES AT CITY LEVEL

The Municipality of Athens applies since 2014 a hybrid social/affordable housing policy, focused on people at high risk of poverty and social exclusion (including migrants and asylum seekers). Its main initiative is the Programme 'Network of Social Housing' that provides short-term ac-

commodation and support to families through charge-free, organized, specialized and personalized services. The Municipality of Athens signed in April 2019 a Memorandum of Understanding with Housing Europe and the University of West Attica, with the view to design, implement, monitor and evaluate local sustainable decent and affordable housing policies and projects, using both innovative measures and best practices developed by public, social and cooperative housing providers across Europe. A key component of the MoU is the creation of a Social Housing Observatory in order to identify needs and analyze key trends in the field of housing and social housing at city level, and thus support the relevant local initiatives by providing strategic and evidence-based analysis.

FUTURE PERSPECTIVES

Greece is still among the EU Member States with the highest poverty and social exclusion rates. It is expected that the country's market-oriented housing model will face tremendous challenges in the near future, particularly due to rather negative demographic changes, urbanization processes, climate change, migration movements and new risks concerned with the access of middle income earners to decent and affordable housing.

Future reform will have to deal with a number of major issues including introducing inclusive growth policies, implementing integrated social safety nets and regulating non-performing loans, particularly related to first residence. In this context, a social housing sector should be established in Greece with a view on long-term prevention of major economic and societal threats, which traditional family and kinship networks could not address during the crisis.

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Acknowledgments:

Prof. Gabriel Amitsis, University of West Attica



NO **social rental** HOUSING in GREECE

10.7 million Total population in 2017
6,521,000 Total housing stock in 2017
6,125 Total housing units completed in 2017

- The housing cost overburden rate in Greece stands at 39.6% for the overall population and a shocking 89.7% among those on low incomes - the highest rates in the EU.
- The number of short-term lettings via online platforms more than doubled between 2016 and 2019.

I R E L A N D

RECENT DEVELOPMENTS IN POLICY AND GOVERNANCE

The Policy Framework that is central to the development and implementation of housing policy is known as *Rebuilding Ireland* (2016) which operates until 2021. A significant number of new initiatives in Ireland link housing with planning policy. Since 2018, the Government has introduced an overarching national framework 'Project 2040' to guide infrastructural investment and activity in the country. This also incorporated a new National Planning Framework for that period. In addition, the Minister for Housing launched new regulations for fast tracking new housing developments of 100 homes or more where planning applications can be made directly to An Bord Pleanála (the planning appeals board). New guidelines were also launched by Central Government on increasing density of new proposed housing developments. At the end of 2018, the Government launched Ireland's first new planning regulator as well as a new land development agency (LDA). LDA is responsible for managing the state's own land and assembling strategic land banks of public and private lands to enable 150,000 homes to be delivered over next 20 years.

RECENT CHANGES AT CITY LEVEL

Dublin is the city where private rents are the highest, and fast increasing. Recent years have seen an increased number of investment funds, particularly from overseas, who have been acquiring newly built properties and renting them out at the higher end of the housing market, as well as spreading of short-term lettings. Currently, Dublin as the capital city has a combined total social rented stock of local authorities and housing associations which represents 13.2% of the total housing tenure in the city, with local authority housing being the majority owner. In Cork City, social rental housing accounts for just over 5% of total housing tenure. Almost two thirds of all local authority housing has been bought by tenants through various tenant purchase schemes.

The Government introduced restrictions in rent pressure zones (RPZs) in the capital and other areas with large rent pressure (including over 20 electoral areas), whereby private landlord rents cannot be increased by more than 4% per annum. Furthermore, in the light of an increasing number of Airbnb properties, additional measures have been introduced in rent pressure zones, imposing an annual limit of 90 days in renting on a short-term basis from July 2019.

One of the commitments included in Rebuilding Ireland is to promote affordable and cost rental schemes in Dublin and other urban areas. However, only a small number of pilot projects for cost rental targeted for intermediate income households have yet been completed in Dublin. Last but not least, in some cities including Dublin there have been a number of regeneration programmes on local authority flat complexes, with housing associations assisting local authorities in a playing a role in the financing, development and management of these projects.

FUTURE PERSPECTIVES

There has been a significant reliance in recent years has been on the private sector in Ireland with the HAP scheme (housing allowance payment). At the same time, social housing delivery by local authorities has gradually increased from a very low base in 2013 and the years after the property crash. In 2018, the social housing sector, comprising local authorities and housing associations delivered 8,422 homes of which housing associations, voluntary and co-operative, delivered 3,219 (the highest number of homes ever delivered in a year by housing associations). One particular feature behind the expansion in the sector has been increased access to loan finance to developing housing associations (from both the Housing Finance Agency and private financial institutions). Nevertheless, Ireland, is still catching up with a significant backlog in housing delivery in the aftermath of the economic crisis and property crash: up to 40,000 social rented homes which would have been needed were not built between 2009 and 2015. Furthermore, rebuilding Ireland has set a target of increasing social housing by 50,000 units.

As mentioned above, affordability of housing is an increasing problem in urban areas and particularly Dublin. Lack of affordable housing, if not addressed on a sufficient scale and range of types, is and will reduce employment opportunities. At the same time, Ireland has still a persistent level of homelessness with over 10,000 people families and children living in temporary accommodation. The single biggest pathway for becoming homeless is being asked to leave or evicted from accommodation in the private landlord sector - although measures have been introduced to tackle this. But a further significant increase of social and affordable housing still needs to be a priority over the next decade.

The use of alternative construction methods such as modular homes at scale which may balance the need for traditional wet trades in construction could help to moderate construction costs. At the same time, one of the biggest challenges needs addressing remains the provision and assembly of land to make housing affordable. Land costs in some cases represent one third or more of total costs. Moving towards zero carbon by 2050 is also a significant challenge. The Irish Government recently declared a climate emergency in the country and launched a climate action plan, including commitments on housing. The housing association sector have already identified up to 10,000 homes that would have to be retrofitted to meet the meet the Government's reduced carbon on a greenhouse gas targets.

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Rebuilding Ireland-Action Plan on Housing and Homelessness, available at <https://rebuildingireland.ie/>

Acknowledgments:

Donal Mc Manus, Irish Council for Social Housing - ICSH



DUBLINO

13.2% of all housing units are social housing

8.9%

of all housing stock are social housing

4.8 million Total population in 2017
1,974,000 Total housing stock in 2017
19,271 Total housing units completed in 2017

- Total social housing units in 2017: approximately 176,000 (out of which about 35,000 units belong to housing associations and cooperatives, and about 141,000 is local authorities' homes).
- Social housing supply in 2017: about 7,000 units (incl both new constructions and acquisitions) – and more than 8,000 in 2018.

I T A L Y

RECENT DEVELOPMENTS IN POLICY AND GOVERNANCE

In the early 1990s, competence for housing policy in Italy was transferred to the Regions and local authorities, and the central fund for public housing (Gescol Fund) was abolished. Since then, few things have changed. The 2008 national Housing Plan recognized for the first time a substantial role of private capital in contributing to increase affordable housing supply leading to the establishment of private social/affordable housing in Italy and to the entry in the sector of new players, especially dedicated banking foundations, and the creation of a new national financing platform SIF (Sistema Integrato dei Fondi) pooling a national fund, FIA, resources from Cassa Depositi e Prestiti, from the Ministry of Infrastructure and Transport and from other private investors. Over 250 projects should be implemented within the SIF since its establishment in 2009, creating over 18,500 housing units by 2020. Promoters have been mainly foundations (in primis Fondazione Housing Sociale, which plays an important role in the management of SIF) and co-operatives (especially cooperatives affiliated to Legacoop Abitanti which have committed to the construction of about 3,000 units). Furthermore, it's important to mention that cooperatives have played a significant role in the provision of housing for affordable home ownership. The national federation of housing coops today gathers altogether about 3000 cooperatives with 329,680 members.

However, the current situation still sees a much larger role of the public social housing sector that with about 700 thousand homes across the country addresses the needs of a more vulnerable and low-income population, selected by municipalities through a system of waiting lists. Generally, the sector suffers from severe under-funding, hence a low level of new supply and problems with maintenance and management of the stock. These trends, combined with a policy of selling off the public stock – translate into a constant decrease in the size of the sector. However, interesting public initiatives still exist.

RECENT CHANGES AT CITY LEVEL

Recent examples of local initiatives include the city of Bologna where in the municipality has approved a 61 million Euros investment to provide 1000 housing units in 2019-2020 in cooperation with the housing agency ACER. The city of Udine in the north-east of Italy has launched a significant rehabilitation programme in public housing neighbourhoods. At the opposite end of the country, the regional housing agency in Calabria (ATERP) is working on rehabilitation of vacant homes and tackling abusive occupation. Milan has been pioneer in hosting the first ethical real estate fund set up by Fondazione Housing Sociale in 2004 and the city today has the largest share of social/affordable housing built with funding from SIF. Milan also has a significant share of publicly-owned housing, and the public company ALER is investing in the recovery of vacant housing and has recently launched a new programme applying 'zero rent' to senior residents over 70 years.

FUTURE PERSPECTIVES

While according to Eurostat only 4 % of the Italian population have access to housing with a subsidised rent, almost a third of tenants who pay rents at market prices were overburdened by housing costs in 2017, and the severe housing deprivation rate remains very high at 11.1 % (compared with a EU average of 5.6%).

The European Commission highlights that as of today the social housing system remains very limited and 'affected by limited funding, difficult coordination between different government levels and lack of strategic overview.' Significant investment is needed to improve the quality and energy efficiency of the stock and increase supply of public housing, and efforts should also be dedicated to increasing mobility of residents, tackling phenomenon of abusive occupation and improving management capacity of housing companies. This requires stronger support from the central government. At the same time, the emerging private sector social housing shows positive results, but a more integrated strategy and coordination among the different actors is needed to overcome current fragmentation and under-supply. This is why the recent establishment of an informal committee bringing together the different sectors seems promising. The aim is to define objectives and common practices, build public and private partnerships, and ultimately to guarantee a strategic financial blending with a coherent revenue threshold for the actors involved

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Public rental housing in 2017:

30% which represents roughly **700,000** units

60.5 million Total population in 2017
31 million Total housing stock in 2017
11% The rate of severe housing deprivation

• There are 650,000 approved applications on municipalities' lists – which means there are almost as many households waiting to access public housing as households currently living in the sector.

LUXEMBOURG

RECENT DEVELOPMENTS IN POLICY AND GOVERNANCE

Numerous measures have been adopted or are planned in Luxembourg, especially on the supply side, targeting the bottlenecks that hamper housing investment. Nevertheless, supply remains limited, constrained by insufficient land availability and low housing density, and the challenge ahead for the Luxembourg authorities continues to be sizeable. House prices have continued rising in 2017 and in the first half of 2018 -although more moderately than in previous years – and there are increasing indications of overvaluation. Despite an overall rate of housing costs overburden which is in line with the EU average, rising housing costs represent a major concern today. According to a recent Eurobarometer survey, the cost of housing is the first cause of concern for over half of Luxembourg's population. For those in the lowest income quartile, housing costs represent over half of disposable income and the relative burden keeps increasing.

The supply of social housing also appears insufficient and points to a need for significant investment to alleviate rising tensions in the housing market. In 2017, there were 2,000 publicly-owned social housing units, accounting for less than 1% of the total housing stock. The new Government's coalition agreement highlights plans to develop the supply of affordable housing through the Housing Fund (Fonds du Logement) and the Société nationale des habitations à bon marché (SNHBM). Delegated social housing is also promoted, whereby privately-owned dwellings are rented, through a public entity, at lower rents to people who are not eligible to social housing or who are on the waiting list. This service is provided by the Agence Immobilière Sociale, which rents about 300 housing units. The State also grants subsidies to social associations (non-profit organizations, foundations) acting as intermediaries between private homeowners and low-income households. These associations rented about 500 housing units in 2017. Last but not least, the introduction of a rental subsidy in 2016 intends to alleviate the housing cost burden for the most vulnerable.

RECENT CHANGES AT CITY LEVEL

Mostly concentrated around Luxembourg City, rented housing is becoming increasingly expensive, notably for lower income households. In 2017, about 30% of Luxembourg residents rented a dwelling in the private market, and almost half of rental housing units were located in the Luxembourg canton (45.5%). The limited supply of housing in the main cities, particularly in the capital city of Luxembourg, is considered the main driver of the rise in rental costs. The comparatively lower housing costs and better housing supply in neighbouring countries contribute to explaining the large number of cross-border workers and the high level of traffic congestion in Luxembourg.

FUTURE PERSPECTIVES

According to data projections recently published by STATEC, Luxembourg needs to build an additional 5,600 to 7,600 housing units per year from now until 2060 to keep

up with the increasing number of households.

The European Commission highlights that insufficient housing supply may negatively affect Luxembourg's attractiveness. In 2018, the Luxembourgish Housing Observatory published four reports commissioned by the Housing Ministry. They highlight priority areas aimed at increasing supply, and more specifically: mobilizing land and finding innovative ways to reduce costs (for instance by using more land lease instead of buying); better identifying housing needs by region/area and type of dwelling; and increasing density while preserving comfort and environmental quality. In line with these recommendations, the government plans to introduce measures to stimulate housing supply and investment. A consultation process was initiated in May 2018 towards adapting urban planning laws: proposed changes would increase the area dedicated to housing by 13% and would raise the share of this area set aside for social housing from 10% to 30%. In addition, measures are envisaged to increase the land available for real estate development, through land purchase, new tax incentives and technical assistance to municipalities. New incentives are envisaged to bring to the market properties that are currently vacant. Public authorities may also obtain stronger powers to expropriate or exchange land to unblock development projects. As for affordable and social housing, the medium-term objective is to multiply by three the supply of affordable housing units for rent.

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LUXEMBOURG

Social rental housing represents

LESS than

1%

of the overall housing stock

590,600 Total population in 2017

227,000 Total housing stock in 2016

3,856 Total housing units completed in 2016

2,000 Total social housing stock in 2017

• Only about half of the dwellings needed to keep up with demographic growth are actually being built.

• For 56% of the population in Luxembourg housing is the main concern at national level (second highest share after Ireland).

NETHERLANDS

RECENT DEVELOPMENTS IN POLICY AND GOVERNANCE

The legislative framework which underpins much of the social housing sector in the Netherlands has been modified in recent years. The new Housing Act (Nieuwe Woningwet) of 2015 revised the role of the country's housing corporations (HCs), refocusing them on the task of providing affordable rental housing to people on low incomes, and touched upon HC supervision, competences of local and national governments and conditions for SGEI-activities.

The introduction of income limits for lettings by HCs means that 90 per cent of the affordable housing units they manage must now be rented out to low income households (was previously 75 per cent), based on income ceilings. Most recently, changes have been proposed to the current legislation so as to move to differentiated income limits, which would allow to take into better consideration household type and composition. Furthermore, recent draft legislation has proposed rowing back on the 2015 act, easing some of the criteria for HCs to build also in the mid-priced rental market as a non-SGEI activity. Details on its concrete application (which would require the use of 'market tests' by municipalities) are still far from settled. The new housing act also establishes 'performance agreements' to be negotiated by housing associations, tenant organizations and municipalities. Agreements are structured around meeting clear social objectives, output targets and consultations with tenants groups to deliver better tailored services.

Besides changes in regulation, the current Dutch government is establishing broad sectoral agreements with civil society. An example of this is the Housing Agenda, which focuses on reducing the housing shortage and sets a target of building 75,000 new dwellings per year. Another example is the Dutch Climate Covenant. This covenant - which at the time of writing this report hasn't yet passed Parliament - is expected to include a range of measures across different sectors to reach the Paris Goals. Several measures were already introduced with regards to reducing emissions in the build environment.

RECENT CHANGES AT CITY LEVEL

Although recent changes have coincided with an overall shrinking of the social rental sector in the Netherlands, social housing remains the most popular tenure status in both Amsterdam and Rotterdam, at 41.9 per cent and 44.4 per cent respectively. At the same time, urban areas in the Netherlands face higher than average pressures on the housing market. This is due to strong population growth, as well as the delayed interaction between the demand for and supply of housing. In many cities, it has become difficult to find affordable housing at market prices. Investors and other landlords offer dwellings in the private rental market. However, the average national private rent in 2018 was €740 per month, versus a HC rent of €534. With the cost disparity even higher in urban areas, many middle income households - who can no longer access

social housing since the introduction of income limits- face the risk of being pushed out of cities. While HCs offer low income households some protection from this, insufficient supply of affordable housing in many areas means that they are not immune to pressures in the housing market.

As a response to this, some cities are prioritising so-called 'key workers' (such as teachers, nurses and police) in the allocation of housing in order to prevent staffing shortages. The aforementioned relaxing of non-SGEI building by HCs is also aimed at providing more housing for middle income earnings, alleviating some of the strain on supply seen in cities. In the meantime, cities such as Amsterdam are witnessing an increase in buy-to-let and other investor activity. This has a negative effect on both the affordability and the availability of housing. In reaction to this, Amsterdam has proposed legislation that would make it compulsory to live in a house that you own.

FUTURE PERSPECTIVES

Looking ahead, Dutch HCs expect that they will see an only modest increase in the size of their stock in the coming years. HCs face a number of 'bottlenecks' in the supply chain. These include rising construction costs, a lack of available land and a related increase in land prices, shortages of labour and raw materials and financing issues. The financing issue is exacerbated by a recent tax levied on HCs by the government, amounting to around €1.6 billion per year, in addition to €400 million in corporation taxes. On top of this, the recent transposition of the Anti-tax Avoidance Directive, created an additional fiscal burden of €400 million for social housing providers. Easing these constraints could help to free up much needed cash to boost delivery of affordable housing.

Another key issue for the sector is maintaining social mix in the neighbourhoods. The re-focusing of social housing activities on low income households, combined with the current processes of decentralization of social care and increase in home based care and deinstitutionalization, represent a challenge which requires social housing providers to be more involved in providing additional social services.

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Robin van Leijen, AEDES



AMSTERDAM ○
42% of all housing units
are social housing

THE HAGUE ○
31% of all housing units
are social housing

○ **ROTTERDAM**
44% of all housing units
are social housing

the HIGHEST share
in Europe

30% of total
housing
stock
are **social**
housing units

17.08 million Total population
in 2017
7.7 million Total housing stock
in 2017
2.28 million Total social housing
units

62,982 Total housing units
completed in 2017
17,322 New social rental
units in 2017

S L O V A K I A

RECENT DEVELOPMENTS IN POLICY AND GOVERNANCE

Slovakia shares some characteristics with other countries in the CEE region which went through large-scale privatisation of the housing stock since 1989. However, the country is quite an exception in the region in that it's had a centrally funded social housing program in place since 1999, the Program of Housing Development (PHD). The scheme, managed by the Ministry of Transport Construction and Regional Development, can be accessed by municipalities to build or purchase dwellings to be let as social housing. In 2017 the dedicated budget was € 27 million, aiming at financing around 1500 units, in 2018 over € 28 million for 1385 units. The central government provides capital subsidy (up to 40% of the investment cost) which can be complemented by subsidized loans from the State Housing Development Fund to cover total costs. So far around € 557 mil. were allocated in subsidies and 42,000 units were built or purchased.

However, the responsibility being at the level of municipalities, the uptake of the programme is not consistent across the country. The majority of units were built in villages and smaller towns, as bigger cities with an attractive labour market were less interested in the program. The main reason has been the scarcity of municipal land in large urban centres, and in some cases municipalities have preferred to use the available land for other purposes in order to generate income. At about 3 % of the total housing stock, social housing today 'remains underdeveloped' according to the European Commission.

The State Housing Development Fund offers favourable long-term loans for different purposes and to both private and legal persons: acquisition of a dwelling (through construction or purchase), acquisition of a rental dwelling, renewal and modernisation of residential building, insulation, removal of systemic faults, construction and renewal of social service facility.

Housing maintenance and refurbishment is area where SHDF has been providing the largest share of its budget. Since 2013 it also became a financing institution for financial engineering instruments under a special regulation (JESSICA. Since then it is receiving funding also from ERDF). It is estimated that (as of 2018) more than 65 % of all dwellings in multifamily residential buildings in Slovakia have been refurbished: out of these, more than 300 000 dwellings (or nearly 50 %) benefitted from state support. In 2016 a record high 41,150 housing units were refurbished through SHDF loans. In 2017 the number of units refurbished was 27,466, in 2018 29,190.

RECENT CHANGES AT CITY LEVEL

As mentioned above, the largest cities such as Bratislava and Kosice hardly participated in the state-funded program supporting social housing construction, and thus more than the half of the new social housing units were con-

structed in villages and small towns. Currently the average house price / m² is EUR 2000 in Bratislava, almost double compared to the next most expensive regions, Trnava and Košice. Less than 6 % of the population rents at market prices, usually in Bratislava and a few other cities. The level of rents in the capital is also high and raises problems with affordability.

FUTURE PERSPECTIVES

The main issues with the current housing market in Slovakia are an extremely high proportion of owner-occupied sector, high rental prices (especially in the capital), large real estate price differentials between regions, and a severe shortage of affordable social housing. This is combined with a relatively small housing stock (370 dwellings per 1000 inhabitants compared with 477 for EU average). This has a number of negative consequences. For instance Slovakia shows one of the highest shares of young people (aged 25-34) still living with their parents (57 % v the EU average of 28 %) and a high number of persons sharing rooms. The thin rental market means that young people often struggle to move to rented accommodation as an intermediate step towards home ownership. The lack of property for rent keeps the cost of renting high, limiting labour mobility. Furthermore, the Commission highlights how low availability of rental/social housing represents an obstacle to mobility and at the same time negatively affects socially disadvantaged or excluded persons (including lower income groups, persons with disabilities, Roma population, the homeless) and recommends significant investment in this area. A more consistent approach is also necessary across municipalities.

Current government priorities focus on increasing affordability and accessibility of housing and the modernisation of existing housing stock.

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of total housing
stock
is in **public**
ownership

3% **95%**

is **privately**
owned

5,43 million Total population in 2017
1,994,897 Total housing stock in 2017
856,000 Dwellings in high-rise multifamily buildings

35% of total dwellings are built with panel technology
57% of young people live with their parents, one of the highest shares in the EU

S L O V E N I A

RECENT DEVELOPMENTS IN POLICY AND GOVERNANCE

In December 2015, the Resolution on the National Housing Programme for the period 2015-2025 was adopted, which redefined the Housing Fund of Republic of Slovenia as the main provider of housing policy in the country. The Fund acts as an independent legal entity and on a not for profit base. It finances and implements the national housing programme, promotes house building, and housing renovation and maintenance.

Current objectives include increasing the supply of public rental housing (about 500 new public rental units in 2017-2020, including housing owned by municipalities and municipal housing funds, as well as rental housing owned by the Housing Fund of the Republic of Slovenia, which are let on a not for profit basis), increasing accessibility of public rental homes and encouraging renovation of the existing housing stock. Furthermore, the Housing Fund concluded in April 2019 a loan agreement with The Council of Europe Development Bank to provide funds for the implementation of the planned construction of public rental apartments, in line with the objectives set by the National Housing Programme.

RECENT CHANGES AT CITY LEVEL

The Republic of Slovenia has a total 845,400 dwellings, of which 130,000 are in Ljubljana and 52,000 in Maribor, the two main cities. Ljubljana is the State capital and main University City and represents the largest rental market in the country. Ljubljana has also an exceptionally large increase in tourist visits, which has resulted in recent years in a significant increase in short-term rental of apartments.

Data from the Surveying and Mapping Authority of the Republic of Slovenia show that the amount of available housing for rent is not sufficient in both Ljubljana and Maribor. The Fund therefore implements projects, to increase the number of public rental dwellings. Current projects amounting to almost 500 units in Ljubljana and 450 in Maribor, and there are also further ongoing developments in other municipalities across the country.

FUTURE PERSPECTIVES

In order to effectively and efficiently implement the targets set by the Plan, the Fund needs to be provided with additional human resources and financial resources on a stable basis. At the same time quality improvement is a priority, including optimizing procedures for the renovation and maintenance of the housing stock, and developing new technical standards for housing construction. Developing a variety of accommodation options will also be increasingly important in the future, including housing for youth and elderly people, for people with special needs, and displaced families and individuals. The Fund is also looking into setting up housing cooperatives and including in new developments communal and recreational facilities.

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Social HOUSING
as % of the **total**
housing stock:

6%

2 million Total population
in 2017
845,400 Total housing stock
in 2017
3,044 Housing completions
in 2017

4,000 Dwellings were owned by the Housing Fund
and let on a not for profit basis in 2017
150 Housing units completed by the Housing
Fund in 2017

S P A I N

RECENT DEVELOPMENTS IN POLICY AND GOVERNANCE

The Spanish national government establishes the general framework, The National Housing Plan, every 4 years. Currently, the National Housing Plan 2018-2021 is running, with an investment of 1.442.000.000 € over 4 years. The main strategic measures of the current National Housing Plan concern:

- Rental housing: improvement of housing allowance for tenants in need (up 40% of rental expenses), support for people at risk of eviction (due to non-payment of rent or loans), and – on the supply side – promotion of private and public housing for rent, especially low rents for those with limited resources.
- Building rehabilitation: grants including for building conservation, energy efficiency and accessibility. Urban and rural regeneration and renewal, including eradication of informal settlements
- Young people: improvement of rent allowances for people aged below 35 (up 50% of rental expenses); grants for young homebuyers in municipalities with less than 5.000 inhabitants, in order to revitalize smaller villages.
- Elderly people: promotion of housing for seniors and people with disabilities, including adapted facilities and common services; improvement of rent allowances for people aged above 65 (up 50% of rental expenses).

However, as housing policy in Spain is decentralized, after the adoption of the national plan, each autonomous community has to sign an agreement with the Ministry of Infrastructures, choose the strategic lines which are of main interest for the region and set the amount of co-financing. As of today, most of the autonomous communities have adopted regional housing plans. As for further recent measures at national level, it's also worth mentioning the Decree of March 1st 2019, which includes concrete measures to promote housing for rent such as, among others, mobilization of public land for construction of social/affordable rental housing, and agreements for reducing administrative burdens linked with new construction.

RECENT CHANGES AT CITY LEVEL

The situation concerning social housing varies significantly across the Spanish territory and measures are adopted by different levels: regions, cities and villages. Among the most interesting recent initiatives, some concern the revitalization of deprived neighborhoods. For instance, in Bilbao, 7 million euros will be invested until 2021, for the renewal of more than 240 dwellings in the Otxarkoaga neighborhood, including a pioneer research laboratory on urban regeneration. In the municipality of Langreo in Asturias, 7 million euros will be invested in the complete rehabilitation of the Lada neighborhood, with the support of special funds promoting the revitalization of mining areas. 258 social

dwellings will benefit from renovation with modern system in energy efficiency. It's also worth mentioning that the Navarra Region and the cities of Barcelona, and Zaragoza for construction of social housing have recently received loans from EIB to build social housing.

Furthermore, tackling speculation on the real estate market is also a priority in areas with booming prices and rents. The Govern of Catalonia for instance has recently approved setting caps on rents, mainly in Barcelona (where rents have increased by almost 48% between 2013 and 2018). A recent examples of large scale urban development project is that of a housing cooperative in Valencia which is in the process of acquiring the old stadium of the Valencia's football club, called Mestalla, to turn it into a new residential area. This will be the largest urban intervention in the city over the last decade and more than half of the surface will be for residential use. The plan foresees that homes will be co-designed by the cooperative members themselves, in climate-neutral buildings.

FUTURE PERSPECTIVES

Besides increasing supply, the social housing sector should also focus on enhancing housing management to the benefit of tenants. There are already examples which should be further scaled up in the future as to adopting solutions specifically for groups at risk of exclusion (e.g. migrants, homeless, ex-inmates...etc), establishing strong partnerships with social services and healthcare providers, and finding new ways to collaborate with private sector and centers of technological expertise.

Demographic change also represents a key challenge for housing providers. A huge share of the building stock is not adapted to the needs of an ageing population. For instance, it is estimated that 60% of those aged over 65 live in buildings with no lift. Beyond the residential buildings, the housing sector should aim at accessible, inclusive, safe, secure and supportive environments and neighborhoods. This development could also contribute to financial sustainability via the reduction of healthcare costs. Last but not least, construction and rehabilitation must include modern, efficient and affordable energy systems. As energy poverty is increasing, a priority for public housing companies is to find new ways to manage energy costs for tenants. Housing cooperatives are also increasingly focusing on energy efficiency projects, including the use of renewable energy sources such as geothermal energy.

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Jerónimo Escalera Gómez



MADRID

2,5%
of total
occupied housing
stock
are social
rental housing

46.6 million Total population in 2017

25.6 million Total housing stock in 2017 (3.8 million are vacant)

54,610 Total housing units completed in 2017

250,000 Public rental housing stock

340 New public rental housing units completed in 2017

43,900 Public rental housing units renovated in 2017

S W E D E N

RECENT DEVELOPMENTS IN POLICY AND GOVERNANCE

Sweden's construction sector suffers from very high costs. Building a multi-dwelling building currently costs almost two and a half times more than it did in the mid-1990s. Indeed, according to statistics from Eurostat, construction prices in Sweden are the highest in the EU. It is approximately 70 per cent more expensive to build housing there than the European average. These high costs have negatively impacted on housing building. As a result, the state begun in 2017 to offer subsidies to housing projects which agree to charge tenants a rent per metre squared below a certain threshold. To date these subsidies have been given for the construction of approximately 15,000 new affordable apartment units.

Sweden has a long tradition of setting rents through collective bargaining and the use of reference dwellings to determine the rent. Although, reforms of the sector now allow developers to apply a 'cost-based' rent (effectively market rent) without the use of the reference dwellings for a period of 15 years. The current government continues to back market liberalisation of housing and market-based rents in newly built homes. Critics argue that the existing exemptions for new construction have already led to a situation where rents are higher than peoples' willingness to pay. Indeed, since 2010, CPI inflation in Sweden has risen by 7.8 per cent, while annual rents have increased by a far more substantial 20.5 per cent. Therefore, it is doubtful whether further liberalisation of this segment of the rental market would increase the number of new dwellings.

As is the case in other EU countries, Swedish regulators have also introduced mortgage lending restrictions. These have the aim of prevent borrowers from becoming over-leveraged. However, in effect, they have disproportionality impacted on young people, who now find it difficult to borrow enough to afford to purchase a home, especially in the biggest cities. This has also affected the construction of new apartments, with a rapid decrease in the number of new projects. Indeed, after showing some improvement in the middle of the current decade, construction of new residential dwellings has seen a marked slowdown in the last couple of years.

RECENT CHANGES AT CITY LEVEL

There is significant pressure within the Swedish housing market. Much of the country is facing a housing shortage, primarily in its metropolitan regions. Sweden has one of the highest levels of urbanisation in the EU. The aforementioned high construction costs have created serious challenges for the building of affordable dwellings, particularly in urban areas. A recent survey showed that prices for the public housing companies increased with 69% between 2015 and 2017. However, regions have developed strategies in order to attempt to tackle this issue. For example, in the city of Gothenburg the local government decided to centralise all of the new construction projects of the four

public housing companies into one single entity called 'Framtiden Construction Development' (FCD). The ambition has been to push down construction prices by creating economies of scale, with one single entity handling all public housing building projects. In addition, FCD has been tasked with enabling more actors to enter the market. It does this through dialogue with local SMEs, as well as foreign construction companies. This includes a comprehensive package of assistance, right up to offering courses in how to write tenders along with 'standardisation' of the procurement processes, which should help to lower the barriers to entry.

FUTURE PERSPECTIVES

Looking to the future, low levels of housing completions aside, one of the main challenges facing housing in Sweden is demographics. The country has a high population growth rate. The population has increased by one million people over the last 10 years, from 9.25 million to 10.23 million and it is projected to increase to over 11 million within the next 10 years. The rapid population growth has resulted in increased overcrowding, primarily in areas and districts with a high proportion of residents of non-Swedish origin. Meantime, the composition of the population is changing. The proportion of the population of retirement age is increasing and thus, so too is the demand for suitable housing to meet their needs. At the same time, the baby boomers born in the 90s already need to move into their first homes. The increased proportion of elderly people and baby boomers means an increase in the dependency ratio (those not of working age as a percentage of those of working age). Indeed, this figure has risen consistently since 2009, from 52.8 per cent to a new all-time high of 60.6 per cent in 2018. This will put financing pressures on public expenditure.

Going forward, Sweden will need to do more in order to tackle high costs of construction. This will need to be balanced with the country's strong commitment to mitigating climate change and moving towards circular economy. Digitalisation, combined with industrialisation of the construction industry, presents promising ways of raising productivity in the construction sector. This is desperately needed in order solve the increasingly complex societal challenges being faced around housing in Sweden.

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SWEDEN

has **no** social housing,

with all HOUSING options open to **everyone** regardless of means

STOCKHOLM

10.12 million Total population in 2017
4.9 million Total housing stock in 2017
34,830 Housing starts in 2017

• 23% of housing units in 2017 were 'tenant ownership' (bostadsrätt) and 18% of homes were rented from publicly owned housing companies and municipalities.

UNITED KINGDOM

RECENT DEVELOPMENTS IN POLICY AND GOVERNANCE

The UK government outlined its ambitions for the social housing sector in a 'Green Paper' in August 2018. The document details a number of aims around supply (with a target to build 300,000 new homes annually by the mid-2020s), empowering tenants, as well as the quality and safety of social housing following on from the Grenfell Tower fire in June 2017.

With regard to supply, the government has adopted a number of policy initiatives. These include increasing the amount of money that local authorities (LAs) can borrow to build new homes, increasing the availability of funding from central government and revising rules on the re-investment of income from the sale of current housing units. Similar measures have been adopted in other parts of the UK, though the collapse of the power sharing government in Northern Ireland in 2017 has stymied further reform there. While increased funding for social housing delivery is encouraging, supply still falls short of demand. Indeed, delivery of new build by local authorities and housing associations has seen only a very modest up-tick over the last three financial years (2015/16 to 2017/18) to just over 36,000 units per annum, compared to circa 33,000 units in the previous three years. Housing Associations (HAs) continue to be the primary provider of new affordable units in the UK, at over 90 per cent of the total. In terms of empowering tenants, the aforementioned Green Paper sets proposes increased regulatory oversight and performance standards. It calls for data on landlord performance to be made accessible to residents, and greater engagement with providers of affordable housing to harness their insights and innovation.

RECENT CHANGES AT CITY LEVEL

A series of devolution deals in recent years have been agreed with a number of cities and regions across England. This work is probably most advanced in Greater Manchester. A Greater Manchester Housing Providers (GMHP) group has grown rapidly to 28 members. In recent years the group has been delivering around 40% of new homes across Greater Manchester and jointly commission work with the Mayor and the combined authority. The share of social housing in the Manchester City Council region is now approximately 30% of the total stock.

Some cities in other parts of the UK are also actively seeking to increase social housing. For instance the Belfast Local Development Plan Draft Plan Strategy includes an affordable housing policy, which indicates that planning permission will be granted for residential development containing five or more dwelling units where a minimum of 20% are provided as affordable housing. The Welsh capital Cardiff has plans to build over 40,000 new homes and 20-30% of sites to be affordable housing. Not surprisingly, the London area is by far the most expensive place to rent in UK. As a result of the decline in social housing output,

as well as the impact of privatisation of some of the existing stock, only 21.3 per cent of all homes are now LA or HA provided. This compares to over 30 per cent at the start of the 90s.

FUTURE PERSPECTIVES

By the assessment of the NHF, England is facing a housing crisis which is complex and multi-faceted. It estimates that 145,000 new affordable homes will be required every year in the coming years, out of which 90,000 must be for social rent. This would require a state investment of £12.8bn per annum, in addition to funding for ambitious community and housing regeneration schemes. In contrast, only 47,000 affordable homes were completed in 2017/18, 43,000 of which were newly built, and less than 6000 (or 12%) for social rent.

At national level, a key policy development with impacts for the housing sector is the UK Government's welfare reform programme. A number of changes to the benefits system have been applied across the country including the Social Sector Size Criteria, or 'bedroom tax'. The social housing sector is still adapting to these changes. In Northern Ireland for instance, more than 30,000 households are currently receiving mitigation payments to reduce the impact of most of these changes, but which are scheduled to end in March 2020.

Last but not least, uncertainty over Brexit has started to show an impact on house prices, and it has affected the ability and appetite of the European Investment Bank to invest into the United Kingdom in the short-term future.

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James Prestwich, National Housing Federation – NHF



total social Housing:

17% of Total Housing stock

BELFAST
27% of all housing units are social housing

MANCHESTER
30% of all housing units are social housing

LONDON
21% of all housing units are social housing

66.04 million Total population in 2017
28.74 million Total housing stock in 2017
193,390 Housing starts in 2017

- Total social housing: around 5.0 million homes, corresponding to about 17% of total housing stock. Of this, approximately 58% are provided by housing associations and 42% by local authorities.
- Scotland has the highest share of social housing, at c.23% of the stock. It is followed by England on 17% and Wales and Northern Ireland on around 16%.
- The social housing sector accounted for about 18% of all housing starts in the UK in 2017.
- 89% of people living in London think in their city it's not easy to find good housing at a reasonable price.
- Only one-third of the estimated number of affordable housing units (145,000 per year) is actually being built - out of which only 6,400 are social rental housing.

A R M E N I A

RECENT DEVELOPMENTS IN POLICY AND GOVERNANCE

A number of factors have impacted the housing situation in Armenia over time. Lots of infrastructure, including housing, was lost as a result of the 1988 Spitak earthquake, which left many people homeless. The military conflict with neighbouring Azerbaijan resulted in flows of displaced persons at different times who needed housing. At the same time, mass privatization of housing after independence has caused the disappearance of social and public housing, creating a severe shortage of adequate affordable housing. Experts highlight that the legal and institutional framework for managing the housing sector in Armenia is still inadequate, and the condition of the housing stock is poor. 'Long term strategic approach' is needed to further its development, including a national housing strategy. The government adopted a National Strategy on Developing Social Housing in 2013 but its implementation is hindered by lack of regulations on a number of issues and budget limitations. International organizations are active in the country to support the construction of social housing, home improvements and energy efficiency measures. ASBA, the National Housing Association Foundation, was set up in... to carry out policy advocacy work promoting social and affordable housing issues and implements some community based pilot projects.

Since 2018 Armenia has been going through a process of societal transformation, which affected almost all spheres of life. The new governance structure has been recently adopted by the National Assembly, which introduced a significant cut in the number of Ministries and government officials. The social housing issues are being discussed extensively during this year, however, no major changes or plans for change are being introduced in the government strategy or policies.

RECENT CHANGES AT CITY LEVEL

Affordable housing programs introduced recently mainly include government backed housing mortgage schemes for specific categories of population, including government employees, young families, University staff and others. Banks offer affordable loans for energy efficiency renovations and of private apartments and construction of new houses. However, energy efficiency renovations and renewals remain at the level of isolated pilot initiatives, mainly supported by donor projects. Furthermore, EU funding was also recently allocated to support energy efficiency initiatives in Armenian communities.

FUTURE PERSPECTIVES

The development of a social housing sector would be key to address issues of access to decent housing, renewal of old deteriorated housing stock and addressing energy poverty (energy efficiency) in the country. The major obstacles at the moment are the lack of state policy and strategy in this regard and absence of long-term financing

for developing social housing. In the absence of these two critical factors, the institutional capacity building remains a persistent problem.

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Acknowledgments:

Ara Nazinyan, Executive Director at ASBA



2.9 million Total population in 2017

863,307 Total housing stock in 2017

72% of urban dwellings are apartments in multi-family buildings

99.8% of the housing stock in villages consists of single-family home

• About one third of multi-apartment dwellings are estimated to be in poor conditions

92% of the housing stock is privately owned, and the rental sector is informal

N O R W A Y

RECENT DEVELOPMENTS IN POLICY AND GOVERNANCE

With the Norwegian housing market having been largely 'liberalised' at the beginning of the 1980s, a strong economic performance, as well as solid income growth have seen house prices rise strongly (average year-on-year growth of over 6% since 2005). This has led to high indebtedness among households and created a cause for concern for the government. Acting on the advice of the independent 'Financial Supervisory Authority of Norway', the government have prolonged temporary measures that force banks to tighten credit lending to households until the end of 2019, with a further extension anticipated thereafter.

The tighter lending criteria have created a particular issue for younger households, looking to get secure their first property in a country which has a strong bias towards home ownership (roughly 75 per cent of households). However, this has not led to any major changes in state housing policy. Specific measures to alleviate problems in accessing housing have been largely confined to various categories of 'marginalised' groups (e.g. migrants, those with health issues, former inmates and low-income families with children). Therefore, young people, who largely fall outside this category, are increasingly required to turn to their parents for financing needs. This equates to about one-third of young homebuyers

RECENT CHANGES AT CITY LEVEL

The Norwegian capital, Oslo, will soon launch a number of pilot schemes aimed at providing additional affordable housing. These include providing lower rents to tenants who take on a greater level of responsibility for the upkeep and maintenance of their dwelling. The municipality is also going to provide part-ownership new-build units. This will involve it retaining a 20 per cent (of market value) stake in units, with buyers taking an 80 per cent stake. Should the buyer sell on the unit, the proceeds would be divided proportionally. Finally, Oslo is also due to launch new rent-to-buy accommodation, with the rent paid by the tenant providing the down-payment to eventually purchase the property, if desired.

FUTURE PERSPECTIVES

There has been a lot of discussion in Norway in recent years about the need for a so-called 'third sector' for housing. This would fit somewhere between the very small public social housing sector (c.4 per cent of the national stock) and the significantly larger free-market sector, both of which are dominated by renting and buying of housing. However, exactly what this middle ground ought to look like has not been settled, though it would likely need some form of state support or regulation. However, the current government have shown no real appetite for change in the sector and thus, the status quo is likely to hold in the near-term at least. Two specific challenges that will need to be addressed are the aforementioned affordability issues

facing some young people and the meeting the particular housing needs of the elderly. Regarding the latter group, due to very high homeownership rates, older people have quite a lot of housing wealth. This could be used to provide better adapted housing for elderly people. Thus, prospects of meeting the housing needs of this demographic are good. Although, it will require detailed planning and specific housing policies, especially on a municipal level.

The issue of housing younger people seems hard to predict. There has been a specific goal in Norway for decades that most people should be able to afford to buy a home. The current government has made increasing ownership, from already very high levels (around 75 per cent), a policy objective. However, some recent indications suggest that this could prove to be very difficult. Without changes in housing policy it likely that fewer young people will be able to become homeowners in the future. This could increase pressure to review the role of other housing tenures, such as private rental or social and affordable..

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A special project and some reach-articles in English (see down on the page): <https://www.oslomet.no/forskning/forskningsprosjekter/sosial-ulikhet-og-bolig>

Acknowledgments:

Tore Johannesen, Co-operative Housing Federation of Norway – NBBL

Social HOUSING represents

4%

of the total housing stock



5.26 million	Total population in 2017
2,548,000	Total housing stock in 2016
34,486	Housing starts in 2017
532,000	Cooperative housing units in 2017
110,000	Municipal rental housing units

- According to EU-SILC data for 2017, housing costs in Norway are amongst the most expensive in Europe in Purchasing Power Standard (PPS) terms. However, high income levels and generous tax treatment of homeowners means that 63.2% of Norwegian households stated they had no financial 'burden' in meeting their housing needs in 2017 (EU-SILC).

- Social rental housing is provided by municipalities.

Housing Europe is the European Federation of Public, Cooperative and Social Housing

Established in 1988, it is a network of 45 national and regional federations which together gather about 43.000 public, social and cooperative housing providers in 24 countries. Altogether they manage over 26 million homes, about 11% of existing dwellings in the EU.

Social, public and co-operative housing providers have a vision of a Europe which provides access to decent and affordable housing for all in communities which are socially, economically and environmentally sustainable and where everyone is enabled to reach their full potential.

www.housingeurope.eu #housingEU

