

# CONCRETE ACTIONS FOR SOCIAL AND AFFORDABLE HOUSING IN THE EU

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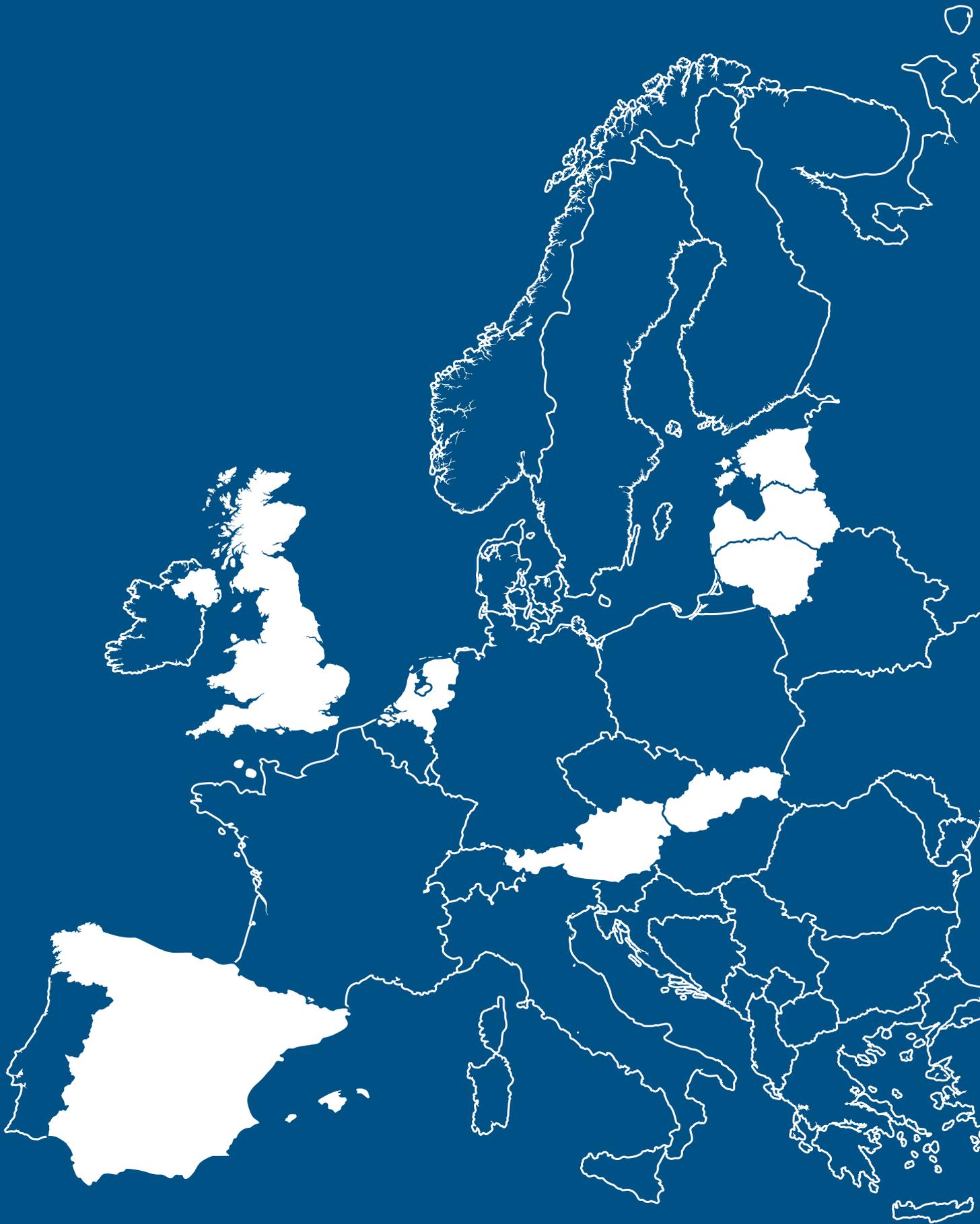
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# CHAPTER 1.

THE MOST  
PRESSING HOUSING  
CHALLENGES  
IN THE EU



# CHAPTER 1. THE MOST PRESSING HOUSING CHALLENGES IN THE EU

## 1.1. AFFORDABLE, SUSTAINABLE AND INCLUSIVE HOUSING AS MATTERS FOR POLICY

Housing affordability is not an easy concept to determine, as it changes over time, in ways to calculate it and in ways and disciplines that approach it. It could broadly be defined as housing that 'is adequate in quality and location and does not cost so much that it prohibits its occupants meeting other basic living costs or threatens their enjoyment of basic human rights'.<sup>1</sup> Costs refer to both the cost of purchase or rental of the property and the cost of maintaining the dwelling. Ultimately, housing cost is the highest expenditure item for households, at about a quarter of total household budget in 2015.<sup>2</sup>

However, today, and especially since the 2007 Global Financial Crisis (GFC), financialisation and gentrification linked to ongoing urbanisation have led to new types of spatial inequalities, reframing housing affordability as an urban issue not only for the less affluent, but also for the middle-income and younger generations. The COVID-19 health (and economic) crisis has once again highlighted the issue of overcrowded cities due to urbanisation phenomena and the inadequacy of housing. This is a different approach from one that has studied and understood housing affordability to be merely centred on the relationships between housing, non-housing expenditures and income poverty.<sup>3</sup> Housing exclusion has a relevant impact on social exclusion, as housing reinforces or reduces social inequality in areas such as health, education and employment (see the discussion of Arthurson and Jacobs<sup>4</sup>).

In the current context, two elements have contributed to rise in new concerns for the concept of **'housing affordability': financialisation of housing** and certain **urban**

**dynamics.** In relation to the former, the massive spread in homeownership through mortgage loans in the US, coupled with easy and reckless worldwide mortgage securitisation, has been identified as one of the major causes of the GFC and its consequences in the form of evictions in many countries.<sup>5</sup> Consequent tighter requirements to access to housing combined with just one alternative option (tenancies), the process of urbanisation and a massive investment from international real estate companies and funds (the only ones that really have been able to afford this after the GFC, not regular households) in buy-to-let properties,<sup>6</sup> have led, in the years since the GFC, to extra affordability problems, but this time centred on tenancies. Thus, new problems have arisen for the so-called 'generation rent' in the form of rent increase and increased housing unaffordability. In addition, this represents a threat to social sustainability.

In this vein, in relation to the latter (recent urban dynamics), the expulsion of traditional tenants from well-located, refurbished neighbourhoods in metropolitan areas of cities by middle-class investors and, in turn, the replacement of these by super-rich buyers are related to the phenomena of gentrification and super-gentrification, respectively, that have taken place throughout this century.<sup>7,8</sup> This progressive expulsion of middle-/low-income tenants has had a knock-on effect to smaller cities in their surroundings. However, the generation of opportunities in super 'creative cities'<sup>9,10</sup> plus this international capital investment in their central places<sup>11</sup> has pushed forward this urbanisation process worldwide, causing the rise of sub-standard housing in cities, a decrease in the quality of life of those middle-/low-income tenants (in the form of commuting, which leads to additional pollution, extra costs in time and transport, maybe fewer facilities and less access to the city centre's amenities), the shrinking of small villages and the abandonment of big areas of

- 
- 1 Tsenkova, S., and French, M. (2011). *Affordable land and housing in Europe and North America*, volume 4, UN-HABITAT.
  - 2 Czischke, D., and van Bortel, G. (2018). 'An exploration of concepts and policies on 'affordable housing' in England, Italy, Poland and the Netherlands,' *Journal of Housing and the Built Environment*, <https://doi.org/10.1007/s10901-018-9598-1>.
  - 3 Haffner, M.E.A., and Hulse, K. (2019). A fresh look at contemporary perspectives on urban housing affordability, *International Journal of Urban Sciences*, <https://doi.org/10.1080/12265934.2019.1687320>.
  - 4 Arthurson, K., and Jacobs, K. (2003). *Social exclusion and housing*, AHURI final report no 51.
  - 5 Nasarre-Aznar, S. (2020). *Los años de la crisis de la Vivienda. De las hipotecas subprime a la Vivienda colaborativa*, Tirant lo Blanch, Valencia.
  - 6 Joint Research Centre of the European Commission (2020). *Who owns the city? Exploratory research activity on the financialisation of housing in EU cities*, EUR 30224 EN, Publications Office of the European Union, Luxembourg.
  - 7 Lees, L. (2003). 'Super-gentrification: the case of Brooklyn Heights, New York city,' *Urban Studies*, 40(12), 2487-2509.
  - 8 Burrows, R., and Knowles, C. (2019). "The 'HAVES' and the 'HAVE YACHTS': Socio spatial struggles in London between the 'merely wealthy' and the 'super-rich,'" *Cultural Politics*, 15(1), 72-87.
  - 9 Florida, R. (2002). *The rise of the creative class*, Basic Books, New York.
  - 10 Florida, R. (2017). *The new urban crisis*, Basic Books, New York.
  - 11 Gyourko, J., Mayer, C., and Sinai, T. (2013). 'Superstar cities,' *American Economic Journal: Economic Policy*, 5(4), 167-199.

countries. Housing overburden rates are clearly highest in cities.<sup>12</sup> These spatial inequalities entail an additional affordability problem known as 'lock-in': those that have already moved can no longer move, if necessary, because of constantly changing prices.<sup>13</sup>

In turn, **social housing** plays different roles and has different effects on EU Member States (MS)<sup>14</sup>, due to the diversity of concepts and approaches implemented across the EU, such as beneficiaries, funding arrangements, tenures or providers.<sup>15</sup> Despite this, doctrine and international institutions and organisations highlight two essential features to distinguish 'social housing' from 'commercial/private housing'.<sup>16,17,18</sup> The first one is its affordability (with different calculation formulas) or, similarly, its price below the market price (rent setting can be market-based, cost-based, income-based, utility-based and fixed rent ceilings might apply<sup>19</sup>). The second one is its allocation scheme, ie, housing allocated according to legally established criteria of housing need; the latter is in accordance with the European Commission's decision to opt for a dualist<sup>20</sup> and targeted<sup>21</sup> model of social housing. The European Parliament itself has spoken out against such a restrictive interpretation of social housing and is concerned about the risk of losing policies aimed at creating a social mix (2012/2293(INI)). Social housing can be private or public housing, depending on the housing provider and landlord; therefore, the social housing concept also includes **public housing**.

In this sense, social and public housing is presented as a solution for some groups of population with housing needs, but not for all of them, as the current spectrum of population in need of affordable, adequate, accessible

and sustainable housing is wide and diverse, ranging from homeless people to (squeezed) middle-income households. In countries where it is scarce, social housing is, broadly speaking, cyclical: public authorities have money to promote it when the economy rises; in recession times, there is less chance to promote or acquire social housing.<sup>22</sup> However, countries with a universalistic model also face legal (see EU Commission Decision 642/2009 and Judgment of the General Court of 15 November 2018<sup>23</sup> in relation to alleged distortion of competition) and financial issues (cases of financial derivatives investments in Dutch housing associations (HAs); too complex management structures in English HAs, where only intervention from publicly controlled bodies protected them from bankruptcy and loss of social housing stock).

Thus, if the definition of affordable housing is unclear and changes over time, with respect to perspectives and circumstances, the methods to calculate it also differ, leading to different results and, as a consequence, to different possible policies. Elements of quantity (how many units are available or the number of households in need, how much income is invested by households in housing-related expenses) and quality (location, minimum features or in relation to different levels of household income, other or housing-related expenses, age, special accessibility, members, labour, religious or personal needs or expectations) are usually taken into account. For example, for Europe, the 'housing cost overburden rate' is understood by Eurostat as the percentage of the population living in a household where total housing costs (net of housing allowances) represent more than 40 percent of the total disposable household income (net of housing allowances). The 2018 results<sup>24</sup> include, rather

12 Housing Europe (2019). *The state of housing in the EU 2019*.

13 Hulse, K., Burke, T., Ralston, L., and Stone, W. (2010). *The benefits and risks of home ownership for low-moderate income households* (AHURI final report no 154). Australian Housing and Urban Research Institute, Melbourne.

14 This study is based on an analysis of cases carried out when the UK was a member of the EU. References to Member States include the UK too.

15 Cecodhas Housing Europe's Observatory (2011). *Housing Europe Review 2012. The nuts and bolts of European social housing systems*, Brussels.

16 Cecodhas Housing Europe's Observatory (2011). *Housing Europe Review 2012. The nuts and bolts of European social housing systems*, Brussels.

17 Rosenfeld, O. (2015). *Social Housing in the UNECE Region. Models, Trends and Challenges*, United Nations, Geneva.

18 Haffner, M. et al. (2009). 'Bridging the gap between social and market rented housing in six European countries?,' *Housing and Urban Policy Studies*, 33.

19 OECD (2019). *Indicator PH4.3. Key characteristics of social rental housing*, <https://www.oecd.org/housing/data/affordable-housing-database/housing-policies.htm>.

20 Kemeny, J. (1995). *From public housing to the social market. Rental policy strategies in comparative perspective*, Routledge, London.

21 Ghekière, L. (2008). 'Le développement du logement social dans l'Union européenne,' *Recherches et Prévisions*, 94, 21-34.

22 Stephens, M. (2019). 'Land value capture through planning and taxation,' in Stephens, M., Perry, J., Williams, P., and Young, G. (eds) *UK Housing Review 2019*. Chartered Institute of Housing, Coventry, 11-18.

23 Stichting Woonlinie and others v European Commission: <http://curia.europa.eu/juris/celex.jsf?celex=62010TJ0202&lang1=en&type=TEXT&ancre=>.

24 See <https://ec.europa.eu/eurostat/databrowser/view/tespm140/default/table?lang=en>. See also some more specific statistics of housing cost overburden rates by tenure status (<http://appsso.eurostat.ec.europa.eu/nui/show.do?wai=true&dataset=tessi164>); by degree of urbanization (<https://ec.europa.eu/eurostat/web/products-datasets/-/tessi165>) or by age, sex and poverty status ([https://ec.europa.eu/eurostat/en/web/products-datasets/-/ILC\\_LVHO07A](https://ec.europa.eu/eurostat/en/web/products-datasets/-/ILC_LVHO07A)) (all accessed 14 June 2020).

# CHAPTER 1. THE MOST PRESSING HOUSING CHALLENGES IN THE EU

surprisingly, the UK, DK, DE, CH and NO among those countries with a higher housing overburden rate than that of the EU average and, in general terms, tenants are more overburdened than homeowners with mortgage. Still, the analytical database of the EU does not reflect all housing tenures nor subnational specificities. A review of this indicator has been recommended by the Housing Partnership of the Urban Agenda for the EU (in its Action Plan, 2018),<sup>25</sup> as it suggests developing 'an indicator on social and affordable housing in the Social Scoreboard by introducing a revised definition of housing cost overburden in combination with other indicators, for example as rates of eviction and poverty rates that better take into account the realities of the socio-economic situation of EU citizens'.

When measuring and assessing housing affordability, **sustainability** must also be taken into account.<sup>26</sup> Sustainability as a global concern emerged in the second half of the 20th century. The World Commission on Environment and Development (1987) defined 'sustainable development' as one 'that strikes a balance between meeting the needs of the present without compromising the ability of future generations to meet their own needs'. Promoting sustainable housing means, then, considering at least three (or even four) dimensions or challenges: economic sustainability (eg housing affordability, local businesses), social (and cultural) sustainability (eg social participation and engagement, quality of life and neighbourhood liveability, social inclusion, gender equality) and environmental sustainability (eg housing construction/renovation and design, energy efficiency). In fact, sustainable development is one of the European Union's fundamental aims and, more recently, the United Nations passed the '2030 Agenda for Sustainable Development', including 17 Sustainable Development Goals that are focused on taking action towards economic growth, social inclusion and

environmental protection.<sup>27</sup> Another important (but not legally binding) document in this sense is the *Geneva UN Charter on Sustainable Housing*, endorsed by the United Nations (UN) Economic Commission for Europe on 16 April 2015, which aims to support member states, as they seek to ensure access to decent, adequate, affordable and healthy housing for all.

The **inclusiveness** value related to housing (sometimes also referred to the residential complex or to the city, with access to common services, transport and recreation, thus promoting residents' sense of belonging) may be defined through different approaches as well, but, in general terms, it may facilitate 'individuals to take part fully in their preferred mode of life',<sup>28</sup> which usually includes favoured access to housing to the elderly, to people with physical or intellectual disabilities<sup>29,30</sup> and those with a gender perspective (GIH) (for housing and women's perspectives<sup>31</sup> and university gender-diverse accommodation<sup>32</sup>). Access to minorities and cultural inclusivity, with the integration of migrants, is also an issue. Sometimes the concept of 'inclusive housing' also includes the idea of affordability. In fact, the UN New Urban Agenda<sup>33</sup> encourages the need for an increased security of tenure for all, which must be accompanied by a plurality of housing tenure types and by the development of fit-for-purpose and age-, gender- and environment-responsive solutions within the continuum of land and property rights, paying particular attention to the security of land tenure for women as being key to their empowerment. Its achievability usually entails an architectural adaptation dimension. Despite the UN Convention on the Rights of Persons with Disabilities 2006 (CRPD), containing accessibility obligations regarding the identification and elimination of obstacles and barriers to accessibility in buildings (art 9), recent research shows the very low rate of universal accessibility for the elderly and physically

25 Housing Partnership of the Urban Agenda for the EU (2018). *The Housing Partnership Action Plan*, December 2018.

26 Stephen Ezennia, I., and Hoskara, S.O. (2019). 'Methodological weaknesses in the measurement approaches and concept of housing affordability used in housing research: a qualitative study,' *PLoS ONE* 14(8), <https://doi.org/10.1371/journal.pone.0221246>.

27 European Commission (2019). *Employment and social developments in Europe 2019 sustainable growth for all: choices for the future of social Europe*, Directorate-General for Employment, Social Affairs and Inclusion.

28 Peace, S., and Holland, C. (eds) (2001). *Inclusive housing in an ageing society: innovative approaches*, Bristol University Press, Bristol.

29 Ward, M., Franz, J.M., and Adkins, B. (2012) 'Inclusive housing in Australia – a voluntary response,' in Nelson, J. (ed), *Proceedings of World Academy of Science, Engineering and Technology (WASET)*, WASET, Stockholm, 344-352.

30 Elsinga, M. et al. (2020). 'Toward sustainable and inclusive housing: underpinning housing policy as design for values,' *Sustainability*, 12(5), 1-15.

31 Sobantu, M. (2019). 'Revisiting gender and housing: housing as seen through the eyes of women in social rental housing in Gauteng, South Africa,' *Social Work/Maatskaplike Werk*, 56, no 1(5).

32 Marine, S.B., Wagner, R., and Nicolazzo, Z. (2019). 'Student affairs professionals' roles in advancing gender inclusive housing: discourses of dominance and resistance,' *Journal of Diversity in Higher Education*, 12(3), 219-229.

33 UN New Urban Agenda (2016), adopted at the United Nations Conference on Housing and Sustainable Urban Development (Habitat III), Quito, <https://www.habitat3.org/the-new-urban-agenda>.

disabled to housing included in multi-unit buildings in ES, DE and SE,<sup>34</sup> while Eurostat data for 2017<sup>35</sup> revealed that people with disabilities had a heavier housing cost burden, were more likely to face overcrowding and more often lived in sub-standard housing.

All in all, as seen, housing **affordability** has to do with a household's level of income (and those macro-economic issues related to this, such as unemployment, education or health), and with housing and non-housing expenditure, including the energy poverty issue<sup>36</sup>, in terms of not being able to guarantee adequate warmth, cooling, lighting and energy to power appliances (the recent 'Renovation Wave' announced by the European Commission under the first priority of their new programme, referring to a European Green Deal aims to improve energy efficiency and reduce greenhouse gas emissions), but not exclusively, as housing affordability is also related to urban processes beyond these more personal or immediate scopes, such as the type of tenure on one's housing (which, in turn, is increasingly dependent on global financial dynamics), the process of gentrification of certain neighbourhoods (which usually depends on a plethora of multi-level policies) and the progressive worldwide increasing process of urbanisation. The concepts of **sustainable** housing (economic, social, environmental) and **inclusive** housing (elderly, physically or mentally disabled and gender) are also **multi-dimensional**.

This means that, at the end of the day, any specific case of housing unaffordability, unsustainability or inclusiveness is influenced by a plethora of **multi-level policies** (international, national, regional, local) and interests, which mostly collide and contradict.<sup>37</sup> They have to do with how housing is financed, designed and provided and by and to whom, how the land is distributed and held, the model of a given city that is intended to be promoted, how spaces are allocated and services are provided within a given city and how the tension between personal freedom and social equality is solved, in addition to all macro-policies that impact housing affordability, stability, inclusivity,

sustainability and flexibility such as labour, health and education regulations. In addition, strategies to tackle housing affordability problems require not only short-term but also long-term strategies and, in those instruments, all stakeholders should be involved, public, private for-profit and private non-profit sectors,<sup>38</sup> as well as participatory and community-led approaches.

Each of those aspects should be profiled by **policymakers** to achieve universal housing affordability, which is a goal directly linked to the fulfilment of human rights such as freedom, equality and people's self-development, as much as a universal right to housing (a target to be achieved in many national constitutions and international treaties) and a right to the city (Lefebvre, 1968)<sup>39</sup>. It is not by chance that promoting access to affordable housing is an important objective of housing policy in many Organisation of Economic Cooperation and Development (OECD) countries (according to the OECD Questionnaire on Affordable and Social Housing<sup>40</sup>).

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34 Nasarre-Aznar, S., and Simón-Moreno, H. (2020). 'Housing not for all: the lack of universal accessibility to housing in multi-unit buildings in Spain, Sweden and Germany,' *Journal of Property, Planning and Environmental Law*, 12(1), 35-54.

35 [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Disability\\_statistics\\_-\\_housing\\_conditions](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Disability_statistics_-_housing_conditions) (accessed 8 July 2020).

36 It is estimated that more than 50 million households in the European Union are experiencing energy poverty. Source: [www.energypoverty.eu/about/what-energy-poverty](http://www.energypoverty.eu/about/what-energy-poverty) (accessed 25 August 2020).

37 Norris, M., and Carnegie, A. (2015). 'Sustainability, in habitat for humanity,' *Housing Review 2015. Affordability, livability, sustainability*, 43-55.

38 World Economic Forum (2019). *Making affordable housing a reality in cities*, Insight Report, Cities, Urban Development and Urban Services Platform in Collaboration with PwC.

39 Lefebvre, H. (1968). *Le droit à la Ville*, Paris, Anthropos.

40 Salvi del Pero, A., Adema, W., Ferraro, V., and Frey, V. (2016). 'Policies to promote access to good-quality affordable housing in OECD countries,' *OECD Social, Employment and Migration*, working paper no 176.

# CHAPTER 1. THE MOST PRESSING HOUSING CHALLENGES IN THE EU

## 1.2. SITUATION IN EU COUNTRIES: BIG DIFFERENCES BUT COMMON CHALLENGES. JUSTIFICATION OF EU INTERVENTION.

**Housing policies** remain a **key challenge** for public policy in all EU Member States (EU MS) and their sub-national entities. The right to adequate housing (art 25 (1) Universal Declaration of Human Rights; art 11 of the International Covenant on Economic, Social and Cultural Rights; art 31 of the Revised European Social Charter) **is not a reality yet for all EU citizens**. Thus, **homelessness** is increasing in nearly all EU MS (even though methodologies and sources vary from country to country, which means there are no comparable European data on homelessness<sup>41</sup>); in all of them, there is a certain degree of **housing overburden** and housing **overcrowding**<sup>42</sup> or a share of their population with **housing deprivation**.<sup>43,44</sup> There are also relevant **differences in housing tenure** distributions, **urbanisation**<sup>45</sup> and in the number of available **social and affordable housing**.<sup>46</sup> Several experts of EU MS have reported their major housing problems as well (lack of data of May 2020 draft version for AT, ES and LU) for both:<sup>47,48</sup>

- a) **Owner-occupied housing**. In 23 out of 25 countries (including NL, UK, SK, LV), price increases in certain urban areas are either a serious or a very serious problem. Other major problems are credit access difficulties (serious/very serious in 13/25 countries; NL, UK, LV), financial overburden (9/25; NL, LV), vacancies/decreasing prices in certain rural areas (13/25; SK, LV), discrimination against certain (ethnic) minorities (5/25; SK), lack of barrier-free housing (12/25; UK, LV), lack of specific unit sizes (6/25; UK, LV) and energy poverty (13/25; LV).
- b) **Rental housing**. The three most common serious or very serious housing problems in EU MS are rent increases in certain urban areas (23/25; including NL, UK, SK, LV), the lack of affordable social housing in certain urban areas (24/25; NL, UK, SK, LV) and financial overburden (19/25; NL, UK, SK, LV). The rest are discrimination against certain (ethnic) minorities (12/25; SK), lack of barrier-free housing (12/25; UK, LV), lack of specific unit sizes (10/25; UK, LV), lack of or deficient rental market regulations (13/25; UK, SK, LV) and energy poverty (10/25; UK, LV).

“

*Although many countries have adopted several measures to prevent forced evictions during the pandemic, it is expected that, when they are progressively removed, the economic recession will cause a new wave of them.*

”

41 Fondation Abbé Pierre and FEANTSA (2020). *Fifth overview of housing exclusion in Europe*.

42 Eurostat defines ‘overcrowding’ as the percentage of the population living in an overcrowded household. A person is considered to be living in an overcrowded household if the household does not have at its disposal a minimum of rooms equal to the following: one room for the household; one room per couple in the household; one room for each single person aged 18 and over; one room per pair of single people of the same sex between 12 and 17 years of age; one room for each single person between 12 and 17 years of age and not included in the previous category; one room per pair of children under 12 years of age. The indicator is presented by accommodation tenure status.

43 The indicator is defined as the percentage of the population deprived of each available housing deprivation item. The items considered are leaking roof, damp walls/floors/foundation, or rot in window frames or floor; a lack of bath or shower in the dwelling; a lack of indoor flushing toilet for sole use of the household; problems with the dwelling; too dark, not enough light.

44 [https://ec.europa.eu/eurostat/statistics-explained/index.php/Living\\_conditions\\_in\\_Europe\\_-\\_housing\\_quality](https://ec.europa.eu/eurostat/statistics-explained/index.php/Living_conditions_in_Europe_-_housing_quality). See data tables at <https://ec.europa.eu/eurostat/web/income-and-living-conditions/data/main-tables> (both accessed 8 July 2020).

45 [https://ec.europa.eu/eurostat/statistics-explained/index.php/Living\\_conditions\\_in\\_Europe\\_-\\_housing\\_quality](https://ec.europa.eu/eurostat/statistics-explained/index.php/Living_conditions_in_Europe_-_housing_quality).

46 Housing Europe (2019). *The state of housing in the EU 2019*.

47 IWU and TUD (2020). *Housing policies in the European Union*, Federal Ministry of the Interior, Building and Community (BMI) and Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR).

48 In brackets, the countries that are the objects of this study are included, when relevant.

Table 1 - Summary of data.

HOUSING ISSUES AND FEATURES	EU 28 AVERAGE	EU MS WITH HIGHEST RATE	EU MS WITH LOWEST RATE	HOUSING PROBLEMS REPORTED BY EXPERTS IN EU MS <sup>49</sup> (from 'not serious at all' to 'very serious'; 5 levels) (in green, coincides; in red, does not coincide with Eurostat 2018 <sup>50</sup> )	
				Owner-occupied housing	Rented housing
<b>Homelessness<sup>51</sup></b>	Total of around 700,000 <sup>52</sup>	<p>Highest <u>increase</u>:</p> <ol style="list-style-type: none"> <li>1. IE (+211%; from 2014 to 2019)</li> <li>2. Brussels (BE) (+142.2%; from 2008 to 2018)</li> <li>3. NL (+120.8%; from 2009 to 2019)</li> </ol>	<p>Lowest <u>increase</u>:</p> <ol style="list-style-type: none"> <li>1. FI: -32% (decreased; from 2015 to 2019)</li> <li>2. IT: +6.5% (from 2011 to 2014)</li> <li>3. SE: +8% (from 2011 to 2017)</li> </ol>	<b>Owner-occupied housing</b>	<b>Rented housing</b>
		<p><b>Countries in this study</b></p> <p>ES: +20.5 (from 2014 to 2016)</p> <p>NL: +120.8% (from 2009 to 2019)</p> <p>UK (England): +72% (from 2011 to 2019)</p> <p>SK: N/A</p> <p>AT: +21.4% (from 2008 to 2017)</p> <p>LV: N/A</p>		N/A	N/A
<b>Housing overburden</b> (+40% household income devoted to housing <sup>53</sup> , Eurostat, 2018)	Owners with mortgage or loan: 4.2%  Tenants (market rent): 27%	Owners with mortgage or loan	Owners with mortgage or loan	<b>Highest</b> EL: <i>very serious</i> LV: <i>very serious</i> DE: <i>neither/nor</i>  <b>Lowest</b> CY: <i>neither/nor</i> FR: <i>not serious</i> RO: <i>not serious</i>	<b>Highest</b> EL: <i>very serious</i> BU: <i>serious</i> HU: <i>very serious</i>  <b>Lowest</b> CY: <i>neither/nor</i> LV: <i>serious</i> MT: <i>serious</i>
		<ol style="list-style-type: none"> <li>1. EL (29.2%)</li> <li>2. LV (9.6%)</li> <li>3. DE (8.6%)</li> </ol>	<ol style="list-style-type: none"> <li>1. CY (0.6%)</li> <li>2. FR (0.7%)</li> <li>3. RO (0.8%)</li> </ol>		
		Tenants (market rent)	Tenants (market rent)		
		<ol style="list-style-type: none"> <li>1. EL (83.1%)</li> <li>2. BU (50.1%)</li> <li>3. HU (46.9%)</li> </ol>	<ol style="list-style-type: none"> <li>1. CY (11.3%)</li> <li>2. LV (11.5%)</li> <li>3. MT (12.1%)</li> </ol>		
		<p><b>Countries in this study</b></p> <p>ES: 3.5% (owners); 38.1% (tenants)</p> <p>NL: 2.2% (owners); 25.6% (tenants)</p> <p>UK: N/A</p> <p>SK: 1.9% (owners); 19.6% (tenants)</p> <p>AT: 2.6% (owners); 14.5% (tenants)</p> <p>LV: 9.6% (owners); 11.5% (tenants)</p>		ES: N/A NL: <i>serious</i> UK: <i>neither/nor</i> SK: unclear AT: N/A LV: <i>serious</i>	ES: N/A NL: <i>serious</i> UK: <i>serious</i> SK: unclear AT: N/A LV: <i>serious</i>

49 IWU and TUD (2020, draft). *Housing policies in the European Union*, Federal Ministry of the Interior, Building and Community (BMI) and Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR).

50 [https://ec.europa.eu/eurostat/statistics-explained/index.php/Living\\_conditions\\_in\\_Europe\\_-\\_housing\\_quality](https://ec.europa.eu/eurostat/statistics-explained/index.php/Living_conditions_in_Europe_-_housing_quality).

51 Recent estimates of the number of homeless people in European countries (not comparable in terms of methodology and the given definition of homelessness). Fondation Abbé Pierre and FEANTSA (2020). *Fifth overview of housing exclusion in Europe*.

52 Fondation Abbé Pierre and FEANTSA (2020). *Fifth overview of housing exclusion in Europe*.

53 [https://ec.europa.eu/eurostat/statistics-explained/index.php/Living\\_conditions\\_in\\_Europe\\_-\\_housing\\_quality](https://ec.europa.eu/eurostat/statistics-explained/index.php/Living_conditions_in_Europe_-_housing_quality).

# CHAPTER 1. THE MOST PRESSING HOUSING CHALLENGES IN THE EU

HOUSING ISSUES AND FEATURES	EU 28 AVERAGE	EU MS WITH HIGHEST RATE	EU MS WITH LOWEST RATE	HOUSING PROBLEMS REPORTED BY EXPERTS IN EU MS (from 'not serious at all' to 'very serious'; 5 levels) (in green, coincides; in red, does not coincide with Eurostat 2018)	
<b>Housing overcrowding</b> <sup>54</sup>	Owners with mortgage or loan: 6.8% Tenants (market rent): 19.5%	Owners with mortgage or loan 1. BU (58.9%) 2. RO (48.7%) 3. LV (40.8%)	Owners with mortgage or loan 1. IE (0.1%) 2. MT (0.5%) 3. NL (1.4%)	N/A	N/A
		Tenants (market rent) 1. BU (75.6%) 2. HR (72.7%) 3. RO (68%)	Tenants (market rent) 1. CY (6.7%) 2. IE (8.8%) 3. MT (8.9%)		
		<b>Countries in this study</b> ES: 2.8% (owners); 12.8% (tenants) NL: 1.4% (owners); 9.9% (tenants) UK: 2.4% (owners); 9.6% (tenants) SK: 26.5% (owners); 59.3% (tenants) AT: 5.6% (owners); 31.2% (tenants) LV: 40.8% (owners); 65.9% (tenants)		N/A	N/A
<b>Housing deprivation</b> (at least 1 of the 4 items <sup>55</sup> )	17.7%	RO: 32.9% PO: 32.8% CY: 31.5%	SK: 71% FI: 8.3% NO: 9.5%	N/A	N/A
		<b>Countries in this study</b> ES: 18.9% NL: 17.7% UK: 16.8% SK: 71% AT: 14.5% LV: 30.9%			

54 [https://ec.europa.eu/eurostat/statistics-explained/index.php/Living\\_conditions\\_in\\_Europe\\_-\\_housing\\_quality](https://ec.europa.eu/eurostat/statistics-explained/index.php/Living_conditions_in_Europe_-_housing_quality).

55 [https://ec.europa.eu/eurostat/statistics-explained/index.php/Living\\_conditions\\_in\\_Europe\\_-\\_housing\\_quality](https://ec.europa.eu/eurostat/statistics-explained/index.php/Living_conditions_in_Europe_-_housing_quality).

HOUSING ISSUES AND FEATURES	EU 28 AVERAGE	EU MS WITH HIGHEST RATE	EU MS WITH LOWEST RATE	HOUSING PROBLEMS REPORTED BY EXPERTS IN EU MS (from 'not serious at all' to 'very serious'; 5 levels) (in green, coincides; in red, does not coincide with Eurostat 2018)	
<b>Urbanisation:</b> Housing cost overburden rate by degree of urbanisation (people living in cities) <sup>56</sup>	12.4%	HE: 43.9% DK: 21.2% DE: 17.6%	MT: 1.7% CY: 3.1% LT: 4.1%	<b>Price increase in certain urban areas</b>	
				Av highest HE: <b>serious</b> DK: <b>serious</b> DE: <b>very serious</b> Av Lowest MT: <b>very serious</b> CY: <b>serious</b> LT: <b>serious</b>	Av highest HE: <b>very serious</b> DK: <b>serious</b> DE: <b>serious</b> Av Lowest MT: <b>serious</b> CY: <b>serious</b> LT: <b>serious</b>
		<b>Countries in this study</b> ES: 10.1% NL: 12.1% UK: 16.2% SK: 5.6% AT: 11.6% LV: 6.9%		<b>Countries in this study</b> ES: N/A NL: <b>very serious</b> UK: <b>very serious</b> SK: <b>serious</b> AT: N/A LV: <b>serious</b>	<b>Countries in this study</b> ES: N/A NL: <b>very serious</b> UK: <b>serious</b> AT: N/A LV: <b>serious</b>
<b>Share of public/ social housing in housing stock in 2016/2017</b> <sup>57</sup>	N/A	NL: 30% AT: 24% DK: 21% NO (non-EU): 20% SE: 19% FR: 17%	HE: 0% HO: 2% ES: 3% IT: 4% PL: 8% LV 0.4%	N/A	N/A
<b>Type of housing tenures</b> <sup>58</sup>	69.3% homeownership (26.5% with outstanding mortgage) and 30.7% tenants (8.7% at reduced price)	<b>Countries in this study</b> ES: 76.3 homeownership (29.4% with outstanding mortgage) and 23.7 tenants (8.4% at reduced price) NL: 68.9 homeownership (60.5 with outstanding mortgage) and 31.1% tenants (1% at reduced price) UK: 65.2% homeownership (37.5% with outstanding mortgage) and 34.8% tenants (5.1% at reduced price) SK: 91.3% homeownership (18.6 with outstanding mortgage) and 8.7% tenants (1.2% reduced price) AT: 55.4% homeownership (25.5 with outstanding mortgage) and 44.6% tenants (14.9% reduced price) LV: 81.6% homeownership (12.3% with mortgage) and 18.4 tenants (10.9 reduced price)		N/A	N/A

56 [https://ec.europa.eu/eurostat/statistics-explained/index.php/Living\\_conditions\\_in\\_Europe\\_-\\_housing\\_quality](https://ec.europa.eu/eurostat/statistics-explained/index.php/Living_conditions_in_Europe_-_housing_quality).

57 Housing Europe (2019). *The state of housing in the EU 2019*.

58 [https://ec.europa.eu/eurostat/statistics-explained/index.php/Living\\_conditions\\_in\\_Europe\\_-\\_housing\\_quality](https://ec.europa.eu/eurostat/statistics-explained/index.php/Living_conditions_in_Europe_-_housing_quality).

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Thus, it is hard to imagine how the EU expects to fulfil the **objectives** established in articles three and nine of the Treaty on European Union<sup>59</sup> without a common or, at least, coordinated housing strategy, as having an adequate home is a pre-requisite for many human rights and for the full development of everybody over the course of their lives.<sup>60</sup> As seen, many EU MS and their subnational government levels **share common problems** towards housing: an increase of homelessness (700,000 homeless people are currently sleeping rough or living in emergency or temporary accommodation across the EU, an increase of 70 percent in the space of ten years<sup>61</sup>) and housing exclusion, existence of housing overburden (many more tenants than mortgaged homeowners), housing overcrowding (again, much more common among tenants than homeowners) and a number of citizens living in substandard housing (eg leaking roofs, lack of bath/shower/toilet, darkness). Nevertheless, they **differ** among themselves in intensity: while in NL homelessness has heavily increased, it has reduced in FI; there is more overburden in HE than in CY; there is more overcrowding and housing deprivation in the EEC than in Northern Europe.

But many of these problems are **triggered by similar factors**:

- a) The consequences of the **2007 GFC** remain in 2020 in many countries. The first one led to an increase of **evictions** in a number of countries (BG, CY, IE, LV and NL) in the years immediately after (2010-13) and reinforced the pattern of unemployment, financial instability and household over-indebtedness as major risks for evictions across the EU. There was a significantly higher level of mortgage and rent-related arrears in the MS that were gravely affected by the crisis (CY,

EL, ES, HU, IE and PT).<sup>62</sup> In addition to evictions, the crisis has negatively impacted on local public finances, thus ballasting the increase (acquisition, building) of **social housing** and the number and amount of subsidies necessary to undertake **repair works** and **energy improvements** in the old housing stock in many European cities;<sup>63</sup> all of this is occurring with a background of already low public expenditure on housing.<sup>64</sup> The **COVID-19 crisis** has also impacted on housing in several ways, on the supply side (investment) and on the demand side (households). Although many countries have adopted several measures to prevent forced evictions during the pandemic,<sup>65</sup> it is expected that, when they are progressively removed, the economic recession will cause a new wave of them.

- b) A constant process of **urbanisation**, ie population concentration in big cities (in fact, the EU is one of the most urbanised areas in the world, as more than 70 percent of Europe's citizens live in an urban area<sup>66</sup>), with a supply that is several times constrained by land scarcity, coupled with the process of **emptying of rural space** (which questions the efficacy of multi-level territorial cohesion policies) (in 13/25 EU MS) and the **lack of social and affordable housing** (or the legal limitation of it by the EU Commission since 2009, if it represents too great a share, such as in NL and DK) has contributed to **housing unaffordability** in major urban areas in EU MS (hence, 23 out of 25 EU MS have stated that housing prices or rents have increased in their major cities), as well as to polluted and noisy areas. Additional consequences of **urbanisation** are the **gentrification** of different types of neighbourhoods (remember the promotion of 'creative cities'<sup>67</sup> and the phenomenon of

59 Among others, the well-being of its people, free movement of persons, the internal market, combating social exclusion and discrimination, promoting social justice and protection; equality between women and men, solidarity between generations and protection of the rights of the child; promoting economic, social and territorial cohesion, and solidarity among MS; eradication of poverty worldwide and the principle of the equality of its citizens.

60 'Healthcare, education and social housing are closely connected to social support systems, to cater for the complex and evolving needs of everyone over the course of their lives' (Fransen, del Bufalo and Reviglio, 2018).

61 Fondation Abbé Pierre and FEANTSA (2020). *Fifth overview of housing exclusion in Europe*.

62 Kenna, P. et al. (2016). *Pilot project – promoting protection of the right to housing – homelessness prevention in the context of evictions*, VT/2013/056, European Commission-Directorate-General for Employment, Social Affairs and Inclusion, Publications Office of the European Union.

63 Housing Europe (2019). *The state of housing in the EU 2019*.

64 Fondation Abbé Pierre and FEANTSA (2020). *Fifth overview of housing exclusion in Europe*.

65 Kholodilin, K. (2020). 'Housing policies worldwide during coronavirus crisis: challenges and solutions,' *DIW Focus 2*, DIW Berlin.

66 Bauer, S. coord (2018). *Policy guidelines for affordable housing in European cities*, Urban Agenda for the EU, City of Vienna – Wiener Wohnen.

67 Florida, R. (2002). *The rise of the creative class*, Basic Books, New York.

**touristification** in key cities<sup>68</sup>) and **ghettoisation** (even in the form of **overcrowding** and **hidden homelessness**), sometimes due to (internal and external) migration.<sup>69,70,71</sup>

- c) Lack of a clear agenda (a major concern in half of EU MS) to promote **universal accessibility** for the elderly and the disabled. Countries have been adopting patchy measures with a limited scope to tackle this issue (eg unilateral enforcement of adaptation works by the disabled in ES; the constitutional prohibition in DE of discrimination due to disability reasons; or increased public subsidies in SE), given the current situation.<sup>72</sup>
- d) Existence of **poor housing quality**, especially within many countries in Central and Eastern Europe (RO, PO and CY have the highest rates of **housing deprivation** in EU) and some southern European countries. This is due to old housing stock and/or poor initial build quality, together with the inability of low-income occupants to pay for maintenance and upgrading of their dwellings (homeowners, after privatisation processes of these dwellings) and the decrease or withdrawal of government maintenance subsidies.<sup>73</sup>

Despite the **relevant disparities** among countries in relation to housing issues, but also similar **challenges** (many of them related to affordability, sustainability and inclusiveness) among EU MS, and the striking consequences that all kinds of housing pathologies (eg housing deprivation, overcrowding, lack of inclusiveness/accessibility, unaffordability, unsustainability, homelessness) have on the everyday lives of EU citizens, the **EU has no direct competence** to legislate in housing matters, in line with the principle of subsidiarity. However, there are areas in which the EU can legislate, such as state-aid law, fiscal law, consumer and competition laws, that have a direct impact on

housing; social housing is recognised as a service of general economic interest in EU law. Other areas with an impact on housing are energy, employment, social exclusion and migration policies; these are areas in which funding opportunities via the European Structural and Investment Funds and InvestEU should be taken into account, as well as EIB loans for social and affordable housing, which have been and continue to be a major element of the EU bank's €150 billion in urban lending over the last seven years and of its support for EU urban policy.<sup>74</sup> Housing is also a major element in the Green New Deal, involving EU financial support for housing, and is essential to achieve EU's values, such as human dignity, equality, non-discrimination or human rights, among others. Also, Protocol no 26 on services of general interest, appended to the TFEU, calls on the MS to ensure 'a high level of quality, safety and affordability, equal treatment and the promotion of universal access and of user rights' and the EU shall ensure the compliance of MS to this commitment.<sup>75</sup> One milestone has been the inclusion of the principle of the right to housing and assistance for the homeless into the **European Pillar of Social Rights** (based on articles three and nine of the Treaty on European Union), after the EU Charter of Fundamental Rights (articles 33 and 36). Moreover, the **Urban Agenda for the EU** (launched in May 2016 with the Pact of Amsterdam) aims to stimulate growth, liveability and innovation in the cities of Europe, and to identify and successfully tackle social challenges (in 14 different thematic partnerships) through a multi-level working method, promoting cooperation between MS, cities, the European Commission, the EIB and other stakeholders. Housing was one of the key topics chosen to be addressed at a very early stage, and the Housing Partnership has been working on contributing to creating 'better knowledge, and better legal and financial conditions for EU cities that need to invest in new and renewed affordable housing for their populations'.<sup>76</sup>

68 Sequera, J., and Nofre, J. (2018). 'Urban activism and touristification in Southern Europe. Barcelona, Madrid and Lisbon,' in Ibrahim, J., and Rob, M. (eds) *Contemporary Left-Wing Activism Vol 2: Democracy, Participation and Dissent in a Global Context*, Routledge, London.

69 Fondation Abbé Pierre and FEANTSA (2020). *Fifth overview of housing exclusion in Europe*.

70 Pleace, N. (2011). 'Immigration and homelessness,' in O'Sullivan, E., Busch-Geertsema, V., Quilgars, D., and Pleace, N. (eds), *Homelessness Research in Europe*, FEANTSA, Brussels, 143-163.

71 Nijskens, R., Lohuis, M., Hilbers, P., Heeringa, W. (eds) (2019). *Hot property. The housing market in major cities*, Springer, eBook.

72 Nasarre-Aznar, S., and Simón-Moreno, H. (2020). 'Housing not for all: the lack of universal accessibility to housing in multi-unit buildings in Spain, Sweden and Germany,' *Journal of Property, Planning and Environmental Law*, 12(1), 35-54.

73 Norris, M., and Carnegie, A. (2015). 'Sustainability, in habitat for humanity,' *Housing Review 2015. Affordability, livability, sustainability*, 43-55.

74 European Investment Bank (2019). *Social and affordable housing with the EIB. Advanced finance for a basic need*, European Investment Bank and European Committee of the Regions.

75 European Economic and Social Committee (2020). *Universal access to housing that is decent, sustainable and affordable over the long term (own-initiative opinion)*, TEN/707-EESC-2020.

76 Housing Partnership of the Urban Agenda for the EU (2018). *The Housing Partnership Action Plan*, December 2018.

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Over three years, the partnership delivered a concise action plan, with a set of multi-level policy recommendations on affordable housing in the EU. For its part, the European Committee of the Regions, as a stakeholder of the Urban Agenda, in December 2017, advocated the establishment of a 'European Agenda for Housing' in an own-initiative report,<sup>77</sup> which took up the core recommendations of the EU Urban Agenda Housing Partnership.

**Several EU reports address the importance of investment in affordable housing as being vital to sustainable economic recovery and social cohesion.<sup>78</sup> The High-Level Task Force (HLTF) on investing in social infrastructure in Europe clearly depicts in its 2018 report that investments in social infrastructure have decreased by 20 percent since 2009 in the EU and estimates an overall investment gap of €150 billion per year for the next ten years. The lack of investment in affordable housing amounts to around €57 billion per year.** In the EIB investment report 2017/2018,<sup>79</sup> municipalities report a significant investment gap, especially in transport, ICT and social housing. The government investment rate is at its lowest level for 20 years. These numbers are validated by ongoing OECD monitoring of public investment.<sup>80</sup> De-blocking investment at the EU level can be attained mainly by a revision of EU state-aid rules to address their current legal unclarity and uncertainty and an improvement of the **European Semester procedure to better reflect diverse housing tenures, fragmentation of the housing markets, and housing need and support better financing conditions for affordable housing.**<sup>81</sup>

Another opportunity would be to re-launch similar activities carried out by the HLTF on investing in social infrastructure in Europe. It was promoted by the European Association of Long-Term Investors (ELTI) and established in February 2017 to assess how long-term investment in **social infrastructure** could be boosted, in particular, in the areas of 'education, lifelong learning, health and long-term care as well as on affordable, accessible and energy-efficient housing' because 'focusing on human capital and decreasing inequalities within and across

generations demonstrates how appropriate investments in the three main areas [...] can improve growth and well-being, when fiscal space and the financing of the social provisions are adapted'.<sup>82</sup>

In addition, a modest but realistic approach to establish common guidelines (benchmarking, sharing and spreading of best practices, target setting and peer review) for EU housing policy would be to strengthen its monitoring within the European Semester and to build on the experience gained from the start of an **Open Method of Coordination (OMC)**, a EU policy-making process that results in soft governance, but not in EU legislation, likewise it has been initiated in the fields of employment, pension and health policies and systems,<sup>83</sup> or through a European Semester.

In addition, the National Focal Points on Housing Policy or **Housing Focal Points (HFP)**, established in the 1990s, were an informal framework that facilitated meetings between housing ministers of the EU MS and their respective key administrations. Meetings were organised on a regular basis; however, following the ministerial meeting under the Spanish presidency in 2010, this pattern was disrupted, for reasons mainly related to the GFC. Since then, several meetings of the HFP have taken place, albeit infrequently (2012, 2016, 2017), along with only one ministerial meeting (2013, Brussels).

More recommendations are to be found in the **opinion by the European Economic and Social Committee on universal access to housing that is decent, sustainable and affordable over the long term.**<sup>84</sup>

- Establish the principles and set the conditions for providing, commissioning and funding affordable housing, in accordance with article 14 TFEU by means of a sector-specific regulation under the ordinary legislative procedure;
- Review of the decision on services of general economic interest regarding the target group (beneficiaries) of a right to social housing, and specify

77 <https://cor.europa.eu/en/our-work/Pages/OpinionTimeline.aspx?opl=CDR-1529-2017>

78 Fransen, L., del Bufalo, G., and Reviglio, E. (2018). Boosting investment in social infrastructure in Europe, discussion paper, 74.

79 [https://www.eib.org/attachments/efs/economic\\_investment\\_report\\_2017\\_en.pdf](https://www.eib.org/attachments/efs/economic_investment_report_2017_en.pdf).

80 <https://www.oecd.org/effective-public-investment-toolkit/>.

81 Housing Partnership of the Urban Agenda for the EU (2018). *The Housing Partnership Action Plan*, December 2018.

82 Fransen, L., del Bufalo, G., and Reviglio, E. (2018). Boosting investment in social infrastructure in Europe, discussion paper, 74.

83 Schmid, C.U. (2018). *Tenancy law and housing policy in Europe*, Cheltenham-Northampton, Edward Elgar Publishing.

84 European Economic and Social Committee (2020). *Universal access to housing that is decent, sustainable and affordable over the long term (own-initiative opinion)*, TEN/707-EESC-2020.

that housing policy must not be restricted to assisting people at risk of poverty, but must ensure decent housing that is accessible and affordable over the long term for everyone, including the homeless and people affected by Europe's shortage of appropriate housing;

- The Commission should propose a common definition of affordable housing and excessive housing costs and a harmonised method for assessing those costs.

Also, the newly elected **European Parliament** drafted an **own-initiative report** on *access to decent and affordable housing for all* (2019/2187(INI)) in its committee for employment and social affairs, whereby the findings of the partnership were taken up by the European legislator. This report addresses an integrated approach to social, public and affordable housing at the EU level; security of tenure and inclusive housing markets; investment in social, public, affordable and energy-efficient housing; homelessness and discrimination; and adequate, energy-efficient and healthy housing.

Finally, at the international level, the cities of Amsterdam, Barcelona, London, Montreal, Montevideo, New York and Paris<sup>85</sup> presented, in a joint statement to the UN, in 2018, a municipal declaration of local governments for the right to housing and the right to the city, to follow up on UN Sustainable Development Goal 11: 'make cities and human settlements inclusive, safe, resilient and sustainable' by 2030. Depriving access to adequate housing means preventing a person from the possibility of being part of the city and participating in it.<sup>86</sup>

“

*A modest but realistic approach to establish common guidelines (benchmarking, sharing and spreading of best practices, target setting and peer review) for EU housing policy would be to strengthen its monitoring within the European Semester and to build on the experience gained from the start of an Open Method of Coordination*

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85 See all endorsing cities at <https://citiesforhousing.org/cities/> accessed 10 July 2020.

86 Rolnik, P. (2014). 'Place, inhabitation and citizenship: the right to housing and the right to the city in the contemporary urban world,' *International Journal of Housing Policy*, 14(3), 293-300.

# CHAPTER 2.

## COUNTRY STUDIES

This chapter aims to identify and gather good practices, replicable or scalable initiatives from a selection of countries (also regions and cities), according to their size and population, location and housing system: Spain, The Netherlands, the United Kingdom (England, in particular), Slovakia, Austria, Latvia and the other Baltic countries. The collection of good practices is carried out by considering their results in the following domains: a) access to affordable housing; b) social housing; c) financing; d) integration of disadvantaged groups (elderly, youth, migrants) – social cohesion and e) climate, environment and resource efficiency. Also, lessons learned for a given country/region/city are analysed, to see whether the practices presented would be useful for other countries or at European or international levels, including the strong and weak points.

The objective is to identify models and policies that can be replicated through various aspects: regulation, financing, costs, urbanism, inclusion of vulnerable groups, difficulties, etc. Housing affordability is understood to be a broad concept, and so, practices presented might address different target groups: from homeless people, social renters, social/affordable homeowners to the (squeezed) middle-income households.



# 2.1. SPAIN

AUTHORED BY SERGIO NASARRE-AZNAR



## 2.1. SPAIN

*Authored by Sergio Nasarre-Aznar*

### 2.1.1. CONTEXTUALISATION OF HOUSING POLICY AND REGULATION

Housing policy in Spain is **decentralised**, both **vertically** and **horizontally**. In relation to the former, it is developed at different levels: national, regional and local, with certain influences from EU legislation (eg energy through EU Directive 2012/27/EU). In relation to the latter, within these levels, there are several departments that deal with housing-related competences, such as social affairs, planning/land development and ad hoc housing sections. This also delivers a plethora of **organisations** of different legal nature (public companies, agencies, NGOs., etc) that develop and manage social housing<sup>87</sup> and an overabundance of laws, regulations and policies approved by different governmental bodies.

Thus, according to the Spanish constitution of 1978, while **housing and consumer policy** competences are a matter for the Autonomous Communities (CA; 17 regions in total) and their execution most times is delegated to municipalities, **mortgage and tenancy regulatory frameworks** remain at the country-wide level, while a general law of housing is being developed in 2020, for the first time, for the whole country to guarantee certain co-ordination among the CA. In fact, the central government has traditionally structured the national social housing policy by merely passing housing national plans every four years, which basically contain the housing-related actions to be promoted by public money, such as energy improvements in multi-unit buildings and the development or rehabilitation/reform of social rental housing (only since 2013), or to promote territorial cohesion (eg a subsidy for the younger generation buying a rural property to live in; only since 2018). Nevertheless, this usually means, in practice, that there is a lack of coherence in housing policies country-wide and at multi-levels and they are sometimes contradictory.

In recent history, Spain has experienced a progressive process of **urbanisation**: internal migrations from rural to industrial Spain in the 1960s and 70s; during the housing bubble of 1995-2007, in the form of mass construction near key cities (suburbs) and of second residences; and during the current economic crisis (2008-20); in this last case, especially by the younger generation looking for job opportunities. Undoubtedly, Spain is the EU country with the highest share of people living in flats (around 70 percent), together with Latvia,<sup>88</sup> most of them organised as condominiums (*propiedad horizontal*), with a very high population density in Madrid and on the coast. Moreover, this urbanisation process has been contributed to by the tourist attractiveness of several Spanish cities (since the 1960s, but most intensively since the 'collaborative economy's' democratisation of tourism), coupled, in some cases, with their consideration as interesting places for establishing start-ups and co-working (creative cities). Urbanisation has driven the process of progressive housing **unaffordability**, an increase of **squatting** and other types of **hidden homelessness**, and the **gentrification** and **touristification** processes in those locations. After the process of urbanisation, the process of the '**empty Spain**' began (half of the Spanish population lives in only 125 municipalities out of a total of 8,000<sup>89</sup>), which provided evidence of the lack of a consistent and effective policy for territorial cohesion and equal opportunities for decades.

Spain is the western EU country with the **second-highest homeownership** rate (77 percent; nearly half of them without a mortgage burden) after Malta. While access to housing in Spain in 2020 is still suffering from the consequences of the 2007 GFC (ca. 525,000 households with rent and mortgage arrears were forced to leave their residences in the period 2010-17<sup>90</sup>), average housing overburden (**affordability**), according to Eurostat standards<sup>91</sup> of 2018, ranks below the EU average (10.3 percent) and far below that of several northern European countries, such as the UK (15.1 percent), DK (14.7 percent), DE (14.2 percent), CH (12.8 percent) and NO (10.3 percent), even for the younger generation. However, it is relatively

87 Lambea Llop, N. (2020). *Propuesta de un modelo de provisión y gestión de vivienda social en clave europea*, doctoral thesis, unpublished.

88 [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Fig18\\_1.png](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Fig18_1.png) (accessed 16 July 2020).

89 [www.idealista.com/news/inmobiliario/vivienda/2016/01/20/740662-como-se-concentra-la-poblacion-espanola](http://www.idealista.com/news/inmobiliario/vivienda/2016/01/20/740662-como-se-concentra-la-poblacion-espanola) (accessed 16 July 2020).

90 Nasarre-Aznar, S. (2020). *Los años de la crisis de la Vivienda. De las hipotecas subprime a la Vivienda colaborativa*, Tirant lo Blanch, Valencia.

91 <https://ec.europa.eu/eurostat/databrowser/view/tespm140/default/table?lang=en> (accessed 16 July 2020).

## CHAPTER 2. COUNTRY STUDIES

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high among tenants, which is especially the case in Spanish major cities, such as Madrid and Barcelona, particularly due to the process of urbanisation. In 2017, in 47 out of 50 provinces, paying rent was more expensive than paying off a mortgage<sup>92</sup>. That is, while in 2007 Spain experienced a bursting of the homeownership bubble, in 2016 a tenancy bubble began to grow in major cities, which revealed the absence of a coherent policy oriented to find a **balanced range of housing tenures**: alternating policies from promoting a single type of housing tenure (ie homeownership) to another one (ie tenancy) have been evidently unsuccessful. Alternative solutions from the field of '**collaborative housing**' (housing cooperatives, co-living, etc) are incipient. Meanwhile, the real numbers of available **social rented housing** remain uncertain, but there is a general consensus that they are relatively low (around three percent of the total housing stock<sup>93</sup>), especially in cities where it is more needed. An additional major challenge is its proper **management** and sustainability, which is constantly at the stake.<sup>94</sup>

All in all, access to housing in Spanish major cities and, basically, where people have to live for work, is today in a sort of **unsolved conundrum**: homeownership is inaccessible for the less affluent (especially since 2019, as requirements to access mortgage loans are stricter), tenancies are unaffordable (especially since 2016, as most have to rent because they cannot buy and there have been no more offers since 2007 and there have been more stringent conditions since 2019), social housing is scarce (as it is cyclical and the country has been in crisis since 2007, which basically means that it has been hard to buy or to acquire more housing since then; more intrusive measures, such as penalties, tax increases and expropriations for vacant dwellings, introduced by some CAs since 2015 have not been welcomed by funds, banks or other owners of pools of properties that might be ready to collaborate; on the contrary, these measures usually end up in court;<sup>95</sup> also existing social housing stock is not always properly managed everywhere<sup>96</sup>) and alternative housing tenures are not fully developed.

In terms of the **adequacy** of housing stock, according to the Spanish Statistics Institute (INE), approximately 55 percent (13,759,266 homes) of the total Spanish residential stock (25,208,622 homes) was built prior to 1980, and almost 21 percent of homes are over 50 years old.<sup>97</sup> This is an important ballast to undertake **rehabilitation, energy improvement** and universal accessibility works. In fact, only 0.6 percent of dwellings located in multi-unit buildings in Spain are **universally accessible** for the disabled and the elderly,<sup>98</sup> which is especially worrisome in an aging society.

92 [www.elconfidencial.com/vivienda/2017-01-29/si-pagases-lo-mismo-de-alquiler-que-de-hipoteca-comprarias-casa\\_1315309/](http://www.elconfidencial.com/vivienda/2017-01-29/si-pagases-lo-mismo-de-alquiler-que-de-hipoteca-comprarias-casa_1315309/) (accessed 16 July 2020).

93 Housing Europe (2019). *The state of housing in the EU 2019*.

94 Lambea Llop, N. (2020). *Propuesta de un modelo de provisión y gestión de vivienda social en clave europea*, doctoral thesis, unpublished.

95 See some cases at [www.elperiodico.com/es/barcelona/20190621/barcelona-expropiacion-por-primera-vez-el-derecho-de-uso-de-una-vivienda-vacia-7515999](http://www.elperiodico.com/es/barcelona/20190621/barcelona-expropiacion-por-primera-vez-el-derecho-de-uso-de-una-vivienda-vacia-7515999) (accessed 17 July 2020).

96 See, for example, [www.larazon.es/local/andalucia/la-junta-da-por-perdidos-50-millones-en-impagos-del-alquiler-de-pisos-sociales-HB15412261/](http://www.larazon.es/local/andalucia/la-junta-da-por-perdidos-50-millones-en-impagos-del-alquiler-de-pisos-sociales-HB15412261/) (accessed 7 July 2020).

97 These data coincide with that offered by the Ministry of Public Works, which amounts to 11.9 million properties for residential use prior to 1980, which represents 50.1% of the total (Ministerio de Fomento, 2018).

98 Nasarre-Aznar, S., and Simón-Moreno, H. (2020). 'Housing not for all: the lack of universal accessibility to housing in multi-unit buildings in Spain, Sweden and Germany', *Journal of Property, Planning and Environmental Law*, 12(1), 35-54.

## 2.1.2. BEST PRACTICES

BEST PRACTICE 1	
<p><b>Title:</b> Soft ways to increase the pool of available social housing: intermediation between landlords and social tenants (similar to social rental agencies) and pre-emption rights</p>	
<p><b>Domain of good practice</b></p> <ul style="list-style-type: none"> <li>• Access to affordable housing</li> <li>• Social housing</li> <li>• Financing</li> <li>• Integration of disadvantaged groups (elderly, youth, migrants) – social cohesion</li> </ul>	
<p><b>Level</b></p> <p>Multi-regional</p>	<p><b>Where</b></p> <p>Several autonomous regions. In relation to <b>intermediation services</b>, one of the first was established in Catalonia in 2004. In 2013, the Basque Country implemented the programme '<i>Bizigune</i>'<sup>99</sup> and in 2012 its service ASAP. Most autonomous regions foresee this service in their housing acts, such as in Andalusia (2013), Aragon (2016), the Canary Islands (2014), Castilla y León (2010), Valencia (2017), Extremadura (2017) and the Balearic Islands (2018). <b>Pre-emption rights</b> are also available in a number of regions, such as Catalonia (since 2015) and Andalusia (since 2018).</p>
<p><b>Instrument</b></p> <p>Public service</p>	<p><b>Reference of the instrument</b></p> <p>the <b>Catalan intermediation service</b> is called the 'housing intermediation network' (<i>Xarxa de mediació per al lloguer social</i>)<sup>100</sup>.</p> <p>The pre-emption right in favor of the Catalan Government (<i>Dret de tanteig i retracte a favor de l'administració de la Generalitat de Catalunya</i>) is regulated by Catalan Law-Decree 1/2015.</p>
<p><b>Financial information</b></p> <p>An <b>intermediation network</b> usually requires a number of civil servants, widespread throughout the territory, devoted to intermediary tasks that include the active finding and retention of the properties and providing assistance to landlords and tenants.</p> <p>The budget devoted by the Catalan Government to the <b>pre-emption right</b> was €5.3 million in 2015, which was used to buy 139 dwellings. In 2019, the budget was €107.4 million. The total number of dwellings bought through this mechanism since 2015 is 2,049, which means an average investment of public money of €52,000 per dwelling.</p>	

99 [www.alokabide.euskadi.eus/propietario/programa-bizigune/](http://www.alokabide.euskadi.eus/propietario/programa-bizigune/) (accessed 19 July 2020).

100 [http://agenciahabitatge.gencat.cat/wps/portal/!ut/p/z1/jYwxD4lwEIV3fkUX5mu0GhxJTBTiYxKF3PWBquFQovlz5eQJgYH4w3vwbvL90BEhETTAB\\_juAT510HU-2OsSO21rNMChEOtzctzs9glbHOgpZzRdZdtlrAlpQzyCQz8p2aeJwHxu4kHbM5\\_GxT63rYiBSFt3amhA443KTGmL3WJqVeuV9rHtHG2dFgpT7yVGs14GtANSCp11SiIjcbY8qic-EPzEMUb5GBauQ!!/](http://agenciahabitatge.gencat.cat/wps/portal/!ut/p/z1/jYwxD4lwEIV3fkUX5mu0GhxJTBTiYxKF3PWBquFQovlz5eQJgYH4w3vwbvL90BEhETTAB_juAT510HU-2OsSO21rNMChEOtzctzs9glbHOgpZzRdZdtlrAlpQzyCQz8p2aeJwHxu4kHbM5_GxT63rYiBSFt3amhA443KTGmL3WJqVeuV9rHtHG2dFgpT7yVGs14GtANSCp11SiIjcbY8qic-EPzEMUb5GBauQ!!/) (accessed 19 July 2020).

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#### Impact and beneficiaries

The **Catalan housing intermediation network** started in 2005 and reached its peak between 2007 and 2010, as it was successful in attracting 3,500 dwellings per year from private landlords to be socially rented. In addition to guaranteeing the payment of rent for up to six months, until 2011, the Catalan government subsidised those landlords that added their properties to the intermediation service to undertake renovation works in their properties. As a consequence of the removal of this subsidy in 2011, a constant increase in the return to private renting since 2012 and a reduction of the guaranteed period of rent payment from six to three months in 2014, the number of socially rented contracts arranged through this network has diminished. In 2019, the network helped to arrange a total of 1,526 contracts for socially rented housing. In total, that year the service managed 8,424 properties, of which 8,241 had a social lease contract in force,<sup>101</sup>

The **compulsory pre-emption right** in favour of the Catalan government introduced by Act 1/2015, allowed the acquisition, at a low price, of 2,049 dwellings until August 2019. The Catalan Housing Agency managed 20,240 dwellings at that time.<sup>102</sup> In addition, the Sareb (a 'bad bank' created in 2012 to sell properties repossessed by commercial banks due to the consequences of the 2007 housing crisis) freely transferred 3,465 dwellings to the Catalan Housing Agency to be socially rented.

#### Description

The **Catalan housing intermediation network** is a mediation system in the real estate market that intends to increase the rental offer at moderate prices and, at the same time, mobilise the stock of vacant flats. It is aimed at individuals and households with incomes of up to €2,276.48 per month in 2020. The housing stock of the network is composed of new or second-hand homes, which are empty and put on the market through the management of the nodes of the network (*borses d'habitatge*). These nodes manage social housing programmes in the territory and depend on the municipalities, county councils and the groupings of municipalities.

The network facilitates the balance between various forms of housing tenures and the sustainable maintenance of the housing stock, as well as improving the integration and socio-cultural composition policies of the municipalities.

The nodes of the network offer landlords and tenants a to meet the supply and need for housing, with the guarantee that the public administration network looks after their interests. They capture empty flats and put them up for rent at a price below the market, monitor the contractual relationship, and provide security and professionalism to landlords and tenants. Particularly, the network:

- A) Offers private landlords: multi-risk and legal defence insurance throughout the contract, an insurance of payment (*avalloguer*) for six months (for lease contracts arranged from 2008 until 2014; of three months for those arranged since then)<sup>103</sup>, a free advice service, lease contract processing, monitoring of the contractual relationship and control of the good use of rented property.
- B) Offers prospective social tenants: the possibility to search for a suitable property, counselling and facilitating application for a subsidy for the payment of rent.

#### The Catalan pre-emption right

According to article 2 Law Decree 1/2015, when mortgage lenders (usually banks) intend to sell any dwelling they have previously acquired as a result of mortgage enforcement or a *datio in solutum*, it should be offered first to the Catalan government, who has a legal right to first refusal.

101 [http://habitatge.gencat.cat/web/.content/home/dades/estadistiques/03\\_Informe\\_sobre\\_el\\_sector\\_de\\_l\\_habitatge\\_a\\_Catalunya/informe\\_sobre\\_el\\_sector\\_de\\_l\\_habitatge\\_a\\_catalunya/docs/Informe\\_19.pdf](http://habitatge.gencat.cat/web/.content/home/dades/estadistiques/03_Informe_sobre_el_sector_de_l_habitatge_a_Catalunya/informe_sobre_el_sector_de_l_habitatge_a_catalunya/docs/Informe_19.pdf) (accessed 19 July 2020).

102 <https://govern.cat/salaprensa/notes-premsa/375902/parc-habitatges-publics-administrat-generalitat-assoleix-xifra-record-20240-pisos> (accessed 19 July 2020).

103 [http://incasol.gencat.cat/es/2-serveis\\_i\\_tramits/Fiances/decret\\_avalloguer/](http://incasol.gencat.cat/es/2-serveis_i_tramits/Fiances/decret_avalloguer/) (accessed 19 July 2020).

### Results (including pros and cons)

As mentioned in the general introduction of this chapter, despite the real number of available rented dwellings in Spain, there is a general consensus that this number is insufficient to cover the whole demand. It was already insufficient in 2007 and it still is in 2020.

As a result, any measures addressed to increase the stock of available social rental housing are welcomed. According to the measures adopted in many autonomous regions, these measures might be divided between those that are more intrusive (such as an increase in taxation, imposition of sanctions or even the expropriation of dwellings vacant for more than two years, the efficacy of which is questioned, as they need many resources, are applied in a limited way and often end up challenged in courts) and those that are less so, such as the two examples outlined here, which, at least, are more transparent in the results they provide and can be counted in the number of new dwellings available for social renting.

In relation to intermediation services, they require quite a wide network to work and depend on the certainty that the administration is capable of providing to landlords to effectively collect the rent of the social tenant. They are also highly dependent on the return that those landlords can obtain in the private rental market in a given year and municipality.

In relation to the right of pre-emption, although its capacity to increase the stock of properties available for social rental is dependent on the size of the budget, auctions of enforced properties resulting from defaulted mortgages usually imply an important reduction of the price of the auctioned property in relation to its real price on the market. As a consequence, the Catalan government is increasing its stock through bargains, as evidenced by the average amount invested in each property since 2015 (€52,000 per dwelling).

### Official declarations of policymakers (if any)

The town councillor of Ripollet del Vallès (a mid-sized city in Catalonia) declared in January 2020 that they started this service in June 2019 and that they have since attended to 796 queries, among which 25 were formal requirements for a tenancy contract of which five were finally underwritten. She stated that, "We know it's slow and we now have a few flats, but they're working really well. We're aware that trust is gained with facts and we hope to achieve our goal!"<sup>104</sup>

This service is usually advertised to citizens as a service in mid-sized and large municipalities (see, for example, [here](#) and [here](#)) and also as a common service of several small municipalities (see, for example, [here](#)).

### Grounds for success

Intermediation network of public housing services of different municipalities: it is a soft measure that provides assistance and public guarantees of rent collection to landlords, in exchange for renting their properties at a lower price.

Legal pre-emption right: a dedicated budget, a measure that is not intrusive (as the lender gets the money it intends to obtain by selling the property) and the high number of mortgage enforcements since 2007.

### Obstacles encountered

The nodes in the network should be constantly proactive to attract more landlords and properties, and their appeal is highly dependent on the benefits they can offer landlords compared to the returns they could obtain from the private rental market.

Legal pre-emption rights will continue to work as long as there is a budget devoted to this program.

104 See <https://ripollet.cat/asp/content.asp?id=31573> (accessed 26 August 2020).

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BEST PRACTICE 2	
<b>Title:</b> The subjective right to housing	
<b>Domain of good practice</b> <ul style="list-style-type: none"> <li>• Social housing</li> <li>• Integration of disadvantaged groups (elderly, youth, migrants) – social cohesion</li> </ul>	
<b>Level</b> Regional	<b>Where</b> Basque Country
<b>Instrument</b> Law	<b>Reference of the instrument</b> Article 6.2 Act 3/2015, 18 June
<b>Financial information</b> For 2020, the housing policies in the Basque Country will have a consolidated budget of €304 million (Housing Department plus two public agencies, Visesa and Alokabide), 6.4% more than the budget for 2019, which is mainly focused on increasing the public rental offer to guarantee the subjective right to housing (69%) and for housing rehabilitation (24%). This will mean the new construction of 1,200 homes for social renting.	
<b>Impact and beneficiaries</b> After implementation of the Basque Housing Law in 2015, the subjective right of 4,712 families has already been recognised in the Basque Country. The Basque Country has a total population of 2.1 million people and it is the Spanish region with fewest people living below the poverty threshold (8.6% in 2018).	
<b>Description</b> Article 47 of the Spanish constitution acknowledges the right to housing as a programmatic principle, as a goal to be pursued through laws and policies, but not as a subjective right, that is, in case it is breached, it cannot be brought before a judge, unlike what happens with truly subjective rights, such as freedom or to life. This is the case in all EU constitutions. In France, Act DALO 2007 foresaw, for the first time, a subjective right to housing with limited results: between 2008 and 2016, 124,875 households were occupied, although 55,089 legitimate demands were unfulfilled. The French state has been found guilty in 47,000 cases for failing to obey its own law (see also the sentence of ECJ 9 April 2015). The budget of the French state to pay penalties for unfulfillment of the right to housing was €39.5 million. In 2018, ten years after DALO, four million residents in France are still unduly lodged. <sup>105</sup>  Thus, according to this experience, <b>formally acknowledging a subjective right to housing is not enough</b> . However, it can be the beginning to force the state to effectively undertake its obligation of providing a home to those that cannot afford it by their own means. Article 6.2 Act 3/2015 of the Basque Housing Act is, in this sense, revolutionary.	

<sup>105</sup> Foundation Abbé Pierre (2018). *L'État du mal-logement en France 2018*, 23rd ed.

<p><b>Results (including pros and cons)</b></p> <p>The introduction of this subjective right in Basque Country legislation is a breakthrough in Spain. The recognition of the subjective right may involve the award of a home to rent or, if this is not possible, a benefit of €250/month, which must be used exclusively for the payment of private rent. Homeless families whose total earnings are less than €15,000 per year (for three or more members; or €9,000 per year for only one member) are entitled to be granted a rented property or the subsidy instead.</p> <p>As happens in France, there is not always social housing available for those entitled to it, which sometimes means that they are granted €250/month instead, which might not be very much, depending on the area where the rented property is located. In addition, the budget allocated to guarantee the right to housing is facilitated by the special tax treatment that the Basque Country has within Spain<sup>106</sup>.</p>	
<p><b>Official declarations of policymakers (if any)</b></p> <p>Act 3/2015 was passed against the will of the Basque government, at that time, and that is why the Basque president (from the Basque Nationalist Party) declared that the right to housing was already protected with the subsidies that existed before it.<sup>107</sup> On the contrary, the Socialist Party in the Basque Country, who promoted the law, declared that the right to housing should not be subsidised but guaranteed, like the rights to health and education.<sup>108</sup></p>	
<p><b>Grounds for success</b></p> <ul style="list-style-type: none"> <li>- As a subjective right, there is an obligation of the Basque public administration to guarantee this right to all applicants that fulfil the legal requirements, which means that a budget should be approved annually to fulfil that obligation.</li> </ul>	<p><b>Obstacles encountered</b></p> <ul style="list-style-type: none"> <li>- The amount of social housing available is not enough to meet demands. In 2018, it appeared that the available stock of social housing was 12,745 dwellings, but the waiting list was 52,000 people<sup>109</sup>.</li> <li>- It is worse to fail to fulfil an obligation imposed on the public administration as a subjective right than simply orienting its policies towards an objective (that might or might not be achieved, but cannot be claimed by citizens).</li> </ul>

106 See a housing budget comparison at <https://datosmacro.expansion.com/estado/presupuestos/espana-comunidades-autonomas?sc=PR-G-F-26> (accessed 19 July 2020).

107 See [www.elmundo.es/pais-vasco/2015/06/26/558d14f8ca474131a8b4586.html](http://www.elmundo.es/pais-vasco/2015/06/26/558d14f8ca474131a8b4586.html) (accessed 19 July 2020).

108 [www.eldiario.es/euskadi/euskadi/mendia-vivienda-subsuvcion-garantiza-educacion\\_1\\_2604028.html](http://www.eldiario.es/euskadi/euskadi/mendia-vivienda-subsuvcion-garantiza-educacion_1_2604028.html) (accessed 19 July 2020).

109 [www.diariovasco.com/gipuzkoa/paradoja-tener-derecho-20180608001539-ntvo.html](http://www.diariovasco.com/gipuzkoa/paradoja-tener-derecho-20180608001539-ntvo.html) (accessed 19 July 2020).

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BEST PRACTICE 3	
<b>Title:</b> Shared ownership and temporal ownership	
<b>Domain of good practice</b>	
<ul style="list-style-type: none"> <li>• Access to affordable housing</li> </ul>	
<b>Level</b>	<b>Where</b>
Regional	Catalonia
<b>Instrument</b>	<b>Reference of the instrument</b>
Law	Catalan Act 19/2015, on shared and temporal ownership
<b>Financial information</b>	
<p>It is a civil law act, which means that its contents can be used by citizens without any kind of subsidy or intervention from the public administration. Shared ownership and temporal ownership, as types of affordable homeownership, contribute to facilitating access to housing in a more sustainable way.</p> <p>However, the public administration can also use these new types of housing tenures in different ways, such as subsidising the tenancy part of the shared ownership or using them to promote social housing. In fact, since 2018, the Catalan government has been using temporal ownership to temporarily sell dwellings to municipalities and third-sector institutions, so they can increase their supply of social housing.</p>	
<b>Impact and beneficiaries</b>	
<p>Since 2015, shared and temporal ownerships have enabled general agreements between parties that, in turn, have allowed many to become homeowners, while avoiding over-indebtedness. Temporal ownership has allowed less-affluent municipalities and third-sector foundations and associations to increase their social housing stock.<sup>110</sup></p> <p>The primary beneficiaries of the initiative are households earning between €1,000 and €2,000 per month (while the most common salary in Spain was €18,468.9 per year in 2018), who do not wish to become tenants, but cannot afford full homeownership. As shared ownership and temporal ownership are civil law tools, anybody can use them on any type of property, and they do not entail any public cost. They can simply use them as attractive alternative housing tenures to traditional homeownership and generally undesired and expensive tenancies. They contribute to the creation of a <i>continuum of housing tenures</i> (in the same sense as other innovative mechanisms to make the private rental market more appealing, for example, increasing its transparency, such as the Catalan leases price index of 2017<sup>111</sup> and, more modestly, the Spanish one of 2020<sup>112</sup>), which is desirable to avoid further housing bubbles and evictions.</p>	
<b>Description</b>	
<p>Generally speaking, so-called <b>intermediate tenures</b> play a special role in creating true alternative housing tenures to the binomial full homeownership tenancies, especially those that mix the pros of homeownership (stability, freedom, autonomy, etc) and those of tenancies (flexibility and, theoretically at least, affordability).</p> <p>Catalonia implemented these two new types of alternative housing tenures in its civil code: shared ownership and temporal ownership. It is the first time since the Napoleonic era that a civil law jurisdiction has allowed the fractioning of ownership by percentage (shared) or by time (temporal), making it more affordable, as it avoids household over-indebtedness. They have existed in other countries, such as in the UK, since the 1970s.</p>	

<sup>110</sup> See the agreement with the Catalan government at [www.icf.cat/web/content/pdf/20180614\\_Acord-marc-ICF-Habitatge-social-adquisicio.pdf](http://www.icf.cat/web/content/pdf/20180614_Acord-marc-ICF-Habitatge-social-adquisicio.pdf) (accessed 17 July 2020).

<sup>111</sup> <http://agenciahabitatge.gencat.cat/indexdelloguer/> (accessed 19 July 2020).

<sup>112</sup> [www.mitma.gob.es/vivienda/alquiler/indice-alquiler](http://www.mitma.gob.es/vivienda/alquiler/indice-alquiler) (accessed 19 July 2020).

<p>Shared ownership provides the buyer with a share of the property, while the other share is owned by the seller. The buyer uses the property exclusively and pays rent for the share they do not yet own. They have the right to progressively acquire greater shares of the property. Temporal ownership allows a new owner to acquire ownership from the original owner, but only for a certain time period: between ten and 99 years under Catalan law. During this time, he or she has all the powers of owning the property, as he or she is considered to be a temporal owner. Shared ownership and temporal ownership can be combined, thus making housing even more affordable, while preserving the essence of homeownership.</p>	
<p><b>Results (including pros and cons)</b></p> <p>The introduction of these two new types of housing tenures in Catalonia contributed to starting a debate in that region, and in the whole of Spain, about the need to create a <i>continuum</i> of housing tenures that may act as true alternatives to homeownership. From then on, initiatives such as different forms of 'collaborative housing' are being introduced and tested.<sup>113</sup></p> <p>As they do not entail any cost for the public administration, they contribute to making housing affordable, they have been chosen as one of the housing solutions of <i>50 Out-of-the-box housing solutions to homelessness and housing exclusion in 2019</i>.<sup>114</sup></p> <p>It is hard to know how many shared ownerships or temporal ownerships have been created since 2015 in Catalonia, as they can be created through a private contract and do not require any kind of public deed or registration.</p>	
<p><b>Official declarations of policymakers (if any)</b></p> <p>Dr Carles Sala, Catalan Secretary General of Housing in 2015, stated: "There is the possibility of mobilising homes that have a prospect of being left empty for many years. So stop losing more money than you are losing right now</p> <p>"There is another aspect of the law: it is a very social aspect. That instead of carrying out foreclosure proceedings or a <i>datio in solutum</i>, the law allows the creation of an intermediate tenure with the mortgagor thus voiding his eviction" (see <a href="http://www.ccma.cat/324/la-propietat-temporal-i-la-compartida-dues-noves-figures-per-donar-sortida-a-locales-i-edificis-buits-en-desus/noticia/2701382/">www.ccma.cat/324/la-propietat-temporal-i-la-compartida-dues-noves-figures-per-donar-sortida-a-locales-i-edificis-buits-en-desus/noticia/2701382/</a>, accessed 17 July 2020).</p>	
<p><b>Grounds for success</b></p> <ul style="list-style-type: none"> <li>- Homeownership is the most desired type of tenure everywhere, but sometimes (as evidenced in the 2007 GFC) it is unaffordable and entails household overburdening. To avoid this, but retain the most beneficial elements of homeownership (stability, freedom, self-realisation, patrimony, among many others), shared and temporal ownerships allow sustainable and affordable access to homeownership.</li> <li>- These two types of intermediate tenures do not require any kind of public money to exist, but it might help to widen their development.</li> </ul>	<p><b>Obstacles encountered</b></p> <ul style="list-style-type: none"> <li>- Since the approval of Act 19/2015, shared ownership and temporal ownership remain unknown by most citizens and even policymakers, real estate agents, lawyers, developers and banks. No such instruments have existed in our daily legal and economic relationships since the Napoleonic era. More literacy and advocacy campaigns are needed to make them more available to citizens.</li> </ul>

<sup>113</sup> See, for example, <http://servimcoop.cat/una-nova-cultura-de-lhabitatge/propietat-temporal-compartida-lloguer-dret-dus/> (accessed 17 July 2020).

<sup>114</sup> Housing Solutions Platform (2019). 50 out-of-the-box housing solutions to homelessness and housing exclusion.

## CHAPTER 2. COUNTRY STUDIES

### 2.1. SPAIN

BEST PRACTICE 4	
<b>Title:</b> Habitat 3 Foundation: the first approach to a HA	
<b>Domain of good practice</b> <ul style="list-style-type: none"> <li>• Access to affordable housing</li> <li>• Social Housing</li> <li>• Financing</li> <li>• Integration of disadvantaged groups (elderly, youth, migrants) – social cohesion</li> </ul>	
<b>Level</b> Regional	<b>Where</b> Catalonia
<b>Instrument</b> Praxis	<b>Reference of the instrument</b> <a href="http://www.habitat3.cat">www.habitat3.cat</a>
<b>Financial information</b> <p>In 2018,<sup>115</sup> Habitat 3's income was €3.4 million. Most of it (€2.3 million) came from public subsidies, followed by the collection of rents (€0.7 million). In total, 69% of its income is public money, while 31% is private. Outcomes were €3.3 million (of which €2.1 million were devoted to pay rents, €0.5 million to personnel and €0.37 million to reparations).</p>	
<b>Impact and beneficiaries</b> <p>In 2018, Habitat 3 managed 440 dwellings (95 commissioned by social organisations and 345 by public administrations) in 20 municipalities, where 1,260 people lived. They manage around 500 dwellings in 2020 where around 1,400 live.</p> <p>In 2020, Habitat 3's project <i>Viviendas para entidades sociales</i> won the World Habitat Award (Gold) from UN Habitat.<sup>116</sup> These awards recognise and highlight innovative, outstanding and sometimes revolutionary housing ideas, projects and programmes from across the world.</p>	
<b>Description</b> <p>As mentioned, there is a structural lack of social rental housing in Spain. Habitat 3 was founded in 2014 as an initiative of the Catalan Third Sector Table (which represents more than 3,000 non-profit social organisations across the region) to create a foundation to increase the stock of social rental housing for people in social exclusion. Habitat 3 has the following remit:</p> <ol style="list-style-type: none"> <li>1. To look for and obtain homes provided by private owners, companies or public administrations. They acquire homes directly or manage them as a result of exercising the pre-emption right from the Catalan government (see Best Practice 1).</li> <li>2. It carries out rehabilitation and/or adaptation of housing, through job placement companies, to ensure maximum consistency in the residential and employment placement processes of the most vulnerable people.</li> <li>3. Habitat 3 manages the homes professionally, directly and effectively: contracts, rents, supplies, extensions, communities, etc. The landlord has the guarantee that she/he will receive the agreed rent each month.</li> </ol>	

<sup>115</sup> [https://uploads.strikinglycdn.com/files/92413112-05f6-4e09-b3cc-71d6828cfdab/Memòria%20Hàbitat%203\\_BAIXA.pdf](https://uploads.strikinglycdn.com/files/92413112-05f6-4e09-b3cc-71d6828cfdab/Memòria%20Hàbitat%203_BAIXA.pdf) (accessed 20 July 2020).

<sup>116</sup> <https://world-habitat.org/world-habitat-awards/winners-and-finalists/viviendas-para-las-entidades-sociales/> (accessed 20 July 2020).

4. A team of social educators closely monitors the use of housing, compliance with contractual agreements and cohabitation relationships. Habitat 3 provides socio-educational support for people living in their homes. They also work in the processes of mediation of neighbourhood conflicts and advise on the process of employment of the people served. In short, they put the person at the centre of the whole process.

In particular, the project *Viviendas para entidades sociales* focuses on renovating empty homes to house disadvantaged people. Habitat 3 collaborates with a number of different social enterprises supporting unemployment to carry out renovations. These organisations provide training and professional experience for socially excluded people who face extreme difficulty in finding jobs. Once renovated, all interested organisations visit the property before confirming whether they want to be considered to take on the tenancy. The apartment is usually then transferred to the organisation or, in some cases, directly to the resident on a temporary contract. Habitat 3 manages the properties, while the charities are responsible for choosing the tenants and providing them with ongoing support once they have moved in. The scope of the charities involved varies widely, from mental health and drug addiction to disability, gender violence and migration. Of the 100 properties currently managed under the *Viviendas para las Entidades Sociales* programme, 13 are owned by Habitat 3, 24 have been obtained by temporary transfer of use from private administrations or foundations, and 63 have been transferred from the Catalan government.

#### Results (including pros and cons)

Although the results might be perceived as modest from an international perspective, Habitat 3 may be considered as the first approach in Spain to a 'HA'-like organisation. Many elements of these institutions are present at Habitat 3: cross-subsidisation (public-private), non-profit organisation, it attracts empty dwellings, rehabilitates and manage them, rents them below market price and provides socio-educational support to their beneficiaries.

As mentioned in the introduction, as long as there is a general perception that more social rental housing is needed, the challenge of adequately managing it increases.<sup>117</sup> The Habitat 3 approach is an innovation in this sense, as it combines the know-how of the third sector and public and private resources (money and empty dwellings) to host vulnerable families.

#### Official declarations of policymakers (if any)

Presented in December 2014,<sup>118</sup> Habitat 3 stated that, "The Habitat 3 Foundation wants to be another tool in the field of social management of housing, assumed from the non-profit field and with a vocation of consultation with the public sector, following the usual models in the countries of the European Union, which have a long tradition in this field and with a very large number of operators: 100% of the homes of social rent of the country managed by associations and foundations in the Netherlands and Denmark; 54%, by HAs, in the UK; 50%, by *Bailleurs Sociaux* and non-profit societies (HLM), in France; 40%, by cooperatives, in Austria".

#### Grounds for success

The concentration of resources (in terms of know-how, properties and money) coming from the private and public sectors through the foundation of Habitat 3.

#### Obstacles encountered

Often agreements among thousands of NGOs and arrangements with different public administrations can be burdensome and time-consuming. Habitat 3's activities are highly dependent on public subsidies.

Lacking a proper legal framework for 'HAs' in Spain, Habitat 3 has to work very proactively to go continue with its activity, especially to find enough properties to put into the social rental market.<sup>119</sup>

<sup>117</sup> Lambea Llop, N. (2020). *Propuesta de un modelo de provisión y gestión de vivienda social en clave europea*, doctoral thesis, unpublished.

<sup>118</sup> See <http://www.tercersector.cat/noticies/neix-la-fundacio-habitat-3-gestora-dhabitatge-social-del-tercer-sector-social-de-catalunya> (accessed 26 August 2020).

<sup>119</sup> [www.alacarta.cat/noticies/enxarxa/noticia/el-director-dhabitat-3-lamenta-que-els-hi-costa-molt-disposar-dhabitatges-i-recorda-que-no-ho-podem-fer-sols](http://www.alacarta.cat/noticies/enxarxa/noticia/el-director-dhabitat-3-lamenta-que-els-hi-costa-molt-disposar-dhabitatges-i-recorda-que-no-ho-podem-fer-sols) (accessed 20 July 2020).

## CHAPTER 2. COUNTRY STUDIES

### 2.1. SPAIN

BEST PRACTICE 5	
<b>Title:</b> Institutional mediation between banks/landlords and debtors/tenants to avoid evictions	
<b>Domain of good practice</b>	
<ul style="list-style-type: none"> <li>• Prevention of evictions</li> <li>• Financing</li> <li>• Integration of disadvantaged groups (elderly, youth, migrants) – social cohesion</li> </ul>	
<b>Level</b>	<b>Where</b>
Multi-regional, several municipalities	Several autonomous regions and municipalities, for example, Catalonia (Ofideute <sup>120</sup> ), Madrid <sup>121</sup> , Aragon <sup>122</sup> , Navarra <sup>123</sup> , and the Basque Country. <sup>124</sup>
<b>Instrument</b>	<b>Reference of the instrument</b>
Public service	
<b>Financial information</b>	
These kinds of services need to retain a number of civil servants (many of them specialised lawyers widespread throughout the territory) devoted to working on the submitted cases.	
<b>Impact and beneficiaries</b>	
In 2019, the Catalan service (Ofideute) assisted 2,574 people. In 40% of cases, Ofideute started a mediation process and an agreement was reached in 469 cases. Ofideute expanded its services throughout the Catalan territory: a single assistance point existed in 2011, while in 2019 there were 70 points, usually in cooperation with municipalities. <sup>125</sup>	

120 [http://agenciahabitatge.gencat.cat/wps/portal/serveis/ofideute!/ut/p/z0/fYyxCslwFAC\\_xSGjvEeNEsegUFssiFP6FokIbaOStE2sfr4VxNHx4O6AQAE5PdpGR-ud-vk9c0uokDut0J3iyx2POUS6zbZoJvkDkkAP9F6ZDMhSbogHqdGzn1tUeVDDDaGwA5Wt7MY9oPp699jJoMq7aF4RIG6rSjN8mjPD8HwV3Q3KkWQszfhs\\_8V/](http://agenciahabitatge.gencat.cat/wps/portal/serveis/ofideute!/ut/p/z0/fYyxCslwFAC_xSGjvEeNEsegUFssiFP6FokIbaOStE2sfr4VxNHx4O6AQAE5PdpGR-ud-vk9c0uokDut0J3iyx2POUS6zbZoJvkDkkAP9F6ZDMhSbogHqdGzn1tUeVDDDaGwA5Wt7MY9oPp699jJoMq7aF4RIG6rSjN8mjPD8HwV3Q3KkWQszfhs_8V/) (accessed 20 July 2020).

121 <https://sede.madrid.es/portal/site/tramites/menuitem.62876cb64654a55e2dbd7003a8a409a0/?vgnextoid=ed4df374aa68e410VgnVCM2000000c205a0aR-CRD&vgnnextchannel=6b59a38813180210VgnVCM1000000c90da8c0RCRD&vgnnextfmt=default> (accessed 20 July 2020).

122 [www.aragon.es/-/programa-mediacion-hipotecaria](http://www.aragon.es/-/programa-mediacion-hipotecaria) (accessed 20 July 2020).

123 [www.navarra.es/home\\_es/servicios/ficha/4739/Cita-previa-por-telefono-para-solicitar-mediacion-por-impago-de-hipoteca](http://www.navarra.es/home_es/servicios/ficha/4739/Cita-previa-por-telefono-para-solicitar-mediacion-por-impago-de-hipoteca) (accessed 20 July 2020).

124 [www.justizia.eus/mediacion-hipotecaria/texto?id=1290076351316](http://www.justizia.eus/mediacion-hipotecaria/texto?id=1290076351316) (accessed 20 July 2020).

125 See [http://habitatge.gencat.cat/web/.content/home/dades/estadistiques/03\\_Informe\\_sobre\\_el\\_sector\\_de\\_l\\_habitatge\\_a\\_Catalunya/informe\\_sobre\\_el\\_sector\\_de\\_l\\_habitatge\\_a\\_catalunya/docs/Informe\\_19.pdf](http://habitatge.gencat.cat/web/.content/home/dades/estadistiques/03_Informe_sobre_el_sector_de_l_habitatge_a_Catalunya/informe_sobre_el_sector_de_l_habitatge_a_catalunya/docs/Informe_19.pdf) (accessed 19 July 2020).

<p><b>Description</b></p> <p>These services appeared in the first years after the 2007 GFC to try to stop the first wave of mass mortgage enforcements that took place from that year until 2012, a period in which banks were not ready to renegotiate mortgage debts. In 2012, some legal reforms encouraged banks to renegotiate those debts, which has become a relatively common practice since then. Numbers show that mortgage enforcements reduced since then, while evictions of tenants started to increase: from 2013 to 2017, many more tenants have lost their homes than those with mortgages, despite the low share of rental housing that exists in Spain (around 15%). As stated in the introduction to this chapter, ca. 525,000 households – combining rent and mortgage arrears – were forced to leave their residences in the period 2010-17.</p> <p>Thus, in general terms, these mediation services started focusing their services on mediating between institutional lenders and borrowers, in relation to mortgages on their main residences and, usually, with a capped amount. Some of them have progressively introduced services between institutional landlords and tenants, when evictions of the latter become more common.</p> <p>In particular, the Catalan service (Ofideute) is a free information and advice service created in 2010 and aimed at families with difficulties in meeting their mortgage loans, their monthly rent if the landlord is a financial institution, or their multiple personal loans as a result of consumer relations and who are at risk of losing their main home. In this vein, Ofideute can initiate mediations with creditors to adjust monthly payment obligations to the current financial capacity of families. Ofideute is also the public service for consumers who want to start mediation to discuss the removal of abusive clauses from their mortgage contracts.</p>	
<p><b>Results (including pros and cons)</b></p> <p>Ofideute has been successful in its task, despite the mediation service being voluntary, ie, banks and landlords are not compelled to reach an agreement with borrowers and tenants. A legal attempt in Catalonia to make the mediation process compulsory (not to achieve an agreement, but simply to attend the first mediation session) before any mortgage enforcement in court was declared to be unconstitutional by the Spanish Constitutional Court in 2018.</p> <p>The main advantage of these institutional mediation services is that they create a single channel to solve every particular case, instead of several NGOs, social movements and other institutions trying to contact the same banks and landlords for each case. In addition, these public mediation services are free of cost for their users.</p>	
<p><b>Official declarations of policymakers (if any)</b></p> <p>Dr Carles Sala, former Secretary of Housing of the Catalan Government, stated in 2015 that “Ofideute has established itself as an advisory and intermediation service” and in its first five years of existence attended to 10,000 cases.<sup>126</sup></p> <p>Several presentations of the service at local level.<sup>127</sup></p>	
<p><b>Grounds for success</b></p> <p>A single official channel to mediate cases of mortgage and lease contracts in arrears with banks and institutional landlords, which has no cost for the users, led by legal professionals, who are often widespread throughout nodes in a territory, that is, near to the users.</p>	<p><b>Obstacles encountered</b></p> <p>To reach an agreement is voluntary and there is no need for a bank or an institutional landlord to mediate before they start a mortgage enforcement or tenant eviction procedure in court.</p>

126 [www.aldia.cat/gent/noticia-ofideute-aten-mes-10000-families-assessorament-intermediacio-hipotecaria-20150306135900.html](http://www.aldia.cat/gent/noticia-ofideute-aten-mes-10000-families-assessorament-intermediacio-hipotecaria-20150306135900.html) (accessed 20 July 2020).

127 See, for example, [here](#) or [here](#) (accessed 26 August 2020).

## CHAPTER 2. COUNTRY STUDIES

### 2.1. SPAIN

BEST PRACTICE 6	
<b>Title:</b> Advanced research and data gathering/generation about housing-related issues	
<b>Domain of good practice</b>	
<ul style="list-style-type: none"> <li>• Other. Understanding housing, housing needs and housing affordability</li> </ul>	
<b>Level</b>	<b>Where</b>
Multi-regional, universities	Catalonia, Basque Country, Aragon
<b>Instrument</b>	<b>Reference of the instrument</b>
Observatories, research chairs/institutes	<ul style="list-style-type: none"> <li>- Basque Observatory of Housing: <a href="http://www.etxebide.euskadi.eus/x39-ovhome/es/">www.etxebide.euskadi.eus/x39-ovhome/es/</a>;</li> <li>- Housing Observatory of the Metropolitan Area of Barcelona (O-HB): <a href="http://www.ohb.cat">www.ohb.cat</a>;</li> <li>- Cátedra Zaragoza Vivienda: <a href="https://catedrazaragozavivienda.wordpress.com/">https://catedrazaragozavivienda.wordpress.com/</a>;</li> <li>- UNESCO Housing Chair University Rovira i Virgili (URV): <a href="http://housing.urv.cat/en/">http://housing.urv.cat/en/</a>.</li> </ul>
<b>Financial information</b>	
<p>The funding of these observatories and institutes may vary. The two observatories are directly funded by their respective governments (Basque government; and the Catalan, city of Barcelona, Metropolitan Barcelona Area and Province of Barcelona governments). The <i>Cátedra Zaragoza Vivienda</i> has been supported by the municipality of Zaragoza since 2011. The UNESCO Housing Chair at URV had 13 partners in 2020, but its funding is highly dependent on funded research projects.</p>	
<b>Impact and beneficiaries</b>	
<p>They highly depend on the subjects and geographical interests of their respective activities. Lacking a proper European or Spanish-wide housing research institute, the current ones cover a limited range of topics. While the two observatories gather existing data or produce new data on their respective geographical scopes (the Basque Country or the surroundings of Barcelona city), the <i>Cátedra Zaragoza Vivienda</i> is linked to the municipality of Zaragoza, while the UNESCO Housing Chair at URV has a 'glocal' approach, ie, learning from international experiences and bringing them to Spain, Catalonia or different municipalities (depending on who holds the competence) and <i>vice versa</i>.</p> <p>So, all in all, beneficiaries of those institutes might range from a few hundred to millions, such as happens with the legislative-support activity of the UNESCO Housing Chair at URV.</p> <p>In any case, their existence is essential to undertake proper housing legislative activity and policies that take into account reality (eg real number of evictions from an international perspective; real number of vacant dwellings in a given municipality, reasons for that and possible solutions; or the drafting of new types of affordable housing tenures or reforming current ones, according to international standards).</p>	
<b>Description</b>	
<p>The Basque Observatory of Housing defines itself as a space for information and knowledge that gathers all official statistics from the Basque Housing Vice-Counsellor and all those studies and reports on the housing sector that require an objective approach.</p> <p>The O-HB, launched in 2013, is promoted by Barcelona city council, the metropolitan area of Barcelona, Barcelona provincial council and the government of Catalonia. It also counts on support from the Social Housing Managers Association (GHS). Its main goals are to support the definition of more effective public policies for housing and to provide information to the general public. It elaborates on an in-depth analysis of housing databases and studies, and centralise all available data; it improves on existing data because of the asymmetric level of disaggregation, depending on the field; and fills existing data gaps through laboratories. The O-HB shares knowledge and projects developed with different agencies of the administrations and organisations involved.</p>	

The objectives of the *Cátedra Zaragoza Vivienda*, since its creation in 2011, are to develop cooperation between the university and the corporation *Zaragoza Vivienda*, which depends on the municipality of Zaragoza, to promote the creation of new knowledge and promote the dissemination of all aspects of common interest between the two, generate advanced research, allow the proper evolution and integration of the academic and business world and develop a practical training policy for university students and professionals in the business sector.

The UNESCO Chair of Housing at University Rovira i Virgili, founded in 2013 (declared UNESCO Housing in 2017), is the first of its kind in the world and is a partner of the UN to implement its new urban agenda. It welcomes the works developed the last 25 years of interdisciplinary researchers and has 12 public and private partners. His research has impacted more than 47 million people. Since 2013, the researchers of the Chair have published 200 papers and books in 15 countries and have given 356 lectures in another 32 countries. The UNESCO Chair of Housing's research covers all areas of housing and housing law, from homelessness to the mortgage market, including housing tenures (ownership, tenancies, intermediate tenures), housing organisations (condominium, cooperatives), its financing (mortgage), housing as a human right, housing and new technologies, collaborative housing, real estate professionals, social and affordable housing and consumer rights.

### Results (including pros and cons)

In different ways, the observatories and institutes have helped to develop proper housing policies either by providing reliable and in-depth data or by undertaking accurate counselling and research (transfer of research with social impact<sup>128</sup>).

For example, the UNESCO Housing Chair has promoted the development of six housing laws, has advised public and private entities, has led or participated in 31 national and international competitive research projects, has 18 researchers and has trained more than 10,000 professionals in housing.

### Official declarations of policymakers (if any)

Mrs Pilar Martínez, Housing Director General of the Spanish Government (2014), stated "if the *Cátedra de vivienda* at URV had existed years before the 2007 crisis, we could possibly have foreseen it or reduced the consequences".

Dr Carles Sala, Housing Secretary of the Catalan Government (2017), noted that O-HB would provide a better "efficiency in the analysis of all the data of the various administrations"<sup>129</sup>

### Grounds for success

The 2007 housing crisis found Spain unprepared after 12 years of a housing boom and growing economy. Neither the legislation nor policies or structural institutional systems (multi-level administration) were ready for that. In fact, the Spanish government reacted very late to the crisis: the first relevant legal reform did not arrive until 2011, the same year that social movements against banks and the government started, and when a sector of the judiciary revolted against this lack of governmental reaction through the so-called 'Robinprudence'.<sup>130</sup>

Thus, there was clearly a need for a more balanced, objective and innovative approach to housing issues that, at some point, were covered by these observatories and institutes in subsequent years.

### Obstacles encountered

There is no tradition in Spain for housing research, which makes it especially difficult to convince policymakers and legislators that the work of observatories and institutes is necessary and useful. This is especially tough when their results do not fit with their political opinions or interests.

The objective approach to housing of these institutions often collides with some housing lobbies (either professional or social) on both sides of the political spectrum, as the latter defend party interests and not a general one. In addition, policymakers do not always differentiate between results of a given research study and mere opinions from professional or social groups and treat them as being equally valid.

The maintenance of these data and research institutions require economic support, which is not always assured. They either have to find alternative funding or may risk becoming excessively dependent on their parent institution, thus losing their freedom of research.

128 Nasarre-Aznar, S., and Caballé-Fabra, G. (2018). 'El impacto social de la investigación en materia de vivienda. El caso de la Cátedra UNESCO de vivienda de la Universidad Rovira i Virgili,' *Revista Internacional de las Organizaciones* (RIO), no. 21.

129 [www.lavanguardia.com/local/barcelona/20170710/424038721548/administraciones-crean-un-observatorio-metropolitano-de-vivienda-de-barcelona-para-guiar-politicas-publicas.html](http://www.lavanguardia.com/local/barcelona/20170710/424038721548/administraciones-crean-un-observatorio-metropolitano-de-vivienda-de-barcelona-para-guiar-politicas-publicas.html) (accessed 20 July 2020).

130 Nasarre-Aznar, S. (2020). *Los años de la crisis de la Vivienda. De las hipotecas subprime a la Vivienda colaborativa*, Tirant lo Blanch, Valencia.

# CHAPTER 2. COUNTRY STUDIES

## 2.1. SPAIN

### 2.1.3. LESSONS LEARNED

**1. No adequate housing policies without previous research and full understanding of the situation and its causes** (multi-level: country, regional and local levels and at EU level). A range of events in Spain, as a result of the 2007 GFC, have revealed that the lack of reliable complete data at all levels has led to inefficient legal reforms and policies and to undesired situations. Summing up, from 2007 to 2011, there were no pieces of legislation to stop the consequences of the housing crisis (eg evictions); as a result, social movements and 'Robinprudence' started that year (despite the lack of reliable data of the scope of the crisis both in Spain and internationally<sup>131</sup>) and a timid piece of legislation was passed in 2012, which has been reformed many times to embrace more vulnerable groups within its protective measures. Due to these limited results and the lack of structural changes in the field of housing tenures, Spanish autonomous regions started to introduce, from 2015 onwards, increasingly intrusive measures to prevent, tackle and react to evictions, which some were declared unconstitutional in later years, but many others remained, delivering more legal uncertainty and a plethora of new, sometimes contradictory, pieces of legislation and policies. When the Spanish government introduced reforms in 2019 for mortgage consumers and for lease contracts (in an opposite direction to the 2013 reform), they virtually slowed down both markets (less affluent households were excluded from homeownership; increasingly expensive tenancies in key cities). This delivers a sense of improvisation in all key measures taken since 2007, that is, a lack of planning and *ex ante* evaluation of the consequences of a given measure and another evaluation *ex post*. All in all, this would improve if the communication between housing researchers and policymakers increased, while influence from certain lobbies decreased. **Strong points:** a) the creation of observatories and housing research institutes mentioned in Best Practice 6. Structural pieces of legislation, such as those described in Best Practice 3, were introduced through this collaboration; b) 14 years after the 2007 GFC, policymakers are more conscious of the importance of

housing and some ask researchers and other stakeholders (some lobbies, though) for their advice.<sup>132</sup>

**Weak point:** lack of institutionalisation of data generation/gathering and housing specialised research and training (no official housing degree) at country and EU levels. Thus, these tasks are incipient and can barely be generalised with the current structure and support. **Replicability:** some European countries have a long tradition in housing research (such as NL) and specialised training in housing matters (UK), but many others lack this. Kenna et al. revealed the overwhelming lack of reliable data related to housing-related pathologies Europe-wide.<sup>133</sup> Thus, an independent European Observatory and Research Centre on Housing, independent from all housing lobbies that already exist in Brussels, would be advisable. **Changes that should be taken into consideration to make it work:** the generalisation of data generating/gathering in all fields of housing, while specialist and independent research and training on housing matters is crucial. It is also essential that there is a platform to facilitate this communication between research and policymakers. Maybe the AHURI experience in Australia<sup>134</sup> could be a model to follow.

**2. A continuum of housing tenures is needed for a healthy housing market** (country-wide). 'Reliance on, and disproportionate support of, one tenure model proved to be unsustainable in the long term, to be insensitive to local housing market volatility, and to be exposed to national and international financial market fluctuations. The evidence from cities points to different tenure needs in metropolitan areas, that can better support labour dynamics in the areas that are key to national economic growth' (UNECE Draft Regional Report to HABITAT III, 8 July 2016). 'It is important for a balanced housing system that development and availability includes sufficient owner-occupied, privately rented, intermediate tenures (shared ownership-like tenures, cooperatives and community land trusts) and social housing schemes. It is suggested that the EU and its MS promote a continuum of tenures, and that the potential role of intermediate tenures in preventing

131 Kenna, P. et al. (2016). *Pilot project – promoting protection of the right to housing – homelessness prevention in the context of evictions*, VT/2013/056, European Commission-Directorate-General for Employment, Social Affairs and Inclusion, Publications Office of the European Union.

132 <https://confilegal.com/20190902-expertos-en-vivienda-convocados-por-pedro-sanchez-urgen-un-plan-de-choque-que-frene-la-escalada-de-los-alquileres-e-impulse-la-compraventa/> (accessed 20 July 2020).

133 Kenna, P. et al. (2016). *Pilot project – promoting protection of the right to housing – homelessness prevention in the context of evictions*, VT/2013/056, European Commission-Directorate-General for Employment, Social Affairs and Inclusion, Publications Office of the European Union.

134 [www.ahuri.edu.au](http://www.ahuri.edu.au) (accessed 20 July 2020).

household over-indebtedness, enhancing flexibility and housing system stability be explored'.<sup>135</sup> '33. We commit to stimulate the supply of a variety of adequate housing options that are safe, affordable, and accessible for members of different income groups of society. (...) 35. We commit to promote, at the appropriate level of government, including sub-national and local government, increased security of tenure for all, recognising the plurality of tenure types, and to develop fit-for-purpose, and age-, gender-, and environment-responsive solutions within the continuum of land and property rights'.<sup>136</sup>

**Strong points:** a) when citizens have a variety of attractive housing tenures to choose from, there is no over-reliance on a single one, so a bubble is less likely to be created; b) new types of housing tenures are able to combine stability, affordability and flexibility in better ways than traditional housing tenures. **Weak points:** a) to implement this measure, usually structural reforms to national civil laws (that usually have remained unchanged for hundreds of years) are needed; b) these are usually slow reforms that need pedagogy and incentives for citizens to really succeed and disrupt years of inertia in favour of traditional housing tenures. This measure is **highly replicable** (eg Catalan shared and temporal ownerships were inspired by English shared ownership and leaseholds) and there is an increasing number of alternative housing tenures that can be a source of inspiration from country to country (eg community land trusts). In addition, since the EU Commission 2009 and the ECJ 2018 decision, social housing for all is not a solution as it distorts competence. Thus, the idea of 'housing affordability' is increasingly relevant and a way to achieve this is through alternative housing tenures. As a **positive/successful lesson**, although Spain as a whole has not achieved a true *continuum* of housing tenures (from public housing to full private homeownership), Catalonia took an important step forward by introducing shared and temporal ownerships. However, the lack of continuous pedagogy among citizens and stakeholders has ballasted its success and its efficacy at contributing to consolidate that *continuum*.

**3. Soft/collaborative measures with private stakeholders to increase the stock of social housing work** (regional/local, at the level where is the housing competence held). In a context of scarcity of social housing and insufficient public funds to build new units or to acquire them from the private market, public-private agreements can help to increase that stock. Soft mechanisms, such as public intermediation networks (to attract private landlords to rent at below market price in exchange for guarantees of rent collection and subsidies for rehabilitation) or pre-emption rights in favour of regional governments (to buy properties from banks resulting from mortgage enforcements to minimise their eventual speculative interest), can provide results. Institutions such as HAs (most of them are non-profit institutions) may add their know-how to the whole system and can provide a complete service of attracting properties to the social rental sector, in exchange for guarantees to landlords, by undertaking the renovation of properties, their proper management and providing supervision and social assistance to vulnerable tenants. On the contrary, more intrusive measures on private relationships in the form of penalties, taxation increases and expropriations may have more limited, less transparent results, as they might incur unexpected expenses, such as challenges in courts. **Strong points:** the housing industry for profit and non-for-profit stakeholders can be voluntarily involved in the social rental housing market, if they are provided with enough advantages and guarantees. Providing guarantees in the event of defaulting on paying the rent is less expensive for the public administration than simply subsidising rent payments or building and maintaining a huge stock of rental housing. **Weak points:** these measures are highly dependent on their efficacy and attractiveness to private landlords. They should be convinced, instead of punished. Their prospective profits in the private rental market might also hinder their involvement in the social rental sector. This measure is **highly replicable**, especially in those countries/regions/cities with scarce public housing and the need to increase the social rental housing stock. These mechanisms

135 Kenna, P. et al. (2016). *Pilot project – promoting protection of the right to housing – homelessness prevention in the context of evictions*, VT/2013/056, European Commission-Directorate-General for Employment, Social Affairs and Inclusion, Publications Office of the European Union.

136 New Urban Agenda, UN Habitat (2016).

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can open ways to find alliances with private landlords. **Positive (successful) lessons** learned would be a) providing enough guarantees and additional advantages to private landlords, and b) providing good management of properties, rent collection and social assistance to vulnerable tenants.

- 4. Patching the laws, incoherent multi-level legislation and undertaking decontextualised policies does not solve the housing affordability problem** (multi-level: country-wide and EU levels). Usually the 'housing' topic lacks a specific ministry at country level or a councillor at regional or local levels, as happens at the research level (see lesson learned 1). In addition, in multi-level-administration countries, competences related to housing end up at different levels. These two situations take place in Spain, which, in light of the 2007 GFC, has delivered meagre results in preventing, tackling and reacting to all housing-related pathologies (vacant dwellings, unaffordability, squatting, abusive clauses in mortgage contracts, tenancy legislation, homelessness, etc). This has been perceived in the form of improvised and contradictory (some of them even declared unconstitutional) legislation and policies in a timeframe of a few years, thus causing legal uncertainty and complicating the situation further. A general law on housing for the whole country might help to co-ordinate a single action to promote housing, as well as having specific housing ministries and councillors that decide upon the most relevant housing-related matters, instead of those devoted to youth, aging, social services, justice, finance, urbanism, etc. An EU Directorate General on Housing would also be interesting to have to agglomerate all policies and initiatives related to housing (energy, migration, social exclusion, homelessness, etc) to undertake comprehensive and coherent housing policies instead of patchy and contradictory ones. Theoretically, a multi-level governance system approaches political decisions from the standpoint of citizens (**strong point**). However, the lack of coordination among those deciding at each level, often with contradictory approaches to solve the housing problem, causes disruptions and loopholes. A general law for housing would be advisable to have; this is also the case for the lack of a housing ministry or housing councillors at different levels (**weak points**).

This measure is **replicable** in multi-level governance countries with similar issues. **Changes that should be taken into consideration to make it work:** a) to pass a general law of housing and b) to have dedicated, stable housing ministries at the country level and housing councillors at regional and local levels.

- 5. When affordability is a priority, other problems related to accessibility and living conditions are left behind and remain unsolved (accessibility, energy efficiency, rehabilitation)** (multi-level: multi-unit buildings in many EU MS). Spanish legislator and housing policies have been focused in the last 14 years on tackling the consequences of the global recession of 2007, ie, evictions and housing affordability, although with uneven results, as mentioned in this report (eg the current housing tenures *conundrum*). This has meant, however, that issues related to accessibility and housing conditions (energy efficiency, rehabilitation) have not been in the main focus of the agenda. The results in these fields are devastating:

- According to the INE and Act 8/2013, approximately 55 percent (13.8 million homes) of the total Spanish residential housing stock was built prior to 1980, and almost 21 percent of homes are over 50 years old.<sup>137</sup> Fifty-eight percent of the buildings were built before the establishment of Royal Decree (RD) 2429/1979, which was the first regulation to require minimum criteria for energy efficiency. Moreover, about 1.2 million residential buildings built before 1981 lack a lift. Since the establishment of Royal Legislative Decree (RLD) 7/2015, all buildings older than 50 years must pass a technical inspection. However, a survey undertaken by the UNESCO Housing Chair URV in May 2017<sup>138</sup> revealed that only 66 percent of buildings had passed it and 40 percent of condominium owners affirmed they were unaware of this obligation. For buildings between 50 and 70 years old, the deterioration of common areas is present in 5.1 percent of cases and 53.5 percent of buildings require renovations. However, deterioration is been exclusive to Spain's older buildings. Four percent of homeowners in multi-owned buildings built since 2008<sup>139</sup> affirm that the common areas of those developments are already deteriorating and 32 percent indicate their buildings need some improvement.

<sup>137</sup> These data coincide with those from the Ministry of Public Works, which amounts to 11.9 million properties for residential use prior to 1980, and 50.1 percent of the total. See *Ministerio de Fomento, DG de Arquitectura, Vivienda y Suelo, 'Boletín especial, Alquiler Residencial' (Observatorio de Vivienda y Suelo 2018)*.

<sup>138</sup> UNESCO Housing Chair URV, '*Efectos de la crisis en las comunidades de propietarios*' (for *Mutua de Propietarios*, unpublished 2017).

<sup>139</sup> They are not even 14 years old and, in theory, were built in accordance with the rules of the Building Technical Code (CTE) of 2006 that considerably improved upon minimum building standards.

• In Spain, only 0.6 percent of those surveyed in 2018<sup>140</sup> (equivalent to 58,888 dwellings) declared that their condominium was universally accessible for the elderly and physically disabled, despite it being compulsory for all new constructions since December 2010 and for all existing buildings since December 2017. DE and SE are only slightly better in this regard: only 1.5 percent of multi-family buildings in Germany and 2.5 percent of those in Sweden are universally accessible.

**Weak points:** A holistic approach to housing should include affordability, accessibility, sustainability and inclusiveness. Otherwise, the human right to housing remains unfulfilled, especially for the most vulnerable, for either economic or physical reasons.

**Replicability:** it is necessary to identify good practices in all EU MS for widespread energy efficiency, housing rehabilitation and accessibility. In this vein, it is essential at the EU level to have some sort of institution related to housing, such as the European Observatory and Research Centre on Housing mentioned in lesson learned 1. **Changes that should be taken into consideration to make it work:** There should be a holistic approach to housing to fulfil a universal right to housing that includes affordability, accessibility and inclusiveness.

**6. Territorial cohesion is essential to solve the negative consequences of urbanisation** (national level: throughout the territory of a given country, maybe also at EU level). Many EU countries are feeling the consequences of urbanisation, in terms of increasing housing unaffordability and precariousness in certain cities and regions, while they see how parts of their territory (eg rural) are being abandoned. Again, public and private initiatives should agree on ways to incentivise the repopulation of rural or deprived areas. Rural co-living and co-working, may be accelerated by the COVID-19 crisis (as coronavirus has had a greater effect on overcrowded cities), could be a possibility, perhaps coupled with subsidies to rehabilitate rural homes and using new technologies (eg blockchain) to attract younger residents. Sustainable rural tourism may help young households to stay in small villages. Good connections (road, public transport) and telecommunications (4G/5G) are crucial.

**Weak point:** depopulated areas imply many challenges (eg food scarcity, fires, national defence), while urbanisation increases housing problems. The balance between both should be reinstated. **Replicability:** many EU countries are affected by this phenomenon, such as DE, FR or IT. The exchange of good practices through the European Observatory and Research Centre on Housing mentioned in lesson learned 1 should be relevant to EU policymakers. **Changes that should be taken into consideration to make it work:** a) a general, realistic and co-created territorial cohesion policy should be adopted and b) the creation of job opportunities and public services in rural or deprived areas is a huge effort on the long term, which basically discourages politicians from instating appropriate and consistent public policies on this.

<sup>140</sup> UNESCO Housing Chair URV, 'La accesibilidad de las viviendas en España' (for *Fundación Mutua de Propietarios*, unpublished 2018) and 'La accesibilidad de las viviendas en Europa. Comparativa España, Alemania y Suecia' (for *Fundación Mutua de Propietarios*, unpublished 2018).

# 2.2.

## THE NETHERLANDS

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## 2.2. THE NETHERLANDS

Authored by Núria Lambea-Llop

### 2.2.1. CONTEXTUALISATION OF HOUSING POLICY AND REGULATION

The Netherlands is the European country with the **highest percentage of socially rented housing stock**, currently 30 percent.<sup>141</sup> It used to be higher, reaching its peak in 1986, at 42 percent, contributing to affordable housing stock for lower- as well as middle- and higher-income households.<sup>142</sup> However, the most recent legal and political changes have led to a progressive reduction of this percentage.

Dutch non-profit organisations, **woningcorporaties**, manage almost all social housing in the Netherlands, while there are still a dozen municipal companies managing a very small housing stock and in small towns. Public stock transfer, together with initial and substantial public financing, allowed these social landlords to develop a considerable volume of assets, which they have subsequently been able to use as collateral for business in the financial and capital markets to obtain financing on more favourable terms and to achieve a return when renting (the rents, which are not low, are counterbalanced by strong rental subsidies), selling, demolishing or rehabilitating properties. The Dutch social housing system is a clear example of a more **business-like oriented** social housing model, an inclination that started in the 1970s and 80s in Western Europe. However, the grossing and balancing operation in the 1990s (*Brutering*), which brought more organisational and financial independence, as well as less public control and certain **financialisation** of this sector, led to bad practices in housing and financial management, exposing the entity and its social housing stock

to too many risks within financial and capital markets. The **moral hazard** (high level of confidence based on the triple-guarantee scheme: WSW, CFV and the government) resulted in these too risky operations, which implied millions of losses on financial derivatives of one of the biggest *woningcorporaties*, Vestia. Since 2013, a **landlord levy** (*verhuurdersheffing*) was imposed on these social landlords (with at least ten houses at the beginning, 50 houses from 2018) to counter public spending on the sector.<sup>143,144</sup>

Furthermore, the Netherlands was forced to reorient its more **universal model** of social housing **towards a targeted one**<sup>145</sup> due to pressure from the EU Commission to reduce the scope of social housing beneficiaries (European Commission Decision 2012/21/EU<sup>146,147</sup>). Although the EU has no direct competence on housing, it has influence, in some cases, such as in the Netherlands and Sweden, on this matter, transversally, with matters related to competition and the internal market (art 3.1.b TFEU). Thus, the current *Woningwet* 2015<sup>148</sup> includes a **definition of SGEI** in the social housing field that is related to housing for people with difficulties, due to economic or other reasons, in finding adequate housing (articles one and 47 in relation to para 11 European Commission Decision 2012/21/EU). Therefore, while social housing was traditionally offered in this country to almost all of the population without restrictions being applied, the beneficiaries' scope has been narrowed to housing offered to households that do not exceed a maximum income threshold (€38,035 per annum in 2019) and rent needs to be below the rent limit for liberalised tenancy agreements (€720.42 in 2019)<sup>149</sup>. Thus, this means that 90 percent of affordable housing units managed by *woningcorporaties* must be rented out to low-income households. This entails more **stigmatisation** of the sector and **less social mixing** in neighbourhoods.<sup>150</sup>

141 Housing Europe (2019). *The state of housing in the EU 2019*.

142 Haffner, M.E.A. (2019). 'Pathways of Dutch and German social renting,' in Tsenkova, S. (ed), *Housing Partnerships, Cities, Policy and Planning*, Research Series, University of Calgary, Canada, 61-74.

143 Van Der Veer, J., and Schuiling, D. (2013). 'Economic crisis and regime change in Dutch social housing: the case of Amsterdam,' paper at the *Conference RC43 at home with the housing market*, Amsterdam.

144 Hoekstra, J. (2017). 'Reregulation and residualization in Dutch social housing: a critical evaluation of new policies,' *Critical Housing Analysis*, 4(1), 31-39.

145 Ghekière, L. (2008). 'Le développement du logement social dans l'Union européenne,' *Recherches et Prévisions*, 94, 21-34.

146 Elsinga, M.G., and Haffner, M.E.A. (2020). 'How the European Commission affected social rental housing in the Netherlands and Germany,' in Anacker, K.B., Nguyen, M.T., and Varady, D.P. (eds) *The Routledge Handbook of Housing Policy and Planning*, Routledge, New York and London, 220-227.

147 Priemus, H., and Gruis, V. (2011). 'Social housing and illegal state aid: the agreement between European Commission and Dutch Government,' *International Journal of Housing Policy*, 11(1), 89-104.

148 *Wet tot wijziging van de Herzieningswet toegelaten instellingen volkshuisvesting*, 20 March 2015 (*Staatsblad* 2015, No 146), which amends the *Wet tot herziening van de Woningwet*, 29 August 1991 (*Staatsblad* 1991, No 439).

149 Data taken from [www.rijksoverheid.nl/onderwerpen/woningcorporaties/toewijzen-betaalbare-woningen](http://www.rijksoverheid.nl/onderwerpen/woningcorporaties/toewijzen-betaalbare-woningen). accessed 12 December 2019).

150 Housing Europe (2019). *The state of housing in the EU 2019*.

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In a nutshell, the Netherlands has gone from being a universal model to becoming a **targeted model of access for social beneficiaries** and from being subject to less public control to having public bodies that **strictly control** their actions. Also, their economic independence has been preserved, but their **rotating fund function** has disappeared. Finally, the *Woningwet* amendment has compelled the separation of legal or administrative social housing activity from other activities.

The **right to housing** is regulated as a **fundamental right** in article 22§2 of the Dutch Constitution, where it is stipulated that the authorities shall be concerned to provide sufficient living accommodation. However, this same article gathers two more rights: public health and culture and recreation. The **Ministry of the Interior and Kingdom Relations (BZK)** is the one in charge of finance (together with the Ministry of Finance), interior, construction and infrastructure. At the same time, the *Autoriteit Woningcorporaties* supervises, on behalf of the BZK, the management and performance of the registered *woningcorporaties*, known as *toegelaten instellingen volkshuisvesting*. This control is tighter since the *Woningwet* amendment of 2015, and social landlords are also compelled to celebrate **performance agreements** with municipalities and tenant organisations in order to settle the objectives, outputs and other consultations for the following years. In terms of housing competence, **municipalities and provinces** are also responsible for planning the construction of new housing, among other housing policy aspects.

Apart from the high percentage of socially rented housing, the Netherlands has 68.9 percent of homeownership (60.5 percent with a mortgage or loan)<sup>151</sup> and a relatively small non-regulated rental sector. Before the amendment of the *Woningwet* 2015 due to the requirement of the EU

Commission, the same **rent regulation** effectuated by national rules was applied to private and social housing, as it is based on a rental points system, depending on certain housing characteristics (eg year of construction, type of housing, state of renovation). If a tenant is not satisfied with the rent or rent review (taking as a reference the point system), he/she can go to the *Huurcommissie* (rent tribunal), in order to decide if the value of the imposed rent is in accordance with the rental points system. Also, there were **indefinite rent contracts** and a restricted number of reasons to allow for eviction,<sup>152</sup> which, at the same time, led to long waiting lists for the social housing sector as well as the **skewness** phenomenon. However, **fixed-term contracts** (two years) have been introduced and generalised since 2016,<sup>153</sup> with an amendment of the Dutch Civil Code (book 7)<sup>154</sup>, but in the social rental sector they can only be applied to certain cases, such as mobility reasons due to temporary work or studies, temporary need due to renovations on the residents home, emergency situations, contracts that include support services or situations of second or last chance of renting with a *woningcorporatie* (perhaps because of previous non-compliance).<sup>155</sup>

Although the housing cost overburden rate was 9.4 in 2018, a bit below the EU 27 average (9.6),<sup>156</sup> one of the biggest problems of the Dutch housing market nowadays is the supply of sufficient housing,<sup>157</sup> specifically for middle-income households in urban areas. The **non-regulated rental sector** is becoming increasingly important, as middle-income households 'fall between two stools', as they exceed the income ceiling to enter the social housing sector and are not eligible for a mortgage, and a private rental house is often (too) expensive or even unavailable.<sup>158,159</sup> This phenomenon is more accentuated in urban areas, where social rental rates are even higher (approximately 40 percent in Amsterdam and Rotterdam) but, in contrast, there is limited supply and high demand

151 Data from Eurostat (2018), available at [https://ec.europa.eu/eurostat/statistics-explained/index.php/Housing\\_statistics#Tenure\\_status](https://ec.europa.eu/eurostat/statistics-explained/index.php/Housing_statistics#Tenure_status).

152 Haffner, M.E.A. (2019). 'Pathways of Dutch and German social renting,' in Tsenkova, S. (ed), *Housing Partnerships, Cities, Policy and Planning*, Research Series, University of Calgary, Canada, 61-74.

153 Huisman, C.J. (2016) 'Temporary tenancies in the Netherlands: from pragmatic policy instrument to structural housing market reform', *International Journal of Housing Policy*, 16(3), 409-422.

154 Articles 232 and following. *Burgerlijk Wetboek Boek 7*, 22 November 1991. *Staatsblad* 1991, no 600.

155 *Regeling van de Minister voor Wonen en Rijksdienst van 21 juni 2016, nr 2016-0000342462, houdende wijziging van de Regeling toegelaten instellingen volkshuisvesting 2015 teneinde daarin een aantal technische wijzigingen en een aantal wijzigingen met beperkte beleidsmatige gevolgen aan te brengen*, 21 June 2016. *Staatscourant* 2016, no 34046.

156 Data from Eurostat (2018), available at [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Housing\\_statistics](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Housing_statistics).

157 Boelhouwer, P. (2019). 'The housing market in the Netherlands as a driver for social inequalities: proposals for reform,' *International Journal of Housing Policy*, <https://10.1080/19491247.2019.1663056>.

158 Boelhouwer, P. (2019). 'The housing market in the Netherlands as a driver for social inequalities: proposals for reform,' *International Journal of Housing Policy*, <https://10.1080/19491247.2019.1663056>.

159 OECD (2019). *Under pressure: The squeezed middle class*, OECD Publishing, Paris, <https://doi.org/10.1787/689afed1-en>.

for rental housing in the non-regulated sector.<sup>160</sup> Young people and immigrants have been moving lately to big cities to look for job opportunities and for jobs for highly educated people. This involves a process of **urbanisation**, and since 2005 the population in the four major cities has grown proportionately faster than in the rest of the country and prices have recovered more strongly; this is the case of the **Randstad conurbation**: Amsterdam, Rotterdam, The Hague and Utrecht.<sup>161</sup> This implies the risk of middle-income households being pushed out of cities. Investors (small-scale landlords and more professional investors) have seen an opportunity for investment in private (and high priced) rental or buy-to-let transactions.<sup>162</sup> Investors see the buy-to-let market as an alternative to low returns on other investments.<sup>163</sup> High prices in major cities cause a buoyant housing market in surrounding municipalities and a lagging housing market in shrinking regions.<sup>164</sup> Thus, middle-income households are more or less forced to choose between relatively expensive rental housing in the city or buying/renting a more affordable place outside the city.

Precisely, the **National Housing Agenda**<sup>165</sup> aims to tackle three main challenges in the housing market, together with stakeholders, in the short and long term: increasing the construction of housing, making better use of the existing stock and securing the affordability of housing.<sup>166</sup>

Also, **geographical restrictions** constrain the elasticity of supply, as some large cities in the Randstad conurbation are located near the coast or near green belts. Also, despite the high degree of urbanisation, the share of the population living in multifamily houses is relatively low.

Apart from affordability problems, mainly in urban areas and for middle-income households, including young population, Dutch policies are also concerned with **energy**

**efficiency, immigration, the refugee crisis and ageing society.**<sup>167</sup> **Touristification** is only a problem in big tourist cities, mainly in Amsterdam, where they are facing illegal lettings, also in terms of social housing (it is estimated that between 10 and 20 percent may be let illegally).<sup>168</sup>

Last, but not least, the abrupt increase in **homelessness** in this country is concerning: +120.8 percent from 2009 to 2018, one of the highest percentages in the EU.<sup>169</sup>

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160 Ollongren (2019). 'The Dutch Housing Agenda', in Rob Nijskens et al (ed.) *Hot Property. The Housing Market in major Cities*, Springer, pp. 155-158.

161 Nijskens, R., Lohuis, M., Hilbers, P., Heeringa, W. (eds) (2019). *Hot property. The housing market in major cities*, Springer, eBook.

162 Haffner, M.E.A. (2019). 'Pathways of Dutch and German social renting,' in Tsenkova, S. (ed), *Housing Partnerships, Cities, Policy and Planning*, Research Series, University of Calgary, Canada, 61-74.

163 Nijskens, R., Lohuis, M., Hilbers, P., Heeringa, W. (eds) (2019). *Hot property. The housing market in major cities*, Springer, eBook.

164 Nijskens, R., Lohuis, M., Hilbers, P., Heeringa, W. (eds) (2019). *Hot property. The housing market in major cities*, Springer, eBook.

165 *Nationale woonagenda 2018-2021*, available at <https://www.rijksoverheid.nl/documenten/publicaties/2018/05/23/nationale-woonagenda-2018-2021>.

166 Ollongren (2019). 'The Dutch Housing Agenda', in Rob Nijskens et al (ed.) *Hot Property. The Housing Market in major Cities*, Springer, pp. 155-158.

167 IWU and TUD (2020). *Housing policies in the European Union*, Federal Ministry of the Interior, Building and Community (BMI) and Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR).

168 Housing Europe (2019). *The state of housing in the EU 2019*.

169 Fondation Abbé Pierre and FEANTSA (2020). *Fifth overview of housing exclusion in Europe*.

# CHAPTER 2. COUNTRY STUDIES

## 2.2. THE NETHERLANDS

### 2.2.2. BEST PRACTICES

BEST PRACTICE 1	
<b>Title:</b> Mixed communities: Parkrand in Amsterdam	
<b>Domain of good practice</b> <ul style="list-style-type: none"><li>• Access to affordable and housing</li><li>• Financing</li><li>• Integration of disadvantaged groups (elderly, youth, migrants) – social cohesion</li></ul>	
<b>Level</b> Local	<b>Where</b> Geuzenveld, Amsterdam
<b>Instrument</b> Praxis	<b>Reference of the instrument</b> <i>Stadgenoot woningcorporatie</i>
<b>Financial information</b> Budget: €28,500,000 (privately funded)	
<b>Impact and beneficiaries</b> Both low-income households and middle-high-income households.	

<p><b>Description</b></p> <p>It consists of 174 standard small housing units, located in three L-shaped buildings and positioned next to a small park. Housing units combine socially rented housing and private housing. There are communal patios and a series of rooftop penthouses as well. All apartments have a view of the park and sunny orientation.</p> <p>More information: <a href="http://www.mvrdv.nl/projects/146/parkrand">www.mvrdv.nl/projects/146/parkrand</a>.</p>	
<p><b>Results (including pros and cons)</b></p> <p><b>Pros</b></p> <ul style="list-style-type: none"> <li>- Mixed project, mixed community, lack of stigmatisation in the area;</li> <li>- Social housing in expensive Amsterdam.</li> </ul> <p><b>Cons</b></p> <ul style="list-style-type: none"> <li>- Need for services to allow liveability in the neighbourhood.</li> </ul>	
<p><b>Official declarations of policymakers (if any)</b></p>	
<p><b>Grounds for success</b></p> <ol style="list-style-type: none"> <li>1. Mix of different income-level households. Mixture within the neighbourhood and no stigmatisation of the building and the area.</li> <li>2. Green and calm space in the city of Amsterdam.</li> </ol>	<p><b>Obstacles encountered</b></p> <ol style="list-style-type: none"> <li>1. Difficult to rent out the private rental apartments.</li> </ol>

## CHAPTER 2. COUNTRY STUDIES

### 2.2. THE NETHERLANDS

BEST PRACTICE 2	
<b>Title:</b> Intermediate tenures: <i>Koopgarant</i> and <i>Te Woon</i> (The Clients Choice Programme)	
<b>Domain of good practice</b>	
<ul style="list-style-type: none"> <li>• Access to affordable housing</li> <li>• Social Housing</li> <li>• Financing</li> </ul>	
<b>Level</b>	<b>Where</b>
National	Housing corporations ( <i>woningcorporaties</i> ) in the Netherlands, also property developers since 2011.
<b>Instrument</b>	<b>Reference of the instrument</b>
Praxis	<i>Koopgarant</i> contract
<b>Financial information</b>	
Private funding, depending on each site, construction, etc.	
<b>Impact and beneficiaries</b>	
<p>First-time buyers and/or low- and middle-income households who want to access homeownership. It can also be offered to sitting tenants.</p> <p>About 120 <i>woningcorporaties</i> sell <i>Koopgarant</i> (about one fifth of the total associations).<sup>170</sup> <i>Koopgarant</i> is the largest and first intermediate tenure in the Netherlands.</p>	
<b>Description</b>	
<p>In the Netherlands, the most widely used intermediate tenure by the <i>woningcorporaties</i> is the so-called <i>Koopgarant</i>, created in 2004. The developing associations made sure the execution of the <i>Koopgarant</i> was the responsibility of a foundation (<i>Stichting Koopgarant</i>, now <i>Stichting OpMaat</i>) to achieve its social objective, and that the product would be available to other <i>woningcorporaties</i> by means of acquiring a license and paying an annual fee.</p> <p>With this figure, the social landlord offers a price reduction on the market value (around 25%), in exchange for reserving the right to repurchase once the owner wants to sell it (buy-back guarantee). Actually, the social landlord is contractually obliged to repurchase the dwelling within three months.<sup>171</sup> When repurchasing, the <i>woningcorporatie</i> shares the value change with the owner-occupier according to a legally prescribed formula. This legislation, called 'Fair Value Conditional Sales', was introduced by the Ministry of Finance in 2002.</p> <p>Also, the <i>woningcorporatie</i> might retain ownership of the land (<i>erfpacht</i>), which makes it possible to offer a more affordable sale price. Since 2011, the <i>Koopgarant</i> scheme has also been opened up to property developers, making it more attractive for them to build under this scheme.</p> <p>This is one of the tenures offered under 'The Clients Choice' programme, which was initiated by the <i>woningcorporatie</i> Woonbron in 2000 (and subsequently followed by other entities) and is known as '<i>Te Woon</i>'. This programme allows the beneficiary to choose the form of access to housing, and the range of possibilities includes social renting, intermediate tenures, such as the one mentioned above, and even homeownership.</p> <p>More information: <a href="http://www.rvo.nl/initiatieven/financieringsvoorbeelden/koopgarant">www.rvo.nl/initiatieven/financieringsvoorbeelden/koopgarant</a>.</p>	

<sup>170</sup> Oxley, M. (2009). Financing affordable social housing in Europe, UN-Habitat, Nairobi.

<sup>171</sup> Elsinga, M., Hoekstra, J., and Dol, K. (2015). 'Financial implications of affordable home ownership products: four Dutch products in international perspective,' *Journal of Housing and the Built Environment*, 30, 237-255.

## Results (including pros and cons)

### Pros

- Affordable way to access homeownership;
- The revenue the sale generates is a source of financing for new social housing developments or for the renovation of older dwellings;
- Filling the gap between social renting and the private market: continuum of tenures;
- Source of rotation of the socially rented housing stock;
- Buy-back scheme (*terugkoopregeling*): quick sale when the buyer moves and the guarantee to recover the property for the *woningcorporatie*;
- Both the homeowner and the *woningcorporatie* share not only the value increase, but also the reduction in value (good or bad, depending on what is shared and who pays it);
- Mixed developments, which allow the creation of more mixed neighbourhoods.

### Cons

- Both the homeowner and the *woningcorporatie* share not only the value increase, but also the reduction in value (good or bad, depending on what is shared and who pays it).

## Official declarations of policymakers (if any)

### Grounds for success

1. Homeownership is the most desired way to access housing.
2. Source of financing, when public funding is scarce. Diversifying portfolio activities as well as income sources. Source of liquidity.
3. Solution for private developers who cannot sell their properties at market price due to the economic crisis.

### Obstacles encountered

1. After amendment of the Housing Act (*Woningwet*) of 2015, selling affordable homeownership dwellings is no longer a core activity of *woningcorporaties*.
2. HAs should make financial provisions for any potential losses incurred on the *Koopgarant*.

## CHAPTER 2. COUNTRY STUDIES

### 2.2. THE NETHERLANDS

BEST PRACTICE 3	
<b>Title:</b> Rental points system + <i>Huurcommissie</i> (Rental Committee).	
<b>Domain of good practice</b> <ul style="list-style-type: none"> <li>• Access to affordable housing</li> <li>• Others: consumers' rights</li> </ul>	
<b>Level</b> National	<b>Where</b> Rental sector in the Netherlands
<b>Instrument</b> Law	<b>Reference of the instrument</b> <i>Burgerlijk Wetboek Boek 7</i> <i>Uitvoeringswet huurprijzen woonruimte</i> , 21 November 2002
<b>Financial information</b> Assigned public budget for the <i>Huurcommissie</i> .	
<b>Impact and beneficiaries</b> <p><b>Beneficiaries</b></p> <p>All tenants in the Netherlands, and particularly, those whose rent is under the rental points system (regulated rent).</p> <p><b>Impact</b></p> <p>92% of the rental housing stock in the Netherlands follow a regulated rent, while this number reaches 96% among <i>woningcorporaties</i>.<sup>172</sup></p> <p><i>Huurcommissie</i>: It received 9,991 requests from tenants and landlords in 2019, most of them related to rent reduction on account of defects (2,676), settlement of service charges (2,164) and objections to the rent increase in general (1,189). More than 90% of the landlords voted in favour of their proposal for an annual rent increase, while almost 80% of the tenants were favoured in a procedure concerning the settlement of the service charges and more than 70% in a procedure concerning the assessment of the initial rent.</p> <p>More information: <a href="http://www.huurcommissie.nl/nieuws/bericht/hoge-productie-en-instroom-bij-de-huurcommissie-in-2019">www.huurcommissie.nl/nieuws/bericht/hoge-productie-en-instroom-bij-de-huurcommissie-in-2019</a>.</p>	

172 Haffner, M., Van der Veen, M., and Bounjouh, H. (2014). National report for the Netherlands, TENLAW project: tenancy law and housing policy in multi-level Europe.

## Description

In the Netherlands, rent is determined in relation to the points awarded to a dwelling, which are based on the characteristics of this dwelling. The main characteristics considered for assigning points are the living space (differentiating the main rooms – bedrooms, kitchen, bathrooms – from other secondary spaces), the existence of heating, the energy level, the type of bathrooms, the quality of the kitchen, the facilities for people with reduced mobility, the outdoor space and the type of construction (year, renovation work). When a dwelling gets more than 142 points, it becomes part of the liberalised housing sphere (unregulated rent).

Thus, the points required to be subject to regulated housing, the rent corresponding to those points and the rent changes are set annually by the government. By 2020, 142 points, which set the limit between regulated and unregulated rents, corresponded to around €740 per month.

More information: [www.huurcommissie.nl/onderwerpen/huurprijs-en-punten/huurprijscheck-en-puntentelling](http://www.huurcommissie.nl/onderwerpen/huurprijs-en-punten/huurprijscheck-en-puntentelling).

Since 2011, social housing cannot be offered above the maximum established for a regulated rent.

If the tenant is not satisfied with the price or rent reviews in general or if they consider that, because of the state of conservation of the dwelling, he/she should be paying a lower rent (taking as a reference the point system, which relates price to quality of the dwelling), he/she is entitled to go to the *Huurcommissie*, in order to see if the value of the imposed rent is in accordance with the rental points system.

The *Huurcommissie* is an independent and impartial national administrative body. Its members, appointed by the competent minister, include representatives of both tenants and landlords. This Commission resolves disputes relating to the determination and updating of rent, the maintenance (and works) of a dwelling and expenditure on other services. However, it cannot solve disputes over anti-social behaviour (ASB) or rental subsidies. The decision of this commission can be brought before the Court of Justice.

## Results (including pros and cons)

### Pros

- Regulated rents prevent rental speculation;
- The tenant can predict the rent over the medium term;
- Tenant protection against 'unfair' rents, before an *ad hoc* Committee, which allows for quick procedures;
- The interests of both tenants and landlords are represented by the *Huurcommissie*.

### Cons

- Rents are still high (rent allowances play a big role in keeping rents affordable).

## Official declarations of policymakers (if any)

### Grounds for success

1. Rapid and effective complaint processes (both for landlords and tenants).
2. Rental tables are updated annually.

### Obstacles encountered

# CHAPTER 2. COUNTRY STUDIES

## 2.2. THE NETHERLANDS

BEST PRACTICE 4	
<b>Title:</b> <i>Startblok Riekerhaven</i> , Amsterdam	
<b>Domain of good practice</b> <ul style="list-style-type: none"> <li>• Access to affordable/social housing</li> <li>• Integration of disadvantaged groups (elderly, youth, migrants) – social cohesion</li> </ul>	
<b>Level</b> Local	<b>Where</b> Amsterdam
<b>Instrument</b> Praxis	<b>Reference of the instrument</b> Collaboration between the municipality of Amsterdam, housing corporation <i>De Key</i> and the organisation <i>Socius Wonen</i> .
<b>Financial information</b> <p>Approximately €14,000 per home for moving the housing units and renovating them (as housing units already existed, but they were in another part of the city)</p> <p>Approximately €310,000 for investment in outdoor area, team office and Clubhouse.</p> <p>€50 per month as payment to hallway managers (monthly discount on their rent)</p> <p>Tenants pay €1 per month to the foundation <i>Startblok Actief!</i>, which is in charge of organising activities and events for the residents.</p>	
<b>Impact and beneficiaries</b> <b>Beneficiaries</b> Young refugee status holders and young Dutch people (between 18 and 28 years old)	
<b>Impact</b> Easier for newcomers to integrate into the city, the culture and the language (research by TU Delft). This project offers 565 housing units, consisting of 463 studios and 102 rooms in multi-person apartments. Moreover, access to <i>Startblok Riekerhaven</i> does not stop the waiting time for social housing.	
<b>Description</b> This project started in July 2016, as a result of the collaboration between the municipality of Amsterdam, housing corporation <i>De Key</i> and the organisation <i>Socius Wonen</i> . It offers 565 housing units, consisting of 463 studios (with a small kitchen, bathroom and toilet) and 102 rooms in multi-person apartments. Each floor has a communal living space for social activities and there are two large outside areas.	
Beneficiaries of these project are both young Dutch people and young refugee status holders, maintaining 50: 50 representation.	

Apart from providing an affordable space to live in the capital, this project aims to contribute to the faster integration of the younger generation and to encourage self-development.

Tenants help to manage their own living environment (self-management), which is split into two branches: social management (a community and social cohesion, liveable environment) and general management (daily affairs, eg new tenants, social media, email and maintenance requests, coordination of social initiatives, activities and events). There are self-managers, hallway managers, who are in charge of making sure that their section is social, safe and clean. There is also a translation team and a terrain team. Moreover, the foundation *Startblok Actief!* is in charge of organising activities and events for the residents.

In order for this project to be successful, its managers maintain close contact with the municipality, the refugee council, local police, local doctors and psychologists to ensure adequate support for these young refugees status holders.

Finally, *De Key* is implementing similar projects in new settings (eg *Startblok Elzenhagen*).

More information in <https://startblokriekerhaven.nl/en/>.

### Results (including pros and cons)

#### Pros

- Fostering integration and social cohesion for newcomers;
- Access to affordable housing in the capital city for the younger generation;
- Access to *Startblok Riekerhaven* does not increase the waiting time for social housing;
- Empowerment of tenants and involvement in the community.

#### Cons

- Need for a strong collaboration between public and private agents; otherwise, there is the risk of stigmatisation of the area and the existence of ASB.

### Official declarations of policymakers (if any)

“We hope to stimulate and ease the integration of young refugees with this mixed form of housing,” spokesman alderman Ivens, municipality of Amsterdam (<https://startblokriekerhaven.nl/en/about-us/partners/>).

#### Grounds for success

1. The refugee crisis is not decreasing, but increasing. There is a large rise in asylum requests in the Netherlands.
2. Project building on a network of different agents and services that cover the different (and sometimes complex) problems of these young newcomers.
3. Also a solution for young Dutch people, who find it difficult to access the private housing market, and sometimes do not meet the requirements to access social housing. This problem is even more serious in Amsterdam.

#### Obstacles encountered

1. Language and cultural barriers.
2. Mental health issues due to traumatic experiences.
3. When there are problems and things are not functioning as they should, it is difficult to get it back on track.
4. Sometimes, newcomers do not want to live in these units, but they have no other option.

# CHAPTER 2. COUNTRY STUDIES

## 2.2. THE NETHERLANDS

BEST PRACTICE 5	
<b>Title:</b> <i>WoningNet</i> (web portal)	
<b>Domain of good practice</b> <ul style="list-style-type: none"> <li>• Access to affordable/social housing</li> <li>• Others: freedom of movement</li> </ul>	
<b>Level</b> National and regional	<b>Where</b> Almere, Amsterdam, Groningen, Utrecht and so on
<b>Instrument</b> Praxis	<b>Reference of the instrument</b> Limited liability company <i>WoningNet</i>
<b>Financial information</b> <a href="https://woningnet.info/over-woningnet/corpodata/">https://woningnet.info/over-woningnet/corpodata/</a>	
<b>Impact and beneficiaries</b> Households looking for social housing in different regions of the Netherlands, who need to be eligible for it (income cap).	
<b>Description</b> <p><i>WoningNet</i> is a web portal and a limited liability company, whose partners are the same <i>woningcorporaties</i> offering social housing in the portal. This organisation operates in several regions of the country (Almere, Amsterdam, Groningen, Utrecht, etc). Therefore, this system allows <i>woningcorporaties</i> to operate and offer housing at a supra-municipal level. Through this system, applicants for social housing are registered in the region (or regions) where they want to look for housing and can then register for housing offers that meet their expectations. The <i>WoningNet</i> company in charge of managing the system for allocating their housing (announcements, control of applicants, replies to offers and the selection of candidates). There is a registration fee (€50 in Amsterdam and €20 in most of other regions) as well as an annual renewal fee of €8.</p> <p>One can see the 14 different regions at <a href="http://www.woningnet.nl">www.woningnet.nl</a>.</p> <p>They also have two other branches for student accommodation (<a href="http://www.studentenwoningweb.nl">www.studentenwoningweb.nl</a>) and private sector rental accommodation (<a href="http://www.rooftrack.nl">www.rooftrack.nl</a>).</p>	

<p><b>Results (including pros and cons)</b></p> <p><b>Pros</b></p> <ul style="list-style-type: none"> <li>- Possibility to look for social housing in different regions of the Netherlands easily and from home;</li> <li>- Freedom of movement (eg for work or personal reasons).</li> </ul> <p><b>Cons</b></p> <ul style="list-style-type: none"> <li>- Long waiting lists (it can take ten years in Amsterdam, for example);</li> <li>- Registration and annual renewal costs;</li> <li>- Requirement for internet access.</li> </ul>	
<p><b>Official declarations of policymakers (if any)</b></p>	
<p><b>Grounds for success</b></p> <ol style="list-style-type: none"> <li>1. Easy, cheap and comfortable way to look for social housing in the Netherlands, without restricting it to a certain region. Online activity is more important since the coronavirus global health crisis.</li> <li>2. Collaboration between different housing providers.</li> </ol>	<p><b>Obstacles encountered</b></p> <ol style="list-style-type: none"> <li>1. Long waiting lists for some regions, especially in Amsterdam.</li> </ol>

## CHAPTER 2. COUNTRY STUDIES

### 2.2. THE NETHERLANDS

BEST PRACTICE 6	
<b>Title:</b> <i>Energiesprong</i> project	
<b>Domain of good practice</b> • Climate, environment and resource efficiency	
<b>Level</b> National	<b>Where</b> The Netherlands Currently, <i>Energiesprong</i> teams are active in the Netherlands, France, UK, Germany and northern Italy.
<b>Instrument</b> Praxis	<b>Reference of the instrument</b> <i>Energiesprong</i> programme
<b>Financial information</b> <p>It started in the Netherlands, as a government-funded innovation programme. Thus, in general, <i>Energiesprong</i> NL/<i>Stroomversnelling</i> has received support from:</p> <ul style="list-style-type: none"> <li>• Members of <i>Stroomversnelling</i>;</li> <li>• Ministry of Interior and Kingdom Relations;</li> <li>• Innovation programme Horizon2020/Transition Zero;</li> <li>• Interreg North-West Europe/E=0.</li> </ul> <p>Works and renovations are mainly paid for by residents (by future energy cost savings plus the budget for planned maintenance and repairs over the next 30 years).</p>	
<b>Impact and beneficiaries</b> <b>Beneficiaries</b> All households. <b>Impact</b> 1,300 Net-Zero Energy (NZE) refurbishments have been undertaken so far and a further 500 net-zero houses are being built. In 2013, <i>Energiesprong</i> brokered the ' <i>Stroomversnelling</i> ' deal between Dutch building contractors and HAs to refurbish 111,000 homes to become NZE ( <a href="https://energiesprong.org/country/the-netherlands/">https://energiesprong.org/country/the-netherlands/</a> ).	

## Description

*Energiesprong* is an innovative programme that retrofits a dwelling to become NZE, ie, generating the total amount of energy required for its heating, hot water and electrical appliances, and also providing superior indoor comfort. This can be achieved by using new technologies, such as prefabricated façades, insulated rooftops with solar panels, smart heating, and ventilation and cooling installations.

The idea is that these works are paid for by future energy cost savings plus the budget for planned maintenance and repairs over the next 30 years; therefore, it does not involve an extra cost for the household (over the long term). In the social rental housing sector, tenants pay the HA an energy service plan, which is the equivalent of their previous energy supplier bill.

This innovative programme was first funded by the Dutch government, to drive an improved energy-efficient standard in the Dutch market. Nevertheless, currently, *Energiesprong* teams are active in the Netherlands, France, UK, Germany and northern Italy. The same idea also inspired initiatives in New York state and California, in the United States.

See an explanatory video at <https://energiesprong.org/about/>.

## Results (including pros and cons)

### Pros

- Saving costs over the long term for tenants;
- Climate, environment and resource efficiency;
- Reducing CO<sub>2</sub>;
- Awards received: <https://energiesprong.org/category/awards/>.

### Cons

- Tenants need to pay for it upfront (not like bills, which are paid periodically);
- Achieving good quality with low costs is still a challenge;
- It might involve rent increases, when updating rents, according to the rental points system.

## Official declarations of policymakers (if any)

"I am truly inspired by *Energiesprong*'s role in advancing the global green building movement. We believe that *Energiesprong*'s model addresses so many previous challenges which have blocked widespread retrofit, and we believe that innovative models such as this could help us meet our goals of decarbonising the building stock by 2050. I'd like to congratulate *Energiesprong* on this achievement, and I wish them every success for the future as we continue on our collective journey to deliver green buildings for everyone, everywhere," Tai Lee Siang, Chairman of the World Green Building Council (<https://energiesprong.org/energiesprong-wins-2018-world-green-building-council-award/>).

## Grounds for success

1. Climate, environment and resource efficiency. Energy-efficient measures.
2. Quick refurbishment works (approximately ten days)
3. It saves future energy costs as well as maintenance and repair costs.
4. Key for all countries to achieve the EU's CO<sub>2</sub> target.

## Obstacles encountered

1. Limited roof surface on apartment buildings, which means that there is limited space to put sufficient solar panels to supply all apartments with enough electricity for heating, hot water and household appliances.
2. Many apartment buildings are privately owned, so there is the need to find a financial solution for private homeowners to finance NZE refurbishments for these buildings.
3. Achieving good quality, but reducing costs.

## CHAPTER 2. COUNTRY STUDIES

### 2.2. THE NETHERLANDS

#### 2.2.3. LESSONS LEARNED

1. **Triple-guarantee system: WSW, *Autoriteit Woningcorporaties* (formerly CFV) and government: lack of versus too strict public control (new *Woningwet 2015*)** (national level). In the Netherlands, *woningcorporaties* have been financially independent since the mid-1990s, which means that they do not receive public support for new social housing projects. In the absence of this direct aid, all of these entities have access to a triple-guarantee system, consisting of the WSW, the *Autoriteit Woningcorporaties* (formerly CFV) and central government and local authorities. This system gives them access to loans on the financial market at very low interest rates, which must be used entirely for social projects, and ultimate support from central and local governments increases investors' confidence in this sector. However, this guarantee system, together with a former lack of strict public control (amended with the *Woningwet 2015*), led to excessive relaxation by some entities, which, by relying too much on the capacity of this safe system to absorb risks resulted in bad practices. Thus, knowing that the risk taken by the *woningcorporatie* will be absorbed either by the other management bodies or by the government (therefore, breaking with the principle of *ubi emolumentum, ibi onus*), which cannot allow the system to fail, may encourage the leaders of these bodies to develop bad financial practices. In other words, this system encourages excessive confidence in making risky investments, since, if something goes wrong, not only will this entity respond, but this system will 'cushion the blow'. See, for example, the case of Vestia in 2012 and its investment in financial derivatives, which ended up with a loss of €3.5 billion. **Strong points:** a) the triple-guarantee system allows *woningcorporaties* to access to loans on the financial market at very low interest rates, which also implies that they do not depend on (non-existent) public funding for new social housing projects. So, they are economically independent. b) The WSW and the *Autoriteit Woningcorporaties* monitor the governance, performance, and financial management condition of *woningcorporaties*. **Weak points:** a) moral hazards and bad financial and capital market practices; b) too much financialisation (see Lesson Learned 3 from the UK); c) *woningcorporaties* could even lose their social housing stock. **Replicability** of this measure is difficult in those

countries that lack harmonised and specific regulation for social housing providers, which includes a registration procedure and a regulatory body. **Changes that should be taken into consideration to make it work:** although strict financial control has existed since 2015, there should be a balance between public control and a certain freedom of action for the housing provider.

2. **Skewness and long waiting lists due to indefinite social tenancies** (national level; long waiting lists, especially in the Randstad conurbation: Amsterdam, Rotterdam, The Hague and Utrecht). Although socially rented housing in the Netherlands has switched to a more targeted model (beneficiaries are obliged not to exceed a maximum income level), the income requirement is not checked again once the tenant has agreed to the tenancy. As many of the social tenancies in the Netherlands are open-ended, this imply that households that no longer meet the requirements to be eligible for social housing (eg because they have seen their income level increase over the years or because the family unit has been reduced) continue to enjoy the low prices offered by the *woningcorporaties* (phenomenon known as skewness), because the mere fact that the tenant increases their incomes does not constitute grounds for termination of the contract. This implies, on one hand, security for the tenant, but, on the other hand, a lack of rotation in the social housing stock and long waiting lists for new housing applicants, which is more pressing in urban areas, such as Amsterdam, with waiting lists that exceed ten years. Regarding all of this, in 2013, a system was implemented to update rents according to household income, implying that households with a higher income level would pay a higher rent than those with a lower income level. **Strong points:** indefinite rental contracts bring stability and security for tenants, and they also help to create mixed communities and avoid stigmatisation. **Weak points:** no turnover (rotation) of socially rented housing, which creates long waiting lists, especially in the most in-demand urban areas. Therefore, there might be people with an urgent housing need on the waiting lists, while middle-/high-income-level households remain in their social housing. In terms of **replicability**,

indefinite tenancies are not recommended in countries with scarce social housing stock. **Changes that should be taken into consideration to make it work:** a) updating the rent system that has already existed since 2013, which needs to be accompanied by more intermediate tenure developments and more private rental dwellings (see Lesson Learned 3); and b) periodic checks on the income levels of social tenants, and amending the rental legislation, so that a certain income increase (and exceeding the maximum income for being eligible as a social tenant) could constitute grounds for termination of the contract.

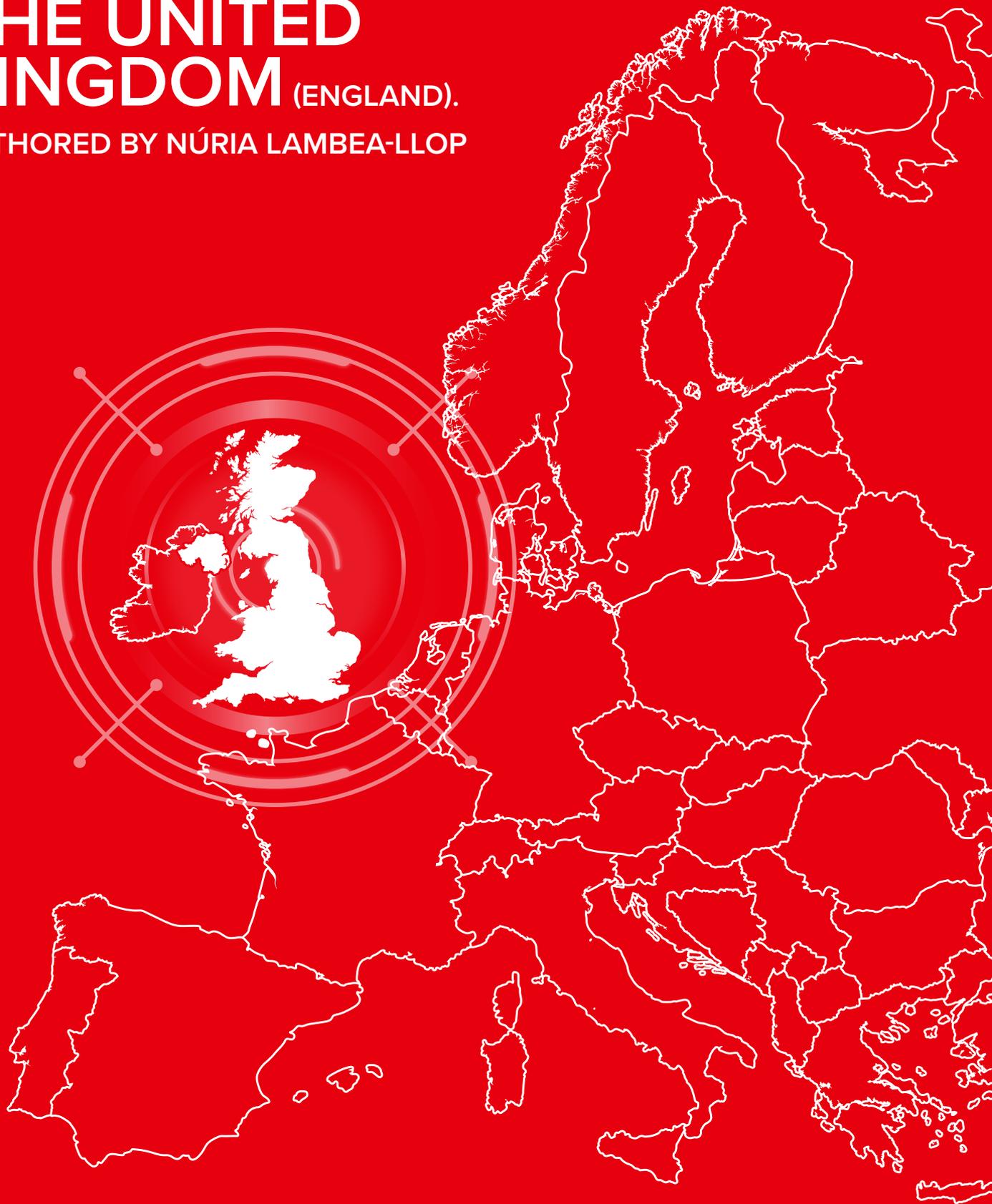
3. **'Squeezed' middle-income households** (national level; especially in the Randstad conurbation: Amsterdam, Rotterdam, The Hague and Utrecht). Although social housing in the Netherlands (currently approximately 30 percent) has been historically allocated without many restrictions, it has been forced to reorient its more universal model of social housing towards a targeted one, due to pressure from the EU Commission to reduce the scope of social housing beneficiaries (European Commission Decision 2012/21/EU). Thus, social housing can only be allocated to households that do not exceed a maximum income threshold (€38,035 per annum in 2019). Amendment of the Housing Act (*Woningwet*) in 2015 prevented *woningcorporaties* from developing commercial activities and determined that low-cost homeownership housing would not be considered as a core activity of *woningcorporaties*; thus, preventing these entities from acting as a revolving fund. Therefore, middle-income households exceed the income ceiling to enter the social housing sector, but, at the same time, they are not eligible for a mortgage, and a private rental is too expensive (most of them are out of the regulated rent scope) or even unavailable. This phenomenon is more accentuated in urban areas, where social rental rates are even higher (approximately 40 percent in Amsterdam and Rotterdam), but, in contrast, there is limited supply and high demand for rental housing in the non-regulated sector. In short, middle-income households are more or less forced to choose between relatively expensive rental housing in the city or buying/renting a more affordable place outside the city. **Strong point:** good public transport links (eg train). **Weak**

**points:** a) a lack of affordable housing for middle-income households, who are being pushed out of cities; b) middle-income households are left out of recent housing policies in the Netherlands; c) *woningcorporaties* are not allowed to act as a revolving fund and offering low-cost homeownership housing is no longer considered as a core activity for them; d) rental housing under regulated rent might be affordable (sometimes households need help from rental allowances), but housing on the non-regulated sector is quite expensive; e) the main urban areas have a high percentages of social housing stock; however, this means that the private rental market is not so large. **Replicability:** a more targeted model of social housing is correct, as long as the country fosters a *continuum* of housing tenures, so that people who are excluded from the social housing sector can still access affordable housing. **Changes that should be taken into consideration to make it work:** a) fostering intermediate tenures, such as *Koopgarant*, even within private developers; and b) fostering private rental housing (in urban areas) that complies with the characteristics of the regulated-rent sector.

# 2.3.

## THE UNITED KINGDOM (ENGLAND).

AUTHORED BY NÚRIA LAMBEA-LLOP



## 2.3. THE UNITED KINGDOM (ENGLAND)

Authored by Núria Lambea-Llo

### 2.3.1. CONTEXTUALISATION OF HOUSING POLICY AND REGULATION

Currently, **social housing** represents **17 percent** of the total housing stock in the country,<sup>173</sup> despite the **privatisation of public dwellings** through the **Right to Buy (RTB)** instrument of Thatcher's government, which enabled public tenants to buy their homes with great discounts. This instrument still exists, and even though sales decreased considerably during the 2007 GFC, they rose again in 2011-12. In 1998, discounts reached their peak, and even if that implied that thousands of people were being offered the possibility to own their properties, it was criticised that the housing sold was not being replaced by new social housing (eg 201,025 units sold in 1982 and only 29,703 public housing units built<sup>174</sup>). More than 1.9 million dwellings have been sold under this scheme, mostly during the 1980s and 90s.<sup>175</sup> RTB transformed public housing into a 'residual' sector acting as a 'safety net' function.<sup>176</sup>

A second privatisation instrument of Thatcher's government was the **Large-Scale Voluntary Transfer (LSVT)** programme, which involved the transfer of all or most of the public housing stock of local authorities to already existing or newly created HAs. Therefore, private HAs were strongly favoured, and tenants had to vote whether HAs should take over the public stock.<sup>177</sup> LSVT has been the main source of HA sector growth of the last 28 years (1.3 million houses were handed to HAs up to 2012, one third of local authorities' housing stock<sup>178</sup>). As a result, HAs are now the main social housing providers and managers, managing 58 percent of the total social housing stock, while local authorities own the remaining 42 percent, mainly through local authorities and Arms-Length Management Organisations (ALMOs).<sup>179</sup> Despite this,

there is a current **rise of for-profit social housing providers**, while private equity funds, real estate investment trusts, and other institutional investors are increasingly entering the affordable housing market (affordable and socially rented, intermediate rent and affordable homeownership/shared ownership), as they see it as a lower yielding but relatively secure investment alternative.<sup>180</sup>

The initial transfer of public housing stock, together with the initial and substantial public funding available, allowed HAs to accumulate a considerable volume of assets, which they have subsequently been able to use as collateral for business dealings in the financial and capital markets (with greater or lesser success) to obtain financing on more favourable terms and to obtain a return when renting (the rents, which are not low, are counter-balanced by strong rental subsidies), selling, demolishing or renovating properties. Larger HAs have become more commercial and market-like businesses, and rely more on bank loans, bonds and cross-subsidies.<sup>181</sup>

A **reduction in public funding** (recent austerity budgets) and the pressure to seek more private financing has resulted in a certain degree of **financialisation** of the social housing management sector. This increases exposure of the sector to the risks linked to complex international financial markets and leads to the necessary professionalisation of the whole sector, allowing the participation of many players, such as banks, consultants, advisors and credit rating agencies, which may end up triggering an increase in rents for social housing. It might also induce some housing providers to focus on more solvent tenants (undertaking pre-tenancy checks) and on activities that are more profitable for them, such as market-rent and low-cost homeownership products.

173 Housing Europe (2019). *The state of housing in the EU 2019*.

174 Guillén-Navarro, N. A. (2010). *La vivienda social en Inglaterra*, Atelier Libros Jurídicos, Barcelona.

175 Whitehead, C. (2014). 'Social housing in England,' in Scanlon, K., Whitehead, C., and Fernández Arrigoitia, M. (eds), *Social Housing in Europe*, John Wiley and Sons, Chichester, 105-120.

176 Preece, J., Hickman, P., and Pattison, B. (2019). "The affordability of 'affordable' housing in England: conditionality and exclusion in a context of welfare reform," *Housing Studies*, <https://doi.org/10.1080/02673037.2019.1653448>.

177 Scanlon, K. (2017). "Social housing in England: affordable vs 'Affordable,'" *Critical Housing Analysis*, 4(1), 21-30.

178 Heywood, A. (2016). *Investing in affordable housing. An analysis of the affordable housing sector*, The Housing Finance Corporation.

179 Housing Europe (2019). *The state of housing in the EU 2019*.

180 Wijburg, G., and Waldron, R. (2020). 'Financialised privatisation, affordable housing and institutional investment: the case of England,' *Critical Housing Analysis*, 7(1), 114-129.

181 Scanlon, K. (2017). "Social housing in England: affordable vs 'Affordable,'" *Critical Housing Analysis*, 4(1), 21-30.

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### 2.3. THE UNITED KINGDOM (ENGLAND)

Moreover, **legislative reforms in welfare** (Welfare Reform Act 2012) have also encouraged the financialisation phenomenon. These reforms (together with fixed-terms tenancies, as explained below) aimed to reduce public spending on welfare, incentivise employment and avoid welfare dependency. A benefit cap has set a limit on the total amount of welfare benefits that a household is entitled to receive; Universal Credit replaces six existing means-tested benefits and tax credits into only one benefit and the 'bedroom tax' reduces housing benefit for those with extra bedrooms. All of these measures have also involved more affordability stresses for low-income social renters, and the number of people whose housing benefit no longer covers all of their rent has increased sharply from 2010 to 2015.<sup>182</sup>

In a nutshell, English social housing providers used to have a targeted model of housing access, but it has been increasingly extended to middle-income households; it has gone from greater to less public control (to avoid being reclassified as public-sector organisations); from more dependence on public financing to a reduction in public aid and an increase in private sources of finance (cross-subsidisation mechanism); and it has gone from only allowing the registration of non-profit organisations to extending it to for-profit ones as well.

While private rental housing has been decreasing throughout Europe, this is not the case in the UK, which has more than doubled in size since the late 1990s.<sup>183</sup> The main reason could be the introduction of **Assured Shorthold Tenancies (ASTs)** (section 19A Housing Act 1988), which have become the default private tenancy in Britain. This implies contracts of between six and 12 months in duration, and so, even though they might facilitate flexibility of the labour market, they eliminate, in contrast, security of tenure, as grounds for ending the tenancy are unlimited.<sup>184</sup> This type of tenancy is becoming the country's leading cause of homelessness.<sup>185</sup> **Homelessness** is an

important issue in the country. Data show how the trend has increased by 72 percent from 2011 to 2019, although this only takes into account the homeless in temporary accommodation.<sup>186</sup>

AST are not generally used in social housing (only for clear temporary needs and in some ASB cases; see sections 20B, 20C and 20D Housing Act 1988<sup>187</sup>). Nevertheless, **flexible tenancies** (two-year minimum duration) were introduced by the Localism Act 2011 and the Housing and Planning Act 2016 made them compulsory for new public secure tenancies (traditionally indefinite). However, the same government already declared that these measures (sections 118-21 and schedule seven Housing and Planning Act 2016) would not be implemented. Thus, flexible tenancies are not mandatory, but they have been fostered and made widespread due to amendments of the regulatory framework for social housing in England from 1 April 2015 (which stops giving priority to open-ended tenancies) and because of the two last (shared-ownership) Affordable Housing programmes 2015-18 and 2016-21. The result is a large increase of affordable housing and a free fall in social housing;<sup>188</sup> even more since the government announced, in 2015, that all social landlords had to cut rents by one percent per annum for four years to reduce the housing benefit bill. Social rents are settled following public regulation, while affordable rents allow up to 80 percent of the market rent value in an area.

In conclusion, the combination of affordable rent products and welfare reforms could price some people out of the social housing sector and push them into a privately rented sector that is expensive, and where security and stability are non-existent. This would be the case in some **London boroughs**,<sup>189</sup> where it is also by far the most expensive place to rent in UK.<sup>190</sup> Even though London has 21 percent of social housing stock, turnover is low and waiting lists are very long. There, (unrelated) people are forced to share accommodation<sup>191</sup> and the homeless are

182 Preece, J., Hickman, P., and Pattison, B. (2019). "The affordability of 'affordable' housing in England: conditionality and exclusion in a context of welfare reform," *Housing Studies*, <https://doi.org/10.1080/02673037.2019.1653448>.

183 Kemp, P. (2015). 'Private renting after the global financial crisis,' *Housing Studies*, 30(4), 601-608.

184 Jordan, M. (2018). 'The British assured shorthold tenancy in a European context: Extremity of tenancy law on the fringes of Europe,' in Schmid, C.U. (ed) *Tenancy Law and Housing Policy in Europe. Towards Regulatory Equilibrium*, Edward Elgar Publishing Limited, Cheltenham and Northampton, 239-259.

185 Kenna, P. et al. (2016). *Pilot project – promoting protection of the right to housing – homelessness prevention in the context of evictions*, VT/2013/056, European Commission-Directorate-General for Employment, Social Affairs and Inclusion, Publications Office of the European Union.

186 Fondation Abbé Pierre and FEANTSA (2020). *Fifth overview of housing exclusion in Europe*.

187 Heywood, A. (2016). *Investing in affordable housing. An analysis of the affordable housing sector*, The Housing Finance Corporation.

188 Ministry of Housing, Communities and Local Government (2019). *Affordable housing supply: April 2018 to March 2019 England*, Housing Statistical Release, London.

189 Preece, J., Hickman, P., and Pattison, B. (2019). "The affordability of 'affordable' housing in England: conditionality and exclusion in a context of welfare reform," *Housing Studies*, <https://doi.org/10.1080/02673037.2019.1653448>.

190 Housing Europe (2019). *The state of housing in the EU 2019*.

191 Ratcliff, J. (2019). 'Tackling London's housing crisis,' in Nijskens, R. et al (eds) *Hot Property: The Housing Market in Major Cities*, Springer, eBook, 15-21.

accommodated either in private units or sent to distant areas of the country with cheaper housing (temporary accommodation is hugely expensive for local authorities, who are required by law to provide accommodation for certain types of households if they become homeless<sup>192</sup>).

Therefore, major housing problems in England (particularly acute in parts of London and the south of England) are related to a **lack of affordability**: price and rent increases in certain (urban) areas, credit access difficulties, lack of affordable and socially rented housing in certain (urban) areas and financial overburden.<sup>193</sup> Accordingly, the UK has a 15.1 percent **housing cost overburden rate**, while the EU-27 average is 9.6 percent.<sup>194</sup>

To overcome this problem, innovative measures are being considered. For example, social landlords suggest **regeneration measures**, whether inserting new buildings between existing blocks, or demolishing and rebuilding entirely (see <https://architectsforsocialhousing.co.uk>). Also, there is an increasing trend towards **public-private partnerships** and **limited liability partnerships** (eg Brighton & Hove and Hyde Housing Group; Greater Manchester Housing Providers). While local authorities have planning authority, housing responsibilities and land (but little budget), HAs have development expertise and access to money (and need planning permission and sites).<sup>195</sup> **London green belt protection** is an added burden, as it restricts land supply in an area where, even though there is a high degree of urbanisation, there are low shares of population living in multifamily houses (although this is changing). It must also be pointed out that some local planning authorities are sacrificing this green belt for the development of new affordable housing.<sup>196</sup>

Another important source for affordable housing is **section 106** of the Town and Country Planning Act 1990, which allows local authorities and developers to negotiate the provision of social or affordable housing units as a condition of planning permission for private development schemes. This planning instrument has allowed 46 percent (approximately 287,700 units) of all affordable units to be delivered between 2005 and 2018;<sup>197</sup> these normally are later purchased by HAs.<sup>198</sup> Although it is a planning policy that favours mixed communities, one inconvenience is that it has a cyclical nature: supply increases sharply during property bubbles (eg 2004-08), but decreases abruptly during recessionary years (eg 2009-11).<sup>199</sup>

Besides that, **other important housing problems** in the UK are the lack of specific unit sizes; the lack of barrier-free housing and, specifically in rental housing, energy poverty and a lack of or deficient rental market regulation. Thus, housing policies mainly aim at achieving efficient housing markets/matching supply and demand, affordable housing and quality of housing.<sup>200</sup> Linked to the last of these, public homes built between the 1960s and 70s became stigmatised and serious problems arose because of poor-quality construction, insufficient maintenance and high concentrations of vulnerable households. Some of those units have recently been renovated or demolished and redeveloped at higher densities as mixed-tenure communities,<sup>201</sup> although some problems have again arisen (eg Grenfell Tower fire).

Last, but not least, Brexit, and the economic insecurities surrounding it, is also starting to have a negative impact on housing, labour and welfare.<sup>202,203</sup>

192 Scanlon, K. (2017). "Social housing in England: affordable vs 'Affordable,'" *Critical Housing Analysis*, 4(1), 21-30.

193 IWU and TUD (2020). *Housing policies in the European Union*, Federal Ministry of the Interior, Building and Community (BMI) and Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR).

194 Data from Eurostat (2018), available at [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Housing\\_statistics](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Housing_statistics).

195 Scanlon, K. (2019). 'Partnerships for Affordable Housing in England,' in Tsenkova, S. (ed), *Housing Partnerships, Cities, Policy and Planning*, Research Series, University of Calgary, Calgary, 87-104.

196 London Green Belt Council (2019). *Further serious loss of London's green belt. 'Safe under us?' – two years on*.

197 Stephens, M. (2019). 'Land value capture through planning and taxation,' in Stephens, M, Perry, J., Williams, P., and Young, G. (eds) *UK Housing Review 2019*. Chartered Institute of Housing, Coventry, 11-18.

198 Scanlon, K. (2019). 'Partnerships for Affordable Housing in England,' in Tsenkova, S. (ed), *Housing Partnerships, Cities, Policy and Planning*, Research Series, University of Calgary, Calgary, 87-104.

199 Stephens, M. (2019). 'Land value capture through planning and taxation,' in Stephens, M, Perry, J., Williams, P., and Young, G. (eds) *UK Housing Review 2019*. Chartered Institute of Housing, Coventry, 11-18.

200 IWU and TUD (2020). *Housing policies in the European Union*, Federal Ministry of the Interior, Building and Community (BMI) and Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR).

201 Scanlon, K. (2019). 'Partnerships for Affordable Housing in England,' in Tsenkova, S. (ed), *Housing Partnerships, Cities, Policy and Planning*, Research Series, University of Calgary, Calgary, 87-104.

202 Housing Europe (2019). *The state of housing in the EU 2019*.

203 Wijburg, G., and Waldron, R. (2020). 'Financialised privatisation, affordable housing and institutional investment: the case of England,' *Critical Housing Analysis*, 7(1), 114-129.

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### 2.3. THE UNITED KINGDOM (ENGLAND)

#### 2.3.2. BEST PRACTICES

BEST PRACTICE 1																												
<b>Title:</b> Public-private partnerships																												
<b>Domain of good practice</b> <ul style="list-style-type: none"> <li>• Access to affordable housing</li> <li>• Social housing</li> <li>• Financing</li> <li>• Others: access to land</li> </ul>																												
<b>Level</b> National, regional and local	<b>Where</b> Eg national partnerships (Homes England with HAs) and specific ones, eg Manchester and Brighton.																											
<b>Instrument</b> Policy/praxis	<b>Reference of the instrument</b> Strategic partnerships and joint ventures (see Strategic Plan 2018/19-2022/23 of Homes England).																											
<b>Financial information</b> <p><b>Homes England partnerships with eight HAs:</b> an additional £1.67 billion for the £9 billion affordable homes programme. Homes England will provide a funding package of just under £590 million to support the first wave of strategic partnerships (to March 2022) with eight HAs.</p> <table border="1"> <thead> <tr> <th>PARTNERSHIP</th> <th>GRANT</th> <th>NO. OF ADDITIONAL AFFORDABLE STARTS TO MARCH 2022</th> </tr> </thead> <tbody> <tr> <td>emh group</td> <td>£30.5m</td> <td>748</td> </tr> <tr> <td>Great Places</td> <td>£29.2m</td> <td>750</td> </tr> <tr> <td>Home Group</td> <td>£85m</td> <td>2,300</td> </tr> <tr> <td>Hyde</td> <td>£95.4m</td> <td>1,623</td> </tr> <tr> <td>L&amp;Q</td> <td>£85m</td> <td>1,724</td> </tr> <tr> <td>Matrix Partnership</td> <td>£77m</td> <td>2,257</td> </tr> <tr> <td>Places for People</td> <td>£74m</td> <td>2,603</td> </tr> <tr> <td>Sovereign/Liverty</td> <td>£111.5m</td> <td>2,275</td> </tr> </tbody> </table> <p>Source: <a href="https://www.gov.uk/government/news/homes-england-agrees-first-wave-of-strategic-partnerships-to-ramp-up-building-of-affordable-homes">www.gov.uk/government/news/homes-england-agrees-first-wave-of-strategic-partnerships-to-ramp-up-building-of-affordable-homes</a>.</p> <p><b>Brighton and Hove partnership:</b> Hyde and Brighton and Hove City Council are equally funding the project, with each partner investing 50% of the total cost (up to £60 million each), to enable the joint venture to buy sites and build housing. The council will use receipts from the sale of properties and will also get a loan from the Public Works Loan Board (which lends at favourable rates to public sector borrowers) to fund their share, so there will be no impact on existing council budgets.</p> <p>The joint venture partners are open to the idea of institutional investment in the vehicle in future.<sup>204</sup></p>		PARTNERSHIP	GRANT	NO. OF ADDITIONAL AFFORDABLE STARTS TO MARCH 2022	emh group	£30.5m	748	Great Places	£29.2m	750	Home Group	£85m	2,300	Hyde	£95.4m	1,623	L&Q	£85m	1,724	Matrix Partnership	£77m	2,257	Places for People	£74m	2,603	Sovereign/Liverty	£111.5m	2,275
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## Impact and beneficiaries

### Beneficiaries

Low-income households; essential workers on lower incomes (in Brighton and Hove).

### Impact

**Partnerships at a national level (Homes England):** Homes England announced (July 2018) strategic partnerships with eight HAs to deliver affordable housing. First wave of 14,280 affordable homes by March 2022.

**Brighton and Hove partnership:** set up to create 1,000 new affordable housing for rent and sale for lower income, local working households in the city. Built over five years: 500 homes available for rent to working Brighton and Hove residents earning the new national living wage and 500 homes available to purchase through shared ownership ([www.brighton-hove.gov.uk/content/planning/major-developments/homes-brighton-hove](http://www.brighton-hove.gov.uk/content/planning/major-developments/homes-brighton-hove)).

**Manchester partnership:** Local authority members could release about £280 million worth of brownfield sites for housing in the next five years. The partnership has been responsible, recently, for about 40% of new homes across greater Manchester.<sup>205</sup>

This partnership house one fifth of people across the region, owning more than 250,000 safe, decent and affordable homes and have built more than 8,000 new homes in the last five years. It contributes £1.2 billion in gross value added to the Greater Manchester economy and supports more than 28,000 full-time jobs across local communities (<https://gmhousing.co.uk/our-ambition-to-deliver/>).

### Description

The existence of an increasing trend towards partnership, fostered politically both national and locally. The purpose is to increase affordable housing provision by joining complementary strengths. On one hand, local authorities have public land and planning authority and housing responsibilities. On the other hand, HAs provide development expertise and a much more business-oriented management that allows them to be economically viable and sustainable.

Fostered nationally through Strategic Partnerships of Homes of England with eight HAs: emh group, Great Places, Home Group, Hyde, L&Q, Matrix Partnership, Places for People, and Sovereign/Liverty.

Moreover, we would like to exemplify two particular cases:

- 1. Homes for Brighton and Hove:** a joint venture between Brighton and Hove City Council and the Hyde group to produce affordable housing (50% for rental and 50% for shared ownership) in Brighton.
- 2. Greater Manchester Housing Providers:** a partnership made up of 25 housing providers, including mainly HAs, but also ALMOs and local authority housing departments (see all of them at <https://gmhousing.co.uk/partnerships/providers/>). It set up a joint venture called Athena to deliver commercial activities, job training and apprenticeships, and is working on a residential development joint venture to work in partnership with the Greater Manchester Combined Authority (GMCA), which will not replace current affordable housing delivery, but will add to it and expand the offer to the whole of the housing market. The ambition for the joint venture alone is to build 500 homes a year.

205 Scanlon, K. (2019). 'Partnerships for Affordable Housing in England,' in Tsenkova, S. (ed), *Housing Partnerships, Cities, Policy and Planning*, Research Series, University of Calgary, Calgary, 87-104.

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<p><b>Results (including pros and cons)</b></p> <p><b>Pros</b></p> <ul style="list-style-type: none"><li>- Joining resources and ring-fencing;</li><li>- Local authorities retain some control over their assets and benefit from the income stream they generate (instead of selling the land);</li><li>- Local authorities and HAs combine their own strong features and complement their weak points;</li><li>- Lobbying national/regional/local government on housing (and related) issues and/or policies;</li><li>- More control over the allocation of central government funding for affordable housing within an area.</li></ul> <p><b>Cons</b></p> <ul style="list-style-type: none"><li>- Joint ventures share rewards, but also risks;</li></ul> <p>It removes competition in the social/affordable housing sector.</p>	
<p><b>Official declarations of policymakers (if any)</b></p> <p>Homes England CEO Nick Walkley: “When we launched Homes England, I called on HAs to work with us to develop ambitious strategic partnerships that would help them to get on and build significantly more affordable homes than they were previously planning. After a huge amount of hard work, these new deals show our real determination to combine ambition, flexibilities and the full range of our resources to change the way we deliver affordable homes.”</p> <p>David Orr, Chief Executive of the National Housing Federation: “These strategic partnerships give ambitious HAs the investment and flexibility they need to help increase the supply of new homes. We have been clear for many years that this will be a huge help in increasing delivery, and these partnerships are a testament to HAs’ determination to build many more new homes.”</p> <p>Source: <a href="http://www.gov.uk/government/news/homes-england-agrees-first-wave-of-strategic-partnerships-to-ramp-up-building-of-affordable-homes">www.gov.uk/government/news/homes-england-agrees-first-wave-of-strategic-partnerships-to-ramp-up-building-of-affordable-homes</a>.</p>	
<p><b>Grounds for success</b></p> <ol style="list-style-type: none"><li>1. Lack of land for private (social) developers to build social/affordable housing, but there is still public land.</li><li>2. Both entities benefit from the partnership: they share their strong points and compensate for their weak ones.</li><li>3. Strong political determination (and public budget) to foster and consolidate these partnerships.</li></ol>	<p><b>Obstacles encountered</b></p> <ol style="list-style-type: none"><li>1. Management of the partnership.</li><li>2. Need for public funding/grants.</li></ol>

## BEST PRACTICE 2

**Title:** Cross-subsidisation of HAs

**Domain of good practice**

- Financing

**Level**

Scope of the HA

**Where**

Scope of the HA

**Instrument**

Law and policy

**Reference of the instrument**

Housing Act 1988

**Financial information**

No need for public funding. HAs use it as a mechanism to fund their future social/affordable housing projects when public funding is scarce.

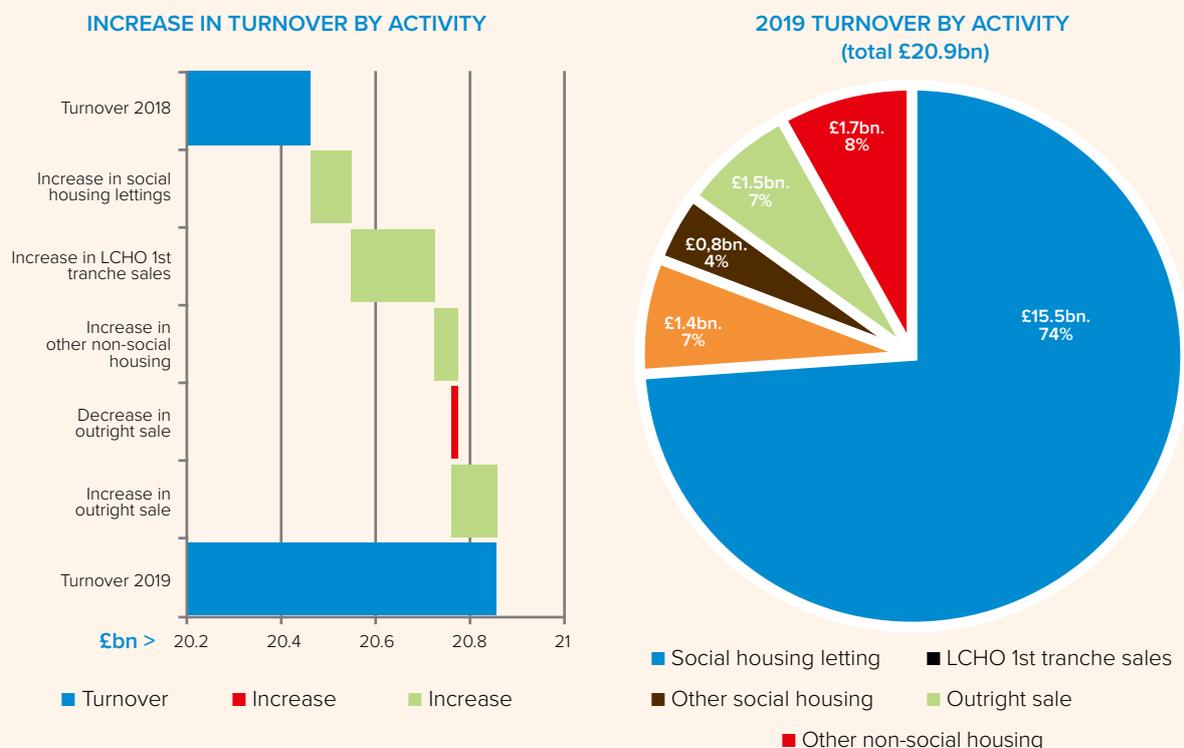
**Impact and beneficiaries**

**Beneficiaries**

HAs and beneficiaries of the new social/affordable housing build (low-income households).

**Impact**

**Figure 3: Turnover split and growth (consolidated)**



Source: Regulator of social housing (2019). 2019 Global Accounts of private registered providers.

## CHAPTER 2. COUNTRY STUDIES

### 2.3. THE UNITED KINGDOM (ENGLAND)

<p><b>Description</b></p> <p>HAs need (and are allowed) to diversify their portfolio of activities to meet their social objectives, especially in recent years, when public funding for new investments has been considerably reduced. Thus, together with social housing activity, housing is offered on the private market, both for rent and ownership (or access through intermediate tenures) or through a rent-to-buy scheme. Also, other commercial activities may even be offered, such as the rental of premises and the construction of other types of complexes, such as hotels. This mechanism, known as 'cross-subsidisation', allows the profits of the non-social activities to be reinvested in social housing.</p>	
<p><b>Results (including pros and cons)</b></p> <p><b>Pros</b></p> <ul style="list-style-type: none"> <li>- Source of income (not depending on public budget or other private investment sources) and portfolio diversification;</li> <li>- Economic sustainability;</li> <li>- Non-stop investment in the social housing sector, even though public grants decrease abruptly;</li> <li>- Mixed communities, which prevents stigmatisation and ghettoisation;</li> <li>- Wide range of services and types of tenures/housing offered, reaching a broad section of the population, not only the most vulnerable groups.</li> </ul> <p><b>Cons</b></p> <ul style="list-style-type: none"> <li>- Too much risk when using social housing as collateral upon entering financial and capital markets;</li> <li>- Risk to get too market/business-oriented and reach an undesired financialisation level;</li> <li>- Risk of being considered unfair competition (as in NL);</li> <li>- Not all organisations are big enough (in terms of money and skilled personnel) to undertake this cross-subsidisation mechanism.</li> </ul>	
<p><b>Official declarations of policymakers (if any)</b></p>	
<p><b>Grounds for success</b></p> <ol style="list-style-type: none"> <li>1. Continuous cutbacks in the public budget invested in the social housing sector.</li> <li>2. Need for a continuum of housing tenures, to provide housing for different kind of households.</li> </ol>	<p><b>Obstacles encountered</b></p> <ol style="list-style-type: none"> <li>1. Importance of monitoring the cross-subsidisation mechanism, so the commercial activities are not financed by public money (unfair competition).</li> <li>2. Too strict a division might jeopardise cross-subsidisation or the revolving fund mechanism (eg in NL).</li> <li>3. Difficult public monitoring when organisation structures get too complex (eg ring-fenced).</li> <li>4. Need for skilled workers.</li> <li>5. Need for mediation services if mixed projects are built.</li> </ol>

### BEST PRACTICE 3

**Title:** Section 106 of the 1990 Town and Country Planning Act

#### Domain of good practice

- Access to affordable housing
- Social housing
- Financing
- Others: pepper-potting

#### Level

National

#### Where

UK (England and Wales)

#### Instrument

Law

#### Reference of the instrument

Town and Country Planning Act, 24 May 1990.  
c. 8.

#### Financial information

Recently, the vast majority of s.106 funded units were nil grant. Delivery of affordable homes funded through s.106 nil grant agreements accounted for nearly half of all affordable homes delivered in 2017-18 and 2018-19 (48% and 49%, in 2017-18 and 2018-19, respectively).<sup>206</sup>

Private developers compensate (mostly during property bubble periods) for the additional costs involved in these affordable units with high land prices.

#### Impact and beneficiaries

##### Beneficiaries

Affordable housing for people who cannot access the private housing market (lately, shifting toward the provision of units for affordable rent or shared ownership).

##### Impact

Data from recent years: 287,700 units (approximately) delivered between 2005 and 2018, representing, on average, up to 46% of all affordable units.<sup>207</sup>

<sup>206</sup> Ministry of Housing, Communities and Local Government (2019). *Affordable housing supply: April 2018 to March 2019 England*, Housing Statistical Release, London.

<sup>207</sup> Stephens, M. (2019). 'Land value capture through planning and taxation,' in Stephens, M, Perry, J., Williams, P., and Young, G. (eds) *UK Housing Review 2019*. Chartered Institute of Housing, Coventry, 11-18.

## CHAPTER 2. COUNTRY STUDIES

### 2.3. THE UNITED KINGDOM (ENGLAND)

**Table 1.** Section 106 completions by housing tenure (data from Table 1000C<sup>208</sup>)

ENGLAND	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
<b>Social Rent, of which:</b>	<b>27 087</b>	<b>26 810</b>	<b>23 955</b>	<b>22 661</b>	<b>21 674</b>	<b>23 633</b>	<b>24 683</b>	<b>29 643</b>	<b>31 122</b>	<b>33 491</b>
Section 106 (partial grant) <sup>10</sup>	0	0	0	0	0	0	0	0	0	0
Section 106 (nil grant) <sup>4,10</sup>	750	1 068	723	1 575	1 526	2 554	2 752	3 444	3 438	2 143
<b>London Affordable Rent, of which:</b>	<b>..</b>	..	..	..	..	..	..	..	..	..
Section 106 (nil grant) <sup>4,10</sup>	..	..	..	..	..	..	..	..	..	..
<b>Affordable Rent, of which:</b>	<b>..</b>	..	..	..	..	..	..	..	..	..
Section 106 (partial grant) <sup>10</sup>	..	..	..	..	..	..	..	..	..	..
Section 106 (nil grant) <sup>4,10</sup>	..	..	..	..	..	..	..	..	..	..
<b>Intermediate Rent<sup>9</sup>, of which:</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>284</b>	<b>1 513</b>	<b>1 675</b>	<b>1 201</b>	<b>1 109</b>	<b>1 707</b>	<b>2 562</b>
Section 106 (partial grant) <sup>10</sup>	..	..	..	0	0	0	0	0	0	0
Section 106 (nil grant) <sup>4,10</sup>	..	..	..	0	0	0	0	0	0	0
<b>Shared Ownership<sup>3</sup>, of which:</b>	<b>..</b>	..	..	..	..	..	..	..	..	..
Section 106 (partial grant) <sup>10</sup>	..	..	..	..	..	..	..	..	..	..
Section 106 (nil grant) <sup>4,10</sup>	..	..	..	..	..	..	..	..	..	..
<b>Affordable Home Ownership<sup>3</sup>, of which:</b>	<b>6 072</b>	<b>6 205</b>	<b>8 968</b>	<b>15 124</b>	<b>14 283</b>	<b>20 687</b>	<b>18 429</b>	<b>22 424</b>	<b>22 963</b>	<b>22 244</b>
Section 106 (partial grant) <sup>10</sup>	0	0	0	0	0	0	0	0	0	0
Section 106 (nil grant) <sup>4,10</sup>	451	1 061	1 253	1 551	1 896	3 809	4 443	4 916	3 440	1 586
<b>Unknown tenure, of which:</b>	<b>0</b>	0	0	0	0	0	0	0	0	0
Section 106 (nil grant) <sup>4,10</sup>	0	0	0	0	0	0	0	0	0	0
<b>All affordable<sup>8</sup></b>	<b>33 159</b>	<b>33 015</b>	<b>32 923</b>	<b>38 069</b>	<b>37 470</b>	<b>45 995</b>	<b>44 313</b>	<b>53 176</b>	<b>55 792</b>	<b>58 297</b>

ENGLAND	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
<b>Social Rent, of which:</b>	<b>39 562</b>	<b>37 677</b>	<b>17 580</b>	<b>10 924</b>	<b>9 331</b>	<b>6 798</b>	<b>5 895</b>	<b>6 742</b>	<b>6 338</b>
Section 106 (partial grant) <sup>10</sup>	0	0	0	0	511	30	0	38	38
Section 106 (nil grant) <sup>4,10</sup>	1 902	2 601	3 040	3 333	3 118	3 164	2 754	3 918	3 622
<b>London Affordable Rent, of which:</b>	<b>..</b>	<b>..	..	..	..	..	..	103</b>	<b>1 002</b>
Section 106 (nil grant) <sup>4,10</sup>	..	..	..	..	..	..	..	44	551
<b>Affordable Rent, of which:</b>	<b>..</b>	<b>1 146</b>	<b>7 181</b>	<b>19 966</b>	<b>40 860</b>	<b>16 549</b>	<b>24 373</b>	<b>26 922</b>	<b>28 938</b>
Section 106 (partial grant) <sup>10</sup>	..	0	0	0	1 029	233	248	236	68
Section 106 (nil grant) <sup>4,10</sup>	..	41	1 519	3 698	5 603	3 529	8 064	9 947	12 545
<b>Intermediate Rent<sup>9</sup>, of which:</b>	<b>4 523</b>	<b>2 055</b>	<b>1 340</b>	<b>1 294</b>	<b>1 105</b>	<b>1 697</b>	<b>938</b>	<b>791</b>	<b>1 393</b>
Section 106 (partial grant) <sup>10</sup>	0	0	0	0	0	0	0	0	0
Section 106 (nil grant) <sup>4,10</sup>	0	140	275	501	806	1 123	735	538	830
<b>Shared Ownership<sup>3</sup>, of which:</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>..</b>	<b>11 128</b>	<b>4 084</b>	<b>9 021</b>	<b>11 048</b>	<b>17 021</b>
Section 106 (partial grant) <sup>10</sup>	..	..	..	..	580	129	51	195	92
Section 106 (nil grant) <sup>4,10</sup>	..	..	..	..	3 461	1 828	5 606	7 010	8 982
<b>Affordable Home Ownership<sup>3</sup>, of which:</b>	<b>17 004</b>	<b>17 468</b>	<b>16 976</b>	<b>10 940</b>	<b>3 535</b>	<b>3 486</b>	<b>1 968</b>	<b>1 459</b>	<b>2 460</b>
Section 106 (partial grant) <sup>10</sup>	0	0	0	0	0	0	0	0	0
Section 106 (nil grant) <sup>4,10</sup>	1 589	1 799	2 749	4 040	2 149	2 864	1 095	1 151	1 195
<b>Unknown tenure, of which:</b>	0	0	0	0	0	0	<b>0</b>	<b>4</b>	<b>33</b>
Section 106 (nil grant) <sup>4,10</sup>	0	0	0	0	0	0	0	4	33
<b>All affordable<sup>8</sup></b>	<b>61 089</b>	<b>58 346</b>	<b>43 077</b>	<b>43 124</b>	<b>65 959</b>	<b>32 614</b>	<b>42 195</b>	<b>47 069</b>	<b>57 185</b>

208 Source: Ministry of Housing, Communities and Local Government (2019). *Affordable housing supply: April 2018 to March 2019* England, Housing Statistical Release, London.

### Description

Section 106 of the Town and Country Planning Act 1990 allows local authorities to ask for contributions to local infrastructure and/or the provision of social/affordable housing units in order for private developers to get planning permission. Both the local authority and the private developer negotiate the type of infrastructure and its percentage of the whole construction. The number of affordable homes provided on a particular site will be determined by the local authority's planning policy and negotiations with the developer.

Then, the private developer usually either builds affordable housing and sells it to a HA (for its existing use value), or sells the land directly to the latter at a reduced price for the HA to carry out construction (the HA usually has public subsidies to acquire or build these social/affordable units).

All this is possible thanks to the English urban planning system, where development rights are separated from land ownership. Thus, the government owns these development rights, regardless of who owns the land, and each development plan requires a public permit.

**New proposal:** "We believe that the current system of planning obligations under section 106 should be consolidated under a reformed, extended 'Infrastructure Levy'."

(Planning for the future. White Paper, August 2020 [www.gov.uk/government/consultations/planning-for-the-future](http://www.gov.uk/government/consultations/planning-for-the-future)).

### Results (including pros and cons)

#### Pros

- Achieving a high percentage of new affordable housing;
- Mixed communities: building private properties next to affordable/social ones. Also, it gives the opportunity to build affordable housing in more expensive areas not associated with this type of housing;
- Mostly private financing with nearly no public funding.

#### Cons

- Cyclical nature of the section 106 planning instrument: an increase during property bubble years (2004-08) and an abrupt fall during recessionary years (2009-11);
- Complex (and long and costly) negotiations: lack of transparency. Developers (and their lawyers) can take advantage of the lack of negotiation skills of some local authorities. They are able to reduce the commitments imposed, as otherwise some projects would be stalled.

### Official declarations of policymakers (if any)

"Section 106 is all we have got – rip it up and you will deliver no affordable housing." Hugh Ellis, Policy Director at the Town and Country Planning Association [www.insidehousing.co.uk/news/news/sector-warns-government-against-axing-section-106-in-planning-overhaul-67400](http://www.insidehousing.co.uk/news/news/sector-warns-government-against-axing-section-106-in-planning-overhaul-67400).

#### Grounds for success

1. Private developers will keep constructing.
2. Existence of HAs that buy those affordable units to manage them.

#### Obstacles encountered

1. Complex negotiations: too complex (and lack of transparency) for some local authorities.
2. Projects might get stuck if the developer does not get what it wants (its interests are above public interests).
3. No construction during an economic crisis: no economic viability.
4. Lack of public funding to compensate for the additional cost involved.

## CHAPTER 2. COUNTRY STUDIES

### 2.3. THE UNITED KINGDOM (ENGLAND)

BEST PRACTICE 4	
<b>Title:</b> Church Property and Housing Programme	
<b>Domain of good practice</b> <ul style="list-style-type: none"> <li>• Social housing</li> <li>• Integration of disadvantaged groups (elderly, youth, migrants) – social cohesion</li> <li>• Climate, environment and resource efficiency</li> <li>• Others: tackle homelessness</li> </ul>	
<b>Level</b> Regional	<b>Where</b> UK (Scotland)
<b>Instrument</b> Praxis	<b>Reference of the instrument</b> Partnership
<b>Financial information</b> <p>The Scottish government (major contributor) provides 30% of the income. There is also income from member denominations, trusts, and supporters.</p> <p>Eg Project 'Kingcase Church of Scotland'</p> <ul style="list-style-type: none"> <li>- Total cost: £1.2 million;</li> <li>- Supported by grants from the Scottish government and South Ayrshire council.</li> </ul> <p>See information on the Church of Scotland Glebe Project at <a href="https://ruralhousingscotland.org/past-projects/iona">https://ruralhousingscotland.org/past-projects/iona</a>.</p>	
<b>Impact and beneficiaries</b> <p><b>Beneficiaries</b></p> <p>Vulnerable homeless people in Scotland, including prison and care leavers, people with addictions, poor mental health and those who are fleeing violence.</p> <p><b>Impact</b></p> <p>Three projects undertaken, with the assistance of the Scottish Churches Housing Action:</p> <ol style="list-style-type: none"> <li>1. Kingcase Church of Scotland project (completed in 2010): ten flats and two houses;</li> <li>2. Granton United Church project (completed in 2011): new church, along with 16 one-bedroom flats, two two-bedroom flats and four two-bedroom houses;</li> <li>3. Church of Scotland Glebe project (completed in 2016): five affordable units.</li> </ol> <p>Apart from that, the potential impact is transformational, as research carried out in 2008 accounted for over 4,000 protected ecclesiastical structures, plus an estimated 6,000 to 10,000 unprotected buildings, of which the greatest number is owned by the Church of Scotland.</p>	

<p><b>Description</b></p> <p>The Church Property and Housing Programme is one of the actions developed by the Scottish Churches Housing Action, a partnership that gathers the main Christian denominations and organisations in Scotland, a company limited by guarantee and a registered charity. The aim is to link churches with housing bodies (developers, providers, public or private), so that they can provide suitable redundant or under-used church properties for affordable housing development. Thus, this partnership is a unique opportunity to bring together churches and housing organisations to address, together, the need for affordable housing and to tackle homelessness.</p> <p>More information: <a href="http://www.churches-housing.org">www.churches-housing.org</a>.</p>	
<p><b>Results (including pros and cons)</b></p> <p><b>Pros</b></p> <ul style="list-style-type: none"> <li>- Using redundant or under-used church properties (in central locations in towns and villages) to develop new affordable housing; tackling the shortage of affordable housing as well as homelessness; meeting different interests (tackling homelessness and shortage of affordable housing, looking for properties and land) of existing entities in Scotland.</li> </ul> <p><b>Cons</b></p> <ul style="list-style-type: none"> <li>- High costs in general and the need for public grants or subsidies.</li> </ul>	
<p><b>Official declarations of policymakers (if any)</b></p> <p>Councillor (Hugh) Hunter said, "I'm delighted that Ayrshire Housing has been able to secure more much needed housing for rent through developing a successful partnership with the Kingcase Parish Church. We also see the benefits of the longstanding relationship between Ayrshire Housing and the council, which has ensured housing especially designed for people leaving residential care in the majority of its new housing developments" (<a href="http://www.ayrshirehousing.org.uk/2010/03/04/observer-court-completes/">www.ayrshirehousing.org.uk/2010/03/04/observer-court-completes/</a>).</p>	
<p><b>Grounds for success</b></p> <ol style="list-style-type: none"> <li>1. Network work – a <b>bridge</b> between two interests: a) churches, to make good use of their redundant and under-used properties; and b) local authorities, HAs or other housing providers that need land or properties.</li> <li>2. The partnership looks out for the organisations' interests in often complex negotiations.</li> <li>3. This partnership works in every part of Scotland, so it is a <b>benchmark</b> for all those organisations looking for land/housing or wanting to offer unused properties.</li> <li>4. General <b>lack of land</b> in some areas of Scotland to develop new affordable housing.</li> <li>5. Using <b>unused</b> infrastructures (resource efficiency).</li> <li>6. Church buildings tend to be in central locations in towns and villages and are therefore in areas where people want to live.</li> <li>7. Mixed communities.</li> </ol>	<p><b>Obstacles encountered</b></p> <ol style="list-style-type: none"> <li>1. High costs.</li> <li>2. Need for public grants or subsidies.</li> <li>3. Lots of churches are listed buildings and therefore are very difficult and expensive to develop, which makes the involvement of HAs difficult, as they have to justify all costs in a development.</li> </ol>

## CHAPTER 2. COUNTRY STUDIES

### 2.3. THE UNITED KINGDOM (ENGLAND)

BEST PRACTICE 5									
<b>Title:</b> Shared ownership									
<b>Domain of good practice</b>									
<ul style="list-style-type: none"> <li>• Access to affordable housing</li> <li>• Social housing</li> <li>• Financing</li> </ul>									
<b>Level</b>					<b>Where</b>				
National					UK (England)				
<b>Instrument</b>					<b>Reference of the instrument</b>				
Law					Sections 68-71 Housing and Regeneration Act 2008 c.17				
<b>Financial information</b>									
<b>Table 2.</b> Shared ownership and affordable housing programme 2016 to 2021 funding <sup>209</sup>									
		AFFORDABLE HOME OWNERSHIP HOMES		AFFORDABLE RENT HOMES		SOCIAL RENT HOMES		TOTAL HOMES	
Homes England Operating Area	Funding (£)	Grant funded	Nil grant	Grant funded	Nil grant	Grant funded	Nil grant	Grant funded	Nil grant
Midlands	428,431,869	5,122	738	6,327	2,213	531	26	11,980	2,977
North East, Y & H	394,140,886	4,950	520	6,049	1,723	81	11	11,080	2,254
North West	551,118,980	7,040	477	7,546	1,183	789	148	15,375	1,808
South East	392,960,603	7,410	6,998	2,650	10,928	823	60	10,883	17,986
South West	307,618,142	5,082	1,356	2,395	6,033	748	366	8,225	7,755
<b>TOTAL</b>	<b>2,074,270,480</b>	<b>29,604</b>	<b>10,089</b>	<b>24,967</b>	<b>22,080</b>	<b>2,972</b>	<b>611</b>	<b>57,543</b>	<b>32,780</b>
<b>Impact and beneficiaries</b>									
<b>Beneficiaries</b>									
<ol style="list-style-type: none"> <li>1. Households with middle incomes that want to access a secure and stable tenure, but without getting over-indebted.</li> <li>2. Prior social tenants whose economic situation has improved (avoiding skewness).</li> <li>3. Households whose family income is too high to access the social rent sector, but too low to access the private housing market without becoming over-indebted.</li> </ol>									
<b>Impact</b>									
From 2014 to 2019, 52,302 shared-ownership units were completed (Table 1000C <sup>210</sup> ).									

209 Source: Homes England (2020). *2016 to 2021 shared ownership and affordable homes programme summary: end of September 2019*. London.

210 Ministry of Housing, Communities and Local Government (2019). *Affordable housing supply: April 2018 to March 2019 England*, Housing Statistical Release, London.

## Description

Legally established as a way to access to affordable social housing, together with the equity percentage scheme and the shared ownership trust.

This type of intermediate tenure enables the gradual (and affordable) acquisition of homeownership (known as staircasing), ie, it allows a percentage of the property of the dwelling (normally between 36% and 40%) to be bought, while the remaining share is owned by the seller (eg a HA), to which the buyer pays a rent proportional to the value of the property (normally consisting of 2.5% and 3% of the percentage retained by the entity). Then, the buyer has the chance of attaining the outright ownership of the property in a phased manner, whenever their economic situation improves.

Although the buyer does not own the entire property, they are responsible for all maintenance and repair works required. Shared ownership can be offered in combination with other schemes, such as the right to acquire of HAs or rent to buy, a programme focused mainly on young workers, so that they can save while renting to be able to access homeownership. This consists of offering an affordable rent (80% of the market price) for a maximum of seven years, after which time the person can buy the dwelling (eg through a shared ownership) or terminate the rental contract.

## Results (including pros and cons)

### Pros

- An affordable way to access homeownership;
- Support of HAs;
- An opportunity to sell affordable rental units to sitting tenants;
- Source of cross-subsidisation to fund social rental housing (economic viability for the entity);
- Diversify the entity portfolio of activities and sources of income;
- Bridging the gap between full homeownership and rental housing: continuum of tenures, so that households can choose the tenure that fits best to their economic and personal situation;
- It helps social housing turnover and becomes a solution/option to the skewness problem in the social housing sector;
- Mixed developments, which allow the creation of a social mixture: combining different types of tenures not only in the same area, but in the same building.

### Cons

- Complex and difficult to understand (complexity of the leasehold and freehold estates of land). Lack of information and understanding by consumers;
- Some households can get stuck if they do not see their incomes increase;
- Not accessible for low-income households with no expectations of economic growth.

## Official declarations of policymakers (if any)

### Grounds for success

1. Strong role of HAs in the social/affordable housing market: they are entities able to provide this scheme, from an economic point of view, as well as the personal support point of view.
2. Homeownership is the most desired way to access housing.
3. Source of financing, when public funding is scarce. Diversifying portfolio activities as well as income sources. Source of liquidity.
4. Solution for the 'squeezed' middle-income households, which is important in an international and European trend to focus social housing on the most vulnerable groups.

### Obstacles encountered

1. Complex scheme and difficult to understand: leasehold and freehold estates in land.
2. People can get stuck if their income does not evolve (difficulty to staircase).
3. High default rates.
4. Richardson v Midland Heart Ltd Judgment 12 November 2007, case of a shared-ownership on a leasehold: rent default can lead to termination of the contract without the buyer getting anything in return (unlike a foreclosure) and they may also have to face a mortgage default.
5. Property value decreases as the agreed term passes, which may affect the possibility of obtaining mortgage loans to acquire successive portions.

## CHAPTER 2. COUNTRY STUDIES

### 2.3. THE UNITED KINGDOM (ENGLAND)

BEST PRACTICE 6	
<b>Title:</b> Regulatory judgements of Registered Providers (RPs) – Regulator of Social Housing (RSH)	
<b>Domain of good practice</b> <ul style="list-style-type: none"> <li>• Social housing</li> <li>• Financing</li> <li>• Others: quality of social housing and its services; control of economic and management standards of RPs</li> </ul>	
<b>Level</b> National	<b>Where</b> UK (England and Wales)
<b>Instrument</b> Law and policy	<b>Reference of the instrument</b> Housing and Regeneration Act 2008, c. 17.  Regulatory Framework for Social Housing in England from 1 April 2015
<b>Financial information</b> Part of the public budget aimed to finance the RSH.	
<b>Impact and beneficiaries</b> Same entities and beneficiaries of the housing they manage. Public Administration as well.	
<b>Description</b>  Regulatory judgements and notices are the regulator’s official view of a provider, in relation to how well they are meeting regulatory standards (economic and consumer ones; see <a href="http://www.gov.uk/guidance/regulatory-standards">www.gov.uk/guidance/regulatory-standards</a> ). These evaluations are carried out yearly and only on those RPs that own and/or manage 1,000 homes or more. They show governance and viability grading (G and V) and are of public access. These evaluations are of special interest to those agents interested in investing in this sector, since they show a public assessment of the state of economic soundness and governance in which an entity is, making it an attractive and low-risk investment.  More information: <a href="http://www.gov.uk/government/publications/regulatory-judgements-and-regulatory-notice">www.gov.uk/government/publications/regulatory-judgements-and-regulatory-notice</a> .	
<b>Results (including pros and cons)</b> <p><b>Pros</b></p> <ul style="list-style-type: none"> <li>- Transparency within the housing sector;</li> <li>- In-depth public monitoring;</li> <li>- Data and statistics;</li> <li>- Encourages RPs to perform according to the regulatory standards.</li> </ul> <p><b>Cons</b></p> <ul style="list-style-type: none"> <li>- Bad results might imply a loss of interest from investors (big pressure on the entities, which can go through periods of slumps).</li> </ul>	
<b>Official declarations of policymakers (if any)</b>	

<b>Grounds for success</b>	<b>Obstacles encountered</b>
<ol style="list-style-type: none"><li>1. In-depth analysis and very helpful guidance for RPs on how to meet the regulatory standards, which, at the same time, implies a healthy performance economically and in terms of management and quality of the service.</li><li>2. Useful for investors.</li><li>3. Good for data and statistics.</li><li>4. Useful when allocating public grants to these entities.</li></ol>	

## CHAPTER 2. COUNTRY STUDIES

### 2.3. THE UNITED KINGDOM (ENGLAND)

#### 2.3.3 LESSONS LEARNED

1. **Monitoring of the RPs by the RSH** (national level; England and Wales). In England and Wales, all social/affordable housing providers need to be registered as 'RPs'. Regulation has evolved, and now, some public entities and for-profit entities can also register. Thus, to register as a RP, entities must meet the following two requirements: operate as a social housing provider in England and/or Wales or provide clear evidence of the intention to become a provider and meet the requirements imposed by the regulator, mainly based on economic viability and governance standards and the availability of management mechanisms that allow compliance with the rest of the regulations. Being registered as a RP entails being compelled to follow legislation and regulation (mainly, the Housing and Regeneration Act 2008 and the Regulatory Framework for Social Housing in England from 1 April 2015, which is made up of economic and consumer regulatory standards, codes of practice and regulatory guidelines<sup>211</sup>), but it also gives the opportunity to access public funds (eg the Affordable Housing Programme). To ensure that RPs comply with their regulations, they are monitored by a public body called the RSH. To protect the social housing sector and their beneficiaries, RPs are not entitled to freely decide to deregister. Voluntary deregistration is only allowed when the RSH can ensure that tenants are protected and that public funds are not misappropriated. **Strong points:** a) public monitoring of entities offering the right to housing and of the public funds allocated (important to foster the quantity and quality of affordable housing built/managed); b) public support and intervention can prevent RPs from becoming bankrupt; and c) RPs have codes of practice and regulatory guidelines that help them to comply with all regulations. **Weak points:** a) classified and/or considered as 'public non-financial corporations', which also means a loss of private independence, in terms of RP management and activities. Reclassification of English HAs by the Office for National Statistics in 2015. They became public non-financial corporations, a classification used for the purposes of public accounting and other financial statistics of this office. The reason for this was the greater influence that the English legislation of 2008 and 2011 (Housing and Regeneration Act

and Localism Act respectively) gave to public administration over certain management functions of HAs, such as the power to intervene in the management of the entity, in its dissolution or restructuring, and the power to consent or refuse consent to the disposal of its assets. For practical purposes, the short-term consequences were not very visible, but in the long term they could have led to an increase in public control (and restriction) over the spending and borrowing of these entities, thus losing some of their autonomy of action. However, the British government's intention to reclassify HAs as private bodies was implemented through an amendment and reduction of the powers mentioned above through the Housing and Planning Act 2016, and since 2018 HAs have returned to private status (private non-financial corporations). b) Moral hazard (too big to fail). Public support can imply excessive confidence in entities when making risk investments, since the state cannot allow this sector to fall, eg Cosmopolitan Housing Group case. **Replicability** of this measure is possible, but it is important to have a basic regulation for all (social) housing providers nationally, and then, the possibility to specify it regionally. Also, there is the need for a public body to regulate and monitor them. **Positive (successful) lessons:** a) structure of the social housing sector and b) existence of a harmonised regulation that allows for good practices in this sector. **Changes that should be taken into consideration to make it work:** importance of balancing public monitoring and intervention with a certain freedom of action for the housing provider.

2. **Dependence on the welfare system** (national level; England and Wales). Between 2008-09 and 2014-15, the proportion of private renters in receipt of housing benefit increased steadily from 19 to 27 percent; since then, the proportion has declined to its current level of 20 percent. Among social renters, the proportion in receipt of housing benefit increased between 2008-09 and 2012-13 (from 59 to 66 percent); since then, the proportion has dropped to 57 percent (English Housing Survey 2018-19<sup>212</sup>). For many of those social renters, housing benefit covered the entire rent. Housing benefit in England has been perceived as a supplement

211 available at [www.gov.uk/government/collections/regulatory-framework-requirements](http://www.gov.uk/government/collections/regulatory-framework-requirements)

212 Ministry of Housing, Communities and Local Government (2019). *Affordable housing supply: April 2018 to March 2019 England*, Housing Statistical Release, London.

to the family's income, rather than to finance housing. However, the number of those whose housing benefit no longer covers all of their rent has increased sharply from 2010 to 2015. Both the dependence on housing benefit and open-ended social tenancy contracts have led to a carelessness towards seeking jobs or even taking up some kind of labour formation/career. In more detail, high costs for the UK government and dependence on the welfare system have led to a set of legal amendments: a) welfare reform (benefit cap + universal credit + bedroom tax); b) a decrease in social rent by one percent per year and c) flexible tenancies instead of open-ended tenancy contracts. Therefore, the government's objective is mainly to reduce public costs, incentivise employment and avoid welfare dependency. **Strong point:** Avoiding overindebtedness and helping housing to be affordable both in the private and social rental sectors. **Weak points:** a) high public expenditure; b) lack of incentive to get work training and to seek work (generations without working); c) lack of awareness of housing value/cost (as some of them have never paid for it); d) skewness (when in open-ended tenancy contracts): lack of turnover of the social housing stock and expenditure of public resources on households whose financial situations have improved and who could afford to find housing solutions in the private market. **Replicability** is not possible in countries where the welfare state is weak. **Changes that should be taken into consideration to make it work:** there is the need to avoid this welfare dependency. It will depend on the structure of the welfare system of each country and the amount of public money invested and how it is spent – eg brick-and-mortar subsidies or means-tested subsidies, and the requirement to access public funding.

- 3. Financialisation of social/affordable housing providers** (national level; England and Wales). A reduction in public funding (recent austerity budgets) and the pressure to seek more private financing has resulted in a certain degree of marketisation and financialisation (dominance of financial markets and actors) of the social housing management sector. This increases exposure of the sector to the risks linked to complex international financial markets. In some cases, only

intervention from public bodies (eg RSH) has saved such entities from bankruptcy and from losing their social housing stock. Financialisation also leads to the necessary professionalisation of the whole sector, allowing the participation of many players, such as banks, consultants, advisors and credit rating agencies, which may end up triggering an increase in rents for social housing. It might also induce some housing providers to focus on more solvent tenants (undertaking pre-tenancy checks) and on activities that are more profitable for them, such as market-rent and low-cost homeownership products. **Strong points:** a) non-dependence on the public budget and b) diversification of private funding sources. **Weak points:** a) pre-tenancy affordability assessments for social/affordable tenants; b) danger of increasing dependence on these complex and risky markets; c) entrance of new agents into the sector, such as banks, consultants, advisors and credit rating agencies. All of these new services may end up triggering an increase in rents for social housing and, indirectly, on rent subsidies. **Replicability** to a certain extent: housing providers have been able to enter the financial and capital markets, thanks to the initial transfer of public housing stock together with initial and substantial public funding. They accumulated a considerable volume of assets, which they have subsequently been able to use as collateral for business dealings in the financial and capital markets. It is known as 'sweating the assets'. **Changes that should be taken into consideration to make it work:** a) there is the need to adapt public control/monitoring to these new risks and seek formulas that allow protection of the social housing stock. Limit the risks or ring-fence. b) make sure that the financialisation phenomenon does not negatively affect the social housing activity, in terms of social housing provision and types of beneficiaries. c) ensure that the new professional services and skilled personnel needed do not lead to an increase of social/affordable rents.

# 2.4.

## SLOVAKIA

AUTHORED BY MILAN FTÁČNIK



## 2.4. SLOVAKIA

*Authored by Milan Ftáčnik*

### 2.4.1. CONTEXTUALISATION OF HOUSING POLICY AND REGULATION

Slovakia is one of the countries in the Central and Eastern Europe region that has gone through a **large-scale privatisation of the housing stock** since 1989. It was a political decision in 1992 based on the conviction that private was better than public because people would better care for their ownership. The result is that **90.5 percent of dwellings are owned by those who live in them** (highest number in the Eurozone). Only three percent are municipal owned and are used mainly for social housing, three percent are rented by individual owners for market prices and 3.5 percent are owned by housing cooperatives and were not sold until 2016, which was set as the final deadline for the low-price acquisition of dwellings.

According to the state census of 2011, Slovakia has **370 dwellings per 1,000 inhabitants** (second-lowest share in the EU) **compared with 470 as the EU average**. There are 1,994,897 dwellings in total, 89.1 percent of them are permanently occupied, with large differences among the eight regions officially established in Slovakia.<sup>213</sup> Three quarters of the housing stock were constructed before 1990, with 856,000 in concrete, high-rise, multi-family buildings. The construction of new dwellings after 1990 has mainly been driven by private investment at an average of 15,500 a year with around ten percent share of the municipalities. Interest from municipalities in new social housing construction is decreasing, due to problems with the unstable level of state subsidies for the supply side of social housing; land scarcity, mainly in cities; and problems with the perception of social housing.

The low share of municipal housing stock means **limited access to social housing** by the low-income groups, persons with disabilities, the Roma population and the homeless. It also means **difficult access to affordable housing, mainly for young people** starting families because the only realistic way to housing for them is a mortgage (16.1 percent of housing stock

is privately owned with mortgage). This is not the way for everybody – **almost 57 percent of young people between the ages of 25 and 34 live with their parents**,<sup>214</sup> one of the highest shares in the EU. One of the reasons for postponing starting a family, as viewed by 45 percent of young people, is the financial unaffordability of their own housing.<sup>215</sup>

Another limiting factor are monthly housing expenses in the group of low-income people, unemployed, pensioners and other vulnerable groups. According to a recent poll, **78 percent of Slovak households on a low income spent more than 40 percent of their income on housing**, which, according to the OECD, means an overburden for families.<sup>216</sup> Also, in the group of those who used a mortgage to get their own housing, 31 percent spent more than 40 percent of their income on housing expenses. **Housing allowances are restricted only to those in deep material necessity** and the discussion is how to extend them to other affected groups. The state provides a mortgage bonus for young families, as the only way for them to get their own housing.

To summarise, the main issues in housing in Slovakia are an extremely high proportion of owner-occupied dwellings, high rental prices in privately owned housing (especially in the capital Bratislava), large real estate price differences between regions, and a severe shortage of social housing and affordable rental housing.

The policy and regulatory environment is based on the **state housing policy concept** adopted by the Slovak government every five years. The most recent document, with a scope until 2020, repeats the **target housing philosophy of the state** focused mainly on social housing:<sup>217</sup> 'In a market economy the responsibility for acquiring one's housing is passed on to the individual citizen. Housing accessibility is thus directly proportional to the individual's economic status. The state's essential role is to create a stable market environment, allowing households to procure a dwelling adequate for their income and supporting labour force mobility with the use of existing housing stock without excessive pressure on housing construction. In every society there are groups of the population unable to procure adequate housing themselves due to the commercial character of a dwelling.

213 *Správa o plnení zámerov Koncepcie štátnej bytovej politiky do roku 2020* (in Slovak).

214 [www.housingeurope.eu/resource-1323/the-state-of-housing-in-the-eu-2019](http://www.housingeurope.eu/resource-1323/the-state-of-housing-in-the-eu-2019).

215 [www.finance.sk/spravy/finance/153843-slovaci-odkladaju-rodinu-pre-byvanie-vyplyva-z-prieskumu/](http://www.finance.sk/spravy/finance/153843-slovaci-odkladaju-rodinu-pre-byvanie-vyplyva-z-prieskumu/) (in Slovak).

216 [www.novostavby.sk/blog-novostavieb-a-developerskych-projektov/41649-najviac-penazi-davame-na-byvanie-ale-dokazeme-si-aj-nieco-usporit](http://www.novostavby.sk/blog-novostavieb-a-developerskych-projektov/41649-najviac-penazi-davame-na-byvanie-ale-dokazeme-si-aj-nieco-usporit) (in Slovak).

217 State housing policy concept until 2020, adopted by the Slovak Government on 7 January 2015.

## CHAPTER 2. COUNTRY STUDIES

### 2.4. SLOVAKIA

Therefore, it is necessary to create suitable conditions, particularly for the housing of disadvantaged groups of population. The housing needs of these groups cannot be satisfied without interventions of the state and other actors in the housing market.'

According to this philosophy, Slovakia created a centrally funded social housing programme that has been in place **since 1999, the programme of housing development**. It was accompanied by the **scheme of state subsidies up to 40 percent of the construction costs**, managed by the Ministry of Transportation and Construction, which can be accessed only by municipalities to build or purchase dwellings to be let as social housing for a low price compared to the market. So far, around €557 million were allocated in subsidies and 42,000 units were built or purchased.

However, interest from municipalities in the uptake of the programme was not consistent across the country. **The majority of new rental units were built in villages and smaller towns**, which tried to attract new inhabitants by the construction of rental housing to reverse the effects of urbanisation. One of the reasons for lower interest from bigger cities has been the scarcity of municipal land because in the past their city councils preferred to sell available land to generate income.

Another tool used by the state was the creation of the **State Housing Development Fund (SDHF), which has offered favourable long-term loans** for different purposes to municipalities, individuals and later to other private and

public legal persons. The purposes are mainly acquisition of a dwelling (through construction or purchase), acquisition of a rental dwelling, renewal and modernisation of a residential building, insulation, removal of systemic faults, construction and renewal of social service facilities. The scope of possible funding from the SDHF has been extended as a reaction to the housing situation.

Due to lower priority of the construction of new social housing for municipalities, the largest share of the SDHF budget was **housing maintenance and refurbishment** of the existing housing stock. It is estimated that (as of 2018) more than 65 percent of all dwellings in multi-family residential buildings in Slovakia have been refurbished: of these, more than 300,000 dwellings (or nearly 50 percent) have benefitted from state support. Also, 37 percent of single-family houses have been refurbished. In this area, a special programme for increasing energy efficiency started in 2015, under control of the Ministry of Economy, which is financed by European structural funds.

To summarise, the main issues in the area of housing policy and regulation are the targeted state philosophy focused primarily on social housing for low-income families, low interest from bigger cities in new municipal social housing construction, the lack of a non-profit rental housing sector providing affordable housing for the middle class and the lack of private rental housing because for developers it is easier to sell due to the low share of dwellings and preference of people to be on their own because rental housing is viewed as being identical to social housing and its negative connotation.

## 2.4.2. BEST PRACTICES

BEST PRACTICE 1	
<b>Title:</b> The role of the state housing development fund	
Domain of good practice <ul style="list-style-type: none"> <li>• Social housing</li> <li>• Financing</li> </ul>	
<b>Level</b> National	<b>Where</b> Ministry of Transportation and Construction
<b>Instrument</b> Law and praxis	<b>Reference of the instrument</b> A tool to finance social housing
<p><b>Description</b></p> <p>The SDHF was created as early as 1996 by national legislation and has been changed and amended many times since then. Its original goal was to offer favourable long-term loans for different purposes to municipalities, then to individuals and later to other private and public legal entities.</p> <p>The purposes are mainly a) acquisition of a dwelling (through construction or purchase) for individuals or young families; b) acquisition of a rental dwelling focused primarily on municipalities, but later also on other legal profit or non-profit legal entities; c) renewal and modernisation of residential buildings, insulation and removal of systemic faults; d) construction and renewal of social service facilities; and e) construction or purchase or the technical infrastructure and purchase of land related to rental housing.</p> <p>The conditions for a loan for the acquisition of a rental dwelling require retaining the rental character of a dwelling for the period of loan repayments (minimally 20 years). The conditions also include the limited income of the tenant (four times a life minimum given by law), the maximum floor area (for one-, two-room flats, etc), the maximum construction costs and the maximum loan for one flat. The loan can be combined with a loan for technical infrastructure and land purchase.</p> <p>The conditions of a loan to an individual limit the maximum floor area of a flat to 80 m<sup>2</sup> or a family house to 120 m<sup>2</sup> and the same maximal limit for the income of an individual. The conditions for insulation require the dwelling to be in service for ten years before is loan is applied for, limit heating savings to 35% and specify other environmental and quality requirements.</p> <p>The annual report on the SDHF for 2019<sup>218</sup> provides a detailed description of the revenues and expenses of the fund. The revenues consist of repayments of interest on previous loans up to €27 million, an annual transfer from the state budget of €25 million, focused funding from the European structural and investment funds and state co-funding of a total of €66 million and repayment of the principal loans of €130 million. The positive balance from previous years was €258 million, so the revenues of the SDHF for 2019 were altogether €507 million. The amount of interest has decreased in last four years due to a political decision in parliament that two thirds of the loans should be provided with zero interest.</p>	

218 Výročná správa Štátneho fondu rozvoja bývania 2019 (in Slovak)

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The expenses are mainly loans to an extent of €193 million. In 2019, there were 839 applications for a total of €207 million, of which 749 were successful. The largest amount of €154 million was for 592 applications for building renewal costs covering 28,593 dwellings. The second largest amount of €31 million was for 60 municipalities to acquire rental dwellings, where 59 of them combined the loan with a subsidy from the Ministry of Transportation and Construction. Of €31 million, €24 million were used for loans for the purchase of rental dwellings and seven million euros were allocated to new construction. Four applications from private developers were successful. Altogether, the state supported 64 rental houses and 1,161 rental dwellings. Twenty-nine applications were successful for technical infrastructure to an amount of €0.7 million, and three applications for land purchase also totalled €0.7 million. Twenty-nine applications were for acquiring 29 dwellings for ownership to an amount of €1.8 million.

The surplus of the fund after all operations in 2019, together with operational costs of five million euros, is €338 million, which gives the fund positive perspective for the coming years.

#### Results (including pros and cons)

Since its foundation, the SDHF has been able to provide loans with a low interest of 1%, which, in 24 years of its existence, has led to a significant amount of loan repayments, giving the fund a strong financial position. Because of decreasing interest from the municipalities and later also private developers to construct or purchase rental dwellings, the main financial line of support for the fund is for the renewal and refurbishment of existing stock. Here, mainly the owners of houses constructed before 1989 were active in seeking loans. Because of quantitative easing from the European Central Bank in recent years, the political decision was taken to provide the majority of loans with zero interest, which has undermined the substance of the fund's financing. Generally, loans with low interest are not the main problem for social housing construction in Slovakia. After including the possibility to fund the technical infrastructure and the purchase of land related to rental housing in 2018, interest in the construction or purchase of rental dwellings could be higher than that in previous years.

#### Grounds for success

The long-term character of the institution based on loans with 1% interest is the main grounds for success. The fund wisely channelled existing resources to the renewal and refurbishment of existing housing stock, when it was clear that available resources would not be spent on the construction of new rental social housing.

#### Obstacles encountered

Funding is available, the funding schemes are adjusted to the requirements of the stakeholders in the housing area, but still interest from the municipalities is low and non-profit or low-profit organisations dealing with housing construction do not yet exist in Slovakia, although the legislation was introduced in 2018.

## BEST PRACTICE 2

**Title:** Systematic construction of rental housing in Nové Mesto n/Váhom

### Domain of good practice

- Access to affordable housing
- Social housing

### Level

Local

### Where

City of Nové Mesto n/Váhom (NMV) in western Slovakia

### Instrument

Praxis

### Reference of the instrument

Best practice in municipal rental construction

### Description

The city of NMV is a leader in the number of municipal rental dwellings in Slovakia. NMV has 20,000 inhabitants and has 750 rental dwellings, which is more than three times higher per 1,000 inhabitants than that of the Slovak average.

The city has reconstructed three buildings from the previous military cache, which it obtained formally from the Ministry of Defence after the Slovak army no longer needed them. According to the mayor of the city, Jozef Trstenský, the reconstruction costs were €760/m<sup>2</sup>, the maximum allowed by the SDHF for the purpose of the redevelopment of non-housing premises as housing. This investment was €2.4 million, where 70% came from a loan from the SDHF and 30% was a subsidy from the Ministry of Transportation and Construction. The result was 63 new rental dwellings. The average flat area was 56 m<sup>2</sup>. The loan was for 30 years at 1% interest and it will be repaid from the rent paid by tenants. The rent should cover the costs of the city for reconstruction. The final rent is lower than that in the previous case, where the city bought reconstructed flats at an average price of €890/m<sup>2</sup> for the purpose of social housing.

Despite the high number of rental dwellings, the number of applicants is still higher than the supply. Last year, they had 380 applications. The city is using a draw to choose which applicants will get tenant agreements. The housing committee of the city council will check the applications, choose around 200 applicants that fulfil the criteria, divide them into groups of applicants for one-, two- and three-room flats and the draw will take place. The ambition of the city is to reach 1,000 rental dwellings, because residents are complaining that the supply is not sufficient.

The city is also focused on the renovation of the public spaces to increase the attractiveness of living in NMV.

### Results (including pros and cons)

The city of NMV is the leader in the number of city rental dwellings per 1,000 inhabitants in Slovakia. The city is active in the redevelopment of non-housing premises as social housing and getting finance for this from state financing or for purchase of existing flats. The long-term commitment of the mayor and the activity of the city has led to the systematic development of social rental housing in the city.

### Grounds for success

The mayor of the city was elected in 2018 for the fourth time in a row. The stability of the city government and strong commitment of the mayor (elected for the social democratic party) to solve the problem of social rental housing in the city has led to a long-term programme for the city and an active approach to acquire premises and financing for reconstruction or purchasing.

### Obstacles encountered

Despite of all efforts, the number of applicants for social housing in NMV is still high. This shows the necessity to extend the base of the institution to become active in the construction of new rental dwellings in Slovak municipalities.

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BEST PRACTICE 3	
<b>Title:</b> Houses for Roma people in the village of Spišský Hrhov	
<b>Domain of good practice</b>	
<ul style="list-style-type: none"> <li>• Social housing</li> <li>• Integration of disadvantaged groups (elderly, youth, migrants) – social cohesion</li> </ul>	
<b>Level</b>	<b>Where</b>
Local	Village of Spišský Hrhov in eastern Slovakia
<b>Instrument</b>	<b>Reference of the instrument:</b>
Praxis	Housing for Roma people
<b>Description</b>	
<p>According to experts, the key factors for solving the Roma problem is work, housing and education. The mayor of the small village Spišský Hrhov in eastern Slovakia, Vladimír Ledecký, adds a fourth factor: hot water. Of course, work comes first, but when Roma families experience hot water in their new houses and the comfort it provides, they would never opt to go down a level to where they were before. It improves the results of children in school and solves the issue of segregation.</p> <p>When the mayor was elected for the first time 20 years ago, the village had 700 inhabitants, 350 of them were Roma. Many of them were living in shacks. Today, the village has 1,700 inhabitants, but the number of Roma is almost the same as before. The majority of shacks have been destroyed and Roma have built new houses with the help of a municipal social enterprise company. At the beginning, the company tried to find the best applicants, so they did not take everybody. Previously, the company had up to 100 employees, now there are 70 of them, of which 90% are Roma.</p> <p>The company was created 18 years ago and began with the construction of a pavement in the village. Later came the road reconstruction, the infrastructure for family houses and also vegetable production. Recent activity included the municipal swimming pool. With the help of this municipal company, more than 100 new dwellings have been built. Their services are also offered to other villages in the surroundings.</p> <p>The base was to provide work for the Roma people, which would allow them to escape the debt trap and then they would be able to improve their housing. The construction of classic brick houses has brought bathrooms and hot water to every dwelling. Raising the standard of living for the Roma people did not happen overnight; in Hrhov, it took ten years to bring almost all of them to a normal standard. Today, 90% of Roma from the village are working and the majority of Roma women also work.</p> <p>The results were achieved with the help of an active community centre in the village, but the key role was played by the municipality. The village insisted on respecting the legislation, paying taxes, keeping the system of waste management, but it also helped with legal issues regarding land or house ownership. It initiated the construction of new houses of a lower standard using the municipal social company, who provided more than half of the workers during construction. Also, future tenants participated during construction. The tenants were carefully chosen, with the help of the community centre, with respect to the number of family members, overcrowding in their existing dwelling and their ability to pay the rent. The result was satisfaction from the community with the system of how to get into the scheme of new housing construction. Many of the tenants also joined the municipal social company.</p>	

**Results (including pros and cons)**

This example of Roma enhancement is treated as a success story in Slovakia and in the council of Europe. A special article on this example appeared in the New York Times.<sup>219</sup> It is not only about housing, but mainly about work for the Roma people, improved results for their children in school and general integration into the village.

**Grounds for success**

The lasting efforts of the mayor over 20 years, using his wisdom and skills, to start the systematic solution to Roma integration with the help of work, housing and education.

**Obstacles encountered**

The mayor says they achieved positive results, but the problem will never be completely solved. The municipality should work on that systematically each day.

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219 [www.nytimes.com/2017/09/09/world/europe/slovakia-roma-spissky-hrhov-integration.html](http://www.nytimes.com/2017/09/09/world/europe/slovakia-roma-spissky-hrhov-integration.html).

## CHAPTER 2. COUNTRY STUDIES

### 2.4. SLOVAKIA

#### 2.4.3. LESSONS LEARNED

- 1. Very high ownership rate of the housing stock due to political decisions from the 1990s.** The current housing situation in Slovakia is the result of political decisions made over the last 30 years and from the heritage of the communist regime. The ideologically motivated decision in 1992 to sell dwellings to the people to transfer the obligation for the owner (state, municipality or cooperative) to the people in the house, who wanted to buy, led to the high ownership of dwellings and to a very low share of municipal housing serving as social housing. The owners were active in refurbishing the low-quality housing stock they had bought with either the help of the state or using bank loans only.
- 2. In last 30 years, the housing policy of the state targeted mainly low-income groups.** In all documents published since 1989, the state worked with the philosophy that acquiring appropriate housing was the problem of the individual and the state should create a stable market for this, but provide social housing to those who were unable to purchase housing on their own. The positive fact is that state housing concepts were adopted at the government level every five years, but their focus was narrow and their impact was limited, because rented **social housing was not a big priority for politicians in a country** where almost everybody owned their dwelling.
- 3. Support for rented social housing was greater in small municipalities than in bigger cities.** The newly created state programme on housing development in 1999 was backed by government subsidies to the municipalities to construct new rented social housing, but the subsidies were gradually decreasing. In reality, the municipalities were not as keen to construct new housing as expected by the state. Villages and small towns, which acquired two thirds of the new municipal dwellings, were much more active than the big cities. Bigger cities rely more on the market and state support for mortgages to young families. Understanding housing as a priority was also connected to the political orientation of the mayor and city council; right-wing local politicians preferred market solutions.
- 4. The reason for low interest from municipalities in the construction of social housing was the lack of suitable land, mainly in the cities, and resistance from inhabitants to densification and to newcomers from vulnerable groups.** The lack of suitable land for social housing was mainly due to large sales of municipal land in the 1990s to private developers, mainly in the cities. This was the consequence of right-wing concepts that private was better than public, along with strong pressure from developers on newly established self-administration of the municipalities in order to easily acquire land for private housing construction at relatively low prices. From the financial point of view, the obstacle for the municipalities was a decrease in state subsidies for housing construction and the weak will of municipalities to take on loans. Another reason was the densification of residential areas usually strongly opposed by the owners of existing dwellings. Overcoming this resistance brings high political costs because there are no rules for densification that exist eg in Vienna. There were not only density problems with the new construction, but also resistance to newcomers coming from socially vulnerable groups. The problem of inclusion is usually strengthened by one or two problematic families. Despite this, positive examples exist.
- 5. A positive experience was the creation of the SHDF.** Its first task was to provide loans for municipalities to be combined with subsidies, but gradually the scope has been extended. The fund now offers favourable long-term loans for different purposes and to both private and legal entities: 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 facilities. When the fund was not used extensively for new construction, it served predominantly to fund housing refurbishments and renewals.
- 6. Absence of low-profit organisations able to provide affordable housing.** The negative experience is the missing sector of low-profit housing organisations, which exist in other countries, but were not introduced into the Slovak legislation until recently. One of the reasons was prejudice to existing cooperatives, which played an important role in housing construction during the communist era, but were also connected to many cases of corruption.



Photo by Wiktor Karkocha on Unsplash

# 2.5.

## AUSTRIA

AUTHORED BY MILAN FTÁČNIK



## 2.5. AUSTRIA

*Authored by Milan Ftáčnik*

### 2.5.1. CONTEXTUALISATION OF HOUSING POLICY AND REGULATION

Austria is one of the countries that can serve as a **positive example of successful housing policy**, although it is also challenged similar to other European countries. Housing policy in Austria is generally framed by the federal state using state-wide legislation and financed and implemented by the provinces through subsidy schemes, regional planning, building regulations, etc. Housing markets are strongly influenced by policy action.<sup>220</sup>

Generally, Austria and its provinces tend to **universal housing policy**, with mainly object-oriented subsidies and a strong rental sector, in which social housing is focused on both lower and middle income groups. At 24 percent, the country has reached the second-highest proportion of social housing in the EU. Almost one in four households live in social housing: seven percent in public and 17 percent in HA dwellings. In Austria, they prefer the notion of **'subsidised housing'** instead of social housing, with rents below the market level, but not very low to be able to compete with the private rental sector.<sup>221</sup> On the other hand, through its market power and market volume, subsidised housing has a considerable influence on prices in the private market. It was mainly responsible for the lack of a house-price boom in Austria before the GFC and no price crash after.

A very important component of the housing policy of Austria are **Limited Profit Housing Associations (LPHAs)**, regulated by a special federal act adopted 100 years ago, with numerous alterations and with strong internal and external supervision of the regulations. Recently, LPHAs have consisted of 185 housing cooperatives, private and public limited companies, **managing 923,000 housing units** (rental dwellings and owner-occupied apartments), which represent 20 percent of all housing stock in 2017.<sup>222</sup> Of the 923,000 dwellings, 616,000 are rented and cooperative dwellings built by the LPHAs themselves and 307,000 built mainly by LPHAs, but privately owned or owned by municipalities or third parties. **The total housing stock was 4,652,000 in 2017** with 529 units per 1,000 inhabitants.

All LPHAs have a **stable housing output of 14,000-16,000 units per year**, which represents, on average, 25-30 percent of the total housing construction (55,000 units in 2018). Multi-apartment constructions are dominant for LPHAs, with yearly stable numbers reaching recently three quarters of new units, while the share of the construction of family houses has been decreasing since the 1990s. LPHAs are responsible for the construction of more than a half of the total multi-apartment houses in Austria. With this very high market share, the LPHAs have outperformed not only municipal housing, but also private multi-apartment housing construction.

Of 16,600 newly constructed units in 2017, 15,200 were built for rental and 1,400 for private ownership. This has changed from the 1970s, when the majority of units were constructed by LPHAs for private ownership (around 12,000), compared with rental units (7,000). But from 1994, a new phenomenon emerged in legislation: **rental dwellings with a right-to-buy option** when the tenant provides equity up to 10 percent of the construction costs. The number of units with this option is growing (7,200 of 16,600 units built in 2017),<sup>223</sup> but from almost 160,000 units built with this option until 2017, only 33,000 of them had already been transferred to the former tenants. New legislation valid from 2019 has extended the period in which the owner of a right-to-buy home cannot profit from selling the property from ten to 15 years, but also lowered the minimum time the tenant can exercise his/her right-to-buy from ten to five years.

LPHAs also lead to **innovations in building concepts**, eg ambitious energy standards in new constructions and in the refurbishment of the existing stock. Accordingly, they contribute to climate targets and have become a role model for other housing sectors. In some provinces, an emphasis is given to high architectural standards. Many examples prove the significant contribution of LPHA projects to the built environment. Both with quality and costs, the LPHA sector influences the private housing market and the sustainability of the housing sector.

220 Housing policy, IIBW, Institute for Real Estate Construction and Housing, Vienna, Austria, <http://iibw.at/index.php/en/housing-policy>.

221 Ibid.

222 Housing Europe (2019). *The state of housing in the EU 2019*.

223 Amann, W., and Struber, C., eds (2019). *Österreichischer wohnhandbuch 2019*. Studienverlag, Innsbruck.

## CHAPTER 2. COUNTRY STUDIES

### 2.5. AUSTRIA

**Financial contributions from public authorities** to subsidised housing has been quite stable over the last three decades, to an amount of €2,100m, covered by province budgets and returns from public loans. The rising share of the returns enables the contribution from the provinces to decrease. The revenue side is covered mainly by the fixed proportion of income tax, which half paid by the employee and half by the employer. The subsidy usually covers 30-40 percent of the construction cost. The form of the subsidy can be subsidised loans, interest rates, annuity grants and others.<sup>224</sup> LPHAs are also exempt from paying corporate tax and they usually get better commercial bank loan rates because they represent low risk. When taking the subsidy, the LPHA is obliged to provide cost-based rents limited by law. Up to 80 percent of housing construction uses some kind of subsidy, including private institutions (with limited rent) and the construction of owner-occupied single-family houses.

Supplements to supply-side subsidies are **in-demand side allowances** of around €400 million to help the lowest income groups. Formerly, housing allowances were only targeted at dwellings, which were constructed with subsidies. This was necessary because of a subsidy scheme that allowed for moderate, but not very low, rent. In the previous decade, most provinces have introduced allowance schemes for the commercial rental housing sector. However, compared with other European countries, supply side subsidies are the dominant channel of public support for housing, with only seven percent of households applying for housing allowances.

Austria has a highly regulated rental market. **The rents in subsidised housing are cost rents**, based on the costs of construction, land, maintenance and management. Unlike some other countries that adopt cost rents, in Austria, costs have to be covered at the level of the individual housing estate, rather than spreading costs across an association's total stock. An implication of Austria's estate-based approach to cost renting is that rents are lower in older social housing than that of new social housing.<sup>225</sup> Rents of single-family homes were removed from rent regulations a few years ago. Households in Austria only spend an average of 22 percent of their income on housing. Gross rents

(without energy) in municipal housing stock, at €6.3/m<sup>2</sup>, were still the lowest rents on the market in 2017.<sup>226</sup> LPHA rental apartments cost €6.6/m<sup>2</sup> (close to €8/m<sup>2</sup> in 2019) and private rentals were €8.6/m<sup>2</sup>.

The two **Austrian cities with the largest share of subsidised housing** are Vienna and Linz. Whereby, in Vienna, 43 percent of all homes are social housing, roughly half municipal housing and half limited profit; in Linz, social housing represents 54 percent and it is almost entirely stock managed by HAs. Similar to other cities, they are also struggling with **the spiralling cost of land**, which makes it very difficult for LPHAs to build homes at an affordable price for low-income families. To address this growing problem, Vienna city council has introduced the **new land-use category 'subsidised housing'**. Another attempt to ease the financial burden was the introduction of so-called SMART flats in 2012, which receive a higher share of public subsidies per m<sup>2</sup> and require reduced tenant equity. In return, these homes have less floor space and are more economically equipped. In an attempt to balance the opposing aims of providing high-quality housing for many households, without excluding poorer households, one third of all new social housing has to be provided as SMART homes.<sup>227</sup>

224 Amann, W., and Mundt, A. (2005). *The Austrian system of social housing finance*.

225 Cahill, N. (2014). 'Financing of social housing in selected European countries', *NESC Secretariat Papers*, paper no 11.

226 Mundt, A. (2018). 'Privileged, but challenged: the state of social housing in Austria in 2018', *Critical Housing Analysis*, 5(1), 12-25.

227 Marquardt, S., and Glaser, D. (2020). How much state and how much market? Comparing social housing in Berlin and Vienna, *German Politics*, <https://doi.org/10.1080/09644008.2020.1771696>.

## 2.5.1 BEST PRACTICES

BEST PRACTICE 1	
<b>Title:</b> Land-use category 'subsidised housing' in Vienna	
<b>Domain of good practice</b> <ul style="list-style-type: none"> <li>• Access to affordable housing</li> <li>• Social housing</li> </ul>	
<b>Level</b> Regional/local	<b>Where</b> Vienna
<b>Instrument</b> Regional legislation regarding urban planning and construction	<b>Reference of the instrument</b> Introduction of the new land-use category 'subsidised housing' in the masterplan of Vienna
<p><b>Description</b></p> <p>To address the problem of increasing price of land in the city, mainly after the GFC, Vienna city council introduced the <b>new land-use category 'subsidised housing'</b>, which came into force in March 2019. Where the land use has been changed, two thirds of all homes (in terms of floor space) must be built under the Viennese subsidy scheme for social housing. The goal of the legislation was to limit the costs of subsidised housing to keep it affordable and stop speculation with real estate.</p> <p>Member of Vienna city council, Kathrin Gaal, says: "I know this legislation is a strong tool. I entered politics because I want to achieve real improvements for the citizens of Vienna. Affordable housing is, for us, not a privilege for high-income families, but a basic right for all. And the new land-use category secures that it will stay so."</p> <p>This land-use category goes with the following obligations: the land cost in subsidised housing is frozen by law at €188/m<sup>2</sup>. This is valid for 40 years of the rental time and dwellings cannot be rented with profit nor changed. In the land registry there is a ban on changing the property: the city of Vienna has to give consent in the case of selling the dwelling. This should secure that the seller will not get any speculation profit in this way. The dwelling can be rented only under the condition of rent law (in 2018, it was €4.87/m<sup>2</sup>). This policy is also expected to cool the overheated land market.</p> <p>The new category will be used for all areas in Vienna, which were previously categorised for housing or mixed construction. This is also valid for the construction of multi-apartment houses, or for an increase of the density in the housing region of the city. But the legislation will be not applied to the construction of single-family houses.</p>	
<p><b>Results (including pros and cons)</b></p> <p>The results cannot be evaluated in detail yet, because the measure was only introduced in 2019 and there are not enough data. It is an administrative attempt to keep the increasing prices of land in the capital under control and allow the LPHAs to construct houses at affordable prices.</p>	
<p><b>Grounds for success</b></p> <p>This tool is based on the philosophy that housing should be for all, including low- and middle-income families and that the prices of land should be under control. This philosophy is backed by the majority of Vienna City Council led by the social democrats.</p>	<p><b>Obstacles encountered</b></p> <p>Unknown to date.</p>

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### 2.5. AUSTRIA

BEST PRACTICE 2	
<b>Title:</b> SMART flats in Vienna	
<b>Domain of good practice</b> <ul style="list-style-type: none"> <li>• Access to affordable housing</li> <li>• Social housing</li> <li>• Integration of disadvantaged groups (elderly, youth, migrants) – social cohesion</li> </ul>	
<b>Level</b> Local	<b>Where</b> Vienna
<b>Instrument</b> Policy	<b>Reference of the instrument</b> Special scheme to ease access to affordable housing.
<b>Description</b> <p>In an attempt to balance the opposing aims of providing high-quality housing for many households, without excluding poorer households, the city of Vienna introduced so-called SMART flats in 2012 and decided that one third of all new social housing had to be provided as SMART homes since then. These homes receive a higher share of public subsidies per m<sup>2</sup> and require reduced tenant equity. In return, those homes have less floor space and are more economically equipped.</p> <p>There are five types of SMART flats: one room, 40 m<sup>2</sup>; two rooms, 55 m<sup>2</sup>; three rooms, 70 m<sup>2</sup>, four rooms, 80 m<sup>2</sup>; and five rooms 100 m<sup>2</sup>. They have very compact and cleverly designed floor plans. The average floor space of the SMART flat is 65 m<sup>2</sup>. The monthly rent should be affordable and is specially calculated not to be higher than that in municipal dwellings (€7.50/m<sup>2</sup>), and the equity provided by the tenant should not be higher than €60/m<sup>2</sup>. This means that, for a two-room SMART flat, the maximum rent is €412.50 (without warm water and heating) and the equity requirement is €3,000.</p> <p>SMART flats are mainly focused on young families, couples, families with one parent or single people. Those who are eligible are people under 30 that have lived for at least ten years with their parents and have no home of their own, couples that do not have their own flat and there would be overcrowding when relocating, people over 65 with a certain degree of care needs or with limited movement and no access to a lift also general overcrowding. All other criteria are similar to those in municipal housing. People with low incomes, young families or families with many children can access the so-called 'super subsidy' in addition to the normal subsidy, and thus, lower the monthly costs of housing.</p>	
<b>Results (including pros and cons)</b> <p>The city of Vienna has invested around €1,200 million in this project. Every year, from 2,500 to 3,000 SMART flats are constructed. These flats are now the most popular form of subsidised housing in Vienna. They are spread all over the city. The city representatives also treat this model as very successful. They want to increase the subsidies and extend the construction of SMART dwellings such that every second subsidised housing will be constructed as SMART.</p>	
<b>Grounds for success</b> <p>The city of Vienna has been committed to social housing for more than 100 years, because the social democrats were in charge of local and province government for decades. Their housing policy is based on the universal principle of housing for all, which means that the policy should help not only low-income, but also middle-income families. After the GFC, they reacted to the rising demand for affordable housing with new schemes.</p>	<b>Obstacles encountered</b> <p>Nothing special.</p>

### BEST PRACTICE 3

**Title:** LPHA as the main instrument in affordable housing

**Domain of good practice**

- Social housing

**Level**

National/regional

**Where**

Austria and its provinces

**Instrument**

Law and praxis

**Reference of the instrument**

Professional institutions responsible for rented social (subsidised) housing regulated by law.

**Description**

A very important component of the housing policy of Austria are LPHAs, which are regulated by a special federal act adopted 100 years ago, with numerous alterations and with strong internal and external supervision of the regulations. Recently, LPHAs have consisted of 185 housing cooperatives and private and public limited companies. The HAs are owned by public authorities, charity organisations, parties, unions, companies, banks or private individuals. To avoid conflicts of interest, it is prohibited for construction firms to own one.

LPHAs manage 923,000 housing units (rental dwellings and owner-occupied apartments), which represented 20 percent of all housing stock in 2017. Of 923,000 units, 616,000 are rented and cooperative dwellings built by the LPHAs themselves and 307,000 are built mainly by LPHAs, but owned privately or by municipalities or third parties.

All LPHAs have a stable housing output of 14,000-16,000 units per year, which represents, on average, 25-30 percent of the total housing construction (55,000 units in 2018). Multi-apartment construction is dominant for LPHAs, with yearly stable numbers recently reaching three quarters of new units, while the share of family houses being constructed has decreased since the 1990s. LPHAs are responsible for more than half of the total multi-apartment houses constructed in Austria.

Of 16,600 newly constructed units in 2017, 15,200 were built for rental and 1,400 for private ownership. This has changed from the 1970s, where the majority of units were constructed by LPHAs for private ownership (around 12,000, compared with 7,000 rental units). From 1994, a new phenomenon emerged in the legislation: rental dwellings with a right-to-buy option when the tenant provides equity up to ten percent of the construction costs. The number of units with this option is growing (7,200 of 16,600 units built in 2017), but of almost 160,000 units built with this option, until 2017, only 33,000 of them had already been transferred to former tenants. New legislation from 2019 has extended the period over which the owner of a right-to-buy home cannot profit from selling the property from ten to 15 years, but has also lowered the minimum time the tenant can exercise his/her right to buy from ten to five years.

The same legislation aimed to prevent the HA property against speculative interest and to retain the long-term public service nature of the sector. The context for this were a few attempts, in recent years, by some HAs to sell their properties at below-market prices to investors, who then sold them to generate gains from homes that had been built with public subsidies. There were also occasions when these homes had been used for short-term rentals, such as AirBnB. The phenomenon of speculation is, so far, very limited: there are four HAs that have lost their status and no longer build new social housing. In reaction to this, the legislation stipulates that the rent regulation of the LPHA will continue to apply to HA homes even after they have been sold.

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In short, the limited-profit housing system can be characterised as follows:

- Legal basis: limited-profit housing law;
- Control: self-control through an umbrella organisation, supervision through provincial governments;
- Social functions: therefore they benefit from company income tax relief and preferred access to housing subsidies;
- Cost-coverage principle: the obligatory calculation of rents based on construction costs, in combination with rent limits defined by the subsidy schemes, guarantee a low and continuous level of rents;
- Orientation on demand: to get a subsidy, demand has to be proved;
- Limited field of action: LPHAs have to focus on housing construction, refurbishment and housing management. It is an important aspect for the long term-success of the system that HAs, in general, manage the houses they have previously constructed. They are allowed to develop additional commercial space. Recently, they have been allowed, under strict conditions, to operate abroad;
- Binding of property-limited profit: HAs ought to make profits, but these profits have to be reinvested in the purchase of land, refurbishment or new construction. A limited part of the profit (max 2% of registered capital) may be divided between the owners and shareholders;
- Obligation to build;
- Right to buy for tenants: tenants, who contribute to the construction cost with their equity (>€50/m<sup>2</sup>) have, after five years, a right to buy;
- Very strong legal position of tenants, as established by tenancy law and non-profit-housing law.

The close ties established by the non-profit-housing law, supervision through the provincial authorities and the fact that many LPHAs are owned by semi-public bodies have resulted in them being regarded as the 'long arm of housing policy'. They work on a private market economy basis for goals strongly influenced by the public.

The **umbrella organisation** of HAs ('GBV') is an important institution in the overall framework. Its assignment is to supervise and audit individual associations (self-control) and to represent the interests of the group in the legislation process. The importance of an efficient supervisory structure can be confirmed by the Austrian case: it is regarded as a success story that, within the previous 50 years, not a single customer of HAs has lost his/her money because of bankruptcy or moral hazards. This fact contributes considerably to the creditworthiness and rating of the LPHA.

### Results (including pros and cons)

Both politicians and the population value the contribution HAs to deliver affordable homes. A recent Gallup (2018) poll has shown that around nine in ten people in Austria think that HAs play an important role in the housing market. Hence, there are enough reasons to be optimistic when thinking about the future of the sector.

### Grounds for success

It is a long-term character of the social housing sector regulated by limited-profit-housing legislation and effectively supervised both internally and externally. The strong share of social housing, permanent new construction combined with the rental costs and with rent regulation slightly below the market price has an influence on the housing market, in general, including prices.

### Obstacles encountered

There are also some serious challenges that many LPHAs are facing. A boom in building activity by private developers in cities like Vienna has driven up the costs of land and construction, making it much harder for LPHAs to finance new affordable homes. This is not least the result of low interest rates and the renewed interest of many individuals to invest in the property market and also rising demands.

## BEST PRACTICE 4

**Title:** Supply-side financing of subsidised housing in Austria

**Domain of good practice**

- Financing

**Level**

National

**Where**

Austria

**Instrument**

Policy and praxis

**Reference of the instrument**

System of housing subsidies for new construction combined with rental regulation.

**Description**

In several countries, there has been a shift from supply- to demand-side subsidies, which led to considerable housing price increases. This has not been the case in Austria, where the bulk expenditure on housing has continued to be on supply-side subsidies. The primary form of housing support in Austria is the provision of government loans for housing. These are long-term, low-interest loans (0-2% interest) that cover, on average, 35% of the costs. These loans are used by LPHAs to partially fund social housing at moderate rents.

Unlike other countries, there is no public guarantee on borrowings undertaken by social-HAs. However, the LPHAs are regarded as low-risk borrowers for several reasons. Firstly, subsidised public housing loans mean that there is a favourable loan-to-value ratio for private borrowing. Secondly, the financial conduct of LPHAs is subject to effective external supervision. Thirdly, the size and asset base of LPHAs enhance their credit worthiness. It has been argued that these factors constitute an implicit public guarantee on LPHA loans.

The provision of subsidies is not confined to socially rented housing provided by LPHAs. Commercial developers can also avail of public loans for rental properties; in this case, they are bound to limits on rents during the period of the loan. Although housing subsidies do not cover the major part of construction costs, they still are, for most builders, an indispensable part of financing. This is also the case for private individuals who build their own homes and municipalities. Altogether, some 80% of all new constructed housing units are co-financed by the public. Only second homes and the top segment of housing construction are not eligible for subsidies.

Such an engagement from the public is quite costly. The financial contribution to subsidised housing has slightly decreased from a level of €2,600 million in 2000 to the present level of €2,100 million. This is covered by province budgets and by returns from previous public loans. The rising share of returns enables the contribution of the provinces to be decreased. This is an explanation for the fact that, while subsidies are applied widely, Austria's public expenditure on housing is less than 1% of GDP. The revenue side on the province budgets is covered mainly by the fixed proportion of income tax, which is paid half by the employee and half by the employer. The subsidy usually covers 30-40% of the construction costs. The form of the subsidy can be subsidised loans, interest rate, annuity grants and others.

Almost all money in Austria is attributed to object-side subsidies: 48% on multi-apartment housing, 23% on single-family houses, 22% on refurbishment and only some 8% on housing allowances. In Austria, rather than subsidising the demand side of the housing market, the main emphasis is placed on promoting a high level of new construction. The idea is that object-side subsidies produce affordable dwellings for a large part of the population. A high supply of cost-rent dwellings puts pressure on the price level of the private rental market as well. Low-income households have additional access to housing allowances, but the broad supply of affordable housing has resulted in no more than 7% of the population requiring housing allowances.

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Nearly half of all completed flats over a ten-year average are built by private individuals (self-construction), 28% by HAs, 19% by private housing developers and 2% by municipalities. Around one third of total subsidies go to HAs. The proportion of the housing stock, completed flats and allocation of subsidies can be seen in the following table:

**Table 3.** The shares of housing stock, completed flats and subsidy allocation in Austria

	HOUSING STOCK	COMPLETED FLATS	SUBSIDY ALLOCATION
HAs	17%	28%	ca 33%
Commercial builders	18%	19%	ca 16%
Municipalities	7%	2%	ca 50%
Private owners	54%	49%	

The financing structure for a typical housing project is as follows:

- Long-term government loans cover around 35% of the cost with an interest rate of 0-2%.
- Bank loans: these are the single largest element of financing (43%, on average). A new instrument was introduced during the 1990s to facilitate the use of private finance for housing: **housing construction convertible (HCC) bonds**. These are issued by housing banks (specially created subsidiaries of major banks) to investors. Investors get a tax incentive to invest in these bonds and must hold them for ten years. Banks use the money raised to provide loans for housing development at below the normal market rate (0.5% lower than a normal bank loan). Housing construction that qualifies for supply-side subsidies also qualifies for these loans. Investment in these bonds was adversely affected by the GFC, as investors preferred deposits with a government guarantee, but investment has since recovered.
- Equity of social-housing providers: social-housing providers finance some of the costs of social housing using their own funds (ie, equity). On average, this covers 14% of costs. The LPHAs are allowed to impose an interest charge on the use of their own equity. This is limited by law to a maximum of 3.5%.
- Tenant equity: an unusual feature of social-housing finance in Austria is that tenants contribute to the financing of their own housing in the form of a loan (on average, 9% of the cost) that is repaid in the form of lower rent. If the tenant leaves the property, the loan is repaid to them less a deduction of 1% per year. The provision of tenant equity gives tenants the right to buy under certain conditions. Low-income tenants can avail of a 0% public loan as a means of financing their contribution to their contribution to tenant equity.

#### Results (including pros and cons)

The system of financing matches the housing policy and is focused on achieving the high proportion of social (subsidised) housing in the overall housing stock and rental costs below market rents. The supply-side orientation of subsidies has positive effects on the overall housing prices.

#### Grounds for success

Long-term stability of the system is adjusted by political decisions at the level of national legislation. Public loans are bringing increasing returns over the years, with an overall stable level of public financing.

#### Obstacles encountered

The rising demand for affordable housing and stronger pro-market orientation of centre-right governments in certain provinces led to a decrease in public housing financing.

## BEST PRACTICE 5

**Title:** Rent regulation system in Austria

**Domain of good practice**

- Access to affordable housing

**Level**

National

**Where**

Austria

**Instrument**

Law

**Reference of the instrument**

Rent regulation

**Description**

The rents in Austria are regulated by the Austrian Landlord and Tenant Act (*Österreichisches Mietrechtsgesetz*, MRG). Tenancy agreements can be open-ended or fixed-term contracts for at least three years. The law protects the tenant from unwarranted eviction initiated by a landlord or a landlady.

The first establishment of rent control in Austria started in 1917 during World War I, in order to protect the widows and orphans of killed soldiers from exorbitant rents and to restrict evictions. The essential elements of rental contracts before 1914 were no rent control, easy to terminate the lease contract with the tenant, no restriction to rent increases and usury as a common practice. The legislation was eased in the 1930s for the lessor, to become stricter again in 1951 after World War II. It introduced very low rents of one Schilling (€0.072) per m<sup>2</sup> per month, which was valid for apartments and shops practically until 1968. One can even find today tenants of apartments and old shops still paying such an unbelievably and uneconomically low rent.

In the minds of most tenants, the attitude that rents must be very low still prevails today. The whole of Austria is influenced by the rental situation in Vienna, which is home to 25% of inhabitants of the country. Vienna is a huge owner of municipal rental apartments and similar stock is managed by the LPHAs. The social democratic city and province government has always made decisions in accordance with the expectation of their voters that rent should not be seen as a commercial good.

In 1994, a system with fixed rental caps was introduced. Thus, so-called '*Richtwertmiete*' benchmark rent is based on a) the date of construction of the building before 8 May 1945; b) the value of the land; c) the location of the building; d) surcharges – eg for an elevator, a second bath or the location of the apartment in the building; e) the size of the apartment, between 30 and 130m<sup>2</sup> and f) the fixture of the apartment. This rent is subject to indexation.

Vienna has a high share of buildings built before 1945 and so the benchmark rent applies to them, which is €5.81/m<sup>2</sup>/month, but in Salzburg it is €8.03/m<sup>2</sup>/month and in Vorarlberg it is €8.92/m<sup>2</sup>/month (these rates are without running costs, heating and VAT). Private rents are €9.50/m<sup>2</sup>/month in Vienna, €10.00/m<sup>2</sup>/month in Salzburg and €9.60/m<sup>2</sup>/month in Vorarlberg. The policy of Vienna is that basis of the benchmark rent is very low.

In the last 20 years, many buildings in Vienna, Salzburg, Graz or Linz have been renovated at high financial costs. Attics were converted into roof-top apartments to achieve higher density of the city. New buildings and newly converted attics are not subject to rent control. Termination of a lease contract is possible: the lessor can limit the contract to three years, and afterwards again to three years and longer, but never for a shorter time. An apartment with more than 130m<sup>2</sup> can be rented by a 'fair rent' and not by the benchmark rent. But 'fair rent' does not mean free rent. It can be examined by the authorities and they can impose a new, probably lower, rent. Unrestricted rents are only for commercial properties and residential buildings built after 1968. Limitation is possible only by the legal provision covering usury.

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<p><b>Results (including pros and cons)</b></p> <p>Low-income families (below 60% of the median) are mostly served by the municipal and, surprisingly, private rental housing, with shares of 26% and 27%, respectively, while LPHA housing serves 15% of low-income families. LPHAs serve mainly middle-income families (above 60% and below 180% of the median) with a share of 81%, while municipal and private rental housing serves middle-income families with shares of 72% and 65%, respectively (the remaining difference to 100% is high-income families in all segments).</p>	
<p><b>Grounds for success</b></p> <p>The tradition of rental regulation, of more than 100 years, and the strong influence of the capital with the social democratic philosophy of relatively low rents.</p>	<p><b>Obstacles encountered</b></p> <p>Some very low rents, as a heritage from the past, and political pressure from the centre-right to increase caps on rents and allow more market in the system.</p>

BEST PRACTICE 6	
<p><b>Title:</b> Energy standards in new construction and refurbishment of social housing</p>	
<p><b>Domain of good practice</b></p> <ul style="list-style-type: none"> <li>• Climate, environment and resource efficiency</li> </ul>	
<p><b>Level</b></p> <p>Regional</p>	<p><b>Where</b></p> <p>In all provinces</p>
<p><b>Instrument</b></p> <p>Policy and praxis</p>	<p><b>Reference of the instrument</b></p> <p>Climate targets and energy standards in new construction and refurbishment of social housing.</p>
<p><b>Description</b></p> <p>LPHAs result in the innovation in building concepts, eg ambitious energy standards in new constructions and in refurbishment of the existing stock. Through this, they contribute to climate targets, but have also become a role model for other housing sectors. In some provinces, emphasis is given to high architectural standards.</p> <p>In 1971, only 15% of the housing stock was of quality A (with a WC, bath, heating and hot water) and after a massive improvement in quality, in 2018, it was already 94%. In 1981, half of the dwellings had heating by a single oven; in 2018, almost 77% had a central heating system or long-distance warming.</p> <p>Thanks to this and the intensive refurbishment of buildings, between 2004 and 2014 Austria has achieved 40% savings in emissions from the housing sector. In subsequent years, efforts and results were slightly lower, but decarbonisation of the building sector is inevitable. The benchmark is Sweden, where they achieved 26% of the 1990 level, while Austria was at 65% in 2017.</p> <p>The ambition of housing stock refurbishment in the climate and energy plan, Mission 2030, adopted in 2018 is to achieve 2% of the stock being refurbished a year. Refurbishment means not only changes to the heating system, but modernisation of the roof, the windows etc. Figures show that the level of refurbishment achieved in reality is less than 1%. In the last ten years, the subsidies for this have been lowered in provinces by more than 60%.</p>	
<p><b>Results (including pros and cons)</b></p> <p>The targets in climate change adaptation and energy savings in the housing sector are relatively ambitious, but in reality are mixed, mainly due to decreasing financial support for these targets. The general quality of the housing stock is improving, but the contribution to a reduction in emissions is slower than planned.</p>	
<p><b>Grounds for success</b></p> <p>Political priorities are different.</p>	<p><b>Obstacles encountered</b></p> <p>Financial support is decreasing.</p>

### 2.5.3. LESSONS LEARNED

**1. The social housing sector in Austria in a nutshell.** It responds to publicly defined goals and principles, such as economic, ecological and social sustainability, and it is targeted to low- and middle-income groups. The main provisions are that rents should cover costs, profits are limited and companies have an obligation to reinvest. Social housing is stronger than ever, due to the growing importance that socially rented apartments play on the housing market. The volume, price and quality standards of this housing are competitive with other sectors of the market, and it has also helped to mitigate the effects of the GFC. Funds for mainly supply-side housing subsidies are financed by a fixed proportion of income tax, as well as corporation tax and 'housing contributions' paid by all employees. Austria has strong rent regulation. In principle, both social and private rents are regulated and cost-based.

**2. Key role in affordability played by the LPHA.** The tenure distribution in Austria, especially the low ownership rate, has been relatively stable over the last 40 years. The only clear trend since then has been the increasingly strong position of LPHA rental stock. While the rental market, as a whole, kept its relative size, the LPHA stock grew in importance compared with private rental and municipal housing stock. When looking at rural-urban differences, the social rental sector is more important in Vienna and other larger cities than in rural areas. While most European countries with a historically strong social housing sector have curtailed its growth in recent decades, Austria has continued to support its step-wise expansion.

**3. Sustainability secured by the cost-rent system.** While in many European countries the social housing stock suffers from a substantial backlog in refurbishment, the Austrian LPHA stock is often of better construction quality and is better maintained than the commercial rental stock. In existing stock, a special component in the calculation of rents ensures that there are sufficient funds for building maintenance and refurbishment. This component is a mandatory mark-up on rental costs and increases with the age of the building, to ensure there are sufficient funds for periodic renovations. The Viennese municipal housing stock, on the other hand, has received targeted refurbishment subsidies

to modernise the large inter-war housing stock. In new construction, competitive tender procedures connected with construction and the social aspects of housing ensure that the quality of new buildings is high.

**4. Inclusive social mix.** The spatial distribution of social housing in Austria is a clear asset. Since it originated in the 1920s, the Viennese municipal housing stock has followed the goal of being dispersed throughout the city. In Vienna, there is social housing throughout all 23 districts. This has helped to mitigate spatial inequalities and ethnic spatial concentration and to create a 'locally balanced social structure'.

**5. Increased economic and social resilience by the social housing sector.** It is able to act as a buffer against house-price swings, and thereby increase economic and social resilience, which is a less investigated advantage of this sector, but it is now becoming the focus of comparative investigations. The provision, funding and structure of social housing have actively helped to weaken housing-market cycles in Austria and to mitigate the impact of the decline in private-housing construction during the GFC. It has also helped to prevent marginal home ownership, that is, the expansion of homeownership towards households that cannot afford it without high-risk mortgages. In many countries, a rapid expansion of homeownership proved to be risky and exacerbated housing-market volatility.

**6. Recent challenge 1: the demand for social and affordable housing has outgrown supply.** The demand has increased due to a deteriorating economic situation, a considerable increase in unemployment, and stagnating or decreasing incomes of households in the lower half of the income distribution. There is an overall trend towards more part-time jobs and precarious forms of employment, and towards more vulnerable household types – for example, single-parent households or low-income early retirees. In recent years, there has also been a strong influx of refugees, who initially often depend on state support before they are positively integrated into the labour market. A large share of EU and third-country immigrants are low-income earners and in need of affordable housing options.

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### 2.5. AUSTRIA

#### 7. Recent challenge 2: rising prices since 2007 limit access to affordable housing for low-income and vulnerable groups.

While many sitting tenants still benefit from long-standing contracts and historically low rents, new market entrants are confronted with much higher market rents and less secure contracts. There are three factors, in particular, that strengthen this insider-outsider problem in the housing market. Firstly, private rents in the market have ballooned in recent years. The increases were particularly pronounced in Vienna and its surroundings, as well as in the regional capital cities of Graz, Innsbruck and Salzburg. Secondly, the differences between market segments become larger, because, in the private market, some older buildings are still rent controlled, while the new build stock follows market dynamics. Sitting tenants with long-term rental contracts benefit from the fact that yearly rent increases are often linked to inflation, which is below the dynamics of market rents. Thirdly, poorer quality but affordable apartments have disappeared almost completely during the past few decades due to widespread renovations and consolidation of small units. This has reduced viable housing alternatives for low-income households. As a consequence, those households with restricted means or insecure residential or employment status (young people, migrants, one-parent families, part-time employees etc) face enormous barriers to access cheap and long-term rental market segments.

#### 8. Recent challenge 3: capital contribution and rising price of the land limit accessibility.

In new social housing construction, increased construction costs and land scarcity contribute to high rental costs, leading to a greater need for demand-side subsidies, such as housing benefits and larger capital contributions by future tenants. Capital contributions are a deposit charged to future tenants and used to co-finance new social housing construction up to 10 percent and the price of the land. They consequently reduce future rental costs. Although in some regions (especially Vienna) special targeted loans are available to substitute these capital contributions, they can be very high in those localities where building land is particularly expensive. They can exacerbate accessibility to the social rental stock considerably.

**9. Future challenges:** Austria is increasingly facing challenges similar to those in other European nations with a long history of social housing. The main question to be addressed is how to concentrate more strongly on the needs of low-income and vulnerable groups, while keeping sustainable, mixed-income, culturally diverse housing estates. This should not be a radical change, but a continuous and careful process. The existing stock needs to play a larger role than new construction.

This task could not be solved by social housing sector itself, despite the fact that it represents a well-balanced social asset that many other European countries now unfortunately lack. While reforms to the social housing sector are necessary, a main concern that needs to be addressed on the federal and province level is to solve the increasing demand for social housing. Social housing alone cannot make up for insufficient income, social, and labour-market policies. Municipalities, on the other hand, have to step up their engagement to solve the problem of building-land scarcity in the cities.

The questions of how much the market and how much the state should be present in the housing sector will be another challenge dominating the social housing debate in Austria.



# 2.6.

## LATVIA/BALTIC COUNTRIES

AUTHORED BY LĪGA RASNAČA



## 2.6. LATVIA/BALTIC COUNTRIES

Authored by *Līga Rasnača*

### 2.6.1. CONTEXTUALISATION OF HOUSING POLICY AND REGULATION

The Baltic states are sometimes boxed together in terms of similarity in politics and living standards. When analysing housing-related questions, both common problems with similar causes and differing tendencies can be found. The common factor for the three Baltic states (Estonia, Latvia and Lithuania), when it comes to housing policies, **is the Soviet inheritance**. This inheritance mainly consists of large housing blocks built in the 1960s, 70s and 80s.<sup>228</sup> This style of building dominates within all large cities. The Soviet-era multi-story housing blocks create many issues when being used as housing in the 21st century. The residents of large housing estates are mostly the owners<sup>229</sup> of privatised apartments. However, the whole infrastructure of large housing estates is legally inseparable, and it must be jointly managed by the owners. This relates to the low energy efficiency of the buildings, as well as the quality of the housing and the safety of construction. In all three Baltic states, apartment privatisation happened very rapidly during the 1990s. However, this did not solve issues related to maintenance of the housing blocks, as it is very difficult for 50, 60 or even 100 different owners to find common ground. It is difficult to find a common time for the owners to meet and **to take into account the interests of different socio-demographic groups**. Naturally, it is difficult for poor retirees; families with children; and, for example, car, and bicycle and dog owners, as they all have separate needs. This is why the inclusion of policy makers is very important in the problem-solving processes. In all three Baltic states, housing policies are created and carried out by one of their ministries. In Estonia, it is the Ministry of Economic Affairs and Communication of the Republic of Estonia; in Lithuania, it is the Ministry of Environment of the Republic of Lithuania and, in Latvia, it is the Ministry of Economics of the Republic of Latvia. Within the aims of housing policies in all three countries, economic and energy efficiency issues are underlined, with less attention being paid to environmental and social factors. On the websites of the appropriate ministries of Latvia and

Estonia, the aims and tasks of the housing policies can be found.

Social aims are more emphasised in the Estonian formulation of housing policy objectives. The Ministry of Economic Affairs and Communication of the Republic of Estonia is responsible for elaboration of the state housing policy. As a primary objective, maintenance of the housing stock at a sustainable level is mentioned. The long-term objectives of the housing sector in Estonia are aimed at the needs of the population and sustainable development. They are 1) availability of housing to the Estonian population, 2) the quality and sustainability of the housing stock and 3) diversity and balanced sustainable development of residential housing. The responsibility for the implementation of the housing policy is divided between central and local governments (according to the constitution and the Local Government Organisation Act). Local governments are responsible for the organisation of the housing and utilities sector within each administrative territory.<sup>230</sup>

According to Eurostat housing statistics indicators, Estonian housing policy is more successful than those of the other Baltic states. For example, the housing cost overburden rate in Estonia in 2018 was only 2.0 percent of the entire population (EU average, 4.0 percent), but in Latvia and Lithuania rates were correspondingly 9.6 and 5.6 percent. The rate of overcrowding in Estonia in 2018 was 12.8 percent (below EU average –15.5 percent), while in Lithuania it was 22.8 percent and in Latvia it was 43.4 percent. The Estonian housing policy task 'to provide conditions in the housing market that will allow owners of residential premises and tenants to solve their housing problems as independently as possible'<sup>231</sup> are implemented rather successfully. This is done by legal regulations, institutional organisations and support measures. The state also aims to co-operate with various umbrella organisations for the purposes of the development of the housing sector. For example, the Estonian Central Union of Owners (an organisation representing home owners), the Estonian Union of Co-operative Housing Associations (a union representing HAs and building associations) and the Estonian Union of Co-operative Housing Associations, as well as the Association of Estonian Facilities Administrators and Maintainers.

228 Treija, S., and Bratuškins, U. 2019. 'Socialist ideals and physical reality: large housing estates in Riga, Latvia,' in Hess, D., and Tammaru, T. (eds), *Housing Estates in the Baltic Countries. The Urban Book Series*, Springer Open, 161-180), [https://doi.org/10.1007/978-3-030-23392-1\\_8](https://doi.org/10.1007/978-3-030-23392-1_8).

229 Eurostat housing statistics. [https://ec.europa.eu/eurostat/statistics-explained/index.php/Housing\\_statistics#Type\\_of\\_dwelling](https://ec.europa.eu/eurostat/statistics-explained/index.php/Housing_statistics#Type_of_dwelling) (accessed 20 August 2020).

230 Ministry of Economic Affairs and Communication of Republic of Estonia. Housing. <https://mkm.ee/en/objectives-activities/construction-and-housing-sector/housing> (accessed 19 August 2020).

231 Ministry of Economic Affairs and Communication of Republic of Estonia. Housing. <https://mkm.ee/en/objectives-activities/construction-and-housing-sector/housing> (accessed 19 August 2020).

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### 2.6. LATVIA/BALTIC COUNTRIES

The Ministry of Economics of Latvia is responsible for housing policy elaboration in Latvia. The declared aim of the housing policy is to promote housing quality and accessibility, ensuring a legal framework for the effective management of residential houses, promoting the establishment of a leased residential fund in the territories of local governments and supporting energy-saving activities in residential houses. The law on the administration of residential houses was adopted in 2009. It is based on the following principles: continuity of the administration process, selection of optimal administration methods, preservation and improvement of the surrounding environment of a residential house, preclusion of invasion of the safety or health of an individual, and preservation of the quality of a residential house.

**The main focus is on administrative issues and buildings quality.** The social sustainability and affordability of housing for different social groups and the population in general are not emphasised. In 2020, the OECD finished a report on policy actions for housing affordability in Latvia. The report contains an overview of the housing situation and provides recommendations for the changes necessary in Latvia's housing policy. The OECD reports that **Latvia faces a persistent housing quality gap.** Over a third of Latvian households live in overcrowded dwellings.<sup>232</sup> This is the largest share among OECD countries and the second largest in the EU. The OECD recommended redefining policy objectives, identify target groups, and developing a monitoring framework to provide long-term affordable financing for new housing developments and maintenance through loans.<sup>233</sup> Latvia faces a persistent housing quality gap (the overcrowding rate and proportion of dwellings without a flushing toilet is one of highest in the EU<sup>234</sup>). The Ministry of Environment is responsible for housing policy in Lithuania. Housing issues are under the construction and territorial planning group in the Ministry of Environment of the Republic of Lithuania. There is not an English version of the description of housing policy aims and objectives on the ministry's web page. There are some important political documents where housing issues are mentioned. For example, the Lithuanian republic operational programme for the EU fund's investments in 2014-20 and the strategic plan of actions (2017-19), adopted on 9 December 2016, no 3-429.

At the same time, statistics about housing policy results in Lithuania show a middle position between the positive indicators of Estonia and negative ones of Latvia. **The neo-liberal, laissez-faire policy approach to elaboration and implementation of the housing policy only deepens the social gap in housing affordability and makes it more difficult to address economic issues.** Public participation and governmental responsibility are needed for a sustainable solution to housing problems in environmental, economic and social terms. The system of social housing provision is developed only for a minor part of society, without necessary coverage in Latvia. For example, only 0.4 percent of all dwellings could be considered as 'social housing' and only four percent of the population received any housing support from municipalities, while 7.6 percent of the population are living in 'severe housing deprivation'.<sup>235</sup>

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232 OECD. Policy actions for affordable housing in Latvia. 2020.

233 Ibid.

234 Eurostat Housing statistics explained. Housing quality (n.d). Retrieved: [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Housing\\_statistics&oldid=497245#Housing\\_quality](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Housing_statistics&oldid=497245#Housing_quality)

235 8Housing policy statistics. ; Ministry of Economics of Latvia, (2018). Retrieved: <https://www.em.gov.lv/lv/petijumi-statistika>. 10.07.2020.

## 2.6.2. BEST PRACTICES

BEST PRACTICE 1																
<p><b>Title:</b> The renovation of large housing estates. The involvement of inhabitants in the process of insulating large housing estates. Renovation is partly financed by the state and EU regional development fund and partly (at least 50%) by private investment from residents</p>																
<p><b>Domain of good practice</b></p> <ul style="list-style-type: none"> <li>• Access to affordable housing for part of residents of soviet time multi-storey buildings (approximately 10%). The renovated buildings are more energy efficient and of better quality.</li> </ul>																
<p><b>Level</b></p> <p>National, local (multi-level)</p>	<p><b>Where</b></p> <p>Cities of Latvia.</p> <p>More renovation projects are realised in Valmiera, but only a few in the capital of Latvia (Riga). A significant factor is the involvement of the local municipality and collaboration between local and central government.</p> <p><b>Table 4.</b> Number of renovated buildings in Latvian cities</p> <table border="1"> <thead> <tr> <th>CITY</th> <th>NUMBER OF INHABITANTS</th> <th>NUMBER OF RENOVATED MULTI-STORY BUILDINGS</th> </tr> </thead> <tbody> <tr> <td>Riga</td> <td>630,000</td> <td>50</td> </tr> <tr> <td>Daugavpils</td> <td>82,000</td> <td>30</td> </tr> <tr> <td>Liepāja</td> <td>68,000</td> <td>114</td> </tr> <tr> <td>Valmiera</td> <td>23,000</td> <td>64</td> </tr> </tbody> </table> <p>CSB. Population statistics<sup>236</sup>.</p>	CITY	NUMBER OF INHABITANTS	NUMBER OF RENOVATED MULTI-STORY BUILDINGS	Riga	630,000	50	Daugavpils	82,000	30	Liepāja	68,000	114	Valmiera	23,000	64
CITY	NUMBER OF INHABITANTS	NUMBER OF RENOVATED MULTI-STORY BUILDINGS														
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Daugavpils	82,000	30														
Liepāja	68,000	114														
Valmiera	23,000	64														
<p><b>Instrument</b></p> <p>There are seven different regulations introduced by the government that have to be taken into account when starting the insulation process.</p> <p>Eighteen different standards have to be taken into account.</p> <p>The implementation processes are administrated by the state agency ALTUM and local government loans, with a repayment period of up to 20 years for the implementation of an energy-efficiency improvement project.</p>	<p><b>Reference of the instrument</b></p> <p>Law on the energy performance of buildings, adopted by Saeima of Republic of Latvia on 6 December 2012<sup>237</sup>.</p> <p>This law contains legal norms arising from Directive 2010/31/EC of the European Parliament and of the council of 19 May 2010 on the energy performance of buildings. Cabinet regulations were issued in the period between 2009 and 2016.</p> <p>Altum. About the Programme for Improving Energy Efficiency in Multi-Apartment Residential Buildings.<sup>238</sup></p>															
<p><b>Financial information</b></p> <p>State, local governments, inhabitants (private means)</p> <p>Public funding (mostly from the ERF), up to 50% (average 35-40%), and not less than 50% flat owners' private means. Until 2020, about €130 million were provided for insulation projects from ERF financial aid provided as <i>de minimis</i> aid, in accordance with Commission regulation (EU) no. 1407/2013 of 18 December 2013. The state agency ALTUM administered the possibility of obtaining a loan with a repayment term of up to 20 years for the implementation of an energy-efficiency improvement project.</p>																

<sup>236</sup> CSB. 2020. Population statistics . Retrieved: [www.csb.gov.lv/en/statistics/statistics-by-theme/population/number-and-change/key-indicator/number-population-cities-and-counties](http://www.csb.gov.lv/en/statistics/statistics-by-theme/population/number-and-change/key-indicator/number-population-cities-and-counties)

<sup>237</sup> Law on the energy performance of buildings, adopted by Saeima of Republic of Latvia on 6 December 2012 . Retrieved: <https://likumi.lv/ta/en/en/id/253635.11.07.2020>.

<sup>238</sup> Altum. About the Programme for Improving Energy Efficiency in Multi-Apartment Residential Buildings [www.altum.lv/en/services/energy-efficiency/energy-efficiency-in-multi-apartment-buildings/about-the-programme/12.07.2020](http://www.altum.lv/en/services/energy-efficiency/energy-efficiency-in-multi-apartment-buildings/about-the-programme/12.07.2020).

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<p><b>Impact and beneficiaries</b></p> <p>Developers, inhabitants.</p>	
<p><b>Description</b></p> <p>State support (programme for improving energy efficiency in multi-apartment residential buildings) is meant to stimulate the renovation process by co-funding the insulation of large housing estates, thus improving their energy efficiency. The above programme has been implemented for ten years, providing financial support to apartment owners. Municipalities play an important role in the renovation process and its organisation, as well as quality-control procedures. The programme's objective is not only to improve the quality of individual, large housing estates, but mainly also to improve the energy efficiency of multi-apartment residential buildings. This is in line with climate change objectives. The social dimension of sustainability is also essential to achieve sustainable environmental objectives. People should agree on the renovation of multi-apartment residential buildings in the first place.</p>	
<p><b>Results (including pros and cons)</b></p> <p>On one hand, society calls for a greater involvement of governments to tackle and amortise environmental and socio-economic risks created by globalisation processes. On the other hand, an individual approach calls for the lesser involvement of governments in decision-making and planning in regard to housing. To some extent, governments step aside from involvement in decision-making concerning housing at national, regional and local levels. As a result, private agents themselves must solve issues related to dwelling quality and even housing security. In some cases, after renovation, housing begins to grow mouldy and the newly insulated roof begins to leak. However, the involvement and readiness of owners in the renovation process is hindered by the housing vulnerability of several social groups. As official statistics suggest, low-skilled, elderly and rural residents are more vulnerable in this regard<sup>239</sup> (). Some people, even groups (mostly the elderly and disabled persons) cannot afford higher payments for dwellings.</p>	
<p><b>Official declarations of policymakers (if any)</b></p> <p>The Ministry of Economics of the Republic of Latvia declared the following main tasks of the housing policy:</p> <p>The aim of the housing policy is to promote housing quality and accessibility, ensuring a legal framework for the effective management of residential houses, promoting the establishment of a leased residential fund in the territories of local governments and supporting energy-saving activities in residential houses<sup>240</sup>.</p>	
<p><b>Grounds for success</b></p> <ul style="list-style-type: none"> <li>- Improves the affordability of housing;</li> <li>- Allows the quality of housing to be improved;</li> <li>- Encourages inhabitants' involvement in housing-related problem solving;</li> <li>- Over ten years, 802 buildings with 28,000 flats were renovated. Approximately 80,000 inhabitants are living in renovated housing. €81 million were invested.</li> </ul> <p>The Ministry of Economics of Republic of Latvia. Funds. Retrieved from: <a href="http://www.em.gov.lv/lv/es_fondi/dzivo_siltak/renoveto_eku_statistika/">www.em.gov.lv/lv/es_fondi/dzivo_siltak/renoveto_eku_statistika/</a>.</p>	<p><b>Obstacles encountered</b></p> <ul style="list-style-type: none"> <li>- Low level of trust between different stakeholders;</li> <li>- Varying results between different projects;</li> <li>- The success of each project has been dependent on the different levels of interest, cooperation and knowledge about building procedures and associated regulations.</li> </ul>

<sup>239</sup> CSB, Material deprivation. 2020. Retrieved from [https://data1.csb.gov.lv/pxweb/en/sociala/sociala\\_\\_nabadz\\_nevienl\\_\\_matnenodr/MNG080.px/table/tableViewLayout1/13.07.2020](https://data1.csb.gov.lv/pxweb/en/sociala/sociala__nabadz_nevienl__matnenodr/MNG080.px/table/tableViewLayout1/13.07.2020).

<sup>240</sup> Housing policy. The Ministry of Economics of Republic of Latvia. Housing policy (n.d.). Retrieved: [https://www.em.gov.lv/en/sectoral\\_policy/housing/](https://www.em.gov.lv/en/sectoral_policy/housing/) 10.07.2020.

## BEST PRACTICE 2

**Title:** Group home (GH)

### Domain of good practice

- Integration of disadvantaged groups

### Level

National/regional/local

### Where

Cities of Latvia

### Instrument

Convention on the Rights of Persons with Disabilities (CRPD).

The concept of GHs are defined in the law on social services and social assistance and regulations.

Cabinet regulations no 829 about day care centres, GHs and halfway homes co-financing of establishment and maintenance costs.

### Reference of the instrument

Convention on the Rights of Persons with Disabilities (CRPD). (2006).<sup>241</sup>

Saeima of the Republic of Latvia. (2002). Law on social services and social assistance<sup>242</sup>

Cabinet regulations no. 829, Riga, 4 December 2007 (protocol Nr. 68 22§). Regulations on the co-financing of the creation and maintenance of day centres, group houses (apartments) and halfway homes.<sup>243</sup>

### Financial information

Funding is provided by three sources: central and local government and EU funding (ERDF).

Local governments are initiators and the central agents in organisational processes behind GHs.

If a GH is organised within a project of deinstitutionalisation, local governments have to pre-finance the establishment of the GH and, after it is finished, the funds are returned. Outside a deinstitutionalisation project, funding is provided by co-financing (50%) from local government and central government.

### Impact and beneficiaries

Persons with disability; their parents and family members, developers, local community.

### Description

A GH is a social service that provides housing for a small number of service recipients, most often adults (including young people) with mental and physical health problems who cannot live independently. GHs can be located in an apartment building or in a specially built/renovated building. Permanent or part-time staff may be provided in GHs (sometimes only temporary staff for contract period). A GH is a form of transition from institutional care, in which independent living skills are promoted. In Latvia, the law on social services and social assistance defines GHs as a service that provides housing, individual support in solving social problems and, if necessary, social care.

241 Convention on the Rights of Persons with Disabilities (CRPD). 2006. Retrieved: <http://www.un.org/development/desa/disabilities/convention-on-the-rights-of-persons-with-disabilities.html>

242 Saeima of the Republic of Latvia. (2002). Law on social services and social assistance Retrieved: <https://likumi.lv/ta/en/en/id/68488>.

243 Cabinet regulations no. 829, Riga, 4 December 2007 (prot no 68 22§). Regulations on the co-financing of the creation and maintenance of day centres, group houses (apartments) and halfway homes. Retrieved: <https://likumi.lv/ta/id/167547-noteikumi-par-dienas-centru-grupu-maju-dzivoklu-un-puscela-maju-izveidosanas-un-uztusesanas-izdevumu-lidzfinansesanu> 16.07.2020.

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<p>A GH means a dwelling:</p> <p>(a) that is occupied by persons as a single household, with or without paid supervision or care, and whether or not those persons are related or payment for board and lodging is required, and</p> <p>(b) that is used to provide permanent household accommodation for people with a disability or people who are socially disadvantaged.<sup>244</sup></p> <p>There are 14 finished GHs in Latvia (2020). It is planned to create 54 GHs by 2024.</p>	
<p><b>Results (including pros and cons)</b></p> <p>GHs allow people with mental health disorders and other health and social problems to live independently from their family and to integrate into the community. GHs provide housing, leisure and employment possibilities (training, social skills, etc).</p>	
<p><b>Official declarations of policymakers (if any)</b></p> <p>The Ministry of Welfare declared a vision for the development of GHs:</p> <p>Adults with mental disorders, according to their abilities and with the support of specialists, will be able to choose to live independently and work in a job suitable for them. Thus, within the framework of the project, deinstitutionalisation will take place in Latvia – large institutional care centres will be replaced with community-based social services and services close to a family environment. Ministry of Welfare Of Republic of Latvia. (n.d.). Retrieved: <a href="http://www.lm.gov.lv/lv/nozares-politika/socialie-pakalpojumi/9-noderiga-informacija/sabiedriba-balstiti-socialie-pakalpojumi-un-deinstitucionalizacija">www.lm.gov.lv/lv/nozares-politika/socialie-pakalpojumi/9-noderiga-informacija/sabiedriba-balstiti-socialie-pakalpojumi-un-deinstitucionalizacija</a>.</p>	
<p><b>Grounds for success</b></p> <p>The initiative of the Ministry of Welfare, activists from an NGO and the responsiveness of local governments (especially the municipality of Riga). According to data from the Ministry of Welfare and the Register of Social Service Providers, as of the beginning of 2020, 20 service providers (cf 14 in 2013) will provide GH (apartment) services in Latvia, providing services to 253 people (cf 206 people in 2013). One of them is a structural unit of a public administration institution (within the State Social Care Centres, VSAC), seven are structural units of municipal social services, two are units of municipal institutions (within nursing homes), nine are non-governmental organisations (associations and foundations), and one is a limited liability company.</p>	<p><b>Obstacles encountered</b></p> <p>One of the hindering factors is that local governments do not have a free housing stock to allocate for the construction of GHs (apartments), as well as a lack of funds for the construction of a new housing stock or the adaption of an existing one to the needs of the service. The other obstacle is different financial situations of local governments and groups of inhabitants.</p>

244 Carey, D., 2018. Town planning and development, [www.dcaplanning.com.au/post/group-homes-planning-requirements.14.07.2020](http://www.dcaplanning.com.au/post/group-homes-planning-requirements.14.07.2020).

### BEST PRACTICE 3

**Title:** Housing guarantee programme for families

Domain of good practice

- Access to affordable housing

**Level**

National

**Where**

Cities of Latvia

**Instrument**

In 2009, the Saeima of the republic of Latvia introduced the law on administration of residential houses, which is based on the following principles:

- Continuity of administrative processes;
- Optimal choice of administrative methods;
- The preservation and improvement of the surrounding environment of residential buildings;
- Prevention of health and safety violations;
- The preservation of the quality of residential buildings;

The implementation processes are administered by the state agency ALTUM.

**Reference of the instrument**

The national government of Republic of Latvia has adopted legislation acts about housing guarantee programme for families. For example: 1) The Saeima of Republic of Latvia (4 June 2009). Law on administration of residential houses.

2) Republic of Latvia Cabinet, Regulation no 95. Adopted 20 February 2018.

Regulations regarding the state assistance in the purchase or construction of residential space<sup>245</sup>.

**Financial information**

The guarantee is granted to families with children (up to and including 23 years of age), if the transaction amount for purchase and/or construction and repairs costs of the housing do not exceed €200,000.

The term of the guarantee is ten years.

The amount guaranteed is up to ten percent of the principal amount of the loan, and not exceeding €10,000, if there is one child in the family.

The amount guaranteed is up to 15% of the principal amount of the loan, and not exceeding €15,000, if there are two children in the family

The amount guaranteed is up to 20% of the principal amount of the loan, and not exceeding €20,000, if there are two children in the family.

If the bank has issued one loan for both the purchase of housing and repairs, the guarantee shall be applicable to both purposes.

If the property to be purchased consists of several separate parts, these should physically be together, and one loan agreement must be concluded for the purchase.

The aim of the guarantee is to provide state aid for the purchase or construction of housing for families with children, thus decreasing the amount of the first payment required for receipt of the mortgage loan.

245 Regulations regarding the state assistance in the purchase or construction of residential space. Retrieved: <https://likumi.lv/ta/en/en/id/297289>. 15.07.2020.

## CHAPTER 2. COUNTRY STUDIES

### 2.6. LATVIA/BALTIC COUNTRIES

<p>From 1 July 2020, the guarantee is given to families with children (up to and including 23 years of age), if the overall price of buying or building the property does not exceed €250,000.</p> <p>The guarantee will be between 10% and 30% of the mortgage amount (the total mortgage amount being no more than €250,000). An additional 5% can be given if energy-efficiency requirements are fulfilled.</p>	
<p><b>Impact and beneficiaries</b></p> <p>Developers, families with children.</p>	
<p><b>Description</b></p> <p>The aim of the guarantee is to provide state aid for the purchase or construction of housing for families with children, thus decreasing the amount of the first payment required for receipt of the mortgage loan.</p> <p>Altum (A state-owned development finance institution). n.d. <a href="http://www.altum.lv/en/services/individuals/housing-guarantee-programme/about-the-programme/w">www.altum.lv/en/services/individuals/housing-guarantee-programme/about-the-programme/w</a>.</p> <p>There is an impact on:</p> <ol style="list-style-type: none"> <li>1) Housing affordability;</li> <li>2) The well-being of families with children;</li> <li>3) The demographic situation</li> <li>4) The housing market</li> </ol> <p>Banks that give out safer mortgage loans (partially guaranteed by the government).</p>	
<p><b>Results (including pros and cons)</b></p> <p>Those who can afford housing with the support of the programme could improve their housing conditions. However, only families that are eligible for mortgage loans of a sufficient amount from banks are able to receive the guarantee from the state. This means that, in central areas of Latvia (Riga and the surrounding municipalities), where two thirds of the workplaces in the country are located, only families with above-average incomes are eligible for state support.<sup>246</sup></p>	
<p><b>Official declarations of policymakers (if any)</b></p> <p>“The availability of housing that meets the requirements of modern life is one of the current priorities of the state. The amendments to the housing guarantee scheme approved by the government today are once again a step towards this goal, which significantly improves the existing support mechanism – the scheme will be more attractive to large and expectant families, while facilitating the remigration process by providing support to compatriots, who have decided to return to Latvia. The results of the programme so far confirm its necessity and effectiveness – since the beginning of the program, support has been provided to more than 14,000 families with a total of more than 18,000 children. The €25 million invested in the programme from the state budget have created more than €900 million of investments in the Latvian economy,” emphasises the Minister of Economics, Jānis Vitenbergs.</p>	
<p><b>Grounds for success</b></p> <p>Need for housing.</p> <p>The inaccessibility of bank loans without state support for young families (of sufficient income) due to the inability for young families (with sufficient income) to make the down payment for housing without state support, due to the strict mortgage rules imposed by banks, as a result of the previous economic crisis.</p>	<p><b>Obstacles encountered</b></p> <p>The problem is coverage:</p> <ol style="list-style-type: none"> <li>1) Families with moderate incomes (average level and below it);</li> <li>2) Regional disparities (value of real estate in remote regions is too low and banks are not interested in financing).</li> </ol>

<sup>246</sup> CSB (2020). Personal money income (monthly average; euro) <https://www.csb.gov.lv/en/statistics/statistics-by-theme/social-conditions/household-budget16.08.2020.px>

### 2.6.3. LESSONS LEARNED

1. Housing policy has to be one of the priority issues in a political agenda. The concept of the significance of housing issues in economic and social life is a relatively new angle of political vision in Latvia. **Data reveal a severe housing deprivation rate, overcrowding and poor quality parameters** (indoor WC, bath or shower in dwellings).
2. **The insecurity of vulnerable groups is especially prevalent**, as a result of the neo-liberal housing policies<sup>247</sup>. Cumulative disadvantage can be increased by inappropriate government policies in creating solutions for issues for different groups. This is especially important when talking about a government's housing policy, the lack of solutions created for fulfilling the housing needs for more vulnerable groups and housing affordability for all.
3. **Housing policy in Latvia is aimed at supporting only a part of the society**. The OECD writes about the 'missing middle', who fall into the housing trap because they do not want to live in substandard housing of inadequate quality, but cannot improve housing conditions without state-supported policies.
4. Latvian policymakers understand 'affordable housing' as being affordable for some part of society, not for all. The term is not extended to a large part of the population, such as those with an income above the 'poverty line' (in 2020, €128 per person<sup>248</sup>), but insufficient for housing. **Underfinancing is definitely an issue in Latvian housing policy as well at national and local levels**.
5. **Regional disparities are also reflected in the housing policy**. Private financial institutions have no interest in providing loans for the acquisition or improvement of properties that do not reach the financial minimum set by banks.
6. As a result of the housing policy, almost one third of the population feel themselves financially insecure, despite relatively low housing payments.
7. **The renovation of large housing estates is a housing policy instrument measure** used in all Baltic countries. At the same time, coverage is too narrow (less than ten percent of all inhabitants living in post-Soviet large housing blocs).
8. There are several **new policy initiatives** for housing issues: GHs, renovation of large multi-storey buildings, improving energy efficiency and support for young families to obtain housing – the state provides a mortgage bonus for young families to allow them to get their own housing. These initiatives **are being improved and expanded**, but they need to be continued.
9. Informing citizens about their possible involvement in new initiatives can sometimes seem too complicated and beyond their financial means. **The active participation by inhabitants increases social responsibility and social cohesion of all society**. The cooperation between various social groups and individuals (the residents of post-socialist large housing estates, public and private players involved in the renovation process) are a precondition for how to come to a social agreement to renovate large housing estates. The involvement of social scientists could be desirable.
10. Significant challenges are experienced by inhabitants to make a social agreement to successfully carry out common actions and cooperation for housing renovations. There are some positive examples of **associations of residents taking official responsibility for the management of their multi-apartment buildings**. There is a lack of practical information about how to easily organise the renovation process. Professional leadership and trust are necessary key features. Life-long learning courses could be useful. The promotion of success stories could help to build trust between inhabitants, construction companies and lenders of financial support (ALTUM and banks). The best examples demonstrate the importance of the roles of particular community leaders (formal and informal) and how financial and environmental tasks are achieved. The quality of desired housing is linked to other dimensions of the quality of life (family life, personal development, social capital, etc) because housing is the place they experience.
11. Decentralisation is a strong and, at the same time, a weak point of GH projects. The collaboration between NGOs, the Ministry of Welfare and local governments are key for success, to come to solutions necessary for the provision of housing.

247 Report of OECD 2020, EU-SILC data about severe housing deprivation.

248 Republic of Latvia cabinet regulation no 299 (30 March 2010). Regulations regarding the recognition of a family or person living separately as needy. <https://likumi.lv/ta/en/en/id/207462> (accessed 30 August 2020).

# CHAPTER 3.

## LESSONS LEARNED AND POLICY RECOMMENDATIONS

What has been presented in previous chapters is a sketch of the current situation of housing in selected countries. Such case studies include an overview of more pressing issues and the regulatory and policy environments affecting housing. The authors have selected three to six practices per country and identified a number of lessons learned. A total of 15 housing issues and challenges have been addressed in the country reports, which have been classified into six topics: governance, urbanisation and affordability, socially rented housing, migrants and the Roma people, housing deprivation and homelessness.

Other topics of relevance for housing policy, such as housing investment and the role of the private sector remain out of the scope of this study. Table 2 summarises the housing context, the better practices and the lessons learned in each of the studied countries.



## CHAPTER 3. LESSONS LEARNED AND POLICY RECOMMENDATIONS

Table 2 - Comparative table: main housing issues, best practices (BP) and lessons learned (LL)

TOPICS	HOUSING ISSUES/ CHALLENGES	SPAIN (ES)	NETHERLANDS (NL)	UK (ENGLAND)
GOVERNANCE	1. Coherent housing policies	<p>X (Lack of coherence in housing policies country-wide and multi-level)</p> <p>LL4. Patchy laws, incoherent multi-level legislation</p>		
	2. Insufficient data and research	<p>X (Need for advanced research and data gathering/generation)</p> <p>BP6. Advanced research and enough data on housing</p> <p>(LL1. No adequate housing policies without previous research)</p>		

BP: best practice; LL: lesson learned

X: Mentioned in 'Contextualisation of housing policy and regulation' in the given country

X blue: Mentioned in best practices or lessons learned

\* Due to a progressive process of **urbanisation**

TOPICS	HOUSING ISSUES/ CHALLENGES	SLOVAKIA (SK)	AUSTRIA (AT)	LATVIA/BALTIC COUNTRIES (LV)
GOVERNANCE	1. Coherent housing policies	BP2. Systematic construction of rental housing in NMV (LL3)		X (Less attention paid to environmental and social factors due to the ministry in charge)
	2. Insufficient data and research			

## CHAPTER 3. LESSONS LEARNED AND POLICY RECOMMENDATIONS

TOPICS	HOUSING ISSUES/ CHALLENGES	SPAIN (ES)	NETHERLANDS (NL)	UK (ENGLAND)
URBANISATION AND AFFORDABILITY	3. Housing unaffordability*	X (Housing unaffordability) <b>BP2.</b> Subjective right to housing <b>BP3.</b> Shared and temporal ownership <b>(LL2.</b> Continuum of housing tenures)	X (Housing unaffordability, accentuated in urban areas) <b>BP1.</b> Mixed communities <b>BP2.</b> Intermediate tenures <b>BP3.</b> Rental points system and <i>Huurcommissie</i> <b>LL3.</b> 'Squeezed' middle-income households	X (Lack of affordability – particularly acute in parts of London and the south of England) <b>BP1.</b> Public-private partnerships <b>BP5.</b> Shared ownership
	4. Lack of territorial cohesion	X (Lack of a consistent and effective policy of territorial cohesion and equal opportunities) <b>LL6.</b> Territorial cohesion is essential	<b>BP5.</b> <i>WoningNet</i>	
	5. Geographical/land restrictions		X (Geographical restrictions – some large cities in the Randstad conurbation located near the coast or near green belts)	X (London green belt protection) <b>BP1.</b> Public-private partnerships <b>BP3.</b> Section 106
	6. Gentrification*	X (Gentrification process in biggest cities)	X (Gentrification process; Randstad conurbation)	
	7. Touristification (only in big tourist cities)*	X (Touristification process)	X (Touristification, mainly in Amsterdam)	

TOPICS	HOUSING ISSUES/ CHALLENGES	SLOVAKIA (SK)	AUSTRIA (AT)	LATVIA/BALTIC COUNTRIES (LV)
URBANISATION AND AFFORDABILITY	3. Housing unaffordability*	<p>X (Difficult access to affordable housing for some groups)</p> <p><b>BP1.</b> SHDF (LL 1-3, 5)</p>	<p>X (Limited access to affordable housing for low-income and vulnerable groups)</p> <p><b>LL7.</b> Rising prices since 2007 limit access to affordable housing for low-income and vulnerable groups</p> <p><b>BP2.</b> SMART flats in Vienna</p> <p><b>BP4.</b> Supply-side financing of subsidised housing</p> <p><b>BP5.</b> Rent regulation system in Austria</p>	<p>X (Unaffordability in Lithuania)</p> <p><b>BP3.</b> Housing guarantee programme for families</p> <p>(<b>LL3.</b> Housing support program)</p>
	4. Lack of territorial cohesion			
	5. Geographical/land restrictions	<p>X (Scarcity of municipal land in bigger cities)</p> <p><b>LL4.</b> Lack of suitable land for social housing, mainly in the cities</p>	<p>X (Spiralling cost of land)</p> <p><b>BP1.</b> Land-use category 'subsidised housing' in Vienna</p> <p><b>LL8.</b> Capital contribution and rising price of land limit accessibility</p>	
	6. Gentrification*		<p><b>LL7.</b> Rising prices since 2007 limit access to affordable housing for low-income and vulnerable groups</p>	
	7. Touristification (only in big tourist cities)*			<p>X (Touristification are evident in the capital city Riga (especially in the central part))</p>

## CHAPTER 3. LESSONS LEARNED AND POLICY RECOMMENDATIONS

TOPICS	HOUSING ISSUES/ CHALLENGES	SPAIN (ES)	NETHERLANDS (NL)	UK (ENGLAND)
SOCIAL RENTAL HOUSING	8. The share of social rental housing stock	<p>X (Low % of socially rented housing)</p> <p><b>BP1.</b> Increased social housing (LL3 Soft/ collaborative measures)</p> <p><b>BP4.</b> Habitat 3 foundation</p>	X (Existence of <i>woningcorporaties</i> as providers of social housing)	X (Existence of HAs as providers of social and affordable housing)
	9. Financialisation of social housing sector (due to reduction in public funding)		<p>X Financialisation of <i>woningcorporaties</i></p> <p><b>LL1.</b> Triple-guarantee system</p>	<p>X (Financialisation of the social housing management sector)</p> <p><b>BP2.</b> Cross-subsidisation of HAs . (<b>LL3.</b> Financialisation of social/affordable housing providers)</p> <p><b>BP6.</b> Regulatory judgements of RPs (<b>LL1.</b> Monitoring of the RPs)</p>
	10. Skewness in the social housing sector		<p>X (Skewness phenomenon)</p> <p><b>LL2.</b> Skewness and long waiting lists</p>	X (skewness)
	11. Welfare dependency			<p>X (Welfare dependency)</p> <p><b>LL2.</b> Dependence on the welfare system</p>

TOPICS	HOUSING ISSUES/ CHALLENGES	SLOVAKIA (SK)	AUSTRIA (AT)	LATVIA/BALTIC COUNTRIES (LV)
SOCIAL RENTAL HOUSING	8. The share of social rental housing stock	<p>X (Low share of municipal housing stock)</p> <p><b>BP2.</b> Systematic construction of rental housing in NMV (LL3)</p> <p><b>LL6.</b> Non-existence of low-profit organisations able to provide affordable housing</p>	<p><b>BP3.</b> LPHAs as the main instrument in affordable and social housing</p>	<p>X (Social housing forms only 0.4% of housing stock in Latvia)</p>
	9. Financialisation of social housing sector (due to reduction in public funding)			
	10. Skewness in the social housing sector			
	11. Welfare dependency			

## CHAPTER 3. LESSONS LEARNED AND POLICY RECOMMENDATIONS

TOPICS	HOUSING ISSUES/ CHALLENGES	SPAIN (ES)	NETHERLANDS (NL)	UK (ENGLAND)
MIGRANTS AND ROMA	12. Immigration, refugee crisis, Roma people		X (Immigration, refugee crisis) <b>BP4.</b> <i>Startblok Riekerhaven</i>	
HOUSING DEPRIVATION	13. Lack of adequacy of housing (need for rehabilitation, energy improvement, universally accessible) and independent living	X (Rehabilitation, energy improvement and universal accessibility) <b>LL5.</b> Accessibility and living conditions left behind	X (Energy efficiency, ageing society) <b>BP6.</b> <i>Energiesprong</i> project	X (Lack of specific unit sizes; lack of barrier-free housing and, specifically in rental housing, energy poverty and a lack of or deficient rental market regulation)
HOMELESSNESS	14. Housing insecurity/ instability			X (Assured short tenancies)
	15. (Hidden) homelessness*	X (Squatting and other hidden homelessness) <b>BP5.</b> Avoiding evictions through institutional mediation	X (Homelessness)	X (homelessness) <b>BP4.</b> Church property and housing programme

TOPICS	HOUSING ISSUES/ CHALLENGES	SLOVAKIA (SK)	AUSTRIA (AT)	LATVIA/BALTIC COUNTRIES (LV)
MIGRANTS AND ROMA	12. Immigration, refugee crisis, Roma people	X (Roma people) BP3. Houses for Roma people in the village of Spišský Hrhov	X (Refugees) LL6. Strong influx of refugees in recent years	
HOUSING DEPRIVATION	13. Lack of adequacy of housing (need for rehabilitation, energy improvement, universally accessible) and independent living	X (housing maintenance and refurbishment of the existing housing stock) BP1. SHDF	BP6. Energy standards in new construction and refurbishment of social housing	X (Low energy efficiency, low quality and safety; maintenance and inclusion problems) BP1. Renovation of large housing estates (LL1. Social agreement to renovate large housing estate) BP2. GH (LL2. Interdisciplinary approach to GH construction)
HOMELESSNESS	14. Housing insecurity/ instability			
	15. (Hidden) homelessness*			X (Overcrowded dwellings in Latvia)

## CHAPTER 3. LESSONS LEARNED AND POLICY RECOMMENDATIONS

In the following section, we present a cross-comparison of the analysed countries, following the general context introduced in Chapter 1; the section highlights the common features and challenges of the housing sectors and best practices in the countries reviewed (Chapter 3.1). The chapter also features a to-the-point identification of the lessons learned (Chapter 3.2), which allows the drafting of a set of multi-level policy recommendations (Chapter 3.3.)

### 3.1. ASSESSMENT OF THE COMMON FEATURES AND CHALLENGES OF NATIONAL HOUSING SECTORS AND BEST PRACTICES TO PREVENT/TACKLE/REACT TO THEM

#### 3.1.1 COMMON CHALLENGES: URBANISATION AND AFFORDABILITY, SOCIAL RENTAL HOUSING AND HOUSING DEPRIVATION

Urbanisation and affordability, social rental housing and housing deprivation have been the most common topics addressed by national reporters.

**A) Urbanisation and affordability.** The process of urbanisation has had an impact on housing unaffordability, the lack of territorial cohesion, geographical/land restrictions, the gentrification of cities and touristification in the studied countries.

According to Table 2, **housing unaffordability** has been highlighted in all studied countries (ES, NL, UK, SK, AT; for the Baltic states, LT, LV) linked to urbanisation processes and to low-income households. This matches the results shown in Table 1, in relation to the housing cost overburden rate by degree of urbanisation (people living in cities) of Eurostat 2018, as UK, NL, AT and ES are near the average of the EU-28 (although far from the top ones: HE, DK and DE) and this has been identified by reporters as a 'very serious' problem in NL (both for owner-occupied and renter-occupied housing) and the UK (owner-occupied; only 'serious' for tenants) and 'serious' by SK's reporter. While Eurostat 2018 shows a relatively low urban housing overburden for SK, our report identifies this as a problem. Coincidentally, according to Eurostat 28, urban housing overburden is not a major issue in LV, although it was identified as a 'serious' problem.<sup>249</sup>

Best practices around this challenge include:

- a) The creation of **different functional types of housing tenures** (ES, in Catalonia, shared and temporal ownerships since 2015) or the **actual use of the current ones** (intermediate tenures in NL and the UK (England) and rent control in AT or the NL 'points' system for tenancies) **to increase housing affordability**. Thus, on one hand, a range of **true alternative housing tenures to homeownership and tenancies** may potentially help households to access housing with more adequate (economic and expectations) terms, thus avoiding their over-indebtedness and eventual eviction. Although it is too soon to state this for the case in ES (BP3), the system of *Koopgarant* (BP2) has been used by Dutch HAs since 2004. Under this scheme, the social landlord offers a price reduction on the market value (around 25 percent), in exchange for reserving the right to repurchase once the owner wants to sell and sharing the change in value with the owner occupier, according to a legally prescribed formula. Under another Dutch scheme, 'Te Woon', the beneficiary is allowed to choose the form of access to housing, and the range of possibilities includes social renting; intermediate tenures, such as the one mentioned above; and even homeownership.

On the other hand, establishing a **functional housing tenancy system** may help to counter-balance the weight that homeownership usually has in nearly all EU MS. This has been achieved in only a few countries over the years (DE is among them). In this study, NL (BP3) and AT (BP5) highlight different systems of rent control that might help to increase the affordability of housing. Ninety-two percent of tenancies have such a system in NL, following a 'points system' (points are awarded according to the features of each dwelling; if any conflict arises, there is an *ad hoc* rent tribunal to solve it). In turn, rent regulation in AT has a tradition of more than 100 years, and it is combined with a compulsory minimum duration of tenancies of three years. This helps many middle- and low-income households to access dwellings. However, a liberalised rental sector is on the rise in both countries.

- b) To formally declare **housing as a true subjective right**, that is, a fundamental right that, if not fulfilled, can be brought before a judge (ES, in the

249 IWU and TUD (2020). *Housing policies in the European Union*, Federal Ministry of the Interior, Building and Community (BMI) and Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR).

Basque country). Although not present as such in the Constitution of any EU MS, it can be included in a law, such in FR with DALO.<sup>250</sup> Most EU countries include the right to housing among those rights that guide government policies and action, but, sometimes, they are not prioritised and fall behind other general interests, such as the economy. By acknowledging it as a true subjective right, there would be a certainty that, even if there were no housing available in a certain place at a certain point in time, the person in need would be hosted or compensated in one or in another way, and that this does not fall under the discretion of a government, but will be upheld in court.

- c) To promote the creation of '**mixed communities**' (*mixité*) (BP1 NL), combining social and private rental housing, thus avoiding stigmatisation and ghettoisation. Intermediate tenures can also be used to combine households with different backgrounds in the same community through so-called cross-subsidisation. The English planning instrument known as 'Section 106' (BP3) also allows for this *mixité* because it enables affordable housing to be built in more expensive areas not associated with this type of housing (see below).
- d) To ask for the **intervention** of the **public administration** in different ways (from less to more intrusive to the housing market):
  1. In cooperation with the private sector through the creation of **public-private partnerships** (UK (England) BP1). The purpose is to increase affordable housing provision by joining complementary strengths of the public and private sectors. On one hand, local authorities bring public land and have planning authority and housing responsibilities. On the other hand, HAs provide development expertise and a much more business-oriented management that allows them to be economically viable and sustainable.
  2. **Supply-side financing of subsidised housing** (AT BP4). The bulk of expenditure on housing has continued to be on supply-side subsidies in AT, to produce affordable dwellings for a large part of the population. In fact, the primary form of housing support is the provision of government loans for housing. These are long-term,

low-interest loans (zero to two percent interest) that cover, on average, 35 percent of the costs. These loans are used by LPHAs to partially fund social housing at moderate rents. Altogether, some 80 percent of all new constructed housing units are co-financed by the public. Public loans are bringing increasing returns over the years with an overall stable level of public financing.

3. **The SHDF (SK BP1) offers favourable long-term loans** for different purposes to municipalities, individuals and later to other private and public legal entities. The purposes are mainly the acquisition of a dwelling (through construction or purchase), the acquisition of a rental dwelling, the renewal and modernisation of a residential building, insulation, removal of systemic faults, construction and renewal of social service facilities. However, the largest share of the SDHF budget was used on **housing maintenance and refurbishment** of the existing housing stock, as mentioned below.
4. **SMART flats in Vienna** (AT BP2). Since 2012, one third of all social housing in Vienna has had a higher share of public subsidies per m<sup>2</sup> and, in return, these are smaller dwellings (65 m<sup>2</sup>, on average). SMART flats are focused mainly on young families, couples, families with one parent or individuals. The city of Vienna has invested around €1,200 million in this project. Every year, from 2,500 to 3,000 SMART flats are being built.
5. **Housing guarantee programme for families to become homeowners** (LV). The aim of the guarantee is to provide state aid (between 10 and 30 percent of the amount of the mortgage plus five percent if energy requirements are fulfilled) for the purchase or construction of housing for families with children (but only those able to get mortgage), thus decreasing the **amount of the first payment** required for receipt of the mortgage. Since it began (2009), the programme has helped more than 14,000 families, with a total of more than 18,000 children.

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250 [www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000000271094&dateTexte=&categorieLien=id](http://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000000271094&dateTexte=&categorieLien=id) (accessed 11 September 2020).

## CHAPTER 3. LESSONS LEARNED AND POLICY RECOMMENDATIONS

A proper **organisation of the territory** (at least at the level of a small region, ie NUTS-3<sup>251</sup>), taking into account geographical limitations (lowlands, coastal cities, mountains/hills), is essential to palliate the negative effects of urbanisation in relation to housing, that is, housing unaffordability (see above), and the availability of land, which is sometimes curtailed by urban planning, green belts, etc. The **lack of a consistent and effective policy of territorial cohesion** and equal opportunities has been highlighted for ES. NL (BP5) has a tool called **WoningNet** to favour territorial cohesion, as it is a web portal belonging to Dutch HAs that allows tenants to access offers of social housing at a supra-municipal level, in particular, in 14 different regions. Although there are still long waiting lists for social housing (ten years for Amsterdam, for example), at least prospective or current social tenants are not attached to a municipality, but can move and may have access to a social dwelling in different regions. In addition, this online platform has been of special interest during the COVID-19 crisis, as it allows the whole process to be conducted online. This is not a reality in many countries (eg ES).

The scarcity of land due to **geographical** (NL) or **planning limitations** (green belts – NL, UK (England) or **scarcity of available land for affordable/social/public housing in cities** (SK, AT)) are additional issues related to the proper organisation of the territory. Although a complex matter that goes beyond housing (eg environmental protection, historic patrimony protection, etc), this is tackled in the UK (England) through the aforementioned **public-private partnerships** (BP1) and in AT through the land-use category '**subsidised housing**' in Vienna (BP1). Thus, to address the problem of increasing price of the land in the city, Vienna city council introduced this scheme in March 2019. Where the land use has been changed, two thirds of all homes (in terms of the floor space) must be built under the Viennese subsidy scheme for social and affordable housing. There is no evaluation of this system of controlling the price of land in urban areas because the measure is very recent. However, the UK (England) (BP3) has experience of using **urban planning** as a tool to promote social housing, that is, to impose, by law, a charge on land developers to build a share of social housing in a given development site or project, which helps to create mixed communities. Thus, **section 106** of the English Town and Country Planning Act 1990 allows local authorities

and developers to negotiate the provision for social or affordable housing units as a condition of planning permission for private development schemes; thereafter, the newly built social housing is sold to the HAs. This planning instrument has allowed 46 percent (approximately 287,700 units) of all affordable units between 2005 and 2018 to be delivered, but it is a cyclical measure: supply increases during property bubbles, but decreases abruptly during recessionary years, that is, when they are most needed. A similar measure exists in urban development laws in ES and with the same structural problem. In addition, it raises concerns on the impact of the price of other properties developed under free-market rules.

Additional issues related to challenges resulting from **urbanisation** are **gentrification** (ES, NL) and **touristification** (ES, NL, LV) processes. While this has been identified as a problem in ES (clearly in the biggest cities, such as Madrid and Barcelona) and NL (especially in the Randstad conurbation: Amsterdam, Rotterdam, The Hague and Utrecht), no best practice nor lesson learned has been pointed out, which may lead to the conclusion that no best practice is remarkable in those fields and that the problem persists; in spite of the circumstantial pause in tourism due to the COVID-19 crisis, the duration of which will depend on how fast and the efficacy with which this crisis is solved. However, for touristification, the latest achievement is the ECJ ruling in favour of the city of Paris to control short-term holiday rentals (Cali C-724/18 and C-727/18).

251 <https://ec.europa.eu/eurostat/web/nuts/background> (accessed 26 August 2020).

**B) The second big field** that has been addressed by nearly all studied countries is **social rental housing**, but with two different approaches: firstly, the size of its share (ES, SK, AT) and, secondly, its management (NL, UK (England)).

In relation to the size of the social rental housing sector within the studied countries, it differs widely. According to Table 1, while in NL it represents around 30 percent of the total housing stock, in ES it is just three percent,<sup>252</sup> while Eurostat gives different numbers. The role of cooperatives and HAs to increase the share of social and affordable housing is highlighted by many countries, such as ES (BP4) and AT. In ES, it is an incipient initiative that is recommended to be generalised by following precisely the 'best' aspects of HAs in NL, the UK and AT. For example, the LPHA (AT BP3) is considered a very important component of the Austrian housing policy. These are 185 housing cooperatives, private and public limited companies, that are owned by public authorities, charity organisations, parties, unions, companies, banks or private individuals (it is forbidden developers to be a stakeholder). Today, they manage 923,000 housing units (rental dwellings and owner-occupied apartments), which represented 20 percent of all housing stock in 2017, and are responsible for 25-30 percent of the total housing construction each year, most of it for rental. However, nearly 50 percent of all newly built properties entail a right-to-buy option for tenants (those who contribute in the construction of the property with more than €50/m<sup>2</sup>; this is called '**tenant equity**'); for which they can usually get a soft banking loan, although until 2017 only 33,000 of the 160,000 units built with this option have been transferred to tenants. Since 2019, the law has extended the period in which the owner of the right-to-buy home cannot profit from selling the property from ten to 15 years, but has also lowered the minimum time the tenant can exercise his/her right to buy from ten to five years.

In SK, the low share of municipal housing stock is an issue. According to BP2, the city of NMV is a leader in the number of municipal rental dwellings in Slovakia. NMV has 20,000 inhabitants and has 750 rental dwellings, which is more than three times higher per 1,000 inhabitants than that of the Slovak average. This number will be increased by the reconstruction of former military buildings and their conversion into dwellings. The stability of the city government and

the **strong commitment** of the mayor (elected for the social democratic party) to solve the problem of social rental housing in the city has led to this long-term public housing programme, while demand remains high.

In relation to the **management of social housing**, the AT system of LPHAs and their umbrella organisation (GBV; AT BP3) seem to have prevented the intentions of some LPHAs to extend the economic scope of their activities beyond the core business of the provision of social and affordable housing (eg by its sale to investment funds at a low price to speculate, or for tourist rental). Similar problems, however, have been relevant within NL *woningcorporaties* (see LL1 for NL about the 'triple guarantee') in recent decades of the housing boom and crisis, and this phenomenon has also impacted on UK (England) HAs. However, sometimes public investment in social housing is reduced (eg due to the effects on the global economy of the 2007 GFC or the COVID-19 one), but HAs have to continue with their duties. BP2 of UK (England) shows that **cross-subsidisation** is used by English HAs as a mechanism to fund their future social/affordable housing projects when public funding is scarce. This mechanism basically consists of allowing the re-investment of profits from their non-social activities (sale of properties into the private market, intermediate tenures, etc) into social housing. This system increases *mixité*, although sometimes it may entail too much risk to use social housing as collateral when entering financial and capital markets to attract private money for social goals, as seen with the NL experience. However, as pointed out in BP6 of UK (England), the **regulatory judgements of RPs and the RSH** adds transparency and certainty to the system, as they are the regulator's official view of a provider, in relation to how well HAs are meeting the regulatory standards (economic and consumer ones).

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<sup>252</sup> Housing Europe (2019). *The state of housing in the EU 2019*.

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C) **The third challenge** that has been addressed by nearly all studied countries is some sort of **housing deprivation**, which, at some point, has to do with the lack of quality of housing in three different fields: universal accessibility to housing in an aging society and for disabled people (ES, NL, UK (England)), renovation of certain housing stock (ES, SK, AT, LV; UK (England) mentions the lack of specific unit sizes) and improvement of energy efficiency (ES, NL, UK (England), AT, LV). As seen in Chapter 1 and as an additional indicator (Eurostat measures are four particular features of sub-standard housing), the housing stocks of ES, NL and the UK are about average for the EU-28, according to Eurostat, in terms of housing deprivation, while AT and SK are below average and LV is well above. Despite this, five best practices have been identified:

1. **Energiesprong project** (NL BP6). *Energiesprong* is an innovative programme, originally funded by the Dutch government and now active in several other countries, that retrofits a dwelling to be NZE, ie generating the total amount of energy required for its heating, hot water and electrical appliances, and also providing superior indoor comfort. This can be achieved by using new technologies, such as prefabricated façades, insulated rooftops with solar panels, smart heating, and ventilation and cooling installations. The idea is that these works are paid for by future energy cost savings plus the budget for planned maintenance and repairs over the coming 30 years; therefore, it does not involve an extra cost for the household over the long term. In the social rental housing sector, tenants pay the HA an energy service plan, which is the equivalent of their previous energy supplier bill.
2. **SHDF** (SK BP1). It is estimated that (as of 2018) more than 65 percent of all dwellings in multi-family residential buildings in SK have been refurbished, nearly 50 percent of them with the support of the SHDF.
3. **Energy standards in new construction and refurbishment of social housing** (AT BP6). LPHAs also lead to innovation in building concepts, eg ambitious energy standards in new construction and in the refurbishment of existing stock, although reality is mixed, mainly due to decreasing financial support for these targets. Through this, they contribute to climate targets, but have also become a role model for other housing sectors. In 1971, only 15 percent of the housing stock was of quality A (with a WC, bath, heating and hot water) and after a massive improvement of the quality, in 2018, it was already 94 percent. Thanks to this and the intensive refurbishment of buildings, Austria achieved, between 2004 and 2014, 40 percent savings in emissions of the housing sector.
4. **The renovation of large housing estates** (LV BP1). State support (programme for improving energy efficiency in multi-apartment residential buildings) is meant to stimulate the renovation process by co-funding the insulation of large housing estates, thus improving their energy efficiency. As owners should agree to the renovation of multi-apartment buildings, the renovation process is hindered by the housing vulnerability of several social groups.
5. **GHs** (LV BP2). A GH is a dwelling (a) that is occupied by persons as a single household, with or without paid supervision or care, and whether or not those persons are related or payment for board and lodging is required, and (b) that is used to provide permanent household accommodation for people with a disability or people who are socially disadvantaged. GHs can be located in an apartment building or in a specially built/renovated building, in which independent living skills are promoted. Permanent or temporary staff may be provided in GHs. There are 20 GHs in Latvia (2020). Funding of the scheme and a scarcity of available housing stock are the main issues.

### 3.1.2 OTHER CHALLENGES: GOVERNANCE, MIGRANTS AND THE ROMA PEOPLE, AND HOMELESSNESS

There are other challenges that have been mentioned by only some of the studied countries. These are affordable housing governance, migrants/the Roma people and homelessness.

In relation to **housing governance**, this is an issue in Baltic countries, as housing policies regarding environmental and social factors are disregarded by the ministries that deal with housing matters, usually linked to economic issues (EE, LV). It is also an issue in ES and its approach is twofold: a lack of coherence in housing policies and insufficient data and research in relation to housing. While SK (LL3) has pointed out that a coherent policy over time towards the building of a sufficient social housing stock delivers positive results, in ES there is currently a general lack of coherence in housing policies country-wide and multi-level, with different administrations with overlapped competences and contradictory political objectives. However, there is an incipient pool of institutions, both academic and promoted by public administrations, that want to provide reliable and trustworthy data and housing research to help policymakers to take appropriate decisions (ES BP6), something that is more common in NL and in the UK, for example.

Regarding **immigration, refugees or the Roma people**, these are a matter of housing policy concern in NL, SK and AT (LL6). In this vein, NL (BP4) highlights the collaborative project *Startblok Riekerhaven* (2016) between the municipality of Amsterdam, the housing corporation *De Key* and the organisation *Socius Wonen*, which offers 565 housing units, with spacious common rooms and spaces, to young refugees and young Dutch people with the objective of integrating the former into the city, the culture and the language. Tenants have social and general management duties. For this project to be successful, its managers maintain close contact with the municipality, the refugee council, local police, local doctors and psychologists to ensure adequate support for these young refugee status holders. In turn, SK (BP3) highlights the project **houses for the Roma people in the village of Spišský Hrhov** (started in 2002), which has provided 100 new homes with the necessary infrastructure and additional services for the Roma with the help of a municipal social company, in which, in fact, many Roma people are employed, so providing them with a job. Many of them participated in the building of their new homes, which allowed them to leave their shacks. The tenants were carefully chosen, with the help

of community centre, with respect to the number of family members, overcrowding in their existing dwelling and their ability to pay the rent.

Finally, **housing insecurity/instability** has been mentioned for the UK (England) in relation to assured short tenancies, which are a type of lease contract of short duration (six to 12 months) that makes them insufficient as a viable housing tenure, according to UN standards. In addition, **homelessness** in different forms (squatting, hidden, roofless, etc) has been mentioned by ES, NL, the UK and LV national reports, although it is a problem that is on the rise in nearly every European country. The former links the situation of those excluded from housing with the impact of urbanisation processes on those that need to live in cities (mainly due to work availability or support networks), but do not have the resources to pay rent on a whole flat and have to share rooms or live in tiny and deprived apartments unsuitable for living. LV mentions overcrowding as a problem: over one third of Latvian households live in overcrowded dwellings; the largest among OECD countries and the second largest in the EU. ES also addresses the issue of the prevention of evictions through institutional mediation as a good practice (BP5), that is, the institutionalisation of a public service to support those at risk or in the process of being evicted to start a process of negotiation with banks (in the case of mortgaged homeownership) or with landlords (in the case of tenancies), as eviction is one of the pathways to homelessness. Concerning this latter issue, the UK (Scotland), has pointed out the '**Church property and housing programme**' as a good practice (BP4). This programme benefits vulnerable homeless people in Scotland, including prison and care leavers, people with addictions, those with poor mental health and those fleeing violence and is promoted by the Scottish Churches Housing Action. The programme aims to link churches with housing bodies (developers, providers, public or private), so that they provide suitable redundant or under-used church properties for development as affordable housing.

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## 3.2 IDENTIFICATION OF THE LESSONS LEARNED

Some 'lessons learned' from the housing challenges in each given country are the following:

1. In relation to housing unaffordability in urban environments, this can be tackled through the **achievement of a functional mix of housing tenures** to allow households to choose the one that suits them best, according to their economic capabilities and expectations, thus avoiding overindebtedness and tenure insecurity (continuum of housing tenures; LL2 ES). A process of intra-EU **informal harmonisation** in housing legal frameworks (approach of national legal systems by the introduction of good practices and successful initiatives and institutions existing in other EU MS) has occurred here by the mutual influence of the UK (England) and NL, in the matter of the use of intermediate tenures that, in turn, have influenced ES (Catalonia). Another source of inspiration for other countries may also be the **community land trusts** (CLT) developed in BE<sup>253</sup> as grass-roots initiatives of communal holding of land.
2. **HA-like** institutions may help to increase the number of available social rented housing units, as they link public policies to private funding (cross-subsidisation) and provide know-how management. They have been recommended in ES (within LL3) and SK (LL6), where they are incipient. However, where they are widespread, there is a **risk of conflict of interest due to their hybrid nature**, which has to do with the **triple-guarantee system** (NL LL1) and **their monitoring by a public entity** (LL1 UK and AT BP3). In relation to the former, Dutch HAs have a **triple-guarantee system** (WSW, AW and government and local authorities), as they have been financially independent since the mid-1990s, which gives them access to loans on the financial market at very low interest rates that must be used entirely for social projects. However, in the recent past, this system implied a **moral hazard**, allowing risky investments that might put their social housing stock at risk. The latter provides for the **public monitoring of the RPs** by the RSH in England and Wales, to guarantee their transparency and control in exchange for public support and intervention to prevent HAs from going bankrupt. However, this public backing and even intervention, in some cases, can also lead to a moral hazard in their activities. In fact, English HAs have experienced a process of **higher dependence on private financing** due to recent austerity budgets (UK (Eng.) LL3), the consequences of which have been twofold: strong points, such as non-dependence on the public budget, the diversification of funding sources and higher professionalisation of the sector, but also weak points, such as pre-tenancy affordability assessment of prospective social/affordable tenants, danger in increasingly becoming dependent on private money and the entrance of non-traditional social housing players in the sector, such as banks or rating agencies, that might distort their social function.
3. The long waiting lists in social rented housing should be studied more deeply, according to NL (LL2) experience. One of the reasons for the phenomenon of skewness and long waiting lists, according to NL (LL2) experience, is indefinite (open-ended combined with irregular checking of the fulfilment of the requirements to be considered as "in need for social housing") social tenancies that do not allow a rotation of existing social rented housing stock. However, the reasons for skewness and long waiting lists are several and should be studied in more detail.
4. Where there is a need to **increase social housing**, beyond mere public action, **soft/collaborative measures with private stakeholders** may provide interesting results (ES LL3, UK (England) BP1, NL BP4). Some examples are public intermediation networks (eg providing private landlords with guarantees and subsidies for rehabilitation in exchange for delivering the dwelling for social rental housing); pre-emption rights in favour of regional governments (eg in the case of the re-sale of a property by a bank as a result of a defaulted mortgage enforcement); the establishment of public-private partnerships or the Dutch *Startblock Riekerhaven* project, which is oriented to the integration of refugees.
5. **Urbanisation** has led to different kind of externalities. The **massive privatisation of land** in urban areas in SK in the 1990s (SK LL4) led to the **lack of suitable land for the development of social and affordable housing** and the resistance of inhabitants to densification. Even in AT (AT LL8), in new social housing construction, **increased construction costs and land scarcity** contribute to high rental costs, leading to a greater need for demand-side subsidies, such as housing benefits and larger capital contributions by future tenants (**increased tenant equity**). In relation to **housing**

253 <https://cltb.be/en/> (accessed 26 August 2020).

**unaffordability, rising rental prices in AT** since 2007 (LL7) limit access to affordable housing; this is due to three factors: private rents have ballooned in Vienna and surroundings, and other major cities; new buildings follow market dynamics; and poorer quality, but affordable, apartments have nearly disappeared due to refurbishments, reducing viable dwellings for low-income households (a process of **gentrification**). In fact, the **demand for social and affordable housing has outgrown supply** (AT LL6), with an overall trend towards more part-time jobs and precarious forms of employment, towards more vulnerable household types and an increase of refugees. In turn, in NL, the EU Commission Decision 2012/21/EU has challenged the **universal social housing model** of that country (LL3), which has left middle-income households without public support and they are now forced to choose between relatively expensive rental housing in the city or buying/renting a more affordable place outside the city (**'squeezed' middle-income households**). In addition, the decision-making of nearly every homeowner in the 1990s in SK and in many former socialist countries has led to the problem of **funding the rehabilitation of the housing stock** (for many households that are dependent on public subsidies or banking loans) (SK LL 1) and to **disregard social rental housing as a country-wide policy** and in urban areas (SK LL 2 and 3). The creation of the multi-purpose SHDF has palliated all of these consequences (SK LL 5). In turn, LV has chosen to facilitate the down payment for mortgages to families with children to access homeownership (LV LL3) (a total of 14,000 families with 18,000 children since 2015), but those families that do not have sufficient means are excluded from the scheme and in rural areas commercial banks are not interested. Finally, a suitable policy of **territorial cohesion** that provides for labour opportunities and services in a consistent manner through a region/country with proper land and digital communications is essential to palliate the consequences of urbanisation and depopulation (ES LL6).

6. In relation to **universal accessibility to housing, housing state-of-repair and energy efficiency**, ES (LL5) has reported that accessibility and living conditions have been left behind when affordability is a priority. In addition, in **former socialist countries**, there is an urgent need to **refurbish the inherited multi-unit housing stock** (SK, LV). While SK has undertaken this task quite efficiently through the SHDF (SK BP1), it is still a problem in LV (LL1) due to the lack of trust between

the groups involved (social residents and public and private players involved in the renovation process), which hinders them from reaching a social agreement to renovate large housing estates. In relation to housing inclusion for vulnerable groups, the GH initiative in LV (LL2) shows that an interdisciplinary approach to this challenge is needed (collaboration between NGOs, the Ministry of Welfare and local governments), while the lack of sufficient local government initiatives and funding and the scarce availability of housing stock hinders its full widespread potential.

7. **Patching the laws, incoherent or contradictory multi-level housing legislation does not work** (ES LL4). The production of reliable data and **trustworthy and independent housing research** can help to properly orientate housing policies (ES LL1).
8. **Increase literacy in the field of housing** among citizens. Sometimes, new institutions, rights, subsidies or policies in the field of housing do not reach everybody, above all, those with less access to legal advocacy or consultants. This is clearly the case in many fields in ES (advocacy in the case of the threat of eviction, rights of the disabled and the elderly to enforce works to achieve universal accessibility in multi-unit buildings where they live, widespread new types of housing tenures). **Transfer and communication of trustworthy housing research** to groups of interest is crucial (ES LL1), as is the proactivity of the public administration and the third sector.

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## 3.3. A SET OF MULTI-LEVEL POLICY RECOMMENDATIONS OR ACTIONABLE POINTS

Housing is one of the fundamental human rights and needs, and it is also a strong socio-economic factor that influences and is influenced by other factors outside the housing sector. The housing situation in European countries, regions and cities is very different due to their long-term approaches to housing based on a mix of market solutions and state intervention. In some countries, the state policy was based on a universal approach to housing for low- and middle-income families, with the concept of social and affordable housing aiming at a social mix. In other countries, it was targeted mainly at low-income and vulnerable groups based on a social housing concept, leaving all others to find solutions on the housing market.

The 2007 GFC has brought new challenges to housing policies in all European countries. The rise of housing prices in general, including rent rises, mainly in bigger cities, is limiting access for low-income and vulnerable groups, and even middle-income households, to social public and affordable housing. The scarcity of available land for social and affordable housing and its rapidly rising price, together with high ecological demands on new buildings, lead to higher construction costs and are another limit to affordable housing. The third challenge is the higher demand for social and affordable housing because of stagnating or decreasing household incomes in the lower half of the income distribution after the GFC and migration to some European countries belonging mainly to low-income groups. The European Commission EU state-aid regulation had a negative impact on the ability of countries to react to the challenges. Even in countries with a universal housing policy, they should solve the issue of how to design their housing policy for all groups in need, without leaving behind the middle-income groups and the sustainability and social mix achieved so far.

A possible solution should be a coordinated multi-level policy from local to national and European public authorities with general priorities, such as a) an increase in the availability of new social and affordable housing, b) securing land for social and affordable housing, c) better use of the existing housing stock, d) renewal of existing houses and high standards for new construction, and e) a more targeted approach to low-income and vulnerable groups.

### 3.3.1 FOR THE LOCAL/MUNICIPALITY LEVEL

1. Analyse data available and prepare a housing scheme of support/construction/acquisition of new social, public and affordable housing in the municipality, responding to analysed needs of the whole population, including anti-speculation; participation; rent transparency and regulation; the protection of tenants up to an equilibrium between the two parties in the tenancy contract; mechanisms to prevent, tackle and react to evictions; sustainable land use and other elements of adequate housing policy. Use the combination of local, national and EU funding (including EIB financing) for new housing, also revolving financial instruments, eg housing banks or funds.
2. Collaborate with all involved stakeholders, public and private, financial and social (HAs, different public entities, private partners, landlords and tenants' associations, neighbourhood committees, etc), to generate as much affordable housing as possible, and to manage it responsibly.
3. Use planning obligations as an instrument to include a quota of affordable housing in new private development projects, to secure more affordable housing, and with management of the acquired housing by the municipality, a HA or another public entity.
4. Increase land suitable for affordable housing in the municipality, using the tools of land management, such as community land trusts, taxation against land speculation, urban development schemes, funding of affordable ground purchase structures at local level, categorise subsidised housing in the zoning.<sup>254</sup>
5. Combine projects of the energy efficiency of buildings, which can contribute substantially to reducing greenhouse gas emissions and preventing energy poverty, with social cohesion goals, because the rehabilitation of housing is essential to increase the offer of adequate, universally accessible, healthy and energy-efficient housing. Projects can include energy-efficiency measures for multi-apartment buildings and buildings with mixed use, in collaboration with their governing bodies; the development of infrastructure to reduce heating and cooling needs and reduce air pollution; the construction of virtually zero-energy buildings and positive energy buildings and neighbourhoods; and deep retrofitting of existing buildings

<sup>254</sup> Vienna city government decided to introduce such a category, in view of the need for more affordable housing in a growing city.

and sustainable building materials. Special attention should be paid to the most deprived communities. Sustainability should also be assured for the new construction of social and affordable housing.

6. With respect to social cohesion, try to prevent 'renovictions', ie evictions by renovation, mainly by participation of residents, as renovation should not lead to massive increases in rent, but it should be balanced by energy savings. Prefer integrated district renovation where public subsidies are provided, when they reduce the prices/rents. When public subsidies are involved, combine them with rent regulation and rent caps to prevent capitalisation of these subsidies.
7. As important as access to home is, so is avoiding losing it by eviction. Effective measures to prevent, tackle and react to evictions, including due to renovation measures, and homelessness are crucial.
8. Organise participation in decision-making processes to address issues related to the living environment for rented properties, which includes the terms and conditions of their tenancy, as well as activities related to housing and community development. To ensure these rights, access to effective in-house complaints and appeals procedures, and mediation and arbitration services, are equally important.
9. Provide additional social services to housing for those most in need (eg independent life for disabled people, access to the city for the elderly, empowerment of single mothers/parents) and to homeless people, for example, under the scheme Housing First.
10. Try to cover both low- and middle-income groups, leaving no one behind by implementing the goal of social mixing in urban development projects and taking participatory approaches. Possible tools could be public-private partnerships, cross-subsidisation, rent transparency, support for landlords' and tenants' organisations, diversity of tenures, etc.

### 3.3.2 FOR THE REGIONAL/NATIONAL LEVEL

1. Evaluate and adjust your national/regional housing policy/strategy: prefer a universal approach to housing that also covers middle-income families and, at the same time, is targeted enough to enable access to housing for low-income families and vulnerable groups. It should include the principle of a subsidiarity to choose the scope and design of social, public and affordable housing and the methods of how to regulate the housing market.
2. The national/regional housing policy/strategy should also include co-ordination between multi-level housing policies, especially to counteract increasing house prices that can be linked to problems around the process of urbanisation, shortage of land for housing and the flexibility of procedures (eg zoning regulations), thus encouraging an affordable housing supply. It can be a financial and legal means for building land reserves by limited profit, municipal entities, purchasing vacant and derelict land, or enabling leasing models for municipal land as an alternative to selling.
3. Acknowledge the right to housing as a subjective right in either in the country's constitution or legislation and clearly define the responsibilities of different levels of public authority for housing (including regions, provinces and municipalities).
4. Foster a diversity of housing solutions from social, public, cooperative, for-limited-profit and private rental, as well as owner-occupied housing that combine affordability (in the production, access and maintenance), stability and security for tenants and homeowners. Introduce a functional continuum of housing tenures (including fixed-term, intermediate, indefinite contracts and other forms) that combine affordability (in access and maintenance), flexibility and stability for households. Tenures that do not fulfil these requirements and that tend to precariousness must be avoided.
5. Undertake a coherent policy of territorial cohesion throughout the territory on the grounds of equal opportunities and access to services throughout the country, territory or region, to minimise the need for the population to concentrate in big cities.

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6. Use regional/national instruments for urban planning to guarantee a minimum amount of affordable and social housing within urban areas and to stimulate mixed communities.
7. Provide, where it does not exist, a framework to develop HAs (with various legal forms) as instruments to increase the number of affordable, cooperative and social housing available and fulfilling national/regional housing policies with the national supervision of their activities. They could be allowed to use their non-social activities profits to finance social and affordable housing. Define the role for organisations managing the allocation of housing and enable the creation of a housing portal with housing information beyond municipalities and regions to support mobility and the possibility to find appropriate housing.
8. Guarantee a sufficient share of GDP to fund housing policies. Adopt a stable funding model for the housing policy, combining subsidies, low-interest loans (with increasing returns in the mid and long terms) and housing allowances and other forms of financial support, such as revolving funds and better uptake of EU funding and EIB financing by local housing authorities and social, public, affordable housing providers. Concentrate financial support on the supply side of new construction/acquisition of social and affordable housing to prevent the rise of prices connected to high housing allowances.
9. Allocate special national/regional financial support for increasing housing sustainability (rehabilitation, refurbishment together with high standards in quality and energy efficiency) of the existing and new housing stock, while preventing capitalisation of public subsidies.
10. Encourage the creation of housing data observatories and housing-specialised training and research centres to assist policymakers in adopting adequate housing-related policies. In particular, analyse the housing overburden rate and its regional distribution to evaluate the needs and limits of low-income and vulnerable groups. Increase literacy in the field of housing among citizens.

### 3.3.3 FOR THE EU LEVEL

1. Given the importance and cross-impact of housing issues and challenges in many fields (economics, finance, health, human rights, consumer protection, education, foreign policy/migration, energy, social cohesion, free movement of people, etc), we strongly recommend setting up an integrated strategy for housing within the European Commission with the objective of enhancing the policy coherence of EU policies and initiatives with an impact on housing.<sup>255</sup> This could take the form of a potentiated interservice group on housing, setting the grounds for a dedicated directorate in the years to come. Besides policy coherence, a coordinated approach to housing within the European Commission should be focused towards improving the analytical basis of housing assessment, so that country reports and country-specific recommendations can be based on more solid ground. Recommendations from the Commission should reflect the latest scientific developments in the field of housing theory and housing economy and decipher the complexity of national housing systems, not only some selected elements.
2. Many challenges discussed in this report could be tackled or better addressed if sufficient (pan-European, national and sub-national) data were made available to the legislator. This is why we strongly recommend that the European Commission give a mandate to Eurostat to develop a fully fledged dataset on housing matters, covering at least the NUTS 3 level. Among data to collect and monitor are measures of housing deprivation, homelessness and housing exclusion, types of housing tenures, energy efficiency of buildings and housing investment. The creation of an *ad hoc* EU Observatory and Research Centre on Housing is advised to guarantee objective housing research.
3. To increase financial resources, we recommend allowing for a better and combined use of local, national and European funding and EIB financing to promote social, affordable and sustainable housing, especially in urban areas. Also, fostering the renovation wave within the European Green Deal, to refurbish and improve public and private buildings to address current low decarbonisation and to improve the energy efficiency of the EU building stock.

<sup>255</sup> In this sense, see the 'Draft report on access to decent and affordable housing for all (2019/2187(INI))' by Van Sparrentak (Committee on Employment and Social Affairs), [www.europarl.europa.eu/meetdocs/2014\\_2019/plmrep/COMMITTEES/EMPL/PR/2020/08-31/1210732EN.pdf](http://www.europarl.europa.eu/meetdocs/2014_2019/plmrep/COMMITTEES/EMPL/PR/2020/08-31/1210732EN.pdf).

4. Expand and make concrete the right to affordable housing enacted in the European Pillar of Social Rights (EPSR). Principle 19 of the EPSR should grant the right to affordable housing to all, instead of limiting it to the most vulnerable groups only.
5. Better framework conditions for decent, sustainable and affordable housing can be created via the European semester process. These can be attained through a revision of the indicators on housing included in the social scoreboard, as well as in the macroeconomic imbalances procedure. Crucially, they should take into account diverse housing tenures throughout the housing continuum and the housing cost overburden.
6. In the upcoming revision of European fiscal rules, MS should agree to consider spending on affordable and sustainable housing as a key investment, so that, from a medium-term perspective, investment programmes to address housing issues can be exempted from deficit rules.
7. A similar approach should guide the reform of state-aid rules; through a revision of the target group definitions for the services of general economic interest, investment can be unlocked towards affordable and sustainable housing solutions. This should be done according to EU fundamental principles.
8. The network of national focal points on housing policy (or HFPs) should be re-established to ensure a mechanism for the exchange of information and knowledge, and to scale-up monitoring of affordable housing needs and policies in the EU MS. Connecting initiatives such as the EU Urban Agenda or the EU Smart City Agenda with their good practices and lessons learned about affordable and sustainable housing in EU cities with the EU Housing Agenda, establishing networks for the exchange of urban and regional housing responsibilities (eg as an Erasmus+ programme) with the aim of capacity building with regard to housing investment and setting up municipal housing programs.
9. With regard to financialisation, the European Commission should undertake further research on its impact on housing markets. Concerning touristicification, the European Union should explore the possibility of a common European rule for a better legal framework and law enforcement mechanisms for short-term holiday rental platforms, so that data are made available to cities and illicit use is minimised.
10. Increase the co-ordination of the EU in the field of housing with major stakeholder organisations, such as Eurocities, the CEMR or the European Network for Housing Research (ENHR) and other housing stakeholders, to create a solid specialised housing cooperative network.

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As of today, the **lack of broad societal access to affordable housing** is one of the most pertinent issues faced by European States. Deepening, broadening, and updating the pre-existing institutions that provide accessible housing services in various forms, as well as adopting **new methodologies for affordable housing**, would constitute a major step forward for the European community. In this study, Sergio Nasarre-Aznar, Núria Lambea-Llop, Milan Ftáčnik and Līga Rasnača identify the main challenges relative to social and affordable housing, as well as propose **practical and policy-oriented solutions** that deliver tangible results for the citizens of the Europeans.

First, the authors identify the key components of inadequate housing in the EU and introduce the multidimensionality of the concepts of inclusiveness, sustainability and affordability in the field of housing. Indeed, when measuring housing affordability, social, economic and environmental sustainability, as well as access to housing for vulnerable groups and minorities must also be taken into account. Therefore, they focus on the novel dimensions of **overcrowding, financialisation, urban dynamics**, problems associated with **tenancies, social sustainability**, and housing for **middle-income, younger generations and vulnerable groups in general**. The need for both **public and or social housing and affordability schemes** is also emphasized. Furthermore, they propose a framework of indicators to analyse the housing needs of European States, including **homelessness, housing overburden, overcrowding, housing deprivation, differences in housing tenure, urbanisation, and the share of public/social housing in the housing stock**.

Second, they examine the need for shared and coordinated EU action in the field of social housing, as the **root causes** of these problems are shared across borders; the consequences of the **Global Financial Crisis**, the impacts of **urbanisation, a lack of a clear EU-wide agenda** for accessible housing, and **poor housing quality**. While the EU has no direct competence to legislate in housing matters, it can still influence housing through other means and institutions.

Next, the authors perform a cross-country analysis of European countries and regions, comprised of **Spain, the Netherlands, the United Kingdom (England mainly), Slovakia, Austria, Latvia and Baltic countries**. In these case studies, the authors review the most important institutions, schemes and policies that regulate affordable housing at the national, regional, and municipal levels. The main challenges faced by some European countries are discussed, as well as some possible solutions and best practices that can be exported or elevated to the EU level.

Finally, they give an overview of housing challenges and possible solutions on the European level to ensure the access to sustainable, inclusive and affordable housing. A total of 15 challenges have been addressed in the country reports, which have been classified into six topics: **governance, urbanisation and affordability, socially rented housing, the housing of migrants and the Roma people, housing deprivation and homelessness**. The analysis of the best practices leads to multilevel recommendations and actionable points for regional, national and European actions to enhance access to a decent, inclusive and sustainable place to live.