

More affordable housing is needed

Ostrava March 14 2018

Sven Bergenstråhle

Researcher

President

International Union of Tenants

svenbergen@telia.com

I will talk about

- Trends in Europe
- Housing differs from any other market
- The need of regulation
- Short-term rentals for tourists
- IUT Position Paper and EU Urban Agenda Housing Partnership
- Housing Partnership Action Plan
- Some statistics from OECD
- IUT Priorities for the European Parliament 2019-2024 – letter to MEP
- The target group of social housing

Trends

- Increasing amount of people cannot access adequate housing.
- Increasing utility prices, housing costs and housing exclusions especially in profit-oriented and speculative parts of the sector, social segregation, and economic marginalization of low and middle-income groups
- Increasing number of homeless people as well as the number of people on the waiting list for social and public housing.
- Private big multinational actors like **Blackstone Group** and **Vonovia and landlord cartels** have a growing impact on housing markets
- Tax avoidance and evasion by those big mergers by share deals that are exempted from real estate taxes.

Housing differs from any other market

- Has a unique set of characteristics and is a human right
- We build societies not only houses
- Extremely sensitive for changes in demand
- Has strong impact on the whole economy
- Housing takes the largest share of the household budget - Lower rents/housing costs mean higher consumption of other services and goods.
- The construction of new housing and other infrastructure investments, maintenance and energy-saving investments in homes and workplaces create jobs
- But investing in existing properties to make money on capital appreciation creates no new jobs and makes housing more expensive.

The need of regulations

- ❖ Regulation is necessary for a well functioning rental market – A balance of interests between landlords and tenants
- ❖ Security of tenure - Control of rent increase for existing tenants and in new leases
- ❖ Free rent setting for new tenancies hamper mobility
- ❖ Housing shortage should not be a reason for increased rents
- ❖ **Deregulation has never resulted in increased construction of rental housing according to several research reports**
- ❖ In regulated rental markets estate owners still can make a profit

Short-term rentals for tourists

- ❑ Could be a positive alternative in a sharing society for private households
- ❑ But has become big business in every big city attracting tourists - needs regulation
- ❑ Tourists could for a week pay much more than a monthly rent for a similar apartment
- ❑ Profit-driven landlords eager to get rid of tenants - apartments disappear from the ordinary rental market
- ❑ Local commercial services/shops etc. become more directed to only tourists
- ❑ Nourishes a black market

IUT Position Paper and EU Urban Agenda Housing Partnership

- **IUT Position Paper May 2018** <https://www.iut.nu/policy/> e.g.
 - National rules should be recognized according to the principle of subsidiarity
 - EU-funding, EIB loans, public funding etc. - security of tenure and affordability binding conditions
 - Enough supply of good quality and affordable housing where the jobs are
 - Decision on the scope of social housing and the means to expand the supply of rental housing that even households with low and low to median income households could afford **without interference from the EU-commission.**
 - Influenced EU Urban Agenda Housing Partnership Action plan
- **The Housing Partnership Action plan**
<https://ec.europa.eu/futurium/en/housing/housing-partnership-final-action-plan>
 - A lot of concrete legislative proposals – I will mention some of them

EU Urban Agenda Housing Partnership

Action Plan Recommendations

- **Revision of SGEI state aid decision**
 - Delete the definition of the target group for social housing
 - Reach goals of social mix and cohesion
- **Protection of vulnerable groups**
 - Housing overburden rate > 25% of disposable income (now 40% European Semester, The Pillar of Social Rights and the EU cohesion policy)
- **Anti-speculation**
 - E.g. regulation of short-time apartment rentals to tourists
- **Renovation and energy efficiency**
 - Prevention of renovictions and gentrification with tenant's participation and a gross rent neutrality guarantee.
 - Integrated district-level renovation approaches

Recommendations (2)

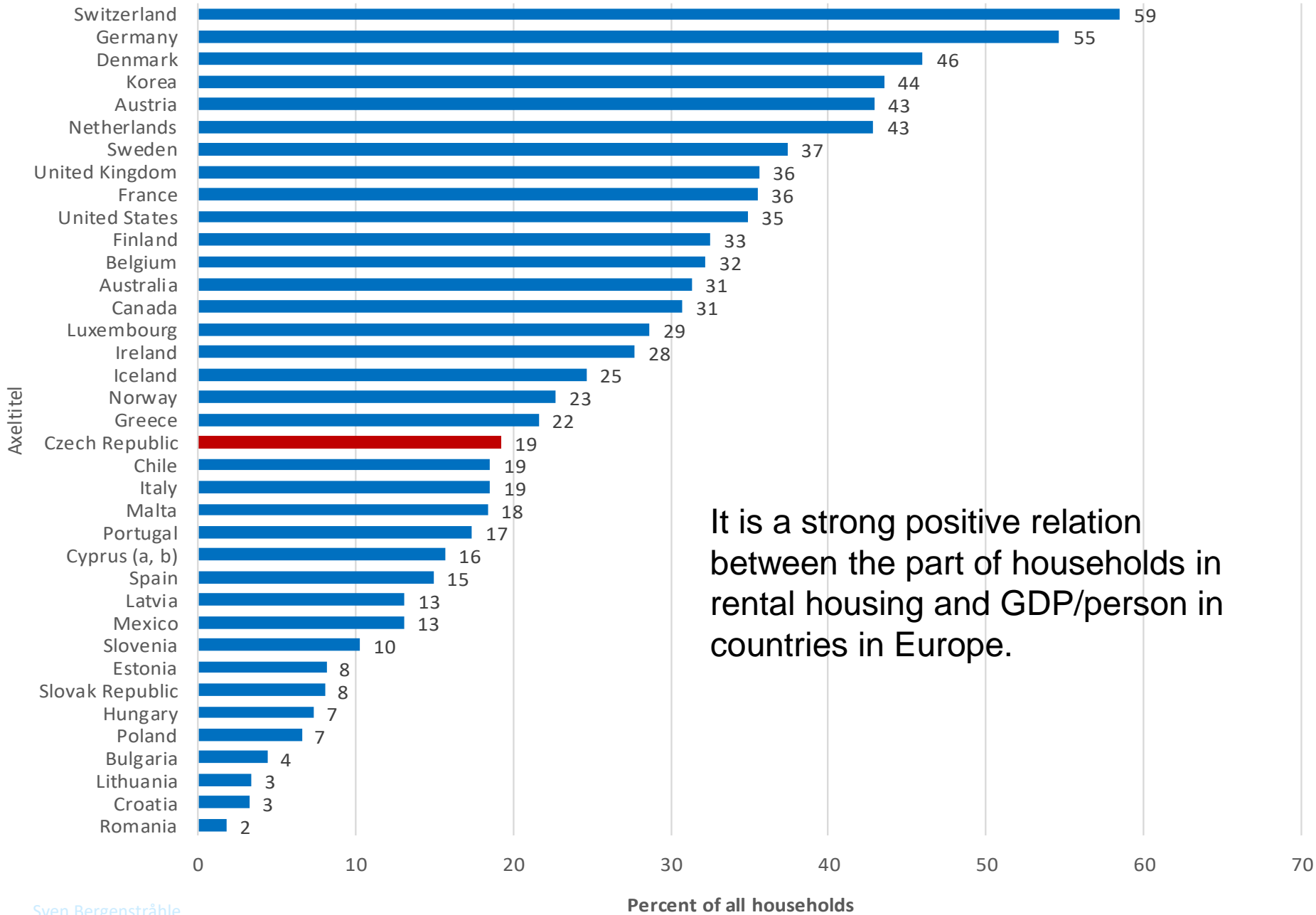
- **Co-ownership, co-management and co-design in housing**
 - Tenant participation
 - Code of conduct for social responsible housing
- **Spatial planning – different models**
 - Earmarking plots as building land for limited periods
 - Tax vacant land/properties –empty for speculative reasons
 - Land value capture
 - Urban development agreements with private land owners
 - Category of ‘subsidised housing’ in zoning law
 - Quota for social/public housing > 30% in cities
- **Land use and land for construction and development**
 - Land development/housing funds for affordable housing
 - National, regional or city-based land fund
 - Leasing models for municipal land an alternative to selling
 - Community land trust to secure building ground for affordable housing

Recommendations (3)

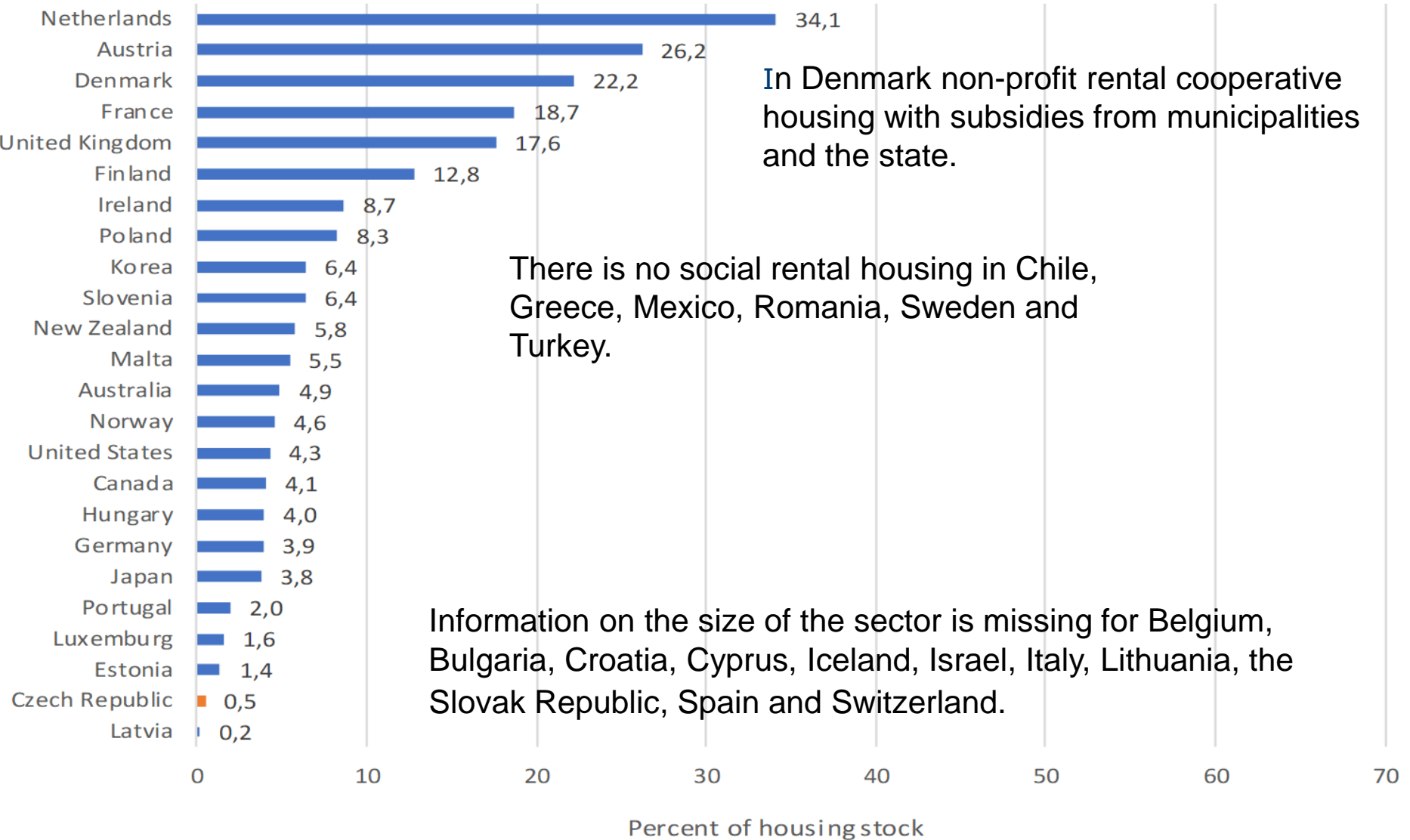
- **Rent stabilization and control**
 - Regulation a national decision – the subsidiarity principle
 - Establishment of local comparable rent systems
 - Size, standard, services offered, location and the condition of the dwelling
- **Security of tenure and the production of new affordable housing**
 - Indefinite, unlimited rental contracts
 - Not-for-profit housing
 - Subsidies with conditions that they are not capitalized to ensure affordable rents

Part of households in rental housing (OECD)

The figures for Norway has been corrected after contact with Statistics Norway



Social housing (OECD)



IUT Priorities for the European Parliament

2019-2024 – letter to MEP

Migratory movements increase the need for more affordable housing

Promoting the provision of affordable housing is not only a social policy imperative, but also a measure to combat xenophobia and nationalism

Housing is a fundamental right

Article 34, the Charter of Fundamental Rights applies to national law and practices

Tenure neutral policies are crucial

The goal of housing policy should be housing for all – not home ownership for all.

Housing policy is a national competency

The scope of social and affordable housing must be a national decision without interference from the EU Commission.

Tenants' rights as consumers must be protected

To many tenants meet a strong resistance to organizing themselves in tenants' associations and demanding collective bargaining rights.

Energy efficiency is an important part of good housing conditions

Costs and burdens related to renovations should be distributed in an equitable manner to counteract differences between social groups.

The target group of social housing important

- No ghettos with only the most needy - A social mixture is desirable and wise
- The social climate in a housing area effects the health and the future possibilities of households and individuals living there
- Social and affordable housing in areas where the jobs are to counteract unemployment and cater for employers' demand for labour
- The target group for social housing sector should be a national decision without interference from the EU Commission

That's all

Thank you for listening!

- **Sven Bergenstråhle**
- **svenbergen@telia.com**