



# AT HOME

Selection of Blog Posts from [cecodhashousingeurope.blogspot.com](http://cecodhashousingeurope.blogspot.com)



## NATIONAL HOUSING POLICY DEVELOPMENTS & THE EU



25 years

1<sup>st</sup> edition, Autumn 2013



# BLOGGING... “AT HOME”



Over the last few months CECODHAS Housing Europe has invested in updating its communication channels. We are planning to launch a new website to better inform our members, including a

webpage dedicated to structural funds to speed up the uptake of EU funding for refurbishing housing stock. We have created a dedicated portal to increase the visibility of our sector besides housing the most vulnerable: ERHIN is displaying tools and best practices of responsible housing. The ultimate goal is to create a landmark allowing a better understanding of our added-value to local development, but also a place to discuss with the main stakeholders such as tenants, families, cities, workers, housing professionals, banks... to make them understand their housing needs. We are also providing members with a bi-monthly news update with the aim to keep track on our activities on the EU main debates and foster exchange between members on major national housing policies.

For example, Kombohus in Sweden is an innovative approach to public procurement to lower cost of construction which could be of benefit to all CECODHAS Housing Europe members. This model pulls the needs for new construction of a great number of public housing companies across the country and launches a tendering procedure nationwide (Framework Contracts), specifying the maximum price for the bid. Result of a first tender was that a group of SMEs started the construction of about 5,000 wooden prefabricated dwellings (usually of 3 storeys) reaching on average 55 kwh/m<sup>2</sup>/year for a price which is 25% lower of the traditional new built projects. With a second tendering now closed, a new series of about 5,000 units will soon be completed.

The posts that you can find on our blog are an attempt to make sense of the main housing news, whether on the EU policy scene, on the national one or of local initiatives. Trends impacting our sector can have different “translation” in the activities of our members, but they are definitely trends on which we have to work. So complementary to the Research Briefings produced by our Observatory, we would like to develop transnational analysis. For that we need your input, your comments, and also to know if you find it useful!

I hope so...

**Claire Roumet**

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### **HOUSING MARKETS & POLICIES IN THE EUROPEAN SEMESTER 2014: WHERE ARE THE GOOD NEWS?**

# THE “GAULISH VILLAGE” OF SOCIAL HOUSING

**The French Housing Ministry announces remarkable support for the social housing sector, while the market makes a decisive step forward to “share assets”.**

**Published: July 18, 2013**

In the austerity landscape where affordable housing providers keep paying additional taxes while receiving constantly less public support, there is a small “Gaulish village” bravely resisting.



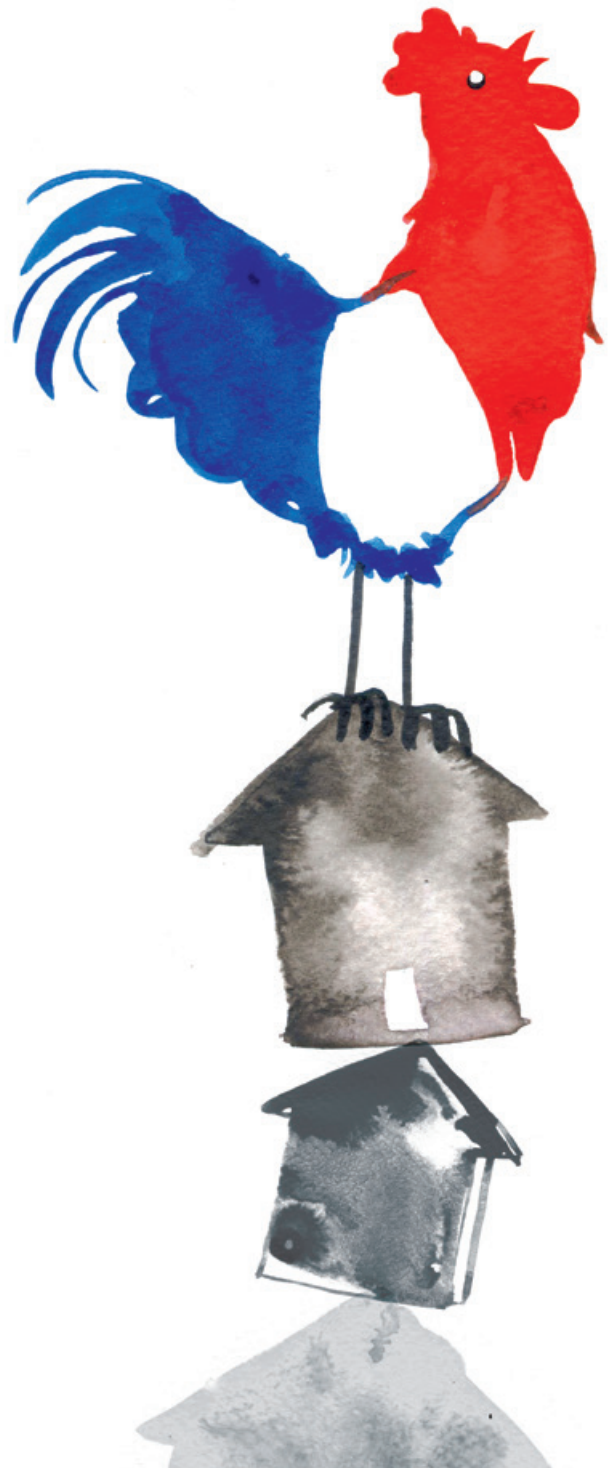
Over the last weeks, the French Housing Minister made considerable means available to boost social housing construction. The interest rate on savings accounts, from which the social housing sector is financed, has

been reduced, offering thus a saving of 600 million Euros in the future loans for housing providers. They can claim loans at an interest rate of 0.5% for energy refurbishment purposes. The VAT rate applied to refurbishment services and products has been reduced to 5%; this measure is also supposed to motivate new construction (a reduction from 7.5%) and to simplify access to public land on advantageous terms.

In exchange for these remarkable supporting measures, the social housing sector has committed to deliver 120,000 new social housing units a year over the next 3 years and to refurbish 100,000 dwellings on a yearly basis. The sector will participate to the effort by creating a solidarity fund with the participation of all social housing providers.

So far, the social landlords are part of a “mutualisation of risk” mechanism whereby in case of bankruptcy, the other actors of the sector will cover the damage; but this is a new step forward to “share assets” in the sector. Social landlords will contribute with a reasonable fee to the Fund on the basis of their stock and then they will be able to use the money on the basis of their building activities. This is considered to be a way to unlock dormant assets in areas where no more new housing is needed so that liquidity can be channeled to finance the building of housing where there is an obvious lack of supply.

This joint agreement among all the actors of the sector is a clear proof that they are devoted to the general interest they have to serve.



**Additional Information in French:** <http://www.union-habitat.org/espace-presse/communiqu%C3%A9s-de-presse/pacte-entre-l-%C3%A9tat-et-les-hlm-c-est-sign%C3%A9>



# LOWERING THE RISK FOR HOME BUYERS



Published: September 16, 2013



Following the social unrest that more than 75,000 eviction orders<sup>1</sup> have caused in Spain in 2012 and the governmental plan<sup>2</sup> in Greece to lift the ban on home foreclosures, the European Parliament has decided to react en route to the European Elections 2014. **Home buyers would be better informed about the costs and risks of taking on a mortgage** under the new rules provisionally approved by the plenary last Tuesday, September 10<sup>th</sup>.

**The legislation will cover mortgages on residential property, residential property including an office space and building land.** Anyone signing up for a mortgage in the EU should receive comparable information about the products available and understand the total cost and long-run financial consequences of taking out the loan. Credit terms offered to borrowers would have to match their current financial situation and take account of their prospects and possible downturns. Moreover, buyers would have to be given a mandatory 7-day reflection before signing the loan, or a 7-day right of withdrawal thereafter.

Last minute insertions by the MEPs considering the legislation included provisions to add flexibility- such as giving borrowers the right to repay their loan early, subject to possible conditions to be decided by EU member states, alongside providing for a "lender's right to fair compensation for such early repayment". Obliging borrowers to pay penalties for early repayment would be prohibited.

As far as the **protection against default** is concerned MEPs added a new rule stipulating that the return of collateral such as the property itself will suffice to repay the loan, provided that the lender and borrower expressly agree to this in the contract. Where a borrower defaults on a loan, the legislation should include requirements to sell the property for the «best effort» price and to facilitate the remaining debt repayments, so as to protect consumers and prevent their becoming over-indebted for long periods, say MEPs.

**It has to be noted** that although the final wording of the text was adopted, before approving the rules overall, the Parliament wants EU member states to ensure that they are properly enforced on their territory, i.e. throughout the EU.

**Commissioner Michel Barnier** commented following the parliamentary resolution: *"I welcome this important step towards strengthening consumer protection in the financial services area and towards completion of the Single Market. I hope that the European Parliament and the Council will now finalize the text as soon as possible so that the new rules will benefit consumers without delay. [...] The aim of the Mortgage Credit Directive (MCD) is to make **responsible mortgage lending** the norm across Europe. It will also grant lenders in the long run new business opportunities through the creation of a Single European Mortgage Market."*

Find out more about the new rules, including background information at the European Commission Memo<sup>3</sup>.

<sup>1</sup> <http://news.sky.com/story/1068514/spain-eviction-orders-top-75000-in-2012>

<sup>2</sup> [http://www.ekathimerini.com/4dcgi/\\_w\\_articles\\_ws2\\_1\\_18/08/2013\\_514412](http://www.ekathimerini.com/4dcgi/_w_articles_ws2_1_18/08/2013_514412)

<sup>3</sup> [http://europa.eu/rapid/press-release\\_MEMO-13-777\\_en.htm?locale=en](http://europa.eu/rapid/press-release_MEMO-13-777_en.htm?locale=en)

# UN SPECIAL RAPPORTEUR DRAWS FIRE AFTER UK MISSION

**Her “axe the bedroom tax” recommendation triggered political tension and extensive negative media coverage against Raquel Rolnik.**

**Published: October 1, 2013**



Accusing Raquel Rolnik, the UN special rapporteur on housing, of having an agenda, the **Tory party chairman, Grant Shapps** said he had written to the UN secretary general, Ban Ki-moon, demanding an apology and an explanation of Rolnik's findings. Among other remarks Shapps described as an “absolute disgrace” a call from the United Nations for the government to scrap the so-called bedroom tax.

The bedroom tax could constitute a violation of the human right to adequate housing in several ways, had highlighted Raquel Rolnik in her report: for example, if the extra payments forced tenants to cut down on their spending on food or heating for their home. She said her conclusions should carry weight in British courts, where a number of legal challenges to the bedroom tax were under way.

The UN investigator underlined that she was disturbed by the extent of unhappiness caused by the bedroom tax after speaking to dozens of council house tenants in Britain during her visit over the past fortnight. The controversial measure, introduced by the government in April, charges tenants extra for under-occupying homes that are supposedly too large for them. During her visit, Rolnik travelled to Belfast, Manchester, Glasgow, Edinburgh and London, visiting council estates, food banks, homelessness crisis centres, traveller sites and new housing association developments.

However, Mr. Shapps as well as major British tabloids<sup>1</sup> claimed that Rolnik had not been invited to Britain by ministers and was biased. **A Department for Work and Pensions spokesman** said: “It is surprising to see these conclusions being drawn from anecdotal evidence and conversations after a handful of meetings, instead of actual hard research and data.”

In the following act of the play, Rolnik countered Shapps's claims at a press conference in London, signalling further blistering criticisms of housing and welfare policy in her final report next year, while clarifying that she had met numerous government officials in the four countries, including Pickles and Don Foster, the communities' minister.



The extensive Rolnik report also cites that “historically, the United Kingdom set an example in the provision of affordable housing [...] and in the way it had renovated old social housing estates and praised its mixed communities and lack of segregation”, but its reputation was “being eroded from different sides.”

**Columnist Jules Birch** commented on [insidehousing.co.uk](http://insidehousing.co.uk)<sup>2</sup>: “Before Shapps seals the envelope on his letter of complaint to UN secretary general Ban Ki-Moon he might want to read Rolnik's statement in full. She has two other recommendations apart from the one about suspending the bedroom tax.

First, ‘I would recommend that the government puts in place a system of regulation for the private rent sector, including clear criteria about affordability, access to information and security of tenure’.

**Which housing minister was it, I wonder, who rejected any idea of PRS regulation as ‘red tape’?**

Second, ‘I would encourage a renewal of the government's commitment to significantly increasing the social housing stock and a more balanced public funding for the stimulation of supply of social and affordable housing which responds to the needs.’

**Shapps had already protested about his ‘170,000 affordable homes’ but it sounds very much like she was familiar with the nuances behind that number.**

Just a day before Rolnik's arrival in the UK, the National Housing Federation had published its own position paper<sup>3</sup>, containing figures that cannot be actually questioned...

■ **1 in 5 households** in the UK cannot meet their own housing costs and need support from the state.

■ **Over 1.8 million households** are on the register for social housing.

■ **Over 50,000 households** have been accepted as homeless!

The NHF paper also warns of the alarming housing availability figures, stresses the crucial issue of financing and underlines the importance of the housing affordability.

**Sources:** *The Guardian*<sup>4</sup>, [insidehousing.co.uk](http://insidehousing.co.uk)<sup>5</sup>, [righttohousing.org](http://righttohousing.org)<sup>6</sup>, *National Housing Federation*<sup>7</sup>

<sup>1</sup> <http://www.insidehousing.co.uk/home/blogs/bedroom-blues/6528509.blog>

<sup>2</sup> <http://www.insidehousing.co.uk/home/blogs/bedroom-blues/6528509.blog>

<sup>3</sup> [http://www.housingeurope.eu/www.housingeurope.eu/uploads/file/\\_/UN%20rapporteur%20on%20adequate%20housing\\_submission%20from%20National%20Housing%20Federation.pdf](http://www.housingeurope.eu/www.housingeurope.eu/uploads/file/_/UN%20rapporteur%20on%20adequate%20housing_submission%20from%20National%20Housing%20Federation.pdf)

<sup>4</sup> <http://www.theguardian.com/commentisfree/2013/sep/15/bedroom-tax-un-investigator-hostile-politicians>

<sup>5</sup> <http://www.insidehousing.co.uk/home/blogs/bedroom-blues/6528509.blog>

<sup>6</sup> <http://direitoamoradia.org/?lang=en>

<sup>7</sup> <http://www.housing.org.uk/>

# ALTERNATIVE & CREATIVE WAYS TO FACE ENERGY CHALLENGES

Published: October 2, 2013

## ENERGY “CROWDFUNDING” AT... COOPERATIVE TIME

May “crowdfunding” be a sustainable alternative financing scheme at local level en route to face the energy challenges of the future?

For the time being, a Spanish example might be paving the way. Citizens are recognized as important players in the game and they are a driving force behind energy co-operatives such as Som Energia.



Som Energia sells and produces renewable electricity with relatively small-scale projects, set up close to their members' homes. Joining requires a deposit of 100 euros into the co-operative's social capital. After 17 months of official activity, Som Energia now has more than 6,100 members – meaning a total of 610,000 euros in social capital. This is still growing as around 800 newcomers sign up every month.

What makes this co-operative different is their goal to produce 100% of their members' consumption via innovative renewable production projects, owned by the co-operative and financed by its participants. Experience shows that citizens sponsoring the installation of RES plants in return for a share of the output become more easily supporters of the energy transition as well as respectively of the energy efficiency which is a crucial issue for the social housing sector.

YIMBYs (Yes In My Back Yard) may well stimulate the so much desirable energy transition.

## THE SMARTEST, GREENEST AND MOST PROFITABLE FOR ALL (?) GRID



The “Bornholm Cable” is one of the longest submarine three phase AC cables in the world. It is a 60 kV cable interconnecting the power grids of Bornholm and Sweden and it has been the island's only external source of electricity. However, it is about for the island to move forward, showing maybe the way to other regions and countries, too.

Now it is taking the ultimate step, by deploying one of the world's most advanced smart grids, called the EcoGrid EU<sup>1</sup>. It's a four-year, 21 million project, funded in part by the European Union, that aims to demonstrate how electricity will be produced, distributed, and consumed in the future.

Bornholm's is one of the first in which individual household consumption can respond to real-time price changes in the electricity market. By doing that, the grid's customers are helping to balance the sometimes big and sudden swings in supply that inevitably accompany the use of wind and solar power.

The goal of the smart grid isn't to demonstrate that Bornholm can be energy independent, as it is already... But producing electricity that way is expensive, and so the cable to Sweden lets the island buy electricity from the Nordic grid when it's cheap and sell when the price is high. Ordinarily, trading in electricity markets is done at the level of utilities and the like. EcoGrid is letting individual households and smaller businesses also become market players.

*The idea is to shift the consumption of electricity to periods of the day and night when electricity demand and prices are low, explained engineer with the island's utility, Østkraft Net, Maja Bendtsen speaking to IEEE Spectrum. You could do that by simply sending people a text message whenever prices change. But that would quickly get tiresome.*

Interestingly, EcoGrid participants aren't being told to expect a drop in their electricity bills. That's partly a way to manage expectations, but it's also just being realistic: Numerous studies in Denmark and other countries have shown that the incremental savings people get from being more energy efficient usually aren't enough to change their behavior. But despite that there's been no lack of volunteers on Bornholm.

Sources: Energy Cities,<sup>2</sup> IEEE Spectrum<sup>3</sup>

<sup>1</sup> <http://www.eu-ecogrid.net/>

<sup>2</sup> [http://www.energy-cities.eu/Energy-co-operatives-say-YIMBY-Yes?utm\\_source=twitterfeed&utm\\_medium=twitter&utm\\_campaign=Energy+Cities](http://www.energy-cities.eu/Energy-co-operatives-say-YIMBY-Yes?utm_source=twitterfeed&utm_medium=twitter&utm_campaign=Energy+Cities)

<sup>3</sup> <http://spectrum.ieee.org/energy/the-smarter-grid/the-smartest-greenest-grid>



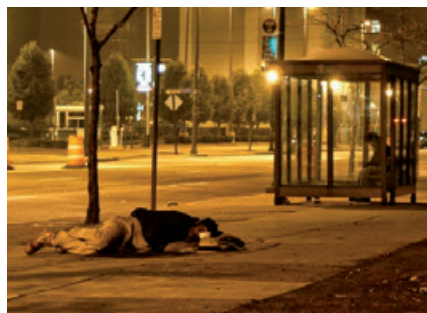
# 2 TALES FROM HUNGARY

Published: October 7, 2013

**A new piece of legislation that makes Hungary probably the first country, where homelessness is officially a crime and a social housing sector that might be emerging...**

**Two contradictory tales from Hungary.**

## CRIMINALIZING HOMELESSNESS...



Being homeless might be a crime after all... The Hungarian Parliament has paved the way last Monday, September 30 for municipalities to prohibit sleeping in public spaces.

The law voted upon by the Hungarian Parliament plenary may be translated as the actual criminalization of homelessness. **The legislation permits local authorities to declare areas prohibited for homeless people and evict those living in huts or shacks near the city. Punishment for violation varies from community service, fines or even imprisonment!** The government claims that hostels have adequate space for the homeless population, although protesters and critics deny that there is enough space.

Activists' group "The City is for All", based in Budapest, the Hungarian Civil Liberties Union and other organizations have been campaigning on the issue, calling on European stakeholders to support them. Criminalization of homelessness in Hungary goes back in December 2010, when the clearing of Budapest underground passages began under the supervision of Mayor Istvan Tarlos.

Since then the situation escalated (check out the timeline<sup>1</sup> of events) with the mayor talking of "homeless crime" in August 2011 for the first time and the Parliament adopting a new Penal Code on December 23, 2011 which allowed local governments across the country to punish "habitual residence in public spaces". A few amendments later homelessness is officially seen as a crime in Hungary.



It is alarming, though, that across Europe there can be seen a shift towards repressive administrative regimes at local level which often don't hesitate to violate fundamental rights of people in vulnerable situations. Once sanctioned, homeless people find it very difficult, if not impossible, to access justice. Oftentimes they are not aware of their rights or the possible procedures of appeal.

You may read the press release<sup>2</sup> on the recent European Parliament public hearing on the "Criminalization of homelessness in the European Union", published by FEANTSA

More information<sup>3</sup> on the topic at the Housing Rights Watch Website.

## A SOCIAL HOUSING SECTOR IS EMERGING



The emergence of a social housing sector in Central and Eastern Europe was the main pillar of the debate organized, within the framework of the EU FP7 project "Ten

Law" by Habitat for Humanity and the Metropolitan Research Institute in Budapest on 13<sup>th</sup> and 14<sup>th</sup> September.

CECODHAS Housing Europe Policy Coordinator, Julien Dijol has taken part in the discussion, focusing on **the role of the private rental sector in taking care of the low-income families and vulnerable groups (such as Roma)**. In countries, such as Hungary, where there is a significant number of vacant dwellings owned by individual owners, and where the private rental sector started to emerge in a typically unregulated legal, financial and tax environment, resulting in the development of a substantial informal rental market, might indeed become social rental agencies shaping actors.

**In general, these agencies perform three key tasks:** renting housing units from a private rental market to needy people on special terms and guarantees, taking care of the management of the dwellings and, finally, providing social work to prevent indebtedness. This model has been developed in the Western part of the EU, in countries like Belgium, Italy and Ireland.

But in order to move forward issues like energy refurbishment but also to channel EIB loans in a more effective way to these markets, where they are needed, other efficient actors are needed, too. The role of non for profit housing organizations in for instance planning the energy transition and providing integrated services for low-income families should be recognized as well as the long term benefits of investing in affordable housing.

<sup>1</sup> [http://avarosminderkie.blog.hu/2013/09/12/the\\_criminalization\\_of\\_homelessness\\_in\\_hungary\\_between\\_2010\\_and](http://avarosminderkie.blog.hu/2013/09/12/the_criminalization_of_homelessness_in_hungary_between_2010_and)

<sup>2</sup> [http://www.feantsa.org/spip.php?action=acceder\\_document&arg=1711&cle=837e6d8f82ec4c17038655f959dc30e7a01309b4&file=pdf%2Fpress\\_release\\_crim\\_hearing.pdf](http://www.feantsa.org/spip.php?action=acceder_document&arg=1711&cle=837e6d8f82ec4c17038655f959dc30e7a01309b4&file=pdf%2Fpress_release_crim_hearing.pdf)

<sup>3</sup> <http://www.feantsa.org/spip.php?article166&lang=en>

# THE FREE FALL OF THE HOUSING MARKET IN GREECE

Published: October 9, 2013



Home prices have fallen by an average 31,1% since the beginning of the crisis in Greece.

*The striking data were presented by the Head of the Real Estate Research Department of the Bank of Greece at the 8th Business Forum organized by the RE+D business magazine. Theodoros Mitrakos highlighted in his presentation that the prices are mainly plummeting in the two major cities, Athens and Thessaloniki.*

On the other hand, smaller losses are to be seen on the countryside, especially in parts of Northern Greece with the exceptions of Katerini and Chalkida, where the prices have fallen by more than 35% over the last five years.

In detail, the prices have fallen in the capital, **Athens by 32%**, in **Thessaloniki by 38,8%**, in **Patras by 22,4%**, in **Larissa by 28,2%** and in **Heraclion, Crete by 21,9%**.

However in real terms and **if the inflation is taken into account** as well, then the decline in property values from the beginning of the crisis till the present day (2008-2013) comes up to an **average 37,9%**.

The fear of a wider domino effect in the Greek real estate market is more alarming than ever, especially if the Greek government moves forward after all with a decision to lift the ban on first home foreclosures, as the finance minister heralded a few weeks ago. It seems that Greece is the next in row after Spain to experience an unprecedented housing crisis.



A story on the consequences of a potential governmental decision to lift the ban on first home foreclosures will be published soon. Stay tuned.

Source: Athens News Agency



# "COLD HOMES" IN THE UK AND THE NEARLY ZERO ENERGY CHALLENGE

Published: October 29, 2013



*"Leaky homes" are the biggest problem in the UK on the eve of winter according to fuel poverty campaigners who have written to Prime Minister Cameron, expressing their worries and demands.*

"Energy Bill Revolution", an alliance of charities including Age UK and Barnardos, underlined that UK was only second to Estonia for people struggling to pay their energy bills across Europe. Campaign director Ed Matthew, talking to the BBC, argued that «Our political leaders are falling over themselves to come up with headline-grabbing ways to cut energy bills yet they fall woefully short of a true solution to the energy bill crisis."

Mr. Matthew called for investment in a domestic insulation programme: «By far the biggest opportunity to cut energy bills is to fully insulate the UK's leaky homes. No other investment can do so much for so many. If the government is serious about solving this crisis they must make insulating homes the UK's number one infrastructure priority.»

At the same Public Health England issued its *Cold Weather Plan 2013*<sup>1</sup>, containing pieces of advice for citizens to protect themselves winter health risks. This only came after four of the six big energy companies in the UK announced price rises...

These are only some of the alarming findings over the last years. It is clearly illustrated that there is a large number of challenges related with the energy performance of the buildings that have to be tackled in order to bring multiple gains as far as public health, public finance and energy poverty are concerned.

## POWERHOUSE EUROPE EN ROUTE TO NEARLY ZERO ENERGY CHALLENGE

CECODHAS Housing Europe has been leading the POWERHOUSE EUROPE Project, trying to pave the way towards Nearly Zero Energy Challenge. The energy performance of buildings is of increasing relevance and importance for the social housing sector. European legislation requires that all new buildings are adhering to nearly-zero energy principles within a few years. Such buildings will have to be much better insulated than is

current building practice, will have to use much more efficient heating and potentially cooling systems and will have to integrate renewable energy systems. This may be perceived by many in the industry as requiring investments which are unaffordable.

It may not be overseen that there are many barriers still to overcome, but they are not insurmountable. The political framework implemented by national governments will have to provide full support for high efficiency buildings, including financial incentives and supporting taxation systems. Mechanisms which create trust and confidence in new technologies and practices will be important to make nZEBs a mainstream sector standard.

By providing numerous examples of best practices in buildings which apply nZEB principles the Fair Energy Transition towards nearly-Zero Energy Buildings Progress Report<sup>2</sup> makes the case that such buildings can become the future standard for social housing.

## HOME ENERGY AND PUBLIC HEALTH IN NORTHERN IRELAND

Northern Ireland appears to be the best case to calculate how investment in energy refurbishment may affect policy areas like the crucial one of Public Health. **The estimated cost of renovating the most energy consuming houses would be of nearly 600 million Euros. At the same time the estimated annual savings to the Health Service would be 40 million Euros per year. This means that it would take around 13 years for the total gains for the health service to equalize the total investment costs** and then the profitable investment will keep generating gains for the local community and beyond.

Sources: BBC News<sup>3</sup>, PowerHouse Europe<sup>4</sup>, Northern Ireland Housing Executive<sup>5</sup>

<sup>1</sup> [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/252838/Cold\\_Weather\\_Plan\\_2013\\_final.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/252838/Cold_Weather_Plan_2013_final.pdf)

<sup>2</sup> [http://www.powerhouseeurope.eu/index.php?eID=tx\\_nawsecuredl&u=0&file=fileadmin/users/phe/Downloads/nZEB\\_Progress\\_Report\\_web.pdf&t=1383146028&hash=4cc24998d2796f9b01e76044dfc0954](http://www.powerhouseeurope.eu/index.php?eID=tx_nawsecuredl&u=0&file=fileadmin/users/phe/Downloads/nZEB_Progress_Report_web.pdf&t=1383146028&hash=4cc24998d2796f9b01e76044dfc0954)

<sup>3</sup> <http://www.bbc.co.uk/news/uk-24652555>

<sup>4</sup> [http://www.powerhouseeurope.eu/home/power\\_house\\_nearly\\_zero\\_energy\\_challenge\\_partners/the\\_project](http://www.powerhouseeurope.eu/home/power_house_nearly_zero_energy_challenge_partners/the_project)

<sup>5</sup> <http://www.nihe.gov.uk/>

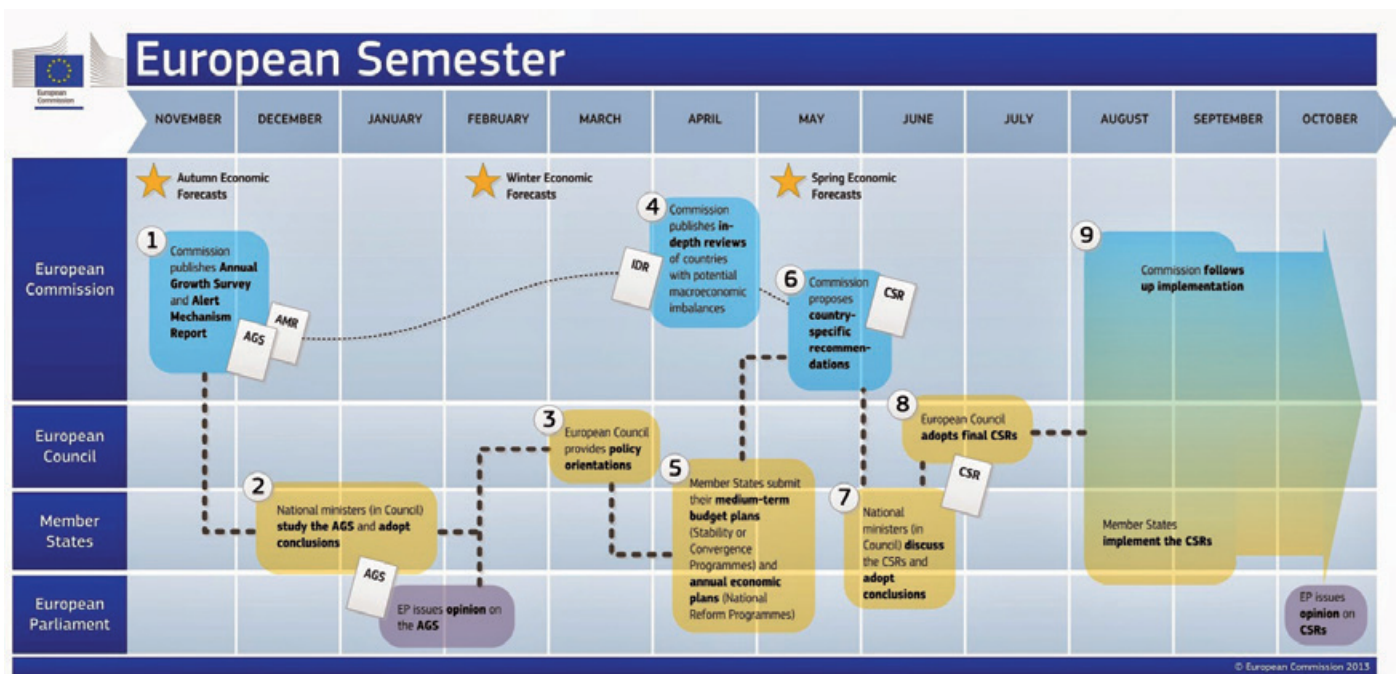


# HOUSING MARKETS & POLICIES IN THE EUROPEAN SEMESTER 2014: WHERE ARE THE GOOD NEWS?

Published: November 14, 2013



As the first step of a 6-month phase of coordination of the EU member states' fiscal and economic policies (called "European Semester"), the European Commission published on November 13 the Annual Growth Survey, outlining the economic priorities for the Member States in 2014 alongside with the Alert Mechanism Report, analyzing the potential macro-economic imbalances in the Member States, and the progress report on the 2013 country specific recommendations.





## WHAT DOES THE EUROPEAN COMMISSION HIGHLIGHT ABOUT HOUSING MARKETS AND HOUSING POLICIES?

★ The deleveraging process (i.e. the reduction of percentage of debt in balance sheets of economic agents) has brought about a **reduction of activity in the housing sector**: "Reduction in house prices became widespread and gained pace. Real house prices further adjusted in 2012, leaving BG, DK, ES, HU, IT, NL, SI and SK as well as in IE, PT and RO with substantial negative growth rates, in line with tightened credit conditions and household deleveraging efforts".

★ The European Commission **diagnosis sounds quite reassuring for the macroeconomic equilibrium**: "The downsize of the property market comes along with policies towards rebalancing incentives away from home ownership and its debt financing. Important reforms aimed at fostering rental markets, lowering fiscal incentives for mortgage-related instruments or reducing household balance sheet vulnerability to income and interest rate shocks may contribute to reduce the volatility in housing markets and mitigate the economic impact of their ups and downs".

★ However the **housing market remains a concern particularly in 4 member states** according to the European Commission: Spain, the Netherlands, Sweden and the UK. Those Member states have received recommendations by the European Commission within the European Semester 2013 and those are likely to remain unchanged for the 2014 exercise.

★ **In Sweden**: "Constraints in housing supply, together with debt-inducing housing taxation, tend to create upward-bias in housing prices. On the rental market, some measures have been taken but further reforms are needed to the rent-setting system. Several bills are planned for late 2013, early 2014 to improve construction time and increased competition in the construction sector".

★ **In the United Kingdom**: "The housing market has picked up across all regions, albeit with large regional variations, but there are persistent shortages in housing supply. Measures aimed at boosting demand for houses, in particular the Help to Buy Scheme, risk creating an asset price bubble, further harming affordability and increasing household indebtedness. No reform of property taxation has been implemented or is planned".

★ **In the Netherlands**: "In view of significant structural distortions in the Dutch housing market further reforms are necessary. The recent introduction of some differentiation of rents in the social housing sector based on income is a welcome step, but its impact still has to be assessed".

While it is true that stopping the policy and taxing bias towards homeownership and fostering rental markets are part of the solution to the European housing crisis, **we may regret that the European Commission only looks at the evolution of the real house prices to judge national housing policies and does not take into account the growing demand for affordable housing and the increasing negative consequences of the economic crisis.**



As shown in the Joint Employment Report also published on the same day, all this evolution has indeed occurred within the context of stagnation of the social expenditure for the housing sector as well as following the introduction of special inclusion programmes for people in situations of particular disadvantages and for people affected by homelessness and housing exclusion. **Affordable homes are therefore more and more wanted, but people have fewer and fewer means to get them and the sustainable financing of affordable house building is still to be guaranteed in many EU countries.**

**Throughout 2014 CECODHAS Housing Europe will continue to advocate a favorable European policy context for the financing of affordable housing towards** key institutions such as the European Commission, the European Investment Bank and the OECD while gathering more evidence on the economic and social benefits of investing in affordable housing.





**25 years**

## **THE EUROPEAN FEDERATION OF PUBLIC, COOPERATIVE AND SOCIAL HOUSING**

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CECODHAS Housing Europe is the European Federation of Public, Cooperative and Social Housing Providers - a network of 45 national and regional housing federations, whose members together account for 41,400 public, voluntary and cooperative housing providers in 19 countries. Altogether these providers manage over 27 million homes, about 12 per cent of existing dwellings in the EU.

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