A graphic consisting of a large blue triangle pointing downwards and to the right, which overlaps with a red triangle pointing upwards and to the right. The red triangle contains white text.

**LOCAL
HOUSING
MARKETS
OF THE UNION:
INCREASING
DIVERSITY
AND MOBILITY**

HOUSING & THE CITY: A HOME TO EU URBAN POPULATION?

According to UN Habitat by 2050 over two-thirds of the world's population will be living in cities to a lesser extent. Europe already exceeds these projections (although less than North America and Latin America & the Caribbean's). Almost three quarters (72.5 %) of EU-28 inhabitants lived in cities, towns and suburbs in 2014, although with considerable differences in the size and spatial distribution of urban developments between EU Member States.

The recent report on Urban Europe highlights the so-called 'urban paradox' "Although cities are motors for economic growth, they are also confronted by a wide range of problems, like crime, traffic congestion, pollution and various social inequalities. Furthermore, within many cities it is possible to find people who enjoy a comfortable lifestyle living in close proximity to others who may face considerable challenges, for example, in relation to affordable/adequate housing or poverty - herein lies the 'urban paradox'" (European Commission, 2016).

Local administrations are faced with increasing migration and ever-growing demand for more liveable and inclusive cities, including a growing unmet need for affordable accommodation. Especially the largest and most economically attractive urban centres, rising house prices risk to eventually push large segments of the population out of cities (OECD, 2016), with a negative impact on lower income households' access to opportunities and jobs.

Some of Europe's most fashionable cities are indeed facing a 'housing gap' (European Commission, 2016): a large number of people wanting to live in these cities in order to benefit from the education, jobs, lifestyles and cultural life that they offer. At the same time the buoyant demand for property in some of Europe's most popular cities has also attracted investors, many of whom seek to establish property portfolios. Given that land in urban centres is a finite resource, such an increase in demand may result in spiralling property and rental prices (unless adequately regulated).

Some new housing or office developments in Europe's major cities are designed to attract (international) investors - for example, luxury riverside developments or the gentrification of previously unfashionable areas. By contrast, local residents are more likely to be interested in an expansion of affordable (social) housing that provides them with the opportunity to continue living in the area where they have grown-up (European Commission, 2016).

In January 2017 the UN Human Rights Council, the Special Rapporteur on the right to housing published a report addressing the repercussions of a hyper-financialized housing market that pits speculation against human rights and pushes the cost of housing out of reach of most households.

In "hedge cities", prime destinations for global capital seeking safe havens for investments, housing prices have increased to levels that most residents cannot afford, creating huge increases in wealth for property owners in prime locations while excluding moderate- and low-income households from access to homeownership or rentals due to unaffordability. Those households are pushed to peri-urban areas with scant employment and services (UN Special Rapporteur on adequate housing, 2017).

Cities are in the frontline at facing the contradiction between housing as a commodity and housing as a fundamental right. Some of them are have a long tradition of housing policies like Vienna, Berlin or Amsterdam, others are rethinking

their strategy to achieve a more balanced and spatially integrated city (Paris, Copenhagen) and to provide more social and affordable housing in a tight market (Barcelona, Munich). They all have good lessons to share. We will present these examples over the next pages of this report.

THE REALITY OF SHRINKING REGIONS

Although much of the political attention is focused on growing cities, some of our cities and regions are experiencing de-industrialization, outward migration and population decrease. For cities with a rapidly declining population, the problems of overcrowding and affordability are likely to become less pronounced, albeit that in cases of sustained decline the property market may have difficulty adjusting. This can lead to high vacancy rates, abandoned properties and negative equity (European Commission, 2016). From the country information collected, the reality of shrinking regions emerges for instance in the case of parts of Eastern Germany, as well rural areas in the Netherlands, Sweden and Finland.

In these areas, housing providers are faced with decreasing income of local tenants, an ageing population, and a real need for provision of services and revitalization of social housing neighbourhoods, as well as renovation/modernisation of the existing stock, mobilization of empty homes where possible and in some cases demolitions. This calls for specific policies. Interestingly, five regional social housing federations in France (in Auvergne, Bourgogne, Champagne-Ardenne, Franche-Comté and Lorraine) recently signed a 'Manifesto for rethinking housing policy in regions with decreasing population'.



Find out more:

- www.friendsofeurope.org/quality-europe/four-reasons-shrinking-areas-ripe-innovative-housing-solutions
- <https://ressourceshlm.union-habitat.org/ush/CommunicationPublicationsRevue/Pour+une+autre+politique+de+l'habitat+dans+les+territoires+dits+%22d%C3%A9tendus%22>

HOUSING AT THE CENTRE OF THE NEW URBAN AGENDA

The United Nations Conference on Housing and Sustainable Urban Development - the so called Habitat III - took place in Quito, Ecuador in October 2016 with delegations adopting the New Urban Agenda, a new framework that that lays out how cities should be planned and managed to best promote sustainable urbanization over the next 20 years.

It is important to highlight that among the main commitments of the New Urban Agenda is the motto 'Housing at the Centre'. This is clear signal that aims to shift the focus from simply building houses to a holistic framework for housing development, orchestrated with urban planning practice and placing people and human rights at the forefront of urban sustainable development. At the national level, the goal is to integrate housing into National Urban Policies and into UN-Habitat's strategic thinking on planned urbanization.



Find out more:

- <https://unhabitat.org/new-urban-agenda-adopted-at-habitat-iii/>

"WE HAVE TO STOP SPEAKING ABOUT A HOUSING MARKET AND START FOR THE HOUSING CHALLENGE"

LAURENS IJNS, Amsterdam Alderperson responsible for housing and planning, at the International Social Housing Festival, Amsterdam, June 2017

THE URBAN AGENDA FOR THE EU

The Urban Agenda for the EU, agreed upon by the EU Urban Affairs Ministers with the 'Pact of Amsterdam', is a new working method to ensure the best use of the growth potential of cities and to successfully tackle social challenges. It aims to promote cooperation between Member States, Cities, the European Commission and other stakeholders, in order to stimulate growth, liveability and innovation in urban Europe. This new platform that affirms the importance of the urban policies for Europe focuses specifically on three pillars of EU policy making and implementation: a) better regulation, b) better funding and c) better knowledge. The Housing Partnership of the EU Urban Agenda, where Housing Europe is a partner, has delivered the first steps in a Toolkit for Affordable Housing that presents a wide range of solutions being implemented around Europe to tackle the housing challenge affordably now and in the long term from the perspective of cities, housing providers, users, and policy makers.



Find out more:

- <https://ec.europa.eu/futurium/en/urban-agenda-eu/what-urban-agenda>

KEY ROLE OF CITIES IN HOUSING POLICIES AND SUSTAINABLE DEVELOPMENT: EXAMPLES FROM 7 EUROPEAN CITIES

Vienna | The role-model city in transition

The Austrian capital is hailed by many housing researchers, policy makers and other relevant stakeholders as the role-model city for social housing. Over the last year the demand for affordable homes has been triggered due to huge immigration and population increase. Despite the general construction boom, the relatively little increase in subsidised housing has created a mis-match that puts the inclusion challenge in the picture. The well working instruments, including the work carried out by the limited profit housing associations, are fundamental in Vienna that is looking for new tools to address the bottlenecks in land supply. Concerning affordability, the current housing policies seem to rely on increasing overall supply to lower prices on the long term.

Munich | Tackling the challenge of growth

Scoring usually in the TOP-5 of all quality of life surveys Munich has traditionally been a desirable destination for people moving inside Europe. The City authorities have set out over the last couple of years four strategic guidelines: a) fostering Munich as an open and attractive place to live, b) public space of high quality, c) solidarity and active urban community and d) sustainable and collaborative policies. Addressing the crucial land issue, the Bavarian capital has introduced the so called "Socially equitable land use" in all building plans taken by the city council. This means that developers have to take a share in planning costs by financially contributing to technical (streets) and social (schools) infrastructure. With Munich emerging as an "arrival city" for

refugees - approx. 12,000 of them have stayed - the municipality has implemented the "Housing for All" programme that will deliver immediately - by 2019 - 3,000 dwellings, 51% of which will host refugees and 49% will be used as regular social housing.

Copenhagen | Will ambition meet reality?

Proud of its tenant democracy model, its non-profit character and its residents' composition the social housing sector in Denmark has been facing a few challenges lately. New social homes amount up to 800 per year while approximately 10,000 new citizens are registered in the city population at the same time. Waiting lists are growing reaching sometimes a 30-year delay. Within this context the City of Copenhagen wishes to remain a city for all income groups and therefore has a target to increase social housing to 25% of every new development project from the current 20%. The municipality still has to approve and finance a smaller part of the new social housing construction and the negotiation with the housing associations is still on, focusing in securing equal terms between the private and the social housing sector that will in the long-term decompress the demand.

Paris | Social housing becomes priority

As the real estate market in one of the largest metropolitan regions of Europe is under pressure the local authorities seem to have put social housing high on their priority list. A growing population of 2.3 million inhabitants with high density (21,000 inhabitants/km²) has to pay on average EUR 25/m² for rent in the market while in the social housing sector the respective price ranges between EUR 6-13/m². Waiting lists have become a nightmare with 180 000 pending applications for social housing and acknowledging this reality the municipality has pushed forward development of social homes, measures to improve social mix as well as initiatives to support energy efficiency in dwellings. The commitments stand clear; 25% of every new development project will have to be social housing units by 2025 and 30% by 2030, 7,500 new social homes will be financed every year while a 'Climate Plan for Paris' aims to deliver a decrease of 25% in Greenhouse Gas Emissions and a decrease of 25% in energy consumption by 2020.

Barcelona | Right to Housing

Having experienced a wave of evictions as the rest of Spain, Barcelona also had to deal with the gentrification generated by the massive arrivals of tourists in the city that triggered financial speculation leading to an increase of rental prices. Price increase is worrying for the local authorities as it happens within a context of declining wages. At the same time the demographic issue is becoming a challenge as a significant part of the population (21%) is over 65 years old. Mayor Ada Colau introduced the 'Right to Housing Plan 2016-2025' that set out 4 strategic targets: 1) Preventing and addressing housing emergency and residential exclusion, 2) Guaranteeing the good use of housing, 3) Maintaining, rehabilitating and improving the current stock and 4) Increasing the public and affordable housing stock. With regard to the last pillar of the Plan the European Investment Bank (EIB) will provide a EUR 125m loan to the Barcelona Municipal Housing Board



"MY ABSOLUTE PRIORITY IS HOUSING"
ANNE HIDALGO, Mayor of Paris
Interviewed by the LA Times, July 2014



with the aim of building 2,198 homes for public rental to low-income households in eight city districts as part of the European Fund for Strategic Investments (EFSI)

Amsterdam | Staying accessible, inclusive and undivided

The Dutch capital had to deal with quite a lot of pressure on the housing market due to the arrivals of many ambitious young professionals but also significant numbers of refugees. With the average time on the social housing waiting lists ranging from 10 to 19 years key questions concerning the way the city can stay accessible for newcomers keeping its open, inclusive and undivided character started arising. Provision of homes to the middle segment of population that can no longer access social housing as well as plans to turn Amsterdam into a climate neutral city have also been central for the local authorities. Therefore, the Municipality of Amsterdam has signed with the Amsterdam Federation of Housing Associations and with the local Tenants' Union the so called 'Amsterdam Cooperation Agreement 2015-2019' that defined four basic axes of action on housing: a) stop the decline of social housing, b) increase affordability with a goal for 75% of lettings below EUR 600, c) less sales of social housing from 2,500/year to 1,200 and d) boost new construction. At the same time, local housing associations experimented with creative solutions, including transforming vacant office spaces into housing and launching projects that host students and asylum seekers.

Berlin | A challenging housing reality

It's almost a decade now that a true transformation has started taking place in Berlin turning the German capital into the ultimate destination for the creatives, youngsters, hipsters as well as skilled workers in Europe. The housing stock of 1,6 million rental units, of which 600,000 are social housing units is simply not enough anymore. Increasing immigration along with the relatively high proportion of one-person households were the main housing demand drivers. Although completed units and owner-occupation rates have been on the rise for more than five years in a row almost no pressure relief for the rental housing market was achieved. Another important aspect is that 40% of all Berlin households are said to be entitled to access publicly funded social housing which makes competition a true challenge. What will the future look like for Berlin? The Housing policy as well as the subsidy policy shall be under revision. Berlin public housing companies run only 15-20% of the social housing stock, while the private sector hasn't taken an equal share of commitment. On the other hand, local stakeholders have been pushing for individual housing subsidies for tenants with frequent revisions of their incomes as opposed to publicly funded housing objects and projects. On top of this, over-regulation and reduction of bureaucracy are still an issue.

HOUSING IN EU CITIES. DATA AND KEY FINDINGS

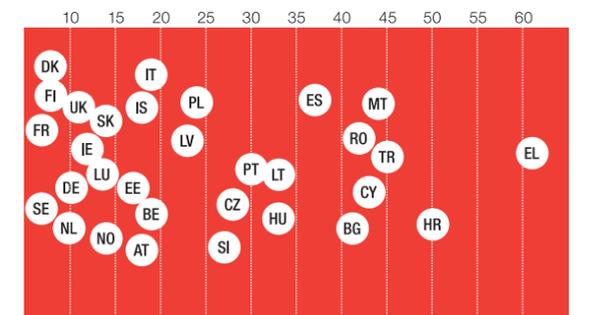
What does the housing situation look like in European cities? The 2016 report Urban Europe. Statistics on cities, towns and suburbs present a number of interesting findings: First of all, people living in cities usually pay more for housing, although they get less space for their money compared

to rural areas and towns/suburbs. As a result, more city households live in crowded conditions and a higher share pays at least 40% of their income to cover housing costs. The median housing cost burden across the EU 28 in 2014 ranged from 17.9 % in cities down to 15.8 % in rural areas. The median housing cost burden was considerably higher in cities (than in rural areas) in Denmark, Germany, Belgium, Luxembourg and Austria. At the same time homes in cities are usually smaller. Unsurprisingly, only 14.2% of city-dwellers in the EU live in a detached house, while almost 60% live in flats (and data show an even much greater share of flats in the largest cities and capitals). On the contrary, towns and suburbs are characterised by lower density than cities and there almost two thirds of the population lives in a house.

Home ownership is higher in towns and suburbs than in large/capital cities. This may partly reflect the composition of the population and the fact that cities attract young inhabitants looking for opportunities for study and work. In recent decades, it has become increasingly difficult for young people to buy their first property. This pattern may be magnified in cities, where house prices tend to be higher than in rural areas. The larger a city the less likely its inhabitants are to find good housing, and there is a clear trade-off between availability of jobs and affordable housing.

Based on a perception survey on the quality of life in 79 cities, the report finds that people living in cities with dynamic labour markets often faced great difficulties in finding adequate housing at a reasonable price. For example, while a majority (61 %) of respondents from the Greek capital (Athens) agreed they could find good housing at a reasonable price in 2015, only 10 % agreed that it was easy to find a job. Conversely, while a majority (62 %) of respondents from the German city of München thought it was easy to find a job, only 3 % agreed they could find good housing at a reasonable price.

People who agreed that in their city it is easy to find good housing at a reasonable price (%) in 2015



Residential mobility is greater among those living in cities. More than one in five (20.9 %) people living in a city in the EU-28 had moved dwelling during the five-year period prior to a survey in 2012, while the corresponding shares for those living in towns and suburbs (17.0 %) and rural areas (13.4 %) were lower. These figures may be explained, at least to some degree, by a higher proportion of city-dwellers renting their accommodation and by the relatively large numbers of young people living in cities (in particular, students in higher education and young people moving to cities in search of work).



Find out more:

- Eurostat (2016), Urban Europe. Statistics on cities, towns and suburbs

SHORT TERM LETTINGS IN EUROPEAN CITIES: REPLACING PERMANENT RESIDENTS WITH TOURISTS?

Holiday rentals in some European cities that are important tourist destinations are not a new reality. However, the spreading of Airbnb and other on-line platforms for short lettings has significantly contributed to increasing this practice in recent years. Questions have started to arise around its impact on the local housing market and on the chances of those in need to find permanent accommodation at affordable prices. The extent to which Airbnb is distorting property markets and pushing up rents is a controversial issue, to say the least. Few independent studies have been carried out on this phenomenon (mainly in the US) and there's a significant lack of data allowing for monitoring what's happening in this sector, making it hard to draw direct connections between the spread of short term lettings and increases in property prices and rents. Nevertheless, the limited available evidence seems to point to Airbnb-like lettings exacerbating the situation in cities with an already very tense housing market.

The narrative around this phenomenon is also complex. On the one hand in many cities most Airbnb landlords are just 'regular' people/households who occasionally rent out a room or let their apartment when they're away - and the tool is an example of the potential of the sharing economy to empower people. On the other hand though, professional landlords/commercial operators are increasingly involved in Airbnb lettings which represents a profitable market. Also, the time limits are not always respected. For instance, a survey carried out at the end of 2015 finding that across France, 44 percent of the homes advertised on Airbnb were permanently available for rental. As a response to this emerging trend, some cities are implementing stricter regulation on this type of lettings, focusing mostly around the issue of whether entire homes can be let out and for how long.

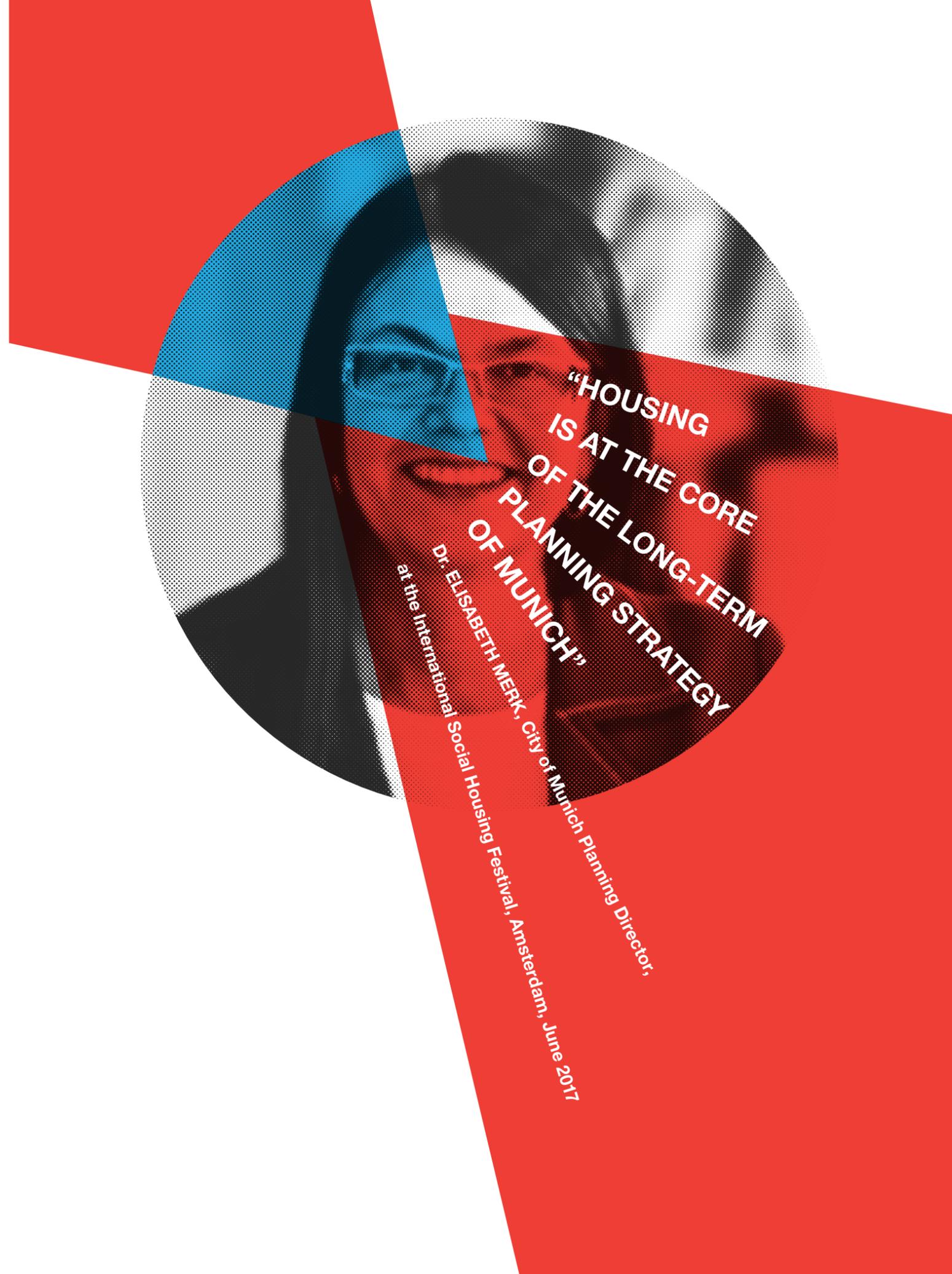
Amsterdam for instance was the first city to sign an agreement with Airbnb in 2014, whereby the latter agreed to levy and hand over tourist taxes to the city, remove addresses where the council has intervened because of complaints, and inform users of its rules. Apartments should be rented out for no longer than 60 days per year, to not more than four guests at a time, and only the owner him/herself can rent it. The city authorities use an automated computer systems to monitor online advertising.

In 2014, Airbnb was fined €30,000 (\$33,913) by the Catalanian government for a "serious" breach of laws, which stipulate that any residence rented to tourists must also be registered with the Tourism Registry of Catalonia. Since then Barcelona has significantly intensified checks on illegal tourist lettings (paying no licence fee or tax and usually operating without permission for their building management) and established high fines for those found to be without licenses.

Paris is one of the most popular Airbnb destinations in the world. The law forbids owners from renting out their flats for more than 120 days a year, and authorities in the capital ran-

domly carry out "raids". Paris Council voted a new rule in the summer 2017 according to which will force those who rent apartments on Airbnb to register the property with the City Hall first, which would allow monitor the short-term rental market using registration numbers.

Berlin went a step further than other European cities and short term leasing of entire flats is now illegal since 2016 (only up to 50% of the entire space is allowed), with breaches punishable by a €100,000 fine.



"HOUSING IS AT THE CORE OF THE LONG-TERM PLANNING STRATEGY OF MUNICH"

Dr. ELISABETH MERK, City of Munich Planning Director,
at the International Social Housing Festival, Amsterdam, June 2017



**“DECISION MAKERS
HAVE TO TAKE
THEIR SHARE
OF RESPONSIBILITY
REGARDING AFFORDABLE HOUSING”**

video statement for Housing Europe website, June 2016
Joan Clos, Executive Director of UN Habitat,