

Social, Cooperative and Public Housing and the EU policies and funding in the area of migration after 2020

Housing Europe position paper

1. Introduction

As large scale migration towards and within Europe is becoming a norm, political leaders at the EU level try to agree on common measures, general in relation with the external borders of the EU. At the local level though, cities, local government and relevant stakeholders like providers of affordable housing in many countries are already offering solutions to the integration of refugees. However, the issue goes far beyond the refugee crisis and changes the social dynamics of the continent. Housing Europe and its members have been vocal on the issue of integration highlighting the role of affordable housing in a context of increasing social demand and limited available financial resources. This paper intends to focus on the financial aspects of the challenge and thus provide input to the European Commission consultation for the next EU programmes in the area of migration.

2. Challenges

2.1. General challenges at local level:

The increasing migration bringing refugees into Europe is not only due to warzones but also to poverty, climate change, drought and demographic change. This has added to challenges that European neighbourhoods and providers of affordable housing were already confronted with:

- **Lack of temporary and permanent housing in appealing areas:**

Generally speaking, Europe builds less since the beginning of the crisis in 2008, regardless of the sector (private, public, cooperative), with the sole exception of Germany. Rising construction costs make it even more difficult for most countries to keep up with the demand. For example, in Sweden 436,000 homes are needed until 2020 while the government's national objective is 250,000. 245,000 new homes are needed in the UK every year and not even half of them are being built.

This has an impact on the capacity of countries to meet housing demands from new comers (asylum seekers and refugees). As an example, Sweden has been for years one of the countries in Europe receiving the highest proportion of asylum seekers compared to its population. By the end of 2015, the country had received 163000 asylum seekers. Most Swedish municipalities lack both temporary and permanent housing solutions. Our member SABO has managed through framework agreement procurements of Kombohus to cut construction costs by 25 percent, showing the way forward to build housing where more people can afford to live.

In the Netherlands 48.000 people are entering the country as a refugee of which still 28.000 people are in need of finding a house before the end of 2016. Aedes

members are looking for solutions in realizing additional housing in the metropolitan areas¹. In rural areas where there is no need for more homes, social housing providers are allowed to make a construction in which they rent the houses of private owners to permit holders.

In Germany, the migration challenge with more than 800.000 people entering the country in 2015 must be added to the existing housing shortage in metropolitan areas and in university cities. Our member GdW has issued 3 key demands that would make addressing the growing needs easier: a) temporarily lowered standards & accelerated procedures b) ensuring social support c) considerably more cost-effective construction.

- **Empty houses in unattractive areas** that do not offer much future:
In Southern and Eastern Europe, a significant part of the housing stock is empty, mainly because the economic downturn and the demographic evolution. For instance, in Portugal, vacant dwellings make 12,5% of the total housing stock. In Germany, while there is strong demand-side pressure in metropolitan areas, on the contrary, population is decreasing in other areas resulting in costly structural vacancy in the housing stock. The current forecasts for the population level in Germany in the near future leaves no doubt: the population will shrink in more and more cities and municipalities.
- **Difficulty to maintain and improve building standards:**
Poor or inadequate housing implies a risk associated to health and safety. Accommodating 6-10 peoples in a hostel room should not be an option even for a short period. The question of how that has an impact on housing allowances can be raised. Regarding the newly built houses, the issue lies in ensuring the quality requirements which involves not only high building costs but also long procedures to get a building permit. Thirdly, the problem of empty buildings being awaited for future use (ex. former offices) should be tackled as well.
- **More vulnerable peoples on waiting lists:** from 2009 to 2012, the waiting list increased in Belgium from 140 000 to 186 000, in Italy from 600 000 to 650 000 and in France from 1,2 million to 1,7 million.² Homelessness is also on the rise across the continent. The situation of the most vulnerable keeps getting worse and phenomena of social exclusion become more intense. The social housing sector needs to be supported to address this issue, at times when the state retreats from the social housing sector and hands over a big share of responsibility to private initiatives
- **Discrimination & anti-immigrant sentiment among the public:** While Member States are strengthening the anti-discrimination legislations, third-country nationals all still confronted with exclusion. Migrants are often met with hospitality but also with hostility. This can get many forms, such as the denial of accommodation by private property owners; imposing restrictive conditions or

¹ F.e project Riekerhaven in Amsterdam, More information: <http://www.startblok.amsterdam/en/>

² State of housing in the EU, 2015, published by Housing Europe, page 16

criteria limiting access into publicly supported accommodation; and opposition from neighbours.³

- **Information gap and lack of administrative capacity to allocate housing:**
When looking at the allocation of housing we can distinguish the difference between closed and open systems. Some countries will tie the delivery of a residence permit to a certain city that will have a dwelling ready for that person. Other countries deliver a permit without a housing solution or sometimes only a housing allowance. These different approaches are probably explained by the relevance of public or social housing and its ability to coordinate with the national/regional reception system. After all, an important information gap lies between EU and local level; and a multisectorial communication between stakeholders is also apparent issue.
- **Budgetary issues:**
As the latest Eurocities report highlights⁴, cities do not have enough budget capacity to house and assist no/low income groups due to budgetary cuts and recruitment freezes. Furthermore, cities get very little financial support from national or regional governments compared to the given responsibilities. Like that, the cities lack upfront funding to local service providers which can hamper both reception and integration services for refugees. One practical example is the lack of skills and personnel to integrate, train and teach new refugee households. Some service providers on the ground can offer provisions without any clear commitment to be reimbursed, which can be problematic especially for smaller organisations.
- **Political issues:**
Threat of losing votes to nationalist parties changes the political narrative, contributing to the uncertainty for long-term investments such as social and public housing. For example, the ongoing political discussions about the removal of the current priority status of refugees on waiting lists for social housing in the Netherlands⁵. Or the lack of public involvement and policies to inform and involve local citizens when refugees arrive. Finally, it is politically controversial to adopt measures for new housing exclusively for migrants/refugees and leave other groups behind. Much broader consensus could be built by adopting more general housing measures that will benefit broader segments of the population. This will help the inclusion of refugees and solve the housing shortages that is affecting many people, especially in cities

2.2 Specific challenges for social, cooperative and public housing providers

Housing Europe is a network of 45 national and regional federations which together gather about 43.000 public, social and cooperative housing providers in 24 countries.

³ Malcolm Harrison et al (2005), Migrants, Minorities and Housing: Exclusion, Discrimination and Anti-discrimination in 15 member states of the European Union, EUMC, page 5

⁴ http://nws.eurocities.eu/MediaShell/media/RefugeeReport_final.pdf, page 5

⁵ <http://www.aedes.nl/content/artikelen/klant-en-wonen/bijzondere-doelgroepen/statushouders/aedes--behoud-voorrang-vergunninghouders.xml>

Housing Europe Members are already implementing solutions towards the inclusion and integration of refugees and third-country nationals. However, they face the following issues:

- Information gap and lack of administrative capacity to allocate housing

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- Budgetary issues on the city level

Cities seem to lack funding to tackle the changing needs. As the latest Eurocities report highlights⁶, **cities do not have enough budget capacity** to house and assist no/low income groups due to budgetary cuts and recruitment freezes. Furthermore, cities get very little financial support from national or regional governments compared to the given responsibilities. Like that, the cities lack upfront funding to local service providers which can hamper both reception and integration services for refugees.

One practical example is the **lack of skills** and **personnel** to integrate, train and teach new refugee households. Some service providers on the ground can offer provisions without any clear commitment to be reimbursed, which can be problematic especially for smaller organisations.

- Lack of holistic approach

Sustainable and permanent housing is a key area of integration. However, housing providers will only be able to do their part if the various components of the welfare state are properly functioning and funded: education, health and employment measures must be applied to support the smooth integration of refugees.

In response to this lacking holistic approach on local level, several affordable housing providers had to integrate into their structure a new position of social/cultural advisors who can inform new residents on their responsibilities and rights in terms of everyday support they can access. In this regard integration services should be recognized assigned to housing associations.

- Difficulty to maintain and improve building standards

Poor or inadequate housing implies a risk associated to health and safety. Accommodating 6-10 people in a hostel room should not be an option even for a short period. The question of how that has an impact on housing allowances can be raised. Regarding the

⁶ http://nws.eurocities.eu/MediaShell/media/RefugeeReport_final.pdf, page 5

newly built houses, the issue lies in ensuring the quality requirements which involves not only high building costs but also long procedures to get a building permit. Thirdly, the problem of empty buildings being awaited for future use (ex. former offices) should be tackled as well.

3. The added value of EU policies and funding

Structural Fund targeted allocations

Within the framework of the European Structural and Investment Funds 2014-2020 (ESIF) there is an already available allocation under ERDF on urban and social regeneration of cities, integrated urban development, refurbishment and change of use of empty buildings. Under ESF measures such as social inclusion, training and education are also available to help people becoming independent in managing their accommodation and budget. Finally, under ESF capacity building and stakeholder straining is also available to detect housing discrimination early.

Structural Funds show more flexibility

The Operational Programmes recently show more flexibility in case of a crisis. Notably, until this year their change was only possible for emergency measures for the reception systems which include the construction or extension of shelters but not long-term lasting facilities. Setting a priority under ERDF to finance long-term infrastructure for refugees opens new doors. The recently published toolkit of DG REGIO '*on the use of EU funds for the integration of people with migrant background*' aims to encourage the Member States to use the available priority. The toolkit is much needed for the Managing Authorities who very often lack the necessary knowledge on available measures.

Moreover, through its ERDF supported initiative, the Urban Innovative Actions, the European Commission already recognises the role local authorities in designing and implementing inclusion and supports a number of initiatives aimed at implementing better and innovative policies at local level and sharing knowledge across cities in Europe. Within this programme, five cities are already testing new solutions to facilitate integration, and among those five Antwerp and Utrecht have specific housing focus.

At the same time, the EU could and should do more to make European budget more flexible and adaptable to the current needs:

4. Policy Recommendations

(based on the Report of the Working conference on 'Reception and Housing of Migrants and Refugees' that took place the 10th- 11th of November 2016 the city of Amsterdam)
[You can download the report of the working conference by clicking on this link.](#)

- **Reduce funding barriers and provide support with application and reporting**

It is proposed that potential beneficiaries take up funding with the involvement of local authorities. It is further preferred that funds can be directly applied for at EU level. In

addition, a helpdesk/one-shop stop can be set up to provide EU level assistance to actors who are in need of that.

- **AMIF should further finance accommodation**

The Asylum, Migration and Integration Fund (AMIF) should further finance accommodation, social integration and urban development in Member States with regard to the integration of asylum seekers in communities in order to **avoid housing refugees either in places with no job prospects, no social services or in places with already high level of segregation**. As the European Commission recommends in Jan 2018: *"It is essential to ensure access to adequate and non-segregated housing as it has a major influence on employment options, educational opportunities, and even residence, family reunification and citizenship rights."*⁷

The access to funding could be more easily facilitated if more players (in health, education, **housing** and social services) **could be eligible to access directly the emergency financial assistance**. In order to adjust to these needs it should not be necessary to create a different funding tool with different eligibility and rules as this would probably slow down the effective use of existing funding mechanisms.

- **Combine existing EU funding with EIB loans to give cities direct access to funding**

Social inclusion and integration is not only the role of the ESF support. Other funds (FEAD, ERDF, AMIF, EIB financial instruments) can be combined with it to further support the investment in human and social capital.

Concerning AMIF, It is crucial to make **part of its resources available to cities** directly in relation to expenditures concerning refugee inclusion. At present, AMIF funding is channelled through central governments. An opportunity for more direct access by cities or enterprises would be a 'blending facility' between the AMIF grant resources and EIB loan resources, under which AMIF grants could be combined with EIB loans to cities or social impact funds. In the case of such blending facilities - which are administered by EIB - the EIB enters into a direct relationship with the city or fund, rather than channelling the funds via central government.

In addition, the European Fund for Strategic Investment (EFSI) could be also mobilized as a way to step up the activities of national public banks or other agencies in the field of affordable housing. Strengthening cooperation not only between the EIB and local players (housing associations, city councils, and other services) would be very beneficial. The European Commission should take a lead and promote the exchange.

Available information on combination opportunities between AMIF, ERDF and ESF should be increased for local actors.

- **Redistribute EIB financing to build housing**

⁷ Toolkit on the use of EU funds for the integration of people with a migrant background, Inclusive Growth, Urban and Territorial Development Unit, January 2018.

Governments could use an EIB loan based on '*Disasters Reconstruction*' to build new housing for refugees. This (re)construction would take place while refugees wait for status recognition. After status recognition has been received, refugees repay these loans via their rental costs. This payment of rent is in turn financed by 'Refugee Aid' funding. Put differently, the status holders pay off the EIB loan by means of another government subsidy. The repayment will approximately take 3 to 5 years. Thus, the key here is to enable local governments to redistribute EU funding to individuals.

- **Relax rules on building renovation and transformation**

Solutions are found in the renovation or transformation of old (vacant) building/offices. However, it can take a long time to obtain permits for such actions. In some cases this can be traced back to EU requirements concerning biodiversity and environment (that do not sufficiently take into account the need to act quickly in times of crises).

The European Commission should consider a fast track decision procedure for a (possible) relaxation of such rules and regulations in the case of high need of refugees.

- **Relax state aid rules and public procurement temporarily**

EU rules should become more flexible in terms of interpretation of exceptions in times of a crisis. The exceptions should be made temporarily in the EU sphere of competition and internal market for certain forms of housing for refugees. Accommodation should be subject to more lenient rules on state aid and public procurement.

- **Facilitate payment to final beneficiaries**

Pre-financing in the affordable housing sector should be made possible, the last payment should be sped up, especially linked to smaller projects.

In addition, the integrated approach of costs should be prioritized: internal costs and social costs necessary to implement the project, as well as further costs due to modifications of the initial project-required during the operations- should become eligible.

- **Link housing with other integration measures**

While it is crucial that the EU budget can be used to face emergency situations, it is necessary that adequate resources are available for the integration of asylum seekers. Investing in integration should include measures such as the provision of long-term housing, related social & care services as well as training & education. These measures are all in line with the EU's long-term strategic objectives, thus they help fighting poverty, social exclusion and inequalities.

This holistic approach can help local service providers to develop a better relationship and shorten the integration process. A successful example-which could be replicated for other target groups- is the Youth guarantee linking housing to employment.

The application of Partnership principle would strengthen this holistic approach and would also encourage cities to have a longer-term cooperation with social actors for longer-term than for the time of a specific project.

- **Capacity building for Managing Authorities and affordable housing providers**

Housing organizations should be provided with technical assistance to help to deal with reporting and combination of funds (trainings, info days, online toolkit for beneficiaries (where Fi-compass could play the central role)

Through capacity building exercise, Managing Authorities (MAs) should acquire a good understanding of the State Aid rules and its application opportunities on affordable housing providers. In addition, adequate training on how to implement integrated projects (social services, training together with provision of housing) should be strengthened for MAs.

- **Sector-specific information**

It is considerable to inform the sector-specific stakeholders about the framework of the ESI Funds, the forthcoming calls for proposals, rules (especially State Aid), reporting requirements and ensure enough time for the preparation. Creating a **one-stop-shop of competent point of contact** per thematic objective in each country would give orientation to interested organizations.

The annual **Implementation reports** of the Member States should be made available and published online to ensure transparency. Making the **language understandable**, and not too technical, is also an important aspect.