



Housing and structural Funds 2014-2020: Europe in business for neighborhoods

CECODHAS HOUSING EUROPE

27 juin 2012, Conseil regional Rhône Alpes, Lyon

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Short overview of the presentation

- ❑ Economic crisis/ housing crisis
- ❑ EU policies to fight the crisis
- ❑ Energy efficiency potential in the housing sector: very local, very work intensive : the perfect priority for cohesion policies
- ❑ But also a need to answer more widely housing needs of EU citizen

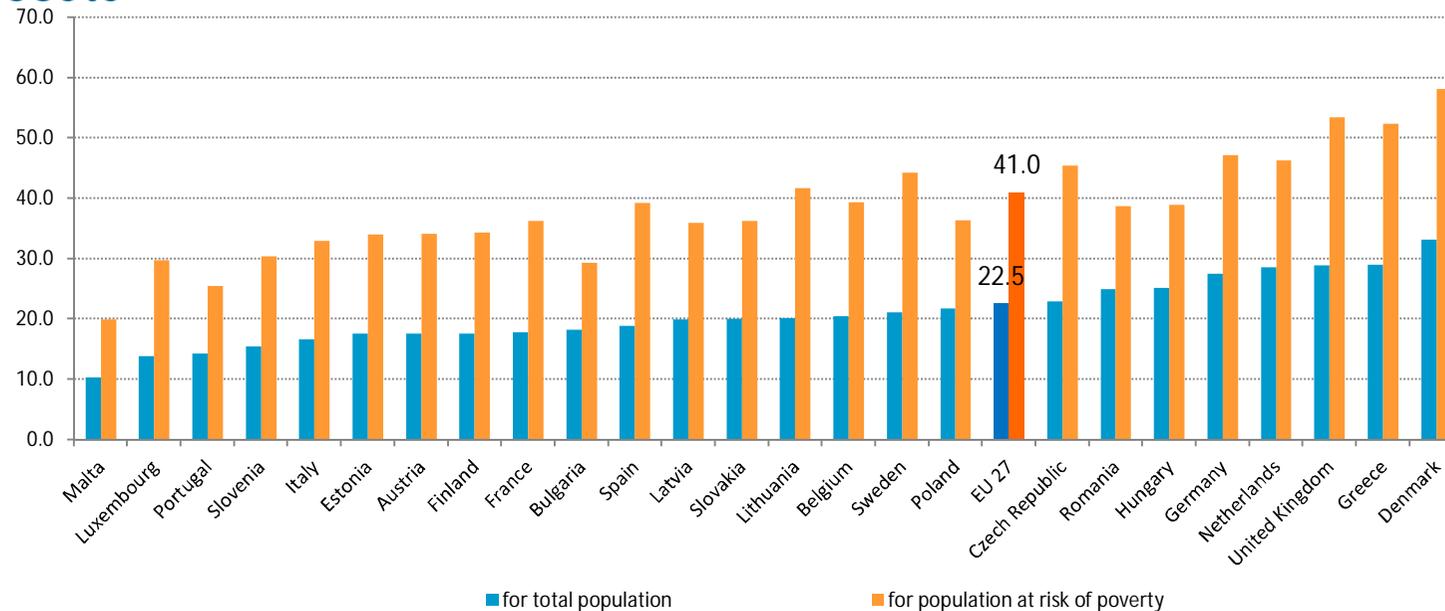
Based on some examples evaluating the impacts of refurbishment on jobs:

- ❑ The economic and job impacts are more important than reduction of GhG emissions
- ❑ Still, it does not speak to economic leaders because it is not tradable industries, very fragmented markets
- ❑ Among all the works in the construction industry, the energy efficiency refurbishment works have the biggest multiplier effects



Economic crisis/ housing crisis

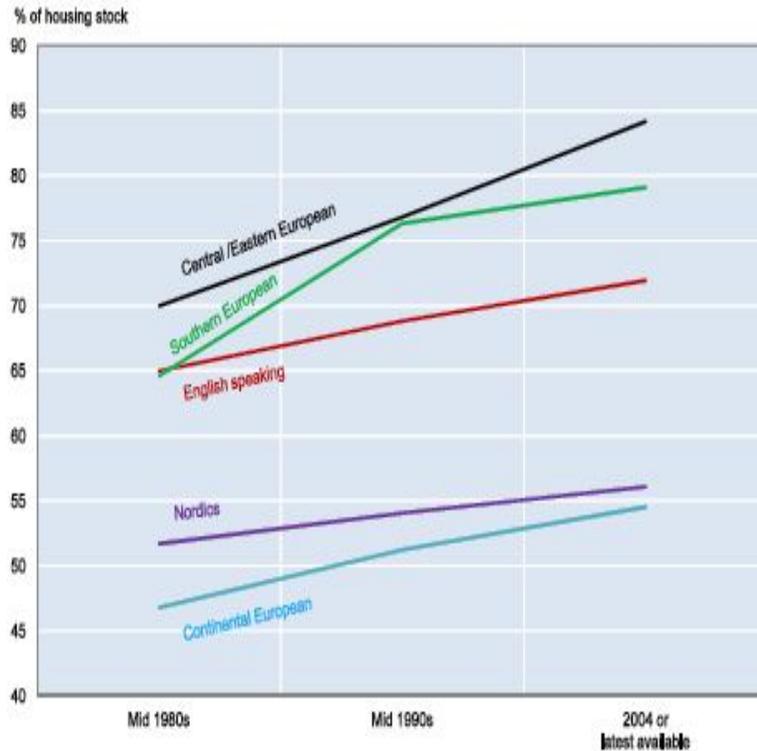
- Unaffordability of housing: a widespread cause
- Housing costs = 22.5% disposable income (41% at risk of poverty)
- Housing overburden = 10.1% (37% at risk of poverty)
- A third of European households facing disproportionate housing costs, and perception of worsening affordability
- 20 years of demand side policies: Impact of housing costs



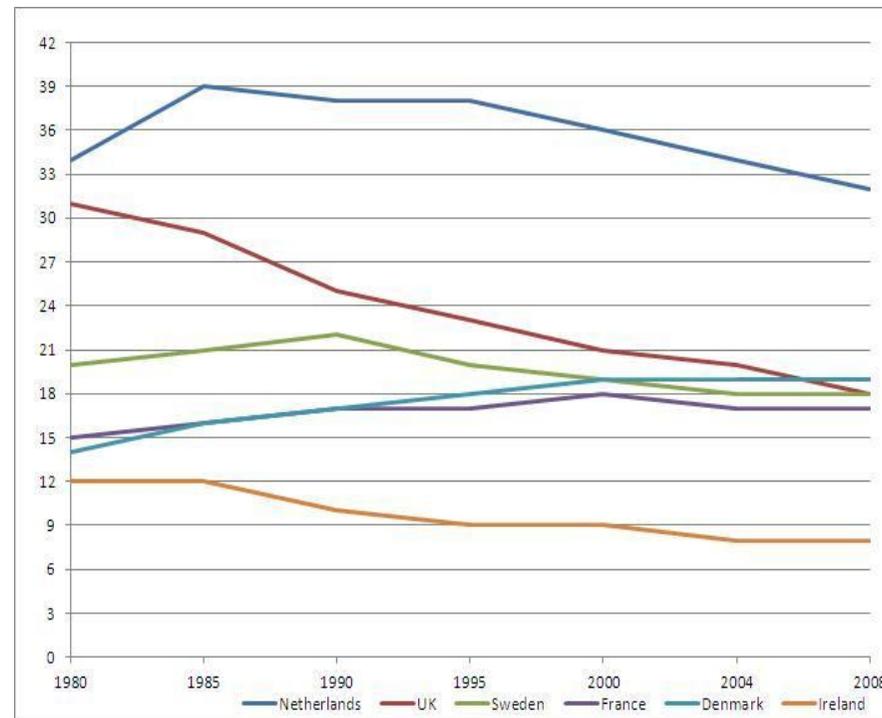
Trends in tenures: 20 years of targeting the most vulnerables



Home-ownership in European OECD countries (1980-2004)



Social housing in selected EU countries (1980-2008)



1. Nordics Includes Denmark, Norway, Sweden and Finland; English-speaking Includes Australia, Canada, the United Kingdom, the United States and Ireland; Continental European Includes Austria, Belgium, France, Germany, the Netherlands, Switzerland and Luxembourg; Southern European Includes Greece, Spain and Italy; Central/Eastern Includes Hungary, Poland and the Russian Federation. The homeownership rates in each group refer to the simple average of the rate in individual countries.

Source: Luxembourg Income Study (LIS).

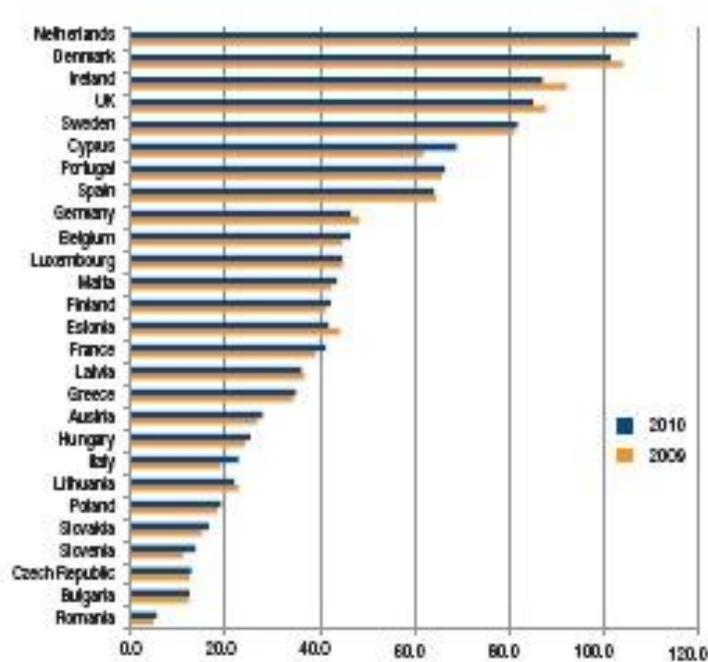


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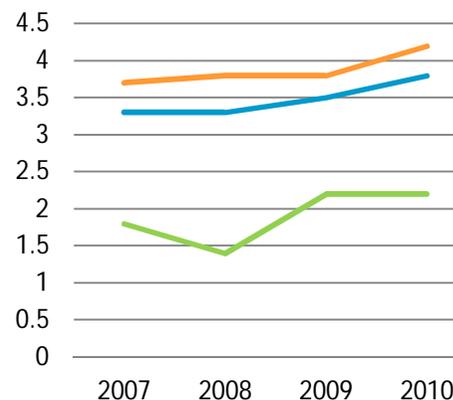
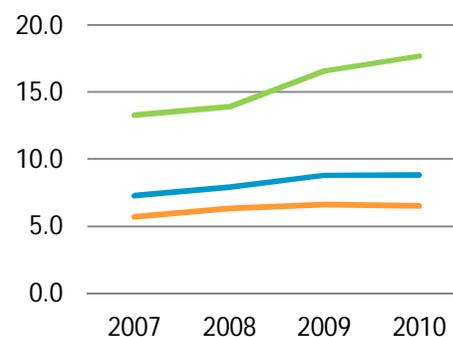
- High level of mortgage debt (from 32% in '98 to 52.4% in 2010)
- Increase in arrears (8.6% and 20%)
- Energy poverty (52.08 million people)

Increase in arrears on:
Utilities
Mortgage/rent

Mortgage indebtedness as % of GDP



Source: European Mortgage Federation



- European Union (27 countries)
- European Union (15 countries)
- New Member States (12 countries)



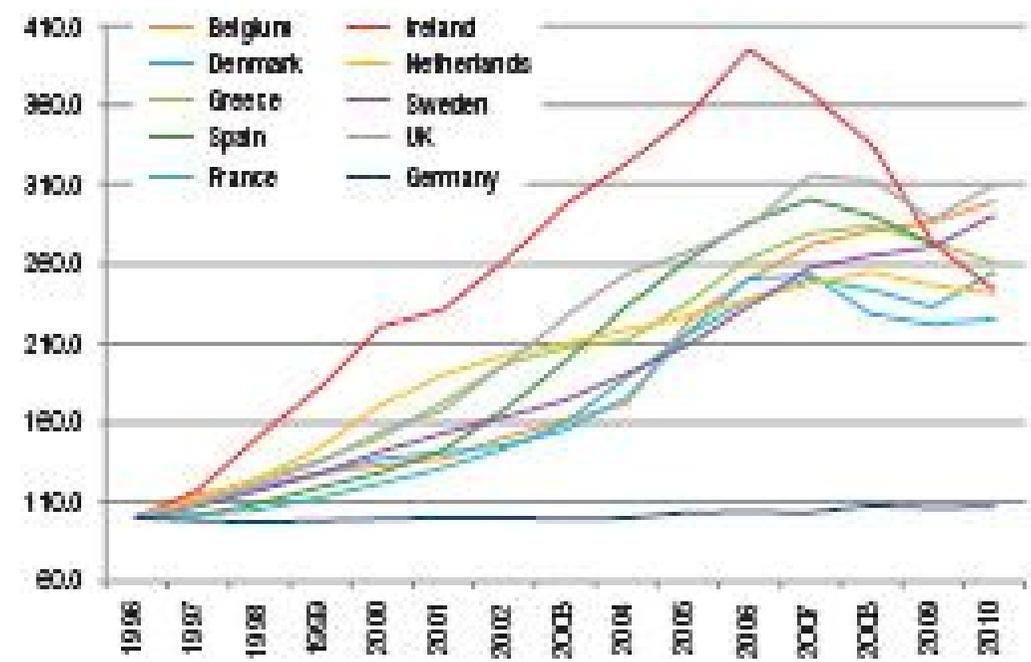
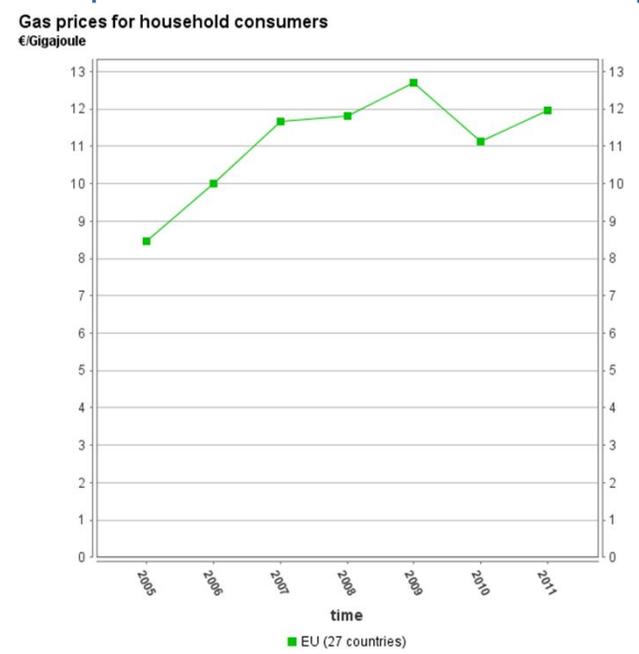
Main factors

Increase in:

- House prices
- Energy prices
- Shortage of affordable housing

Nominal house prices increase

Gas prices for household consumption



Crisis and housing: reality checks

□ Social Eurobarometer April 2012



At EU level, there was an increase, from 29% in October 2010 to 43% now, in the number of respondents who are at least at low risk of not being able to meet their **rent or mortgage payments**. Among those who said this question was relevant to them, the total rose from 42% to 53%. At individual country level (sticking with results from those who answered the question), many Member States witnessed a large rise in the proportion of respondents who think there is at least a low risk that they will not be able to meet rent or mortgage payments over the coming year. The largest rises were in: Luxembourg (57%, +34 points), Belgium (51%, +30 points), Italy (69%, +22 points), France (58%, +20 points), and Austria (41%, +20 points). However, in four countries, the proportion of people who feel at least at low risk of not being able to pay their rent or mortgage declined: Estonia (49%, -14 points), Poland (62%, -4 points), Romania (66%, -3 points), and the UK (40%, -3 points).

There was a small rise at EU level in the proportion of respondents who feel at least at low risk of not being able to **repay loans**, from 28% to 31%. Among those who said this question was relevant to them, the total rose from 46% to 49%. At individual country level (sticking with results from those who answered the question), Luxembourg (54%, +31 points) and Belgium (44%, +21 points) again stand out as having had by far the largest increases since October 2010, with the next largest rises having occurred in France (55%, +14 points) and Portugal (70%, +13 points). However, in eight Member States, the proportion of people who feel they are at least at low risk of not being able to repay loans declined since the previous survey. By far the largest drop occurred in Estonia (42%, -27 points), followed by Romania (62%, -14 points) and Bulgaria (62%, -12 points).



EU policies and housing in a nutshell

- ❑ **Direct enablers : Structural Funds**; period 2007-2013: 9 billions € potentially eligible for housing energy upgrade, and 4 billions for urban renewal and housing for marginalised community. Beginning of 2012, less than 2 billions had been invested. Next period: housing eligible for energy efficiency and for community development: more budget, under negotiation
- ❑ **Direct constraints: State aids rules**: to receive public support social housing mission shall be clearly defined to answer market failures, **Energy efficiency directive**: under discussion at Parliament and Council an obligation to renovate a % of the public housing stock; EPBD: from 2018, all new housing supported by public budget to be nearly zero energy housing > specific costs with no clear financing scheme
- ❑ **Indirect constraints (or incentives?): EU economic governance**: avoiding the next financial and economic crisis by monitoring national economic performances and European economic decisions. Public budget under control. Public and private debt, housing price increase as indicators to analyse how wealthy is the economy of a country (all these processes called 6 pack+2)



EU policies to answer the crisis and housing (1/3)

- ❑ Autumn 2009

- ❑ Recovery package: : the European Commission proposes to open the Structural Funds to Energy efficiency in housing to a max of 4%; and 2% for improving housing conditions for marginalised communities:
 - 9 billions of € for EE potentially available
 - 4 billions for marginalised communities
 - 2 billions for research on energy efficient building

- ❑ Had been a hard battle between institution with the European Parliament asking for housing eligibility, the Visegrad country too: housing was eligible since 2007 for EU 12)



EU 2020 Strategy: March 2010 (2/3)

Some common medium-term goals called the EU 2020 strategy

The 5 targets for the EU in 2020

- ❑ 1. **Employment**
 - 75% of the 20-64 year-olds to be employed
- ❑ 2. **R&D**
 - 3% of the EU's GDP to be invested in R&D
- ❑ 3. **Climate change / energy**
 - **greenhouse gas emissions 20%** (or even **30%**, if the conditions are right) **lower than 1990**
 - **20% of energy from renewables**
 - **20% increase in energy efficiency**
- ❑ 4. **Education**
 - **Reducing school drop-out rates below 10%**
 - **at least 40% of 30-34-year-olds completing third level education**
- ❑ 5. **Poverty / social exclusion**
 - **at least 20 million fewer people in or at risk of poverty and social exclusion**

- ❑ **Every year: a report by each country on it**

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EU policies to answer the crisis and housing (3/3)

- ❑ Autumn 2011 (6th October)
- ❑ New cohesion policies: open to housing, 20% for low carbon economy, local development more than competitiveness and growth priority
- We call it our copernician revolution



Final EU policy proposals linked to housing: May 2012

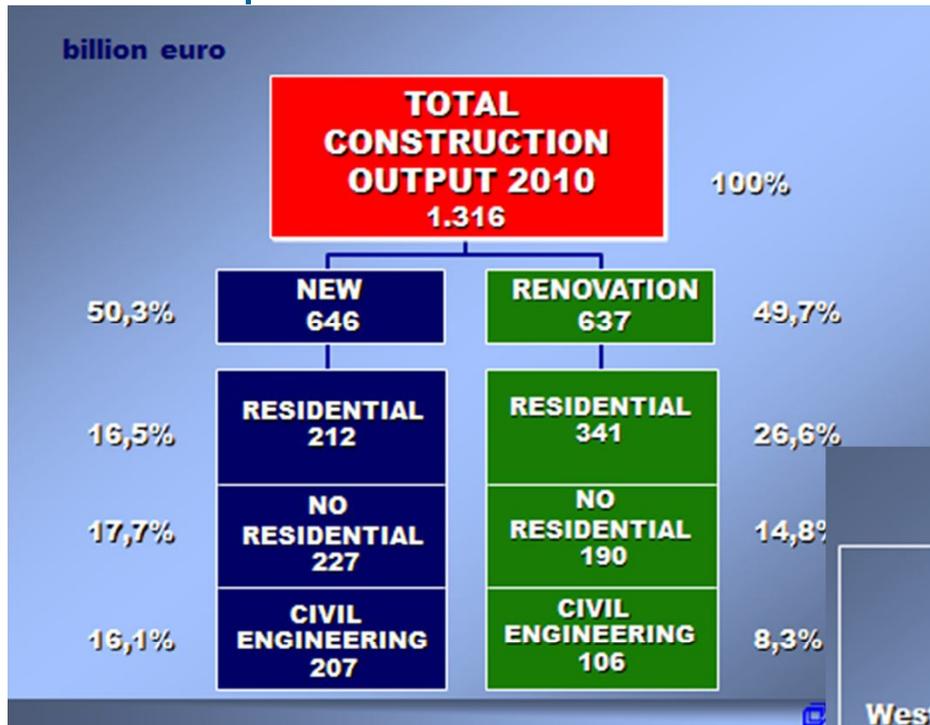


In its communication “ *stability, growth and jobs*”:

One proposal for the 29th EU council:

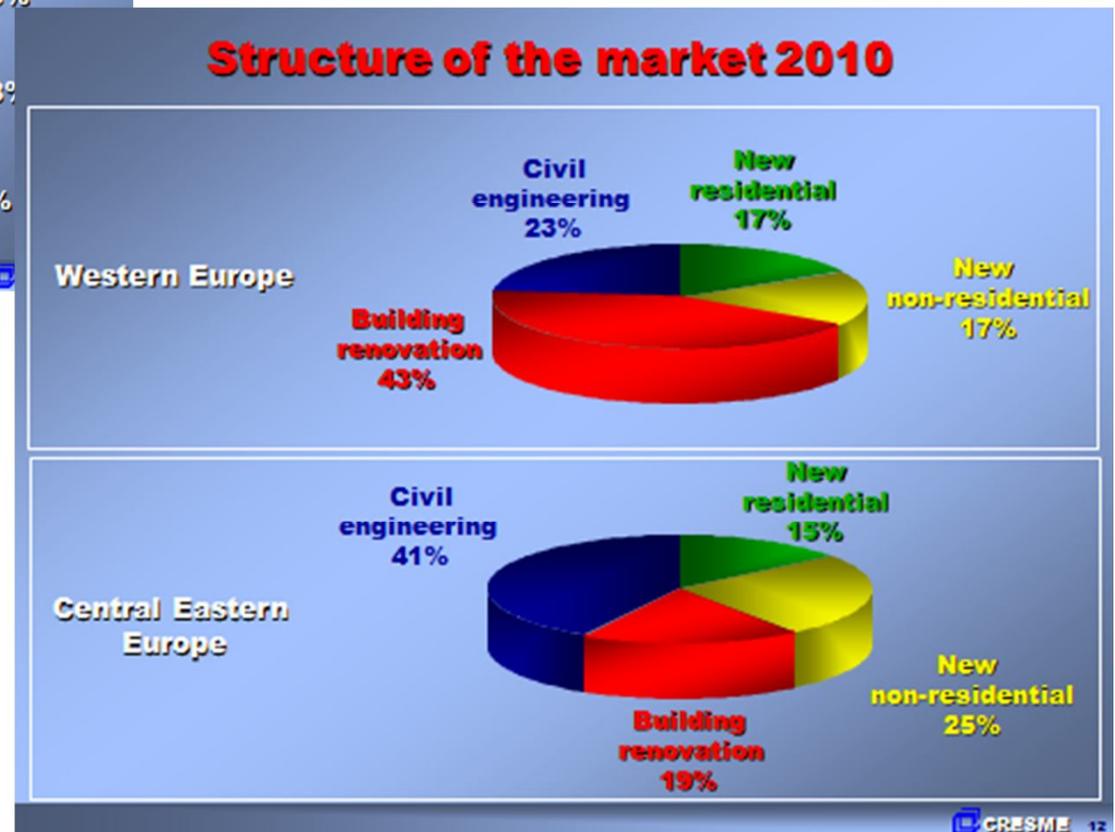
“Increasing the paid in capital of the European Investment Bank (EIB): in order to comply with sound banking practice the EIB needs an increase in its paid in capital if it is to maintain its current high level of annual lending activity around €65 billion a year. As the Commission has proposed, a €10 billion increase in paid in capital should be agreed by its Member State shareholders as part of a new EU growth initiative. This would substantially increase overall lending by up to €180 billion. The additional lending that such a capital increase would permit should be spread across the EU, including in the most vulnerable countries. It should be directed to helping the SME sector, including in areas such as energy efficiency and housing renovation which can generate much needed employment in the hard hit construction sector and help the EU meet its climate and energy goals.”

What was convincing ? the construction industry in Europe is in deep crisis



- share of GDP differs from one country to another, but is range between 4% to 6% for housing investment. It represent 23% of households expenditure

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Job potential in EE refurbishment

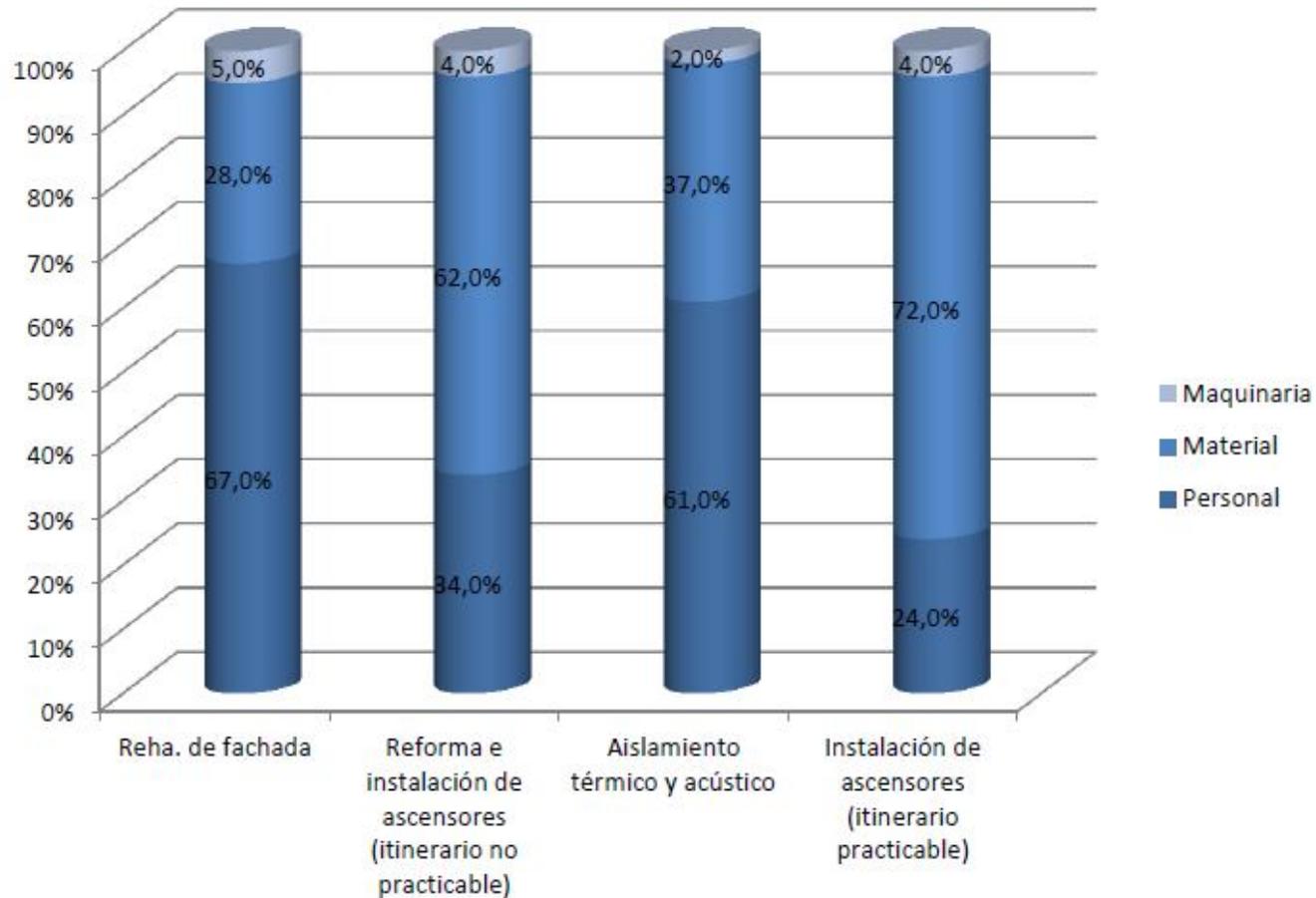
- ❑ In terms of retrofitting activities, it is generally accepted that every US\$1 million invested in building-efficiency retrofits would create 12-17 direct jobs and 4-7 indirect jobs.(UNDP)
- ❑ In France, 4% of ERDF from 2007-2013 represent a public investment of 320 millions € creating 25.000jobs (15.000 already, 10.000 for the two left years); impacting more than 100.000 households
- ❑ On these assumptions, 8 billions of € (4% of ERDF 2007-2013) in EU 27 would generate 55 billions € could create almost 800.000 FTE so more than 100.000 jobs a year (direct and indirect)
- ❑ So far, only 1.7€ billions have been programmed, generating 8.5€ Billions investments and creating 100.000 jobs impacting 400.000 households energy bills

The more on energy refurbishment, the more job intensive

based on a programme of 16.000 houses refurbished with a subsidies of 14.6 millions €, Basque country, 2008



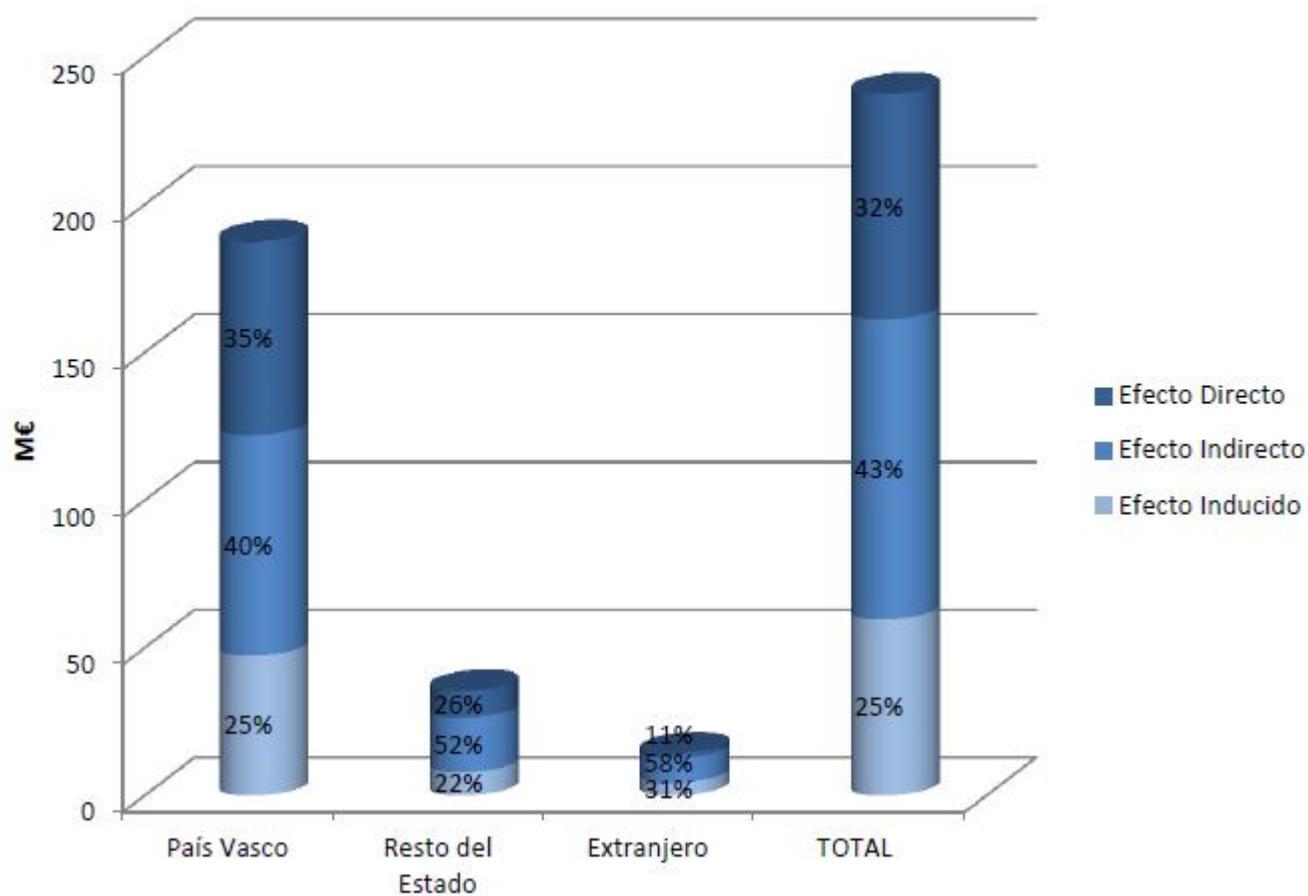
Gráfico 11. Distribución por conceptos en el coste de obra.



The more local...



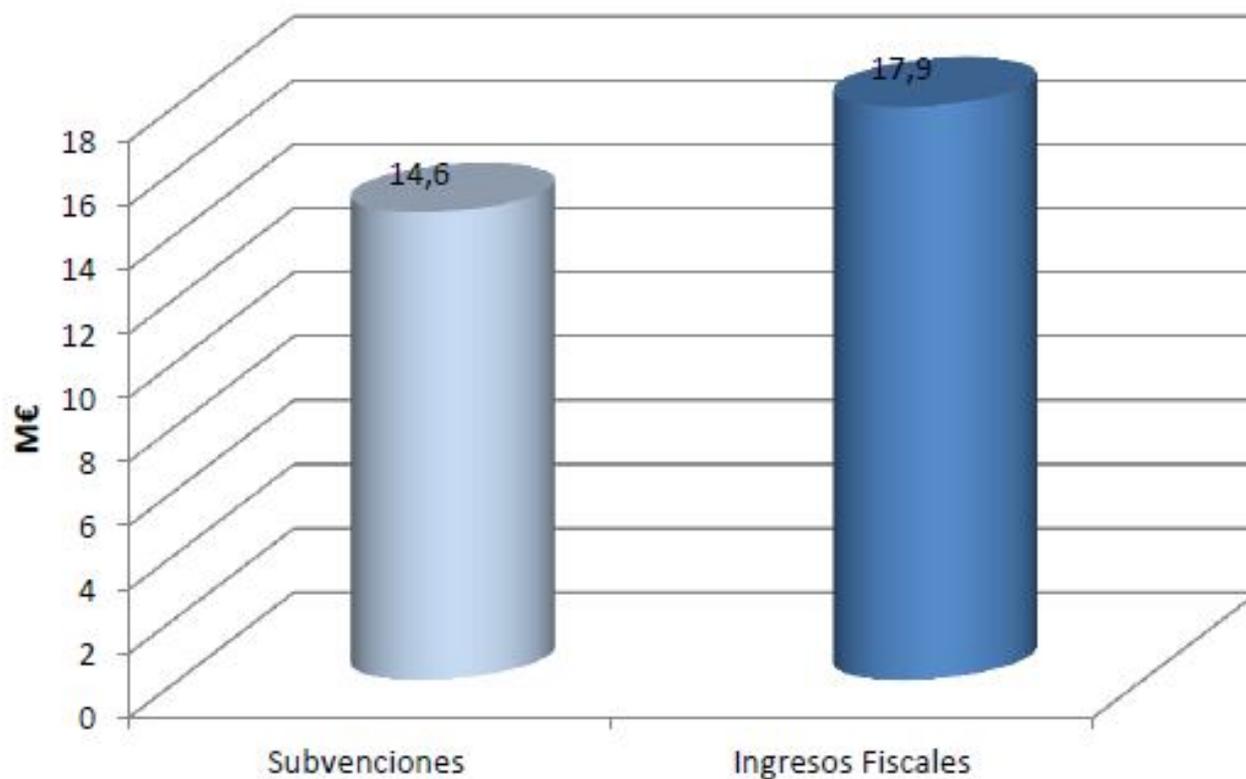
Gráfico 10. Distribución porcentual de la producción total entre efecto directo, indirecto e inducido según lugar de producción.



EE refurbishment in housing is a cash machine policy



Gráfico 19. Recaudación fiscal en relación a las subvenciones.



And the Structural Funds 2014-2020



- ❑ 20% of the total to be on EE in energy efficiency refurbishment in housing would concretely mean:
- ❑ 60 billions public EU budget to EE
- ❑ Generating 300 billions of investment
- ❑ Creating 3.5 millions jobs or a minimum of 500.000 jobs each year
- ❑ An impact in reducing energy consumption of 14 millions households

- ❑ Can we afford not to do it ?



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A short overlook to housing situation in EU countries

Specially impacts of the crisis



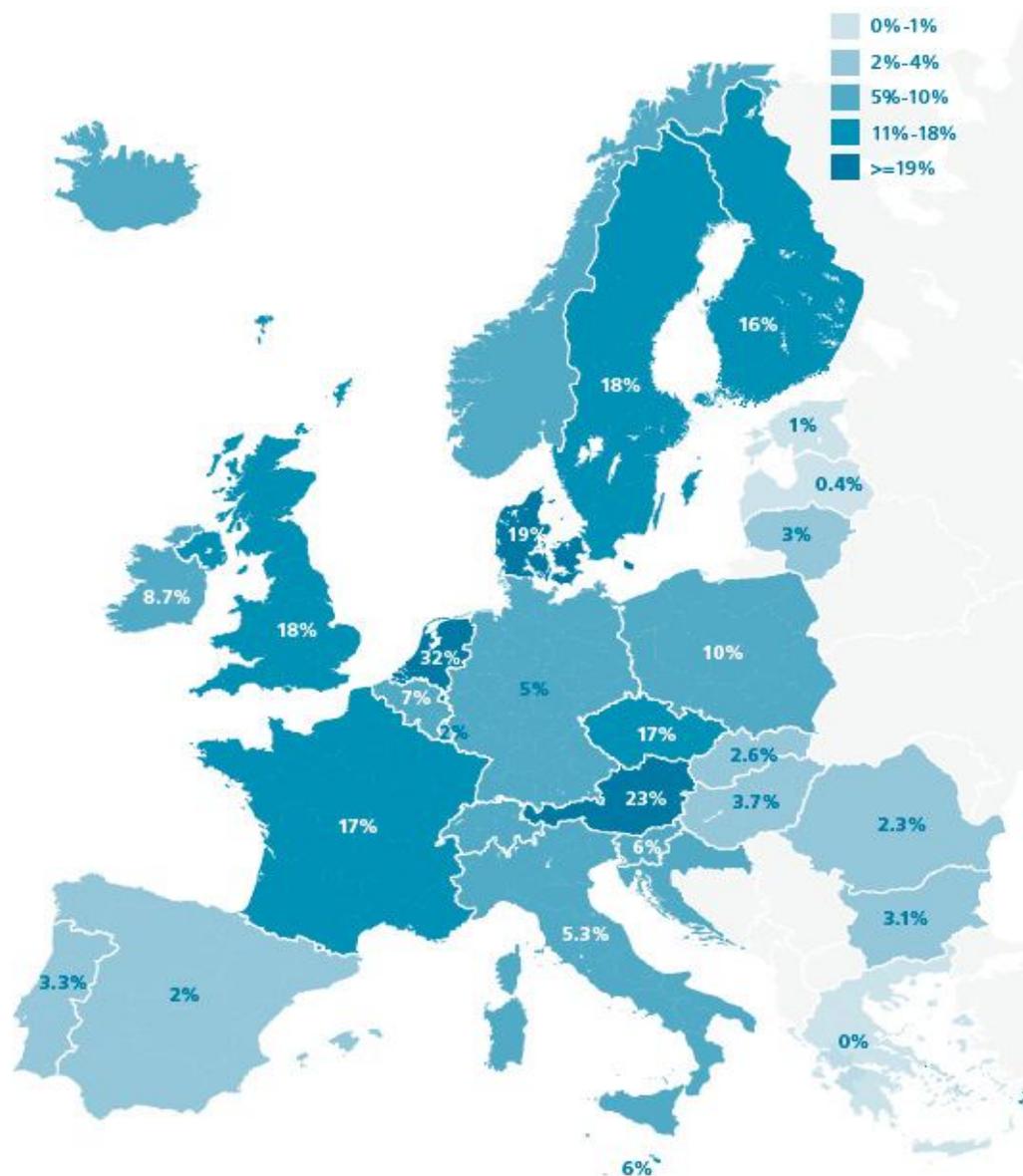
- How is structure the housing market
- Some common trends in EU
- Unaffordability for the most vulnerable
- Lack of supply
- Changes in housing benefit: putting affordability even further

Some common features of the needs to be addressed by Housing policies

- Building new affordable places
- Enhance delivery of land at affordable price
- Rethink the financial incentives on housing supply
- Maximise the use of existing building stock

Social rental housing in the EU27

- Largest in NL, followed by AT and DK.
- UK, FR, SW and FI also have a large social/public housing sector
- On the contrary, no rental social housing in EL, very small share in CEE as well as PT, ES



Crisis and housing: reality checks



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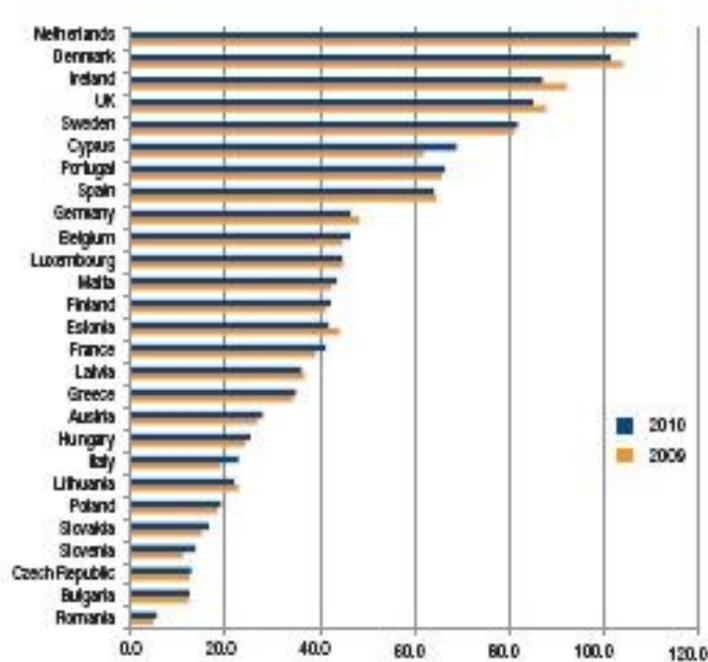


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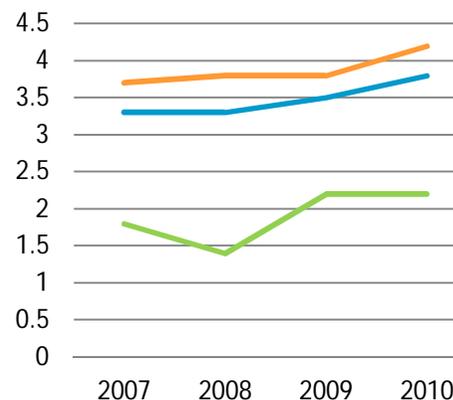
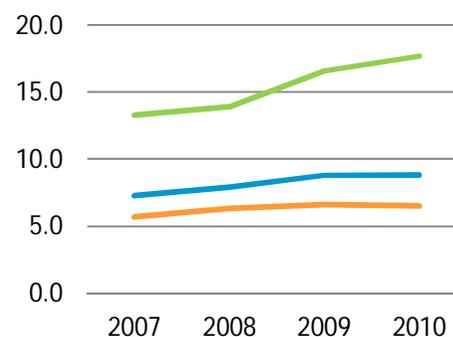
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What is CECODHAS - Housing Europe?

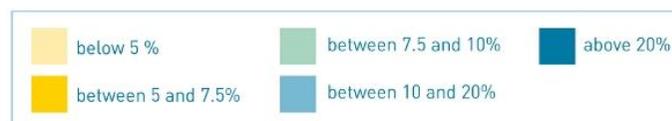
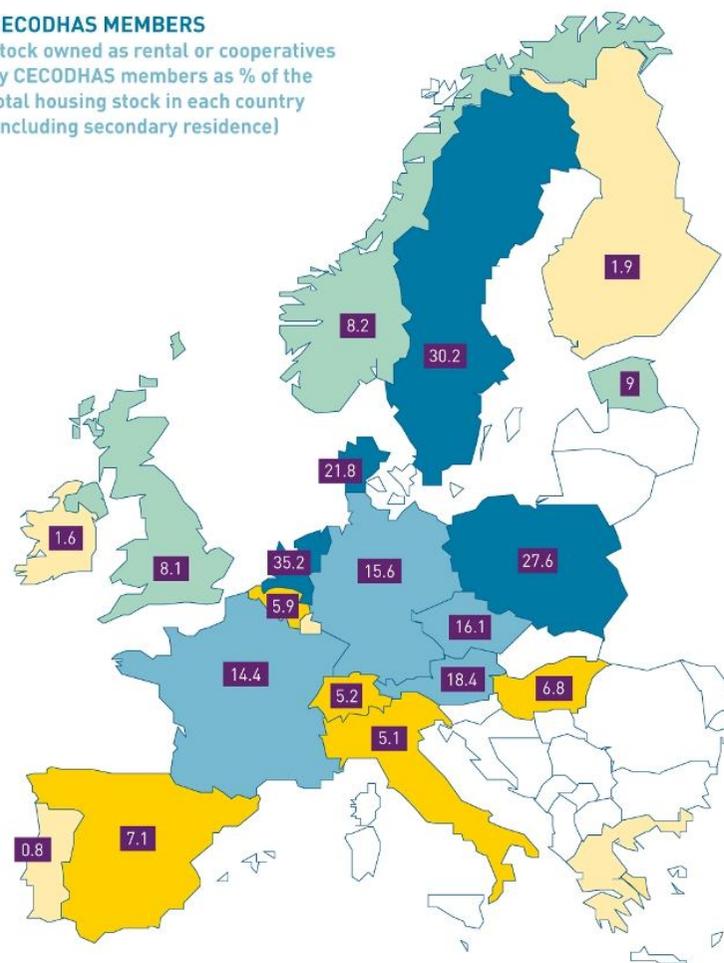
CECODHAS - Housing Europe is the federation of cooperative, public, social housing

... a **network of national and regional housing providers federations** gathering 4.500 public, voluntary housing organisations and 28.000 cooperatives housing.

Together the 41 members in 18 EU members States manage **25 million dwellings**.

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CECODHAS MEMBERS
Stock owned as rental or cooperatives by CECODHAS members as % of the total housing stock in each country (including secondary residence)





Some sources

- Rode et a. (2011). Investing in energy and resource efficiency: Buildings. in Towards a Green Economy: Pathways to Sustainable Development and Poverty Eradication, United Nations Environment Programme (UNEP), <http://www.unep.org/greeneconomy/GreenEconomyReport/tabid/29846/Default.aspx>
- Proyecto 'Brev": Beneficios de la rehabilitation de viviendas en la generacion de actividades economica, creacion de empleo y el ahorro de energia en el pais vasco; Institut Cerda, December 2010
- L'union sociale pour l'habitat, Bilan à mi-parcours de l'utilisation du FEDER, June 2011