

Housing Europe contribution to the consultation on the EPSR action plan

Introduction : In the wake of the growing affordable housing crisis and the recovery from the pandemic, the European Pillar of Social Rights should not be forgotten

In November 2017 the EU members states and its insitutions agreed to a European Pillar of Social Rights (EPSR) which sets out 20 key principles of the 21st century European Welfare State. One of those principles is on « housing and assistance for the homeless » and states the following :

- a. Access to social housing or housing assistance of good quality shall be provided for those in need.*
- b. Vulnerable people have the right to appropriate assistance and protection against forced eviction.*
- c. Adequate shelter and services shall be provided to the homeless in order to promote their social inclusion.*

Three years and a global crisis linked the COVID pandemic after, the EPSR and principle 19 are more needed than ever.

The 2020 crisis in relation to the COVID 19 pandemic has led to unprecedented social and economic crisis and the economic forecast is daunting : -7,4% of GDP on 2020 ; - 5,9% for the disposable income of European households ; increase of poverty rate and economic inequalities. According to Eurofound's briefing 'Living, working and COVID-19', 8.1% of households in the EU have been unable to pay their rent or mortgage in the past three months. At the same time, 20% of unemployed people are fearful of losing their home. Despite policy measures that will help alleviate the social and economic costs of the crisis, the demand for social services and in particular for social housing will inevitably increase. Whether the response to this increasing demand will be sufficient is the ultimate question.

The COVID- 19 crisis has exacerbated the existing housing inequalities, and will lead to decrease of income for tenants and therefore decrease of rental income for housing providers while house prices are not set to decrease. This will have an impact on both the demand side and the supply side (jeopardizing both new construction and renovation programmes), further widening the gap between both.

The most financially affected households are the poorest, those who have suffered most from the decline in economic activity and those with children, the demand for social allowances and the number of people at risk of poverty will increase.

Furthermore as recently evidenced by the EU Joint research centre and the World Bank, finding affordable housing becomes increasingly challenging for low to middle income groups in attractive cities. The Covid 19 pandemic has again shed a light on the importance of having hospital staff, carers and others carrying out essential services able to live in decent accommodation convenient to their work, despite often needing to work at unsocial times or being "on call". Generally speaking, the essential role of key workers for the urban fabric and community living requires adapted housing solutions.

The housing situation requires the EU to implement an ambitious action plan for the European Pillar of Social Rights. The EPSR should guide EU policies on equal footing as the European Green Deal. However, the efforts of Member States and focus of the European Commission in 2020 and 2021 will entirely be on the recovery plans which in turn will focus on the green

agenda and the digital transformation as the 2 main priorities. Since the Countries Specific Recommendations will be replaced in 2021 by the assessment of the Recovery Plans by the European Commission, it is of the uttermost importance that the European Pillar of Social Rights guide the European Commission assessment. The 2019 CSRs were positively influenced by the EPSR and the European Commission noted for several member states the importance of the supporting investment in social and affordable housing. 2021 might see a regress from the previous effort in relation to housing in EU Member States if the European Pillar of Social Rights is (even provisionally) set aside as a guiding tool.

The Action Plan on the EPSR should cover the following areas:

1. Regulation & Policies

As there is not legal competence in the EU treaty to act on housing issues at EU level, the role of the European Pillar of Social Rights will be to ensure coherence of the policies designed at EU level as well as incentivize member states to dedicate policies favourable to social, cooperative and public housing in order to implement the principle 19. We therefore call the EU to:

- 1.1 Anchor a « do no social harm » principle in EU policies (including European Semester and the Country Specific Recommendations) so that they do not undermine the ability of Member States to support social, cooperative and public housing providers in fulfilling their mission and ensure policy coherence (in particular the Interservice Group on Housing from the European Commission should take that principle into consideration)
- 1.2 Support the implementation of housing first/housing led approaches to end homelessness, ie provision of social/affordable housing accompanied by relevant social/health support
- 1.3 Support cities in regulating real estate activities (such as the short term renting of apartments for tourists) and investing in social and affordable housing in order to ensure that enough affordable housing is available
- 1.4 Implement the Affordable Housing Initiative (100 district renovation programme) in order to promote a green recovery that leaves no one behind, reinforce the neighbourhood approach and prepare for improved channelling of finance to the social housing sector

2. Funding

The constant decrease of public funding for housing policies over the last decade has been one of the key determinants of the affordable housing crisis that many EU member states were facing before the covid 19 crisis. This trend might accelerate in the aftermath of the pandemic, unless policy makers acknowledge the crucial role of affordable housing in setting the EU on the path to recovery. We therefore call the EU to:

- 2.1 Incentivize Member States and regions so that they put fight against housing exclusion and investment in new social housing in their priorities for the European Structural Funds (including the Just Transition Fund) and the national recovery plans
- 2.2 Continue to make use of the investment clause of the Stability and Growth Pact in order to increase public investment in efficient affordable housing policies
- 2.3 Reduce the co financing requirements (for EIB loans and European Structural and Investment Funds) for housing-related projects projects
- 2.4 Create a specific portal or platform to get easier access to centrally managed EU funds and EIB products (for instance though InvestEU)
- 2.5 Ensure that European Social Fund and European Regional Development Fund are used to support integrated projects that will help regenerate deprived neighbourhoods, and fight housing exclusion and homelessness.

3. Knowledge

The lack of understanding of housing market failures and of the evolving housing needs can lead to ill-conceived policies. The EU has for too long considered housing only as a potential destabilizing factor for the economy or on the contrary a source of jobs in recovery time. However, the affordability of housing (and its importance for the implementation of the right to housing) should remain the central question of housing policies. We therefore call the EU to:

- 3.1 Use indicators that will help guide the decision on investment in social, cooperative and public housing: existing indicators on affordability should be improved and integrated in the Macroeconomic Imbalances (MIB) Scoreboard (currently only real house prices increase is used to measure the economic situation in relation to housing). Therefore the MIB should also monitor rents levels. As for the social scoreboard, for instance an indicator on residual income net of housing costs and what services this residual income allows to purchase.
- 3.2 Support to the gathering and exchange of good practices, policy tools to combine multiple topics (housing, health, accessibility) building upon existing



initiative such as the Housing Evolutions Hub¹, the Housing Solutions Platform², the Housing2030 initiative³

3.3 Support the regular informal meetings of Housing Ministers and Housing Focal Points in order to provide a platform of exchange at the government level

Conclusion: Make affordable housing an infrastructure of opportunity for a more resilient Europe

The 2021 work programme of the European Commission⁴ announces that “*the European Pillar of Social Rights will be the compass of Europe’s recovery and our best tool to ensuring no one is left behind*”. “*We will put forward an ambitious action plan to ensure its full implementation. The action plan will be this Commission’s key instrument to contribute to socio-economic recovery and resilience in the medium and long-term, with a view to enhance social fairness of the digital and green transitions*”.

Despite this declaration of intention, there is very few clear measures announced in the work programme of the European Commission that will help to implement the EPSR, beyond the aspects of employment. On the principle 19, we have made in this document some suggestions that should contribute to ensure that EU policies will support and not undermine efforts of relevant stakeholders to increase and improve the supply of social and affordable housing. Ultimately, ensuring access to social housing for those in need (first paragraph of principle 19) is a way to build a solid infrastructure of opportunity in our society, ie a foundation for the well being of current and future generations and prevent housing exclusion and homelessness.

¹ <https://www.housingevolutions.eu/>

² <https://www.housing-solutions-platform.org/>

³ <https://www.housing2030.org/>

⁴ https://eur-lex.europa.eu/resource.html?uri=cellar%3A91ce5c0f-12b6-11eb-9a54-01aa75ed71a1.0001.02/DOC_1&format=PDF