

THE STATE OF HOUSING IN EUROPE 2021





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FOREWORD FROM THE PRESIDENT & BOARD OF HOUSING EUROPE

#NextGeneration Neighbourhoods – Realising Social Europe, one neighbourhood at a time.

The mission of public, cooperative and social housing providers brought together in the Housing Europe Network is to ‘factor in climate without pricing out people’

Just as the question of how and where we live, work and learn is on everyone’s mind, our network of 43,000 local organisations is reporting back on the pending threat of growing inequalities they see in many of our local neighbourhoods. To stem the growing divisions, our work to support local resilience, inclusion, job creation is more vital than ever and as this State of Housing 2021 will make clear, investing in that work is the best option for our societies at this juncture.

We see from Housing Europe members input to this report, that the pandemic has reinforced our connection with local communities and has emphasised the need to ensure that our neighbourhoods are opportunity and productivity hubs for learning, commerce and culture. They must be accessible both physically and financially for different age groups, different income levels, different walks of life.

The need to improve homes to fulfil new functions without pricing people out, is now clearer than ever. Including work and study spaces so that our homes enable all to lead a productive life will be crucial to reducing the inequalities which not having adequate housing reinforce when we are obliged to ‘stay at home’.

Parallel to this immediate need to help off-set and reverse damage to our social fabric by adapting to the massive structural changes we are facing, our network is also conscious of its central role in ensuring a fair energy transition. More time spent at home has shone a light on inadequacies of the energy performance of our homes. Whether through saving, storage or generation, our homes and neighbourhoods need to become an integral part of a clean energy infrastructure.

Public, Cooperative and Social housing providers are at the coalface of this shared challenge and are calling for us to align our finances and policies to the immediate kick-starting of the economy but also to the long-term social and environmental transition.

The places we live are increasingly central to the conversation we need to have on enabling thriving communities and societies and our fight against climate change.

Let’s work together now on shaping the **#NextGeneration neighbourhoods**.

BENT MADSEN,
HOUSING EUROPE PRESIDENT

“ *Factor in climate without pricing out people.*

Let’s align our finances & policies to the immediate kick-starting of the economy.

Neighbourhoods must be accessible physically & financially for everyone. ”

HOUSING EUROPE OBSERVATORY: DECODING THE POST-COVID-19 REALITY

The Observatory is the research branch of Housing Europe. The main aim of the Observatory is to identify research needs and analyse key trends in the field of housing and social housing at European level, and thus support Housing Europe's policy work by providing strategic and evidence-based analysis. Its flagship report on the State of Housing in Europe has become a key reference for researchers and policymakers in the housing field.

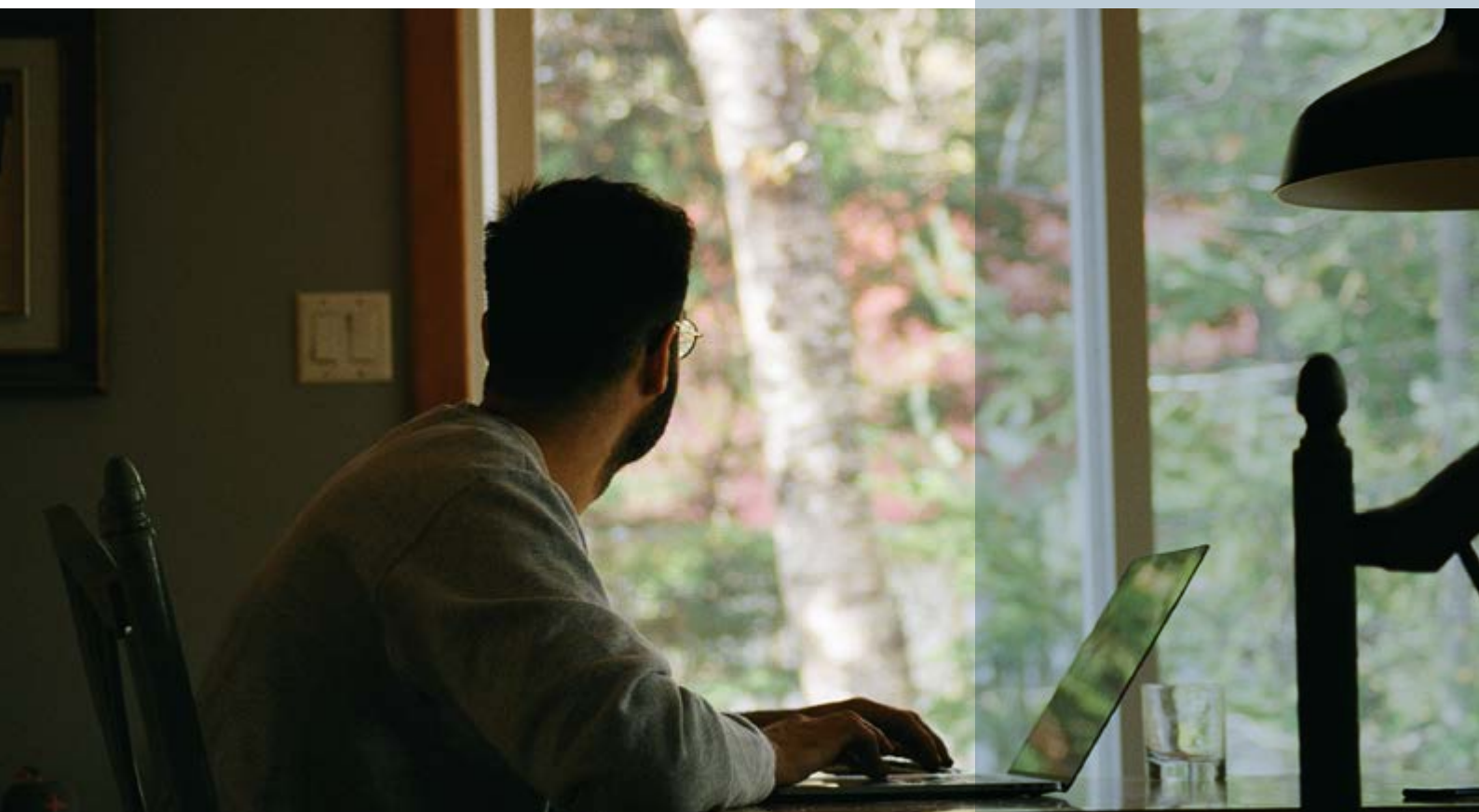
This fourth edition of the State of Housing report is released at a critical time for Europe and the world, in the midst of a global pandemic which in just one year has completely changed the way we live and has turned our homes into places to work, to study and to play. This has brought into sharp focus the question of the affordability and adequacy of housing as, concretely, #StayAtHome has been easier said than done for a very large part of the EU population. The question of how we live together has been elevated to the

highest political level with the launch the New European Bauhaus by the President of the European Commission Ursula von der Leyen.

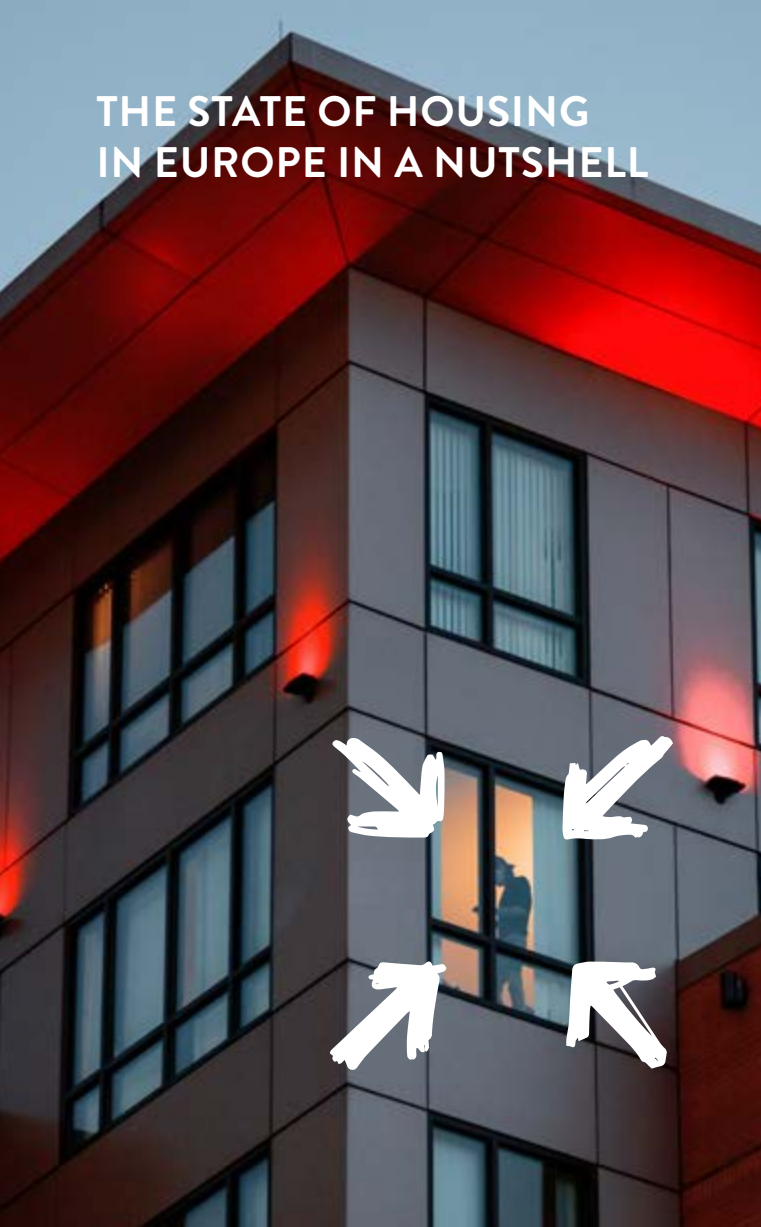
Although available data at European level do not yet allow to fully grasp the new post-COVID-19 reality, social and affordable housing providers are already seeing the impact of the pandemic on communities and neighbourhoods, in their daily work. This report gathers timely information provided by Housing Europe member organisations in 21 countries, helping shed light on what has changed in terms of housing conditions and housing needs and on the extent to which policies at national as well as EU level are up to the challenges ahead.



LAURENT GHEKIÈRE,
CHAIR OF HOUSING EUROPE OBSERVATORY



THE STATE OF HOUSING IN EUROPE IN A NUTSHELL



In time of uncertainties, two things are beyond doubt – ‘StayAtHome’ must be possible for all and the need for more social and affordable housing is real

COVID-19 HAS MADE THE VITAL ROLE OF HOUSING MORE EXPLICIT THAN EVER

There was already a housing affordability crisis prior to the COVID pandemic as highlighted by the previous editions of the State of Housing report.

The pandemic has served to reinforce the importance of adequate and affordable homes, as well as making it even clearer that the persisting problems around the cost and quality of housing are simply not sustainable. This reflects the manner in which the pandemic has served to accentuate the inequalities in housing and living conditions, especially when we compare the impact that housing conditions have had on well-being and both physical and mental health as highlighted in [Chapter 1](#).

As a result, the on-going pandemic has brought persistent housing issues, such as quality and affordability, into much sharper focus. This has been supported by a growing body of literature, data and other useful evidence from both European and international organisations and institutions, which we review in [Chapter 2](#).

THE STATE OF SOCIAL AND AFFORDABLE HOUSING POST-COVID

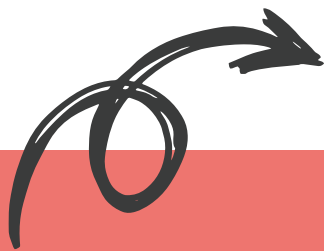
Taking stock of the impact that the pandemic has had on our sector is a complex exercise, but [Chapter 3](#) sheds some light on the new post-COVID reality. The pandemic has so far affected our members in different ways and to different extents. One common element is the fact that **PUBLIC, SOCIAL AND COOPERATIVE HOUSING PROVIDERS MOBILISED TO SUPPORT THEIR TENANTS AND COMMUNITIES**, taking actions to stay connected with residents, particularly the most vulnerable or isolated, and protect them from the risk of losing their homes.

In terms of housing production and renovation, the situation has differed widely across countries. In countries where pandemic related ‘curbs’ on activity were less severe, projects were largely delivered as planned. But in countries where stricter or more frequent lockdown measures were taken, the impact on the production of new dwellings has been more marked. Renovation was also affected, especially with regards to measures that couldn’t be carried out inside people’s homes.

As for loss of rent revenue, this again varies across

countries. Overall though, most Housing Europe members report that increases in arrears have not been as large as was initially expected. This likely reflects the income support and worker retention schemes announced in most countries. However, given that some of these schemes have already expired or are being wound down, increased arrears in the future are expected. To what extent a decrease in revenues from lettings may impact the capacity of housing providers to keep up and increase the level of activities in the near future is a key challenge.

The pandemic has also triggered a serious reflection across the sector on the approach towards the design and functionality of common areas. It is now accepted that **‘GOOD’ HOMES NEED ACCESIBLE GREEN SPACES OR BALCONIES**. An expected shift in preferences towards increased home-working will also necessitate allowing separate spaces for work, study and play. At the same time, as people spend more time at home, this will likely see energy bills increase. For those households who already struggle to make ends meet, this could be difficult to support. As a result, the energy performance of buildings will become an



even more pressing issue that policymakers must address. The same is true for digitalisation which was significantly accelerated by the pandemic and is likely to become increasingly important.

What will happen over the short and mid-term is the fundamental question. Will the negative impact on our economies prove to be only a temporary issue or one that will affect our societies for a long time? How will the predicted increase in poverty and inequalities in Europe affect access to adequate housing?

While these and other questions remain to be answered, in 2021, we should begin to get some more concrete indications of the long-term impact on households. However, one virtual certainty is already beginning to take shape - **A GREATER DEMAND FOR SOCIAL SERVICES, AND IN PARTICULAR FOR SOCIAL HOUSING**. Already we have evidence from a number of countries of huge unmet needs for housing, and social housing in particular, and this phenomenon is only likely to increase unless we step up the effort to build and renovate the homes Europe needs.

HOUSING POLICY – PLANS, ACTIONS AND OPPORTUNITIES TO BUILD BACK BETTER

Despite the increased awareness of the importance of having social and affordable housing, the policy response has so far been mixed. As illustrated in **Chapter 4**, while most countries were quick in responding to the crisis with measures to mitigate the risk of people losing their homes (by supporting incomes and implementing bans on evictions and rent increases), these measures are mostly temporary and some have already been phased out.

At the same time there is a **WIDELY RECOGNISED NEED TO TURN TO LONG-TERM, INCLUSIVE STRATEGIES** to guarantee greater availability of (better quality) social and affordable housing – something that can also help to boost the social and economic recovery. However, only few countries have recently adopted plans that go in this direction, and there is not yet a sustained trend in greater investment in social, public and affordable housing.

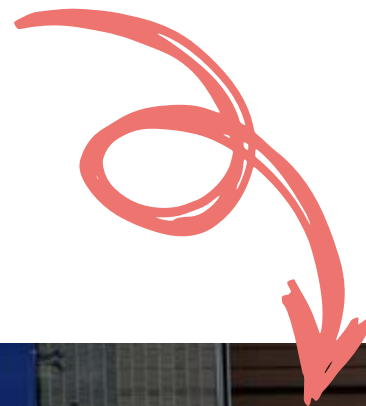
Where new measures have been put in place, they tend to focus on refurbishment of the existing stock rather than they address new supply. This also seems to be the case with foreseen investments under the national recovery plans (in line with the objectives of the European Green Deal).

THE EU POLICY LANDSCAPE IN TIMES OF PANDEMIC

The pandemic has led to one important change when compared to the aftermath of the Global financial crisis of 2007/08. Major elements of the 'EU Stability and Growth Pact' has been temporarily put on hold, which means that Member States are allowed to use debt to invest in both emergency measures and their recovery plans.

In addition, the EU has made fiscal and monetary policies more accommodating to face the COVID-19 pandemic and this new framework should help to support investments in social and affordable housing. The European Union now has the mandate to implement and respect social rights, including the right to access to social housing. Last but not least, the EU has made the Green Deal its guiding principle and the fair energy transition and decarbonisation of the building stock should, therefore, have a central place in the years ahead.

In this context, **Chapter 5** proposes a set of initiatives which would enhance coherence among the different EU policies and help to further create an 'enabling' environment for the public, cooperative and social housing sector to deliver.





THE LINK BETWEEN HOUSING AND HEALTH AFTER COVID-19

The links between housing conditions, and health and well-being have been increasingly documented over the years, including – at the international level – by prominent organisations such as the World Health Organisation¹ and Eurofound².

➔ **Poor housing conditions can expose people to a number of injuries and illnesses, as well as stress and social and economic isolation. Since the outset of the pandemic in early 2020, this has become even clearer, as having access to secure and decent housing has proved to literally be a matter of life or death.**

This is supported by evidence. For instance in the United Kingdom, where in May 2020, analysis of ONS data by Inside Housing³ found a correlation between the level of overcrowding in a given council area in England and Wales and their COVID-19 death rate. Data also show higher mortality rates in the local authority areas with the highest number of homeless people living in temporary accommodation, and areas with most acute shortage of social housing⁴. Similarly, a study looking at data from across France⁵ estimates the relationship between mortality due to COVID-19 and poverty at a very local level. The impact of the epidemic on excess mortality is twice as large in the poorest French municipalities, and

analysis unambiguously shows that mortality due to the pandemic increases with the share of overcrowded housing units. Furthermore, a nationwide study in the US in April 2020 showed that with each 5 percentage point increase in the number of households with poor housing conditions, there was a 50% higher risk of COVID-19 incidence and a 42% higher risk of COVID-19 mortality.

The impact of housing conditions on mental health has also been highlighted in the context of the pandemic. Research published by the National Housing Federation⁶, carried out in June 2020, indicated that 31% of adults in England had experienced mental or physical health problems linked to the lack of

¹ See for instance World Health Organisation (2018) WHO Housing and health guidelines.

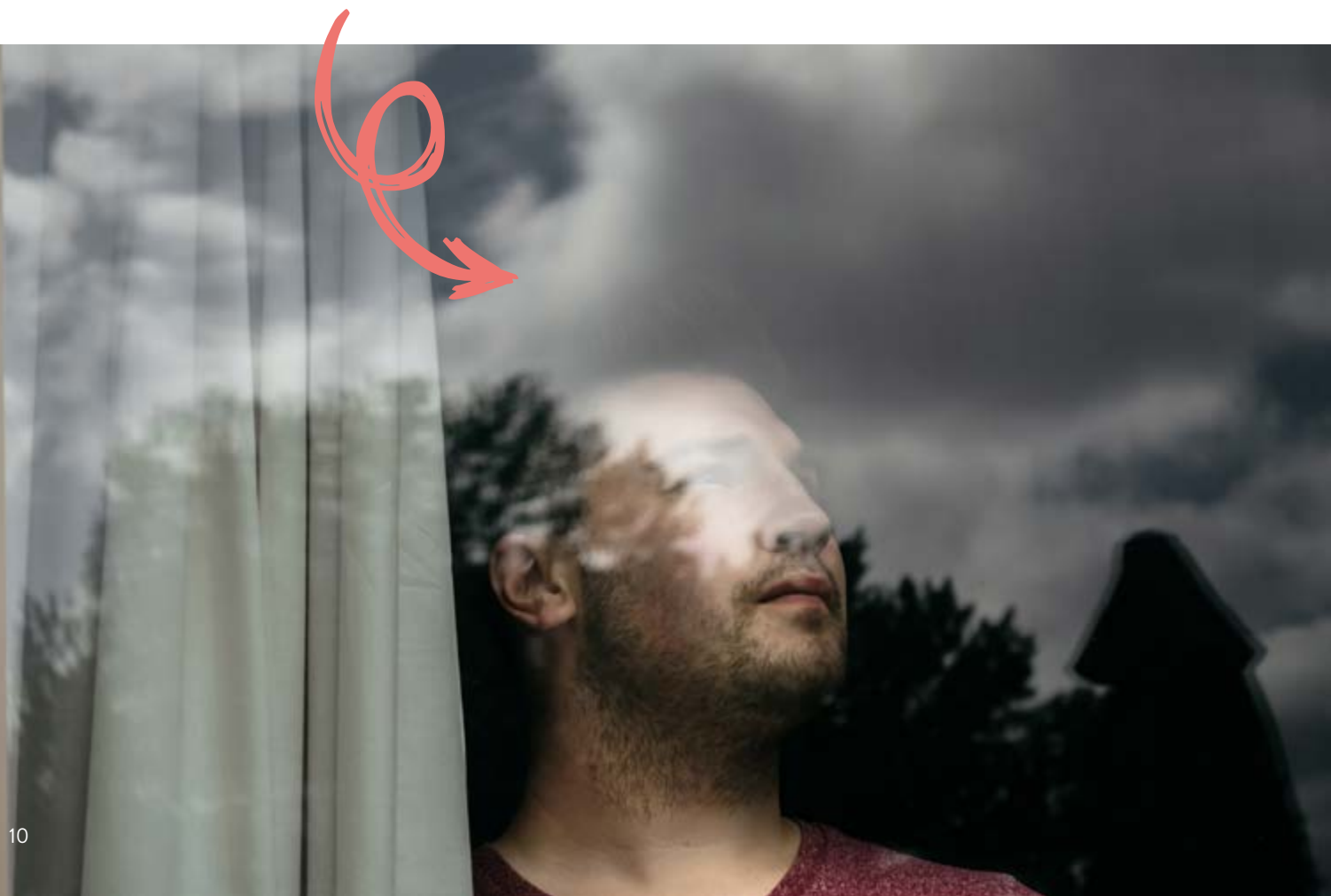
² Eurofound (2016), Inadequate housing in Europe: Costs and consequences, Publications Office of the European Union, Luxembourg.

³ <https://www.insidehousing.co.uk/insight/insight/the-housing-pandemic-four-graphs-showing-the-link-between-covid-19-deaths-and-the-housing-crisis-66562>

⁴ *Ibid.*

⁵ Brandily, Paul & Brébion, Clément & Briole, Simon & Khoury, Laura. (2020). A Poorly Understood Disease? The Unequal Distribution of Excess Mortality Due to COVID-19 Across French Municipalities. 10.1101/2020.07.09.20149955.

⁶ *National Housing Federation* (2020), Housing issues during lockdown: health, space and overcrowding.



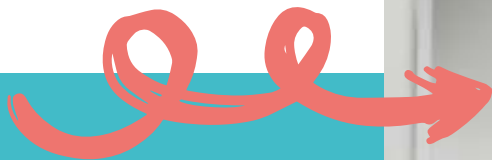
space in their home or its condition during lockdown. It also found that an estimated 3.7 million people were living in overcrowded homes over this period, including 1.6 million children, which are record levels. People who reported a lack of space at home during lockdown were also more likely to report experiencing depression and a lack of sleep. A large web-based survey on over eight thousand students from a university institute in Milan, the capital of one of the regions most heavily hit by the pandemic in Europe, highlights how poor housing is associated with increased risk of depressive symptoms during lockdown. In particular, living in small apartments with poor views and scarce indoor quality significantly affect mental health and well-being⁷.

Finally, older peoples' health has been put at risk, to varying degrees, during the pandemic according to whether they were able to live in independent housing or in collective specialised accommodation. A study⁸ analysing COVID-19 mortality among adults aged above 70 in Stockholm, based on data from the cause-of-death register held by the Swedish National Board of Health and Welfare, showed that living

in a care home was associated with an increased risk of COVID-19 mortality compared with living in independent housing. Although of course the higher mortality rate is partly explained by the large number of people in nursing homes who have underlying health conditions, the failure of many nursing homes right across Europe to adequately protect residents, for whatever reason, is likely to further support a change in approach towards de-institutionalisation and towards so-called 'ageing in place' policies.

Considering all of these elements together, we conclude that the phrase 'housing is healthcare' has never been so

true. Already a few years ago, Eurofound⁹ estimated that the annual total cost to the economies of the EU of leaving people living in inadequate housing was nearly €194 billion and that the cost of removing housing inadequacy would be repaid within 18 months by projected savings such as lower healthcare costs and better social outcomes. In light of the current pandemic, it is about time policy makers started to rethink investment in housing, focusing on it in terms of the potential savings to the public purse deriving from better health and well-being outcomes, not to mention the positive impacts on economic competitiveness and social mobility.



⁷ Andrea Armerio et al (2020) 'COVID-19 Lockdown: Housing Built Environment's Effects on Mental Health'. International Journal of Environmental Research and Public Health. 2020 Aug; 17(16): 5973

⁸ Maria Brandén, Siddhartha Aradhya, Martin Kolk, Juho Härkönen, Sven Drefahl, Bo Malmberg, Mikael Rostila, Agneta Cederström, Gunnar Andersson, Eleonora Mussino (2020), Residential context and COVID-19 mortality among adults aged 70 years and older in Stockholm: a population-based, observational study using individual-level data.

⁹ Eurofound (2016), *Inadequate housing in Europe: Costs and consequences*, Publications Office of the European Union, Luxembourg.

HOUSING IN THE SPOTLIGHT: A REVIEW OF RECENT LITERATURE

➔ We have been fortunate to have seen a flurry of high-quality reports related to public, cooperative and social housing released during the last couple of years. This reflects the on-going interest in this and a number of complementary issues such as homelessness, energy poverty, housing affordability and stimulating sufficient delivery of new and renovated dwellings.



Of particular interest in the most recent of these publications has been the impact of the COVID-19 pandemic. There is a broad recognition that public, cooperative and social housing providers help to provide the homes that would otherwise be out of reach for so many households at a time when having access to a secure, affordable and adequate dwelling is of extra importance. Our sector also features heavily in literature which looks to imagine the post-pandemic social and economic recovery. Building new affordable homes and renovating the existing housing stock are, and will continue to be, essential pieces of the post-COVID puzzle.

What follows is a brief overview of some of the main publications which have stood out to us at the Housing Europe Observatory during the last couple of years.

THE OECD – ‘SOCIAL HOUSING: A KEY PART OF PAST AND FUTURE HOUSING POLICY’¹⁰

One of the main themes of the report is the decline in public investment in housing, which the OECD notes is contributing to affordability challenges. At the same time, house price growth continues to outstrip increases in incomes. This is itself partly a symptom of a shift from so-called ‘bricks and mortar’ investment in social housing, to governments simply providing income supports to low-income households; which can serve to drive up prices. The decline in public supports for social housing provision also means that the

sector is becoming more ‘residualised’ overall, with many providers only having the capacity to accommodate those on the lowest-incomes.

With regard to the future, the OECD states that “[e]ven before the COVID-19 pandemic, the social housing sector already faced strong pressures”. The report thus concludes that “the COVID-crisis provides a major opportunity to address the housing affordability crisis” by supporting “renewed public investment in social and affordable housing, including substantial investments in the construction and expansion of the social housing sector”. Such timely public interventions will help to spur economic recovery, ensure a more “inclusive” form of economic growth and support a “greener” recovery.

¹⁰ <http://www.oecd.org/social/social-housing-policy-brief-2020.pdf>

THE OECD – 'BUILDING FOR A BETTER TOMORROW: POLICIES TO MAKE HOUSING MORE AFFORDABLE'¹¹

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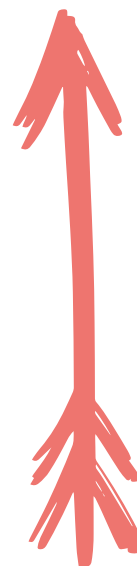
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housing, including substantial investments in the construction and expansion of the social housing sector". Such timely public interventions will help to spur economic recovery, ensure a more "inclusive" form of economic growth and support a "greener" recovery.

THE OECD – 'HOUSING AND INCLUSIVE GROWTH'¹²

This report brings together "two strands of work at the OECD". Namely, inequality and inclusive growth policy and housing. The report shows that 'housing' is often a "barrier" to inclusive growth, as it excludes or overburdens many households to the detriment of their personal and economic development (i.e. prevents spending in other areas, such as education). Children and other young people, the elderly and the homeless can be particularly disadvantaged by their housing situation.

Amongst its many recommendations, the OECD states that expanded public support for social or cooperative housing should be pursued, and concludes "Investments in social housing construction and renovation can be a central part of a more sustainable, inclusive economic recovery as countries chart the path towards economic recovery in the wake of COVID-19".



¹¹ https://read.oecd-ilibrary.org/view/?ref=1060_1060075-0ejk3l4u1&title=ENG_OECD-affordable-housing-policies-brief

¹² <https://www.oecd.org/social/housing-and-inclusive-growth-6ef36f4b-en.htm>

REPORT FOR THE EU PARLIAMENT ‘COMMITTEE ON EMPLOYMENT AND SOCIAL AFFAIRS’ – ‘POLICIES TO ENSURE ACCESS TO AFFORDABLE HOUSING’¹³

The report provides a comprehensive overview of the main developments in the housing sector in the EU in recent years, outlining the affordability challenges and other issues. It also highlights a number of ‘best practices’ at the Member State level and provides some policy recommendations.

As the EU does not have any direct competence when it comes to housing, one of the main objectives of the report is to outline some ‘secondary’ competences or areas where the EU can indirectly influence outcomes. These include issues of key importance for the social housing sector, such as state aid rules, fiscal regulations and competition law. The report shows how the revision of current EU Directives could help to better account for developments such as the rise of short-term letting platforms, whilst reconsidering definitions of ‘Service of General Economic Interest’ (SGEI) would allow states to more easily support households whose needs are not being met by the private market.

In terms of the post-COVID recovery, the report notes that investment in social housing may be a useful way for governments to boost economic activity and bolster aggregate demand. It can also help to tackle more complex issues, such as social segregation.

EUROPEAN COMMISSION JOINT RESEARCH CENTRE (JRC) – ‘WHO OWNS THE CITY?’¹⁴

The ‘financialisation’ of housing has been increasingly highlighted as being a factor in the on-going housing affordability crisis that millions of households are dealing with. This report from the JRC takes a number of ‘case study’ cities in Europe and investigates the degree to which housing markets have become vehicles for the wealth accumulation of private investors, as opposed to meeting the basic needs of ‘ordinary’ households. The main finding from the report is that most of the case studies “confirm the assumption that housing financialisation negatively impacts housing affordability”.

From a policymaker perspective, the JRC notes that “policy plays an important role in the degree to which housing is, or can be, financialised...[t]hus, to understand the financialisation of housing, also the governance of housing should be understood (or the lack of it)”. In other words, financialisation is to some extent a ‘choice’ and policymakers need to find effective tools to remedy it.

FEANTSA & FONDATION ABBÉ PIERRE – ‘FIFTH OVERVIEW OF HOUSING EXCLUSION IN EUROPE – 2020’¹⁵

This fifth review of the housing situation of the most vulnerable and excluded households in Europe is of added importance. As it notes: “*The pandemic has shed fresh light on growing social inequalities in the Member States; inequalities which are nonetheless not new. At the forefront of this health crisis are the homeless, for whom ‘staying home’ is not an option, and people experiencing housing exclusion, for whom confinement measures embody suffering and sometimes even danger*”.

One of the most important findings of the report is that the authors “estimate that 700,000 homeless people are currently sleeping rough or living in emergency or temporary accommodation across the European Union. This is a 70% increase in the space of ten years”. At the same time, the “profiles” of those experiencing homelessness have changed, representing the wide-reaching problem that is housing affordability, as well as the increase in the numbers seeking asylum in Europe. The report also includes the ‘European Index of Housing Exclusion – 2020’. It is a very comprehensive compendium of metrics and indicators related to housing exclusion, precarity and affordability.

¹³ Caturianas, D. et al. (2020). See: [https://www.europarl.europa.eu/RegData/etudes/STUD/2020/652729/IPOL_STU\(2020\)652729_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2020/652729/IPOL_STU(2020)652729_EN.pdf)

¹⁴ <https://ec.europa.eu/jrc/en/publication/eur-scientific-and-technical-research-reports/who-owns-city-exploratory-research-activity-financialisation-housing-eu-cities>

¹⁵ https://www.feantsa.org/public/user/Resources/resources/Rapport_Europe_2020_GB.pdf

FURTHER READING



The following publications also contain many valuable insights:

The OECD – ‘Housing Amid Covid-19: Policy Responses and Challenges’¹⁶

- ➔ The report provides analyses the initial impact of the pandemic on the construction sector and assess the potential medium-to-long-term consequences.
- ➔ **Key quote:** “expanding capital spending on social housing, coupled with provisions ensuring that eligibility is portable, can generate benefits for both near-term affordability and long-term supply”

The OECD – ‘Housing policies for sustainable and inclusive cities’¹⁷

- ➔ This OECD working paper looks at policies that states can use to develop “compact” and sustainable cities, which also have adequate affordable housing.
- ➔ **Key policy recommendation:** ‘Inclusionary Zoning’ (i.e. reserving a percentage of land or new housing for social uses) can strengthen tenants’ rights (specifically to promote security of tenure); “support social rental housing”; and improve cooperation and planning between different branches of the public sector.

European Construction Sector Observatory – ‘Housing affordability & sustainability in the EU’¹⁸

- ➔ The report aims to provide lessons for policymakers on how to support affordable and sustainable housing development.
- ➔ **Key takeaway:** The report concludes in no uncertain terms that housing is a growing issue and that those on lower incomes and/or living in urban areas are “disproportionately affected by affordability issues and have a lower quality of life”.

Eurofound – ‘Living, working and COVID-19’¹⁹

- ➔ The EU Commission linked foundation for the improvement of living and working conditions, has been closely following the impact that the pandemic has been having on our daily lives. The report covers a very broad spectrum of topics from changes in working conditions, such as people now working from home, to financial stress and depression.
- ➔ **Key statistics:** In July 2020, 8% of households in the EU were in rent arrears, though temporary income supports have helped to keep this number down. 54% of households

would be unable to maintain their standard of living for more than three months without their income, which Eurofound suggests points to a high level of potential “financial fragility”.

The European Mortgage Federation – ‘Hypostat 2020’²⁰

- ➔ In its annual review of the European housing sector, with a particular focus on mortgage activity, the European Mortgage Federation (EMF) provides interesting and timely analysis, as well as its usual comprehensive compendium of facts and figures.
- ➔ **Special focus:** The report concludes a report on the development of ‘affordable’ home-ownership schemes (e.g. shared equity, co-ownership), which already exists or are being developed in a number of European countries.
- ➔ **Key quote:** “The pandemic is aggravating pre-existing housing affordability challenges”

Institut Wohnen und Umwelt (IWU) – ‘Housing policies in the European Union’²¹

- ➔ This comprehensive overview of a number of European housing systems was a key deliverable of the German Presidency of the EU Council in the second half of 2020. It also looks at the interaction of markets, regulatory environments and policy instruments in each national context.
- ➔ **Key quote:** “By far [the] most common and most serious problems across the EU’s member states are rent increases in urban areas and lack of affordable and social housing in urban areas”.

EuroCities – ‘Access to affordable and social housing and support to homeless people’²²

- ➔ The report highlights the challenges related to provision of social housing and homeless supports in a number of European cities, as well as the actions of these cities in addressing the challenges; in accordance with the ‘European Pillar of Social Rights’.
- ➔ **Key policy recommendation:** Increase investment in social and affordable housing, including by making use of available EU public investment and structural funds. Better monitoring of local housing situations, including as part of the European Semester process, is also advised.

¹⁶ <http://www.oecd.org/coronavirus/policy-responses/housing-amid-covid-19-policy-responses-and-challenges-cfdc08a8/>

¹⁷ https://www.oecd-ilibrary.org/urban-rural-and-regional-development/housing-policies-for-sustainable-and-inclusive-cities_d63e9434-en

¹⁸ https://www.buildup.eu/sites/default/files/content/ecso_ar_housing_affordability_2019.pdf

¹⁹ <https://www.eurofound.europa.eu/publications/report/2020/living-working-and-covid-19>

²⁰ <https://hypo.org/emf/publications/hypostat/>

²¹ https://www.die-wohnraumoffensive.de/fileadmin/user_upload/aktivitaeten/veranstaltungen/Housing-Policies-in-Europe_Conference-Version.pdf

²² <https://eurocities.eu/latest/access-to-affordable-and-social-housing-and-support-to-homeless-people/>

NBO Housing Nordic – ‘The State of Housing in Nordic Countries – 2020’²³

- ➔ Based on the model developed by the Housing Europe Observatory, this report reviews the social, public and cooperative housing structures in the five Nordic countries – Denmark, Finland, Iceland, Norway and Sweden.
- ➔ **Key point:** “What was already a fact before the corona-pandemic, is even more a fact now: The need for affordable housing is a common challenge across the Nordic countries. People with middle- or low-income salaries need a place to live, especially in the bigger cities. The corona-pandemic has only increased the need for affordable housing as unemployment rates have gone up reducing the disposable income of many households.”

Moody’s Investors Service – ‘Housing Europe: COVID-19 accelerates housing market trends, exacerbating wealth inequalities’²⁴

- ➔ This publication contains several pertinent and timely findings with regard to the difficulties experienced by many households in Europe with accessing a good quality, affordable home, as well as the likely impact of COVID on future housing demand and prices.
- ➔ **Key finding #1:** “As incomes decline amid the economic downturn in Europe and temporary government wage support schemes taper off, renting will become less affordable for many households. As a result, we expect demand for social housing will rise in the aftermath of COVID-19”.
- ➔ **Key finding #2:** “Even before the pandemic, housing affordability was worsening in Europe, with home purchase deposit requirements becoming increasingly challenging for low-income buyers, given prevailing house-price-to-income ratios. The economic effects of the pandemic will exacerbate this issue, particularly for young and low-income home buyers, because reduced incomes and lower debt availability will outweigh declining house prices”.



²³ <https://static1.squarespace.com/static/5a99206bee17593d9ef5cceb/t/5f5b8168bf00c05dd1e503c/1599832428562/State+of+housing+in+the+Nordic+Countries+2020.pdf>

²⁴ Full report available upon request from: https://www.moody.com/research/Moody-COVID-19-driven-housing-trends-will-exacerbate-wealth-inequalities--PBS_1253921?cid=7QFRKQSZEO21

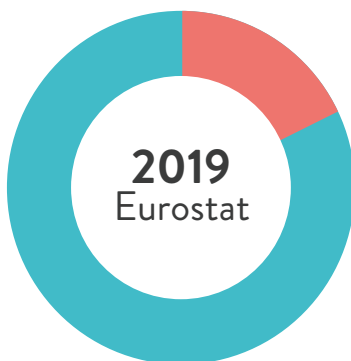



THE IMPACT OF COVID-19

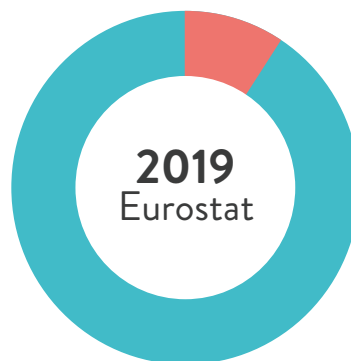
→ 3.1 Where we were – Focus on the public, cooperative and social housing sector before the coronavirus


As highlighted in the previous editions of this report²⁵, Europe was already facing a housing affordability crisis when the COVID pandemic hit. In 2019, **17.2% of the EU-27 population lived in an overcrowded home. The rate of housing cost overburden rate was 9.4% for the overall population but it rose to over 35.4% among those on low incomes**, with important disparities among countries²⁶. **In general, tenants were more affected by housing affordability** than owners, and those renting at market prices in particular (24.2% of tenants at market prices were overburdened in the EU-27 in 2019). The housing cost **overburden rate was highest in cities** (11.8%) compared to towns and suburbs (8.8%) and rural areas (7%)²⁷.

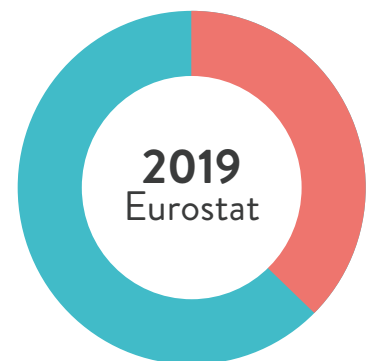
Housing quality has improved over the last decade, but **still in 2019, 4% of the EU-27 population lived in dwellings that were overcrowded and suffered from important quality issues** (including lack of a bath or a toilet, a leaking roof in the dwelling, or a dwelling considered to be too dark). Moreover, **homelessness has been on the rise in the European Union with numbers increasing consistently in most Member States over the past decade**. Studies estimate that at least 700,000 people are sleeping rough or in emergency or temporary accommodation any given night in the EU, 70% more than a decade ago²⁸.




17.2% 
EU population living in
overcrowded homes



9.4% 
Housing cost overburden rate
for the overall EU population



35.4% 
Housing cost overburden rate
among those on low incomes

[Tenants are almost **X4 times** as likely than home-owners to suffer from housing cost overburden]

SOURCE: Eurostat.

²⁵ Housing Europe, *The State of Housing in the EU*, 2019 and 2017 editions.

²⁶ The housing cost overburden rate among the population at risk of poverty ranged from over 88% in Greece to 9.2% in Malta. Outside the EU 27, it was 45.9% in Norway and 55% in Switzerland in 2019, and 50.3% in the United Kingdom in 2018 (latest data available from Eurostat SILC).

²⁷ Source: Eurostat SILC.

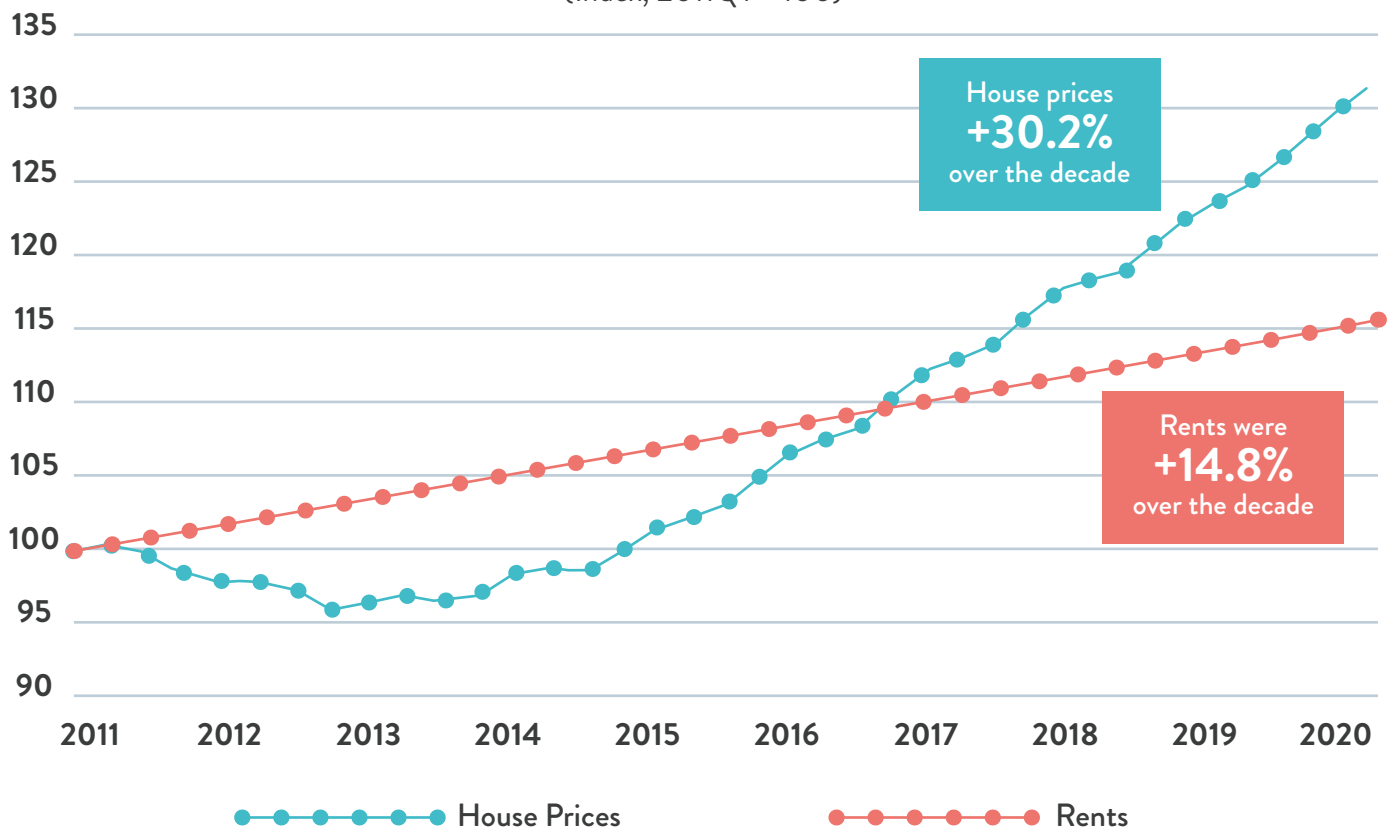
²⁸ FEANTSA & Fondation Abbé Pierre (2020) Fifth Overview of Housing Exclusion in Europe.

On the eve of the pandemic, housing markets had recovered strongly after the global financial crisis and house prices were, and still are, increasing at fast pace (despite the fact that many experts foresee a downward correction of house prices in the future²⁹) in a majority of European countries. Most importantly, **house price growth continues to outstrip increases in the incomes** or most households, a phenomenon that has increasingly expanded in recent years to affecting even those on middle-incomes, especially younger workers³⁰. Many factors contribute to this trend, including the so-called phenomenon of **'financialisation' of housing**, which is increasingly recognised as a major issue, especially in high-demand urban areas³¹.

Rents also registered significant increases, though this

phenomenon³² has been largely concentrated in cities/ high demand areas. The spread of **short-term lettings**, which exploded across many European capitals and tourist destinations, supported by the growth in online letting platforms, has been pointed to as one of the major drivers of this phenomenon that there has been a decline in the volume of available short-term rentals in major European cities in the post-COVID period³³. Some cities are trying to seize the opportunity; most notably Lisbon, which launched a programme to encourage short-term landlords to get their apartments back onto the long-term rental market. However, whether European cities will see a lasting increase in available housing rentals for their residents, and whether this will bring rents more in line with local wages, remains to be seen.

Trends in house prices and rents (EU)
(Index, 2011Q1 = 100)



SOURCE: Eurostat.

²⁹ See for instance European Commission (2020) 2021 Alert Mechanism Report.

³⁰ OECD (2019), Under Pressure: The Squeezed Middle Class, OECD Publishing, Paris.

³¹ See for instance Van Heerden, S., Ribeiro Barranco, R. and Lavalle, C. editor(s) (2020), Who owns the city Exploratory research activity on the financialisation of housing in EU cities, Publications Office of the European Union, Luxembourg.

³² See for instance OECD (2020), OECD Tourism Trends and Policies 2020, OECD Publishing, Paris.

³³ See: <https://www.friendsofeurope.org/insights/how-will-the-covid-19-crisis-affect-housing-in-europe/>

One critical issue which has been increasingly highlighted, when it comes to the decreasing availability of affordable housing, is how it is partly symptomatic of a shift from so-called ‘bricks and mortar’ investment in social housing, to governments simply providing income supports to low-income households, which can themselves serve to drive up prices and create an unaffordability feedback loop³⁴. The **share of public and social rental housing overall has been decreasing for decades** with very few exceptions, and ‘even before the COVID-19 pandemic, the social housing sector already faced strong pressures’³⁵. At the same time, **other affordable housing solutions**, such as housing cooperatives, have been hindered in some countries by the increasing land and construction prices on one hand and by tightening lending conditions on the other. This has put even new affordable home-

ownership schemes out of the reach for many low-to-middle-income households – especially younger households.

As a result of all of the elements mentioned above, **unmet housing needs** already posed a significant challenge prior to the pandemic, and –although still somewhat fragmented– the most recent indications should set alarm bells ringing for many policymakers across Europe, as it appears that the need, especially for social and affordable housing, will only grow in the coming years.

For instance, in France there are already 2 million pending applications for social housing, 750,000 of those are in the Île de France area, where a drop in approvals for new social housing schemes of 25% was registered in 2020. Council housing waiting lists in England already count 1.1 million households,

and could be set to nearly double to 2 million households next year³⁶.

According to a recent Caritas survey, today every eighth person in Czechia fears that they will have to leave their current home in the next 12 months, and in the case of rental apartments, one in four is afraid of this outcome. In Italy, where the social housing sector is small in relative terms, roughly 1 million households including home owners and tenants in the private sector are facing housing deprivation, and the share of tenant households with arrears on rent payment in the private rental sector has jumped from less than 10 to 24% in just one year since the start of the pandemic³⁷.

The table below summarises current gaps in housing supply compared to housing needs in selected countries.

COUNTRY	TOTAL PRESENT UNMET HOUSING NEED	OF WHICH: TOTAL UNMET SOCIAL & AFFORDABLE HOUSING NEED	AVERAGE ANNUAL DELIVERY (2017-2019)		MAIN ISSUES DRIVING UNMET NEED
			New homes	New social housing	
ENGLAND	Around 3.5 million households have some form of unmet housing need	Around 1.6 million	169,000 31,000		<ul style="list-style-type: none"> • Insufficient supply • High volume of young people still living with their parents • Strong population growth
GERMANY	Roughly 1 million homes	At least 225,000 units	288,000 26,280		<ul style="list-style-type: none"> • Strong population growth • Insufficient supply • ‘Secular shrinkage’ of the social housing sector
IRELAND	At least 165,000	At least 80,000	17,800 7,500		<ul style="list-style-type: none"> • Consistent shortfall in new construction compared to underlying need • High volume of young people still living with their parents • Insufficient supply of new social housing
LUXEMBOURG	Difficult to estimate due to high volume of cross-border workers - 35,000 -unit shortfall in recent years	Difficult to estimate due to high volume of cross-border workers – c.6,000 on official waiting lists	4,050 65		<ul style="list-style-type: none"> • Strong population & economic growth • Insufficient new supply
NETHERLANDS	331,000	At least 110,000	67,000 20,135		<ul style="list-style-type: none"> • Strong population growth • Insufficient supply
SLOVENIA	No reliable estimates available	Around 10,000	3,165 75		<ul style="list-style-type: none"> • Insufficient supply in urban areas • Internal migration related to economic pull factors (i.e. rural to urban)

SOURCE: Housing Europe estimates, based on information obtained from ‘The State of Housing in Europe’ questionnaire, November 2020- January 2021.

³⁴ See for example: OECD (2020), “Social housing: A key part of past and future housing policy”, Employment, Labour and Social Affairs Policy Briefs, OECD, Paris, <http://oe.cd/social-housing-2020>

³⁵ *Ibid.*

³⁶ Clare Leckie, Rebecca Munro and Mark Pragnell (2020) *Building post-pandemic prosperity*. Report for the Association of Retained Council Housing, Local Government Association and National Federation of ALMOs. Pragmatix Advisory Limited.

³⁷ Nomisma (2020), *Dimensione del disagio abitativo pre e post emergenza Covid 19: numeri e riflessioni per una politica di settore*. Report for Federcasa.



Besides the quantitative aspect of this phenomenon, there is also a qualitative element to consider concerning the diversification of those seeking adequate and affordable housing solutions. Recent trends from European cities³⁸ for instance show **‘new categories of people in need of social and affordable housing, people from lower middle class with jobs that do not provide sufficient financial resources to access housing on the private market. [...] Cities have identified single parents, couples with 2 or more children, people with precarious jobs, children in public care, people with disabilities and elderly men** are the most common groups that ask for housing assistance³⁹.

The OECD⁴⁰ highlights that ‘[...] **a larger share of elderly tenants in social housing** implies a need to adapt the dwelling, surrounding environment and support services to residents’ changing physical needs and capabilities. More broadly, an ageing population means a potentially smaller workforce and increasing pressure for public pensions systems. Not only do these trends lead to **increased demand for social housing**, they can also imply a **need for more diversified employment and social services for residents** already living in social housing.’ [...] ‘The social housing sector must also respond to reduced **housing opportunities for younger generations**, who face rising rents and house prices, and more instability in the labour market.’ Public, social and cooperative housing providers across Europe are therefore called upon to face both growing and more diversified needs. We will examine below whether and how they have adapted their way of working in the light of the COVID pandemic.

³⁸ Eurocities (2020) *European Pillar of Social Rights - Cities delivering social rights: Access to affordable and social housing and support to homeless people*.

³⁹ *Ibid.*

⁴⁰ OECD (2020), “*Social housing: A key part of past and future housing policy*”, Employment, Labour and Social Affairs Policy Briefs, OECD, Paris.



3.2 Where we are - Focus on the public, cooperative and social housing sector one year into the pandemic

Taking stock of the impact on our sector is a complex exercise, as the pandemic has so far affected housing providers in different ways and to different extents. However, some common challenges and trends can already be identified across Europe.

One common element is the fact that public, social and cooperative housing providers promptly **mobilised to support residents and communities.**

This included for instance preventing evictions by adapting rents to households' situations, deferring rent payments, and helping people to access available supports – both financial and social. Many social housing providers cooperated with local authorities by making available vacant premises to house the homeless. They also cooperated with other service providers to offer mental health support, actions preventing anti-social behaviour and domestic abuse. They carried out regular phone and video calls to the most vulnerable, and organised the delivery of food and medicines. This kind of outreach work was particularly necessary to support older residents, who often need extra supports or are at risk of becoming isolated.

In terms of the quality and design of homes, the pandemic has triggered a reflection across the sector on the approach towards design of homes and common areas, having for instance **more outdoor space, access to green areas and balconies. The lack of space at home to work or study and for children to play** has emerged as a key problem for many, one that can have severe repercussions. For instance, in terms of educational achievements as overcrowding and exposure to noise has been found to negatively affect school performance and overall child development. The **energy performance of buildings has also become even more of a key issue**, as people spending more time in their homes can easily lead to increased utility bills, which

may precipitate households falling into 'energy poverty'⁴¹.

The pandemic also meant a **huge push for the sector toward digitalisation**, triggering rapid progress in providing services for residents online, rolling out of broadband and other digital infrastructure, virtual home visits, and online meetings of residents of housing associations and cooperatives.

Most important, at the same time the sector has been **striving to keep supplying new housing whilst also renovating the existing stock.** This has necessitated developing a number of effective workarounds in order to guarantee the safety of both tenants and workers. In terms of housing output and renovation activity, the impact of the pandemic differs widely across countries. For instance in Estonia, Sweden or Denmark, projects were generally delivered as planned, albeit with some slight delays. In cases where there were issues, those were mainly due to a lack of materials as a result of disruptions in the supply chain or due to the shortage of construction workers, reflecting the impact of travel restrictions⁴².

Overall, though, we can broadly divide countries into two groups. The first, and most common, includes countries like Germany and Austria, where, after an initial slowdown in the spring of 2020, most activity returned to some sort of normality during the all-important summer months and into autumn, and thus housing production was largely carried out as planned. Although, it is important to note that virtually all countries saw stricter lockdowns towards the end of 2020 and in early 2021. The second group of countries, which includes the likes of the United Kingdom, Italy and France, tended to see more curbs on activity, with lockdown measures having been in place for longer or having been more severe. This has seen delays in construction and created a backlog in housing development.

⁴¹ For an overview of fuel poverty in Europe, see: <https://www.energypoverty.eu/>

⁴² EURHONET, presentation at General Assembly (22 October 2020).

In general, though, the decrease in housing output which many predicted in March-April 2020 during the ‘first wave’ did not materialise to the extent expected, as the sector, **in cooperation with construction companies and contractors, has been able to devise ways to promptly re-start works on sites in a way which respects the safety of workers and, in cases of renovations, residents.** In Denmark for instance, BL (Danish Federation of social housing providers) launched an advisory building board together with a range of associations within construction, architecture, engineering etc. to help secure the best possible construction process during the pandemic and to keep activity high. Furthermore, the Danish National Building Fund quickly introduced a scheme whereby families can get temporary accommodation during renovation works to create safety and security and to ensure that renovations were not delayed. In Italy, COVID-19 protocols were implemented and public housing companies worked with contractors to guarantee building sites could start again safely. However, it is important to highlight that complying with safety measures has meant additional costs of about 3% of the budgeted amount for each contract.

Similarly, increased construction costs from additional security measures was also reported for Luxemburg and England.

Whether the current targets in terms of construction and renovation can be sustained and hopefully increased, so as to accommodate for increasing demand, will much depend on the financial sustainability of the sector. **Loss of rent revenue has varied across countries,** but in most cases social landlords are experiencing and/or expecting higher rent arrears and deferrals in the future as furlough schemes are wound down and unemployment rises. In France, a parliament report⁴³ submitted in November 2020 estimates that the amount of unpaid rents in the HLM sector will increase by 100 million Euros due to the impact of COVID-19 on the economy. In the United Kingdom, rent

arrears in the social housing sector have exceeded 1.16 billion Euros (£ 1 billion) during the COVID-19 pandemic, with a 30% increase since March 2020, and forecasts suggest that arrears may not return to pre-pandemic levels until March 2022⁴⁴. Landlords are facing increased operating costs against a backdrop of complex challenges, and a recent survey by HouseMark estimated that the social housing sector has lost around 36.5 million Euros (£ 31.5 million) in income due to the drop in lettings activity during the pandemic⁴⁵. In Spain, public housing companies have seen the financial impact of measures taken such as suspension of rent payments, and they foresee an increase in rent arrears in the future. Similarly, the majority of social housing companies in Germany expect higher arrears and deferrals in the long-term, though the level of rent arrears there remains very low for the time being.



⁴³ Assemblée Nationale, Avis n. 3400 du 9 Octobre 2020, a3400-tIII (assemblee-nationale.fr).

⁴⁴ HouseMark COVID-19 impact data <https://www.housemark.co.uk/subscriber-tools/covid-19-response-solutions/covid-19-impact-monitoring>

⁴⁵ *Ibid.*

→ 3.3 What is next?

What will happen in the medium to long term is the key question at the moment. As pointed out by the OECD ‘the long-term COVID impact is difficult to predict at this point. Possible effects may include companies and workers shifting their preferences towards teleworking on a more permanent basis, changing the nature of demand for housing, as well as commercial real-estate, as well as greater emphasis on quality of and space in our homes’⁴⁶.

From the perspective of public, cooperative and social housing providers, the key issue will be the impact on incomes, which has the potential to aggravate the issue of affordability even further for a significant share of the population. At the time of writing this report, the economic forecasts in Europe are daunting, indicating a likely increase in poverty, and economic and social inequalities.

The at-risk-of-poverty (AROP) rate in the EU is expected to increase significantly due to the COVID pandemic: from 16.8% to 18.6% with (or 21.4% without policy measures to compensate for income loss)⁴⁷.

The EU economy should start recovering from its 6.3% downturn in 2020, with growth of 3.7% in 2021 and 3.9% in 2022 expected.⁴⁸ The unemployment rate in the EU is forecast to rise from 6.7% in 2019 to 7.7% in 2020 and 8.6% in 2021, before declining to 8.0% in 2022. Information from most countries suggests that those in precarious and low-paid employment, as well as younger people, will bear the brunt of this.

For example, analysis shows that 8% of workers educated to lower secondary level or below in the European Union lost their jobs between the last quarter of 2019 and the second quarter of 2020⁴⁹. Low wage earners had employment income losses due to COVID 3 to 6 times larger than high wage earners in half of the EU Member States – although wage compensation schemes contributed to mitigate the income loss in all EU countries with the overall income loss reduced by half⁵⁰.

Against this picture, **experts foresee the demand for affordable and social housing will inevitably increase**⁵¹. What is also increasingly recognised by experts and institutions at the European and global level is that **investment in social and affordable housing must be a priority for public policies and constitute a central pillar of economic recovery efforts**. ‘Investments in social housing construction and renovation can be a central part of a more sustainable, inclusive economic recovery as countries chart the path towards economic recovery in the wake of COVID-19’⁵².

The next chapter of this report will explore whether and to what extent this shift towards long-term investment into affordable housing is supported by recent policy developments at national and EU level.

AT-RISK-OF-POVERTY (AROP) RATE IN THE EU

16.8%



18.6%

21.4% without policy measures

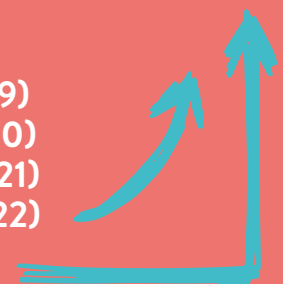
EU ECONOMY



-6.3 % (2020)
+3.7 % (2021)
+3.9 % (2022)

UNEMPLOYMENT RATE

6.7 % (2019)
7.7 % (2020)
8.6 % (2021)
8.0 % (2022)



8%

of workers educated to lower secondary level or below in the EU lost their jobs between 4Q of 2019 and 2Q of 2020

⁴⁶ OECD (2021), ‘Building for a better tomorrow: Policies to make housing more affordable’, Employment, Labour and Social Affairs Policy Briefs, OECD, Paris, <http://oe.cd/affordable-housing-2021>

⁴⁷ Almeida, Barrios, Christl, De Poli, Tumino and van der Wielen (2020) Households’ income and the cushioning effect of fiscal policy measures during the Great Lockdown. JRC Technical Report, European Commission.

⁴⁸ European Commission (2021). *European Economic Forecast – Winter 2021 (Interim)*. Institutional Paper, 144, February 2021. Luxembourg: Publications Office of the European Union.

⁴⁹ Darvas, Z. (2020) ‘COVID-19 has widened the income gap in Europe’, Bruegel Blog, 3 December.

⁵⁰ Eurostat, COVID-19 impact on employment income <https://ec.europa.eu/eurostat/web/products-eurostat-news/-/DDN-20201210-2>

⁵¹ See for instance OECD (2020), ‘Social housing: A key part of past and future housing policy’, and Moody’s Investors Service (2020), ‘Housing Europe: COVID-19 accelerates housing market trends, exacerbating wealth inequalities’.

⁵² OECD (2020), *Housing and Inclusive Growth*, OECD Publishing, Paris.

RECENT DEVELOPMENTS IN NATIONAL HOUSING POLICIES

➔ 4.1 Policy response to COVID-19: the shift from emergency measures towards long-term investment

During the COVID-19 crisis, **most countries analysed in this study undertook emergency measures to support vulnerable households and to prevent them losing their homes.** “With the onset of the COVID-19 crisis, governments responded with a host of specific measures to protect mortgage-holders and tenants in addition to the support from social safety nets. In most countries, emergency support involved a **suspension of eviction procedures, temporary**

forbearance of rent and mortgage payments, and in some cases moratoria on utility payments. Most governments, at both national and local levels, also took specific steps to shelter the homeless during the lockdown⁵³. These measures have been documented by both the OECD⁵⁴ and European Commission⁵⁵. The summary table below⁵⁶ gives a good overview of the measures adopted across Europe.

TYPES OF TEMPORARY EMERGENCY HOUSING MEASURES

TYPE OF MEASURE OR SUPPORT	COUNTRIES
FOR TENANTS:	
Eviction ban due to missed payments	Austria, Belgium, France, Germany, Hungary, Ireland, Luxembourg, the Netherlands, Portugal, Spain and United Kingdom
Deferment of rent payments	Austria, Portugal and Spain
Temporary reduction or suspension of rent payments for some households	Greece, Portugal and Spain
Rent freeze	Ireland and Spain*
Reforms to financial support schemes for renters	Ireland, Luxembourg, Portugal and Spain
FOR HOMEOWNERS:	
Mortgage forbearance	Austria, Belgium, the Czech Republic, Germany, Greece, Ireland, Italy, Portugal, Spain and United Kingdom
Foreclosure ban due to missed payments	The Netherlands and Portugal
FOR ALL HOUSEHOLDS (REGARDLESS OF TENURE):	
Deferment of utility payments and/or assured continuity of service even if payment missed	Austria, Belgium, Germany, Portugal and Spain
Reforms to housing subsidy schemes	France (planned reform postponed) and Spain
FOR THE HOMELESS:	
Emergency support to provide shelter and/or services to the homeless	Austria, France, Ireland, Portugal, Spain and United Kingdom

NOTE: This table is taken from OECD (2021), “Building for a better tomorrow: Policies to make housing more affordable”, and adapted to include only countries covered in this report*. *Indicates that the measure applies only to some jurisdictions and/or to qualifying households.

SOURCE: OECD (2020[4]), OECD (2020[3]) and the corresponding country tracker, <http://oe.cd/covid19tablesocial>

⁵³ OECD (2020) Housing Amid Covid-19: Policy Responses and Challenges.

⁵⁴ *Ibid.*

⁵⁵ European Commission (2020) Proposal for a Joint Employment Report 2021, <https://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=9834&furtherNews=yes>

⁵⁶ Source: OECD (2021), “Building for a better tomorrow: Policies to make housing more affordable”, Employment, Labour and Social Affairs Policy Briefs, OECD, Paris, <http://oe.cd/affordable-housing-2021>

While some of the abovementioned measures may be extended, given the ongoing crisis and the unpredictability of its evolution⁵⁷, they **“have been for the most part temporary, however, and are unlikely to match the duration of the effects of the global pandemic on households’ capacity to afford housing costs, especially for those who suffered from loss of employment or income during the crisis. On the supply side, a major housing policy challenge is the decrease in public investment in housing supply over the last decade⁵⁸, and [...]’Member States’ reforms should put a particular focus on investing in the renovation of residential and social housing and on increasing access to the latter”⁵⁹.**

We have mentioned in the previous chapters of this report that there is a renewed awareness at the level of European and International institutions of the importance of moving from emergency measures towards long-term solutions to increase housing affordability. This includes, first and foremost, investment in the supply and renovation of affordable and social housing as part of a green and social post-COVID economic recovery.

However, according to the feedback we have received from public, cooperative and social housing providers members of the Housing Europe network, **the picture, in terms of policy responses at national level, is still somewhat mixed.** Overall, while several countries have announced new investments in the sector, the level of ambition and the scope of the different programmes differs across the board.



⁵⁷ OECD (2021), “Building for a better tomorrow: Policies to make housing more affordable”, Employment, Labour and Social Affairs Policy Briefs, OECD, Paris, <http://oe.cd/affordable-housing-2021>

⁵⁸ European Commission (2020) Proposal for a Joint Employment Report 2021, <https://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=9834&furtherNews=yes>

⁵⁹ Ibid.

➔ 4.2 Boosting the supply of new affordable homes

In most countries analysed in this report **public investment in the supply of new homes doesn't seem adequate to respond to the growing demand** (as illustrated in Chapter 3).

In France for instance the current government objective is to provide 110,000 new social housing units each year. Instead, according to a recent report by the French Court of Auditors⁶⁰, social housing companies had to decrease their overall investment in recent years after reforms adopted by the government in 2018 led to a significant decrease in revenues. As a consequence, only about 90,000 units were started in 2020, and investment in housing maintenance decreased by 7%. On a positive note, though, one particularly innovative example of policy adaptation is the **French 'Alliance Européenne pour un logement social durable et inclusive'**, which brings together the French social housing federation USH, the public Banque des Territoires (former Caisse des Dépôts et Consignations), the European Investment Bank, and the Council of Europe Development Bank to facilitate access to European financing for social housing providers.

In the Netherlands, with parliamentary elections having been announced for March 2021, an unprecedented national coalition of 34 key stakeholders from all aspects of the construction, social care and financing of housing, including and initiated by the social housing federation Aedes, came together in February 2021 to outline the **'Actieagenda Wonen'** (Housing Action Agenda). Their unified "offer" to the next government to tackle housing challenges currently being faced in the Netherlands. However, this will require the government to reform many aspects of the current housing system, as well as providing additional supports.

Worth mentioning as a positive example is the Draft Budget 2021-22 of the

Welsh government, which allocates an additional €44.2 million (£36.8 million) for new social housing supply, bringing the total to almost €233 million (£200 million) and marking the **highest budget ever announced for social housing in Wales**.

At the same time, the Belgian **Walloon Region** has also seen unprecedented support for social housing over the past two years, with €1.2 billion allocated for the renovation of 25,000 units over 4 years and a long-term objective to renovate 55,000 by 2030. The regional government is also supporting the supply

of an additional 3,000 units by 2024, and has recently launched additional programmes to increase aesthetics, innovation and sustainability in public housing.

Last, but not least, the Irish budget for 2021 includes a €110 million allocation towards affordable housing and delivery of a brand **new cost-rental scheme which will provide 400 homes by Approved Housing Bodies in Ireland**.



⁶⁰ Cour des Comptes (2020), *Premiers constats tirés de la conception et de la mise en œuvre du dispositif de réduction de loyer de solidarité (RLS)*, Référé S2020-2052.

→ 4.3 Supporting renovation of the housing stock

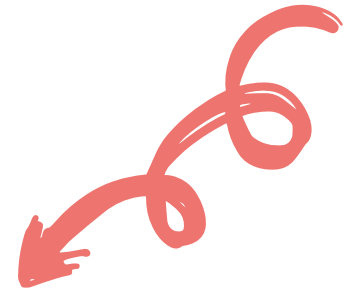
As for support measures towards renovation and energy refurbishment of the housing stock, **there have been examples of significant investment programmes adopted by national governments as part of stimulus measures.**

For instance in Denmark, a new broad political agreement will channel **investments from the National Building Fund to improve Danish social housing.** The agreement secures that investments of €4 billion by 2026, which will be allocated for green renovation of Danish social housing. In 2020 and 2021 alone, around €2.5 billion will be invested in renovating more than 70,000 units, generating an expected 15,000 jobs.

In its most recent annual Budget, the **Swedish Government also announced an ambitious investment to meet renovation and energy performance targets.** It hopes to invest nearly €90 million (SEK 900 million) in 2021, gradually rising to approximately €420 million by 2023 (SEK 4.3 billion).

Furthermore, additional loans for renovation have been made available in Estonia, Norway and Switzerland, and a new tax incentive programme has been launched in Italy to support energy retrofit in both private and public housing.

Furthermore, in some EU Member States near-term measures have been announced to be supported by funding from Next Generation EU. This is the case for instance in France, Italy, Portugal and Spain where the draft national recovery plans include funding for energy retrofit in the (social) housing sector. The table below presents some examples – however, this list is not exhaustive, and at the time of writing this report not all EU countries have yet agreed on a draft recovery plan⁶¹. Member States have until the end of April 2021 to submit Plans to the European Commission.



HOUSING IN NATIONAL RECOVERY AND RESILIENCE PLANS: EXAMPLES FROM SELECTED COUNTRIES

COUNTRY	FORESEEN USE OF EU FUNDING THROUGH NATIONAL RECOVERY AND RESILIENCE PROGRAMMES
FRANCE	'France relance' Plan foresees 500 million EUR in 2021 and 2022 for energy retrofit in the social housing sector
ITALY	'Safe, green and social' Programme: 2 billion Euros, to be used for requalification of public housing stock (energy retrofit and anti-seismic requalification) + potential investment in urban renewal, social and student housing
PORTUGAL	Support program for access to housing; National urgent and temporary accommodation plan; Integrated approach to support disadvantaged communities in metropolitan areas
SPAIN	Draft recovery plan 'Spain can': 'Housing refurbishment and urban renewal plan, (focus on energy efficiency, improvement of housing conditions, deployment of renewable energy) + new residential infrastructure that facilitates the autonomy of elderly people

SOURCE: replies to State of Housing 2021 questionnaire from national correspondents (only relevant for EU member states).

⁶¹ See: <https://www.euractiv.com/section/eu-council-presidency/news/eight-eu-countries-have-not-yet-submitted-recovery-plans-to-brussels/>

➔ 4.4 Regulatory changes shaping the delivery of social and affordable housing

Of course investment is not the only way that governments can influence housing outcomes, with regulation being just as important. In this respect, a plethora of reforms have been adopted across Europe in recent years, related to many different areas from reform of housing benefits (for instance in France), the target group of social housing (the Netherlands), planning regulation (United Kingdom), and many more.

It would be impossible to summarise those changes here, but it is worth mentioning a few countries where new pieces of legislation are in the pipeline which are likely to thoroughly (re)shape social and affordable housing delivery: **a new law on social rental housing is currently in elaboration in Luxembourg**, and the **Czech government is aiming at announcing a new concept on housing policies in the spring 2021, as well as the new social housing act**. Meantime, a new **Municipal Housing law is being prepared in Norway**, which will help to provide much needed clarity

in terms of the responsibilities of various stakeholders, as well as setting down minimum standards for the planning and delivery of new municipal homes. Last but not least, the **Spanish government is speeding up the elaboration of a new National housing law**.

More details on all of the programmes mentioned above and much important information on recent developments at national level are to be found in the country profiles, which constitute the last section of this report. While we have done our best to summarise the main trends and findings in the first four chapters of this report, the country profiles remain essential to fully understand the diversity in social and affordable housing provision across Europe.

However, before jumping to the national level, the next chapter focuses instead on the European Union's role in shaping housing outcomes for the post-COVID reality.



HOUSING POLICIES FOR POST-COVID EUROPE

As outlined in the previous chapters, housing policies in the years to come will have to deal with huge economic and social challenges, which have been further exacerbated by the COVID crisis, and this will require adaptation and flexibility on the part of all stakeholders. **At EU level, it means that the European Commission will need to acknowledge its role in promoting progressive national and local housing policies based on solid funding, cross-sectoral cooperation and flexibility with regard to the instruments used to meet the social demand.**

Besides the direct impact of the pandemic on both the supply of and demand for affordable housing, 2020 and 2021 have been marked by an increasing **recognition of the**

need for a more unified and coherent approach by the European Union when it comes to housing issues, even though Member States and regional and local authorities remain the primary housing policy makers. One potentially watershed moment might be the adoption by the European Parliament in January 2021 of a resolution⁶² calling for the European Commission and the Member States to develop a more coherent and fair approach to housing in order to tackle the growing crisis.

In the following we will go through some of the main new policy developments at EU level which will have an impact on housing policies.

5.1 The EU has made fiscal and monetary policies more accommodating to face the COVID-19 pandemic and this new framework should help investment in social and affordable housing

Since 2009 government spending in housing policies (both capital and social welfare expenditure) as share of GDP has steadily decreased in OECD countries⁶³. While a slight reversal was noticed in the last couple of years, COVID-19 has occurred in the context of difficulties in the supply of sufficient social, cooperative and public housing in Europe. While the demand for social housing will inevitably increase in the years to come, questions remain about the ability or willingness of governments to adequately fund or support the necessary supply.

In March 2020, the European Union has activated the general escape clause of the ‘Stability and Growth Pact’. It means that a deviation from the medium-term budgetary objective or from the appropriate adjustment path towards it may be allowed for Member States. In the corrective arm of the Pact, the clause will allow an extension of the deadline for the Member States to correct their fiscal position under the excessive deficit procedure.

At the same time, the European Central Bank (ECB) launched the ‘Pandemic Emergency Purchase Programme (PEPP), a non-standard monetary policy measure initiated in March 2020 to counter the serious risks to the monetary policy transmission mechanism and the outlook for the euro area posed by the coronavirus outbreak.

Member States now have the fiscal space within the ‘Stability and Growth Pact’ and with the view of implementing the European Pillar of Social Rights (EPSR) in order to preserve

income of tenants/residents through welfare policies and investment in social housing. Furthermore, (public and private) banks have benefited from the ECB refinancing operations. This should allow traditional funding entities for social housing or the intermediaries thereof to refinance themselves and further provide loans to not-for-profit housing activities (both new constructions and renovations).

The European Parliament has called on the Commission and the Member States to further increase investment in the EU in social, public, energy-efficient, adequate and affordable housing, and in tackling homelessness and housing exclusion. In this regard, the Parliament has called for investment through the various EU funding and cohesion mechanisms (e.g. European Regional Development Fund, the Just Transition Fund, InvestEU, ESF+, Horizon Europe and Next Generation EU); especially the Recovery and Resilience Facility, Coronavirus Response Investment Initiative (CRII) and the Coronavirus Response Investment Initiative Plus (CRII+). This will require greater synergies between these instruments. Crucially, the Parliament has called for the inclusion of social progress plans in the national ‘Recovery and Resilience’ plans, outlining how EPSR principles are going to be implemented, and where social investments are going to be targeted, including investment in social housing. One key point for the sector that has also been pushed is the need for the Commission to ensure that EU funding and European Investment Bank (EIB) financing become more accessible to local and regional social and public affordable housing providers, who are often too small to access such financing.

⁶² https://www.europarl.europa.eu/doceo/document/TA-9-2021-0020_EN.html

⁶³ OECD (2020), “Social housing: A key part of past and future housing policy”, Employment, Labour and Social Affairs Policy Briefs, OECD, Paris, <http://oe.cd/social-housing-2020>

➔ 5.2 The European Union now has the mandate to implement and respect social rights including the right to access to social housing

In November 2017, the EU Members States and its institutions agreed to a European Pillar of Social Rights, 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:

EUROPEAN PILLAR OF SOCIAL RIGHTS - PRINCIPLE 19

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

In March 2021, the European Commission has published an action plan for the European Pillar of Social Rights⁶⁴. Although it announces the creation of a European Platform on Combating Homelessness, more instruments are needed to turn fair housing principle of the Social Pillar into action: there is now more than ever a need of increased public spending on affordable housing to meet the increasing social demand and risk of growing housing exclusion, a need of capacity building to make social housing policies and stakeholders more resilient, a need of better understanding of the evolving housing needs;

In its resolution of January 21st, the European Parliament had called for the Commission and the Member States to make housing one of the cornerstones of the Action Plan of the EPSR; and the Commission to “urgently develop an integrated EU-level strategy for social, public, non-segregated

and affordable housing, creating an enabling framework for national, regional and local authorities to ensure the provision of safe, healthy, accessible and affordable quality housing for all”;

While there is not legal competence in the EU treaty to act on housing issues at an EU level, it is crucial to acknowledge that the role of the European Pillar of Social Rights will be to ensure coherence of the policies designed at EU level as well as incentivise member states to dedicate policies favourable to social, cooperative and public housing in order to implement Principle 19. It will be one of the main challenges of the year to hold the European Commission and Member States accountable for the implementation of the Action Plan and to ensure the development of a coherent approach to housing at the EU level. This coherent approach should contain 3 elements:

1. BETTER POLICIES

- ➔ 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).
- ➔ Modernise State Aid rules by adapting them to the evolution of housing needs and allow state aid for different types of vulnerable groups.
- ➔ Support the implementation of Housing First/housing-led approaches to end homelessness, i.e. provision of social/affordable housing accompanied by relevant social/health support.
- ➔ 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 is available.

⁶⁴ <https://www.housingeurope.eu/resource-1534/additional-instruments-needed-to-turn-fair-housing-principle-of-the-social-pillar-into-action>

2. BETTER FUNDING

- ➔ Incentivise 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.
- ➔ 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.
- ➔ Reduce the co-financing requirements (for EIB loans and European Structural and Investment Funds) for affordable housing-related projects.
- ➔ Create a specific portal or platform to make accessing centrally-managed EU funds and EIB products (for instance through InvestEU) easier, particularly for those developing social housing for the first time, or starting from a low-base.
- ➔ Ensure that the '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. BETTER KNOWLEDGE

- ➔ The lack of understanding of housing market failures and of evolving housing needs can lead to ill-conceived policies. The EU has for too long considered housing only as a potential 'destabilising' factor for the economy without taking on board its important role as a source of employment in recovery time. However, the affordability of housing (and its importance for the implementation of the right to housing) should remain the central question for policymakers.
- ➔ Use indicators that will help guide decision-making 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 changes in real house prices is used to measure the economic situation in relation to housing). Therefore, as a minimum, the MIB should also monitor rent levels. As for the social scoreboard, an indicator of the residual income (net of housing costs) and what standard of living this allows for could be included, for example.
- ➔ 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 Hub, the Housing Solutions Platform, the Housing2030 initiative.
- ➔ Support the regular informal meetings of Housing Ministers and Housing Focal Points in order to provide a platform of exchange at the government level.

➔ 5.3 The European Union has made the Green Deal its guiding principle and the fair energy transition and decarbonisation of the building stock should have a central place

Social, cooperative and public housing providers are already frontrunners in the fair energy transition in most countries. Indeed, in many cities and regions the average energy performance of their homes is better than in any other segment of the housing market, whilst also managing to provide housing for low-income families, ensuring comfort at an affordable price. Fundamentally, social, cooperative and public housing providers' main objective for the renovation wave and the fair energy transition is to create and maintain sustainable communities with a high level of quality of life and an affordable cost of living.

Before the pandemic, social, cooperative and public housing providers intended to spend €35bn per year on the development of new homes and around €23bn for renovation and maintenance activities - upgrading about 400,000 housing units every year. In order to renovate the entire social, cooperative and public housing stock in Europe by 2050 to at least level B (60 to 120 kwh/m²/year) or A (below 50kwh/m²/year), contributing substantially to the decarbonisation of the building stock and a CO₂ neutral Europe, we would need to increase this number by at least 200,000 per year, whilst also increasing the scope of the average renovation. This would require at least an extra €10bn per year until 2050. This would only cover the building envelope and not the decarbonisation of the heating systems.

The Renovation Wave will be an important milestone for the EU push towards a carbon neutral Europe by 2050. It will also be a complex piece of policy-making, since the energy performance of homes cannot be regulated in the same way as energy efficiency of appliances or cars. The observation of the results of measures on energy efficiency in buildings shows that there is no single route towards decarbonisation of the building stock. Indeed, there is no correlation between one specific set of policies in one country and the average performance of the building stock⁶⁵.

The Renovation Wave should therefore promote a flexible and integrated approach to energy efficiency in buildings, aiming at preserving affordability and quality of life for residents and communities. In particular, the Renovation Wave will promote an innovative approach regarding area-based interventions: “In order to guarantee that local social housing projects have access to all necessary technical capacity, the Commission will launch the Affordable Housing Initiative. It will pilot 100 lighthouse renovation districts in a smart neighbourhood approach and provide blueprints for replication, setting liveability and latest innovations at the forefront. It will mobilise cross sectoral project partnerships linking them to local actors, including from the social economy, to promote efficient, circular and modular processes, social engagement models to empower residents, inclusive and accessible developments and cultural innovation.



HOW WILL THE RENOVATION WAVE (AND THE AFFORDABLE HOUSING INITIATIVE) BE FUNDED?

Resilience and Recovery Facility (through the resilience and recovery plans): It will provide large-scale financial support to reforms and investments undertaken by Member States, with the aim of mitigating the economic and social impact of the coronavirus pandemic and of making EU economies more sustainable, resilient and better prepared for the challenges posed by the green and digital transitions.

Technical support instrument: The aim of the proposal is to provide the requesting Member States with technical support to strengthen their institutional and administrative capacity in designing and implementing reforms. In the context of the Recovery Plan, it will support the preparation and implementation of recovery and resilience plans, reforms and investments related to the green and digital transitions.

Another funding stream could come from private institutions which will be incentivised to invest in sustainable activities by the EU taxonomy. The EU taxonomy is a classification system, establishing a list of environmentally sustainable economic activities. Regarding housing, there are two main types of activities covered by the taxonomy that are considered as sustainable:

The construction of new buildings for which:

- ➔ The Primary Energy Demand (PED), defining the energy performance of the building resulting from the construction, is at least 20 % lower than the threshold set for the nearly zero-energy building (NZEB) requirements. The energy performance is certified using an as built Energy Performance Certificate (EPC).
- ➔ At least 70 % (by weight) of the non-hazardous construction and demolition waste generated on the construction site is prepared for re-use, recycling and other material recovery.

⁶⁵ For a comparative study see: <http://www.housingeurope.eu/resource-1124/the-financing-of-renovation-in-the-social-housing-sector>; for different approaches see: <https://www.ourhomesourdeal.eu/projects>

The renovation of buildings, for which:

- ➔ The Primary Energy Demand (PED), defining the energy performance of the building resulting from the construction, is at least 20 % lower than the threshold set for the nearly zero-energy building (NZEB) requirements. The energy performance is certified using an as built Energy Performance Certificate (EPC).
- ➔ At least 70 % (by weight) of the non-hazardous construction and demolition waste generated on the construction site is prepared for re-use, recycling and other material recovery.

Beyond finance, there are also mechanisms that can help to decrease the cost of renovation:

- ➔ Public procurement the EU procurement rules schemes that allow for long-term corporation to cooperation, the bundling of volumes, and (upfront) dialogue with suppliers more efficient partnerships with the construction sector to create local supply chains for low carbon renovations.
- ➔ Innovation within the construction sector (factory-built renovation) and the use of digital tools.

The use of renewable energy is also key in order to decarbonise the built environment: setting up of renewable energy cooperatives, direct self-consumption of renewable electricity, installation of heat pumps and geothermal district heating: the social, cooperative and public housing sector has been deploying renewable energy over the last number of years. Some countries, such as Sweden, have even almost decarbonised the energy that goes into their residential building stock already, thanks to a high carbon price and the use of renewable energy for heating (as well as nuclear energy for electricity). The Netherlands and France decided to progressively phase out the use of gas boilers in the dwellings turning into either electricity (in France) or district heating generated with bio mass or waste (in the Netherlands)⁶⁶.

Beyond the energy transition, the sustainability agenda dominates the new construction of affordable homes, including with circular economy principles. As 10% of total greenhouse gas (GHG) emissions come from the way we build or renovate homes, reaching carbon neutrality in Europe requires a fundamental change in the construction and procurement processes. While there are numerous examples of newly built affordable homes using nature based solutions (timber frames, hemp concrete) or decarbonised solutions (low-carbon cement), time will be needed to set up circular processes whereby the output of one stage is the input of the next. Reusing or recycling building material in order to build new or refurbish existing material is an important approach to further promote⁶⁷.

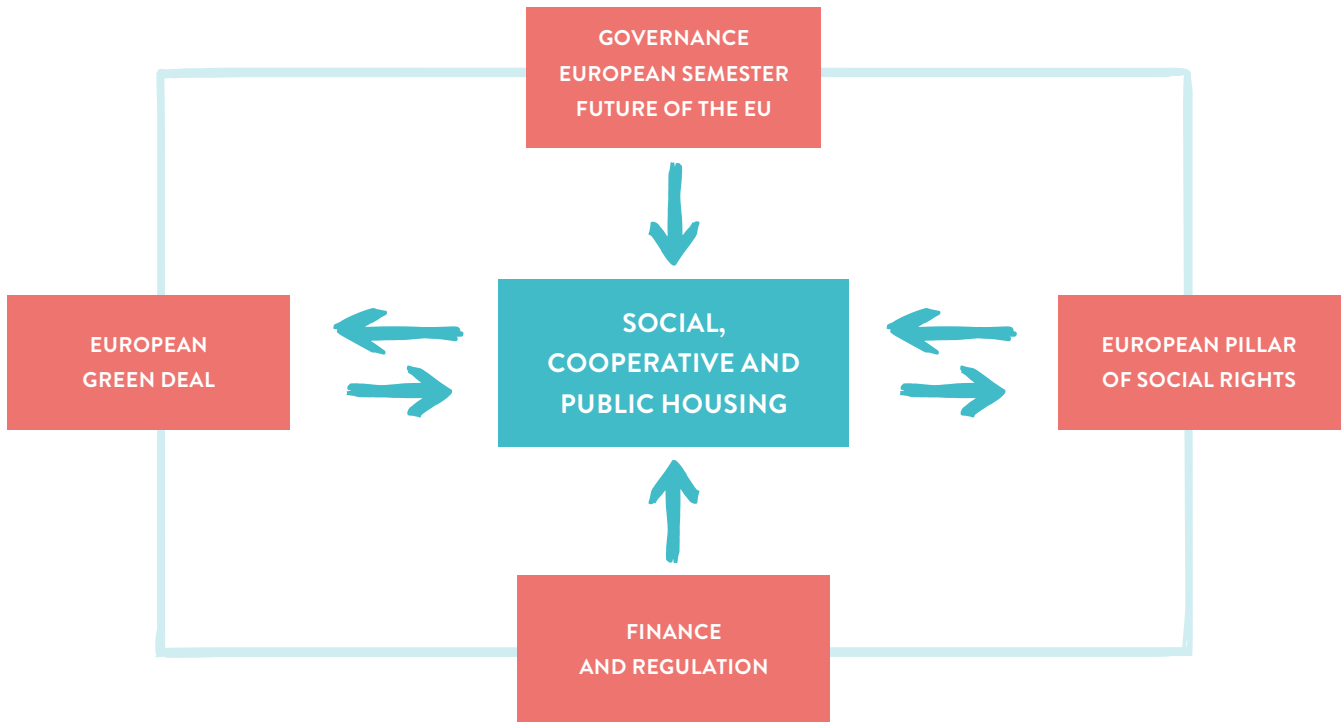


⁶⁶ For a comparative analysis of the building stock and decarbonization policies (in French): <https://www.hautconseilclimat.fr/publications/renover-mieux-lecons-deurope/>

⁶⁷ <https://www.superlocal.eu/>

➔ 5.4 Conclusions - The EU policy landscape in times of pandemic

At the beginning of 2020, we could have summarised the EU policy landscape relevant for housing policies with this graph.



It illustrates that the social, cooperative and public housing sector are impacted by decisions taken on the one hand within the framework of the European Green Deal, and on the other hand within the European Pillar of Social Rights. Conversely, social, cooperative and public housing are key contributors to the objectives of both strategies. The sector is also impacted by the availability of funding (including government spending on affordable and social housing) as well as by regulatory measures in the field of state aid and VAT for instance.

One year on, how different is this picture?

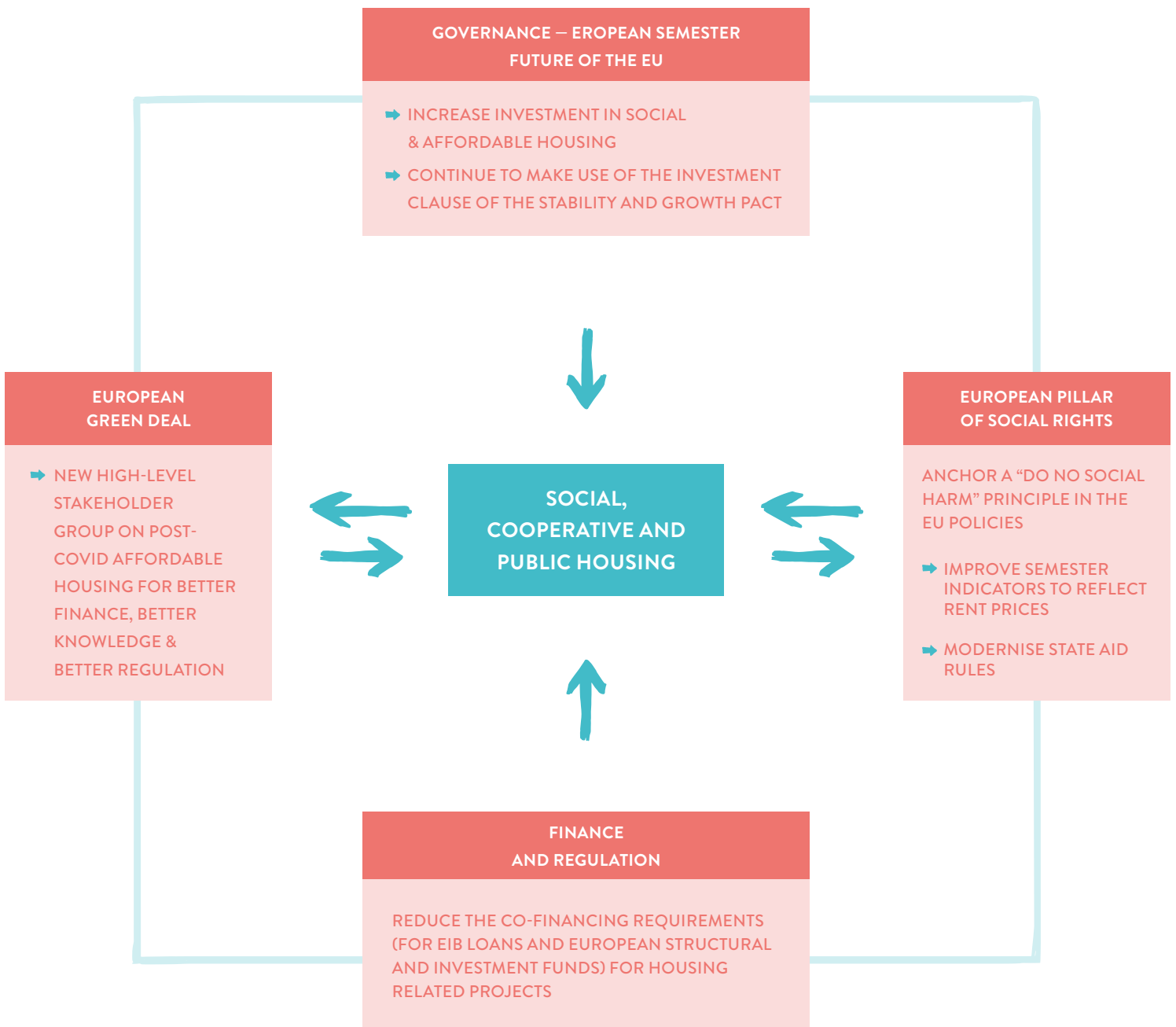
It is likely that the EU landscape will not change much, in terms of impacting policies. The European Green Deal will continue to be the guiding principle of EU policies and the rising poverty and inequalities in Europe will make the European Pillar of Social Rights even more necessary (although more difficult to implement). However, the pandemic has led to one important change: the EU Stability and Growth pact has been temporarily put on hold, which means that Member States are allowed to use debt to invest in both emergency measures and the recovery plans.

It is a unique opportunity for governments to invest in improved housing conditions and making housing more affordable and resilient. Contrary to the aftermath of the 2007/08 Global Financial Crisis, which was marked by fiscal consolidation policies and decreased investment in affordable housing, this crisis seems to have shifted the policy agenda in favour of investments, regardless of the short-term costs. Combined with the action plan for the European Pillar of Social Rights, this should lead to better support from the EU and Member States to social, cooperative and public housing. Failing to do so risks further widening the social, economic and health related divides which already existed, feeding segregation and posing a threat to social cohesion.





HOUSING EUROPE PROPOSED INITIATIVES FOR POLICY COHERENCE







Austria

➔ **Housing stock 3,949,900**
2019 (primary residence)

- ➔ **Social housing 930,900 (24%)**
of which: Limited profit housing association **655,500 (17%)**
of which: Municipalities **275,400 (7%)**
- ➔ **Private rental 1,165,400 (30%)**
- ➔ **Owner-occupier 1,477,200 (37%)**
- ➔ **Other/Unknown 376,300 (9%)**

Total Social Housing: 24%

SOURCE: Statistik Austria – Mikrozensus 2019.
NOTE: 'Private rental' includes 'condominiums'. It also includes around 295,000 units which are managed by members of GBV, though not owned by them.

➔ **New social housing units & deep renovations**

Year	New units	Deep renovations
2013	13,400	13,230
2014	15,200	11,200
2015	18,000	10,100
2016	14,560	8,000
2017	16,000	9,200
2018	14,900	8,100
2019	16,100	7,100
2020*	17,000	7,400

* Estimate / SOURCE: GBV.

IMPACT OF THE PANDEMIC ON CONSTRUCTION AND MAINTENANCE

Overall, the pattern of disruption to everyday life in Austria caused by COVID has been typical of the Central European region, with measures introduced slightly later than elsewhere, a meaningful relaxation of measures over the summer, followed by increased controls as cases rose again in the final months of 2020 and into early 2021.¹

In economic terms, activity declined by 6.6% in 2020,² above the Eurozone average of 6.8%.³ As in other countries, government measures aimed at protecting workers have helped to mitigate some of the impact on low-income and vulnerable households (80-90% of prior salary guaranteed), though sectors which rely heavily on short-term contracts (e.g. winter tourism) have been acutely impacted.

The downturn in the construction sector looks to have been less severe than the economy as a whole, at around -3%.⁴ This reflects the fact that effective workarounds and other measures to keep building sites open have been developed. Indeed, the number of new homes delivered in 2020 is likely to be only slightly below the circa 70,000 new homes completed in 2019, remaining well above the long-term annual average.

This is also reflected in the delivery of new social rental housing by limited-profit housing associations (LPHAs). GBV, the Austrian federation representing the LPHA sector, expects that its members will have delivered around 17,000 new affordable homes in 2020, broadly in line with the number expected prior to the pandemic and actually above the number delivered in 2019. Indeed, despite the pandemic, construction activity in Austria remains around a 20-year high. Although, GBV has noted that the pandemic has impacted on the planning process, potentially delaying delivery of some dwellings in the future.

Despite the very healthy completions of new social dwellings in 2020, renovation activities were impacted to a somewhat greater extent by the increased sanitary measures. Roughly 8,300 LPHA dwellings were expected to undergo deep renovations in 2020, though the final outturn will likely have been closer to 7,400. Looking ahead, GBV notes that renovation numbers are heavily influenced by the historical peaks and troughs in new social completions. For example, completions were comparatively low in the 1980s, which has resulted in below-average renovation figures in recent years, given a major renovation cycle of around 35-40 years. However, with completions in the 1990s being much higher, renovation numbers are likely to increase again in the coming years.

Despite the pandemic, construction of limited profit housing remains around a **20-year high**.



MEASURES TAKEN TO SUPPORT TENANTS

LPHAs took a proactive approach to protecting their tenants, announcing rent deferrals ahead of the introduction of a subsequent national ban on evictions. In terms of managing their stock, housing associations have developed 'contactless' methods of allowing tenants to move into their new homes. Virtual showings of available dwellings were also rolled out in some areas. Any necessary maintenance or repairs were also able to continue, maintaining comfortable living environments for households.⁵

¹ This is supported by the 'Covid-19: Government Stringency Index' - <https://www.bsg.ox.ac.uk/research/research-projects/coronavirus-government-response-tracker>

² See: https://www.statistik.at/web_en/press/125516.html

³ European Commission (2021). *European Economic Forecast – Winter 2021 (Interim)*. Institutional Paper, 144, February 2021. Luxembourg: Publications Office of the European Union

⁴ Wifo (2021). *Compensation of High Economic Losses. Economic Outlook for 2020 to 2022*. Vienna: Austrian Institute of Economic Research.

THE NEED FOR HOUSING

Despite the increased annual delivery of new homes in Austria in recent years, a recent European Commission report notes that there is an “excess demand for housing” in the country.⁶ This in turn has been a contributing factor in the fact that residential property is now seen as being overvalued by around 17% in Austria as a whole, and by 24% in Vienna.⁷

While the EC report refers to the need for all types of housing, GBV has commented that: “While LPHA construction is at a high, there continues to be an additional need for affordable housing due to a backlog from previous years”.⁸ A decline in public financial support (e.g. subsidies) for the delivery of social housing in recent years⁹ has likely acted as a headwind in terms of the delivery of sufficient volumes of new social housing.

This has had clear consequences, such as delayed household formation and a growing number of young people living in shared accommodation. While there have been signs of slowing population growth, rents in the private sector (new builds) are expensive, especially in cities, creating a strong demand for affordable housing.¹⁰

With all of that being considered, estimating the unmet need for housing in Austria is still tricky, and no official estimates are currently produced. At the same time, there are no publicly available figures on the length of LPHA waiting lists. Although, we do know that demand in urban areas continues to outstrip supply, while many local housing associations report that waiting lists have increased significantly over the past 10 years.

Rough estimates produced by GBV, which are based on population and household projections from before the pandemic, show that over the next five years, there is an annual need for 15,000 new affordable homes. This is based on a historic ratio of one affordable home for every second new household, plus an estimated current backlog of about 25,000 affordable units, which has accumulated in recent years.

⁵ An overview of measures taken by GBV members can be found at:

<https://www.gbv-aktuell.at/news/628-auswirkungen-der-corona-pandemie-auf-die-gemeinnuetzige-wohnungswirtschaft-ein-stimmungsbild>

⁶ European Commission (2020). *Country Report – Austria 2020*. Brussels: The European Commission.

⁷ <https://www.oenb.at/en/Media/20201120.html>

⁸ Based on correspondence between Housing Europe and GBV (February, 2021).

⁹ European Commission (2020). *Country Report – Austria 2020*. Brussels: The European Commission.

¹⁰ See for example:

https://cms.gbv.at/DE/repos/files/GBV/Presseausendungen/Research%20Brief_Mieten%20in%20den%20Landeshauptstaedten%20Oesterreichspdf?exp=33860&fps=fa40837ece8aed6a2f145d7641964e71a1dfbd7c

¹¹ https://www.bmk.gv.at/service/presse/gewessler/20200616_klimaschutzmilliarde.html

¹² See: <https://gbv-aktuell.at/news/820-mit-klimaschutzinvestitionen-zwei-krisen-bekaempfen>

¹³ <https://www.oenb.at/en/Media/20201120.html>

RECENT HOUSING DEVELOPMENTS AND THE OUTLOOK FOR THE FUTURE

Leaving the pandemic to one side, there have been a number of significant policy developments from the point of view of social housing providers in the last couple of years. The new coalition government, which took office at the start of 2020, has already announced a number of measures. This includes stronger energy efficiency conditionality attached to the provision of public housing subsidies; though the final allocation of these subsidies is a devolved competence of Austria’s strong regional governments. The national government has also adopted a preference for land leasing models, where land for affordable housing development remains in public ownership.

In addition, the Austrian government launched a new series of initiatives aimed at tackling climate change. The headline measure has been the ‘Klimaschutzmilliarde’, which will see the state provide one billion euro per year in investment aimed at tackling climate change.¹¹

Already between now and 2022 this climate policy will translate into €750m for thermal insulation, upgrading household energy systems and decarbonising district heating systems and €250m to boost the take-up of renewable energy sources by households (targeting 1 million homes with PV). €200m will also be provided to municipalities to lower carbon emissions through targeted localised measures.

LPHAs are hoping to attract their fair share of these funds. They also propose to use upcoming funding of around €3bn from the NextGenerationEU recovery fund to help speed up the process of moving social housing heating systems to renewables and to centralise heating systems in buildings. This proposal is called ‘Wärmewende Plus’.¹²

At the same time, the pandemic will likely demand a rethink of the housing sector in Austria. Research from the Austrian Central Bank notes that house prices continued to rise strongly during the pandemic.¹³ The Central Bank concludes that the available data “increasingly support the notion that the COVID-19 pandemic and its implications, in particular more working from home, have raised demand for living outside big cities and/or in houses with a garden”. If this trend continues, it could have a profound impact for households and policymakers alike.



Belgium

➔ **Housing stock 5,514,332**
2019

➔ **Social housing 299,775 (5.4%)**
 of which: Brussels-Capital **39,947**
 of which: Flanders **157,285**
 of which: Wallonia **102,543**

Total Social Housing: 5.4%

SOURCE: Statbel, VVH, SLRB, SWL.

NOTE: The figures do not include housing provided by social rental agencies.

➔ **New social housing units, by region**

Year	Brussels-Capital	Flanders	Wallonia	Total
2013	68	2,765	443	3,276
2014	73	3,840	975	4,888
2015	69	4,083	986	5,138
2016	111	3,465	519	4,095
2017	121	4,102	333	4,556
2018	36	3,764	382	4,182
2019	351	3,339	360	4,050
2020*	136			

* Estimate / SOURCE: VVH, SLRB, SWL.

NOTE: The figures for Brussels-Capital correspond to the output of SLRB and its members only.

IMPACT OF THE PANDEMIC ON CONSTRUCTION AND MAINTENANCE

In some respects, Belgium has been the most heavily impacted nation, suffering the highest per capita number of COVID related fatalities in the EU.¹ However, despite this, the curbs on day-to-day activity have been broadly in line with those in neighbouring countries like France, Germany and the Netherlands.² GDP contracted by 6.3% in 2020.³ Despite this, the impact on the labour market looks to have been relatively modest, thus far. This likely reflects the support schemes put in place to protect employment.

With regard to the construction of new homes, there were 42,032 building permits issued in the period March-November 2020. This represents a 4% decline when compared to the same period of 2019.⁴ This points to some softening in the future output of new dwellings. However, the number of residential buildings renovated in the period did register a 3% increase in year-on-year terms. While it is not yet clear the impact that the pandemic has had on the delivery of new social housing, regional providers report that the final delivery in 2020 is likely to be below pre-pandemic expectations, reflecting temporary site closures and other COVID-related delays.

MEASURES TAKEN TO SUPPORT TENANTS

Housing is a devolved competence of Belgium's three regional governments. As such, the measures that were taken to support tenants have not necessarily been uniform. For example, while eviction bans were implemented in all three regions of Belgium, at the time of writing this report they have come to an end in Flanders and Wallonia, while they have been recently extended in Brussels until at least the end of March.

The **Flemish** parliament passed an emergency decree in March 2020 providing a number of reliefs to social housing tenants in the region⁵ including a more timely adjustment in rents to match incomes, which has been of particular benefit to those who have seen a loss in income for reasons related to COVID-19. A new protocol outlining a new "basic framework" for the functioning of the main aspects of the housing sector as a whole was also adopted in October.⁶ This has provided an effective and clear colour-coded framework which adapts itself automatically to changes in the severity of sanitary measures.

VVH – the Flemish federation of social housing providers – notes that its members have also adapted their offer to residents, such as making a number of services available online. At the same time, VVH notes that the pandemic has served to highlight the need for measures to support the mental wellbeing of tenants, especially those who have found themselves to be isolated.

In **Brussels-Capital**, the members of the SLRB (public agency which supports regional social housing providers) moved quickly to develop COVID-compliant continuity in the provision of services. This included providing additional services online or over the phone. Essential repairs and other maintenance works were also assured, while cleaning of common areas was increased.⁷ Special effort was taken to support elderly, isolated or otherwise vulnerable residents, including by organising daily 'check-in' calls. In addition, many social providers introduced a service to deliver essentials such as food and medicines to residents in need.

One particularly challenging issue that has arisen as a result of the pandemic has been the rise in domestic abuse, with people confined for longer periods in small spaces. In Brussels, this issue has been given special attention, with some social providers partnering with social services to provide emergency housing.

Turning to Wallonia, a number of measures have been taken to protect social tenants and provide additional supports. For instance, the Walloon government established a new special zero-interest loan scheme for tenants (in both private and public sector) who encountered difficulties in paying their rent. The 'Locaprêt'⁸ scheme provides a household with a loan equivalent to up to six-months rent. Measures to protect the access to essential utilities have also been introduced in recent months. This has included a complete ban on disrupting the electricity or water supply to a household.

¹ See: <https://coronavirus.jhu.edu/data/mortality>

² This is supported by the 'Covid-19: Government Stringency Index' - <https://www.bsg.ox.ac.uk/research/research-projects/coronavirus-government-response-tracker>

³ NBB (2021) *Press Release: GDP declined by 6.3 %, the steepest fall since WWII*. Brussels: National Bank of Belgium.

⁴ Author's calculations based on StatBel – 'Permis de bâtir autorisés'.

⁵ Can be viewed at: http://www.ejustice.just.fgov.be/cgi/article_body.pl?language=nl&caller=summary&pub_date=2020-03-31&numac=2020030439%0D%0A#top

⁶ https://www.wonenvlaanderen.be/sites/wvl/files/wysiwyg/protocol_woonbeleid_corona_vr_20202310.pdf

⁷ You can see a concise overview of measures in - SLRB (2020). *Contour – Été 2020*. Brussels: Société du Logement de la Région de Bruxelles-Capitale.

⁸ See: <https://www.wallonie.be/fr/covid19/mesures-relatives-au-logement>

THE NEED FOR HOUSING

In the **Flemish** context, the average household size has been trending downwards in recent times, and this situation looks likely to continue in the years to come. This reflects increasing one-adult households (both elderly and young). This is pushing a need for a higher volume of smaller dwellings, particularly for those in the lower income brackets.⁹

Recent analysis of the potential need for additional housing supports, including social housing, in Flanders showed that around 47% of private tenants in the region fell into a group who “have a housing expense ratio of more than 30% and/or occupy a house in a (very) poor physical condition”.¹⁰ This amounts to 254,300 households. This group in need of better housing outcomes has been growing, with young people and those on low-to-middle incomes accounting for an increasing share. In 2018, 17% of private tenants were on a social housing waiting list in Flanders, or around 92,100 households. This figure has also been rising, suggesting unaffordability in the private rental sector is spilling over into a greater need for social housing. The latest figures show that there are 153,510 households of all types currently waiting to access a social home in Flanders.¹¹

The Brussels-Capital Region, has seen a strong increase in its population in recent years; plus 9% since 2011.¹² However, the development of new housing over the same period has not managed to keep pace. This has pushed up property prices in a region in which around 61% of people live in privately rented housing. This has in turn made accessing decent housing at an affordable price more difficult for many households.

Indeed, at the end of September 2020 there were over 49 thousand households on social housing waiting lists in Brussels, out of which 866 were new applications registered since the onset of the COVID crisis¹³. These applicant households equate to Besides 10.5% of the entire population of the region. Besides those on waiting lists, one should also mention the fact that at least 280,000 households in the region actually fulfil the criteria to be accepted as tenants in social housing – 50% of all households in the region¹⁴.

In Wallonia, prior to the pandemic there were already around 40,000 households accepted and registered on waiting lists for social housing, a number which has remained stable over the past year, but which is likely to increase in the future due to demographic changes¹⁵.

Furthermore, the CEHD¹⁶ research institute estimates that more than 49,000 households who are currently in the private rental sector have recently submitted or re-submitted an application for social housing, and homelessness is on the rise. At the same time, a need for social support for tenants is likely to increase due to pandemic-related impacts on poverty, as well as factors such as an ageing of the population. This means the efforts both to supply new affordable homes and renovate existing ones will have to be sustained in the future, and measures related to public housing should be part of an integrated and cross-cutting policy.

*In Flanders showed that around **47%** of private tenants in the region fell into a group who “have a housing expense ratio of more than **30%** and/or occupy a house in a (very) poor physical condition”.*



⁹ Analysis of this phenomenon and future housing needs: https://steunpuntwonen.be/Documenten_2016-2020/Onderzoek_Werkpakketten/WP_5_Werking_van_de_woningmarkt/WP5-5_RAPPORT

¹⁰ See: https://steunpuntwonen.be/Documenten_2016-2020/Onderzoek_Werkpakketten/WP_1_Nieuwe_woonsurvey_en_woningschouwing/WP1-4_RAPPORT

¹¹ See: <https://www.vmsw.be/Home/Footer/Over-sociale-huisvesting/Statistieken/Kandidaat-huurders-en-kopers>

¹² Author's calculations based on IBSA: <https://ibsa.brussels/themes/population/evolution-annuelle>

¹³ https://nawalbenhamou.brussels/wp-content/uploads/2021/01/Plan-Urgence-Logement_DEF.pdf

¹⁴ Diagnostic redéploiement socio-économique, territorial et environnemental suite à la crise du COVID-19, p. 58 Perspective.brussels, mai 2020.

¹⁵ <https://www.swl.be/images/memorandum/memorandum-web.pdf>

¹⁶ https://www.cehd.be/media/1250/rapport-2019_owl-2018_final.pdf

RECENT HOUSING DEVELOPMENTS AND THE OUTLOOK FOR THE FUTURE

The Flemish government has announced a regional recovery plan 'Vlaamse Veerkracht' (Flemish Resilience),¹⁷ which will provide an immediate injection of €4.3 billion. In terms of the social housing sector: €250m has been granted for new construction, €5m for investment in infrastructure and €30m for energy renovations of homes.

In terms of future governance of the social housing sector in Flanders, a major reform package has been announced. At present there are two forms of social housing in the region: 'Sociale HuisvestingsMaatschappij' (SHM), which is the 'traditional' form of publicly owned or developed housing for those on low-incomes. There is also 'Sociaal Verhuurkantoor' (SVK) which provides a social renter with a home through a private owner. There are around 12,000 SVK homes in Flanders. In 2023, the two different social housing 'actors' will be merged into one, to be known as 'Woonmaatschappij', which will have a unified set of allocation rules. Furthermore, at present VMSW (Vlaamse Maatschappij Sociaal Wonen) and 'Wonen Vlaanderen' are two separate entities within the government. VMSW focuses on social housing. Wonen Vlaanderen has a broader scope and focuses on housing in general. These two entities will also be merged in 2023.

In July 2020, the **Brussels-Capital** Regional government allocated €190 million to an 'Emergency Housing Plan',¹⁸ which is on top of the existing regional housing budget. The Plan includes a range of measures aimed at supporting the renovation of over 36,700 social housing units, and providing an additional 15,000 housing solutions for households waiting to access social housing. The latter include the construction/acquisition of 4,650 new social housing units, direct support to 12,800 new beneficiaries thanks to a new simplified rent allowance, and an additional 2,500 units available at low rents through social rental agencies.

At the same time, housing delivery under the 'Regional Housing Plan' and the 'Alliance Habitat' programme continues. However, the government is concerned by the long procedures to obtain planning permits, which have been delaying delivery of new social housing. Therefore, the government will fast track issuing of planning permits for real estate projects comprising of at least 25% social housing, up to a maximum of 195 days (currently it can take up to 400 days). This 'fast lane' permit must also be considered in conjunction with the

49 thousand
households on social housing
waiting lists in Brussels
+ 40,000
in Wallonia.

call to private promoters and the reform of town planning charges. Furthermore, the government is calling on private developers to sell 650 homes to the SLRB, the regional public housing agency. In the past two years, the SLRB has been able to purchase around 400 homes.

The **Region of Wallonia** has recently seen unprecedented investment in social housing, namely through a regional renovation plan amounting to €1.2 billion, which should allow for the renovation of 25,000 homes over four years¹⁹ (with a long-term objective of 55,000 homes renovated by 2030). Furthermore, a 'fast-track stimulus plan' amounting to €18.9 million was launched in November 2020, supporting the supply of 170 innovative and sustainable public housing units by 2022²⁰. These measures are in line with the priorities announced by the regional government in September 2019, which foresee – amongst other measures – the creation of 3,000 new public housing units by 2024.

Most recently, as the long confinement has highlighted the importance of having pleasant, adaptable and secure housing, the Walloon Region launched at the start of 2021 a plan to enhance security and aesthetics of the public housing stock, with €28 million

Last but not least, at the time of writing this report, the region of Wallonia has put forward its priorities to be financed through the national 'Recovery Plan', including the supply of 1,000 new social housing units, and the creation of a fund for energy renovation of privately owned homes. Negotiation is ongoing at the level of the federal government.

¹⁷ It can be viewed at: <https://www.vlaanderen.be/publicaties/relanceplan-vlaamse-regering-vlaamse-veerkracht>

¹⁸ See: https://nawalbenhamou.brussels/wp-content/uploads/2021/01/Plan-Urgence-Logement_DEF.pdf

¹⁹ <https://www.swl.be/index.php/accueil/plan-de-renovation>

²⁰ <https://www.swl.be/index.php/accueil/plan-de-relance-rapide-de-creation-de-logements-publics-innovants>



Czechia

➔ Housing stock **4,104,635** (occupied)

- ➔ Rental 22.4 %
- ➔ Owner-occupier 55.9 %
- ➔ Cooperative 9.4 %
- ➔ Other 4.5 %
- ➔ Unknown 7.8 %

Total
Cooperative
Housing
Stock: **9.4%**

SOURCE: 2011 Population and Housing Census, as reported in Ministry of Regional Development of the CR (2019), Housing in the Czech Republic in figures, August 2019.

➔ New housing units

Year	Housing starts (thousands)	Housing completions (thousands)
2013	22.11	25.24
2014	24.35	23.95
2015	26.38	25.09
2016	27.22	27.32
2017	31.52	28.57
2018	33.12	33.85
2019	38.68	36.41
2020	35.25	34.43

SOURCE: Czech National Bank (CNB) ARAD Data System Series.

IMPACT OF THE PANDEMIC ON CONSTRUCTION AND MAINTENANCE

Supply constraints and shortfalls in new dwelling completions have been key features of the Czech housing sector in recent years¹, well before the COVID-19 pandemic. The undersupply of new homes is particularly acute in cities. Indeed, according to Prague City Council, the number of annual property completions would **need to triple in order to meet the demand for housing in the area.**² This is significant, given that Prague accounts for two-thirds of residential property transactions in Czechia. The measures adopted during the **COVID-19 pandemic further impacted housing supply**, and the number of housing starts in the country decreased to 35.2 thousand in 2020 from over 38.6 thousand the previous year³.

Even the worsening economic situation has not blunted the growth in prices (except for Prague, where recent data shows that there has been a slight decrease), with over 6% year on year increase between 2019 and 2020⁴. The continued positive trends in house price growth have decreased affordability in recent years, whilst also outpacing underlying economic fundamentals, such as wage inflation. According to the data of the Czech Statistical Office (CSO), the offer price of flats in the Czech Republic rose by 53% from 2010 to 2019, and in Prague by more than 75%⁵.

Looking at the affordable segment of the housing market in Czechia, housing cooperatives represent a widespread form of home ownership in Czechia and they manage over 9% of the housing stock. Today they concentrate mainly on administration and maintenance of their housing stock, and produce only a very limited number of new homes. Therefore **the impact of COVID-19 in the cooperative sector manifested itself mainly as a slowdown in renovation and repairs** – partly due to the fact that **restrictions with regards to gatherings affected collective decision making in housing coops**⁶.

MEASURES TAKEN TO SUPPORT TENANTS

Both home owners and tenants are entitled to a housing allowance if their housing costs exceed 30% (or 35% in Prague) of the household net income, provided that actual individual housing costs are lower than prescriptive housing costs (stipulated by law for each year according to actual development of prices). **People facing difficulties due to the coronavirus epidemic were encouraged to apply, and a further housing supplement** was also made available for housing allowance recipients whose income decreased during the pandemic. Furthermore, people who found themselves in financial distress due to coronavirus could request a general **one-time financial support (MOP COVID-19)** aimed at covering basic needs including for instance rent and other costs associated with housing (energy, services).

At the same time, the Czech Parliament adopted in April 2020 a law that has enabled **mortgage borrowers to postpone their scheduled loan repayments for a maximum of six months**. In parallel, in response to the pandemic, the Czech National Bank relaxed its recommendations on the assessment of new mortgages, more specifically with regards to loan to value and debt service to income ratios.

¹ Figures from the Czech National Bank, quoted in: European Commission (2020). [Country Report 2020 – Czechia](#). Brussels: European Commission.

² *Ibid.*

³ Data on housing starts from the Czech National Bank (CNB) ARAD Data System Series

⁴ Estimates based on Real Estate Prices available from Czech National Bank (CNB) ARAD Data System Series

⁵ National Reform Programme of Czechia 2020 https://ec.europa.eu/info/sites/info/files/2019-european-semester-national-reform-programme-czech-republic_en_0.pdf

⁶ Source: SCMBD, January 2021

Last but not least, a number of local level initiatives were also implemented by municipalities. For instance **Prague provided accommodation for people in difficult social and living conditions in so-called “humanitarian hostels”** set up in empty hostels or hotels⁷. Furthermore, in 2020 Prague rented 470 city apartments, giving **priority to families in housing need, the mentally ill and the ‘necessary professions’** (teachers, police officers, paramedics etc.)⁸. The city is also planning on expanding its capacity in the future with an aim to offer accommodation to up to 500 people, and to this goal is trying to secure a loan from the Development Bank of the Council of Europe⁹.

THE NEED FOR HOUSING

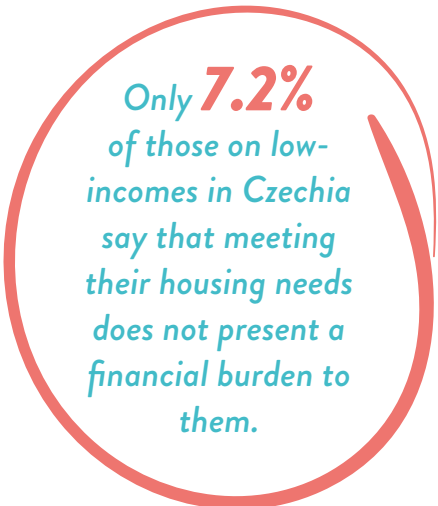
As mentioned above, Czechia suffers from an overall undersupply of new homes. However, experts argue that increasing supply will not necessarily have a meaningful impact on prices and that affordability will continue to worsen for those on lower incomes due to the highly financialized nature of the real estate market, especially in the capital¹⁰. In particular, according to correspondents from the national federation of housing cooperatives, Czechia has suffered for many years from **lack of affordable housing**, and of dedicated solutions addressing the needs of specific groups such as **starting flats, flats for seniors and one-person-households as well as middle income households**¹¹.

The **lack of social housing** is also still a structural problem in the country. In the absence of a clear and comprehensive national framework for social housing, **roughly 6 per cent of the Czech housing stock is accounted for by the ‘Municipal’ rental sector**¹². However, only a little over 300 new municipal units are being built each year. Furthermore, while many of these municipal dwellings cater for those on lower incomes, the sector is not synonymous with ‘social’ housing, with some units being rented

out at market rents or even being sold at market prices in order to generate revenues for municipalities.¹³

Homelessness and housing exclusion are significant in Czechia. A report from 2018 concluded that “54 thousand households suffer from severe **housing deprivation**, a total of 83 thousand persons – of which almost a quarter are minors. 17.9 thousand households live in hostels, while 16.6 thousand households are roofless”.¹⁴ More in general, according to Eurostat data, only **7.2 per cent of those on low-incomes in Czechia say that meeting their housing needs does not present a financial burden to them**, with around 4 out of 10 low-income households experiencing a “heavy” financial burden linked to housing.¹⁵

Against this background, **problems with housing affordability are escalating due to the pandemic**. According to a survey carried out in 2020 for Caritas Czech Republic, one third of people are afraid of losing the roof over their heads in the future. Every eighth person fears that they will have to leave their current home in the next 12 months, and in the case of rental apartments, one in fears this outcome¹⁶.



Only **7.2%** of those on low-incomes in Czechia say that meeting their housing needs does not present a financial burden to them.

⁷ <https://socialnipolitika.eu/2020/10/praha-chce-nakoupit-ubytovani-az-pro-500-lidi-z-podporovanych-profesi-a-v-socialni-tisni/>

⁸ <https://socialnipolitika.eu/2020/08/praha-letos-pronajme-470-mestskych-bytu-prednost-da-rodinam-v-bytove-nouzi-dusevne-nemocnym-a-potrebnym-profesim/>

⁹ <https://socialnipolitika.eu/2020/10/praha-chce-nakoupit-ubytovani-az-pro-500-lidi-z-podporovanych-profesi-a-v-socialni-tisni/>

¹⁰ See for instance Gosling, T. (2020). *Poor suffer most as Czech housing crisis deepens*. Balkan Insight blog post, December 15th 2020.

¹¹ Source: SCMBD, January 2021.

¹² Housing Europe (2021). *The Sale of Social and Public Housing in Europe*. Brussels: Housing Europe.

¹³ *Ibid.*

¹⁴ *Ibid.*

¹⁵ Eurostat (2020). *SILC Database – Table [ilc_mdcd04]*. Luxembourg City: Eurostat.

¹⁶ <https://www.charita.cz/aktuality/z-domova/kazdy-osmy-cech-ma-strach-ze-se-do-roka-bude-muset-stehovat/> we should get full reference.

RECENT HOUSING DEVELOPMENTS AND THE OUTLOOK FOR THE FUTURE

National regulation of the housing sector presents significant gaps, with housing largely a devolved competence of municipalities. **Several attempts to pass new legislation to help tackle the housing affordability situation have stalled in recent years. However, new important pieces of legislation are in the pipeline.**

The Ministry for Regional Development is responsible for the Housing Policy of the Czech Republic since 2016. In 2019 work began on assembling material for a **new housing concept** and according to what the Minister for Regional Development announced to the media, the the new concept on housing policies should be introduced to the Government in the Spring 2021.

Social housing support is still being provided through the **project Social Housing – Methodological and Information Support in the Field of Social Agendas** financed from the European Structural and Investment Funds (ESIF) and led by the Ministry of Labour and Social Affairs. However, the European Commission notes that despite EU funding being available to finance the construction of low-income housing, municipalities desire to take up this opportunity has so far been “limited”.¹⁷ Furthermore, the provision of social housing is still based on the government-approved **Social Housing Concept of the Czech Republic 2015–2025 which is currently being revised.** The new social housing act is also expected to be presented in the spring.

Furthermore, in reaction to current developments on the housing market, a discussion has been launched between the Ministry for Regional Development and Ministry of Labour and Social Affairs on the topic of **affordable housing** and possibilities for supporting it.

*new housing concept
soon?*

¹⁷ European Commission (2020). [Country Report 2020 – Czechia](#). Brussels: European Commission.



Denmark

➔ **Housing stock 2,719,974**
2020 (occupied)

- ➔ **Social housing 558,761 (21%)**
- ➔ **Private rental 711,155 (26%)**
- ➔ **Owner-occupier 1,326,304 (49%)**
- ➔ **Other 114,044 (4%)**

Total Social Housing: 21%

SOURCE: Statistics Denmark.

NOTE: 'Other' includes some specially adapted state owned housing such as age adapted and student accommodation.

➔ **Supply and renovation of social rental housing**

Year	New builds	Renovations & Rehabilitations
2013	4,655	16,456
2014	2,419	5,774
2015	2,211	13,905
2016	2,972	11,802
2017	2,112	8,756
2018	2,470	14,472
2019	3,885	10,814
2020*	2,700	39,900

* Estimate / SOURCE: Statistics Denmark; BL.

NOTE: 'Renovations & rehabilitations' only provides figures on renovations funded through the Danish National Building Fund.

IMPACT OF THE PANDEMIC ON CONSTRUCTION AND MAINTENANCE

2020 was an unprecedented year for the renovation of existing social housing units in Denmark, with an almost **fourfold increase** compared to 2019.

In comparison to some of its neighbouring countries, Denmark has seen an overall stronger curb on everyday life since it first introducing measures to combat the spread of the virus at the end of February 2020. However, as new work practices have been developed, Denmark has seen the emergence of a “two-speed” economy,¹ with some activities heavily impacted (e.g. tertiary sector), while others have seen relatively little disruption. Furthermore, those **workers who have been most impacted tend to be younger and lower paid**, meaning those who are already amongst the most vulnerable will be the ones to suffer most. Overall though, a strong rise in public investment, including income support schemes,² has helped to temper some of the potential negative impacts, meaning a relatively modest (versus the Eurozone) decline in GDP of 3.5% was recorded for the year.³

In terms of the construction sector, despite the new sanitary measures and other related disruptions, completions of new residential dwellings look likely to have been little changed in 2020 versus 2019. Meantime, **the supply of new social rental housing looks likely to have remained around its medium-term average.**



Social housing companies have benefitted from taking a pro-active approach to dealing with their changing circumstances. For example, Boligselskabernes Landsforening (BL) – the Danish social housing federation – worked with its members to develop an expert advisory board, made up of representatives from all tiers of the planning and construction process, to devise strategies to work more effectively within the constraints posed by the sanitary measures.

At the same time, **2020 was an unprecedented year for the renovation of existing social housing units in Denmark**, with an almost fourfold increase compared to 2019. This partly reflects the ‘**Green housing**’ agreement⁴ reached by housing providers and the Danish government to provide extra resources for such actions. An additional €2.5bn in funding has been allocated for the renovation of social housing in 2020 and 2021, which will help to renovate around 70,000 social housing units and create 15,000 jobs.

¹ DN (2020). [Outlook for the Danish Economy – December 2020](#). Copenhagen: Danmarks Nationalbank

² See: European Commission (2020). [European Economic Forecast – Autumn 2020](#). Institutional Paper 136, Nov. 2020. Brussels: European Commission.

³ European Commission (2021). [European Economic Forecast – Winter 2021 \(Interim\)](#). Institutional Paper, 144, February 2021.

⁴ <https://www.trm.dk/politiske-aftaler/2020/groen-boligaftale-2020-landsbyggefondens-rammer-2021-2026-og-fremrykkesindsats-i-2020/>

MEASURES TAKEN TO SUPPORT TENANTS

BL's members adopted a number of new practices in order to minimise the impact to tenants from the pandemic. This included expanding the number and types of services that it offered online. Social housing companies also worked closely with public health authorities in order to develop information materials in several languages for social tenants on how to deal with the new public health measures.

In terms of other supports of note, the Danish Parliament passed a motion at the end of 2020, which supplied **DKK15 million (€2mn) to BL's members to help them introduce measures to tackle loneliness and isolation** experienced by some social housing tenants.

Furthermore, given the ambitious renovation target, the government established a scheme to provide temporary accommodation to social tenants while works were taking place in their homes, allowing renovations to continue largely as planned.

THE NEED FOR HOUSING

Estimating housing demand in Denmark can be challenging. There is a clear internal migration pattern, with **households moving from western parts of the country, to larger urban centres in the east**. Thus, it seems that in the coming decades there will be a surplus of homes in parts of the country, whilst other areas may see shortages.⁵ At the same time, household formation patterns and demographics are changing. The share of **single person households** is expected to rise. Denmark also has an **ageing population**, with the number of people over the age of 65 anticipated to increase strongly between now and 2040. As a result, there is an urgent need to adapt the housing stock to meet the needs of an older population.

One estimate of the demand for housing based on this scenario⁶ suggests that in the period 2013-2040, around 390,000 new homes will be required, or around 15,000 per year. While this figure has largely been surpassed in recent times, even prior to the pandemic, construction activity is expected to soften in the coming years. In addition, a shortage of workers in the construction sector is already being reported.⁷ The supply of developable land in high-demand areas will also become more constrained in the coming decades, meaning that meeting the new supply target over the long-term could become more challenging.

In terms of the demand for **social housing, the model estimates that around 3,500 new units will be needed each year**. However, data from the last number of years show that new supply is generally **not managing to keep up with this growth in demand**. Thus, the Danish government needs to engage with BL and its members to develop strategies to ensure greater support for the development of social housing options in the coming years and decades.

RECENT HOUSING DEVELOPMENTS AND THE OUTLOOK FOR THE FUTURE

The aforementioned 'Green housing' initiative will see €4bn invested between now and 2026, renovating tens of thousands of social housing units.⁸ As part of the deal, at least 14 per cent of those being employed must be apprentices. This will help to increase the capacity of the workforce in meeting Denmark's current goal of climate neutrality by 2050. **In addition to the 'Green housing' agreement, a green guarantee scheme is being launched** under the Danish National Building Fund, which will increase the incentive for more energy renovations and contribute to the spread of so-called 'ESCO' solutions.⁹ Finally, a development pool is set aside for sustainable investments in, for example, recyclable building materials, digital management of energy consumption and improvement of the indoor climate.

⁵ See: DREAM (2017). *Fremskrivning af familiekarakteristika og bolig efterspørgslen i udvalgte danske kommuner*. Copenhagen: DREAM Group.

⁶ *Ibid.*

⁷ See: European Commission (2020). *Country Reports – Denmark: 2020*. Brussels: European Commission.

⁸ See: <https://www.ourhomesourdeal.eu/post/green-recovery-for-denmark>

⁹ See this explainer of ESCOs: <https://e3p.jrc.ec.europa.eu/communities/energy-service-companies>



Estonia

➔ Housing stock **730,000**

2019

- ➔ Public rental housing **8,030**
- ➔ Cooperative apartment associations **22,600 (Buildings)**

SOURCE: Statistics Estonia, EKYL, OECD, Housing Europe.

➔ New cooperative buildings and renovations

Year	New cooperative housing buildings	Renovations of cooperative housing buildings
2016	125	-
2017	125	-
2018	125	-
2019	125	400
2020*	125	300

* Estimate / SOURCE: EKYL.

NOTE: The figures above refer to full buildings, not the number of new individual housing units.

Cooperative Apartment Associations: 70%

IMPACT OF THE PANDEMIC ON CONSTRUCTION AND MAINTENANCE

In its recent summary of the economic impact of COVID on Estonia in 2020, the Estonian Central Bank (Eesti Pank) noted that: *“Estonia suffered one of the deepest recessions in Europe in the financial crisis about a decade ago, but this time the recession remained one of the shallowest”*,¹ in part due to the strength of its export sector. Indeed, the European Commission now expects that the Baltic nation saw a relatively modest 2.9% fall in economic activity in 2020 (Eurozone average: -6.8%), with a healthy rebound anticipated for this year and 2022.² In the final quarter of 2020, employment was down 2.8% in year-on-year terms.³

It is not yet clear the full impact that this has had on the production of new homes or on renovation activities in Estonia. However, the preliminary data suggest that the sector has managed to weather the storm to a reasonable degree. This view is supported by EKYL, the Estonian federation of apartment associations, which has noted that the information it

has received points to little impact on housing development and renovations. This reflects the development of effective workarounds, which have allowed works to continue in most instances.

In terms of the public housing sector, there are no timely indicators of activity. Overall though, Estonia is a country in which public rental housing is both highly decentralised in its activities (development, allocation, etc.) and overall very small in size (around 1.1% of the national stock).⁴ These public dwellings often cater for very specific ‘segments’ of the population, including older people and people with disabilities. More recently, cities like Tallinn have had to develop some public housing in order to provide affordable options for ‘key’ workers, such as medical professionals. This policy pre-dated the pandemic.

Of far more significant importance in Estonia is the ‘cooperative’-style apartment associations, which bring together owners in multi-dwelling buildings under one collective NGO structure. These common structures help residents to take collective actions on investments, renovations and building management. Although, apartment associations do not directly develop housing themselves.

MEASURES TAKEN TO SUPPORT TENANTS

Members of EKYL exist to support the collective management and actions taken by residents in their buildings. In this regard, members helped to modify the way in which residents interact with their homes on a daily basis, including by producing simple guides for apartment associations based on the guidelines of national health authorities.⁵ Activities like the increased cleaning of common areas were also stepped up in buildings. Surveys of EKYL members were also conducted, in order to help improve knowledge of the impact that the pandemic and the increased sanitary measures were having on residents. At the same time, legislative changes were quickly implemented, which have allowed meetings and voting of apartment associations to take place digitally. This was not previously allowed.

At a national level, a number of actions were taken that helped to spur economic activity and support apartment associations. For example, the Estonian government announced supplementary budget measures, which included €105m allocated via the state investment fund (KredEx),⁶ to support the housing sector. This has mainly gone to help apartment associations to step-up the renovation of buildings. This was an important development, as heightened uncertainty on the part of residents, as a result of the pandemic, had called into question the sustainability of such renovations. This funding will help to realise the long-term renovation strategy set out by EKYL.⁷

¹ Eesti Pank (2020). *Estonian Economy and Monetary Policy 4/2020*. Tallinn: Eesti Pank.

² European Commission (2021). *European Economic Forecast – Winter 2021 (Interim)*. Institutional Paper, 144, February 2021. Luxembourg: Publications Office of the European Union.

³ See: <https://www.eestipank.ee/en/press/labour-market-did-not-deteriorate-fourth-quarter-15022021>

⁴ This is based on figures from the OECD’s ‘Affordable Housing Database’.

⁵ See for example: <https://www.ekyl.ee/kriisi-abc-abiks-korterihistu-juhile/>

⁶ See: <https://kredex.ee/en/node/2051>

⁷ Can be read here: <https://www.ekyl.ee/wp-content/uploads/Long-term-strategy-for-building-renovation-in-Estonia.pdf>

THE NEED FOR HOUSING

Analysis by the European Commission has concluded that *“demand for housing has increased in Estonia, mainly in urban areas. Nevertheless, the country does not seem to face housing supply shortages, which ultimately has resulted in containing the upward pressure on house prices”*.⁸ At the same time, the OECD has commented that: “Housing is affordable. Housing prices grew 5.7% year-on-year in the second quarter of 2019, but wage growth has been strong for some time, and the average price-to-income ratio has been stable for a decade. Likewise, the price-to-rent ratio and household liabilities remain stable after having fallen back in the aftermath of the financial crisis”.⁹ Timelier figures from the Swedbank ‘Baltic Housing Affordability Index’¹⁰ point to an improvement in housing affordability in Estonia in 2020.

However, the measures considered above look at national averages. Within these averages, there are of course many households who face a more difficult time in accessing housing that fits their needs and at an affordable price. As already discussed, the public rental sector in Estonia is very small and mostly caters to those with additional needs (elderly, disabled, etc.). At the same time, the high degree of decentralisation of the public system means that we have no figures on the numbers of households waiting for access to such housing.

In Tallinn, the largest metropolitan area in the country, there were 2,443 households waiting to access city provided housing in 2020.¹¹ Of these, 1,373 (56%) were waiting to access some form of social rental housing. 1,070 (44%) of the applicants were waiting to access special housing provided by the city for the benefit of ‘young families’ and ‘workers vital to the City’ (nurses, teachers, etc.). Overall though, it must be noted that the numbers waiting to access publicly provided housing in Tallinn have been declining in recent years, even as the population of the area has increased.

In lieu of investing in public rental housing, investments have been made in improving the energy efficiency and quality of the housing stock in Estonia. This is aimed at not only tackling climate issues, but also reducing energy poverty amongst households. Figures from Eurostat show that the percentage of low-income households in Estonia living in sub-standard dwellings has been declining steadily; from close to 40% in 2004 to around half of that rate in recent years;¹² putting the country at or even below the Eurozone average. EKYL and its members have had a significant role to play in this accomplishment.

RECENT HOUSING DEVELOPMENTS AND THE OUTLOOK FOR THE FUTURE

Looking to the future, it is the view of the Estonian Central Bank that: “Construction and the real estate market will remain relatively active in the years ahead. This is indicated by the usage permits and construction permits issued in recent quarters and by the relatively large number of real estate projects under construction, which are both residential real estate and other real estate. Although the incomes of some households will fall, there will remain a relatively large number of households that want to buy new residential property”.¹³

One of the main targets of the government and the apartment association sector for the coming years will be the continued improvement of the quality and energy efficiency of buildings. Indeed, the Estonian government recently set out a very comprehensive and ambitious long-term national renovation strategy.¹⁴ The main ambition of the strategy is the “full renovation, by 2050, of buildings erected before 2000”. It is estimated that this will improve the living conditions of 80% of the Estonian population. In terms of apartment association buildings, much of the necessary renovation works have already been completed, though around €650m in government assistance will be required to in the coming decade to leverage greater investment by residents of apartment buildings to upgrade their homes. However, the government will recoup a large percentage of its investment, through taxes on renovation activities. In any case, the plan includes the provision of loan guarantees by KredEx for apartment associations for financing renovation-related work.



⁸ ECSCO (2020). *Country Profile Estonia – November 2020*. European Construction Sector Observatory, Luxembourg: EU Publication Office.

⁹ OECD (2019). *OECD Economic Surveys – Estonia 2019*. Paris: The Organisation for Economic Cooperation and Development.

¹⁰ See:

<https://www.swedbank.lv/about/swedbank/about/economic/balticHousing?language=ENG>

¹¹ TCG (2020). *Statistical Yearbook of Tallinn - 2020*. Tallinn: Tallinn City Government.

¹² Based on EU-SILC: ‘Total population living in a dwelling with a leaking roof, damp walls, floors or foundation, or rot in window frames or floor’ – Table [ilc_mdho01]

¹³ Eesti Pank (2020). *Estonian Economy and Monetary Policy 4/2020*. Tallinn: Eesti Pank.

¹⁴ See: MEAC (2020). *Long-term strategy for building renovation*. Tallinn: Estonian Ministry for Economic Affairs and Communications.

Finland



➔ Housing stock **2,734,219**

2019

➔ Public rental	308,953 (11%)
➔ Right-of-Occupancy	47,288 (2%)
➔ Private rental	613,608 (22%)
➔ Owner-occupier	1,710,877 (63%)
➔ Other	53,493 (2%)

SOURCE: Statistics Finland.

NOTE: 'Right-of-Occupancy' is housing built using state financing, which is co-owned by a qualifying social tenant household (at least 15% stake) and the state housing developer. The tenant pays a monthly occupancy fee to the developer.

➔ Additions to the public rental housing stock (KOVA members)

Year	New builds
2017	8,560
2018	8,627
2019	7,441
2020*	9,000

* Estimate / SOURCE: KOVA.

Total Public Rental: **11%**

IMPACT OF THE PANDEMIC ON CONSTRUCTION AND MAINTENANCE



The Finnish economy has been disrupted by the pandemic. However, a swift and comprehensive lockdown of the country in the early months of the COVID crisis and effective management by public agencies has meant that the country was able to re-open to a greater degree than many of its neighbours, particularly during the summer months.

As a result, a significant, but by no means catastrophic, decline in GDP of 3.1% was recorded in 2020.¹ Indeed, this compares very favourably to an expected decline of 6.8% in the Eurozone economy as a whole. What's more, public fixed investment (*i.e. public capital spending*) looks to have jumped significantly in 2020.² This may have helped to support investments in public and affordable housing projects.

While figures show that the number of housing completions in Finland declined by around 10% 2020³, a downturn was expected even before COVID, following several strong years by the residential construction sector.⁴ Thus, it is unclear how much of this represents pandemic related disruption. In terms of public rental development, KOVA – Finnish association of non-profit housing companies – expects that its members will have completed the full 9,000 new dwellings that had been originally planned for 2020.

At the same time, while some renovation activities were postponed during the spring, KOVA reports that many of its members are now back to a largely unencumbered situation, whilst of course adhering to stricter sanitary guidelines. However, residents are being temporarily relocated to other dwellings while more in-depth indoor renovations are taking place in order to maintain effective social distancing.

Public fixed investment looks to have jumped significantly in 2020. This may have helped to support investments in public and affordable housing projects.

MEASURES TAKEN TO SUPPORT TENANTS

At the start of the pandemic, a rise in rent non-payment was expected. However, this has largely not been the case. Indeed, the overall increase in those seeking housing based welfare payments has been relatively restrained, though most of the modest growth that has been seen has been in the Uusimaa region,⁵ which includes the Helsinki metropolitan area and in which affordability issues are more keenly felt.

In terms of other impacts on tenants, the not-for-profit rental sector was able to adapt quite quickly to how it engages with and provides services to its tenants. This included moving many activities online.

¹ European Commission (2021). *European Economic Forecast – Winter 2021 (Interim)*. Institutional Paper, 144, February 2021.

² https://helda.helsinki.fi/bof/bitstream/handle/123456789/17786/BoF_Bulletin_tables_6_2020.pdf?sequence=1&isAllowed=y

³ Author's calculations based on figures from Statistics Finland.

⁴ European Commission. (2020). *Country report - Finland*. Brussels: European Commission.

⁵ <https://www.helsinki.fi/corona/eng/>

THE NEED FOR HOUSING

As is the case in many European countries, Finland has seen robust internal migration, with many Finns attracted to large metropolitan areas, particularly Helsinki, where employment opportunities are concentrated. This has created a somewhat unbalanced housing market, with price pressures in most cities outpacing those of the country as a whole.

However, as the European Commission noted in a recent report on Finland, “Housing construction is particularly high, as people move from rural areas to dynamic urban centres. Beyond still favourable conditions provided to borrowers, public investment in social housing and public incentives to housing construction remain sizeable”.⁶ Indeed, as already mentioned, even prior to the pandemic annual completions of new dwellings were expected to have declined in 2020 and 2021.

Despite the strong level of public support for social and affordable housing, as well as the strong performance by the construction sector in recent years, many low-income households still struggle with housing affordability issues. Indeed, figures from the OECD show that 46% of low-income households in the private rental sector are overburdened by their housing costs; the highest rate of any EU Member State in the OECD region.⁷

While there is no national register of applicants for not-for-profit housing, local level statistics are available. In Helsinki, the city council’s housing companies offered 3,476 homes for rent in 2019, for which there were 22,982 approved applicants,⁸ meaning demand outstripped supply by a ratio of 6.6 to 1. In Espoo, Finland’s second most populous city, around 100 not-for-profit rental units become available each month, while the number of approved applicants has remained steady at around 5,500.⁹

46% of low-income households in the private rental sector are overburdened by their housing costs; the highest rate of any EU Member State in the OECD region.



RECENT HOUSING DEVELOPMENTS AND THE OUTLOOK FOR THE FUTURE

The demand for affordable housing is expected to increase in the main metropolitan areas of Finland in the coming years. At the same time, the number of older people in the country will increase, which will require the government to adapt its investments in housing. Indeed, there is already a significant demand for ‘accessible’ housing for older people in many areas. While there are currently around 500,000 homes adapted to the needs of older people in Finland, this number is expected to need to increase to around 1 million units by 2030. In addition, Finland will continue to invest in its much vaunted ‘Housing First’ model. This has already helped Finland to become the only country in Europe where homelessness is consistently on the decline.¹⁰

Climate change will also be an important issue for the public housing sector in Finland in the coming years. The country has set itself the ambition of being carbon neutral by 2035, many years earlier than even famously environmentally friendly neighbours like Sweden (2045 target) and Denmark (2050).¹¹ This will require significant government financial support for not-for-profit housing providers.

⁶ European Commission. (2020). *Country report - Finland*. Brussels: European Commission.

⁷ ‘Overburdened’ is defined as a household spending 40% or more of disposable income on housing. Figure based on ‘OECD Affordable Housing Database- Table HC12_3’.

⁸ <https://asuminenhelsingissa.fi/fi/content/hakijat-ja-valitut>

⁹ <https://www.espoonasunnot.fi/uutiset/asunnonhaku-ruuhkautunut-espoon-keskuksessa-ja-leppaavaarassa>

¹⁰ See: <https://ysaatio.fi/en/home>

¹¹ NBO (2020). *State of Housing in the Nordic Countries – 2020*. Copenhagen: NBO Housing Nordic.



France

➔ Housing stock **33,721,040**

2019

- ➔ Social housing 5,329,720 (16%)
- ➔ Private rental 7,451,710 (16%)
- ➔ Owner-occupier 17,321,240 (51%)
- ➔ Secondary residences 3,618,370 (11%)

SOURCE: Compte du Logement. / NOTE: Excludes vacant properties.

Total Social Housing: **16%**

➔ Additions to the social rental housing stock (HLM sector)

Year	New builds	Acquisitions	Total new social housing units
2013	58,056	23,713	81,769
2014	59,802	29,454	89,256
2015	58,929	33,147	92,076
2016	56,026	30,168	86,194
2017	50,846	27,379	78,225
2018	44,676	35,727	80,403
2019	42,030	33,996	76,026
2020*	-	-	-

* Estimate / SOURCE: RPLS. / NOTE: Does not include new social units provided by the 'secondary' social housing sector (e.g. Anah).

➔ Renovations & rehabilitations (USH members)

Year	Renovations & Rehabilitations
2013	120,000
2014	105,000
2015	125,000
2016	110,000
2017	135,000
2018	150,000
2019	111,000
2020*	-

* Estimate / SOURCE: USH – 'Chiffres clés du logement social'.

IMPACT OF THE PANDEMIC ON CONSTRUCTION AND MAINTENANCE

In its recent country report, the IMF concluded that “*France is among the countries most affected by the global pandemic, both in terms of health and economic impact*”.¹ The IMF also predicted a very strong decline in GDP, with France’s large tourism and hospitality sectors suffering greatly. Indeed, activity declined by 8.2% in 2020², above the Eurozone average. Lower-skilled and younger workers have been the most heavily impacted by the Covid-related measures.

In terms of the construction sector, investment seesawed throughout the year, reflecting sharp changes in activity from one quarter to the next; reflecting large changes in the lockdown and sanitary measures being applied. Overall though, investment in construction declined by a substantial 14.5% in value added terms in 2020.³

Looking at the social housing sector, the lockdowns in France were not the only impediment to new production in 2020. Extended local elections meant that planning future capital investment, including social housing, became very difficult, especially in large metropolitan hubs where ‘run-off’ elections were required in most cases.⁴ As a result, while L’Union sociale pour l’habitat (USH) expected that the development of around 110,000 new social housing units would have been authorised in 2020, it now estimates that only 95,000 authorisations were granted – a 15,000 unit shortfall. temporary accommodation to social tenants while works were taking place in their homes, allowing renovations to continue largely as planned.

MEASURES TAKEN TO SUPPORT TENANTS

As already mentioned, those on lower-incomes have been hardest hit by the secondary effects of the pandemic in France. This includes many social housing residents. However, the French government announced significant fiscal measures to mitigate this, with schemes to preserve household incomes meaning that national household disposable income actually rose by around 1% in 2020.⁵ In addition, Action Logement⁶ has provided further income supports for some social tenants of up to €150 per month.⁷

In any case, a moratorium was placed on evictions, guaranteeing social tenants that they would not lose their home as a result of the pandemic. Overall, while some social housing agencies did see increases in non-payment of rents in the early stages of the pandemic, over 2020 as a whole, the increase in outstanding rents was low. However, it is expected to rise over the medium-term, as some supports are wound down and unemployment rises.

In addition, USH and its members introduced a plethora of new measures to support tenants and make its contribution to the effort to tackle the pandemic. This included providing additional services online, increasing cleaning of building common areas and offering supports to tenants experiencing financial difficulties.⁸

In addition, social housing units were made available to frontline medical workers who were required to temporarily relocate to areas of high infection or to be closer to hospitals. Special social outreach initiatives were also organised, including programmes to tackle loneliness amongst older residents and provide school and homework clubs for children.⁹

¹ IMF (2021). *France – 2020 Article IV Consultation*. Washington, DC: The International Monetary Fund.

² INSEE (2021). *Comptes nationaux trimestriels - résultats détaillés (PIB) - quatrième trimestre 2020*. Paris: Institut national de la statistique et des études économiques

³ *Ibid.*

⁴ See USH press release on this topic:

https://www.union-habitat.org/sites/default/files/communiqués/documents/2020-11/cp-le_gouvernement_doit_poursuivre_lanalyse_des_causes_de_la_baisse_de_la_production_de_logements.pdf

⁵ INSEE (2021). *Comptes nationaux trimestriels - résultats détaillés (PIB) - quatrième trimestre 2020*. Paris: Institut national de la statistique et des études économiques

⁶ <https://groupe.actionlogement.fr/investor-relations>

⁷ <https://www.actionlogement.fr/nouvelles-aides-logement-salaries-demandeurs-emploi-saisonniers-agricoles>

⁸ See: <https://www.union-habitat.org/centre-de-ressources/habitants-politiques-sociales/covid-19-charte-d-engagements-en-faveur-des>

⁹ <https://www.union-habitat.org/communiqués-presse/covid-19-le-mouvement-hlm-plus-que-jamais-mobilise-sur-sa-mission-sociale>



500,000 new dwellings
are required each year.
Of these, USH suggests
that at least **150,000**
units ought to be for social
tenants.

THE NEED FOR HOUSING

There are no up-to-date estimates of the national need for housing in France. However, the rough approximation that is used by many housing providers and government departments is that around 500,000 new dwellings are required each year. Of these, USH suggests that at least 150,000 units ought to be for social tenants.

However, in recent years the construction of only around 400,000 new homes was started each year in France, with this figure dipping by around 9% in 2020 to around 350,000.¹⁰ Thus, there has been an apparent annual shortfall of at least 100,000 units per year in recent years. With regard to social housing, members of USH have been adding around 80,000-85,000 new homes to their stock each year in recent times.¹¹ Thus, there is an potential annual shortfall of around 65,000 new social homes. Although, in reality some low-income households have been able to be accommodated through 'secondary' social housing schemes, such as those overseen by l'Agence nationale de l'habitat (Anah)¹², which seek to leverage the use of privately owned dwellings for use by social tenants (e.g. long-term leases).

At the end of 2019, there were roughly 2.1 million households waiting to access a social housing unit in France. Around 700,000 of these represented demands from current tenants to move to a different dwelling (e.g. need to change area, home does not meet requirements), while 1.4 million were from households currently in need to a social home.

A number of recent legislative changes have acted as a headwind to social housing providers in meeting their annual target for additions to their stock. This has included an obligation for smaller providers to merge, increases in VAT on social development and a reduction in rental supports for social tenants. This has reduced capacity and funding, whilst at the same time increasing costs. Added to this is the ambition of the government to increase the sale of social housing, in order to help finance new developments. Around 13,000 social rental units were sold in 2019.

However, the French 'Cour des comptes' – the independent auditor of the use of public funds – criticised the reduction in rental supports in an assessment released in March 2021,¹³ concluding that they had *"raised significant difficulties"* for social housing providers and that reform will be needed when the current system is reviewed again in 2022 to better balance the objective of public savings with the sustainability of the social housing sector in France.

¹⁰ Author's calculations based on figures from the Ministère de la Transition Écologique – 'Construction de logements: résultats à fin janvier 2021 (France entière)'.

¹¹ Based on 'Répertoire des logements locatifs des bailleurs sociaux' (RPLS) - <https://www.statistiques.developpement-durable.gouv.fr/le-parc-locatif-social-au-1er-janvier-2020-0>

¹² See Anah's online guide to these schemes: <https://www.anah.fr/proprietaires/proprietaires-bailleurs/>

¹³ Cours des Comptes (2021). *Premiers constats tirés de la conception et de la mise en œuvre du dispositif de réduction de loyer de solidarité (RLS)*. Paris : Cours des Comptes.

RECENT HOUSING DEVELOPMENTS AND THE OUTLOOK FOR THE FUTURE

The French government has put tackling climate change at the heart of its pandemic Recovery Plan (*Plan de relance*¹⁴), earmarking €30 billion for ‘green’ measures, as it looks towards its goal of being carbon neutral by 2050.

The renovation of social housing is an important part of this plan. This will see €500 million being made available to social providers in 2021 and 2022, including €40 million to help develop increased capacity for cost-effective social renovations over the longer-term. The goal is that the funds will allow for the renovation of 40,000 social dwellings.

Action Logement is also in the process of providing financing for the renovation of a further 60,000 low-income homes.¹⁵ It will also help to deliver an additional 50,000 new social homes (*process already underway, with 10,000 homes purchased from private developers in 2020*) over the medium-term,¹⁶ boosting both its social housing objectives and support for employment in the construction sector.

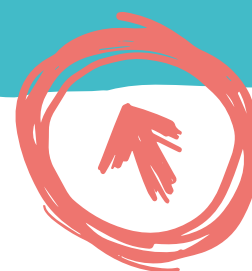
In terms of the general ‘social’ outlook, while income support schemes proved to be quite effective in 2020, the multiple lockdowns have taken their toll. Indeed, while “employment is estimated to have fallen by just 1.3 percent in 2020... Going forward, job creation is likely to remain weak amid continued depressed activity, especially in labor-intensive service sectors, pushing up the unemployment rate” in the coming years (*foreseen at over 10% in 2021*).¹⁷

USH anticipates that this will increase the need for investment in social housing. At the same time, the lockdowns have sparked a reflection in France regarding the quality and suitability of peoples’ homes and the need for green spaces. Indeed, one recent study showed that the lockdown had made one in five people in France decide that they needed to move house.¹⁸ Meantime, USH also notes that there is some expectation that the pandemic may lead to an increase in the number of single-adult households; which would require a rethink of regional housing strategies and planning guidelines.

Overall then, meaningful investment will be required to meet the challenges which have been brought to light or created by the COVID situation. The newly launched ‘European Alliance for sustainable and inclusive social housing in France’, will play a key role in this, bringing together funds from a number of sources under one roof,¹⁹ and thereby making easier for social providers to access much needed financing.

However, more must be done. USH has put together a detailed set of proposals on how social providers can be better empowered to meet these and other challenges faced by the sector in the coming years – ‘*Pour être utiles ensemble*’ (‘For a common purpose’).²⁰ This includes repealing and modifying some of the recent reforms enacted by the government, which have been discussed above.

Renovation of **40,000** social dwellings through the Recovery Plan + newly launched European Alliance for sustainable and inclusive social housing’



¹⁴ <https://www.economie.gouv.fr/plan-de-relance/lancement-plan-relance-3-septembre-2020#>

¹⁵ <https://groupe.actionlogement.fr/action-logement-accompagne-60-000-menages-pour-la-renovation-energetique-de-leur-logement>

¹⁶ See: <https://www.banquedesterritoires.fr/la-caisse-des-depot-et-action-logement-sengagent-sur-la-construction-de-50000-logements-pour>

¹⁷ IMF (2021). *France – 2020 Article IV Consultation*. Washington, DC: The International Monetary Fund.

¹⁸ Ipsos (2020). *Baromètre Qualité-Ipsos 2020 - Logement: à la conquête de l'espace*. Paris: Ipsos France.

¹⁹ https://union-habitat-bruxelles.eu/sites/default/files/congres/field_document/plan_de_relance_europeen_-_decodage_hlm_1.pdf

²⁰ https://www.union-habitat.org/sites/default/files/articles/pdf/2020-09/rapport_pour_etre_utiles_ensemble.pdf

Germany

➔ Housing stock 41,400,000

2018

- ➔ **Social housing** 1,120,000 (3%)
 - by cooperatives 214,000 (0.5%)
 - by municipal housing companies 417,000 (1.0%)
 - by other landlords 489,000 (1.2%)
- ➔ **Cooperative housing*** 1,886,000 (5%)
- ➔ **Municipal housing*** 2,083,000 (5%)
- ➔ **Private rental** 18,611,000 (45%)
 - small scale landlords 5,000,000 (36.2%)
 - private housing companies 3,611,000 (8.7%)
- ➔ **Owner-occupier** 17,700,000 (43%)

SOURCE: Statist.de, GdW. / NOTE: *which is outside the 'lock-in' period.

Total Social Housing: **3%**

➔ Additions to the social rental housing stock (GdW members)

Year	New builds
2013	9,874
2014	12,517
2015	14,653
2016	24,550
2017	26,231
2018	27,040
2019	25,565
2020*	-

* Estimate / SOURCE: GdW.

➔ Renovations & rehabilitations (All GdW members)

Year	Renovations & Rehabilitations
2013	79,300
2014	52,600
2015	53,000
2016	53,400
2017	54,200
2018	78,900
2019	79,700
2020*	-

* Estimate / SOURCE: GdW / NOTE: GdW members include public housing companies, private providers of social and affordable housing, cooperatives and some listed corporations.

IMPACT OF THE PANDEMIC ON CONSTRUCTION AND MAINTENANCE

Germany took an overall cautious approach to the pandemic, introducing lockdown type measures earlier than some of its neighbours and keeping many curbs on activity in place, even as activity increased again heading in the summer months. The Bundesbank has stated that “the pandemic left a deep mark on German economic output in 2020”¹, with GDP contracting by around 5% in the year. “Nonetheless, thanks to a successful initial public health response and strong macroeconomic policy support, the economy has proved more resilient than in many peers”.²

As in other countries, “contact-sensitive” sectors like restaurants and retail bore the brunt of the impact of the heightened sanitary measures.³ However, despite some concerns early in the year, the construction sector as a whole seems to have performed well over the year, actually recording growth in investment compared to 2019.⁴

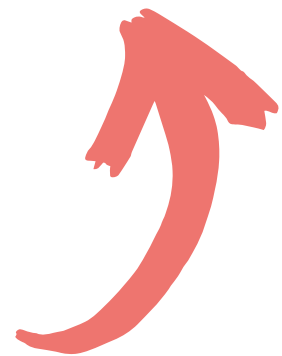
GdW, the Federal Association of German Housing and Real Estate Companies, surveyed its members in April 2020, reporting that 86% of its members expected to complete its developments as planned in 2020. By June, this figure had risen to 96%. Thus, GdW members seem likely to have completed around 35,000 new dwellings in 2020, as planned. The situation with renovations was more complicated, given the potential for workers to come into contact with residents. 24% of those surveyed in April indicated that renovations were only possible with major restrictions. However, this number fell later in the year.⁵

MEASURES TAKEN TO SUPPORT TENANTS

GdW and its members set out a clear principal early in the lockdown, nobody should lose their home because of the pandemic. At the same time, many housing providers announced that proposed rent increases for 2020 would be cancelled. Monitoring of rental arrears by GdW members in the April-June period showed that these were very low (less than 1% of households). However, a majority of providers expect rent related debts to increase in the future. This likely reflects an expectation that all or some of the income supports for households impacted by the pandemic, which were introduced by the government, may be withdrawn or reduced, or become otherwise insufficient.

The pandemic has obliged housing providers to develop new online tools, in order to maintain essential contact with tenants. However, there have been some issues for workers in adapting to these new circumstances. In addition, some providers of housing have had to restrict their community level interactions with tenants, with some members of GdW even reporting that these types of activities had become virtually impossible. Strong concerns about loneliness and isolation amongst some tenants have also been raised, in addition to other negative social outcomes for households. On the positive side, providers have noted increased cooperation and solidarity between households.

GdW estimates that **320,000** new housing units are needed each year. **80,000** of these should be social housing.



¹ <https://www.bundesbank.de/en/tasks/topics/germany-s-economic-output-down-significantly-in-2020-828798>

² IMF (2021). [Germany – 2020 Article IV Consultation](#). Washington, DC: The International Monetary Fund.

³ <https://www.bundesbank.de/en/tasks/topics/germany-s-economic-output-down-significantly-in-2020-828798>

⁴ <https://www.bundesbank.de/en/tasks/topics/german-economy-hit-hard-by-coronavirus-pandemic-in-2020-832418>

⁵ https://login.gdw.de/uploads/pdf/publikationen/vollversion/GdW-DT-2020_final.pdf

THE NEED FOR HOUSING

While roughly 2.4 million new homes were built during the 2010-2019 period,⁶ GdW estimates that there was still a shortfall in the construction of new dwellings of around 1 million units over the last 10 years. While increased immigration since 2015 has had an impact on this, GdW notes that this only served to compound a pre-existing issue.⁷

Figures from Eurostat show that house prices in Germany rose by 53% during the last decade⁸. This is significantly higher than the Eurozone average increase of 17%, which is already significant when compared to increases in incomes. The growth in prices has a strong 'urban' dimension to it, with increases in the seven largest German cities running at twice the national average during the 2010-2018 period.⁹ Growth in rents paid by tenants have also outpaced the Eurozone average, though to a lesser extent.¹⁰ This partly reflects rent control measures in Germany. According to the OECD, the recent increases in the cost of owning or renting in Germany are "creating challenges for housing affordability and inclusive growth".¹¹

The provision of social rental housing in Germany is somewhat atypical. There are currently around 1.12 million dwellings in Germany which are rented out at below market rates based on a legal agreement between the housing provider and the region in which the housing is located. In exchange for public financial support, housing developers agree to rent their dwellings at an affordable price for a given period of time (traditionally around 30 years). At the end of this 'lock-in' period, the dwelling becomes part of the private rental market and market rents can be charged.¹²

In recent decades, the size of the 'lock-in' period social housing stock has declined. This is due to a phenomenon known as "secular shrinkage"¹³. This describes the process wherein more social units are coming to the end of their 'lock-in' period each year than new units are being added. Indeed it was noted in 2014 that "[o]ver the past two decades, 100,000 dwellings have left the system annually, while much smaller numbers (between 20,000 and 30,000 annually) have been produced".¹⁴ At present, about 43,000 social units are leaving the 'lock-in' period each year. As a result, the social housing stock of 1.12 million units today compares to around 2.5 million units in the year 2000.¹⁵

GdW estimates that 320,000 new housing units are needed each year in order to meet underlying demand in Germany. It states that 80,000 of these new units should be social housing.¹⁶

In 2019, only 25,600 new social housing units were built. Indeed, assuming a need of 80,000 units per year, the 103,000 new social units built in 2014-2019 represents a cumulative shortfall in new social housing supply versus need of around 217,000 units in that four-year period alone. If the current shortfall were to be maintained in the period out to 2025, then the shortfall for the ten-year period 2014-2025 would be close to 600,000 social housing units

While the Federal government did make changes to the German constitution in 2019 in an effort to boost the supply of social and affordable housing, the current trend suggests that it will need to drastically increased funding and incentives if annual delivery of new units is to come anywhere near GdW's estimated need.

⁶ Destatis (2020). *Baugenehmigungen, Baufertigstellungen nach Gebäudeart - Lange Reihen bis 2019*. Berlin: Statistisches Bundesamt (Destatis).

⁷ GdW (2020). *Wohnungswirtschaftliche Daten und Trends 2020/2021*. Berlin: GdW Bundesverband deutscher Wohnungs- und Immobilienunternehmen.

⁸ Eurostat (2020). *House price index (2015 = 100) - annual data*. Luxembourg City: Eurostat.

⁹ Bundesbank (2018). *System of indicators for the German residential property market*. Frankfurt: German Bundesbank.

¹⁰ Eurostat (2020). *HICP (2015 = 100) - annual data (average index and rate of change) [prc_hicp_aind]*. Luxembourg City: Eurostat.

¹¹ OECD (2018). *Germany Policy Brief - Housing*. Paris: The organisation for Economic Cooperation and Development.

¹² Although, in practice municipal public housing companies or cooperatives may continue to offer below market rents, creating a de facto social housing stock. We do not have reliable figures for this portion of the sector. See: Housing Europe (2021). *The Sale of Social and Public Housing in Europe*. Brussels: Housing Europe.

¹³ See: Droste, C. and Knorr-Siedow, T. (2014). *Social housing in Germany*. In *Social Housing in Europe*, edited by Kathleen Scanlon, Christine Whitehead, and Melissa Fernández Arrigoitia, 183-202. Chichester, UK: John Wiley & Sons, Ltd.

¹⁴ *Ibid.*

¹⁵ OECD (2018). *Germany Policy Brief - Housing*. Paris: The organisation for Economic Cooperation and Development.

¹⁶ GdW (2020). *Wohnungswirtschaftliche Daten und Trends 2020/2021*. Berlin: GdW Bundesverband deutscher Wohnungs- und Immobilienunternehmen.

Gap of around **2 million** 'low-barrier' apartments to respond to demographic change.

RECENT HOUSING DEVELOPMENTS AND THE OUTLOOK FOR THE FUTURE

Looking to the future, other than finding a way to meet unmet demand for new housing, the other main challenge for publicly supported housing will be meeting the challenges of an ageing population. This will see the number of long-term care patients in Germany increase significantly in the coming years. The current preference of both individuals and policymakers is for people to be cared for at home. As a result, there will be considerably more households in which at least one long-term care patient lives.

There are currently around 3 million households with restricted mobility in Germany; in 2035 there will be 3.7 million. However, at present there are only 560,000 apartments adapted to the needs of these older people. Therefore there is therefore a supply gap of around 2 million 'low-barrier' apartments, which cannot be closed in the near future, even with the given current new construction and renovation activity.



IMPORTANT NOTE ON THE SOCIAL HOUSING STOCK IN GERMANY

In Germany, there are approximately 1,120,000 social housing units at present; or roughly 2.7% of the total stock. 'Social' housing by the German definition is housing which is built using state financial supports, in return for which the owners must provide a legally defined sub-market rent to low and moderate income households.

When the state financial supports are repaid (traditionally around 30 years), the dwelling ceases to be 'social' from a legal standpoint and the owner can rent it out at a market rate. However, if the owner is a cooperative or a municipal housing company, then in practice the dwellings will usually continue to be rented out at sub-market rates. There are currently close to 4 million such municipal and cooperative dwellings in Germany, or 9.6% of the national stock.

Thus, we can take the view that there is an overall 'social' and 'affordable' stock of close to 5.1 million homes, or 12.3% of the stock. One important caveat is that once out of the 'lock-in' period, in theory anyone can apply to live in municipal or cooperative housing. It is up to providers to manage such applications.



Greece

Percentage distribution of households by tenure status

➔ **Housing stock 3,949,900**

2019

- ➔ **Owner-occupier 75.4%**
 - with mortgage or loan **12.7%**
 - no outstanding mortgage or loan **62.7%**
- ➔ **Tenant 24.6%**
 - rent at market price **20%**
 - rent at reduced price or free **4.6%**

SOURCE: Eurostat*

No Social Rental Housing Sector

➔ Trends in tenures

Year	Owner	Rented
2019	75.4%	24.6%
2018	73.5%	26.5%
2017	73.3%	26.7%
2016	73.9%	26.1%
2015	75.1%	24.9%
2014	74%	26%

SOURCE: Eurostat*

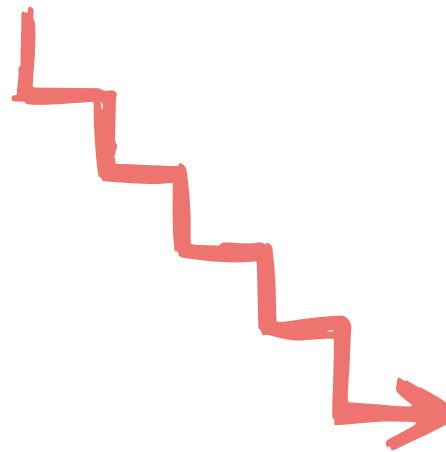
* Eurostat (2021), *Distribution of population by tenure status, type of household and income group in Greece - EU-SILC survey*
https://ec.europa.eu/eurostat/databrowser/view/I.LC.LVHO02_custom_633358/default/table?lang=en

IMPACT OF THE PANDEMIC ON CONSTRUCTION AND MAINTENANCE

COVID-19 has strongly impacted the Greek housing market. In 2019, the Greek housing prices in urban areas recorded a strong increase of 9.3%, partly driven by expansionary measures. However, the Greek property market has been highly dependent on foreign buyers and tourism. Due to the uncertainty around the duration of the current crisis and its impact on the economy, foreign demand has strongly declined following the outbreak of the COVID pandemic and significant upcoming deals have been frozen or cancelled. Although official statistics on house prices are not yet available for 2020, the Bank of Greece (Bog) issued in April 2020 the “first warning signal” for the Greek property market and it is estimated that the market prices will remain sluggish during 2021.

Furthermore, the pandemic has had a negative impact on the construction sector¹. Although construction activity did not stop, the sector experienced some delays as well as increased execution costs due to the strict occupational health and safety measures. In the second half of 2020 construction slowed further, as reflected by a -12.4% drop in new building permits recorded in November 2020, on the heels of a -4.9% decrease in October 2020².

*The number of economically inactive people increased by **37,944** due to the pandemic.*



Unlike the construction sector which showed some degree of resilience, the economic activity in the services sector decreased sharply, mainly due to the negative impact of the coronavirus pandemic on tourism. The recent European economic forecast shows that Greece has suffered the second deepest recession in the EU, in which GDP is expected to have declined by 10% in 2020³. The European Commission predicts Greece's GDP will only grow by 3.5% in 2021 and by 5% growth in 2022.

Also, the other impact of pandemic on employment status of Greek people is reported by the *Hellenic Statistical Authority (ELSTAT)* that unemployment fell to 16.2% in November 2020, while the number of unemployed decreased by 15,849 from the previous month, the number of economically inactive people increased by 37,944 due to the pandemic.

¹ European Commission, *European Construction Sector Observatory – Country profile Greece 2020, 2020*, available at <https://ec.europa.eu/docsroom/documents/44164>

² *Hellenic Statistical Authority (ELSTAT)*.

³ European Commission, *European economic forecast (2021), INSTITUTIONAL PAPER 144 | FEBRUARY 2021*, available at https://ec.europa.eu/info/sites/info/files/economy-finance/ip144_en_1.pdf

NEW POLICIES AND FUNDING TO SUPPORT LOW-INCOME HOUSEHOLDS DURING COVID-19

To support those who are affected by the economic impact of the COVID pandemic the Greek government launched the subsidized programme GEFYRA “*Bridge*”, which is currently in place until the end of March 2021. It covers monthly instalments up to 9 months for first time buyers facing difficulties in repaying their mortgage.

Although Greece is one of the few the European countries without a public/social housing legal framework and policy, there have been positive developments in recent years. For instance in 2019 a new means-tested rent subsidy was introduced for households on low incomes. Furthermore, in the same year Law No. 4605/2019 was adopted to address the situation of over-indebted households at high risk of losing their primary residency. Most important the Greek government is planning on using EU funds and financing instruments to support the development of public/social housing initiatives in the future. A total of 19.2 billion euros is allocated to Greece under the EU’s National Strategic Reference Framework (NSRF) for 2021-2027, which is mainly structured around five main objectives: digital transformation and economic competitiveness, environment, energy and civil protection, transportation and broadband networks, employment, education and social protection, and urban development. Alongside, the country will receive additional funding from the Next Generation EU programme.

The Draft national recovery and resilience plan for Greece⁴, under its ‘Renovate’ component, includes reforms and investments that promote both the renovation and energy upgrade of buildings and the implementation of urban planning.

THE NEED FOR HOUSING IN GREECE

In the area of housing demand in Greece, it is important to notice that there are no official estimates of annual needs for new housing units or assessments of unmet housing needs. However, the Roma community, asylum seekers and refugees have been identified as groups facing poverty and social exclusion as well as severely inadequate housing conditions. However, the country is facing strong socio-demographic challenges that are likely to get worse in the near future.

According to the 2019 Survey on Income and Living Conditions (EU-SILC)⁵ persons at risk of poverty or social exclusion represented 30% of the total Greek population in 2019.

Meanwhile, housing affordability was already a critical issue for Greece in 2019 and it is worsening in the context of the pandemic⁶. The rate of overcrowding was 28.7% in 2019 and the severe housing deprivation rate stood at 6.0%⁷. In addition, 36.2% of the population was overburdened by housing costs in 2019⁸, a share which has more than doubled over ten years (up from 18.1% in 2010).

Low-income tenants already faced strong problems over the past few years especially in the neighbourhoods close to urban centres⁹. This is reflected in data from Eurostat¹⁰ which show that a staggering 83.1% of tenants in Greece spent more than 40% of their income on housing in 2018.

⁴ <http://www.opengov.gr/minfin/wp-content/uploads/downloads/2020/11/Greece-RRP-EN-1.pdf>

⁵ Hellenic Statistical Authority (ELSTAT), *Report on income and living condition (2020)*, available at:

https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&cad=rja&uact=8&ved=2ahUKEwH1fGeloXtAhUPEBQKHQR2DiwQFjAEgQIDBAC&url=https%3A%2F%2Fwww.statistics.gr%2Fen%2Fstatistics%2F-%2Fpublication%2FSA10%2F-&usq=AOvVaw0m_rlBsoR3j58LGFfushQS

⁶ T. Maloutas, D. Siatitsa and D. Balampanidis, “Access to Housing and Social Inclusion in a Post-Crisis Era: Contextualizing Recent Trends in the City of Athens”, *Social Inclusion*, 2020, 8(3): 5-15, <https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=&ved=2ahUKEwH1fGeloXtAhUPEBQKHQR2DiwQFjAEgQIDBAC&url=https%3A%2F%2Fwww.cogitatiopress.com%2Fsocialinclusion%2Farticle%2Fdownload%2F2778%2F2778&usq=AOvVaw2TICjwGCf29uXpJslWpih3>

⁷ Data from the Eurostat EU-SILC 2019 survey concerning the severe housing deprivation rate by age, sex and poverty status, http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ilc_mdho06a&lang=en

⁸ Data from the Eurostat EU-SILC 2019 survey concerning the housing cost overburden rate by sex, <https://ec.europa.eu/eurostat/databrowser/view/tessi160/default/table?lang=en>

⁹ S. Sideris, “The Rent Is Too Damn High”, *AthensLive*, 29.1.2020, <https://medium.com/athenslivegr/the-rent-is-too-damn-high-69e22e0daaa8>, claims that minimum wage can’t pay for a two-bedroom apartment built before 2004 anywhere in the region of Attika (the biggest Region in Greece – over 4,5 millions), taking into account rental prices across the region of Attika, acquired from the national E-Real Estates network, and details of more than 17,000 rental properties that were advertised on spitogatos.gr – one of Greece’s leading real estate websites – on a single day.

¹⁰ Eurostat (2021), https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Housing_statistics

Ireland



➔ **Housing stock 2,049,000**

2019

- ➔ **Social housing** **177,000 (9%)**
 - of which: Approved Housing Bodies **38,000 (2%)**
 - of which: Local Authorities **139,000 (7%)**
- ➔ **Cooperative housing** **5,500 (0.3%)**
- ➔ **Private rental** **324,000 (16%)**
- ➔ **Other** **1,542,500 (75%)**
(owner-occupier, vacant, holiday homes)

Total Social Housing: 9%

SOURCE: DHLGH, NOAC, ICSH, CHI, Housing Europe.

NOTE: 'Other' estimated by Housing Europe. 'Cooperative housing' includes both rented and owned cooperative units. Co-operative Housing Ireland currently manages 3,160 rental dwellings.

➔ **New social housing units**

Year	Approved Housing Body / Housing Co-operative	Local Authority	Total
2013	211	546	757
2014	357	285	642
2015	1,312	4,000	5,312
2016	1,157	4,025	5,185
2017	2,321	4,209	6,530
2018	3,219	4,115	7,334
2019	4,127	4,479	8,606
2020*	-	-	-

* Estimate / SOURCE: DHLGH, ICSH, CHI.

IMPACT OF THE PANDEMIC ON CONSTRUCTION AND MAINTENANCE

COVID has had a very significant impact on everyday life in Ireland, with the country having to introduce more stringent measures than its nearest neighbours in the UK, France and Belgium.¹ At the start of 2021, the Central bank of Ireland stated that “the near-term outlook has deteriorated and become more uncertain”.² At the same time, the relatively ‘thin’ trade deal struck between the EU and the UK at the end of the Brexit transition period is already having negative consequences for Ireland. Although, the outlook is not as pessimistic as under a so-called ‘no deal’ scenario, and thus many experts have revised up their forecasts for the coming years.³

Modified domestic demand (the most reliable measure of underlying Irish economic activity) is expected to have declined by around 7% in 2020.⁴ In February 2021, the unemployment rate in Ireland stood at 5.8%, versus 5% in February 2020. When those who are not working as a result of COVID are taken into account, the unemployment rate stood at 24.8% in February.⁵

The construction sector has also suffered as a result of the pandemic. The number of new dwellings started in 2020 looks set to decline by at least 15%.⁶ This is not surprising given the heightened economic uncertainty, as well as the fact that all construction works were halted for a number of weeks during April and May. In terms of social housing, the goal for 2020 was to deliver a little over 11,000 new units. However, by the end of Q3 2020, only 1,700 new units had been completed, though 9,562 units were under construction.⁷ Disruption to renovation works was also disrupted by the pandemic, although 500 disused dwellings (‘voids’) were rehabilitated and brought into the social housing stock up to the end of Q3 2020.

Co-operative Housing Ireland (CHI) notes that its members have managed to deliver the number of dwellings in 2020 that had been expected (around 450). Although, CHI expects various delays and other issues may be accumulating, meaning the near-term outlook for new developments by both them and the wider non-profit housing sector in Ireland may be more ‘challenging’.

MEASURES TAKEN TO SUPPORT TENANTS

The Irish Council for Social Housing (ICSH), the federation of Approved Housing Bodies (AHBs) in Ireland, has taken a number of measures to assist its members and their tenants. This includes providing regular updates on key developments, as well as a series of online events and briefings.

AHBs have also stepped in to provide extra services for tenants, such as organising shopping and food deliveries for vulnerable tenants, stepping up the cleaning of common areas, providing essential materials (e.g. hand sanitiser), as well as taking measures to combat loneliness amongst tenants. In addition, a moratorium on evictions and rent increases was introduced. CHI notes that while its members had to adapt to the new circumstances, they were still able to achieve a number of improvements to the quality of their dwellings, in order to give residents a more comfortable living environment.

¹ Helle This is supported by the ‘Covid-19: Government Stringency Index’ - <https://www.bsg.ox.ac.uk/research/research-projects/coronavirus-government-response-tracker>

² CBI (2021). [Quarterly Bulletin – QB1: January 2021](#). Dublin: Central Bank of Ireland.

³ *Ibid.*

⁴ *Ibid.*

⁵ CSO (2021). [Monthly Unemployment – February 2021](#). Cork, Ireland: The Central Statistics Office.

⁶ Estimate based on figures from Dept. of Housing.

⁷ Rebuilding Ireland (2020). [Social Housing Construction Projects – Status Report Q3 2020](#). Dublin: The Government of Ireland.

THE NEED FOR HOUSING

According to the Central Bank of Ireland “*there is general acceptance that the level of new supply is too low and is contributing to ongoing imbalances in Ireland’s residential property market*”.⁸ The Central Bank estimates that around “*27,000 dwellings would have been required per annum from 2011 to 2019*” in order to meet underlying demographic demand in Ireland. 92,480 residential dwellings were completed between 2011 and 2019.⁹ Thus, there was an approximate shortfall of 150,000 new dwellings over the period.

The Central Bank further estimates that 34,000 new homes are required per year from now until the end of the decade. This is just to keep up with population growth and does not take into consideration the aforementioned ‘pent-up’ demand generated during the 2011-2019 period. Thus, even higher completions will be required to ‘rebalance’ the housing sector. Only around 18,500 new homes are likely to have been completed in 2020, with an estimated 19,600 due in 2021.¹⁰ Thus, we may see a shortfall of 29,900 homes in this two year period alone.

Meantime, there are no official estimates of the total unmet need for additional social housing units in Ireland. However, there are many useful sources that can be used to construct an estimate such demand. For example, the Minister for Housing reports that there were 68,693 households on social housing waiting lists at the end of June 2019.¹¹ However, these figures are somewhat misleading, as they exclude anyone who is already living in social housing (i.e. those who have requested to move), as well as anyone having their housing needs met in the private rental market by way of direct government payments to private landlords. Thus, we can think of this figures a being the ‘minimum’ need for social housing, rather than the total need.

In terms of this latter group, there were 57,630 households in Ireland in receipt of a ‘Housing Assistance Payment’ (HAP) in 2019.¹² This is a monthly payment from a local authority to a landlord on behalf of the HAP recipient in order to help them meet housing needs which would otherwise be unaffordable for them. Many of these households are waiting to access social housing, though they are overlooked in the official statistics produced by the Irish government. This is despite the fact that about 35% of households who leave the HAP system do so when they are eventually able to enter social housing.¹³

In terms of the most urgent need, figures show that there were 8,313 people officially registered as being homeless in Ireland at the start of 2021, including 2,326 children,¹⁴ with measures taken during the pandemic having helped to reduce these figures.

Overall then, a lack of general housing construction in Ireland is continuing to squeeze the market, with those on lower incomes and younger households struggling as a result. While no official figures are available, a need for at least 80,000 additional social housing units is a reasonable estimate.

This may be a rather conservative estimate, though, as there are likely many households who are eligible for and would benefit greatly from accessing a social dwelling that are currently not registered. For example, there are over 110,000 young people aged 25-34, working full-time, but still living at home with their parents.¹⁵ We know that only a fraction of these young workers are currently on social housing waiting lists.¹⁶

⁸ Coneyfrey, T. and Staunton, D. (2019) *Population Change and Housing in Ireland. Economic Letter, Vol. 2019, No.14*. Dublin: Central Bank of Ireland.

⁹ CSO (2020b). *New Dwelling Completions – Quarter 3 2020*. Cork: The Central Statistics Office.

¹⁰ ESRI (2020). *Quarterly Economic Bulletin – Winter 2020*. Dublin: The Economic and Social Research Institute.

¹¹ Housing Agency (2019). *Summary of Social Housing Assessments 2019*. Dublin: The Housing Agency.

¹² CSO (2020c). *Social Housing in Ireland 2019 - Analysis of Housing Assistance Payment (HAP) Scheme*. Cork: The Central Statistics Office.

¹³ *Ibid.*

¹⁴ <https://www.focusireland.ie/resource-hub/latest-figures-homelessness-ireland/>

¹⁵ Author’s calculations based on figures from Eurostat.

¹⁶ Housing Agency (2019). *Summary of Social Housing Assessments 2019*. Dublin: The Housing Agency.

In its annual Budget for 2021 capital funding for housing increased by €500m to around €2 billion.



RECENT HOUSING DEVELOPMENTS AND THE OUTLOOK FOR THE FUTURE

Many AHBs are linked to charitable or community organisation. As such, fundraising events and donations to support their works is an important part of the annual income. The pandemic has disrupted these events, negatively impacting on the resources available to these social providers.

However, the Irish government has increased funding for the development of new social housing. In its annual Budget for 2021 capital funding for housing increased by €500m to around €2 billion. This included a €65 million plan for retrofitting 2,400 social homes.¹⁷ This is in addition to the separately announced ‘Voids Stimulus Programme’ announced in September, which aims at supporting 2,500 such rehabilitations. The Budget also included a dedicated €110m allocation towards affordable housing and towards the delivery of 400 cost-rental homes by AHBs.

Cost-rental, or cost-based rental, is a new frontier in social housing in Ireland, where social housing rents have historically been based on the income of tenants. Ireland hopes to develop this new cost-rent system, based on the successful model developed in countries like Austria and Denmark, over the coming years. Ireland’s first cost-rental housing scheme is due to be finished later in 2021.

In terms of the changing needs of households in Ireland, it is still too soon to say what impacts the pandemic will have in the long-term. One issue which must be addressed, though, is the increasing number of older people. This will require increased investment and more innovative models to deliver sheltered housing. Better meeting the housing needs of people with disabilities is also a challenge.

The role and regulation of the AHB sector is also changing. New legislation passed at the end of 2019 moves regulation in the sector from voluntary to statutory. The new law will allow for the establishment of the ‘Approved Housing Bodies Regulatory Authority’, which will oversee the effective governance, financial management and performance of all voluntary and co-operative housing bodies. This comes at a time when AHBs have increased their annual production of new social housing, putting it broadly on a par with the local authority social housing sector in 2019.

Finally, with regard to the impact of Covid on the overall housing sector, the conclusion of a recent review by the ESRI think-tank concluded that: *“While there is likely to be a significant number of effects across a wide variety of headings, the most long-lasting impact of the crisis is the potential exacerbation of the imbalance between housing demand and supply which already exists in the market. The most efficient policy response in that context is for an increase in the State provision of social and affordable housing over the short to medium term”*.¹⁸ Likewise, a recent review of housing affordability in Ireland undertaken by the European Commission stated that: *“Supporting housing supply, including by stepping up investment in social housing, will be paramount to improve housing affordability after the COVID-19 pandemic”*.¹⁹

¹⁷ See: <https://icsh.ie/budget-2021-housing-detail/>

¹⁸ Allen-Coghlan, M., K. McQuinn and C. O’Toole (2020). *Assessing the impacts of COVID-19 on the Irish property market: An overview of the issues*. In *Quarterly Economic Commentary, Autumn: Special Articles*. Dublin: The Economic and Social Research Institute.

¹⁹ EC (2020). *Housing Affordability in Ireland*. Economic Briefing 061 | December 2020. Luxembourg: Publications Office of the European Union.



Italy

➔ Housing stock **24,611,766**

2011 (occupied)

- ➔ **Social housing** 954,161 (3.8%)
- ➔ **Private rental** 3,468,141 (14%)
- ➔ **Owner-occupier** 17,691,895 (72%)
- ➔ **Other** 2,468,993 (10%)

Total Social Housing: 3.8%

SOURCE: Istat, 2011 Population and Housing Census
http://dati-censimentopopolazione.istat.it/Index.aspx?DataSetCode=DICA_FAM_CARATT1;
 Ministero infrastrutture e trasporti. Decreto 16 marzo 2015. "Criteri per la formulazione di un programma di recupero e razionalizzazione degli immobili e degli alloggi di edilizia residenziale pubblica" (GU Serie Generale n.116 del 21-05-2015).

➔ Supply and renovation of social rental housing

Year	New builds	Renovations & Rehabilitations
2013	na	na
2014	4,557	11.423 / 4.999
2015	na	na
2016	1,111	3.437/ 1.174
2017	1,204	6.578/ 1.578

Estimate / SOURCE: Federcasa.

IMPACT OF THE PANDEMIC ON CONSTRUCTION AND MAINTENANCE

Italy was the first country in Europe to witness the spread of Coronavirus, and as of today it has recorded the second highest number of Covid related deaths in Europe after the UK¹. The country implemented one of the stricter lockdowns in Europe from March to June 2020 and its economy has been severely impacted: GDP has suffered a 9.9% contraction in 2020 and there's been a 10.3% decrease in employment. Most worrying, unemployment rate is expected to further increase to 11.6 in 2021, from 9.9 in 2020.

The construction sector overall was significantly affected by lockdown measures: according to Eurostat construction growth rate fell by 70% between February and April 2020 (the strongest decrease in the EU)², however no official statistics are available for the rest of the year. As for the supply of social housing, the Covid emergency has caused delays: construction of new public housing over the year 2020 turned out to be about 10% less than expected, while the impact on renovation and extraordinary maintenance was even stronger with a rough estimate of 20% less units renovated than planned³. This is despite the fact that specific Covid 19 protocols were implemented and public housing companies worked with contractors to guarantee building sites could start again safely. It is estimated that complying with safety measures has implied additional costs of about 3% of the budgeted amount for each contract.

According to Eurostat construction growth rate fell by **70%** between February and April 2020.

Construction of new public housing over the year 2020 turned out to be about **10% less** than expected.

MEASURES TAKE TO SUPPORT TENANTS

Rent payments in public social housing were suspended (between April and June 2020) for households where one or more members had to temporarily stop working or became unemployed (similarly, rents payment was suspended for some commercial premises). Instalment plans were established for the payment of rent arrears, and evictions were suspended. Overall, the pandemic has determined a decrease in rental revenues for public housing companies, with significant negative impact on the companies' finances.

The housing cooperative sector also implemented exceptional measures to support low-income tenants who struggled to pay their rents, partly supported by funding made available by the government and allocated by municipalities to help covering rent arrears.

Furthermore, specific services for older people and other vulnerable groups were put in place at local level. For instance there have been several examples of housing companies working in cooperation with the local municipality make units available for temporary housing homeless people.

Last but not least, the pandemic has significantly accelerated digitalization. On-line services were established to carry out administrative procedures for/by tenants, and some housing companies were able to offer digital tours to applicants.

¹ Source: WHO Coronavirus Disease (COVID 19) Dashboard, consulted on 2 February 2021 <https://covid19.who.int>

² [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Construction_growth_rates_November_April_2020_April_February_2020_and_recovery_\(%25\)_T1.png](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Construction_growth_rates_November_April_2020_April_February_2020_and_recovery_(%25)_T1.png)

³ Estimates provided by Federcasa, January 2020.

THE NEED FOR HOUSING

In terms of housing availability, Italy is among the countries with the highest number of dwellings per inhabitant⁴. However, experts estimate that based on the current construction pace 1.2 million housing units will be produced over the next ten years 1 – that is 500,000 less than those needed to accommodate for new household formation⁵.

Most important, the social housing sector is comparatively small, with less than 4% than the total housing stock in the country. According to recent estimates by the research institute Nomisma, 1 million households who are not in social housing experienced housing deprivation. The impact of Covid on housing outcomes is not yet documented but considering the situation outlined above and the impact on incomes (a 7% decrease from Q3 2019 to Q3 2020) the demand for social housing is likely to increase in the near future. Pending applications for public housing recorded by the Ministry for Infrastructure were over 320,000 in 2016 but the figure does not cover all municipalities⁶.

What we've witnessed already is a steep increase in the share of households with rent arrears in the private rental sector (from 9% to 24% over one year), and there's concern that this may further increase in 2021 up to 40%. At the same time, the share of households with arrears on mortgage payments increased from 4.1% to 11.9% during the COVID emergency⁷.

Beside the gap in affordable and social housing, there's a new emerging demand for housing for students and youth, as well as housing solutions for elderly people such as intergenerational and co-housing.



RECENT HOUSING DEVELOPMENTS AND THE OUTLOOK FOR THE FUTURE

Italy has been one of the main advocates of stronger EU intervention since the offset of the crisis and it's set to be the top beneficiary of funding allocated from Next Generation EU. The draft national recovery and resilience plan includes a 'Safe, green and social' Programme, dedicated to public housing. It's been allocated 2 billion Euros, to be used for requalification of the existing public housing stock, including both energy retrofit (from class G to E) and anti-seismic measures. This would allow to renovate about one fifth of the entire public housing stock. The plan also includes the possibility to fund projects for urban renewal and increase in social affordable housing units as well as student housing.

Furthermore, a new measure called 'Superbonus 110%' was implemented in July 2020 to support energy retrofit, anti-seismic renovation, installation of photovoltaic panels and structures/chargers for electric cars. It gives the possibility to deduct 110% of expenditure incurred for the type of works mentioned above from income taxes. Beneficiaries can include private households, condominiums, cooperatives, public providers, NGOs/associations. An extension of this measure is foreseen under the recovery plan.

Besides the measures foreseen by the recovery plan, it's important to mention that the 'national programme to enhance housing quality' (approved at the end of 2019, prior to the COVID crisis) made available over 853 million euros for the period 2020-2030. Regions, municipalities and metropolitan areas can apply for funding under this programme.

Most recently, 50 million euros have been added for the year 2021 to the Fund for rent arrears (which exists since 2013) to help households cope with financial hardship.

⁴ OECD Affordable Housing Database.

⁵ Reviglio, Edoardo (2020) Rilanciare le infrastrutture sociali in Italia. Rapporto sull'investimento delle infrastrutture sociali in Italia.

⁶ Ministero delle infrastrutture e trasporti. Decreto 4/7/2019 (allegato 9.2).

⁷ Indagine Nomisma alle famiglie, anno 2020 <https://www.nomisma.it/indagine-famiglie-italiane-2020/>



Luxembourg

➔ Housing stock **233,675**

2020

➔ Social rental housing **2,217 (1%)**

SOURCE: SNHBM, Fonds du Logement, STATEC.

NOTE: 'Social rental housing' based on SNHBM and Fonds du Logement rental stock only.

Social Rental Housing: **1%**

➔ Additions to the social rental housing stock

Year	New building
2013	9
2014	45
2015	75
2016	21
2017	79
2018	23
2019	84

SOURCE: SNHBM, Fonds du Logement.

IMPACT OF THE PANDEMIC ON CONSTRUCTION AND MAINTENANCE

Compared to neighbouring countries like Belgium, France and the Netherlands, measures which had the effect of curbing social and economic activity in Luxembourg were relatively mild during 2020 as a whole,¹ though they have had to be strengthened in recent months as daily cases rose.

A large share of the workforce in Luxembourg is employed in finance, public administration and other related services, meaning that teleworking has been an option for many. This has limited some of the potential negative impact on employment and the economy. Indeed, Luxembourg is the only country in the EU in which employment is actually anticipated to have risen in 2020.²

In terms of construction, hard data on both completions and permits are lagging. However, the monthly 'construction business survey' indicates that activity declined throughout most of the year.³ The European Commission anticipates that the country recorded the second largest decline in construction investment in the EU in 2020 (around -16%).⁴ While we will have to wait for more information on this, the fact that construction sites were closed altogether for a number of weeks, the additional sanitary controls, as well as cases of entire construction crews having to quarantine themselves were all factors in this sharp decline.

In terms of the impact on social housing, the SNHBM, one of the largest providers of social and affordable housing in Luxembourg, expected that it would be able to provide 250-300 new homes in 2020. It now anticipates that the COVID impact will mean that only around 200 dwellings were completed in the year.



MEASURES TAKEN TO SUPPORT TENANTS

Luxembourg has a very large number of cross-border workers, who normally commute to the country each day from the neighbouring countries of Belgium, France and Germany, where the cost of living and property prices are typically lower.⁵ This includes many front-line workers. As a result of the pandemic, and the curtailment of peoples' movements, social housing providers worked with public authorities and other groups to provide accommodation for these essential workers.

The government introduced increased income supports for low-income households and others impacted by COVID in order to help them to cover essential costs, including housing. In terms of prospective social tenants, deadlines to complete applications were extended, in order to provide a greater degree of flexibility as people adapted to the changing circumstances. Many services for current tenants were moved online in order to avoid the need for direct face-to-face contact.

¹ Based on the 'Covid-19: Government Stringency Index' - <https://www.bsg.ox.ac.uk/research/research-projects/coronavirus-government-response-tracker>

² European Commission (2020). *European Economic Forecast – Autumn 2020, Institutional Paper 136, Nov. 2020*. Brussels: European Commission.

³ https://statistiques.public.lu/stat/ReportFolders/ReportFolder.aspx?IF_Language=eng&MainTheme=4&FldrName=4&RFPath=34

⁴ European Commission (2020). *European Economic Forecast – Autumn 2020, Institutional Paper 136, Nov. 2020*. Brussels: European Commission.

⁵ OECD (2020). *Housing and inequality: The case of Luxembourg and its cross-border workers. OECD Economics Department Working Papers, No. 1608*. Paris: The Organisation for Economic Cooperation and Development.

THE NEED FOR HOUSING

Strong population growth and insufficient new housing completions have led to a deterioration in housing affordability in Luxembourg in recent years,^{6,7} which is particularly problematic for young people. This, in combination with Luxembourg's relatively small 'native' population, geographic size and the attractiveness of its labour market, means that approximately half of its workforce commutes from neighbouring countries.⁸

While this helps to take some of the pressure off the domestic property market, Luxembourg still needed to build approximately 78,000 new homes between 2005 and 2018⁹. In reality, only 44,000 new homes were produced.¹⁰ The Luxembourgish government recognises that the development of new housing has been "insufficient".¹¹

For the coming years, it is estimated that if half the workforce continues to live outside of Luxembourg, then the country will need to build 92,000 new homes between 2020 and 2030, or around 7,100 new homes per year.¹² In 2018, only around 4,000 new homes were built.¹³

Despite the "broad consensus that the shortage of affordable housing presents a structural challenge in the economy"¹⁴, social and affordable rental housing development has not historically formed a major part of the efforts to tackle housing scarcity and related affordability issues. Instead, providing financial supports to households to help with the cost of building, purchasing or renting a home has been the most common policy tool used.¹⁵ Although, this has include some 'affordable purchase' schemes, with houses developed by social providers and then sold at below market prices to qualifying households.

The two largest providers of social housing in Luxembourg, the Fonds du Logement and the SNHBM currently have close to 5,750 households on their social rental waiting lists,¹⁶ with thousands more waiting for an affordable purchase option. However, they plan to develop over 3,000 new social rental housing units in the coming years, in addition to new affordable purchase schemes.¹⁷

Overall though, more could still be done. A recent review of the provision of social housing in Luxembourg concluded that to "expand the supply of social housing, the State...[should]...directly finance purchases of land available for residential construction using the government budget...Newly acquired land should remain in public ownership and be made available for social housing construction, for example by the Housing Fund and the SNHBM, through long-term lease".¹⁸

RECENT HOUSING DEVELOPMENTS AND THE OUTLOOK FOR THE FUTURE

The development of social and affordable housing in Luxembourg looks set to increase at a faster pace in the coming years. However, the pandemic is anticipated to increase the demand for such housing, meaning it is not clear if these planned developments will now be sufficient.

Legislative changes aimed at reforming and adapting some of the practices of the housing providers were in the process of being drafted prior to the pandemic (e.g. rent setting, allocation criteria). Thus, we should see some changes in the sector in the near-term. At the same time, there is currently no national database in relation to managing applications for social and affordable housing. Social housing providers have noted that progress on this front would help to improve the operation and efficacy of the social housing sector.

⁶ OECD (2020). *Housing and inequality: The case of Luxembourg and its cross-border workers*. OECD Economics Department Working Papers, No. 1608. Paris: The Organisation for Economic Cooperation and Development.

⁷ Stráský, J. (2020). *Policies for a More Efficient and Inclusive Housing Market in Luxembourg*. Economics department working paper, No. 1594. Paris: The Organisation for Economic Cooperation and Development.

⁸ STATEC (2020). *Modelling the Housing Market in Luxembourg*. Économie et statistiques working papers du STATEC, No. 113, May 2020. Luxembourg City: Institut national de la statistique et des études économiques du Grand-Duché de Luxembourg.

⁹ Author's calculation, based on information from Institut national de la statistique et des études économiques du Grand-Duché de Luxembourg.

¹⁰ STATEC - *Bâtiments achevés*.

¹¹ Ministère du Logement (2020). *Rapport d'activités 2019*. Luxembourg City : Ministère du Logement.

¹² STATEC (2019). *Projections des ménages et de la demande potentielle en logements: 2018-2060*. Économie et statistiques working papers du STATEC, No. 106, April 2019. Luxembourg City: Institut national de la statistique et des études économiques du Grand-Duché de Luxembourg.

¹³ STATEC - *Bâtiments achevés*.

¹⁴ European Commission (2020). *Country Report Luxembourg 2020*. Brussels: European Commission

¹⁵ L'OBS (2020). *Le « Logement abordable » au Luxembourg: définition, offre et bénéficiaires potentiels*. Luxembourg : L'Observatoire de l'Habitat.

¹⁶ Ibid.

¹⁷ Ministère du Logement (2020). *Rapport d'activités 2019*. Luxembourg City : Ministère du Logement.

¹⁸ Stráský, J. (2020). *Policies for a More Efficient and Inclusive Housing Market in Luxembourg*. Economics department working paper, No. 1594. Paris: The Organisation for Economic Cooperation and Development.



Netherlands



➔ **Housing stock 7,891,786**
2020

- ➔ **Social housing 2,294,219 (29.1%)**
- ➔ **Private rental 1,047,799 (13.3%)**
- ➔ **Owner-occupier 4,517,921 (57.2%)**
- ➔ **Unknown 31,847 (0.4%)**

Total Social Housing: 29.1%

SOURCE: CBS, Aedes datacentrum.

NOTE: Social housing' is rent capped housing owned by Housing Corporations (Woningcorporatie).

➔ **Supply and renovation of social rental housing**

Year	New builds & Acquisitions	Renovations & Rehabilitations
2013	36,566	-
2014	20,678	29,400
2015	24,821	-
2016	19,612	50,800
2017	21,405	39,600
2018	19,069	-
2019	19,926	-
2020*	-	-

* Estimate / SOURCE: Aedes datacentrum, CBS.

IMPACT OF THE PANDEMIC ON CONSTRUCTION AND MAINTENANCE

There was already an air of uncertainty in the Netherlands prior to the pandemic, with Brexit an issue of significant importance to the country's large port and logistics sectors. The country introduced lockdown measures later than most of its neighbours, while curbs on day-to-day activity were generally less stringent than elsewhere during the summer months. Although, rising cases heading into the end of 2020 saw stronger measures being adopted.

All of this being considered, a comparatively 'manageable' decline in GDP of just over 4% was expected for 2020.¹ However, timely government interventions have helped to stave off some of the worst potential impacts. As such, the unemployment rate is only anticipated to have risen slightly in 2020, while remaining very low overall, at close to 4%. However, a jump in unemployment in 2021 is anticipated, despite an expected acceleration in government spending and partial rebounds in activity in other areas.²

In terms of the construction sector, the impact of the pandemic was somewhat limited, at least when measured in terms of housing completions. 69,300 new homes were completed in 2020, compared to 71,500 in 2019 (-3% year-on-year). However, more forward looking indicators, such as housing permits, point to a more pronounced drop-off in activity in the near-term.³

From the social housing perspective, the members of Aedes (the Dutch federation of social housing companies) have not reported any significant disruptions to their development activities. This means that Aedes expects that over 20,000 new social dwellings will have been provided in 2020. Similarly, while caution on behalf of social housing providers and their tenants had some impact on renovations in the first half of the year, effective workarounds were largely found, meaning these activities were able to continue largely unabated.

MEASURES TAKEN TO SUPPORT TENANTS

As has been the case elsewhere, social housing providers in the Netherlands have been able to continue to provide most necessary services for their tenants online. Overall, this proved to be a suitable solution for most tenants. This is evidenced by the fact that tenant satisfaction scores showed little change in all areas of service provision during 2020.⁴

Furthermore, even prior to the pandemic, Aedes had signed a new social rent agreement with the Dutch tenant association. This agreement included a new mechanism allowing tenants who encounter financial difficulties, and who therefore struggle to pay their rents, to negotiate a lower rent with their social housing provider.⁵ This system has proven to be very important for protecting those social tenants who have been most adversely affected by the COVID crisis.

¹ CPB (2020). *Novemberraming: Economische vooruitzichten 2021*. The Hague: CPB Netherlands Bureau for Economic Policy Analysis.

² *Ibid.*

³ *Ibid.*

⁴ See: <https://benchmark2020.aedes.nl/>

⁵ The social rent agreement can be viewed at: <https://dkvwg750av2j6.cloudfront.net/m/6868e4f3592135b9/original/Sociaal-Huurakkoord-2018.pdf>

THE NEED FOR HOUSING

It is accepted that there is a shortage of housing in the Netherlands; including by the government.⁶ This reflects a number of factors including strong increases in the population, with expected growth in this respect having recently been revised up by the Dutch authorities.⁷ It is also the case that the country is simply not producing enough new housing on an annual basis.

As such, one recent estimate projected that in 2020 the overall housing shortage in the Netherlands stood at 331 thousand dwellings, or 4.2% of the total stock.⁸ However, it was also noted that there are “major regional differences” in terms of the severity of shortages, with most of the country’s largest cities seeing deficits of over 6% of their current stock. This deficit is expected to rise to 419,000 units by 2025, exacerbated by supply disruptions in the coming years related to a number of issues, not just the pandemic. However, if these disruptions are resolved and population growth develops in line with projections, then the shortfall could begin to edge down in 2026 and beyond.

In terms of social housing, the length of time that a household has to wait in order to be allocated a home varies from region to region. In the Amsterdam region, where demand for affordable housing options is acute, the most recent

figures show that households spend around five-and-a-half years on average actively trying to access social housing before signing a lease.⁹

At the same time, the main eligibility criterion for social housing has been a strict and inflexible income cap, which is dictated by national legislation. This leaves a large group of households whose income is too high to be eligible for social housing, but is too low to access private housing options affordably. For example, the maximum allowable rent for a social tenant in 2020 was €752.33, while the average rent in the private sector was well over €1,000. Research shows that there are around 700,000 households in the Netherlands which are ineligible for social housing, but which are also unable to afford a monthly rent of €980 or more. However, there are only around 400,000 rental units in the country offering a rent that falls below this figure, leaving hundreds of thousands of households ‘stranded’ between social and private housing options.

Greater volumes of so-called ‘intermediate’ housing are needed for these households. Cognisant of this fact, the Dutch government has recently agreed to a temporary ‘relaxation’ of market competition rules, making it easier for social housing corporations to develop housing for this segment of households. At the same time, some reform to the aforementioned income cap has been approved, differentiating between households based on their composition for the first time.

Research conducted by Aedes and the Dutch government shows that around 87,000 new homes will be required each year between now and 2035.¹⁰ Of this, 27,000 new units should be provided by social housing providers on an annual basis. As already mentioned, this objective looks set to have been missed in 2020, while the signs are that supply will also fall short in 2021 and 2022, at least.

⁶ Dutch Minister for the Interior – ‘[Kamerbrief over voortgang versnelling woningbouw](#)’.

⁷ *Ibid.*

⁸ ABF Research (2020). [Primos Report 2020](#). Delft, The Netherlands: ABF Research BV.

⁹ See: <https://www.rigo.nl/wachttijden-voor-sociale-huurwoningen-nemen-toe/>

¹⁰ See: <https://www.rijksoverheid.nl/binaries/rijksoverheid/documenten/rapporten/2020/07/03/bijlage-1-hoofdrapport-opgaven-en-middelen-woningcorporaties/bijlage-1-hoofdrapport-opgaven-en-middelen-woningcorporaties.pdf>

RECENT HOUSING DEVELOPMENTS AND THE OUTLOOK FOR THE FUTURE

With parliamentary elections having been announced for March 2021, the acting Dutch government decided against submitting a national recovery plan. However, the parliament did adopt a resolution supporting the use of the 'Recovery and Resilience Facility' in initiating a national programme of housing insulation.

Social housing providers are already leading the way on the decarbonisation of the Dutch housing stock. For example, many old heating installations are being replaced, while more innovative solutions are being adopted. The number of homes with a solar panel is increasing rapidly, with around 250,000 now having such systems installed. High-tech water heating and ventilation systems are also being installed, along with more efficient insulation, windows and roofs.

While the Dutch recovery plan remains to be agreed, in its recent annual Budget the outgoing government have provided around €130 million in tax breaks for social housing providers in order to facilitate permanent rent reductions for low-income tenants. This is in addition

to €200 million in funding to tackle homelessness, the establishment of a €450 million fund to invest in sustainable homes, and liveability in cities and shrinking areas. Tax credits have also been offered to facilitate an increase in the new construction and renovation of social housing.¹¹

This is all part of improved efforts by the Dutch state to tackle a growing housing crisis. As well as allowing housing corporations greater leeway in providing housing for middle-income households, other efforts to boost affordable supply are being investigated. This includes proposals to develop a national land development agency. In addition, more ambitious housing development targets for regions are being put forward, with

stricter objectives around planning capacity, housing production and development of housing for certain target groups.

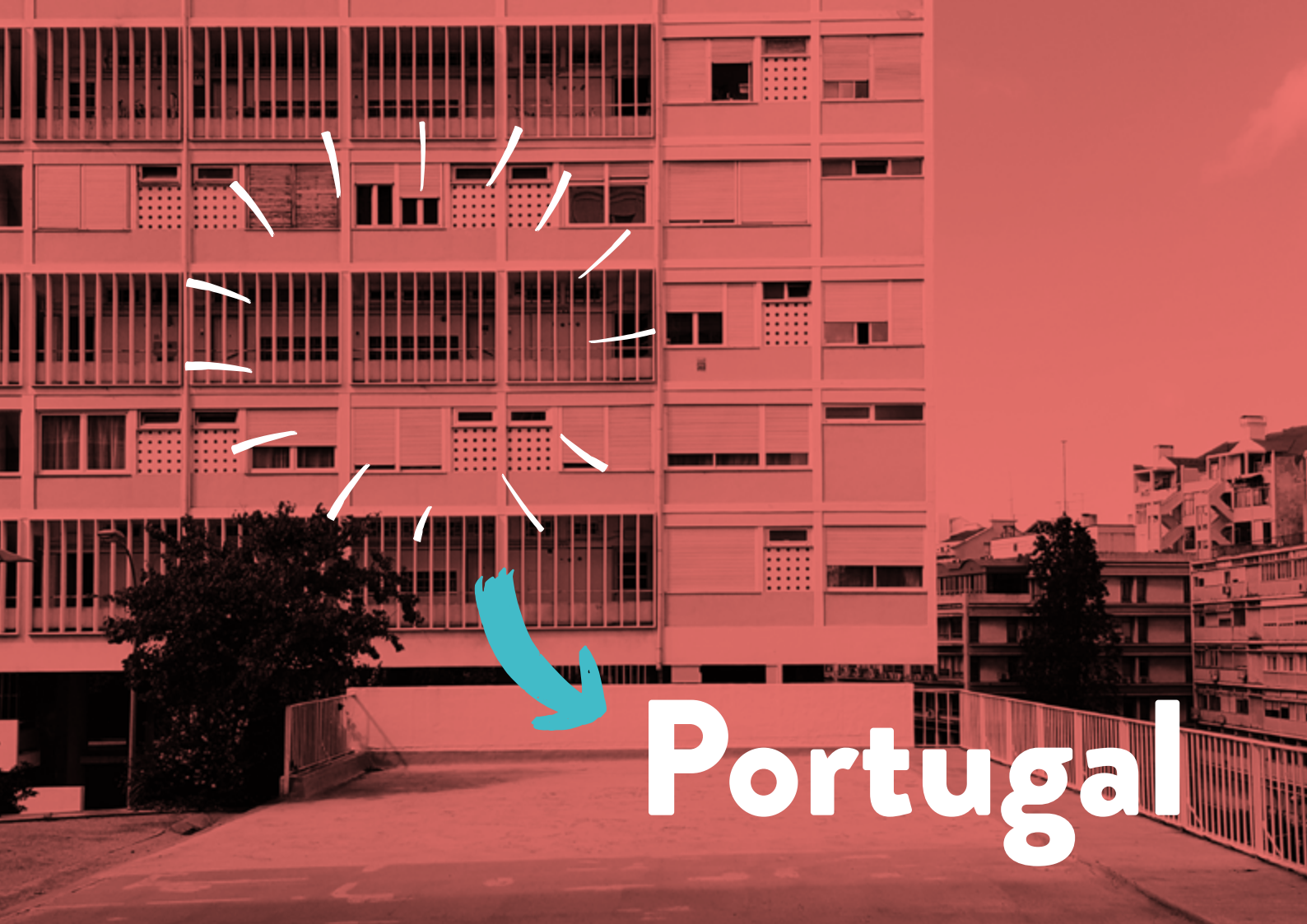
In terms of longer-term planning, while population growth is expected to remain robust in the coming years, the demographic situation is changing. Growth in the number of single adult households is expected, particularly due to a 'greying' in the population, though a decline in the number of co-habiting couples in younger age cohorts is also a factor. Research shows that in *"2010, a private household had an average of 2.22 people. At the moment that is only 2.14. The average household size is expected to decline further to 2.07 in 2030"*.¹² This will require adaptation of the existing stock and detailed planning by both social housing providers and the wider housing sector.

With all of this having been said, it is important to note that in February 2021, an unprecedented national coalition of 34 key stakeholders from all aspects of the construction, social care and financing of housing, including and initiated by Aedes, came together to outline the *'Actieagenda Wonen'*¹³ (Housing Action Agenda); their unified "offer" to the next government to tackle most of the aforementioned housing challenges currently being faced in the Netherlands. However, this will require the government to reform many aspects of the current housing system, as well as providing additional supports.

¹¹ Aedes (2020). *Rijksbegroting 2021: de belangrijkste plannen voor woningcorporaties*. The Hague: Aedes Aedes vereniging van woningcorporaties.

¹² ABF Research (2020). *Primos Report 2020*. Delft, The Netherlands : ABF Research BV.

¹³ See: <https://www.aedes.nl/artikelen/woningmarkt/verkiezingen/tweede-kamer/actieagenda-wonen.html>



Portugal

➔ Housing stock **5,968,00**
2019

- ➔ Social housing 130,000 (2%)
- ➔ Co-operative housing 200,000 (3%)

SOURCE: NE, FENACHE.

Total Social Housing: **2%**



IMPACT OF THE PANDEMIC ON CONSTRUCTION AND MAINTENANCE

The pandemic has had a profound impact on Portugal. Indeed, the European Commission recently stated that COVID had taken “a heavy toll on all aspects of social and business activities, with a particularly strong impact on the country’s large hospitality sector”.¹ GDP looks to have contracted by 7.6% in 2020, worse than the Eurozone average. Government supports for workers impacted by the pandemic were more limited in some respects than in many other Eurozone countries. Despite this, the unemployment rate did not see a significant change over the year as a whole², while household disposable income looks likely to have been broadly ‘flat’ in 2020.³

In terms of the development of new housing units, despite the pandemic and the related uncertainty for the tourism sector, the number of new homes completed actually rose in the first three quarters of 2020. Around 12,600 new homes were completed in the period, compared to only 10,000 in 2019. Meantime, building permits for around 10,500 new homes were issued in the period March-December 2020; a slight improvement on the same period of 2019.⁴

In terms of the social housing sector, we do not yet have any timely figures on new developments. However, one notable ‘boost’ to the sector has been the recent agreements by some municipalities in Portugal to lease homes for at least five-years and then provide them to low-income households at an affordable rent. Many of these homes had previously been part of the country’s significant short-term rental market. In Lisbon, the municipality was able to provide new affordable rental homes under the ‘Renda Segura’ (Safe Income) programme. However, short-term rentals remain pervasive in many parts of Portugal. There were 16,481 entire homes available to rent on Airbnb in Lisbon in February 2021, showing only a small reduction from February 2020 (18,272).⁵

MEASURES TAKEN TO SUPPORT TENANTS

Social housing is provided exclusively by public entities, with municipal ‘housing companies’ being the most common provider. In the City of Lisbon, the largest metropolitan area in Portugal, GEBALIS is the municipal provider of housing. It has taken a number of concrete measures to support social tenants in recent months. This has included a suspension of rents in April-June 2020 for all tenants. This provided a financial relief to around 70,000 people.

At the same time, households always have the option to request a reduction in their rent if they can show a change in their financial circumstances. In any case, GEBALIS has instigated a policy of not evicting tenants if they find themselves in rental arrears. Assistance for households with accessing social assistance payments and other supports were also offered, including through updated and expanded online provision of services and by phone. Special attention was paid to identifying and supporting older residents who were at risk of isolation or loneliness – *Projecto RADAR*.⁶

In the municipality of Lisbon, extra resources have also been provided by the City to tackle homelessness. It has benefitted from increased funding in recent months in order to meet its mission in this regard. This included the provision of 24hr provisional accommodation services, which also offered a number of complementary supports for those experiencing homelessness, such as food, clothing, health screening and social supports.

In January 2021, the City of Lisbon introduced a new comprehensive social assistance programme – *LISBOA PROTEGE*.⁷ It includes measures to support families whose rent has become unaffordable, as well as providing financial assistance to help with the provision of essential goods and services.

¹ European Commission (2021). *European Economic Forecast – Winter 2021 (Interim)*. Institutional Paper, 144, February 2021. Luxembourg: Publications Office of the European Union

² Unemployment rate figures from INE: https://www.ine.pt/xportal/xmain?xpgid=ine_main&xpid=INE

³ Banco de Portugal (2020). *Economic Bulletin – December 2020*. Lisbon: Banco de Portugal.

⁴ Author’s calculations, based on figures from the Portuguese National Statistics Institute (INE).

⁵ Author’s calculations, based on data from www.insideairbnb.com

⁶ Details of this scheme can be found here: <https://mais.scmf.pt/lisboacidadetetodasidades/projeto-radar/>

⁷ See: <https://www.lisboa.pt/lisboaprotege>

THE NEED FOR HOUSING

House prices have grown very strongly in Portugal in the years. Even during 2020, year-on-year growth in prices remained above 7%.⁸ At the same time, rental prices have increased by over 10% in the past five years, outpacing the Eurozone average by 4 percentage points.⁹ Of course, these are only national averages. Taking a more regional perspective provides a more nuanced view of housing cost pressures.

For example, there are two Portuguese cities included in the EU's 'Quality of Life in European Cities'¹⁰ reporting process; Lisbon (metropolitan area) and Braga. In Lisbon, which has a population of around 2.8 million and is the main economic hub of the country, only 14% of residents agree that finding good quality housing at an affordable price is easy or somewhat easy.¹¹ In Braga, with a population of around 190,000, this figure jumps to 60%. There is also a strong age-specific element to housing issues. According to the OECD, close to one out of every two people living in Portugal aged 25-29 considers accessing or maintaining adequate housing to be one of their main concerns, versus around one in four for the adult population as a whole.¹²

There are currently no 'official' estimates of the unmet need for housing in the country, though some recent academic research has provided insights on this issue.¹³ This research also focuses on the significant regional disparities which exist in the Portuguese housing market, concluding that in "the north-west, the housing need is critical, while in the south it is not a major issue". Unfortunately, the report stops short of quantifying the need for additional dwellings.

Assessing the potential need for social housing is also problematic. For example, information from GEBALIS is that in 2020, there were 13,685 applications for housing in the municipality of Lisbon. However, such figures are not currently collated at a national level. Furthermore, as FEANTSA notes in its most recent country profile: "There is no concrete data, so far, from official entities about the number of homeless people at national level in Portugal".¹⁴ Although, a recent review did identify over 6,000 people experiencing some form of homelessness.¹⁵ A national review in 2018 also identified at least 26,000 families "living in substandard conditions in Portugal".¹⁶

At the same time, analysis by the OECD shows that nearly one-fifth of households in the rental sector currently spend over 40% of the disposable income on housing.¹⁷ For low-income households in the private rental sector, the overburden rate was 66%, versus only 17% in the 'subsidised' rental sector.¹⁸ Therefore, it is fair to conclude that there is currently a significant cohort of households in Portugal who would benefit greatly from a social or affordable home.

*In Lisbon, which has a population of around **2.8 million** and is the main economic hub of the country, only **14%** of residents agree that finding good quality housing at an affordable price is easy or somewhat easy.*

*In Braga, with a population of around **190,000**, this figure jumps to **60%**.*

⁸ Author's calculations, based on figures from the Portuguese National Statistics Institute (INE).

⁹ Author's calculations based on Eurostat 'HICP – Actual rentals for housing' - [prc_hicp_midx].

¹⁰ The most recent report can be read here: https://ec.europa.eu/regional_policy/sources/docgener/work/qol2020/quality_life_european_cities_en.pdf

¹¹ From Eurostat – Table [urb_percep].

¹² From 'OECD Affordable Housing Database - HC1.4'.

¹³ Marques João, L., Batista, P., Borges, M., and Gonçalves, C. (2020). *Spatial Patterns of Affordable Housing Needs in Portugal*. Journal of Economic and Social Development (JESD) - Vol. 7, No. 2, September 2020.

¹⁴ See: <https://www.feantsa.org/en/country-profile/2020/11/12/country-profile-portugal?bcParent=27>

¹⁵ *Ibid.*

¹⁶ Alves, S. (2020). *Divergence in planning for affordable housing: A comparative analysis of England and Portugal*. Progress in Planning.

¹⁷ From 'OECD Affordable Housing Database - HC1.2'.

¹⁸ *Ibid.*

RECENT HOUSING DEVELOPMENTS AND THE OUTLOOK FOR THE FUTURE

The national government in Portugal has taken steps in recent years to tackle the twin issues of 'affordability' and 'quality' of homes. Their actions have focused on two main policy initiatives. Firstly, the so-called 1º *Direito* (First Right), which is a capital grant programme for the acquisition of land for the construction of new social housing or for the acquisition of dwellings targeted at low-income families. Thousands of new social housing units have already been earmarked for development under this scheme, including 4,500 new dwellings in Lisbon, supported by a capital grant of €81 million from the central government.¹⁹

Secondly, the '*Programa de Arrendamento Acessível*' (Programme of Affordable Housing) is a tax incentive scheme for private property owners to let their property at below market levels (up to 20%) through lease contracts of at least five years. The rent charged cannot exceed 30% of a household's disposable income. However, an observation that in Lisbon even these rents were not accessible for many households has led more recently to the development of the '*Programa de Renda Acessível*' (Accessible rent programme) there. This offers households in Lisbon accommodation with rents that are above social rents, but below market rents.²⁰ This scheme was expected to develop 6,000 affordable homes in Lisbon, however it has been effectively 'blocked' as a result of a review of the Portuguese 'National Court of Auditors'.

The national government has also taken legislative steps to addressing the current housing issues. At the end of 2019, the '*Lei de Bases da Habitação*' was passed, which, amongst other things, re-affirms a constitutional right to decent and affordable housing for all, whilst charging the state as the "guarantor" of that right.²¹ It also clearly outlines the responsibilities of municipalities with regard to housing, including assessing local housing needs and formulating housing and land-use policies accordingly. Greater protections for tenants, fines for owners who leave a property vacant and the creation of a national housing programme are also contained in the law. A number of other targeted housing support schemes have also been announced in the last couple of years, as the government steps up its efforts on housing.²²



2 policy initiatives



¹⁹ Alves, S. (2020). *Divergence in planning for affordable housing: A comparative analysis of England and Portugal*. Progress in Planning.

²⁰ *Ibid.*

²¹ See a review of the law: <https://www.e-konomista.pt/lei-bases-habitacao/>

²² A full overview of the various housing supports and policy changes in relation to housing can be seen at: <https://www.portaldahabitacao.pt/>

Slovenia



➔ **Housing stock 680,000**

2018 (occupied)

- ➔ **Not-for-profit rental housing 39,800 (6%)**
- ➔ **Private rental 12,800 (2%)**
- ➔ **Owner-occupier 549,440 (81%)**
- ➔ **Other 77,960 (11%)**

**Not-for-profit
rental housing: 6%**

SOURCE: Republic of Slovenia Statistical Office.

NOTE: 'Other' primarily consists of 'user dwellings', which are homes in which the occupants neither own the home or pay rent for its use. The owners are typically relatives or friends.

➔ **Additions to the not-for-profit rental stock**

Year	Total
2016	2
2017	150
2018	25
2019	46
2020*	91

* Estimate / SOURCE: HFRS.

NOTE: Includes both newbuilds and acquisitions. Refers to schemes supported by the HFRS.

IMPACT OF THE PANDEMIC ON CONSTRUCTION AND MAINTENANCE



The most up-to-date forecasts are that GDP declined by around **7.5%** in 2020.

The pandemic has had a profound impact on day-to-day activity in Slovenia. While the Government has mobilised considerable funds to help support households and vulnerable workers, important sectors, such as the country's large tourism and hospitality sector, have seen significant declines. Despite the income support schemes, households have become more cautious about the future, increasing their saving and further depressing the economy. The most up-to-date forecasts are that GDP declined by around 7.5% in 2020,¹ though it is tentatively expected to improve in the coming years.

The construction sector was already showing some signs of moderation prior to the COVID related measures.² While the sector shrunk overall in 2020, the downturn does not appear to have been as strong as in many other countries. Heightened sanitary measures and supply-chain issues have acted as headwinds, though. In terms of renovations, strict guidelines meant that works were limited to unoccupied buildings. However, the government did amend legislation to remove the risk of financial penalties in the event of COVID related delays to building projects. Meantime, the Housing Fund of the Republic of Slovenia (HFRS) expects that it will deliver the full 120 new not-for-profit and affordable houses that it was targeting at the start of 2020.

MEASURES TAKEN TO SUPPORT TENANTS

The Slovenian state has put meaningful resources into streamlining and digitalisation of public services since 2017. This has helped during a time when face-to-face contacts have had to be kept to a minimum. As a result, the HFRS has been able to carry out most of its necessary activities in supporting not-for-profit housing providers and their tenants during the pandemic.

The government also introduced measures to support people to remain in their jobs and to compensate households for lost earnings. This has helped to alleviate some of the near-term strains of those on lower and moderate incomes. However, unemployment is expected to remain above pre-pandemic levels until at least 2023.³ This will have a disproportionate impact on the bottom 20% of households, with the Bank of Slovenia noting recently that *“several facts suggest that the uneven distribution of income risk across households belonging to different income quintiles may have become even more prevalent as a result of the epidemic”*.⁴

¹ BoS (2020). [Macroeconomic projections for Slovenia – December 2020](#). Ljubljana: The Bank of Slovenia.

² See for example: Table 6.10 of BoS (2021). [Monthly Bulletin – January 2021](#). Ljubljana: The Bank of Slovenia.

³ BoS (2020). [Macroeconomic projections for Slovenia – December 2020](#). Ljubljana: The Bank of Slovenia.

⁴ *Ibid.*

At a national level, Slovenia has a more ‘limited’ pressure on its housing market than many of the other countries included in this report, though this does mask strong regional disparities. Demographics is the most important issue to consider, with the working age population in the country shrinking. Indeed, the share of the Slovenian population aged 20-39 has declined by 5.5 percentage points since 2004.⁵ In a recent report, the European Commission noted that demand for new housing has been “sluggish” in recent years.⁶ However, a healthy economic performance and a lack of new supply have still put upward pressure on house prices in recent years. At the same time, the vacancy rate for residential properties is relatively high, at around 20%.⁷

A lack of affordable rental housing is an issue which needs to be addressed. A rigid owner-occupier centric housing system and large regional discrepancies in house prices mean that internal migration and labour market mobility within Slovenia are persistent challenges. This may limit the economic prospects of low-income households,⁸ particularly those living outside the main economic hubs. The share of young people living with their parents is also increasing and is now one of the highest in the EU.⁹ Thus, more needs to be done to ensure that there is sufficient supply of affordable housing options.

The most recent assessment of the Slovenian government is that the country is “currently facing a significant shortage of public rental housing”, with the estimated current shortfall versus need put at approximately 10,000 units.¹⁰ The government also concedes that funding structures in Slovenia have not helped to sufficiently expand the supply of such public rental housing, in part due to the fact that the system of rent assessment has not been revaluated since 2007. The most recent figures show that there were 39,800 not-for-profit rental units in Slovenia in 2018, a decrease from 45,400 in 2011, with some units having been sold to raise much needed capital by housing providers.

The HFRS notes that 1,000-1,500 new public rental houses are needed each year¹¹ over the medium-term to effectively meet the need for such housing. In recent years, only a fraction of this target has been produced on an annual basis.

Thus, more must be done to ensure that affordable homes are available to those who need them. At the same time, Slovenia’s rapidly aging population also means that it needs to actively implement a publicly led housing delivery programme that will better meet their future needs. This is something the political establishment concurs with.¹²

The HFRS is currently in discussions with the Slovenian government on the development of the country’s National Recovery Plan. The country is in line to receive over €2bn in grants and guarantees in the coming years as part of the Next Generation EU funding initiative. The HFRS is striving to put affordable housing at the centre of the investment programme.

Looking further ahead, the lack of affordable housing options in the main economic centres of the country will need to be addressed. Making improvements in this regard presents a win-win situation for the state, as it provides much needed homes for those on lower incomes, helps to improve social opportunities, as well as helping to provide stimulus to the construction sector. The aforementioned need for greater investment in housing adapted for the needs of older people fits as part of this broader narrative for expanded public investment in housing.

⁵ Eurostat (2020).

⁶ European Commission (2020).

⁷ SORS (2019).

⁸ OECD (2020).

Development.

⁹ *Ibid.*

¹⁰ See:

¹¹ Republic of Slovenia. (2015).

¹² *Ibid.*

Luxembourg City: Eurostat.

Brussels: European Commission

Ljubljana: Republic of Slovenia Statistical Office.

OECD Economics Department Working Papers, No. 1648. Paris: The organisation for Economic Cooperation and



1.1%

Type

2020 (Jan-Sept) 2019 2018 2017



IMPACT OF THE PANDEMIC ON CONSTRUCTION AND MAINTENANCE

The COVID-19 pandemic has had a severe impact on Spanish society and the economy, following a period of relative economic stability. The rapid spread of the virus during the so-called “first wave” prompted one of the strictest lockdowns in Europe, which had a severe socio-economic impact on the country.

The lockdown measures, combined with supply disruptions and confidence effects, pushed the economy into a deep recession⁴, with real GDP declining by 11% in 2020⁵. Meantime, the unemployment rate reached a peak in the summer of 2020, recording an alarming rate of 16.7 %⁶. While some improvement has been since this peak, overall it is forecast that it will take several years for the economy to recover, and the economic outlook is subject to strong downside risks⁷.

In terms of the construction sector, the impact of the pandemic was mostly related to a delay in the construction process and delivery due to the suspension of administrative deadlines, resulting from the heightened sanitary measures. According to AVS (the Spanish association of public housing providers), the full impact of COVID-19 on new construction and building renovations has yet to be seen, including with regards to the delivery of affordable and social housing.

Having said that, the pandemic seems to have awoken a strong public and political awareness regarding the need for more and better affordable housing in Spain. This will have important implications on the public investment dedicated to social housing in the coming years.

Other important changes brought about by the pandemic have included an increased demand for larger dwellings with terraces, which is expected to influence the technical requirements for housing construction and design going forward. Furthermore, the provision of housing for the elderly is expected to transition from a system based on specialised care homes to the provision of ‘smarter’ accessible homes, allowing people to live independently for longer. Nursing homes have proved to be a focal point for severe COVID cases during the pandemic.

MEASURES TAKEN TO SUPPORT TENANTS

During the sanitary emergency, public rental housing providers in Spain, represented by AVS, continued to provide services and support to tenants, including by developing new ‘tools’, such as information and emergency phone lines and even dedicated WhatsApp groups. They also stepped up collaboration with emergency services, and collaborated on the design of specific services to meet the needs of those experiencing homelessness.

Concrete actions were also taken to help the most vulnerable tenants, such as those who were unable to pay their rent because of COVID-19 or who had no housing alternative (in accordance with the aid package measures approved by the Spanish Government through various decrees). These measures included suspension of evictions, a moratorium (rent and mortgage), direct aids and grants, as well as special ‘microloans’. Specific programmes for victims of domestic violence, those experiencing homelessness and others who are especially vulnerable, are specifically targeted by the new National Housing Plan,⁸ to help provide them with an immediate housing solution.

⁴ IMF (2020). *Spain: Staff Report for the 2020 article IV consultation*. Country Report No. 2020/298. Washington D.C.: The International Monetary Fund.

⁵ Eurostat (visited on 17/03/2021) <https://ec.europa.eu/eurostat/databrowser/view/tec00115/default/table?lang=en>

⁶ Eurostat Recovery Dashboard (visited on 17/03/2021) <https://ec.europa.eu/eurostat/cache/recovery-dashboard/>

⁷ IMF (2020). *Spain: Staff Report for the 2020 article IV consultation*. Country Report No. 2020/298. Washington D.C.: The International Monetary Fund.

⁸ See: <https://www.mitma.gob.es/arquitectura-vivienda-y-suelo/objetivos>

THE NEED FOR HOUSING

Though homeownership in Spain remains the predominant housing tenure, demand for rental housing has increased in recent years, especially among young people in urban areas⁹. However, rental-housing supply has not kept pace with demand. A correlation analysis done by the International Monetary Fund between rental price growth and a measure of “efficiency of building regulations” across Spanish provinces¹⁰ suggests that simplifying building regulations would help boost supply.

At present, the social rental housing stock is quite limited, amounting to only around 290,000 homes.¹¹ However, this figure does not tally with the more than 2.3 million ‘protected’ (VPO) homes built in the period 1981-2019¹². Information provided by AVS suggests that the discrepancy is a consequence of the fact that the majority of these social dwellings were built as part of publicly supported affordable purchase schemes. It also reflects the very low historical level of public expenditure dedicated to social protection through housing.

Thus, the social rental stock covers 1.6% of the 18.6 million primary residences in Spain, which reflects a clear deficit, especially when compared to other EU countries. This implies that Spain would currently need to significantly increase the existing stock of social housing, in order to better align itself with European ‘norms’. The lack of social rental housing in Spain is also alarming when we consider the fact that 76% of low-income (bottom quintile) households living in the private rental sector spend 40% or more of their disposable income on housing.¹³ For those on moderate incomes (second quintile), this figures remains very high, at 44%. Clearly, a significant percentage of these households are in need of a more affordable housing option.

To summarise, Spain currently has less than one social dwelling (0.9) for every 100 inhabitants. The data confirm the very large gap that separates Spain from its peers in large EU countries, which typically have stronger social housing coverage. Although, the perspective improves somewhat if, instead of taking the population as a basis, the weight of protected housing is analysed based on the total number of dwellings. In this case, for every 100 homes, Spain counts 2.5 social homes. However, more clearly needs to be done to improve the situation, and ease the housing related pressures on low- and moderate-income households.



⁹ IMF (2020). [Spain: Selected Issues](#). Country Report No. 2020/299. Washington D.C.: The International Monetary Fund.

¹⁰ IMF (2020). [Spain: Selected Issues](#). Country Report No. 2020/299. Washington D.C.: The International Monetary Fund.

¹¹ Note: This figure is based on the responses provided by the 17 regions and the data provided by a total of 162 municipalities that participated in the questionnaire, representing 21.9 million inhabitants.

¹² Ministerio de Transportes, Movilidad y Agenda Urbana, DG de Vivienda y Suelo (2020). [Observatorio de Vivienda y Suelo. Boletín especial vivienda social 2020](#).

¹³ Based on [OECD Affordable Housing Database](#) – ‘Table HC12_A4’.

RECENT HOUSING DEVELOPMENTS AND THE OUTLOOK FOR THE FUTURE

In terms of the near-term, the COVID-19 Fund announced by the National Government in 2020, to support the post-pandemic recovery, included €16 billion¹⁴ to be distributed across regions, €300m of which have been allocated to social purposes (including support for those experiencing homelessness). Meantime, €100m has been assigned to boost the National Housing Plan¹⁵. According to AVS, the real increase of funds is expected to happen during 2021, as part of the recently approved National Budget for the year (PGE).

The National Budget presented by the Government contemplates a threefold increase in the public housing and construction budget compared to that of 2020. Thus, of the €239.7bn overall annual budget, €2.25bn will correspond to the work of Mitma¹⁶, an amount much higher than the €481 million reserved for this area in the previous year. It is primarily thanks to 'Next Generation EU' funds that this great leap has been made possible¹⁷. In Mitma, the focus has also been placed on the building renovation, a front that, in addition to strengthening

the right to housing, complies with the digital and green development objectives set by the European Commission. The management of the EU funds will be split between the State (34%), regional authorities (49%) and municipalities (17%).

Another important development is the ongoing process of drafting a national housing law, which is expected to be approved later in 2021. However, finalising the text of the law has been a cause of some difficulty within the current Coalition Government, as the two parties within the Executive, PSOE and Podemos, have struggled to reach consensus on the important topic of rent regulation. Thus, it remains to be seen if the final legislation will opt for a mandatory rent cap, or the other option of providing tax incentives for landlords who agree to rent their property at below market prices.

AVS has proposed the inclusion of a number of key 'ingredients' in the new Housing Law. This includes planning and execution of housing policy based on demonstrable needs; increasing the budget allocated to social housing; development of financing mechanisms that allow for the financing of social rental housing and rehabilitation; and strengthening, expanding and greater maintenance of the public housing stock, in addition to a tax system that promotes renting and renovation.

Over the medium-to-long term horizon, the Spanish Recovery Plan (*España Puede*) includes amongst its 10 structural reforms a section on "Housing refurbishment and urban renewal plan", with a special focus on efficiency and the improvement of habitability¹⁸. The EU 'Recovery and Resilience Facility' presents an exceptional opportunity to stimulate demand, close the gaps in investments in green infrastructure and employment, and transition towards a low-carbon-emission economy. More importantly, the EU funds could also support an expansion of social housing. AVS has collaborated with the Spanish Government in a joint task to make social housing a key pillar of the recovery. This idea includes the promotion of building renovation as an economic lever for the recovery, as well as an opportunity to promote collaboration opportunities between the social housing and building renovation sectors.



The National Budget presented by the Government contemplates a threefold increase in the public housing and construction budget compared to that of 2020.

¹⁴ It should be noted that 'billion' here refers to 1,000,000,000 – equivalent to the Spanish 'mil millones'.

¹⁵ Real Decreto-ley 22/2020, de 16 de junio, por el que se regula la creación del Fondo COVID-19 y se establecen las reglas relativas a su distribución y libramiento (see: <https://www.boe.es/eli/es/rd/2020/06/16/22>)

¹⁶ Gobierno de España (2020). *Presupuestos Generales del Estado 2021 (Serie Roja/Tomo VII: M^o de Transportes, Movilidad y Agenda Urbana)* https://www.sepg.pap.hacienda.gob.es/Presup/PGE2021Proyecto/MaestroTomos/PGE-ROM/doc/L_21_A_G7.PDF

¹⁷ https://cincodias.elpais.com/cincodias/2020/10/27/economia/1603828846_573500.html

¹⁸ Gobierno de España (2020). *España Puede* https://www.lamoncloa.gob.es/lang/en/presidente/news/Documents/2020/20201007_RecoveryPlan.pdf

Sweden

➔ Housing stock 4,978,239

2019

- ➔ Public rental housing 827,449 (17%)
- ➔ Cooperative housing 1,184,576 (24%)
- ➔ Private rental 686,027 (14%)
- ➔ Owner-occupier 2,044,356 (41%)
- ➔ Other (incl. nursing homes) 235,831 (5%)

SOURCE: SCB – Statistics Sweden.

➔ Additions to the public rental housing stock

Year	New builds	Acquisitions	Total units
2013	3,772	461	4,233
2014	4,787	1,191	5,978
2015	6,571	362	6,933
2016	6,621	3,076	9,697
2017	8,599	328	8,927
2018	8,426	470	8,896
2019	10,068	650	10,718
2020*	7,900	-	-

* Estimate / SOURCE: Public Housing Sweden.

➔ Additions to the cooperative housing stock

Year/ Cooperative	HSB (Commencements)	Riksbbyggen	Total units
2013	1,245	293	1,538
2014	1,780	993	2,773
2015	2,336	1,140	3,476
2016	2,197	521	2,718
2017	1,701	1,174	2,875
2018	798	659	1,457
2019	1,176	1,271	2,447
2020*	510	567	1,077

* Estimate / SOURCE: HSB Riksförbund, Riksbbyggen.

➔ Renovations & Rehabilitations of public rental stock

Year	Renovations & Rehabilitations
2013	14,197
2014	15,008
2015	18,084
2016	16,977
2017	14,472
2018	18,208
2019	13,110
2020*	14,350

* Estimate / SOURCE: Public Housing Sweden.

Public Rental Housing: **17%**

IMPACT OF THE PANDEMIC ON CONSTRUCTION AND MAINTENANCE

Sweden gained significant international attention for its handling of the pandemic, adopting less strict curbs on everyday activities during the early months than most of its neighbours.¹ However, as 2020 developed, Sweden eventually had to adopt much more severe measures to curb rising cases of the virus, with particularly tight controls heading into the end of 2020 and early 2021.

However, the limited data that we have so far indicate that construction output in Sweden continued to rise in 2020, up around 13% in year-on-year terms in the first three quarters. This continued the trend of increasing housing output seen in recent years. Boverket (*Swedish National Housing Bureau*) actually had to revise up its forecast for the number of new dwellings likely to be commenced in 2020, though it does expect that COVID related disruptions will see this number decline somewhat in 2021.

One area that has seen some disruption, though, is the renovation of buildings. This reflects the wariness on the part of some tenants to allow workers into their building, due to the perceived risk of transmission of the virus. Public Housing Sweden (PHS) believes that, as a result, the number of renovations completed by its members in 2020 may be around 10% below what had been planned. However, some public housing companies have simply switched their attention and resources to the renovation of external parts of buildings (e.g. façades, roofs and surrounding amenities), where associated sanitary risks are lower.

When works inside a person's home are necessary, occupants have been required to complete a questionnaire related to their health status in advance. They are also encouraged to not be present when work is underway in order to avoid contact with those coming from outside their building. Cooperative housing associations, such as those represented by HSB Riksförbund have also developed digital tools in an effort to minimise the disruption related to the pandemic. This includes holding meetings with residents and annual votes online, with the latter requiring legislative changes. In addition, vacant dwellings are also being shown to prospective occupants online in order to minimise face-to-face meetings.

MEASURES TAKEN TO SUPPORT TENANTS

As already mentioned, restrictions related to the pandemic increased heading into the end of 2020 and at the start of 2021. This has curbed the ability of public housing providers to engage with tenants in the way they normally would. For example, limits on the number of people who can meet in one place have prevented tenant meetings to discuss the management of their buildings.

The Swedish Government, for its part, also increased rent support payments for many low-income households as a result of the pandemic. Other income supplements have also been increased.

Public Housing Sweden has also issued guidelines to members, which state that COVID should not lead to evictions. Therefore, they encourage members to accept postponements of rent payments, if required. However, PHS reports that from the discussions it has had with members, the non-payment or deferment of rent has not been a major issue so far. Public housing companies have also worked with social services in their area in the event that a tenant has experienced any financial difficulties.

¹ This is supported by the 'Covid-19: Government Stringency Index' - <https://www.bsg.ox.ac.uk/research/research-projects/coronavirus-government-response-tracker>

THE NEED FOR HOUSING

The annual completion of new homes in Sweden has been consistently below underlying demand since 2006, reflecting not only insufficient supply, but also strong population growth and the inefficient use of the existing housing stock.² Therefore, a significant ‘overhang’ in demand for new dwellings has emerged.

By 2018, the shortfall versus need was estimated by Boverket to be at least 160,000 units. Taking this into account, it is estimated that 640,000 new homes are needed during the period 2018-2027.³ Not surprisingly, three-quarters of these new homes will be required in Sweden’s large metropolitan hubs, such as Stockholm and Gothenburg.

In terms of meeting the housing needs of those on the low and moderate incomes, Sweden has a ‘universalist’ public rental housing model. This means that anyone can apply to access one of the roughly 830,000 units⁴ owned and managed by the ‘allmännyttiga bostadsföretag’ (public housing companies). Building around 10,000 new homes in 2019, these companies represent a significant part of new and existing supply. Despite this, given the general quality and affordability of public housing, demand for it continues to outstrip supply.

Overall then, given the ‘universalist’ approach to housing, it seems that the best way to improve the housing situation of those who are currently struggling to have their needs adequately met is to eliminate the overall unmet need for housing. However, this will require a concerted effort on behalf of policymakers. An uncompetitive construction sector and the slow development of land will be key obstacles to be overcome.⁵ Initiatives, such as increased support for *investeringsstödet*, housing provided at a pre-agreed sub-market rate in return for a public investment subsidy,⁶ is welcome in this regard.



Shortfall in construction
of at least **160,000** units.

RECENT HOUSING DEVELOPMENTS AND THE OUTLOOK FOR THE FUTURE

In its most recent annual Budget, the Swedish government put a greater emphasis on investing in and developing so-called “excluded” residential areas. It also announced an ambitious investment package to meet renovation and energy performance targets. It hopes to invest SEK900 million in 2021 (*nearly €90m*) gradually rising to SEK4.3 billion by 2023 (*around €420m*). Although, the exact framework for the distribution of these supports has not yet been finalised. It will also increase funding for the delivery of student housing in the coming years, while income supports related to housing will be higher in the coming years too, as a result of the pandemic.

² European Commission (2020). *Country Report Sweden 2020*. Brussels: European Commission.

³ <https://www.boverket.se/sv/samhallsplanering/bostadsmarknad/bostadsmarknaden/behov-av-bostadsbyggande/byggbehovsberakningar/>

⁴ http://www.statistikdatabasen.scb.se/pxweb/sv/ssd/START_BO_BO0104_BO0104D/BO0104T03/?rxid=0e3da57f-c044-4296-a439-5d063aeb093d

⁵ OECD (2019). *OECD Economic Survey – Sweden*. Paris: The Organisation for Economic Cooperation and Development.

⁶ This is similar to the German social housing model. In 2018-2019, 36% of new public housing developments fell into this subsidised category, though only 13% of private development. Although, the scheme is mostly smaller units targeted at students and older people. See: Grander, M. (2020). *Allmännyttan och jämlikheten: Svensk bostadspolitik vid vägskäl?*. Stockholm: SNS förlag, p.93-94

Armenia



➔ **Housing stock** **96,542,000 m²**
2019

- ➔ **Urban areas** 54,208,000 m²
- ➔ **Rural areas** 42,334,000 m²

➔ **Number of apartment units** **444,026**
2019

- ➔ **Urban areas** 419,057
- ➔ **Rural areas** 24,969

➔ **Number of housing units** **405,100**
2019

- ➔ **Urban areas** 157,138
- ➔ **Rural areas** 247,962

SOURCE: Armstat

IMPACT OF THE PANDEMIC ON CONSTRUCTION AND MAINTENANCE

Armenia has faced particularly challenging circumstances recently. In addition to coping with the impacts of the pandemic, heightened political tensions, and even a period of military hostilities, has posed significant challenges to many households. Despite these twin shocks, the economy contracted by just 4.5% in 2020, following a number of years of rapid expansion.¹ However, the unemployment situation, which was already severe in 2019, has worsened.

In Armenia, private homeownership is the overwhelming tenure of choice (*about 99.8% of the stock is privately owned*)², with the median household living in an apartment building in an urban area. The previously large public housing sector was privatised en masse in the early 90s, following Armenian independence, leaving a vacuum of affordable housing options for the most vulnerable households.³

The latest figures from the Armstat⁴ show that construction activity as a whole fell by around 10 percentage points in 2020, though it is not clear what share of this constituted new residential developments. Furthermore, the provision of new social housing remains a very small part of the overall construction sector in Armenia, though the National Social Housing Agency (ASBA) has been working in recent years to increase supply, utilising funding from a diverse range of domestic sources and overseas financial assistance and stability programmes.⁵ Its ambition is to deliver around 3,000 new social housing units by 2030.⁶

THE NEED FOR HOUSING

According to a recent assessment of the UNECE, “statistics show a high rate of housing availability in Armenia”.⁷ However, this is “influenced more by the decreasing population (because of emigration) and a large share of empty dwellings rather than an actual increase in the housing stock”. Indeed, the population of Armenia has declined from 3.51 million in 1990, to around 2.97 million today.⁸ However, this does not mean that there is no clear housing ‘need’ in Armenia.

Indeed, the most recent Census, which was conducted in 2011, showed that 30,000 families were experiencing homelessness, often as a result of natural disaster or conflict. Meantime, a further 30,000 urgently needed better housing.⁹ This latter group typically live in informal settlements or housing unfit for human occupation. The Executive Director of ASBA has noted that, with regard to this latter group, only around 10% of households in need can be covered within existing housing support programmes.¹⁰

Furthermore, the need for investment to upgrade the quality of the existing housing stock is significant. The most recent report from ‘Habitat for Humanity’ notes that “about 1.5 million of low- and middle-income Armenians (half of the total Armenian population) live in collective residential housing units... Three out of four units and dwellings were built from 1951-1990. These buildings do not have proper energy insulation as previous construction technologies and heating methods did not focus on energy efficient mechanisms, resulting in huge energy losses”.¹¹ As a result, “low- and middle-income families in Armenia have to spend 25 to 50 percent of their income on utilities”.

¹ Based on IMF figures:

<https://www.imf.org/external/datamapper/profile/ARM>

² UNECE (2017). *Country Profiles of Housing & Land Management – Republic of Armenia*. Geneva: United Nations Economic Commission for Europe.

³ *Ibid.*

⁴ See: <https://www.armstat.am/en/?nid=12&id=04001>

⁵ See for example the recent social housing project in Dilijan, which was financed with assistance from a Dutch social housing corporation: <http://www.asba.am/en/Dilijan>

⁶ See: <http://www.asba.am/am/HDM>

⁷ UNECE (2017). *Country Profiles of Housing & Land Management – Republic of Armenia*. Geneva: United Nations Economic Commission for Europe.

⁸ Based on IMF figures:

<https://www.imf.org/external/datamapper/profile/ARM>

⁹ UNECE (2017). *Country Profiles of Housing & Land Management – Republic of Armenia*. Geneva: United Nations Economic Commission for Europe.

¹⁰ *Ibid.*

¹¹ Habitat for Humanity (2019). *Country Profile - Armenia*. Georgia, USA: Habitat for Humanity.

RECENT HOUSING DEVELOPMENTS AND THE OUTLOOK FOR THE FUTURE

Much of the focus at the moment is on tackling the issue of poor quality dwellings in Armenia. An important part of this will be improving the management of multi-dwelling buildings, which house the majority of low-income families. Legislators are currently working on new provisions to support the development of property management companies, in order to 'professionalise' the maintenance of these buildings. At present, such collective management structures are often not trusted by residents and they therefore withhold payment of fees.¹²

Investment in improving housing conditions from international organisations will continue to be important in the coming years. For example, the European Investment Bank (EIB) has already supported a number of energy retrofit initiatives in Armenia. However, the aforementioned difficulty in coordinating with residents means that these have so far focused on public buildings, like schools. Thus, as has been noted by ASBA, capacity building by residents will be essential to improving housing conditions in Armenia in the future.

Some progress has been made in developing better 'frameworks' for improving energy-efficiency in Armenia. This is in part due to the 'Comprehensive Enhanced Partnership Agreement' (CEPA) Armenia has signed with the European Union.¹³ CEPA seeks to align more closely various 'structures' and 'processes' in Armenia with EU norms. This includes EU *acquis* energy efficiency standards established by laws such as the Energy Performance of Buildings Directive (EPBD) and Ecodesign.¹⁴ However, the IEA has recently stated that "Armenia must finish establishing a comprehensive regulatory framework for building efficiency that allows laws to be fully implemented and enforced... In the absence of well-enforced rules, opportunities to improve the efficiency of buildings are likely to remain disregarded".¹⁵

Legislators are currently working on new provisions to support the development of property management companies, in order to 'professionalise' the maintenance of these buildings.

¹² Unpublished report from the EU Funded 'DREEM' project on 'Strategies for housing energy renovation in Armenia'. See: <https://dreeam.eu/>

¹³ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52017JC0037>

¹⁴ IEA (2020). *Energy-Efficient Buildings in Armenia: A Roadmap Insights and pathways for better buildings 2020-2040*. Paris: The International Energy Agency.

¹⁵ *Ibid.*



Norway

➔ Housing stock **2,475,000**

2020 (occupied)

- ➔ **Municipal housing** 110,000 (4%)
- ➔ **Cooperative housing** 340,000 (14%)
- ➔ **Apartment associations** 320,000 (13%)
- ➔ **Independent owner-occupiers** 1,240,000 (50%)
- ➔ **Private rent** 345,000 (14%)
- ➔ **Non-commercial rent** 50,000 (2%)
(e.g. student housing, etc.)
- ➔ **Other rental** 70,000 (3%)
(e.g. rent from family, friends)

SOURCE: NBBL estimates, based on figures from SSB – Statistics Norway.

NOTE: 'Independent owner-occupiers' refers to owners who are neither part of a housing cooperative, nor part of an apartment association. This is mostly owners of standalone single-unit dwellings. 'Apartment associations' differ from 'cooperative housing' in several ways. Most importantly, 'apartment associations' are a group of individuals, and do not constitute a single legal 'company', as is the case for cooperatives.

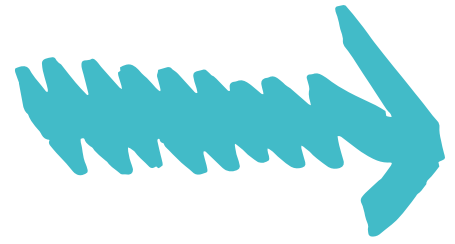
➔ New builds – cooperative and municipal housing

Year	Cooperative (members of NBBL)	Municipal housing
2013	2,662	-
2014	2,503	-
2015	2,507	2,085
2016	3,153	1,864
2017	3,358	1,735
2018	2,957	1,341
2019	3,161	952
2020*	-	-

* Estimate / SOURCE: NBBL, SSB.

Cooperative Housing: **14%**

IMPACT OF THE PANDEMIC ON CONSTRUCTION AND MAINTENANCE



It is fair to say that Norway has, relatively speaking, managed to weather the COVID-19 storm quite successfully. It took decisive action to stem the transmission of the virus in the early months of the pandemic, alleviating some of the need for harsher or prolonged restrictions later in the year. This has generally helped to keep schools and businesses open. Overall, economic activity declined by a modest 2.5% in 2020,¹ comparing favourably to the 6.8% decline in the Eurozone.² In terms of the labour market, the unemployment rate has picked up from around 3.6% to 5%. Household disposable incomes have continued to grow (year-on-year), though at a significantly reduced pace.³

When it comes to the impact on the construction sector, there were just over 29,000 new homes completed in the 12 months to January 2021.⁴ This was little changed compared to one year earlier. However, the number of building commencements, on a rolling 12-month basis, has been in negative growth territory in recent months, suggesting some potential weakening in the future delivery of new homes. There are no timely figures on the delivery of new cooperative or municipal housing units. Although, NBBL – Co-operative Housing Federation of Norway – expects that new units delivered in the year will have been little changed from 2019. However, NBBL does note that there will have been a more noticeable impact on renovation activities, which have been complicated in cases of trying to work on buildings with sitting tenants.

THE NEED FOR HOUSING

Norway has seen a rapid growth in house prices in recent decades. Indeed, prices have risen by a staggering 227% in real terms since 1995.⁵ This compares to a 57% increase in the OECD area. Historically, Norway has focused its public housing efforts on trying to find ways to support people to become homeowners, including through the provision of special loans to low-income households, as well as through a system of favourable tax treatment of residential property. This has been seen as mitigating the need for a large public affordable housing sector, like those present in other Nordic countries. Indeed, the municipal housing sector today equates to only around 4% of the national occupied stock.

However, the historical mix of policies to support ownership of housing are proving to be insufficient for many; especially low-income households and younger people. At the same time, the private rental sector is generally considered to be problematic, consisting mainly of small-scale ‘amateur’ landlords and generally lax regulations. At the moment, over 35% of the most economically vulnerable households in Norway (bottom income quintile) spend 40% or more of the disposable income on meeting their housing needs; relatively high when compared to other wealthy nations in Europe.⁶

A recent assessment by the Norwegian government concluded that around 180,000 people were “disadvantaged” in housing terms in 2019, with 78,000 of these being children and young people under the age of 20.⁷ This group includes those who are homeless, living in a precarious housing situation or living in housing which is unsuitable for their needs. The numbers experiencing housing ‘disadvantage’ have increased by 14% since 2015. However, the Norwegian government has set out a clear objective for the coming years: “Everyone should be able to obtain and keep a suitable home”.⁸

In order to achieve this, the government plans to double down on its support for homeownership by prioritising ‘start-up’ loans for families who struggle to afford ownership and by supporting public and private ‘rent-to-own’ housing schemes through the Norwegian state Housing Bank.⁹ However, housing based income ‘top-ups’ (housing allowances) are also important, with around 80-90,000 households in receipt of such payments.

Overall, it is estimated that Norway will need around 26,600 new homes a year to meet the underlying demand in the coming years.¹⁰ Figures show that it is currently meeting that target. However, a special effort clearly needs to be made to guarantee that the right type of housing is being produced, in the right areas and that, therefore, everyone can find a housing solution that fits their needs and means. The evidence cited above clearly indicates that this has not always been the case up to this point.

¹ Norges Bank (2021). ‘*Economic perspectives*’ - Annual address by Governor Øystein Olsen to the Supervisory Council of Norges Bank on Thursday, 18 February 2021.

² European Commission (2021). *European Economic Forecast – Winter 2021 (Interim)*. Institutional Paper, 144, February 2021. Luxembourg: Publications Office of the European Union.

³ Author’s calculations based on Statistics Norway (SSB) – ‘*Quarterly Sectoral Accounts*’.

⁴ Author’s calculations based on Statistics Norway (SSB) – ‘03723: *Dwellings and utility floor space in dwellings*’.

⁵ Author’s calculations, based on OECD ‘*Real house price indices*’.

⁶ Based on Eurostat – Table [ilc_lvh07b].

⁷ See: <https://www.regjeringen.no/no/dokumenter/nasjonal-strategi-for-den-sosiale-boligpolitikken-2021-2024/id2788470/>

⁸ Kommunal (2020). *Alle trenger et trygt hjem - Nasjonal strategi for den sosiale boligpolitikken (2021-2024)*. Oslo: Kommunal og moderniseringsdepartementet.

RECENT HOUSING DEVELOPMENTS AND THE OUTLOOK FOR THE FUTURE

There is currently a lot of activity in Norway when it comes to developing new and more effective housing policies, particularly for those in need. This has included increasing public funding for various housing supports through the national Housing Bank (allowances, grants, loans), as well as broadening the spectrum of those covered by some of these schemes.

At the same time, the government has announced that it will be working with municipalities to develop a new social housing law. One of the main reasons for this is that the current legal framework offers a lack of clarity when it comes to the responsibilities of municipalities. Thus, the law will help to 'standardise' proceedings, so that all municipalities offer broadly equal level of assistance and support to those in need of housing.¹¹ In addition, the new framework will outline requirements for municipalities with regard to the planning of new social housing, processing applications and oversight procedures.

Another significant issue being dealt with is the 'digitalisation' of the application process for municipal housing. An inefficient paper-based system has created problems with allocations. NOK 30 million was spent in 2020 to improve the current system¹², and more funds

are being allocated for 2021. This is in addition to the new 'Housing Index' tool which allows municipal tenants to report on issues around the quality and comfort of their homes.¹³

One of the main 'tools' being used at the moment to provide affordable rental housing in Norway is so-called 'referral agreements'. This system sees municipalities providing assistance to private developers in exchange for the right to 'refer' (allocate) households in need for up to 40% of the rental units in the new building. In 2019, the Housing Bank provided financing of NOK 1.2 billion for the development of rental housing for those in need, with almost NOK 1 billion of this being allocated for 'referral agreement' housing.¹⁴

Looking ahead, the 'greying' of the Norwegian population poses a challenge to policymakers, including in the area of housing. Statistics Norway estimates that the number of people aged 70 or more will increase from the 670,000 to about 1.4 million by 2060. This means that every fifth person will be over 70, versus just one in eight today. NBBL is already working hard on promoting policies to better allow people to 'age in place'; particularly highlighting the needs for flexible and well-adapted design. The government also expects the municipal housing system to play a larger role in the future.

NBBL is also focusing on the other end of the age spectrum. It recognises that young people are finding it particularly difficult to access housing at the moment. This reflects a number of factors, including some tightening of mortgage lending criteria in Norway in recent years. Thus, NBBL supports a 'rent-to-buy' model, run through the cooperative housing sector, as a potential avenue for them to meet their needs.¹⁷

young people are finding it difficult to access housing

⁹ See: <https://husbanken.no/english/>

¹⁰ BF (2020). *Fremtidig boligbehov og juli tall - Pressemelding: – publisert 26.08.2020*. Oslo: Boligprodusentenes Forening.

¹¹ Kommunal (2020). *Alle trenger et trygt hjem - Nasjonal strategi for den sosiale boligpolitikken (2021-2024)*. Oslo: Kommunal og moderniseringsdepartementet

¹² This has resulted in KOBO – a new digital housing tool for municipalities:

<https://www.husbanken.no/boligsosialt-arbeid/kobo-kommunale-boliger/?redirect=om-husbanken/fagomrader/kobo-kommunale-boliger/>

¹³ See: <https://www.veiviseren.no/forstaa-helheten/eksempler-og-erfaringer/boindeks-som-metode-for-beboermedvirkning>

¹⁴ Kommunal (2020). *Alle trenger et trygt hjem - Nasjonal strategi for den sosiale boligpolitikken (2021-2024)*. Oslo: Kommunal og moderniseringsdepartementet

¹⁵ See: <https://www.ssb.no/en/befolkning/artikler-og-publikasjoner/a-historic-shift-more-elderly-than-children-and-teenagers>

¹⁶ See: https://www.nbbl.no/media/11520/2016-08-26_etterinstallering-av-heis.pdf

¹⁷ NBO (2020). *State of Housing in the Nordic Countries – 2020*. Copenhagen: NBO Housing Nordic.



Switzerland

➔ **Housing stock 3,804,777**
2019 (occupied)

- ➔ **Cooperative housing** 172,885 (5%)
- ➔ **Public rental** 105,552 (3%)
- ➔ **Private rental** 2,015,524 (53%)
- ➔ **Owner-occupier** 1,384,241 (37%)
- ➔ **Other** 125,466 (3%)

SOURCE: Office fédéral de la statistique (OFS), Housing Europe.

NOTE: 'Other' primarily consists of a dwelling provided for free by a personal contact or employer. Volumes do not sum to total due to rounding issues. While much of the 'public rental' stock is rented out according to cost-rental or below market rental principals, this is decided by each municipality and in practice some of the stock is rented at market prices.

Cooperative Housing: 5%

➔ **Additions to the cooperative and publicly supported housing stocks**

Year/ Provider	New cooperative dwellings	Dwellings built with public financial supports	Total
2013	1,804	696	2,500
2014	1,724	771	2,495
2015	2,380	1,234	3,614
2016	1,471	767	2,238
2017	1,907	1,228	3,135
2018	2,399	1,474	3,873
2019	-	-	-
2020*	-	-	-

* Estimate / SOURCE: Office fédéral de la statistique (OFS), Housing Europe.

NOTE: 'Dwellings built with public financial supports' can also include co-operatives, as well as other non-profit providers of housing. Funding is provided in return for meeting certain conditions, usually related to the income of tenants and meeting ecological objectives.

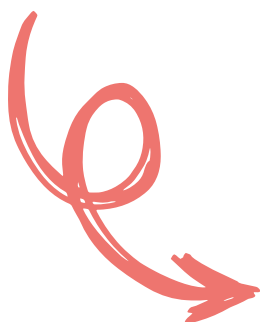
IMPACT OF THE PANDEMIC ON CONSTRUCTION AND MAINTENANCE

While Switzerland has been deeply impacted by the COVID pandemic, compared to its neighbouring countries like Germany, Italy and France, curbs on everyday activities have been comparatively less severe overall. As a result, the contraction in GDP in 2020 looks to have been relatively mild, comparatively speaking, at a little over 3%.¹

From a labour market perspective, while the numbers of people in employment fell somewhat, the unemployment rate in Switzerland has, thus far at least, remained low (below 4%).² However, the overall good performance masks significant dichotomies. For example, low-income Swiss households, those earning less than 4,000 Swiss francs per month, have seen their incomes fall by a substantial 20% since the start of the pandemic. At the same time, 39% of these households say that they have had to draw on savings to cover current expenses.³

In terms of the impact on the construction of new dwellings, housing completions data in Switzerland are a lagging indicator. However, national accounts data do show that the construction sector as a whole rebounded in Q3 2020 in gross value added terms, following a sharp downturn in Q2.

In terms of affordable housing options, Wohnbaugenossenschaften Schweiz (WBG), a representative body for Switzerland's significant not-for-profit cooperative housing sector, has noted that there does not seem to have been any major impact on the development of new cooperative housing in 2020, with around 2,000 new units likely to have been delivered in the year. Renovations of cooperative housing also seem to have been little impacted by the new realities brought about by the pandemic.



MEASURES TAKEN TO SUPPORT TENANTS

The cooperative housing sector in Switzerland (e.g. members of WBG) has taken a number of measures to support its members during the pandemic.⁴ For example, a highly accommodative stance was taken when it came to payment of rents, in order to provide those who saw an impact on their incomes the necessary time and space. In practice, cooperatives worked with households to find sustainable solutions, including by using their own 'solidarity' reserve funds.

While the use of common areas has still been allowed in most instances, guidelines have shown how this must be done in a way that respects social distancing and other COVID transmission prevention measures. Cooperatives also worked to provide sanitation and PPE materials for residents, as well as extra cleaning of buildings. Of course, a key element of cooperative housing is tenant democracy and decision making. In this regard, general meetings and other important activities have been facilitated using online platforms as much as possible.

¹ UBS (2021). *UBS Outlook Suisse: l'année de la reprise*. Zurich: Union Bank of Switzerland.

² KOF (2020). *KOF Economic Forecasts – December 2020*. Zurich: KOF Swiss Economic Institute.

³ See: <https://kof.ethz.ch/en/news-and-events/media/press-releases/2021/02/Coronavirus-crisis-is-exacerbating-inequality-in-Switzerland.html>

⁴ See: <https://www.wbg-schweiz.ch/corona/fr/>

THE NEED FOR HOUSING

The number of annual housing completions in Switzerland has risen from around 25,000-30,000 per year at the start of the new millennium, to consistently around 50,000 units in recent years. Despite this, the indications from the quarterly UBS 'Swiss Real-Estate Bubble Index' are that the market is at or very close to 'bubble' territory, indicating that prices have risen to a degree which is not justified by underlying fundamentals, such as household incomes, creating potential systemic risks.⁵ Looking at a regional breakdown, areas around Lake Zurich, Lausanne and Basel City are showing particularly strong "imbalances" in the housing sector. The OECD has also recently recognised the risks from a Swiss housing sector in which prices are outpacing fundamentals.⁶

Despite not being a member of the EU, Switzerland does take part in the annual 'Survey of Income and Living Conditions' (SILC) process. Figures from 2019 show that 50% of all households in the lowest income quintile (bottom 20% of households) spent 40% or more of their disposable income on housing;⁷ which equates to approximately 380,000 households.⁸ To put this in context, the Eurozone figure was a full 18 percentage points lower, at 32%. Furthermore, 42% of low-income households (below 60% of the median) in Switzerland said that meeting their housing needs presented a "heavy" financial burden to them.⁹

While the above metrics point to a clear need for additional investments in housing development, specifically in affordable housing options, there are currently no official estimates of the need for additional dwellings in Switzerland. At the same time, providers of below-market priced rental housing (e.g. cooperative and municipal housing foundations) do not have publicly available or nationally collated waiting lists.

What's more, the operation and governance of these not-for-profit entities is mostly devolved down to the municipal level, meaning there is a high-degree of variability in terms of rents, regulation and supports for the development of new affordable dwellings.¹⁰ It is important to note that this is typically seen as a positive for the sector, as it provides it with the versatility it needs to better adapt to local housing needs and circumstances. Indeed, much of the delivery of affordable housing is directed by local citizens' initiatives (e.g. local referenda), of which there have been many in recent years.¹¹ However, it seems that these efforts have not been enough for many households to guarantee access to an affordable home.

RECENT HOUSING DEVELOPMENTS AND THE OUTLOOK FOR THE FUTURE

Switzerland has a very long tradition of direct democracy, primarily through so-called 'citizen initiative' referenda. A national citizen initiative referendum, which aimed to promote the stronger development of not-for-profit housing in Switzerland, was held in February 2020. Unfortunately, the initiative was defeated. If passed, the initiative would have seen 10% of new housing development reserved for not-for-profit providers, whilst also giving additional powers to local authorities to promote better housing outcomes.¹² Despite this defeat, a number of important local citizen initiatives in support of affordable housing have been passed in recent years, especially in urban areas.¹³

Looking ahead, WBG expects that the demand for affordable housing in Switzerland will continue to rise, especially as a result of negative impacts of COVID on household incomes. This will make greater demands of the cooperative and the rest of the not-for-profit sector. A strong increase in housing costs relative to incomes had already created significant demand prior to the pandemic.

A key element in rising to the challenge will be the adaptability of these providers. Swiss cooperatives are immensely proud of the governance structures that they themselves have developed, which are tailored to work in a variety of locally-specific situations. Indeed, Idée Coopérative, the federation of Swiss cooperative organisations, has just developed new updated guidance for the better management of the sector.¹⁴

The ecological impact of housing is also an important issue in Switzerland, including in the not-for-profit sector. As a result, a new scheme focused on renovations in the sector has been launched. This will see national authorities provide 25-year loans to providers, with interest-free repayments for the first 10 years.¹⁵

⁵ UBS (2020). *UBS Swiss Real Estate Bubble Index 2Q 2020*. Zurich: Union Bank of Switzerland.

⁶ See: OECD (2019). *OECD Economic Surveys – Switzerland: November 2019*. Paris: The Organisation for Economic Cooperation and Development.

⁷ Based on Eurostat, Table [ilc_lvho07b]

⁸ Author's calculations based on data from EU-SILC and the OFS 'Ménages privés selon le type de ménage et la région linguistique, en 2019'

⁹ Based on Eurostat, Table [ilc_mdcd04]

¹⁰ See: Balmer, I. and Gerber, J.D. (2018). *Why are housing cooperatives successful? Insights from Swiss affordable housing policy*. Housing Studies, 33(3), 361-385.

¹¹ *Ibid.*

¹² See: https://www.bwo.admin.ch/bwo/fr/home/wohnungspolitik/wohnungspolitik-bund/volksinitiative_mehr_bezahlbare_wohnungen.html

¹³ See: Balmer, I. and Gerber, J.D. (2018). *Why are housing cooperatives successful? Insights from Swiss affordable housing policy*. Housing Studies, 33(3), 361-385.

¹⁴ See: <https://www.ideecooperative.ch/fr/article/parution-du-premier-ouvrage-gouvernance-cooperative-lignes-directrices>

¹⁵ See: <https://www.bwo.admin.ch/bwo/fr/home/das-bwo/informationen/medienmitteilungen.msg-id-80707.html>



England

➔ **Housing stock** **24,414,000**
2019 (primary residence)

- ➔ **Social housing** **590,000 (17%)**
 - of which: Housing Associations **2,479,000 (10%)**
 - of which: Local Authority **1,587,000 (7%)**
- ➔ **Private rental** **4,725,000 (19%)**
- ➔ **Owner-occupier** **15,581,000 (64%)**
- ➔ **Other public sector buildings** **42,000 (0%)**

Total Social Housing: 17%

SOURCE: Ministry of Housing, Communities & Local Government

➔ **New social and affordable housing units completed**

Year	Housing Association	Local Authority	Total
2013	21,590	840	22,430
2014	23,780	1,180	24,960
2015	30,120	1,650	31,770
2016	24,430	2,100	26,530
2017	27,280	1,750	29,030
2018	27,550	2,690	30,240
2019	32,040	2,180	34,220
2020*			

* Estimate / SOURCE: Office for National Statistics

NOTE: The figures do not include homes acquired through Section 106 and a few other housing schemes. Thus, the actual number of new social and affordable dwellings provided each year is higher than what is indicated in the table. See, for example, this note from the NHF outlining this issue: <https://www.housing.org.uk/globalassets/files/resource-files/supply-files/supply-briefing-note-201920-final.pdf>

IMPACT OF THE PANDEMIC ON CONSTRUCTION AND MAINTENANCE

In contrast to Scotland, Wales and Northern Ireland, England does not have a devolved national parliament. Major housing issues are thus decided by the general UK parliament in Westminster, while some powers are reserved for local councils and large metropolitan areas.

Economically speaking, England accounts for the overwhelming amount of UK activity; around 87% in Gross Value Added (GVA) terms.¹ As a result, while we do not have a timely England specific view of the COVID impact on the economy, we can take it that the roughly 10% decline for the UK as a whole² strongly correlates to the downturn in England.

In terms of the impact on ordinary households, government furlough schemes were mostly successful in protecting workers, though the UK unemployment rate did creep up from 3.8% in Q4 2019 to 5.2% in Q4 2020.³ While average weekly earnings did decline in the early months of the pandemic, they rebounded in the second half of the year.⁴ Despite this, rental arrears in the UK are estimated to be around 35% higher (year-on-year) in March 2021 versus March 2020.⁵

With regard to the completion of new housing units, the pandemic has had a noticeable impact. In the first three quarters of 2020, the number of new homes of all tenures completed in England fell 26% in year-on-year terms.⁶ Looking ahead, the number of new dwellings started also fell by 26%. While much of the decline was concentrated in Q2, a reintroduction of strict COVID mitigation measures in the final part of the year suggests that activity in the final months of the year will not have done much to close the gap with 2019. In terms of social housing, a 24% decline in direct completions by Housing Associations was recorded over the first three quarters of the year.

MEASURES TAKEN TO SUPPORT TENANTS

The National Housing Federation (NHF), the representative organisation for most English housing associations, has been closely following and supporting the measures taken by its members during the pandemic. One of the main supports has been the commitment of the NHF that no one should lose their home as a result of having built up rent arrears in recent months. This helps to provide meaningful peace of mind for those tenants who have seen a decline in their means.

Housing associations have also been active in providing more basic supports for tenants. For example, staff have been provided to assist tenants with dealing with administrative issues and help them to access the services and benefits that they are entitled to as part of the measures taken by the government to support households. Measures have also been taken to support the mental health and wellbeing of tenants, as well as providing assistance with employment, training and skills opportunities. Special support services for older residents have been established, such as a frequent contact by phone. Some associations have even helped to provide residents with phones, computers and other objects to help them to stay connected with friends and family, and combat loneliness.⁷

Research conducted by the NHF has shown that “82 social housing organisations have provided over £2.8 million in financial assistance, made 1.7 million welfare calls and provided over 340,000 residents with advice, guidance and 250,000 food interventions since the pandemic began”. These extra services, as well as other supports such as protective equipment and increased cleaning of buildings has come at a cost to many housing associations, who note a more strained financial position.⁸



¹ See: <https://stats.wales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/Regional-Accounts/Gross-Value-Added-GDP>

² ONS (2020). *UK Gross Domestic Product – Q4 2020*. London: The Office for National Statistics.

³ Based on figures from the ‘UK Labour Force Survey’.

⁴ Based on figures from the ‘UK Labour Force Survey’.

⁵ HouseMark (2021). *Covid-19 Impact Monitoring: Executive Summary – January 2021*. London: HouseMark.

⁶ Author’s calculations based on ‘Table 213 House building: permanent dwellings started and completed’

⁷ Greater and more up-to-date information on the work of NHF members can be found at: <https://www.housing.org.uk/resources/housing-associations-tenancy-sustainment-coronavirus/>

⁸ See Centre for Excellence in Community Investment: <https://www.ceci.org.uk/measuring-your-impact-during-covid-19/the-impact-weve-made/>

⁹ NHF (2020). *People in housing need*. London: The National Housing Federation.

THE NEED FOR HOUSING

The NHF recently concluded an in-depth assessment of the number of households in England who are in “housing need”.⁹ This report concluded that nearly 8 million people in England have some form of unmet housing need. Of these 8 million, 3.6 million would have their needs best met through some form of social or affordable housing option, which equates to around 1.6 million households. This represents a significant finding, as it shows that there are around 500,000 more households in need of social and affordable housing in England than are currently on official housing waiting lists (around 1.16 million).

The findings of the report are based on combining a number of metrics. These include statistics of the numbers of people living in housing that is overcrowded, unaffordable, unsuitable for their needs, as well as those experiencing homelessness. The position of ‘concealed’ households, often adult children unable to leave their parents’ home due to a lack of affordable housing, is also considered.

There is a very timely element to the report, as it also looks at the potential impact of the pandemic. It concludes that we could see a rapid rise in the numbers needing social housing, with low-income workers being twice as likely as those on middle and high incomes to have lost their job in recent months.

RECENT HOUSING DEVELOPMENTS AND THE OUTLOOK FOR THE FUTURE

Cognisant of the lack of affordable housing in many areas, the UK government has recently announced a number of schemes aimed at tackling affordability issues. This includes capital investments in social and affordable housing. For example, a £12.2bn affordable homes programme for England, which covers the period 2021-2026.¹⁰ While this was expected even before the pandemic, the government sees it as an important counter-cyclical support for both the construction sector and low-income households. The renovation and ‘greening’ of social homes is also on the agenda. This includes a new £50m pilot social housing retrofit programme.

In addition, the recent budgetary measures adopted by the government include a number of positive points for the social housing sector. For example, as part of an effort to make homes greener and warmer, £60m of additional funding to support renovations in the social housing sector has been allocated for the current financial year.

Measures to tackle the problem of rough-sleepers were also announced. This included a £151m programme, £87m of which will be used for long-term accommodation for rough-sleepers. The remaining £64m will go to supporting frontline services through the Rough Sleeping Initiative, funding local authorities’ duties to prevent homelessness, and supporting prison leavers at risk of homelessness.

From a governance and regulatory standpoint, 2020 has also been an important year for the social housing sector. On a positive note, the NHF launched two important updates to how housing associations govern themselves. The first, the ‘Code of Governance 2020’ is designed to help housing associations achieve the highest standards of governance and board excellence,¹¹ by setting out “the standards that housing associations, their boards, and the wider sector should seek to attain”. As part of the new governance code, and in the wake of the Grenfell tragedy, the NHF also set out ‘Together with Tenants’.¹² It is a sector-wide initiative focused on strengthening the relationship between residents and housing association landlords.

On a less positive note, the government has also announced significant reforms to planning laws. While this is being done with the stated aim of boosting the delivery of new homes, as well as building higher quality, more efficient homes, many experts have pointed out that the changes will have negative outcomes for many,¹³ while others have criticised the government for ignoring the findings of its own internal investigations into the current planning system.¹⁴

Most controversially, the planned changes would bring an end to the requirement for every private housing development to include a certain amount of social housing units (‘Section 106’). As the NHF has noted in relation to the proposed changes to Section 106: “These are the single biggest contribution to building new affordable homes in the country - last year, Section 106 agreements delivered almost 28,000 affordable homes, about half of the total. This policy also helps ensure that every town and community across the country is made up of people on different incomes, living in a range of homes”.¹⁵ While the government is promising a new system of development levies to support social developments, it is not yet clear if and how these will adequately compensate social housing providers for the loss of Section 106 homes.

¹⁰ Find more information at: <https://www.gov.uk/government/collections/introduction-to-the-affordable-homes-programme-2021-2026>

¹¹ See: https://www.housing.org.uk/nhf_catalog/publications/code-of-governance-2020/

¹² See: <https://www.housing.org.uk/our-work/together-with-tenants/>

¹³ See: <https://www.theguardian.com/politics/2020/aug/05/englands-planning-reforms-will-create-generation-of-slums>

¹⁴ For example: Shelter (2020). *Consultation response: Planning For the Future*. London: Shelter Housing England.

¹⁵ <https://www.housing.org.uk/news-and-blogs/news/response-to-government-planning-proposals/>



Northern Ireland

➔ Housing stock **808,000**

2020

- ➔ **Social housing 590,000 (24%)**
 - of which: Housing Association **40,000 (5%)**
 - of which: NIHE **81,000 (10%)**
- ➔ **Private rental 121,000 (15%)**
- ➔ **Owner-occupier 566,000 (70%)**

SOURCE: NI Department for Communities.

NOTE: 'Private rental' includes 'rent free.'

Total Social Housing: 24%

➔ New social housing units



Year	New build	Other new social units	Total
2013	1,462	505	1,967
2014	1,192	466	1,658
2015	822	387	1,209
2016	955	432	1,387
2017	1,146	361	1,507
2018	1,259	423	1,682
2019	1,088	538	1,626
2020*	-	-	-

* Estimate / SOURCE: NI Department for Communities.

NOTE: 'Other' includes acquisitions, rehabilitations, etc.

IMPACT OF THE PANDEMIC ON CONSTRUCTION AND MAINTENANCE



Northern Ireland, while a part of the United Kingdom, has significant devolved competences, including in the areas of health, social security and housing. In economic terms, the Northern Irish economy is expected to have declined by around 11% in 'Gross Value Added' (GVA) terms in 2020,¹ broadly in line with the overall expected decline in the UK as a whole.² Government schemes to maintain employment have been quite effective, with the number of jobs declining by only around 0.3% in 2020.³ Nearly 100,000 workers were protected by these schemes at the end of 2020 (c.12% of all employees).⁴ However, the outlook for the future in this regard is decidedly gloomier.

With regard to the impact on the delivery of new homes, figures on the number of new housing units completed in the first three quarters of 2020 showed a year-on-year decline of 22%. However, this figure hides an interesting dichotomy. While the number of new private housing units fell by 23%, the number of new social units actually recorded a far more modest decline of only 5%.⁵ Looking to the future, we see an even more pronounced divergence between public and private. New social dwelling 'starts' rose by 9%, while private starts fell by 23%.

Despite this, the Northern Irish Housing Executive (NIHE), the organisation which is in charge of delivering the nation's 'Social Housing Development Programme' (SHDP),⁶ as well as managing a stock of around 80,000 social rental homes, has noted increased difficulties in all phases of the tendering and building process, which is acting as a headwind to achieving its social objectives. What's more, the NIHE also reports that the pandemic has had a negative impact on its renovation activities. This reflects the need for COVID-compliant working situations, whilst some supply chain disruptions as a result of Brexit have also been a hindrance. Overall, the NIHE's latest projections are that renovation activities for the 2020/21 financial year may only be around 60% of their pre-pandemic target.

MEASURES TAKEN TO SUPPORT TENANTS

The NIHE took a number of actions as a result of the pandemic. This included prioritising rough sleepers and those experiencing homelessness. This involved taking a multi-stakeholder approach to the issue in order to guarantee that no one would sleep rough, by ensuring that there was adequate temporary accommodation available. For example, 150 previously 'void' properties were quickly brought back to a useable standard. As a result, during the initial lockdown, there were no recorded rough sleepers in Northern Ireland. Extra efforts were also made to process claims for housing related income supplements. Between March and July 2020, about 16,000 new claims for housing assistance payments were approved. In addition, a rent freeze on NIHE properties was extended. While rent arrears amongst Housing Executive tenants did rise during the initial lockdown, this was to a much lesser extent than had been initially expected. The payment of contractors was also expedited, in order to help small businesses to maintain a cashflow during the lockdown.

Outreach programmes for older and vulnerable tenants were stepped-up, including the establishment of a 'Good morning' phone call service. A new online tenant 'portal' was launched in May 2020, allowing tenants to access essential services and make requests for repairs. A service to help with food deliveries and medicines was also established.

THE NEED FOR HOUSING

Public authorities in Northern Ireland have developed official targets based on assessed housing need for many years now. However, these have traditionally been confined to the need for social housing, and more recently 'affordable' housing.⁷ This analysis is known as the 'Commissioning Prospectus'.

¹ Danske Bank (2020). *Northern Ireland Quarterly Sectoral Forecasts – 2020 Quarter 4*. Belfast: Danske Bank.

² BoE (2021). *Monetary Policy Report – February 2021*. London: The Bank of England.

³ Danske Bank (2020). *Northern Ireland Quarterly Sectoral Forecasts – 2020 Quarter 4*. Belfast: Danske Bank.

⁴ Wilson, L. (2021). *Who's furloughed? Analysis of new furlough statistics for Northern Ireland*. Belfast: The Nevin Economic Research Institute.

⁵ Author's calculations based on figures from the NI Dept. of Finance.

⁶ See: <https://www.communities-ni.gov.uk/social-housing-development-programme-shdp>

⁷ Northern Ireland has two 'affordable' housing schemes – 'Co-Ownership' and 'Fair Share'. Both schemes see a qualifying household purchase a percentage of a home and pay rent on the balance to a housing association.

RECENT HOUSING DEVELOPMENTS AND THE OUTLOOK FOR THE FUTURE

The need for increased investment in social and affordable housing in Northern Ireland is now the agreed position of the key stakeholders. Even prior to the pandemic, the ‘New Decade, New Approach’ deal to restore the devolved government in Northern Ireland committed public authorities to “enhance investment and agree a target for new social and affordable home starts and tackle the maintenance backlog for Northern Ireland Housing Executive properties”.¹² Since then, the Minister for Communities has stated that the delivery of new housing will be at the heart of its pandemic recovery plan. The new housing supply strategy is currently in development.

The latest Commissioning Prospectus⁸ states that “*Social housing stress waiting lists⁹ have increased by 42.5% from 18,514 in March 2009 to 26,387 in March 2019. As the dynamic of the private rented market evolves, social housing new build is becoming an ever more important tenure option*”. However, more up-to-date figures show that this figure had risen further to 27,745 by March 2020.¹⁰ Based on this and other considerations, a ‘target’ of around 6,200 new social units in the next three financial years has been set out. Not surprisingly, the vast majority of new social housing units are needed in urban areas. In addition, separate targets for elderly, disabled or traveller communities are outlined.

The need for ‘affordable’ (also called ‘intermediate’) housing is assessed separately. This is described as “shared ownership/rented housing provided through a Registered Housing Association and helps households who can afford a small mortgage, but that are not able to afford to buy a property outright. The property is acquired using part mortgage/finance by the householder and part social renting from the Registered Housing Association. The proportion of property ownership and renting can vary depending on householder circumstances and preferences”.¹¹ In the period 2018-2028, an annual average of 10,130 such ‘affordable’ homes is needed.

In terms of the medium-term impact of COVID, it is still too early to tell. However, increased levels of homelessness and economic stress for many vulnerable households seems likely. Some preliminary figures already point to increased demand for ‘affordable’ housing (co-ownership), as households look to migrate from the private rental sector; though at a price-point that their household income can sustain. This may provoke a re-evaluation of the affordable housing sector and the likely scale of the need for public investment and supports in it.

At the same time, Northern Ireland has an ageing population, and this is an area that housing providers have been exploring, irrespective of the pandemic. Older households living in self-contained accommodation are predominantly owner occupiers (often outright owners) or social renters, with a relatively small proportion living in private rented accommodation. While their housing circumstances tend to be relatively secure, their accommodation is sometimes inappropriate to their changing needs. The Housing Executive is currently drafting a strategy to better accommodate the needs of older households in Northern Ireland.

One important development in the social housing sector in Northern Ireland, which is independent of COVID, is that legislation was passed in August 2020 that had the effect of bringing to an end the statutory ‘Right to Buy’ scheme for social tenants living in housing association dwellings.¹³ This will happen on a phased basis between now and August 2022. Prior to this, housing association tenants acquired a right to buy their home at a discounted price after five years of occupancy. NIHE tenants will retain their statutory right to buy, though this policy will also now be reviewed. Both Scotland and Wales have ended the statutory right to buy in recent years in an effort to protect their respective social housing stocks, though the practice has been ‘relaunched’ in England, with increased enticements for tenants.¹⁴

⁸ See: <https://www.nihe.gov.uk/Working-With-Us/Partners/Commissioning-prospectus>

⁹ Allocation of social housing is based on a ‘points’ based system. If a household has 30 or more points, then they are considered to have a “stressed” housing situation. An overview of this allocation system can be seen at: <https://www.housingadviceni.org/advice-housing-executive-tenants/working-out-your-points>

¹⁰ See: NISRA (2020). *Northern Ireland Housing Statistics – 2019-20*. Belfast: Northern Ireland Statistics & Research Agency.

¹¹ *Ibid.*

¹² The agreement can be read in full at: <https://www.dfa.ie/media/dfa/newsmedia/pressrelease/New-Decade-New-Approach.pdf>

¹³ See: <https://www.housingrights.org.uk/news/end-date-for-housing-association-right-to-buy-northern-ireland>

¹⁴ See: Housing Europe (2021). *The sale of social and public housing in Europe*. Brussels: Housing Europe.



Scotland

➔ **Housing stock 2,495,623**
2019 (primary residence)

- ➔ **Social housing 590,000 (24%)**
of which: Housing Associations **240,000 (10%)**
of which: Local Authority **350,000 (14%)**
- ➔ **Private rental 340,000 (14%)**
- ➔ **Owner-occupier 1,540,000 (62%)**
- ➔ **Other public sector buildings 30,000 (1%)**

Total Social Housing: 24%

SOURCE: Scottish Household Survey.

NOTE: Figures do not sum to total. This is consistent with the original source of the information.

➔ **New social and affordable housing units completed**

Year	Housing Association	Local Authority	Total
2013	3,176	1,227	4,403
2014	2,386	929	3,315
2015	2,954	1,054	4,008
2016	2,713	1,123	3,836
2017	2,487	1,393	3,880
2018	3,769	1,229	4,998
2019	4,305	1,604	5,909
2020*	-	-	-

* Estimate / SOURCE: Scottish Housing and Social Justice Directorate.

NOTE: Does not include acquisitions or rehabilitations, or 'affordable' purchase schemes.

IMPACT OF THE PANDEMIC ON CONSTRUCTION AND MAINTENANCE

The nation of Scotland, while a part of the United Kingdom, has significant devolved competences, including in the areas of health, social security and housing. The Scottish Fiscal Commission (SFC) estimates that economic activity in the nation declined by a sizeable 10.7% in 2020.¹ This reflects not only the significant impact of the pandemic and related sanitary measures, but also some Brexit uncertainty. However, it is the assessment of the SFC that “job retention schemes have largely, but not completely, protected the labour market from the economic consequences of the pandemic”. However, the situation is anticipated to worsen in 2021 as furlough schemes are wound down.

In terms of the construction of new homes, the pandemic resulted in a temporary closure of construction sites and this has impacted on work to deliver affordable and social housing. This has meant that the Scottish Government will not meet its target of delivering 50,000 additional affordable homes by March 2021,² falling just short.

With regard to the renovation of social housing, only essential works have been permitted for large periods of the pandemic. This has hampered the ability to carry out such activities. However, it must be noted that the social housing sector has invested significantly in upgrading its dwellings in recent years. Indeed, on average housing provided by Housing Associations is the most energy efficient of any tenure category in Scotland. Indeed, 68% of these homes have an EPC rating of ABC, compared to only 41% of private housing (owned and private rental).³

MEASURES TAKEN TO SUPPORT TENANTS

The Scottish Federation of Housing Associations (SFHA), the membership body for housing associations and co-operatives in Scotland, has been very proactive in terms of adapting its offer during the pandemic. It convened a special ‘Social

Housing Resilience Group’ (SHRG) to find new working arrangements and address the changes in circumstances and needs resulting from the pandemic.⁴

Housing associations have also adapted their operations by shifting to the remote delivery of many services, including setting up new communications with tenants (e.g. videocalls) and welfare calls to vulnerable households. There have been some rent freezes and various other forms of additional financial support. A temporary ban on evictions was put in place until March 2021. SFHA has also facilitated online forums, webinars, training events and conferences, as well as provided specific COVID-19 briefings and toolkits for members and creating new digital communication channels.

In addition, a national ‘Financial Resilience Group’ has been established. It regularly collects data from housing associations in order to inform analysis of the impact of the virus on the sector and improve the quality of proposals for government to support the sector.

¹ SFC (2021). *Scotland's Economic and Fiscal Forecasts – January 2021*. Edinburgh: United Kingdom.

² See: <https://www.gov.scot/publications/affordable-housing-supply-programme-out-turn-report-2019-2020/>

³ SHSJD (2020). *Scottish Housing Conditions Survey – 2019*. Edinburgh: Scottish Housing and Social Justice Directorate

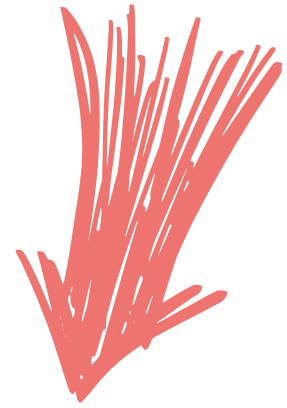
⁴ The main outcomes of the SHRG can be seen at: <https://www.sfha.co.uk/mediaLibrary/other/english/62371.pdf>

THE NEED FOR HOUSING

The SFHA conducted research prior to the COVID crisis, which showed that the nation needed to provide 53,000 social and affordable homes in the period 2021-2026.⁵ This followed on from a previous call for 60,000 new affordable homes to be delivered in the period 2016-2021. This was in contrast to the official government target of producing 50,000 social and affordable homes.

The SFHA estimates that providing their targeted 53,000 additional homes would require a capital investment of £3.4 billion. It is noted that a similar, but smaller, public housing investment plan has supported 10,000-12,000 construction sector jobs and leveraged economic output of £1.4 billion each year. Thus, there are strong arguments to support such an investment.

At the core of the SFHA's estimated need for increased investment is the calculation that there are currently close to 30,000 households in Scotland who are not living in social housing, and for whom their current housing is unaffordable or not fit for purpose. There are also a further 20,000 homeless households in need of social housing. Overall then, at least 10,600 new social and affordable homes will be required each year in the coming years.



RECENT HOUSING DEVELOPMENTS AND THE OUTLOOK FOR THE FUTURE

Given its importance for meeting myriad social objectives, the Scottish Government is keen to increase investment in social and affordable housing. In its most recent five year infrastructural investment plan⁶ it has committed to providing over £2.8 billion in direct capital grant funding to deliver more affordable and social homes.

The decarbonisation of the national housing stock is also a key objective. The government recently updated its 'Climate Change Plan' to include ambitious targets for tackling fuel poverty. Currently 24.6% of Scottish households are considered to be "fuel poor". As part of this, and meeting its own interim climate targets, around 50% of homes, or over 1 million households, will need to convert to a low carbon heating system by 2030.

Social housing providers aim to play an important role in this, with an additional £1.6 billion earmarked for decarbonising the built environment committed for the coming years. As part of this, the government is currently consulting with social providers and other stakeholders to provide updated and more ambitious energy efficiency standards for social housing.⁷ In any case from 2024, the government has set out that all "new buildings must use heating systems which produce zero direct emissions at the point of use".⁸

Furthermore, the 'Advisory Group on Economic Recovery' (AGER) has also advised the Scottish Government that in its efforts to rebound from the pandemic, it should "develop mechanisms to accelerate investment in housing, and in particular affordable housing, in rural as well as urban areas, using its policy and funding interventions to leverage private finance wherever possible".⁹

⁵ SFHA (2020) *Affordable Housing Need in Scotland Post-2021*. Glasgow: The Scottish Federation of Housing Associations.

⁶ See: <https://www.gov.scot/publications/national-mission-local-impact-draft-infrastructure-investment-plan-scotland-202122-202526/>

⁷ This is dubbed 'EESSH2'. Details can be found at: <https://www.gov.scot/publications/consultation-energy-efficiency-standard-social-housing-post-2020-eessh2/pages/2/>

⁸ ECCD (2020). *New Build Heat Standard: scoping consultation*. Edinburgh: Energy and Climate Change Directorate.

⁹ AGER (2020). *Towards a robust, resilient wellbeing economy for Scotland*. Edinburgh: The Scottish Government.



Wales

➔ Housing stock **1,437,567**

2020

- ➔ **Social housing** 229,902 (16%)
 - of which: Housing Association 142,571 (10%)
 - of which: Local Authority 87,331 (6%)
- ➔ **Private rental** 204,955 (14%)
- ➔ **Owner-occupier** 1,002,709 (70%)

SOURCE: Stats Wales.

Total Social Housing: 16%

➔ New housing association rental units and renovations & rehabilitations

Year	New build	Other new social units
2013	1,862	218
2014	1,850	81
2015	1,923	103
2016	2,322	138
2017	2,533	130
2018	1,876	78
2019	2,583	141
2020*	-	-

* Estimate / SOURCE: CHC

NOTE: All figures refer to housing associations only. 'New social housing units' includes completed builds, rehabilitations and homes acquired through Section 106 and by other means.

IMPACT OF THE PANDEMIC ON CONSTRUCTION AND MAINTENANCE

As in the case of Scotland and Northern Ireland, Wales enjoys significant autonomy in a number of important areas, including aspects of social protection and housing. The Principality accounts for around 3% of the overall UK economy, in Gross Value Added (GVA) terms.¹ While we do not have a timely Wales specific view of the impact that COVID has had on the economy, UK economic activity as a whole looks to have declined by around 10% in 2020.²

Meantime, figures for the three months to September 2020 show that while schemes to furlough workers and support incomes have largely been effective, young people in Wales have still felt the impact of the pandemic more keenly. Economic activity amongst 16-24 year olds was down 6% in year-on-year terms,³ mirroring the trend seen in other countries. Younger workers tend to be lower paid and in more precarious types of employment.

In terms of the construction sector, housing investment (construction, renovations, etc.) in the UK declined by over 10% in 2020.⁴ This reflects not only some delays to planned activity, as a result of social distancing regulations, but also some uncertainty about the future.

In terms of the delivery of new social housing, Community Housing Cymru (CHC), the Welsh federation of housing associations, notes that effective workarounds and new working practices were quickly found that allowed most building sites to remain open. However, there were some sites on which these solutions were not possible. Overall, the number of new housing units provided by Welsh housing associations in 2020 is likely to have been reasonably close to the projected outturn⁵ at the start of the year of close to 3,200 units. With regard to maintenance of social housing, the restrictions in place on entering peoples' homes have led to periods where routine maintenance has reduced, including kitchen/bathroom replacement programmes.

MEASURES TAKEN TO SUPPORT TENANTS

The Welsh housing associations have been proactive in dealing with the pandemic and providing assistance to their tenants. For example, a 'Financial Assistance Protocol' was agreed between the associations and the Welsh councils. This included a commitment that no one would lose their home as a result of COVID. Programs to assist tenants digital and financial issues were also set-up. Housing associations also had direct campaigns to reach-out to elderly and vulnerable tenants, helping them with day-to-day issues and arranging food parcels.

Digital solutions were also embraced, with virtual 'COVID safe' showing of available social housing. Many housing associations also expedited the roll-out of broadband and other digital infrastructure for tenants. Services for tenants were also moved online, whenever possible.

¹ See: <https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/Regional-Accounts/Gross-Value-Added-GDP>

² BoE (2021). *Monetary Policy Report – February 2021*. London: The Bank of England.

³ ONS 'HI10 Regional labour market: Headline indicators for Wales' dataset:

<https://cy.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/headlinelabourforcesurveyindicatorsforwaleshi10>

⁴ BoE (2021). *Monetary Policy Report – February 2021*. London: The Bank of England.

⁵ CHC (2019). *Additional homes survey 2018/19: Measuring our progress against the Welsh Government Pact*. Cardiff: Community Housing Cymru.

THE NEED FOR HOUSING

The government and social housing providers in Wales take an active interest in trying to accurately assess the need for housing that exists in the nation. For example, as part of its recent revision of the 'National Development Framework' (NDF), a detailed multi-year housing needs assessment was developed.⁶ It projects that in the period 2019-2023 that 7,400 new homes of all types will be required in Wales. Usefully, information is also provided by tenure and local area. Of the 7,400 new homes required each year, almost 50% (3,500) need to be social and affordable housing. These projections assume that the existing unmet need for housing in Wales (5,732 units) can be cleared in the next five years if the prescribed targets are met.

For its part, CHC has also produced detailed estimates of the need for additional social and affordable housing in Wales. As part of its 20-year 'Housing Horizons' initiative⁷ the CHC put forward its belief that 75,000 new social and affordable homes should be provided by 2036, or 3,750 units a year, above the estimate associated with the Welsh NDF. However, the CHC notes that Brexit and the pandemic create a significant amount of uncertainty with regard to projecting future housing needs, due to their impact on the size of the working age population.

RECENT HOUSING DEVELOPMENTS AND THE OUTLOOK FOR THE FUTURE

Housing features heavily in the Welsh Government's COVID-19 reconstruction plan and the idea of a "housing-led Green Economic Recovery" has been championed by the Future Generations Commissioner for Wales alongside a number of other non-governmental organisations. The specific commitments in the reconstruction plan include a focus on social housing, including a step-up in the construction of new social housing in order to increase access to high quality housing across Wales. In addition, there is an emphasis on investing in low carbon housing at scale and upgrading the energy efficiency of the national housing stock, particularly social housing, to make it more energy efficient and to reduce fuel poverty.⁸

The Welsh government also sees how investment in social housing can have multiple benefits. For example, it has committed to provide a stimulus to SMEs in the construction sector by injecting new capital into its 'Property Development Fund' and 'Wales Stalled Sites Fund' to bring forward the development of affordable housing schemes. Encouragingly, the government notes that "demand has far outstripped supply for these funds and providing extra finance will prevent them being close to new applicants".⁹

Furthermore, the Welsh government has announced £200m of investment in its 'Social Housing Grant' programme¹⁰, which provides grant financing for capital investment to social housing providers, for 2021/22. A significant increase in spending on measures to tackle homelessness have also been announced, alongside additional funding to upgrade the quality of housing and finance their transition to the transition to renewable energy sources.

⁶ <https://gov.wales/estimates-housing-need-2019-based>

⁷ CHC (2017). *Along-term vision for housing associations in Wales*. Cardiff: Community Housing Cymru.

⁸ Welsh Government (2020). *COVID-19 Reconstruction: Challenges and Priorities*. Cardiff: Welsh Government.

⁹ *Ibid.*

¹⁰ See: <https://gov.wales/social-housing-grant-guidance-registered-social-landlords-and-local-authorities>



THE STATE OF HOUSING IN EUROPE 2021



HOUSING EUROPE IS THE EUROPEAN FEDERATION OF PUBLIC, COOPERATIVE AND SOCIAL HOUSING. ESTABLISHED IN 1988, IT IS A NETWORK OF 45 NATIONAL AND REGIONAL FEDERATIONS WHICH TOGETHER GATHER ABOUT 43.000 PUBLIC, SOCIAL AND COOPERATIVE HOUSING PROVIDERS IN 25 COUNTRIES. **ALTOGETHER THEY MANAGE OVER 25 MILLION HOMES, ABOUT 11% OF EXISTING DWELLINGS IN THE EU.** SOCIAL, PUBLIC AND CO-OPERATIVE HOUSING PROVIDERS HAVE A VISION OF A EUROPE WHICH PROVIDES ACCESS TO DECENT AND AFFORDABLE HOUSING FOR ALL IN COMMUNITIES WHICH ARE SOCIALLY, ECONOMICALLY AND ENVIRONMENTALLY SUSTAINABLE AND WHERE EVERYONE IS ENABLED TO REACH THEIR FULL POTENTIAL.

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