

Financing affordable housing

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The right to housing

- Decent and affordable housing is a fundamental human need, and a basic human right.
- Access to affordable housing is one of the fundamental pillars in well-functioning democratic societies.
- Nonetheless the challenge of ensuring housing for all, and thereby contributing to political stability by the eradication of poverty and social exclusion, is still immense in a number of countries.

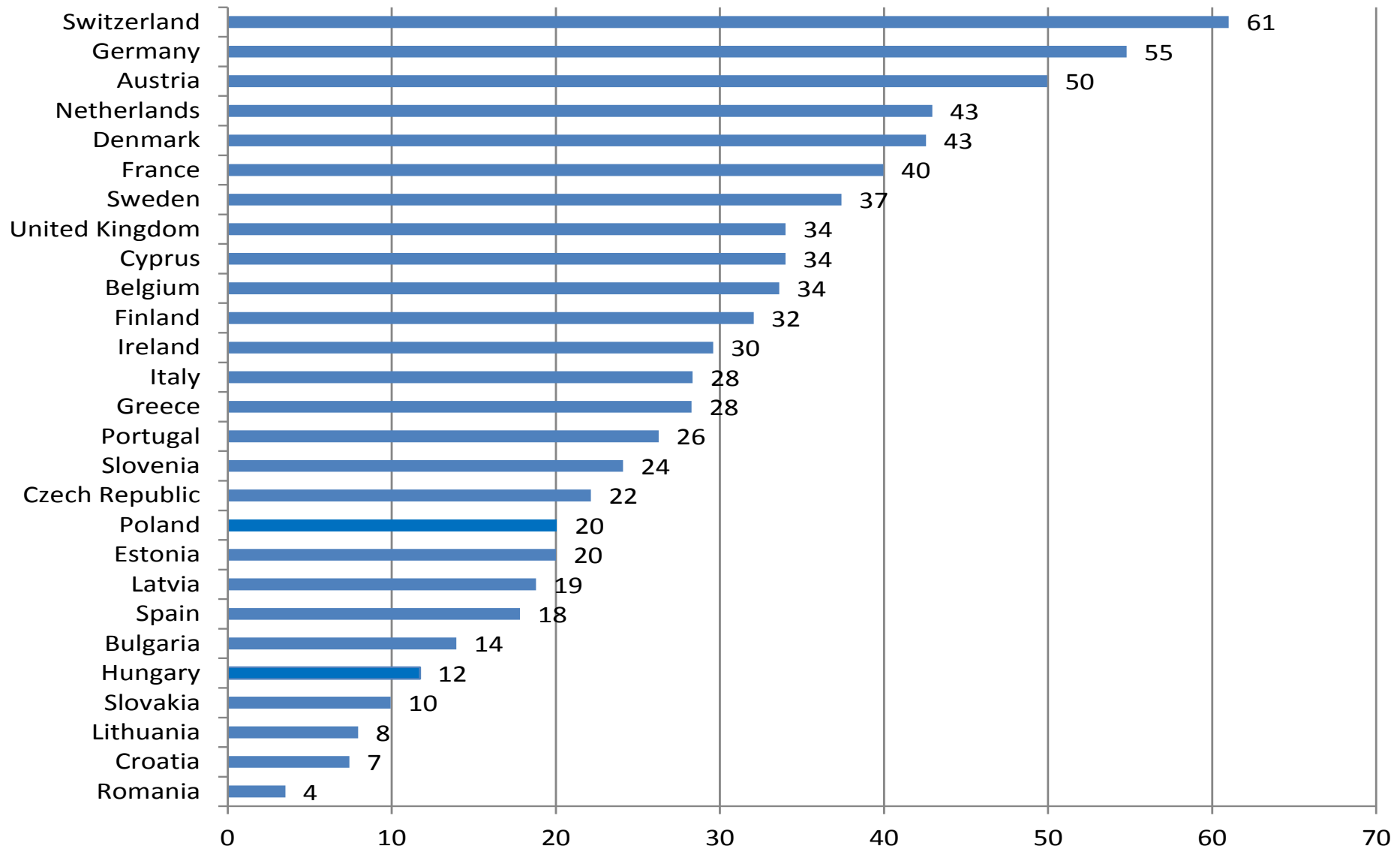
The need for a balanced housing policy

- ❖ Large subsidies and subprime loans to house-owners together with an excessive and unregulated financial market have caused the present financial crises.
- ❖ “the disproportionate use of such policies has contributed to price volatility and to the ongoing housing affordability and availability crises.”
(UN Special Rapporteur for Housing Raquel Rolnik)
- ❖ “Countries that have adapted a more balanced housing policy, such as Austria, Germany, and Switzerland, have suffered little from the recent property crises.”(UN Special Rapporteur for Housing Raquel Rolnik)
- ❖ Tenure neutral housing policies will contribute to more stable housing markets and counteract housing price bubbles (Prof. H. Priemus, Prof. M. Elsinga of Delft University, C. André, OECD, several other researchers)

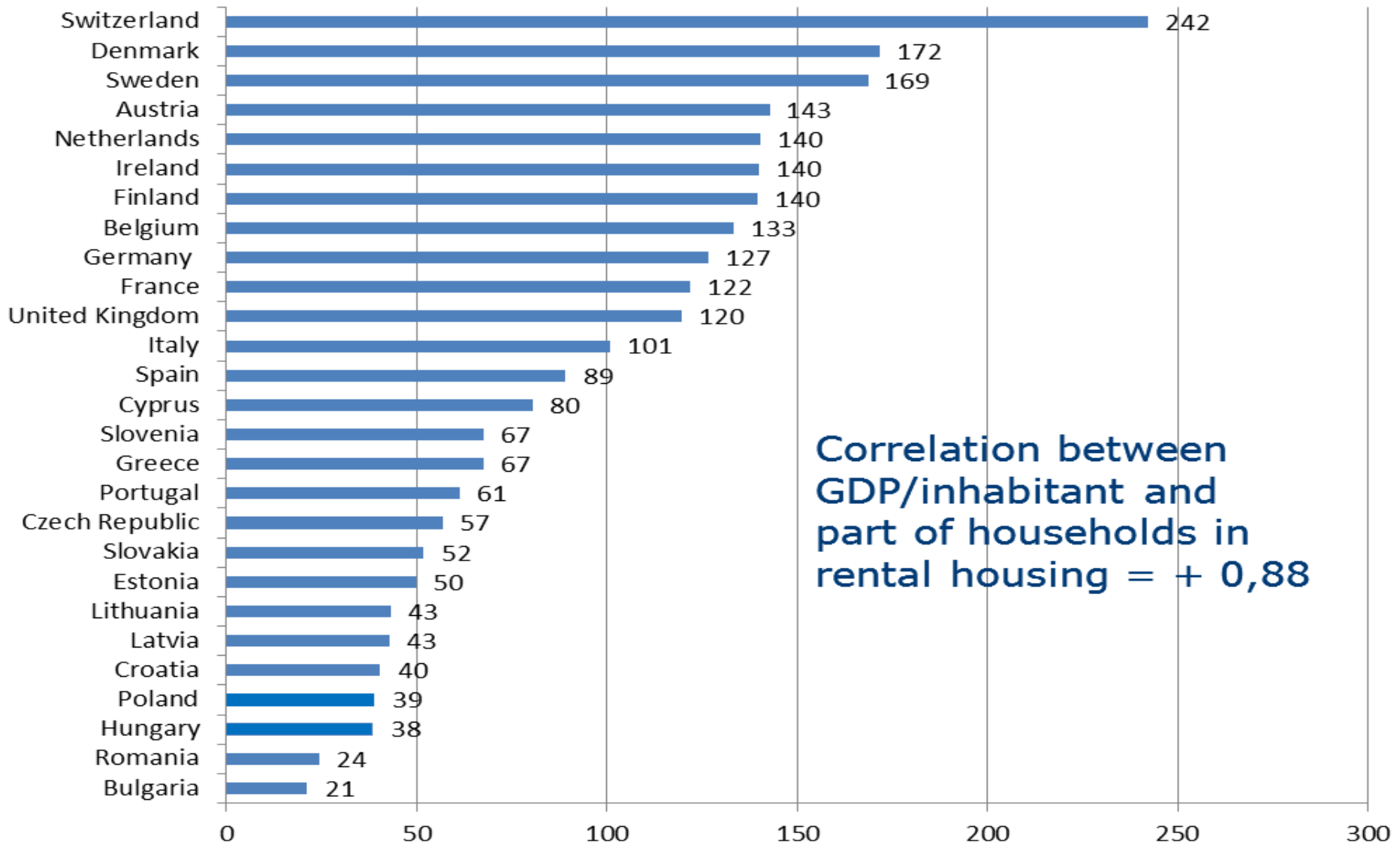
The need for a rental market

- ❖ A substantial, transparent and fair rental market is needed in every country to facilitate labour mobility
- ❖ A grey or black market without a balance of interests and security of tenure is not a solution
- ❖ The rental market should consist of **at least** 1/3 of the whole housing market and even more in the big cities
- ❖ There is a connection between the size of the rental market and the economic development

Part of households in rented dwellings (incl. subletting) (SILC 2011)



GDP/inhabitant in percent of EU average (Eurostat)



Correlation between
GDP/inhabitant and
part of households in
rental housing = + 0,88

The need of social housing/subsidies

- The market alone cannot solve the housing problems for many e.g.
 - Young households
 - Migrants and refugees
 - Low and low to medium income households
 - Disabled households in need of care
- We need social housing, housing allowances and other forms of subsidies and adapted housing to fight market failures
- Subsidies to provide affordable housing are necessary but should not be able to be capitalized. The aim of the subsidy is to lower the costs not to stimulate higher prices.
- Subsidies on a free market, e.g. mortgage interest deduction, stimulate speculation, contribute to increased prices on homes and construction, push up rents and decrease housing affordability.

The target group of social housing important

- A social mixture is desirable and wise - Don't create ghettos with only the most needy
- The social climate in a housing area effects the future possibilities of households and individuals living there
- Social and affordable housing are needed in areas where the jobs are to counteract unemployment and satisfy the employers' demand for labour
- The target group of the social housing sector should be a national decision without interference from the European Commission (e.g. SGEI decision, recital 11)

Role for EIB, member states and EU funds

- **EIB** should set up a dedicated fund for sustainable housing to increase the supply of affordable housing and the refurbishment of the existing stock
- **Member states** should adopt measures with a social aim to facilitate the transition towards energy-efficient buildings (refurbishment costs are passed on to tenants with no guarantee of energy savings).
- The use of **EU funds**, like ERDF and ESF should be target-oriented to fight energy poverty.

Summary

- Tax systems and subsidies should promote tenure neutrality – and should not influence the consumer's choice of tenure
- Substantial rental markets counteract price volatility on the housing market and promotes labour mobility and economic development
- Housing subsidies for lower rents and prices or increased purchasing power are necessary to ensure good housing for all households
- The target group of the social housing sector should be a national decision without interference from the European Commission

Thank you for listening!

- The International Union of Tenants (IUT) represents the interests of tenants at a supranational level (UN, EU, CoE), 61 members worldwide, 36 of them European
- IUT Headquarter in Stockholm, Sweden, Liaison office to the EU, Brussels