



International Union of Tenants

Association Internationale des Locataires

[www.iut.nu](http://www.iut.nu)

## International Tenants' Day October 4, 2010

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# A new deal for affordable rental housing

**Affordable housing has always been central to the success of thriving mixed communities. But with house prices and rents rising rapidly in recent years, even in the current downturn market, affordability is more important than ever.**

Home plays the most important role as space of sanctuary to all, irrespective of tenure and incomes. Well-off households have usually no problems assuring themselves good and safe housing, but less well-off, low income and poor households often struggle to maintain this sanctuary.

The choice whether to rent or to own your home should be possible, and a right, in all countries. Young households and ageing households particularly need this choice.

Security of tenure exists in countries where the state has established legal frameworks and norms where tenants are as well protected as owners, and where the state considers all households equal, tenants as well as owners.

**Housing plays a key role in politically and economically stable and sound societies,** and is one fundamental pillar for peace and stability. Where housing is scarce, unaffordable and of low quality there exists a permanent uneasiness among its population. Affordable housing is one important ingredient in making labour markets flexible, a fact acknowledged several times by the EU. Several research have shown that homeowners are considerably less likely to migrate than renters. According to the EU and UN-ECE; if the level of homeownership is too high in a country, this may seriously hamper the spatial flexibility of the labour force. Therefore IUT would like governments to reduce subsidies, like tax relief, to home owners.

**The social and public housing rental sector** plays a key role in the housing supply, particularly in western Europe where it is often considered to be on equal footing with the ownership sector and as such inhabited by, income wise, broader groups of households. In the US, Australia, Canada, in eastern Europe and elsewhere in the developed world social housing is merely for the low income, poor and marginalized households, and then becomes stigmatized, which results in unwanted segregation.

IUT is of the opinion that social housing should be accessible to broader income groups and that architecture and standards should be attractive and of high quality.

**Investing in social housing** is one of the best mechanisms of reversing rise in unemployment; Social housing has strong multiplier effects in terms of employment and has greater long-term impact on the labour market than other construction investments.

Construction multipliers are in the range of 1,7 to 1,9 meaning that for every 100 jobs created in construction of social housing another 70 to 90 jobs are sustained elsewhere in the economy, due to a higher labour-intensity in house building activity and producing new jobs in the social service sectors.

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**The private rental sector** has many of the positive advantages earlier mentioned. But this sector is too often and in too many countries encumbered with a bad reputation of high rents in relation to size, quality and management. Still, the private rental sector plays an important and positive role in many countries where this sector is regulated by laws and efficient regulations, that e.g. secure tenancies and regulates rent setting.

**Private Public Partnership** plays a vital and thriving role in many countries when it comes to housing constructions and management. This partnership is to be encouraged further, if this partnership can result in affordable homes.

**Energy poverty** is a reality for many, for owners as well as for tenants. Energy prices incl. cost for heating continue to increase in all parts of the world. In the OECD countries, energy prices rose by nearly 11 percent in 2009, in the US by 19 per cent. Housing affordability is about costs, in relation to income. Costs for maintenance, management, refurbishment and energy all end up on the household's expense account, and most often tenants in the private sector are the worst hit.

**Tenants pay most.** According to the Eurostat publication *Consumers in Europe*, tenants in Europe living in cities and pay market rents, pay almost 34 percent of their disposable income as a whole for housing. Tenants in the UK and Spain pay 44 resp. 42 percent. Owners without mortgage only pay 16 percent, and with mortgage 21 percent. Worst off are tenants below the "poverty threshold", with income below 60 percent of the national median income. In Slovakia, Poland, Latvia, Ireland and Belgium, these tenants pay an average over 60 percent of their disposable income for housing.

The members of the International Union of Tenants urge governments to facilitate the construction and access to safe and sound affordable rental housing in the following ways:

- a. **Reduce subsidies, like tax relief, to home owners;**
- b. **Strive for a minimum of 33 % rental housing, of the total stock on a national level, and of which 50 % should be social / public housing;**
- c. **Stimulate the supply of affordable rental housing, by allocation of funding and state/municipally owned land;**
- d. **Work against segregation and towards social cohesion by stimulating local diversity of housing types and housing tenure (rental vs. owner-occupied), and prevent the development of large areas of low-quality rental housing.**
- e. **Focus on the quality at least as much as on the quantity;**
- f. **Stimulate the development of lifetime housing and housing with care and support;**
- g. **In the EU; Housing should remain a strict non EU competence. EU states should be allowed to keep national housing characteristics and nationally agreed housing policies such as access to social housing for broader groups of the society.**