



Contribution to the Consultation on the European Pillar of Social Rights

Housing is a fundamental right as citizens cannot enjoy other rights without it. However, a “roof on people’s head” is not enough to promote social inclusion: housing assistance should be integrated with proximity to other public services at local level e.g. transports, health care, education, jobs and training opportunities. A household’s expenditure on housing is usually the one which takes the biggest share of its budget. Lowering housing costs then means greater possibilities for households to spend more money on other goods and services, which contributes to the creation of new jobs.

Affordable housing is a service of general interest and an important pillar for a social Europe. It is on public authorities to favour the construction of affordable housing and to regulate the private rental market. Considering the housing cost overburden in the private rented sector (27% at EU level), rent control should not be stigmatised by the European Commission. Tenants have a weaker position than landlords due to the existing information asymmetries, and regulation can reduce those asymmetries. Rent control is indispensable to protect tenants against abusive rent increases, unfair evictions and speculation, first and foremost in the private rental sector. A functioning housing market is one where demand meets offer, which is not the case in many European states and cities. The housing market is affected by several failures, such as the shortage of land, an insufficient supply of affordable rental housing, an excess supply of high-priced condominiums, fiscal subsidies for homeownership and differences in market power between landlords and tenants. Tax incentives for homeowners and investors fuel house prices and increase the costs of welfare provision. Also the physical planning of housing is usually not a competitive, unregulated market. Evidence shows that the private rented sector and the low-end homeownership segment suffer from insecurity of tenure, bad maintenance and pauperisation of neighbourhoods. Therefore it is difficult to understand why the European Commission is pleading for homeownership support for low and medium income groups. Apart from being a clear homeownership bias, this policy will worsen the disrupted situation of the housing markets. Maximising homeownership is also contradictory to the aim to ensure increased labour mobility as this tends to decrease labour mobility due to lock-in effects and higher transaction costs. The IUT is in favour of tenure-neutral housing policies and a more universal model of affordable housing in the EU.