

AFFORDABLE RENTAL HOUSING FOR THE YOUNG- FACTS AND NEWS

INTERNATIONAL TENANTS' DAY 2011

“The smooth housing-market entry of young people is an important prerequisite for partnership formation and subsequent family formation. To accommodate this housing-market entry, it is important that housing stocks be diversified. Housing markets should offer not only high-quality and certainly not only owner-occupied housing, but also affordable rental dwellings. A sufficiently large rental sector also facilitates the spatial flexibility of the labour force. The estimation is that a share of 30 per cent rental housing is needed for these two purposes. The availability of affordable rental housing of adequate quality is also important for yet another reason: the risks associated with homeownership among low-income households.¹

Young people living with parents in EU

- ❖ 51 million or nearly a half (46 %), of all young adults (aged 18-34 years) in Europe still live with their parents
- ❖ Young people living with parents exceeds 50 % in 16 Member States
- ❖ The share of young adults living with their parent(s) varies from 20 % or less in Denmark, Sweden and Finland, to 60 % or more in Bulgaria, Slovenia and Slovakia.
- ❖ In France, 48 % of young people still live with their parents while in Spain it amounts to 78 %²

In the northern countries where young people tend to leave home earlier it is more likely they move to rented accommodation, often in the public sector. It occurs the opposite in southern Europe as rates of owner-occupation are high (67-68% in Portugal and Italy, 76-78% in Spain and Greece) and the availability of affordable-rented stock is low (none in Greece, 8-10% in Spain and Portugal, 23% in Italy.³

The comparison among countries reveals considerable differences between eastern and western Europe. Inhabitants in the new member states generally have a lower material housing standard and a higher degree of overcrowded conditions compared to the older member states in western Europe. In eastern and southern Europe, young adults remain in their parents' homes to a greater extent while western European and Scandinavian men and women aged 18-34 move from home at an earlier age.⁴ Men are more likely to leave their parents' home later than women. A key factor driving the gender imbalance among young adults living with parents is that women actually marry or move out with a partner earlier than men. Young people which after concluding their studies go back to live with their parents because of the lack of affordable houses and job security, are the so called generation of *boomerang children*.

A weak supply of rental housing contributes to macroeconomic instability and hinders labour market flexibility, constraining economic growth

Young people are increasingly squeezed out of the housing market; affordable housing in both the private and social rented sector is in short supply and buying a home is out of reach of many.⁵ Asked for the main reasons of living longer with their parents, 44% of the interviewed answered that they cannot afford to move out and 28% mentioned the lack of affordable housing.⁶ Young people now face a more drawn-out process of moving towards independent living than ever before. The lack of long-term job security may contribute to their later departure from the parental home. Moreover, the

¹ UNECE- The relationship between Population and Housing 2010; p: 17

² EUROSTAT 2008, http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-SF-10-050/EN/KS-SF-10-050-EN.PDF

³ www.iut.nu/conference.htm

⁴ http://www.scb.se/statistik/_publikationer/LE0101_2009A01B_BR_LE121BR1101.pdf

⁵ http://www.scb.se/statistik/_publikationer/LE0101_2009A01B_BR_LE121BR1101.pdf

⁶ *Combating poverty and social exclusion: A statistical portrait of the European Union 2010*, page 48-49

main reasons of the *adult kids* generation are the changing needs like an increase of celibacy, more frequent and longer education; precarious employment and unemployment; and mobility-induced job search.

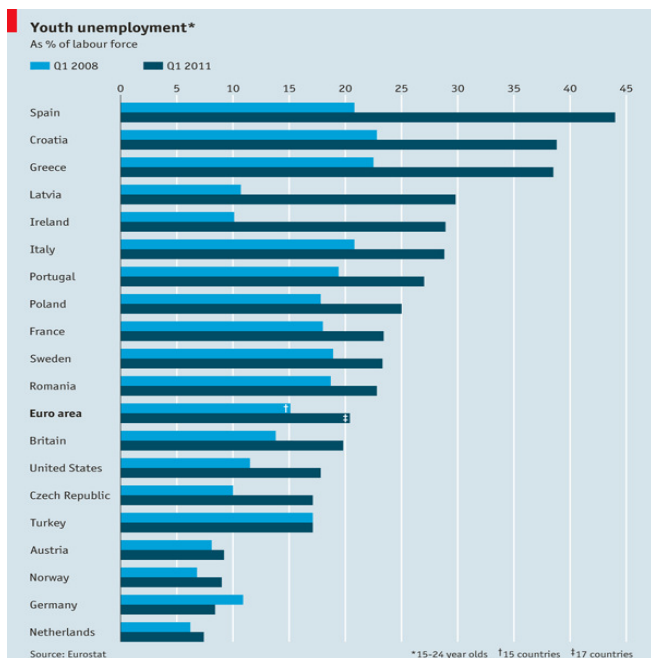
	Youth unemployment rate				Youth unemployment ratio		
	2008	2009	2010	2011Q1*	2008	2009	2010
EU-27	15.8	20.1	21.1	21.0	6.9	8.7	9.0
Euro area	16.0	20.2	20.9	20.6	6.9	8.7	8.7
Belgium	18.0	21.9	22.4	19.0	6.0	7.1	7.3
Bulgaria	12.7	16.2	23.2	26.8	3.8	4.8	6.7
Czech Republic	9.9	16.6	18.3	17.1	3.1	5.3	5.7
Denmark	7.6	11.2	13.8	13.5	5.5	8.0	9.3
Germany	10.6	11.2	9.9	9.0	5.5	5.8	5.1
Estonia	12.0	27.5	32.9	20.4	5.0	11.0	12.6
Ireland	13.3	24.4	27.8	28.9	6.7	11.3	11.6
Greece	22.1	25.8	32.9	38.5	6.7	8.0	10.0
Spain	24.6	37.8	41.6	44.1	11.7	17.1	17.8
France	19.3	23.9	23.7	23.4	7.2	9.2	8.9
Italy	21.3	25.4	27.8	28.6	6.6	7.4	7.9
Cyprus	8.8	14.0	17.2	19.3	3.8	5.7	6.8
Latvia	13.1	33.6	34.5	29.7	5.6	14.0	13.9
Lithuania	13.4	29.2	35.1	32.6	4.1	8.9	10.4
Luxembourg	17.3	16.5	15.6	12.8	5.2	5.5	3.5
Hungary	19.9	26.5	26.6	26.0	5.0	6.5	6.6
Malta	11.8	14.4	13.1	12.3	6.4	7.4	6.7
Netherlands	6.3	7.7	8.7	7.4	3.9	4.8	6.0 [†]
Austria	8.0	10.0	8.8	9.1	4.9	6.0	5.2
Poland	17.3	20.6	23.7	24.9	5.7	7.0	8.2
Portugal	20.2 [†]	24.8 [†]	27.7 [†]	26.9	6.8	7.9	8.2
Romania	18.6	20.8	22.1	22.8	5.7	6.4	6.9
Slovenia	10.4	13.6	14.7	16.9	4.5	5.6	5.9
Slovakia	19.0	27.3	33.6	33.2	6.2	8.6	10.4
Finland	16.5	21.5	21.4	20.5	8.8	10.9	10.6
Sweden	20.2	25.0	25.2	23.2	10.7	12.8	13.0
United Kingdom	15.0	19.1	19.6	20.0	9.2	11.4	11.6

* The quarterly youth unemployment rate is seasonally adjusted.

† estimate

Source: Eurostat (une_rt_q, ifsi_act_a)

- ❖ In Spain (41,6 %), Lithuania (35,1 %), and Latvia (34,5 %) youth unemployment rates are particularly high
- ❖ The Netherlands (8,7 %), Austria (8,7 %), and Germany(9,9 %) are the only Member States with a youth unemployment rate below 10 %.⁷



Financial insecurity is one of the factors that raises serious obstacle for young people to become or try to stay independent. Even if young people are not a homogeneous group what they often have in common is lower income, insecure terms of employment and little or no savings. At the same time they are new in the housing market which means few contracts and references. Moreover, the high cost of private renting leads to overcrowding in order to be able to pay the rent.

Youth (un) Employment

The youth unemployment rate in the EU-27 is more than double the overall unemployment rate in 2010. 20,9 % or more than one out of every five young persons in the labour force is not employed, but looking and available for a job.

The growth of long-term unemployment for a broad layer of the European youth, including many highly educated young people with academic qualifications unable to find work, has led to be referred as “lost generation”.

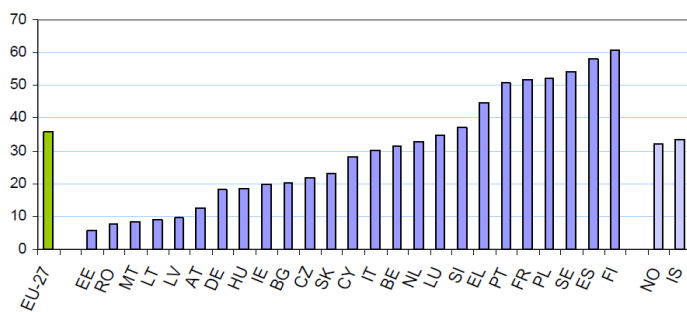
Employment is to be one of the key drivers likely to influence the housing choices of young people over the next ten years. The endemic problem of people moving repeatedly between work and unemployment has also risen as a result of the recession, and is a pattern that is likely to get more acute in the short-term future⁸. Furthermore during the recession companies have been resorting to temporary employment, which means people are more likely to get trapped in the ‘low pay, no pay’ cycle. Many young

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people are particularly vulnerable to this phenomenon due to their location in often temporary and insecure areas of the labour market.

⁷ The Economist, <http://www.economist.com/blogs/dailychart/2011/07/youth-unemployment>

Figure 10: Share of young adults aged 18-34 living with their parent(s) and having a temporary contract (%), 2008



Source: Eurostat calculations based on EU-SILC database.
NB: Data missing for DK and UK.

Even if having a job is indispensable for young people to start living on their own, not every job automatically leads to financial self-sufficiency. In 2008, 51,1% of young adults aged 18- 34 living with their parent(s) were working full- or part-time, 33,2% were identified as students and 9,5% as unemployed. The remaining 6,2% were classified as 'others' (e.g. permanently disabled and/or unfit to work, in compulsory military or community service, occupied with domestic tasks and care responsibilities). 35,8 % of young employed adults living with their parents reported

Young people are the most mobile sector of the population. Understanding the nature of this pathway is essential to the task of arriving at better policy to support people making their first housing decisions.

holding a work contract with a limited duration. More of the young people in Portugal, France, Poland, Sweden, Spain and Finland held temporary contracts than permanent contracts. This high percentage may be a result of increasing flexibility in the labour markets in the countries concerned. It may also be due to the prevalence of provisional contracts offered to young adults aged 18-34 at the beginning of their career. The lack of long-term job security may contribute to their later departure from the parental home.

Young people and homeownership

There is concern that young people will continue to face difficulties accessing homeownership over the next ten years. The impacts of the recent recession will adversely affect young people's chances of becoming home-owners due to restrictive lending practices and mortgage affordability issues. Financial support from families is likely to be a crucial factor in the ability of young people to access homeownership in the future. Home ownership is socially and economically a 'last resort' for a large number of households looking for their own first home. Affordable public and social housing is effectively closed to those outside the tenure. Private rented housing is short in supply, variable in quality, and tied to pro-market tenancy agreements with market rents and low security. Lower middle income households (which will include many first time buyers) are increasingly less well suited in the 'for sale' sector. These households have only the options of renting privately or social housing. It is important to examine the housing cost burdens of low-income households since they spend larger percentages of income on housing, they have less income available for other necessities, like food, clothing, and health care.

The foreclosure and economic crisis has also exacerbated the problem of affordable rental housing. After a foreclosure (notice of mortgage) many previous homeowners will have damaged credit ratings that will make homeownership unlikely in their future. This will also increase demand for rental units.

The positive implication of Affordable rental housing on the labour market

A well-functioning housing market, providing an adequate turnover of residential mobility, is important for the efficient matching of jobs within the labor market. Immobility caused by bottlenecks in the housing market can seriously inhibit the ability of the labor market to match vacancies with potential employees.⁹ Recently, many European researchers have asked whether the relatively high unemployment rates in countries like the UK and Spain can be explained by the fact that the majority of people in these nations own occupy their homes, while a small minority lives in the rental housing. This question arises naturally, since the lowest rates of unemployment can be found from such contrasting countries as Germany and Switzerland where most people live in rented homes. Home-owners are less flexible to move in response to changing labor market conditions than people who rent their homes. As a result of greater mobility, the rental arrangement also results in better allocation efficiency than owner-occupation. There are several reasons why owner-occupation may render the labor market less fluid. It may also be difficult to move from a depressed region, where house prices are low, to a booming region, where prices are high. Obviously when houses are

Affordable Housing contributes to increased residential stability which may lead to improved educational outcomes for children and improved labour market outcomes for adults.

⁹ Markus Haavio and Heikki Kauppi (2002), *Housing Markets, Borrowing Constraints and Labor Mobility*, Research Unit on Economic Structures and Growth (RUESG) at the Department of Economics at the University of Helsinki.

rented, the hurdle to move to the booming area is lower, and the decision to do so can be based on job prospects. Looking at a booming area, a worker whose match with the current job becomes poor faces strong incentives to leave the region, if he has to pay a high rent there.

Italy's Youth's Housing Exclusion

More than seven million young people, between 18 and 34 years, still live in their parents' home. Within them 40% have more than 25 years while one out of two has a precarious job. It's *the thousand euro generation* the one who have fully absorbed the cost of the economic crisis. According to a survey conducted by the CGIL, Sunia and SICET on the housing situation of youth, young people in Italy live in 'forced cohabitation' with their parents and it is mainly due to the cost of housing and poor working conditions that generate low incomes households.

The housing exclusion for young people represents "a real stumbling block " to adulthood. According to the analysis 60% of people up to 35 years receive a monthly income of less than 1000 €, not to mention that the youth unemployment rate has reached 28,6%¹⁰. The rents are too high, amounting to 1020 € for new contracts and up to 750 € for renewals. Moreover 30% of young people not working, a 20% that does not study and does not work (NEET- Not in Education, Employment or Training), a 30% which has a temporary job and 60 % earns less than 1000 € per month. Cohabitation and cohousing are often the only possible way to get away from the parents home and the survey conducted, demonstrates that 46% of the young consider the price of housing, as the biggest obstacle to housing independence. Moreover within the youth leaving with parents 44% have a university degree and 50% have a diploma.¹¹ Among women, 52% have a university degree, while among men it amounts up to 37%. For the thousand euro generation getting away from family's home became 'more and more' complex. A study conducted by the Catholic University in Milan, estimates that between 13 million to 15 million households in the coming years will have a monthly income of 1.500 € per month making them a sort of 'social buffer' that remains below the average income of Italian citizens and above the poverty line.¹²

Cohabitation and Cohousing are often the only possible way leave the parental home in Italy

Between 2003 and 2007 the entry in labour market has gradually shifted to a later age as a consequence of the extension of training. Among the Italians of 18-39 years who have stayed to live with their parents, 47,8% stated that the reason is lack of financial means. Rent subsidies for vulnerable families and reforms in the system of leases as balance the market dynamics are imperative in Italy as to guarantee the fundamental human right of affordable and decent housing. Investment in public housing to respond to the emergency housing of family discomfort it can be the solution to the shortage of affordable housing.¹³

A further problem is that students looking for accommodation at reasonable prices. In this sector, the public offer is very low and there is a high black market system. Faced with 637.595 students studying in different cities than their own, the total number of beds available is 55 000.¹⁴

An analysis conducted on the Italian real estate by "Agenzia del Territorio" (an agency of the Ministry of Economy and Finance working as a real estate market observatory) 956.218 young people under 30 live in a rented house, and the amount they pay for the rent affects 65% of their income. They have an average income of 7.500 € per year. The number of homeowners the same age is 994.847 out of a total of over 24 million. We should note that only a portion of these houses were purchased. Many of them were inherited. If we just consider the year 2010, there were 44 000 homes that were inherited by young people. The income of people under 30 who are homeowners is approximately 15.854 € per year, equivalent to twice the income of their peers in a rented house.

In 2009, 350.000 requests for housing contribution have been registered in Italy. Moreover while in 2000 there were 360 million € of public expenditure in housing contribution, in 2011 the amount has diminished to 33 million €. Nevertheless in 2009, 650.000 people have applied to the local authority for a housing allocation while less than 2000 of housing

¹⁰ Two millions young Italians not studying nor working <http://www.reuters.com/article/2011/01/19/us-italy-young-idUSTRE70I3IS20110119>

¹¹ http://www.cgil.it/Archivio/Ambiente_Territorio/Casa%5CIndagine%20sulla%20condizione%20abitativa%20dei%20giovani.pdf

¹² <http://www.giovaninmontagna.it/abitare/oltre-7-milioni-di-giovani-vivono-ancora-con-i-genitori>

¹³ OECD- Urgent measures needed to fight youth unemployment <http://www.oecd.org/dataoecd/62/32/43707110.pdf>

¹⁴ SICET, Survey on the Housing situation of Young people in Italy 2011

allocation have actually taken place. The difficulty in finding accessible housing also affects social cohesion and competitiveness of the country and has a negative impact on the overall development of cities and economic growth.

The housing Market in Italy

In a country of home-owners, the young people are the one to be forced to rent: 36,3% of the rental market is occupied by the up to 40 years old, while only 13,7% of them have more than 40 years. The growth potential of the residential property market in Italy, where about 8 out of 10 families live in their own homes, can not be separated from the housing needs of young generation. The Italian youth lives in a state of economic and employment disadvantage, which inevitably reflects in its weak position in the housing market.

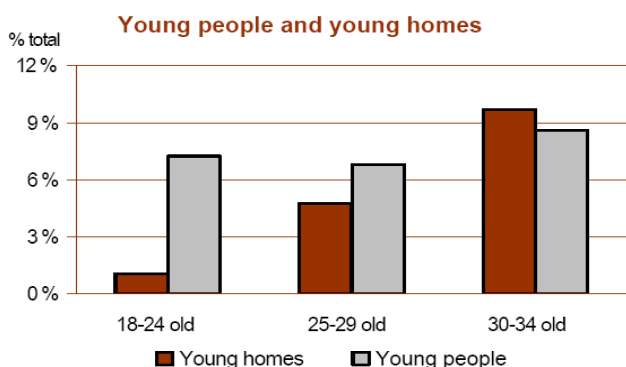
The rent at market prices is widespread, especially among young families who reside in Lombardia, Piemonte and Liguria (50%) and Central Italy (39.3%), while in the Northeast and the South there is a higher incidence of cases where young families live in a house that belongs to a relative, relying on the assets of the extended family. A decisive variable is represented by the population size of the residence municipality. In smaller cities, up to 30 000 inhabitants, and also in small and medium size cities, access to the property is less problematic for younger families (the figure is close to 60%), and is more frequent than housing support mechanisms will be realized by the extended family (nearly 9% of urban areas in centers up to 30 000 inhabitants).¹⁵

The biggest obstacle in Italy for housing independence, are the high prices of the rental market. For an apartment of 70 meters, on average, the price amounts to ranging 1642 euro per month in Rome, up to 1353 in Milan and to 637 euro per month in Naples

Spain: A housing market out of order

Youth's housing exclusion

Housing affordability for the Spanish society has been greatly reduced. In December 1997, the average house price represented 3.6 times the average gross disposable income of households, while ten years later assumed 7.7 times the rent. The current crisis has further highlighted the negative implications that these characteristics of the housing market have, on the Spanish economy and society. The rise in the price of rented and owner-occupied housing, together with the almost non-existent public intervention to control market excesses, has placed the majority of young people on the verge of housing exclusion.¹⁶ This is clearly proved by several facts like; Spain is the EU country with the latest age of emancipation with respect to its total population and with the highest percentage of second homes and empty housing. Exclusion suffered by young persons is compounded by two additional elements: job insecurity and delayed emancipation. These two destroy all possibility of access to housing, but not just that, it also prevents access to many other things for which job security is usually required, even for certain types of aid.¹⁷



In Spain exist more than 1.200.000 empty houses, because of the economic crisis. In 2009, 570.000 of them were finished but weren't sold, 290.000 are still under construction.¹⁸

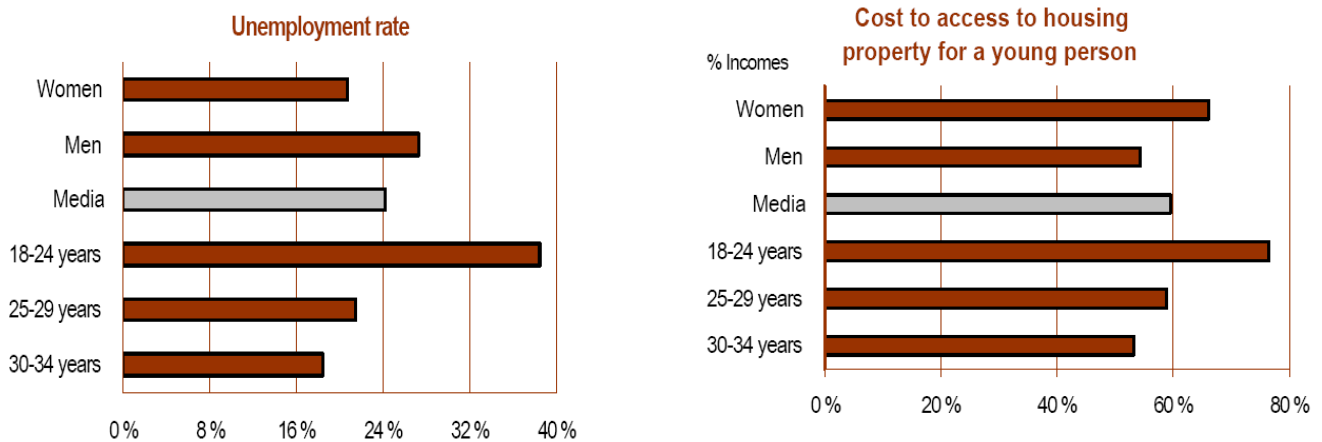
¹⁵ <http://www.immobili24.ilsole24ore.com/Esploso.aspx?idDoc=12727211&doctype=11>

¹⁶ Global Tenant, March 2011 p.8, http://www.iut.nu/Global%20Tenant/2011/GT_March_2011.pdf

¹⁷ <http://www.cje.org/C18/C13/How%20is%20the%20current%20situation/default.aspx?lang=en-US>

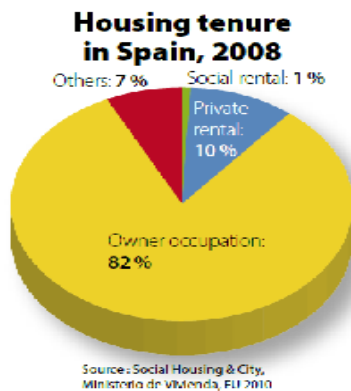
¹⁸ FAVIBC Speech, International Tenants Day 2011

The overall unemployment in Spain amounts to 20,5 per cent, but the rate of youth unemployment is 43,5%, the highest in Europe. In Ireland, the youth unemployment has increased to 31,9%, while Bulgaria and Italy upper youngsters unemployment rate amounts to 28%. The rate of youth unemployment in the United Kingdom and Belgium remain around the average of the EU's youth unemployment rate.¹⁹



The new construction house in Spain had gone up in September of 2008 15,67% in the last twelve months, 56,5% in the last three years and 100,37% in a polish, according to the data of the Ministry responsible for public works. The second hand houses are so only 17,55% cheaper. The middle price for rent in Spain is the 79,5% of the monthly wage of a family If it is a new house, and in 65,7% if it is a second hand house. The official protection housing (public social hosing) do not surpasses 8% of offers it real estate.. Spain is the country of the EU that registers a later emancipation regarding his total population. Spain allocates 0,1% of the GDP to the expense of direct helps to the access to the house in front of 0,6% of average in the European Union.

Spanish Housing Market



Inadequate regulatory framework of the property market in Spain has created significant distortions such as the shortage of rental housing, high absorption of productive investment by this sector and, indirectly, low productivity growth. However, they are much more important social consequences, such as excessive household debt, declining housing affordability or distortions to the mobility of the labour market. The Spanish housing market presents a set of features that differentiate it from other European countries such as high rate of home- ownership, over 82% and extremely weak rental market (around 13%). The rate of rental housing is particularly low compared to other European countries like Germany (60%) or Switzerland (with rates amount to 70%), even if the rate of empty homes in Spain is over 16%, very high compared to the remaining EU

National housing policies should not award preference to any specific tenure, leaving the choice to individual households.

countries.²⁰

The rental market weakness in Spain limits the mobility of workers, who can not find a quick accommodation in other provinces once they've found employment or better working conditions. Low mobility of workers is associated with higher unemployment. Economies with a higher rate of rental sector, such as France or Germany haven't been hit by the crises since the affordable rental sector permits a greater geographical mobility.

While the youth live still at theirs' parents, there is a huge surplus of homes for sale. The large excess of home occupied housing supply and the large housing demand from many low-paid young, are clear proof of a housing market that does

¹⁹ FAVIBC Speech, International Tenants Day 2011

²⁰ <http://www.ayudasviviendajoven.es/>

not work. The affordable rental housing in Spain has traditionally been geared toward home ownership. The allocation of the very limited owned affordable housing stock together with the really high demand takes form of a lottery in which very few beneficiaries receive a very high subsidy.

Fiscal incentives in Spain have benefited the home ownership versus rental housing provoking negative implication on the housing market. While there are some very limited deductions in the CCAA, the only remarkable for the tenant incentives were introduced in 2008 with the implementation of the "basic income of emancipation" (210 per month for the population 22 to 30 years for a maximum period of 4 years) and the adoption of an income tax deduction aimed at taxpayers with incomes under 24.020 euro per year, which can amount to 10% of rent paid. The State Housing Plan and Rehabilitation 2009-2012 raises target that 40% of new housing supply is protected for rent.²¹ State Housing Plan and Rehabilitation 2009-2012(Plal Estatal de Vivienda e Rehabilitacion) is a governmental program that provides aid based on income for house purchase, rent facilitation and especially access for youth in housing.²²

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Policy Recommendations

The elimination of the tax deduction for home purchase would have a downward effect on both house prices and excess of housing supply. Abolish the subsidies for home purchases and engage the resources a temporary relief for rental housing is what the Spanish housing market need for balance. A regulatory reform in the housing market is a necessary condition to begin a new period of sustained growth. This reform should boost the rental market through eliminating tax incentives for homeownership and reorienting housing policy toward affordable rental housing.

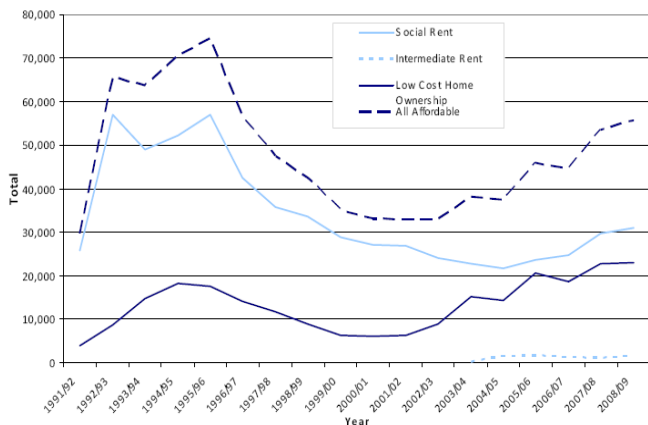
Tenure-neutral housing policy' and an accompanying 'tenure-neutral fiscal policy' is needed

ENGLAND

Entire generation locked out of the housing Market

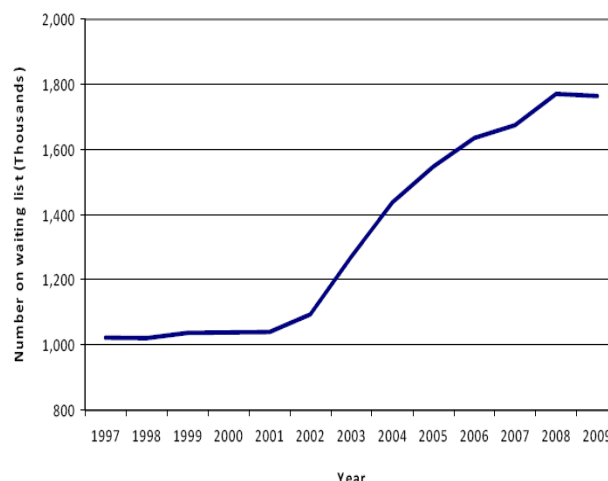
The changing nature of social housing stock will be a key driver in shaping the housing options of young people over the next ten years. There is currently a very limited and insufficient pool of affordable housing, partly as a result of the introduction of the 'right to buy' scheme. Since 2007 the number of new build completions in the UK has decreased significantly, although it appears that the proportion of all social sector completions has increased. In fact, figures for England show that the number of new completions of all affordable housing types has increased over recent years and there has been a particularly rapid increase in the provision of low-cost home-ownership, even if there are more that 1.7 million people are currently on a waiting list in England, practically an entire generation has been "locked out of the housing market".

Figure 13 Additional affordable homes provided by type of scheme in England (1991/92 – 2008/09)



Source: CLG (2010) Live Table 1000

Figure 14 Number of households on local authority housing waiting lists in England (1997–2009)



²¹ Simone Pekelsma, In Spain housing has long been conceived as an investment rather than a right of citizens, <http://www.eukn.org/Interviews/Archive/2008/>

²² <http://www.ayudasviviendajoven.es/>

While there has been an annual increase in the number of affordable homes built, the number of people on local authority housing waiting lists has increased over the past decade in England, Scotland and Northern Ireland. Social housing in UK is increasingly reserved for those who are vulnerable, homeless or in 'priority need'. These criteria often exclude young people, who therefore have few alternative and affordable housing options. There is a limited access to affordable housing for young people as also the existing stock is unsuitable for the young peoples' needs. Young people require more flexible tenure arrangements that facilitate mobility and access to education and employment.

More 'portability' of social housing products is needed in order to meet the specific needs of mobile young people making the transition into independent living.

(un) Employment in UK

Employment is to be one of the key drivers likely to influence the housing choices of young people over the next ten years. Nearly one in five young people are currently unemployed in the UK. Consequences of high levels of unemployment amongst young people will include delayed transitions to independent living, increased exits from owner occupation and the private rented sector, and a decline in exits from the social rented sector. Government policy that encourages mobility to seek employment is unlikely to significantly influence the housing choices of young people.²³

The reduction in Housing Benefit by 10% for anyone on Job Seekers Allowance for over twelve months might result in an increase in landlords refusing to let their properties to people in receipt of housing benefit. It is also believed that this proposal is likely to lead to more housing problems for young people, which in turn will lead to greater costs to government. The reduction in the Local Housing Allowance (LHA) to cover only the lowest third (30%) of local rents will mean fewer properties are available at a rent covered by LHA and more people will have to pay a shortfall between the level of benefit and rent. The new affordable rent tenancy is not only just for two years but it allows landlords to change rents at 80% of the private market rent in an area.²⁴

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FRANCE –Youth's housing exclusion

In 2009, there were 8,73 million people the living under poverty line (954 €/ per month). Among these people, 1.937 million were aged 18-34 years old. So, in percentage: 23, 7% of the total population living in poverty²⁵

- ❖ Unemployment rate among the young (15-24 years old) amounts to: 22, 8% while the national rate is 9, 2% (March 2011)²⁶
- ❖ Since 2006, in average, the compulsory expenses of students have increased by 33,2% where as the social benefits have only increased by 13%.
- ❖ 45% of students do not receive any kind of social aid and 73% of students have to work.
- ❖ In 2007, only 21% of students received grants. The allocation of grant depends on parents' incomes. The maximum level of public grant is 390 € per month. That's why, even they are financially helped by parents, more than 40% of grant holders have to work aside.²⁷

²³ [http://www.politics.co.uk/opinion-formers/press-releases/housing-and-planning/nhf-young-londoners-will-buy-first-home-at-52-if-they-start-saving-now-\\$21383463\\$364344.htm](http://www.politics.co.uk/opinion-formers/press-releases/housing-and-planning/nhf-young-londoners-will-buy-first-home-at-52-if-they-start-saving-now-$21383463$364344.htm)

²⁴ Michelle Reid, English Tenants Face tough times, Global Tenant, March 2011

²⁵ Source: Insee-DGFIP-Cnaf-Cnav-CCMSA, enquête Revenus fiscaux et sociaux 2009

²⁶ (January-March, 2011)Source: Insee Enquête emploi

²⁷ Source : UNEF, Enquête sur le coût de la vie étudiante, 2011

Due to the general shortage of housing in France, especially public/social housing, finding an accommodation for the students and, above all, for the young workers, looks like an obstacle course. As far as students are concerned, with their specific needs (being close to schools/universities, high mobility due to internship, change of study options, etc.), they face more and more difficulties to find a home fitting their needs and resources.

Moving to a social accommodation: reserved to some “happy few”

Where do students live?

33% of students live at their parents' house and among them 86% assert that they have no other choice because of financial reasons.

Among the ones who have left home:

- ❖ 44% of students live in the private sector. Among them, 3% live in private student halls of residence.
- ❖ 7% live in public student halls of residence ran by “CROUS” (regional students' welfare offices): the social housing system dedicated to grant holders.
- ❖ The rest is hosted by family members or live in residential/boarding school.
- ❖ 24 years old is the average age when students leave their parents' home.²⁸

Lack of public student halls of residence

In France, there are 600.000 grant holders who can apply for a room or a flat in the 600 public student halls of residence. The problem is that there are only 165.500 available units. Moreover, the housing stock is unequally distributed on the territory. The rooms in the public student halls of residence cost, in average, from 120 to 250 € per month as the surface is in average 9 m². Regulated rents residences by the regional students' welfare office where one or two rooms flat are available (from 21 to 31 m²). For one room flat, the average rent is 400 € /month. In France, there are 4.5 million social housing units But 1.3 million households are currently on waiting lists. Tenant organizations consider that a minimum of 150.000 social units per year should be constructed to meet the population's needs where as, in 2010, the supply of social housing was 113.000 units. Anybody asking for a social flat by the municipalities or the social housing companies, receives a single number of inscription. The flats are given by internal committees of the companies. On average, it takes 4 to 6 years in France, but it really depends on the local demand. For instance, in Paris it can take 10 years. *Priority criteria to get a social housing unit:* being handicapped, being in a housing stress situation, being victim of domestic violence, living in a temporary home, being homeless, being threatened by an eviction with any solution of relocation and living in a dangerous or squalid accommodation. As also important to mention there is no specific criteria related to age. Due to this situation of shortage and no priority is given to the young to obtain a social housing unit.

1.3 million Households are currently on waiting lists. In Paris it can take 10 years to be assigned a housing unit

The “faster” but more expensive solution: living in the private sector

The private sector, companies or simple landlords, takes advantage of the social housing shortage to supply flats with small surfaces at very high prices that don't respect the basic standards of decent housing, especially in main university towns. Some alternative solutions are rapidly growing: living as roommates or as “intergenerational roommates”. Not only the private sector is very expensive solution but also the criteria required by landlords to let a flat are really harsh as: a permanent work contract, one or two persons should stand guarantors for the rent in case of arrears, and a monthly income 3 times higher than the rent. That why the situation of young workers or unemployed is particularly stressful: no priority to live in social housing, many have an insecure or temporary job, low or no permanent incomes, no rights to any social aid (to get the unemployment benefit, you must justify that you worked at least 6 months continuously), no possibility to have a guarantor. Landlords, then, prefer to let a flat to a student because in most cases, they are sure to be paid by parents. In Paris, you can find small units of 9 or 10 m² let for 600 or 700 €. The proposed lease term can be 9 months to 1 year where as normally it's minimum 3 years up to 6 years if the landlord is a real estate company. The landlord can demand for a 2 months rent security deposit, where as for a “nude” flat it's only one month rent.

²⁸ Source : Observatoire de la vie étudiante, Enquête Conditions de vie des étudiants, 2011

Solutions proposed by the Tenants Union

- ❖ **Increasing the public stock of student halls** : in 2004, a plan for construction 2004-2014 was launched and planned to built 50.000 new units and to renovate 70.000 rooms.
- ❖ **State as a guarantor**: a state fund will be created in 2012 to help students to pay the security deposit and will serve as guarantor for the rent in case of arrears. In exchange, the student will have to pay 3/5 € per month. For young workers, a system exists: called "Avance-LOCAPASS", this public found pays directly the security deposit to the landlord. It's a 0% rate loan. The young under 30 years old searching for their first stable job, doing an internship, having a fix-term contract, unemployed but who can justify that they worked at least 6 months continuously, can ask for it.-
- ❖ **Taxing the landlords letting "micro-dwellings"**: From the 1st, January, 2012, the landlords letting micro-dwellings (less than 13 m²) will be taxed according to a rent ceiling fixed by decree, depending on location. For instance, in Paris, this ceiling will be 40 €/ m². If a landlord let a flat at 80 €/ m², his incomes will be taxed.

CONCLUSIONS

Young people are increasingly squeezed out of the housing market; affordable housing in both the private and social rented sector is in short supply and buying a home is out of reach of many²⁹

The barriers to access the housing market for the young are of different nature such as:

- ❖ high rents as to represent too large portion of low income
- ❖ difficulties of young people to access the labour market and high unemployment rates
- ❖ mortgages are not accessible for young considering the insecurity of their income.
- ❖ shortage of affordable rental housing

To facilitate youths' housing transition is important that housing stock becomes diversified. Housing markets should offer not only owner-occupied housing but also affordable rental housing. The recent mortgage crisis clearly demonstrates how serious the risk of home ownership can be for those who couldn't afford it. Home ownership subsidies could provoke the rise of housing prices, which consequently make it even more difficult for the young people to move to urban areas where also the supply of affordable rental housing is insufficient.

A 10% increase in homeownership in a country is associated with an approximately 4% increase in the proportion living with parents. Housing explains about 12% of the variance between countries in the prevalence of young adult children living with their parents. For instance, in the Netherlands, where fewer young adults live with their parents, 42% of the total housing stock is in the public sector, with housing built specifically for young students and workers. In contrast, only 8% of the rentals in Spain are public housing, and more than 70% of people own their dwellings. With little government assistance for first-time home buyers (and with required down payments of roughly 50-70%), it is quite difficult to make the move.³⁰ The shortage of affordable housing which would allow young people to move away from home and live independent represents a problem for the whole economy.

If the job mobility is difficult to attain because of the lack of affordable housing, companies and institutions will not get the employees they seek and need. The same problem is there for those seeking to accomplish higher education and the lack of decent and affordable housing will hamper the intellectual capital of EU's Member States. Producing an adequate supply and diversity of affordable rental housing can help young peoples' housing transition and boost EU's labour mobility. IUT considers that delayed adulthood as a social phenomenon produced by housing conditions is a problem that employment and social policies should take seriously; in terms of the potential negative effects it can have on family life, labour market mobility and on the economy. The late emancipation has negative effects on the productivity

The existing affordable rental housing stock is not meeting the needs of young people in terms of availability, flexibility nor affordability.

Affordable rental housing contributes to the sustainability of a modernised welfare state!!!!

²⁹ http://www.scb.se/statistik/_publikationer/LE0101_2009A01B_BR_LE121BR1101.pdf

³⁰ Sheldon Danziger and Cecilia Rouse, editors, *The Price of Independence: The Economics of Early Adulthood* (New York: Russell Sage Foundation, under review), <http://www.transad.pop.upenn.edu/downloads/chap%202-formatted.pdf>

of the economy and development of the Welfare State. Since the youth is one of the most vulnerable groups in the housing market, public policy that supports the housing transition is needed in order to overcome the extended dependency.

This is the reason why IUT urges for:

- ❖ Acknowledge the right to housing as a fundamental human right
- ❖ Build enough units of affordable rental housing across all territories and increase the supply especially in booming regions and university towns
- ❖ Give more priority for young tenants in the national housing allocation systems
- ❖ Give higher priority to the young in social housing and expand quality student accommodation
- ❖ Ensure a higher proportion of the affordable rental stock suitable for young people.
- ❖ Convert vacant office spaces and empty dwellings as housing accommodation for young people
- ❖ Deliver stable financing for housing by national youth housing programs and income-related housing allowances

The shortage of affordable rental housing will hamper the intellectual capital of EU.

If we don't safeguard the building of affordable homes then thousands of young people will be locked out of the home ownership market for decades or added to waiting lists already at record levels.³¹

The EU should make use of the structural funds to reduce social segregation and increase the housing opportunities for young adults

IUT considers that the European Fund for Regional Development (ERDF) and the European Social Fund (ESF) should have a social housing dimension and be used for the co-financing of national housing programs. **IUT urges the EU Commission, the European Parliament and the EU Council to ensure that this funding possibility is expanded for the new structural funds period 2013-2019.** The European Investment Bank (EIB) should also give grants and loans for social housing plans in the EU member states.

The “EU 2020-Strategy” constitutes an agreement to reduce poverty in the European Union by 20% before 2020. The high costs of housing are strongly linked to poverty and social exclusion, long-term difficulties in paying mortgage or rent can lead to relocation and homelessness and causes greater demands on social and affordable housing. **There are three key issues in housing the young: housing quality, affordability and availability.** Out of these three, **availability** is the main sticking point. Across Europe, it is difficult for people with a lower income to access decent, quality housing as the waiting lists for social housing are long. The EU should therefore ensure that member states' housing policies are offering **incentives for housing providers** to raise the level of the social housing stock in their respective countries. Housing access for the young is vital for a more inclusive society and a more social Europe.

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³¹ David Orr, <http://www.housing.org.uk/default.aspx?tabid=212&mid=828&ctl=Details&ArticleID=3287>

