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Sweden is in Europe, but Europe is not in Sweden

This is the conclusion one draws when following the housing debate in Sweden. Do you follow? No? Ok I'll try to explain.

Sweden has a housing crisis. For long there has been too little construction and today 60% of the Swedes live in districts with a housing shortage. Sweden has, together with many other countries, experienced an increased urbanisation. Young people move into the cities where the jobs are, but where there is no affordable housing. The result is an acute housing shortage which hampers the economic growth.

The shortage on the rental market is a result of too little construction, together with privatisation where rental flats have been converted to ownership flats.

So where does Europe come in? Well, according to the Swedish politicians the housing market functions fine in the rest of Europe; it's easy to find an affordable flat, they say, if you move to Berlin, Brussels or Oslo – because the market, supply and demand, functions. No, not really true, if you ask average income earners in these cities.

Finland has become a showplace for Swedish politicians, where they build twice as much as in Sweden. But there is very little said about the very different financial prerequisites and different laws that exist in Finland. Finland has a highly subsidised rental market, where the state invests millions of euros in new construction.

Germany, moreover Berlin, is right now the most popular country to make comparisons with. The plan and building processes are short, rents are low and there is much construction going on. But few seem to have read that rents are increasing fast, and there is talk about a cap on rent increases.

Housing policy is a complex issue, which cannot be discussed piece by piece, but must be dealt within a context.



Barbro Engman
 Chair of the Swedish Union
 of Tenants /
 Hyresgästföreningen

CALENDAR

February 27–28: The IFHP 2nd Hague Housing Conference

March 12–14: Housing First Partners Conference 2014, Chicago, USA

April 5: Congress of Finnish Tenants, Vuokralaiset ry, in Helsinki

April 5–11: 7th UN World Urban Forum, Medellin, Colombia

June 13: NFTMO Annual conference and AGM, Stratford-upon-Avon, England

June 13–14: Congress of Tenant Association in Quebec, FLHLMQ, in Quebec

June 13–15: Congress of Swedish Union of Tenants, Visby Gotland

June 24–26: CIH Conference and Exhibition 2014, Manchester England

June 30–July 4: ENHR conference, in Edinburgh, Scotland

July 28–30: Texas Housing Conference, in Austin TX

October 6: International Tenants Day 2014, IUT event in Brussels, Belgium

October 6–8: UN ECE Committee on Housing and Land management, Geneva

For more information on conferences and other events: www.iut.nu/conferences.htm

Housing Nordic



One of the most appealing challenges for those of us who work in the residential sector is to be able to make a positive difference to people's lives. This might sound far off the hard reality of sound finances, energy efficiency strategies and building costs. But these factors all merge when building a society open for everyone. And providing good, affordable homes is one core component of that challenge.



For this to be achieved it is important to have an open attitude. Meetings with other people can unlock possibilities to proceed with the challenges you are facing. This certainly applies to us in the residential sector, which constantly strives to get better, provides the right service and develops new concepts.

I have the good fortune to be chair of NBO, Housing Nordic, a non-profit association with members from Denmark, Iceland, Norway and Sweden. We have an ambitious – yet realistic – vision for our work: Financially, ecologically and socially sustainable housing for everyone in the Nordic countries. It envisages the creation of opportunities for the improved growth of municipalities and regions, lively and safe residential areas and freedom of choice for residents who will also be able to influence and improve their living conditions.

NBO was formed over 60 years ago and the most natural way to celebrate that is by looking forward and stepping up our work even more. With the project 'Living and Managing Homes in the Nordic Countries' we will over the next two years improve our knowledge of residents' conditions and ways to manage homes and neighbourhoods. In workshops throughout our members' countries, we bring together experts and those who are passionate about the development of the themes we have selected for this project. I am convinced that NBO can in this way contribute to positive, sustainable development in the Nordic countries.

NBO has crystallised four themes that are important for creating a stable housing sector capable of meeting future challenges:

- The digital home environment: IT in the home is an important way to inform and communicate with residents. Choice of technology and business models is important for both households and property owners. One of many challenging questions is: What is the most sustainable in the long run and what solutions are flexible enough to handle needs that we have not yet identified?
- Refurbishment including energy, environment and accessibility: Many of the homes in Denmark, Iceland, Norway and Sweden were built in the 1950s, 60s and 70s. They are now in need of refurbishment. Meanwhile, all the Nordic countries have adopted tough targets for energy savings in the residential sector and we have an increasing proportion of elderly people in our populations, which impose new demands. These common challenges come together at our properties and need to be solved in the best way – but how?
- Human skills supply and development: The property sector is facing major recruitment needs and has to assert itself in rela-

tion to other sectors to attract and retain the best talent. What should be done to attract new employees and to meet the demand for new skills?

- Area development and urban renewal: There is much more to do in terms of social and physical activities in our cities and neighbourhoods. How can we tackle these challenges in the best way?

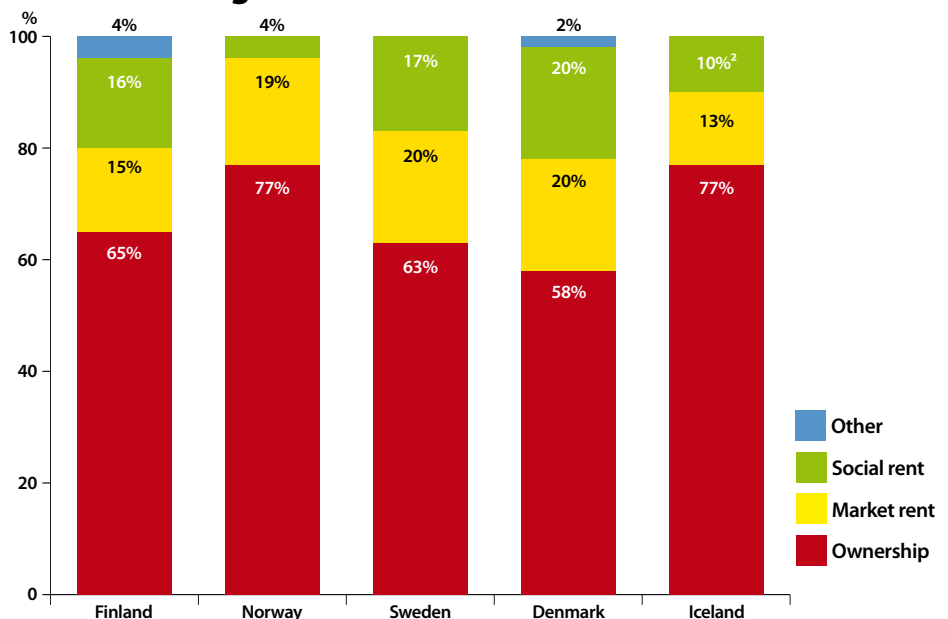
As you can see we have a big task in front of us, which we face in the firm belief that we will through this project contribute to good development for our residents and to the good management of our dwellings in each of the Nordic countries. Our results and analyses will be presented in a report at NBO's annual assembly in Reykjavik in September 2014.

Text Kurt Eliasson
More info via www.nbo.nu

Kurt Eliasson is presently Chair of NBO, Housing Nordic, CEO of SABO – the Swedish Association of Public Housing Companies and President of CECODHAS Housing Europe – the federation of public, cooperative and social housing.



Housing stock in the Nordic countries¹



Sources: Stat's Norway 2011 and Lbf, BL – Denmark 2011, SCB Sweden 2010, Stat's Finland 2011, For Iceland: ¹ share of population by tenure status – SILC 2012, ² reduced rent or free. For Sweden; social housing = municipal housing. Bar chart by IUT.

Successful IUT congress in Krakow

The 19th IUT congress gathered over 120 delegates from 25 countries – an all-time high! Krakow in southern Poland was a highly appreciated venue, with its beautiful historical city centre easily accessible from the conference site, the 19th century Officers' Mess.

Mayor of Krakow, Prof. Majchrowski opened the congress and welcomed IUT delegates to Krakow. Prof. Majchrowski seized the opportunity to hand over the 'key to the city' to the Polish Association of Tenants, Polskie Zrzeszenie Lokatorów (PZL), in recognition of its long and important work.

PZL has been a member of IUT since 1993, and active in Poland since 1989 when democracy was re-established. PZL was formed by concerned citizens, among

them PZL's present President Alicja Sarzyńska, who wanted to influence the privatisation and restitution processes of flats and houses.

The Mayor spoke about his city's ambitions to recreate a municipal rental housing stock in the Krakow region – a well needed ambition as housing is unaffordable to the majority of middle- and low income Polish households, particularly for young adults, for the elderly, and for young families.

IUT President Sven Bergensträhle, in his opening remarks, pointed out that rental housing has a great future in a changing society, where flexibility is important and where life patterns often vary. This is provided that governments facilitate access to affordable rental housing and that laws and terms are fair to tenants. Mr Bergensträhle also stressed the need for more tenure neutral housing policies – today subsidies and tax incentives are mainly directed towards homeownership. More rental housing contributes to more stable housing markets and often counteracts housing bubbles. Sven Bergensträhle concluded by stating that societies



Alicja Sarzyńska, President of PZL, receives the 'Key to Krakow' from Prof. Jacek Majchrowski, Mayor of Krakow.



IUT President Sven Bergensträhle.

need at least a third of their total housing stock in the rental sector to be able to function well.

Kurt Eliasson, President of Cecodhas Housing Europe, presented common challenges for affordable housing providers; scarcity of low-cost and long term financing, decrease in public subsidies, high construction costs and costly energy renovation measures.

Kurt Eliasson also defined housing needs in Europe by citing Eurostat figures; 8% of all Europeans and one third of those at risk of poverty spend more than 40% of their household income on housing, and 6% are likely to have to leave their homes within 6 months because of unaffordability.

Kurt Eliasson further presented priorities for the upcoming EU elections in May 2014: Long term financial resources must be made available; develop a business model for the reduction of energy consumption; visibility of housing needs to guide public decisions on housing policies and adaption of the affordable housing sector to the challenges of demographic changes.

Prof. Marja Elsinga, from the Delft University in the Netherlands, presented figures on the increasing levels of homeownership in Europe. But, also that higher national incomes seemed to result in lower homeownership rates.

Prof. Elsinga also showed that house prices have not increased everywhere. Many countries in Europe and in Latin America have experienced falling prices. In Ireland, Spain and Romania house prices fell between 10% and 15% only in 2012.

Lessons learned from the financial crises are that many governments have been speculating just like commercial companies but that some, e.g. Hong Kong and South Korea, developed safeguards following previous bubbles – so, lessons can be learned!

Barbara Steenbergen, head of IUT's liaison office to the EU, said that EU member states are withdrawing their support to social and affordable housing, through ultra-liberal policies that target only the most needy. The fight against territorial segregation and ghettoization, and the promotion of social cohesion and urban mix should be the priorities.

The IUT Tenant's Milestones were presented – five IUT's claims directed towards the candidates running for the European Parliament, in May

PHOTO: WIESLAW MAJKA

PHOTO: WIESLAW MAJKA



PHOTO: PETER FORSMAN

IUT delegates in the Krakow Market Square.

2014. The claims include; the right for all to enjoy affordable and decent housing; EU state aid rules must favour investment in affordable housing; EU institutions must fight housing exclusion and energy poverty; Energy Performance Certificates should be available to all tenants and EU institutions should contribute to more tenure neutral housing policies in EU member states.

Lesley Baird, chief executive of TPAS Scotland, was elected congress chair, together with Penny Carr, statewide coordinator of the Tenants Union of Queensland (TUQ) Australia, as co-chair. Except for some changes of the IUT Statutes, the main work was centered around the IUT congress statement, on Financing of Affordable Rental Housing. After some debate, the congress adopted and signed the statement, which will be sent to national governments.

Magnus Hammar, Secretary General, presented IUT's achievements and activities 2010–2012. Today IUT has 64 members in 44 countries. New members include FMTA and FLHLMQ from Canada, NPTO England and AIH and UTA from the Ivory Coast and Kenya respectively.

The IUT Plan of Action 2013–2016 was presented where IUT, together with its members, should advocate for secure tenure, including tenant's rights and adequate terms of notice, and as well as

Lesley Baird, congress chair, closed the congress by inviting everyone to come to Scotland in 2016, for the next IUT congress.



Lesley Baird, TPAS Scotland, chaired the congress.

advocating for more tenure neutrality in respect of taxes and subsidies. IUT should also work for the retention and enlargement of the social/public housing sectors, and combat energy poverty.

The International Tenant's Day, first Monday in October, will continue to be IUT member's main public event. On October 6, 2014, Tenant's Day will be commemorated in Brussels, Belgium.

Phil Morgan, England, successfully moderated the interactive panel discussions where representatives of IUT member organisations debated, on stage, various tenant related issues: 'sitting tenants', tenant participation, anti-social behaviour, energy efficiency and how to approach young people. The audience was given the chance to have their say by 'voting' via the use of electronic mentometers.

The congress also offered opportunities for a guided walk in the Old Town of Krakow, and a bus tour to Nowa Huta, 'the new steal works', a socialist model city from the 1950s up to the 1980s.

Lesley Baird, congress chair, closed the congress by inviting everyone to come to Scotland in 2016, for the next IUT congress. An invitation which was warmly applauded by the congress delegates!

The congress statement, congress book and other documents are available via www.iut.nu/conferences.htm

Text Magnus Hammar / IUT

Is housing turning into a headache for European nations?

Europe is often thought of as having a more developed housing sector than many other parts of the world. However, as the continent faces an ongoing economic crisis, international attention has focused on several types of housing poverty that have been spreading across European countries.

Families in Europe are facing rising housing and utility prices. Housing related expenditure is the biggest component of consumer spending in the European Union. According to Eurostat, housing expenditure accounted for 23% of total expenditure in 2011. For 12% of the population, housing accounts for 40% of their expenditure.

In central and eastern Europe, previous construction and heating methods did not focus on energy efficiency. As a result, families pay more for energy and many live in energy poverty. EU statistics on income and living conditions show that one in 10 Europeans lives in a household that was unable to pay utility bills in 2010.

Affordability of housing is another big problem. The share of social rental housing within overall housing stock across the EU averages 11%. In new EU member states, and in the countries of the former Soviet Union, the share of social housing dropped to just 3–5% of the total housing stock after transition to a free market economy. The constant reduction of public housing has resulted in long waiting lists, leaving a large number of people in inadequate housing.

Mass privatisation of housing in eastern Europe has created a new class of “poor owners”, unable to meet the costs of managing and maintaining a private home. These sitting owners are also responsible for ineffective condominium management, as they cannot afford to contribute to maintenance and repair of general parts of the buildings in which they live.

The quality of the housing stock presents problems across central, south and eastern



A large part of the housing stock in central and eastern Europe are panel houses, built from low-quality materials and in great need for renovation.

Europe. A large percentage of European housing stock was built from low-quality pre-fabricated materials and has been seriously damaged by under-investment over decades. If in western Europe between at least 90% of apartments are equipped with basic utilities such as fixed bath or shower and central heating, only 75% meet this criteria in central Europe and below 50% as you head further east.

The most disadvantaged groups facing housing problems are single parents with young children, retired households, families with three or more children, and marginalised com-

munities, such as Roma people, migrants and refugees. According to data provided by the UN Development Programme, 43% of the population of Romania suffers from housing deprivation, with deprivation most acute for disadvantaged Roma groups.

Obviously poverty influences housing. But does poor housing also lead to poverty? Some researchers suggest that poor housing conditions contribute to a poverty trap. When housing costs go up for those who have few economic resources, household income available for other basic needs goes down. The devaluation of the local currency in Hungary and Romania, for example, has drastically increased the cost of housing for many families with complex consequences.

At the same time, stable housing is linked to good physical and mental health and the ability to acquire and maintain employment. Without an adequate home, many families are simply unable to be entrepreneurial and struggle to break through the vicious cycle of poverty.

Housing is much more than shelter: across the world, housing is the biggest asset of private households. Decent accommodation provides opportunities for family businesses; it is a precondition for a sound education of the young and a dignified later life. Construction of new housing is a reliable motor for business and jobs.

Housing works as an efficient social shock absorber. But if it causes headache – as for many Europeans and EU governments today – it is a real headache.

Wolfgang Amann is an associate professor at the Institute for Real Estate Construction and Housing in Vienna, Austria. He has been working with Habitat for Humanity Europe, Middle East and Africa on a housing overview for Europe and Central Asia. This article was published in the Guardian Professional, in May 2013. Reprinted by permission.



Text Wolfgang Amann



This grain-silo from 1954, in the area of Grünerløkka in Oslo, was rebuilt in 2001 to be made habitable. It now serves as a dormitory for students. New floors were made, holes for windows were cut and custom furniture were made to fit correctly in 229 flats.

PHOTO: MAGNUS HAMMAR / IUT

Norway relies on the private rental sector

Norway escaped the global financial crisis relatively unharmed thanks to its massive offshore oil sector, stable government finances and a wealth fund which has accumulated more than €112,000 for each of Norway's 5.1 million people.

Still, many Norwegians have difficulties coping with the 71% price increases on homes since 2005.

“Norway's housing market remains on an unsustainable path and banks need to hold even more capital to cushion against risks from the property boom”, said Morten Baltzersen to Reuters news agency in September. Baltzersen is the head of the country's financial regulator.

Norway is dominated by homeowners. Overall, three out of four Norwegians were homeowners in 2011, a little less in Oslo at 69%. This leaves the share of tenants to at just 23%. In Oslo one third of the house-

holds owned their homes through a housing cooperative, well above the national average of 15%.

Social housing, owned mostly by municipalities, represents just 4% of the dwelling stock. Even though relatively few dwellings are in public ownership there are large regional variations.

The private rental market is dominated by private individuals, owning just one to two properties. There are clear elements of “subsidised” tenancy agreements, as these landlords often let to family and friends at “subsidised” rents. The “non-subsidised” rental market consists of private individuals acting as professional landlords as well as private professional landlords and letting agencies.

The State Housing Bank, Husbanken, was a major player in the housing regime in the post-World War II period – and still is. Between 1945 and 2000 about half of Norway's two million dwelling had been built

with low-interest loans granted to co-operatives and individuals alike.

Husbanken still provides potential homeowners with favourable loans. Furthermore, Norwegians who build a home today, often include a second separate unit (*sokkelbolig*) which they let. As a main rule, actual income from rental dwellings, net of operating costs, is taxed as normal capital income with a tax rate at 28%. However, owners of second units do not pay tax on the actual income as long as the second unit covers less than 50% of the dwelling they actually lives in. It is estimated that more than 10% of all rented dwellings are *sokkelboliger*.

Private sector rents are market based. The law says that the rent can be set as high as for similar flats in the area, and not more than 10% over the market rate. But in reality, rents are set according to whatever the tenant is ready to pay. Rents can be increased once a year, according to the consumer price level, and every third year for new market rent. The tenant then either agrees, moves out, or calls the rent tribunal, *Husleietvistutvalg*.

Leases in the private rental sector are either fixed or non-fixed. Fixed leases cannot be shorter than three years, but for *sokkelboliger* the minimum is one year. The period of notice is three months, or one month for *sokkelboliger*. If the landlord omits to give a written notice after the lease period and three months pass, then the lease shifts and becomes non fixed, and unlimited.

Deposits are high in Norway, up to six-months rent. Disagreements on the return of the deposits are common issues for the rent tribunal, according to the Tenant Association, Lbf.

“We would of course like to see a shift from this one-eyed favouring of homeownership to more tenure neutral policies” says Lars Aasen chief executive at Leieboerforeningen (Lbf), the Tenant Association in Oslo. “But I guess that it would be political suicide for any politician to propose any major changes!”



Text Magnus Hammar / IUT



The Tenants' Association of Norway, Leieboerforeningen, with nine employees, is an independent, non-party political organization founded in 1933. The association is national and has some 4,000 individual members. The association also represents commercial tenants like renters of small shops and offices. www.lbf.no

Indebted owners and self-governed tenants

During the Danish housing boom, 2003–2007, residential property prices rose by 66%, according to the Association of Danish Mortgage Banks, thus creating a true housing bubble. Danes, with personal debt equal to about 267% of income, are the most personally indebted people in the world, after the Dutch, based on figures from Eurostat.

Denmark, and particularly the housing sector, has been seriously affected by the financial crises. House prices fell by around 17% from 2007–2012, according to the Economists' House Price Indicator. Many Danes who invested in housing, not to live in but to let, are burdened by decreased values and mortgages.

As flats become increasingly difficult to sell without loss, many owners are now waiting for brighter days and so they offer their flats on the rental market – which could lower rents, in the best of all worlds. But, the standstill in the market for owner-occupied dwellings boosts demand for rental housing, causing rents to go up.

The Danish rental market consists mainly of two equally sized sectors, the private rental and the non-profit, social, sector – both with some 20% of the total stock.

The non-profit, social, housing sector, *almene boliger*, comprises 560,000 dwellings and houses some one million Danes. The sector is organised in 650 housing associations with a large degree of self-determination, representing tenants in some 7,000 housing estates. They all organise their own housing queues, but municipalities can dispose of up to 25% of vacant dwellings when a new project is planned for. The housing associations are supervised by the local municipalities.

Dwellings are allocated via waiting lists on a “first in line” principle. There are no formal income limits, but priority is given to people with special housing needs. This reflects the underlying ideology that non-profit social housing is intended for everyone regardless of income or social status.

Those who already have homes within the system have priority over new candidates. But if you are a newcomer to Copenhagen it can take 15 to 25 years of queuing before you are offered a flat.

Rents in the non-profit sector are in principle estab-



PHOTO: MAGNUS HAMMAR / LUT

lished by the tenants themselves, at the estate level. The rent is set according to actual costs. This means that the rent is kept affordable by balancing it with the costs of the housing estates' ordinary activities.

The sector is subsidized through tax exemptions while acquisition of new stock is financed through a combination of state subsidized loans (88%), interest free loans from local governments (10%) and a tenant contribution (2%).

The private rental market is more widespread in major cities, e.g. 26% of the total stock in Copenhagen. Rents in flats built in and before 1991 (88%), are mainly regulated, while rents on dwellings constructed after 1991 are

exempted from rent control.

The system is based on the idea that landlords should not be allowed to profit from renters. The majority of the regulated flats have capped rents set according to operating costs, maintenance, inflation, plus a maximum of 7% of the property value in 1973 – a system disliked by many private landlords.

Flats from before 1991 may also be exempted from rent control, if they have been subject to major renovations exceeding 33,000 euro. According to LLO, the Danish tenant's union, these renovations are not always ‘major’, but more often of a mere cosmetic character, with ‘renovated’ kitchens and bathrooms going from bad to less bad – but the landlords often ask for two-fold rent increases.

If there have been no renovations and if the new rent is substantially different to that for comparable flats in the same residential area, both the landlord and the tenant are entitled to ask the Rent Tribunal for the rent to be adjusted.

Deposits are paid by tenants in both sectors; one-month rent for the non-profits, and usually a 3-month deposit in the private sector. Additionally, landlords in the private sector often require another 3-months advance payment of the rent



The Danish Tenant's Union, Lejernes Landsorganisation (LLO), founded in 1917, has almost 50,000 members, www.lejerneslo.dk

Find out more about LLO: www.iut.nu/members/members.htm#Denmark



PHOTO: MAGNUS HAMMAR / IUT

In 2013 Copenhagen was ranked second, in the list of 'world's most bicycle friendly cities'. Also, more than 30 percent of the Danes commute by bicycle.

– so to cover up for the rent during the 3-month period of notice.

Danish tenants are comparably secure. Tenants in the non-profit sector can stay even if they win the lottery or get a better paid job – incomes are only checked upon application. They also enjoy unlimited tenure.

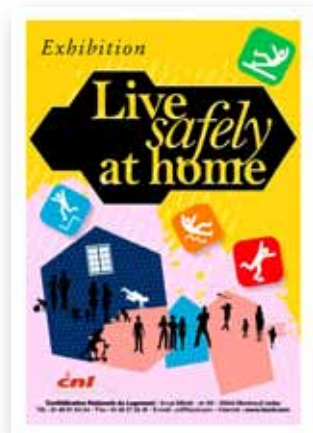
Tenants in the private rental sector often sign contracts for two years, but there are no fixed terms.

The tenant must be informed of any rental increases in writing, with three months' notice. The

landlord must give a reason for the increase and the tenant has the right to object.

Right-to-Buy was initiated in 2002, for tenants in the state subsidised sector. Eight years later, in 2010, only 62 flats had been purchased by the sitting tenants. In 2011 a new offer was announced, but the majority of Danish tenants do not seem to fancy this idea, and again there is no rush.

Text Magnus Hammar / IUT



France, CNL:

“Live Safely at Home”

The French tenant's union CNL has launched the project and campaign Live Safely at Home, which aims at raising awareness of domestic accidents.

According to CNL, 20,000 people die every year from injuries caused by domestic accidents, in France only, and worldwide millions are injured. Preventing injuries and deaths resulting from domestic accidents is one of the major concerns for CNL, and CNL invites other IUT members to make use of this campaign and collaborate in order to make our homes safer. The campaign includes a 13-panel exhibition.



Contact CNL: cnl@lacnl.com, and find more info via www.lacnl.com

The Icelandic rental market after the 2008 crisis

PHOTO: HERBERT ORTNER, BY PERMISSION WIKIMEDIA COMMONS



Street in Ísafjörður, northwestern Iceland.

Housing in Iceland has followed a route of its own, compared with the other Nordic countries. General prosperity led to a rising rate of home ownership, reaching 85%–90% by the turn of the millennium. The other side of the coin was the dwindling share of rental housing, which before World War II had been the leading housing tenure in Iceland's fast growing towns.

After the 2008 bank collapse and the ensuing economic crisis, the rate of home ownership fell sharply due to the fact that many Icelanders lost their homes, and prospective buyers had difficulties entering the market. Also, with new funding available the proportion of rental housing has increased over the last few years, and now represents 23–25% of all households.

Iceland's high rate of home ownership makes its housing system more similar to some of the English speaking countries than to the other Nordic countries. The explanation is partly to be found in Iceland's political system, which has been dominated by centre-right-wing parties and partly in a cultural ethos which goes against collective and social solutions.



After the 2008 bank collapse and the ensuing economic crisis, the rate of home ownership fell sharply due to the fact that many Icelanders lost their homes.

From a Nordic perspective, Iceland's and Sweden's housing policies stand out as diametrically opposed on the scale of collectivist-individualist housing policy solutions. Iceland for its part has systematically encouraged self-build and home ownership in a financial environment of high inflation which often made housing finance very problematic.

The social housing sector consisted mainly of owner-occupied flats, called workers' dwellings. These flats were sold via means tests to low income groups with state-assisted financing, and could not be sold on the free market. Social rental flats were owned by the municipalities and mainly allocated to the clients of their welfare bureaus. By the 1990s, the workers' dwellings amounted to 7% of the Icelandic housing stock and the municipal social rental flats to only 2%. Housing associations providing rental housing for the handicapped, students and the elderly stood for another 2%.

The worker's dwellings program was abandoned in 1999 and from 2002 these flats could be sold on the open real estate market, de facto ending social-home ownership in Iceland as a specific housing tenure. Instead, the state-run Housing Financing Fund after the year 2000 increased its lending

towards social rental housing and on a smaller scale to other rental housing. Thus, the rental market started slowly to grow again, after the turn of the millennium. This development was encouraged by a new system of housing allowances to tenants, first introduced in Iceland as late as 1995, to be compared with comprehensive state subsidies towards home ownership dating back many decades.

The rising international financial crisis in October 2008 led to the collapse of Iceland's three major privately owned commercial banks, due to their difficulties in refinancing their short term debts on the frozen international financial markets. Political turbulence followed, the national currency lost two-thirds of its value as inflation rose to 20% and the rate of unemployment from 1% to 9%. A wave of emigration ensued, albeit not as big as many observers feared. Iceland's net loss has been 2-3% of its 2008 population over the three following years, only a quarter of the most pessimistic predictions made in 2008.

The debts of home owners rose dramatically because all housing loans were fully indexed, with a 30% price index increase during 2008 and 2009. At the same time, the housing boom of the years leading up to 2008 went into a bust as prices plummeted by 40%, landing one third of all home owners in negative equity.

The crisis for homeowners led in the beginning to an increase in the supply of rental housing as many dwellings were vacated due to the owner's emigration or because of the increase of foreclosures.

Now, in 2013, the rental market in the Reykjavik area has become overheated, with rents higher than for many decades. The unregulated rental market has grown markedly in size during the last few years and the housing allowances that tenants can get from the municipalities – provided they can show a written and certified rent contract with their landlord – have not followed the steep rent increases. Iceland did not get proper rent legislation until 1979 and its implementation on the rental market has never been complete.

The situation of Icelandic tenants thus looks increasingly precarious. Unfortunately the Reykjavik Tenants Association, founded in 1978, ceased to exist sometime after the year 2000. But thanks to the recent initiatives of Iceland's Consumer Association, tenants do have an organization they can turn to with their numerous grievances.

Text Jón Rúnar Sveinsson

Jón Rúnar Sveinsson is a researcher with the Reykjavik Academy.

More home owners = more unemployment?

An increase in people acquiring property cuts labour mobility and the number of new firms.

In a new paper by two UK based Professors, David G. Blanchflower and Andrew J. Oswald, they propose a different approach to the problem of unemployment by exploring the hypothesis that high home ownership damages the labour market. Their study provides evidence consistent with the view that the housing market plays a fundamental role as a determinant of the rate of unemployment.

They find that rises in the home ownership rate are a precursor to eventual sharp rises in unemployment in any US state screened. A doubling of the rate of home ownership in a US state is followed in the long run by more than a doubling of the later unemployment rate. These effects do take some time to develop – roughly of the order of five years.

Source : *The Independent*
Read the article from the Independent, or the full report via www.iut.nu, right hand column



President Bill Clinton's National Homeownership Strategy, 1995, aimed to create 8 million new homeowners in the US by 2000 through an "unprecedented collaboration of private and public housing industry organizations." The program was going to "help moderate-income families who pay high rents but haven't been able to save enough for a down payment." But something went terribly wrong...

GERMANY

Berlin to ban holiday lets



Berlin rent increases are to be capped, more flats built and a ban put on holiday lets in the centre – all part of a raft of measures passed by the city Senate in May to address a chronic housing shortage. Good news for Berlin residences is that rent rises across the city are to be limited to 15% over three years, down from the current cap of 20%.

Source: The Local

SOUTH AFRICA

Social housing fills accommodation gap



Social housing in South Africa is government-subsidised rental accommodation for people who earn between R1,500 and R7,500 (€110-€550) a month and as a result fall into the "gap

market" of housing. They earn too much to receive free housing but too little to meet the qualifying criteria of banks. Government finances about 65% of all social housing projects, with the balance funded through private sector loans. Monthly rentals in the social housing market range between R875 and R1,750 (€64-€128).

Source: www.bdlive.co.za

ISRAEL

Ministers set to OK rental housing body



A ministerial committee on housing is expected to approve Finance Minister Yair Lapid's plan to set up a new state corporation that would work to expand the supply of rental housing in Israel. The corporation would oversee the promise to build 150,000 residential rental units over the course of a decade.

Source: Haarezev

The Swedish Model – up till now

The rented sector in Sweden differs from the rest of Europe in two ways: there is no social housing and there is no rent regulated stock, but a ceiling on rents. One in five households rents a publicly owned home, and one in five rents in the private market. In Stockholm almost every second home is a rental unit. Improved housing laws together with massive construction of public housing and a growing tenant movement in the 1950s, 60s and 70s made renting secure and affordable – up till now.



An economic depression followed after WW I, with unemployment and a housing crisis. Things went from bad to worse when state housing subsidies were abolished in 1922 and rents were set free in 1923. Bad housing, overcrowding and evictions paved the way for the Swedish Union of Tenants and the Association of Housing Co-operatives, HSB, both formed in 1923. Rent tribunals were introduced in 1939 for all towns exceeding 30,000 inhabitants.

Swedish industry was intact in 1945, unlike most of devastated Europe, and was soon operating at full steam. There were plenty of jobs around, families grew in size and moved into the cities, and the housing shortage became onerous. The housing policy laid down in 1947 was a changeover from a selective to an all-purpose policy, going from single efforts to solve acute housing problems to measures that would solve the housing situation for the entire population.

The municipal housing companies, as public utilities, became the main executors of this new policy, given the task of building homes on a non-profit basis and financed by favourable loans from the state. This new all-purpose policy implied, contrary to the policies in most other countries, that no homes should be reserved for less well-to-do households.

This policy became part of the Swedish Model and the welfare state. The Swedish Model included centralized negotiations and often “collective agreements” between labour and employers’



Children with the banner of Hyresgästföreningen (Swedish Union of Tenants) Göteborg in front of a HSB-house. From the mid 1930's.

organizations without government interference. The same model was also established when it came to setting of rents.

Rents had been regulated since 1942, but were gradually deregulated between 1957 and 1968, when rent setting according to a utility value system, the “tenant’s value”, was introduced. This system, which has survived up till today, determines the rent according to the dwelling’s condition, reflecting its size, quality, year of construction and standard. New rents are set in accordance with comparable rents in the neighbourhood, somewhat similar to the Mietspiegel in Germany and Austria.

Another Swedish feature was that the rents in the large municipal housing stock served as a norm for all rents, including the private rental sector.

Since 1957, the rents for the municipal housing stock have been collectively negotiated between the representatives of the Swedish Union of Tenants (SUT) and the municipal housing companies. And as rents in the municipal housing stock also have served as a rule for rents in the private stock, this has given much power to the SUT over rents Sweden.

A new law was introduced in 2011, which included a paragraph saying that the municipal companies should act in a ‘business-like manner’ – meaning in principle that they should make a profit, and that this profit could be transferred to the cash-box of the municipality.

Furthermore, the annual local rent negotiations between the Swedish Union of Tenants and municipal housing companies should from now on also include the third party, the private landlords – all three on an equal basis. Also, when setting rents, more consideration was to be given to the location of the dwelling.

This new policy of rent setting has sparked fears among tenants that rents would now increase considerably. But, the SUT with its 530 000 members, has managed to withstand the pressure from the private landlords and rents in Sweden only increased by 2.2% for 2013

However, there are major challenges. The housing shortage in Stockholm, Malmö and Göteborg is acute, from an individual perspective – and an obstacle for economic growth, says the Chamber of Commerce. Stockholm Municipal Housing Service alone has 400,000 people queuing for a flat. This housing shortage has made the price of



PHOTO: BY PERMISSION WIKIMEDIA COMMONS

Turning Torso in Malmö, built and administrated by HSB, has 147 rental flats in 54 floors, was originally planned for tenant co-op ownership. But when the 190 meter 'torso' stood finished in 2004 costs had skyrocketed, and potential buyers stayed away. HSB had to change their plans, and all flats became rentals. Today, one-bedroom flats of 77 m² are leased for 1,500 euro/month, which includes a concierge and various services.

flats go up by 12% over the last year in the whole of Sweden, while the average price per square meter is now €7,400 in Stockholm. As comparison, average salaries for key-workers, like teachers and nurses are around €2,500 per month.

Average rent is at present €760 per month for a 2-bedroom flat in Stockholm. But there are great variations. Newly constructed similar flats can cost twice as much in central Stockholm.

Social exclusion and segregation are growing problems, often as a result of housing shortage and unaffordability.

Costly renovation and energy refurbishment are other challenges. Between 1964 and 1975 1.4 million flats which were built during Sweden's Million Homes Programme. This stock mainly consists of the same sort of panel houses that were built in Europe and elsewhere at that time, and as everywhere these houses are in urgent need for renovation.



PHOTO: MAGNUS HAMMAR / IUT

Panel houses in Fittja, one of the many suburbs in Stockholm that was built during the Million Homes Programme.

The Right-to-Buy from 2007, offered to municipal and private tenants alike, has resulted in a further decrease in the number of rental flats available, particularly in the three major cities. Altogether 160,000 flats have been favourably sold to sitting tenants since 2000, of which three out four have been sold in Stockholm. The tenants in a house can buy the whole house, and form a tenant-owned cooperative. It takes a two third majority for the transfer to take place, but it is an offer few can resist as you can sell the next month with sometimes a 50% profit.

Lack of housing is strongly blamed, by market oriented forces, on the rent-setting system in Sweden, and there is active lobbying for a freeing of rents. But few speak up about the alternative, the inevitable introduction of social housing in Sweden – resulting in new and high costs for the state.

Text Magnus Hammar / IUT

Find out more about Swedish rental housing via www.iut.nu/members/find_out_more.htm and about Swedish Union of Tenants via www.hyresgastforeningen.se



A growing importance of rental housing

The Finns love their cottages, together with a sauna, by one of the '1000' lakes. They also like to tango and they used to invest in Nokia, and still invest in housing. Like Australia, 70% of the dwellings in the private rental market are owned by private individuals, who let one or two properties each.

Yet, one third of the Finnish housing stock consists of rentals, of which half are state-subsidised and rent-regulated 'social' homes, and half are private rentals let at market rents. In Helsinki, the capital of Finland, every second home is rented.

– Rental housing is becoming more popular in Finland, and demand is now greater than supply. But rents need to be kept affordable, says Anne Viita, Director of Finnish Tenants.



Anne Viita.

Between homeownership and rentals, there is a small stock of so-called housing-companies (1,5%) which are co-ops constructed with government subsidies, and which are controlled by the state housing fund, ARA, the Housing Finance and Development Centre of Finland.

Another Finnish housing product is the part-ownership dwelling (2,5%) where the resident initially only owns part of the dwelling and rents the other part, usually for 5–12 years – and then becomes the full owner by paying the remaining amount.

State-subsidised rental dwellings, or council housing, are known in Finland as "ARAVA dwellings". These dwellings are built with government housing loans from the ARA fund. Rent is determined on the cost coverage principle for the duration of the loan – usually 35 years. Then rents become in principle deregulated. In 2012 ARAVA-rents varied between 9 and 13 euro/m²/month.

The 320 municipalities own 60% of the ARAVA dwellings. The remaining 40% are equally owned and managed by non-profit housing organisations and housing trusts.

Tenants for ARAVA rental dwellings are selected on the basis of social expediency and need. Criteria for selection are specified annually by the Government, and include urgency of the applicant's housing need, and level of income and assets. Priority is given to homeless applicants and others in dire need of housing.

Rents in the Finnish private sector were regulated until 1991, when new leases could be freely negotiated. In 1995 rents were deregulated also for old leases. So what happened after the deregulation? After 1991 nothing really happened; rents did not increase significantly, mainly because there was an oversupply of rentals due to much construction in the 1980s. After 1995, the oversupply was history, and between 1995 and 2000 rents increased by 26% in Finland, and 42% in Helsinki. And did the market function – was there increased construction? The answer is 'no'. The private rental sector did increase slightly, but mainly as a result of conversion of ownership flats to rental flats, as rentals became more profitable.

Leases in the private rental sector are signed for usually one to two years. If the lease has lasted one year or more, the landlord must give six months' notice, or three months if the lease has lasted less than a year. When the tenant gives notice, the notice period is always one month.

A deposit may not exceed three months' rent, but usually they are set at one or two months' rent.

There is a shortage of housing in metropolitan areas of Finland, even though the Finns built twice as much as the Swedes in 2012. The Finnish government has recognised that the lack of affordable rental housing counteracts economic growth, and has promised additional state funding.

– The state must support the construction of affordable rental housing as no one else seems to do it, said the Finnish housing minister Krista Kiuru in a radio interview in May.

The Finnish Tenants, Voukralaiset ry,



PHOTO: MAGNUS HAMMAR / IUT

The entrance to the Pohjola-House in Helsinki from 1901. The Finnish style Art Nouveau found a special expression in the national romantic style, which was perceived as fundamentally Finnish. The rough granite façade became a symbol for Finnishness, and is filled with references to Finland's medieval history.

is a nationwide organisation which serves tenants who has problems with tenancies, and provides members with legal counselling. Voukralaiset is also a lobby organisation, and well known in the corridors of the Finnish housing ministry.

Text Magnus Hammar / IUT



EU Housing ministers meet in Brussels December 9–10

The European Housing Forum (EHF) is IUT's housing network in Brussels. In preparing for the EU housing ministers meeting in December the members of the EHF have met to discuss and prepare

Welfare reform hits UK tenants hard

Edinburgh Tenants Federation (ETF) which represents over 60 local community tenants' and residents' groups in Edinburgh, Scotland, sees the benefit changes since April as ideological in a bid to reduce the welfare state and is deeply concerned at their impact on tenants.

Betty Stevenson, Convenor of ETF, comments that “the welfare reform is disproportionately affecting the poorest and most vulnerable in our society and could potentially decimate the social housing sector in Scotland. It is unfair and unworkable and is consigning the most vulnerable to extreme poverty.”



Betty Stevenson,
ETF Convenor.

After only eight weeks since its introduction in April 2013, there was over £390,000 in rent not collected.

“The impact on long term financial planning for social landlords, if this trend continues, will be catastrophic for tenants”, says Betty Stevenson. “Rent loss due to bad debt will significantly impact landlords’ Business Plans and the services tenants will receive.

“The welfare reforms are hitting the most vulnerable in our societies the hardest,” says Councillor Cammy Day, the politician leading on housing in the City of Edinburgh Council. “There are no winners; the poor are trapped deeper in poverty while the reduction in rental income to the Council is putting at risk existing levels of investment in housing services and new, much needed, affordable homes.”

The Scottish Government is taking steps

to mitigate the effects of Welfare Reform, but as the Reform is a UK government responsibility and housing is a devolved issue in Scotland, the Scottish Government appears limited in its intervention.

There remains little escape for tenants from the under-occupancy charge. With insufficient smaller homes to move to, many who would like to move to avoid the charge have no choice but to stay put, and find the under-occupancy charge from other sources of income, if they have one.

With another wave of Welfare changes on the horizon that will cap the amount of benefits paid, and fundamentally change the way benefits are paid, the future looks bleak for those already struggling financially.

Text Clare MacGillivray,
Development Coordinator, ETF
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The ‘Bedroom Tax’ is the UK Government’s flagship for under-occupancy charge for those receiving housing benefit. The charge cuts housing benefit by up to 25% for tenants who have more bedrooms than they are determined to need under new rules. This is leaving tenants in a financial black hole – with insufficient benefits to pay their rent, and social landlords facing increasing rent arrears.

The City of Edinburgh Council has seen rent arrears increase for those affected by the bedroom tax from 27% to a staggering 72%.



PHOTO: BY PERMISSION WIKIMEDIA COMMONS

One of several streets known as the ‘Colonies’ in the Stockbridge area of Edinburgh. The houses, from 1861, were built by the Edinburgh Co-operative Building Company when housing reformers decided to break with the Scottish tenement tradition in favour of working-class homes that would provide each family with its own front door and garden.

EHF’s joint message to the European Housing Ministers. IUT President Sven Bergenstråhle will give a presentation on the first day of the meeting. This is a unique opportunity to present IUT’s views in front of a very important audience.

European responsible housing initiative

On November 7, the IUT chaired the first Stakeholder Forum’s meeting of the ERHIN project; European Responsible Housing Initiative. This EU-funded project aims to: create a common definition of responsible housing with the involvement of different stakeholders; agree on a Corporate Social Responsibility (CSR) joint Declaration and Charter; and identify best practices in

the sector and award the most responsible housing providers.

The meeting was attended by different stakeholders representing consumers, providers, banks, civil society, and professionals in the housing sector. IUT members presented their views;

“It is necessary that tenants are included in the boards of housing associations and are given substantial powers”, said Heike Zuhse representing DMB, Germany

“Affordability, quality, proximity to services and working places are key elements for a responsible housing policy”, added Eddie Jacquemart from CNL, France.

Ronald Paping, Nederlandse Woonbond, pointed out that a problem of non-compliance with CSR values and principles

mainly exists in the private rental market. “Responsible housing should mean minimum standards for all operators in the rental market”, he said.

The next meeting of the Forum is scheduled for 12 February.

ERDF regulation 2014–2020

Finally, on November 20, the European Parliament voted in favour of the new regulation for the ERDF, European Regional Development Fund. The new fund includes a substantial earmark for housing energy-efficient refurbishment.

Text Barbara Steenbergen,
head of IUT liaison office to the EU
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USA

Vulnerable households in danger



More than 2.1 million low-income US households use vouchers to rent modest private-market housing at an affordable cost. But only 1 in 4 households eligible for any type of federal rental assistance receives it because of limited funding. Low-income seniors, people with disabilities, and working families with children eligible for the voucher program often must wait months or years for assistance. Congress has set a deadline of 13 December to negotiate a final budget deal for fiscal year 2014. For low-income families and communities in need of affordable housing, the stakes in these negotiations couldn't be higher.

Source: Rooflines, Shelterforce NHI

AUSTRALIA

Queensland tenants might lose TAS:es



Tenant advice services delivered by the Tenants' Union of Queensland (TUQ) and 15 local Tenant Advice Services across the state will cease to operate at the end of December 2013, unless the Newman government reinstates funding in the near future.

TUQ needs your help now – please visit:
<http://savetenantservices.net.au>

SWEDEN

Swedish Union of Tenants takes the initiative



Housing construction is too low in Sweden which causes high prices and high rents. Politicians rely on the market to solve the housing issue and seem to avoid housing as a political issue. Swedish Union of Tenants, SUT, in order to move housing higher up on the agenda, has launched a major project "Bostadslyftet" (Housing initiatives).

The overall aim of the project is to have housing as one of the top five priority themes for the general election in September 2014. SUT pursues lobbying at national and municipal level, runs TV and cinema commercials, trains SUT's over 10,000 elected representatives and organizes seminars and debates all over Sweden. The campaign site

www.flerhem.nu has had 110,000 unique visitors in just over a month.

Source: Swedish Union of Tenants

ITALY

Successes for SICET



The Italian tenant association, SICET, has produced some major results. After three years with no money for low income tenants, the Italian government has budgeted 50 million euro for 2014 and 2015 aimed at assisting low income households. Also, another fund will be set up with the purpose of preventing rent arrears due to income decreases caused by illnesses, sudden loss of employment, etc. Special measures will be adopted to avoid that tenants are evicted before these measures are enforced. Still, the funding will not be enough, says SICET, as there have been already over 250,000 evictions in the last years due to rent arrears.

Source: SICET

SPAIN, CATALONIA

Stressed economy makes way for privatization



The Catalan government plans to privatise and sell 14,000 social dwellings – in order to fund new housing, the government says. The Catalan government defends concessions, sales and privatization as a way to earn income that will enable it to close the accounts with a deficit of below 1%, which is a requirement by the federal Spanish Government.

According to the Catalan tenant association, FAVIBC, this is a bad decision for all Catalan people, especially tenants because the plan puts them in a position of insecurity and may increase the level of poverty. FAVIBC will fight the privatisation plans.

Source: FAVIBC

CANADA, QUEBEC

J'aime mon voisin!



The tenant association in Quebec, FLHLMQ, is starting the "I love my neighbor" (J'aime mon voisin) campaign, which aims to improve life quality in public housing by adopting a "charter of good neighborliness" which suggest manners and approaches toward upgrading the global well-being of communities.

More info via <http://flhlmq.com/>

ENGLAND

Cora Carter awarded



Cora Carter MBE has been presented with an award for lifetime achievement at the National Women in Housing awards, which celebrated and recognised the achievements of female professionals working within the UK housing sector. In 1984 Cora set up a tenant's group as a way to lobby Kirklees Council on behalf of her neighbours. She went on to help establish the Kirklees Federation of Tenants & Residents Associations in 1987. Cora is a founder member and now vice-chair of the Tenants' and Residents' Organisations of England, TAROE. IUT bows and congratulates!

Source: Kirklees Neighbourhood Housing

UNITED NATIONS

UN expert tells UK government to scrap bedroom tax



The UN Special Rapporteur on Adequate Housing Raquel Rolnik advised the UK government in August to scrap the bedroom tax after hearing about how the policy has affected vulnerable people around the UK. She further warned that housing benefit caps would make moving to the private rented sector increasingly difficult for those on low incomes.

Source: UN News Centre

THE NETHERLANDS

Income limit raised for social housing



The Dutch Parliament, on Nov. 27, voted for a raised income ceiling for potential social housing tenants, from today's ceiling of €34,000 per household and year, to €38,000. Housing associations can now allocate 20% of their stock to households whose income fall between €34,000 and €38,000. These households will be eligible for flats with monthly rents between €536 and €681. Dwellings with lower rents will be available for low-income tenants.

Source: IUT Brussels office