



Summer 2018

◆ ◆ ◆ EU Partnership for affordable housing at the EIB in Luxembourg ◆ ◆ ◆ Ronald Paping becomes housing and finance councilor of the city of Arnhem ◆ ◆ ◆ Hearing of the "Dutch Case" at the ECJ ◆ ◆ ◆ EU decides new climate targets 2030 ◆ ◆ ◆ IUT meets in Oslo, Stuttgart and Brussels

European Investment Bank and housing ministry of Luxembourg host EU-Partnership for affordable Housing

Focus of the 11th meeting of the Partnership 11th-12th June was the improvement of the financing possibilities for social and affordable housing in Europe. On the first day, the Luxembourg ministry of housing invited to present the country's current reorientation of housing policy. Luxembourg counts over 180,000 commuters every day from the surrounding countries of France, Belgium and Germany, which cross the border in order to benefit from the good labour and wage conditions of the state. The other side of the coin is that the capital Luxembourg, where the financial and EU-institutions are located, is bursting at the seams with daily traffic jams and a structural lack of affordable housing.

Minister of infrastructure François Bausch and **Minister of housing Marc Hansen** stressed in the discussion with the EU-partnership the need to develop, in addition to the expansion of public transport, sufficient affordable housing to make it possible to move to Luxembourg. Luxembourg is next to

Switzerland, the most expensive European country, the square metre price in Luxembourg city is - depending on the location- between 11,000 and 14,000 euros. For an average 60 square meters apartment in the peripheral areas the rent price is 1,400 euro, a multiple is calculated for inner-city areas. There are no reliable data in the ministry - too much market intransparency, "price on request" and non-taxed payments. Even the representatives of the housing companies agreed-what is missing in Luxembourg is a tenants' association.



The partnership at the European Investment Bank, with housing minister **Marc Hansen** © Ministère du logement Luxembourg

The representatives of the public housing companies presented new construction projects on industrial brownfields of small towns in the north and south of the country. The price of the square metre is frozen at 5,000

euros by means of State support, and a capping of rents according to the cost principle. The problem is that many families from Luxembourg are on the waiting lists for affordable housing and the new construction needs are barely fulfilled. The country is one single construction site- but mostly in the luxury property segment. In addition to new construction, public „social rental agencies“ trying to relieve the market. These agencies turn to owners of vacant or run-down properties and suggest eligible tenants to the owners- asking for significantly reduced rental prices. If the owner accepts, the apartment is refurbished by the agency and he receives a 50% tax rebate when the rental income is taxed.

The model of social rental agencies is currently practised also in Belgium and Hungary - markets with a small social and public housing stock. Even in the case of massive affordable housing construction they could not compensate their market deficit in an acceptable time.

On the second day of the conference, the European Investment Bank presented their support strategy for housing and urban renewal. The three speakers, including the EIB urban planning specialist **Andrea Colantonio**, member of the EU partnership and jury member of the European initiative for responsible housing ERHIN¹ stressed that the Brexit would lead to a shift in funding. So far, UK used the main share of the EIB's loans for housing, followed by France. The EIB now hopes that other member states will enter the gap. Essential for effective and rapid authorisation is a central national aggregator, as in UK the "Housing Finance Corporation"².

¹ www.responsiblehousing.eu

² <https://www.thfcorp.com/>

³ <http://www.eib.org/infocentre/stories/all/2014-november-06/supporting-greener-social->

As a non-profit aggregator, they bundle EIB loans and pass them without credit surcharge to eligible and registered UK housing associations.³ Asked about the eligibility criteria of the EIB, **Colantonio** replied: „The EIB promotes social and affordable rental housing from the low to the mid-market segment. Affordable means for us everything between social rents and market rents. But we do not finance the purchase of land.“

In the follow-up session, IUT president **Sven Bergenstråhle** presented his definition of "affordable housing", also including quality definitions based on the Swedish standard of adequate housing, which was well received by the partnership. The representative of the Polish city Poznan, **Anna Harasimowicz**, reported on the construction of a new social housing development financed by the EIB, and presented her demands to reduce the value added tax for affordable housing projects.

Woonbond-Director Ronald Paping appointed as councilor of the city of Arnhem

Ronald Paping, since 2007 director of the Woonbond, has been appointed on behalf of the party "GreenLeft"⁴. Before joining Woonbond, Paping was chief economist of the Dutch Trade Union Confederation FNV. In his new function he is in charge of finance, housing and structural change in deprived neighbourhoods of the city of Arnhem.

[housing-in-london.htm](#)

⁴ <https://www.woonbond.nl/nieuws/ronald-paping-voorgedragen-wethouder-arnhem-0>



Ronald Paping

Paping has been a member of the IUT board since 2007 and is a strong supporter of the IUT interest representation towards the EU. September 29, on the occasion of the Dutch tenants' day in Amersfoort, Woonbond will organize a farewell party. Instead of gifts, Paping calls for donations for the Latvian tenants' association in Riga.

May 23rd, one week before taking office in Arnhem, Paping represented the IUT and the Woonbond at a capacity building workshop on state aid and housing, organized by the EU Partnership for Housing at the Brussels Committee of the Regions. Paping stressed the need to finally create planning reliability for the investment in social housing. In the Netherlands the investment in social housing has decreased considerably, sharpening the affordable housing deficit especially in the Dutch cities Amsterdam, Utrecht, Den Haag, and Rotterdam. The workshop was also attended by the judge of the ECJ, **Viktor Kreuschitz**, the responsible head of unit of the Directorate-General for Competition of the EU Commission, **Henrik Mørch**, and the legal counsel of the European Investment Bank **Barbara Catryse**. Furthermore, members of parliaments, heads of large social housing companies in the Member States,

representatives of the permanent representations to the EU and the European city networks attended the meeting chaired by the Co-coordinator of the EU partnership, **Michaela Kauer** from the city of Vienna. Main line of discussion towards the EU commission was the compliance with the principle of subsidiarity in the respective national definitions of the target group of social housing.⁵



The state aid workshop in the CoR.

One month later, June 20, a hearing on the Dutch case was held at the European Court of Justice (ECJ) in Luxembourg. In 2009, 33 Dutch social housing companies had submitted a complaint against the decision of the EU Commission and the Dutch to reduce the income limits for social housing from 38,000 to 33,000 euros. In the hearing, the judges asked whether the Netherlands would be prepared to return to the old system and how this would affect the Dutch housing market. The lawyers of the housing companies stressed that this would be a way out of the political deadlock between Brussels and The Hague and even the frozen housing market in the Netherlands could start up again. The final decision of the ECJ is expected by the end of 2018.⁶

⁵ A summary of the workshop is available on request: Barbara.steenbergen@iut.nu

⁶ [https://www.aedes.nl/artikelen/financien/fiscaliteiten--n-/vpb/rechtszaak-](https://www.aedes.nl/artikelen/financien/fiscaliteiten--n-/vpb/rechtszaak-inkomensgrens-vernietiging-daeb-besluit-zou-politieke-impasse-wegnemen.html)

[inkomensgrens-vernietiging-daeb-besluit-zou-politieke-impasse-wegnemen.html](https://www.aedes.nl/artikelen/financien/fiscaliteiten--n-/vpb/rechtszaak-inkomensgrens-vernietiging-daeb-besluit-zou-politieke-impasse-wegnemen.html)

IUT board meets in Oslo

May 4-5, the Norwegian Union of Tenants invited for the spring board meeting of the IUT. Leieboerforeningen-Director **Lars Aasen** drew a clear picture in his introduction to the Norwegian housing market: Norway is a land of homeowners, only 22% of the population are tenants, mostly students, young households and the less well-off. The rental market is characterized by liberalisation. In recent times, however, there has been some movement in the market, as Norway and especially the capital Oslo attracts a large number of workers from abroad, for which a more flexible housing offer must be created by public and cooperative housing companies, especially in Oslo, Bergen, Trondheim, Stavanger and Tromsø. Affordable housing promotion is in the hands of the state investment bank "Husbanken", but with the focus on promoting ownership for small and medium-income households (Median: 4,400 euros gross Pp.) and housing allowances.

At the IUT meeting the final version of the "**IUT Position Paper On Security Of Tenure and Rent Control**"⁷ was adopted unanimously, including some amendments from DMB-representative **Heike Zuhse** based on the recommendations of the IUT-Working Group "general housing policy" from 9/10 January in Berlin, and a definition of housing affordability drafted by IUT-president **Sven Bergenstråhle**.

On request of the Norwegian Tenants' association, a new working focus of the IUT was decided: exchange on members' recruitment, support and activation and use of new technologies. The Norwegian chairman **Sigmund Aunan** proposed to have multilateral exchanges on these topics.

Furthermore, the theme of the International Tenants' Day 2018 was decided. As this year the tenants' day coincides with the UN day for older persons, theme will be affordable housing for older households.

At the end of day one, the IUT board was invited by the mayor of Oslo, **Marianne Borgen**. Borgen underlined the need to develop new quarters with affordable housing due to the massive migration to Oslo.



Mayor **Marianne Borgen** in her office

These areas will be accessible by a dense public transport network and self-driving e-cars. The energy supply is planned exclusively on the basis of renewable energy, the quarter will have a positive energy balance. Oslo will be Europe's Green Capital in 2019.

⁷ See IUT report from Brussels February 2018

Gothenburg's new concept for affordable housing

May 16, the European office of the Swedish City of Gothenburg organized a seminar on the topic of affordable housing. **Catrine Norrgård**, the head of the office, referred to the EU Social Summit taking place in November 2017 in Gothenburg. At this summit, the European Parliament, the Council of the European Union, and the European Commission jointly proclaimed the European pillar of social rights, including a chapter on housing. **Raquel Cortes-Herrera** from the Directorate-General for employment, social affairs and integration pointed out that the European pillar of social rights aims to ensure new and more effective rights for citizens. It has three dimensions: equal opportunities and access to the labour market, fair working conditions, social protection and social inclusion. These generic concepts are based on 20 principles, including principle 19 referring to housing. **Andrea Colantonio** from the European Investment Bank (EIB) presented the various financial instruments for the urban sector. The EIB invested 13,8 billion euros in social housing in five years. **Sorcha Edwards** from Housing Europe summarised the results of the report "The state of housing in the EU 2017"⁸. Despite economic recovery, the housing situation remains critical in most Member States. For Europeans, housing costs are the highest item of expenditure. This burdens low-and medium-income households disproportionately. Low housing construction leads to housing shortages, especially in large cities, which has been exacerbated by recent migration

⁸ <http://www.housingeurope.eu/resource-1000/the-state-of-housing-in-the-eu-2017>

⁹ <https://www.facebook.com/housingVie/>

increases. The number of homeless people in the European Union is rising.

Barbara Steenbergen from the IUT's EU liaison office criticised the European Union's and member states approach to concentrate housing assistance on the poorest households as too narrow. In many areas, policy has not responded appropriately to the misdevelopment of housing markets, causing structural deficits in the affordable segment. Steenbergen reported the EU urban agenda partnership approach to the subject, underlining the need for better protection of tenants, quota for social and public housing, anti-speculation measures and rent control mechanisms. The results of the EU partnership will be presented to the public at an international housing policy conference in Vienna December 4-5.⁹ DMB-federal Director **Lukas Siebenkotten** will contribute to the debate with the topic "A new need for non-profit housing in Germany".

At the end of the conference, representatives of the City Gothenburg presented the current plans in the area of housing and urban development. There are significant differences in the housing situation in Gothenburg. The remote northern urban areas – residential settlements of the Swedish "Million programme"¹⁰ originated between 1965 and 1975- are more densely populated by 20%, the life expectancy of the inhabitants is about 9% lower than in the other parts of the city. In cooperation with residents, civil society organizations and housing companies, the city is trying to develop concepts that are designed not only to build flats, but to create good living conditions. Gothenburg wants to use the inner-city industrial port area as a new

¹⁰ https://en.wikipedia.org/wiki/Million_Programme

residential area. The new "Rivercity" shall be built with a comprehensive public participation. Gothenburg, the booming Volvo-City, expects a population increase of 250,000 people by the year 2035.

DMB meets UN-rapporteur Farha during work visit in Berlin

(JH) From June 13-14th, UN Special Rapporteur on the right to adequate housing, **Leilani Farha**, visited Berlin.

The original occasion of her visit was the European annual conference of organisations fighting homelessness (FEANTSA) taking place in Berlin this year.

The German tenant association DMB, represented by legal counsel **Dr. Jutta Hartmann** and the deputy managing director of the Berlin tenants association, **Wibke Werner**, together with several tenants initiatives, used the meeting with the UN special rapporteur to inform about affordable housing solutions, gentrification, evictions and housing speculation and to assess housing policy in Berlin and Germany. **Jutta Hartmann** also handed over the „IUT Position Paper On Security Of Tenure and Rent Control“ to the UN rapporteur, which was received with great interest.



Dr. Jutta Hartmann, DMB-legal counsel

Farha subsequently introduced the "Shift initiative"¹¹, which aims to restore the right to housing to the centre of the policy.¹²

SPÖ debate on the new housing question in Vienna

On invitation of the SPÖ Parliamentary club, experts and politicians from Austria and Germany debated within the framework of a parliamentary enquête on May 15th in the Austrian national parliament at Palais Epstein.

The rental prices in Europe's cities are exploding. Between 2006 and 2016 the rents in Vienna, Salzburg, Linz, Graz and Innsbruck increased by one third. But it is not the growing population that is driving prices- speculation on the real estate market is the reason why living in the city becomes a luxury.

At the same time, people's wages do not keep up with this development. An ever greater proportion of income must be used for housing. In the past 23 to 25 % of income needed to be paid for housing expenditure, nowadays it is 30 to 40 % which is accepted by

¹¹ <http://webtv.un.org/watch/the-shift-reclaiming-housing-as-a-human-right-press-conference-habitat-iii/5176842149001>

¹² <https://www.ohchr.org/EN/Issues/Housing/Pages/LeilaniFarha.aspx>

authorities as benchmark for affordability. The border has shifted arbitrarily upwards to reduce the social problem in the statistics. But the fact that prices for housing are significantly higher than real incomes, is the real social problem.

Experts talk about a crisis in European cities, because living in metropolitan areas is not affordable anymore for low- and medium income households.

SPÖ-housing spokesperson and Member of the Parliament Ruth Becher: "Housing has become an object of speculation. In the past, Austria was not susceptible to price bubbles in the housing market. This is due to the large public sector. But even in this country, housing is increasingly being pushed to the free market where investors have one single interest: the highest possible yields."¹³

Housing is now a pure financial investment, real estate as an alternative option for holding money. The consequences are rising social inequalities as the growth in investment objects does not lead to more affordable housing provision but to higher returns for those who can afford it. "While the dentist achieves higher rents of his rental investment object, housing for his medical assistant becomes extremely expensive", explains the Austrian housing expert **Prof. Elisabeth Springler**.

Above all, there are funds and foreign investors on the hunt for return, which put massive pressure on the housing market. "They are pursuing speculation on further price increases," **Christian Amlong**, managing director of the GWG public housing company in Munich.

This is also noticeable in the land prices: they have quadrupled in Munich since 2006. Investors are blocking the construction: the gap between building permits and completions is rising. Already approved building projects are deliberately hold back for years because investors are speculating on further price increases. Munich is discussing a legal obligation to build and a capital gain tax on land.

Amlong stresses that "state intervention is not an ideology, but a necessity, if one does not want situations like in London, where employees with average wages live in trailer parks because they cannot afford an apartment. "

The situation in Germany is also worrying: the prices for rents and property in the cities are exploding, the number of social housing has halved from 2002 to 2016 from 2.6 million to 1.3 million. **Amlong:** "Germany has politically neglected the subject".

Without intervention in the market, investors make the big business at the expense of a basic need of all people. "We have left the housing market for far too long the private, profit and return-oriented investors," said **Barbara Steenbergen** of IUT.

The European Union has a role to play here: on competition law, EU has the possibility to hamper social housing construction. And the real estate lobby is using this by demanding that social housing should only be available for socially disadvantaged groups.

But Steenbergen also reported positive developments in the context of the EU's urban agenda. In this way, the EU Partnership for affordable housing – led by the city of Vienna

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https://www.ots.at/presseaussendung/OTS_20180515_OTS0226/spoe-wohnbauenquete-becher-es-braucht-staatliche-eingriffe-gegen-

[spekulationsgetriebene-preisexplosion-beim-wohnen](#)

and Slovakia – is looking into new approaches to promote even cross border non-profit housing developments, as a counter-programme to the big mergers in the private real estate sector.¹⁴

IUT working group meetings in Stuttgart and Brussels

The European elections in May 2019 have been subject of the IUT working groups "housing policy" and "energy policy".



Site visit of Stuttgart 21, with IUT president **Sven Bergensträhle** and DMB/IUT- board member **Rolf Gassmann**

On invitation of DMB Baden-Württemberg, the housing policy working group met June 7-8 in Stuttgart. After an overview of the stressed Stuttgart housing market presented by **Rolf Gassmann**, the participants debated their core requirements at European level, which will be part of the "Tenants milestones" for the new

European Parliament. In most countries, the national candidates will be nominated after the summer break, and IUT members will address them following the decisions of the IUT-board meeting on 12-13 October in Berlin.

On suggestion of the chair of the working Group **Dan Nicander**, chairman of the Skåne tenants' union in Malmö, organisational topics and exchange on member recruitment will also be dealt with. Furthermore, ad-hoc-meeting on topical issues will be organized, starting with a Swedish-German meeting on the activities of Vonovia, now also active in Sweden. At the end of the first day a guided visit to one of Germany's largest inner city constructions sites, Stuttgart 21, was organized by DMB. **Dan Nicander** and all participants thanked **Angelika** and **Udo Casper** and **Rolf Gassmann** for their hospitality. The next meeting will take place on invitation of the Czech union of tenants November 6-7 in Prague.

The national energy experts of the IUT working group energy, **Jennie Wiederholm** (SUT), **Heike Zuhse** (DMB), **Nadja Shah** (MVÖ), **Anne Lucet-Dallongeville** (CNL), and **Jan Laurier** (IUT Vice President) met June 27 at the IUT EU office in Brussels. Main theme were the new 2030 EU climate targets, adopted by Commission, Parliament and Council June 20¹⁵.

By 2030, the reduction of greenhouse gases by 40%, a share of renewable energy of 32% and an increase in energy savings of 32.5% has been decided.

¹⁴ <https://kontrast.at/krise-in-europas-staedten-wohnen-als-spekulation/>

¹⁵ [Http://europa.eu/rapid/press-release_IP-18-4229_en.htm](http://europa.eu/rapid/press-release_IP-18-4229_en.htm)



The national energy experts at the IUT Brussels office, **Nadja Shah, Heike Zuhse, Jan Laurier, Jennie Wiederholm and Anne Lucet-Dallongeville**

The main directives of the new EU energy package are the energy performance building directive, the energy efficiency directive and the renewable energy directive. The directives still need to be published in the official journal of the EU. Member States will have 18 months to transpose the new elements of the energy package into national law. The IUT energy experts will exchange views on the national legislative procedures and continue to write the energy policy chapter of the IUT “Tenants milestones”, with particular attention to EU funding and tenant protection.

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