

GLOBAL TENANT



INTERNATIONAL UNION OF TENANTS' QUARTERLY MAGAZINE

April 2013



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An affordable housing project in Santa Monica, CA. The five-story building is the first affordable-housing project in the US to be LEED certified and is nearly 100% energy neutral.

In France, in the 21st century, rental evictions continue ...

The French law states that from 1st November to 15th March, tenants cannot be evicted. So, the 15th March marks the end of the truce, and thousands of French families are evicted from their homes. They are evicted onto the streets, when what they need, is social welfare through housing.

In 2011, more than 145,000 households were assigned in justice for outstanding payments of rent, and more than 118,000 evictions were authorized, among which 113,000 were for outstanding payments. The implementation of these decisions has been made much more systematic, indicating a hardening of the situation. During these last ten years, authorizations for police assistance increased by 66 per cent and effective evictions with intervention by the police increased by 50 per cent. In 2011, almost 13,000 evictions occurred with the help of the police.

With the election of a new French government in 2012, hopes were re-born. New

possibilities existed for deprived families but unfortunately, nothing has been done to help them. CNL is developing activities and actions to end these unacceptable methods.

This situation does not only occur in France. Europe has far too many poor families, living in a situation of extreme precariousness.

CNL, as in other domains, is working for a European initiative against social poverty, such as a day of action against rental evictions, led by IUT. IUT's initiative and intervention has helped reverse several bad housing plans.

In the face of austerity policies, we must develop solidarity.



Serge Incerti Formentini,
 President du Confédération
 Nationale du Logement, CNL

CALENDAR

April 22-24: 2nd Housing Forum for Europe and Central Asia, in Geneva, Switzerland

May 22-24: Housing Europe / Cecodhas General Assembly in Dublin, Ireland

May 23-25: 65th Tenant's Day of the Deutscher Mieterbund, in Munich

June 19-22: European Network for Housing Research Annual conf. in Tarragona, Spain

July 10-12: 'Being at home in the Housing Market', Amsterdam, the Netherlands

July 22-24: Texas Housing conference, Austin TX

August 20-23: Asia Pacific Network of Housing Research conf. in Kuala Lumpur, Malaysia

September 11-12: TPAS England Annual conf. for the 'south', in Stansted

September 12-14: Conf. on Private rental sector in transition countries, Budapest, Hungary

September 15-19: SAHF International Conference & Exhibition, Cape Town, South Africa

September 24-25: TPAS England Annual conf. for the 'north', in Manchester

October 7: International Tenant's Day 2013. Theme: Tenure neutrality

October 7-9: 74th UN ECE Session of the Com. on Housing and Land Management, Geneva

October 24-27: IUT 19th congress in Krakow, Poland

Oct. 31-Nov. 1: Australia National Housing Conference, in Adelaide

November 15-17: TPAS Scotland Annual Conference, in St. Andrews

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

The right to housing and need for tenure neutrality

Access to affordable housing is a prerequisite for fulfilment of the human right to housing, as established in several international conventions and agreements, argues Sven Bergensträhle, IUT President. Also, as home ownership is out of reach for so many, rental housing is another requirement.

To achieve affordable housing for all who require it, construction costs must be substantially lowered, compared with today's high costs. Access to land should be made available at low cost by the state or municipality. Also, rental housing must be able to thrive under similar financial conditions as owner-occupied housing – that is, any subsidies should be tenure neutral, and in the case of rental housing, be linked with demands to lower prices and rents.

We build societies not only dwellings. Needs and economic circumstances differ very much between households. That is why supply of affordable and decent housing is vital to a society that stands for everyone's right to a good life. But in too many countries matters go in the opposite direction. The supply of affordable housing, especially of rental and cooperative rental housing, is decreasing. An increasing number of people have difficulty finding adequate and decent housing. Too many governments promote only owner-occupation, and often encourage privatisation of public and social housing, turning it into market housing.

Higher prices and rents is a mainly a result of increasing housing shortages. Housing shortages, bad quality housing and overcrowding hamper both the individual's possibilities and economic growth. Shortages cause exclusion, segregation, housing areas with social problems and insecurity and prevent a flexible labour market. In many major cities it is difficult to hire certain employees, like key workers, because they can't find affordable housing.

Housing shortages and an often ineffective and monopolized construction industry go hand in hand. Lower construction costs could be achieved with modernized and more effective construction

Households must be able to choose whether to rent or to buy.



methods. More prefabricated elements for kitchens and bathrooms could be used, and architectural designs can be reused together with more effective municipal planning. Even though land might be owned by private interests, it still remains for states or councils to establish the rules for the use of land and to regulate types of houses constructed, such as the percentage of affordable housing.

Housing subsidies are another requirement if the right to decent housing is to become a reality for every household. Subsidies should have conditions attached to them so that the recipient should not be able to capitalize them. That means that the rent or the price for a dwelling should be lowered by an amount that reflects the value of the subsidy.

State subsidizes without conditions relating to rent or price have created big problems. In some countries, as for instance the USA, Ireland and Spain these subsidies fostered unhealthy speculation and created price bubbles among owner-occupied dwellings and caused the present financial economic crises. Subsidies, such as deductible mortgage interest rates, often benefit already wealthy households and lead to higher prices in expansive regions. Often the rental sector cannot compete with the owner-occupied sector on the same financial conditions. It is more profitable for developers to build for owner-occupiers than for renters because they can get higher prices from the former due to subsidies.

IUT advocates tenure neutrality; a condition in which the consumer is financially indifferent between owning and renting a dwelling. Tenure neutrality means that the method of financing and the tax system do not distort consumer choices between renting and owning.

Households must be able to choose which tenure suit them best in their present circumstances. Many people cannot afford owner-occupied housing and may not get a mortgage from the bank. Many do not want to be stuck with a dwelling for lengthy periods due to the situation on the labour market. Students need temporary dwellings during the time of study. The rental sector is vital for the economy because it makes it easy to move. This is why governments should not support ownership more than rental housing, and support tenure neutrality.



Davide Lanzillotti and Barbara Steenbergen celebrating IUT's 5th anniversary in Brussels.

IUT five years in Brussels

The IUT Liaison office to the EU in Brussels has celebrated its 5th anniversary. The office was established in Brussels in 2008 with the aim of making tenants' voices heard within the European institutions.



Changes to legislation are in progress, and the results already achieved encourage us to pursue our activities and promote decent and affordable rental housing as a key for a more social Europe.

New policy paper on housing for an ageing society is now available. The publication of the IUT-EAHS policy paper «Active ageing and intergenerational solidarity – the role of housing» closed the year 2012 – available via www.iut.nu. Together with the outcome of the lecture series organized by the European Housing Forum last year, it points out the urgent need to adapt housing and cities to the needs of the elderly, and promotes innovative solutions for active ageing and affordable housing.

Vulnerable consumers are an EU topic, and IUT

Brussels is participating in the European Commission's working group on this matter. The Commission sees the liberalization of energy markets as a catalyst for better conditions for customers. There is an ongoing process of mapping the reasons for vulnerability: being a tenant exacerbates bad housing conditions since landlords often lack the motivation to make improvements to their properties. In most EU countries, costs related to energy refurbishment of rental properties may be passed on to tenants as rent increases. IUT lobbies for better housing standards at EU level and socially balanced solutions in the field of energy.

Social housing in the European Union is a draft report, published in February by the Employment and Social Affairs (EMPL) committee of the European Parliament. Main aim of this report is to channel part of EU and Member States budgets towards the support of social housing construction and renovation. As highlighted by the Rapporteur, French MEP Karima Delli (Greens), «access to decent housing is an international obligation incumbent on the Member States, to which the Union must have regard».

The report stresses the importance of the principle of subsidiarity by stating that «public authorities are free to determine how the social housing sector is organised and funded and what its target group is». Besides, it highlights that investing in social housing boosts local employment and the green economy, while combatting energy poverty and social exclusion.

The IUT has provided input to the Rapporteur: Building or renovating social housing units is not sufficient by themselves to improve tenants' conditions across Europe. This is the reason why IUT Brussels has tabled several amendments to the report, proposing to: increase tenant participation in decision making bodies; establish a minimum quota for social housing in densely populated areas; pursue a tenure-neutral policy at EU and Member State level; and promote security of tenure and a "social" rent law in order to provide a more level playing field for tenants and landlords. Other inputs deal with energy efficiency and the role of the not-for-profit organizations.



MEP Karima Delli (Greens)

IUT amendments have found support among MEPs from the Alliance of Socialists & Democrats and the Greens. The report will be voted on, in the EMPL on April 23, and on May 21 in the EU Parliament.

Negotiations on the European Regional Development Fund (ERDF) are blocked, since there is no general agreement on the long-term EU budget, 2014–2020. On March 13, the EU Parliament adopted a resolution against the current EU Council's proposal by 506 votes to 161, with 23 abstentions. Negotiations will start again and are supposed to end this summer. However, 20% of ERDF should go to energy efficiency projects, including investment in housing renovation.

Reports and IUT policy papers are available via www.iut.nu/iut_eu.htm

Text Davide Lanzillotti

Switzerland: a tenant's paradise?

Switzerland has the highest rate of tenancy of all countries in Europe. More than 60 % of the Swiss live in rental accommodation. So is Switzerland a tenant's paradise?



'Not quite,' says François Zutter lawyer at the Swiss tenants association ASLOCA in Geneva. 'Basically, Swiss people do not usually choose to live as tenants – rather they have no other choice. Buying a flat or a house is very expensive and not possible for the vast majority of employees.'

'Rents are more or less unregulated,' continues François, 'and are set according to supply and demand. The landlord and the tenant freely discuss and agree on the rent before signing a lease.'

Housing shortage is a fact, and clearly demonstrated by the very low vacancy rate in Switzerland of only 0.94 %. The situation is even worse in cities like Zürich with a vacancy rate of 0.56 %, or in Geneva with only 0.3 %. Housing experts say that the housing market is functioning well when the vacancy rate exceeds 2 %.

With this acute housing shortage and the lack of protection against evictions, people are afraid to go to court. There is no minimum duration of leases and an owner can cancel a contract without due reason.

'We at ASLOCA,' says François, 'ask ourselves what kind of free agreement is possible in a situation with such shortages!'

Rents are unregulated in Switzerland, as mentioned, except for the social sector which represents some 14 % of the total rental sector. Private tenants only have the right to contest their rents in the rent tribunal within 30 days after receiving the keys. This is very short notice and most tenants are not even aware of this right, with the exception of tenants in a few French speaking cantons like Geneva or Vaud, where the owners must give their tenants an official form together with the lease contract. This has led to a situation where only some 500 tenants went to the rent tribunal in 2012 to contest the initial rent, whereas 40,000 tenants went to the tribunal for other reasons.



PHOTO: MAGNUS HAMMAR / JUT

"The people has decided, the people is right", is the political argument for frequent referendums, a key element of Switzerland's unique and well established tradition of direct democracy. Photo shows posters in Geneva on referendum for new opening hours of shops.

Neither the Federal state, nor the 26 cantons are willing to change this situation. Construction of new homes is left to the private sector, which owns 92 % of all the residential buildings in Switzerland. There is no federal support and little cantonal support to build new dwellings. Furthermore, there is very little direct support to tenants to assist them in paying their rents.

With so many tenants, how is it that nothing changes? One of the reasons is that almost one quarter of the population is foreign and therefore cannot vote. The other reason is that the majority of the Swiss vote for right wing parties, and 70 % of the deputies belong to right wing parties in the Swiss parliament.

Change is possible via referendums, which are common in Switzerland. Swiss law says that any issue can be put to a referendum if it attains 100,000 signatures to do so. For a measure to be nationally adopted into the constitution it must be accepted by a majority of the Swiss and the majority of the 26 cantons. This almost never happens.

'More than 200,000 individuals are members of the three Swiss tenant associations,' says Fran-

çois. 'There is one association for each of the three linguistic regions, organised in one federal organisation. All the 36 local organizations provide advice and assist or represent tenants in court when they are confronted with problems with their landlords.'

The Swiss tenants association just recently fought successfully against various proposals of the Swiss parliament designed to further improve home ownership opportunities. So, Swiss citizens will defend the current rights of tenants, but are not ready to improve them!

So is Switzerland a tenant's paradise?

'Hardly,' says François. 'But we are fighting, maybe not for the paradise, but for a better and more socially just housing situation in Switzerland.'



François Zutter,
ASLOCA Switzerland
www.smv-asloca-asi.ch

Social housing provision in Ireland and the current economic crisis

Ireland has, for the foreseeable future, moved from the direct provision of social housing units through capital funding, to the provision of social housing units through revenue based initiatives, which seek to utilise the oversupply of units in the private housing market.



In Ireland, chair of the EU in the first half of 2013, empty housing units and unfinished estates are two of the characteristics of the housing landscape – a by-product of the property crash which has occurred in Ireland. The National Housing Development Survey 2012 has indicated that the majority of empty estates in Ireland are located in rural areas. This is not necessarily proportionate to where the housing demand lies and many of these properties, within ghost estates or coming through the National Asset Management Agency (NAMA) which was established as a means of taking on the banking sector's bad debts, may not be fit for purpose for rental housing. This is especially true for people with special needs or those who require proximity to nearby supports and services.

The oversupply of private market units has had a major influence on what has now become government policy – the provision of social housing units through the private sector, via vehicles such as the leasing initiative, private finance, with a small state capital injection, and NAMA.

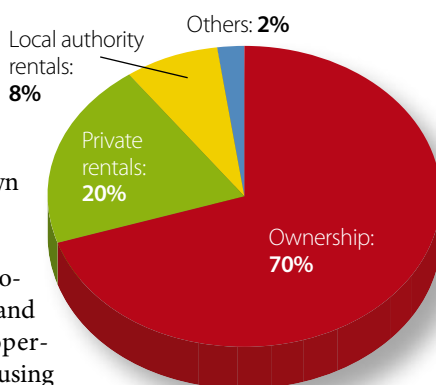
It is also worth noting that the Rental Accommodation Scheme has been given an enhanced role in social housing provision. This scheme seeks, through a combination of private rented units and homes provided within the voluntary housing sector, to house those who have been assessed as being in a long term housing need. Unlike social housing, new builds, which have fallen steadily since 2009, the Rental Accommodation Scheme has shown an increase nearly every year since initiation.

The Leasing Initiative has been specifically introduced as further means of utilising empty and unused private sector housing units. Properties are leased from the private sector by housing associations or Local Authorities and are used to



Dubliners enjoy their pubs. The Oliver St. John Gogarty is one of about 1,000 pubs still thriving in Dublin.

Tenure for Ireland 2011



Source: Census 2011

accommodate households from social housing waiting lists. As part of the initiative housing providers enter into lease arrangements with property owners for periods of between 10 – 20 years. Rent is guaranteed for the whole period through the contract negotiated between the parties.

Though initially slow to materialise, the Leasing Initiative has seen housing associations take over approximately 1,200 units as part of leasing projects to the end of December 2011. It is now considered to be the main vehicle through which social housing units are and will continue to be supplied.

Private financing as a means of funding social housing provision is relatively new to housing providers in Ireland and the foundations for this are only just being laid. Approval for private finance has sometimes been difficult to acquire for housing associations given that financial agencies

A total of 474788 Irish households were in rented accommodation in 2011, a considerable rise of 47 % from 323,007 in 2006. The share of households that were renting was 29% in 2011, up from 22% recorded in 2006.

Source: Census 2011

and institutions do not have significant experience with or understanding of the voluntary housing sector. Housing Associations have also been reticent to take on unnecessary or disproportionate financial risks in the current economic climate.

Relying heavily on the private market for the supply of rental housing is unpredictable and the availability of an adequate supply is much harder to plan for than within in the social housing sector. As stated private finance loans will also come into play, in an ever increasing way, in order for housing associations to develop newly built housing units in the future. In the next two years it is predicted that the majority of suitable vacant properties in the private sector market will be occupied, therefore it is key that a robust plan for the future provision of new social housing is developed.

Social housing waiting lists have had huge increases – another impact of the recession. The previous Housing Needs Assessments conducted in 2011 saw the waiting list jump from a total of 56,000 people requiring social housing in Ireland in 2009, to 98,318 people on the housing list as of 2011. In light of the impact of the economic crisis on many households, as well as the ever increasing problem with mortgage arrears in Ireland, the Housing Needs Assessment for 2013 requires those in housing need to be reassigned to various categories including the inability to pay, or households with, unsustainable mortgages.

Though housing associations are now at the fore front of social housing provision in Ireland, special needs housing providers, housing people with disabilities, the homeless and older people, have criticised an over reliance on the private market for housing supply. What is clear is that the current supply and availability of social housing, should the government entirely cease any capital funding investment, is not and will not match or resolve the ever increasing social housing waiting lists which have been a feature of the recession in Ireland thus far.

We must now begin to plan for a post-recession housing market that promotes affordable rental housing as a cornerstone.

Text Irene Byrne, Policy Coordinator at Irish Council of Social Housing, www.icsh.ie

Social housing providers celebrate 25 years in Brussels

In September 2013, CECODHAS Housing Europe, the European Federation of Public, Cooperative and Social Housing providers will celebrate its 25th anniversary.

It has been 25 years of lobbying, research and cooperation through EU projects to make the voice of the affordable housing sector heard and to make a difference for the tenants!

The 45 members in 19 EU members States, manage 25 million dwellings, which is about 12 per cent of the total housing stock in the EU. Within CECODHAS Housing Europe they defend the vision of a Europe that provides access to decent and affordable housing for all, in communities which are socially, economically and environmentally sustainable and where all are enabled to reach their full potential.

Despite 25 years of efficient activities, the EU is far from turning that vision into reality. Because housing policies remain a competence of the member states and it is not an easy task to convince individual member states to invest in affordable housing. Also because the deep economic crisis has completely shifted the attention of the EU and national policy makers onto short term

fiscal consolidation at the expense of long term financing of public goods and social infrastructures. The consequences are clear: decreased budgets for affordable housing building, caps on housing allowances, and increased taxes on social housing providers.

CECODHAS Housing Europe, together with strong allies such as the IUT, has recently had some crucial successes.

Most important is perhaps the eligibility of housing to access the 2014–2020 structural EU funds that will allow regions and cities to refurbish housing. Also important is the commitment from the European Commission to use the coordination of economic policies at the EU level to urge member states to invest in social policies in particular through housing support.

For CECODHAS Housing Europe the year 2013 will not only be a year to look at past achievements, it will start the preparation for the 2014 elections of the European Parliament, which will – together with a new European Commission – have the power to impulse a new orientation for the EU and the well-being of its citizens.

Text Julien Dijol, Policy Coordinator CECODHAS – Housing Europe, www.housingeurope.eu



International Tenant's Day theme 2013: Tenure neutrality

Tenure neutrality, the situation in which the consumer is financially indifferent between owning and renting a dwelling. Tenure neutrality is about people being able to move across tenure according to their circumstances – giving people choice. Tenure neutrality means that modes of finance do not distort consumer choices between renting and owning, which can be instrumentalised through assisted finance, market organization like rent setting rules, tax policies, etc. Subsidies should be tenure neutral. Tenure neutrality presupposes integrated housing markets where providers of any kind can compete and attract consumers

Why is tenure neutrality so important? Tenure neutrality fosters consumer sovereignty by widening the scope of choice; permits diffusion process between tenures over life-course and mitigates poverty traps.

Tenants' advocates in New South Wales rely on political goodwill

The Tenants Union of New South Wales (TU) has been around since 1976 and from its office in Sydney and through a network of Tenants' Advice & Advocacy Services (TAASs) they assist tenants across New South Wales to understand and assert their rights.

Aside from this support role, the TU aims to advance the interests of tenants by conducting its own strategic litigation, and engaging in activities around policy and law reform. While it is a membership-based not-for-profit organisation, the Tenants Union is not actually a union. Its name reflects its history rather than its current structure or methods. These services are free for tenants, and their combined reach covers Australia's most populous state.

'Funding is relatively stable, because the Tenants' Advocates do not rely on membership fees,' says Ned Cutcher, Policy officer at Ten-



ants Union of New South Wales, TU. 'But on the other hand, their existence relies on political goodwill.'

The state government funds independent tenants' advice through the TAASs. Funds originate from a small amount of the interest earned on tenants' bond money – money that is collected by landlords and deposited with a government agency, which holds, and invests, that money on trust.

'Although substantially funded with tenants' money, the Tenants' Advocates are faced with the same budgetary pressures as any other government funded program,' says Ned Cutcher. 'They know how precarious this is, since our neighbours in Queensland have all but had their program axed. Things may not be quite so bad in New South Wales, but base line funding for TAASs has not been increased in over 12 years!'

The division between direct advocacy, provided by TAASs, and policy and law reform work, provided by the TU, often works well. TAASs are able to reflect on their casework to identify local trends and issues, which the TU may then investigate further. Each TAAS is located in a geographically and demographically unique location, so they pursue and develop locally relevant areas of expertise. They frequently inform and advise one another. The TU participates in these discussions, too, and is well placed to raise concerns of a structural nature with representatives of government and industry.

At the last census from 2011, there were some 740,000 rented dwellings in New South Wales, representing approximately 30 per cent of all the state's dwellings. This is an increase from 28 per cent of all dwellings in 2006.

'Despite this growing number of tenants, our renting laws remain weak,' Ned explains. 'Our housing market is ill-suited to the delivery of secure, affordable and quality



PHOTO: NED CUTCHER

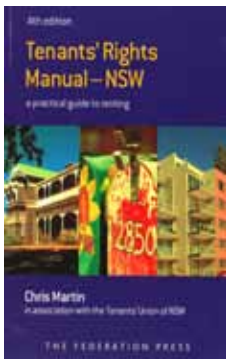
The Sydney Harbour Bridge and Opera House. The bridge carries rail, vehicular, bicycle and pedestrian traffic between the Sydney central business district and the North Shore.

housing to the growing mass of people seeking secure rental housing.’

‘Renting is increasingly common, especially in Sydney, but the ideal of owning your own home and building wealth for retirement through investment in property remains our national obsession,’ says Ned.

‘Both our tax system and our renting laws encourage speculator landlords who chase quick capital gains,’ Ned says. ‘Any rights tenants have are notoriously difficult to enforce, and they are undermined anyway because tenancies can be terminated without grounds.’

Controls over rent increases are minimal in NSW, and housing is not cheap. Around 62 per cent of low-income tenant households



Tenants' rights manual 2012, by TU-NSW.

were in ‘rental stress’ in 2009/10, meaning they were paying more than 30 per cent of their incomes in rent. Only 10 per cent of private rental housing was considered ‘affordable’ for very low-income households, while our chronically under-

funded social housing system – with a waiting list of more than 55,000 people – offers affordability to an increasingly targeted 5 per cent of the overall housing market.

‘TAAs do an incredible job!’ says Ned. ‘TAAs are experts in assisting tenants in the private market, social housing, share-housing and university accommodation, as well as residents of boarding or lodging houses, with concentrations of some or all of these types of housing across each of their catchment areas.’

There are also four Aboriginal TAAs providing advice and advocacy to Indigenous tenants, who face a range of legal and cultural intricacies that are unique to housing that’s owned and managed by Indigenous organisations.

‘When we put all of this together, we’ve got tenants in New South Wales covered,’ concludes Ned Cutcher.

Original text Ned Cutcher, TU-NSW. Learn more from www.tenants.org.au



PHOTO: BORGE NILSSON

Edvards and his wife Galina continue their struggle against eviction.

Property restitution in Latvia – a follow up

In the previous issue of the Global Tenant we presented an article from Riga, Latvia, about the housing troubles of Edvards Kvasnevskis and his family, and of many others in Latvia.

In November 2012 the Riga court issued an order that Edvards and his family should move out of their home. Edvards has since then appealed against this order with the Senate of the Latvian Supreme Court. Until the Kvasnevskis family receives a judgment, which could take months or possibly years, they remain in their flat while they also await the decision of the European Court of Human Rights.

Edvards writes to the IUT: The European Union demanded that all post-communist countries wishing to join the European Union must implement property restitution. At the same time they did not stipulate the method of restitution and did not specify mechanisms of control over restitution. They gave very wide margins of action to our countries.

As a result, in Eastern Europe the restitution of residential houses, through denationalization, turned into the greatest tragedy for the more than 7.5 million people who are referred to as ‘sitting tenants’. Many have been put on the very edge of survival, and forced to live under constant stress and strain.

To restore social justice, ‘sitting tenants’ in all

East European countries should join the struggle for their rights. They must use all means of action starting with the election of deputies to national governments and the European Parliament and writing applications to different organizations of the European Union and the UN. But bear in mind that these organizations can only make recommendations and that national governments can ignore these recommendations.

The most effective means of struggle for your rights is to apply to the European Court of Human Rights, ECHR. The judgments of this Court are binding on countries which are party to the European Convention on Human Rights, and can change government policy in respect of tenants of restituted houses.

The struggle of tenants in denationalized houses continues. The European Court should create a case-law in this matter, in favour of ‘sitting tenants’. The Court could create such a case-law by examining the collective application of “sitting tenants” from Latvia, Application No. 50853/06 Kvasnevskis and Others v. Latvia. This application was partially accepted for examination by the Court on 30th September 2011. Favourable judgment will exercise a positive influence on the situation of ‘sitting tenants’ not only in Latvia but in all East-European countries.

Edvards Kvasnevskis is chairman of Latvia’s Tenants Association, eco_l@inbox.lv



PHOTO BY PERMISSION FROM TU-NSW, FROM 'UNFINISHED BUSINESS'

Occupation of an unused house in The Rocks, on the southern shore of Sydney Harbour, in September 1981, where also the Tenant's Union was present.

The emergence of a Tenants Union

Today just under 30 per cent of all Australians live in rental housing. One hundred years ago the figure was over half, but in the second half of the twentieth century the proportion in home ownership increased due to the massive subsidisation of this tenure by the Australian federal government, largely through the taxation system.

Today, 24 per cent live in private rental and 5 per cent live in social housing where the main players are state housing authorities and, increasingly, not-for-profit community housing providers.

When the fixed term of the agreement, which is usually no longer than 6 or 12 months, expires, landlords are able to evict their tenants without having to give a reason.

Residential tenancies legislation is a State government responsibility but, in all States of Australia, it provides little security of tenure because, when the fixed term of the agreement, which is usually no longer than 6 or 12 months, expires, landlords are able to evict their tenants without having to give a reason.

The earliest reference to a tenant organisation in New South Wales is the Rent Payers' Association who campaigned for fair rent legislation in the period 1910 to 1916. During the Depression of the 1930s houses in the coal fields were declared 'black' and left to rot because of unfair evictions by landlords.

The Unemployed Workers Movement in

Sydney employed tactics that included occupation and sieges and there were major confrontations between tenants and police carrying batons and guns. During the 1950s and 1960s the source of tenant power was their potential, not actual activity.

Legislation which was a legacy of the World War II controlled rents and restricted evictions, and tenants wielded political influence through their concentration in certain electorates. With the phasing out of this legislation and the growth of home ownership, tenants declined as an electoral force.

By the early 1970s tenants outside of rent control comprised the bulk of tenants. The Australian Government Commission of Inquiry into Poverty reported that landlord and tenant legislation across Australia was in many respects unfair to tenants. Its report acted as a fillip to tenant activists.

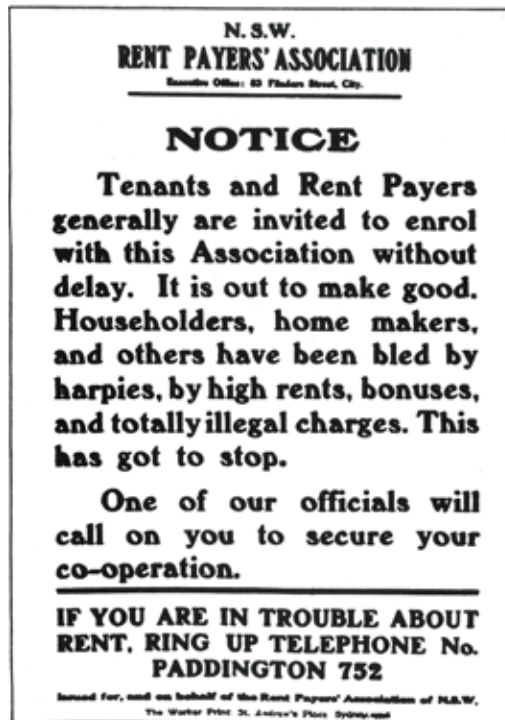
In 1976 the Tenants Union of NSW was formed to act as a spokesperson for tenants across the State. It grew out of a working group of Shelter NSW, a fledgling housing organisation at the time. Initially it focused on establishing a network of tenant services across the state and campaigning for consumer rights-style reform legislation along the lines advocated by the Poverty Commission. It increased its visibility by distributing posters, leaflets, car stickers and t-shirts, running stalls at festivals, seeking regular media coverage and giving talks to community groups.

Tactics such as rent strikes kept the issue of tenancy law reform alive. It became involved in wider campaigns for housing justice, including the setting up of a Tent City. There was a campaign to save the tenancies around a large public hospital in inner Sydney when that hospital decided to bulldoze half of its stock and sell off the rest in order to expand. It wasn't till 1987, ten years after the establishment of the Tenants Union of NSW, that residential tenancy law reform was introduced in New South Wales.

Today the Tenants Union of NSW is the State's peak non-government organisation for people living in rental housing. It relies largely on legal aid, Commonwealth and State funding, and a small part of interest that accrues on the lodgement of tenants' rental bond and real estate agents' trust funds.

More info about TU NSW is found in the article by Ned Cutcher, on page 8.

Tenants Unions across Australia do not enjoy mass membership, unlike some of the tenant organisa-



1910 election dodger distributed by the NSW Rent payers' Association.

Most private landlords in Australia are 'mum and dad' investors.

tions in Europe. This is because the bulk of tenants in Australia are tenants of private landlords and the types of landlords who dominate in this market are small scale individual, what we call 'mum and dad', investors with one or two properties, attracted to rental property investment by tax breaks. To organise tenants and sustain their membership where there are so many landlords has always been a daunting task, even though the Tenants' Union of NSW is committed to as broad a membership as possible.

The Governments are reluctant to introduce reform legislation that provides increased security of tenure. 'Mum and dad' investors have their eyes on long term capital growth. In Australia, rental properties are enmeshed in the owner-occupied market. This means the rental investor's ability to sell the property with vacant possession on the owner-occupied market is crucial in order to maximise capital gain. This works against the legislative provision of increased security of tenure.

Lobbying for law reform that promotes increased security of tenure remains a major objective of the Tenants Union of NSW. This may only become achievable when the types of landlord who dominate the rental market become large institutional investors, such as entities financed through superannuation funds; with a distinct rental housing market in which rental housing stock is traded as such. Superannuation refers to the arrangements which people make to have funds available for them in retirement. Australian workers have over one trillion dollars in superannuation assets.

In recent years a powerful coalition comprising peak social service, union, housing industry and community housing bodies has been lobbying for superannuation funds to invest in affordable rental housing, including some managed by community housing providers, but so far with limited success. In the meantime, tenant activists across Australia will continue to chip away ...

Dr Robert Mowbray was the founding Secretary and is a Life Member of the Tenants Union of NSW. He works for Older Persons Tenants Service in Sydney.



Text Robert Mowbray

Research result:

Regulated rental markets improve housing conditions

Which housing system can ensure housing of adequate standard for every citizen? Recent research shows that countries with large and regulated rental markets lower the risk of experiencing poor housing conditions.

Lack of space, not enough light in the dwelling, a leaking roof or lack of toilet and shower may have detrimental consequences for well-being and health. A key challenge for future housing policy is to ensure decent housing for every citizen.

In my study, the link between the organization of the rental market and the prevalence of inadequate housing was examined across 24 European countries using a large scale EU-Survey on Income and Living Conditions (EU-SILC).

The prevalence of poor housing conditions in many countries is below 2%, with the lowest rates found in the Nordic countries and Continental European countries including the Netherlands, Germany, Belgium and France. Housing deprivation tends to be at the highest levels in Central and Eastern European countries, particularly in Lithuania, Estonia, Hungary, Latvia and Slovenia where deprivation levels are near 10%. Can these variations be linked to how the rental sector is organized?

Two ideal typical policy strategies influence the way in which the rental sector is organized, broadly speaking.

The first approach is a market model where state intervention is targeted towards subgroups of the population with specific needs. This approach is often referred to as a selective policy strategy. The rental sector within a selective framework typically consists of a social housing sector where accommodation is targeted towards low-income households. The general housing market within countries applying such a policy framework is typically dominated by owner-

occupation alongside a small and unregulated private rental sector.

The second approach is a universal strategy, where state intervention is directed towards larger sectors of the population. In countries with a universal approach, the non-profit rental sector and the private rental sector are typically united into one rental sector. The non-profit rental sector and the private rental sector compete on the same terms through, for example, rent regulation. Rent regulation leads to low rents also in the private rental sector, ena-

bling low-income households to acquire reasonable housing in one and the same rental housing sector.

Which system is more successful? My recently published study seeks this question; which system can ensure housing of adequate standard for every citizen? Two competing hypotheses are derived for empirical testing.

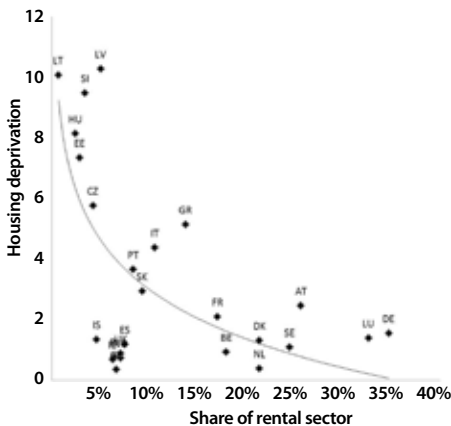
The first hypothesis concerns the selective policy strategy which often means a rental sector where social housing is targeted towards low-income groups. The idea



Housing deprivation levels near 10% in Hungary – but in Budapest investment in property has made extensive renovation possible, but some houses still remain practically untouched since World War II.

PHOTO: MAGNUS HAMMAR / IUT

behind social housing is to provide housing for households who cannot compete in the regular housing market. The strategy of targeting accommodation to mainly high-risk groups and those in need means that poor households with limited access to the gen-



Share of rental sector and prevalence of housing deprivation in 24 European countries 2007. Source: EU-SILC.

eral housing market do not have to balance household budgets with lower quality housing. Since the state provides social housing at an acceptable minimum standard, housing deprivation should be reduced.

A second and alternative hypothesis is possible. Since targeted housing provides accommodation for people excluded from the regular housing market, the suppliers of social housing may have weak incentives for improving the housing stock available for poor households. Therefore, the quality of housing may instead be expected to improve when risks and resources are pooled within a system in which the private and the non-profit rental sectors are unified. Moreover, competition between the private and the non-profit rental sectors may also improve the housing stock for middle-class and lower income groups.

Results from the empirical examination show that the rental systems which reduce the prevalence of poor housing conditions the most are those in which the non-profit and private rental sectors are unified and extensive.

This relationship can be visualized in figure 1. These results have been proven to be robust with advanced statistical calculations using highly reliable and comparable data from the EU. For more information on data and methodology, please refer to the full study, linked below.

Given that the Central and Eastern Euro-

pean countries show high levels of poor housing conditions and have small rental sectors, much of the reduction in poor housing conditions within other EU countries can be adequately explained by the latter's unified and expansive rental sectors.

It may be that there are factors other than the organization of the rental sector that are important in explaining the prevalence of poor housing conditions in the new democracies. Suggestions from previous research are: their stage of economic development; the legacy of poor housing conditions from the authoritarian era; and on the other hand limited state intervention in housing markets after the transition to a market economy. Nevertheless, excluding the Central and Eastern European countries in an analysis of poor housing conditions in Europe would remove nearly a third of all countries. Moreover, as there are large differences in the prevalence of poor housing conditions within the Central and Eastern European Countries, a legacy of an Eastern European housing model can be questioned. On the contrary, the organization of the rental sector appears to be most crucial factor.

Housing policies across Europe, in the last couple of decades, have been focused on tax-deduction policies aimed at facilitating home-ownership. Rising housing deprivation rates, the extensive gap between the new EU-member states and the longstanding EU-member states might, together with the recent financial crisis – which certainly had a lot to do with the functioning of the housing market – again place the question of rental housing near the top of the European policy agenda. The key challenge here is whether a rental system is developed that consists of housing of good quality in sufficient numbers at affordable rents.

The full study is available for further readings:

www.diva-portal.org/smash/record.jsf?searchId=1&pid=diva2:576704

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NOTICES

ENGLAND

Radical reforms of benefits system



Reforms starts to takes effect from April with changes to many payments, including those for social housing tenants and disabled people. The aim is to save billions of pounds, make the system fairer, says the government. But critics claim it is trying to do too much too soon.

See BBC film: www.bbc.co.uk/news/uk-politics-21882631

RUSSIA

Housing privatization extended



Russian President Vladimir Putin has proposed to extend free public housing privatization for two more years. President Putin notes that the issue of free public housing privatization “is very sensitive and concerns a great number of citizens.” The expiry date of free privatization was March 1.

Source: Tass

FRANCE

Introducing choice-based lettings



On 16 January 2013, the French government launched a three-month consultation on the reform of social housing allocations. The aim is to replace the old system based on allocation by committee, which lacks transparency and contributes to discrimination through tough social mix policies.

Source: The Guardian

BELARUS

Giving up rent-free accommodation



Belarus is planning to replace rent-free accommodation by rented homes. President Lukashenko drew attention to the issue of employer-rented housing: “Probably we need to start gradually giving up on the free employer-rented housing stock that we have created and start developing the rental housing stock?”

Source: BELTA

India, with a rental market distorted by Rent Control Acts

Owning a home in India is the ultimate proof that you have made it and the only real way to live successfully and comfortably. It signifies financial success and a move up the social ladder. It means for the most that you are free from the shackles of rental housing – forced relocations because of temperamental landlords and sub-par housing. An investment in your house is an investment in your future. You are generating wealth not just for you, but also for your children.



The Indian dream of home ownership transcends income levels and rural/urban divides. Speaking to residents of low-income areas in the western city of Ahmedabad, one resident confided that the shift from tenant to home owner made her feel safe and confident – emotions she didn't feel as a tenant. "Now that I own my home, I'm not scared anymore. I don't have to keep moving here and there. Everyone knows that I own my home, they know who I am. I am prouder now. People respect me now."

Yet, based on Knight Frank Prime International Residential Index, in a country where it can take up to 308 years of income to buy a 100-square meter house in a prime urban location, owning a house is out of reach for a growing number of households.

With exorbitant property prices and nascent mortgage market penetration, mortgage-to-GDP hovers around 7 per cent, one might imagine that rental housing would provide an affordable and accessible alternative to costly owner-occupied housing. Yet, in India the growth of the rental housing market has been largely hindered by obsolete rent control laws that discourage landlords from entering the rental market, thereby reducing the stock of potential affordable, rental housing.

The origins of rent control laws in India can be traced to 1918 Bombay. The end of World War I was marked by high inflation. Early Rent Control Acts were intended to be a purely temporary measure to ensure that tenants would not be exploited by landlords due to the scarcity of houses in urban areas. Most Rent Control Acts capped rents at substan-



PHOTO: KARAN VAID



Residents in Savda Gevra, a resettlement colony 30 km west of New Delhi, to where some 30,000 people moved in 2006. Residents were allocated plots of land in an area that was cut off from infrastructure, transport systems, and jobs.

Most of these households were living in "jhuggis" (makeshift or kutchra housing) which were torn down by the Government. Residents were given an option of paying Rs 7,000, or €100, for a 10-year plot and an allotment letter for a plot in Savda Gevra. The remaining residents who could not afford the Rs 7,000 were forced to relocate to other slums in Delhi, many of them living as tenants in slums or on the streets of Delhi.

tially below market rate, which heavily distorted the rental market. The Bombay Rent Act of 1948, for example, defined the standard rent for a private premise as the rent at which the premises was let on September 1, 1940.

While rental acts have been amended, they

have generally restricted increases in rent well below market property prices and given tenants the right to sub-lease the property to heirs of the original tenants. Thus, they have created rigid rental controls that are easily transferable between generations.

A recent article in the Bloomberg Businessweek described the result of the Bombay Rent Act and rent control; 78-year old Mea Kadwani, a long-time resident of Mukund Mansion in Mumbai “paid less than US\$20 a month for decades, and US\$23 a month recently, for a 2,600-square-foot (240 m²) space in the upscale Nepean Sea Road neighbourhood, where rents typically top US\$2,000 a month”.

Few landlords have entered the rental market in India, as the Rent Control Acts have so heavily favoured tenants through restrictions on price increases, allowances for tenants to sub-lease apartments to their heirs, and limited landlord eviction rights. In fact, Rent Control Acts have led to several adverse situations like languishing investment in rental housing, withdrawing of existing housing stock from the rental market, and stagnating municipal property tax revenue.

With rental income capped at antiquated prices and landlords unwillingly engaged in long-term leases with tenants, landlords lack the funds and motivation to renovate their rental stock, causing most rental housing to look worn out and dilapidated.

The threat of never being able to recover rental property scares many potential landlords into simply holding onto their properties and then selling them at the peak of the market. Others simply refuse

Now that I own my home, I’m not scared anymore. I don’t have to keep moving here and there. Everyone knows that I own my home, they know who I am. I am prouder now. People respect me now.

“I think India hasn’t been able to reform their rental laws because tenants are quite powerful. Now, in many cases tenants are actually wealthier than the landlords. Tenants have grown in power and been able to influence political parties making this law in effect something that is too political to touch.”

/ Janaki Kibe

to rent to Indians, who may potentially squat on rental housing. Many of my Indian friends have had difficulty renting apartments in mid-to-upper income neighbourhoods in Delhi and Bombay as their landlords feared they might never leave the property. In fact, some landlords will exclusively only rent to foreigners, who they feel are less at risk of “squatting” on a property. With property rises sky-high and a shortage of decent rental properties, it is extremely difficult to find an affordable house in an urban area as an Indian.

The result of a poor rental legal framework is a combination of a shortage of new affordable, rental housing, a small, dilapidated stock of existing rental housing, and few housing options for those who are unable to afford to buy a property.

As education increases and Indians become increasing mobile, the demand for urban, affordable housing continues to grow. Yet, without concrete reforms to encourage the production and maintenance of rental housing, India’s younger generation faces being, quite literally, homeless.

Janaki Kibe is Project Manager at the Affordable Housing Institute, Boston MA



Text Janaki Kibe

NOTICES

USA

Focus on rental housing affordability



More than one-third of U.S. households rent their homes, the most since 1997. Between 2004 and 2011, USA gained 5.4 million net-new renter households. Today, 15 million households live in multifamily apartment properties and demand for rental housing is expected to rise for years to come, driven by a range of factors. Among them; younger people waiting longer to buy homes, former homeowners who couldn’t sustain homeownership and household formations.

Source: FreddieMac

CZECH REPUBLIC

Start of social housing program



Czech Television reports that the first families enrolled in a social housing program in the town of Ostrava have received keys to their new apartments from the town. As long as they follow the rules and send their children to school, the town will assist them. According to a city spokesman, the program will be financed by hundreds of millions of Czech crowns from the European Union.

Source: www.romea.cz

HONG KONG

Checks on public housing tenants



The HK government steps up efforts to identify tenants in public rental housing whose monthly income and assets exceed the permissible limits. An additional 30 estate staff will be making 5,000 more checks of tenants’ finances, and there will be a two-week special operation targeting blocks in six districts. The monthly income limit for four-people households increased, April 1, from \$20,710 (~€2,000) to \$22,140 (€2,200).

Source: RTHKnews

Polish Tenant Association welcomes IUT to Krakow for the congress

The Polish Association of Tenants, or in Polish Polskie Zrzeszenie Lokatorów (PZL), was established in Krakow in 1989, to protect the rights of tenants in Poland. Focus has been on the rights of the so called "sitting tenants", tenants living in private rentals, in houses which were privatized from the early 1990s' until today.



PZL took an active part in the debate on Housing Law after the political transformation in Poland in the beginning of the 1990s'. From the beginning, the main aim of our association was to protect housing rights and promote decent, affordable housing in Poland. Our position is also that housing owned and managed by the municipalities should be more efficient and that the state authorities should establish a true and democratic housing policy in Poland.

The working members of our association are all volunteers. We are an NGO, without any permanent state or municipal financial support. PZL provides legal support for tenants, mainly from our office where we give legal advice twice a week. As laws in Poland have the tendency to progressively limit tenants' rights and the Act on Tenants Rights Protection contradicts the Polish Constitution in several aspects, we sued the state of Poland in the Court of Human Rights in Strasburg and we are now waiting for the Court's answer.

To understand the current housing situation in Poland it is important to know a bit about the historical background. The year 1994 was a breakthrough for tenants in private tenement housing, and introduced new tenancy regulations which aimed at various amendments of housing law produced after the political transformation in Poland.

During socialist times, "sitting tenants"



PHOTO: MARTA KOTNOWSKA

We wish you welcome to Krakow, and the IUT congress in October!
 From left: Magnus Hammar IUT, Alicja Sarzynska President of PZL and and Prof. Jacek Majchrowski, Mayor of Krakow.

lived in housing stock which had been privately owned before World War II. Households were simply allocated a flat by the municipal authorities, in which they lived for sometimes thirty or forty years.

Establishing new regulations meant that all 'sitting tenants' became a part of tenancy agreement with the 'new' landlord, who were often descendants of the original owner. Such regulation diminished tenants' rights and encouraged the "new - old" owners, in fact their heirs, to increase rents, or to change flats into commercial offices with higher rents.

Those negative effects did not immediately affect the tenants because, according to the Housing Act, rents were still regulated and should cover maintenance costs and needed renovation work on housing stock. The justification for such a rent policy was obvious but unfortunately the policy did not become status quo.

Regulated rents existed till the end of 2004, and since 2005 rents have been de-regulated, with just a few limitations. This situation resulted in very high rents, very often exceeding the monthly income of tenants,

and of course, in legal disputes, often ended with the eviction of tenants.

European housing statistics show that Poland is very far back in the table from Eurostat listing figures on housing affordability. And according to the Polish Main Statistics Office (GUS) about 2 million households do not have their own separate flats, but share with another household. Also figures show that about 760,000 flats remain empty in Poland, because the prices are too high for an average family.

The Polish Tenants Association undertakes activities to improve the current situation, by proposing changes in the housing law and by establishing housing policy based on municipal housing. But from the position of our non-governmental organization, with limited financial and human resources, it is a tough job trying to persuade the authorities that only an active housing policy, with a human dimension, can resolve the problem.

Information about the IUT congress is available via www.iut.nu/conferences.htm

Text Karol Szylo, board member of PZL