

# GLOBAL TENANT



INTERNATIONAL UNION OF TENANTS' QUARTERLY MAGAZINE September 2008



## C O N T E N T S

### THEME: AFFORDABLE HOUSING

**Chronicle:**  
**Build affordable housing  
– now!**  
page 2

**Brussels Today,  
and news from Prague**  
page 3

**San-Francisco:**  
**Protest traditions colour  
the housing battle**  
page 4–5

**England:**  
**Revitalisation of TAROE**  
page 6

**Canada: Landlords in  
Vancouver use loopholes**  
page 7

**Slovakia, a country with hardly  
any rentals**  
page 8–9

**Brussels, capital of Europe**  
page 10–11

**Sweden, with a rental system  
at crossroads**  
page 12–13

**Australia:**  
**Will the new government  
improve the housing situation?**  
page 14–15

**Welcome to the International  
Tenants' Day seminar!**  
page 16

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Playing football in Paris

## Promoting affordable housing is a key factor

Increasing house prices, rents and cost of living in general make life hard to live for many city residents.

Residential rents in Mumbai India increased by 21 % from May 2007 to May 2008 and in Beijing rents rose by 18 % in 2007. At the same time house prices rose by almost 50 % in Sofia Bulgaria, by 33 % in Poland and 11 % in Sweden.

The biggest rental increases in Europe in 2007 occurred in Moscow, up by 29 %. Hong Kong has had rent increases of 22 percent the same year and has the world's priciest apartment rents, with the lease for a three-bedroom unit costing more than US\$ 9,700 on average a month.

London rents were at their highest for 10 years in December 2007 reported a City estate agent. Key public sector workers are being frozen out of the housing market in two-thirds of the towns and cities of Britain after prices have doubled in five years. The Halifax bank found the asking price for a house in 339 of 519 towns surveyed was unaffordable for police officers, ambulance staff, firemen, nurses and teachers. In 2001, the figure was 124.

The rent-to-buy scheme introduced in England in 2006 is not always working as intended. Nurses in one London development found their rent is rising this year by almost 5.5 % as it is tied to the Retail Prices Index. By contrast, their salaries are now pegged to a lower inflationary measure and will only go up by 1.9 %

93 % of Sydney's key workers have been priced out of the city shows a report this year. The findings also show housing prices have

risen by two-thirds across Australia since 2002. The average income has increased by less than half that amount over the same time.

Many major cities around the world report having difficulties in recruiting key workers such as school teachers, firemen, police, nurses etc, because of unaffordable housing costs. Even the Market has reacted to this intolerable situation, as lack of housing leads to a slow down in economy.

Several cities are developing schemes for new affordable housing particularly aimed at workers in the public and service sectors. But the construction is slow and the flats are too few. It is not enough with a few hundred here and another hundred there – or even 5,000 new affordable flats as planned in Copenhagen. Hundreds of thousands of people are waiting for affordable and decent housing, where the job opportunities are. They are tired of getting up by four or five in the morning to make it to work! More ideas will hopefully be expressed at the IUT seminar on the International Tenants' Day on October 6. Read more about it on page 16. I hope you can join us in Brussels!

Build affordable housing now, and think big!



Magnus Hammar  
*Secretary General*

## Calendar

**September 17-21:** European Social Forum, Malmö Sweden.

**September 18:** Towards a European Policy for Sustainable Housing. EU Parliament, Brussels.

**September 22-23:** UN-ECE 69th session, Committee on Housing and Land Management, Geneva.

**October 6:** International Tenant' Day, seminar in European Parliament, Brussels. See page 16.

**October 6-9:** Open Days in Brussels. European week of Cities and Regions.

**October 7:** Housing and Social Inclusion, by AHURI, Melbourne Australia

**October 10:** Anti-Social Behaviour and Social Housing Conference, Cafe Royal, London

**October 13-14:** Conference on Housing, City Renewal and Social welfare, in Murmansk Russia.

**October 13-27:** Fourth session of the UN World Urban Forum in Nanjing, China.

**November 13-14:** FEANTSA Conf. "Housing Solutions for homeless people", Cardiff, U.K.

**November 14-16:** Freja Forum: "Equal opportunities, democracy and European Integration", in Zagreb, Croatia.

**November 20:** Right to Housing, seminar by the European Housing Forum, Strasbourg, France.

**November 23-26:** 39ème conférence de RHF, Habitat Francophonie, en Nouakchott, Mauritanie.

**November 24:** Informal EU Housing ministers meeting, in Marseille France.

**For more info:** [www.iut.nu/conferences.htm](http://www.iut.nu/conferences.htm)



# Remarks from Brussels



**Dear readers of the Global Tenant, in this column I will sum up what is happening in the corridors of the EU Parliament, with regards to housing.**

## **Financing public and social housing:**

The EU-commission has launched complaints against the state aid system for social or public rental housing in several member states, for instance Sweden and the Netherlands. The Commission says it is not according the competition rules of the internal market.

**The climate and energy package** of the EU, the 20/20/20 commitment: The members of the EU shall reduce CO<sub>2</sub>-emissions by 20% by 2020 and the share of renewable energy sources shall be 20%. The housing sector is expected to play a major role in reducing CO<sub>2</sub>-emissions and increase energy-efficiency.

**Energy prices** in Europe have been

rising sky-high, with major effects on tenants. In some countries the costs for heating and energy have nearly the same level as the basic rent. The EU-Commission finally takes action against the energy cartels fixing the prices and will take measures against fuel-poverty.

All these fields are competences of the EU Parliament, the Commission and the Council of the EU. We have to stay alert on national and European level, as at least 80% of all national legislation in EU member states originates nowadays from EU-directives.

**Strategy for tenants:** We build alliances with the public and not-for-profit housing providers to defend our national systems which provide decent and affordable housing. We claim, for the EU-legislation-processes, for more energy-efficiency standards in newly constructed and refurbished houses, with a maximum of transparency for the tenants concerning their future heating and

energy costs. We raise public pressure on the energy-cartels, and encourage national governments to come into action against fuel poverty.

**On October 6th we commemorate the International Tenants Day and the UN World Habitat Day.**

In 1990 39% of all Europeans were tenants. In 2005 this figure had decreased to 23%. Tenants are under pressure, as consequences of privatization, liberalisation and housing speculation. And of a major shortage of affordable rental housing!

Our message is clear "Increase decent and affordable housing in the European cities"



Yours / Barbara Steenberg  
IUT- liaison office  
to the European Union, barbara.steenbergen@iut.nu

## CZECH REPUBLIC

# Half of all pensioners considered poor

Text: Sdružení Nájemníku ČR,  
Czech Union of Tenants in Prague.

In consequence of the Act on Unilateral Rent Increase from March 2006 over 50 percent of the pensioners in the Czech Republic became the poorest group of citizens in the country. Average pension in the country is 425 Euro per month, but as many as 55 percent of the pensioners receive a pension that is lower than 425 Euro. The situation is even worse in the capital city Prague where the average pension is only 376 Euro, but living costs are the highest in the country.

## **Not much left...**

In Prague today, a pensioner in a single person household, in a flat of 65 m<sup>2</sup> which cost 89 Euro per month (1,37 Euro/m<sup>2</sup>) has only got 287 Euro left for other expenses.

In 2009 after the valorisation of pensions to 425 Euro, and the rent to 3,3



Morning mist over Prague.

Euro/m<sup>2</sup>, will increase the rents by over 57 percent, to 215 Euro, leaving only 210 Euro for other expenses. In the year

2010 rents are due to increase by another 32 percent to 4,9 Euro/m<sup>2</sup>, leaving only 107 Euro for other expenses.

About 10 percent of the Czech households; rentals, owner occupied and cooperatives, receive housing allowances of 25 to 37 Euro / month.

## **Hidden proletariat**

Few visitors to this beautiful city, realize that behind the nowadays nice looking historical facades in central Prague is hidden a proletariat of old poor people. If the pensioners do not have children or other relatives to support them, they simply go hungry and cold. Old people tend to turn off the heating in order to save money. Also, young families and single adult families in the Czech Republic are at risk, as they simply can not afford the higher costs of living.

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Haight-Ashbury district in San-Francisco, famous for its role as a centre of the 1960s' hippie movement.

## SAN FRANCISCO TENANTS UNION



# Protest traditions colour the housing battle

Text and photo: David Dahmen, Freelance Journalist & Photographer, ddahmen@swipnet.se

**Sunny California has a special ring to it, not to mention San Francisco with its remarkable Victorian row houses lining hilly streets in a unique cultural setting. But there is also another side to this glamorous front, which is not so visible for the visitor; Old unrenovated flats with poor heating, broken windows and poor isolation. Not much to protect from cold salty cool breezes from the Pacific ocean on misty winter nights.**

For the last 25 years or so, San Francisco has been in a state of continual housing crises marked by soaring rents, ever increasing evictions and a scarcity of available rental units.

Much is to blame on the housing market which is as big as New York's. It also has the highest rents in all of the US. From relatively reasonable levels in

the 70ties, every decade has seen a sharp increase in rents.

The booming high-tech economy in Silicon Valley in the 1990's bringing thousands of well-paid workers to San Francisco, made the situation even worse. Highly paid IT-specialists were ready to pay just about anything for a flat in city.

The new city dwellers also began

converting apartments into condominiums. The entire fabric of the city rapidly changed during these years. Neighbourhoods that once were affordable for a wide segment of society became extremely expensive enclaves.

### Soaring rents cause poor tenants

This led to steep increases of housing



costs, of 30 to 40 percent a year. A situation that has continued ever since the 1990's, although prices eased a bit following the burst of the "dotcom bubble".

As of now, 87 percent of the city's available rentals are too expensive for households with incomes under 19,800 dollars a year. This is a city where, despite much wealth, 30 percent of the households earn less than 12,000 dollars a year.

"A two bedroom flat for 450 dollar a month in 1978 would cost 3,000 dollars today. This is more than most tenants can afford", says Ted Gullicksen, Office manager at the San Francisco Tenants Union, SFTU.

Thirty percent of tenants pay over half of their income to landlords. In total, 70 percent of tenants are classified as "shelter poor", meaning they pay more than 1/3 of their gross income for their rent.

### Legal loophole spurs evictions

The city of San Francisco has tried to control the rising rents by placing a cap on rents for occupied flats, also providing some protection against arbitrary evictions by landlords. But the current law has a major weak point; it provides no restriction on increased rents on empty flats. This has created an economic motivation for landlords to try to evict long-term tenants. And 98 percent of all San Francisco flats are owned by private landlords.

"By evicting a family who has lived in a rent-controlled apartment for a number of years, the landlord will be able to double or triple the rent. Not surprisingly rents in vacant units have risen dramatically and so have evictions", adds Ted Gullicksen.

Formed in 1970, SFTU has 5 000 paying members, half of them households, paying 55 dollars a year. Poor households pay less.

"This money is the backbone in our economy. Its not much for all the work needed, but this way we can have it our own way, not depending on any external financial supporters", explains Ted Gullicksen.

### When flower was power

This proud sense of self reliance reflects the fighting spirit of SFTU. Here is a union that won't give up in the first place – a spirit fostered in the protest traditions of the city that goes back to the early hip-

pie days of the 1960's. And listening to Ted Gullicksen and his colleagues in the premises in Capp Street in downtown San Francisco, gives you a feeling that the spirit is still very much alive. The office is full of campaign posters depicting landlords as "villains", heaps of flyers on the desks among empty tea cups and demonstration banners leaning against the walls.

### Empowering the tenants

Ted Gullicksen, has the perspective, joining SFTU already in 1988.

"In those days everything happened in the streets. People would gather at bus stations to get attention to the soaring rents, collecting names on petition lists, crying out their demands".

The same approach remains today, but the work is carried through other means, helping tenants to file the complaints that can stop a planned evictions.

"It's all about empowering the tenants, giving them the tools they need to challenge any unjust action by the landlords", says Ted. To make this happen, the union has some 30 volunteers, taking turns to help their fellow tenants

with good advice. Each of them work five hours a week. Another 50 helping hands, mostly students are on stand-by.

### From streets to counselling rooms

Tenants seeking counselling, get all instructions they need to challenge and to take action against unlawful evictions or unacceptable rent increases. For professional legal help, special "tenants attorneys" are engaged. Members also receive a Tenants Rights Handbook with all their rights explained. There is also a lot of information on the Unions web site [www.sftu.org](http://www.sftu.org)

Besides helping tenants with their individual problems, the Tenants Union also strongly advocates for legislation to preserve and expand the rights and rent control. In the past 15 years nearly every local law expanding tenant's rights has come from the SFTU.

SFTU has been a member of the IUT since 1992.

"Being part of this family of tenant unions around the world has given me an interesting perspective on the work. And it has made me feel less isolated", ends Ted Gullicksen.



Ted Gullicksen, manager at SFTU, and Victorian row houses in San Francisco.



Michael Gelling,  
Chairperson TAROE.

# Major changes in the social housing sector in England



By Mark Soundie, Executive Director of TAROE, Tenants and Residents Organisations of England. Photo: TAROE

**The word Tenant seems to have made a real return to the national agenda and the way that the new housing regulator, the Services Authority (TSA), formally the Housing Corporation (HC), will deliver its role. The TSA will regulate both Registered Social Landlord, RSL's, and Council housing stock and change its focus from the landlord towards what tenants want from their landlords.**

At a recent conference Peter Marsh, the newly appointed Chief Executive of TSA said;

"I see three key purposes for TSA – to champion the needs and aspirations of current and future tenants, leaseholders and residents; to promote choices for tenants and providers of affordable housing; and to challenge providers of affordable housing services to meet or exceed the highest standards of organisational effectiveness and service delivery".

Peter Marsh went on to thank TAROE for their guidance and support in the development of the TSA, which is due to go live in December.

## Voice of Tenants!

Alongside this new resource for tenants the National Tenant Voice (NTV) is being developed. This will enable ten-

ants to access research and advocacy services and it will also provide support for national and regional tenant organisations. The NTV, which will start up in April 2009, has been allocated a budget of 1.5 million pounds, some 1.9 million Euro, per year, for three years.

The NTV will not be a representative body for tenants; that role will continue to be carried out by TAROE and others. But the NTV will deliver the tools that tenant organisations need to do their job.

A major consultation event is now taking place, with tenants being asked their views on how they would like to see the NTV work. TAROE has played a major role throughout the development of these proposals, alongside other national and regional organisations.

## Biggest housing investment agency

The government has also developed a new investment agency; the Homes and Communities Agency, HCA, formerly the investment body of the Housing Corporation and English Partnership. This will be the biggest housing investment agency there has ever been in England and we are talking to them about how they will empower communities and consult effectively.

## With a new base in Cheshire

– TAROE has continued to grow as an organisation, and we now represent over 3.7 million tenants and residents through

our membership structure, says Michael Gelling, Chairperson of TAROE.

– We have developed our relationships with the government, civil servants, and housing providers and play a major role in the development of housing strategy. We have also developed new governance arrangements. Our beautiful new office, with three staff members, in Runcorn, Cheshire will officially open in October, states Michael proudly.

TAROE's board is made up of twelve members all of whom are tenants, and three co-opted members, people who bring specific skills but are not full voting members.

## Multitude of services

TAROE delivers, free of charge, national and regional conferences for tenants and residents, and we speak at 20+ conferences a years, send out newsletters, deliver consultation exercises, and maintain a video conferencing network. The "Friends of TAROE" scheme is going well and TAROE provides training and consultancy services.

"This is an exciting time for tenants in England, and things are beginning to change for the better. But there is a long way to go and we need to ensure that TAROE continues to grow and is able to meet the challenges that the future will no doubt bring", concludes Michael.

Check out our TAROE's website [www.taroe.org](http://www.taroe.org) for more information!"



# Landlords accused of using loophole to hike rents

Text: IUT in cooperation with TRAC. Photo: IUT

**“Landlords use loopholes to jack up rents for desperate tenants in an already tight rental market”, says Martha Lewis, Executive Director at TRAC, Tenant Resource & Advisory Centre in Vancouver, Canada. “Housing is now so expensive in urban areas around my province, British Columbia, at the same time as vacancy rates are at historic lows”.**

The average rental apartment vacancy rate in Canada's 35 major centres was only 2,6 percent in April 2008, while the rate in Vancouver was only 0.9 percent. This is largely due to the migration of workers from Central and Atlantic Canada, who settle in rental housing upon their arrival. Vancouver's quality of life also attracts people from abroad. Economist and housing planners say that vacancy rates below 5% is a sign of an unbalanced housing market, and most certainly slows down economy.

## Seniors threatened

The maximum allowable resident rent increases are set each year by the provincial government, based on the rate of inflation. The maximum allowable rent increase in Vancouver, and British Columbia, is 3.7 percent for 2008, but at TRAC Martha says they regularly see hikes of two or three times that.

– The worst case I have faced, says Martha, is an apartment building where last year the landlord threatened to raise rents by 30 percent unless tenants, who are mostly seniors, agreed to an increase of half that. Finally the seniors voluntarily agreed to the 15 per cent increase because they believed if they didn't, the increase would be even greater.

## Matters of opinion

– More and more landlords are avoiding



TRAC and others demonstrated at the UN Habitat conference in Vancouver, 2006, for tenants' rights.

the rules by demanding fixed-term, one-year leases, Martha Lewis says. When the leases expire, a new deal has to be negotiated, providing an opportunity for them to jack up the rent. That just completely avoids the intent of the present law, which is to protect tenants from ongoing rental increases.

A spokeswoman for the provincial Resident Tenancy Branch said in an interview that rent increases could be legal depending on the terms of the lease agreement. But Al Kemp, CEO of the Rental Owners and Managers Society of British Columbia disagrees;

– Just because the term of one lease ends and another begins, a landlord is still not allowed to increase rent more than the annual rate set by the province.

However, Martha Lewis of TRAC says; “Kemp is completely wrong. Rents can indeed be increased by Cost of Living plus 2 % as long as tenant stays in the

unit and tenancy agreement continues”.

## A drop in the bucket

The city of Vancouver has purchased an old auto shop with an eye to developing it into 70 social housing units.

“This is the golden age of investment in social housing right now,” said Mayor Sam Sullivan.

Laura Track, a lawyer with Pivot Legal Society says the new project is welcome, but she is not particularly impressed. “70 new units won't come close to fixing the problem of homelessness”, she says. “It's a drop in the bucket. Homeless count figures put the number of people living on the streets at 1,547, and among them are many seniors.”

TRAC, Tenant Resource & Advisory Centre, is a Vancouver based non-profit organisation working to promote tenants' rights and affordable housing in British Columbia, Canada.



# Slovakia, a country with hardly any rentals



By IUT in cooperation with IUT member organisation Právo na bývanie – Right to Housing

**Finally a sovereign state, where ownership is King.**

**The Slovak Republic came into existence on first of January 1993. The Slovak people have been subjected to domination by stronger political entities, such as the Czechs of the Czechoslovak federation, the Magyars of the Austro-Hungarian Empire, and the sovereigns of the Habsburg Empire.**

During the time of communist regime, no legal regulation regarding the lease of flats existed and in general all residential premises were owned by the state.

With the shift from socialism to a market-based economy, most housing units were sold to sitting tenants. Owner-occupancy rate rose from 50 % in 1990 to 76 % in 2001, and to more than 95 % today, while public rentals shrank from 27 % to 4 %.

The fact that Slovakia will adopt the Euro in 2009 triggers speculation on property. In the first 3-months of 2008

the average residential price was 4,500 SKK (Slovak Crowns), or 1,450 Euro per m<sup>2</sup>, up almost 35 % from the same quarter in 2007.

At present the average market rent for a flat of 3 rooms of 90 m<sup>2</sup> in Bratislava is approx. 800 Euro, while a regulated rent is about 120 Euro. Netto average income in Slovakia is about 600 Euro. Market rents in other cities in Slovakia are about 30 – 40% below the level of Bratislava.

After WWII residential buildings were expropriated in the process of nationalization of private property. During the communist regime all flats, nationalized as well as newly constructed, were allocated to the population in a directive way. Citizens were ordered to move to assigned flats and they were granted a permanent and inheritable right to housing. After the political changes in Central Europe in 1989 the state adopted a set of laws on restitution of nationalized property, in Slovakia as elsewhere eastern Europe. Citizens living in houses given back to former owners, or their successors, became “overnight” tenants of private landlords. Residents of flats belonging to state owned companies

which were privatized got to a similar situation.

## Clearance sale on flats

In 1993 the newly established Slovak parliament adopted within the process of economic transition a new law enabling the tenants living in state, or municipally owned, flats the purchase of the flats at a regulated price well below the market value. In 1993, the average official price for a 3-room flat of 90 m<sup>2</sup> was about 40,000 Slovak Crowns, or 1,300 Euro, which was only about 4% of the real market price.

All public owners of flats; state, state owned companies, municipalities and cooperatives, have been under legal obligation to sell the flats to the sitting tenants. Due to the favourable conditions almost all tenants concerned used their opportunity and bought the flats. As a consequence of the mass privatization approximately 97 % of the flats in Slovakia are now private.

## Few remaining rights

However, residents in the restituted houses were excluded from the option to purchase their flats. The similar reason prevented the residents in houses which were property of privatized companies from purchasing their flats. Hence this mass privatization of the former public flats, the state adopted a collection of new laws on housing that gradually diminished the level of tenant's rights. Argument? The high level of tenant's protection was not necessary since the vast majority of flats had been transferred to private hands! Although the regulation of rents remained for flats hired before 2000, the inheritable right of housing has been abolished and the permanency of housing has been limited.

## Scarcity worsen relations

The relationship between the tenants and their private landlords grew worse in the last decade. There are almost no public rental flats in Slovakia, except a few social flats and flats in houses which were restituted/privatized only partially and



Affordable housing is scarce in Bratislava, and rental housing for the young is almost non-existing.





Visit the Old Town in Bratislava early on Sunday mornings if you want peace and quiet.

where the municipality kept its share of property.

The lack of rental flats quickly caused a disproportion between the demand and supply of rental housing and consequently a big gap between market rents (rents for flats hired after 2000) and regulated rents

### Deregulation of all rents

In 2005 the government adopted the amendment of the Law on prices including a total deregulation of rents as of 1 July 2007. At the same time the government refused to adopt protective measures for the affected tenants on national level arguing that due to the decentralization of the public sector the municipalities were capable of taking over the problems – which was not at all the case, according to most municipalities. In April 2008 a new decree on regulation of rents was adopted, replacing the words “1 July 2007” by “31 December 2008”. However the government declared it to be a temporary measure to avoid social disasters.

(rents paid by “original” i.e. tenants resident in private houses before 2000).

The current situation is unsatisfactory for both the landlords as well as the tenants. The landlords claim the regulation of rents deprives them of the free usage of their property. However they took over their houses from the state at the time when there were no market rents legally possible and they were aware of the fact that the property subject to restitution was inhabited.

Landlords make many efforts to make the life of the “original” “unwanted” tenants as difficult as possible, from refusing any maintenance of the flats to cuts of heating. “Repairs” of heating systems in the middle of the winter are very popular among some landlords), cuts of electricity and water supplies. Even permanent mental pressure on the tenants (in particular elderly people are affected) is on daily order in some private houses.

### Political irresoluteness

The problem of tenants in restituted/privatized flats became a major political topic. The current government declared its willingness to find a solution. A draft

proposal to a new Law, December 2007, was dismissed by both tenants and the Ministry of Social Affairs. According to the proposal landlords would be entitled to terminate voluntarily all existing contracts by end of 2009, but only a very limited number of tenants fulfilling extraordinary strong criteria e.g. having a monthly income exceeding the social minimum of 170 EURO would be eligible for assistance in a form of a social flat for maximum 6 years).

According to a survey carried out by the association, Právo na bývanie – Right to Housing, the estimated total number of tenants living in restituted/privatized houses is about 30,000. Besides there is a small number of tenants living in social municipal flats. These tenants must fulfil strong social criteria; being young families, being without any property, with low incomes etc. Social flats can be occupied maximum for a period of only 6 years, which makes life very uncertain for this category of residents.

Affordable rental housing needs to become a priority in Slovakia, to ensure everyone the right to a decent and secure life.



# Wealthy capital city of Europe or summary of genuine modern life?

By José Garcia, Secretary General of the Syndicat des Locataires, SDL Photo: Raphaél Grai, SDL

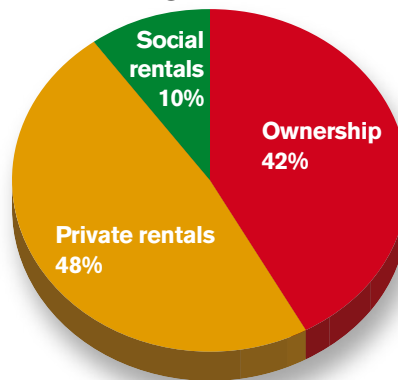
**Brussels, second congressional and political hub in the world, capital city of the EU and headquarters of NATO, has a strong reputation of being a wealthy, easy-going, affordable and human-sized city. Beyond the clichés and official shadowed by the inhuman Commission's buildings, stands the modest Belgian capital city and poorest region of this strange country where 55 percent of the population are foreigners and 40 percent is under 30 years old.**

**Mike K. is a 39 year old graphic designer from Korea** who has been living in Brussels for 15 years. Open-minded and highly educated he departed Korea to experience life in Europe.

"I remember when I arrived in Brussels, I found a very small Korean community, very compact and impermeable to its immediate surroundings. On the contrary, I was happy to stay in Europe and to share my personal background with Westerners who practised the same job."

Mike was aware of the fact that a relatively unstable wage can be an obstacle

## Housing in Brussels



Source: Observatoire de loyers, 2006

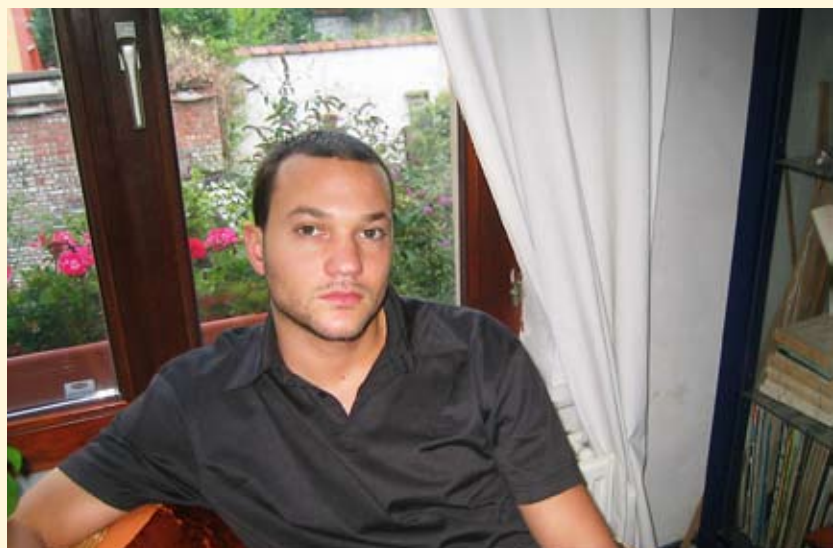
when finding steady accommodation in Brussels. But until a few years ago, landlords in Brussels did not consider this as major criteria. Indeed, the low rents prevented disadvantaged categories from being systematically rejected when applying for an apartment. Nevertheless the conditions rapidly changed and low rate of interests pushed housing prices ahead and pressure on tenants began to be intensive.

**Mike was politely "pushed away from his flat after an argument with his land-**

## Stuck between parents and desires of self-

**Émile G. is a 24 year old native Belgium** who works for a railway entrepreneur. When he was living with his parents, his income of around 1200 € guaranteed him a comfortable life. He and his family lived in Saint-Gilles, a quite middle-class district located near the downtown of Brussels. When it was time to move out Émile started to look for a rental flat in the same area.

But his district, once denigrated for its high rate of immigrants, had in less than 10 years completely transformed into in a magnetic pole for the new hip upper middle class people. Émile accepted this fact and found a flat with the rent of 430 €/month, with a small kitchen, a tiny shower and toilets on the landing outside the flat, which is still quite com-



– Nowadays, young native people in Brussels haven't great choice: stay at parent's home until 30 or find something affordable but often in bad condition, says Émile.





– Sometimes, says Mike, when you have been living in a foreign country for long, you forget that you are not native. All administrative processes are made in the local language and it's important not isolate yourself in your own ethnic community.

lord about the right of having visitors. The owner was a big real estate company which wanted to quickly empty the apartments. “I had always been aware of this kind of manoeuvres and I heard a lot about it, mainly in Paris and London. But I’d never think that it would come so soon to Brussels.” Pressed to find something quickly Mike started searching for a new home.

Eventually Mike found a flat via an agency’s website. The house was nice, the surface area was sufficient and the rent was affordable. Mike asked to visit it. The visit conformed to what he had expected. All visible features indicated on the website seemed to be correct.

“I asked the real estate agent to contact the landlord to fix definitively the terms”, says Mike. “In a few days I

received an e-mail with the contract. The contract was not the same version as I had first seen, like the agreed rent, which was now divided up into several items. Also the term of lease was more than one year, as initially discussed. Just to make sure I referred to a lawyer I knew. Unfortunately, being too busy, the lawyer glanced very quickly at the contract and came to the conclusion that it was correct”.

Relieved, Mike signed the contract the next day.

**Still with an uneasy feeling and not all reassured**, Mike contacted the tenant association in Brussels, the Syndicat des Locataires (SDL) for advice. The people at SDL soon discovered that a lot of items in the contract were not right; more costs and fees had been added to the contract, and the lease term was now for three years.

Finally, after several uneasy weeks and rounds of talks, the agency finally agreed to break the contract, with some conditions as extra payment of indemnity and commission to the agency.

Mike concludes his experiences with words of advice to anyone who plans to rent in Brussels; Make sure that you know French good enough, take your time and check the wording carefully and if you have any doubts – contact the tenant association in Brussels, the Syndicat des Locataires.

# accomplishment

mon in old Brussels houses.

**Émile now looks with concern at the rise of energy prices**, even if he doesn’t consider himself a big consumer. But, at this stage, his rent represents more than 35 % of his total income. If the soaring oil and gas prices do not slow down, he is likely to be strongly affected.

– I have to be careful, Émile says, because with my salary and this rent, it is hard to make ends meet.

**Young workers in Brussels are often called “Working poor”**. Since the 1990’s, the price increase on the real estate market, firstly on ownership market, later on the rental market, has nailed down the younger population of Brus-

sels, paid with wages at 1980’s rate. Too poor to afford a flat they tend to stay with their parents.

– You know, says Émile with a smile, I could have remained at home for a long time, as majority of my friends do. It’s like a hotel; we are sheltered, nourished, washed. But, I felt that, due to the examples of my brothers who stayed at home too long, my parents expected me to make my own way. And you know, everybody seeks a bit of freedom and autonomy, particularly the possibility to invite people at leisure, without being concerned by noise.

**Flat-sharing with three people or more is a growing phenomenon** in Brussels which increased with the inflow of university students and the hundreds

of trainees at the EU Commission. Flat sharing has a tendency to inflate the rent, as four people in a small flat can pay a higher rent together than one or two people can normally do.

So, Émile and hundreds of thousands other young people in Brussels and in other cities in Europe, and elsewhere in the urbanised world, continue this never ending discussion about where and how to find a home they can call their own. Decreased construction of affordable housing in most cities has caused an unscrupulous market oriented housing market, where the young and less well off are not allowed in.

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# Swedish rental system at crossroads

Text: Georg Hardt, Swedish Union of Tenants, georg.hardt@hyresgastforeningen.se

Photo: Swedish Union of Tenants

**The Swedish landlords are having an all time high return on investments, and presents high profits. At the same time the Swedish tenants are faced with high rents, which exclude low income households groups from decent living conditions.**

**Strangely enough, the Swedish government report proposes actions that will raise the rents to market levels, boosting the economy for landlords, while worsen the economy of tenants.**

The rents in the municipal housing companies are today based on the prime cost principle, and non-profit. The rents on the private market are set with reference to the rents of equivalent dwellings in the neighbourhood, owned and managed by a municipal housing company. The prime cost principle moderates the rent, directly for tenants in municipal housing com-

panies and indirectly for tenants in the private market. The explicit policy until today, accepted by politicians of nearly all ideologies, has been to secure the rights of tenure and protect the tenants.

According to one study, made by the Swedish Union of Tenants (SUT) in Gothenburg, private landlords charge rents at 88,3 Euro per m<sup>2</sup> and year, while at the same time making a 15,3 Euro profit, after financial items, per m<sup>2</sup>.

## Renters are more vulnerable

The situation for large groups of tenants is worrying, as these four examples show.<sup>1</sup>

- Low-income households are over-represented in the rental sector: 36% are renters, while only 19% lives in tenant owned cooperatives and 17 % lives in owner-occupied homes, mainly single family houses.

- Young people in their 20's can not move from their parents: 20% of young people between 20 and 27 live with their parents but according to a study, while only 2% prefer it. Affordable rental housing would solve this problem but remains fiction for most young people.

- Children living with single parents are more frequent in rental housing: 59% of single parent households rent, only 23% own their home.

- Overcrowding is often a problem for children living in rental housing: 51% of the children in rentals live in overcrowded homes, while only 10 % in owner-occupied homes.

## Landlords aiming at market rents

Despite unusually good conditions the Swedish landlords have launched formal complaints to the EU Commission, stating that the Swedish system contradicts EU legislation. In the opinion of SUT, the governmental report ignored all the facts of rich landlords and poor tenant-groups. Instead the report accepted the landlords'



point of view as facts rather than fiction, and consequently it proposes attacks on the cornerstones of the Swedish rental system. The attack has two main targets: demolishing the municipal housing companies and releasing market rents, in the process obliterating the security of tenure for the tenants.

The governmental reports, as a reaction to the complaint, suggest legislative changes which state that municipal housing companies have to be run for profit only. Investments and other company decisions must be market-oriented and solely aimed at maximising profit. The rents must be maximised and investments only be made, if they can be proven to be market-oriented. The municipalities will be strictly forbidden to use their companies as tools for fulfilling social policies, as long as it is not profit-maximising.

## Profit-maximising municipal companies.

In a bizarre way, this means that the municipal housing companies must be even more market-oriented than private house owners. This clearly contradicts



Most rental houses in Sweden have joint laundry-rooms.





Young families in urban areas have problems finding affordable and large enough flats.

the CSR (Corporate Social Responsibility) theory, according to which the private sector should encompass more goals than mere profit-maximising. Paradoxically, the governments' report rules out all other goals than profit-maximising for the municipal companies.

The consequences of profit-maximising municipal companies are clear: Higher rents for nearly all tenants, including those in the private rental sector. Rents will no longer be moderated by the prime cost principle in the municipal sector. There will also be dramatic reductions in investments with social aims, for example when combating segregation in run down housing estates from the 60's and 70's.

#### **Long housing queue makes rents go up...**

The report seems to recognize the fact that almost no one in Sweden dares to use the term market rents. Accordingly, it proposes legislation with "demand-controlled rents"; Places in Sweden

where the demand is great and supply is scarce, and the housing queue is accordingly long – like in Stockholm – should automatically have increased rents, and rents should increase until the queue is almost non-existent...

**Many, particularly inner-city low and moderate income households, will be forced to move from their homes – a step to further segregation of households.**

Still, there is a ceiling in the governments' proposal: rents increases according to inflation rate + a maximum of 5 percent each year. Many, particularly inner-city low and moderate income households, will be forced to move from their homes – a step to further segregation of households.

In reality we all know that "demand-controlled rents" is a euphemism for market rents. SUT has produced an analysis that predicts extreme rent increases of

50–70 percent in several cities if the proposal should be realised.

#### **Throw proposal with the garbage!**

The governmental report was released in May 2008, and was then referred

for consideration to several organizations and municipalities. SUT now focuses on the referral process, informing the referral bodies of the severe consequences of the proposals. The message is clear: with the harsh economic situation for large tenant groups and the prosperous

ditto for the landlords in mind, any proposal to increase the rents should be rejected. One key theme is pointing out that according to legal experts the Swedish system does not in any way collides with the EU-legislation, contrary to the opinion of the report and the private landlords.

The future of the Swedish Model should be decided in Sweden, not in Brussels.

<sup>1</sup> Based on figures from Statistics Sweden.



# Will a change of Government bring better housing outcomes?

Text by Penny Carr, Tenants' Union of Queensland Coordinator, and IUT Focal Point for Australia, coordinator@tuq.org.au Photo: IUT

**After eleven years of a conservative Federal government lead by John Howard, in late 2007 Australians voted for a change with the election of a Labor government lead by Kevin Rudd.**

Australian housing advocates have long been concerned with the lack of political leadership over housing. The election of the Rudd government on a platform of housing commitments and the appointment of a Federal housing Minister for the first time since 1996, has restored some hope that now that housing is back on the National agenda the situation in Australia may slowly start to improve.

## Background

Australia is a country with high expectations and aspirations of home ownership, with around 70% of households owning or purchasing their home. However, the ability to find and secure appropriate housing, whether in the rental or homeownership sector, has become increasingly difficult for sections of the community.

It is estimated that around 1.1 million households are living in housing stress<sup>1</sup> in Australia, an increase of 25% since 2004. The majority of those in housing stress live in the private rental market. There are also estimated to be 100,000 homeless people across the country on any given night.

A number of factors are contributing to housing stress;

- Housing affordability in Australia has hit an all time low, dropping by 5.2 % in the twelve months to December 2007. In the ten years to 1996, the average home purchase cost has increased from four times the average annual wage to seven and it is estimated that housing demand exceeds supply by 30,000 dwellings.

- Rental affordability has declined

as well. In Queensland for example, the median rent increased by 55 % in the 5 years to 2007. In many areas across the country vacancy rates are below 3%, including in all the capital cities.

## Social housing in private rentals

A feature of the previous Federal government was its increased reliance through funding on subsidies paid to private rental market tenants as opposed to for direct provision of social housing. It is estimated that the Commonwealth government reduced over 3 billion AUS dollars, approx. 1,77 billion Euro, in real terms from funding for the provision of social housing in the eleven years to 2007. In response to this funding decline, some state housing authorities have increasingly targeted their allocations of social housing.

Overall, the housing situation has been grim for many low to moderate income households. Many in the private rental market have traded off their rights to have their property kept in good repair against their concern for being evicted if they make a fuss. Additionally, despite the increasing reliance on the private rental market to housing some households long term, tenancy law protections remain relatively weak. Every jurisdiction in Australia allows for the eviction of tenants without any grounds. In some circumstances the notice period is as short as two weeks.

## A New Focus on Housing

Given the situation, it is not surprising that a new government promising national leadership and coordination of housing policy has been welcomed by housing advocates. With most programs



Tenants are terrific!  
1980's poster  
campaign from  
Tenants Union of  
Queensland.





Will the new labour government bring hopes to Australia, where housing prices have risen by two-thirds across since 2002 and average income has increased by less than half that amount over the same time?

just being established, their success will be unclear for some time yet.

The following outlines key policy and program changes:

- A New National Affordable Housing Agreement (NAHA), which replaces the Commonwealth State Housing Agreement (CSHA), from hopefully 2009. The new NAHA is the main mechanism for cooperation between levels of government and funding of housing assistance programs in Australia. The NAHA will be a broader agreement, including the key program delivering a response to homelessness across Australia.

- The National Rental Affordability Scheme (NRAS), aimed at providing

50,000 new ‘affordable housing’ private rental dwellings in the four years to 2012. The term ‘affordable housing’ is generally used to denote a product rented out at a percentage of market rent as opposed to traditional models based on household income. NRAS aims to attract institutional investors by providing taxation credits or grants, for not-for-profits to the value of \$8,000 AUS dollars, per year for ten years. Over that time, these properties must be rented out to eligible tenants, with rents charged up to 80 % of the market cost.

- Housing Infrastructure Fund, which will be targeted to local councils in an attempt to bring down the costs of

housing supply. The fund will be used to offset the costs of infrastructure in new developments as well as any ‘holding costs’ of developers associated with delays in the planning and approval processes.

- A new Housing Supply Research Council will be required to analyse dwelling construction and land supply over the coming 20 years through an annual reporting process.

- A Place to Call Home, a scheme which will provide 600 new units of housing for homeless people. After 12 months of residing in the property, the tenant may stay although the tenancy and housing management will be transferred to the state housing authority. The service provider would then seek a new property for another eligible client.

- A First Home Savers Account was also announced providing a lower tax account for those saving for their first home.

### Cautious optimism

To say that this renewed national leadership on housing policy is welcomed would understate the sense of urgent need for outcomes felt by Australian housing advocates and those inadequately housed. Undeniably, the new Federal government has taken positive steps by focusing on the issue and moving to implement their election commitments.

However, there are concerns regarding the lack of commitment to date to restore, let alone increase, investment in social housing to pre-1996 levels when the decline began.

Additionally, models such as NRAS, whilst providing a welcome increase in supply of ‘affordable housing’, differ significantly from traditional models of social housing by setting rent on a percentage of market rent rather than household income. Those on the lowest incomes will still struggle with housing costs if housed in affordable housing. Increased supply of traditional social housing models is also needed within an overall strategy to increase supply of social housing at least to previous levels.

Criticisms and concerns aside though, this is the most exciting time for many years to be involved in advocacy for disadvantaged housing consumers in Australia.

<sup>1</sup> Housing distress is defined as households in the bottom two income quintiles who are paying more than 30% of their gross income on housing costs.



On the occasion of the International Tenants Day/World Habitat Day 2008, the International Union of Tenants (IUT) invites you to a conference on future policies of European housing:

#### Venue:

European Parliament, Brussels, Building Paul-Henri Spaak (PHS)  
Room: P7 C 050 (7th floor), Rue Wiertz 60, B-1047 Brussels

#### Program:

- Welcome: **Sven Carlsson**, President of the International Union of Tenants
- Opening of the Conference: **Barbro Engman**, President of the Swedish Union of Tenants
- Key-note speech: "Decent and affordable housing in the European cities", **Poul Nyrup Rasmussen**, MEP, President of the Party of European Socialists
- "Housing and the future shape of the EU regional and cohesion policy", **Danuta Hübner**, European Commissioner for Regional Policy (tbc)
- "Sustainable housing policies- best practice and worst cases in the European cities", **Prof. Peter Boelhouwer**, Scientific Director Housing Studies, Delft University of Technology
- **Tenants make cities! Tenants from Europe speak for themselves**
- "Harmonious cities and rental housing", **Jean B. Bakole**, UN-HABITAT, Director Liaison Office to the EU
- Panel discussion: Future EU-policies to guarantee affordable rental housing in the expensive cities of Europe  
**Eva-Britt Svensson**, MEP, Vice Chairwoman of the Confederal Group of the European United Left - Nordic Green Left  
**Jean-Marie Beaupuy**, MEP, Chairman of the Urban-Logement Intergroup  
**David Orr**, President of the European Liaison Committee for Social Housing and Chief Executive of the National Housing Federation, England  
**Alain Hutchinson**, MEP, Vice President of the Urban Housing Intergroup
- Closing speech: Dr. **Franz-Georg Rips**, President of the German Union of Tenants

Interpreting will be provided into English, French, German and Swedish.  
The conference is free of charge.

#### Registration:

RSVP by September 15 by email: [iutbrussels@skynet.be](mailto:iutbrussels@skynet.be)  
or fax: +32 2 513 09 55



Under the Patronage of the „Urban-Logement“ Intergroup of the European Parliament.