



International Union of Tenants
Association Internationale des Locataires

Affordable Rental Housing for the Young- Make it happen now!

IUT is a Non-Governmental Organisation, founded in 1926 in Zürich, Switzerland, with the purpose of safeguarding the interests of tenants, and promotion of affordable healthy rental housing throughout the world. IUT is a non-party political organisation, working along democratic lines. As of April 2011, IUT has 58 member associations in 45 countries. IUT has Consultative status with the UN Economic and Social Council and the ECE, Economic Commission for Europe- Committee on Housing and Land Management and with Participatory status with the Council of Europe, Strasbourg, France. IUT considers housing as one of the fundamental rights in society, and therefore needs to be addressed locally, nationally and internationally. Adequate and safe housing is also one of the fundamental pillars for peace and security in Europe and elsewhere in the world. Lack of affordable housing and homelessness are major ingredients in social exclusion. IUT and its members promote and work for acceptance of the Tenants Charter, available at www.iut.nu in all major languages. Housing, the labour market and social justice are closely linked together and on the EU level these have to be acknowledged as one depending on the other. Special measures have to be taken into action regarding countries in transition in the CEE region.

Introduction

The rise of the housing prices has been the key driver of wealth and income inequalities throughout Europe. Housing prices create inequities since they reflect the potential access to good education and public services and housing prices volatility has been identified as major obstacle to job mobility. Having a high rate of rental housing is key factor to have lower housing price volatility and decreasing housing prices will have a decisive impact on sustainable economic growth as also a fair society.

Housing is a fundamental right and therefore needs to be addressed locally, regionally, nationally and on EU-level. Adequate and safe housing is also one of the fundamental pillars for the general economic development of the European Union and successful policies on housing, especially for the young, can have profound effect on local and regional economic growth. Even if today housing isn't specific competence of the European Union, many EU policies have a direct or indirect effect on housing issues.

Housing is much more than just bricks and mortar. It also concerns the areas and communities where we live and tackling the housing agenda means working towards safer and inclusive environment. EU policies should provide a framework to achieve affordable housing and the new cohesion policy funds, currently under development, such as European regional development funds and European social funds should include housing dimension and explicitly allow investment in affordable housing.

Policy recommendations related to how to strengthen the housing market position of young people

Recommendation 1: Acknowledge the right to housing as a fundamental human right

The right to adequate housing is a precondition for the exercise of most other fundamental human rights. Housing is a fundamental right and a social good thus it has to be a part of national constitutions as well of the Lisbon Treaty. Especially in the new Member States, the CEE countries and the Accession States of the EU, the fundamental rights have to be watched and monitored by independent institutions e.g. the EU Commissioner in charge of Justice and Fundamental Rights and the Commissioner for Human Rights at the Council of Europe. Even if the Revised European Social Charter in article 31 explicitly protects the right to housing and drive States to promote access to housing, it is currently binding only the countries that have ratified it (31 countries up to now¹). Making the right to housing enforceable it not enough since does not go hand by hand with the actual increase of supply of affordable housing as it logically should happen.

Recommendation 2: Member States should guarantee social rent law and strengthen tenants' rights

To achieve a level playing field with equal status for home-owners, users and tenants the first pre-condition is the implementation of a social rent law. Member States should guarantee a social rent law, secure tenure and strengthen tenants' rights. Secure tenure can increase economic growth, address inequalities and reduce poverty in developing countries as it can also provide opportunities for investment and the accumulation of wealth. Secure tenure is about more than just economic assets. It also provides a source of identity, status and political power, and serves as a basis for the pursuit and acquisition of other rights.

Recommendation 3: Oppose gentrification provoked by energy retrofitting

The social dimension of a stable national and EU funding policy for energy efficient renovation is central for tenants. In 21 countries of the European Union and the Accession States, owners and landlords can pass all or parts of the renovation costs to the tenant². In many cases the rent increases lead to a gentrification process, poor households are forced to leave their flats after the renovation. If the landlord uses public funding (subsidies or loans) for energy renovations, those costs may not be passed to the tenants.

Recommendation 4: Promote tenure neutral housing policy

The current housing policies in most of the EU countries subsidize home-ownership, mainly through tax incentives. This has led to increasing prices especially in booming regions and insufficient supply of affordable rental housing. During an economic crisis it would be wise to invest in affordable rental housing, since it creates more jobs than other construction investments. Every national housing policy should support the freedom of choice of the consumers of the market. Therefore, home-ownership, cooperative rental housing and rental housing should be legally treated equal, with the same financial support of the governments with no marginalisation of the rental sector. Home-ownership policies disadvantage young adults.

Using OECD data on the shares of owner-occupied housing across the EU-15 (OECD 2004/1), researchers have found a clear relationship between the proportion of the market that is

¹ The European Social Charter (revised) has been ratified by 31 countries: Albania, Andorra, Armenia, Austria, Azerbaijan, Bosnia and Herzegovina, Belgium, Bulgaria, Cyprus, Estonia, Finland, France, Georgia, Hungary, Ireland, Italy, Lithuania, Malta, Moldavia, Montenegro, Netherlands, Norway, Portugal, Romania, Russia, Serbia, Slovakia, Slovenia, Sweden, Turkey, Ukraine

² EU housing ministers meeting Toledo, June 2010 §Rehabilitación del Parque Residencial Existenteö

privately owned and the proportion of young adults living with their parents. A 10 % increase in owner-occupied housing is associated with about 4% increase in the proportion living with parents. A diversified housing stock is necessary especially after the mortgage crises as to allow a housing alternative to the middle- low income households, which include the majority of young, and promote an inclusive urban environment.

Recommendation 5: Build enough units of affordable rental housing across all territories and increase the supply especially in booming regions and university towns

In times of credit crunch, debts and Euro crisis the housing demand shifts from expensive to affordable housing and from owner occupation to rental housing. But most governments react in precisely the opposite way, they stimulate social housing providers to sell their housing stock and encourage owner occupation policies, which will contribute to the spread of the financial crisis and the problems of the housing markets. Since the market will not regulate itself and has no social or inclusive dimension, investment in affordable housing should be seen as a public responsibility, public good and public service. As rental housing is an essential option for the urban poor, decreasing rental housing choices will provoke an increase of slums as also indecent and overcrowded housing conditions. For this reasons increasing the supply of affordable housing should be MUST, especially in booming regions and university towns where there is an outstanding concentration of young people.

Recommendation 6: Give more priority to young tenants in the national housing allocation systems

The Iron Law of the Housing Market ³ shows that young people primarily belong to weak groups. Temporary jobs, sudden redundancies, irregular incomes and scarce social benefits label a household as 'weak'. *Weaker groups live in inferior housing while stronger groups live in superior housing* ⁴ Since youth's housing exclusion will hamper the intellectual capital of EU; the welfare state and economy, member states should launch housing policies for young people in their respective countries as also help young adults to pay the security deposit and secure the rent in case of arrears.

Recommendation 7: Give higher priority to the young in social housing and expand quality student accommodation

Due to the allocation and waiting list system, young people are currently excluded in the social housing sector in nearly all EU Member States. Since young people are the most mobile sector of the population, understanding the nature of this pathway is essential to the task of arriving at better policy to support people making their first housing decisions. In local and regional housing allocation systems it is important that priorities are not entirely determined by waiting or subscription times, but that a substantial part of the urban housing stock should be designated for young tenants.

Recommendation 8: Ensure a higher proportion of the affordable rental stock suitable for young people needs

Social housing should play increasingly important role in accommodating the demand of affordable rental housing by the young people, although this may require some changes in terms of dwelling (adopt the size of the dwelling to single or small households) as well as flexibility in allocation and contracts. Exclusion of young in the social housing sector and restricting the access to only most disadvantaged young will hinder social diversity.

³ Hugo Priemus, How to strengthen the housing position of young adults, Delft University of Technology

⁴ Ibid

Recommendation 9: Use empty houses and convert vacant office spaces and empty dwellings as housing accommodation for young people

Even if throughout Europe there is a shortage of affordable housing, the number of empty houses and vacant offices is notable high. For ex in Spain even if there are nearly 1.200.000 empty houses, there are more than 60 % of young adults still leaving with their parents due to the lack of affordable housing. Using empty housing and policies that would incentive the owners to rent the dwelling on the social price instead of the markets', in exchange for the security of receiving rent every month can be a solution. Moreover, convert vacant offices into housing accommodation for young people can be another successful tactic solution to the current shortage.

Recommendation 10: Deliver stable financing for housing by national youth housing programs and income-related housing allowances

Rental housing construction through low-interest loans with state guarantees might be an efficient solution for the current shortage of affordable rental housing throughout EU. Member States should urgently consider the necessity of launching national youth housing programs and provide incentives for housing organizations as to encourage them in increasing the available stock. Income-related housing allowance as an entitlement are also necessary to help youth's housing transition and financial aid to reduce housing expenditure of poor households should be an integral part of social protection. Home-ownership is no option for young people as they have no access to mortgages because of their precarious financial situation- time contracts, low salaries etc. Public subventions or tax exemptions may also be considered since young people have no savings, no secure income and no jobs.

Recommendation 11: Enlarge the eligibility of housing within the upcoming Cohesion Policy 2014-2020- Reduce high energy costs for tenants and residents

Since May 2009, with the change (EC) 397/2009 of the ERDF Regulation (EC) 1080/2006 4% of the ERDF allocated to a European Member State can be used to finance the energy-efficient building renovation. In total this is ca. 8 billion Euro for all EU members states in the period 2007-2013. The ERDF money should have a focus on social cohesion, and the Member States have a wide margin in defining eligible housing projects. The last criterion is essential for the European dimension of the ERDF funding in the housing field. The competence for housing policy remains at national level. EU spending should concentrate on policies with European added value, in line with the principles of subsidiarity, proportionality and solidarity. Funding of energy efficiency measures in the existing housing stock is one of the best economic, ecologic and social examples of generating a European added value.

EU 15 Programming period 2007-2013		EU 12 Programming period 2007-2013	
Countries which make use of ERDF funding for energy efficient refurbishment	Available displacement from ERDF (million €)	Countries which make use of ERDF funding for energy efficient refurbishment	Available displacement from ERDF (million €)
Italy (some regions)	875	Poland (some regions)	1360
Greece	494	Lithuania	142
UK (some regions)	243	Estonia	74
Belgium (Flanders)	47	Malta	18
Netherlands (some regions)	43	Bulgaria	135
France	357		
Countries which don't make use of ERDF funding for energy efficient refurbishment	Available displacement from ERDF (million €)	Countries which don't make use of ERDF funding for energy efficient refurbishment	Available displacement from ERDF (million €)
Denmark	14	Slovakia	248
Germany	680	Czech Republic	548
Spain	944	Cyprus	12
Ireland	15	Latvia	10
Luxembourg	2	Hungary	521
Austria	37	Romania	377
Portugal	478	Slovenia	82
Finland	44		
Sweden	48		

The European Regional Development Fund (ERDF) and the European Social Fund (ESF) should have a housing dimension and be used for the co-financing of national housing programs. **The EU Commission, the European Parliament and the EU Council should ensure that this funding possibility is expanded for the new structural funds period 2014-2020.** The European Investment Bank (EIB) should also give grants and loans for social housing plans in the EU member states. Finally, the EU Social Fund with some 20 billion euro which among other things are directed towards improving social inclusion in Europe must mean housing to all.

Conclusions

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

Brussels 1st November 2011
 © International Union of Tenants
 Liaison office to the EU