

**13th meeting of the Ministers of Housing of the European Union**

**Brussels and Charleroi, 1<sup>st</sup> and 2<sup>nd</sup> October 2001**

**REGULAR NATIONAL REPORTS ON  
HOUSING POLICY DEVELOPMENTS**

**Synthesis report**

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## **Preamble**

Meeting in Kuopio in September 1999, the Ministers of Housing of the European Union considered that their annual meeting provided the opportunity to carry on exchanges of views and of experience, and that regular national reports established on a common model were a good basis to do so. They also recommended that the host country of the next informal meeting of the Ministers of Housing (Paris, September 2000) realise a compilation and a short analysis of those national reports in view of the discussion between the Ministers.

The present synthesis of the regular national reports is done in the same spirit in order to prepare the meeting of the Ministers of Housing in Brussels and Charleroi, on the 1st and 2d of October, 2001. It is based on the regular national reports communicated by the Member States of the European Union to the Belgian Presidency in the course of the last few months. Those regular national reports are structured according to a questionnaire sent by the Belgian Presidency, and which follows the model used by the French Presidency (itself based on the model presented and approved in Kuopio).

Given the quantity of the provided material and its great diversity in terms of volume as well as in terms of structure and contents, this synthesis retains the elements considered as the most significant ones. The previous synthesis is also taken into account for the choice of the topics that will be exposed in more detail.

## ***1. Context and principles of housing policy***

Housing policy generally seems to be considered as an important matter, even in the Member States where it did not appear as a major issue a few years ago.

Besides the importance of the housing policy as such, several countries also insist on its economic weight in terms of added value as well as in terms of employment.

The main principles that inspire the housing policy are largely similar in every country: it mostly comes down to allow everyone to benefit from an adequate housing. In some cases, this principle of access to housing is integrated into the national constitution.

Other concerns - social, environmental or "citizen-oriented" - are sometimes added, according to the specific culture and priorities of the Member State.

*The Netherlands indicate that a principle has recently been added to those that inspire their housing policy, namely "the reinforcement of the position of citizens in enlarging their liberty of choice and in stimulating citizens to satisfy their housing needs to the fullest extent independently." This principle underlies the note about housing policy for the next ten years. It will notably be translated into the provisions of the new Housing Act about citizen's participation.*

Differences also appear in the perspective adopted to handle the issue of housing, notably for what concerns its submission to - or independence from - market mechanisms. It is often linked to a global vision of the way the State should intervene into problems with a social dimension.

Links of various strengths according to the Member States are established between housing policy and other domains such as environment, employment, social policy, spatial planning or urban development policy. This is notably reflected into the political and/or administrative structures.

The political and administrative contexts are diverse but present one common point: the implication of actors of various types, be it the State, the Regions, the municipalities, diverse institutions of public interest, or private actors.

In countries where the regional level plays an important role, this is also reflected in housing policy.

In most Member States, the local level plays a significant role, mostly in the area of social housing. This is reflected at the level of local political authorities and / or at the level of the local associations active in the housing domain. Diversity of actors often generates a gradual definition of the distribution of roles and the establishment of schemes of partnership and of contracting.

*? In France, the HLM movement, main manager of social housing, groups together 900 organisms, among which 300 depend from a territorial community. Reflection is currently going on about contract making between the State, the local communities and the HLM organisms.*

*? In Ireland, the 88 local authorities assume the main responsibility of the provision and management of social housing, a fact which does not prevent the sector of voluntary and cooperative (non-profit) housing to benefit from a growing promotion during the last few years.*

*? In Portugal, the competency in matter of promotion of the public housing sector has been transferred to the municipalities during the second half of the 80's.*

*? In Sweden, local authorities are the ones responsible for planning and provision of housing. A law that recently came into force specifies this responsibility as well as the planning modalities.*

The diversity of contexts among the various Member States probably explains some differences between national housing policies but, as will be shown under the next point, convergences are nevertheless relatively numerous among the Member States or at least among some sets of Member States.

## **2. Recent developments**

### **2.1. Main identified issues and elements of answers**

The issues identified by the Member States may be grouped into six broad categories:

- 1) global or localised unbalance between supply and demand for housing, generally leading to negative effects (increasing costs or - on the reverse - abandon of dwellings);
- 2) difficulty to make optimal use of the existing housing stock, because of problems of vacancy, of under-occupation or of insufficient quality;
- 3) problematic access to adequate housing for some categories of population;
- 4) definition of responsibilities, stimulation and control of the actors in charge of implementing housing policy (housing associations, local communities, private sector, citizens,...);
- 5) articulation with spatial and / or urban development issues;
- 6) sustainability as well as economic, sanitary and ecological aspects..

Each one of those issues is detailed and commented hereafter, with - in a number of cases - the elements of answers to those problems mentioned by the Member States (mention of adopted measures often gives information about the actual concerns).

#### *2.1.1. Unbalance between supply and demand for housing*

This issue is mentioned under a form or another by several countries:

- in some cases it appears as a global difficulty to face a high or rapidly growing demand generated by the reduction in the size of households combined to a significant demographic growth and to a favourable economic situation. This difficulty may notably come from an insufficient development of the building sector or from the high price level of ground and dwellings;
- in other cases, it rather concerns regional unbalances, some parts of the countries showing different situations in matter of relationship between supply and demand. Vacancy of dwellings may be a symptom of those regional unbalances.

### 2.1.2. Optimal use of existing housing stock

The optimal use of existing housing stock is considered as an issue from different standpoints:

- social standpoint: improvement of living conditions for the population, solution to the problem of loss of income encountered by the small owners and / or contribution to answer to some housing needs;
- standpoints of town-planning, environment and heritage: impact on living conditions, sustainable development.

Issues vary according to the case considered: vacant or abandoned dwellings, under-occupied dwellings or dwellings of deficient quality.

Vacancy seems to cause particular concerns to the Member States when it affects some well-defined areas or when it takes an extent considered as excessive.

*? In Germany, the problem of the increase of the number of vacant dwellings in the new Länder appears as one of the main concerns of the national authorities. The part of vacant dwelling has doubled in a few years there and now amounts to some 13 % of the total stock. The phenomenon seems linked to the competition exerted by more dynamic areas, which generated the departure of a part of the population, which itself resulted into serious economic problems for the owners, unwished developments in the urban structure and deterioration of the social fabric of some neighbourhoods. The federal Government has appointed a group of experts in order to find solutions to these problems. Their recommendations were taken as a basis for setting up a programme aimed at supporting the restructuring of towns and cities in the eastern part of the country.*

*? In Austria, vacant dwellings are mostly found in new developments at the cities outskirts, and the phenomenon seems linked to a change of trend in favour of urban housing, coupled to a large supply of dwellings.*

*? In Belgium, the three Regions feel strongly concerned by the issue and have recently taken or are in the process of preparing measures to fight abandon of buildings and speculation and / or to support re-occupation of vacant buildings. The phenomenon cannot be precisely measured but shows strong local variations. In the Brussels-Capital Region, it particularly touches some central areas inside the city. It cannot be entirely attributed to speculative strategies. In a number of cases, it concerns owners which are old, have weak incomes available for renovation or whose goods are located in depreciated neighbourhoods.*

*? In Greece, the ratio between the number of dwellings and the number of households in 2001 amounts to 1.45, which reveals a high vacancy rate, even when taking into account the part of week-ends and holidays residencies. Vacant dwellings are often located in villages, particularly in mountain areas.*

*? In Portugal, the ratio of vacant dwellings has more than doubled between 1981 and 1991 and concerns the whole territory, with a stronger concentration in the southern regions.*

Under-occupation is generally linked to the ageing of the population, which is expected to increase in the coming years. Residential mobility of old people is weak, and they often encounter difficulties to face problems of management and maintenance of the dwelling they own.

The question of the outdatedness of the housing stock emerges regularly at a varying degree according to the Member States. In some cases, it appears as a relatively general problem, in other cases it concentrates in some particular segments of the stock - for example social rented housing located in deprived neighbourhoods.

### 2.1.3. Housing problems of particular groups

A majority of Member States mention housing problems encountered by one or several specific groups of population, such as the less-favoured from an economic and social standpoint, the elderly and / or disabled, the homeless or the nomads.

Groups of people less-favoured from an economic and social standpoint generally encounter difficulties to find a housing, even in Member States which are not affected by significant problems in matter of housing supply but where prices are high.

In some cases, those groups tend to concentrate in well-defined neighbourhoods, a situation that may cause social and town-planning problems (see also 2.1.5). The fact that some low-income people permanently live in inadequate settlements such as camps or holidays residential parks is also considered as a problem.

Housing for the elderly and / or disabled people generates particular questions, not only in matter of under-occupation and maintenance of the dwellings (see also 2.1.2) but also in matter of availability of appropriate services. Measures combining housing supply with help and care services are raising interest.

Several Member States mention the issue of homeless people as a specific problem requiring ad-hoc answers.

*Finland estimates the number of homeless to be around 10,000 and thinks that without appropriate measures it could rise to 12,000 by 2004. The Ministry of Environment together with other actors working in this domain has recently set up a plan to reduce the phenomenon to approximately 8,000 units. Measures mainly aim at increasing the supply of rented dwellings and at controlling the criteria used by the owners for the choice of their tenants.*

The problem of accommodation of nomads is also mentioned by some Member States.

*? In France, a recent law (July 2000) states that the municipalities are in charge to organise the accommodation of travellers according to schemes that should be set up at the level of the administrative "départements" and approved within 18 months. The State provides financial support for the creation and the management of accommodation areas. The municipal officers that have laid out accommodation areas benefit from a significant strengthening of the legal means available to them in order to tackle the issue of illicit installation.*

*? In Ireland, legislation enacted in 1998 clarifies and strengthens the powers and responsibilities of local authorities in matter of accommodation of travellers. It requires them, in consultation with travellers and traveller organisations, to prepare and adopt five years programmes to meet the existing and projected accommodation needs in their areas.*

*? In Greece, a new programme has been set up in order to identify specific housing problems encountered by the Rom population and to implement pilot projects. A number of projects are currently implemented.*

Other categories of persons faced with housing problems are mentioned by at least one Member State: former prisoners, drug-addicted people, mentally ill people, refugees and asylum-seekers, young single mothers, students.

The evidence of some - at least momentarily - less-favoured groups may sometimes be related to the specific context of the Member State.

*In Greece, the high ratio of owners-occupiers and the absence of a public rented sector have for consequence that rental tenure is often associated with socio-economic problems. Tenants often are people that do not benefit from an income high enough to buy their own dwelling. Some categories of population such as economic migrants live in their large majority in rented dwellings. Besides, a programme with a housing dimension has been set up to support integration of the Ethnic Greeks returning from the republics of the former Soviet Union. The earthquake in Athens is also at the origin of the setting up since 1999 of a series of special programmes aimed at providing accommodation for the victims.*

#### *2.1.4. Attribution of responsibilities to and stimulation and control of the actors*

This issue is linked to the number and diversity of the actors working in the field of housing. The question is how to ensure efficiency, equity and transparency of the decisions and of the functioning.

Relationships between the actors more particularly concern the sector of rented housing, a domain in which housing policy has at its disposal various tools in order to orient the supply of dwellings on relatively short term. It can be noted indeed that, among the countries mentioning reforms of the rented housing sector, there are two countries which insist particularly on problems of access to housing (Ireland and Luxemburg). Reforms may also aim at improving the balance of relationships between tenants and owners.

*? In 2000, Austria adopted a reform of the housing rights that notably modifies the laws on relationships between landlord and tenant and on limited profit housing. Those amendments aimed notably at reducing housing costs came into force in 2000.  
? Ireland set up in 1999 a Commission on the Private Rented Residential Sector whose recommendations are going to be integrated into governmental measures. Those measures notably include the setting up of a "Private Residential Tenancies Board" competent to deal with conflicts between landlord and tenant and to carry out advice and information missions, a regulation on security of tenure and on rent levels, as well as financial (particularly fiscal) incentives to increase the supply of rented housing.  
? Portugal mentions the problem of renewal of the stock of rented housing as a crucial issue. The Pact for Modernisation of the Housing Stock (PMPH) launched at the end of the year 2000 is expected to contribute to its resolution. One of its measures concerns the clarification of some aspects of the Urban Rental Scheme (RAU), which aims notably at re-ensuring the contractual balance between owners and tenants.*

In the public sector, questions about functioning and organisation add to those previously mentioned. According to the country, the importance of the public stock of dwellings and the way to manage it (local authorities, housing associations) may vary in a large extent. A fair number of Member States mention issues or reforms related to the setting up or the adaptation of the framework defining the relationships between actors and / or the way these are required to fulfil their mission.

*? In Belgium, the Brussels-Capital Region mentions the reform of the social housing sector as one of its governmental priorities, and the Walloon Region mentions among its own ones the territorial and functional re-allotment of public societies for social housing, in order to improve their distribution as well as the coincidence between their territorial range and the municipal territory.*



*? Finland has recently adopted a legislation on non-governmental public utility organisations, which also concerns the sector of residential building.*

*? In France, reflection is currently going on about the impacts that the new policies on urban solidarity and renewal may have on social housing, and more particularly about the restructuring of the HLM movement, the improvement of the image of social housing and the making of contracts between the State, the territorial communities and the HLM organisms.*

*? Luxemburg mentions a recent reform of the regulation on the rental of dwellings belonging to the public stock.*

*? In the Netherlands, the Government intends to gradually introduce (by the means of a new Housing Act) a new framework for the relationships between actors (Government, housing associations, sectoral institutions, citizens).*

*? Among the recently or currently implemented measures, the United Kingdom mentions the piloting of new letting schemes allowing to offer social tenants a greater choice over their housing, the setting up of a new framework for the management by local authorities of their stock of dwellings ("Best Value Framework"), as well as the restructuring of rents in the social housing sector.*

*? Sweden is working on proposals aiming at developing and modernising municipally controlled housing corporations, which have in charge one fifth of the total number of housing units in the country.*

One can also note a tendency to attribute more responsibilities to diverse categories of actors (municipalities, citizens, tenants,...) in the decision processes.

*? In the Belgian Walloon Region, regional authorities consider that the specificity of the needs and potentialities of the real estate patrimony implies a diversity of measures that can only be apprehended by the local level. Since 2001, municipalities must define their own housing policy by the means of triennial housing plans. All local organisms working in the field of housing policy will be associated to the definition of the action programme of the municipality in matter of housing.*

*? The Netherlands and Sweden mention reforms aiming at making the municipalities more aware of their responsibilities in matter of housing supply planning.*

*? In the Netherlands, this includes the requirement for the large municipalities to work out an integrated vision of the housing question; the other municipalities have the possibility to ask the provincial authorities to design this vision.*

*? In Sweden, as some municipalities are reluctant to consider the building of new dwellings even when a demand exists, a new law that came into force this year makes each municipality responsible for making plans for the housing provision on its territory. Under some circumstances, the municipality may be required to set up a rental-housing allocation agency.*

*? The Netherlands emphasise that one of their new priorities is a greater involvement of citizens in the decisions related to housing. This notably concerns the process of designing municipal plans for the redevelopment of neighbourhoods as well as for new construction. The aim is to devise consumer oriented development projects.*

*? In the United Kingdom, a new initiative labelled "Tenant Participation Compacts" promotes agreements between councils and their tenants on how tenants can be involved in decisions about managing their homes.*

### 2.1.5. *Articulation with urban questions and spatial development*

A majority of Member States mention issues or reforms linked to specificities of the question of housing in cities and in urban agglomerations, such as access to housing, state of the stock of dwellings, access to facilities and services or existence of deprived neighbourhoods faced to problems of diverse natures.

The issue of deprived neighbourhoods - most of the time located in urban centres or at their outskirts - is the most frequently mentioned one. The largest part of the affected countries experiment with integrated approaches in order to try to reduce the gap between those neighbourhoods and the other ones, and to generally increase cohesion and social mix in urban centres. Those strategies generally rely on partnerships, and may include various dimensions besides of the housing dimension, notably improvement of the living environment, facilities, mobility, employment and social aspects (health, education, security). Housing then appears as one action field among others aiming at improving living conditions for the population.

In the same prospect of strengthening social mix, some countries have taken or are considering measures in order to increase the mix of tenure (in ownership or rented occupation) in the urban centres. In some cases, focusing on this aim implies the destruction of housing developments that have become places where social exclusion concentrates.

Improvement of urban quality of life is also mentioned among the issues for housing policy. The aim is generally to attract or maintain population in the cities, which should in turn allow to make a better use of the housing stock.

*In Germany, restructuring of towns and cities is seen as a way to face the problem of growing vacancy of dwellings in the new Länder. A programme amounting to more than 600 millions of DM per year (half from the federal Government, half from the Länder) will be carried on during the 2002-2004 period. The objective is to support conversion and demolition of dwellings that are no longer needed in a long term perspective and to enhance neighbourhoods affected by this issue (re-use of sites becoming vacant, enhancement of the living environment and preservation of buildings of architectural significance). The restructuring of towns and cities can only be carried on basis of appropriate urban development strategies, which will also benefit from federal financial support. Finally, a reflection is currently developed on the way to channel investment to a greater extent into the preservation and modernisation of valuable older buildings in inner-city areas.*

Several Member States also mention questions related to spatial development, such as the location and supply of building land and the optimal use of available resources. Scarceness and / or price of the building land cause problems, not always only in urban areas.

According to the cases, more specific measures may be taken to fight speculation, to control the phenomenon of illegal constructions (particularly second residences) or to re-use brownfield areas in order to increase the supply of land without compromising the urban structure.

*? Among the priorities of its housing policy, Spain mentions the definition by the autonomous Communities of norms on land use - on basis of principles defined by the State- in order to ensure a sufficient supply of building land at reasonable prices, which should foster a decrease of housing costs.*

*? Finland notes a tendency to build more in the city centres and to re-use land previously urbanised in urban locations, which contributes to urban restructuring. A prerequisite to obtain the use of these sites is to carry on thorough cleaning of land areas and substantial foundation engineering work.*

*? Italy indicates that because of the actual demographic parameters, cities do not grow any more. Rehabilitation of previously urbanised areas and allocation of a function to waste land are thus becoming important issues. But on side of that, an extensive urbanisation at the outskirts of cities is observed, which produces a "diffuse city" ("città diffusa") that consumes large extents of land and combines residential function and economic activities.*

*? In the United Kingdom, the Government published in March 2000 a Planning Policy Guidance whose main aim is to promote re-use of brownfield land rather than use of greenfields.*

Several countries mention other issues with a town planning dimension which are related to housing: density, aesthetics, associated functions, links with transport infrastructure,... This tendency to view housing as a part of a whole rather than as an isolated element fits with the tendency to develop integrated approaches focused on specific contexts, such as is done in the framework of urban policy (see higher) or even in the framework of rural policy (for example in the United Kingdom where a White Paper on Rural Policy was recently published).

*? In France, the new law on urban solidarity and renewal notably provides for "territorial coherence outlines" allowing to define priorities in matter of settlements, retail, activities, traffic ways and urban mobility policies. Local Urbanism Plans will have to be compatible with the orientations of those territorial coherence outlines. A link is also made with the Urban Mobility Plans, whose role is further specified and strengthened.*

*? Finland indicates that the concept of sustainable housing goes along with an improvement of the attractiveness of the built environment and with links to facilities and to transport infrastructure.*

*? In Ireland, the municipalities have been requested by the Department of the Environment and Local Government to promote higher residential densities in order to make the most efficient use of available serviced land and transport infrastructure.*

*? Among the priority tasks, the Netherlands mention the development of new housing and urbanisation forms in the transitional areas between the city and the countryside, in order to satisfy the population's wishes to live in a greener environment. Besides, the new Housing Act that will come into force in 2001 will modify the provisions on control of the aesthetic quality of buildings.*

*? Portugal indicates that a number of failures in matter of public housing can be attributed to unsatisfactory solutions in the town planning domain.*

#### *2.1.6. Sustainability, economic, sanitary and environmental aspects*

The largest part of countries mention the sustainable development perspective. Most of them mention measures that are taken or considered in order to integrate the aims of sustainability and ecological efficiency in the building practice. Housing is considered as an element of a larger issue with also includes dimensions such as water and energy consumption, waste management, land use, use of natural resources, technology for building and for material production.

*? Sweden underlines that the sustainability concept is among those who provide the main inspiration to governmental policy, which aims at changing the country into a sustainable society (from all standpoints). Fifteen national environmental goals have been adopted by the Parliament and are in the process of being implemented in the daily work of the concerned authorities. Sustainability concerns are already integrated in the recent Planning and Building Act. Reference is made to the Agenda 21 and to Habitat II.*

*? Italy indicates that sustainable development in the field of housing and urban development is still at an exploratory stage.*

*? In Denmark, a special programme 2001-2004 of the Ministry of Housing and Urban Affairs includes grants to promote sustainable building. This Ministry also prepares, in co-operation with the Ministry of Environment and Energy, the basis for a labelling scheme concerning building products and the impact on the environment.*

*? In Spain, a guide for sustainable building is currently being prepared. A Spanish team also takes part in the international initiative "Green Building Challenge" and contributes in this framework to the development of a tool for the measurement of building sustainability.*

*? In Finland, the Government has approved in 1998 a programme for ecologically sustainable building. In connection with the programme, the government and the building sector have agreed on how to promote sustainability in building design, production, the construction process and maintenance. Researches are made on sustainable building and go along with the realisation of experimental projects. The Housing Fund of Finland also promotes ecologically efficient and long-term sustainable solutions in its financing of housing renovation and new building projects.*

*? In The Netherlands, the "Sustainable Building 2000-2004" programme is aimed at a decrease of environmental deterioration in developing and managing the built environment. An interim evaluation of the implementation of the programme in 2001 should lead to better insight into the effects of policy. This will be put to use in the implementation programme for the period 2002-2003.*

*? In the United Kingdom, the Government published a report on a strategy for sustainable development ("A better quality of life"), which defines national guidelines which should inspire local authorities. Those are required to define targets and to develop a framework by the end of 2000.*

In certain cases, economic concerns go along with ecological concerns, particularly where the housing costs are a problem. Initiatives are taken in order to foster low-cost and ecological building, notably based on spread of information.

Almost all countries mention concerns or measures aiming at energy saving and / or at the use of alternative energy sources (information, pilot projects, agreements between partners of the building sector). The majority of them link these concerns and measures to the aim of reducing greenhouse gases emissions. Some make explicit references to the engagements of Rio and Kyoto.

*? Germany has adopted a new regulation on energy conservation reducing the maximum energy requirement permitted in buildings. In case of modernisation work, provisions make it compulsory to replace old heating systems as well as to carry some insulation works. Support programmes have been set up to encourage notably the use of renewable sources of energy. Besides, the Federal Government's promotional bank (KfW) is in charge of two specific assistance programmes specifically aimed at reducing carbon dioxide emissions in the building stock.*

*? In Finland, actors of the building and property sector have concluded voluntary agreements in order to save energy. A competition aiming at the promotion of low-energy construction has been launched. Guides focused at single-family home builders have been published, notably on the topics of geothermal heat and solar energy. New regulations are prepared which should considerably reduce the energy consumption of new buildings.*

*? The Netherlands are implementing the "Energy performance advice" (EPA) which measures the energetic quality of an existing building. A connection will be made with the granting of financial support, notably to install high-efficiency boilers and to place insulation material and double glazing.*

*? Spain, France, Greece and Ireland also mention new measures (recently taken or considered) in matter of thermic regulation, notably aiming at reducing carbon dioxide emissions.*

*? Belgium and Luxemburg also report financial measures (grants for the rational use or economy of energy and / or for use of alternative energy sources).*

*? Austria indicates that the State and the Länder have agreed on the possibility to use financial means of housing policy for actions contributing to reach the "Kyoto-aims".*

A number of States also report concerns related to health and security of the occupiers of dwellings. Lead (saturnism), asbestos, PCBs, radon as well as moisture and the mould it generates are among the mentioned dangers.

Some countries also mention measures relating to building security, notably for what concerns resistance to earthquakes.

*? France mentions a "Building and Health" programme led with all concerned ministries. An observatory for air quality inside the dwellings is also gradually implemented.*

*? Finland and Luxemburg make reference to the maintenance manual (or service book) of the building, which allows monitoring the quality of building and forecasting the required interventions. In Luxemburg, this book was introduced during the second semester of 2001 for dwellings built before the 1st of January, 1989. It is coupled with a financial aid for sanitising or renovation works recommended on this basis.*

*? In Italy, the "building file" aims at verifying the quality of the building, particularly from the standpoint of stability.*

*? The United Kingdom intends to set up a new rating system for the assessment of health and safety of the dwellings.*

## **2.2. Recent changes and reforms**

### *2.2.1. Scope of the recent changes*

During the last few years, most countries have carried important, if not fundamental, reforms of the tools of their housing policy. This is notably shown through the number of "framework documents" (acts, programmes, policy notes) mentioned by the Member States as adopted or published. Considering this together with the institutional evolutions and with modifications happened in other domains but having an impact on housing policy, it appears clearly that recent changes generally cover a significant scope. This evolution should go on in the future, with the implementation of the measures contained in the strategic documents.

### 2.2.2. General philosophy

Some countries mention an evolution of their priorities, due either to the resolution or outbreak of problems or to constraints linked to budgetary austerity, or more generally to the need to face society changes.

This evolution sometimes leads to a reorientation toward other aspects than the quantitative adequacy of supply to demand, such as quality, choice, low cost, environmental aspects or a better functioning of the sector. In other cases, pressure on the housing market forces on the contrary to devote an increasing energy to the search of appropriate solutions.

*The Netherlands indicate that during the last few years, housing policy gave much attention to the proper functioning of public and private institutions, due to the considerable task of satisfying the large housing needs. Change from quantitative to more qualitative needs will increase in the coming years the importance of the role of citizens. This will notably imply a reorganisation of the competent administration (Directorate-General of Housing) which is expected to be in place by 2002.*

Nature of the answers brought to the problems and issues vary according to the philosophy of the Member State in relation with housing policy (see point 1). Some Member States nevertheless report a curve in trend toward more liberalisation or deregulation.

Several Member States also mention the necessity to strengthen efficiency of the practice and to allow better participation of all actors. The citizen standpoint tends to be increasingly taken into account (freedom of choice, transparency of the processes, participation mechanisms).

This concerns more particularly the public housing sector, given the number of actors and of regulatory provisions, but it may also apply to other aspects such as the granting of financial aids. According to the case, it may be reflected in a simplification of regulations and of administrative processes or in a modification of the general framework.

*The United Kingdom encourages the housing associations to manage their material and financial assets in a more business-like way. In this prospect, a new financial regime has been introduced for local authority housing. In April 2000, the Government has also set up the framework "Best Value Housing" which is about the delivery by local authorities of high quality and efficient housing services that are responsive to the needs and aspirations of local people. The new Housing Inspectorate also created in April 2000 is in charge of assessing the performance of local authorities in this domain.*

As mentioned under point 1, a tendency to devote more means and responsibilities to the regional or local level can be observed in a number of Member States. This is often coupled with a formalisation of the relationships between the actors, sometimes in the form of contract making.

In the same perspective of better adequacy to local realities, several Member States tend to differentiate some actions according to the area of application, in order to better focus and adapt them to the peculiarities of the context: financial aids that are specifically granted or majored in some areas (municipalities, city centres, neighbourhoods) confronted to particular problems, particular measures for areas in demographic decline, dwellings and regulations better adapted to local contexts.

Information is scarcer for what concerns articulation with the upper scale level (supra-national). Initiatives at this level are rarely mentioned, the main exceptions being the Kyoto engagements (see 1.2.6), Habitat II, Agenda 21 and the initiatives taken at the European Union level in the domain of territorial and urban development.

Finally, as mentioned before, there is a tendency to develop global and transversal approaches taking into account the links between housing policy and the other policies, and framing the whole in a larger context (urban development, sustainable development,...).

### *2.2.3. Means*

As previously indicated, over the last few years a large number of countries have taken important initiatives in order to orient housing policy. In a number of cases, those initiatives concern legislative measures that define or further specify the framework for some aspects of this policy:

- in Germany, a Housing Reform Act expands the social housing programme to cover the field of social housing assistance;
- in Austria, the "Wohnsrechtsnovelle 2000" law modifies two of the three pillars of housing legislation;
- in Belgium, each of the three Regions has adopted a new Housing Code (previously of national competency);
- in Finland, the new Land Use and Building Act, that came into force on January 1st, 2000, notably fosters public participation in the planning process, and also intends to improve the quality of dwellings from a range of points of view;
- in France, the law on urban solidarity and renewal was voted in December 2000;
- in Ireland, a set of provisions regulating the private rented sector that were presented in January 2001 will be gradually implemented;
- in Sweden, a new Housing Provision Act aiming at further clarifying the framework for the activities of local authorities has just come into force.

Many very significant changes are also introduced via more global framework documents such as strategies, frameworks, packages of measures... A large number of countries have adopted or published such documents in the course of the recent period. The interest of those documents is that they help to apprehend the aims and logic of the proposed measures, which may be quite various and whose implementation is generally gradually carried out.

? In Denmark, a set of measures labelled "Housing Package" was publicised in May 2001. The aim is to answer to a number of challenges identified by the government, such as difficulties encountered by students and by young families with children to find suitable housing, concentration of disadvantaged people in a number of housing estates, weak residential mobility of single older people, shortage of suitable building sites and excessive cost of construction. Measures include increasing the rate of construction of housing, heightening residential mobility through construction of attractive housing for "young seniors", encouraging a mix of tenures in order to alleviate the trend toward concentration of socioeconomically weak families, and increasing the number of suitable building sites.

? Ireland consider housing as one of the priorities of its last National Development Plan (2000-2006). Specific action plans have also been worked out in order to increase the supply of dwellings and to moderate price increase. Measures aim in particular to help low-income purchasers as well as first-time buyers of their dwelling.

? In Spain, the "Plan de Vivienda 1998-2001" approved in 1998 will be followed by a successor which is currently prepared.

? In Finland, a housing policy strategy, prepared in the Ministry of the Environment on the basis of a proposal prepared by a housing policy administrator appointed by the government, was approved in June 2000. The public housing policy objective of the strategy is to create the conditions for good, reasonably priced housing in a way that promotes lifecycle quality, regional balance, social cohesion and choice.

? In the Netherlands, the Parliament accepted in 2001 the government policy note "Mensen, Wensen, Wonen", whose aim is to orient housing policy for the next ten years. Based on the observation that part of the stock does not satisfy present demand, the government deduced 5 core policy tasks for the coming 10 years:

- allowing people a greater say about the dwelling and residential environment;
- creating more opportunities for people in vulnerable situations;
- promoting custom tailored housing and care (in particular for elderly people);
- improving the residential quality of the cities;
- complying with the desire for more green.

? In Portugal, the Pact for Modernisation of the Housing Stock (PMPH) presented end of the year 2000 proposes a large range of measures in order to promote renewal of the housing stock and to give a new impulse to the rented sector.

? In the United Kingdom, the Housing Policy Statement "The Way Forward for Housing" published in December 2000 sets the agenda for delivering housing policy for the coming years. Its aims are:

- promotion of sustainable home ownership;
- promotion of a healthy private rented sector;
- improvement of the condition of social housing and services;
- provision of good quality affordable housing where needed;
- a support to tackle the problem of rough sleepers and strengthening of the protection available for the homeless.

White Papers on Urban policy and on Rural policy published in November 2000 also define orientations that have consequences for housing policy. It is the case also of the National Strategy for Neighbourhood Renewal published in January 2001.



Some documents of this type are also used as a framework to organise contributions of the various actors and their collaboration.

*? In Germany, the "Social City" programme brings together the federal State, the Länder and the municipalities around a set of measures in various domains aiming at improving deprived neighbourhoods.*

*? In Finland, a joint action document was approved in June 2000 between the state and the municipalities of the Helsinki metropolitan area. The target is to increase housing production and direct it to areas which make the best possible use of public transport. New measures to promote new housing include interest subsidy to housing companies and support to municipal investments in infrastructure.*

*? In the Netherlands, the Government will issue a framework for central government policy every five years, which will form the basis for policy agreements with local and provincial authorities, housing associations, sectoral institutions, market parties and consumer organisations.*

Besides the regulatory tools, all Member States use financial tools of some nature (grants, premiums, loans, fiscal tools). The type of implemented tools and their modalities of use are often intimately linked with the specific national context, but also with certain traditions. Changes can nevertheless currently be observed in a number of Member States, notably because of the necessity of budgetary cuts or of evolutions of the context and needs. In most cases, these reorientations go toward a stronger focusing of the actions.

*? Germany indicates that attenuation of housing supply problems has led to a shift in priorities. The important stock of available dwellings eases access to housing of low-income households, while also allowing public authorities to use existing rather than new dwellings for the housing of needy people. Current housing policy tends to reduce support to the building of new social housing and is more oriented toward personal support as well as toward more qualitative measures. Promotion of access to ownership however remains an important priority.*

*? In Belgium, the three Regions include among their priorities the orientation of public policies toward target groups, particularly the most deprived people or those encountering specific problems. Financial supports are also increasingly focused on specific areas (cities or neighbourhoods facing particular problems).*

*? In its Housing Plan 1998-2001, Spain has introduced a new financial instrument, the AEDE (direct State support to accession), and increased the possibility for autonomous Communities to modulate a part of the financial assistance they provide.*

*? In the Netherlands, the full deductibility of mortgage interest on principal dwellings has recently been submitted to more restrictive constraints. As for provisions about housing allowances, they have been modified in order to make the owners more aware of their responsibilities.*

*? In Sweden, subsidies to housing production had been strongly reduced since 1990, but problems of housing provision in certain areas have led to the recent introduction of a special support to rented housing production in those areas. A reform of real estate taxation has been considered and is discussed but no decision on this topic has yet been taken.*

In some cases a combination between regulatory and incentive measures can be observed. It is particularly apparent for what concerns energy saving. Constraints introduced by a stricter regulation are "compensated" by subsidies to energy-saving investments (see 2.1.6).

Besides framework documents, legislative measures and financial tools, a large variety of other means of implementing housing policy aims are mentioned by the Member States: researches, spread of information notably via the Internet, publications, competitions, pilot realisations, setting up of specialised centres, administrative restructuring, ... Co-operation at the supra-national level is however only very marginally and indirectly mentioned.

### 2.3. Trends, expectations and projects

A majority of the countries expect a continuation of the recent trends. This perspective notably relies on observation of a set of demographic and economic parameters. In some cases, this perspective requires to foresee already now a range of appropriate answers.

*? Germany observes a growing tension on the housing market in the southern regions, particularly around Munich. Taking the resumption of in-migration into account, housing policy must be able to respond quickly if needed to a new upsurge in demand.*  
*? Ireland expects that the needs of new dwellings will remain high in the coming years, which will require to further increase the rate of construction. In the domain of social and affordable housing, increase of the supply is a priority of the Government. The National Development Plan (2000-2006) significantly increases provision to enable the needs of almost 100,000 households to be met over the period of the plan.*  
*? Luxemburg foresees an accentuation of the unbalance between supply and demand of financially affordable dwellings.*  
*? Sweden considers that housing will remain an important issue in the coming years, particularly in the growth regions.*

Member States mention some prospects of short- or middle-term changes in the context of housing policy. Those changes will require adequate answers. They notably include the ageing of the population and the gradual appearance of new needs related to this evolution.

*? Austria mentions the necessity to reorient the efforts from the production of new dwellings toward the renovation and modernisation of existing dwellings, in order to maintain the rate of renovation in spite of the suppression of fiscal incentives in 2000.*  
*? Portugal underlines that the natural end of the expansion cycle of new building will require a reorientation toward qualitative aspects. Renovation of the stock of old dwellings and revival of the rental market are expected.*  
*? Ireland, the Netherlands and Portugal mention more specifically the prospect of the ageing ("greying") of the population. The Netherlands indicate that this will require a growing attention at the level of new construction and of dwellings refurbishment. Ireland underlines the efforts that are to be made in order to find appropriate and sensitive answers to both issues of under-occupation of dwellings and of the need of the elderly people to find an adequate accommodation in their neighbourhood.*

Projects mentioned by the Member States generally fit in the continuity of what has recently been done. Often they concern the implementation of recently decided sets of measures. An accentuation of the efforts is sometimes foreseen in particular areas.

? France emphasises the revival of social housing through short- and middle-term measures. A series of measures were recently launched in order to contribute to substantially increase the output of dwellings in the social sector. For the longer term, a reflection will be carried among the various actors on some more fundamental aspects of the social housing policy (see 2.1.4). The Government also intends to entrust a parliamentary with a mission on that topic in order to receive proposals for the end of the year 2001.

? Ireland considers that the measures that were recently taken have allowed to moderate the price increase, but the housing demand remains quite high. Satisfying it will require to continue and even intensify efforts in matter of production of dwellings. As one of the main observed obstacles is the insufficient capacity of the building sector, a package of measures will be implemented in order to solve this problem (see 4.1.5).

? Faced to the prospect of growing tension on the housing market, Luxemburg considers developing new measures aiming at an increase of the housing supply (notably in matter of affordable and of rented dwellings), at fighting speculation and at facilitating access to ownership. Those measures will be of various natures (legislation, regulation, direct measures, financial aids, fiscal incentives).

? The Netherlands have launched a significant number of reforms, notably in the framework of the five core tasks of the housing policy note ("Mensen, Wensen, Wonen"). The Housing Act will be gradually revised and its first part will be presented to the Parliament in the course of the second semester of 2002. An "Implementation Law on Rent Prices for Residential Accommodation" should be introduced in 2002. Still in 2002, a new legislation will come into force, which will have consequences in terms of works submitted to permit and in terms of control of the aesthetic quality of construction works.

? The United Kingdom indicates that middle term projects notably concern licensing schemes for houses in multiple occupation and for dwellings in areas of low demand, improvement of the system of rents and of the housing benefit system, control of the quality of dwellings, and flexibility allowed to local authorities in their support for private housing renovation.

Globally, the Member States do not foresee fundamental changes in their housing policy. This can notably be explained by the fact that many measures that were recently taken did not yet produce all their effects. Moreover, there are apparently no political factors either that would push toward a dramatic change of orientation.

### **3. Main context indicators**

*Note: the tables integrated in the remaining part of the report are exclusively based on data contained in the most recent national reports, or if not available, in the previous national reports. If not otherwise mentioned, figures refer to the year 2000. Some computations (rates, percentages) have been realised on basis of the available figures in order to provide a presentation as homogeneous as possible.*

#### **3.1. Demographic evolution**

The largest part of the countries report a patent demographic stability, with most of the time a weakly increasing evolution. Even if no precise figures are available, it seems that in Ireland and in Luxemburg the demographic growth was significant.

*? In Ireland, the population figure of April 2000 (3.78 millions of inhabitants) is the highest one recorded since the 1881 census, when the figure raised to 3.87 millions. The population is significantly increasing in the key age class for the formation of households, and the average size of households has fallen from 3.34 in 1991 to 3.0 in 2000.*

*? Luxemburg mentions a population increase of 15% since 1991. This population requires new dwellings, and the demand is further strengthened by changes in the socio-demographic structures.*

*? Italy is the only country to mention a stability oriented toward a diminution, the population figures showing a light decrease almost everywhere on the territory.*

Growth is generally due at least in large part to the migratory surplus. France is an exception to this rule with a natural surplus that accounts for almost the whole growth.

**Table 1: Demographic parameters**

	Current population	Evolution with respect to previous year (in % of total population)		Average size of households (number of persons)
		Total evolution	Balance of outer migrations	
Germany	--	--	--	--
Austria	8,091,000	+ 0.12	--	2.5
Belgium (2001)	10,263,000	+ 0.28	+ 0.25	2.38
Denmark	5,330,020	+ 0.36	+ 0.18	--
Finland	--	--	--	--
France (1999)	58,518,748	+ 0.37 <sup>1</sup>	+ 0.01 <sup>1</sup>	--
Greece (2001)	10,940,000	+ 0.66 <sup>2</sup>	--	2.9
Ireland	3,780,000	--	--	3.0
Italy	--	--	--	--
Luxemburg	--	--	+ 0.83	--
Netherlands	15,864,000	--	+ 0.38	--
Portugal	9,921,000	+ 0.20 <sup>3</sup>	--	--
Spain	--	--	--	--
Sweden	8,900,000	+ 0.10 <sup>3</sup>	+ 0.16	--
United Kingdom (1999)	59,500,915	+ 0.42	+ 0.45	--

-- : No available data.

1 : Annual average on the period 1990-1999.

2 : Annual average on the period 1991-2001.

3 : Annual average on the period 1995-2000.

Few countries mention demographic previsions at short or middle term. Those who do foresee a population decrease on term, this term varying according to the country.

*? Austria forecasts a demographic decrease from 2002 on that will make the population figure fall from 8.091 millions to 8.051 millions in 2010. A decline of the migratory balance is expected, which will bring it to 17,000 persons per year.*

*? Portugal foresees a moderate growth until 2015, followed by a decrease. The trend toward ageing will strengthen, with a ratio of population aged of more than 50 years reaching 38,5 % of the total population in 2020 (against 32,2 % in 2000).*

All countries mentioning trends or prospects in relation to the number of households report an observed or foreseen increase of their number, due to the reduction of their average size. A few countries mention quantitative previsions in terms of number of households (or in terms of housing needs).

*? Austria foresees that the number of households will significantly increase by the year 2021. Increase of the number of households of one or two persons and decline of the number of children per family should result in a decrease of the average household size. The previsions indicate that the population decline will be coupled with a growth of the number of households, whose total would reach 3.4 millions for 2021.*

*? Denmark has defined a range of foreseen housing needs according to the average age of household formation, which leads to expect a growth of 20 to 30 % between 2000 and 2039.*

*? The United Kingdom foresees an increase of 19 % of the number of households between 1996 and 2001.*

Geographical distribution of evolution of the population / households shows significant variations. In most Member States, cities record a more rapid growth than the average, but in some others it is the reverse. The considered spatial unit (city itself or urban area) may however explain at least a part of those differences, taking into account the trend to urban sprawl.

*? In Spain, population living in urban areas of more than 50,000 inhabitants has increased from 18.8 to 24.7 millions of inhabitants over the last twenty years and now represents 62.6 % of the population. This trend is foreseen to go on until the average European levels are reached. Middle-sized cities are also growing, while the small towns and the rural areas tend to loose their population.*

*? In Finland, important migratory flows go toward the growth centres at the expense of the other parts of the country. The resulting annual migration toward growth centres has amounted to some 17,000 persons per year over the last few years. Helsinki metropolitan area alone accounts for approximately half of this figure.*

*? In France, the growth of urban areas between 1991 and 1999 has reached the double of the one recorded in rural areas.*

*? In Sweden, growth centres are for the largest part urban areas and university cities or towns.*

*? In Belgium, the loss of inhabitants experienced in the Brussels-Capital city-region since the beginning of the 70's seems stopped, but growth remains stronger in the two other Regions.*

*? The Netherlands indicate that in the course of the last years, a significant number of households with high or middle incomes have left the cities.*

Trend toward differentiation between city and countryside sometimes combines with a trend toward regional differentiation.

*? In Austria, population tends to migrate toward the cities and the Rhine valley, at the expense of other regions where a decline in the number of households is foreseen for the year 2010.*

*? In Portugal, demographic pressure is strong in the seaside cities, particularly in the metropolitan areas of Lisbon and Porto, while the hinterland is losing population.*

*? In Germany, southern areas, particularly the surroundings of Munich, show a stronger demographic growth than the other parts of the country.*

*? In the United Kingdom, it is also forecasted that the southern regions will grow significantly more than the rest of the country, and in particular than the north-eastern part.*

A clear trend toward ageing affects the age structure in most Member States. This has consequences not only in terms of housing needs but also in terms of prospects for the public budgets.

### 3.2. Economic evolution

The Member States generally consider positively the current economic parameters, notably growth, inflation, or evolution of employment and unemployment. But some of them indicate that uncertainties linked to the evolution of the international context make it difficult to make provisions for the middle term.

Excepted two countries - Ireland and Luxemburg - where growth has been particularly strong, all others report growth figures for 2000 comprised in a relatively narrow range (between 2.8 and 4 %). The large majority of Member States foresee a slowing down of the growth for the coming years and in particular for 2001.

**Table 2: Economic parameters**

	GNP growth	Estimation GNP growth next year	Inflation rate	Interest rates of the real loans
Germany	--	--	--	--
Austria	--	+ 2.5 %	--	5.3 to 5.4 %
Belgium	+ 3.2 %	+ 2.5 %	--	6.1 to 6.5 %
Denmark	+ 3.0 %	+ 1.5 %	2.7 %	5.7 to 7.4 %
Finland	--	3.7 %	2.8 %	6.0 to 6.5 % (2001)
France	--	--	1.2 % (2001)	4.9 to 7.1 %
Greece	+ 3.5 % (1999)	--	2.7 % (1999)	6 to 7 % (1999)
Ireland	+ 8.6 %	+ 7.4 %	--	±5.8 %
Italy	--	--	--	± 5 %
Luxemburg	+ 8.5 %	+ 5.0 %	--	5.0 to 6.1 %
Netherlands	± 4.0 %	+ 3.25 %	± 4.0 %	4.6 % (1999)
Portugal	+ 3.3 %	+ 3.3 %	--	6.2 %
Spain	--	--	--	3.9 to 6.4 %
Sweden	+ 3.6 %	+ 2.7 %	1.4 %	5.60 to 6.65 % (2001)
United Kingdom	+ 2.8 %	+ 2.25 to + 2.75 %	--	5.5 %

-- : No available data.

Inflation seems under control and does not seem to be a major concern. The country that mentions the highest rate indicates that it should be significantly lower in 2001.

Member States that mention the issue of public finances report a positive balance (Denmark) or a reduction of the deficit (Belgium, Italy, Portugal).

Certain Member States also mention the unemployment parameter, a standpoint from which situations are more diversified, even if the general trend goes toward decline.

Interest rates of real loans are framed inside a relatively narrow range. Variations inside countries can notably be explained by the various systems of loans (duration, loaning organisms, type of loan (social or not)). Some countries mention the influence that the global context and the setting up of the Euro zone have on the definition of the interest rates.

Several countries underline the influence of the level of interest rates on some evolutions of the housing market.

*? Germany currently observes a decline in the construction of individual dwellings, which is notably viewed as an indirect consequence of the many projects carried on at a time where the interest rates were at their lowest level (1998-1999).*

*? Ireland underlines that the very low interest rates have contributed to increase the demand on the housing market and hence the prices, taking into account the unbalance between supply and demand.*

*? Portugal considers that evolution of the interest rates is one of the main reasons for the expansion registered on the house buying market over the last few years.*

#### **4. Evolution of the housing market**

##### **4.1. Situation of housing supply and demand**

###### *4.1.1. General appraisal*

The rate of construction seems to follow only loosely the population evolution. This can be explained by several factors, notably the average size of households and its evolution, the state of the housing stock at a given time which sometimes requires efforts in order to "catch up", better use of vacant dwellings as well as capacity of the various sectors linked to building activity to face demand. The sector of leisure and tourism may also sometimes take - for second residences or vacation accommodation - a part of the market that may be significant but not always easy to identify.

**Table 3: Evolution of new construction**

	New dwellings				
	completed (c)	initiated (i)	authorised (a)	previous reference	per 1000 inhabitants
Germany	423,000	--	--	603,000 (c) in 1995	-- <sup>1</sup>
Austria (1999)	59,400	--	45,300	58,000 (c) 1996-1998	7.3 (c)
Belgium (1998)	--	--	39,000	56,000 (a) in 1994	3.8 (a)
Denmark	--	15,500	--	17,800 (i) in 1999	2.9 (i)
Finland (1999)	--	36,000	--	23,600 (i) in 1996	--
France <sup>2</sup>	--	311,000	--	317,500 (i) in 1999	5.3 (i)
Greece (1999)	--	--	100,000 (a)	71,000 (a) in 1995	9.5 (a)
Ireland	49,812	--	--	<25,000 (c) in 1993	13.2 (c)
Italy	--	--	--	--	--
Luxemburg (1998)	--	--	--	+ 13 % (c) w/r to 1997	6.1 (c)
Netherlands	70,650	--	78,500	78,625 (c) in 1999	5.5 (c)
Portugal	>100,000	--	--	--	11.2 (a)
Spain	366,675 <sup>3</sup>	535,668	--	321,177 (c) in 1999	--
Sweden	--	±17,200	--	14,500 (i) in 1999	1.9 (i)
United Kingdom <sup>4</sup>	183,173	--	--	±150,000 (c) in 1999	3.1 (c)

--: No available data.

1: The report indicates 9 new dwellings per 1000 existing dwellings.

2: The French report also gives figures of started and authorised dwellings "for the last 12 months" but which do not seem to concern civil years.

3: Figure taken from the table in the report. The text indicates a figure of 392.208.

4: Figures for Northern Ireland apparently concern 1999-2000.

Comparisons between data for different countries and for different years are not easy given the fact that according to the country, new dwellings may be recorded at various moments (building authorisation, beginning of works and / or end of construction).

*Austria draws attention on the delay between authorisation and end of construction (3 and a half years on average). It indicates that in its case, the figure of authorised buildings is declining while the figure of finished buildings is increasing. This leads to foresee a decline in production in the coming years.*

In terms of output rate per inhabitant, situations vary quite largely according to the country. It may be observed that the three countries recording the highest rates are three of the four countries eligible for support by the Cohesion Funds (Greece, Ireland and Portugal - no data for Spain).

Trends reported in the previous national reports generally seem to go on without too abrupt fluctuations. Construction rates per inhabitant remain in the same range of values. Several countries emphasise that even where there is a relative decrease, rates for 1999 and 2000 are still high compared to the average over the previous decades. This is however not the case for all Member States.

Point 2.1.1 gives some qualitative indications about the ratio between existing supply and demand for housing. The current dynamics of building seems to be influenced by this ratio but only partly. For example, the recent construction rates are quite different in Ireland and in Luxemburg, even if those countries both report a relative difficulty to face housing demand.



On the reverse, certain countries that do not mention particular problems of supply, such as Austria, Greece and Portugal, are recording relatively high rates of construction.

#### 4.1.2. Situation by segment of stock

Structure of the stock as well as structure of the new housing output vary according to the country, notably for what concerns the part of intervention of the public sector.

Figures are however not strictly comparable between the different countries, taking into account the variety of situations and the existence of specific schemes (e.g. cooperative system). For new housing production, the interpretation must be even more cautious, because modes of public support and the part taken by this support in the total cost vary according to the country. The public sector may even provide support to the production of dwellings that will afterwards be considered as private (loan for access to ownership for example).

**Table 4: Type of status / financing of stock and of new construction**

In %	Existing stock		New construction of the year	
	Private	Public	Only private	With public support
Germany	--	--	--	--
Austria (1999)	77.0	23.0	--	33.7 <sup>1</sup>
Belgium (1998)	93.0	7.0	--	--
Denmark	69.4	26.8	61.9	38.1
Finland (1999)	--	--	± 66.6	±33.3
France	--	--	57.2	42.8 <sup>2</sup>
Greece (1999)	±100	±0	>98.0	<2.0 <sup>3</sup>
Ireland	90.0	8.0	93.7	6.3
Italy	--	--	--	--
Luxemburg (1995)	94.7	1.5	--	--
Netherlands	64.3	35.7	89.3 <sup>4</sup>	21.5
Portugal (1998)	96.3	3.7	±90.0	±10.0
Spain	--	--	--	14.0
Sweden	±57.5 <sup>5</sup>	±27.5	--	--
United Kingdom	78.7	21.3	87.2	12.8

--: No available data.

1: Includes only limited profit organisations.

2: Includes dwellings built with a loan for access to ownership (more than two thirds of the mentioned figure).

3: Dwellings built by the "Workers Housing Organisation" (W.H.O.) for access to ownership.

4: Includes owner-occupied dwellings and private rented dwellings. Sum of the statuses amounting to more than 100 %, there are probably overlaps.

5: Does not include cooperative tenure (15 %).

Comparison with the figures of the previous national regular reports reveals a global evolution toward a light increase of the part of the private sector (particular cases of France and the Netherlands: see notes 2 et 4 under table 4).

*? Only one country (Denmark) registers a relative growth of dwellings built with public support.*

*? In Ireland, the part of dwellings built with public support is relatively limited in 2000, but a significant increase is foreseen for 2001.*

Structure of mode of tenure varies largely in the different countries. The few figures available for new housing output tend to show that it includes a larger part of dwellings in ownership than the one observed in the total stock. Interpretation of figures must however remain cautious, taking into account the scarceness of data and the heterogeneity of the modes of accounting.

**Table 5: Situation of stock and new construction per type of tenure**

In %	Existing stock		New construction of the year	
	In ownership	In rented accommodation	In ownership	In rented accommodation
Germany	--	--	--	--
Austria (1999)	55.0	45.0	61.0	35.0
Belgium (1997-98)	74.4	23.0	--	--
Denmark	51.4	44.8	--	--
Finland (1999)	--	--	±66.7	±33.3
France	--	--	--	--
Greece (2001)	--	19.0	--	--
Ireland	81.0	17.0	--	--
Italy	--	--	--	--
Luxemburg	--	--	--	--
Netherlands	52.5	47.5	--	--
Portugal (1998)	71.2	28.8	±88.5	±11.5
Spain	--	--	--	--
Sweden	±50.0 <sup>1</sup>	±50.0	--	<30.0
United Kingdom	67.8	32.2	--	--

--: No data available.

1: Including cooperative tenure (15 %).

The few countries providing figures about the distribution of new dwellings between one or two families houses and apartments mention a ratio of houses between 40 and 50 %. Several countries also mention a trend toward growth of the part of one and two families houses with respect to apartments, but this in no general rule.

#### *4.1.3. Geographical differentiation*

A large number of countries mention significant differences between regions regarding housing output. There is no generalised trend to observe, even if a trend toward concentration into the main urban areas emerges in several countries.

See also 2.1.1. for appraisals about regional balance between housing demand and supply.

Production generally seems to tend to concentrate in areas where demand is strongest, but this is not always sufficient to answer short-term needs.

#### *4.1.4. Needs of specific groups of population*

See 2.1.3.

#### *4.1.5. Particular difficulties for the construction of new housing*

Even Member States that do not encounter acute problems of lack of dwellings identify a number of difficulties for the construction of new housing. Most of the time those concern scarce supply and / or high price of building land in areas of strong demand. Some countries also identify less common problems.

*? Finland mentions problems of shortages of construction workers sector and of insufficient supply of planned building land, particularly in the Helsinki metropolitan area. These problems seem partly linked to the strong economic growth, which mobilises available resources for construction activity other than house building, such as commercial premises and offices.*

*? Ireland also mentions shortage of skilled labour as a preoccupying problem with respect to the strong demand and to the requirements of the National Development Plan in matter of housing output. An Inter-Departmental Sub-Group on Construction Capacity, led by the Department of the Environment and Local Government, has prepared an Action Plan that was published in June, 2001. It sets out a total of more than 50 measures to expand construction capacity.*

*? Germany and Luxemburg pin down construction cost and mention measures aiming at reducing it.*

*? Sweden underlines weak profitability of new rented housing and thus reluctance of housing companies to invest in new production.*

*? Sweden and France observe a lack of motivation of municipalities for building certain types of dwellings. In France this concerns particularly social dwelling. In Sweden, some municipalities are unwilling to increase their population because they want to escape costs for municipal services. Sweden also identifies insufficient planning by the municipalities as a problem.*

*? The Netherlands mention the increase in the average size of dwellings.*

*? Italy mentions more restrictive planning provisions, linked to a will to favour the renovation of the existing stock.*

*? Portugal reports administrative cumbersomeness hampering the construction process.*

#### *4.1.6. Evolution of vacancy of dwellings*

The scope of this phenomenon largely varies in the different Member States: from 2 to 14 % of stock. Meaning of comparisons is however limited, because the concept of vacant dwelling may fluctuate according to the country. Some Member States also indicate that they do not have statistics on the topic (Ireland) or only partial statistics (Belgium, Sweden).

Vacant dwellings concentrate in specific areas, which differ significantly according to the country: inner-city centres, outskirts of cities, municipalities located outside of metropolitan areas, areas of weak economic dynamics (sometimes whole parts of the country).

Level of concern also fluctuates from one Member State to the other and not necessarily in proportion of the quantitative extent of the phenomenon (see 2.1.2.).

#### *4.1.7. Sale of social rented dwellings*

Practices in that matter are quite different according to the country, from prohibition of sale up to disposal of a significant part of the social housing stock.

#### *4.1.8. Expected middle-term developments*

Member States express in a quite different way their visions of middle-term prospects. Some rely on a continuation of the recent trend, others foresee modifications of trends, coming either from exterior factors, either from implementation of measures that were decided or are envisaged. Only a few countries express rather serious preoccupations for the middle term.

*? Countries expressing concerns with respect to the evolution of the situation include Finland, which fears the continuation of the problems of insufficient supply, particularly in the Helsinki metropolitan area, and Luxemburg, which forecasts at short term a new and strong unbalance between supply and demand, in spite of the important efforts made.*

*? France does not foresee any evolution of the situations of unbalance.*

*? Spain expects moderation on the longer term of the currently very favourable economic conditions. The large supply of dwellings, the less rapid pace of employment creation and the high price of free dwellings lead to foresee that the construction rate will be slowing down, even if demand at short and middle term continues to be stimulated by low interest rates, demography and the demand from abroad.*

*? Ireland hopes for favourable impacts from the important measures that were taken or are considered in order to reduce problems of access to housing.*

*? Sweden, which has shown very low rates of output in the last few years, expects a growth of this output and an increase of the ratio of one and two families houses.*

*? Germany and Austria foresee a continuation of the decline in housing output, but without major negative consequences, taking into account the existing level of provision.*

*? Portugal and Austria emphasise that the modifications of trends that recently happened or are forecasted at short term provide an occasion to develop qualitative aspects of housing, and particularly the rehabilitation and modernisation of the existing stock.*

## **4.2. Housing financing**

### *4.2.1. Housing cost*

Considering the provided data, the average buying cost of an existing dwelling may differ by a ratio of two according to the country. It is even possible that the range is larger than that, because among the countries for which no data are available, several ones mention problems of housing cost (Germany, Ireland, Sweden).

**Table 6: Cost of dwellings**

	Average cost of existing dwellings <sup>1</sup>		Evolution of average cost by m <sup>2</sup> or of dwelling cost in % <sup>1</sup>	
	Average apartments	Average houses	Existing dwellings	New construction
Germany			--	--
Austria	±90,000 ? <sup>2</sup> (1997)	--	+0.9 %	--
Belgium		66,931 to 114,031 ? <sup>3</sup>	+3.4 to + 7 %	+7.8 %
Denmark	94,304 ? <sup>4</sup>	121,848 ? <sup>4</sup>	+9.3 to +12.8 %	--
Finland	--	--	+11.4 %	+3.3 % (04/2000-2001)
France	73,175 ? (1998)		--	+7 %
Greece	--	--	--	--
Ireland	--	--	+14 % (2000)	+13 % (2000)
Italy	97,500 to > 195,000 ? <sup>5</sup>		--	--
Luxemburg	--	--	+3 to +13 % (1997)	+1.5 to +13.2 % (1997)
Netherlands	197,394 ?		+15.4 %	+4.4 to +5.6 %
Portugal	--	--	--	--
Spain	--	--	+14.5 %	+4.3 %
Sweden	--	--	--	--
United Kingdom	175,915 ? <sup>4</sup>		--	--

--: No available data.

1: Evolution during the year 1999, if no different mention.

2: On basis of a dwelling of 65 m<sup>2</sup>.

3: According to the Region.

4: Conversion rate of January 2000.

5: According to the area, for a dwelling of 65 m<sup>2</sup>.

Relative increases vary inside an even larger range, from a quasi stability to a growth of 15 % in a single year. In almost all cases, the increase is - sometimes very significantly - higher than the evolution of the cost-of-living index. In other words, the real price of housing tends to increase almost everywhere.

Cost of new housing also increases more rapidly than the cost-of-living index, but with more moderate differences between countries. The only exception is Austria where the cost slightly decreases (no available accurate figures).

#### *4.2.2. Housing expenditures of households*

Figures are difficult to compare between countries, taking notably into account diversity of the reference years as well as the different definitions (considered expenses) and modes of computation (deduction of housing allowances).

All countries for which figures are available report an increase of the effort of households. Recent evolution is particularly spectacular in Spain.

In most countries, the part of income devoted by households to housing is relatively important, particularly when considering that the effort made by some categories of incomes - generally the lowest categories - is significantly higher than the average.

**Table 7: Housing expenditures of households**

	Year	In % of total expenditure		Evolution
		Average	Maximum (per income class)	
Germany	1998	20-25	--	--
Austria	1999	20.5	--	From 1986 to 1999, increase of twice the increase of price index
Belgium	1997-98	27.0	>35	Growth more rapid than price index
Denmark	1998	21.7	>28	--
Finland	1996	19.0	29.0	--
France	1996-97	23.0	33.4	--
Greece	1994	19.0	--	--
Ireland	1994-95	9.8 <sup>1</sup>	--	--
Italy		--	--	Growth of 20% <sup>2</sup>
Luxemburg	1993	36.1	42.1	--
Netherlands	2000	25.3 to 33.9	--	--
Portugal	1994-95	20.6	--	+ 6.3 % with respect to 1989-90
Spain	2000	31.7	--	26.6 in 1999
Sweden	1997	25.0	--	20.0 % in 1985
United Kingdom		--	--	--

--: No available data.

1: Heat and electricity not included.

2: Reference years not indicated.

#### 4.2.3. Mortgages

Loans for the purchase of dwellings feature very different evolutions - upward as well as downward - according to the country. These fluctuations may be partly explained by the reference date, 1999 being considered in most countries as a record year due to the low rates. Level of interest rates does not seem to play an important role in the differences between countries, taking into account the limited range of its variations in the different countries (see table 2). Some catch-up effects between years probably play a role in fluctuations over time.

The average amount of loans is relatively similar in the different Member States - at least in those for which the information is available - excepted in Ireland where it is significantly higher.

**Table 8: Mortgages for housing**

	Total amount (millions ?)	Number	Amount per loan (?)	Evolution of the number with respect to previous year <sup>1</sup>
Germany	--	--	--	--
Austria (1998)	9,520	--	--	--
Belgium (1999)	17,620	275,173	64,032	+35.2 %
Denmark	--	--	--	--
Finland (2001)	24,724	--	--	+10.4 %
France (1999)	72,456	914,000	79,254	+2.9 %
Greece	--	--	--	--
Ireland	9,015	80,586	111,868	+3 %
Italy	--	--	--	--
Luxemburg	--	--	--	+ 71 % from 1990 to 1999
Netherlands	--	510,039	--	-23.3 %
Portugal	10,893	182,604	59,654	-22.3 %
Spain	32,913	480,895	68,441	+19.8 %
Sweden (03/1999-2000)	3,105	--	--	--
United Kingdom	--	--	--	--

--: No available data.

1: If not otherwise mentioned.

#### 4.2.4. Housing investment

**Table 9: Housing investment**

	Absolute value (in millions ?)	% of total investment	% of GDP	Reference / evolution
Germany	149,297	--	7.3	--
Austria (1998)	--	--	6.4	6.8 % of GDP in 1996
Belgium	--	--	--	--
Denmark	8,069	20.7	4.6	4.3 % du PIB in 1999
Finland (1999)	--	--	3.7	--
France (1999)	--	24.49	--	+ 18.8 % in 1999
Greece	--	--	--	--
Ireland	7,640 (1999)	--	10.9	8 % of GDP in 1996
Italy	--	--	--	--
Luxemburg	--	--	--	--
Netherlands (1999)	22,065	26.6	5.9	5.8 of GDP in 1996
Portugal	--	--	--	--
Spain (1999)	--	21.1	7.4	7.0 % of GDP in 1998
Sweden	--	11.0	--	--
United Kingdom	--	--	--	--

--: No available data.

Figures relating to housing investment confirm the economic significance of the sector. According to the Member State, the housing sector represents from 11 to 26 % of total investment and from 3.7 to more than 10 % of GDP. Investment figures seem to reflect rather well the recent dynamics of building (see 4.1), with a particularly high percentage in Ireland and a particularly low percentage in Sweden.

On basis of available figures, the part of the housing sector in the GDP is growing at least moderately in the majority of countries.

#### 4.2.5. Public expenses for housing

The structure of public expenses for housing reflects the diversity of the housing support schemes. Even if the average expense per inhabitant is in the same range of values in most countries, distribution between support to investment and housing benefit varies significantly according to the Member State. One can observe important sums devoted to investment in Austria and in the Netherlands (mainly through fiscal incentives in the latter case) and large amounts devoted to housing allowances in France, Denmark and Sweden.

**Table 10: Public expenses for housing**

	In million ?			In ? per inhabitant		
	Support to investment	Fiscal incentives	Individual allowances	Support to investment	Fiscal incentives	Individual allowances
Germany	14,752		3,426	--		--
Austria (1998)	2,544		145	314		18
Belgium (1999)	539 <sup>1</sup>			53 <sup>1</sup>		
Denmark	956 <sup>2</sup>		1,154	179		217
Finland	454	353	824	--	--	--
France (2001)	1,925	8,268	13,446	33	141	230
Greece	--	--	--	--	--	--
Ireland	--	--	--	--	--	--
Italy	--	--	--	--	--	--
Luxemburg	--	--	--	--	--	--
Netherlands (1999)	263 <sup>3</sup>	5,445	1,530	17	343	96
Portugal (1999)	133	611	463	13	62	47
Spain	501			--		
Sweden	460 <sup>2</sup>	--	1,872 <sup>2</sup>	52	--	210
United Kingdom	9,534 <sup>2 4</sup>			--		

--: No data available.

1: Sum of regional budgets, does not include fiscal measures.

2: Conversion rates of January 2000.

3: Sum of location subsidies (BLS) and of subsidies for housing (BWS).

4: England only.

Comparison with the previous national reports shows a trend toward an increasing support in the form of housing allowances, while evolution of support to investment is more diverse, probably because it is more closely linked to fluctuations of the economic context in matter of building activity.

### 4.3. Housing quality

#### 4.3.1. Quality of existing stock

A majority of Member States consider the quality of their housing stock as globally satisfying. Some of them however mention particular segments of the stock that are problematic, notably the private rented stock in cities or in old industrial centres, as well as a part of the stock of social dwellings.



Several countries provide statistics related to quality of the housing stock. Two types of criteria are generally used, one relative to the age of dwellings, the other one relative to basic equipment of dwellings: running water, WC, bath, and sometimes also central heating. Data about solidity, sanity and security of buildings and dwellings seem relatively rare.

The ratio of dwellings considered as lacking basic equipment varies from 4 % to about 15 %. Those fluctuations however seem to be linked at least partly to different definitions. Inside a same country, variations may be quite important. Among others, an urban - rural differentiation may be observed.

Criteria relative to age of dwellings are difficult to compare as well, reference periods differing according to the country. In this domain also, inter-regional differences may be important.

A number of countries emphasise renovation needs linked to sustainability, energetic efficiency and ecological considerations.

#### *4.3.2. Rehabilitation / modernisation of existing dwellings*

Even if renovation activity can be generally considered as buoyant, policies of the Member States reflect different attitudes that have notably to do with the evolution of the needs as well as with the economic and budgetary context.

*? In Portugal, renovation appears as a primordial axis of recent housing policy, notably through the Pact for Modernisation of the Housing Stock (PMPH) and the Solidarity and Support Programme for Rehabilitation of the Housing Stock (SOLARH). A significant measure of this political will is the reduction of VAT rate from 17 % to 5 % until the end of 2002 for conservation and maintenance works as well as for works carried out in old rented buildings or in buildings benefiting from social programmes funds. This reduction had to be negotiated with the European authorities.*

*? In France, several State support programmes aiming at the enhancement of the housing stock have benefited to about 340,000 dwellings per year from 1997 to 1999.*

*? In the course of the last two years, Italy has adopted fiscal provisions in order to favour maintenance works.*

*? In Austria, as mentioned higher, the previous measures supporting renovation works have come to an end in 2000.*

*? In Finland, aids to renovation have been reduced taking into account the dynamics of new building.*

*? In Sweden, cuts in subsidies for rehabilitation in the 90's have had negative effects. Profitability of improvements being not always sufficient for owners, they may be reluctant to make them, which tends to generate a further degradation of the quality of life in the already least favoured areas.*

Policy in matter of renovation is not only justified by problems of insalubrity of the housing stock, whose quality is generally considered as good (see 4.3.1). Several countries (Belgium, Ireland and United Kingdom) however mention the objective - sometimes considered as a priority - to improve the quality of the social housing stock.

Modernisation (notably from the standpoint of sustainable development) and adequacy to the evolution of needs are also important motivations. The economic dimension of the sector, notably in terms of employment, also justifies devoting means to renovation, particularly when new construction needs are relatively limited.

*? In Austria, public aids to renovation were suppressed from 2000 on. The job losses that this could generate in the renovation sector should be avoided or reduced notably thanks to the implementation of new measures in order to modernise and improve the existing stock in Vienna, particularly for what concerns the energetic dimension.*

*? In Portugal, the recent increase of efforts toward renovation of dwellings should foster dynamics of this sector, which should allow rehabilitation to reach around 30 % of the output of the building sector, as in other European countries.*

*? In Germany, investment in the housing sector is devoted for almost the half to works on the existing stock.*

*? In Finland, 40 % of work hours in the construction sector are devoted to renovation, and activity in the sector is currently buoyant.*

*? In the Netherlands, investment in building improvement and maintenance has been significantly growing in the course of the last years.*

In certain cases, the approach is enlarged to a more global approach of urban regeneration (Denmark, France).

#### 4.3.3. Technical developments

Several Member States mention general measures aiming at improving technical aspects of building and housing (see also 2.1.6).

*? In Germany, a "competence centre" has been created in order to collect and disseminate information about low-cost and ecological construction among local authorities, architects, engineers, clients and craftsmen. Work on setting up an Internet-based information network has begun. The competence centre will also have the task of promoting the exchange of experience on new developments in the field of building technology and construction work.*

*? In Denmark, one of the aims of the plan for Urban Ecology is the construction of show-case buildings to demonstrate a whole new innovative approach to building design based on ecological and architectural considerations. Following a competition, 3 projects ECO-HOUSE 99 have been built for further evaluation.*

*? Spain mentions its activities in the framework of the Habitat programme, notably participation to the third competition of good practice for the improvement of life conditions organised by the General Assembly of United Nations, with the aim to promote debate on the sustainable city and exchange of experiences promoting development.*

*? Finland studies new kinds of compact, urban residential environments.*

*? Greece recently modified its General Building Code as well as its Earthquake Protection Code, and approved a Reinforced Concrete Code in order to increase quality and security of the buildings.*

*? In the Netherlands, a new Building Decree will be issued, which will include improved quality demands and simplification of regulations. New housing construction will have to be studied taking into account its whole life cycle. In that spirit, a subsidy- and demonstration- programme has been launched on the theme of industrial, flexible and demountable construction.*

*? The United Kingdom has introduced a Planning and Quality Initiative aimed at improving the quality of housing layout and published a "Designer Guide" for the building of social housing.*

A large number of specific technical aspects mentioned by the Member States concern the field of energetic efficiency, thermal isolation and use of alternative energy sources. The implementation of measures is also often justified by reduction of CO<sup>2</sup> emissions.

Other particular aspects are mentioned, such as development of wood construction (Finland and Ireland), ventilation systems (Finland and Sweden), acoustic isolation (Finland), security and accessibility (Finland, Ireland and the Netherlands).

#### *4.3.4. Sustainable development policy*

A number of considerations concerning challenges of sustainable development in the housing sector and measures implemented in that field are exposed under point 2.1.6. Comparison with the previous versions of the national reports tends to show a growing presence of the theme of sustainable development.

The theme of sustainable development seems in general particularly developed in the northern countries. Other countries gradually integrate those concerns in various domains, particularly the one of energetic efficiency and use of alternative energy sources. The consideration given to the concept, its degree of generality and the progress of its implementation however seem to differ strongly according to the country.

#### *4.3.5. Sanitary issues*

Issues and policies in matter of sanitary aspects of housing are mentioned under point 2.1.6.

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They hope that this document will allow them on the one hand to benefit from a global vision of the developments in matter of housing policy at the European level, and on the other hand to derive from it some input for the policies carried inside their State.