



**March 2019**

◆◆ USA and Barcelona evidence: Airbnb counteracts housing affordability ◆◆ Energy poverty high on the EU agenda ◆◆ Housing first in SPÖ's EU election campaign ◆◆ European Parliament debates tax evasion in real estate transactions ◆◆

## **EP conference “The sharing economy and housing affordability”**

The event on February 22 was hosted by Members of the European Parliament **Marian Harkin** (ALDE) and **Brando Benifei** (S&D) to respond to the controversy of the impact of the sharing economy on housing affordability.

Key questions debated: are home-sharing services taking housing off the long-term rental market and therefore playing a significant role in driving up rents to unaffordable levels? Is rent rising faster in neighborhoods where Airbnb & Co. are most popular? What role for cities and the rental-platforms to address the housing crisis? 2 Studies were presented, one for USA, second for Barcelona.

**Davide Proserpio**, from the University of Southern California, presented results of one of the major existing studies on the impact of Airbnb on housing prices, based on an analysis of Airbnb listings in the US over a six-year period (2011-2016)<sup>1</sup>.

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<sup>1</sup> Barron, Kyle, Edward Kung and Davide Proserpio, *The Sharing Economy and Housing Affordability: Evidence from Airbnb* (2018).  
[https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3006832](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3006832)

The hypothesis is that owners attracted by Airbnb switch to the short-term rental market and remove their property from the long-term rental market. This would cause an increase in rents and house prices.

The analysis is based on data from Airbnb and home value and rent indices over a period of six years, from 2011 to 2016. The results show that Airbnb increases both rental rates and house price. **It represents 0.59% of the annual increase in US rental rates and 0.82% of the annual increase in US house prices.**

In his response, **Sergio Vinaly**, public policy and campaign manager at Airbnb, stated that the problem of rent increases is not only related with the existence of Airbnb in the cities. In Mallorca short-term rentals were banned, but the prices still increasing there.

**Albert Eefting**, city of Amsterdam, emphasized that short-term rental platforms benefit those who are already privileged. Short-term rental companies must cooperate with authorities to enforce the rules for the respective cities.

**Miguel-Àngel Garcia-López**, from Barcelona university presented the preliminary results of one of the first studies on this theme in

Europe<sup>2</sup>. There has been a dramatic increase of Airbnb density in Barcelona between 2011 and 2017. The share of commercial use represents 72% of Airbnb listing and the researchers suppose this share is underestimated and that the quality of data should be improved. He presented similar effects of the US situation: **A 1-point increase in Airbnb density would lead to increases in rents of 0.5% to 1% and increases in prices of 1 to 1.8% in Barcelona.**



**Sergi Marí**, Manager of Tourism of Barcelona Municipality, spoke about the Barcelona's tourism strategy. Barcelona City Council is using local urban planning to deal with the issue of the growing market short-term rentals. The city has designed tourist accommodation regulation specific to different neighborhoods and three areas are distinguished:

- Area 1, the city center which suffers from over-tourism. The goal is a reduction of tourist accommodation.
- Area 2 where the current number of places and establishments will be maintained.
- Area 3 where new establishment may open and existing ones may expand their capacity.

<sup>2</sup>[https://www.dropbox.com/s/105v82t3g5w6j3g/Airbnb\\_20181217.pdf?dl=0](https://www.dropbox.com/s/105v82t3g5w6j3g/Airbnb_20181217.pdf?dl=0)

**Dáithí Downey**, from Dublin City said they did not have any regulations regarding short-term rentals. Recommendations have been address by the parliament to the government and one of that is the introduction of a licensing system of users of platforms such as Airbnb. From June 2019 a legal authorization system will be introduced.

**Carlos Villaro Lassen**, Secretary General of the European Holiday Home Association presented the point of view of the businesses and private tenants making holiday homes available for rent. He said that the sector of short-term rental is estimated to generate a turnover of 80 billion Euro in local economies through tourism. From an economist's point of view prices going up are a positive sign of economic dynamism. The regulation of short-term rentals should be handled cautiously because of its complex effect.

**Henning Ehrenstein** from the European Commission, said that the Commission's policy is to promote sustainable development of the collaborative economy. Several cities are moving into the direction of introducing registration schemes, which is being considered as a good practice by the Commission. He talked about the need to have local infrastructure available for short-term and permanent residents, which are financed through local taxes or by tourist taxes. He concluded by saying that the phenomenon is a hot topic and he welcomed the studies presented and insisted policy makers needed them.

**Brando Benifei MEP** highlighted the necessity to assess in the future the compliance of the Member States with the European Pillar of Social Rights, which calls for housing and assistance for the homeless and for social housing of good quality, and with the Urban Agenda which calls for the reaffirmation of

housing as a social good. He proposed the building of a permanent study group on the topic of the sharing economy to exchange data and best practice.

## IUT presenting in the EP: Affordable housing solutions and Action Plan

The international conference that took place at the European Parliament in Strasbourg<sup>3</sup> on January 17th and 18<sup>th</sup>, organized by the city of Strasbourg, L'Union Sociale pour l'Habitat and Housing Europe. The conference was attended by key policy makers and stakeholders from across Europe, including the MEPs **Karima Delli** (Greens/EFA) and **Geoffroy Didier** (S&D), **Cathrine Trautmann**, Vice-president of the Eurometropole Strasbourg, **Rui Franco**, housing councilor of Lisbon, **Ulrich von Kirchbach**, head of housing department of Freiburg, **Kieran McCarthy**, councilor of Cork, **Michaela Kauer**, city of Vienna and **Syamak Agha Babaei**, housing councilor of the city of Strasbourg. EU-commissioner **Corina Crețu** delivered a video intervention. **Barbara Steenbergen**, head of the IUT EU liaison office, was asked to react on a study presented by **Marie Baleo**,<sup>4</sup> on housing policy and examples for affordable housing solutions in the cities of Paris, Bordeaux, London, Stockholm, Berlin, Munich and Warsaw.

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<sup>3</sup> <https://www.strasbourg.eu/web/strasbourg.eu/-/le-logement-abordable-un-defi-pour-les-villes-et-les-metropoles-europeennes-https://ec.europa.eu/futurium/en/housing/actions>

<sup>4</sup> <https://www.lafabriquedelacite.com/publications/a-la-recherche-du-logement-abordable-un-defi-europeen/>



The mayor of Strasbourg **Roland Ries** opening the session

The conference concluded with an action plan that builds upon recent legislative initiatives like the action plan of the EU partnership for affordable housing<sup>5</sup> and aims at addressing the current and future housing needs.<sup>6</sup>

The Action Plan for Affordable Housing consists of six main points:

1. Work with European cities and metropolises, as well as their networks, in their exchanges on local housing policies and good market regulation practices in the framework of the EU Urban Agenda and its Housing Partnership that must be reinforced in the next legislative period.
2. Support investment in social infrastructure by creating a European Investment Platform dedicated to affordable housing within the framework of the future cohesion policy 2021-2027, the InvestEU strategic investment plan ("Juncker 2") and the mobilization of the European Investment Bank.
3. Set up a partnership-based surveillance of local housing markets as part of the European

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<sup>5</sup>

<sup>6</sup> Conference Video: <https://www.youtube.com/embed/c3EGW6F1540>

Semester and weigh long-term investments in social infrastructure, particularly social housing, in the calculation of the Member States' budget deficit.

4. Ensure effective implementation of the housing component of the European Pillar of Social Rights, including the right to access to social housing and quality housing assistance for households whose needs are not met by the housing market.

5. Consolidate the European legal framework concerning housing and in particular secure SGEIs (Services of General Economic Interest) state aid status for social housing and reduced VAT rates, while guaranteeing the Member States full competence to define the social housing scope.

6. Organize each year a "European Housing Summit" bringing together all stakeholders for the implementation and monitoring of this Action Plan.<sup>7</sup>

## Urban Lectures: Presenting the EU action plan for affordable housing to the Brussels stakeholders

February 6, the Vienna House in Brussels hosted an Urban lecture presenting the Action Plan for affordable housing.<sup>8</sup>

The member of the Vienna City Council, **Peter Florianschütz** and Ms. **Michaela Kauer**, director of the Vienna house presented the

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<sup>7</sup> <https://union-habitat-bruxelles.eu/europeennes-2019-un-plan-daction-ue-logement-abordable-mis-en-debat>

<sup>8</sup>

[https://www.ots.at/presseaussendung/OTS\\_20190211\\_OTS0068/wien-praesentiert-action-plan-der-eu-urban-agenda-staedtepartnerschaft-wohnen-in-bruessel](https://www.ots.at/presseaussendung/OTS_20190211_OTS0068/wien-praesentiert-action-plan-der-eu-urban-agenda-staedtepartnerschaft-wohnen-in-bruessel)

background of the main findings and political messages. **Susanne Bauer**, senior expert from Wiener Wohnen contributed with claims changing the European Semester process by revising the housing overburden rate from 40% to 25% of the disposable household's income and strengthen the dimension of the European Pillar of Social rights in the EU commission's assessment criteria.



**Susanne Bauer**, senior expert from Wiener Wohnen

**Susanne Bauer** also explained the new urban development model of Vienna to dedicate 70% of land to social housing. The lecture participants, mainly EU representatives of big European cities, regarded this model the most progressive all over Europe. IUT was interrogated about measures to increase security of tenure, rent stabilization mechanisms and EU state aid law.

## European Parliament's negotiation position on the European Social Funds +: Energy poverty included

Strasbourg, January 16: the European Parliament proposed an amendment for the regulation of the new European Social Fund Plus (ESF+), pleading measures against energy

poverty for vulnerable households being eligible for funding

This is the text of the amendment 19; proposal for a regulation; Recital 14 a (new):

*“The ESF+ should provide support to measures included in Member States’ national **plans aiming to eradicate energy poverty and to promote energy efficiency in buildings among vulnerable households, including those affected by energy poverty and, where appropriate, in social housing**”.*<sup>9</sup>

The negotiations on ESF+ will continue. The matter was referred back to the competent committee for interinstitutional negotiations starting the trilogue between Parliament, the Council and the Commission.

On 17 November 2017, the European Pillar of Social Rights was jointly proclaimed by the European Parliament, the Council and the Commission as a response to social challenges in Europe. The twenty principles of the European Pillar of Social Rights should guide the actions under the European Social Fund Plus (ESF+). Principle 19 of the European Pillar of Social Rights is about access to social housing.

## **CoR on multilevel governance and cross-sectoral cooperation to fight energy poverty**

On February 7<sup>th</sup>, Committee of the Regions organized a consultation with the stakeholders, to talk about multilevel governance and cross-sectoral cooperation to

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<http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//TEXT+TA+P8-TA-2019-0020+0+DOC+XML+V0//EN>

fight energy poverty. The rapporteur **Kata Tüttö** (Budapest) wanted opinions and inputs for better understand how to include cities, regions and local municipalities in the fight for the energy poverty. IUT was invited to contribute.

The rapporteur has also prepared a working document<sup>10</sup> that has been discussed at the meeting of the Commission for the Environment, Climate Change and Energy on Monday 28 January 2019. In this document we find the definition that the Covenant of Mayors for Climate and Energy did of energy poverty: *a situation where a household or an individual is unable to afford basic energy services (heating, cooling, lighting, mobility and power) to guarantee a decent standard of living due to a combination of low income, high energy expenditure and low energy efficiency of their homes.*

*Energy poverty, affects one in ten European citizens in some form. More specifically:*

- *57 million people do not have adequate heating for the winter;*
- *104 million people are not able to cool their homes properly in summer;*
- *52 million people face delays in paying their energy bills;*

*According to other sources, more than 80 million Europeans are living in damp housing which contains traces of mould. This is also linked to the difficulties they experience heating and cooling their homes properly.*

IUT presented the work by the EU Housing Partnership for the Urban Agenda. In particular the Action Plan, analyzed the problem of energy-poverty- energy and in particular the difficulties in access to gender-

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<https://cor.europa.eu/en/events/Documents/ENVE/fight-energy-poverty/cor-2018-05877-00-00-dt-tra-en.pdf>



disaggregated data<sup>11</sup>.

Indeed, the aim of the ACTION n° 10 of the Action plan (Recommendations on the improvement of EU gender-poverty-energy nexus data) is to advance knowledge on the gender-energy-poverty nexus by developing gender disaggregated data and making it available to inform policy development. The next meeting of the committee is foreseen 4<sup>th</sup> April.

The same day, in the afternoon, a conference co-organized by the S&D Group in the European Parliament and the PES Group of the European Committee of Regions in the frame of the “Progressive Society” initiative where IUT contributed as member of the task force. **Kata Tüttő** remarked the importance in reduce poverty and have affordable housing, trying to reduce the problem of energy poverty with the help of stakeholders at the local-level, with no people and no places left behind.



## IUT in the Austrian Parliament

The Group of Social Democrats in the Austrian Parliament invited IUT’s head of EU office **Barbara Steenbergen** to contribute to their start up meeting for the EU elections, January 25. SPÖ-Chairwoman **Pamela Rendi-Wagner** presented the SPÖ manifesto for affordable housing<sup>12</sup> to the audience of EU candidates, members of the national parliament including

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<sup>11</sup>[https://ec.europa.eu/futurium/en/system/files/ged/final\\_action\\_plan\\_euua\\_housing\\_partnership\\_december\\_2018\\_1.pdf](https://ec.europa.eu/futurium/en/system/files/ged/final_action_plan_euua_housing_partnership_december_2018_1.pdf) , from page 46 to 49.

<sup>12</sup><https://www.spoe.at/wp-content/uploads/sites/739/2019/01/SP%C3%96-Konzept-f%C3%BCr-leistbares-Wohnen-Pressunterlagen.pdf>

**Ruth Becher**, spokesperson for housing and all SPÖ mayors of Austria, including **Michael Ludwig** from the city of Vienna. Steenbergen was invited to present IUT’s priorities for the new European Parliament<sup>13</sup> and the need to change the EU state aid laws restricting the target group for social housing. In the panel debate, the SPÖ spokesperson for housing **Ruth Becher** underlined the need to strengthen their system of not for profit housing in order to counteract rent and price increases and real estate speculation. SPÖ wants to delete the 10% VAT on rents, extend the existing rent law to a universal rent law for all buildings, dedicating in new urban developments 50-70% of land for social housing and fine criminal, skyrocketing rents. Also the model of Denmark to exclude foreigners from buying land is part of the SPÖ programme.<sup>14</sup>



Debate in the Austrian Parliament with **Ruth Becher** (2<sup>nd</sup> left and **Barbara Steenbergen** 2<sup>nd</sup> right)

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<sup>13</sup> <https://www.iut.nu/wp-content/uploads/2018/12/IUT-Priorities-for-the-European-Parliament-2019-2024FINAL.pdf>

<sup>14</sup> [https://www.ots.at/presseaussendung/OTS\\_20190125\\_OTS0128/spoe-klubtagung-breite-unterstuetzung-aus-gemeinden-und-laendern-fuer-spoe-programm-fuer-leistbares-wohnen](https://www.ots.at/presseaussendung/OTS_20190125_OTS0128/spoe-klubtagung-breite-unterstuetzung-aus-gemeinden-und-laendern-fuer-spoe-programm-fuer-leistbares-wohnen)

## EP debate on tax evasion and money laundering in real estate transactions

On 5 February 2019, the TAX3 committee held a public debate on the impact of tax evasion and money laundering on local real estate markets, in particular in European cities. Two panels composed of experts addressed how money laundering through real estate impact price levels. The discussion addressed possible ways to fight against price increase in the real estate sector.<sup>15</sup>

Representatives from the City of Amsterdam and Barcelona reported a massive cash flow from unknown sources, buying houses in the city center for officially very low prices- obviously paying the rest in black money. **Ilse Verker** from the city of Amsterdam named a case where a house in a triple A innercity location was bought for 500.000 Euro and 2 months later sold to another owner for 2,4 Million Euros.



**Ilse Verker**, city of Amsterdam, responsible for the Programme on Illegal Money Flows and Undermining

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<http://www.europarl.europa.eu/committees/en/events-hearings.html?id=20190128CHE05762>

Representatives from Transparency International and the German NGO "network for tax justice" reported that the existing control mechanisms for money laundering and tax evasion are not valid for the real estate sector- a loophole for criminal networks.

The German MEP **Peter Simon** (S&D) stated the necessity to increase the information duties of financial institutions, e.g. naming the beneficial owner of the buildings, supported by **Sven Giegold** (Greens/EFA). **Giegold** mentioned the Hannibal II scandal in Dortmund, a house where 753 tenants have been evicted due to fire safety risks, but the owner cannot be accounted as it is not clear who stands behind the dubious Cyprus investment company.<sup>16</sup>

The European Parliament recently published a briefing on money laundering in the real estate sector.<sup>17</sup>

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<sup>16</sup> <http://www.taz.de/!5479200/>

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[http://www.europarl.europa.eu/cmsdata/161094/7%20-%202001%20EPRS\\_Understanding%20money%20laundering%20through%20real%20estate%20transactions.pdf](http://www.europarl.europa.eu/cmsdata/161094/7%20-%202001%20EPRS_Understanding%20money%20laundering%20through%20real%20estate%20transactions.pdf)