



European Housing Forum Contribution to 19th Informal Housing Ministers Meeting Brussels, 9 and 10 December 2013

The sustainable financing of housing policies in times of crisis is a key topic in relation to meeting the Europe 2020 targets for “smart, sustainable and inclusive growth”. In this context, the European Housing Forum warmly welcomes the initiative of the three regional housing ministers in Belgium to organise a 19th informal meeting of housing ministers, and is grateful for the opportunity to provide the following contribution.

The European Housing Forum was created in 1997, following the adoption of a resolution on the social aspect of housing by the European Parliament. The European Housing Forum currently has 15 members, all of which are major international or European organisations working in the area of housing.

The member organisations represent:

- *Housing consumers such as tenants and home owners, families and isolated persons, and people excluded from the proper housing market such as the homeless or the inadequately housed;*
- *Housing providers such as private, social and public housing landlords and private developers and builders; and,*
- *Housing professionals such as contractors, chartered surveyors, architects, real estate managers, and researchers specialised in housing issues.*

This forum exists primarily to provide an environment for debate and the sharing of information. It also exists to support the European Housing Focal Points, as required by them.

We, as members of the European Housing Forum (EHF), are committed to the basic right to quality, decent and affordable housing for all. The sustainable financing of housing policies, including in times of crisis, is essential for the assurance of this right. We therefore believe it is a shared responsibility of Housing Ministers across the EU to work together to find solutions that ensure the sustainable financing of housing policies.

The current social and economic situation and its consequences for housing demand and supply requires decisive measures to avoid the deepening of the housing crisis. Such measures would provide a favourable policy context, and help all kind of actors (public, private, non for profit, commercial entities as well as homeowners and tenants) in more tenure neutral housing markets.

EHF considers that public policies should not push people towards a certain type of housing tenure that does not suit their possibilities or needs. All forms of housing occupancy should be stimulated, i.e. homeownership, rental and cooperative housing. This would allow people to make a rational choice and contribute to achieving more stable housing markets.

In this context, we ask the ministers to take account of the following points:

1. Investing in housing should be an economic and social priority in Europe

Housing policy is closely interlinked with a broad range of other policy areas such as social inclusion, health, growth and employment, energy, and the environment.

Investing in housing is essential for the recovery of the European economy, as it creates growth and jobs. The Real estate sector generated 10.3% of the European GDP, a substantial part of which is in the housing sector. Revenues in the construction sector, which represents 6.3% of the GDP, are highly dependent on the housing market¹. In the financial sector, a large number of all loans are secured against a real estate.

Furthermore, investing in affordable housing can improve the living conditions of low-income households, as well as generating human, social and economic value in areas as diverse as health, employment, social inclusion and education. Housing and social infrastructures also create sustainable and peaceful communities.

At a time when fiscal consolidation remains the priority of many EU member states and of the European Commission, it is important to remember the long term benefits of investing in strategic areas like affordable housing. This approach, we believe, should be urgently promoted in order to achieve the goals of the Europe 2020 Strategy for “smart, sustainable, and inclusive growth”, including within the European Semester governance framework.

Several factors are driving up the urgency of investment in affordable housing at the current time: changing household structures; the increasing burden that housing and energy costs represent

¹ Eurostat, National accounts and GDP, October 2012,

http://epp.eurostat.ec.europa.eu/statistics_explained/index.php?title=National_accounts_and_GDP&stable=1

for many individual households; growing homelessness and housing exclusion in much of Europe and budgetary constraints.

2. Existing and new funding instruments should be mobilized to assure the sustainable financing of housing policy

Funding schemes for housing should be provided on a fair basis ensuring a level-playing field in the housing sector while recognizing “the essential role and the wide discretion of national, regional and local authorities in providing, commissioning and organising social housing as SGEI”.

Member States should make effective use of the relevant structural funds (ESF, ERDF, FEAD) in the 2014-2020 programming period to promote access to decent and affordable housing as well as the renovation of existing residential buildings, in line with their national and regional priorities; and the European Commission should monitor the impact of the funds, and build capacity in this regard.

Exceptional measures should be introduced to support Member States facing particular difficulties as a result of the crisis in order that they can use the structural funds. For instance, the Regulation as regards certain provisions relating to financial management for certain Member States experiencing or threatened with serious difficulties with respect to their financial stability should be prolonged².

Member States should develop effective responses to the mortgage crises that have affected some countries since 2008 with the view to support a balanced approach to homeownership. More efforts should be made to facilitate pre-foreclosure procedures and to seek alternative solutions for people who fall behind with their monthly loan payments so that they can remain in their home. Where possible, governments should consider how a social dividend can be generated from real estate portfolios that they have taken on in the context of rescuing banks, by exploring the use of relevant property to generate affordable housing supply. The European Commission should support this through policy analysis and promotion of good practices. Member States should also make sure that the forthcoming new “Mortgage Directive” be implemented in a way in which banks can keep a sufficient margin of flexibility when applying the creditworthiness assessment of their clients and building their granting decision upon it.

International Financial Institutions such as the European Investment Bank and the Council of Europe Development Bank should further cooperate with Member States as well as regional and local authorities to support the provision of affordable finance for housing as a whole. The EIB group should in particular reinforce its lending activities in the field of affordable housing.

Part of the financing model of housing activities also comes from fiscal incentives, in the form of tax deductions, tax exemptions or reduced rates of VAT for undertaking certain types of works, namely the renovation of private dwellings and of social housing. We call on EU Housing Ministers to ensure that discussions on fiscal policies at the EU level will not lead to jeopardizing the ability of private or public investors to carry out activities in the field of housing renovation. In times of slow economic growth, this would have huge negative consequences.

² <http://register.consilium.europa.eu/pdf/en/11/pe00/pe00066.en11.pdf>

3. The European Union should enhance progress on tackling homelessness and housing exclusion

In Toledo in 2010, the EU housing ministers expressed their commitment to tackling homelessness. The Social Investment Package called on MS to “confront homelessness through comprehensive strategies based on prevention, housing-led approaches and reviewing regulations and practices on eviction” (COM(2013) 83 final). Furthermore, the package includes detailed policy guidance on homelessness (SWD(2013) 42 final). The European Parliament resolution of 14 September 2011 called for an EU Homelessness Strategy (P7_TA(2011)0383). Furthermore, six principles for tackling homelessness were agreed at a Roundtable meeting of ministers responsible for homelessness, hosted by the Irish Presidency in March 2013.

Much still needs to be done in a context of rising homelessness to implement effective policies in this area. Given the fact that homelessness and housing exclusion are increasing in much of the European Union, as described by the SPC in its Annual report “Social Europe Current challenges and the way forward” (2012), we call for the EU to develop an integrated strategy for policy support and coordination in the area of homelessness and housing exclusion. Such a strategy would enable, for instance:

- Member States and stakeholders, with support from the European Commission, to engage in mutual learning and transnational exchange on tackling homelessness and housing exclusion
- Relevant EU-level programmes such as the European Programme for Social Change and Innovation, the structural funds, Horizon 2020 and policy instruments such as the Social OMC, the Social Investment Package and European Platform Against Poverty to be used to support Members States’ policies to fight homelessness and housing exclusion.
- Proper monitoring of the evolution of homelessness and housing exclusion in the European Union

We also call on EU housing ministers to pay specific attention to tackling discrimination and promoting the social and economic integration of migrants and marginalised communities (such as Roma people) and therefore to encourage cooperation between the relevant service providers and government departments as well as secure appropriate funding for preventive policies in this area.

4. The European Union should foster evidence-based housing policies and promote innovation in the field of housing

Housing policies should be guided by sound evidence and should support innovative policy solutions.

We call therefore for the development of comparable and regularly up to date sets of national and European data on housing related issues, notably building upon the existing data of Eurostat and Eurofoundation. Those data should cover quantitative issues such as costs of

construction, affordability rates (notably in relation to construction norms), renovation rates, the specific role of the housing sector in the economy (e.g. how much they generate, how many people they employ, etc), levels of homelessness and housing exclusion. In addition, more qualitative data should be collected concerning quality of life, measures to tackle homelessness and housing exclusion, and social integration in the cities, national measures in favour of improving resource and energy efficiency of the built environment.

We also call for the use of available instruments (e.g. structural funds, Programme for Employment and Social Innovation, Horizon 2020...) and policy tools (e.g. Social OMC, European Platform Against Poverty, European Innovation Partnership on Healthy Ageing High Level Forum on the sustainability of the Construction Sector, URBAN Intergroup etc), in order to foster innovation in the area of housing. Key issues for innovation include:

- Innovative forms of affordable housing e.g. Social Rental Agencies, Community Land Trusts, shared ownership
- Innovative responses to homelessness and housing exclusion
- Development of low-cost, low-carbon technologies to build affordable and highly energy efficient buildings
- Innovative financing instruments such as Social Impact Bonds or low carbon bonds
- Innovative procurement models aiming at reducing the cost of construction (e.g. by allowing variants from bidders, promoting collaborative working of all stakeholders during the contract performance, etc.)

5. The European Union should further support resource and energy efficiency in the housing sector in order to address climate change

Despite the utter importance of making the European housing stock more energy efficient, the task is almost insurmountable in the current context. This context includes: lack of public funding instruments (due to current and future fiscal constraints), lack of interest of market investors (due to the long payback periods and low return on investment), combined with the difficulty of measuring real energy savings after renovation works, difficulty in aggregating different funding opportunities linked to different policies (for instance Structural Funds and Energy efficiency Directive); lack of synchronisation of actors (owners ,architects, housing managers, building or renovation companies) when projects are tendered, thus increasing the costs of construction/renovation; lack of consideration of the wide built environment and transport modes and therefore the overall district level energy performance when proposing housing renovation programmes; lack of consideration of local specificities (local energy needs and local energy resources). All those obstacles would need to be overcome if the EU wants to get a chance to meet its climate and energy objectives for 2030 and beyond.

The benefits of realising energy efficiency works should serve both the owners and the tenants. Financial incentives for homeowners, tenants and landlords need to be considered to offset the costs of these improvements in order to guarantee that housing costs do not become even more unaffordable for the vulnerable segments of the population (housing cost guarantee).

For instance, the European Union could include actions to support energy efficiency and sustainable buildings in its housing-related policies. This would have the additional benefit of

supporting existing climate change policy and improving the progress towards targets contained in the Energy Efficiency Directive and the Energy Performance in Buildings Directive.

In particular, both structural funds and Horizon 2020 could be used as follows:

- Use of structural funds for improvement of national incentives aimed at stimulating deep renovation of both public and private housing, to maximise energy efficiency and reduce fuel poverty
- Use of structural funds to stimulate investment in sustainable buildings, so that the public sector can take the lead and set an example at national, regional and local level.
- Use of Horizon 2020 to fund research into the best methods of renovating a building to zero energy standard and to fund dissemination and application of results
- Use of Horizon 2020 to research “return on investment” of energy efficient renovation and dissemination and application of results, in order to stimulate demand for deep renovation
- Use of Horizon 2020 to research the best methods of constructing a sustainable building

We call on the Housing Ministers to ensure that their respective countries make a full use of the potential offered by the Multiannual Financial Framework 2014-2020 to support the role of the housing sector in addressing climate-change and energy resource efficiency.

6. Administrative Burden

EHF also believes in effective and efficient policy measures, that are in essence not fiscal or financial, and that can contribute towards achieving a sustainable housing policy; We believe that lowering the administrative burden on the (new) built environment would have a very positive effect on the provision of affordable houses Therefore we urge the public authorities to set up strategic simplification programs, that are inventorying and analyzing the different existing regulatory and policy measures affecting the provision and the commercialization of dwellings, in order to abolish and or replace inefficient and ineffective measures. At the same time we urge the public authorities to make sure that every new policy proposition should be presented together with a socio-economic impact assessment report. We believe that Europe has a role to play in facilitating the benchmarking of different regional simplification programs related to housing

In parallel, we suggest that, in the framework of the REFIT exercise for smart regulation and/or the similar exercise which is being undertaken in the framework of the Construction 2020 strategy³, the regulatory costs arising from EU legislation concerning residential building activities are assessed. Indeed, the problem of decreasing competitiveness of the sector and higher prices due to the extra production costs must not be forgotten, both regarding the decreasing incomes of citizens in various EU countries and the increasing risk aversion of financial institutions for providing mortgage loans

³ EC Communication “Strategy for the sustainable competitiveness of the construction sector and its enterprises” (COM(2012)433)

Signed by the following EHF members



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