The affordability of housing in Europe was already a matter of concern before the coronavirus pandemic hit in 2020 and has now reached crisis proportions, campaigners say.

In this special report, EURACTIV looks at issues which have come to light during the pandemic, such as rising property prices as well as growing poverty and homelessness.
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The coronavirus pandemic has exacerbated existing housing policy issues such as affordability and homelessness. Although European cities and countries implemented some measures to protect tenants, experts say it is time Europe develops some long-term solutions.

Housing prices have been steadily rising since 2011, according to the International Monetary Fund, and things only got worse during the pandemic.

“The pandemic put a spotlight on the housing crisis,” said Kim van Sparrentak, a Dutch lawmaker who authored a report last year “on access to decent and affordable housing for all” on behalf of the Greens group in the European Parliament.

“More and more people can’t afford a decent home from Warsaw to Athens, Dublin to Lisbon. Throughout Europe, housing prices rose 7% last year. In the Netherlands by 16,” she told delegates at the Europe Housing Forum 2021.

The problem is becoming pronounced in former EU communist countries which were once leaders in social housing. A study by Deloitte recently showed that apartment costs in the Visegrád countries – Czechia, Hungary, Poland and Slovakia – have risen to 12 times the average annual salary.

The housing crisis is particularly acute in Prague, the Czech capital city. “We have a big affordability crisis,” said Štepán Ripka from Prague city hall. The reason for this is simple; the city is doesn’t have enough flats. Ripka pointed out that in 1991, after the Velvet Revolution, the city owned over 200,000 apartments. Now it only owns 30,000.

“We are trying to stop privatisation of municipal housing stock, but it is still not yet banned. There are boroughs that still privatisate”.

WHAT LOCKDOWNS SHOWED US

When the coronavirus pandemic hit in spring 2020, governments introduced measures to slow down the...
spread of the virus, including orders to stay at home.

For some, this meant staying in overcrowded flats unsuitable for housing while others simply did not have a home to stay in at all.

“Anti-epidemic measures led to one of the most dramatic scenes since the end of World War II, with even the most crowded cities and squares emptied. At the same time, it has been one of the most cynical situations when homeless people or people living in overcrowded places were recommended to stay home,” said Doris Andoni, chair of the United Nation Economic Commission for Europe (UNECE) Committee on Urban Development, Housing and Land Management.

After the pandemic started, homelessness suddenly became a health issue which cities and governments had to solve.

Many of them opted for temporary shelters for the homeless. Some even used free space in hotels. But as Andoni noted, these measures were only temporary. If anything, they highlighted that European societies had not done much to address the issue before the pandemic.

In some cities, housing problems are also caused by the widespread use of apartments as short-term accommodation for tourists.

Even before the pandemic, studies found that services such as Airbnb had adverse effects on housing and rent prices. In Lisbon, for example, many neighbourhoods were more than one-third occupied by short-term housing. In some parts of town, around 55% of residential units had been converted to makeshift hostels and hotels.

WHO IS TO BLAME

Cities are an essential player in housing policy, yet it is the national ministries in charge of social affairs who are responsible for defining them.

In the Czech Republic, this is where the government failed, Ripka claims. To be fair, he said it wasn’t just the fault of the current or previous government, but rather the constant overlooking of the topic.

Dutch MEP Kim van Sparrentak adds that the European Union has long been absent on housing issues, although its policies have impacted the development of housing prices.

“The Capital Markets Union serves as an accelerator for the financialisation of the housing market,” she said, adding that “European fiscal rules limit the money the government can invest in social housing.”

With its Semester of economic policy coordination, the EU has “a powerful tool to steer the economic and social policies” of EU member states, van Sparrentak said. “Still, the Commission has been recommending for years to shrink the Dutch housing programme,” she added.

Furthermore, she says that authorities have a limited impact because, in contemporary Europe, market forces prevail.

SOLUTIONS

“Housing is a human right. This should be a starting point of housing policy,” van Sparrentak continued. This is also the basis of her recent report ‘on access to decent and affordable housing for all’, adopted by the European Parliament in January.

According to the report’s suggestions, the Commission should prepare an integrated strategy on affordable and social housing, allow more public investments, and set affordable housing as a policy goal within the European Semester.

Moreover, the Commission needs to ensure that the upcoming Renovation Wave and inclusion of the building sector in the EU Emissions Trading System does not lead to increased housing costs, the report said.

Cities are also calling upon the Commission to help with short-term rental platforms. In September 2020, mayors of Amsterdam, Barcelona, Berlin, Paris, and others asked the Commission to better regulate digital platforms such as Airbnb.

The Commission, however, can’t solve the housing problem on its own as most of the responsibility still lies on the national government and local municipalities. Prague, for example, wants to buy out office buildings and convert them into housing. Another option is buying out old apartments, as the Slovakian capital, Bratislava, has started to do.

“I think the biggest gap is the recognition that housing can be regulated and that there is such a thing as national housing policy that can be put in place to influence the housing situation. There is no consensus on this matter, and it is missing not only between politicians but in public as well,” Ripka said.
Barbara Steenbergen: Green Deal cannot be paid by the most vulnerable tenants

By Irena Jenčová | EURACTIV.sk

The European Union must ensure that nobody is evicted when houses or apartments undergo major renovations, says Barbara Steenbergen. Moreover, rent increases if they occur, must be fully balanced by energy savings, she argues.

Barbara Steenbergen is the Head of the International Union of Tenants (IUT) EU liaison office, which she established in 2008. She is Vice-Chair of the Tenant Union of Bonn, Germany, and chairs the European Responsible Housing Awards jury.

The EU proposed the revision of its climate, energy and transport-related legislation under the so-called ‘Fit for 55 package’ to align current laws with the 2030 and 2050 ambitions. From your point of view, what are the main challenges and benefits of Fit for 55 to the most vulnerable households?

Tenants are 30% of the population of Europe, and the figures are growing. Less and less people can afford to own a flat, especially in times of pandemic. When you look at the Eurostat figures, you see that in comparison, the costs of living in rented housing as a tenant are higher than someone who lives in their own flat. Why is that so? Governments highly subsidise ownership. You have tax deductions, or you get even direct allowances. So, living as a tenant makes you economically more vulnerable as you spend a higher part of your income on housing.

Would the renovation of the house or

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**flat pose a higher risk to the tenant than to the owner?**

The European institutions did not realise sufficiently that according to the national rent laws, it is possible to pass on the renovation costs to the tenants, entirely or partly. If you are a landlord and are making the investment, you can pass on this investment in several parts directly or over the years in percentages. This usually leads to rent increases which cannot be paid by those already struggling with high housing costs.

**What is your suggestion?**

It would be fair if energy savings also balance those rent increases at the same amount. We need to ensure that people can remain in their homes, and it is possible only when the overall housing costs are capped and stay the same.

**But savings are coming after the renovation, so how do you suggest covering the investment cost?**

When talking about public policies, Fit for 55 and all national climate plans, they should not stand alone. They must be all complementary and be targeted to the local needs of residents.

It is a common interest to improve the emission standards of the buildings to fight climate change. Therefore, the public should also pay for it. We are talking about grants and subsidies or very low-interest loans given by the European Investment Bank or by national public investment banks complemented by national and regional climate funds. One of the big banks which is doing that in Germany is KfW Development Bank.

**According to European Commission’s**

‘Fit for 55’ package, emissions trading should also be applied to buildings. The Commission promised to compensate for possible social impacts through the new Social Climate Fund. **Do you think this is sufficient?**

We are also talking about the transition towards a green economy, right? We asked Commission officials how it is financed and their concrete proposal on how to meet this target, but they did not give a real answer.

The Green Deal cannot be paid by the most vulnerable people forced to live in run-down, energy inefficient housing. If this is not prevented, the climate policy will divide society. The gap between rich and poor will become even wider.

What we, the International Union of Tenants, is proposing is to pay a so-called climate allowance.

**What is it exactly?**

If people are affected by the huge costs of renovations that energy savings will not fully balance, they should receive a kind of climate allowance.

The goal is to prevent these “renovictions” – a technical term for evictions by renovation.

**Is it not better to prevent the passing on of these costs in the first place?**

Responsible not-for-profit social and housing providers do not pass on the costs and fully reinvest their profits from rental payments into the energy-efficient renovation.

But this is not the common business model in housing markets currently more than ever dominated by profits. Housing costs neutrality, combined with mandatory tenants’ participation in planning and execution of renovations, is a way out. With that, you ensure that the renovation is made in an energy-efficient and socially balanced way that it is a win-win situation for both parties – the tenants and the landlords.

**What do you mean by housing cost neutrality?**

Housing cost neutrality (entailing rents, energy costs and local taxes) should be the main principle of the EU Green Deal. As renovation costs can be passed on to the tenants in most EU Member states, renovation often contributes to the displacement of residents and the gentrification of entire quarters. Affordability in renovation means that energy savings fully balance rent increases.

**The Commission is saying that member states can mitigate the possible social impacts on people. What is your view on that?**

It makes sense that we make this in a European way. If the Commission provides the finances, they should set up the guiding rules to keep people in their homes. It could set up a rule that the whole process must be socially just, that nobody is evicted when it comes to the renovation of housing stock. This principle must be enshrined in EU legislation – in the Energy Efficiency Directive (EED), the Energy Performance of Buildings Directive (EPBD) and the Renewable Energy Directive (RED).

There is a considerable amount of money earmarked for building renovation. But in some countries, this money does not target low-income households but middle or high-income households with enough capital to
do the renovation. This money is also subsidising fossil fuel boilers; what is your stand on this?

The Commission intends that investment in the recovery and resilience packages should target the most vulnerable households and less energy-efficient buildings. These two criteria are most of the time coming together. The law of the housing market says that better-off homes live in superior housing, whereas low-income families live in inferior housing conditions. The poorest households are living in rental accommodation.

Together with the Member States, the EU commission is in a position to break this iron law. Commissioner Margrethe Vestager should also check the compliance of this targeted approach with the less efficient buildings and the poorest households to see if it is indeed granted in the national recovery plans.

But obviously, this is not happening as much as is necessary. For example, in Italy, the bonus from the recovery package is concentrated on private homeowners and is not targeted on the social and public rental housing stock. This should change fundamentally.

Why?

This housing stock can be a game-changer. If you are living in rental housing, you are not on the steering wheel of the ship. The only person who can decide about your living conditions is the landlord. If the landlord invests, he can afford it and offer you a fair deal; you are lucky. If he says no, I don’t do it, you as a tenant cannot change this and has no legal leverage so far.

So more ambitious renovation should have loans with better interest rates?

Landlords who will guarantee housing cost neutrality should be eligible for zero or very low-interest rates.

What other measures against energy poverty are you proposing?

In some countries, legislation forbids renting out apartments that do not meet minimum energy standards.

To do this, there is a need to implement specific standard labels to measure the energy effectivity of the buildings and the effectiveness of the renovation, right?

Yes, exactly. Now we have Energy Performance Certificates. The problem is that they are not harmonised among member states. Existing differences, for example, in the definition of energy classes, qualification schemes for certifiers, quality control systems, national registers and more, make it difficult to compare the national schemes.

We favour a system measuring and labelling in kWh/m²/year, showing primary and final energy consumption. This would be comparable and transparent.

Apart from differences in energy labels and certificates among member states, there are also considerable differences in the ownership schemes. For example, in eastern Europe, you have many poor homeowners and, on the other hand, less available public and social flats compared to western Europe. How should this different situation in member states be reflected in the legislative rules?

Our organisation also represents those owners in in Central and Eastern Europe who were given a chance to buy their apartments after the fall of the Berlin wall. We call them “poor owners”, and we have to find a solution for them as they sometimes live in very energy-inefficient, prefabricated housing estates with unsustainable energy supplies. It is hard to implement the solution that fits all, but it is not the end of the road.

How do you imagine it in practice?

I think there must be a specialised program for Central and Eastern Europe. We should provide solutions to facilitate the establishment of residents’ cooperatives. For the investment necessary for a new roof or heating installation, a cooperative can establish residents’ majorities, a business plan, and a legal entity for the investment that can apply for grants and loans at the banks.

After that, it should be easier for this block of flats or even entire quarters to apply for publicly financed zero or super-low interest rate loans. Specialists are dealing with those issues at the European investment bank to overcome the investment gap in large CEE housing estates.

The European Commission can build on the EU Urban Agenda Action plan for affordable housing.

There are targeted recommendations for Central and Eastern Europe. Those hands-on recommendations and plans can be taken into consideration – now is the chance.

We can do it – it is a historical chance to change housing policy for the sake of the many, not the few. This is what the European Commission should reach out for no more excuses.
A new jolt for European housing solutions

By Rick Hathaway | Habitat for Humanity

Can housing be a light at the end of the tunnel for Europe’s economic recovery?

Rick Hathaway is the Europe, Middle East, and Africa Vice-President of Habitat for Humanity

Despite our societies’ best efforts, 2021 is seemingly ending on a bleak note. The COVID-19 pandemic continues to pose a serious health threat, with Europe crossing the 75 million-case threshold and experts predicting the Omicron variant will soon account for at least half of infections in the region.

European economies, meanwhile, continue to struggle, as do social programs, plunging many families into poverty or close to the poverty line. And while the recent United Nations climate change conference, or COP26, put some countries on the path forward toward reducing carbon emissions, we still have much work to do to ensure a sustainable future for the next generations.

But when I look closely at each of these challenges, I do see glimmers of hope. And that hope comes in the form housing.

The pandemic has been a wake-up call for all levels of government, as officials see just how important adequate housing is to promoting public health. Governments are taking stock of the jolt that investments in housing can give their economies. A recent study by Housing Europe, which analyzed the national recovery plans of EU member states, shows that at least €47.3 billion will be allocated towards energy efficient renovation, while €5.5 billion have been earmarked for the construction of new, social and affordable housing.

From the CEE region, the Baltic states, as well as Croatia and Slovakia will make substantial use of EU funds for renovation of residential buildings. And housing also sits at the heart of solutions to climate change, from environmentally friendly construction materials to energy efficient systems for homes.

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Climate adaptation strategies must be a central driver in the construction of resilient and sustainable cities and human settlements. In Eastern Europe, for instance, energy poverty is one of the biggest housing challenges, as many families, despite owning their homes – which are often multi-apartment buildings privatized from former socialist models – don’t have the means for investing into the maintenance and energy efficiency of their commonly owned building, nor have supporting social structures and traditions on how to cooperate together. The result is a “society of poor homeowners,” where hundreds of thousands of families live in substandard conditions among a deteriorating housing stock.

To address this issue, Habitat for Humanity has been working with partners from the public, private and civil society sectors for more than 10 years to renovate these apartment buildings, by conducting retrofitting workshops and much more. At the community level, Habitat organizes trainings and meetings with homeowner associations, raising awareness about the relevance of energy efficiency and supporting homeowner associations who choose to invest into their buildings.

With private players, Habitat helps to broker deals with banks and other financing institutions to provide loans for renovations. At the same time, we work with local governments to encourage renovation subsidies and have helped municipal and national governments to improve their energy actions plans and long-term renovation strategies.

The Residential Energy Efficiency in Low-Income Households, or REELIH, project has been a lynchpin of our work in Eastern Europe, and a prime example of stakeholder engagement in tackling housing issues. We have worked with partners such as the U.S. Agency for International Development and the United Nations Economic Commission for Europe, to name a few. Regionally, Habitat is sharing knowledge and lessons learned, by establishing a knowledge platform that publishes all relevant information about residential energy efficiency, in addition to awareness raising and advocacy initiatives.

As part of REELIH, Habitat for Humanity acted as an organizer and mediator between various organizations who together benefitted thousands of families in places such as Armenia, Bosnia and Herzegovina and North Macedonia. Yet these kinds of long-lasting partnerships are hard to come by.

Therefore, at the European level, we call for further inclusion of stakeholder and community facilitation mechanisms into technical assistance initiatives and capacitate local governments to better support homeowners. By involving local communities and their representatives, we are able to put people, the homeowners, at the center of our work, allowing all partners to offer technical assistance in a sustainable and accountable way.

We are also glad that the newly published Proposal by the European Commission on the energy performance of buildings promotes “setting up accessible and transparent advisory tools and assistance instruments such as one-stop-shops that provide integrated energy renovation services or facilitators.”

Helping that process are spaces that bring together stakeholders in the housing ecosystem, such as the Europe Housing Forum, which took place in November. More than 1,400 participants were able to come together virtually and work on ways to scale up the low-income housing sector in Europe, promote sector innovation, and – most importantly – stimulate a strong component of what we call public-private-people PARTNERSHIPS in housing solutions. From homelessness to affordable financing, the forum highlighted the most pressing housing needs in Europe and around the globe.

Two side events, a REELIH regional conference and the Polish Housing Forum, allowed for more targeted conversations. These include the scaling up of energy efficiency programs and discussions around the Polish national urban policy. These two events celebrated accomplishments and innovations in the housing sector. They also fostered knowledge transfer between EU member states in Central and Eastern Europe and other countries, on topics such as energy poverty, policy implementation and community mobilization.

Platforms such as the Europe Housing Forum are crucial for learning, building connections and sparking inspiration. But now is the time to translate good ideas into action. The spirit of collaboration I feel at these events gives me hope that we can translate ideas into action and, in the face of challenges such as the pandemic and climate change, create more affordable and accessible housing in the region.
THE DUTCH BID FOR EMA

From London to...

the Amsterdam Metropolitan Area

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