

FEBRUARY 2017

IN SEARCH OF SOLUTIONS TO EUROPE'S HOUSING PROBLEM

ROUNDTABLE

REPORT



INTRODUCTION

Gathered at the King Baudouin Foundation's headquarters in Brussels, a group of experts from the public and private sectors looked at the challenges for affordable housing and potential solutions. Their aim was to explore the creation of a European Housing Solutions Platform (HSP) in 2017, which could be a lever for developing sustainable cities and communities and encouraging economic growth.

The agenda focused on the rationale for, drivers of and opportunities for an HSP – with a special focus on different, creative and alternative approaches to affordable housing. A key aim was to develop a detailed proposal for a platform that can inform and influence the development of relevant European Union processes and funding streams. Such a platform should also be able to respond to requests for information and expertise from policymakers and stakeholders in EU member states.

The roundtable, **hosted by Friends of Europe, the Fondation Abbé Pierre and FEANTSA**, kicked off with a summary of continent-wide housing problems by the moderator, **Dharmendra Kanani**, Director of Strategy at Friends of Europe. These include a growing and increasingly diverse demand for decent homes for everyone, especially among more vulnerable groups such as the elderly, those on low wages or with disabilities, refugees, mobile workers and homeless people. Traditional social housing no longer meets all their needs, so new, more creative solutions are required.

It was also noted that established European stakeholders involved in housing policy generally lack consistent ways of collecting and sharing innovative approaches and better policy to help secure housing for the most vulnerable people in society.

One possible solution to all these challenges is to build a platform that includes a wide range of stakeholders. Kanani thanked **Frederik Spinnewijn**, Director of the European Federation of National Organisations Working with the Homeless (FEANTSA) and Marc Uhry, the Head for European Affairs for the Fondation Abbé Pierre pour le logement des défavorisés, for developing this platform, tentatively called the European Housing Solutions Platform (HSP).

Spinnewijn noted that this platform is generating much interest, not least because housing is one of the few areas not directly covered by the European Union. However, it is still embryonic – hence the importance of discussing the platform's needs, shape and goals. "Housing is key for an organisation like mine helping those in poverty, so anything that can deliver more affordable homes would be very welcome," he said.

The moderator outlined the big questions for the discussion. Where can we find and share good practice? What drives innovation and creativity? And what can be done for housing at European level?

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Frederik Spinnewijn
Director of the European Federation of
National Organisations Working with the
Homeless (FEANTSA)

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Donal McManus

CEO of the Irish Council for Social Housing.

SECTORAL CHALLENGES

Housing may be a universal right, but current policies are focused on a fixed model of supply and demand and so are failing to deliver decent and affordable homes for many Europeans. The situation was made worse by the financial and economic crisis of 2007, which continues and has led to a shrinking construction sector, inflated house prices, housing exclusion on a massive scale and more precarious communities.

“We know there’s a serious problem when middle-class children can’t get a mortgage or find a home and end up living with their parents until well into their thirties,” added **Donal McManus**, CEO of the Irish Council for Social Housing.

Roundtable participants highlighted a range of major housing problems besides the serious lack of affordable and good-quality homes on the market. Vacant real estate (empty or used as seasonal or secondary residences) is a huge challenge, with more than 38 million conventional dwellings unoccupied in Europe in 2011.

Housing policies also vary widely from one country to another, which complicates the job of developing effective policy solutions for Europe. The EU itself lacks a dedicated housing forum, despite its new initiatives such as the Urban Agenda, which is more concerned with housing provision than new solutions, noted Dharmendra Kanani.

Some eastern European countries, among them Bulgaria, Poland, Romania and more recently Hungary, have experienced slower-than-expected convergence with other EU countries due to their lack of decent and affordable homes, said **József Hegedüs**, Managing Director of the Metropolitan Research Institute. In his view the sector’s problems, including a volatile housing market, underpin the migration of millions of young eastern Europeans and discrimination against ethnic groups such as the Roma.

Other housing challenges mentioned were the sheer diversity of stakeholders, both public and private, and their multiple levels; central governments’ tendency to withdraw from providing sufficient homes; construction industry boom-and-busts in Ireland and Spain; and the difficulty of scaling up successful local solutions.

“Housing touches everyone’s lives, from work to school and the family,” said **Kathleen Kelly**, Assistant Director of Policy and Research at the UK’s National Housing Federation. “That’s why we need to have the right new homes in the right places.” Housing, how it is planned and allocated, how public and private land is used, and how communities mix all contribute to sustainable communities and better community relations.

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Assistant Director of Policy and Research at
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PRACTICAL AND INNOVATIVE SOLUTIONS

Roundtable participants eagerly shared their experience of new housing solutions. Some are common-sense and easy to implement: for example, making it easier for housing associations or local governments to access private finance for projects. Others have yet to be tested, such as calling on EU structural funds to tackle the housing crisis.

Much of the discussion centred on innovative or creative solutions - for instance, helping private developers to make better use of public land, something that typically happens only locally but could be rolled out at regional or national level. The same applies to cheap and modular construction projects, which are not yet managed or promoted at EU level. Participants suggested that the European Commission could help in this domain.

Kathleen Kelly pointed to the importance of mainstreaming innovation, which is about connectivity and collaboration. She also said it may be useful to ask ourselves what Google or McDonald’s would do if they were involved in housing.

“Spain is reacting well to the housing crisis and is pushing banks to return homes to the market and to avoid evicting owners”

Héctor Simón

Postdoctoral Researcher at the University
Rovira i Virgili in Catalonia

SUCCESSFUL RESPONSES IN THREE COUNTRIES

Ireland has gone from feast to famine in housing terms over the last decade. At the height of its economic boom, 18% of gross domestic product came from construction, highlighting the benefits of housing. The crisis took a toll, but presented a massive opportunity for innovation and for practice to become policy.

Donal McManus spoke about ‘Rebuilding Ireland’, an ambitious new action plan to tackle housing and homelessness. While they looked to Armenia as a similar case for guidance, there is no platform to work from that allows people to see what has happened in other countries. Rebuilding Ireland’s aims include building more social housing, more homes, improving the rental sector and using existing housing. “This action plan – which includes involvement of individual organisations for the first time, new financial solutions for all tenure types and addressing the problem of vacant property – is a good template for others,” said McManus. He suggested it be widely shared through a ‘clearing house’ created by a new European housing platform.

Spain has also developed cutting-edge ideas for affordable housing. This was prompted by the nation’s limited social housing (just two per cent of housing stock) and the collapse of the Spanish housing bubble in 2007, leading to more than 400,000 eviction notices, an unemployment rate of more than 20% and a decrease in housing prices. Today Spain has more than 3.5 million vacant dwellings, over 15% of the total housing stock.

“Spain is reacting well to the housing crisis and is pushing banks to return homes to the market and to avoid evicting owners,” said **Héctor Simón**, Postdoctoral Researcher at the University Rovira i Virgili in Catalonia. One successful solution has been the introduction of intermediate tenures (shared ownership) so that people do not become over-indebted on their mortgages. To combat the huge number of vacant dwellings, Catalonia and other autonomous communities have introduced negative incentives, including taxation measures targeting banks that own lots of unoccupied properties. Catalonia has also introduced a law allowing owners to become tenants of their property as an alternative to eviction. The Basque Country has also introduced the enforceable right to housing.

“Now is a good time for creative housing solutions,” said Marc Uhry. “We need better policies and good money management – for example, linking national bodies with EU tools like the European Investment Bank. Housing associations should take advantage of low interest rates and borrow now.”

Uhry explained how France has rolled out policies to reduce the number of vacant homes by taxing them. After discovering that the country's taxation strategy worked better with construction, the government decided to react to market evolution by changing its taxation strategy every one to two years. As a result, the system became unpredictable, causing investors to flee. France learned the hard way – and this could be a good practice for all Europe – there is such a thing as too much flexibility.

“In our social housing and poverty projects, we recognise the importance of offering advice and support to people – whether they're buying, renting or leasing,” said **Pascale Taminiaux**, Senior Project Coordinator at the King Baudouin Foundation. She highlighted several good practices identified in the Foundation's Easter 2016 roundtable, among them scaling-up projects, bringing other partners and investors on board, and knowing where to find good places to invest. “Architects are also key players – and a European housing platform should look at ways to interact better with them,” she added.

“Now is a good time for creative housing solutions”

Marc Uhry

Head for European Affairs for the Fondation
Abbé Pierre pour le logement des défavorisés

“The Commission cannot build houses, but we can guide policy and boost good ideas, mutual learning and especially finance for this sector – in addition to testing innovative projects internationally”

Raquel Cortés Herrera

Deputy Head of the Disability & Inclusion Unit at the European Commission Directorate-General for Employment, Social Affairs and Inclusion

EUROPEAN INSTITUTIONAL PERSPECTIVES

“Housing is essential for social inclusion, so we would welcome any related initiative,” said **Raquel Cortés Herrera**, Deputy Head of the Disability & Inclusion Unit at the European Commission Directorate-General for Employment, Social Affairs and Inclusion. She highlighted several initiatives at EU level, including the Housing Partnership of the EU Urban Agenda. “The Commission cannot build houses, but we can guide policy and boost good ideas, mutual learning and especially finance for this sector – in addition to testing innovative projects internationally,” she said. Offering another perspective, Donal McManus noted that the EU works in the areas of food and energy security – so why not accommodation security as well?

Speaking for another international institution, **Samir Kulenovic**, Technical Advisor for Housing and Urban Development at the Council of Europe Development Bank (CEB), underlined the importance of refugee, social and affordable housing for the CEB, including through its Regional Housing Programme and Migrant Refugee Funds. The CEB is the oldest multilateral development in Europe, beginning as a refugee fund after the Second World War. Kulenovic mentioned several innovative solutions for the sector, such as motivating older people to live in communal homes, or helping homeless people to acquire addresses and so fulfil a basic condition of opening a bank account to receive social benefits.

Commenting on the current challenges Kulenovic noted that governments in developing countries often need technical support in developing and implementing bankable social housing projects, while at the same time the most vulnerable ultimate beneficiaries of the projects are in need of income generation support. “The finance world and housing projects must adjust to the situations of different countries and to the needs of ultimate beneficiaries,” he concluded.

Several participants pinpointed their organisations’ recent work as inspiring. “Our new database, available from January 2017, is the first attempt by the OECD and the European Commission to compile quantitative indicators and good practices on European housing,” said **Willem Adema**, Senior Economist at the OECD Directorate for Employment, Labour and Social Affairs. Adema added that an OECD questionnaire has already received responses from 35 countries – and these could be used as contact points for any housing platform.

Further work by the OECD includes the 'Inclusive Cities Campaign', which aims to improve the use of public land within cities and get private developers to make a portion of this land available for affordable and/or sustainable housing. To this end there is a range of taxation and regulatory measures, but these are often at the local level and may be different from the next government's policies or from the policies of neighbouring governments.

Pointing to the limited international exchange of information on housing, Adema said that governments today are taking more notice of serious housing supply constraints. Policymakers are becoming increasingly aware of this issue as they look ahead and see the crisis coming. "We want to get affordable housing higher on Europe's agenda and to establish evidence to help that," he added.

Adema's words were echoed by **Geert Cami**, Co-Founder and Managing Director at Friends of Europe. "We must mainstream housing and innovation higher up on the political agenda as a worthwhile driver of social and economic benefit."

Kathleen Kelly mentioned that the UK's Economic and Social Research Council is funding a Housing Research Council that should be in place in April 2017. There could be an opportunity for collaboration with the HSP.

FEANTSA Project Officer **Chloé Serme-Morin** announced that its Housing Exclusion Report for 2016 (using data from the EU's statistics arm, Eurostat) offers a broad panorama of housing and practical solutions in Europe. The aim is to produce this report annually. FEANTSA also produces housing solutions papers three times per year. A first such publication, 'Filling Vacancies', was produced with the Fondation Abbé Pierre. "It reveals the importance of considering the diversity of local contexts for unoccupied dwellings, and so any housing platform should not be a one-size-fits-all solution," said Serme-Morin.

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Technical Advisor for Housing and Urban
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WHAT NEXT FOR THE PLATFORM?

Talk turned to what people expect from a housing platform. There was consensus that it should be flexible, light and dynamic, creating the opportunity for ideas to take flight. It should be open and independent, include a wide variety of stakeholders from the public and private sectors, including the European institutions, and reflect EU actions and solutions. In creating the platform it will also be important to think of how housing policy is made and delivered and to view housing as a multiplier, as it joins up other policy areas.

Many participants wanted a new platform to be a clearing house for good practices. This will add value, said **Ruth Owen**, Policy Coordinator at FEANTSA, while noting that “not all practices are good – some are promising and some are bad.” A platform must go beyond good practice and assess dangers - not just give advice, said József Hegedüs.

For Kathleen Kelly, a platform should also share more risky and innovative initiatives because “affordable housing is a great multiplier” with positive links to health and welfare. She suggested identifying the disruptors, engaging them and becoming a catalyst for change. “We should challenge ourselves to be truly open to other ideas.” Noting that housing associations originally began as local movements, Kelly observed that new philanthropy has turned to international issues, which leaves foundations looking for ways to invest.

Participants agreed that it is essential to define the goals of a platform. Should it be a European hub or an online database? Or should it be both, plus a meeting place for housing experts? “We know 50 to 100 experts who could join the platform,” said Frederik Spinnewijn. Outsiders with fresh ideas must also be included, added Willem Adema.

There was agreement that the HSP should avoid becoming administrative and representative; rather its focus should be on innovation, enterprise and solving knotty housing policy issues. It should be a space for housing experts, wider interests and unusual suspects to be brought into the dynamic of discussion, thinking about and developing solutions.

We clearly have a green light for developing a European Housing Solutions Platform, concluded Dharmendra Kanani. The next step must be to identify who should join and how to fund it. The time is right to fix a 2017 milestone, such as a housing finance event.

The roundtable ended with FEANTSA committing to launch the platform with its own seed money and to search for further seed money from other organisations.



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