

Chapter 8 Social Housing

Social housing is at the centre of a range of social policy goals. The provision of good quality, affordable housing directly impacts not only social inclusion but also cohesion, sustainable community development through mixed urban renewal schemes, and the environmental impact of housing through environment-friendly solutions, and social diversity. Thus when considering social housing, one has to bear in mind other public and social policies that are closely inter-related with social housing.

Social housing in the European Union is characterised by a wide diversity of national housing situations, approaches, welfare traditions and policies across Member States. There is for this reason no common definition of 'social housing' at European level. However, there seems to be consensus that the primary role of social housing is to help households that experience difficulties with access to decent housing on the regular market and that may not be able to find accommodation. It is worth noting that, although social housing is generally understood to refer to social rental, social housing also comprises the provision of affordable dwellings for sale to households to establish ownership. This is increasingly complemented by numerous other complementary services⁶⁴, notably by social services for the tenants that aim at facilitating their integration.

The regular private housing market in many cases meets only certain needs, and appropriate housing responses are needed for specific needs, such as for people with disabilities, elderly persons, etc. or in response to local market shortages. Housing markets themselves may be flawed in many ways. Tight markets may result in a shortage of affordable housing and social segregation in some districts. These are examples of market failures that social housing can address in different ways but always in response to the special local environment.

The present Chapter is essentially based on the SHSGI Policy Papers No.1 on Social Housing in Europe. The European Social Housing Observatory has produced this sectoral paper. It presents a detailed overview on social housing policies in five countries that were selected to have a representative overview of various trends in Europe: the Czech Republic, France, Italy, the Netherlands and Sweden. Social housing has been tackled through an in-depth transversal paper rather than in the in-depth country studies. Its authors cooperated closely with the European Social Housing Observatory. Other documents published by the European Social Housing Observatory, which is the research branch of CECODHAS (the European Liaison Committee on Social Housing, an NGO created in 1988 to be an umbrella for all social housing providers) were also used. The Observatory's aim is to produce research and trends analysis on housing and social housing in Europe, as well as to develop strategic thinking in the field. The Social Housing Observatory is thus the main European data producer in this field.

Finally, information has been drawn from the latest available report⁶⁵ on the Housing Statistics in the European Union 2004⁶⁶. Despite the fact that Housing is not a

⁶⁴ See Figure 8.1 below.

⁶⁵ The Housing Unit, *Regular National Report on Housing Developments in European Countries - Synthesis Report*, Department of the Environment, Heritage and Local Government, Dublin, Ireland, November 2004, 178 p.

European policy matter, since the early 1990s, the Housing Ministers of the European Union meet regularly and established on a voluntary basis and with rotating responsibility synthesis reports on housing matters and related statistics. The latter are collected by the “focal points” serving as contact bases within each respective competent housing administration at national and/or regional level in each Member State of the European Union.

1 *The diversity of providers and the role of local markets*

Overall, what characterises the social housing sector across Member States is its diversity in terms of:

- Size of the sector (i.e. share of social housing stock in the total stock in the country⁶⁷);
- Legal and organisational forms (operators ranging from public companies to co-operatives and not-for profit organisations, amongst others);
- Forms of ‘social tenures’ (rental housing, affordable ownership, co-ownership, co-operative housing, shared ownership, etc.);
- Procedures and control authorities (e.g. agreements, registration, administrative and financial audits, etc.);
- The overarching housing policy framework (national, regional and/or local) within which they operate.

Social housing in Europe nowadays is provided by a combination of publicly managed housing stock (owned and managed by central or local governments, depending on the country) and a range of voluntary or not-for-profit associations and foundations, public or private not-for-profit companies, co-operative organizations and private investors that provide social housing. The SHSGI Policy Paper No.1 on Social Housing in Europe gives some insight on this diversity in the five countries under review.

While the Czech Republic, for example, features a relatively higher percentage of social rental housing than Italy (the former composed of the municipal and the cooperative rental sectors), in practice the Czech Government has acknowledged the need to put in place a sound and efficient not-for-profit rental sector to ensure the provision of affordable housing to lower income groups for whom the ill-defined municipal rental sector is not delivering. The Czech Government supports the construction of cooperative flats to support potential users of cooperative housing, namely households with medium incomes that can make a financial contribution to the acquisition of housing and are capable of paying rent, but that do not have sufficient income to finance privately owned housing via a mortgage. However, seen individually with respect to one housing association, public financing is limited: based

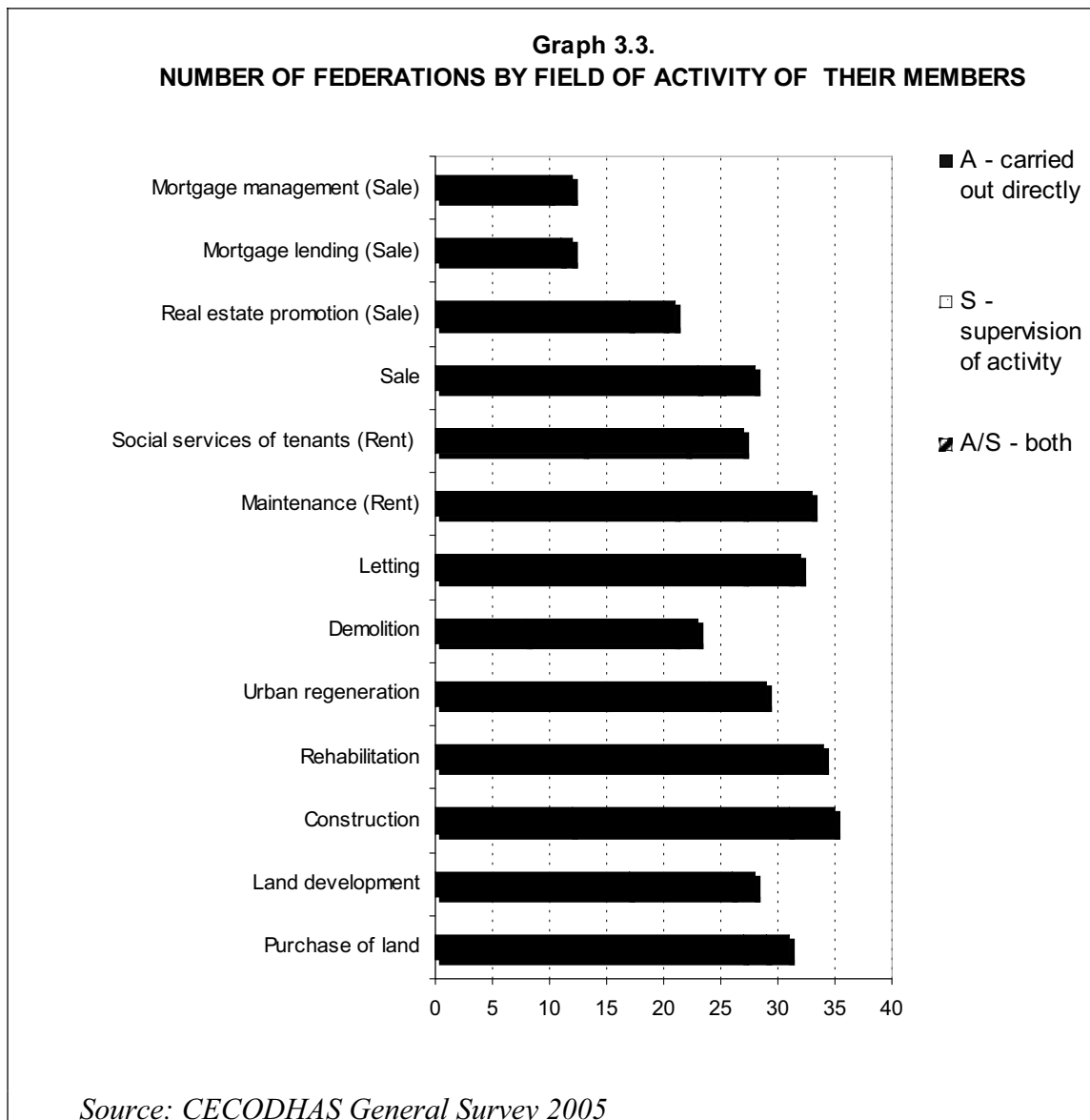
⁶⁶ National Board of Housing, Building and Planning (Sweden) & Ministry for Regional Development of the Czech Republic, *Housing Statistics in the European Union 2004*, February 2005.

⁶⁷ See Table #8.1# further below

on the expected amount of allowed state aid⁶⁸, it was estimated that the Czech Republic could grant state aid to one cooperative for the construction of 12-15 new flats in a period of three years. Interestingly, these two attempts to build an appropriate regulatory framework for the provision of affordable rental housing take place against the backdrop of a housing policy that relies primarily on market mechanisms to fulfil the housing needs of the population.

Finally, one should also be aware of the wide-ranging scope of activities of social housing organisations as pictures in the following illustration. Several of these activities also include for example energy savings initiatives and sustainable housing construction, local and neighbourhood development.

Figure 8.1: Various activities of social housing organisations



⁶⁸ See Chapter 10 - Section 2 for developments on state aid limitation due to European legislation. This calculation was made by the Czech State with respect to the former limitation of state aid, i.e. limited to 100,000 EUR.

Italy is currently facing two key trends in this field: on the one hand, the widening of activities towards new target groups (elderly, immigrants, students), and on the other hand, the need to diversify activities (a similar trend in other countries, such as the Netherlands, United Kingdom, etc.). It can also be mentioned that in the Netherlands, there is a recently emerging trend of engaging on cross-border housing markets.

2 *Various types of approaches of social housing policies*

In analysing social housing, one should take into account the various governance regimes used to provide social housing that can range from organised public provision on the one hand (public financial support for the construction of social housing, where needy people have to go, with some policy of territorial planning and “social mixing” preventing the development of “ghettos”) up to the free choice on the market on the other hand, which can be organised by distributing housing vouchers that allow people to freely choose, but then on a totally private housing market.

The outcome and results of using one model rather than another may entail consequences for other social public policies closely related to social housing. When public authorities are directly responsible for social housing, they may easily combine various public policies to try to reach several goals at once. Rehabilitating housing in deprived areas by installing “mixed” households from an income and/or ethnic perspective, stimulating and supporting environment-friendly energy usage in those rehabilitated houses and flats, and/or associating young unemployed tenants to the rehabilitation process by integrating them in the renovation project and offering them training places in the construction sector.

These intrinsically associated activities to social housing can have various consequences that procure positive externalities: favouring local development, stimulating social cohesion, contributing to sustainable development, supporting the path back to employment and economic integration. On the other end of the scale, when vouchers are distributed without possibility to exert a direct influence on the quality of housing, on its integration within existing territorial and social facilities, or on integrating young tenants in their own neighbourhood, (in order for them to respect it), some households can be located in badly isolated high-energy consuming constructions, in suburbs located far outside, not necessarily having public transportation facilities or social infrastructures directly available, and with unemployed young tenants feeling even more isolated and excluded. This will bring additional burden on the expenditures related to housing, and also on social allowances that public authorities might have to pay for in the end anyway.

In the Netherlands, it was found that no matter how good the properties are, factors such as unemployment, truancy at school, disability, pollution, isolation and insecurity do also influence the attractiveness of living in a particular neighbourhood. Associations aim nowadays to meet these aspects and housing associations are also working with other parties to enhance the quality of life and the surrounding environment of their estates. To gain an impression of how an area is changing or developing, some associations have a ‘neighbourhood thermometer’. This consists of components such as social cohesion, security, traffic nuisance and economic strength

that give an indication. In the United Kingdom also, the importance of neighbourhood policies directly associated to social housing is stressed.

Despite the uniqueness of the institutional and policy framework in each country, there are similarities in much of Europe in the overall allocation of responsibilities for providing social housing between the state, the private sector, voluntary organisations and households. Some broad national guidelines or goals are set which are implemented on the local level, accompanied in some federal States by additional regional rules or policy orientations.

Two main approaches can be distinguished with respect to the scope of social housing policies, which have been called the ‘universalistic’ and the ‘targeted’ approach.

The ‘universalistic’ model of social housing provision (also called ‘housing of public utility’) stems from a particular conception of social welfare that aims at providing the whole population with housing of decent quality and at an affordable price. Therefore, in this model, housing is considered a public responsibility and is delivered either through municipal housing companies (e.g. in Sweden) or through not-for-profit organisations (in Austria, and in the Netherlands). The key objective of housing provision in this model is to ensure a social mix, i.e. to try and avoid the formation of ghettos of lower-income groups or ethnic minorities as a way to prevent spatial segregation and to foster social cohesion.

The ‘targeted’ approach, on the other hand, is based on the assumption that the objectives of housing policy will be met predominantly by the market (i.e. through the allocation of the supply of housing according to demand) and that only those households for whom the market is unable to deliver housing of decent quality at an affordable price will benefit from social housing. Within this approach, however, there is a wide range of variations in terms of the type and size of the social housing sector, as well as regards the criteria used to allocate this type of housing. Therefore, it is possible to distinguish two sub-types of this second approach, namely:

- *Social housing for the employees/working classes* according to the original tradition of social housing in Western Europe (i.e. housing for middle-income groups, which includes a contribution from their employers), and
- *Social housing for the most vulnerable*, usually very vulnerable households who are heavily dependent on state benefits (e.g. unemployed, disabled, elderly, lone parents, etc.).

The following classification allows visualising commonalities and differences between the different approaches in each country. This classification takes two axes of analysis: 1) Allocation criteria; and 2) Size of the social housing stock.

Figure 8.2: Approaches to social housing in the Member States of the EU

Allocation criteria Size of the social housing sector	Universalistic	Targeted	
		'Working class' or 'Employees'	Most vulnerable
≥ 20 %	Sweden The Netherlands Austria Denmark	Austria Poland	United Kingdom
11 % – 19 %	Finland	Czech Republic Finland France	France
< 10 %		Belgium Germany Greece Italy Luxembourg	Belgium Estonia Germany Hungary Ireland Portugal Spain

Note: Countries marked in **bold** are those studied in the in-depth report on social housing.

Source: CECODHAS European Social Housing Observatory

With respect to the categories of the classification depicted in Figure 8.2, the five countries studied in depth in the SHSGI Policy Papers No.3 on Social Housing in Europe (Czech Republic, France, Italy, the Netherlands and Sweden) represent different 'groups' of countries. While Sweden and the Netherlands represent the 'universalistic' approach (i.e. a relatively large and broad-based sector aimed at providing social housing for the whole population as a means to implement the right to housing and to achieve socially integrated neighbourhoods), the Czech Republic and France own a moderately-sized stock and respond to allocation criteria which favour certain target groups (including middle-classes, so-called "key workers"⁶⁹, lower-income households and other groups with special needs). Finally, Italy represents the group of countries with a small social housing sector, strongly targeted but with remnants of the tradition of social housing for workers or employees – albeit with an increasing need to provide social housing for specific groups such as immigrants.

But the overall objectives set to social housing, either explicitly or due to historical and cultural features, can cross those classifications attempts. For example, France is classified as 'universalistic', but considering the detailed definition of social housing in this country, the housing policy in France clearly fits in the general framework of strengthening social cohesion, achieving a social mix and ensuring a diversity of habitat.

⁶⁹ Key worker housing refers to accommodation for public sector or essential service employees (nurses, teachers, policemen, firemen, etc) unable to afford to buy or rent housing locally on the open market. The difficulty to find decent and centrally-located accommodation at an affordable price near their workplaces poses a severe problem for other areas of policy, for example health, education and safety, especially in large cities where these services are in shortfall.

Another way to illustrate major structural differences in housing policy is the classification proposed by Kemeny (1995)⁷⁰ that is based on theoretical analysis of welfare regimes. He distinguishes the ‘dualist’ versus the ‘unitarist’ rental systems:

- In the dual system (such as in the UK, Finland or Italy, according to Kemeny, 1995), the State takes on the direct responsibility to provide rental housing for households in need. The regulated market for social housing - which has a clear social profile - is clearly separated from the private market.
- In the unitary system (represented by countries such as Austria, Denmark, Germany, the Netherlands or Sweden (according to Kemeny in 1995), the State does not have a direct responsibility of providing rental housing and access is not limited to households in need. In these countries, housing policy is not a social policy aimed at vulnerable households but rather an integrated part of the welfare state. The non-profit sector competes with profit-rental housing companies on the open market. The relative size of the not-for-profit sector varies considerably across countries, but its average size is larger than in most dualist systems.

Thus, in some countries, social housing can be seen as an instrument to regulate markets (e.g. in the Netherlands): social housing is open to all and not only to the most vulnerable. In other countries, social landlords may be compelled to concentrate specifically on low-income households; the social housing sector then acts as a safety-net for those households that are not capable of securing a dwelling elsewhere in the housing market. Depending on the countries and their respective housing policies, the landlords may be more or less free to act at their discretion to allocate units. Landlords may for instance be subject to market mechanisms and have societal obligations which can (or not) be supported by ad hoc subsidies. Municipal housing (as e.g. in Sweden) may also have an influence on the overall housing market.⁷¹

3 *How is this sector covered in the study?*

Although the concept of “social housing” has no consensus definition – partly due to the wide variety of national contexts in which it is applied – the primary role of social housing is to help households with difficulties in gaining access to decent and affordable housing on the market to find accommodation in an adequate social and urban mix (to prevent “social ghettos”). The “social housing providers” refer to organisations (central or local governments, depending on the country, and a range of voluntary, not-for-profit and cooperative organisations, social agencies, etc.) whose main purpose is to accomplish this mission.

Following this view, the common feature of social housing in the Member States is the existence of rules for allocating housing to benefiting households for which market instruments are unable to fulfil the above goal. Defining these rules for allocating housing is the responsibility of the Member States and their public

⁷⁰ Kemeny Jim, *From Public Housing to the Social Market: Rental Policy Strategies in Comparative Perspective*, Routledge, London, 1995

⁷¹ For more developments, see e.g. Van der Heijden Harry, “Social Rented Housing in Western Europe: Developments and Expectations”, *Urban Studies*, Vol. 39, No. 2, 327–340, 2002.

authorities. It is worth noting that, although social housing is generally associated to social rental, a number of social housing providers do also build (and sometimes even manage) dwellings for affordable ownership.

4 *Overview on service provision and expenditure*

“In recent years new housing output across Europe has been dominated by the private sector and there has been an associated decline in social housing construction in both relative and absolute terms.”⁷²

“In many of the 15 long-standing EU members, housing policy currently places significant emphasis on expanding the stock of private rented housing, which is recognised as an important resource, particularly in the major cities where rents are high and housing affordability is consequently lower. ... The management of social rented housing and its increasingly residual nature in socioeconomic terms is also identified as a key issue in housing policy statements in many of the long-standing EU members.”⁷³

The lack of standardised definitions of social housing across the EU – and the resulting absence of common methods and cycles of data collection in all member states – makes it difficult to establish meaningful comparisons, given the disparity in terms of indicators, methods and cycles of data collection.

Statistical overview on the main features of the social housing sector

Based on surveys and research undertaken by various research institutes under the coordination of Housing Ministries throughout the European Union, some figures could be collected on the relative share of social housing versus the normal private housing market. The following table from the latest Housing Statistics in the European Union 2004⁷⁴ shows the importance of social housing with respect to the rental sector and the total housing stock.

⁷² The Housing Unit, *Regular National Report on Housing Developments in European Countries - Synthesis Report*, Department of the Environment, Heritage and Local Government, Dublin, Ireland, November 2004, Section 1 - Introduction and Summary.

⁷³ The Housing Unit, *Regular National Report on Housing Developments in European Countries - Synthesis Report*, Department of the Environment, Heritage and Local Government, Dublin, Ireland, November 2004, Section 1 - Introduction and Summary.

⁷⁴ National Board of Housing, Building and Planning (Sweden) & Ministry for Regional Development of the Czech Republic, *Housing Statistics in the European Union 2004*, February 2005.

Table 8.1: Social housing in % of rental sector, housing stock and new dwelling completions, 2003

	Social housing in % of			
	rental sector	total housing stock	new completions in rental sector	new completions in the total housing sector
Austria	35,4	14,3	na	na
Belgium	23,0	7,0	25,0	6,0
Cyprus	na	4,6	na	na
Czech Republic	80,0	20,0	99,0	25,5
Denmark	43,0	20,0	75,0	40,0
Estonia	na	3,0	na	na
Finland	50,0	17,2	na	17,0
France	45,5	17,5	40,0	13,0
Germany	12,5	6,5	12,2	3,2
Greece	0,0	0,0	0,0	0,0
Hungary	na	4,6	82,5	4,5
Ireland	45,0	8,0	na	9,0
Italy	na	na	na	na
Latvia	1,5	0,1	0,0	0,0
Lithuania	27,0	3,0	0,0	0,0
Luxembourg	6,4	1,9	0,9	0,6
Malta	na	na	na	na
Netherlands	76,8	34,6	77,0	18,3
Poland	na	23,4	na	6,8
Portugal	15,8	3,3	na	na
Slovak Republic	54,0	4,5	100,0	28,0
Slovenia	72,7	6,6	na	na
Spain	11,6	0,9	na	1,3
Sweden	45,0	21,0	54,0	18,0
United Kingdom	na	na	na	na

Source: *Housing Statistics in the European Union 2004, Table 5.5*

There is no comparative statistics about the public expenditure with respect to social housing subsidies and financial support in the strict sense. The Housing Statistics in the European Union 2004⁷⁵ only give an approaching overview of the characteristics of the social housing sector with respect to cost and financing. The following table shows that in most countries (apart from Greece, where there is no concept of social housing⁷⁶, and Latvia), there is a public support to social housing.

⁷⁵ National Board of Housing, Building and Planning (Sweden) & Ministry for Regional Development of the Czech Republic, *Housing Statistics in the European Union 2004*, February 2005.

⁷⁶ In Greece, what could be understood as social housing organisations dispose of own social funds.

Table 8.2: Characteristics of the social housing sector

	Housing construction is directly supported from public resources (subsidies, soft loans, interest subsidies, guarantees)	Management is supported from public resources (operating subsidies)	Rent control is applied (cost rents, rents based on tenants' incomes etc.)	Dwellings are explicitly targeted at groups of people with limited incomes or socially vulnerable households	Tenant protection in this sector is stronger than in the private (profit oriented) rental sector	Tenants do not participate financially in the construction cost	Tenants have to move when they no longer fulfil the criteria for belonging to the targeted groups
Austria	•	-	•	•	•	-	•
Belgium	•	•	•	•	•	•	•
Cyprus	•	•	-	•	-	-	-
Czech Republic	•	•	•	•	-	-	-
Denmark	•	-	•	•	•	•	-
Estonia	•	-	-	•	•	•	-
Finland	•	-	•	•	+/-	•	-
France	•	•	•	•	•	•	-
Germany	•	-	•	•	-	-	-
Greece	-	-	-	-	-	-	-
Hungary	•	•	•	•	•	-	-
Ireland	•	•	•	•	•	•	-
Italy	na	na	na	na	na	na	na
Latvia	-	-	•	•	•	•	•
Lithuania	•	-	-	•	•	•	-
Luxembourg	•	-	-	•	-	•	•
Malta	•	•	•	•	•	•	-
Netherlands	•	-	•	•	-	•	-
Poland	•	-	•	•	•	•	-
Portugal	•	•	•	•	•	•	-
Slovak Republic	•	-	•	•	-	•	-
Slovenia	•	-	•	•	-	•	•
Spain	•	+/-	•	•	•	•	•
Sweden	•	-	•	-	-	•	-
United Kingdom	na	na	na	na	na	na	na

• := correct - := not correct

Source: *Housing Statistics in the European Union 2004*, Table 5.7

On the other hand, the *Housing Statistics in the European Union 2004*⁷⁷ did also compile subsidies to the housing sector in general (not specifically related to 'social' housing) as pictured in the next two tables: supply side and demand side subsidies.

⁷⁷ National Board of Housing, Building and Planning (Sweden) & Ministry for Regional Development of the Czech Republic, *Housing Statistics in the European Union 2004*, February 2005.

Table 8.3: *Supply side subsidies, public loans and public credit guarantees in the housing sector (Million Euro), 2003*

	Direct supply side subsidies for housing	Thereof (%) from		Newly provided public loans for housing	Thereof (%) from		Total outstanding public loans	Public sector guarantees
		State budget	Regional or local budget		State budget	Regional or local budget		
Austria	87,1	0,0	100,0	2939,6	na	na	na	Yes, regional gov.
Belgium	460,7	0,0	100,0	564,8	15,5	84,5	5637,5	Yes, regional gov.
Cyprus	na	na	na	na	na	na	na	na
Czech Republic	658,0	100,0	0,0	17,2	100,0	0,0	203,0	No
Denmark	592,1	77,3	22,7	94,2	0,0	100,0	2153,2	Yes, local gov.
Estonia	5,3	100,0	na	0,0	0,0	0,0	0,0	Yes
Finland	107,0	100,0	0,0	401,0	100,0	0,0	10400,0	Yes, central gov.
France	1800,0	100,0	na	4200,0	100,0	0,0	79320,0	Yes, local gov.
Germany	na	na	na	110,3	100,0	na	na	Yes, central+regional gov.
Greece	0,0	na	na	1125,6	100,0	0,0	na	Yes, central gov.
Hungary	na	na	na	2,8	na	na	4,8	Yes
Ireland	112,6	86,6	13,4	214,3	0,0	0,0	2700,0	Yes
Italy	na	na	na	na	na	na	na	na
Latvia	0,0	0,0	0,0	na	na	na	na	No
Lithuania	0,0	0,0	0,0	3,7	100,0	0,0	4,7	Yes
Luxembourg	15,5	100,0	0,0	1,0	100,0	0,0	na	Yes, central gov.
Malta	6,3	100,0	0,0	na	na	na	na	Yes
Netherlands	1062,0	100,0	0,0	0,0	na	na	0,0	Yes, central gov.
Poland	173,2	100,0	na	208,0	100,0	na	931,9	Yes, local gov.
Portugal	177,9	100,0	na	208,0	100,0	0,0	287,6	No
Slovak Republic	36,5	100,0	0,0	68,5	100,0	0,0	392,1	Yes, central+local gov.
Slovenia	7,3	100,0	0,0	12,7	na	na	225,8	Yes, central gov.
Spain	na	na	na	0,0	0,0	0,0	0,0	No
Sweden	194,9	100,0	0,0	0,0	0,0	0,0	0,0	Yes, central gov.
United Kingdom	na	na	na	na	na	na	na	na

Source: *Housing Statistics in the European Union 2004, Table 5.2*

Table 8.4: Demand side subsidies in the housing sector

	Total volume of direct demand side subsidies	Thereof (%) from		Total volume of indirect support
		state budget	regional or local budget	
Austria	na	0,0	100,0	na
Belgium	139,1	0,0	100,0	na
Cyprus	na	na	0,0	na
Czech Republic	89,0	100,0	na	41,4
Denmark	1318,9	69,1	30,9	40,4
Estonia	11,0	100,0	0,0	11,0
Finland	924,0	100,0	0,0	390,0
France	18300,0	100,0	0,0	9300,0
Germany	na	na	na	na
Greece	na	na	na	3,9
Hungary	na	na	na	na
Ireland	3,8	100,0	0,0	212,6
Italy	na	na	na	na
Latvia	na	0,0	100,0	0,0
Lithuania	33,5	100,0	0,0	4,3
Luxembourg	69,0	95,8	4,2	133,6
Malta	1,4	100,0	0,0	na
Netherlands	1658,1	100,0	0,0	2360,0
Poland	463,5	56,0	44,0	1320,8
Portugal	467,8	100,0	0,0	357,0
Slovak Republic	97,7	100,0	0,0	0,0
Slovenia	3,5	0,0	100,0	na
Spain	480,0	100,0	na	4402,0
Sweden	1592,4	100,0	0,0	1446,7
United Kingdom	na	na	na	na

Source: Housing Statistics in the European Union 2004

Table 8.5 finally provides an overview on spending under the social benefit function “housing” in ESSPROS. It should, however, be noted that the Housing Statistics in the European Union are not recurrent standardised statistics collected and produced by Eurostat. ESSPROS (European System of Integrated Social Protection Statistics) on the contrary offers regular statistics, but those are less detailed. The following table presents the quite constant remaining share (with respect to GDP) of expenditure, in the form of payments of social benefits, devoted to housing.

Table 8.5: Social benefits for the function: Housing (as a % of GDP)

	1990	1995	2000	2004
Belgium	0,6	:	0	0,1
Czech Republic	0,2	0	0,1	0,1
Denmark	:	0,8	0,7	0,7
Germany	0,6	0,2	0,2	0,2
Estonia	0,5	:	0,1	0
Ireland	0,1	0,6	0,5	0,5
Greece	0,8	0,6	0,8	0,6
Spain	0	0,2	0,2	0,2
France	:	0,9	0,9	0,8
Italy	:	0	0	0
Cyprus	:	:	0,5	0,4
Latvia	0	:	0,1	0,1
Lithuania	:	:	0	0
Luxemburg	:	0	0,1	0,2
Hungary	0,3	:	0,5	0,4
Malta	0,1	:	0,2	0,3
Netherlands	0	0,4	0,4	0,3
Austria	:	0,1	0,1	0,1
Portugal	:	0	0	0
Slovenia	0,2	:	:	:
Slovakia	1	0	0,1	0
Finland	1,3	0,5	0,4	0,3
Sweden	:	1,1	0,6	0,6
United Kingdom	0	1,8	1,5	1,5
EU25	0,3	:	0,5	0,5
EU15	:	0,6	0,5	0,5

Source: Eurostat, ESSPROS social expenditure database, accessed Jan 2007

Changing demand for social housing

In the European Union the current trend is towards smaller households and it is predicted that in 2010 around one third (32%) of the EU-15 elderly population (aged 65 and over) will be living alone. In some countries⁷⁸, an ageing population with fewer resources and increasing need for social care will bring additional challenges to social housing. Apartments thus need to be adjusted to their special conditions with access to good services and extra support to allow them to remain independent in their own homes.

Challenges also arise from the need to respond to a new profile of social housing tenants. There are important shifts from the traditional model of nuclear family as the 'typical' tenant, towards new so-called 'patchwork' families (product of higher rates of divorce and re-composed families), to lone parents, and towards large or extended families of immigrants and ethnic minorities. In addition, there are the difficulties

⁷⁸ This was notably mentioned in the SHSGI Policy Paper on Social Housing in Europe with respect to the Czech Republic and Italy.

experienced by an increasing number of young households in the housing market (whether rental or owner-occupied) and these have become one of the key target groups of social and housing policies in many EU Member states. And finally, support services and shelters are increasingly needed to enable people who have experienced major personal or social distress to reintegrate into community life.

Trends in housing markets and policies

Throughout Europe, provision of social housing has declined in most countries – except for those where the increase in supply of social housing is a key priority, such as Spain, France, Hungary, United Kingdom, Ireland, amongst others. In relation to this, the involvement of the private sector in providing and managing social housing, among others by means of public-private partnership arrangements, is an ongoing trend in several of the long-standing EU member States.

Supply subsidies to social housing have been complemented in many countries by demand-side subsidies through housing benefits and vouchers. Overall, housing has in many cases become more market-oriented, competitive and opened up to economic pressures. There has been a trend towards the sale of the public rented stock either through right-to-buy-type policies to sitting tenants – started in the 1980s by the Conservative government in the UK and followed by some other countries, and most recently seen in the massive sale of housing to sitting tenants in Eastern European countries – or through stock transfer operations (e.g. devolution of social housing stock to the corporations in the Netherlands; and stock transfer from local authorities to housing associations in the UK). Another example is the recent large-scale selling of local public housing companies in Germany to foreign private pension funds as a way to reduce the public debt of local authorities.

In those Member States, where policies of sale of social rental housing have been implemented on a large scale (such as in the UK), privatisation processes have caused the share of social housing in the total housing stock to be reduced. As a consequence, social housing has tended to become increasingly targeted at narrower sections of society, i.e. a process of ‘residualisation’ of social housing is taking place. While some actors believe that targeting lower-income groups is a more efficient way for the social housing sector to operate, evidence shows that by focusing on low-income groups, this type of housing becomes increasingly stigmatised. Thus, in order to prevent stigmatisation and spatial segregation, some believe that it is advisable to have a broad-based social rental sector with a diverse dwelling stock and a differentiated resident profile – an approach now reflected in the ‘universalistic’ model of social housing provision explained above.

Recent evolutions in response to financial challenges

Waiting lists, demographic trends, urban regeneration policies, lack of financial resources are only some challenges that face social housing organisations and the public authorities implementing the respective public policy in this sector. It is now recognised that social housing would require major public or private investment in

order to maintain or improve the quality of housing stock and to adapt it to changing and expanding needs.⁷⁹

In order to be able to fulfil their social obligations to provide homes for the most vulnerable groups and meet new challenges arising from the socio-economic development of societies (see Part IV), additional financial means are needed. Many social housing organisations are increasingly diversifying their portfolios and undertaking so-called non-landlord activities as a means to cross-subsidise their social dwellings via the development of profitable activities (e.g. building of commercial properties).

In Italy, following the decentralisation of responsibilities, the regions and municipalities gained important responsibilities with respect to social housing. Depending on the trend and policy chosen, traditional housing organisations were transformed into companies (looking for more profit-making activities) in some Italian regions (e.g. Emilia Romagna and Toscana), while in others (mainly in the South) traditional public organisations remain. The latter do not have the obligation of having a balanced budget and thus limit their activities to the traditional tasks of the social housing sector. The majority of the social housing providers tend to defend this traditional role while some are undergoing an evolution and strive for continuing innovation, in order to compensate the structural deficit of the management of the social park (where the rents are very low).

However, when such commercial activities are allowed, they are framed by rules. In the Netherlands, the profit independent private housing organisations gain from profit-making activities must be deployed for social housing activities. In Sweden, following the Swedish Local Government Act (*kommunallagen*), which does not apply to other housing companies that are not owned directly or indirectly by municipalities, municipalities may only engage in a business activity if it is conducted without a view to profit and is essentially concerned with providing municipal amenities or services for the members of the municipality.

5 *Lessons from European comparisons*

“Unbalanced housing demand and supply, and related affordability problems particularly in the major cities, is currently the focus of policy initiatives in the vast majority of European countries. However, the extent and nature of this problem varies between countries as do the policy interventions it has inspired.”⁸⁰

In the Eastern European States, the main concern is related to the “effects of the sale of formerly State-owned housing. One of these effects is a shortage of social rented units in many CEE countries, which policy makers are attempting to address by increasing the output of dwellings in this tenure. The private rented sector in many of these countries is also very small and, in the view of many policy-makers, its further

⁷⁹ See Section above on Changing demand for social housing.

⁸⁰ The Housing Unit, *Regular National Report on Housing Developments in European Countries - Synthesis Report*, Department of the Environment, Heritage and Local Government, Dublin, Ireland, November 2004, Section 1 – Introduction and Summary.

development has been impeded by rent control measures.”⁸¹ Several Governments are trying to address these issues and are currently envisaging potential reforms.

Because of the large diversity of policy orientations, one has to be cautious in drawing conclusions on the possible successes or failures of social housing policies when one compares situations between countries. Further, policy directions can change rapidly from one government to the other. In Sweden, for example, up until the last government (social-democrats), municipal companies had access to very few direct subsidies (mainly for new construction and rehabilitation), since the trend was on demand side subsidies. On the basis of the announcements made by the recently elected right-wing government, there will be cuts in the subsidies for social housing providers, which are expected to bring along many changes in the Swedish social housing sector.

It is important to stress the fact that urban segregation in large scale neighbourhoods where social housing was built in the 1960s and 1970s faces today the same trends of “ghettoisation” in terms of socio-spatial segregation irrespective of the initial conception of social housing, i.e. either “universalistic” or “targeted”. Thus even if the policy goal was ‘universalistic’-oriented, the achievements did not necessarily follow. Therefore, these “ghettoisation” and segregation problems exist in the countries pertaining to both categories in the above⁸² classification.

The main trends and recent evolutions in the five countries studied in depth are the following ones:

Table 8.6: Trends and recent evolutions in social housing

<i>Country</i>	<i>Trends and recent evolutions</i>
Czech Republic	<ul style="list-style-type: none"> - Ongoing privatisation - Diversification of market and financing schemes - Sharp increase in elderly population looking for affordable housing
France	<ul style="list-style-type: none"> - General insufficiency of supply and reduction of public financial support - Persistence of unhealthy dwellings and large dwellings built in the 1960s and 1970s in need of rehabilitation - Strong increase in prices of the housing market in general and in the prices of social housing charges - Strengthening of social exclusion (especially young immigrants)
Italy	<ul style="list-style-type: none"> - Widening of activities of social housing toward new target groups - Diversification of activities of social housing providers to

⁸¹ The Housing Unit, *Regular National Report on Housing Developments in European Countries - Synthesis Report*, Department of the Environment, Heritage and Local Government, Dublin, Ireland, November 2004, Section 1 - Introduction and Summary.

⁸² See Section 1.

	<p>facilitate the integration of tenants, but also towards for-profit activities</p> <ul style="list-style-type: none"> - Decentralisation and new financing modes
The Netherlands	<ul style="list-style-type: none"> - Important and large political discussion under way about the scope and content of social housing - Enlargement and diversification of activities of social housing providers (commercial activities, portfolio management, involvement in related housing markets [also cross-border], neighbourhood development) - Limitation of state support to social housing and changing financing mechanisms
Sweden	<ul style="list-style-type: none"> - Shifts in subsidisation mechanisms - Increased social segregation - Demographic changes (elderly, immigrants) - Lower income and higher unemployment of tenants - Rising costs of social housing (maintenance)

6 Conclusions

In order to face increasing housing costs in the market and due to financial constraints, there has been a growing emphasis on targeting the provision of social housing at certain groups with special needs (e.g. disabled, elderly, young families, etc.) or on the basis of their relatively low incomes. In addition, the shortage of supply in many countries (Ireland, United Kingdom, France, the Netherlands, etc.), together with the general trend towards rent liberalisation and the increase of house prices above the price of inflation (e.g. France, Spain, Ireland) are some of the factors which have worked against housing affordability – thereby putting pressure on governments to put in place effective policies to mitigate this shortage of affordable supply, increasingly also for “key workers” and the middle classes. In this context, social housing organisations are facing greater demands in those cases where they keep a predominant role to fulfil this mission, and in cases where there is a weak social housing sector (e.g. Hungary, the Czech Republic, Spain, etc.), discussions are in place amongst government, social and academic actors to establish such a sector.

Finally, it is worth noting that while in France and Italy there is a strong trend towards decentralisation of housing provision, in Sweden and in the Netherlands the local level remains the one where the provision of social housing has taken place for a long time.