

## The Housing Partnership of the Urban Agenda for the EU in a nutshell

It was in June 2016 when the Council adopted the “Pact of Amsterdam<sup>1</sup>” with the aim to create an “Urban Agenda for the EU”. The rationale behind was to involve cities in EU decision making on themes of relevance to them. The format chosen was the setting up 12 thematic partnerships, each being composed (ideally) by five Member States, five cities or city networks, European Commission, EIB, URBACT and possibly other relevant stakeholder organisations. All partnerships were given a three-year mandate to work in order to deliver action plans with proposals on “better regulation, better funding, better knowledge in their specific area of policy.

“Housing” was chosen at a very early stage as one of the key topics to be addressed in the frame of the EU Urban Agenda. In taking up this issue, Council - even though the EU does not have a mandate on housing - acknowledged the relevance of the issue for the EU and its citizens and the fact that EU policies and rules have great impact on housing provision on local, regional and national level. The Housing Partnership was assigned the task to explore “*public and affordable housing, state aid rules and general housing policy*” through the Pact of Amsterdam. This made the work and deliveries of the partnership special in many ways when it undertook its three years journey to analyse the general housing situation in Europe’s cities and countries, assess the obstacles of EU state-aid law to affordable housing production and to develop measures needed de-block investment potential for affordable housing in the EU.

### Background: Affordable Housing in the EU

The diversity of local, regional and national housing traditions and systems creates a unique fabric of housing provision all over the EU. Nevertheless, the Global Financial Crisis led to massive decline in investments in affordable and social housing in Europe to half of pre-crisis level. A steep and continuous increase in house prices and market rents characterizes most EU cities and urban areas; housing markets being fragmented to a great extent, with great distortions and obvious evidence of failure. A growing number of EU citizens, from low to middle class incomes, face overheated housing markets, affordability limits, housing cost overburden, low quality, overcrowded housing situations and are at risk of eviction.

Housing policies do vary substantially from one Member State to another, from one region to another, from one city to another, depending on the history and culture of public intervention in

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<sup>1</sup> [https://ec.europa.eu/futurium/en/system/files/ged/pact-of-amsterdam\\_en.pdf](https://ec.europa.eu/futurium/en/system/files/ged/pact-of-amsterdam_en.pdf)

each Member State and on the prevailing economic and social conditions. State intervention, especially in the form of public investment in affordable housing, has declined substantially in the last decade, whereas demand is steadily growing in European cities.

Recent EU reports address the importance of investment in affordable housing as vital to sustainable economic recovery and social cohesion. The “High-Level Taskforce on Investing in Social Infrastructure” in Europe clearly depicts in its 2018 report<sup>2</sup> that investments in social infrastructure have decreased by 20 percent since 2009 in the EU and estimates an overall investment gap at 150 billion EUR per year for the next ten years. The **lack of investment in affordable housing amounts to around 57 billion EUR per year.**

The EU has more than 220 million households, and an alarming number of 82 million Europeans are overburdened by housing costs. Cities, urban areas, regions, countries all over the EU are in urgent need of stable framework conditions to house their populations. They are in search of reliable and long-term political, legal and financial instruments to create or support national and local housing strategies. The main challenges are to provide new and renew existing housing, find building ground for affordable housing, develop neighbourhoods in partnership with citizens and set up housing schemes where they are not implemented yet.

### **Composition, scope and method of work of the Housing Partnership**

The **composition of the partnership** encompassed a representative variety of housing systems and traditions all over the EU countries and cities. It could also base its work on the expertise of the big European networks of consumers and producers. European Commission’s DG REGIO and EIB contributed have made valid contributions as well. Members of the Partnership on Housing were as follows:

- **Cities/City Networks:** Vienna (AT, coordinator), Lisbon (PT), Poznan (PL), Riga (LV), Scottish Cities Alliance (UK), Eurocities
- **Member States:** Slovakia (coordinator), Latvia, Luxembourg, The Netherlands, Slovenia + 1 active observer, the Czech Republic.
- **Stakeholders:** AEDES, Housing Europe, International Union of Tenants (IUT)
- **EU- Institutions:** DG REGIO, DG ENER, DG EMPL, European Investment Bank (EIB), URBACT (observer)
- **Experts:** Faculty for Urban Studies Science Po, Paris

The Housing Partnership **bases its actions and recommendations** as listed in its **Action Plan of December 2018**<sup>3</sup>, amongst others. on:

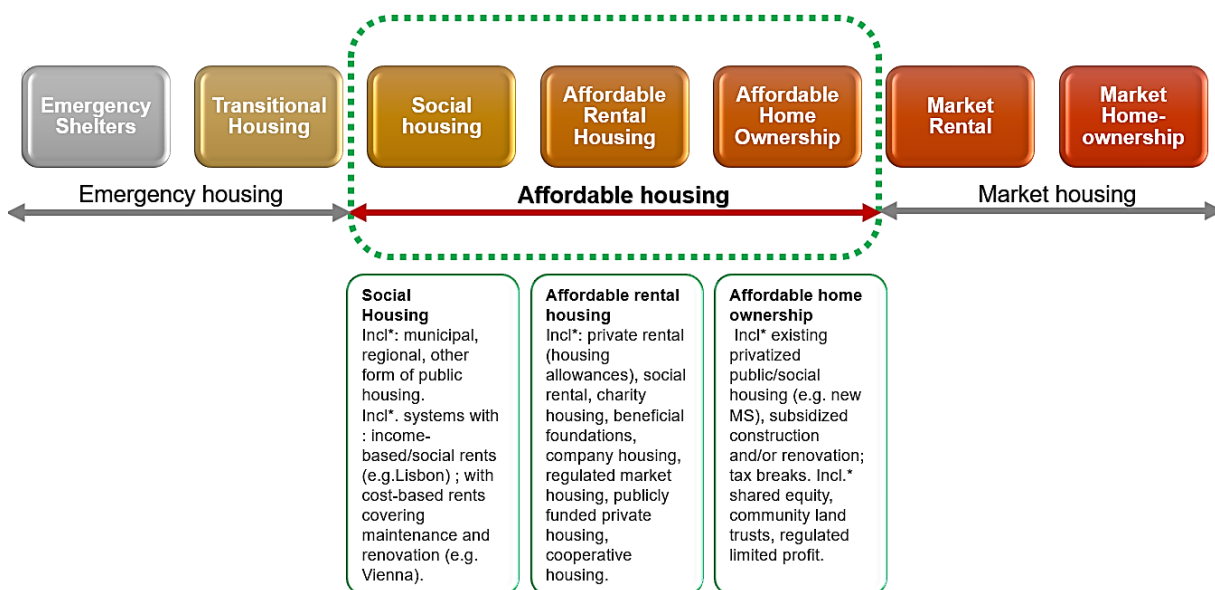
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<sup>2</sup> [https://ec.europa.eu/info/sites/info/files/economy-finance/dp074\\_en.pdf](https://ec.europa.eu/info/sites/info/files/economy-finance/dp074_en.pdf)

<sup>3</sup> **Disclaimer:** The Action Plan has been adopted by the members of the Housing Partnership as a whole. It does not necessarily represent the individual views and opinions of its members who might have not endorsed the inclusion of all the recommendations included in the document in the same way. The views expressed in the present Action Plan

- Legal background documents such as the “Geneva UN Charter on Sustainable Housing, the “Charter of Fundamental Rights of the European Union, the “European Pillar of Social Rights, the United Nations Sustainable Development Goals, of which most relevant - SDG 11: Sustainable Cities and Communities, which all set out or refer to the **right to decent, adequate, affordable, accessible and healthy housing** as a basic human right.
- **Evidence and findings** of UNECE, OECD, Eurostat and other institutions on housing affordability and housing cost overburden, investment decline and financing obstacles as well as the background papers delivered by the expert of the partnership.
- Two **research** reports – Glasgow & MRI Budapest – which were undertaken to analyse more specifically the situation in old and new EU Member States.
- Internal surveys, **expertise of Housing Partnership members**, i.e. analyses, research, briefing papers and study visits.

In its **three years mandate of work**, Housing Partnership held 13 meetings, 2 workshops and undertook several study visits to housing projects. To define the **scope of work** of the partnership, members decided to focus on the spectrum of social housing, affordable rental housing and affordable home ownership according to the **Housing Continuum**:



### The actions and recommendations of the Housing Partnership

The deliveries of the Housing Partnership as listed in its Action Plan of December 2018 can be clustered in four big strands of actions: better regulation, better funding and financing conditions,

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are purely those of the Housing Partnership and may not in any circumstances be regarded as stating an official position of the European Commission.

better knowledge and governance, good housing policies, practice and themes for future discussion.

On **better regulation**, Housing Partnership identified legal uncertainties in EU state aid rules as major obstacles to public investments in affordable housing and delivered a set of three actions in this area: An analytical guidance paper<sup>4</sup> to showcase the problems and identify solutions, a capacity-building workshop<sup>5</sup> on public support to housing organised jointly with the CoR for legal experts and practitioners in Brussels, where the findings were reinforced in more detail, which led to the recommendation to revise SGEI decision 2012 with the aim to delete the narrow target group for social housing in EU competition law.

On **better funding and financing conditions**, the partnership deemed that as housing situations vary a lot from city to city and country to country, it is very difficult to compare. However, generally speaking, old EU Member States are able to absorb more EU funds and EIB financing than new EU Member States. The existence (or not) of frameworks, aggregators, structures for funding were identified as main reason. Capacity building is therefore identified as vital to overcome this, and the need to explore the constraints on the basis of specific case studies was stated. Cohesion policy and EIB financing are very important sources for affordable housing; however, they are not the primary ones: social, public and affordable housing is mostly financed on national and subnational level – and by the users. Therefore partnership set out an action that can allow to de-block public investment in the frame of the European Semester. Amongst others, it is recommended to develop an **indicator on social and affordable housing in the Social Scoreboard** that better takes into account the realities of socio-economic situation of EU citizens. The **reference threshold of total housing costs** should not be higher than **25% of the disposable income** of a household, when calculating the **housing overburden rate**. A **more active use of the investment clause** for affordable housing projects is another recommendation in this action.

On **better knowledge and governance**, the partnership has elaborated several strands of actions, covering instruments for cities (IT-database, guidance brochure and city-to-city-exchange), recommendations to improve the EU urban housing market database and a recognition of the gender dimension in affordability and, on an institutionalised level, actions addressed to the European Commission to create a “Monitoring system for affordable housing in the EU” as well as to Member States to reinstall the “Housing Focal Points” and Informal Meetings of Housing Ministers.

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<sup>4</sup> [https://ec.europa.eu/futurium/sites/futurium/files/housing\\_partnership\\_-\\_guidance\\_paper\\_on\\_eu\\_regulation\\_and\\_public\\_support\\_for\\_housing\\_03-2017.pdf](https://ec.europa.eu/futurium/sites/futurium/files/housing_partnership_-_guidance_paper_on_eu_regulation_and_public_support_for_housing_03-2017.pdf)

<sup>5</sup> [https://ec.europa.eu/futurium/en/system/files/ged/capacity\\_building\\_workshop\\_on\\_state\\_aid\\_and\\_affordable\\_housing\\_investments\\_report\\_final.pdf](https://ec.europa.eu/futurium/en/system/files/ged/capacity_building_workshop_on_state_aid_and_affordable_housing_investments_report_final.pdf)

In the context of **good policy**, a general **recommendation on good housing policy** on local, national and EU level in eight priority areas was developed. They focus on eight core themes for policy development in the housing sector and should be seen as a “**toolbox**”, as not all recommendations will fit all housing situations all the time, given the diversity of systems and traditions in European countries, regions and cities. An approved solution in one context may work in another city, region or country, but as governance context and housing systems vary substantially, the proposed recommendations are seen as inspirational and in **full respect of the principle of subsidiarity**. **The 8 priority themes address:**

- protection of vulnerable groups,
- anti-speculation,
- renovation and energy efficiency,
- co-ownership, co-management and co-design,
- spatial planning,
- land use and building ground,
- rent stabilization and control,
- security of tenancy.

**Good practice:** Housing Partnership endorsed the **ERHIN<sup>6</sup> – European Responsible Housing Initiative** – as a valid practice to care for affordable housing provision. ERHIN was one of the first sector-based and European-wide Corporate Social Responsibility schemes co-funded by the European Commission. DELPHIS, Housing Europe and the International Union of Tenants have joined forces to develop CSR among European social and affordable housing organisations. Housing Partnership highly values the principles and examples showcased by EHRIN as they contribute substantially to social and affordable housing and has endorsed them as good practice.

Last, but not least, Housing Partnership highlights **themes for future discussion and elaboration** on EU level with regard to affordable housing, which were addressed by different stakeholders but could not be taken up in the development of the Action Plan.

These themes concern:

- conditions for long-term investment in partnership with cities,
- the possible benefit to public budgets by introducing social, environmental and economic impact assessment in affordable housing production and
- the role of a responsible construction sector.

**More information on the Housing Partnership in the frame of the Urban Agenda for the EU can be found here:**  
Website: <https://ec.europa.eu/futurium/en/housing>  
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<sup>6</sup> <http://www.responsiblehousing.eu/en/>

## Actions and recommendations of the Housing Partnership

### Better legislation

- Action 1: Guidance on EU regulation and public support for housing**  
*The action aims to provide clear guidance on the use of state aid support for social and affordable housing in European cities. Its key output is the analytical position paper of the Housing Partnership.*
- Action 2: Capacity building for the application of state aid rules in the affordable housing sector at a city level**  
*The action aims to provide capacity building for the application of state aid rules in the affordable housing sector for practitioners and legislators at a city level.*
- Action 3: Revision of the SGEI decision with regard to the narrow target group of social housing**  
*The action elaborates a proposal to revise the definition of the term 'Social Housing' in the regulation on the Services of General Economic Interest (SGEI) with the recommendation to delete the definition of the narrow target group.*

### Better knowledge and governance

- Action 4: Affordable housing good practice database**  
*The action consists in the design of an online database gathering the best practices of the social and affordable housing sector, in order to foster learning and knowledge exchange about the provision of affordable housing in European cities. As European Commission declined to integrate the database into existing instruments, Housing Europe will maintain it.*
- Action 5: Policy guidance for the supply of social and affordable housing in Europe**  
*The aim of this action is to develop housing policy guidance that provides examples of the ways that social and affordable housing can be supplied by cities and affordable housing providers. The examples are edited and published by the City of Vienna.*
- Action 6: Exchange programme for urban housing professionals**  
*The aim of the proposed action is to create a stable exchange programme for urban housing professionals in European cities. Starting points are ERASMUS+ and URBACT Action Planning Network.*
- Action 7: Monitoring system for affordable housing in the European Union**  
*This action aims to establish a system for regular and systematic monitoring and securing of housing properties at national, subnational and city levels in the EU.*
- Action 8: Exchange on affordable housing at member-state level**  
*This action aims to re-establish the Housing Focal Points and the informal Ministerial Meetings in Housing to allow for structural and continuous exchange on housing at a high political level.*
- Action 9: Recommendations on improvement of EU urban housing market data**  
*The aim of this action is to improve and expand housing market data at regional and city levels, and to establish an EU database mapping housing prices (rent and purchase) on the subnational levels (regions and cities) in the EU.*
- Action 10: Recommendations on the improvement of EU gender-poverty-energy nexus data**  
*The aim of this action is to advance knowledge on the gender-energy-poverty nexus by developing gender disaggregated data and making it available to inform policy development.*

### Better funding and financing conditions

- Action 11: Recommendations on EU funding of affordable housing**  
*This action addresses the capacity of cities and affordable housing providers to access the different funding instruments of the EU Cohesion policy and EIB. The aim is to increase the supply of affordable housing in Europe with EU funding and EIB financing instruments.*

Action 12:	<p><b>Recommendations on the European Semester and affordable housing</b></p> <p><i>This action aims to improve the European Semester procedure to better reflect diverse housing tenures, fragmentation of the housing markets, housing need and support better financing conditions for affordable housing.</i></p>
<p><i>Recommendations on good policies, governance and practices</i></p>	
<p><i>Good housing policy and governance at local, regional, national and EU level</i></p>	<p><i>In addition to the actions, the Housing Partnership also provided a set of <b>recommendations for good housing policy</b> that focus on priority areas for policy development in the affordable housing sector:</i></p> <ul style="list-style-type: none"> <li>• <i>Protection of vulnerable groups</i></li> <li>• <i>Anti-speculation</i></li> <li>• <i>Renovation and energy efficiency</i></li> <li>• <i>Co-ownership, co-management and co-design</i></li> <li>• <i>Spatial planning</i></li> <li>• <i>Rent stabilization and control</i></li> <li>• <i>Land use and building ground</i></li> <li>• <i>Security of tenancy</i></li> </ul>
<p><i>Good practice</i></p>	<p><i>Housing partnership has endorsed <b>ERHIN</b> – European Responsible Housing Initiative – as valid practice to implement principles of Corporate Social Responsibility in affordable housing.</i></p>
<p><i>Themes for the future</i></p>	<p><i>Housing partnership has set out <b>themes for future discussion</b> and elaboration on EU-level:</i></p> <ul style="list-style-type: none"> <li>• <i>Long-term investment in partnership with cities</i></li> <li>• <i>Social, environmental and economic impact assessment in affordable housing production</i></li> <li>• <i>Responsible construction sector</i></li> </ul>