

Greece: new initiatives to alleviate housing cost overburden

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New initiatives have recently been taken in Greece with the aim of alleviating the housing cost overburden. Even though these are welcome, a comprehensive policy initiative against housing exclusion is still needed to effectively tackle this challenge, while the persistent lack of social housing schemes makes current policy responses rather inadequate.



Description

Housing policy responses and relevant support services aimed at helping households to meet their housing needs and alleviating housing cost overburden have been intensified over recent years in Greece. The main policy measures and programmes currently implemented are: i) the Rent Subsidy (a means-tested benefit geared to eligible households who rent their dwelling); ii) two targeted housing benefits with extremely low coverage (a means-tested housing allowance for low-income people over 65 years of age who are not receiving an old-age pension and do not own a house; and a means-tested student housing benefit); iii) a network of 52 (out of the 120 initially planned) centres and offices to provide information and support to mortgage borrowers; iv) the Social Residential Tariff which provides a discount on the electricity costs of the beneficiaries' primary residence up to a certain consumption limit, depending on the size and composition of the household and if specific eligibility criteria are met; and v) the vulnerable electricity customers registry, which offers special measures to protect persons who fulfil certain eligibility criteria.

In addition to these, the following initiatives have been taken since the end of 2020:

- Debt Settlement and Second Chance arrangements for over-indebted households: the insolvency framework set out in Law 4738/2020 (October 2020), which replaced most of the various debt settlement mechanisms and restructuring schemes, protects, inter alia, over-indebted households from all creditors and includes: i) provisions for debt restructuring

through the electronic platform (activated in June 2021) of the new out-of-court debt settlement mechanism; and ii) full debt discharge for specific cases. Once the law is fully implemented, vulnerable households who have a mortgage on their primary residence and encounter difficulties in repaying their loans, will also be entitled (provided they meet specific income and assets criteria) to receive a monthly subsidy for a period up to 5 years. This subsidy will be equal to the monthly Rent Subsidy they would be entitled to if they were renting their dwelling. Moreover, the Law introduced a "sale and lease-back" scheme (a "Second Chance" arrangement) that allows vulnerable debtors who fulfil specific eligibility criteria to continue living in their primary residence, but paying rent to a private-sector legal entity selected by the state. However, although the latter scheme was supposed to enter into force in January 2021, the relevant ministerial decisions that will determine the details of this procedure are still pending.

- Energy solidarity phone helpline "15902": this is a targeted measure, launched on 24 December 2021, designed to assist vulnerable households (fulfilling the same eligibility criteria as for the Social Residential Tariff) by mitigating the impact of rising energy prices. Vulnerable households who are unable to pay their electricity bills for their primary residence and whose electricity supply has been cut off due to debt arrears can use this helpline and request urgent reconnection of their electricity supply. Eligible households also receive a special assistance amount, which is

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determined by the level of their debt. In particular, the special assistance covers the entire debt of households with a total debt of up to €6,000, 75% of the debt of households with a total debt of between €6,000 and €9,000; 50% of the debt of households with a total debt of between €9,000 and €12,000; and 30% of the debt of households with a total debt of more than €12,000. The outstanding balance will be repaid by the household in interest-free monthly instalments.

- Heating subsidy: this is a means-tested subsidy granted to eligible households to help them meet their energy needs for heating. In an effort to mitigate the impact of rising energy prices on consumers, the amount of the subsidy was significantly increased in 2021, while the income eligibility criteria were expanded. The subsidy now varies from €100 to €750 per year depending on the beneficiary's area of residence and the size of their household.
- The Electricity Charges Subsidy Scheme: in order to cushion the economic and social impact of the exceptional increase in energy prices, a new subsidy scheme was introduced in September 2021, offering discounts on electricity bills for primary residences. Discounts are adjusted in line with the rises in energy prices.

Outlook and commentary

As shown by the EU-SILC housing conditions indicators, the housing cost overburden rate (share of the total population in Greece living in a household where total housing costs represent more than 40% of the total household disposable

income) has been on a downward trend since 2015, but remains very high: 32.6% in 2020, which is much higher than the EU-27 average (9.9%). Worse still, the vast majority of income-poor households (82.5% in 2020) spend more than 40% of their disposable income on housing, the highest rate among the EU-27 Member States.

There are undoubtedly a number of reasons for this situation. To begin with, the prolonged economic and financial crisis in the country had a major impact on the housing sector, resulting in situations of housing insecurity, over-indebted households, auctions and increasing homelessness (Balampanidis, Patatouka and Siatitsa, 2013). Greek households' disposable income has declined rapidly since 2009, while, at the same time, taxes have increased. As a result, many households have been unable to cover their housing expenses.

Changes in the housing market have also affected housing affordability. Even though the supply of available rental properties increased during the crisis period and rent prices dropped between 2008 and 2017, rents remained high, especially in relation to disposable income levels (Siatitsa, 2021). However, as the demand for rental housing has been rising, there has been an upturn in rents and a downturn in the affordable housing supply. This can partly be explained by the emergence of the "Airbnb phenomenon", which has put additional pressure on the housing market, by both increasing rental prices and reducing the affordable housing supply (Ziomas et al., 2019).

Energy costs also have a significant bearing on housing affordability. Due to increases in fuel prices caused by the tax increases imposed in the context of the austerity package since 2016, many (vulnerable) households in

Greece were unable to cover their energy needs. The COVID-19 pandemic has aggravated this situation, and the sharp hike in energy prices has placed an additional financial burden on vulnerable households.

To address this situation, a number of government initiatives have been taken over recent years, as described above. Although these are welcome, a comprehensive policy initiative against housing exclusion is still needed to effectively tackle this challenge, while the persistent lack of social housing schemes providing affordable housing solutions to vulnerable households makes current policy responses rather inadequate.

Further reading

Balampanidis, D., Patatouka, E., and Siatitsa, D. (2013). The Right to Housing within the Crisis in Greece. *Geographies*, 22, pp. 31-44 [in Greek].

Siatitsa, D. (2021). Youth Housing in a Context of Socio-economic Insecurity: The Case of Greece. *Social Policy*, 14, pp. 149-162.

Ziomas, D., Konstantinidou, D., Capella, A. and Vezyrgianni, K. (2019). National strategies to fight homelessness and housing exclusion – Greece. *European Social Policy Network (ESPN)*, Brussels: European Commission.

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