

Housing policies in the European Union – Governance Structure, Housing Systems and Policy Instruments in the EU Member States

Conclusions of the Scientific Advisory Board to the BBSR-research project “Housing policies in the European Union” conducted by IWU and TU Darmstadt

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Introduction

With the present study ‘Housing policies in the European Union – Governance Structure, Housing Systems and Policy Instruments in the EU Member States’, the 2020 German Council Presidency aims to provide an updated overview of the challenges, objectives and policy approaches pursued by the 27 EU Member States in the field of housing. As the last fully complete EU housing study, by Austrian expert Christian Donner, dates from 2000¹ and encompassed only the then 15 Member States, such an overview has been largely missing up to now.

The Scientific Advisory Board was selected from academics representing all parts of Europe with a broad range of expertise in housing matters. The Board had the task of advising the project team on methodological issues, empirical evidence and country specific experience. The members of the Board accepted this task with pleasure and are grateful to have had the opportunity to contribute to the German Presidency’s initiative. Through continuing exchange with the research team, the Board developed their own insights and conclusions with respect to the project and its findings from an international and comparative perspective. The Board welcomes this opportunity to summarise some of these conclusions, which help clarify the importance of housing policy across all EU countries.

Approach

The study constitutes the most recent and comprehensive survey of the current state of housing policy across all EU Member States. It provides a systematic overview of housing policy actors, national housing systems (in particular with respect to the housing stock and tenure arrangements), housing policy goals and instruments as well as different governance approaches. It also addresses the nature of continuing housing problems, recent policy developments and political responses. The overview benefits from a qualitative survey of national experts; analysis of secondary statistical data; and feedback from national policymakers.

Despite limiting factors, including insufficient reliable data and problems of cross-country comparability, the study aims to provide a balanced account of the current state of housing markets, problems and policies in Europe. Its added value consists in highlighting, alongside

¹ Housing Policy in the European Union, 2000; with an addition covering five Eastern European countries in 2006, see http://www.donner.at/christian/html/e_core.html

general commonalities and differences, the great diversity of housing policy challenges, national strategies and solutions. In sum, the study provides valuable information for policy makers, administrations and academics, as well as an important frame of reference for the further development of this important policy field.

Key comparative results

Objectives and policies at European and national level

The objectives of housing policies are generally stated in similar terms across countries: to provide safe, secure and decent-quality homes at affordable prices. While these more general policy objectives are widely accepted across the EU Member States, the policies and instruments by which these are addressed differ greatly between countries. Therefore, a key aim of the study was to bring together relevant information about housing trends and policies which would help clarify the range of governance arrangements, challenges, policy instruments and outcomes observed across the EU.

While housing is not a European Union (EU) competence, it is impacted by EU law and policies from other areas (as is shown particularly in chapter 8). It is therefore important that national governments understand the way that housing systems interlink with other policy areas where responsibilities lie with the EU – including macro-economic policies, competition policy (section 8.1.1), financial regulation, human rights as well as employment and anti-poverty instruments. Such complex interrelations between housing and the law and policies of the EU and its Member States make the strongest of cases for exchanging experiences on housing outcomes and particularly for learning about effective solutions from one another.

Similar housing problems and diverse policy responses

Initially, we had assumed that one could categorise EU Member States into a small number of groups with similar policies and outcomes – as is the approach in much of the comparative housing literature. In reality, the picture is far more complex. Each country approaches housing using a different mix of policies and instruments, which may also be anchored in different policy contexts. Moreover, even when complex challenges (such as urbanisation, green investments, etc.) and the policy instruments used look similar at first glance, it is often the detail that matters. As a result, simple categorisation does not work.

What is perhaps less surprising is that housing problems articulated across countries differ far less than the policy approaches: almost everywhere housing affordability is high on the agenda, while spatial differentiation in housing demand leads to increasing pressures in areas of high economic activity. Financing housing, despite lower interest rates, is often problematic, with a growing emphasis on private solutions. A longer term issue is the changing demographics, partly as a result of migration but perhaps more because of increasing longevity and lower birth rates, all of which impact on housing requirements and wellbeing.

Housing responsibilities at national level quite frequently range across different Ministries – two examples are income related housing benefits, which often lie with welfare rather than housing departments, and fighting homelessness which is very differently defined between countries and regarded as social policy in some countries and as housing policy in others. Further, decentralisation tendencies in some fields have been counteracted by more recent housing policy "drivers" which need to be addressed predominantly at national or even supranational level. These include: energy efficiency; the implications of climate change; immigration; emigration (leaving vacancies); urbanisation; ageing societies; decreasing household size; higher demand for renting, particularly in the private rental sector; decreasing housing affordability (including the impact of extensive global investment activity); unresolved discrimination in housing markets; and the far-reaching lack of social housing to help resolve homelessness and discrimination problems.

To address the fundamental problems of housing affordability particularly among lower income households, all EU countries have income-related housing support, although this may be limited by tenure or household attributes. However, such support has often been accompanied by lower supply subsidies and lower output levels – worsening affordability for households not eligible for benefits.

Traditionally, much housing and associated taxation policy has been tenure specific, and many EU countries have seen large tenure shifts over the last decades. Latterly, the most immediate changes have occurred with respect to the increased share and significance of private renting in many EU States. This trend was triggered by demographic changes in housing demand – aging populations; decreases in family size; increasing internal and external migration flows (including urbanisation); as well as by tax changes, uncertainties around employment and limited access to housing finance. In many contexts, the growth of private renting is more about the decline of social housing and the growing difficulties for those wanting to become owner-occupiers than about positive reasons to choose to rent privately. In this context, whilst some governments focus on the introduction of, or increase in, institutional finance, others, often at regional or city level, increase rent regulation whereas a third group invites the market to come up with solutions. The growth of private renting across much of the EU means that questions about its security, flexibility and affordability become ever more important.

Specific recommendations

A plea for better data

Despite the increasing emphasis on evidence-based policy approaches, the data required for effective evaluation remain quite limited and are often not fully comparable. The advantages and disadvantages of policies and their instruments and the context in which they operate need to be weighed carefully in relation to objectives. This can only be done with better data.

Evidence does not make policy but it is a necessary element in making good policy – and one which interaction between EU Member State can help address.

Institutional frameworks for policy coordination

Given the increased role and importance of housing policy in nearly all EU States, but also the high degree of diversity in housing systems and solutions all over Europe, effective cooperation in national housing policies, hitherto widely missing, is becoming increasingly important. Such cooperation should enable mutual exchange and learning processes, aimed at the dissemination of best practice, particularly because legal harmonisation is excluded because of the EU's lack of legislative competence on housing matters. In our view, a modest proposal has the best chances of convincing EU Member States to establish some system of coordination in the field. Reviving the mechanism that has existed in the past to facilitate the exchange of experiences between national ministries with competence in housing and their housing focal points, particularly through regular high-level meetings and scientific events, could be a first, realistic, measure. Possibly, a new *European Observatory and Research Centre on Housing* could provide a useful academic complement to such cooperation.

Looking to the future: a final word

Covid 19 has worsened inequalities in many ways – in personal terms notably with respect to income and indeed wealth, race and ethnicity, health and disability; and in spatial terms, particularly with respect to density of occupation and the urban economy. Housing is core to many of these shifts and its potential in terms of facilitating change and alleviating negativities cannot be overestimated. Housing policy matters! Understanding how our neighbours are adjusting is central to developing effective policy.