CIDOB briefings

30

FROM MARKET GOOD TO SOCIAL RIGHT? Shifting approaches to housing in Europe

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Europe was already in the midst of a long housing affordability crisis when the COVID-19 pandemic broke out. However, unlike the response to the global financial crisis of 2008, the European Union has broken with austerity and approved a large stimulus package. Along with the increasing relevance of housing on the EU's social agenda, the NextGenerationEU recovery plan raises several important questions. Are Europe's legal frameworks adequately equipped to address the social challenges posed by the commodification of housing? Can the EU recovery funds facilitate and expand access to social and affordable housing? This Policy Brief reports on the international webinar "From market good to social right? Shifting approaches to housing in Europe" organised by CIDOB on June 22nd 2021. The event brought together city officials, elected representatives, housing practitioners and international scholars to address these challenges.

1. Introduction

With rising homelessness, asphyxiating housing cost burdens for middle- and low-income households and high levels of residential overcrowding, Europe has been suffering a long housing crisis since the global financial crisis of 2008. Throughout the last decade, housing advocates, civil society organisations and local governments have increasingly called on national governments and supranational institutions to defend the right to housing. Organisations such as FEANTSA, Housing Europe, Eurocities and the International Union of Tenants, to name just a few, have played a particularly important role in highlighting the housing crisis and bringing this demand to the European level. Towards the end of the 2010s, these efforts started to bear some fruit. In 2017, the European Pillar of Social Rights included access to social housing and protection from forced eviction among its principles, marking a shift from an approach centred exclusively on regulating housing's problematic status as a commodity towards an increasing emphasis on its social function.

The COVID-19 pandemic has only amplified calls to hasten this shift. Throughout the continent, lockdowns and confinement have made housing far too palpable a need to ignore – you cannot #StayAtHome if you don't have one. As a result, many governments have taken exceptional measures, including suspending evictions and foreclosures and offering emergency shelter, mortgage forbearances and support for utility bills. Tellingly, on January 21st 2021 the European Parliament passed a resolution calling on the European Union to push for measures to eradicate homelessness and recognise access to decent and affordable housing as an enforceable human right. This year the European Commission has also announced the launch of its Affordable Housing Initiative, and at the Porto Social Summit the European Council committed to protecting the homeless from social exclusion. The aforementioned Pillar of Social Rights, the 2030 Agenda's sustainable development goals, the EU Urban Agenda Housing Partnership, the Renovation Wave Strategy and Next Generation EU funding all seem to suggest an opportunity has emerged to guarantee decent housing for all in Europe.

This briefing examines Europe's increasing emphasis on the social right to housing. To do so, it draws from official documents, academic publications and grey literature, as well as content from the international webinar "From market good to social right? Shifting approaches to housing in Europe" held on June 22nd 2021 and organised by CIDOB with the support of Barcelona City Council. The event brought together elected city officials, practitioners

and scholars to share their insights on the role of housing rights in Europe's future. The first section provides a brief historical overview of the European housing policy situation, followed by a reflection on the policy implications of the EU's recognition of housing as a social right. The next section lays out the funding tools and mechanisms at Europe's disposal to make this transition over the next several years, emphasising actions affecting the area of housing. Finally, the briefing concludes with a reflection on the challenges and limitations posed by the European Union's recovery strategy as it pertains to housing.

2. How we got here: A brief history of housing policy in Europe

Given the diversity of its member states and the longstanding absence of an explicit housing mandate, the European Union includes a wide and differentiated range of often contradictory approaches to housing

Rather than returning to the consensus around government involvement in housing provision, Europe responded to this situation with the Single Market Programme and strong efforts to deregulate European mortgage markets. As consolidation and cross‑border mergers and acquisitions proliferated, so did a variety of new financial products and marketing methods. In the field of housing, large multinational financial actors and markets occupied increasingly dominant positions at various scales, resulting in a structural transformation of economies, firms, states and

households. Through this process of financialisation, mortgaged homeownership eventually took on the role of keeping financial markets going, rather than being facilitated by those markets (Aalbers, 2016). This approach persisted until the 2008 global financial crisis, after which European mortgage market policies introduced new requirements and regulations recommended by the Basel Committee on Banking Supervision to establish some degree of financial stability. EU policymakers also

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policy. The first housing policies were implemented by European member states over a century ago and the idiosyncrasies of the specific contexts from which they emerged have resulted in a significant degree of path dependency. Since the Second World War, however, some common patterns have been observed in the development of European housing policy, varying to some degree based on the region and whether left- or right-wing governments were in power (Boelhouwer and Van der Heijden, 1993).

The story of European housing policies over the last decades has been one of gradual commodification. The widespread housing shortages caused by Second World War produced broad consensus around a high degree of government involvement in housing provision, practiced primarily through "brick and mortar" (i.e., "object") subsidies, centred on the construction of public housing. Over time, however, these were substituted by an increasing emphasis on housing renovation and so-called "subject" subsidies, such as housing allowances for vulnerable households and tax relief for homeowners. The housing commodification process accelerated in the 1980s as governments heavily promoted homeownership and embraced free market policies, cutting state expenditure, privatising social housing and weakening or abolishing rent controls. When the Maastricht Treaty introduced the euro convergence criteria in 1993, it did so in a context of rising interest rates and the return of housing shortages, particularly in terms of affordable housing.

continued to focus on their pre-crisis goal of integrating European financial markets through the development of a banking union, as well as on consumer protection. However, these measures have had little effect on reducing the financialisation of housing. Since the global financial crisis, in many countries financialisation has simply pivoted from a focus on mortgaged homeownership towards rental housing. Recent technological changes have also spurred new challenges that undermine the right to decent housing, including the rise of short-term rentals, the substitution of rental housing with tourist accommodation and new tenant screening practices based on algorithmic discrimination.

Governments and European institutions are facing rising pressure to tackle housing inequalities by guaranteeing the right to housing. However, recent research suggests that the challenges posed by housing inequalities can no longer be mitigated by specific housing policy alone. In her analysis of housing and living conditions data from Eurostat, Dewilde (2017) shows how the relationship between policy and the housing outcomes of low- and moderate-income households (such as housing cost burden or housing quality) have changed over time. While in 1995 positive housing outcomes for this group were primarily associated with features of specific housing regimes (e.g., per capita GDP, the availability of mortgage credit and the supply of social housing), by 2012 they were conditioned more by features of the welfare state, such as the generosity of pensions and unemployment pay.

Dewilde attributes this shift to the rising commodification of housing, which seems to require policies that go beyond the traditional field of housing policy if they are to mitigate adverse housing outcomes.

Europe's renewed interest in housing as something other than a commodity comes after decades of market harmonisation and integration measures that undermined the capacity of public institutions to guarantee the right to housing. For several years now, critical changes have taken place in the social housing sector, with decreasing capital grants, hybridisation of housing finance, construction and management, and a diversification of tenure to include social forms of homeownership (Czischke and van Bortel, 2018; Ronald, 2013; Czischke, 2009; Mullins et al., 2012). These social housing trends have been accompanied by rising interest in the notion of "affordable housing", a concept which features prominently in emerging European discourses on the right to housing. The distinction between social and affordable housing warrants consideration, as the

3. Funding for a fair (housing) recovery?

In 2020, the EU responded to the coronavirus crisis with a stimulus package worth over €2 trillion, the largest ever financed in Europe. The package consists of the EU's Multiannual Financial Framework (MFF), which allocates €1.211 trillion for the period 2021–2027, as well as a temporary instrument to drive the recovery known as NextGenerationEU, which provides an additional €806.9 billion, mostly complementing cohesion policy. More commonly known as the EU's long-term budget, the MFF groups spending into four main areas: public administration, common agricultural policy, cohesion policy and a set of new and reinforced priorities that include research and innovation, climate action and digitalisation, among others. On the other hand, NextGenerationEU is primarily oriented around the Recovery and Resilience Facility (RRF), an instrument for providing financial support to reforms and investments in EU member states. Largely supporting cohesion policy, the RRF is valued at €723.8 billion, including €338 billion in grants and €385.8

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concepts are often conflated in public debate yet have different implications for public policy.

Briefly, social housing is generally delivered based on strict eligibility criteria by government agencies or not-for-profit organisations through supply support (i.e., provision of housing at prices below market rates) or demand support via housing allowance systems. Meanwhile, affordable housing is defined as "rental housing that is below market rent and open to a broader range of household incomes than social housing" (Czischke and van Bortel, 2018). In practice, while the former primarily targets the most vulnerable populations, the latter is above all aimed at workers who are unable to acquire a home or pay full market rents. Over the last decades, there has been an overall tendency in Europe towards stricter targeting of the social housing sector and the privatisation of social housing, in turn making former social housing tenants a new target group for the affordable housing sector.

It is with this context in mind that we should consider Europe's increasing emphasis on access to affordable housing. With the European Union recovery plan, this approach is being accompanied by a large deployment of funds, most notably through NextGenerationEU. Yet major questions remain. What tools does Europe have at its disposal to address its housing problems? Can public spending alone decommodify housing enough to guarantee the right to decent housing for all?

billion in loans. It is distributed according to the national recovery and resilience plans prepared by each member state in cooperation with the European Commission. The remaining NextGenerationEU funds will reinforce existing EU programmes including the Just Transition Fund, the European Agricultural Fund for Rural Development, InvestEU, Horizon Europe and rescEU. The allocation of these resources is strongly conditioned by the goals of the European Green Deal, as roughly 30% will be spent on fighting climate change and setting Europe on the path towards climate neutrality in 2050.

Because the price of housing is determined by an extremely wide range of factors, it can certainly be argued that all of the abovementioned spending areas may affect the right to housing one way or another. However, in terms of its relevance to housing in Europe, the area of cohesion policy stands out. As its name indicates, this area of spending aims to strengthen the resilience and cohesion between and within EU member states. In addition to the Recovery and Resilience Facility, it includes the European Regional Development Fund (€226.05 billion), the Cohesion Fund (€48.03 billion) and the REACT EU crisis response package (€50.62 billion). The European Regional Development Fund is of particular relevance to the housing situation, as its overarching objective is to reduce the economic, social and territorial disparities between regions while promoting sustainable urban development. Its main recipients include regional public and private entities,

with special attention paid to disadvantaged regions and areas, and rural areas suffering from natural or demographic handicaps in particular. Cohesion policy also funds investment in human capital and social cohesion, mainly through the European Social Fund+, which is also germane to housing since it includes funding for social policy and, by extension, housing allowances.

Within cohesion policy, the most direct implications for housing will hinge on the Renovation Wave Strategy, which promises to "kick-start renovation for recovery, resilience and greater social inclusion" (European Commission, 2020). Because buildings make up 40% of the EU's energy consumption and cause 36% of greenhouse gas emissions, renovation is one of the seven flagships of the European Green Deal. Moreover, while 34 million people in Europe live in energy poverty, roughly 800,000 social homes require renovation each year and the current investment gap in social and affordable housing amounts to €57 billion annually. The Renovation Wave seeks to address this problem by at least doubling the annual

policy, funds for the Affordable Housing Initiative will come from a variety of sources, primarily the RRF, the European Regional Development Fund, the European Social Fund+ and REACT-EU until at least 2023.

4. Is investment enough to guarantee the social right to housing?

The volume of resources being deployed is considerable, but many questions remain around what the European recovery plan can do to guarantee the right to decent housing. According to Housing Europe, deep renovation to achieve Energy Performance Certificates (EPC) of A or B will require roughly €60,000 per unit. If the aim is to renovate 1000 units per district, the Affordable Housing Initiative will require around €6 billion, meaning that the funding streams suggested by the European Commission will not be enough to meet its goals. Housing Europe thus claims that a dedicated budget line will be necessary in order to implement the initiative, steer it at EU level and ensure that common principles and outcomes are

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energy renovation rate of residential and non-residential buildings by 2030 and fostering deep energy renovations, with a target of 35 million renovated buildings by the end of the decade. In addition to energy efficiency, the decarbonisation of heating and cooling, respect for aesthetics and high health and environmental standards, the Renovation Wave Strategy lists affordability among its key principles – it hopes to tackle energy poverty and make energy-performing and sustainable buildings available to middle- and lower-income households as well as vulnerable people and areas.

Towards this end, the Renovation Wave Strategy includes the Affordable Housing Initiative, which will pilot 100 so-called "lighthouse renovation districts" through cross-sectoral project partnerships with local actors, including those from the social economy. Based on a district-level approach, the Affordable Housing Initiative will deploy digital and energy-efficient technologies, renewable energy and materials, circular and modular renovation toolkits and eco-design principles to renovate social and private homes with the aim of producing measurable reductions in greenhouse gas emissions in these districts. The Affordable Housing Initiative promises to include vulnerable communities and areas with social problems, engaging residents in advanced co-decision-making while collaborating with local authorities to improve sustainable financing and regulation and ensure that rent, energy and other living costs are affordable. As part of cohesion

followed and achieved. To this end, the federation calls on the European Union to support 100% of the initiative's costs and on the European Investment Bank to cover 50% with repayable loans.

The recovery plan is also very heavily oriented towards renovation. While it aligns with the goal of climate neutrality, renovation is problematic for affordability and housing inclusion, as it can easily lead to higher housing prices. This is doubly true when we consider that other key spending areas, such as investment in green infrastructure, mobility and connectivity can have major implications for land and property values throughout the continent. In this sense, renovation could actually gentrify districts, or even displace middle- and low-income households through a Reno*viction* Wave.

The diversity of European housing and welfare regimes also poses a significant challenge. Social and affordable housing shortages are certainly widespread throughout the continent. However, the trends in affordable and social housing differ substantially between countries. While social housing is being privatised and residualised in countries where it historically formed a large proportion of the housing stock, other countries suffer from an almost total lack of social housing, particularly those in the so-called "familistic" welfare regimes of southern Europe. Countries also differ in terms of the legal frameworks and regulatory mechanisms at their disposal when intervening in housing

markets. As a result, there is likely to be substantial variation between member states in the degree to which investment and improvement in the existing social and affordable housing stock is able to drive a trend towards affordability throughout the housing market. Moreover, while seminar participants welcomed the recovery plan's attention to renovation and participation, key differences were pointed out in the typology of private owners in northern and central Europe when compared to those in southern and eastern Europe, particularly in terms of their relationship with mortgages. Referring to eastern Europe's response to housing shortages after the Second World War, long-term loan financing and fixed rates were suggested as a way to promote social housing in some regions.

With regard to tenancy, the International Union of Tenants argues that the Renovation Wave and the affordable housing initiatives must achieve not only climate neutrality but also *housing cost neutrality* (i.e., guaranteeing that interventions do not increase housing costs). Yet investment alone is unlikely to yield this result and in any case housing costs are already too high

Articles 9, 14, 148, 151, 153, 160 and 168 of the Treaty on the Functioning of the European Union, and its protocol on services of general interest. The resolution also references the Charter of Fundamental Rights of the European Union, the European Social Charter and the European Pillar of Social Rights in its call for the Commission to "ensure that the right to adequate housing is recognised and enforceable as a fundamental human right through applicable European and national legislative provisions" (European Parliament, 2021: 1).

Ponce (2019) explains how, using various other competences, the EU has adopted a significant number of secondary law norms with an impact on housing. With this in mind, he lays out how established notions of the right to housing, the social function of property and services of general interest might be mobilised to strengthen EU intervention in housing by facilitating the development of common norms through hard law and regulation. He proposes that the EU could move forward within its existing legal framework to integrate into a single piece of legislation the different aspects of housing that it currently regulates in a scattered manner, building

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for millions of households. During the seminar some participants also highlighted the need to look beyond the issues of affordability and quality, remarking that renovation will not be enough to guarantee *access* to housing. Rather, housing production will be necessary to provide an adequate response to growing problems of homelessness. Participants also emphasised the need to address the diversity of tenure forms in Europe in order to tackle issues of housing *insecurity*, suggesting a move from limited to unlimited tenancy contracts. This prompted some to note the need for *neutrality in housing tenure* and not just housing costs.

There was a strong consensus among seminar participants that public policies and legal frameworks have a critical role to play in guaranteeing that the social right to housing is enforceable. The challenge, however, is that this would involve challenging the status of housing as a commodity and, by extension, existing notions of property rights as they pertain to basic needs or essential services. Currently, EU law does not grant the European Union an explicit mandate in the field of housing. However, in its January 21st 2021 resolution the European Parliament makes its legal case by citing a litany of binding legal frameworks, including Article 3(3) of the Treaty on European Union,

on the principles of subsidiarity and proportionality. This would involve the promotion of a decision, directive or regulation in the field of housing, as these are the binding pieces of legislation defined in Article 288 of the Treaty on the Functioning of the European Union (TFEU). Each of these options has different implications in terms of what aspects it would encompass (equality, energy efficiency, consumer protection, the fight against spatial segregation, etc.), but they share a capacity to be deployed to confirm the existence of a right to housing, to declare affordable housing a service of general interest and to establish the social function of property as delimiting the right to property in order to guarantee the right to housing. Alternatively, Ponce argues that recourse to subsidiary powers and Article 352 of the TFEU can and has provided a way forward in the area of housing, as it has for environmental policies and regulations for many years. Specifically, this article allows the EU to adopt an act necessary to attain the objectives outlined in its treaties when the treaties themselves do not provide for the required powers of action.

These legal approaches respond to a growing desire and political momentum to move beyond the non-binding realm of soft law. In some cases, however, the documents in which they ground their legitimacy also reflect the

relatively weak position of housing rights advocacy in the European Union's current structure, and several seminar participants described looming threats to their already precarious status. With this in mind, seminar participants highlighted the urgent need for national governments, European institutions and civil society to act against the rising concentration of the housing stock in the hands of corporate landlords and the likely acceleration of housing commodification through the Capital Markets Union.

One key document helps illustrate the current status of European housing rights movements. The European Pillar of Social Rights' Action Plan specifies three headline targets: equal opportunity, fair working conditions and social protection and inclusion. Tellingly, while housing overburden and severe housing deprivation are listed among the headline and secondary indicators of social protection and inclusion, the Pillar of Social Rights' targets are largely oriented around the demands of organised labour, such as wages, work-life balance, social dialogue, employment and working conditions, pensions, unemployment, training, lifelong learning, and so on. Meanwhile, a wide range of precarious situations are grouped together in the single category of "poverty and social exclusion" in a logic that mirrors the residualisation of social housing through increasingly strict vulnerability criteria. This is not to say that organised labour has been somehow over-represented in the European Pillar of Social Rights, quite the opposite: its design is a testament to the long history of organising that carved out a space for labour rights and labour struggles in existing legal frameworks. The labour movement can provide some key lessons to help housing rights movements demand similar recognition of their status and repertoires of struggle as they work to make the necessary space for their own collective bargaining processes to take root.

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