



— CECODHAS —  
EUROPEAN SOCIAL HOUSING  
OBSERVATORY

# HOUSING EUROPE 2007

REVIEW OF SOCIAL, CO-OPERATIVE  
AND PUBLIC HOUSING  
IN THE 27 EU MEMBER STATES





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O B S E R V A T O R Y

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CECODHAS European Social Housing Observatory

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## REVIEW OF SOCIAL, CO-OPERATIVE AND PUBLIC HOUSING IN THE 27 EU MEMBER STATES

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While every effort has been made to ensure that the data and other information in this report are accurate, some errors may remain.



### CECODHAS European Social Housing Observatory

[www.cecodhas.org/observatory](http://www.cecodhas.org/observatory)

The Observatory is the research branch of CECODHAS. Its main aim is to identify and analyse key trends and research needs in the field of housing and social housing at European level. Its role is to support policy work for the delivery of social housing by providing strategic and evidence-based analysis in the field.

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Building and Social Housing Foundation

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Housing is not a competence of the EU, which means that compiling data on this sector is not a priority for decision makers at EU level. However, the increasing interactions between housing and EU policies call for a deeper and systematic understanding of the main issues and trends taking place in this field. Although there is already a rich pool of data related to housing and housing policy trends, there is a lack of co-ordination between the different sources, which means many EU policies that affect housing do not take the reality on the ground into account.

The European Liaison Committee for Social Housing (CECODHAS) has taken a step to close this gap between data and policy making by re-launching the European Social Housing Observatory in November 2004. The Observatory aims to ensure that relevant data is taken into consideration before the implementation of any policies that will have an impact on housing sectors in Europe.

In line with this goal, the Observatory has worked with a network of national correspondents (both from amongst CECODHAS member organisations and external experts) to produce "Housing Europe", the first Review of Social, Co-operative and Public Housing in the 27 EU Member States. This Review aims to provide an overview of the main trends and processes of change affecting this sector in each EU member state, with a particular focus on presenting the providers' perspective. Building on their insights, as well as on a number of sources, this Review seeks to help better understand the main issues and challenges facing the sector, in an effort to improve practice and policy-making in the field.

I am confident that this first Review of Social, Co-operative and Public Housing in the EU will be a useful tool for a wide public, including practitioners, policy-makers, academics, students, the media, etc. It will moreover contribute to show the strategic role of social, co-operative and public housing as a key issue for economic, social and environmental policies in each Member State and at the EU level.

I wish you an enjoyable read,

**Paul Louis Marty**

President of CECODHAS

### Aims

This Review aims to provide an overview of the main developments currently taking place in the field of social, co-operative and public housing in the 27 EU Member States. In the context of a vacuum of co-ordination between the existing data collection sources in the field of housing across the EU -and specifically, in the field of social, co-operative and public housing- the task of gathering available comparable data and filling the gaps appeared crucial in order to understand the main developments taking place in this field. This effort responds not just to the interest of a variety of societal, political and academic actors in accessing such information and analysis, but in particular to the identification of the key issues and challenges for policy and practice in the field social housing across the European Union.

### Scope and approach

The geographical coverage of this Review is rather extensive, namely the 27 EU Member states. This is an ambitious and challenging objective in terms of data collection and interpretation; indeed, the very different traditions and macro-structural contexts in each country make it very difficult to draw a meaningful overall picture. However, given that one of the main aims of this publication is to provide evidence for better policy-making at EU level, it seemed a necessary effort. It is worth noting that this Review does not aim to be an exhaustive depiction of the sector in each country, but rather an overview of the main trends and issues across EU Member states. In terms of the approach chosen, in addition to providing factual data on the sector, the country profiles aim at bringing a provider's point of view to the discussion in terms of how the different macro-structural and societal trends are impacting the work of these organisations on the ground.

### Methods

Both primary and secondary sources were used in the elaboration of this Review. Amongst the secondary sources are the main and most recent statistical reports and specialised literature available to this date (July 2007), listed in the Reference section. In addition, primary data was collected from three main sources:

- *Observatory correspondents* drawn from CECODHAS member organisations contributed to the elaboration of the country profiles of their respective countries.
- *External national experts* also collaborated with data and analysis on the sector in their respective countries. They proved particularly helpful in covering those countries where CECODHAS does not have any member organisations.
- *CECODHAS-USH-DEXIA survey*: This survey was conducted at the CECODHAS Observatory thanks to the financial support of the Dexia bank. The survey took place between February and June 2007 and comprised a questionnaire sent to correspondents and experts, as well as phone interviews with them to cover gaps and deepen the understanding of the information provided. In addition, field visits were undertaken by members of the CECOD-

HAS Observatory team in some countries. The survey gathered a wide range of quantitative and qualitative data to describe the main developments in the social housing sector in the 27 EU Member States.

### Themes and structure

This Review presents 27 national country profiles describing the main trends impacting on the provision of social, co-operative and public housing in each country. In order to facilitate a comparative analysis across the countries, the information is organised under the same headings in each country profile. The profiles were based on information provided by the national correspondents and edited and complemented by the Observatory's research team to ensure data comparability (to the extent to which this is possible due to the abovementioned data limitations). This Review is structured in four chapters. Following the first introductory chapter, the second chapter presents a brief historical review of the social housing sector in Europe, aimed at providing a background to understand current processes of change. The third chapter brings together the information presented in the country profiles in an attempt to shed light on the main general trends and emerging issues across the EU, drawing on wider contextual and pan-European developments. The fourth chapter presents the 27 country profiles, which aim to provide a synthetic and dynamic picture of the main developments taking place in the sector in each country. Each profile includes a fact file summarising some key housing and related indicators that characterise the sector in the country<sup>1</sup>. The countries presented in this chapter are organised in two parts, namely: a first section containing the 19 countries where CECODHAS has got member organisations, and a second section with the 8 EU Member States where there are no members yet. The lack of established national correspondents in the latter countries explains the shorter extension of these profiles. Last but not least, it is worth noting that co-operative housing is included in this Review in so far it contributes to the provision of affordable housing and of housing for special needs (either for rent or for ownership). As we will see throughout this Review, definitions of affordability vary by country and so does the role of co-operatives in this matter.

<sup>1</sup> It is worth noting that, while in the text of each country profile the data presented refers to dates and periods specific to each country to help describe these developments, the fact files provide data that is comparable across countries.

In order to better understand the current trends and processes taking place in the housing field across the European Union, it is crucial to start by looking at the beginnings of the national housing systems in Europe. The industrial revolution and the massive urbanisation process that it brought along represents a starting point in the conception of housing as a social issue in Europe from the mid XIX century onwards. As large-scale rural-urban migration unfolds, severe overcrowding and sanitary problems characterise the living conditions of these crowds coming to the big industrial cities looking for work. It is in this period when the first social housing initiatives emerge as response to the precarious living conditions of workers. It is worth noting that at this time, social housing is not a State responsibility, but rather a private initiative from, for example, charitable institutions (e.g. Salvation Army, churches) and some private companies that build housing to accommodate their workers.

Gradually, legal frameworks begin to emerge in different European countries to encompass these diverse private initiatives – notably in those countries where industrialization happened with greater strength. Thereby, the State starts to take responsibility for the provision of decent housing to disadvantaged groups of the population as part of a mission of public interest. In this way, social housing becomes an essential element of the national economic development, of the upkeep of social peace in the context of the rapid urbanization of the big European cities.

A new phase opens up following the destruction created by both World Wars and the resulting housing shortage. Massive reconstruction and the demands linked to the economic development of decades of large-scale industrialization and urbanization, demographic boom and de-colonization processes going on in the former European imperial powers, strengthen the determination of national States to structure and promote the development of public systems of social housing. It is at this point when social housing becomes a task of national governments in post-war Europe, having to build large numbers of dwellings in a very short time span to be able to satisfy pressing housing needs. This is how the first large social housing developments begin to appear, as a primarily quantitative response to this shortage. In the 1950's, the modernist urban movement mainstreams the construction of large-scale social housing high-rise estates through prefabricated 'panel' construction techniques, which allowed to keep costs down and accelerate the production process. Public housing policies in this period focused on providing housing for working and middle-classes.

It is worth noting at this point the post-war bifurcation between Eastern and Western Europe in terms of housing policies. In Western Europe, public housing policies experiment a gradual qualitative emphasis and the start of urban renewal programmes in a number of countries. In the 1970s, however, an important change in the role of the State in housing starts to take place. This is reflected in the reduction of public expenditure on housing and an increasing market-orientation of housing policies. From the 1980s, within the framework of an international macro-structural context characterised by successive oil crisis, the stagnation of economic growth and the appearance of structural unemployment, these processes become more acute, and governments start

targeting public housing expenditures on the so-called 'vulnerable groups' of the population (either on socio-economic grounds or other types of social and/or personal vulnerability), and gradually opting for demand-side subsidies in detriment of supply-side subsidies (Priemus et al 2002). In some countries, these policies happen along a process of transfer of the public housing stock to the private sector; in the United Kingdom, for example, the council housing stock has gradually been transferred to private not-for-profit organisations created for that purpose, the Housing Associations. A similar process took place in the Netherlands with the Corporaties (see Malpass et al. 2002; Murie et al. 1994; Priemus 1996).

Meanwhile, since the 1960s in Eastern Europe a system of state-owned rental housing consolidates – nevertheless, with significant variations across countries (Hegedüs 2007), which did not exclude the formation of sub-markets of private rental housing. After the fall of communism in the early 1990s, housing systems experience a dramatic shift, particularly in terms of tenure structures: a large-scale privatisation of the public rental stock to sitting tenants at a symbolic price takes place. One of the negative consequences of this process was the emergence of the so-called 'poor home-owners' (which in some countries represent up to 90% of households), i.e. people who own their dwelling but lack the economic means to face the financial obligations that come along with home-ownership (e.g. repairs, maintenance, etc.). This situation was aggravated by the fact that in the majority of these countries the privatization process took place without the establishment of a legal framework that regulated the situation of condominiums and multi-family buildings. As several authors point out (UNECE 2005; Hegedus 2007), this situation brought about a series of social problems as well as a severe state of physical degradation of the housing stock, which affect individual households as well as governments until today. In many countries, as we will see in this Review, these constitute the main housing policy challenges for the current governments.

### 1. Overview of the social, co-operative and public housing system

#### The concept of social housing

Social housing in the European Union is characterised by the wide diversity of national housing situations, conceptions and policies across member states and, thus, by the lack of a common definition of 'social housing' at European level. This fact makes it difficult to establish meaningful comparisons, given the disparity in terms of indicators, methods and cycles of data collection. However, it is possible to identify some core elements of what constitutes 'social housing' across the EU. Looking at the definition of the specific missions of social housing providers across EU member states (table 1.1), it becomes evident that in each of these countries specific missions are assigned to social housing and to its providers by the respective public authority. These missions are relatively similar across EU member states, and can be broadly expressed as to satisfy households' housing needs in terms of access and permanence in decent and affordable housing.

This mission translates into the construction of social housing (both for rent and for ownership) with a view to increasing the supply of affordable housing. This core mission can be complemented by additional tasks, including the social integration of households through employment, health, education, etc. Furthermore, this mission is aimed at those households whose housing needs are not met by the open market<sup>2</sup>, such as socio-economically disadvantaged people and socially vulnerable groups (e.g. elderly, young, disabled, immigrants who suffer discrimination, etc.).

In addition, a special feature of social housing is the very particular nature of the relationship between provider and user. Unlike other services such as transport, energy, health or telecommunications, in social housing there is a strong involvement of the benefiting households in both the management of the service and the functioning of the company providing the service. This is illustrated, for example, through the participation of tenants on the boards of housing associations (e.g. UK, Denmark); or in the strong role of tenants' associations in rent negotiations (e.g. Sweden). This is, as Ghekière (2007) points out, part of the 'specific nature' of social housing, and is explained to a great extent by the preponderant role that housing plays in an individual's (and household's) life.

In sum, there seems to be a relative convergence in the defining elements of social housing across EU member states, namely: i) the existence of specific missions of general interest; ii) the objective to increase supply of affordable housing through the construction, management, purchase, and letting of social housing; and iii) the definition of target groups (either in socio-economic terms or in relation to other types of vulnerability, as mentioned above). As we will explain later on in our typology of social housing provision in EU member states, the manner and content of these special missions vary greatly from country to country. Moreover, the legal, financial and institutional mechanisms to fulfil this overarching aim differ significantly across EU Member States. Given this diversity, in this Review we refer to social, co-operative and public housing in order to encompass these different forms.

Table 1.1  
SPECIFIC MISSIONS OF SOCIAL HOUSING PROVIDERS AND ALLOCATION CRITERIA OF SOCIAL HOUSING IN THE 27 EU MEMBER STATES

COUNTRY	MISSION	ALLOCATION CRITERIA
AUSTRIA	Providing decent housing to people below a certain income ceiling	Income ceilings (at the provinces level)
BELGIUM	Providing decent housing for low-income households	Waiting lists based on income ceilings and priority criteria + target groups
BULGARIA	Housing vulnerable groups in need	Waiting lists, target groups
CYPRUS	Housing low-income households and refugees	Income ceilings, target groups
CZECH REPUBLIC	Housing low and middle income households (social housing) Providing households with regulated housing (public housing)	Income ceilings, target groups
DENMARK	Providing housing for everyone who needs it	Waiting lists with priority criteria + quota system for direct allocation by municipalities (25%)
ESTONIA	Housing people in need (vulnerable groups)	Target groups
FINLAND	Providing housing for everyone who needs it	Waiting lists with priority criteria
FRANCE	Housing households under a certain income ceiling and increasing social mix	Waiting list based on income ceilings
GERMANY	Housing people excluded from housing market Providing middle to low income families with access to home ownership	Priority criteria and income ceilings + direct allocation by municipalities

2) According to CECODHAS, the major network of social housing providers in the European Union ([www.cecodhas.org](http://www.cecodhas.org)), social housing is defined as "housing for households whose needs are not met by the open market and where there are rules for allocating housing to benefiting households (definition of social housing adopted by CECODHAS in Thessaloniki in November 2006).

Table 1.1 (Continuation)  
SPECIFIC MISSIONS OF SOCIAL HOUSING PROVIDERS AND ALLOCATION CRITERIA OF SOCIAL HOUSING IN THE 27 EU MEMBER STATES

COUNTRY	MISSION	ALLOCATION CRITERIA
GREECE	Housing vulnerable groups (refugees, natural disasters...) Housing employees who contribute financially	Direct allocation by provider
HUNGARY	Housing low-income people and vulnerable social groups	Depending on the municipality: waiting list or just case-by-case a tenders for the vacant units Target groups
IRELAND	Housing low-income people and disadvantaged groups	Waiting lists with priority criteria
ITALY	Housing low-income people (social rental housing) Housing middle class (social access to home ownership)	Waiting lists with priority criteria
LATVIA	Housing vulnerable and socially disadvantaged people	Income ceilings, target groups
LITHUANIA	Housing people in need	Income ceilings, target groups
LUXEMBURG	Housing low-income people	Waiting lists based on income ceilings and priority criteria
MALTA	Housing low-income people and vulnerable groups	Waiting lists with priority criteria
THE NETHERLANDS	Housing low-income people and intermediate groups	Waiting lists with priority criteria + quota system for allocation by municipalities
POLAND	Providing rental housing for middle income households	Income ceilings (at regional level)
PORTUGAL	Housing and re-housing low-income people	Income ceilings
ROMANIA	Housing vulnerable target groups	Priority to target groups
SLOVAKIA	Housing low-income people, particularly those depending on social benefits	Waiting lists based on income ceilings and priority criteria
SLOVENIA	Housing low and middle income people	Income ceilings and priority criteria
SPAIN	Housing low-income households and people with special needs	Waiting lists, income ceilings
SWEDEN	Providing decent and affordable housing for everyone Social policy with regard to housing	Waiting lists + quota system for allocation by municipalities
UNITED KINGDOM	Housing people in need	Waiting lists with priority criteria

Source: CECODHAS-USH-DEXIA Survey (2007)

### Diversity of 'social' tenures

It is worth noting that, although social housing is generally equated to social rental, it also comprises the provision of affordable dwellings for sale to households for ownership (see table 1.2). Given the difficulties to statistically identify the stock of 'social' home-ownership (of particular relevance in countries such as Spain, Italy and Greece), the relative size of the sector is usually illustrated by data on social rental stock as a proportion of the total housing stock in a country, as can be seen in table 1.3.

In addition, in some countries co-operatives have a prominent role in supplying affordable housing and / or housing for special needs, both for rent and / or for ownership. In terms of statistics collection, there is a wide variety across countries on how co-operatives are defined as regards tenure distribution, types of providers, etc.; while in some countries figures on co-operatives are included as part of the home-ownership sector, in others they are regarded as part of the social housing sector, and in a third group of countries there is even a separate 'co-operative' category. Due to this disparity, it is very difficult to achieve a cross-national meaningful comparison. In this chapter, we have tackled this limitation by providing specific information on co-operatives wherever possible; in the country fact files presented in this report, we specify for each country under which type of tenure co-operatives are included. Overall, a co-operative dwelling can be defined as a dwelling for rent or for ownership where the resident is entitled to live after buying a share of the co-operative (see Glossary).

Table 1.2  
DIVERSITY OF HOUSING TENURES IN THE SOCIAL, CO-OPERATIVE AND PUBLIC HOUSING SECTORS ACROSS THE 27 EU MEMBER STATES

	RENTAL	HOME-OWNERSHIP	CO-OPERATIVE	MIXED* (E.G. SHARED OWNERSHIP)
AUSTRIA	X	X	X	
BELGIUM	X	X	X	
BULGARIA	X	X		
CYPRUS	X	X		
CZECH REPUBLIC	X	Sale to sitting tenants	X	X
DENMARK	X		X	
ESTONIA	X		X	
FINLAND	X			X
FRANCE	X	X		X
GERMANY	X	X	X	
GREECE		X		
HUNGARY	X	X	X	X
IRELAND	X	X		X
ITALY	X	X	X	
LATVIA	X			
LITHUANIA	X	Sale to sitting tenants		
LUXEMBOURG	X	X		
MALTA	X	X		X
THE NETHERLANDS	X	Sale to sitting tenants		X
POLAND	X	X	X	X
PORTUGAL	X	X	X	
ROMANIA	X	X		X
SLOVAKIA	X			
SLOVENIA	X	Sale to sitting tenants		
SPAIN	X	X	X	X
SWEDEN	X		X	
UNITED KINGDOM	X	Right to buy		X

\*For the purpose of this report, this category included a variety of tenures such as shared ownership and equity-sharing.  
Source: CECODHAS-USH-DEXIA Survey (2007)

TABLE 1.3  
SOCIAL HOUSING STOCK IN THE 27 EU MEMBER STATES

	SOCIAL RENTED HOUSING STOCK	PER 1000 INHABITANTS	% OF TOTAL HOUSING STOCK	% OF RENTED STOCK	NEW HOUSE BUILDING OUTPUT	% OF HOUSE BUILDING	HOUSING STOCK PER 1000 INHABITANTS	POPULATION*	HOUSING STOCK*
AUSTRIA	840000	102	21	53	14500	35	421	8207	3280
BELGIUM	337400	26	7	24	Nav	6	461	10446	4820
BULGARIA	109853	14	2	40	0	0	465	8000	3697
CYPRUS	879	9	3	14	Nav	Nav	391	749	293
CZECH REPUBLIC	867200	85	20	61	5000	20	438	10221	4336
DENMARK	542600	102	20	43	Nav	20.7	456	5411	2634
ESTONIA	25000	18	7	44	Nav	Nav	463	1347	624
FINLAND	437580	74	18	52	4000	12	503	5237	2600
FRANCE	4300000	71	19	43	Nav	9	513	60561	30000
GERMANY	2471000	27	6	11	2260	9	477	82501	39000
GREECE	0	0	0	0	0	0	500	11076	5465
HUNGARY	165360	16	4	66	Nav	Nav	423	10098	4134
IRELAND	125509	29	8.5	38	5127	6.3	400	4131	1554
ITALY	1061040	18	5	26	Nav	Nav	479	58607	26526
LATVIA	1245	5	1	4	3	0.02	403	2306	967
LITHUANIA	29000	8	2.3	66	Nav	Nav	377	3425	1292
LUXEMBOURG	2250	5	2	8	Nav	Nav	391	455	176
MALTA	7585	22	6	23	Nav	Nav	315	403	127
NETHERLANDS	2400000	47	35	77	35000	12.8	422	16306	6811
POLAND	1520000	39	12	47	Nav	8.3	332	38190	12683
PORTUGAL	159540	15	3	14	Nav	3	505	10529	5318
ROMANIA	178000	8	2.2	58	Nav	Nav	374	22400	8107
SLOVAKIA	75000	14	4	80	Nav	13.7	349	5385	1711
SLOVENIA	470000	24	4	57	Nav	Nav	408	1998	798
SPAIN	141000	3	1	9	Nav	10.3	486	43038	20947
SWEDEN	860000	95	21	48	6000	20	486	9011	4351
UNITED KINGDOM	5123000	85	21	68	Nav	11	Nav	60035	25617
EU-27	22296081								

\*in thousands  
Source: CECODHAS-USH-DEXIA Survey (2007)

### Institutional frameworks and types of providers

Despite the uniqueness of the institutional framework in each country, there are similarities in much of Europe in the broad allocation of responsibilities for providing social housing between the state, the private sector, voluntary organizations and households. As explained in the historical section of this Review (Chapter II), social housing was created in most European countries as a response to the emerging housing needs brought along by massive industrialisation and urbanisation in the early 20th century. As

we pointed out earlier, social housing was then developed at the own initiative of the private sector, both by associations and by enterprises. Later on, in order to face the pressing housing needs of the post second World War period, many national States across Europe took over those private initiatives with the aim to generalise them to a wider scale. Nowadays in most European countries there is a trend to come back to the involvement of private and not-for-profit initiatives towards meeting these objectives through a wide range of social agencies, albeit with continuing large scale

government subsidies and financing housing programming and sectoral regulation. Nonetheless, what could be called “social housing” in Europe nowadays is a combination of public 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 no-for-profit companies, co-operative organizations and private investors that provide social housing. This wide variety in the types of actors charged with the mission of providing social housing can be seen on table 1.4.

Table 1.4.  
TYPES OF SOCIAL HOUSING PROVIDERS IN THE 27 EU MEMBER STATES

	UNDER STATE CONTROL /STATE OWNED /	PUBLIC OR PUBLICLY CONTROLLED COMPANIES	NOT-FOR-PROFIT SOCIAL HOUSING COMPANIES	SOCIAL HOUSING COMPANIES
GERMANY	No	Municipal companies Public companies (Bund et Länder)	Co-operatives	Yes
AUSTRIA	Yes	No	Limited-profit housing associations	No
BELGIUM	No	Municipal companies	No	No
BULGARIA	Yes	No	No	No
CYPRUS	Yes	No	No	No
DENMARK	No	Municipal associations	Associations made of independent management units Co-operatives	No
SPAIN	Yes	Public companies	Co-operatives	Yes
ESTONIA	Yes	Yes	Co-operatives	No
FINLAND	Yes	Municipal associations	Associations Co-operatives	Yes
FRANCE	No	Public bodies Companies of mixed economy	Not for profit companies Co-operative companies	Yes
GREECE	Yes	OEK	No	No
HUNGARY	No	Municipal companies	Associations and churches	No
IRELAND	Yes	No	Housing associations /Co-operatives	No
ITALY	No	Local public housing companies	Co-operatives	Yes
LATVIA	Yes	No	No	Yes
LITHUANIA	Yes	No	No	No
LUXEMBURG	Yes	Fond du logement à cout modéré (Lox-cost housing Fund) Société nationale des habitations a bon marché (National company of low cost housing)	No	No
MALTA	Yes	No	No	No
THE NETHERLANDS	No	No	Enterprises (corporaties)	No
POLAND	Yes	Local housing company	Co-operatives	No
PORTUGAL	Yes	Public body	Co-operatives Charities	Yes
CZECH REPUBLIC	Yes	No	Co-operatives	No
ROMANIA	Yes	No	No	No
UNITED KINGDOM	Yes	Yes (ALMO's)	Approved social landlords	Yes (marginal)
SLOVAKIA	Yes	Municipal companies	Not for profit associations	No
SLOVENIA	Yes	No	Approved not-for-profit associations	No
SWEDEN	No	Municipal companies	Co-operative companies	No

Source: Ghekière 2007; CECODHAS – USH – Dexia survey, 2007

## Towards a classification of social housing conceptions in the EU

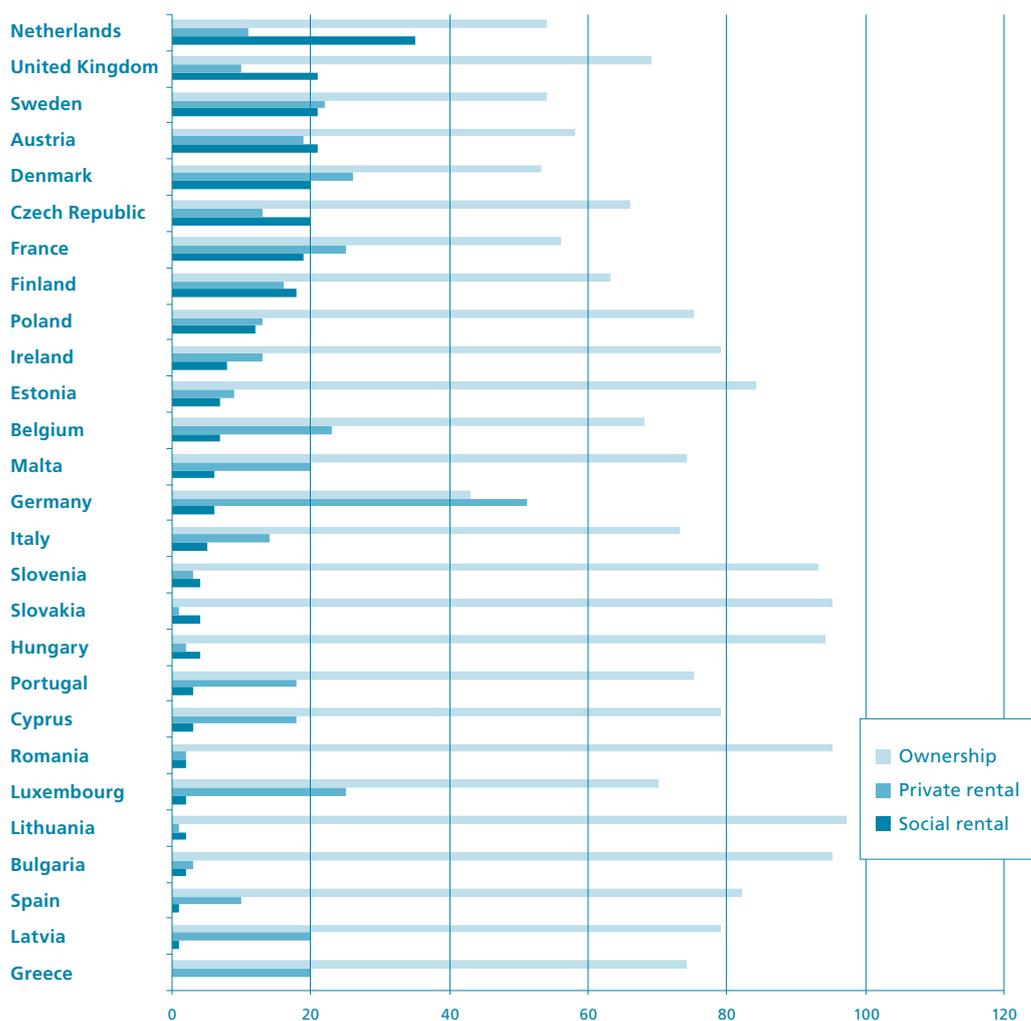
Overall, what characterises the social housing sector across Member states is its diversity in terms of: size of the sector (which is illustrated by the share of social rental housing stock in the total housing stock in the country, as seen in chart 1.1); legal and organisational forms, or modes of 'governance' (as mentioned above, operators range from public companies to co-operatives and not-for profit organisations, amongst others, as shown in table 1.4); forms of 'social tenures' (rental housing, affordable ownership, co-ownership, co-operative housing, shared ownership, etc. – see table 1.2) and, last but not least, the overarching housing policy framework (national, regional and/or local) within which these actors operate.

With regards to this last point –namely national or sub-national policy frameworks which determine the provision of social housing- the following classification allows us to visualise 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.

**1) Allocation criteria:** Two main approaches can be distinguished in this axis: we will call them 'universalistic' and 'targeted' approach.

The '**universalistic**' model of social housing provision (also called 'housing of public utility') stems from a particular conception of social welfare, which aims to provide the whole population with housing of decent quality at an affordable price. Therefore, in this model, housing is considered a public responsibility and is delivered either through municipal housing companies (e.g. Sweden, Denmark) or through not-for-profit organisations (the Netherlands, Denmark). In order to guarantee that the whole population has access to quality and affordable housing, social housing has a market-regulating role (e.g. through rent control). Overall, countries which fall into this category show a higher proportion of rental housing than those in the targeted approach, where the social rental sector dominates in terms of size vis-à-vis the private rental sector, and where the latter is usually regulated. Consequently, there is a considerably smaller proportion of home-ownership (chart 1.1). In this approach, social housing is allocated through waiting lists with or without priority criteria, and local

CHART 1.1  
TENURE SPLIT IN THE 27 EU MEMBER STATES



authorities reserve a number of vacancies for those households who have an urgent housing need. In this conception, rents are cost-based; there is a rent-guarantee for disadvantaged households and housing allowances. Furthermore, a key objective of housing provision in this model is to ensure 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. It is important to stress, however, that urban segregation in large scale neighbourhoods where social housing was built in the 60's and 70's faces today the same trends in terms of socio-spatial segregation irrespective of the initial conception of social housing, (i.e. either "universalistic" or "targeted" – see country profiles).

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 variation in terms of the type and size of the social housing sector, as well as in the criteria to allocate this type of housing. Therefore, it is possible to distinguish two sub-types: one which allocates housing to households falling under a certain income ceiling, and a second which focuses on housing provision for the most vulnerable. Following Ghekière (2007), we will call these two sub-types: "Generalist" and "Residual", respectively. While the former follows the original tradition of social housing in Western Europe (i.e. housing for workers or middle-income groups, which includes a contribution from their employers), the latter corresponds to a much more restricted category of beneficiary, usually very vulnerable households who are heavily dependent on state benefits (e.g. unemployed, disabled, elderly, lone parents, etc.).

In countries belonging to both sub-types, there is a much stronger share of homeownership than in countries falling within the universalistic approach. However, in most countries (except new Member States), while the 'Generalist' sub-type presents a rather small private rental sector, the 'Residual' sub-type shows a much stronger presence of the private rental sector vis-à-vis the social rental sector. In Eastern European countries this is clearly not the case, as we can see from the country profiles; indeed, both the social and the private rental sectors in these countries tend to be of similar (small) size, following the massive privatisation of former public housing started in the early 1990s, which lead, in most cases, to a very high percentage of home-ownership<sup>2</sup>. Another difference between both sub-types is that social housing for the most vulnerable usually relies on the direct allocation of this type of housing by the local authorities on the basis of need, whilst 'generalist' social housing is allocated by the provider on the basis of a specific set of rules and procedures, and following priority criteria based on income ceilings. Lastly, in 'Residual' social housing rents are either cost-based or set on the basis of income; in 'Generalist' social housing rents have a fixed ceiling and households benefit from income-based housing allowances covering part of the rent.

Interestingly, as we can see from table 1.5, many countries provide social housing of more than one of these three types.

**2) Size of the social housing sector:** This axis of analysis is based on data available on the size of the social rental housing stock in each Member state (chart 1.1). We have chosen this indicator for our classification given that, as table 1.5 shows, there is an important difference to make between countries with a relatively large 'residual' social housing stock (notably the UK) and those with a very low share of this type of housing. Indeed, although their allocation criteria are similar, the relative representativeness of the sector confers it a different place in the country's housing and social policies and housing markets. It is possible to distinguish three main groups, according to their relative size in relation to the total housing stock in each country.

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*3) In fact, as can be seen in the country profiles, relatively under-developed private rental markets in many Eastern European countries represent a market failure which governments are aiming to tackle through policies seeking to increase the development as such a sector, in addition to policies fostering the development of social rental housing*

Table 1.5  
A TYPOLOGY OF APPROACHES TO SOCIAL HOUSING PROVISION IN THE MEMBER STATES OF THE EUROPEAN UNION

Allocation criteria Size of the social rental housing sector	UNIVERSALISTIC	TARGETED	
		'Generalist'	'Residual'
>= 20 %	The Netherlands Denmark Sweden	Austria	United Kingdom
11 % – 19 %		Czech Republic France Finland Poland	France
5 % - 10 %		Belgium Germany Italy	Ireland Belgium Estonia Germany Malta
0 % - 4 %		Slovenia Luxembourg Greece	Hungary Cyprus Portugal Bulgaria Lithuania Latvia Spain

Source: CECODHAS Social Housing Observatory

As the country profiles in this Review show, these different conceptions of social housing provision respond to different cultural traditions and policy goals. Nonetheless, history shows that the missions, institutional arrangements and mechanisms of delivery have varied over time in order to adjust to changing conditions

and demands. In this Review we have aimed at describing the latest of these changes as well as the responses and challenges arising from these developments in terms of: market trends, policy developments, social and demographic change, scope of activities and urban regeneration.

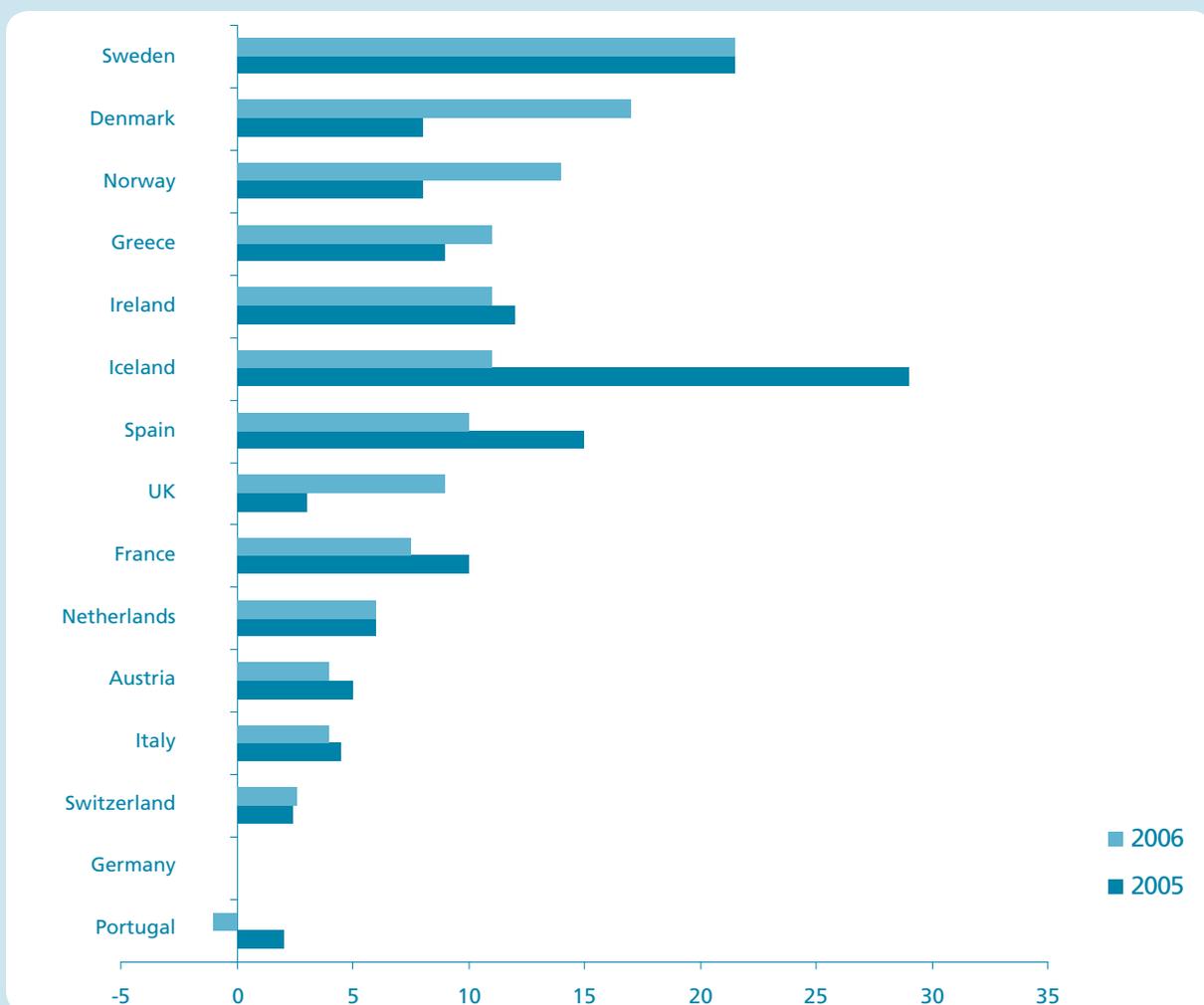
## 2. Main market trends affecting social, co-operative and public housing

First of all, it is worth noting the diversity of housing markets both between and within countries. However, a common feature about housing markets in the EU is the unbalance between demand and supply of housing. Within countries, these disparities translate into **regional mismatches between jobs and housing**, a problem which affects in particular the most economically prosperous areas (especially large cities) in most EU member states, where prices are high and affordable housing is in shortfall (Fribourg 2006). Countries that show a relative balance between housing supply and demand at national level (e.g. Czech Republic, Finland, Greece, Romania, etc.) are **facing shortages at regional level in areas of strong economic activity**. In these areas, as can be seen from the country profiles in this Review and also from table 2.1, acute shortages of affordable housing are putting increasing pressure on providers. This situation is even more problematic in countries where there is a small rental sector (both social and private), which hampers workers' mobility. On the other hand, those regions where economic activity is slow or stagnant often show a depressed housing market, usually with very high vacancy rates and a **process of degradation of the quality of the stock**, which has led in extreme cases (such as in Germany) to programmes of large-scale sale of former municipal housing to foreign investors and to demolitions of this type of housing, in the context of urban regeneration programmes which include creation of open space, facilities, etc.

At a national level, Norris and Shields reported in 2004 that countries where there is a particularly severe disequilibrium between supply and demand of housing are: Belgium, Bulgaria, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxemburg, the Netherlands, Poland, Slovenia, Spain and the United Kingdom, where housing demand greatly exceeds housing supply. However, it is worth noting that the magnitudes of these differences vary greatly by country. In general, housing shortage is particularly acute in new EU member states.

Some of the factors explaining this unsatisfied demand are of demographic nature (as we will see in the next section), namely a significant increase in the number of households, usually associated to the decline of household size. This fact is coupled with the **insufficient levels of new construction of affordable housing** to meet this growing demand, associated in many cases with the rising land and construction costs particularly in areas of high economic growth. In addition to this, the general trend towards rent liberalisation and the steep increase in house price inflation (Chart 2.1) are conspiring against housing affordability – thereby putting pressure on governments to devise effective policies to provide for this shortage of affordable supply, including so-called 'key workers' and the middle classes. This situation, which has been characterised as 'housing crisis' in some countries, is rooted in a number of structural factors, notably: sustained low interest rates, which have impacted greatly on house price inflation and the rising level of mortgage debt (RICS 2007) and the impact of a flexible labour market on households' solvency and hence in their capacity to keep up with long-term

Chart 2.1: House price inflation in Western, Northern and Southern Europe 2005-2006 (Selected countries) % of change from previous year, year end (\*)



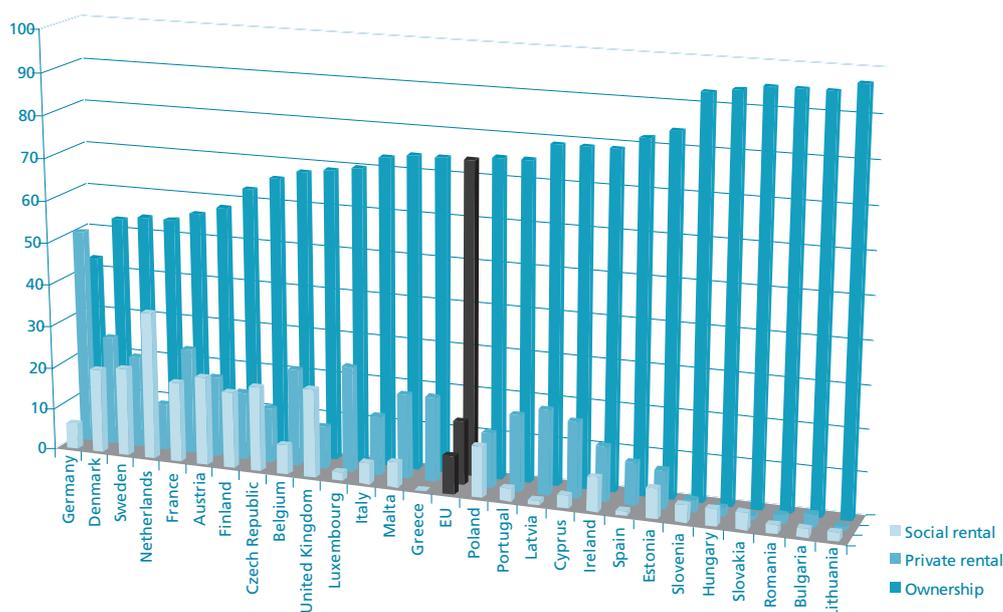
mortgage payments (Doling 2007), with the resulting socio-economic polarisation of the housing market. Indeed, the increasing problems of affordability facing large sections of the populations across EU countries conspires not just against the right to housing of these people but also against the smooth functioning of the labour market, due to the barriers encountered by workers to find decent housing close to where the jobs are. 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 small social rental sector (e.g. Hungary, Czech Republic, Spain, etc.) discussions are in place amongst government, social and academic actors to establish such a sector.

Another widely shared feature of housing markets in the EU is the **high share of home-ownership in most Member States** (chart 2.2), a trend that is on the rise in most member states (Doling et al 2007). This trend has been greatly boosted by the sustained low interest rates over recent years as well as by an increasingly competitive mortgage market. However, a parallel trend is the increasing rate between mortgage debt / income ratio, which has particularly affected low-income and vulnerable households, for whom housing expenditures represents an above-average share of their total expenditures. One of the negative consequences of this situation is the increasing mortgage debt levels experimented by a growing number of households across the EU, in particular (and most worryingly) for those on lower incomes and/or for those more vulnerable to changing labour markets conditions and interest rate fluctuations (e.g. the elderly, young households, single parents, etc.) (Doling 2007). As can be seen from table 1.2., in order to help satisfy the aspiration of many households to access home-ownership, in most EU countries social housing actors do also provide housing for sale, either through sale of

existing social dwellings to sitting tenants (e.g. through right to buy policies) or by building new housing for sale. In the latter case, this can be affordable or social housing and, in some cases, housing at market prices (as part of the social housing provider's portfolio diversification, see section 5). Furthermore, a variety of new sale options have been put in place in different countries in order to facilitate access to home-ownership to households who are not able to access a home in the free market. This is the case, for example, of 'mixed' or 'partial' ownership schemes, whereby households buy a part of their home from the provider (e.g. housing association, local authority, etc.) and pay a reduced rent for the rest. In these schemes, households are usually given an option to purchase the dwelling fully at a later date.

Table 2.1 aims to illustrate some of the main housing market trends impacting on the provision of social, co-operative and public housing in the EU member states consulted in this Review.

Chart 2.2 Tenure distribution in the 27 EU Member States



Source: CECODHAS-USH-Dexia

Table 2.1  
KEY MARKET TRENDS AFFECTING THE SOCIAL, CO-OPERATIVE AND PUBLIC HOUSING SECTOR IN EU MEMBER STATES

ISSUE	COUNTRIES	IMPLICATIONS FOR SOCIAL HOUSING
SHORTFALL OF NEW CONSTRUCTION	Estonia Czech Republic France (slowly increasing since 2004 but partly offset by demolitions) Hungary (since 2005) Poland United Kingdom	Housing crisis affecting low and middle-income households especially in urban centres  Enormous pressure on social rental housing
REGIONAL AND/OR LOCAL HOUSING SHORTAGES (PROSPEROUS AREAS, I.E. BIG CITIES)	Czech Republic Denmark France Germany Poland Luxemburg Sweden (rural-urban migration)	High land prices in prosperous areas make it difficult to build affordable housing while there is a pool of vacant dwellings in depressed areas
SHORTAGE OF AFFORDABLE RENTAL HOUSING	Estonia (especially lack of sheltered accommodation) Hungary (very small private and social rental sector) Czech Republic Italy Portugal	Plan to build new municipal housing for the neediest
RISE IN HOME-OWNERSHIP	Belgium Czech Republic (due to privatisation) Finland Greece Portugal Sweden	
PRIVATISATION OF FORMER PUBLIC/SOCIAL HOUSING STOCK	Czech Republic Hungary Estonia	Decrease in market rents but general lack new built and affordable rental housing
INCREASE IN CO-OPERATIVE HOUSING	Denmark Czech Republic (due to privatisation) Estonia Italy (strategically shifting to building rental housing)	
DEREGULATION OF PRIVATE RENTAL SECTOR	Austria Czech Republic	Rent increases; change in demand structure (more pressure from low-income groups)

Source: CECODHAS European Social Housing Observatory on the basis of country correspondents' data (2007)

### 3. Main social and demographic trends in the demand for social, co-operative and public housing

Looking at social and demographic change across the EU, some clear trends are distinguishable; as Liddle et al (2007) point out, despite the great diversity, both within and between Member States, all EU countries face common challenges such as demography, increased ethnic and cultural diversity, and a process of individualisation of values, which are greatly impacting in the delivery of public services, including housing.

*“The achievement of mass affluence and the process of economic modernisation have profoundly shaped values, as we see in the trend to individualisation, new patterns of family life, the changing position of women in society, the rise of post-material concerns and the new challenges of democratic engagement. (...) Radical demographic change is seen in declining fertility and longer life expectancy raising issues of social and economic sustainability, new and diverse housing demands, work life balance in dual earner households, gender equality in who shares the burden of care and equity between the generations. The rise of the citizen as consumer is changing the way we think about is-*

*sues such as choice in housing and public services (...)” (Liddle et al 2007: 7-8)*

Furthermore, the recent European Commission’s Communication on Demography outlines the three fold challenge facing Europe: the ‘baby boom’ generation reaching retirement, increased life expectancy and the fall in the birth rate, further stretching the dependency ratio between the active and retired (Commission of the European Communities 2006). Demographic change in Europe is leading to an **ageing population** with an increasing need for social care. In the European Union the current trend is towards smaller households and the proportion of the EU 25 population over 65 is forecast to rise from 15.7% in 2000 to 22.5% in 2025 and 29.9% in 2050, contrasting with 9.1% a century earlier in 1950. The proportion of over 80s is expected to triple to 11.4% in 2050. Indeed, “the ageing population raises major public policy issues relating to the sustainability of pensions, the rising costs of health and care for the elderly and the drag on potential growth in Europe as the social burden is assumed to rise”. (Liddle et al 2007: 26) In terms of implications of these trends for housing, it is predicted that in 2010 around one third (32%) of the EU-15 elderly population (aged 65 and over) will be living alone (European Communities 2004).

Table 3.1  
PROJECTIONS FOR EU’S POPULATION TREND 2005-2050

in thousands	2005-2050	2005-2010	2010-2030	2030-2050
Total population	-8659	5563	5312	-19534
Percentage change	-1.9%	1.2%	1.1%	4.2%
Children (0-14)	-13811	-2304	-6080	-5427
Percentage change	-18.6%	-3.1%	-8.5%	-8.2%
Young people (15-24)	-14035	-2383	-6663	-4990
Percentage change	-24.3%	-4.1%	-12.0%	-10.2%
Young adults (25-39)	-24867	-3896	-14883	-6088
Percentage change	-25.0%	-3.9%	-15.6%	-7.5%
Adults (40-54)	-18666	4116	-10029	-12754
Percentage change	-19.0%	4.1%	-9.8%	-13.8%
Older workers (55-64)	4721	4973	8717	-8969
Percentage change	9.1%	9.5%	15.3%	-13.6%
Elderly people (65-79)	25688	1947	22281	1460
Percentage change	44.5%	3.4%	37.3%	1.8%
Frail elderly (80+)	32311	3109	11969	17233
Percentage change	171.6%	16.5%	54.0%	50.8%

Source: EUROSTAT, 2004

An additional key demographic and social trend in Europe is **immigration**. In its Communication on Demography, the European Commission acknowledges that over the next 15 to 20 years significant net immigration into Europe will continue (2006:11). However, “despite progress in tackling overt racism and intolerance, there remain huge problems of discrimination, unemployment and access to decent public services such as housing, health

and good schools. (Liddle et al 2006: 38). Furthermore, recent waves of immigration are transforming many European cities. For example, Buonfino found that “the population in cities as different as Birmingham, Marseilles and Malmo is made up of more than one third ethnic minorities” (2006).

The assessments laid out in the country profiles in this Review (summarised in table 3.2) are consistent with these general trends. Although to different extents in each country, social housing providers mention the following as some of the main social and demographic shaping demand for social housing in their countries: an ageing population and the need to adjust their housing to their special needs, in particular to allow them to lead an independent and good quality life in their own homes as long as possible; the **higher number of households** arising from a **decrease in household size** (as we have seen above, clearly a result of the process of individualisation and of the declining fertility rates in European societies); **large and increasing proportion of single people households** (a high proportion of which are elderly people); and high immigration levels and **strong presence of immigrant and ethnic minority families in social housing**.

In particular, there is the **need to cater for changing demands and needs arising from a new profile of social housing tenants**: as part of the wider demographic, social and cultural changes mentioned above, the traditional model of nuclear family is no longer the 'typical' household. The trend is indeed to a much larger proportion of single households; new so-called 'patchwork' families (product of higher rates of diverse and re-composed families); lone parents; and large or extended families of immigrants and ethnic minorities, and also of autochthonous families in some Eastern and Southern European countries (e.g. Italy, Estonia). Often young families and elderly people are amongst the key target groups in most EU countries; in Denmark, for example, both elderly people and students and young families are amongst key target groups. In Eastern Europe, for example, young entrant households are amongst the main groups experiencing great difficulties in finding affordable housing, and are thus a priority group for this type of policies.

ISSUES	COUNTRIES (*)	RESPONSES AND/OR CHALLENGES
Ageing population	Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, the Netherlands, Portugal, Sweden, Italy, Belgium	- Adapting homes for special needs - Providing services at home
Decrease in household size Increase in number of households	Austria, Belgium, Czech Republic, Finland, France, Germany, Hungary, the Netherlands, Poland, Portugal, Spain, UK, Ireland, Luxembourg	Housing output including different forms of tenures
Large and increasing proportion of single households	Austria, France, Germany, Hungary, Spain, UK	Adapting homes
High immigration levels	Austria, France, Greece, the Netherlands, Portugal, Spain, Ireland, Italy, Luxembourg	- Sustainable communities policies - Local integration programmes / initiatives
Strong presence of ethnic minorities in social housing	Austria, France, the Netherlands, Portugal	Social mix policies, preventing social exclusion
Pressure on prosperous urban areas	Belgium, Finland, Hungary, Poland, Spain, UK, Estonia, Germany	Urban Regeneration Policies: Renovation / Maintenance of older stock
High number of young households entering housing market	Austria, Finland, Czech Republic, Poland	- Targeting: special programmes for young households in owner-occupied and co-operative sector - Increasing rental sector (social and private)
Rural-urban migration	Hungary, Poland, Spain, Sweden	Pressure on urban areas. => Public intervention / management on those areas
Student housing	Denmark, Italy	Targeting: special programmes for students
Multi-generational household and / or extended families	Estonia, Italy	Need to increase availability of affordable housing (particularly for rent)

(\*) NB: This table does not aim to be an exhaustive depiction of all social and demographic issues affecting social housing in each country, but rather a synthesis of the main issues highlighted by the authors of the country profiles presented in this Review.

Source: CECODHAS European Social Housing Observatory on the basis of country correspondents' data (2007)

Historically, social housing organizations have been charged with the mission to provide adequate dwellings to workers and to people with special needs, such as young households, the elderly or people with disabilities. As explained in the country profiles presented in this Review, these groups need **homes adjusted to their special conditions** as well as **access to good services** and extra support to allow them to remain independent in their own homes. Moreover, **support services** and shelters are needed to enable people who have experienced personal breakdown to reintegrate into community life. This is a particular challenge for social housing providers, whose properties are mostly occupied by people whose financial means of securing the services and alterations they need for their homes are more restricted than those of the rest of the population. In addition, the difficulties experienced by an increasing number of young households in the housing market (whether rental or owner-occupied) are making this one of the key target groups of social and housing policies in many EU Member states.

In the field of immigration and ethnic minorities, an additional dimension of the impact of these trends on social housing providers is the need to link up with other public and social agencies working towards the improvement of the integration of these groups in their local communities. Indeed, earlier research by the CECODHAS Observatory shows that there are no or very weak explicit links between on the one hand, integration policies and programmes and, on the other hand, housing policies (Czischke et al 2007). In the face of increasing immigration levels in many EU member states, there is widespread recognition amongst social housing providers that these groups are or will eventually be putting increasing pressure on this type of housing (see country profiles). In fact, in order to help the integration of these groups, not only housing is needed, but **special services and inter-agency co-ordination** to allow them to learn the local language and facilitate their access to education, training and jobs. Furthermore, in order to prevent the formation of ghettos, many countries are implementing policies of **social mix**, particularly in new social housing developments. This type of policies, although often meant to help the integration of ethnic minorities and recent immigrants, are not devoid of controversy; research and practice show the many advantages of people of the same ethnic background living in close proximity, especially for new arrivals who need support and social networks to integrate in their new home. However, evidence also points out to the many disadvantages of extreme segregation (see point 6 of this Chapter). Hence, the relatively under-researched links between integration of immigrants and social housing constitute one of the main concerns of social housing providers currently and for the future.

#### 4. Main policy developments in the field of housing, and in particular with respect to social, co-operative and public housing

Amongst more or less general trends unfolding over the last decades in the provision of social housing across EU member states are: the **decentralisation of housing policy**, the **privatisation of public housing** and a **reduction of public finance** (e.g. Boelhouwer, ed. 1997, 1999; Priemus et al., 1999, Priemus et al., 2002).

Indeed, the process of change in the role of the State in housing policies taking place since the 1980s has resulted in an increasing transfer of housing competences and responsibilities (either integral or partial) from the State to the regional and/or local level. Amongst the EU Member States which have joined those countries with a long-standing decentralised tradition are: Austria in 1989, Spain in 1992, Denmark and Finland in 1994 and the Netherlands in 1995. The search for **greater efficiency** in housing policies has led to increasing flexibility of public interventions and their capacity to adjust to the regional diversity and to different local needs. Furthermore, the process of decentralisation follows calls for reinforcing the links at local level between benefiting households, local actors and social housing providers. However, decentralisation has happened at different degrees across EU Member States: Belgium is the only EU country where decentralisation (or 'regionalisation') is fully implemented, i.e. there is a complete autonomy of each region (Brussels, Wallonia and Flanders) in the field of housing policies. In Germany, Austria, Spain and Italy, the central State shares competences with the regional authorities. In all other countries housing policy is predominantly the competence of the central State.

Overall, housing has become more market orientated, competitive and opened up to economic pressures (UNECE 2006; Priemus et al 1993). Supply subsidies to social housing have been complemented in many countries by demand-side subsidies through housing benefits and vouchers. In order to face increasing housing costs, there has been a growing emphasis in many EU countries 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. Nonetheless, this trend has resulted in many cases in the strengthening of spatial concentrations of deprived households in social housing estates, which has brought about a number of negative effects such as stigmatisation of social housing tenants, barriers to effective social integration through exclusion from mainstream services and facilities, etc. (for a more detailed discussion on this topic, see section 6 in this chapter). This situation has given rise to debates on the relative merits of public, urban and social policies favouring social mix as a way to avoid this stigmatisation vis-à-vis policies focused on implementing the right to housing for households suffering from severe housing exclusion (see for example: Feantsa 2005; Musterd et al 2006; Tunstall et al 2006).

An additional trend that has been going on in housing policies since the 1980s, as mentioned in our historical review (Chapter II), is the **privatisation of the social housing stock**. Overall,

as Whitehead (2007) points out, "pressures towards privatisation arise from political and economic imperatives to limit the role of the state to 'sweat' public sector assets more effectively." (2007: 56). Privatisation has taken different forms across the EU; amongst these are, on the one hand, the sale of the public rented stock 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- and, on the other hand, stock transfer operations (e.g. devolution of social housing stock to the corporaties in the Netherlands; stock transfer from local authorities to housing associations in the UK; etc.). In addition, it is worth noting the recent large-scale sale of local public housing companies in Germany to foreign private pension funds as a way to contribute to cover the budget deficit of local authorities.

As part of the gradual retreat of the welfare state in large parts of Europe, provision of social housing declined in many countries over the last decades (see for example: Priemus et al 1993). However, as our country profiles show, more recently the **increase in social housing supply** has become a key priority in a number of countries, such as Spain, France, Hungary, United Kingdom, and Ireland, amongst others. Indeed, the recognition of the severe shortages of affordable housing in many EU member states (as seen in section 2 of this Chapter) are leading many governments to commit new funds or programmes **promoting the construction of affordable housing**. In these countries, government housing policy is showing an increase in public funding for social housing given the recognition of acute shortages of and high demand for this type of housing (see table 4.1). For example, in the United Kingdom, every new private development has got to comply with set targets in terms of provision of affordable housing, which vary between local authorities, and can be as high as 50% in some areas, e.g. in London<sup>2</sup>, which is usually delivered by housing associations or through partnerships between private developers and housing associations<sup>3</sup>. In addition, the government of the new Prime Minister, Gordon Brown, has committed to raise house building to 240,000 units a year by 2016.

Another example is Spain, where The Housing Plan for 2005-2008 includes measures facilitating new construction, rehabilitation of existing stock and occupation of vacant dwellings through rental tenure in order to increase the supply of affordable housing. At a regional level, urban planning legislation in Spain establishes that in each new urban development a minimum of 30% of the land must be used for 'protected' (i.e. social) housing. Another example of the growing political commitment to address the so-called 'housing crisis' affecting a large number of EU member states, the French government, for example, adopted in June 2004 a Plan for Social Cohesion to develop the supply of affordable rental dwellings in the public and private sector as well as social access to ownership. Moreover, the proximity of the 2007 Presidential elections kept housing at the forefront in 2006, and in January 2007, a draft law was presented to the French Council of Ministers, allowing those who cannot have access to decent housing to seek legal redress.

It is worth noting that in a number of Eastern European coun-

4) For example, the Mayor's Housing Commission (2000) recommends that at least half of total residential development across London should be provided as affordable housing. The provisional view was that at least 35 per cent of capacity should be delivered as predominantly social rented housing targeted at meeting the needs of people on low incomes, and that at least 15 per cent of capacity should be delivered as a mix of housing tenure types targeted at meeting the needs of people on moderate incomes. (Source: [http://www.london.gov.uk/mayor/housing\\_commission/lexec\\_summary4.jsp](http://www.london.gov.uk/mayor/housing_commission/lexec_summary4.jsp))

5) See, for example, Mullins et al 2005

tries, a housing policy objective is the **development of the rental housing sector**, both social and private. The extremely high proportion of home-owners and the lack of alternative tenures in the market have made countries like the Czech Republic, Hungary, Poland and Lithuania establish measures to increase the supply of affordable rental dwellings. In the Czech Republic, given the lack of interest amongst private investors to build rental dwellings (due to market distortions – see country profile), a new scheme is currently being elaborated whereby the government is to provide incentives for the construction of new social rental dwellings (i.e. with income ceiling, amongst other restrictions), which are to be kept for 10 years under a protected regime. After that period, the owner of the dwelling can decide whether to keep it under that regime or to put it on the market. In Poland, the National Development Plan for 2007-2013 includes

amongst its priorities the improvement of the financial framework of affordable rental housing programme to develop this type of dwellings, co-financed by preferential loans granted by the National Housing Fund. In Hungary, in 2006 a new loan programme for local governments was launched, which gives them access to a subsidized loan for investment in the public rental sector provided by the Hungarian Development Bank. In Lithuania, the government aims to increase the share of rental housing to 18% of the total housing stock in 2020 (in 2003 it accounted for 10%). However, it is worth noting that in some cases not only funding is required for the establishment and sustainability of a rental housing sector, but also the necessary institutional capacity to make it succeed. In Bulgaria, for example, there is not yet a legal framework for the establishment of housing associations who build and maintain rental stock.

Table 4.1  
MAIN HOUSING POLICY DEVELOPMENTS IN THE 27 EU MEMBER STATES, 2007

COUNTRIES	INCREASING SOCIAL HOUSING OUTPUT	PROMOTING ACCESS TO HOME-OWNERSHIP	IMPROVING EXISTING STOCK (REHABILITATION, RENOVATION)	SALE OF SOCIAL HOUSING	OTHER POLICY DEVELOPMENTS
AUSTRIA				Sale to sitting tenant (not broadly applied)	
BELGIUM	X			According to Regions (*)	
BULGARIA				Sale to sitting tenants under specific conditions	Elaborating housing policies
CYPRUS		X		No	Rehabilitation of housing for refugees
CZECH REPUBLIC	X	X	X	Sale to sitting tenant	Closing the gap between regulated and free market rents
DENMARK	X	X		Sale to sitting tenants (with approval of tenants, municipality and landlord organisation)	Increasing social mix
ESTONIA			X	Sale to sitting tenant	Promoting rental sector
FINLAND				Sale to sitting tenant (not broadly applied)	Promoting sustainable housing (energy saving...)
FRANCE	X	X	X	Sale to sitting tenant (not broadly applied)	
GERMANY			X	Sale of municipal companies to international investment funds	- To address the increased regional differentiation of housing markets - Devolution towards Lander
GREECE		X		NA (only social dwellings for access to home ownership)	
HUNGARY	X	X		No	Promoting private rental sector for social purposes
IRELAND	X	X		Sale to sitting tenants (also shared ownership)	Promoting sustainable communities
ITALY	X	X		Sale to sitting tenants (regulated by regional laws, marginal)	
LATVIA	X		X	No	
LITHUANIA	X		X	No	- Increasing housing output - Promoting rental sector
LUXEMBOURG	X	X		Sale to sitting tenant	Promoting private rental

TABLE 4.1 (Continuation)  
MAIN HOUSING POLICY DEVELOPMENTS IN THE 27 EU MEMBER STATES, 2007

COUNTRIES	INCREASING SOCIAL HOUSING OUTPUT	PROMOTING ACCESS TO HOME-OWNERSHIP	IMPROVING EXISTING STOCK (REHABILITATION, RENOVATION)	SALE OF SOCIAL HOUSING	OTHER POLICY DEVELOPMENTS
MALTA	X	X		Sale to sitting tenant (also shared ownership), still marginal	
NETHERLANDS			X	Sale to sitting tenant, sale of buildings to investors	
POLAND	X		X	Sale to sitting tenant	
PORTUGAL				Sale to sitting tenant, sale of buildings to investors	"Re-housing" households living in inadequate housing
ROMANIA	X		X	No	Increasing housing output
SLOVAKIA	X	X	X	Sale to sitting tenant	
SLOVENIA	X			Sale to sitting tenant (not in public dwellings)	Increasing housing output
SPAIN	X	X	X	Sale to sitting tenant after a certain period	
SWEDEN				Sale to sitting tenant, sale of buildings to investors (being developed)	Reintroduction of market strengths Devolution towards local authorities
UNITED KINGDOM	X			Right to buy	Promoting sustainable communities

(\* ) Sale of social housing is forbidden in the brussels region but not in the other two regions. Flanders has the biggest proportion of social housing for sale. In the flemish region there is sitting tenant's right to buy, at following conditions: dwelling is in use for 15 years; the sitting tenant has taken uninterruptedly possession of the house since at least 5 years; no ownership of another real estate

Source: CECODHAS european social housing observatory on the basis of country correspondents' data (2007)

An additional policy priority mentioned in our country profiles is the **rehabilitation and renovation of existing stock**. This featured as a priority particularly in Eastern European countries, notably given the significant presence of large-scale housing estates dating back to the 1960s and earlier, as well as in other countries where such housing was also part of massive construction programmes of social housing (France, the Netherlands, Germany). In all these cases, considerable funding is required to upgrade these estates, not just because of the long-expired life-cycles of these buildings in many cases, but also due to out-of-date insulation systems and poor maintenance over time resulting from lack of public resources (or, since privatisation in Eastern Europe, from private households). This policy priority is indeed closely linked to other policy areas such as energy-efficiency, a field of increasing relevance in the framework of sustainable development and environmentally-friendly policies. It is worth noting that the latter is indeed one of the key areas where social housing is eligible for EU Structural funding.

Another key policy trend across Europe, also reflected in the market, as seen in section 2 of this Chapter, is the increasing emphasis on **access to home-ownership**. These policies have been and continue to be widely promoted by governments of EU countries for both ideological and economic reasons, following the concept of an 'asset-based' welfare state (Doling 2007). According to this concept, the responsibility for former core elements of the welfare state (education, pensions, health, and housing) are transferred to the individual through a logic of personal wealth creation. In this view, governments aim at creating the conditions for individuals to acquire wealth in the market and thereby cater

for their own social security needs. In this conception, only very vulnerable households are to be catered for by the State, preferably through direct transfers. As Whitehead (2007) states, "The political agenda across Europe increasingly emphasizes privatisation and particularly owner-occupation (...) in part because of the need to reduce public expenditure and concentrate on core governmental activities; in part because asset ownership is seen as helping to fund lifestyles of the increasingly long lived population; and in part simply because it is politically popular" (Whitehead 2007:48). However, as pointed out earlier, it is worth noting that the risks of too much emphasis on this type of tenure are manifold, including the creation of an inequality gap between those who own a house and those who don't, and the increasing levels of mortgage debt and arrears in many EU countries (Doling 2007).

## 5. Main changes in the scope of activity of social, cooperative and public housing providers

Since the 1980s –when housing policy in several European countries (in many cases, as part of a wider trend towards neoliberal-type policies), began to shift away from government control and towards reinforcement of market principles- a process of **‘modernisation’ of the social housing** sector has been gradually unfolding. Key to this process has been the parallel trend towards the decentralisation of housing policy in most EU Member States, which has changed the relationship between the State and social housing providers. Indeed, from hierarchical control and standardised production of social housing, the sector has moved towards more contractual relationships between the commissioning authority and the increasingly independent providers. The variety of societal and economic changes described in earlier sections have indeed brought about the need to adapt to a local demand which is rapidly changing, diversifying and becoming more complex. As a response to these new demands, providers are diversifying their social housing offer; specialising in ‘niche’ areas where they see themselves as having a comparative advantage vis-à-vis other market actors; development additional services to tenants to support the delivery of their core task; and working in partnership with other local stakeholders in network-type settings involving a variety of actors and goals.

The way and the extent to which these developments have taken place vary per country. For many social housing providers, these have meant a greater freedom and / or responsibility in performing their social activities at local level, but also the challenge to perform their social objectives with fewer public resources (e.g. Gruis and Nieboer, 2004). This has put pressure on social landlords to **increase the economic efficiency** of their operations (‘do more with less’). Overall, in response to all these changes in the policy, market and societal environment, social housing companies are broadening the scope of their activities to improve efficiency and accountability. The need to secure the **economic viability** of the sector in a context of decreasing public funding is leading social housing providers across the EU to adopt more business-like approaches to manage their stock (Czischke and Gruis 2007). This includes more sophisticated financial management (e.g. development of complex treasury management strategies to manage their loan portfolios, etc.); regular benchmarking and quality assessments; customers’ service strategies (including consultation mechanisms and research and development to improve product development and customers’ satisfaction); and the adoption of asset management strategies, amongst others. Indeed, the changes described above have brought about a re-conceptualisation of the stock of social housing as ‘asset’: asset management has become a strategic way of optimising resources. Evidence shows that some companies across the EU are increasingly adopting decision-making frameworks such as portfolio analyses from the private sector and using **sales and developments** as structural instruments to generate financial resources for their social housing activities. Selective sale of social housing has become a key tool for both satisfying the aspirations of tenants (in the case of sale to sitting tenants who aim to own their homes and could not afford it in the free market) and for generating extra resources for the improvement or new construction of social housing. Last but not least, as part of these

processes, a trend towards **mergers and restructurings** is becoming widespread in the sector, which allows providers to achieve economies of scale, synergies and greater leverage vis-à-vis other stakeholders.

In order to be able to fulfil their social obligations to provide homes for the most vulnerable groups, 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). For example, in countries where there is an increasing polarisation in the housing market due to -as explained in point 2 - the residualisation of the social housing sector on the one hand, and the formation of a expensive home-ownership sector on the other hand, middle class households and so-called ‘key workers’ (nurses, teachers, policemen, etc) are not able to find decent and centrally-located accommodation at an affordable price near their workplaces. Indeed, this group often neither qualifies for ‘residual’ social housing, nor are they able to access the increasingly unaffordable private home-ownership market. Within this context, some social housing providers are increasingly diversifying their portfolios towards the provision of affordable and intermediate housing solutions for these groups (for example, in the United Kingdom, the Netherlands, etc.). Indeed, they perceive their expertise in the field of housing services provides as a comparative advantage in this field vis-à-vis market providers.

Furthermore, a number of cultural, societal and demographic changes (see section 3) are having increasing impact on the evolution of the demands posed to social housing providers. These changes relate mainly to the rapidly evolving socio-demographic composition of European societies, and the new needs and expectations emerging from those changes. In particular, there is the **need to cater for changing demands and needs arising from a new profile of the social housing tenants**. In many countries, the increasing residualisation of the tenants’ profile brings along the need to provide special services to support the fulfilment of the core task of social housing companies. As table 5.1 shows, an increasing share of older tenants, plus households with special needs (e.g. disabled, single parents, etc.) call for a range of domiciliary care and support services. Also, ‘additional services to tenants’ linked to facilitating their access to employment and education feature amongst the services offered to vulnerable households. Research shows that, in countries like the Netherlands, Germany and the UK, the retreat of the state from the provision of a range of social services has created a niche for social housing companies to become key actors in local and social development at neighbourhood level (Heino et al 2007). Indeed, both the country profiles presented in this Review and academic literature show that providers are often taking a leading, initiating role in **neighbourhood renewal** processes (Gruis and Nieboer 2004). Social housing providers are working in partnership with other local and regional agencies to deliver **efficient neighbourhood management** in the face of demands for the social inclusion of tenants via the facilitation of access to training and to the job market for these residents.<sup>4</sup> Across the EU, different approaches can be found amongst social housing providers faced with these emerging demands, ranging from Corporate Social Responsibility schemes (e.g. Germany), to professional

<sup>5</sup> For an in-depth analysis of recent changes in the scope of activities of social housing providers across the EU, see Heino J, Czischke D, and Nikolova M (2007, forthcoming)

ethical codes (e.g. France), and to the conceptualisation of social housing providers as 'social enterprises', which participate in -and in some cases, even lead- partnerships and/or 'task forces' with local and regional stakeholders to promote local economic and social development (e.g. the Netherlands), etc.

Table 5.1 MAIN CHANGES IN THE SCOPE OF ACTIVITY OF SOCIAL, CO-OPERATIVE AND PUBLIC HOUSING PROVIDERS		
Type of services provided by social, co-operative and public housing actors	Purposes	Countries
Domiciliary care and support services / accessibility for special groups (elderly, disabled...)	Responding to the phenomenon of ageing population and the rising demand from groups with special needs	Austria, Belgium, Denmark, Spain, Estonia, Finland, Italy, the Netherlands, Sweden, UK
Improving housing conditions/Maintenance	Participating to urban renewal	Austria, Czech Republic, Denmark, France, Finland, Hungary, the Netherlands
More customized offer (differentiated market strategies) e.g. provision of affordable housing	Better competing on the market with private developers	Germany, Finland, the Netherlands, Sweden companies
Neighbourhoods' services: Building / management of non-residential units (sport and childcare facilities, hospitals, parking...)	- Participation to public administrations plans to implement their strategy for neighbourhood rehabilitation - to improve local area or community	Spain, France, the Netherlands, Portugal, Sweden, UK, Greece, Luxembourg, Hungary, Italy
Additional services for tenants: - training, employment - website for exchange of flat among tenants	- Empowering tenants and provide them the know-how to manage the buildings in a participative way - Rising quality of life, creating sustainable society - Widening the possibility to choose and enhance mobility of tenants	Estonia, Italy, the Netherlands, UK Denmark

NB: Data not available for Ireland and Poland

Source: CECODHAS European Social Housing Observatory on the basis of country correspondents' data (2007)

Furthermore, these developments have led to an **increased emphasis on (local) democratisation and public accountability** in the provision of social housing services. Social housing providers are under increasing pressure to negotiate their policies and explain their results to (local) stakeholders, in a way to counterbalance the effect of increased market-orientation and decreased central government control (see e.g. Mullins, 2006). Moreover, social housing providers have also been increasingly subject to general market regulations intended to stimulate competition. Indeed, although the provision of social housing is in principle the domain of national governments, some of these national policies are bound to comply with internal market regulations and policies at the European Union (EU) level as well. This is most evident in the procurement standards for contracting public housing development. However, EU market regulations could have a broader impact on the structure of social housing providers. Currently, one of the most explicit examples of this influence can be found in the Netherlands, where the broad scope of social housing providers on the housing market has been questioned by the European Commission on the grounds of the EC's responsibility for market operations (and the Altmark ruling). The result of this process could be that non-profit activities and for-profit business are separated from each other at least in terms of accounting (see e.g. Priemus, 2006) and according to Gruis and Priemus (2006) the Dutch situation might become a precedent for the impact of the European Commission's regulations on social housing in other countries as well.

Last but not least, the development of social housing providers with higher degrees of independence from public authorities in some member states and the rising importance of the partici-

pation of benefiting households as an active player in the governance of social housing organisations -alongside increasing demands for quality of service- have given rise to the concept of **'regulation of social housing'** in various member states, notably in those where social housing providers have acquired a large degree of financial and managerial independence and where the sector is particularly representative (e.g. UK, the Netherlands). While in some member states in the past regulation was somehow internalised by providers due to their close relation with the public authority in charge of housing provision, this new set of actors (households and increasingly independent social housing providers) in some EU countries are leading to the development of new ways of externally regulate the relationship between all these parties, in what could be called a new governance of social housing.<sup>5</sup>

6) While it is beyond the scope of this Review to go into and in-depth analysis of this trend, forthcoming publications from the CECODHAS European Social Housing Observatory will address the issue in a number of EU countries.

## 6. Main trends in urban regeneration and sustainable communities' policy and urban development

The spatial and social segregation in Europe's main cities is a widespread trend common to most European countries. Although this problem stretches beyond the domain of social housing, in many cases it coincides with large concentrations of this type of tenure. Indeed, as explained in our historical review (Chapter II), these estates were built in the 1950's-1970's to house the working classes at a time when European countries enjoyed full employment. The development of social housing is closely linked to historical urban and social policy conceptions; a paradigm of functional specialisation which led to the creation of 'dormitory towns' for the working classes led to isolated districts which, in a post-industrial society, have been turned into areas with very high concentrations of retired people and unemployed youth. The creation of these concentrations, homogeneous in terms of tenure and of architectural and household types, has often poor or no social and economic infrastructure, which hampers the effective insertion of these groups of the population in the labour market, with the associated social problems such as alienation, vandalism, and sometimes even urban riots (e.g. in French suburbs in 2005). Over the last decades, a **gradual social decline** of these areas has taken place, with the flight of those households who are able to get better housing elsewhere. The process of social homogenisation of these areas has been accentuated by discriminatory practices in the private rental sector, in particular against ethnic minority and poor immigrant families, as well as by explicit policies to relegate these types of households to the outskirts of the cities in some countries. The official stigmatisation of these areas has only worsened the multiple exclusion affecting residents living there (exclusion from employment, education, urban life, alternative / positive role models, etc.).

In those member States where policies of sale of social rental housing have been implemented in a large scale (such as in 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 (UNECE 2006), giving rise to a process of '**residualisation**' of social housing (see for example, Malpass 2007). While some actors believe that targeting lower-income groups is a more efficient way for the social housing sector to operate (FEANTSA 2005), evidence shows that, by focusing on low-income groups, this type of housing becomes increasingly stigmatized (Priemus et al. 2002; Kingsley et al. 1993; Stewart 1992). Thus, in order to prevent **stigmatization** 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 (Priemus et al. 1997). The aim to try and reverse and/or avoid further segregation is reflected, as we can see in the country profiles presented in this Review and summarised in table 6.1, in a number of programmes and policy statements seeking **socially mixed** areas (more specifically, in the UK and Ireland, the objective is to implement mixed tenure). It is worth noting that the aim of keeping a balance between different social groups in an areas is not only sought in older EU member states, but also in new ones such as the Czech Republic, where a goal of urban renewal programmes is to prevent segregation and to maintain the social mix which is still characteristic of these areas.

An **integrated approach** is also a common feature to most of the programmes and initiatives highlighted in this field. Local partnerships in this field involve a variety of stakeholders such as local authorities, companies, schools, community representatives, police, social housing actors and other service providers. This integrated approach comprises a number of linked policy areas such as employment creation, skills and training opportunities, crime prevention, environmental improvement, and notably social housing. Most programmes include mechanisms of public participation. The goal of these programmes is to achieve what has come to be widely known as "sustainable communities", i.e. to make these areas attractive places to live, which satisfy the present and future needs of a variety of types of households so as to avoid the stigma which leads to the social decline of such areas and the consequent flight of certain groups on the grounds of their ethnicity, income level, age, etc.

As becomes apparent from the country profiles in this Review, in most of these programmes social housing providers work in partnership with other public, private and social agencies involved in programmes and initiatives of urban regeneration. The principle of **inter-agency co-operation and co-ordination** is seen as crucial to effectively implement these programmes. Furthermore, as explained in section 1 of this chapter, the specific nature of social housing in terms of the close links between providers and tenants gives the former a special role within processes of consultation, participation and effective longer-term management of these initiatives.

Last but not least, as can be seen from the country profiles, in Eastern European member states the issue of **age and poor quality of the stock** features as a major one in the context of urban initiatives. The legacy of post-war large-scale housing estates that are still massively inhabited makes this a priority when it comes down to thinking about urban regeneration and housing policies. Linked to this issue is the objective of **improving the energy efficiency of buildings**, as well as the improvement of general environmental aspects of housing, overall across Europe.

In table 6.1 we have clustered in three main priority issues the vast array of policies, programmes and initiatives tackling urban regeneration and aiming at delivering 'sustainable communities' in each of the consulted EU member states. As can be seen in more detail in the country profiles, these initiatives require a strong involvement of social housing providers alongside other public, private and social actors.

Table 6.1  
 PRIORITY ISSUES IN URBAN REGENERATION & SUSTAINABLE COMMUNITIES POLICIES IN THE EU MEMBER STATES

ISSUE	CONTENTS	COUNTRIES
Urban renewal	<ul style="list-style-type: none"> <li>- Re-construction</li> <li>- Rehabilitation</li> <li>- Renovation</li> </ul>	Belgium, Czech Republic, Finland, France, Germany, Greece, Hungary, Italy, Netherlands, Poland, Spain
Sustainable environment	<ul style="list-style-type: none"> <li>- Energy saving</li> <li>- Improving living environment</li> </ul>	Estonia, Greece, Luxembourg, Sweden, Germany
Integrated urban regeneration programmes	<ul style="list-style-type: none"> <li>- Social mix / avoid segregation</li> <li>- Local economic development</li> <li>- Community involvement</li> </ul>	Austria, Denmark, Estonia, Germany, Finland, France, Greece, Ireland, Italy, Netherlands, Portugal, Spain, UK, Sweden

Source: CECODHAS European Social Housing Observatory on the basis of country correspondents' data (2007)

## SUMMARY OF KEY FINDINGS

The general analysis of the main developments taking place in social, co-operative and public housing can be summarised as follows:

### 1. Diverse systems, common challenges

✓ Social housing in the EU is characterised by the **wide diversity of national housing situations, conceptions and policies** across member states and, thus, by the lack of a common definition of 'social housing' at European level. However, it is possible to identify some **core elements of what constitutes 'social housing'** across the EU by looking at the definition of the specific missions of social housing providers across EU member states, which can be expressed as to satisfy households' housing needs in terms of access and permanence in decent and affordable housing.

✓ Unlike other services such as transport, energy, health or telecommunications, in social housing there is a **strong involvement of benefiting households** in both the management of the service and the functioning of the company providing the service. This is part of the 'specific nature' of social housing, and is explained to a great extent by the preponderant role that housing plays in an individual's (and household's) life. A rapidly changing and diversifying profile of this demand is leading providers to adopt more consumer-oriented approaches to deal with new needs and aspirations.

✓ A **typology of provision of social housing across the EU** has been presented in this Review. According to this classification, countries can be distinguished according to their 'universalistic' or 'targeted' approach. Despite the important differences in terms of approach and size, providers across EU member states have in common the aim to increase the supply of affordable housing of decent quality. While in most countries there are specific criteria targeting certain groups (targeted approach), in countries with a universalistic approach access to this type of housing is not restricted, following wider social policy goals stemming from specific welfare traditions and societal choices. However, recent (political) developments in some of these countries are bringing about adjustments in the way of organising provision of this type of housing.

### 2. Markets: Regional disparities and worsening affordability

✓ A common feature about housing markets in the EU is the unbalance between demand and supply of housing, both at national and regional level. **Regional disparities** translate into **mismatches between jobs and housing**, particularly in the economically prosperous areas (mainly large cities) in most EU member states, where affordable housing is in shortfall. Acute shortages of social housing in these areas are hampering the chances of vulnerable households to access the labour market and are putting **increasing pressure on social housing** providers. This situation is even more problematic in countries where there is a small rental sector (both social and private), which limits workers' mobility. In order to tackle this gap in provision

of rental housing, some countries (mainly in Eastern Europe) are developing policies and incentives to increase the supply of rental dwellings in general, and of social or affordable rental dwellings in particular.

✓ In most EU Member States, **home-ownership** is the largest tenure and there is a trend towards its continuous growth, given the sustained low interest rates over recent years coupled with an increasingly competitive mortgage market. This has brought about a parallel trend towards rising mortgage indebtedness, which bears risks particularly for vulnerable households. As a response to households' aspirations to own their home, in most EU countries social housing actors also provide housing for sale, either through sale of social housing to sitting tenants or by building new housing for sale. A variety of new sale options have been put in place in order to facilitate access to home-ownership to households who are not able to access a home in the free market (e.g. mixed or shared ownership schemes).

### 3. A rapidly changing demand calling for diversified responses

✓ Despite the great diversity both within and between EU Member States, all countries share common challenges related to demographic change, increased ethnic and cultural diversity, and an individualisation of values. An **ageing population** (whose share in social housing is growing) calls for the **adjustment of social housing stock** in terms of its physical accessibility, infrastructure, public spaces and the development of new services which are needed to keep living in their homes. This requires both physical and organisational adjustments which need to be integrated to the development strategy of social housing providers.

✓ As part of wider demographic, social and cultural changes there is the **need to cater for changing demands and needs arising from a new profile of social housing tenants**, which is characterised by a higher number of households arising from a decrease in household size (resulting from the process of individualisation and of the declining fertility rates in European societies); large and increasing proportion of single people households (a high proportion of which are elderly people); and a stronger presence of immigrant and ethnic minority families in social housing.

### 4. Housing policies: increasing provision of affordable housing is back on the political agenda

✓ Amongst more or less general trends in the provision of social housing across EU member states are: the **decentralisation** of housing policy (and hence the closer link between local actors/users and social housing providers), the **privatisation** of public housing and a **reduction of public finance**. However, in spite of these trends, the recognition of the severe shortages of affordable housing in many EU member states are leading many governments to devise measures to increase provision of affordable housing.

✓ Despite the current wave of political 'commitment' to increasing the supply of affordable and/or social housing, there is a need for a **longer-term vision of the sector's economic viability** if it is to continue fulfilling this role in the future. In that sense, the current modernisation processes taking place amongst many providers across the EU are aimed at achieving a balance between their social mission and their economic viability.

✓ As a result of economic and political pressures, the trend towards **privatisation of social housing** has continued since the 1980s, taking different shapes and purposes across the EU, ranging from sale to sitting tenants, stock transfers to not-for-profit actors and in some cases, like in Germany, to profit-maximising actors. An issue to consider in the debate on social housing privatisation are the **longer-term policy goals** and what role does social housing plays to achieve these.

## 5. New demands, new roles: Drives for modernisation in the sector

✓ Decentralisation and decrease in public funds for social housing provision have meant for many social housing providers greater freedom and / or responsibility in performing their social activities at local level, but also the challenge to perform their social objectives with fewer public resources. This has put pressure on social landlords to **increase the economic efficiency** of their operations. In addition, there is the need to respond to an **increasingly diversifying demand** through the provision of special services to tenants. Responses range from Corporate Social Responsibility approaches to adopting 'social enterprise' business models and to ethical professional codes, amongst others.

✓ In order to be able to fulfil their social obligations to provide homes for the most vulnerable groups, 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).

✓ The **evolution of forms of governance of social housing** (more locally-centred, shifting away from hierarchical control to building partnerships and networks with other local stakeholders) is part of the re-thinking of the sector as a strategic actor in territorial policies aimed at achieving key national and European goals, such as social cohesion and greater economic competitiveness.

## 6. The role of social housing in urban regeneration and in the 'sustainable communities' agenda

✓ Key **urban regeneration issues** linked to social housing provision are: fighting extreme segregation in social housing; implementing integrated policies to achieve sustainable communities; improving environmental sustainability and energy efficiency; and rehabilitating / renovating old housing stocks. In all these initiatives, social housing actors are **working in partnership** alongside other local social, private and public actors at local level.

✓ The challenges posed by all the above issues are closely linked to the **EU framework for sustainable urban development**.

As reflected by a number of EU strategic lines of action (e.g. European Commission's communication on sustainable urban development, 1998; the Bristol Accord for the creation of sustainable communities, 2005, etc.) and programmes (e.g. URBAN, URBACT, etc.), counteracting urban and social decline requires an **integrated approach** which brings together a range of local partners. In this sense, social housing providers have a key role to play, which implies the diversification of their activities to encompass a range of actions which complement their core task, such as building and / or managing community infrastructure and facilities and providing a necessary social services to ensure the sustainability of these neighbourhoods.

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## Overview of the social, co-operative and public housing system in the country

While there is no definition of « Social Housing » in Austria, there are different ways of housing provision “beyond” the market. These include Municipal Housing (or “Public Housing”) which is rental housing provided by municipalities (municipal housing stock in 2005 was 350.000), and non-for-profit housing (or “limited-profit housing”, provided by around 200 so-called Limited Profit Housing Associations or LPHAs), which is both rental and owner occupied housing provided by investors which are regulated by the Not-for-Profit-Housing-Act and have access to public subsidies. Limited profit housing associations include housing co-operatives and capital societies with different types of shareholders, such as local authorities, companies, parties and unions. LPHAs make profits, but they have to reinvest them almost entirely in purchase of land, refurbishment or new construction. Not-for-profit housing stock in 2005 included 490.000 dwellings for rent and 240.000 owner-occupied dwellings, accounting for around 17% of the total housing stock. Rents are calculated on the basis of construction costs combined with rent limitation defined by the subsidy schemes.

Overall, housing construction plays an important role in Austrian housing policies. Housing subsidies are available for the construction of different kinds of dwellings (single-family homes, rental housing, owner occupied housing). These subsidies are not only granted to social investors/landlords but also to for-profit companies as well as private persons in the case of single family houses. The promotion schemes give priority to object-related subsidies in order to increase housing supply.

## Main market trends affecting social, co-operative and public housing

The share of home-ownership increased constantly between 1971 and 2001, and home ownership currently accounts for around 58% of the total housing stock. While over the last three decades the share of social rented housing remained at a constant level (accounting today for around 21% of the total stock), there was a pronounced decrease of private rental (from 31% to 19%). Nevertheless the private rental sector has recently started to increase (see table). The trend regarding the use of dwellings as main residences shows a slightly different pattern: the share of dwellings serving as main residence for their owners did not increase any more during the 1990s following an upward moving trend in the 1970s and 1980s. This is due to the fact that an increasing number of dwellings in condominiums have been rented out (about 40.000 dwellings which had been used by their owners before had been rented between 1991 und 2001 according to the 2001 Census). Furthermore, in subsidized new construction, owner occupation has been replaced by rental dwellings with an option to buy after a 10-years-period. It remains to be seen how many flats will be purchased (1000 such conveyances in 2004). After the introduction of short term tenancy and abolition of rent control for new leases in older private dwellings, there rents have been increasing in that sector – together with short term contracts. This has increased the demand for moderate price rents with secure contracts in other sectors. Thus the structure of demand in the regulated housing sector has changed; while in former times cheap housing in the (low standard) private sector existed, this option has now almost vanished. Therefore there

are currently more low income groups in need of not-for-profit, municipal or subsidized housing. After a period of declining new housing construction since the year 2000, there is currently an upward shift in housing construction which is caused by rising demand, mainly due to immigration (see following section).

## Main social and demographic changes in the demand for social, co-operative and public housing

Austria is experiencing an increase in the number of households (+9.2% since 1991), and for the first time the number of households composed by only one person is more than 1 million, 33,6% of the population (this share is expected to increase up to 41% in the year 2050). At the same time, the size of households has been decreasing: the average number of people per household was 2.4 in 2003 (see table). The increase in households of (younger) singles and single parents is a general trend. This type of households are more exposed to insecurity and risk, due to the fact that the household is sustained by only one income and if that is reduced or lost the existence of the household is in danger. Therefore the availability of dwellings let at affordable rents and with a significant level of security of tenure is particularly important for this type of households. This group is over represented in subsidized housing.

Another key issue for housing provision is the increase in the number of immigrants: amongst younger people living in the bigger cities, shares of 50% of people with an immigration background can be found. Intense immigration is leading to a growing housing demand, and hence supply will have to be increased in the coming years.

Together with the developments in the private sector (price increases, short term leases), these trends have produced on the one hand a growing demand for public/social/co-operative housing, and on the other the necessity to avoid the creation of ghettos. Therefore, an intensified discussion on measures to increase social mix and to what extent, as well as on new strategies to adopt in housing administration, is ongoing.

## Main policy developments in the field of housing, in particular with respect to social, co-operative and public housing

One major development has been the introduction of the above mentioned scheme of rental dwellings with the option to buy. This scheme was introduced to ensure that in cases of high financial contributions from tenants, the latter were enabled by law (rather than good will and/or agreement with landlord) to buy their dwelling. The result of this scheme will be mixed tenure buildings. Providers express some concern about this option, because from their experience they believe such a solution increases difficulties in the management of the building (maintenance and energetic upgrading have proved to be easier to implement in schemes with only or predominantly rental housing).

Another important development, as mentioned above, is the step by step abolition of rent control in the private (not subsidised) sector which leads to an increase in the demand of affordable housing in other sectors.

Furthermore, there is a trend towards alleviation of security of tenancy. In the beginning of the 1990s short term tenancies were introduced in Austria for all type of landlords. While not-for-profit providers do not make use of short term contracts, in the “pri-

vate" sector 30% of rent contracts are short term: this would be increasing the demand for not-for-profit housing (Lugger 2007). With regard to funds for housing subsidisation, as the public budget for the housing development schemes in Austria is negotiated between the central state and the federal provinces every four years ("Finanzausgleich") and the actual agreement is due at the end of 2008, next year will bring about the discussion on the future budget. Up to now there has been no explicit intention to reduce the public funds yet but providers look at this possibility as very likely.

### **Main changes in the scope of activity of social, co-operative and public housing providers**

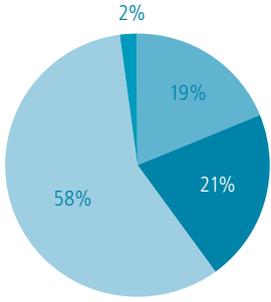
The scope of activities of housing providers in Austria has been widened over the last years including, for example, services for repairs in dwellings, removals, social services for tenants with financial problems and for elderly tenants. These activities are provided partly by housing providers themselves, and partly housing providers have started intensified co-operation with existing (social) service organisations. In Austria there are strict rules regarding commercial activities of Limited Profit Housing Associations. In case such activities are undertaken (e.g. construction of a school building for a municipality) the housing association has got to get the approval of the provincial government as well as that of the financial public authority, and has to pay corporation tax for that activity.

On the other hand, social services in strict connection to housing are not regarded as commercial activities. To provide services other than housing, on a not-for-profit basis, it was necessary to amend the respective law (the Not-for-Profit Housing Act) as activities of not-for-profit housing associations are strictly regulated.

### **Main changes in urban regeneration and sustainable communities' policy and in urban development**

Smaller towns and villages in remote agrarian or old industrial areas are shrinking. In those areas, public, social and co-operative housing providers are having to reflect on a new function for their dwelling stock.

In the bigger cities there is urban renewal with the intention of some social upgrading of neighbourhoods. In these fields public, social and co-operative housing providers are partners of town planning.

TOPICS	ISSUES			
SOCIAL HOUSING SECTOR	Mission	Providing decent housing to people below a certain income ceiling	58% Home ownership 19% Private rental 21% Social rental 2% Other 	
	Allocation	Income ceilings (at the provinces level); Allocation by providers		
	Types of providers	Municipalities Public limited companies Limited Profit Housing Associations Commercial enterprises/investors Right of co-operative occupancy (rent and home-ownership): co-operatives participate in the provision of limited profit housing (in the tenure split chart, dwellings provided by co-operatives are included within "social rental")		
	Financing	Commercial banks Public subsidised loans (50% of construction cost) Investor's funds Future tenant's fund Corporate tax exemption		
	State aid to tenants in social housing	Housing benefits in the rental sector		
		INDICATORS		
	Social housing stock	Total housing stock	3 280 000	2004
		Social rental stock as% of total housing stock	21%	2005
		Social rental stock as% of rental stock	53%	2005
		Number of social rental dwellings per 1000 inhabitants	102	2005
Production of social housing	Social housing as% of new completions	30%	2005	
Availability	Number of dwellings per 1000 inhabitants	421	2004	
HOUSING MARKET TRENDS	Affordability	Housing consumption as share of total household consumption (EUavg=21.2%)	19.5%	2004
		Evolution of the share of households' housing expenditure on total expenditures	+5%	1995-2004
	Cost of construction	Evolution of cost of construction	+21.6%	2000-2006
	Quality of housing stock	% of dwellings with bath/shower in total dwelling stock	98.3%	2003
	Evolution in tenure split	Evolution of the share of: - Ownership - Private rental - Public/social rental	+16% +5% 0%	1991-2005
HOUSING POLICY DEVELOPMENTS	Priorities for housing policies 2007	To combine the strengths of the markets with the backing of the state to achieve decent housing for the population, a well functioning housing market and affordable housing for the majority of the population. Recently, strong emphasis on energy efficiency and refurbishment.		2007
	State involvement	Public housing subsidies expenditures as% of GDP	1.1%	2004
		Public housing loans expenditures as% of GDP	0.6%	2004
SOCIO-DEMOGRAPHIC TRENDS	Population	Population growth	8.8%	1980-2005
		Average number of persons per households (EU-25=2.4)	2.4	2003
	Unemployment	Unemployment rate	5.2%	2005
	Immigration	Net migration of total population	6.2‰	2004
	Age structure	% < 15 years old (EU avg=16.4%) % 15-64 years old (EU avg= 67.1%) % > 64 years old (EU avg=16.5%)	16.2% 68% 15.7%	2004

Sources: Ministry of Infrastructure of Italian Republic (2006); Donner (2000); Eurostat (2007); Fribourg (2005); CECODHAS-USH-Dexia Survey (2007)

## Overview of the social, co-operative and public housing system in the country

Social housing provision in Belgium is meant to offer adequate housing, i.e. qualitatively suitable to ensure hygienic standards and sound living conditions, but still affordable and with a certain security of tenure for households on a low income. Since 1980, social housing has been decentralised and is now the competence of three Regions: the Flemish Region, the Walloon Region and the Brussels Region. A variety of providers are involved in the social housing sector: municipalities, public companies, foundations, co-operatives and non- for profit organizations.

Different providers operate in different parts of the country. This can be explained by the historical origin of the providers: each of them is entitled to provide housing in certain municipalities. Most of the time, those municipalities are also shareholders of the provider. More specifically, "public housing" is a generic definition including all dwellings managed and let either by a public or by a private body, and financed by public authorities. Within this category there are dwellings managed and let by public service housing societies, which include social and intermediate housing. "Social" dwellings are for people in difficult social and financial conditions, while "intermediate" dwellings are for people whose situation is less precarious. Allocation of social dwellings is based on a combination of income ceilings and priority target groups. The system varies according to the different regions: in the Brussels region it is based on a computerized waiting list with a further special emergency system; in the Flemish region applicants have to register with local providers on the basis of income, and then they are selected on the basis of chronological registration and availability; finally, in the Walloon region applicants must register with the local authorities on the basis of criteria such as income, household's size, and lack of property of a home.

Social housing in Belgium is provided both for rent (7% of the total housing stock) and for sale, but tenures vary across the three regions. Sale of social housing is forbidden in the Brussels region but not in the other two regions. Flanders has the biggest proportion of social housing for sale. In the Flemish region there is sitting tenant's right to buy, following certain specific conditions. Annual social housing production varies across the different regions: in 2004, new social housing construction in the Flemish Region amounted to 1520 dwellings (out of which 1155 for rent and 365 for home ownership), while in the Walloon Region 604 new social dwellings were created (579 for rent and 25 for sale). In 2005, new social dwellings accounted for 6% of total new construction (see fact file).

## Main market trends affecting social, co-operative and public housing

One important development in recent years has been the accelerating increase in the square meter prices of new building plots, from the mid 1990s onwards. The rising costs and shortages of new residential land have been the main cause of the fall in housing developments, especially in Flanders, and rising house prices (RICS 2006).

Belgium has experienced a prolonged price boom since the mid-1980s: prices have been rising averaging around 4-5% in real terms each year. Overall prices by 2005 were around 115% higher in real terms than when the price upturn began, which puts Belgium as one of the higher long-term price increase EU countries (RICS 2006). Housing expenditures accounted for 25.9% of total

households' expenditures in 2004 (see fact file). Real rents in the private sector overall rose by 18% between 1990 and 2000, far less than the increases in capital values of dwellings over the same period. Nevertheless rents have recently started to increase, especially in the lowest quality dwellings, affecting low income people the most (Fribourg, 2006). With regard to tenure distribution, an improved economic environment and low mortgage interest rates have helped to boost consumer confidence in house purchase over the past two years. Furthermore, the tax system is highly favourable to property ownership. Today, 68% of households are homeowners: the expansion of home-ownership has been at the expense of private renting at 23% (CECODHAS-USH-Dexia Survey 2007), while the production of social housing has remained stable since 2001 (European Social Housing Observatory 2005). The total number of new units built per year was virtually static between 1999 and 2004. There is a general shift towards building of flats and the renovation of existing homes.

## Main social and demographic changes in the demand for social, co-operative and public housing

Despite the recent stagnation in population growth, housing demand is still growing, due to the increase in the number of households, and especially small households. The main demographic stimulus to the housing market is indeed the raising number of households, despite a limited overall population growth. Between 1995 and 2010, for example, it is foreseen that the population of Flanders will rise only by 2%, whereas household number will grow by 14%. General population growth is expected to be similar throughout the country, but the Brussels Capital region is instead expected to lose population. However, this is unlikely to cut housing demand in the capital because the trend to smaller household size is pronounced there: in the Brussels Capital Region, 50.4% of households in 2003 were composed by just one person (while in the whole country the percentage of single person households was 32.4%). The average household's size for the country as a whole is currently 2.4 people (see fact file). An ageing population is likely to have some impact on the housing market in the future, though not to the same extent as in a number of other EU countries. It is expected that by 2020 a 4% increase in those over 65 will be almost matched by a fall in the number of young people (RICS 2006). Difficulties in accessing adequate housing are increasing for certain households categories, namely: single parents, households composed by only one person or with a single income, the elderly, low-income households and households living on a social subsidy. Other categories, in particular vulnerable social groups, and those whose revenue is unstable, also face great difficulties in accessing decent housing: young people, single mothers, and people with disabilities. Demand from elderly and disabled people for housing suitable to their specific needs is rising. Providers are trying to face this challenge by building dwellings designed for people with special needs, to help them live independently in spite of physical handicap.

## Main policy developments in the field of housing, in particular with respect to social, co-operative and public housing

Since 1980 the Regions are fully responsible for their own housing policies and for the allocation of funds from the regional budgets. Nevertheless, some aspects are still a competence of the Federal State, such as guaranteeing the right to a decent housing, set-

ting interest rates and general fiscal policy, and regulating the lease of primary residence (CECODHAS-USH-Dexia Survey 2007). Currently the main housing policy priorities in Belgium are as follows: construction of social housing by the public sector within the budgetary limits imposed by the Regions; priority to improving the existing housing stock; increasing dwellings for rent or sale at 'social' price; public policies targeting vulnerable people; fostering private initiative; integrating housing policy into urban renewal and social cohesion programmes; strengthening the role of local authorities; monitoring and evaluation (Fribourg 2006). Most recently, the Federal Government decided to undertake the following measures: a tax reduction for people who implement energy saving measures in their home (the reduction, which currently amounts to €1000, will be increased up to €2000 from 2008); a further reduction for renovation expenditures in dwellings rented at regulated price through a social real estate agency (agence immobilière sociale, AIS); partial exemption of VAT (the applied rate is 6% for the delivery of buildings for social housing and for the demolition and reconstruction of buildings in 32 municipalities located in urban areas). Regionalisation has encouraged a contractualisation of the relations between Regional Governments and their institutions and actors in charge of implementing housing policies. Specific agreements have been (Walloon Region and Brussels Capital Region) or will be implemented (Flemish Region), defining objectives and lines of action (Fribourg 2005). In the Walloon region, the regional government adopted on 3rd of May 2007 the "Municipal strategy for action in the housing sector 2007-2012/ Municipal Action Plan 2007-2008". In the Plan, the Walloon Government encourages all municipalities to guarantee at least 10% of public dwellings (social or intermediate). Municipalities that refuse to apply this measure will be penalized by means of cuts in transfers from the Regional budget. Encouraging social mix is one of the main priorities declared by the Plan (Government of Wallonia 2007).

In The Flemish Region, the government is considering lowering rent prices. Consequently, it will be necessary to make more means available for providers. A rent subsidy was introduced in May 2007 for people on very low incomes.

### **Main changes in the scope of activity of social, co-operative and public housing providers**

In the Flemish region, social housing providers are delivering new, integrated services in partnership with other social and health care providers. Over the last few years, both the Flemish and the Walloon Region have seen the creation of mergers and a closer collaboration with private real estate operators via Public Private Partnerships or specific agreements.

### **Main changes in urban regeneration and sustainable communities' policy and in urban development**

All in all, the quality of housing stock has improved over the last 20 years. Nevertheless, certain sectors of the housing stock have been left out from the general trend towards quality enhancement: this is mainly the case for part of the privately rented stock, especially in cities and in old manufacturing areas, but it also concerns part of the social housing stock. The conditions of social housing stock have been slowly but constantly improving over the last few years, thanks to the priority given by the government to its renovation (Fribourg, 2006). Each Regional Government is in charge of establishing its own policy for urban renewal, whose main actors are municipalities.



### Overview of the social, co-operative and public housing system in the country

In the Czech Republic, the term 'social housing' is not officially used<sup>7</sup>, but there are several programmes concerning provision of affordable rental and co-operative housing for specific target groups.

Municipal housing (as well as the private rental sector) consists of dwellings let at regulated rents, regardless of the social and economic status of tenants. The sector of municipal rented flats accounts for approximately 20% of the residential market. Only some new municipal rental flats, subsidized by the state, are socially targeted: beneficiaries of this type of housing assistance are households with defined incomes and persons disadvantaged due to health, social, and other reasons. This system of new social housing construction has existed since 2003 and is still being developed.

The private rental sector is smaller than the municipal one, accounting for around 13% of the housing stock. There is a particular shortage of cheap rented accommodation for lower-income households that cannot afford to buy a house and for whom the payment of market-based rent is too expensive. But recently free market rents have started to decrease continuously, thanks to the ongoing privatisation of older rented flats. Construction in the private rental sector is virtually non-existing, mainly because of the powerful legal protection enjoyed by tenants, and because it is more convenient for potential investors to invest in the home ownership sector. About 80-90% of all private rental flats have low rents due to long term rent regulation<sup>8</sup> (ECORYS, 2005).

The co-operative sector comprises mostly buildings built with panel technology (high-rise buildings) owned by former building housing co-operatives. New housing co-operatives are being formed as municipal housing stock is privatised, and the sector currently accounts for approximately 17% of the total housing stock. The co-operative sector is subsidized in the form of income tax deductions and also through direct state subsidies and soft loans aimed at construction of new rental co-operative flats (CECODHAS Observatory 2007).

Last but not least, the sector of owner-occupied housing in Czech Republic accounts for approximately 66% of the housing stock. This figure is relatively low if compared to other eastern European countries, but owner occupation is developing at a more dynamic rate than other types of tenure.

### Main market trends affecting social, co-operative and public housing

The ongoing privatisation of the housing stock has enlarged the sector of owner-occupied housing (approximately 7 000 Associations of Homeowners have been established) as well as the sector of co-operative housing (up to 15 000 new housing co-operatives have been formed). New construction and diversification of the housing market have continued in recent years. Although the Czech Republic does not have a shortage of housing on a national scale, the situation differs considerably in certain regions and mu-

nicipalities. In general, in regions and municipalities where a sufficient number of employment opportunities exist (in Prague and some other large cities), the demand for housing exceeds supply. The result is a higher cost of new dwellings built for home-ownership, which are inaccessible for lower-income households. The opposite situation can be found in northern parts of the country which suffer from high unemployment due to structural changes, where both housing demand and prices are low. This situation shows that there is a disparity between the availability of employment opportunities on the labour market and supply of housing, in spite of dynamic development of private developers of new dwellings for sale.

In the mid-term, the current trends are expected to intensify, i.e. the differences in the income and housing needs of various groups of the population will continue to increase.

### Main social and demographic changes in the demand for social, co-operative and public housing

Since the early 2000s, baby-boomers born in the 1970s are entering the labour market and starting to establish their own families, and therefore putting pressure on the housing market. The rise in the number of households is bigger than the rate of population growth, especially households comprising a single individual, due to the older age groups living longer and the new trends emerging in the lifestyle of younger age groups. The ageing of the population is speeding up: the number of people over the age of 65 is expected to double by 2050. The number of inhabitants over 85 years old should increase to as much as five times the current level (ECORYS, 2005). The increase in the share of the older population, which will have fewer sources than economically active population, is expected to rapidly increase the demand for affordable rental housing (CECODHAS Observatory 2007).

### Main policy developments in the field of housing, in particular with respect to social, co-operative and public housing

Priorities for housing policy have been expanded, in the sense that 'care of the existing housing stock and its optimal use' have been emphasized. A plan to support not only new construction but also the acquisition of older (and hence cheaper) housing has been formulated. At the same time, there is a stronger emphasis on housing policies for selected groups of the population which are disadvantaged in terms of access to housing. As for the basic framework of legal instruments for the provision of housing it is anticipated that: for citizens with an above-average income, instruments are available for them to finance owner-occupied housing via mortgages; for citizens with middle incomes, there are building saving schemes and newly approved law for the construction of rented flats by housing co-operatives with support from the resources of the State Housing Development Fund; for citizens with low incomes, municipal rental flats are constructed with resources from the State Housing Development Fund and the state budget. In addition, several programmes aimed at

<sup>7</sup>) Except for VAT purposes.

<sup>8</sup>) The current situation in the rental dwelling market is characterised by two different levels of rents: one regulated by a 'price-ceiling' and the other of negotiated free-market rents. Up to the year 2002 regulation in the form of the price ceiling showed a slight increase of that ceiling every year. Between 2002 and 2006 regulated rents were frozen. Regulated rents are obligatory for all 'old' lease contracts including relatively well-off tenants, if landlord and tenant do not negotiate the other way. The rent in new contracts (after 1995 in all empty apartments) is not regulated and depends on the free contractual agreement of parties, landlord and tenant. The level of the regulated-ceiling varies depending on the settlement size and is insufficient (except in Prague) to cover operating costs of the buildings. Regulated rents reach on average only about 1% of the acquisition price of a new apartment yearly. Newly built municipal rental apartments with not-for-profit cost rent (4%) are, paradoxically, too expensive for low-income people (ECORYS, 2005).

young people under 36 are available, to help them to build or buy a co-operative flat or family house. In March 2006, a new Act on Housing Rent was adopted for the period from January 2007 to December 2010<sup>9</sup>. The aim of this temporary law is to close the gap between the two artificially differentiated levels of rents, as so far rent regulation has covered all old leases regardless of the socio-economic situation of the tenant<sup>10</sup>. At the same time a modified and more efficient system of social housing allowances has been in force since January 2007.

### **Main changes in the scope of activity of social, co-operative and public housing providers**

Municipalities currently play a two-in-one role: on the one hand they are expected to maximise the profit from their assets with due professional care so as to generate income for the municipal budget effectively, and on the other hand they have been set the task of improving the housing conditions enjoyed by their inhabitants. They are expected to focus their housing policy on those households which are socially most disadvantaged in terms of access to housing, but the State does not have the means to oblige the fulfilment of this task. As for the co-operative sector, stronger involvement of the private sector in programmes for the construction of affordable rental co-operative housing is under preparation.

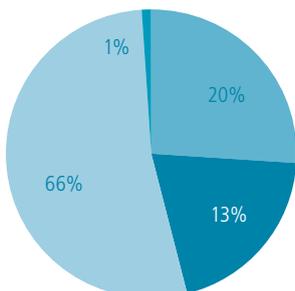
### **Main changes in urban regeneration and sustainable communities' policy and in urban development**

The main priorities of housing policy are the use of the housing stock and its maintenance, reconstruction and renovation, both "indoor" (improvement in the quality of flats and their energy demands), and "outdoor" (improvement of living conditions in housing estate areas). The main principle in this area is that regular repairs should be financed from resources from the building owners, whereas improving the quality of the housing stock should be supported by the state through several programmes. Such programmes include Support for the Regeneration of High-rise Housing Estates as well as the PANEL programme, aimed at the refurbishment and modernisation of large-panel prefabricated residential buildings.

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9) Following the so-called "Four Years Act", owners may unilaterally increase the rent for certain apartments during the period of 2007 to 2010 for once a year according to criteria established by law. The Act also decreased the level of protection of tenants of restituted dwellings, who are now more exposed to the risk of being evicted.

10) More than four thousand private landlords have presented complains to the European Court of Human Rights (ECHR) asking for compensation for not being able to increase rents, following the Court's judgment on the Hutten-Czapska case. Marie Hutten-Czapska, a Polish home-owner, received financial compensation after the ECHR determined that the statutory restriction of rents is an encroachment on the owner's human right to peaceful enjoyment of possessions and that it is inadmissible.

TOPICS	ISSUES			
SOCIAL HOUSING SECTOR	Mission	Housing low and middle income households (social housing) Providing households with regulated housing (public housing)	66% Home ownership 13% Private rental 20% Social rental 1% Other 	
	Allocation	Income ceilings, target groups Allocation by municipalities		
	Types of providers	Municipalities Co-operatives Right of co-operative occupancy (rent and home-ownership): in the tenures split chart, co-operatives of home owners are included in "home-ownership"		
	Financing	Investment grants and low interest loans from the State Housing Development Fund		
	State aid to tenants in social housing	Housing benefit		
	INDICATORS		DATA	YEARS
SOCIAL HOUSING SECTOR	Social housing stock	Total housing stock	4 336 000	2004
		Social rental stock as% of total housing stock	20%	2005
		Social rental stock as% of rental stock	61%	2005
		Number of social rental dwellings per 1000 inhabitants	85	2005
Production of social housing	Social housing as% of new completions	20%	2005	
HOUSING MARKET TRENDS	Availability	Number of dwellings per 1000 inhabitants	438	2004
	Affordability	Housing consumption as share of total household consumption (EUavg=21.2%)	22.6%	2005
		Evolution of the share of households' housing expenditure on total expenditures	+7.6%	1995-2004
	Cost of construction	Evolution of cost of construction	+23.7%	2000-2006
	Evolution of tenure split	Evolution of the share of : - Ownership - Private rental - Public/social rental	+24% nav -50%	1991-2005
Quality of housing stock	% of dwellings with bath/shower in total dwelling stock	95.5%	2003	
HOUSING POLICY DEVELOPMENTS	Priorities for housing policies 2007	Housing policy priorities have been expanded emphasising 'care of the existing housing stock and its optimal use'; formulation of a plan to support not only new construction but also the acquisition of older (and hence) cheaper housing has been formulated and raising the profile of housing policy for selected groups of the population which are disadvantaged in terms of access to housing		2007
	State involvement	Public housing subsidies expenditures as% of GDP	0.9%	2004
Public housing loans expenditures as% of GDP		0.1%	2004	
SOCIO-DEMOGRAPHIC TRENDS	Population	Population growth	-0.9%	1980-2005
		Average number of persons per households (EU-25=2.4)	nav	
	Unemployment	Unemployment rate	7.9%	2005
	Immigration	Net migration of total population	+1.8‰	2004
Age structure	% < 15 years old (EU avg=16.4%) % 15-64 years old (EU avg= 67.1%) % > 64 years old (EU avg=16.5%)	15.1% 70.9% 14%	2004	

Sources: Ministry of Infrastructure of Italian Republic (2006); Donner (2000); Eurostat (2007); Fribourg (2005); CECODHAS-USH-Dexia Survey (2007)

## Overview of the social, co-operative and public housing system in the country

In Denmark social housing can be defined as not-for-profit housing for rent. It is housing opened to everyone regardless of the income level. Rents are fixed according to costs (mostly below market price) and dwellings are allocated via waiting lists. Furthermore, municipalities dispose of up to ¼ of vacant dwellings for social purposes: currently local authorities do only provide housing for the elderly (local authorities consist of 98 municipalities and 5 regions as of the first of January 2007). Social housing providers are not-for-profit associations (about 760 organisations, divided into more than 7400 autonomous member sections) or co-operatives which construct new dwellings, renovate old ones and work in urban renewal projects. Not-for-profit housing organisations can only perform activities within the housing sector, and they can build only with the approval of the municipality.

One of the main features of the Danish social housing model is the principle of tenants' democracy: tenants' participation is regulated by the Law on tenants' democracy (1984). Each "section" (economically independent, corresponding to a residential neighbourhood) has a general assembly, which includes tenants and which meets at least once a year. The assembly elects a section Council, which is responsible for the management of the section (budget, maintenance, management of communal areas, etc). The board of directors is composed only or by a majority of tenants, in which case it can include for instance representatives of the municipality (CECODHAS-USH-Dexia Survey 2007).

## Main market trends affecting social, co-operative and public housing

Over the last 15 years approximately 20,000 new dwellings have been constructed every year. It is foreseen that this tendency will last for the next couple of years. In 2006 the construction reached nearly 26,000 dwellings. Approximately 15% of these were not-for-profit housing. With regard to changes in the structure of the housing market, the percentage of new dwellings constructed by housing associations decreased in the last few years (in 2000 close to one third of the new dwellings were built by that sector). On the other hand, private co-operative housing has expanded over the past two decades, and during the 1990s the number of co-operative dwellings rose by 45%. In 2005, social housing represented about 20% of the total housing stock, the private rental sector accounted for about 26% of the total stock, and owner occupation accounted for about 53% of the total (see fact file). Geographical distribution of housing is uneven: in certain locations in west Denmark there are empty flat whereas there is a shortage of low cost rental flats in the east, especially in the greater Copenhagen area.

In Denmark, prices for all types of real estate have increased the last couple of years. The increase has continued into 2005, for instance for single family houses by 15%. Housing related expenditures is relatively high compared the EU average: in 2004, average housing expenditure accounted for 30% of the total households' expenditures. The share of housing expenditure on total household expenditure increased by almost 11%, between 1995 and 2004 (see fact file).

## Main social and demographic changes in the demand for social, co-operative and public housing

The demand for housing in the medium term is going to be affected by three main factors.

First of all, the ageing of the population will lead to an increase in the demand for affordable dwellings for pensioners. In the period 2004 - 2030 the percentage of population in active age (15-64 years) is expected to fall from 66% to 59%, while over the same period the proportion of people over 65 will increase from 15% to 24% (Ministry of Infrastructure of the Italian Republic 2006). The government has identified the provision of affordable and accessible housing for the increasing number of pensioners as one of the main challenges which needs to be faced in the near future. In order to fulfil the obligations towards the elderly people the government has created a guarantee for those in need

of special care. No elderly person with special needs for care and whose need for a social housing has been recognized shall be on a waiting list for social housing for more than two months (Fribourg 2006).

Secondly, due to the high number of students demanding small-size accommodation, the provision of housing for students and for young people in big cities with many educational institutions is currently a major priority for the government (Fribourg 2006).

Finally, prices for single family houses have increased very fast in the last couple of years boosted by the remarkable decrease in the interest level, new financing mechanisms and because of higher incomes. Therefore, young families wanting to settle in a single family house are having to look for affordable houses in the suburban area of the larger cities.

## Main policy developments in the field of housing, in particular with respect to social, co-operative and public housing

The main aim of the Danish housing policy is - through a comprehensive supply of housing - to ensure that good and healthy housing is available to all of the population.

In August 2004 all matters about housing, social housing and urban renewal were transferred to the Ministry of Social Affairs. Building regulations remained in the National Agency for Enterprise and Construction. The Ministry of Social Affairs has identified a number of challenges to be met: housing for students and young people in cities with big educational institutions, new dwellings in both private and social housing, affordable dwellings for low and middle income people (social housing), housing for young families, urban renewal in social housing, improvement in the accessibility for handicapped and disabled people, increase of social mix in areas with social housing to avoid the formation of ghettos, affordable and accessible housing for pensioners, construction of new dwellings for rental by the private sector, and special dwellings for elderly people.

The way the government aims to meet most of the above mentioned challenges, and particularly how to deal with the organisational and financial structure of the social housing sector and what measures to take against the bad impact of ghettos, was the focal point of an agreement made in November 2005 by the Government and two of the main political parties in the Parliament. An analysis of the financial and organisational structure of the social housing sector was an integral part of an agreement reached in autumn 2006. According to not-for-profit providers, this type of housing is heavily regulated in Denmark, and providers are lobbying to obtain more liberalisation, and a wider flexibility concerning the financing of activities.

## Main changes in the scope of activity of social, co-operative and public housing providers

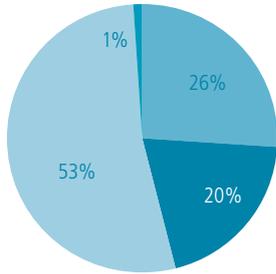
The current strategy for not-for-profit housing providers is to focus more on tenants and their needs: democracy in housing areas must be further developed, with a greater freedom for tenants to decide on how to improve their dwellings (for instance, with a view to widen the possibility to choose and enhance mobility of tenants, the Boligselskabernes Landsforening -the umbrella organisation of housing associations in Denmark- has recently launched a website for exchange of flats among tenants). Furthermore, the aim is to ensure a higher quality of the dwellings and accessibility for elderly and handicapped. A further priority for not-for-profit housing providers is to disseminate good practice of management, in order to strengthen the not-for-profit housing organisation's ability to meet the challenges of the future as modern, open and well run organisations to the benefit of the tenants. At present, in many towns not-for-profit associations have formed common administrations to help fulfil this aim.

## Main changes in urban regeneration and sustainable communities' policy and in urban development

As a part of the overall social policy based in the Ministry of Social Affairs, housing policy has changed towards a more comprehensive policy making including both housing and more conventional social aspects.

Questions concerning the formation of ghettos in neighbourhoods are part of this approach. A tendency towards social and spatial segregation is leading to bigger problems caused by a concentration of socio-economically disadvantaged people in areas with social housing. At the same time, better-off families are moving away from these 'problem estates', thereby accentuating social problems. Overall the social (not-for-profit) housing sector is not sufficiently appealing to the more resourceful families i.e. families with high income and/or high education. In order to give way to general changes in the structure of the social housing neighbourhoods as well as to attract financially better-off families to remain in social housing, an experiment has been carried out for two years (ending in 2007). Over that period it has been possible for residents in social housing to buy their own flat under certain circumstances. Despite the fact that social housing providers recognize the

fight against social exclusion and the strengthening of social cohesion as a priority, they strongly oppose this two-year initiative. So far, they argue, only better-off tenants in the most attractive neighbourhoods have sought to buy their dwelling and therefore the desired goal of increasing social mix is not being reached. Furthermore, sale of social housing is already possible in areas with empty flats and with the approval of the housing organisation, tenants, the municipality and the Ministry of Social Affairs. Housing organisations see this latter option as a much more balanced choice, since it involves a concerted and democratic decisional process, rather than leaving the decision to individual tenants regardless of the strategy of the housing organisation, which is perceived as a form of expropriation. Therefore, housing organisations have brought the matter to the attention of the High Court, which is expected to decide in autumn 2007 on the "right to buy" option.

TOPICS		ISSUES		
SOCIAL HOUSING SECTOR	Mission	Providing housing for everyone who needs it	53% Home ownership 26% Private rental 20% Social rental 1% Other 	
	Allocation	No income ceilings Waiting lists with priority criteria managed by social housing providers Quota system for direct allocation by municipalities (25%)		
	Types of providers	Municipal companies Not-for-profit organisations and co-operatives Right of co-operative occupancy (rent and home-ownership): co-operative participate to the provision of not-for-profit rental housing (in the chart dwellings provided by co-operatives are included as "social rental")		
	Financing	84%: 30 year state-subsidised loan from commercial banks 14%: interest free loans from local government 2%: contributions from tenants Exemption from income tax		
	State aid to tenants in social housing	Housing benefit		
		INDICATORS	DATA	YEARS
SOCIAL HOUSING SECTOR	Social housing stock	Total housing stock	2 633 886	2004
		Social rental stock as % of total housing stock	20%	2005
		Social rental stock as % of rental stock	43%	2005
		Number of social rental dwellings per 1000 inhabitants	102	2005
Production of social housing	Social housing as % of new completions	13.3%	2005	
HOUSING MARKET TRENDS	Availability	Number of dwellings per 1000 habitants	456	2004
	Affordability	Share of households' housing expenditure on total expenditures (EUavg=21.2%)	30%	2004
		Evolution of the share of households' housing expenditure on total expenditures	+10.7%	1995-2004
	Cost of construction	Evolution of cost of construction	+20%	2000-2006
	Evolution of tenure split	Evolution of the share of : - Ownership - Private rental - Public/social rental	-4% +30% -5%	1991-2005
Quality of housing stock	% of dwellings with bath/shower in total dwelling stock	95%	2003	
HOUSING POLICY DEVELOPMENTS	Priorities for housing policies 2007	Housing for students and youth in cities with big educational institutions; new dwellings in both private and social housing; affordable dwellings for low and middle income people (social housing); housing for young families; urban renewal in social housing; improvement in the accessibility for handicapped and disabled people; increase of social mix in areas with social housing to avoid the formation of ghettos; affordable and accessible housing for pensioners; construction of new dwellings for rental by the private sector; dwellings for elderly people adjusted to their needs.		2007
	State involvement	Public housing subsidies expenditures in % of GDP	1%	2003
		Public housing loans expenditures in % of GDP	0%	2003
SOCIO-DEMOGRAPHIC TRENDS	Population	Population growth	5.7%	1980-2005
		Average number of persons per households (EU-25=2.4)	2.2	2003
	Unemployment	Unemployment rate	4.9%	2005
	Immigration	Net migration of total population	0.9‰	2004
Age structure	% < 15 years old (EU avg=16.4%) % 15-64 years old (EU avg= 67.1%) % > 64 years old (EU avg=16.5%)	18.9% 66.2% 14.9%	2004	

Sources: Ministry of Infrastructure of Italian Republic (2006); Donner (2000); Eurostat (2007); Fribourg (2005); CECODHAS-USH-Dexia Survey (2007)

### Overview of the social, co-operative and public housing system in the country

Social housing in Estonia is provided by municipalities in the form of social rental apartments and houses for the neediest households, such as elderly people or tenants of "restituted" houses<sup>11</sup>. The amount of municipally owned dwellings is small and provides housing only for about 1% of the population. Social housing is financed by municipalities through transfers from the central government or through grants provided by the Estonian Credit and Export Guarantee Fund (KredEx), a public limited company which can finance up to 50% of a project cost.

On the other hand, today 60% of the population lives in co-operative housing. In Estonia, unlike in the other Central and East-European countries, the establishment of housing co-operatives or associations in privatised multi-apartment buildings was compulsory. As a result, the co-operative sector currently comprises about 8 500 organisations, managing 360 000 apartments, and plays an important role in society. Co-operatives can therefore be considered as the main model for affordable housing in the home ownership sector, since they provide a system of "social" management<sup>12</sup> and rehabilitation of apartment buildings (CECODHAS-USH-Dexia Survey 2007).

Aids to home buyers are available through KredEx in the form of mortgage loans guarantees. These are available for apartment unions, house unions and apartment owners' unions, young families, young professionals, and tenants in restituted houses. Finally, the state allocates housing allowances to unemployed people and to families with many children. People with very low income (income ceiling is € 61 per month after payment of taxes and rent) can get support for utilities payment (electricity, water, etc).

### Main market trends affecting social, co-operative and public housing

In Estonia, 98% of the apartments were privatised during the privatisation process at the beginning of the 1990s, and today 85% of the population lives in privately owned apartments. The private rental sector represents about 9% of the total housing stock, and social rental dwellings about 7% (CECODHAS-USH-Dexia Survey 2007). The majority of apartment buildings have formed apartment associations or co-operatives. There is almost no functioning rental market, which is important for the effective operation of the housing market. At present, the private sector does not build rental apartments.

From 1999 to 2004, on average 950 new dwellings have been built each year, which means that potentially only 0.2% of households could move into new dwellings. As for existing dwellings, diversity and choices are small on the housing market. Most dwellings (about 257 000) were built 20-50 years ago. Buildings are in bad conditions, due to the fact that they have not been maintained and renovated regularly, and also because of the architectural peculiarities of the buildings. Technical and communications infrastructure of these houses do not meet current requirements (ECORYS, 2005).

In terms of statistics, there is no housing shortage in Estonia (ECORYS 2005). Yet, especially in Tallinn, the availability of mu-

nicipal and social rental housing is not sufficient. There is a lack of affordable dwellings in general, and in particular of sheltered housing and of special social services, as well as of dwellings specially designed for people with special needs (disabled and elderly people). To face the challenge posed by the shortage of affordable / social dwellings, the Municipality of Tallinn has adopted a 5 year plan for the construction of new municipal housing to provide housing for those in need.

### Main social and demographic changes in the demand for social, co-operative and public housing

Although the housing stock in 2004 was almost 11% bigger than the number of households, a large part of Estonian households are multi-generational households (i.e. different generations living under the same roof). Therefore, the size of the housing stock is below the level of actual demand and there is a hidden discrepancy between dwelling and household size, which is increasingly showing a structural housing deficit.

People who do not own a dwelling face many difficulties when trying to access housing today. This situation is proving to be particularly difficult for young people, orphans, and tenants of returned houses. Another challenge is posed by the regional distribution of dwellings: the number of dwellings is not comparable to the number of jobs in a given region. To house the new work force arriving in the region, 33 new municipal rental apartments have been created so far.

Moreover, co-operatives and housing associations are facing similar problems due to the fact that their members come from different social and economic backgrounds, hence representing very different conditions and interests, so that it is difficult to agree on common solutions (particularly on renovation works).

### Main policy developments in the field of housing, in particular with respect to social, co-operative and public housing

A major instrument of housing policy in Estonia in the state subsidy for reconstruction and technical expertise of apartment buildings, introduced in 2003. The subsidy covers 10% of the costs of reconstruction works and 50% of the costs of technical expertise. More than 20% of the apartment associations and co-operatives have used this type of subsidised bank loans for improving their living environment, but the amount of the subsidy, as it is, is considered insufficient to cover the needs of all apartment buildings. The amount of the subsidy in state budget has not grown during the last 3 years and there is heavy shortage of such a support. The City Governments of Tallinn, Paide, and Rakvere have special credit support systems for apartment associations and co-operatives. This support enables associations and co-operatives to receive very low interest (1% to 3,5%) loan from banks. Finally, most recently the Ministry of Economy and Communication has compiled the "Strategy of Estonian Housing Policy 2007-2013". This document states the 3 most important priorities in Estonian housing policy, namely: providing affordable housing for the tenants from restituted buildings; supporting reconstruction of apartment buildings; and supporting development of liv-

11) 'Restituted' houses are the houses which were at the beginning of 1990s given back to the previous owners, who owned them before World War II. People living in those houses did not get an opportunity to privatise their apartment and they now represent a major problem. Therefore, special support and loan programs have targeting those tenants were been implemented: the result was the creation of 998 new municipal rental apartments for the tenants of returned houses between 2003 and 2006.

12) Housing co-operatives elect a board and a chairman who takes the responsibility for everyday management of the building. Decisions on how to manage the building (annual economic plans, budgeting) and on how to organize the everyday life are taken in a democratic way.

ing environment, roads and yards between block-houses. As state budget financial resources for implementing these priorities are very limited, and the housing sector is currently mainly regulated by the free market, results are difficult to be foreseen today.

### **Main changes in the scope of activity of social, co-operative and public housing providers**

Housing associations and co-operatives have undertaken growing activity on renovation of buildings. As a result, the living standard of the residents is improving.

With regard to municipal rental housing, some municipalities have implemented schemes to provide tenants belonging to particularly vulnerable groups (e. g. the elderly) with social services and health care in their accommodation.

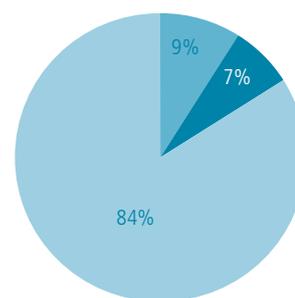
### **Main changes in urban regeneration and sustainable communities' policy and in urban development**

One of the main challenges to the process of urban regeneration lays in the fact that most of the existing housing stock is in very bad conditions and shows very poor energy performance. The Ministry of the Environment has identified the following challenges for the creation of sustainable housing: due to the age and low quality of the existing housing stock, serious problems arise regarding repair and energy conservation; most of the housing stock requires extensive renovation; there is a lack of regular information about the housing stock; reconstruction works and architectural, esthetical and preservation of national heritage are not always combined; owners and other persons who are dealing with housing maintenance don't have overview about the housing stock conditions and their knowledge about housing maintenance is low; the rental housing stock is unregulated and terms to improve energy efficiency are not developed.

Furthermore, several social issues have emerged, such as spatial segregation (formation of housing districts based on the social background of the dwellers and development of districts with bad reputation), homelessness, and the problem of street children amongst others. In addition, with regard to living environment quality, the government has pointed out some major problems which need to be solved: the planning system is weak at different administration levels; there is a lack of clarity on how to plan and develop housing districts and guarantee social services; many open and public spaces and courtyards between apartment buildings are out of repair; neighbourhood activities almost do not exist; housing districts are not secure. The Housing Development Plan 2007-2013 aims at facing these challenges and establishes measures for developing sustainable housing stock and improving living environments' quality. Several municipalities have already worked out special support projects for multi-apartment buildings, aimed at the construction of garbage houses, the reconstruction of small roads in yards of apartment buildings, the construction of playgrounds for children and other initiatives.

TOPICS	ISSUES			
SOCIAL HOUSING SECTOR	Mission	Housing people in need (vulnerable groups)		
	Allocation	Target groups Direct allocation by municipalities		
	Types of providers	Municipalities Co-operatives Right of co-operative occupancy (rent and home-ownership): co-operatives of home-owners are included in the chart within "home-ownership"		
	Financing	Subsidies from the central government and grants from Kredex (50% of cost) Public loans guarantees Loans from EIB-CEB		
	State aid to tenants in social housing	Global social benefits		
		INDICATORS	DATA	YEARS
SOCIAL HOUSING SECTOR	Social housing stock	Total housing stock	624 000	2004
		Social rental stock as% of total housing stock	7%	2005
		Social rental stock as% of rental stock	44%	2005
		Number of social rental dwellings per 1000 inhabitants	18	2005
Production of social housing	Social housing as% of new completions	nav	2005	
HOUSING MARKET TRENDS	Availability	Number of dwellings per 1000 inhabitants	463	2004
	Affordability	Housing consumption as share of total household consumption (EUavg=21.2%)	21.3%	2005
		Evolution of the share of households' housing expenditure on total expenditures	+5.3%	1995-2004
	Cost of construction	Evolution of cost of construction	+48.8%	2000-2006
	Evolution of tenure split	Evolution of the share of : - Ownership - Private rental - Public/social rental	+146% Not relev. -95%	1991-2005
Quality of housing stock	% of dwellings with bath/shower in total dwelling stock	67.1%	2003	
HOUSING POLICY DEVELOPMENTS	Priorities for housing policies 2007	Guaranteeing housing attainability for everyone Developing sustainable housing stock Developing living environments' quality Upgrading administrative capacity		2007
	State involvement	Public housing subsidies expenditures as% of GDP	0.09%	2004
		Public housing loans expenditures as% of GDP	0%	2004
SOCIO-DEMOGRAPHIC TRENDS	Population	Population growth	-8.5%	1980-2005
		Average number of persons per households (EU-25=2.4)	2.7	2003
	Unemployment	Unemployment rate	7.8%	2005
	Immigration	Net migration of total population	nav	2004
	Age structure	% < 15 years old (EU avg=16.4%) % 15-64 years old (EU avg= 67.1%) % > 64 years old (EU avg=16.5%)	16.6% 67.6% 15.8%	2004

84% Home ownership  
9% Private rental  
7% Social rental



Sources: Ministry of Infrastructure of Italian Republic (2006); Donner (2000); Eurostat (2007); Fribourg (2005); CECODHAS-USH-Dexia Survey (2007)

## Overview of the social, co-operative and public housing system in the country

Social housing in Finland is mainly provided by municipalities but increasingly also by approved not-for-profit organizations, as well as, to a lesser extent, by voluntary associations and co-operatives. Insurance companies and industrial firms are also involved in social housing provision, although now most of them have sold their apartments to not-for-profit companies.

Rental housing is the main activity of not-for-profit organizations and of municipal organizations, and social rental dwellings account for 52% of the total rental stock. Rental dwellings are financed with state housing loans, through the National Housing Fund (ARA) and they are let at cost-related rents. Rental social housing represents about 18% of the total housing stock, private rental accounts for 16% of the stock, while the share of owner occupation is about 63% (CECODHAS-USH-Dexia Survey 2007).

Shared ownership housing, financed by an interest-subsidized commercial loan, is also possible since April 2002.

The sale of individual rental dwellings to tenants, although possible, has been non-existent in practice. Indeed, sale of social rental housing is a marginal phenomenon and it is possible only in some cases: on the one hand, a constantly increasing number of old state-subsidised rental housing is reaching the age when the restrictions on use as social rental dwellings come to an end. Some of these dwellings are sold at market prices, either to sitting tenants or to new inhabitants. On the other hand, it is also possible for the Housing Fund to release rental housing blocks from the restrictions prior to the end of the regulation period. This happens mostly in areas where there is lower demand for social rental dwellings (or for dwellings in general). In 2004 some 5000 rental dwellings were released early from the restrictions (CECODHAS-USH-Dexia Survey 2007).

## Main market trends affecting social, co-operative and public housing

There are two main trends currently affecting the housing market in Finland.

First of all, sustained low interest rates and high levels of economic activity have led to house price increases in Finland almost continuously since 1996. House prices are now 60% higher in real terms. In addition, rents have recently increased about 2% annually (Fribourg 2005). The majority of the population, feeling secure about their position on the labour market, has decided to take the burden of very long housing loans.

Secondly, the low interest rate offered by commercial banks makes it unattractive for the social housing sector to take up public loans. In comparison with bank loans, in practice there is almost no subsidisation at all on state aid loans given by the Housing Fund (Arava), which imply restrictions regarding the use of dwellings. Previously dominant state subsidies will continue to be available, but the emphasis is shifting towards commercial loans (relatively low interest rate and long duration) with state guarantee and/or state-subsidised interest.

With the rise in construction costs, the prices of social housing for rent rose so high that it is now considered wiser to take a loan to buy a flat rather than to rent one, since the mortgage repayment often proves to be less costly (the average mortgage interest rate in 2005 was about 3.2%) than paying the rent.

Because of these factors the construction of dwellings financed by Housing Fund has fallen very rapidly. The (former) government's four years strategy with regard to housing was to build 10 000 social dwellings every year: in 2006 the number of new dwellings was only 4000 (while there were some 13 000 state-subsidised dwellings built in 2001).

The developments described above have affected social housing providers in two main ways: on the one hand, they are faced with a significant demand for rental housing, while on the other hand they cannot offer tenants affordable rent levels.

## Main social and demographic changes in the demand for social, co-operative and public housing

The main demographic changes reflect the general trends that can be found elsewhere in Europe. While the increase in the number of old people has been rather moderate so far, the number is expected to grow rapidly in the next 30 years. Currently, there are some 800 000 people over 65 years, whereas it is expected that in the year 2030 there will be 1.4 million in the same age group (in particular, the number of people over 85 years will almost double). The average size of households is gradually decreasing (Ministry of Infrastructure of the Italian Republic 2006). During the last ten years there has been a strong internal migration towards the main growth centres: as a result, although Finland has no overall housing shortage, regional differences in the adequacy of supply are considerable. There is an urgent need for new housing in large urban areas, particularly in the Helsinki metropolitan area.

One particular feature in Finland concerns young people, who tend to move from their parents' home earlier than in other European countries (at 20 on the average).

All in all, social housing tenants in Finland can broadly be characterized as follows: half of the tenants are single, most of them on relatively low incomes, and all age groups are represented, with a higher variety than in the rental housing sector as a whole.

## Main policy developments in the field of housing, in particular with respect to social, co-operative and public housing

After the election of a new government in spring 2007, the new housing minister started working on a new housing strategy, which is expected to be ready by December 2007. Negotiations with the new government are ongoing and the system for the provision of rental housing at low cost is being discussed. Some changes are foreseen, such as the provision of interest subsidies for not-for-profit housing organizations in order to enable them to build new dwellings and let them at lower rents. Also under discussion is the possibility of decreasing the restrictions on dwellings financed through loans by the Housing Fund, to allow not-for-profit housing organizations to sell some of their stock and use the revenues to invest in new construction. Housing organizations want to develop a business strategy for new construction to keep the costs at a lower level. To meet their goals, housing organizations believe that comprehensive restructuring of the housing system is needed, involving different aspects such as city planning, municipal land policy, new models of construction and an appropriate aid system.

## Main changes in the scope of activity of social, co-operative and public housing providers

Most of the not-for-profit undertakings today are building more dwellings for home-ownership (especially single family houses) and less for rent. This is due to the fact that the majority of the population, particularly young families, prefer to buy a house. Therefore, the main line of action for social housing providers in this sector of the market is to invest in research aimed at improving housing areas with single family houses (architecture and design), and enhancing the quality of single houses (energy saving, etc).

Furthermore, the role the so-called "Non-landlord activities" has grown. Social providers are strategically seeking a better customer

strategy and a deeper asset management strategy, particularly to refurbish dwellings built during the 1970s. As part of this strategy, the social housing sector is involved in many projects such as 'Vision 2010' – for better clustering of the housing sector; 'House 2010' – making better housing areas and housing policy; 'Living 24' – to generate knowledge on the changes in dwellings and what they mean in terms of planning, legislation and construction; and a brand new project on knowledge centres, for which four cities and five universities are working together to design a strategy for housing and planning.

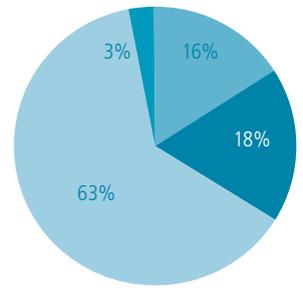
New measures adopted also include: different tenant activities, broadband lines, services for elderly people (through senior houses and projects involving other services providers), amongst others. The concept of "product" is widening and it includes increasingly different kinds of activities, which traditionally are not in the agreement on lease but are in the "agreement of living".

### Main changes in urban regeneration and sustainable communities' policy and in urban development

Urban regeneration policies in Finland focus mainly on building socially-mixed areas, as a way to try and avoid segregation. This is the main guideline in city planning, which big cities have adopted in their strategies for urban planning. As a result, new dwellings for home-ownership have been built in areas where there are a lot of rental dwellings, so as to encourage social mix. Social housing providers have so far played a central role in such projects.

Furthermore, there is a great ongoing effort to renovate all housing areas dating back to the 1960s and 1970s. Social housing companies (VVO, YH, SATO) and municipal companies have made considerable investments in this kind of projects.

TOPICS	ISSUES			
SOCIAL HOUSING SECTOR	Mission	Providing housing for everyone who needs it	63% Home ownership 16% Private rental 18% Social rental 3% Other	
	Allocation	Income ceilings Waiting lists with priority criteria Allocation by providers under supervision of municipalities Special programmes for disabled and homeless people		
	Types of providers	Municipalities Municipal associations Housing associations and co-operatives Insurance companies and industrial firms Right of co-operative occupancy (rent and home-ownership): No		
	Financing	Commercial banks Own funds of investor Public subsidies, public loans guarantee, subsidisation of interests		
	State aid to tenants in social housing	Housing benefit		
		INDICATORS	DATA	YEARS
SOCIAL HOUSING STOCK	Social housing stock	Total housing stock	2 574 000	2004
		Social rental stock as% of total housing stock	18%	2005
		Social rental stock as% of rental stock	52%	2005
		Number of social rental dwellings per 1000 inhabitants	74	2005
Production of social housing	Social housing as% of new completions	12%	2005	
HOUSING MARKET TRENDS	Availability	Number of dwellings per 1000 inhabitants	503	2004
	Affordability	Housing consumption as share of total household consumption (EUavg=21.2%)	25.4%	2005
		Evolution of the share of households' housing expenditure on total expenditures	+0.8%	1995-2004
	Cost of construction	Evolution of cost of construction	+18%	2000-2006
	Evolution of tenure split	Evolution of the share of: - Ownership - Private rental - Public/social rental	-21% +23% +33%	1991-2005
Quality of housing stock	% of dwellings with bath/shower in total dwelling stock	99%	2002	
HOUSING POLICY DEVELOPMENTS	Priorities for housing policies 2007	To address people's needs and aspirations, the needs of society and sustainable development in housing. The government promotes the possibility for every person to get a house for his needs and aspirations.		2007
	State involvement	Public housing subsidies expenditures as% of GDP	1%	2004
		Public housing loans expenditures as% of GDP	0.4%	2004
SOCIO-DEMOGRAPHIC TRENDS	Population	Population growth	+9.8%	1980-2005
		Average number of persons per households (EU-25=2.4)	2.1	2004
	Unemployment	Unemployment rate	8.4%	2005
	Immigration	Net migration of total population	1.3%	2004
	Age structure	% < 15 years old (EU avg=16.4%) % 15-64 years old (EU avg= 67.1%) % > 64 years old (EU avg=16.5%)	17.6% 66.8% 15.5%	2004



Sources: Ministry of Infrastructure of Italian Republic (2006); Donner (2000); Eurostat (2007); Fribourg (2005); CECODHAS-USH-Dexia Survey (2007)

### Overview of the social, co-operative and public housing system in the country

In France social housing is associated with the concept of low-rent housing or "HLM housing" (Habitation à Loyer Modéré). It is a specific sector of the housing market, which is governed by legislative and regulatory provisions, separate from common law and regulated by the Construction and Housing Code (Le Code de la Construction et de l'Habitation, CCH).

Social housing is delivered by HLM organisations that are the specific actors created by the state or registered as HLM by the state to fulfil this specific mission qualify of general interest by the Law. These organisations comprise: public agencies for habitat (offices publics de l'habitat); not-for-profit anonymous companies for HLM (SAHLM); anonymous co-operative companies for production and anonymous co-operative companies of collective interest for HLM; anonymous credit companies for real estate (SACI); and foundations for HLM.

The HLM organizations benefit from state aid and are subject to administrative control.

Other small scale actors in the social housing sector in France are the local companies of mixed economy (SEM). They are anonymous companies whose shareholders are the territorial bodies or their groupings and which have a minor participation of private or public economic and financial partners. As companies of the local bodies, they are governed by the law of 24 July 1966 on the commercial companies which makes them subject of private law. However, they benefit from an exceptional ruling that is justified by the general interest character of their missions and by their predominantly public shareholders, and financial aids are open to them under the same conditions as those applied for HLM organisations. The local SEMs should be distinguished from the State SEMs which are established between the State and private shareholders with a minor asset for the local bodies if they are participating at all. There are only two real estate State SEMs: the National Building Company for Workers (ADOMA) and the National Real Estate Company (SNI). (CECODHAS Observatory 2007).

### Main market trends affecting social, co-operative and public housing

France has one of the largest stocks of housing in the EU when measured on a number per thousand population basis (513 per 1000 inhabitants, see table), but this is partly due to a relatively large number of second homes. France is facing a housing crisis affecting particularly middle to low income households and which concerns many regions and most urban centres. This crisis is due to an insufficient construction level throughout the last decade. Home ownership has grown steadily since 1954. 56% of French households own their own home. Between 1989 and 1995 the increase in home ownership slowed down due to a decision by government to reduce subsidies.

The proportion of private rented homes fell steadily until 1988. Its decline ceased due to an increase in demand for student housing, a decrease in new home owners and tax incentives to investment. Significant price rises have been going on for almost a decade, since the end of the early and mid-1990s slump in 1997. House price inflation continued to slow down during 2006 and year end inflation was around 7% and reached a peak of 16% in 2004.

Social housing is estimated to represent about 19% of dwellings

used as primary residence. The overall rate of new social building has declined substantially since the mid-1990s - from around 50-60 000 dwellings a year to 36 000 in 2002, representing 12% of total new building at that date (9% in 2005). However, it is now increasing again: 57 000 units were built in 2006, to which 20 000 transfers from the existing stock should be added. Nonetheless, these increases are being partly offset by demolitions averaging 15 000 a year and sales now of around 5000 a year so that, all in all, the social housing stock is now growing by more than 50 000 a year (net).

### Main social and demographic changes in the demand for social, co-operative and public housing

Population in France grew faster than the European average during the second half of the 1990s and it is forecast to continue to do so over the next five years. Net immigration is estimated to have doubled in the past few years, about 100 000 a year. Recent immigrants and other ethnic-minority groups comprise a significant proportion of tenants in social housing. Many live in the subsidised-rent projects run by HLMs, particularly in the oldest dwellings.

Furthermore, household size has been declining over time to reach an average of 2.3 people (see fact file), and the number of households has grown faster than the population. To satisfy the demand for housing, it is estimated that 400 000 units will need to be built annually. Social change has increased the number of single person households and of those of couples without children, which is leading to a growing demand for smaller dwellings.

The ageing of the population is also contributing to the increase in the number of households (it is foreseen that those over 60 will represent a quarter of the population by 2010 and over a third by 2050). This process has long-term implications for housing provision as well as for social services and pensions. Currently in the social housing stock one fifth of the tenants are aged over 65, and the share of elderly people in HLM dwellings is expected to increase rapidly. HLM companies are working to offer elderly people the possibility of staying in their home by adapting the premises to their needs and providing services at home.

### Main policy developments in the field of housing, in particular with respect to social, co-operative and public housing

To respond to the ongoing housing shortage, the government adopted in June 2004 a Plan for Social Cohesion, to develop the supply of affordable rental dwellings in the public and private sector as well as social access to ownership. The Plan was confirmed by the Social Cohesion Planning Law in January 2005.

Furthermore, the proximity of the 2007 Presidential elections kept housing at the forefront in 2006, and in January 2007, a draft law on the right to housing was presented to the French Council of Ministers, allowing those who cannot have access to decent housing to seek legal redress. This law proposal follows a campaign by homeless associations, who managed to force the issue of homelessness to the top of the political agenda, four months before France's presidential elections. The draft law, which binds the state to pay monetary compensation in case public authorities - following a decision by a special Commission - fail to provide adequate accommodation, will be open to 5 "priority" catego-

ries of people from December 1st 2008. More specifically, the law refers to the homeless, those threatened of eviction, those who live in a temporary or inadequate/unhealthy accommodation and families with children living in unfit homes. From the First of January 2012 the right will be extended to all the people who, although eligible for social housing placement, have not received any offer within a reasonable period of time.

### **Main changes in the scope of activity of social, co-operative and public housing providers**

HLM organisations are developing their skills in order to be more effective partners to cities and to the population so that they can house the most disadvantaged while adhering to a policy of social mix. They plan to increase the participation of the habitants, to deliver an integrated approach, and to diversify supply.

Furthermore, the quality of the services features as a priority for the social actors dealing with housing. In June 2003 all social housing providers unanimously adopted the professional engagement for the quality of services. This commitment envisages two issues: the first is the improvement of the services offered to the residents. For many years social housing has strived to offer a constantly widening range of services to the tenants, but problems in the larger estates and in sensitive areas have 'gained the upper hand' and contributed to maintain a bad image of social housing. The second major focus is the 'valorisation of quality' as a major asset of the image of this profession vis-à-vis a variety of stakeholders and partners and society at large. The 'professional engagement' is a measure of progress in the long run, which is evaluated on a regular basis by the tenants (every 3 years), starting with an enquiry carried out in 2004. These results, which are shared by the organisations within their regional associations, are expected to contribute to maintain the dynamics launched by this process and to the improvement of the image of social housing (CECODHAS Observatory 2007).

### **Main changes in urban regeneration and sustainable communities' policy and in urban development**

Social housing standards have improved significantly since the mid-1980s and the construction of dwellings with modern facilities increased from 85% in 1984 to 96% in 1996 (implying large scale public expenditure on refurbishment). The government decided to regenerate social housing further in 2000 with a major package as part the Law 2000-1028 on Solidarity and Urban Renewal, the so-called Loi SRU, within the broader framework of the Loi d'orientation pour la ville, which was introduced in 1991. The 2005 urban riots have since led to an intensification of social housing renewal measures and of new building, and in 2006 a programme was speeded up to demolish and replace a quarter of a million of the worst social housing and to renovate another 400 000 units. A new urban renovation agency manages this and other programmes (ANRU- Agence Nationale de Rénovation Urbaine). This increased demolitions in many existing estates and aimed to create a greater social mix in the associated renewal projects.

TOPICS	ISSUES			
SOCIAL HOUSING SECTOR	Mission	Housing households under a certain income ceiling and increasing social mix	56% Home ownership 25% Private rental 19% Social rental	
	Allocation	Income ceilings Registration system with one single registration number Allocation commission Quota system managed by municipalities, the state and social housing companies		
	Types of providers	Public limited companies Not-for-profit organisations and co-operatives Right of co-operative occupancy (rent and home-ownership): co-operatives participate in the provision of rental social housing (in the tenures split chart, dwellings provided by co-operatives are included within "social rental")		
	Financing	Public bank Investor's funds Public subsidies public guarantee on loans Reduced VAT Fiscal exemptions		
	State aids to tenants in social housing	Housing benefits		
		INDICATORS	DATA	YEARS
SOCIAL HOUSING STOCK	Social housing stock	Total housing stock	29 495 000	2004
		Social rental stock as% of total housing stock	19%	2005
		Social rental stock as% of rental stock	43%	2005
		Number of social rental dwellings per 1000 inhabitants	71	2005
Production of social housing	Social housing in% of new completions	9%	2005	
HOUSING MARKET TRENDS	Availability	Number of dwellings per 1000 inhabitants	513	2004
	Affordability	Housing consumption as share of total household consumption (EU avg=21.2%)	23.5%	2000
		Evolution of the share of households' housing expenditure on total expenditures	-1.3%	1995-2004
	Cost of construction	Evolution of cost of construction	+28%	2000-2006
	Housing market evolution	Evolution of the share of : - Ownership - Private rental - Public/social rental	+4% 0% 0%	1991-2005
Quality of housing stock	% of dwellings with bath/shower in total dwelling stock	98%	2002	
HOUSING POLICY DEVELOPMENTS	Priorities for housing policies 2007	To re-launch the construction of social rental housing and urban renewal of depressed social housing areas (Grands ensembles)		2007
	State involvement	Public housing subsidies expenditures as% of GDP	1.63%	2004
Public housing loans expenditures as% of GDP		0.3%	2004	
SOCIO-DEMOGRAPHIC TRENDS	Population	Population growth	+12.7%	1980-2005
		Average number of persons per households (EU-25=2.4)	2.3	2003
	Unemployment	Unemployment rate	9.5%	2005
	Immigration	Net migration of total population	4.4‰	2004
Age structure		% < 15 years old (EU avg=16.4%)	18.6%	2004
		% 15-64 years old (EU avg= 67.1%)	65.1%	
		% > 64 years old (EU avg=16.5%)	16.4%	

Sources: Ministry of Infrastructure of Italian Republic (2006); Donner (2000); Eurostat (2007); Fribourg (2005); CECODHAS-USH-Dexia Survey (2007)

## Overview of the social, co-operative and public housing system in the country

'Social housing' represents 6% of the total housing stock and is declining gradually. The right of municipalities to allocate dwellings to the neediest households does not translate any longer into the construction of new social dwellings; therefore it is difficult to talk of a "social housing stock" in Germany. Instead, since 2001 the system for social provision of housing is based on allocating dwellings from the existing stock, on a case by case basis, through a "social" temporary convention between the municipality and the landlord, which sets the rent at a price lower than the market for people who cannot afford a dwelling otherwise.

In Germany, there are four different categories of housing companies: municipal housing companies, owned by municipalities; co-operatives, which provide rental co-operative dwellings, accounting for 6% of the total housing stock; organisations owned by churches (significant sector in Germany, especially in the provision of social services); housing companies belonging to private investors and, most recently, to national and foreign investment funds, after the privatization of municipal companies (see above). These are grouped in regional federations, which are in turn members of the national umbrella organization, the GdW (Bundesverband deutscher Wohnungs- und Immobilienunternehmen). Every year, 100 000 social housing conventions come to an end. At the same time, the sale of municipal housing stock, although strongly opposed by tenants' organizations, is increasingly used as a way to tackle the budgetary crisis municipalities are often facing. Social housing dwellings are expected to diminish by one million in the period 2002-2010 (CECODHAS-USH-Dexia Survey 2007).

## Main market trends affecting social, co-operative and public housing

With the exception of Cologne, Stuttgart, Frankfurt and Munich, where the market is tight, the German housing market as a whole is balanced. Overall, housing offer is bigger than demand, resulting in 439 436 vacant dwellings (out of which 48 220 are not in physical conditions to be used anymore). Nevertheless, German regional housing markets show very different pictures: prices and rents in several major cities in the West have increased moderately in response to raising demand. In other places, however, previous excess supply has left the market depressed in the face of poor general local economic conditions. Given the fact that supply and demand on housing markets are broadly in balance, the emphasis in housing policy is no longer placed on increasing the supply of housing in quantitative terms. What is more important now is to pursue a nuanced funding policy which places greater emphasis on the housing stock in cities, like in Cologne, Stuttgart, Frankfurt and Munich, where there is a housing shortage. Another problem that needs to be faced is the fact that low-income people, living on social benefits, experience great difficulties in accessing affordable housing.

57% of Germans rent their houses, especially in urban areas where the predominance of rental tenure allows security of tenure (long term lease), stability of rent price (regulated market), diversification in the offer of housing and quality standards, and higher mobility. Private rental dwellings account for 51% of the total housing stock, while only 43% of the housing stock is owner occupied across the country as a whole, the lowest share in the

EU (CECODHAS-USH-Dexia Survey 2007). On average, housing expenditures represent about 24% of the total households' expenditures (see fact file), slightly above the EU average.

## Main social and demographic changes in the demand for social, co-operative and public housing

The current demographic trend towards a decreasing growth rate of the population is having a strong impact on the housing sector. It is estimated that in 2050 Germany's population will have decreased by 7.5 million people, a figure which is equivalent to 9% of the current population. Nevertheless, the number of households will be growing and reach 39,2 millions in 2015, despite significant differences amongst the regions. A remarkably large share of German households, particularly in urban areas, consists today of only 1 or 2 persons (around 70%). As a result, the greatest demand is currently for single family homes. This type of dwellings have constituted over two thirds of new dwelling output for some years, and generally they are in short supply in the economically strongest areas. Large cities with their suburban areas, will continue in the future to be the main target areas of regional and international migration. The immigration associated with this will concentrate principally on the economically more prosperous conurbations in western Germany (Munich, Stuttgart, Frankfurt, Düsseldorf, Hamburg, etc.). This will result in an increased demand for new housing construction in these areas. Furthermore, in 2004, 18% of the population was 64 years old or more (see table). It is expected that in 2010 the share of elderly people out of the total population will climb to 20%, and to 30% by 2040. Adaptation of the housing stock to the needs of the ageing population is therefore a major concern for housing providers (CECODHAS-USH-Dexia Survey 2007).

## Main policy developments in the field of housing, in particular with respect to social, co-operative and public housing

Since the first of January 2007, the Bund has given up its competence on housing and has delegated it to the Länders, with a yearly compensation of 600 million euros. Since then, housing policy is the competence of both the Bund and the Länders. The latter can legislate freely in the absence of federal law, or legislate according to federal law when it exists. However, municipalities are subject to federal law which puts an obligation on the councils to financially cater for those who are "particularly vulnerable". Within the general rules stipulated by the Federal Act, the rules of assistance differ widely amongst the various Länders, whereas it is the municipalities themselves who actually implement Länders' decisions.

Since 2001 reforms of social housing policy have been made and more flexibility has been introduced into the system. Social housing no longer benefits from special tax concessions, whereas the public subsidies are open to everyone, meaning that companies as well as private individuals can apply, albeit the subsidies are confined to occupancy and rent control rules, and to those within a certain income bracket. Social housing is in long term decline following this switch in policy from supporting specific providers. In some parts of Germany municipal housing companies owned by the Länders or the Bund have completely been sold to fill the financial gaps in the municipal economy (CECODHAS-USH-Dexia Survey 2007). They are the object of asset management policy

aimed at transferring them to investment funds (national or international). Overall, the German Finance Ministry estimates that over 600 000 dwellings have been bought up by foreign funds. Funds aim to make returns through renovations, sales to tenants, other disposals, managerial and financial efficiencies and price rises. Even so, many cities still have at least one publicly-owned property company providing housing.

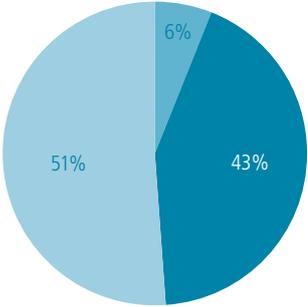
### **Main changes in the scope of activity of social, co-operative and public housing providers**

In 1990 the not-for-profit housing law was abolished, and the privilege of being free from corporate tax came to an end. Ever since, only rental housing co-operatives in Germany are free from corporate tax. Because of their non-preferential status, housing providers need to act on the basis of a “sustainable management” model and they are developing comprehensive market research, differentiated market strategies, a focus on the emergence of new target groups and parallel services oriented to the target groups. This strategy aims at combining efficiency (through an efficient use of social housing as an economic asset) with effectiveness (i.e. doing something that can benefit the society). In this process, providers who are members of the GdW are co-operating with different partners: municipalities, social services, charitable institutions, health services, outsourced services, multimedia enterprises etc.

Furthermore the activities of housing providers are increasingly focusing on rehabilitation measures, measures for energetic improvement, new construction of energy-saving buildings and home ownership, supported through low-interest loans by the KfW (Kreditanstalt für Wiederaufbau).

### **Main changes in urban regeneration and sustainable communities’ policy and in urban development**

Based on the recommendations made by a group of experts commissioned to examine structural changes in the housing market in the new federal states, the Federal Government launched in 2002 the programme “Urban Restructuring in the New Federal States” thanks to which it has been possible to reduce the over-supply of housing units in the eastern part of the country and to upgrade residential areas. The most important aims of the programme, which will run until 2009, are the demolition of 350 000 permanently vacant dwellings with a view to stabilizing housing markets and the creation of attractive living conditions by upgrading sections of the housing stock and by improving residential areas. The Federal Government also incorporated the “Social City” programme as a new important task in the Federal Building Code in 2004. The aim of the programme is to combine individual policy areas in a joint strategy to combat social exclusion and the decline of neighbourhoods with a view to building up sustainable structures in deprived areas. The programme involves different aspects: citizens’ participation and community life, local economy and employment, community centres, social, cultural educational infrastructures and facilities, housing, and environment (Fribourg 2006). As one of the key partners of this programme, housing providers in Germany recognize that urban regeneration is becoming the imperative approach for the future.

TOPICS	ISSUES				
SOCIAL HOUSING SECTOR	Mission	Housing people excluded from housing market Providing middle to low income families with access to home ownership	43% Home ownership 51% Private rental 6% Social rental 		
	Allocation	Income ceilings Waiting lists based on priority criteria Direct allocation by municipalities			
	Types of providers	Municipal and federal housing companies Housing associations and co-operatives Private companies and private investors Right of co-operative occupancy (rent and home-ownership): in the tenures split chart, rental dwellings provided by co-operatives are included within "private rental" ("social rental" only refers to social dwellings which are still publicly subsidised)			
	Financing	Commercial banks Regional public banks Own funds of investor Public subsidisation of interests (rental sector) Subsidies (access to home ownership)			
	State aid to tenants in social housing	Housing benefit in the rental sector			
		INDICATORS	DATA	YEARS	
SOCIAL HOUSING STOCK	Social housing stock	Total housing stock	38 925 000	2004	
		Social rental stock as% of total housing stock	6%	2005	
		Social rental stock as% of rental stock	11%	2005	
		Number of social rental dwellings per 1000 inhabitants	28	2005	
Production of social housing	Social housing as% of new completions	9%	2005		
HOUSING MARKET TRENDS	Availability	Number of dwellings per 1000 habitants	477	2004	
	Affordability	Housing consumption as share of total household consumption (EUavg=21.2%)	24.5%	2005	
		Evolution of the share of households' housing expenditure on total expenditures	+4.7%	1995-2005	
	Cost of construction	Evolution of cost of construction	+11%	2000-2006	
	Evolution of tenure split	Evolution of the share of: - Ownership - Private rental - Public/social rental	+5% nav nav	1990-2005	
	% of dwellings with bath/shower in total dwelling stock	nav	2002		
HOUSING POLICY DEVELOPMENTS	Priorities for housing policies 2007	A major task is to devise the range of housing policies necessary to address the increased regional differentiation of housing markets. At the same time, national housing policy has to make a reasonable contribution to the main political challenges like private retirement provisions by promoting owner occupied housing, reducing energy consumption, improving the living conditions for families with children in cities and stabilizing the labour market.		2007	
	State involvement	Public housing subsidies expenditures as% of GDP	0.28%	2004	
		Public housing loans expenditures as% of GDP	0%	2004	
SOCIO-DEMOGRAPHIC TRENDS	Population	Population growth	5.5%	1980-2005	
		Average number of persons per households (EU-25=2.4)	2.1	2004	
	Unemployment	Unemployment rate	9.5%	2005	
	Immigration	Net migration of total population	+1‰	2004	
	Age structure	% < 15 years old (EU avg=16.4%) % 15-64 years old (EU avg= 67.1%) % > 64 years old (EU avg=16.5%)	14.7% 67.3% 18%	2004	

Sources: Ministry of Infrastructure of Italian Republic (2006); Donner (2000); Eurostat (2007); Fribourg (2005); CECODHAS-USH-Dexia Survey (2007)

## Overview of the social, co-operative and public housing system in the country

In the field of social housing, Greece has many distinguishing features: a public rental sector does not exist in Greece, and home ownership is the main type of tenure. There is no publicly-owned dwelling stock, neither by central government nor by local authorities. During the decade of 1990 EIAPOE, the Center for assistance to families of Greek origin moving into Greece from the former USSR provided some hundreds of houses in settlements in northern Greece, but its housing activity has now ended. The Ministry for Health and Social Affairs used to target programmes at the worse-off and at victims of natural disasters, but after 1985 there is no activity in this area either. The Agency for City Planning and Housing (DEPOS) also focused on certain social aspects but its activity has ceased some ten years ago and the company is at present under dissolution. Currently, the only organisation that provides social housing in settlements all over Greece is OEK-Workers Housing Organisation, a tri-party organisation operating under the auspices of the Ministry of Employment and Social Protection, with its own financial resources. OEK is financed through contributions by workers and employees of the private sector (1% on salaries) and by their employers (0.75% of their wage bill). Dwellings built by OEK are ceded to beneficiaries at cost, which represents approximately 2/5 of their commercial value in the free market. About 1500 housing units on average are delivered annually (CECODHAS-USH-Dexia Survey 2007).

## Main market trends affecting social, co-operative and public housing

The first half of the 1990s saw a severe depression in the housing market and marked falls in housebuilding. Nominal mortgage interest rates were still around 10% in 2001. Since 2001, however, Euro Zone entry has cut mortgage interest rates virtually in half (6.5% in 2003). Unsurprisingly, the residential property market since 2000 has been buoyant. Nevertheless, it should be noticed that mortgages are still far less commonly used than in many European countries. The most important source of finance is personal (and family's) wealth (RICS 2007).

Other factors have also been important in stimulating housing demand: improved economic growth, a large number of infrastructure projects and, around Athens, the impact of expenditures associated with the 2004 Olympic Games.

Housing demand has also shown a continuing shift towards owner-occupation. Home ownership already accounts for 74% of the total housing stock in Greece, while the private rental sector represents 20% of the stock (CECODHAS-USH-Dexia Survey 2007). Greek house building is almost exclusively governed by the private sector: the Workers Housing Organisation produces typically less than 2% of annual new units (although it should be noticed that the settlements built by OEK represent around 95% of the total annual building activity of the public sector). On the other hand, the private sector is partly, (albeit to the largest extent), composed by commercial developers. As much as one-third of building in cities and a much higher share in the countryside is still produced by owner-users by means of various forms of contract construction.

Finally, despite the fact that construction costs have remained stable over the last few years, house prices have shown increases higher than inflation during the period 2000 – 2005. The highest

house price growth has occurred in Attica prefecture, although in 2004 prices fell, narrowing the difference with the rest of the country again (Fribourg 2005).

## Main social and demographic changes in the demand for social, co-operative and public housing

The country currently has one of the oldest age structures in Europe, with 17.5% aged 64 or more (see fact file). Currently with a low current fertility rate, which has fallen rapidly from a high one a couple of decades ago, the population is expected to stay at around the same level in future years. The impact of an ageing population may consequently have a significant effect on the housing market in the future.

Nevertheless, Greece shows a high level of legal and illegal immigration in recent years. Overall, between 800 000 and 1 million immigrants have been added to the population since the late 1980s, which is around 10% of the population. As these immigrants are generally very poor, their housing circumstances are precarious, which may create significant social problems in the future of a country where the government traditionally has done little to improve low-income housing conditions. Such immigrants represent a potential pool of housing demand (Fribourg 2005).

## Main policy developments in the field of housing, in particular with respect to social, co-operative and public housing

Housing policy during the period 2000 – 2005 has been under strict fiscal and monetary constraints, which did not allow for new initiatives in terms of social and economic policies in this field. Thus, efforts were mainly directed towards the improvement of programmes for environmental improvement and physical planning in the framework of the new concepts and goals introduced by the idea of sustainable development.

This involved an increased effort towards a more efficient and environmentally sound utilisation of funds from the EU support framework in the improvement of major infrastructures, combined, in the case of Athens, with the major planning effort towards the preparation for the 2004 Olympics. These have been the main concerns of the Ministry of the Environment with the important addition of the emergency actions for disaster relief and assistance for rebuilding and rehousing for the numerous victims of the 1999 earthquake in Athens and for the victims of the earthquakes in Lefkada Island (August 2003) and Kythira (2005). The ministry recognises the need to tackle the issue of housing of groups in special need and the promotion of urban renewal projects in deprived or degraded areas. Aside from the problem of housing over 20 000 Roma families living in unsanitary camps of shacks and tents, which has concerned the ministry over the last years, wider socioeconomic issues will have to be faced during the next years as part of the revised government agenda, placing greater emphasis on social policy (Fribourg 2005).

Recent ministerial decisions introduced the possibility of a second housing benefit for OEK's beneficiaries who in the past were granted a loan or a finished house but whose family status has been transformed, thus making their housing conditions obsolete with regard to their current situation. Furthermore, OEK has just begun to apply new regulation about loans with no interest for families with three or more children, single-parent families and families with extremely acute financial problems.

### **Main changes in the scope of activity of social, co-operative and public housing providers**

OEK can address its assistance exclusively to people contributing into it but the institutional framework gives OEK the right to undertake, in co-operation with other public or private agents, the construction of settlements also for groups of the population not belonging to its beneficiaries, thus giving to OEK the possibility of using its experience for social purposes of general interest. An example of this possibility is the construction by the organization -in co-operation with the Municipality of Sofades- of the pilot programme of houses for 150 families of gypsies in the region of Thessalia. This project was carried out respecting the needs and the cultural differences of this sensitive population category and at the same time upgrading the level of their everyday life.

Furthermore, OEK was involved in the construction of offices for CEDEFOP (The European Centre for the Development of Vocational Training) in Thessaloniki, Complexes for the Public Electricity Company, the Olympic Village, and accommodations for students.

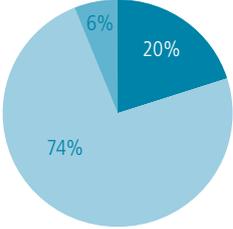
Finally, the use of energy productive systems that exploit renewable energy sources was promoted in OEK settlements, while at the same time the effort for an environment-friendly design is being intensified.

### **Main changes in urban regeneration and sustainable communities' policy and in urban development**

Given the lack of new demand (see social and demographic trends, above), both private and public investments are wholly utilised for the improvement of housing conditions of the existing population. Yet, it could be argued that given the widespread environmental problems in Greek cities and the lack of adequate (by modern European standards) housing space among broad segments of the population, improvements in space and quality conditions should progress at a faster pace.

OEK is involved in programmes of urban rehabilitation in old settlements, where despite the fact that dwellings are owned by their residents, OEK frequently undertakes renovation works, technical improvement and energy saving. Recently, after the earthquake in 1999 in Attica, OEK spent around € 6,000,000 to repair and radically reform buildings in settlements that had been damaged.

OEK aims to have an integrated approach in their projects, whereby settlements are designed and built according to the most modern international architectural, urban planning and building standards. Consequently, these have to adapt to the character and architectural tradition of the region where they are placed, respecting the environment. In the urban complexes of OEK there is provision of social infrastructures and common use facilities, such as complete networks of roads and pedestrian walkways, squares, playgrounds, sport grounds, green spaces, shopping facilities and spaces for meetings and cultural events. In larger settlements specific provision is made for schools, churches and day nursery facilities.

TOPICS	ISSUES				
SOCIAL HOUSING SECTOR	Mission	Housing vulnerable groups (refugees, natural disasters...) Housing employees who contribute financially	<p>74% Home ownership 20% Private rental 0% Social rental 6% Other</p> 		
	Allocation	Direct allocation by provider to contributing workers/employees			
	Types of providers	Publicly controlled company (OEK) Right of co-operative occupancy (rent and home-ownership): no			
	Financing	Contribution from workers/employees Subsidies Free land provision			
	State aid to tenants in social housing	Housing benefit			
			INDICATORS	DATA	YEARS
SOCIAL HOUSING SECTOR	Social housing stock	Total housing stock	5 465 000	2004	
		Social rental stock as% of total housing stock	0%	2005	
		Social rental stock as% of rental stock	0%	2005	
		Number of social rental dwellings per 1000 inhabitants	NA		
Production of social housing	Social housing as% of new completions	NA	2005		
HOUSING MARKET TRENDS	Availability	Number of dwellings per 1000 inhabitants	500	2001	
	Affordability	Housing consumption as share of total household consumption (EUavg=21.2%)	15.4%	2004	
		Evolution of the share of households' housing expenditure on total expenditures	-12.5%	1995-2004	
	Cost of construction	Evolution of cost of construction	+21%	2000-2006	
	Evolution of tenure split	Evolution of the share of: - Ownership - Private rental - Public/social rental	+3% 0% 0%	1991-2005	
Quality of housing stock	% of dwellings with bath/shower in total dwelling stock	97.8%	2001		
HOUSING POLICY DEVELOPMENTS	Priorities for housing policies 2007	Housing policy in Greece is mainly orientated to the promotion of home-ownership, through a rational and effective financing and taxation system		2007	
	State involvement	Public housing subsidies expenditures as% of GDP	0.01%	2004	
		Public housing loans expenditures as% of GDP	0.73%	2004	
SOCIO-DEMOGRAPHIC TRENDS	Population	Population growth	+15.6%	1980-2005	
		Average number of persons per households (EU-25=2.4)	2.7	2004	
	Unemployment	Unemployment rate	9.9%	2005	
	Immigration	Net migration of total population	3.2‰	2004	
	Age structure	% < 15 years old (EU avg=16.4%) % 15-64 years old (EU avg= 67.1%) % > 64 years old (EU avg=16.5%)	14.6% 67.8% 17.5%	2004	

Sources: Ministry of Infrastructure of Italian Republic (2006); Donner (2000); Eurostat (2007); Fribourg (2005); CECODHAS-USH-Dexia Survey (2007)

## Overview of the social, co-operative and public housing system in the country

The Hungarian public rental sector represents a temporary stage of the social rental sector (Hegedüs 2006). In Hungary social housing is not an official label: the most commonly used terminology is "municipality owned dwellings". As a result of the privatization process, the public rental sector decreased from comprising 20% of the housing sector to 4% between 1989 and 2003 (Hegedüs 2006). Sales of flats have been mainly on a condominium basis. Rarely did all tenants in apartment blocks buy their homes, with some of them remaining local authority tenants. Tenants living in the residual public stock are those who could neither afford to buy their houses despite the give away prices applied after 1990, nor access owner occupation in the following years despite the tax and subsidy system strongly favouring owner occupation. Therefore they are predominantly households with multiple disadvantages, e.g. no regular income, disabled, families with many children, and Roma families (ECORYS 2006). The government has disengaged from housing, decreasing the subsidies and diminishing its direct role. Decentralization partly led to this process, as the local governments were assigned to manage the housing allowance program partly financed from their own resources. Local governments were substantially involved in the decision-making processes concerning the regulation of their rental housing stock. They could freely determine the rent; decide on the allocation procedures (i.e. between keeping a waiting list or just opening a case-by-case tender for vacant units); decide on the organizational form of the housing maintenance company; choose from among the different types of rental contracts (fixed term or open term; social or cost-rent or market rent); introduce (and finance) special rent-allowance schemes, and after 2001 the conditions of selling dwellings could be freely determined by the local governments (Hegedüs 2006). In general, local authorities are allowed to set the rents in buildings. However, as they have to consider the financial means of the tenants, the rent income does not normally cover the cost of repair and renewal. The rents are still very low and depend solely on the size and quality of the flats. The actual income of the households is not considered when rents are estimated, therefore the system subsidises all those tenants who happen to live in rental flats owned by local governments. Furthermore, rent contracts are made for indefinite periods, and eviction is allowed only in case of long term missing payments. Therefore, the public rental sector has become a "loss making" sector for local authorities, further aggravated by the fact that intergovernmental grants do not compensate for this cost.

Young married couples, single parents and people on low income are eligible for social rented housing, as well as families and individuals whose monthly income per capita is below the current minimum wage. In addition, those who have an important role in local services are eligible, but these allocations depend greatly on the needs of a given municipality.

## Main market trends affecting social, co-operative and public housing

Increase of new building has been significant in the last few years. The number of new apartments per year increased from 19

000 to 44 000 between 1999 and 2005, thus reached the ratio of 423 dwellings per 1000 inhabitants (see table). This increase can be attributed partly to the interest rate subsidies from 2002, mainly to private sector building activities (40%) which mostly consist of condominium houses and are located in big cities and their agglomeration. However, in 2005 and 2006 there was a decrease in construction.

One of the main features of the Hungarian housing market is the low rate of rental units (around 6%). On the one hand the share of social housing (public ownership) is low (4%), on the other hand the private rental sector is even smaller (2%) and hardly affordable for many people (CECODHAS-USH-Dexia Survey 2007). Prefabricated housing (panels) represents about 30% of the rental housing stock.

There is a shortage of social housing in Hungary. According to estimates, potential demand for rental housing is around 750 000 units of which approximately 500 000 units need social support (ECORYS 2006). 24,400 applicants were registered on waiting lists in 2003. Since not every municipality has a registration system, it is difficult to estimate the real need. Social house building virtually ceased after 1990, although there has been a slight revival following the introduction of investment subsidies.

## Main social and demographic changes in the demand for social, co-operative and public housing

There is a strong growth in the number of households especially in the metropolitan regions stimulating housing demand, mainly due to an ageing population. Indeed, forecasts suggest that the percentage of the population aged over 65 will rise from the current 15% share to 21% in 2025 and 29% in 2050 (RICS, 2007). Over the longer-term, some population decrease is expected, which has already dropped somewhat over the past decade. The fertility rate is significantly below replacements rate. It is also worth noting the recent out-migration of the population from the rural east and the older declining industrial regions. The Budapest region is outstandingly growing with a process of suburbanisation, representing today 17% of the population.

## Main policy developments in the field of housing, in particular with respect to social, co-operative and public housing

The housing programme launched in 2000 had two main goals: firstly, to support new construction and the purchase of private homes through subsidized housing credit. Social benefits are available for families with children in the form of non-refundable grants. Interest subsidies (being dependent from the actual parameters of the house) are offered to people who want to build or buy houses. Secondly, the program aimed at supporting the public rental sector through targeted programmes. As part of the programme, a grant program was introduced, providing an investment grant to the local governments up to 75% of the investment costs for various purposes: provision of social rental dwellings, cost based rental dwellings<sup>13</sup>, housing for young families, for the elderly and pensioners. Between 2000 and 2004 several hundred local governments took part in the program and close to 13 thousand units were established.

<sup>13</sup>) In addition to the social housing scheme, a "cost based" option appeared as well, with the aim to ensure the long-term cost recovery in the sector. This implies an introduction of a rent level which is higher than the existing social rent, but lower than the market rent, thereby producing cost recovery. The regulations set the rent as a minimum of 2% of the construction cost. Although this cost rent approach did not give a guarantee for the long-term cost recovery, in the first years the actual operational and maintenance cost of new rental was considered to be lower than the rent. This "cost rent" is at 40-60% of the market rent.

After the failure of a rent allowance programme introduced in 2005, in 2006 a new loan program for local governments was launched, which gives them access to a subsidized loan for investment in the public rental sector provided by the Hungarian Development Bank. In the same year, major institutional changes took place within the public administration and responsibilities for different aspects related to housing were concentrated together in the newly created Ministry for Local Government and Regional Development, thus trying to create efficient management and synergies among these fields.

### **Main changes in the scope of activity of social, co-operative and public housing providers**

The activity of local municipalities related to social housing concentrates mainly on maintenance and allocation of the existing public rental housing stock, which basically comprises the old tenancies; allocation of social subsidies (supplementing social benefits coming from the central government budget); and to a limited extent support for needy households (young families or those with children) to purchase a flat. Some innovative local governments increase the rent and give protection to the low-income households by introducing rent allowances (independent initiative of local governments). However, this can be done only for housing stock in acceptable conditions and where the majority of tenants are not in arrears. The other important actors are the so-called "social landlords", typically local government owned (limited liability) companies. Because of privatisation, the original public housing maintenance companies were restructured and given other tasks beyond the housing task. They typically cross-subsidise the public rental sector from the revenue of the non-residential units and from other profitable activities.

### **Main changes in urban regeneration and sustainable communities' policy and in urban development**

One of the outstanding problems of the Hungarian housing stock is the poor condition of the buildings in terms of technical level and quality, particularly in inner city areas and in pre-fabricated housing estates.

The Panel Programme, launched in 2005, exists at the national level for the renovation and modernisation of pre-fabricated panel buildings, while local governments and the national government co-finance (1/3 each plus 1/3 paid by households) and operate so called renovation funds for which condominiums can apply to get co-financed support. Housing co-operatives, a form of the maintenance companies which focus almost only on renovation, also have access to this scheme: so far 170 000 co-operative flats have been partially renovated using these funds. It is estimated that some 61% of the co-operative housing stock will need to be renovated within the next 10-15 years.

The poorest social housing estates became segregated and deteriorated socially and physically, due to the policy of certain local governments to move non-paying tenants into the worse-off estates (Hegedüs 2006). Recently there have been examples of projects to reintegrate segregated (mainly ethnic minority) people, through labour market participation projects while trying to improve the conditions of the worst settlements in the city. The city government of Pécs for instance joined up labour market and housing policies to help these people to enter the labour market and to find suitable accommodation<sup>14</sup>.

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<sup>14</sup> Further information is available on the website of the Municipality of Pécs (<http://www.pecs.hu/>)

TOPICS	ISSUES			
SOCIAL HOUSING SECTOR	Mission	Housing low-income people and vulnerable social groups	94% Home ownership 2% Private rental 4% Social rental	
	Allocation	Depending on the municipality: waiting list or just case-by-case tenders for vacant units Target groups Allocation by municipalities		
	Types of providers	Municipalities Municipal companies Right of co-operative occupancy (rent and home-ownership): co-operatives of home owners are included in the tenures split chart within "home-ownership"		
	Financing	Public bank EIB Public subsidies		
	State aid to tenants in social housing	Housing benefit and grants for and energy expenditures		
		INDICATORS	DATA	YEARS
SOCIAL HOUSING STOCK	Social housing stock	Total housing stock	4 134 000	2004
		Social rental stock as% of total housing stock	4%	2006
		Social rental stock as% of rental stock	66%	2006
		Number of social rental dwellings per 1000 inhabitants	16	2006
Production of social housing	Social housing as% of new completions	4.5%	2000	
HOUSING MARKET TRENDS	Availability	Number of dwellings per 1000 inhabitants	423	2005
	Affordability	Housing consumption as share of total household consumption (EUavg=21.2%)	19.4%	2004
		Evolution of the share of households' housing expenditure on total expenditures	+1.6%	1995-2004
	Cost of construction	Evolution of cost of construction	+45%	2000-2006
	Evolution of tenure split	Evolution of the share of: - Ownership - Private rental - Public/social rental	+24% -49% -81%	1990-2005
Quality of housing stock	% of dwellings with bath/shower in total dwelling stock	87.2%	2001	
HOUSING POLICY DEVELOPMENTS	Priorities for housing policies 2007	To promote private rental sector for social purposes; to help local governments to further support public rental sector; access to home ownership.		2007
	State involvement	Public housing subsidies expenditures as% of GDP	nav	2004
Public housing loans expenditures as% of GDP		nav	2004	
SOCIO-DEMOGRAPHIC TRENDS	Population	Population growth	-5.7%	1980-2005
		Average number of persons per households (EU-25=2.4)	2.5	2004
	Unemployment	Unemployment rate	7.1%	2005
	Immigration	Net migration of total population	1.5‰	2004
	Age structure	% < 15 years old (EU avg=16.4%) % 15-64 years old (EU avg= 67.1%) % > 64 years old (EU avg=16.5%)	15.9% 68.6% 15.5%	2004

Sources: Ministry of Infrastructure of Italian Republic (2006); Donner (2000); Eurostat (2007); Fribourg (2005); CECODHAS-USH-Dexia Survey (2007)

### Overview of the social, co-operative and public housing system in the country

The purpose of social housing in Ireland is to assist in the amelioration of market forces affecting the supply, costs and rents of housing for lower income or economically and socially disadvantaged groups in the population.

The main providers of social housing are the local authorities, while the approved not-for-profit, voluntary housing associations and co-operative housing societies are expanding their role and currently own about 19% of the social housing stock. The social housing stock comprises about 8.5% of the total housing stock. An important aspect of social housing provision is also the building of supportive, special needs and sheltered housing to meet the needs of the elderly, or homeless persons, or persons with disabilities, who may need suitably designed housing with some care services for assisted independent living.

As 79% of Irish households are in the individual home-ownership tenure sector, the provision of social rented housing is on a smaller scale compared with some other European countries. However, at July 2007 the overall social rented housing sector (local authority/public, voluntary and co-operative) comprises about 42% of the national rental housing stock. The local authorities also administer a State funded rental accommodation scheme to assist rent payments by eligible tenants in housing contracted from private landlords.

The local authorities have a key strategic role in the provision of both social rented and affordable ownership housing under the planning and development and housing legislation. This legislation includes a requirement for private developers to supply a proportion of social and affordable housing in their projects at agreed prices with the local authorities. Shared ownership schemes and mortgage subsidies are also used to assist eligible first-time buyers to gain access to affordable housing. The co-operative housing societies (and some voluntary housing associations) have been involved in the provision of affordable ownership dwellings for eligible, modest income single persons and families.

### Main market trends affecting social, co-operative and public housing

A growing national economy with an increased labour force and a rising population has presented new housing demands. While the demand for housing in Ireland (including second homes) has resulted in the highest building rate in Europe at up to 19 dwellings units per 1000 population, current indications are that this output level has peaked at over 93,000 dwellings in 2006. Despite these record housing outputs (mainly for owner occupation), prices have risen sharply during the past ten years (prices still rose by 12% in 2006). Access to home-ownership for first-time house-buyers has become more difficult. Schemes to assist access to affordable home-ownership for modest income groups have had a limited but useful impact. However, increases in loan interest rates, which had been historically low, have recently affected demand. The output and sale of new houses in the first quarter of 2007 has begun to fall and the rate of price increase appears to be now currently in line with the general inflation rate in the economy or lower. It will be necessary to see the year-end figures for 2007 in order to determine if this trend is continuing and if equilibrium in the private housing market is being reached.

It is also worth noting that in the period from 1971 the level of owner occupation of dwellings has risen from 61% to 75%. This was paralleled by a relative decline in the proportion of social housing units, now at about 8.5%, but the size of this housing stock, at 125,509 in 2006, has been slowly growing since the year 2000.

### Main social and demographic changes in the demand for social, co-operative and public housing

A feature of changing and emerging demands for social housing has been the increase in the number of single persons seeking this housing solution, in addition to families. The new 2007 housing policy statement, *Delivering Homes ~ Sustaining Communities*, envisages new means for assessing social housing needs, including special needs housing requirements. The independent review already conducted of the existing strategies for dealing with the needs of homeless persons, further investment in suitable accommodation for the traveller nomadic population group and a new national housing strategy for people with a disability, will all be followed up with appropriate action according to the policy statement. This includes new grant subsidy schemes for the adaption of existing houses to meet the needs of older people and for those with a disability, to replace the existing subsidy scheme. It is envisaged that in addition to responding to the social housing needs of families and single persons, that future local authority housing strategies and housing action plans will also give particular attention to special needs categories. This will involve more inter-agency co-operation. It is also anticipated that the voluntary and co-operative housing sector will provide more accommodation options for people with special needs. The voluntary housing associations have already pioneered many new types of special needs housing projects and services.

### Main policy developments in the field of housing, in particular with respect to social, co-operative and public housing

The population of the Republic of Ireland rose by 8.2% to 4,239,848 in the four years to April 2006 and is now at a higher level than at any time since the mid-1800s. This is due to the ending of outward Irish economic migration and the incoming migrant labour from other countries which now makes up almost 10% of the national labour force. This has produced new challenges for economic and social planning, delivery of housing, spatial planning, environmental and transport infrastructure, social services and public administration.

In 2006 a new national Social Partnership Agreement, *Towards 2016*, was negotiated between the Government, employers and business, trade unions, agriculture and agri-business and the social, community and voluntary representative bodies. In addition to agreed wages and social protection measures, a wide range of economic and social objectives and actions were agreed. Both the National Association of Building Co-operatives and the Irish Council for Social Housing were active participants in this negotiation process. The housing chapter of the social partnership agreement includes several measures to improve and increase the supply of social rental housing as part of a balanced response to housing needs and demands.

These commitments have been confirmed in the National Development Plan 2006-2013 which allocates €17 billion for social

housing provision and renewal, and a further €4 billion for affordable housing and targeted private housing supports, which mainly provide subsidy assistance for the purchase of houses by modest or limited income applicants.

In February 2007, the government Department of the Environment, Heritage and Local Government issued a new policy statement *Delivering Homes ~ Sustaining Communities* which confirms the commitment to encouraging and supporting access to home-ownership while also seeking to expand the output of social rented housing for those without the resources to provide their own housing. Specific targets for social housing output envisage the commencement of construction or acquisition of 27,000 dwellings in this tenure sector in the period 2007 to 2009 and the commitment made in the context of the National Development Plan is to achieve the delivery of up to 60,000 social housing units in the period 2006 – 2013. This includes an improvement in the supply of sites and a rationalisation and simplification of the funding arrangements for the voluntary and the co-operative housing organisations to enable them to expand their role more rapidly, although it is anticipated that the local authorities will remain as the main providers of social housing.

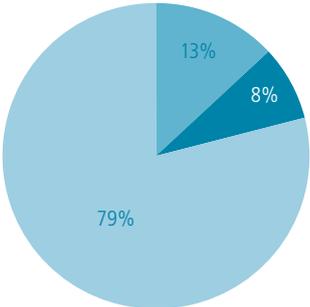
### **Main changes in urban regeneration and sustainable communities' policy and in urban development**

The 2007 *Delivering Homes Sustaining Communities* housing policy statement clearly puts the building of sustainable communities at the centre of action to address housing needs. This is in a context of providing mixed tenure housing in new urban developments, less spatial segregation between different economic and social groups, and better integration of housing delivery with other community and social infrastructure.

Revised housing density, apartment and other design guidelines are aimed at reversing a trend towards widespread low-density suburbanisation, particularly in the regions around the cities such as Dublin, by providing for more compact but well designed housing and community environments, supported by more effective public transport connections.

Efforts are now well underway to carry out the re-building and re-generation of several older public housing flat-block developments. The introduction of a range of house-types and tenure options, with other community infrastructure, preferably in consultation with the existing residents, is seen as the best way to achieve more socially balanced and sustainable communities.

There has been some criticism of the previous emphasis on refurbishment of buildings without adequate attention to the community development dimension. Future efforts for effective regeneration will involve a more comprehensive analysis of the design, housing management, social and economic factors required for sustainable regeneration and community building. This may include the formation of dedicated Regeneration Agencies for larger projects (as occurred in the case of Ballymun on the north side of the City of Dublin). In addition to the capital funding already made available for regeneration projects a new Sustainable Communities Fund is being established to assist local authorities in dealing more comprehensively with housing renewal and improvement. Future projects will also include efforts to deal more effectively with regeneration programmes for poor or run-down peripheral council housing estates such as Moyross in Limerick.

TOPICS	ISSUES			
SOCIAL HOUSING SECTOR	Mission	Housing low-income people and disadvantaged groups	79% Home ownership 13% Private rental 8% Social rental 	
	Allocation	Waiting lists with priority criteria Allocation by providers: 75% on the basis of local authority list in dwelling built by housing associations		
	Types of providers	Local authorities Voluntary housing associations Co-operatives Right of co-operative occupancy (rent and home-ownership): Co-operative housing societies in Ireland provide and manage various co-operative housing developments for their members with rental, home-ownership and equity-sharing forms of tenure (in the tenures split chart, dwellings provided by co-operatives are split between "home ownership" and "social rental")		
	Financing	Public subsidies		
	State aid to tenants in social housing	No housing benefit. A small number of tenants in the social housing sector (specifically, in the voluntary and co-operative sector) can receive rent allowances but rents in the social housing sector are generally related to income.		
		INDICATORS	DATA	YEARS
SOCIAL HOUSING SECTOR	Social housing stock	Total housing stock	1 554 000	2004
		Social rental stock as% of total housing stock	8.5%	2005
		Social rental stock as% of rental stock	38%	2005
		Number of social rental dwellings per 1000 inhabitants	29	2005
Production of social housing	Social housing as% of new completions	6.3%	2005	
HOUSING MARKET TRENDS	Availability	Number of dwellings per 1000 inhabitants	400	2005
	Affordability	Housing consumption as share of total household consumption (EUavg=21.2%)	20.7%	2005
		Evolution of the share of households' housing expenditure on total expenditures	+28.6%	1995-2004
	Cost of construction	Evolution of cost of construction	+89%	2000-2006
	Housing market evolution	Evolution of the share of: - Ownership - Private rental - Public/social rental	-2.5% +38% -20%	1991-2005
Quality of housing stock	% of dwellings with bath/shower in total dwelling stock	94%	2002	
HOUSING POLICY DEVELOPMENTS	Priorities for housing policies 2007	Ensuring sufficient supply of housing; supporting access to home-ownership; community building; quality standards; increasing supply of affordable housing (rent and ownership); improving funding for voluntary and co-operative housing; new funding to support housing regeneration and energy saving; improving existing stock to meet needs of elderly and the disabled.		2007
	State involvement	Public housing subsidies expenditures as% of GDP	0.1%	2004
Public housing loans expenditures as% of GDP		0.2%	2004	
SOCIO-DEMOGRAPHIC TRENDS	Population	Population growth	21.8%	1980-2005
		Average number of persons per households (EU-25=2.4)	2.9	2004
	Unemployment	Unemployment rate	4.3%	2005
	Immigration	Net migration of total population	7.8‰	2004
Age structure		% < 15 years old (EU avg=16.4%)	20.9%	2004
		% 15-64 years old (EU avg= 67.1%)	67.9%	
		% > 64 years old (EU avg=16.5%)	11.1%	

Sources: Ministry of Infrastructure of Italian Republic (2006); Donner (2000); Eurostat (2007); Fribourg (2005); CECODHAS-USH-Dexia Survey (2007)

## Overview of the social, co-operative and public housing system in the country

The key feature of the social housing sector in Italy is the decentralization of the responsibility for housing provision towards the regions. Before 1998 the regions' autonomy was very limited, as their budget depended on transfers from the national state. With the reform of 1998, which represented a drastic turning point, all competences have been transferred to the regions, which now have to determine their own lines of action, goals, and finance, and define modalities for intervention and aid. Within this framework, there are three types of social housing providers: the public sector actors, the co-operatives and the private sector actors. The public sector actors are twofold. There are organisations which have been established at sub-national level (normally by the region) and which are controlled by the same authorities. But those actors could also be the municipalities directly. They are competent at the local level (province, urban agglomeration). The co-operatives act according to a system of approval at the local level. The private sector does not work via an approval system but has access to financial assistance via invitations to public tender. Those companies are competent at the national level (CECODHAS Observatory 2007b).

The specific mission of social housing in Italy is to house people in 'need', which is defined in two categories, namely very poor people (beneficiaries of rented housing) and middle classes (through either rent or access to homeownership) (CECODHAS-USH-Dexia Survey 2007). Italy is currently experiencing a dramatic shortage of social housing. The last years have witnessed a strong increase in the number of housing providers but at the same time a decrease in the stock of housing co-operatives and, even more significantly, of the public sector housing. Today the stock of public housing represents only 4-5% of the total housing stock. Public housing managed by ex IACPs<sup>15</sup> is constantly decreasing, due to the sale of social housing (from 850 000 dwellings in 1990 to 762 000 in 2004). Dwellings owned by municipalities are undergoing the same process. Therefore, nowadays public social housing stock amounts to less than a million dwellings.

## Main market trends affecting social, co-operative and public housing

There is a strong demand for dwellings at controlled rent, due to the big increase in rents and to the limited housing supply, which has brought about strong tensions on the private market. The shortage of affordable housing for rent concerns two main categories of households, namely those who don't own a house or who will need a dwelling in the near future but cannot afford to access housing at market price, and those who currently own their dwelling but who will face difficulties due to high costs of use and maintenance, or to high cost of mortgage repayment. With regard to the first category, 1,500,000 contracts have expired in the last two years, while a significant 'wave' of evictions of tenants who are not paying the rent is expected to start in October 2007. Expenditure on rent represents a high share of the households' income: 75% of households living in rental housing earn a yearly income below € 20,000. Out of these households, it is estimated that those in big cities spend about 50% of their income on rents.

As for home owners, they are also facing great difficulties, mainly due to high mortgage levels (for 408,000 households in 2006 the repayment was unsustainable) and to high maintenance costs, particularly affecting elderly home owners (41% of them receives a retirement pension below € 500 per month, and the physical conditions of dwellings are often not adjusted to their needs). Furthermore, many are facing inadequate housing conditions: 60,000 households are living in forced co-habitation; 374,000 households in overcrowded dwellings.

In this context, providers in the co-operative sector are strategically shifting from home ownership to rental offer to better respond to the increasing demand for housing at affordable rent.

## Main social and demographic changes in the demand for social, co-operative and public housing

The main socio-demographic changes are related to increased mobility and immigration, as well as to the decrease in of household size and the growth in the number of households. The latter has increased by 1.5 millions between 2001 and 2004. 40% of the 8.4 million young people between 25 and 34 are still living with their parents.

There are more than 3 million immigrants in Italy, and the number is growing (4% increase in 2003). These changes in the composition of the population are reflected in the strong housing demand from immigrants and students. Furthermore, it is estimated that the structural process of ageing of the population will accelerate dramatically in the forthcoming years. Between 2006 and 2016 the number of households whose main breadwinner is over 64 (currently around 20%, see fact file) will increase by a million, from 8 to 9 millions. The number of people in the most vulnerable category, that of elderly people living alone, will increase by 18% between 2006 and 2016 (560 000 people, of whom 330 000 over 84 years). The increase in the number of households formed by elderly people living alone and in need of assistance will increase a new demand characterized by particular technical needs (accessibility, domotic technologies, etc) and by specific needs with regard to health conditions and income level of the tenants.

## Main policy developments in the field of housing, in particular with respect to social, co-operative and public housing

Since the second half of the 1980s, public policies concerning the right to housing have been characterized by a retreat of the State. While in 1984 public funding financed 34 000 subsidised dwellings, in 2004, new construction in the whole country amounted to only 1,900 dwellings. Furthermore, due to cuts in transfers from the national budget, the Regions have reduced their policies to support social housing.

For what concerns the public sector, the current trend is to finance social housing provision through sale of the existing stock, but sale prices are too low to sustain further provision (price is set at 30% of market price, which means that a region has to sell 3 dwellings to finance the construction of a new one). Available funds are mainly used for rehabilitation of the existing stock and for urban renewal programmes, resulting in a dramatic decrease in public housing stock. As a response, public housing provid-

<sup>15</sup> IACPs (Istituti Autonomi per le Case Popolari) are public housing bodies, established by the first law promoting public housing construction in 1903 (Law 251 of 31.5.1903). They correspond to the reformed local public housing companies. Nowadays their name (ATC, ALER, ATER, etc.), mission and statute vary from one region to another, as they are regulated by more laws at the regional level.

ers are increasingly diversifying their activities, either directly or through the creation of companies which compete on the market as providers of energy efficiency services, planning services for municipalities and other public bodies, management of municipal stock and of private condominiums, construction of dwelling for rent at regulated price (slightly below rents on the market), etc. On the other hand, co-operatives are considering new financial instruments such as “ethical real estate funds”<sup>16</sup>.

Currently, due to the strong demand for social housing, the National and local governments are drafting a new strategy for the provision of dwellings for rent, both in the co-operative and public sector. The priority of increasing rental social housing stock, both through new public funds and through fiscal leverage, was the result of the negotiations that took place in late May 2007 among the participants to the “Housing roundtable”. The negotiation platform, composed by representatives of the Regions and the main social housing providers both in the public and co-operative sector, was established by law last February (Legge 9/2007) with the aim of formulating a proposal which will be translated in a new plan for social housing.

### **Main changes in the scope of activity of social, co-operative and public housing providers**

Due to the changes in the socio-demographic structure of the country, social housing providers today must diversify their housing offer, providing not only housing for families, but also for single persons, young people, immigrants, and the elderly. This implies the need to develop special services for tenants.

Furthermore, housing co-operatives have implemented targeting measures through diversification of the offer. The result is the construction of smaller dwellings for families, and the provision of housing with integrated social and health services for the elderly and students.

The responses to current challenges adopted by providers in the public sector include the construction of dwellings for workers in co-operation with employers (to provide immigrants with housing together with jobs); construction of “co-housing” dwellings<sup>17</sup>; promotion of auto-construction initiatives, to strengthen communities; training of social mediators; and the application of domotic technologies to provide the elderly with a better quality of life.

### **Main changes in urban regeneration and sustainable communities’ policy and in urban development**

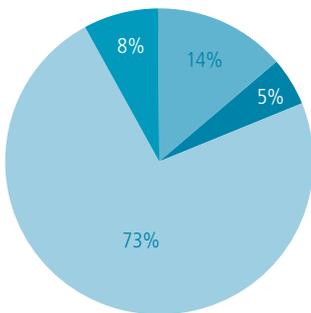
The halt in the urban expansion process has brought about great difficulties in finding low cost building land for public housing. This has led to an increase in costs and to a decrease in construction of dwellings. Therefore public providers are seeking areas for construction or rehabilitation of dwellings, in the framework of urban renewal programmes or projects for the recovery of ex-industrial areas. Many municipalities have included in their land regulation plans the obligation for providers to reserve areas for social housing or to build dwellings at regulated price. Public providers therefore try to reach agreements with municipalities for the construction of dwellings based on specific local needs.

Within the framework of urban regeneration programmes in most degraded areas, co-operative and public providers are trying to implement measures for social inclusion through “Neighbourhood agreements” (Contratti di quartiere). The latter consist in

small scale integrated urban renewal plans, which aim at the construction and rehabilitation of social dwellings as well as private dwellings, the upgrading of services for residents, the promotion of economic activities at the local urban level, the development of social assistance for urban integration and to support the most vulnerable citizens and increase citizens’ participation.

*16) It is for instance the case of the recently created “Fondo ERP” in Rome, which is based on the application of the real estate fund instrument to the social housing co-operatives sector. The project consists in the creation of an investment fund for social housing, to which the co-operatives of inhabitants involved in the project transfer their whole housing stock ownership for ten years. During this period the fund is expected to bear interests that will be re-invested in the sector, and at the end of the ten years the co-operatives can either decide to re-establish the fund or to re-enter in possess of their shares.*

*17) Residential areas with common services and facilities, to encourage the creation of communities characterised by strong solidarity among neighbours and among tenants of different generations.*

TOPICS	ISSUES					
SOCIAL HOUSING SECTOR	Mission	Housing low-income people (social rental housing) Housing middle class (social access to home ownership)	73% Home ownership 14% Private rental 5% Social rental 8% Other 			
	Allocation	Income ceilings Municipal waiting lists with priority criteria Quota system for direct allocation by municipalities				
	Types of providers	Municipalities Local public companies Co-operatives Private companies and investors Right of co-operative occupancy (rent and home-ownership): co-operatives provide mainly dwellings for owner-occupation, both in the social housing sector and on the market (in the chart dwellings provided by co-operatives are included in "home-ownership" ("social rental" only refers to public social rental dwellings))				
	Financing	Public banks Public subsidies (central government and Regions)				
	State aid to tenants in social housing	Housing benefits				
		INDICATORS			DATA	YEARS
	Social housing stock	Total housing stock			26 526 000	2004
Social rental stock as% of total housing stock		5%	2005			
Social rental stock as% of rental stock		26%	2005			
Number of social rental dwellings per 1000 inhabitants		18	2005			
Production of social housing	Social housing as% of new completions	Nav	2005			
HOUSING MARKET TRENDS	Housing market evolution	Evolution of the share of: - Ownership - Private rental - Public/social rental	+10% -11% - 33%	1991-2005		
	Affordability	Housing consumption as share of total household consumption (EUavg=21.2%)	25.5%	2004		
		Evolution of the share of households' housing expenditure on total expenditures	+31.4%	1995-2004		
	Cost of construction	Evolution of cost of construction	+23.8%	2000-2006		
	Quality of housing stock	Number of dwellings per 1000 inhabitants	470	2000		
% of dwellings with bath/shower in total dwelling stock		99.2%	2001			
HOUSING POLICY DEVELOPMENTS	Priorities for housing policies 2007	Incentives for home buyers, promoting ownership among young couples, the elderly, and the middle class, and aid for buying the principal dwelling; developing rental and social housing through aids from the state and the regions and fiscal incentives; promoting urban rehabilitation in social housing areas (Neighborhood contracts, "Contratti di Quartiere 2").		2007		
	State involvement	Public housing subsidies expenditures as% of GDP	0%	2004		
		Public housing loans expenditures as% of GDP	Nav	2004		
SOCIO-DEMOGRAPHIC TRENDS	Population	Population growth	+21.8%	1980-2005		
		Average number of persons per households (EU-25=2.4)	2.6	2004		
	Unemployment	Unemployment rate	7.6%	2005		
	Immigration	Net migration of total population	10.6 ‰	2004		
	Age structure	% < 15 years old (EU avg=16.4%) % 15-64 years old (EU avg= 67.1%) % > 64 years old (EU avg=16.5%)	14.2% 66.5% 19.2%	2004		

Sources: Ministry of Infrastructure of Italian Republic (2006); Donner (2000); Eurostat (2007); Fribourg (2005); CECODHAS-USH-Dexia Survey (2007)

## Overview of the social, co-operative and public housing system in the country

In Luxembourg social housing is provided both for rent and for sale, and social housing providers are public developers.

The most important of them is the FLCM (Fonds pour le Logement à Coût Modéré). It is an autonomous public body supervised by a member of the Housing Ministry and its competences include the construction of low-cost housing (mainly for rental purpose), the purchase and development of building sites, and the renovation of housing buildings.

The second provider is the SNHBM (Société Nationale des Habitations à Bon Marché), a joint-stock company, whose shareholders are the State, some municipalities and some public institutions. This company provides mainly social housing for accession to ownership, but it manages also a stock of rental housing.

The third actor is represented by the municipalities of the main towns and cities, which provide building sites and housing for rent as well as for access to ownership.

In 2003, social housing represented 0.6% of new construction.

## Main market trends affecting social, co-operative and public housing

With regards to the structure of the housing market, home ownership currently accounts for 70% of the total housing stock, while 25% are privately rented dwellings and 2% rental social housing (CECODHAS-USH-Dexia Survey 2007). Owner occupation has increased by 9% over the last decade, at the expense of rental tenure which decreased by 14% over the same period (see fact file). Supply problems of the housing market in Luxembourg include factors like the shortage and also the withholding of building land, which have ultimately inflated prices.

Furthermore, there has long been a strong disequilibrium between offer and demand of dwellings in Luxembourg, especially in the centre (the capital and the surroundings) and in the south of the country (where most people work). The situation is getting worse also in the rest of the country, due to the booming land prices, which in certain areas increased by more than 300% in 10 years. As a result, the price of dwellings is increasing: the price of single family houses increased by 57.5% between 1990 and 2000 (with an annual increase of 9% in 2004), while the price of apartments over the same period increased by 40% (Ministère des Classes Moyennes, du Tourisme et du Logement 2007). At the same time, in the period 1984-2004 rents increased by 120% for houses and by 160% for apartments. The average housing expenditure in 2004 accounted for about 21% of total expenditure (see fact file).

## Main social and demographic changes in the demand for social, co-operative and public housing

For many years, the Grand-Duchy of Luxembourg has experienced a demographic boom. Population growth between 1980 and 2005 was 25.3%, the second highest growth rate in the EU in that period after Cyprus (see fact file). This trend is due to several reasons; firstly an increase in the birth rate coupled with a decline in the death rate have resulted in effective population growth. The lack of housing is equally due to changes in the structure of households that have been occurring during the last decades: the number of households from 1980 to 2004 rose by 37.5%, while the size of households over the same period decreased from 2.8

to 2.5 (Ministry of Infrastructure of the Italian Republic 2006).

In addition, there has been a rise in immigration (approximately an average of 1.40% per year). These demographic trends have resulted in disequilibrium between demand and supply of housing. Furthermore there is a geographical imbalance between the south and the rest of the country: almost 38% of the population is concentrated in the south, which only represents 8% of the national territory (Ministère des Classes Moyennes, du Tourisme et du Logement 2007).

Like most other European countries, Luxembourg also shows a graying population: in 2004 the share of population in active age was 67% and it is expected to decrease to 62% by 2030. People over 65 were 14% of the population in 2004 and will be 19% in 2030 (Ministry of Infrastructure of the Italian Republic 2006).

## Main policy developments in the field of housing, in particular with respect to social, co-operative and public housing

As described above, the main challenges of housing policy currently include stopping price increases for building land, and increasing the provision of affordable housing, both for rent and for sale, for middle and low income households.

To face this situation, in 2006 the Housing Department decided to take two important measures. On the one hand, a new legislation regarding leases for residential use creates a favourable climate for housing investment without putting the tenant at a disadvantage. On the other hand, a "Housing package" was announced by the Prime Minister in May 2006, including measures which resulted in a "housing pact" with municipalities. The government plans to: introduce a financial contribution by the State benefiting municipalities which engage in increasing their population by more than 15% in 10 years; establish a right of pre-emption for municipalities, the State or the FLCM and in case of sale of certain lands; modify the legislation on the right of long term lease and leasehold on the land; create a specific municipal tax on vacant buildings and un-built lands; establish a reduction by 50% on the income tax, or even an exemption in case of sale of a real estate property to the State or municipality; and to modify many points in the legislation on municipal planning, urban development and the legislation on aid to housing.

Furthermore, the "Carnet de l'habitat" will be implemented to increase the housing stock's quality. The Carnet involves 'check-up' and advice by an expert in the field, on factors such as hygienic conditions, energy consumption and safety. The expert will then advise the proprietor of the building on how to remedy any problems. The Ministry of Housing will reimburse part of the price paid for the survey.

## Main changes in the scope of activity of social, co-operative and public housing providers

Social housing providers in Luxembourg are broadening the scope of their activities. For example, the FLCM is increasingly diversifying its activities by building student residences, offices, structures for commercial use and for services such as kindergartens, schools, sport premises, sheltered housing, parking, amongst others.

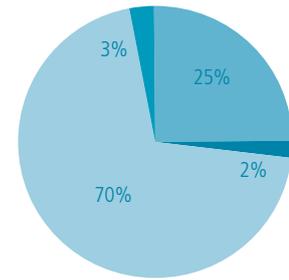
Furthermore, public providers are increasingly letting the land of the dwellings through leasehold, which can potentially reduce the price of dwellings by 30-40%.

## Main changes in urban regeneration and sustainable communities' policy and in urban development

In general, the quality of dwellings and of living environment in Luxembourg has improved over time. Furthermore, this represents one of the main goals for social housing providers. The FLCM focuses its activities on projects that are urgently needed to satisfy regional and local housing needs and on urban redevelopment projects forming part of national development plans. It is the Fund's policy to create housing more suited to people's needs

(without damaging the environment) for those of modest financial means unable to resort to the private market. In addition, the SNHBM is implementing a sustainable approach by building houses and apartments in living environments with green areas and playfields.

TOPICS	ISSUES			
SOCIAL HOUSING SECTOR	Mission	Housing low-income people	70% Home ownership 25% Private rental 2% Social 3% Other	
	Allocation	Income ceilings Waiting lists with priority criteria Registration by local authority together with independent local committee. They propose 3 candidates out of whom the landlord organization chooses one		
	Types of providers	Municipalities Fonds du logement à cout modéré Société nationale des habitations à bon marché Right of co-operative occupancy (rent and home-ownership): no		
	Financing	Public funding		
	State aid to tenants in social housing	No		
		INDICATORS	DATA	YEARS
SOCIAL HOUSING SECTOR	Social housing stock	Total housing stock	176 000	2004
		Social rental stock as% of total housing stock	2%	2005
		Social rental stock as% of rental stock	8%	2005
		Number of social rental dwellings per 1000 inhabitants	5	2005
Production of social housing	Social housing as% of new completions	0.6%	2003	
HOUSING MARKET TRENDS	Availability	Number of dwellings per 1000 inhabitants	391	2004
	Affordability	Housing consumption as share of total household consumption (EUavg=21.2%)	21.1%	2004
		Evolution of the share of households' housing expenditure on total expenditures	-5.4%	1995-2004
	Cost of construction	Evolution of cost of construction	+20%	2000-2006
	Evolution of tenure split	Evolution of the share of : - Ownership - Private rental - Public/social rental	+9% -14% not relev.	1991-2005
Quality of housing stock	% of dwellings with bath/shower in total dwelling stock	94.2%	2001	
HOUSING POLICY DEVELOPMENTS	Priorities for housing policies 2007	To promote home ownership (e.g. through state aids for low-and-middle income households) and to stimulate the private rental and social housing output. The containment of housing prices is, however, the most important challenge for housing policy. Currently a reform of the rental sector is about to start.		2007
	State involvement	Public housing subsidies expenditures as% of GDP	0.6%	2004
		Public housing loans expenditures as% of GDP	nav	2004
SOCIO-DEMOGRAPHIC TRENDS	Population	Population growth	+25.3%	1980-2005
		Average number of persons per households (EU-25=2.4)	2.5	2004
	Unemployment	Unemployment rate	5.3%	2005
	Immigration	Net migration of total population	+3.5‰	2004
	Age structure	% < 15 years old (EU avg=16.4%) % 15-64 years old (EU avg= 67.1%) % > 64 years old (EU avg=16.5%)	18.8% 67.2% 14.1%	2004



Sources: Ministry of Infrastructure of Italian Republic (2006); Donner (2000); Eurostat (2007); Fribourg (2005); CECODHAS-USH-Dexia Survey (2007)

### Overview of the social, co-operative and public housing system in the country

In the Netherlands there are 500 approved housing associations and foundations providing 2,400,000 dwellings, which account for 35% of the total housing stock, the largest proportion of social housing in Europe (CECODHAS-USH-Dexia Survey 2007). To qualify for the social housing sector, landlords must be recognised as 'social' by the government. The most important conditions are that associations can only work in the housing field or on issues related to housing and that their priority must be to house people who have difficulty in finding suitable housing because of their income or other circumstances. Housing associations work within a legal framework set up by the State, but they are nevertheless independent organisations, setting their own objectives and bearing their own financial responsibilities.

In the Netherlands, the social housing sector is financially independent of central government since the so-called Bruterling (or balancing out) agreement in 1993 between the State and the national federations of social housing organisations. Briefly, Bruterling was a huge financial operation in which both the money still owned to the organisations by the State (subsidies) and the money that the organisations owed to the State (loans) was settled all at once. Investment is now financed by loans taken out by housing associations on the capital market without the central government acting as direct guarantor. This is made possible by the financial safety structure that enables associations to attract loans at interest rates about 1% lower than other bodies such as hospitals, which also have to borrow on the financial markets. This safety net comprises two bodies - the Social Housing Guarantee Fund and the Central Housing Fund (European Social Housing Observatory at CECODHAS, 2006).

This system allows more economically efficient companies to help the restructuring of those which are facing financial difficulties, and therefore guarantees the sustainability of an independent and well consolidated social housing sector.

### Main market trends affecting social, co-operative and public housing

71,500 new dwellings were built in 2005, and yearly demand for housing is expected to be between 83,000 and 90,000 dwellings for the period 2007-2010 (RICS 2007). After some years of relatively low production, housing production has increased significantly during 2005 and the first quarter of 2006. There are indications that this increase in production has had its first effect on housing shortages: during 2005 on average there were fewer candidates for vacant dwellings than in earlier years. However, waiting times have not become shorter, and people have not moved house any more often than before. In general it can be said that, to a large extent, the housing shortage in the Netherlands is a quality issue: people are in search of housing that caters for their specific needs. Social housing providers are therefore diversifying their offer through the provision of non-landlord activities in employment, education and care (see below). In 2005 providers have mainly (75%) been producing affordable dwellings, i.e. with a monthly rent lower than €509. A number of dwellings with a monthly rent over €510 have been produced to induce movement on the housing market. It is thought that tenants on relatively higher incomes, but not able or willing to buy, will be inclined to move to these more expensive dwellings,

thereby creating access to cheaper dwellings for candidates on lower incomes.

### Main social and demographic changes in the demand for social, co-operative and public housing

Population growth for 2005-2015 is expected to be 40% lower than the previous ten years. The number of households is growing but the composition is changing: households tend to be smaller and older. Indeed, like many western European countries, the Netherlands currently has to deal with an increasingly greying population. The number of people over 65 is expected to double in the forthcoming 30 years, and the number of people aged from 65 to 79 will increase from 1.7 million today to 2.9 million by 2035 (Ministry of Infrastructure of the Italian Republic 2006). This affects the housing market and the way housing is being built: in building new dwellings, there is increasing emphasis on the accessibility of housing for the elderly. Housing is being constructed in such a way that it can be easily adapted to people's needs, changing with age. This ensures that elderly people will be able to live at home longer.

Another important development concerns housing for immigrants. Especially during the second half of the 1990s, The Netherlands had to deal with a large influx of asylum seekers. After 2000 this influx has diminished dramatically. However, in early 2007 it was politically decided that there would be a general amnesty for immigrants who had been living in The Netherlands for some years without having a legal status (yet). As a consequence, in the near future social housing organisations will have to house some 25.000 to 40.000 people. It is expected that this will put extra pressure on the already tight housing market.

### Main policy developments in the field of housing, in particular with respect to social, co-operative and public housing

During the 1990s, subsidies for construction were abolished. Social housing providers are therefore not making use of any public funding and have adopted independent strategies for financial and risk management. In spite of their independency from public funding, social housing organizations have continued to build housing for people on lower incomes on a large scale. This often means that dwellings are let at a lower rate than would be indicated by the building costs.

A political debate is under way about the scope and content of social housing. A major element of the debate is the idea of distinguishing between the core social activities of housing associations on one hand and their commercial activities on the other as criteria for taxation.

On the demand side, rent allowances for individual tenants have undergone a change since January 2006. The execution and administration of the system of rental subsidies has recently been made part of the tax system. The system of rental subsidies is refined in the sense that it takes into account the household's composition, tenants' income and the rental price of the dwelling. The system has proved to become ever more expensive in recent years. Therefore other ways of financing the system are being looked into.

### **Main changes in the scope of activity of social, co-operative and public housing providers**

An area where important developments in the scope of activities of social housing providers has taken place in the Netherlands is the enlargement of the field of activities to social and commercial rented housing, cheap and up market owner occupation, project and neighbourhood development, partnerships with special care agencies and with other service providers and involvement in related housing markets (including cross-border markets). The rationale for undertaking commercial activities is that, by offering various packages of housing services and products to a broad selection of population groups, providers are better equipped to guarantee the availability of affordable, good quality housing for those with the fewest opportunities and for people of lower and medium incomes.

Following an internal debate on the role of social housing<sup>18</sup>, housing associations have adopted a new statute and a professional code, positioning themselves as entrepreneurs with a social objective, or more simply as 'social enterprises', with a long-term responsibility towards the creation of a civil society<sup>19</sup>. They aim at operating in a creative and innovative way to tackle the problems of the people living in the districts, a task which requires not only housing provision but also a broader welfare provision. Social housing associations have therefore undertaken a diversification of their activities, operating in different fields such as employment, education and care, to encourage social cohesion and empowerment of residents and therefore raising quality of life in the neighbourhoods.

### **Main changes in urban regeneration and sustainable communities' policy and in urban development**

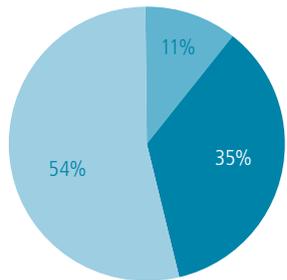
Over the last few years an extensive programme of regeneration has been underway. The main political focus has recently been on the regeneration of inner city areas and deprived neighbourhoods in general. The newly (February 2007) appointed government has designated some 40 areas as priority targets.

Providers (social housing organisations) have agreed on a manifesto by which they have committed themselves to significant investment in housing areas and neighbourhoods, and stressed their responsibility in the quality of life and vitality in inner city areas and neighbourhoods.

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*18) In July 2006, DG Competition sent a letter to the Dutch authorities in which it provided its opinion on whether the funding of social housing in the Netherlands is compatible with European rules on State aid and the Internal Market. The letter was sent in reaction to a request for an opinion on this matter by the Netherlands in 2002. To guarantee conformity of the funding mechanism with the requirements of the Internal Market, DG Competition concludes in its letter that the Netherlands should take some necessary measures. Amongst others, the definition of social housing should be adjusted in order to ensure that it makes a direct connection with socially disadvantaged households and the so-called excessive and structural over-capacity of social dwellings should be avoided by selling these homes. The situation prompted an ongoing national debate in the Netherlands about the scope and role of social housing organisations.*

*19) The commitment of Dutch housing association towards a social role is expressed in three main documents: An answer to society, the Social housing company governance code, and the AEDES code. For further information, see [www.aedesnet.nl](http://www.aedesnet.nl)*

TOPICS	ISSUES			
SOCIAL HOUSING SECTOR	Mission	Housing low-income people and intermediate groups		
	Allocation	Waiting lists with priority criteria managed by landlord organisations Quota system for allocation by municipalities (1%)		
	Types of providers	Housing corporations Right of co-operative occupancy (rent and home-ownership): No		
	Financing	Commercial banks Own funds of the investor Public guarantee on loans interests Exemption from VAT and corporate tax		
	State aid to tenants in social housing	Housing benefits		
			54% Home ownership 11% Private rental 35% Social rental 	
		INDICATORS	DATA	YEARS
SOCIAL HOUSING STOCK	Social housing stock	Total housing stock	6 811 000	2004
		Social rental stock as% of total housing stock	35%	2005
		Social rental stock as% of rental stock	77%	2005
		Number of social rental dwellings per 1000 inhabitants	147	2005
Production of social housing	Social housing as% of new completions	12.8%	2005	
HOUSING MARKET TRENDS	Availability	Number of dwellings per 1000 inhabitants	422	2000
	Affordability	Housing consumption as share of total household consumption (EUavg=21.2%)	23.2%	2005
		Evolution of the share of households' housing expenditure on total expenditures	+25%	1995-2005
	Cost of construction	Evolution of cost of construction	+18.5%	2000-2006
	Evolution of tenure split	Evolution of the share of : - Ownership - Private rental - Public/social rental	+20% -21% -15%	1990-2005
Quality of housing stock	% of dwellings with bath/shower in total dwelling stock	100%	2002	
HOUSING POLICY DEVELOPMENTS	Priorities for housing policies 2007	According to the declaration of the new government: ensuring of affordability, and restructuring and revitalisation of neighbourhoods and inner city areas.		2007
	State involvement	Public housing subsidies expenditures as% of GDP	0.6%	2004
		Public housing loans expenditures as% of GDP	0%	2004
SOCIO-DEMOGRAPHIC TRENDS	Population	Population growth	+15.7%	1980-2005
		Average number of persons per household (EU-25=2.4)	2.3	2003
	Unemployment	Unemployment rate	4.7%	2005
	Immigration	Net migration of total population	+1.2‰	2004
Age structure	Age structure	% < 15 years old (EUavg=16.4%)	18.5%	2004
		% 15-64 years old (EUavg=67.1%)	67.6%	
		% > 64 years old (EUavg=16.5%)	13.8%	

Sources: Ministry of Infrastructure of Italian Republic (2006); Donner (2000); Eurostat (2007); Fribourg (2005); CECODHAS-USH-Dexia Survey (2007)

### Overview of the social, co-operative and public housing system in the country

In Poland, as in the other Eastern European countries, the transition from a state regulated regime to a market economy was accompanied by a process of privatization of the housing stock. 22% of municipal housing and 67% of co-operative dwellings were privatized at discount prices by 2001. However, the privatization process has differed somewhat from some other East European countries in that ownership of the building and common services frequently remained with the original institution rather than being passed over to the households living in the structure (RICS 2007). Therefore co-operatives still represent a large share of the housing market (about 1,100,000 dwellings, or approximately 21% of the total housing stock) and can be huge organizations (up to 100,000 members, but there is political pressure to break them up into smaller and more manageable organizations). Rental co-operatives were turned into owner co-operatives, and there is a process of transforming co-operative tenancy rights into ownership rights (RICS 2007).

Other housing providers operating on a non-market basis are local municipal authorities (with a stock of about 1,400,000 dwellings) as well as low cost housing societies (LCHS or TBS), which own and manage about 70,000 dwellings and manage about 150,000 dwellings on behalf of municipalities and of housing associations.

Today there are about 450 Low Cost Housing Societies, which were established following the launch in 1995 of a program aimed at creating not-for-profit housing associations (CECOD-HAS-USH-Dexia Survey 2007). TBS consists of not-for-profit landlords (publicly or privately owned) providing rental units allocated according to income limits. The rent for TBS housing is set by the Municipal Councils as a cost rent; but the rent cannot be higher than 4% of the construction cost (replacement value) of a unit set by the Voivoda (head of the Regional Council) in its quarterly edicts. The total income from the rent payments for all dwellings owned by a TBS must cover all maintenance and repair costs, as well as the repayment of the qualified loan from the National Housing Fund (ECORYS 2005).

TBS manages investments in the construction of rental housing and of housing financed by the future owners as well as in the revitalisation of the housing stock. TBS functions as the administrator of the housing stock with the financial help of the future owners, as well as housing destined for commercial and public usage. Finally, there is employer-owned housing, which comprises mostly rental housing managed by public employers (schools, hospitals etc.) or state-owned companies.

### Main market trends affecting social, co-operative and public housing

The housing stock in Poland, compared to its population, is one of the smallest in Europe: 314 dwellings per 1000 inhabitants, with an average of 3.1 persons per dwelling (see table).

Housing output has not increased significantly over the past five years, and new housing construction is concentrated mainly in the private sector.

One of the main problems affecting the housing market in Poland is the relatively poor standards of the existing stock (urban multi-family housing, post war prefabricated buildings). 60% of the stock is in need of significant repair, and 10% requires major ren-

ovation (RICS 2007). Basic repair has been neglected over time, and many buildings lack adequate insulation, resulting in high heating costs and energy consumption. This has a strong impact on household's expenditures. This is of special concern of those on low revenues. There is a shortage of dwellings in urban areas (1.5 million according to RICS) but excess of low quality dwellings and high vacancy rates in rural areas (14% in the North)

### Main social and demographic changes in the demand for social, co-operative and public housing

Poland is experiencing a surge of younger people entering the initial years of household formation. This results in smaller households and growth of the total number, which increases housing demand.

Furthermore, the process of urbanisation is putting significant pressure on major cities: the population in Warsaw increased by 28% in 2005 and by 33% in 2006.

Poverty in Poland is widespread, and a large number of households who, in the absence of housing allowances, can afford to pay little or nothing for their housing, concentrate in non-privatised apartments blocks. New households also face increasing difficulties in accessing housing, as the increase in housing prices outstrips increases in earnings.

### Main policy developments in the field of housing, in particular with respect to social, co-operative and public housing

A large variety of central government subsidies to housing have been cut over the past decades. Central housing government subsidies decreased ten times over the period 1995-2004. There is still housing-related tax relieves, payment guarantees to the housing savings schemes and a state-owned bank subsidiary (National Housing Fund) providing subsidies on long-term mortgages, which enable housing co-operatives and social housing providers (TBS) to build dwellings for low-income households (8,500 per annum over the last years), infrastructural works connected with housing, and to buy and renovate/refurbish existing dwellings.

Currently, the government wants to undertake a comprehensive reorganization of the legal framework of social housing (investment in housing, increasing the offer of building land), to introduce new regulations to allow a significant increase in new housing construction, and to limit the degradation of the existing stock. The priorities of the National Development Plan for 2007-2013 include preventing social exclusion in the context of access to housing, and improving the financial framework of affordable rental housing program to develop affordable rental dwellings co-financed by preferential loan granted from National Housing Fund resources (located in National Economy Bank – Bank Gospodarstwa Krajowego).

### Main changes in the scope of activity of social, co-operative and public housing providers

In Poland, social housing in the form of municipal housing is still an important part of the stock but needs often physical upgrading. Most recently, production of new municipal housing has almost stopped, to favour instead the implementation of the TBS system. The idea is to gradually build up new housing (low-cost housing) while at the same time decreasing, through privatisa-

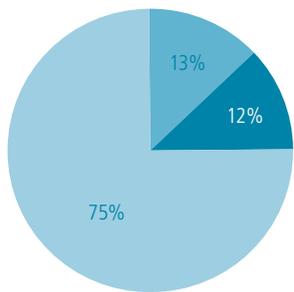
tion, the old stock. Therefore, low-cost housing societies can only build affordable housing for rent, while sale to sitting tenants is permitted within municipal and co-operative housing stock. Due to the relatively recent creation of the TBS programme (1995), the not-for-profit housing stock is still being developed.

### Main changes in urban regeneration and sustainable communities' policy and in urban development

Urban renewal is directed towards better functioning of city centres rather than towards the improvement of the housing situation. Warsaw's strategy up to 2020 focuses mainly how to use

available space to develop new districts rather than on the renewal of existing districts. Commercial real estate and housing developers have been interested in building commercial property, refurbishment of mansion houses and construction of new dwellings. Private investors refurbished and transformed post-industrial buildings into cultural centres, concert halls and catering facilities.

Generally developers build new blocks mostly for rent, but municipalities do not build social housing albeit there is an outstanding shortage.

TOPICS	ISSUES					
SOCIAL HOUSING SECTOR	Mission	Providing rental housing for middle income households	75% Home ownership 13% Private rental 12% Social rental 			
	Allocation	Income ceilings (at regional level) Allocation: municipal dwellings allocated by municipalities, low-cost housing by TBS companies				
	Types of providers	Municipalities Low-cost- Housing Societies or TBS companies Right of co-operative occupancy (rent and home-ownership): in the tenures split chart, co-operative dwellings are included in "home-ownership"				
	Financing	Municipal housing founded by municipal budget TBS: Low interest loans from the National Housing Fund; exemption of local tax and income tax, reduced VAT EIB loans				
	State aid to tenants in social housing	No				
			INDICATORS	DATA	YEARS	
		Total housing stock	12 683 000	2004		
Social housing stock		Social rental stock as% of total housing stock	12% (municipal)	2005		
		Social rental stock as% of rental stock	47%	2005		
		Number of social rental dwellings per 100 inhabitants	39	2005		
Production of social housing	Social housing as% of new completions	8.3%	2005			
HOUSING MARKET TRENDS	Availability	Number of dwellings per 1000 inhabitants	314	2004		
	Affordability	Housing consumption as share of total household consumption (EU avg=21.2%)	20.3%	2004		
		Evolution of the share of households' housing expenditure on total expenditures	+5.7%	1995-2004		
	Cost of construction	Evolution of cost of construction	+10%	2000-2006		
	Evolution of tenure split	Evolution of the share of :				
		- Ownership - Private rental - Public/social rental	nav nav nav			
Quality of housing stock	% of dwellings with bath/shower in total dwelling stock	87%	2002			
HOUSING POLICY DEVELOPMENTS	Priorities for housing policies 2007	To prevent social exclusion in the context of access to housing; to improve financial framework of affordable rental housing program; to include the idea of co-financing the selected housing investments from structural fund in the next financial perspective of EU; to develop affordable rental housing co-financed by preferential loan granted by National Housing Fund.		2007		
	State involvement	Public housing subsidies expenditures as% of GDP	0.14%	2004		
		Public housing loans expenditures as% of GDP	0.05%	2004		
SOCIO-DEMOGRAPHIC TRENDS	Population	Population growth	+7.8%	1980-2005		
		Average number of persons per households (EU-25=2.4)	3.1	2003		
	Unemployment	Unemployment rate	17.7%	2005		
	Immigration	Net migration of total population	-0.2‰	2004		
	Age structure	% < 15 years old (EU avg=16.4%)	17.2%			
% 15-64 years old (EU avg= 67.1%)		69.8%	2004			
% > 64 years old (EU avg=16.5%)		13%				

Sources: Ministry of Infrastructure of Italian Republic (2006); Donner (2000); Eurostat (2007); Fribourg (2005); CECODHAS-USH-Dexia Survey (2007)

## Overview of the social, co-operative and public housing system in the country

Social Housing production in Portugal is a competence of the municipalities, which can apply for state subsidies to build or to rehabilitate dwellings. Municipal housing is managed directly by municipalities or by municipal companies, which collect rents and provide maintenance as well as, in some cases, social support. Municipalities are therefore responsible for the construction of most social housing (it is estimated that they provide around 70% of social dwellings).

The other major providers are housing co-operatives, which currently provide about one third of the social housing stock. Voluntary associations are also involved in the management of some social dwellings, particularly for the homeless, but they are not building new social housing stock.

Some of the main social housing organisations have formed in 2004 an umbrella organization named CECODHAS Portugal (see list of CECODHAS member organizations), whose members managed in total more than 75,000 dwellings in 2005. Partly due to the fact that state support is higher in the case of renewal works rather than for new construction, social housing production has decreased in recent years as providers increasingly concentrate their efforts on the renewal of the existing stock and the eradication of slums.

## Main market trends affecting social, co-operative and public housing

Decreasing inflation interest rates, and increase of supply, have led to an increase of home ownership. In twenty years (1984-2004), interest rates in Portugal decreased from over 17% to around 4%. Combined with a very aggressive campaign by banks competing for the first place in the mortgage field, interest rates fell to about 0.6-1.5%. This consumer-attractive environment combined with an expensive rental market led to the rise of home ownership and, as a consequence, of mortgages (Carvalho 2006). It is worth noting the lack of interest in the rental market is partly due to its historical distortion<sup>20</sup>.

Currently, private rented dwellings represent 18% of the total Portuguese housing stock, while 75% is in the home ownership sector. The market for social rental housing is not very well developed, representing only 3% of the total of dwellings produced annually (CECODHAS-USH-Dexia Survey 2007).

## Main social and demographic changes in the demand for social, co-operative and public housing

For what concerns population trends, Portugal is experiencing, like most other European countries, the phenomenon of a greying population, even though the population number shows a discrete increase in the last decade. The share of people over 65 is expected to grow by 7% by 2030 (from 17% to 24% of the total population), with an equivalent decrease in the number of people in active age. Furthermore, since the 1990s, Portugal has started to receive an increasing number of immigrants. The number of

people per household has decreased by 0.4% in the last two decades, while the number of households tends to increase (Ministry of Infrastructure of the Italian Republic 2006).

## Main policy developments in the field of housing, in particular with respect to social, co-operative and public housing

Since 1996, the issue of housing has become increasingly important to the development of the country. There has been a greater emphasis on the Special Re-Location Programmes, which were launched by Portugal's major cities in an attempt to re-locate those households on low incomes that still live in poor neighbourhoods or slums. The SOLARH initiative (launched in 2001) sought a similar objective but focused on families with financial difficulties living in older areas or in the inner city. The government also launched in 2000 the Programme for the Modernisation of the Housing Stock (PMPH), which essentially aimed at re-vitalising the rental market. With the elections in 2005 and the new socialist government, the general orientation remained that of developing the rental market (instead of stimulating home ownership), promoting investment on rehabilitation, and giving tenants and landlords legal tools.

As for social housing policy, some major changes have occurred. The spectrum of beneficiaries of social housing has broadened and it now involves a more universalistic target group. The movement to the suburbs, especially by middle-class and young couples, has caused an important decrease in population in the big cities and increase of so-called dormitory-towns (of poor quality, with traffic problems, etc). In order to invert this situation and restore the cities' population, municipalities like Lisbon are trying to emphasize inclusive housing policies (Carvalhosa 2006).

Furthermore, the revision of the Programme for the Renovation and Retrieval of Buildings (RECRIA) and the Urban Rental Scheme (RAU) added weight to the drive for more social rental housing. The last revisions led in 2006 to the adoption of the New Rental Urban Scheme (NRAU), which represents a fundamental step in order to stimulate the Portuguese renting market. The Program PROHABITA<sup>21</sup> was also modified in March 2007, articulating its goals with the promotion of the area of rehabilitation instead of new construction, and also the implementation sustainable construction solutions and accessibility for all. The Initiative PORTA 65 was approved in June 2007 in order to promote a more dynamic rental public and private market: PORTA 65 is a programme that allows stakeholders to "let" the management to one institution that will use the stock for social purposes (the programme will be implemented from 2008). Finally, in 2008 the Strategic Housing Plan will be approved and implemented in order to elaborate strategic proposals for the drawing, implementation, monitoring and evaluation of housing policies within the framework of social housing, rehabilitation and renting system.

<sup>20</sup> The so called "rent frozen policy" was applied until 1974. Landlords were not allowed to raise rents for about 40 years, while some other tenant-protection laws were adopted. The consequences of this were catastrophic. The landlords did not receive enough money from rents to promote the buildings' rehabilitation, while the state never compensated the landlords for this. Many landlords even preferred not to rent their dwellings because of the strong position of the tenants and their legal demands, which led to thousands of empty buildings and dwellings. When the rents were "unfrozen", there were limits to the landlords to raise them for the sitting tenants. But the rents for new tenants were not limited, so they were very high in order to compensate for the others. As a consequence, it was and still is less expensive to buy a house with a bank loan than to rent one in the market. New construction grows and the new buildings are sold while the old ones which were not renovated due to lack of resources have been abandoned (European Social Housing Observatory 2006a).

<sup>21</sup> PROHABITA is a rehabilitation and construction programme for families with low income or stock from stakeholders that are in bad conditions.

### **Main changes in the scope of activity of social, co-operative and public housing providers**

The activities of some social housing providers are changing from pure housing management to a wider range of social concerns: social housing providers in Portugal are engaged in the provision of dwellings for rent and for home ownership, as well as social services for the tenants. Recently the not-for-profit entities have gained new responsibilities concerning social renting, home-ownership and management of dwellings previously owned by the state. Furthermore, the concern to create sustainable communities, instead of just efficient management, has led social housing institutions to change their organization and to promote new ways to respond to the social problems, with an integrated policy for housing.

From the organizational point of view, it is worth noting that the rationalization of the management as well as a re-organization of the municipalities and municipal companies in order to solve the problems of abuse (and lack of control) of the system.

From June 2007 the INH, IGAPHE and DGEMIN (General directorate for national buildings and monuments) merged and created the Institute for Housing and Urban Renewal (Instituto da Habitação e da Reabilitação Urbana, IHRU). The IHRU is responsible for the management of the Housing Portal, a new information tool which is meant to be a bridge between the IHRU and citizens.

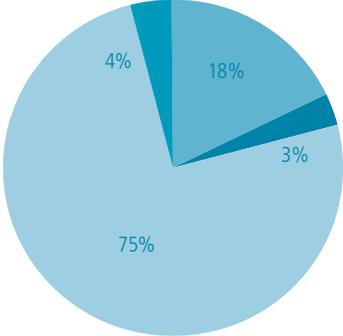
Recently, there have been new forms of partnerships within the "Critical Neighbourhoods" initiative (see next section).

### **Main changes in urban regeneration and sustainable communities' policy and in urban development**

The effect of urban policies which were implemented during the dictatorship<sup>22</sup> still represent today a major challenge to urban regeneration. To face the problem of urban ghettos, the Initiative for the Qualification and Urban Reinsertion of Critical Neighbourhoods was launched by a government resolution in September 2005. The "Critical Neighbourhoods" programme is an experimental pilot initiative that combines the experience of previous urban rehabilitation operations with innovative elements, in an effort to create local dynamics for development. The logic driving this initiative is the need to improve the mechanisms for co-operation between the different interested parties involved in the urban development process. A preliminary assessment led to the selection of two main areas within the Lisbon Metropolitan Area in which to pilot the initiative. The first one is Cova da Moura: this is the most stigmatised area in the Lisbon region - an illegal neighbourhood (hosting approximately 6,000 inhabitants, of which 70% are from Cabo Verde) where over half of the population is under 20 years old. The second one is Vale da Amoreira, a social housing area (224 ha and 13,522 inhabitants) which benefited from significant investment in physical rehabilitation since 1995, and which currently needs consolidation and development of social and economic dynamics. An innovative aspect of this programme was the development of partnerships between the public and private sectors at different levels, in terms of financing and management frameworks.

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22) During the "New State" dictatorship (1928-1974), the so called "economic neighbourhoods" which were targeted to some specific professional classes or some sociological groups (like big families, etc.) were introduced. Again in this period, the first "social neighbourhoods" for low income people were built, as well as such where to reallocate people from areas where a bridge, a road, etc. should be built. But in this period, the first mistakes were made, such as gathering of hundreds of low income families in the same neighbourhood and thus creating big city ghettos (Carvalhosa 2006).

TOPICS	ISSUES			
SOCIAL HOUSING SECTOR	Mission	Housing and re-housing low-income people	<p>75% Home ownership 18% Private rental 3% Social rental 4% Other</p> 	
	Allocation	Income ceilings		
	Types of providers	Municipalities Public company Co-operatives, Charity organisations Right of cooperative occupancy (rent and home-ownership): in the tenures split chart dwellings provided by co-operatives are included within "home-ownership"		
	Financing	Commercial banks Public bank Loans from EIB Public low interest loans by the Institute of Urban Renewal Public subsidies		
	State aid to tenants in social housing	No		
		INDICATORS	DATA	YEARS
SOCIAL HOUSING STOCK	Social housing stock	Total housing stock	5 318 000	2004
		Social rental stock as% of total housing stock	3%	2005
		Social rental stock as% of rental stock	14%	2005
		Number of social rental dwellings per 1000 inhabitants	15	2005
Production of social housing	Social housing as% of new completions	nav	2005	
HOUSING MARKET TRENDS	Availability	Number of dwellings per 1000 inhabitants	482	1999
	Affordability	Housing consumption as share of total household consumption (EUavg=21.2%)	10.7%	2000
		Evolution of the share of households' housing expenditure on total expenditures	-2.7%	1995-2000
	Cost of construction	Evolution of cost of construction	+18%	2000-2006
	Evolution of tenure split	Evolution of the share of: - Ownership - Private rental - Public/social rental	+15% - 40% - 40%	1991-2005
Quality of housing stock	% of dwellings with bath/shower in total dwelling stock	65.6%	2001	
HOUSING POLICY DEVELOPMENTS	Priorities for housing policies 2007	Housing and urban renewal, upgrade of neighbourhoods, rehabilitation of housing stock, sustainability in construction, encouraging the rental market (public and private)		2007
	State involvement	Public housing subsidies expenditures as% of GDP	0.5%	2002
		Public housing loans expenditures as% of GDP	0.2%	2002
SOCIO-DEMOGRAPHIC TRENDS	Population	Population growth	+8.4%	1980-2005
		Average number of persons per households (EU-25=2.4)	2.8	2003
	Unemployment	Unemployment rate	7.6%	2005
	Immigration	Net migration of total population	6.1%	2004
	Age structure	% < 15 years old (EU avg=16.4%) % 15-64 years old (EU avg= 67.1%) % > 64 years old (EU avg=16.5%)	15.7% 67.5% 16.8%	2004

Sources: Ministry of Infrastructure of Italian Republic (2006); Donner (2000); Eurostat (2007); Fribourg (2005); CECODHAS-USH-Dexia Survey (2007)

## Overview of the social, co-operative and public housing system in the country

The housing market in Spain is strongly oriented towards home ownership. Some newly built owner occupied housing are given subsidies in the form of reduced interest loans, via means testing schemes, known as officially protected housing (Viviendas de Protección Oficial, VPO) or, most recently, publicly protected housing (Viviendas de Protección Pública, VPP). In some Autonomous Communities other similar definitions are used. VPO housing subsidies now help to finance about 100 000 units a year. They are subject to a special regime implying strong controls and price limitations, and the dwellings maintain their status of social housing for 30 years. The state, regional governments, municipalities, public companies, mixed public-private companies, associations, private individuals, co-operatives, not-for profit organizations, and commercial enterprises are all entitled to build protected housing, provided that they fulfil the criteria established by law (CECODHAS-USH-Dexia Survey 2007). In addition, some social rental dwellings are provided by public providers (around 200,000), and there are different shared ownership schemes, which vary across autonomous communities. Most regions are now implementing shared ownership schemes for young people, with an option to buy after 7-10 years (alquiler con opción de compra). Housing co-operatives participate in the construction of protected housing, although they also operate on the free market. Furthermore, they provide a limited number of co-operative dwellings for rent. The protected housing sector altogether is estimated to account for about 12% of the total housing stock in Spain (CECODHAS-USH-Dexia Survey 2007).

## Main market trends affecting social, co-operative and public housing

Spain has been recently experiencing a period of intense growth in housing production. Nevertheless, in 2006 the sale of registered dwellings fell by more than 7% compared to the previous year. This phenomenon concerned mostly new dwellings (-12.4%) rather than used dwellings (-5%). Foreign investment in housing also dropped for the third consecutive year (-11%). This indicates the beginning of a slow-down in private housing development. Protected housing production is instead expected to keep growing. Since in the 1990s private housing for sale was relatively affordable, the government progressively disengaged from social housing policy, and protected housing production's levels decreased. As prices have been raising and affordability worsening, demand for affordable housing has started to grow, since many people –including middle class households– cannot access housing. This has become one of the main problems in the country. The average increase in prices from 1998 to 2006 was 183.2%, and it exceeded 200% in four regions (Balears, Murcia, Andalucía and Valencia). In 1999 wanting to buy a house meant spending 25.3% of the household's income. Currently, due to the high rise in prices and in interest rates on bank loans (currently 4.09%), the average share of income necessary to buy a house amounts to 46.6% (25-year loans) or 53.3% (20-year loans). The expenses for protected housing vary instead from 19% to 35% of households' income, according to the type of dwelling. The very high demand for protected housing in Spain has brought about the creation of more public housing companies. The co-operative sector has suffered from the increase in the cost of building land

and costs of construction (+28% between 2000 and 2006, see fact file). As a result, new construction fell from about 35 000 dwellings built in 1994 to around 21,900 in 2003, but production has recently started increasing again (32 000 dwellings in 2004). Housing co-operatives have also recently started to build more protected co-operative dwellings again (see below).

## Main social and demographic changes in the demand for social, co-operative and public housing

Spain's population currently stands at 44 million, 800,000 more than in 2004 (43.2 million). The considerable increase is mainly due to the immigrant population, as it already represents 8.4% of the total population. In 2004 foreign citizens represented 7.2% of the population, and 5.9% in 2003. Even in the most moderate hypotheses in demographic terms, over the next few years the foreign population is expected to continue increasing considerably. The average family size has continued to fall in recent times, from 3.16 persons per household in 1999 to 2.9 in 2004 (see table). This drop is mainly due to the rising number of people living alone and to the decrease in the number of households with 5 or more persons especially as a result to the fall in the birth rate. The traditional drift of the population towards the larger-sized towns is expected to continue.

## Main policy developments in the field of housing, in particular with respect to social, co-operative and public housing

The Housing Plan for 2005-2008 has resulted in a significant increase in production, leading to better housing conditions: the current government aims to increase substantially the number of VPO funded homes to 180,000 dwellings as part of its drive to make housing more affordable and available to lower income groups. The Plan establishes a wide range of demand-side aids, including measures aimed at facilitating new construction, rehabilitation of the existing stock, and occupation of vacant dwellings through rental tenure. Furthermore, regional governments (Comunidades Autonomas) have started integrating national housing plans with subsidies from the regional budgets, to different extents. Housing development has been encouraged mainly through fiscal incentives, namely through tax exemptions for home buyers. Fiscal policy, which used to be indiscriminate and favoured people with higher incomes, has been modified over time: currently only a partial exemption of income tax is allowed and only if the dwelling is used as permanent residence. To balance housing offer for rent and for sale, a preferential fiscal regime was established for those companies whose main activity is construction and management of housing for rent.

Housing Plans have always targeted a wide share of the population, establishing different aid schemes according to the income level of the beneficiaries. Due to the fact that some middle class households could not access adequate housing anymore, the new Housing Plan has broadened its spectrum so as to include people whose income is up to 6.5 times the minimum salary. They can now access "agreed price housing", which consists of VPO dwellings sold to people with a higher income and at a higher price, compared to the traditional VPO sector. With regard to state budget allocation, the Plan foresees an increase in public financing of protected housing through allocation of funds from the state budget. For the year 2007 €1 234.35 have been allo-

cated (14.4% more than in 2006). Autonomous Communities and Municipalities also allocate resources for the promotion of social housing on a yearly basis. Furthermore, since the establishment of regional legislation on urban planning, in each new urban development a minimum of 30% of the land must be used for protected housing. The minimum percentage is set by the new Law on State Land, which is currently being discussed in Parliament.

### **Main changes in the scope of activity of social, cooperative and public housing providers**

Public housing providers have increased the production and management of rental housing. This includes the management both of stock owned by public companies and of letting agencies (agencias de alquiler), as an intermediary between owners and tenants. Furthermore, providers are working on a range of intermediate tenure solutions (in between individual and collective housing) to allow certain social groups to combine the advantage of collective ownership with the freedom of a privately owned dwelling. According to this logic, assisted housing for elderly people and for students are created, which enjoy specific supporting measures within Housing Plans.

The scope of activity of public housing providers broadened from the mere provision of housing and residential land to include more diverse activities. Public companies are now an instrument for public administrations to implement many different activities, such as: land provision for a range of different types of developments (social security, sport, health provision and similar, as established by planning laws); provision of land for industrial developments, for logistic areas and for public services equipments such as universities, purification plants, sport fields, etc.; construction and management of buildings for sports facilities, residences for young people or students and for the elderly, public parking, hospitals, childcare facilities, schools, etc. Moreover, public providers are also involved in the design of urban master plans and in the integrated rehabilitation of city centres and neighbourhoods, combining the improvement of housing stock and infrastructures with social and economic aspects. Within this framework, various URBAN programmes have been implemented. Public housing providers sometimes form temporary mixed companies (with private providers, co-operatives, banks, etc) to work on a specific project, such as the revitalisation of a degraded area.

As for housing co-operatives, due to the high construction costs combined with the price policy in the protected housing sector which establishes low price ceilings for VPO dwellings, they had to retreat from the construction of protected housing. While at the beginning of the twentieth century housing co-operatives used to build mainly protected housing (about 90% of the co-operative stock), at the beginning of the 2000s they were producing about 20% of their stock in the protected sector, and the remaining 80% on the free market. This trend has recently started to change, thanks to more favourable housing policies (Housing Plan 2005-2008) which allow for greater flexibility in the establishment of price ceilings at the local level.

### **Main changes in urban regeneration and sustainable communities' policy and in urban development**

Aids are available for integrated rehabilitation of degraded urban areas (particularly for city centres) and for the eradication of shanty towns and substandard housing. Aids are allocated for the rehabilitation of existing housing stock and for urbanisation and re-urbanisation projects. These interventions are financed both through State budget and through regional/municipal budgets,

and they are implemented by public housing providers. In some regions there are very strong aid programmes (for instance the Ley de Barrios de Cataluña, the network programme for cities in Andalucía, and others, which combine social aspects with the promotion of economic activities). There are also complementary programs for social and economic development

Thanks to these aids the conditions in many Spanish cities are improving significantly. Urban renewal interventions are implemented with the aim of maintaining the resident population in the target neighbourhood. If the area is characterised by an ageing resident population, the priority is to allocate dwellings to young people as well to revitalise the population in the area. To avoid overcrowding, the standard for housing provision was set at 75 dwelling per hectare.



## Overview of the social, co-operative and public housing system in the country

During the post-war period, Swedish housing policy developed as part of the general welfare policy. The goal was to ensure that everybody, including poor households, had access to good housing without a means test. Thus, access to decent housing became a social right (Borelius et al 2007). Within this framework, a very important tool for Swedish housing policy have been the municipally owned but legally independent public housing companies. The umbrella organisation representing these companies is SABO. Public Housing companies work as limited companies in almost every municipality in Sweden. Their shares are owned by the local authority. These companies own and manage some 860,000 dwellings all over Sweden, which represents some 21% of the total housing stock (CECODHAS-USH-Dexia Survey 2007). Public Housing companies are allowed to work only within the local municipality, and they have to compete with private landlords. Rents are cost based, and they are set and changed every year by local negotiations between the local Municipal housing company and the local Union of Tenants. Negotiated rents create the ceiling for the rents in similar dwellings in private landlords' estates. Hence, public housing companies have a regulating function for both municipal and private rental housing. The allocation of public dwellings is not based on income ceilings; SABO Companies accommodate all kinds of tenants and a major concern is to avoid social segregation.

Furthermore, there are two major national co-operative organizations in Sweden (HSB and Riksbyggen). Their business concept is "co-operative owner occupation". Together, these two co-operative organisations represent some 18% of the total housing stock in Sweden, and they produce co-operative dwellings for sale.

## Main market trends affecting social, co-operative and public housing

The main market trend in Sweden during the last ten years has been a migration of people from rural to urban areas, which has created two main problems. The first problem is a high rate of vacant dwellings built for owner-occupation in rural areas and small towns, due to the significant migration towards the main cities and economically attractive areas (particularly the Stockholm area). There are about 50,000 vacant dwellings in rural areas, and the cost to cover for these vacancies is becoming unsustainable. About 5,000 dwellings are demolished each year. On the other hand, there is a hard pressure on housing in the largest cities, which are experiencing housing shortage (in 2005 as many as 61% of the population lived in municipalities where there is a shortage of housing), causing house prices to rise substantially in these areas and thus becoming unaffordable for lower-income households. For these groups, this becomes an additional barrier to overcome their successful integration in the labour market as lack of housing within their means results in reduced access to those areas where the jobs are.

Another very clear trend has been the strong market-oriented housing policy since the 1990s. State subsidies were abolished (see below) but the strong economic development combined with low interest rates and increasing salaries have had a strong effect and boosted the housing market. Within this framework, housing production is increasingly focused on owner-occupation. On the other hand, costs for management and heating have increased

substantially in the last years.

Since a strong economic growth is expected in the coming five to seven years, the production of housing is increasing. This situation will lead to higher prices for land and higher costs for construction.

As house prices in rural areas are falling, while prices in the most urbanised areas are increasing, co-operative organisations are concentrating their new production in areas with high demand, while Public Housing Companies produce more than before depending on demand and sometimes on request of their owners.

## Main social and demographic changes in the demand for social, co-operative and public housing

One of the clearest demographic changes in Sweden is the increasing percentage of elderly and pensioners as a share of the whole population. The population increase until 2020 will be approximately 650,000 (7%). Three quarters of the total increase (approximately 500 000 or 31%) is projected to be within the age group 65 years and older (Ministry of Infrastructure of the Italian Republic 2006). This development creates new problems, such an increased pressure on the welfare system in the forthcoming years. This group will ask for dwellings that are adjusted to their needs. Accessibility for the elderly is therefore becoming an increasingly important factor, as well as housing for special needs, lower energy consumption and environmentally friendly solutions.

Another significant trend in Sweden is that the economic gap between the better-off households and the poor households is widening. This has led to a more segregated society: some already distressed areas are becoming less and less attractive. Every medium or high income family leaving these areas is replaced by a family with lower income and often with a more difficult social situation. For providers, this situation implies carefully thinking about what type of housing to build and where to build it in order to avoid worsening of this trend.

## Main policy developments in the field of housing, in particular with respect to social, co-operative and public housing

Since the 1950s, Sweden has had a Parliament and Government dominated by the Social Democratic party. Only for short periods during the 1980s and 1990s there was a Conservative dominated Government. The main trend during the Social Democratic era was to develop a national and local housing policy as part of the Swedish welfare system. Heavy state subsidies were given to all kinds of housing producers. Municipalities created their own housing companies, mainly as limited companies. Tenants developed a very strong position in the field of rented housing. An important task was to avoid social segregation. The word and the concept "social housing" were rejected.

In 1991 a major tax reform was introduced. State subsidies were abolished, rents were raised by 30 – 35% in a few years but persons and households had to pay lower income taxes. Most households welcomed this reform, but the reform occurred at the expense of households with low or no income, such as students, pensioners and low income families. The net costs for the state and the state subsidies were very high before this tax reform, while on the contrary nowadays the housing sector is a source of income to the state through property tax, registration fees etc.

Since September 2006 Sweden has a Government and a Parliament with a majority of Conservatives. The State has now “left the scene” of Housing policies, and delegated almost all the decisional power with regard to housing at the local municipal level. Following this political decision, a process of privatization of the municipal stock has started (notably in Stockholm, but also in other cities). Municipalities can now decide themselves if they want to sell their housing company, either as a whole (all the shares) or parts of the stock, to private investors or to newly created co-operatives. As a consequence, private investors can buy municipal dwellings at favourable prices and re-sell it at higher prices, and this risks to dramatically increase speculation in the housing sector. At the same time, constraints on public funding are increasing: the national government overall expenditure within the housing sector fell from approximately € 3,538 million in 1993 to € 171 million in 2005. Due to the greying of the population, construction of sheltered housing for the elderly is currently the only type of housing subsidised by the state.

### **Main changes in the scope of activity of social, co-operative and public housing providers**

Today in Sweden (and as it is expected in the future) people and households are much more demanding about their housing than in the past. In addition, those who can afford it have the possibility to choose and to pay for a good location, a good standard and a good service. Therefore nowadays providers are conducting several and detailed market studies before deciding what to build and to what standard and price.

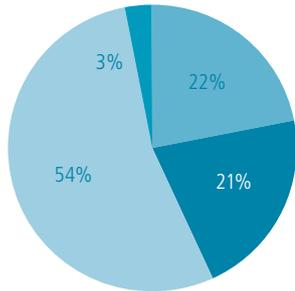
Furthermore, housing providers are now taking a more active role in creating a ‘sustainable society’. Quality has improved significantly, and many of them are getting increasingly involved in the provision of services in areas affected by social or ethnic segregation. Finally, special aid to elderly and sick persons is often provided directly in their homes, the use of new technologies such as IT technologies is more and more largely employed, and services to households for cleaning and others are provided.

### **Main changes in urban regeneration and sustainable communities’ policy and in urban development**

Environmental and energy concerns are now being recognised and strongly integrated into the housing and urban sectors. Considerable efforts are made to create a sustainable environment and to increase energy efficiency both in construction and in consumption.

The State and many municipalities have created programmes to limit social segregation but the results are not obvious.

Finally, technical standards of Swedish dwellings are comparatively very high. Nevertheless, landlords invest into refurbishment and maintenance to keep the estates and the housing areas in a good shape, as well as to keep up the value of their real estate properties. Much work remains to be done: special adjustments are necessary in dwellings for handicapped persons, and building of lifts as well and energy saving measures are often needed.

TOPICS	ISSUES			
SOCIAL HOUSING SECTOR*	Mission	Providing decent and affordable housing for everyone Social policy with regard to housing	54% Home ownership 22% Private rental 21% Social rental 3% Other 	
	Allocation	Waiting lists Allocation by landlord organization Also quota system for allocation by municipalities		
	Types of providers	Municipal companies Co-operatives Right of cooperative occupancy (rent and home-ownership): in the tenures split chart, co-operative dwellings are included in "home-ownership"		
	Financing	Commercial banks Public guarantee Exemption from corporate tax		
	State aid to tenants in social housing	Housing benefits		
		INDICATORS		
SOCIAL HOUSING SECTOR*	Social housing stock	Total housing stock	4 351 000	2004
		Social rental stock as% of total housing stock	21%	2005
		Social rental stock as% of rental stock	48%	2005
		Number of social rental dwellings per 100 inhabitants	95	2005
Production of social housing	Social housing as% of new completions	16%	2005	
HOUSING MARKET TRENDS	Availability	Number of dwellings per 1000 inhabitants	486	2000
	Affordability	Housing consumption as share of total household consumption (EUavg=21.2%)	28.2%	2005
		Evolution of the share of households' housing expenditure on total expenditures	+12%	1995-2005
	Cost of construction	Evolution of cost of construction	+29%	2000-2006
	Evolution of tenure split	Evolution of the share of : - Ownership - Private rental - Public/social rental	-2.5% +10% +5%	1990-2005
Quality of housing stock	% of dwellings with bath/shower in total dwelling stock	100%	2005	
HOUSING POLICY DEVELOPMENTS	Priorities for housing policies 2007	To develop housing for young and elderly people		2007
	State involvement	Public housing subsidies expenditures as% of GDP	0.64%	2004
		Public housing loans expenditures as% of GDP	0%	2004
SOCIO-DEMOGRAPHIC TRENDS	Population	Population growth	+8.5%	1980-2005
		Average number of persons per households (EU-25=2.4)	2	2004
	Unemployment	Unemployment rate	6.3%	2005
	Immigration	Net migration of total population	+2.8‰	2004
	Age structure	% < 15 years old (EU avg=16.4%) % 15-64 years old (EU avg= 67.1%) % > 64 years old (EU avg=16.5%)	17.8% 65.1% 17.2%	2004

Sources: Ministry of Infrastructure of Italian Republic (2006); Donner (2000); Eurostat (2007); Fribourg (2005); CECODHAS-USH-Dexia Survey (2007)

\* The concept of social housing is not used anymore in Sweden

## Overview of the social, co-operative and public housing system in the country

Social housing in England is managed by local authorities and Housing Associations (HAs). The latter include co-operatives, not-for-profit housing associations and trusts. The social housing sector is divided as follows: 1,938,615 dwellings are managed by not-for-profit organizations; 2,087,456 dwellings are managed by local authorities, directly or through ALMOs (arm's-length management organisations). Housing Associations in England are regulated by the Housing Corporation, an executive agency of Communities and Local Government. Additionally, English Partnerships works to support high quality sustainable growth, and the two agencies will be joined to form one "new homes agency" (see below). Government supervision is ensured by Scottish Executive in Scotland, the National Assembly of Wales, which also acts as a financing and regulatory body, and the Northern Ireland Assembly. Regulatory and financing bodies or housing authorities are respectively Communities Scotland, the Northern Ireland Housing Executive together with the Department of Social Development, and the National Assembly for Wales. Social housing providers in Scotland and Wales are local authorities and housing associations or 'Registered Social Landlords' (independent not-for-profit organisations that are registered with the Welsh Assembly Government Housing Directorate and Communities Scotland). In Northern Ireland the main social housing provider is the Northern Ireland Housing Executive, which is the regional strategic housing authority. In addition, there are 39 housing associations. The Northern Ireland Housing Executive manages 92,000 dwellings, directs the social new build programme for the housing associations, and has monitoring and regulatory powers in the private sector.

## Main market trends affecting social, co-operative and public housing

Rising house price inflation and historically low interest rates have fuelled house prices<sup>23</sup>. Wage inflation has not kept up with house price inflation and people are increasingly priced out of the housing market. The average house price is now eleven times the average income in England. The average house price across England in 2005 was 156% more expensive than in 1997, while earnings have risen just 35% over the same period. Prolonged high demand has still not resulted in any major sustained upward shift in supply. The lack of housing supply also contributes to price increases and puts enormous additional strain on the social housing sector, as an increasingly large proportion of the population can only meet their housing needs with some form of financial subsidy. Waiting lists for social housing in England have grown dramatically in recent years (nearly 60% in five years, from 1,039,265 households in 2001 to 1,634,301 in 2006). Eng-

land needs to build 70,000 new social homes<sup>24</sup> a year, of which 50,000 should be for rent and 20,000 for affordable home ownership, nevertheless in 2005/6 newly built social housing provision was less than 40,000 homes. Also in Northern Ireland, the shortage of available affordable housing is causing pressure on all sectors of the housing market. It has led to rising waiting lists of 36,182 applicants for social housing with increasing numbers of people in housing stress and homeless people.

Almost seventy per cent of England's homes are owner-occupied.<sup>25</sup> Nevertheless, while in many parts of the country the share of home ownership is even higher than 70%, in big cities (especially London) it is much lower, with a greater preponderance of renting from both private and social landlords. Furthermore, a number of groups face particular difficulties purchasing at prevailing prices and turn to the rental sector. For instance, higher house prices in recent years have delayed moves by younger households into owner occupation. As for social housing, in the early 1980s, England had almost a third of its housing stock in the social sector – one of the highest shares in Europe. Sharply reduced new building rates and sales of existing social dwellings have substantially reduced social housing's role since then. Between 1979 and 2006, 1,648,421 local authority dwellings in England alone were sold at a discount through the Right to Buy. Levels of discount ranged from an average of 50% at the beginning of the period to 31% by 2006<sup>26</sup>. There were 26,654 sales of council homes in 2006; sales of affordable housing stock are running at almost double the rate of replacement<sup>27</sup>. Despite this, the growth of housing associations, partly through transfers of council stock, means that social housing overall still accounts for about a fifth of the total housing stock, still one of the highest shares in Europe. Altogether, in 2005 housing associations and local authorities in the UK managed about 21% of the total housing stock in the country.

## Main social and demographic changes in the demand for social, co-operative and public housing

Housing construction is not keeping pace with household formation, which is currently characterised by higher life expectancy, smaller family units, and an increasing number of single people and single parents. Labour force growth is high (1.1% in 2005)<sup>28</sup>. This is helping to boost economic expansion and keep inflation down. The labour market and the general economy are both pushing up housing demand, particularly in the most dynamic regions, such as London. The population as a whole is expected to grow by 3.6 million by 2021, but the government target for house building to 2020 is only for 3 million new homes. It is estimated that by 2026 there will be a further 4.5 million households, and almost 40% of them will be one person households. Almost half the population growth will be in London and the southern

23) Currently in England only four local authority areas have an average price under £100,000. The National Housing Federation forecasts that the average house price will rise to over £300,000 by 2012.

24) A key guidance statement with respect to the definition of affordable housing may be contained in Circular 6/98; as follows:

"The policy should define what the authority regards as affordable, but this should include both low-cost market and subsidised housing, as both will have some role to play in providing for local needs [...]. The terms 'affordable housing' or 'affordable homes' are used in this Circular to encompass both low-cost market and subsidised housing (irrespective of tenure, ownership - whether exclusive or shared - or financial arrangements) that will be available to people who cannot afford to rent or buy houses generally available on the open market". Within this framework, it is a responsibility of local authorities to define and include affordable housing in their development plans, on the basis of local housing needs and households' income.

25) Survey of English Housing Provisional Results: 2005/06 (CLG, London, 2007)

26) Sale of social housing is a major trend also in Scotland, Wales and Northern Ireland. In Northern Ireland under the Housing Executive's House Sales Scheme 116,000 houses have been sold to their former tenants at discounted price since 1979 (The Northern Ireland Housing Executive (2007). Northern Ireland Housing Market 2007-2010. Review and Perspective.)

27) National Housing Federation (2007), Home Truth: England – The case for 70,000 new social homes a year National Housing Federation, London. [www.housing.org.uk](http://www.housing.org.uk)

28) Royal Institution of Chartered Surveyors (2007), European Housing Review 2007. Royal Institution of Chartered Surveyors, Brussels. [www.rics.org/ehr](http://www.rics.org/ehr)

regions.<sup>29</sup> As these are the areas of greatest housing shortage, pressure on accommodation is likely to intensify unless there are much higher rates of house building than currently.

### **Main policy developments in the field of housing, in particular with respect to social, co-operative and public housing**

The government has committed to raise house building totals to 240,000 a year by 2016. The Hills Review on the role of social housing<sup>30</sup>, published in February 2007, found that social housing has improved in many areas particularly in terms of stock condition and affordability, but there are still significant areas of concern that need to be addressed. Hills' four main conclusions are that Government should: pay more attention to the existing social housing stock; support mixed-income communities; undertake reforms to help improve the livelihoods and incomes of residents; and consider providing a more 'varied menu' of housing options than a standard social housing tenancy. In addition in 2007 HM Treasury is leading a further review of sub-national economic development and regeneration to inform the Comprehensive Spending Review with support from Communities and Local Government. This review is exploring the opportunities for releasing the economic potential of the English regions, cities and localities, and more effectively responding to the ongoing challenge of regenerating underperforming areas and tackling pockets of deprivation. The Government's forthcoming Comprehensive Spending Review will look at all public spending and set priorities from 2008-2011. It remains to be seen what changes of different aspects of the housing sector this review will bring about in terms of policy.

### **Main changes in the scope of activity of social, co-operative and public housing providers**

Housing associations now provide homes for people in all kinds of circumstances. As well as affordable rented homes, associations also offer supported housing for vulnerable and older people, affordable home ownership, and, increasingly, homes for sale on the open market. Housing associations are investing heavily in building and regenerating neighbourhoods and in delivering wide ranging local services, such as nurseries, skills training and community centres. Furthermore, they run and support education, training, employment and local business start-up initiatives; childcare, after school and homework clubs; social outings and events; health, crime reduction, environmental and many other projects. Their aim is to promote neighbourhoods where there is a place for everyone, with positive support for diversity of people and places. They put their energy into creating places where people want to live and work to prevent neighbourhood problems. Similarly in Northern Ireland the Housing Executive's urban renewal and estate based strategy programmes continue to deliver much of the work to improve housing and environmental conditions, address market failure, and promote mixed tenure and support sustainable communities<sup>31</sup>. The Housing Executive in Northern Ireland has now taken on the challenge of assessing the need for social housing and constructing programmes and managing delivery of at least 1,500 new social houses by the housing associations<sup>32</sup>.

### **Main changes in urban regeneration and sustainable communities' policy and in urban development**

In January 2007, it was decided that existing roles of English Partnerships (the national regeneration agency, helping the Government to support high quality sustainable growth in England) and those relating to the Housing Corporation's investment function will move across to a new national housing and regeneration agency. Decisions on its role in urban regeneration will be made in the light of the conclusions of the Cave review of social housing regulation, which was released in June 2007. The new homes agency is being created to work to: increase the supply of housing (including affordable housing for rent and shared ownership and low cost home ownership), regenerate underperforming urban centres and neighbourhoods, transform disadvantaged estates through promoting mixed communities, sustain strong and stable existing communities, promote more effective use of public sector assets, innovate to improve efficiency, increase investment in housing and urban regeneration and drive the adoption of high environmental standards<sup>33</sup>. Northern Ireland is also going through a period of great change and is facing transformation in the shape and nature of government and public services. The Northern Ireland Assembly has been re-established, and the Government has signalled its intention to transfer some housing functions to local councils in 2009. Finally the Government's Comprehensive Review, which is looking at housing, will pose significant financial challenges in relation to service delivery.

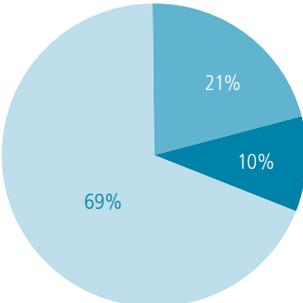
29) CLG Housing Statistics, Household Projections

30) Hills, John (2007), *Ends and Means: the Future Roles of Social Housing in England*. CASE report 34, ISSN 1465-3001 (February 2007), ESRC Research Centre for Analysis of Social Exclusion, London. <http://sticerd.lse.ac.uk/dps/case/cr/CASereport34.pdf>

31) The Housing Executive recognized since 1971 (in its first Annual report) the social implication of its task and the need for its activities to go beyond housing provision.

32) The Northern Ireland Housing Executive, *The Housing Executive Corporate Plan 2007-2008 to 2009-2010*

33) Department for Communities and Local Government (June 2007), *Delivering Housing and Regeneration: Communities England and the future of social housing regulation. Consultation*. Department for Communities and Local Government, London. [www.communities.gov.uk](http://www.communities.gov.uk)

TOPICS	ISSUES			
SOCIAL HOUSING SECTOR	Mission	Housing people in need	69% Home ownership 10% Private rental 21% Social rental 	
	Allocation	Waiting lists with priority criteria managed by local authorities Allocation by Landlord organisation		
	Types of providers	Municipalities ALMO's Approved social landlords Private companies and investors (marginal) Right of cooperative occupancy (rent and home-ownership): no		
	Financing	Commercial banks Public subsidy (50% of costs) Exemption from VAT		
	State aid to tenants in social housing	Personal housing allowances		
		INDICATORS	DATA	YEARS
SOCIAL HOUSING STOCK	Social housing stock	Total housing stock	25 617 000	2004
		Social rental stock as% of total housing stock	21	2005
		Social rental stock as% of rental stock	68%	2005
		Number of social rental dwellings per 1000 inhabitants	86	2005
Production of social housing	Social housing as% of new completions	11%	2005	
HOUSING MARKET TRENDS	Housing market evolution	Evolution of the share of:		1990-2005
		- Ownership	+4.5%	
		- Private rental	+11%	
	- Public/social rental	-12.5%		
Affordability	Housing consumption as share of total household consumption (EUavg=21.2%)	18.7%	2004	
	Evolution of the share of households' housing expenditure on total expenditures	+1.6%	1995-2004	
Cost of construction	Evolution of cost of construction	+72%	2000-2006	
Quality of housing stock	Number of dwellings per 1000 inhabitants	430	2000	
	% of dwellings with bath/shower in total dwelling stock	99%	2001	
HOUSING POLICY DEVELOPMENTS	Priorities for housing policies 2007	Housing market reform and access to home ownership; improving the quality of housing and it's energy efficiency. Achieving the Decent Homes Standard, promoting independent living, fostering urban and rural regeneration, promoting affordable housing, building a stronger community, delivering better public services		2007
	State involvement	Public housing subsidies expenditures as% of GDP	nav	2004
		Public housing loans expenditures as% of GDP	nav	2004
SOCIO-DEMOGRAPHIC TRENDS	Population	Population growth	6.7%	1980-2005
		Average number of persons per households (EU-25=2.4)	2.4	2004
	Unemployment	Unemployment rate	4.6%	2005
	Immigration	Net migration of total population	+4.4‰	2004
	Age structure	% < 15 years old (EU avg=16.4%) % 15-64 years old (EU avg= 67.1%) % > 64 years old (EU avg=16.5%)	18.2% 65.8% 16%	2004

Sources: Ministry of Infrastructure of Italian Republic (2006); Donner (2000); Eurostat (2007); Fribourg (2005); CECODHAS-USH-Dexia Survey (2007)

## Overview

The Ministry of Regional Development and Public works is responsible for housing policy at the national level. Municipalities own and manage the public rental stock which is diminishing progressively and is of a very bad quality. They have very limited possibilities to maintain their existing stock, to complete the construction in progress, and to build new social housing. The public sector has been reduced to around 2% of the total stock, which is to be used for resolving social needs, and has been deprived of legal and financial prerequisites for development. As a result, there is no new construction of municipal rental housing (although in 2003 it was estimated that 226.317 new social dwellings were needed), and municipalities have almost no available vacant rental stock in urban areas. Moreover, municipalities have been selling the existing stock: sale of social dwellings to their tenants is allowed in accordance with an administrative procedure. A low rent policy and a rationing system through waiting lists continues to be the cornerstone of municipal housing policies. The allocation process is targeted at households with special needs: orphans, disabled, chronically ill, elderly and single par-

ents. Tenants in property subject to restitution have a priority. The options available to people searching for a house are limited. The rental sector is very small and presents some significant problems: there is not yet a legal framework for the establishment of housing associations that are to build and maintain a rental stock to be leased out at moderate rental prices, and the average rent in the private sector is nearly ten times the rent for social housing.

The supply in the private home-ownership sector goes along with unaffordable prices (In 2004, an average household needed 8.2 annual salaries to buy 75 square meters of housing). Furthermore, a significant percentage of the housing stock needs modernization, with pre-fabricated housing (30% of the total in 2004) posing a special challenge. Water and sewerage systems are old and not energy-efficient, and over 300,000 people in the country are subject to seasonal or round-the-year water restriction. As a consequence, the main current goals of national housing policy are to redress the processes of deterioration of the condition of the existing housing stock, and to create a working mechanism for procuring new affordable homes (for purchase and to let).

TOPICS	ISSUES	95% Home ownership 3% Private rental 2% Social rental		
		INDICATORS	DATA	YEARS
SOCIAL HOUSING SECTOR	Mission	Housing vulnerable groups in need		
	Allocation	Waiting lists, target groups; direct allocation by municipalities		
	Types of providers	Municipalities Right of co-operative occupancy (rent and home-ownership): no		
	Financing	No new investment in social housing		
	State aid to tenants in social housing	Allowances for energy expenditures		
HOUSING MARKET TRENDS	Social housing stock	Total housing stock	3 697 000	2006
		Social rental stock as% of total housing stock	6%	2006
		Social rental stock as% of rental stock	10.5%	2006
		Number of social rental dwellings per 1000 inhabitants	28	2006
	Production of social housing	Social housing in% of new completions	10%	2003
	HOUSING MARKET TRENDS	Housing market evolution	Evolution of the share of : - Ownership - Private rental - Public/social rental	Nav
Affordability		Housing consumption as share of total household consumption (EUavg=21.2%)	17.4	2003
		Evolution of the share of households' housing expenditure on total expenditures	6.1%	1995-2003
Cost of construction		Evolution of cost of construction	Nav	
Quality of housing stock	Number of dwellings per 1000 habitants	474	2003	
	% of dwellings with bath/shower in total dwelling stock	81.0%	2004	
HOUSING POLICY DEVELOPMENTS	Priorities for housing policies 2007	To encourage access to home-ownership, to enhance energetic performance of the housing stock, and to help families with children and the elderly		2007
	State involvement	Public housing subsidies expenditures as% of GDP	Nav	
		Public housing loans expenditures as% of GDP	Nav	
SOCIO-DEMOGRAPHIC TRENDS	Population	Population growth	+0.11%	1990-2005
		Average number of persons per households (EU-25=2.4)	2.7	2005
	Unemployment	Unemployment rate	10%	2005
	Immigration	Net migration of total population	0‰	2004
	Age structure	% < 15 years old (EU avg=16.4%) % 15-64 years old (EU avg= 67.1%) % > 64 years old (EU avg=16.5%)	14.2% 68.7% 14.2%	2004

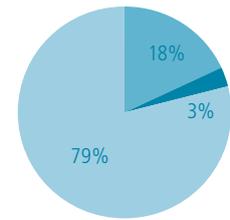
Sources: Ministry of Infrastructure of Italian Republic (2006); Domner (2000); Eurostat (2007); Fribourg (2005); CECODHAS-USH-Dexia Survey (2007); National Statistical Institute of Bulgaria (2007); Ecorys (2005)

## Overview

As a result of the 1974 Turkish invasion and the subsequent occupation of approximately 37% of the territory of Cyprus, 45.000 families were evicted from their homes and became homeless overnight. In the face of that dramatic situation, the Government of Cyprus adopted a number of programs aimed at the provision of temporary accommodation to displaced families. Such programmes are the Low-Cost Government Housing Scheme, the Self-Help Housing Programme on Government Land and the Self-Help Housing Scheme on Private Land as well as the Purchase of a House or Apartment scheme. Indeed, great efforts have been made during the last 30 years towards the accommodation of displaced families under acceptable housing conditions and about 75.0000 families have been provided with shelter or assisted to acquire a new house. Today there are 13,500 refugee-households living in housing estates (constructed and maintained by the government) free of charge. Housing of the population who have not

been affected by the enforced division and displacement is mainly provided by the private sector, which offers a variety of residential accommodation, generally affordable to different income groups. Nevertheless, from the early 1980s, the government extended its housing programme to include low and middle income non-refugees families, who also faced serious housing problems because of an increase in the cost of land and construction. In order to support and supplement the private sector, the Government has established in 1982 the Cyprus Land Development Corporation (C.L.D.C.) and the Housing Finance Corporation (H.F.C.). The objectives of the two corporations are respectively to supply building plots or houses at reasonable prices and provide long-term housing loans (with lower interest rates for low-income groups). In 2001, a new scheme to assist low-income households, funded by the Government, has been established and implemented by the Cyprus Land Development Corporation.

TOPICS	ISSUES			
SOCIAL HOUSING SECTOR	Mission	Housing low-income households and refugees	79% Home ownership 18% Private rental 3% Social rental	
	Allocation	Income ceilings, target groups		
	Types of providers	Central government Public company (Cyprus Land Development Corporation) Right of co-operative occupancy (rent and home-ownership): no		
	Financing	Subsidies from Central Government		
	State aid to tenants in social housing	Grants (for access to home ownership) Public loans from the Housing Fund Corporation		
		INDICATORS	DATA	YEARS
	Social housing stock	Total housing stock	293 000	2002
		Social rental stock as% of total housing stock	3%	2005
		Social rental stock as% of rental stock	14%	2005
		Number of social rental dwellings/1000 inhabitants	9	2005
Production of social housing	Social housing as% of new completions	nav		
HOUSING MARKET TRENDS	Availability	Number of dwellings per 1000 inhabitants	415	2000
	Affordability	Housing consumption as share of total household consumption (EUavg=21.2%)	12.9%	2005
		Evolution of the share of households' housing expenditure on total expenditures	+4.3%	1995-2004
	Cost of construction	Evolution of cost of construction	+36.2%	2000-2006
	Evolution in tenure split	Evolution of the share of: - Ownership - Private rental - Public/social rental	nav	
			nav	
nav				
Quality of housing stock	% of dwellings with bath/shower in total dwelling stock	99%	2001	
HOUSING POLICY DEVELOPMENTS	Priorities for housing policies 2007	To assist low-and middle-income households to acquire a house through tax benefits, subsidized prices and low interest loans, and to continue the improvement and refurbishment of the refugee housing estates.		2007
	State involvement	Public housing subsidies expenditures as% of GDP	nav	
Public housing loans expenditures as% of GDP		nav		
SOCIO-DEMOGRAPHIC TRENDS	Population	Population growth	46.9%	1980-2005
		Average number of persons per households (EU-25=2.4)	3	2003
	Unemployment	Unemployment rate	5.3	2005
	Immigration	Net migration of total population	17.2%	2004
	Age structure	% < 15 years old (EU avg=16.4%) % 15-64 years old (EU avg= 67.1%) % > 64 years old (EU avg=16.5%)	20% 68.1% 11.9%	2004



## Overview

Latvia, like the other Eastern European countries, has been undergoing a transition from a centrally planned to a market based housing system, involving privatisation of state-owned dwellings. Privatisation started in 1995 and ended in August 1996: while in 1996 state and municipalities owned 47.8% of the housing stock, by the end of 2005 79% was owned by the private sector. The number of remaining state and municipally-owned houses is small (about 1% of the housing stock in 2005) and cannot meet the demand for social housing, which is increasingly coming from middle income households too. Social housing in Latvia consists in "social houses" and "social apartments" rented by municipalities. Social houses are municipally owned buildings with specially conferred social status, where all apartments are social apartments. A social apartment is an apartment which can be located in any building and to which is conferred the status of social apartment. Local governments can sign an agreement with private owners so that a private dwelling is rented at a social rent

(this is happening in very few cases, currently only in the city of Tukums and Liepaja). Social housing used to be supported only by municipalities, but from 2006 new regulations have been applied and municipalities can receive support from the state covering 30% of construction or renovation expenditures to create new social flats, and thanks to this 3 new social houses have been created in 2006. Social housing, which is targeted to vulnerable and socially disadvantaged groups, defined as families with children, disabled people, or pensioners not under care of a family member. Each municipality independently makes a decision about the establishment of social houses according to its possibilities, the demand for social housing and the number of low-income people in the municipality. Furthermore, in Latvia municipal subsidies for low income category inhabitants are available, as well as for those who are renting apartments in denationalised buildings. The subsidies are mainly paid as direct support to cover rental costs; in other cases the municipality is ensuring the inhabitant with social living space.

TOPICS	ISSUES			
SOCIAL HOUSING SECTOR	Mission	Housing vulnerable and socially disadvantaged people	<p>79% Home ownership 20% Private rental 1% Social rental</p>	
	Allocation	Income ceilings, target groups Direct allocation by municipalities		
	Types of providers	Municipalities and local governments Right of co-operative occupancy (rent and home-ownership): no		
	Financing	Public funding from municipal budget and 30% of construction/renovation costs from State budget		
	State aid to tenants in social housing	Allowances to cover for water, electricity and heating expenditures		
		INDICATORS	DATA	YEARS
SOCIAL HOUSING SECTOR	Social housing stock	Total housing stock	967 000	2004
		Social rental stock as% of total housing stock	1%	2005
		Social rental stock as% of rental stock	4%	2005
		Number of social rental dwellings per 1000 inhabitants	5	2005
Production of social housing	Social housing as% of new completions	0.02%	2000	
HOUSING MARKET TRENDS	Availability	Number of dwellings per 1000 inhabitants	403	2004
	Affordability	Share of households' housing expenditure on total expenditures (EUavg=21.2%)	24%	2004
		Evolution of the share of households' housing expenditure on total expenditures	+17%	1995-2004
	Cost of construction	Evolution of cost of construction	Na	2000-2006
	Evolution of tenure split	Evolution of the share of: - Ownership - Private rental - Public/social rental	+266% nav nav	1990-2005
Quality of housing stock	% of dwellings with bath/shower in total dwelling stock	67.3%	2003	
HOUSING POLICY DEVELOPMENTS	Priorities for housing policies 2007	Energy saving and efficient use (renovation of existing stock, particularly multi-apartment buildings); providing inhabitants with accessible, good, healthy and safe housing; delivery of social housing for the socially vulnerable groups		2007
	State involvement	Public housing subsidies expenditures in% of GDP	nav	
Public housing loans expenditures in% of GDP		nav		
SOCIO-DEMOGRAPHIC TRENDS	Population	Population growth	-8.1%	1980-2005
		Average number of persons per households (EU-25=2.4)	2.5	2004
	Unemployment	Unemployment rate	9%	2005
	Immigration	Net migration of total population	-0.4‰	2004
	Age structure	% < 15 years old (EU avg=16.4%)	15.4%	2004
% 15-64 years old (EU avg= 67.1%)		68.5%		
% > 64 years old (EU avg=16.5%)		16.2%		

# LITHUANIA

## Overview

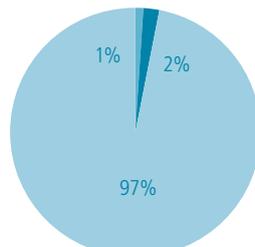
State aid to housing in Lithuania can take the form of either low interest rate loans to buy or build a house or an apartment, or rental municipal apartments at a rent fixed by the state, which represent social housing in the country.

The construction and management of publicly owned housing is entirely financed by public funds. In the past 90% of the cost was financed by the state budget and 10% by the municipality, but now the ratio has changed and the municipal share is becoming bigger. With Lithuania restoring its independence in 1990, economic sector reforms were implemented. The economic development of Lithuania resulted in the restructuring of the housing sector, abolishment of the direct regulation of the housing market, and the privatization of public housing stock. In 2001 the private housing sector accounted for 97% of the total housing stock; only 3% was left as public social housing, which is now let for rent to particularly disadvantaged groups such as orphans, disabled people, retired couples, and families with many children.

The housing rental market almost does not exist. The prices of private rental housing vary depending on location and housing standards, and the prices of municipal social housing are tenfold lower. In particular, young low-income families cannot afford to purchase or rent housing on the market. This leads to restricted mobility and does not encourage market dynamics. Lithuania is facing a shortage of social housing, particularly in the largest cities: in 2005 social housing accounted for only 2.4% of the total housing stock, and there were 13,475 household on the waiting list. The development of the social housing stock using public and local government funds has been established as a priority, and the government aims at achieving a level where the rental housing share would account for 18% of the total housing stock in 2020 (in 2003 it accounted for 10%), including social housing at 4-5%. This stock is being formed by purchasing low demand dwellings on the market and adapting them to social needs, as well as through new construction. 50 million LTL have been allocated for the development of social housing for the year 2007.

### FACT FILE

### LITHUANIA

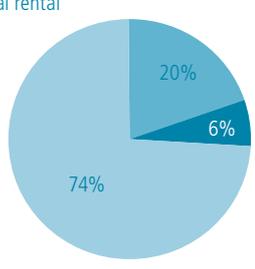
TOPICS	ISSUES			
SOCIAL HOUSING SECTOR	Mission	Housing low income households and vulnerable groups in need		
	Allocation	General waiting list based on income ceilings Specific waiting lists for vulnerable groups Allocation by local authorities		
	Types of providers	Local authorities Right of co-operative occupancy (rent and home-ownership): no		
	Financing	Public funding (mostly municipal budget, state budget)		
	State aid to tenants in social housing	Housing benefits and allowances for energy expenditures		
			97% Home ownership 1% Private rental 2% Social rental 	
		INDICATORS	DATA	YEARS
SOCIAL HOUSING SECTOR	Social housing stock	Total housing stock	1 292 000	2004
		Social rental stock as% of total housing stock	2%	2005
		Social rental stock as% of rental stock	66%	2005
		Number of social rental dwellings per 1000 inhabitants	8	2005
Production of social housing	Social housing as% of new completions	nav	2005	
HOUSING MARKET TRENDS	Availability	Number of dwellings per 1000 inhabitants	375	2000
	Affordability	Housing consumption as share of total household consumption (EUavg=21.2%)	14.1%	2000
		Evolution of the share of households' housing expenditure on total expenditures	-13.5%	1995-2000
	Cost of construction	Evolution of cost of construction	+35%	2000-2006
	Evolution of tenure split	Evolution of the share of: - Ownership - Private rental - Public/social rental	+130% Not relev. -94%	1991-2005
Quality of housing stock	% of dwellings with bath/shower in total dwelling stock	69.6%	2003	
HOUSING POLICY DEVELOPMENTS	Priorities for housing policies 2007	To expand housing choices to all social groups; to increase housing variety to facilitate mobility of the population; to increase social housing supply for low income households		2007
	State involvement	Public housing subsidies expenditures as% of GDP	0.2%	2002
Public housing loans expenditures as% of GDP		0.02%	2002	
SOCIO-DEMOGRAPHIC TRENDS	Population	Population growth	+0.6%	1980-2005
		Average number of persons per households (EU-25=2.4)	2.9	2003
	Unemployment	Unemployment rate	8.2%	2005
	Immigration	Net migration of total population	-1.8‰	2004
	Age structure	% < 15 years old (EU avg=16.4%) % 15-64 years old (EU avg= 67.1%) % > 64 years old (EU avg=16.5%)	17.7% 67.3% 15%	2004

Sources: Ministry of Infrastructure of Italian Republic (2006); Donner (2000); Eurostat (2007); Fribourg (2005); CECODHAS-USH-Dexia Survey (2007)

## Overview

Housing provision “beyond-market” in Malta has been made available in various forms, ranging from the provision of housing land and dwellings at subsidised prices, allocation of apartments at low rent, subsidies on private rental agreements, subsidies on interest rates given on commercial home loans, and grants for improvements to properties in the private sector. The setting up of the Housing Authority in 1976 represented the cornerstone of social housing policies in Malta and brought about schemes aimed at improving the housing condition of very low income groups and promoting home ownership. The Housing Authority is the main implementation agency; the Department of Social Housing of the Ministry for the Family and Social Solidarity manages

some properties belonging to private landlords whose residential properties were requisitioned and rented at a regulated rent regime (dating back from 1939), and also rental dwellings built by the Housing Authority. Housing policy in Malta strongly encourages home ownership, therefore the tendency is to distinguish between affordable housing (generally for sale, most recently shared ownership) for middle income people and social housing (for rent) for the neediest. Rental social housing is represented by Government owned dwellings and constitutes 6% of the total housing stock. Furthermore, the Housing Authority has recently initiated the ‘Shared Ownership scheme’. In the year 2005 a total of 132 units were sold and in the year 2006 a total of 259 units were put on sale under this initiative

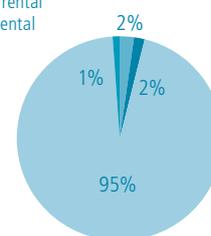
TOPICS	ISSUES			
SOCIAL HOUSING SECTOR	Mission	Housing low-income people and vulnerable groups	<div style="display: flex; align-items: center;"> <div style="flex: 1;"> <p>74% Home ownership 20% Private rental 6% Social rental</p> </div>  </div>	
	Allocation	Income ceilings Waiting lists with priority criteria Allocation by the Department of Social Housing		
	Types of providers	Department of social Housing (rental social housing) Housing Authority (access to home ownership) Right of cooperative occupancy (rent and home-ownership): no		
	Financing	Public funding		
	State aid to tenants in social housing	No		
SOCIAL HOUSING SECTOR	Social housing stock	Total housing stock	127 000	2000
		Social rental stock as% of total housing stock	6%	2005
		Social rental stock as% of rental stock	23%	2005
		Number of social rental dwellings per 1000 inhabitants	22	2005
Production of social housing	Social housing as% of new completions	Nav	2005	
HOUSING MARKET TRENDS	Availability	Number of dwellings per 1000 inhabitants	331	2000
	Affordability	Housing consumption as share of total household consumption (EUavg=21.2%)	8.7%	2005
		Evolution of the share of households' housing expenditure on total expenditures	+4%	2000-2005
	Cost of construction	Evolution of cost of construction	Nav	2000-2006
	Evolution of tenure split	Evolution of the share of: - Ownership - Private rental - Public/social rental	+3% Nav Nav	1995-2002
Quality of housing stock	% of dwellings with bath/shower in total dwelling stock	100%	2000	
HOUSING POLICY DEVELOPMENTS	Priorities for housing policies 2007	Encouraging home ownership; providing decent housing for all; subsidising adaptation and repair of dwellings; providing subsidised rented accommodation for low-income and other target groups; developing affordable housing building programme; stimulating the rental market and the use of vacant housing stock; increasing accessibility of residential premises; providing sheltered housing for target groups; encouraging collaboration between private and non-governmental enterprises in accessing cheaper land for housing and improving the maintenance of the social housing stock.		2007
	State involvement	Public housing subsidies expenditures as% of GDP Public housing loans expenditures as% of GDP	Nav Nav	
SOCIO-DEMOGRAPHIC TRENDS	Population	Population growth	+24.7%	1980-2005
		Average number of persons per households (EU-25=2.4)	3	2004
	Unemployment	Unemployment rate	7.2%	2005
	Immigration	Net migration of total population	+2.5‰	2004
	Age structure	% < 15 years old (EU avg=16.4%) % 15-64 years old (EU avg= 67.1%) % > 64 years old (EU avg=16.5%)	18.2% 68.8% 13%	2004

## Overview

Social housing in Romania is defined, according to the Housing Act of 1994, as a dwelling owned by local authorities and not subject to sale, which is offered for subsidized rent to people meeting certain criteria. Local authorities must give priority to certain groups, which include married couples where both partners are under 35, young people living on social care, disabled people, pensioners, veterans, and war widows. Overall priority is given to tenants of restituted houses. The rent for social flats can be up to 10% of the household income, whereas the difference is to be covered from the local budget. The central government partly finances social housing construction through transfers to local authorities from the national budget. According to the 2002 Census, there were 14,3973 social dwellings at the time. Limited local resources and low rent levels that do not even cover maintenance costs are major obstacles to the renewal of social housing units. Another player is the National Housing Agency, established in 1998 to implement the government programme for housing. Its activity in the social housing sector is limited to a programme targeting young families, the Rental Housing for Youth programme. The voluntary sector is also involved in social housing provision, but its activities in this field have been limited to providing small scale emergency housing solutions for the homeless. There is a discrepancy between housing demand and supply in the Romanian housing market: the high demand for individual affordable houses is not met on the housing market, which shows a significant supply of expensive individual houses and of affordable flats in existing multi-

apartment buildings. Furthermore, the physical conditions of most multi-apartment buildings are quite poor, due to insufficient maintenance over the years and lack of investment in rehabilitation. In 2001 it was estimated that about 80% of the dwellings would come to the end of their life within 20 years, unless serious measures were taken with regard to renewal and maintenance (UNECE, 2001). One major demographic factor which could have an impact on the housing sector within the forthcoming years is the ageing of the population: in 2002 the ageing index<sup>33</sup> for Romania was 110. This process is accelerated by the considerable emigration, mostly of young and active people: of those who emigrated from the country between 1990 and 2002, 73% were under 40 and 41% even under 25 (ECORYS, 2005). After the privatization process, which brought almost the entire housing stock (95%) into people's ownership, social housing is seen as a welfare instrument for relieving the social pressure of the poorest groups, and public authorities have withdrawn from their role in ensuring housing policies. Nevertheless, housing was officially declared a national priority in 2002. The Housing Strategy elaborated in 2004 by the Ministry of Transportation, Construction and Tourism aims at building new residential areas by encouraging the development of dwellings for private ownership and for rent dwellings (including social housing and houses for young people), and at rehabilitating the existing stock. The strategy also seeks to improve the institutional and regulatory framework of the housing sector.

TOPICS	ISSUES				
SOCIAL HOUSING SECTOR	Mission	Housing vulnerable target groups	95% Home ownership 2% Private rental 2% Social rental 1% Other		
	Allocation criteria	Priority to target groups			
	Types of providers	Municipalities Voluntary associations (limited) Right of co-operative occupancy (rent and home-ownership): in the tenures split chart, co-operative dwellings (limited) are included in "home-ownership"			
	Financing	Subsidisation of loans interest by the National Housing Agency			
	State aid to tenants in social housing	Personal housing allowances			
		INDICATORS	DATA	YEARS	
SOCIAL HOUSING SECTOR	Social housing stock	Total housing stock	8 107 000	2005	
		Social rental stock as% of total housing stock	2%	2005	
		Social rental stock as% of rental stock	58%	2005	
		Number of social rental dwellings per 100 inhabitants	8	2005	
Production of social housing	Social housing in% of new completions	Na		2005	
HOUSING MARKET TRENDS	Housing market evolution	Evolution of the share of: - Ownership - Private rental - Public/social rental	Nav		1991-2004
	Affordability	Housing consumption as share of total household consumption (EUavg=21.2%)	14,7%		2004
		Evolution of the share of households' housing expenditure on total expenditures	+1.2		2001-2004
	Cost of construction	Evolution of cost of construction	Nav		2004-2006
HOUSING POLICY DEVELOPMENTS	Priorities for housing policies 2007	To develop a programme for housing construction and for the rehabilitation of the existing stock, and to develop a new social rental sector			2007
	State involvement	Public housing subsidies expenditures as% of GDP	Nav		2004
SOCIO-DEMOGRAPHIC TRENDS	Population	Population growth	-2.45%		1980-2005
		Average number of persons per households (EU-25=2.4)	2.9		2002
	Unemployment	Unemployment rate	7.2%		2005
	Immigration	Net migration of total population	-0.47%		2004
	Age structure	% < 15 years old (EU avg=16.4%) % 15-64 years old (EU avg= 67.1%) % > 64 years old (EU avg=16.5%)	16.4% 69.2% 14.4%		



33) The ageing index is the number of people over 60 years as a percentage of the number of people below 14 years.

# SLOVAK REPUBLIC

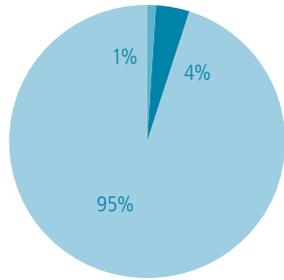
## Overview

In the Slovak Republic, two types of housing can be considered as social housing: on the one hand, part of the existing stock owned by municipalities, earmarked for social needs and occupied according to defined criteria; on the other hand, new social flats built using a state subsidy, under the ownership of municipalities or not-for-profit organisations.

Concerning the low share of the rental housing within the public rental sector, the State has created a support system allowing the municipalities and not-for-profit organizations to acquire favourable loans (70%) along with subsidies (30%). These measures have given rise to an increased number in the completed flats within that segment. The flats completed with the help of State

grants may only be rented out to a specified income group and may not exceed the set floor area limits under the Housing Development Decree of the Ministry of Construction and Regional Development of the Slovak Republic. The State Housing Development Fund offers favourable loans both for natural and legal persons for the purposes of extending and reconditioning the housing stock.

The State support tools are increasingly going to be aimed at development of public rental sector, and state aid will be oriented to population groups dependent on social benefits, for which social housing is designed. The renewal of town neighbourhoods along with the technical condition of residential buildings is also a priority.

TOPICS	ISSUES				
SOCIAL HOUSING SECTOR	Mission	Housing low-income people, particularly those depending on social benefits	95% Home ownership 1% Private rental 4% Social rental 		
	Allocation criteria	Waiting lists based on income ceilings and priority criteria Direct allocation by municipalities			
	Types of providers	Municipalities Right of co-operative occupancy (rent and home-ownership): in the tenures split chart, co-operative dwellings are included in "home-ownership"			
	Financing	Subsidies and loans guarantees from National Housing Development Fund			
	State aid to tenants in social housing	Housing benefits			
			INDICATORS	DATA	YEARS
	SOCIAL HOUSING SECTOR	Social housing stock	Total housing stock	1 711 000	2004
			Social rental stock as% of total housing stock	4%	2005
			Social rental stock as% of rental stock	80%	2005
			Number of social rental dwellings per 100 inhabitants	14	2005
Production of social housing	Social housing as% of new completions	13.7%	2005		
HOUSING MARKET TRENDS	Availability	Number of dwellings per 1000 inhabitants	318	2004	
	Affordability	Housing consumption as share of total household consumption (EUavg=21.2%)	22.9%	2005	
		Evolution of the share of households' housing expenditure on total expenditures	+22%	1995-2005	
	Cost of construction	Evolution of cost of construction	+37%	2000-2006	
	Evolution of tenure split	Evolution of the share of: - Ownership - Private rental - Public/social rental	+73% nav nav	1990-2005	
Quality of housing stock	% of dwellings with bath/shower in total dwelling stock	92.8%	2001		
HOUSING POLICY DEVELOPMENTS	Priorities for housing policies 2007	Reconstruction and renewal of prefabricated multi-apartment buildings (37% of housing stock), development of social rental housing by local authorities, development of access of home-ownership.		2007	
	State involvement	Public housing subsidies expenditures as% of GDP	0.36%	2004	
		Public housing loans expenditures as% of GDP	0.20%	2004	
SOCIO-DEMOGRAPHIC TRENDS	Population	Population growth	8.5%	1980-2005	
		Average number of persons per households (EU-25=2.4)	3.1	2003	
	Unemployment	Unemployment rate	16.4%	2005	
	Immigration	Net migration of total population	+0.5‰	2004	
	Age structure	% < 15 years old (EU avg=16.4%) % 15-64 years old (EU avg= 67.1%) % > 64 years old (EU avg=16.5%)	17.6% 70.8% 11.6%	2004	

# SLOVENIA

## Overview

In Slovenia, at different periods in time, there have been different arrangements that could be referred to as 'social housing'. Prior to 1991, in the context of the former socialist system in this country, 'social housing' was owned by bodies in social ownership (enterprises, municipalities) and rented out to employees and to people in need. In 1991, these units were mostly privatised i.e. sold to sitting tenants or to other private legal persons, or returned to original pre 1945 owners. For those tenants who remained in such units, the legal arrangements have changed; the level of protection was lowered and rents increased manifold. In 1991, Housing Act established the creation of the National Housing Fund as well as two new arrangements: social housing for newly built units, owned and allocated by municipalities, to tightly targeted low income groups, and not-for-profit housing, owned and allocated by not-for-profit private organisations and municipalities to the people with medium incomes. In 2003 a new Housing Act was passed, which merged the two systems into a single one defined as 'not-for-profit housing'. Nevertheless,

different tenants still have different arrangements, according to whether they are registered in "list A" or "list B". Currently social housing providers are municipalities as well as 60 registered not-for-profit organisations. The Housing Fund of the Republic of Slovenia is a public financial and real estate fund established to finance and implement the National Housing Programme, and to stimulate housing construction, renovation and maintenance of housing and residential buildings. Municipalities must finance the provision of social-rented dwellings for people with the lowest income from municipal budget. In the case of not-for-profit organisations, municipalities must contribute 40% of the construction cost, and obtain the remaining 60% of funds from the National Housing Fund in the form of favourable loans. Currently Slovenia is facing a shortage of not-for-profit housing units in the main cities, and in particular of housing for groups with special needs, including persons with disabilities and those with mental health problems. In 2004, there was a shortage of 8,500 'not-for-profit' housing units (Dimitrovska-Andrews 2006).

TOPICS	ISSUES			
SOCIAL HOUSING SECTOR	Mission	Housing low and middle income people	<p>93% Home ownership 3% Private rental 4% Social rental</p>	
	Allocation	Income ceilings and priority criteria		
	Types of providers	Municipalities Not-for-profit organisations Right of cooperative occupancy (rent and home-ownership): no		
	Financing	Subsidisation of loans' interests and public loans guarantee from the Housing Fund		
	State aid to tenants in social housing	Housing benefits		
		INDICATORS	DATA	YEARS
SOCIAL HOUSING SECTOR	Social housing stock	Total housing stock	798 000	2004
		Social rental stock as% of total housing stock	4%	2005
		Social rental stock as% of rental stock	57%	2005
		Number of social rental dwellings per 1000 inhabitants	14	2005
Production of social housing	Social housing as% of new completions	Nav		
HOUSING MARKET TRENDS	Availability	Number of dwellings per 1000 inhabitants	408	2004
	Affordability	Housing consumption as share of total household consumption (EUavg=21.2%)	19.3%	2004
		Evolution of the share of households' housing expenditure on total expenditures	+2.7%	1995-2004
	Cost of construction	Evolution of cost of construction	+46%	2000-2006
	Evolution of tenure split	Evolution of the share of: - Ownership - Private rental - Public/social rental	+37% Nav Nav	1990-2005
Quality of housing stock	% of dwellings with bath/shower in total dwelling stock	92.3%	2004	
HOUSING POLICY DEVELOPMENTS	Priorities for housing policies 2007	The National Housing Programme for the period 2000-2009 aims to enable the construction of 10,000 new dwellings annually and to meet all housing needs in the country, including social housing needs. The National Action Plan on Social Inclusion (2004) promotes the provision of not-for-profit rental dwellings and aims at improving rent policy and rent subsidies.		2007
	State involvement	Public housing subsidies expenditures as% of GDP	0.05%	2004
Public housing loans expenditures as% of GDP		0.05%	2004	
SOCIO-DEMOGRAPHIC TRENDS	Population	Population growth	+5.5%	1980-2005
		Average number of persons per households (EU-25=2.4)	2.6	2003
	Unemployment	Unemployment rate	5.8%	2005
	Immigration	Net migration of total population	+1‰	2004
	Age structure	% < 15 years old (EU avg=16.4%) % 15-64 years old (EU avg= 67.1%) % > 64 years old (EU avg=16.5%)	14.6% 70.4% 15.1%	2004

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## SOURCES FOR COUNTRY FACT FILES

SOCIAL HOUSING SECTOR	Mission		CECODHAS-USH-Dexia Survey (2007)
	Allocation		
	Types of providers		
	Financing		
	State aid to tenants in social housing		
	Tenure split chart		
	Social housing stock	All indicators*	All data from CECODHAS-USH-Dexia Survey (2007).  *More specifically, "Total housing stock": for the 19 countries where CECODHAS has members, data from CECODHAS Observatory (2006). The social housing sector in the EU: Report on the 2005 census of CECODHAS member organisations (July 2006). For the remaining 8 countries, sources are Ministry of Infrastructure of the Italian Republic (2006), and CECODHAS-USH-Dexia Survey (2007).
	Production of social housing		CECODHAS-USH-Dexia Survey (2007)
HOUSING MARKET TRENDS	Housing market evolution	Evolution of the share of : - Ownership - Private rental - Public/social rental	Ministry of Infrastructure of the Italian Republic (2006), Fribourg (2005), Donner (2000)
	Affordability	Share of households' housing expenditure on total expenditures (EUavg=21.2%)	Ministry of Infrastructure of the Italian Republic (2006); Romania: www.insse.ro (National Statistic Institute of Romania) (2007) Bulgaria: Fribourg (2005)
		Evolution of the share of households' housing expenditure on total expenditures	
	Cost of construction	Evolution of cost of construction	Eurostat (2007)
	Quality of housing stock	Number of dwellings per 1000 inhabitants	Ministry of Infrastructure of the Italian Republic (2006)
% of dwellings with bath/shower in total dwelling stock		Romania and Bulgaria: Ecorys (2005)	
HOUSING POLICY DEVELOPMENTS	Priorities for housing policies 2007		CECODHAS-USH-Dexia Survey (2007)
	State involvement	Public housing subsidies expenditures in% of GDP	Ministry of Infrastructure of the Italian Republic (2006)
Public housing loans expenditures in% of GDP			
SOCIO-DEMOGRAPHIC TRENDS	Population	Population growth	Ministry of Infrastructure of the Italian Republic (2006). For Romania: Eurostat (2007) and National Statistic Institute of Romania (2007) For Bulgaria: National Statistical Institute of Bulgaria (2007)
		Average number of persons per households (EU-25=2.4)	Ministry of Infrastructure of the Italian Republic (2006). For Romania: PRC Bouwcentrum International (2005)
	Unemployment	Unemployment rate	
	Immigration	Net migration of total population	Ministry of Infrastructure of the Italian Republic (2006) For Romania: Eurostat (2007)
	Age structure	% < 15 years old (EU avg=16.4%) % 15-64 years old (EU avg= 67.1%) % > 64 years old (EU avg=16.5%)	

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## AUSTRIA

Österreichischer Verband gemeinnütziger Bauvereinigungen  
– Revisionsverband (GBV) [www.gbv.at](http://www.gbv.at)

## BELGIUM

Vlaamse Maatschappij voor Sociaal Wonen (VMSW)  
[www.vmsw.be](http://www.vmsw.be)  
Société de Logement de la Région de Bruxelles-Capitale (SLRB)  
[www.slrbrb.irisnet.be](http://www.slrbrb.irisnet.be)  
Fédération des sociétés coopératives de logement à Bruxelles  
(Fesocolab)  
Société Wallonne du Logement (SWL) [www.swl.be](http://www.swl.be)  
Fonds du Logement Wallon [www.flw.be](http://www.flw.be)

## CZECH REPUBLIC

Union of Czech and Moravian Co-operative Housing (SCMBD)  
[www.scmdbd.cz](http://www.scmdbd.cz)

## DENMARK

Boligselskabernes Landsforening (BL) [www.bl.dk](http://www.bl.dk)

## ESTONIA

Estonian Union of Cooperative Housing Associations (EKYL)  
[www.ekyl.ee](http://www.ekyl.ee)

## FINLAND

VVO – Yhtymä OY [www.vvo.fi](http://www.vvo.fi)  
YH-Suomi Ltd [www.yh.fi](http://www.yh.fi)  
Kunta-asunnot Oy

## FRANCE

ADOMA [www.adoma.fr](http://www.adoma.fr)  
Union Sociale pour l'Habitat [www.union-habitat.org](http://www.union-habitat.org)  
Les Entreprises Sociales pour l'Habitat (ESH) [www.esh-fr.org](http://www.esh-fr.org)  
Les Offices de l'Habitat [www.offices-hlm.org](http://www.offices-hlm.org)  
Federation Nationale des Associations Régionales d'Organismes  
d'HLM (FNARHLM) [www.union-habitat.org/fnar](http://www.union-habitat.org/fnar)  
Chambre Syndicale des Sociétés de Crédit Immobilier de France  
(SACI)  
Federation Nationale des Sociétés Coopératives d'HLM (FN-  
COOPHLM) [www.union-habitat.org/coop](http://www.union-habitat.org/coop)

## GERMANY

GdW Bundesverband deutscher Wohnungs- und Immobilienun-  
ternehmen (GdW), [www.gdw.de](http://www.gdw.de)

## GREECE

Workers Housing Organisation (OEK) [www.oek.gr](http://www.oek.gr)

## HUNGARY

Hungarian association of Housing Cooperatives (LOSZ)

## IRELAND

Irish Council for Social Housing (ICSH) [www.icsh.ie](http://www.icsh.ie)  
National Association of Building Co-operatives (NABCO)  
[www.nabco.ie](http://www.nabco.ie)

## ITALY

ANCAB [www.ancab.it](http://www.ancab.it)  
FEDERABITAZIONE [www.federabitazione.confcooperative.it](http://www.federabitazione.confcooperative.it)  
FEDERCASA [www.federcasa.it](http://www.federcasa.it)

## LUXEMBOURG

Fonds pour le Logement à Coût Modéré (FLCM) [www.fondsdulogement.lu](http://www.fondsdulogement.lu)  
Société Nationale des Habitations à Bon Marché (SNHBM) [www.snhbm.lu](http://www.snhbm.lu)

## THE NETHERLANDS

AEDES [www.aedes.nl](http://www.aedes.nl)

## POLAND

Związek Rewizyjny Spółdzielni Mieszkaniowych (ZRSM)  
TBS [www.izbatbs.pl](http://www.izbatbs.pl)

## PORTUGAL

CECODHAS Portugal

## SPAIN

Association Española de Promotores Públicos de Vivienda y Suelo  
(AVS) [www.a-v-s.org](http://www.a-v-s.org)  
Confederacion de Cooperativas de Viviendas de Espana (CON-  
COVI) [www.cepes.es](http://www.cepes.es)

## SWEDEN

The Swedish Association of Municipal housing companies (SABO)  
[www.sabo.se](http://www.sabo.se)  
HSB [www.hsb.se](http://www.hsb.se)  
RIKSBYGGGEN [www.riksbyggen.se](http://www.riksbyggen.se)

## UNITED KINGDOM

National Housing Federation (NHF) [www.housing.org.uk](http://www.housing.org.uk)  
Scottish Federation of Housing Associations (SFHA)  
[www.sfha.co.uk](http://www.sfha.co.uk)  
Northern Ireland Housing Executive (NIHE) [www.nihe.gov.uk](http://www.nihe.gov.uk)  
Northern Ireland Federation of Housing Associations (NIFHA)  
[www.nifha.org](http://www.nifha.org)  
Building and Social Housing Foundation (BSHF), Research Insti-  
tute [www.bshf.org](http://www.bshf.org)  
Welsh Federation of Housing Associations (WFHA)  
[www.welshhousing.org.uk](http://www.welshhousing.org.uk)

# GLOSSARY

## Affordable housing

Generally defined as housing that is available for purchase or rent at a market value affordable for the majority of the population (Norris et al 2004). In particular, the term is used to describe housing provided at sub-market prices to households on low incomes (Oxley 2004).

## Co-operative Housing

A co-operative dwelling can be defined as a dwelling for rent or for ownership where the resident is entitled to live after buying a share of the co-operative. According to Norris et al (2004), the occupants of the housing are members of the co-operative and therefore also have responsibility for managing the housing. It may be owned or rented by the members. In the case of co-operative rented housing, the dwellings are owned by the co-operative or members collectively and are usually let for a non-profit or subsidised rent. In the case of co-operative ownership housing, occupants own a proportion of the equity in their dwellings but usually are not able to purchase the entire equity.

## Dwelling

Dwellings are buildings that are used entirely or primarily as residences, including any associated structures, such as garages, and all permanent fixtures customarily installed in residences; movable structures, such as caravans, used as principal residences of households are included. (Eurostat)

A dwelling is a room or suite of rooms and its accessories in a permanent building or structurally separate part thereof which has been built, rebuilt, converted, etc., and is intended for private habitation. It should have a separate access to a street (direct or via a garden or grounds) or to a common space within the building (staircase, passage, gallery, etc.). Detached rooms for habitation that are clearly built, rebuilt, converted, etc., to be used as a part of the dwelling should be considered as a part thereof. (A dwelling may thus be constituted of separate buildings within the same enclosure, provided they are clearly intended for habitation by the same private household, e.g. a room or rooms above a detached garage, occupied by servants or other members of the household.) (UNECE)

## Dwelling stock

The dwelling stock includes only conventional (permanent) dwellings, whether occupied or not. The simple term "dwelling" is generally used instead of "conventional dwelling". The dwelling stock does not include rustic (semi-permanent) and improvised housing units (e.g. huts, cabins, shanties), mobile housing units (e.g. trailers, caravans, tents, wagons, boats) and housing units not intended for human habitation but in use for the purpose (e.g. stables, barns, mills, garages, warehouses). Increases in the dwelling stock consist of increases in the number of dwellings due to new construction and increases due to other types of building activity (restoration, extension, conversion). In principle, increases in the number of dwellings without building activity (conversion of one dwelling into two or more dwellings, or of space used for non-residential purposes into one or more dwellings without building activity) are also taken into account, but increases due to these factors are likely to be of little quantitative importance. New construction: The erection of an entirely new structure, whether or not the site on which it is built was previously occupied. (UNECE)

## Local Authorities

All sub-regional government structures including city, county, borough and town councils and municipalities. (Norris et al 2004)

## Household

A household is a small group of persons who share the same living accommodation, who pool some, or all, of their income and wealth and who consume certain types of goods and services collectively, mainly housing and food. Collective households such as boarding houses, halls

of residence and hospitals and the persons living in them are excluded. (Eurostat)

Group of persons residing in one dwelling unit and using shared facilities. (Norris et al 2004)

## Housing Association

A non-governmental organisation that owns, provides and constructs social housing and/or dwellings for purchase, usually below market prices. (Norris et al 2004)

## Housing Stock

Total supply of housing in physical terms. (Norris et al 2004)

## Housing Tenure

Tenure refers to the arrangements under which the household occupies all or part of a housing unit (OECD, 2001). Types of tenure include ownership by a member of the household, rental of all or part of the housing unit by a member of the household, or other types such as cooperative sector.

## Key workers (housing for):

Key worker housing refers to accommodation for public sector or service employees unable to afford to buy or rent housing locally on the open market.

## Primary residence:

(Also: main residence / principal home domicile): If a person owns more than one property, this is the one in which they spend most time.

## Second home:

A seasonally occupied dwelling that is not the primary residence of the owner.

## Owner-Occupied Housing

Housing owned by the occupiers. The housing may be owned outright or through a mortgage loan, but the owners have the opportunity to purchase the full equity. (Norris et al 2004)

## Private Rented Housing

Housing owned by a private individual or agency and rented to the occupiers for profit, generally at market rates. (Norris et al 2004)

## Public Housing

Social Housing provided by a government agency, usually a local authority. (Norris et al 2004)

## Residualisation

Process through which social housing has become increasingly marginalised and specialised in function through shrinkage of its total housing market share and thus by the increasing tenure-segmentation which leads to an over-representation of disadvantaged households in this type of housing.

## Shared ownership (also Part Ownership)

Scheme to facilitate home ownership through the partial purchase of dwelling from the State or a housing association. Occupiers are usually given an option to purchase the dwelling fully at a later date. (Norris et al 2004)

## Social Housing

Housing for households whose needs are not met by the open market and where there are rules for allocating housing to benefiting households (CECODHAS, November 2006)

## Vacant dwelling

Housing that is permanently or temporarily unoccupied. (Norris et al 2004)





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