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## Housing Policies in the EU



## IMPRINT

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## Housing Policies in the EU

The project within the research programme “Experimental Housing and Urban Development (ExWoSt)” was carried out by the Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR) on behalf of the Federal Ministry for Housing, Urban Development and Building (BMWSB).





Picture: Schafgans DGPh

## Dear Readers,

Housing policy is a key field of action for all EU member states. It is a policy area of great significance for the quality of life of all citizens and is at the same time confronted with many present-day challenges: Climate change and energy efficiency, urbanisation and immigration, as well as demographic change and associated changes in housing requirements involve a wide range of tasks for the housing policies of the European members. This study has examined and analysed these challenges and the diverse responses of the individual national policies within the framework of the German EU Council Presidency 2020. The researchers involved national experts from all EU member states for this purpose.

The results of the research give a systematic overview of housing supply and housing policy structures in the member states of the European Union. The principal result is the versatility of the different housing supply systems, which range from diversified systems with a well-balanced relationship between owner-occupied and rented property markets through to owner-dominated markets in many states. The structure of the respective national housing policy is defined by the historical developmental path, present socio-political tasks, national structures on the housing market and the statutory framework conditions. The results illustrate that solutions for the respective housing policy related challenges need to be developed in the member states.

However, the project results enable a “learning from abroad” approach, as they allow the classification of steering concepts. Hence, the research results are a good basis for international discussion and exchange at a political, administrative and scientific level.

I hope you will find this interesting.

A handwritten signature in black ink that reads "Markus Eltges". The signature is written in a cursive, flowing style.

**Dr. Markus Eltges**

Director of the Federal Institute for Research on Building,  
Urban Affairs and Spatial Development (BBSR)



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## Summary

Housing policy in a narrow sense focuses on the quantitative and qualitative provision of housing services. It is particularly concerned with **availability, accessibility and affordability of housing for different social groups**. Despite these fundamental goals, housing policies differ considerably in the 28 EU member states. The manifestation in each country is both the result of an individual historical evolutionary path, demand-sided characteristics and national regulatory and funding-policy measures.

Against the background of national housing stocks and changing housing needs, individual national housing policy profiles have developed over time. But there is a lack of research dealing specifically with present housing policies in Europe in a comparative perspective. This research project conducted for the BBSR and BMI aims at providing a comprehensive overview of the different programmatic approaches and characteristics of national housing policies.

**The overall approach can be broken down in two separate tasks:** First, to give a comprehensive overview on housing policy issues in all member states of the EU, second, to provide deeper insights into specific issues of housing policies.

These tasks refer to a two-step qualitative survey addressed at academic country-specific experts and is supplemented by further information by the national Housing Focal Points. The first step questionnaire included closed questions e. g. regarding the existence of policies and specific regulations as well as open questions e. g. to describe the functions of instruments. It was supplemented with an analysis of secondary statistical data on housing markets to flank the responses of country experts. The second step involved in-depth studies on selected issues based on case study interviews. Final results of the project were

presented during a European online conference on housing policy on 6 November 2020 under the German Council Presidency. Based on the results of the survey, the supplementary comprehensive country reports<sup>1</sup> were compiled and reviewed in line with the finalisation of the study report.

The situation **regarding governance structures in housing policy** has been found to be very diverse. This applies both to the horizontal distribution of competencies between different national units (ministries, agencies, specialised authorities, etc.) and the vertical distribution of competencies across the individual administrative levels. No striking connections have been found between the type of distribution of competencies and the type of housing policy practised. The willingness to reform also varies greatly.

A key result of the comparative study was the **distinction between different housing provision systems**, according to which four main groups can be distinguished, considering the structure of the housing stock, housing providers, tenure proportions and the social scope of tenures.

In the first group, pronouncedly diversified systems with a relatively balanced quantitative ratio between rental tenures and owner-occupation can be identified. The rental housing sector in the countries of this group is mainly characterised by the existence of institutional providers in the market-oriented rental housing sector. However, the composition of subsidised, public, non-profit/cooperative and market-based rental housing sectors within this group remains heterogeneous, as are the relationships between tenures of in terms

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<sup>1</sup> The country reports can be downloaded from the BBSR project page [www.bbsr.bund.de/housing-policies-eu](http://www.bbsr.bund.de/housing-policies-eu).



of accessibility to owner-occupied housing and target group diversification within the rental housing sub-markets.

The second group represents mainly two-tier systems with at least a 2/3 proportion of owner-occupied housing, and a rental housing market based mainly on small private letting. In terms of accessibility and competition between tenures, a more hierarchical relationship between rental housing, and owner-occupied housing can be noted. Subsidised housing, if available, is of secondary importance in quantitative terms.

The third group represents member states with predominant importance of owner-occupied housing. The quantitative imbalance corresponds to an even stronger hierarchy between owner-occupation and rent in terms of stability and quality compared to the previous groups, resulting also in a distinct marginalisation of public or social rental housing, if available.

This hierarchy turned out to be even stronger in the fourth group, the owner-occupation-dominated countries, typically characterised by privatisation experiences in the course of the post-communist transformation. A formally marginal supply of rental housing (both private and public) is typical of this group, although this is supplemented by various forms of informal letting activity.

With regard to national housing policies, the results reveal that **typical policy instruments** such as housing allowances, subsidies for homeowners and homebuyers, subsidised housing and rent regulation apply in most EU member states. However, subject-oriented instruments (housing allowances and subsidies for homeowners and homebuyers) and object-oriented instruments (subsidised housing) are more common among all EU member states, while rent regulation is mainly used in Western EU member states. Furthermore, among subject-oriented instruments, significantly more subsidies for homeowners

and homebuyers are in place, indicating a certain emphasis in favour of home-ownership promotion. Although it was only partly possible to gather information on the scope – measured by the number of households/dwellings supported – and the intensity of the instruments – measured by public expenditure, the available information shows that the scope and intensity of the subsidy instruments used varies considerably across the EU member states, as does the importance of housing allowances.

Despite heterogeneous housing markets and housing policy instruments, there are also some similarities with regard to **the main factors influencing housing policy decisions** over the last ten years. For example, energy efficiency issues have to some extent shaped housing policy in almost all member states. The continuing trend towards urbanisation also plays a prominent role. Other common drivers are immigration and demographic changes and the resulting need for housing for the elderly and smaller units. By far the most widespread problems of housing supply across all member states are price and rent increases in urban areas and the associated financing problems and lack of social or subsidised housing. Furthermore, in some member states with a strong tradition of owner-occupied housing, there is also a lack of regulation of the rental housing market. Another increasingly widespread problem seems to be energy poverty. Finally, some member states highlight a lack of shelters provided for the homeless.

While the original objective was to divide housing policies in the EU into overarching, distinct meta-groups and to identify group representatives for the in-depth survey on this basis, the cross-evaluation revealed only a low degree of congruence between structural determinants of housing systems and housing policies in the EU member states. Instead of researching type representatives, **the in-depth survey was therefore conducted in case studies.**

With regard to the **effects of the financial crisis**, three impact mechanisms were being identified on the basis of the case studies of Denmark, Greece, Hungary and Sweden. First, the tightening of lending rules reduced accessibility to homeownership, second, the impact of the immigration-related increase in demand for housing, together with the low interest rate policy in the aftermath of the financial and euro crisis, which affected house prices – positively and negatively – in the target countries; and third, capacity bottlenecks as a result of more restrictive corporate financing for the medium-sized construction industry, which made it more difficult for the construction sector in the concerned member states to recover.

Concerning the impact, a distinction needs to be made between countries in which the interdependencies between the housing market, the financial sector and the general economic development contributed to a clearly pronounced recession and others, where the linkage between these issues was less evident. Typical characteristics of countries that were severely affected by the financial crisis were demand-side problems in the housing market, especially in the area of new construction demand by private households, negative house price dynamics and household-related liquidity problems, which have contributed to destabilising the financial sector. This contrasts with countries that hardly felt any recessionary effects. In these countries, shortage problems in the housing market were the main problem. In particular, the interplay of immigration, expansionary monetary policy and supply shortages had a significant impact on the affordability of owner-occupied housing in some member states in the decade following the financial crisis. It has also become apparent that the vulnerability of individual countries is not a systematic matter of national financing cultures. First-time buyers in countries with traditionally equity-based financing cultures or those with high homeownership rates were also affected by these affordability

problems, as rental housing markets did not provide sufficient housing alternatives for starter households.

When analysing the **competitive conditions between owner-occupied and rental housing**, the case studies of Bulgaria, Croatia, Ireland, and Italy show that the main drivers are trends in housing demand. First, migration and aging are likely to be long-term structural trends. Diverging trends in population development between peripheral and central regions can be identified both within and between the member states. Declining fertility rates and an increase in the elderly population are an issue in all member states, albeit to different degrees and with regional differences. From these demand side trends, some basic common patterns emerge in terms of land use patterns: Member states with ongoing urbanisation trends, high labour mobility, and positive net immigration face increasing demand for rental housing, which is likely to contribute to a further increase in the importance of the rental sector at the expense of owner-occupied housing. Particularly strong changes, relatively speaking, can be seen in some member states with originally rather low importance of renting for housing supply. In this sense, a certain extent of convergence of tenures in the EU can be witnessed, although this trend cannot be generalised across the EU.

In regard to the question of the **EU's influence on housing policy**, the case studies of Estonia, France, the Netherlands and Poland show that EU impact on national policies is generally considered to be rather low. Depending on the existing housing stock, the general national orientation of housing policy and ongoing national reforms, the EU can provide incentives in various areas. While EU regulations regarding state aid plays an important role in at least one case study country (the Netherlands), it does not appear to have much effect in other countries. The same is true for EU regulations

on energy efficiency, which are more consequential in countries with a large share of non-renovated housing stock. Anti-discrimination legislation is generally considered to have a low impact, but may be important in the context of barrier-free construction and renovation. EU financing and investment programmes play a minor role regarding the overall volume of national housing finance, but EU programmes can have an important leverage effect on the financing of individual projects. As there are considerable differences in the overall impact of the EU on national housing policy in the four case study countries, it can be assumed that this also applies to the EU member states in general. Thus, the relevance of EU regulations is highly dependent on the existing national housing stock and national housing policy.

# 1

# Introduction

## 1.1 Scope and background of this report

Housing policy is a central field of action for almost all member states of the European Union. The form it takes in each country is the product of an individual historical evolutionary path, local market structures, and regulatory framework and funding-policy measures. To assist Germany's presidency of the Council of the European Union in the second half of 2020, this report aims at providing a comprehensive overview on the different programmatic approaches and characteristics of national housing policies in the EU member states, offering an overview of the interaction of markets, regulatory environment and policy instruments in each national context.

In order to facilitate learning from international experience and improve information exchange on national policy options, an informal framework for meetings of the EU members' housing ministers and their key administration staff (Housing Focal Points) was established. This framework includes the provision of national statistical data and focused information on specific housing-related issues. A successful international exchange requires mutual understanding of the working principles of given policy instruments, regardless of whether these are specific to a particular nation or involve EU directives transposed into national law. This understanding must be based on sound knowledge of both the constitutive structure and the objectives of national housing policies and their further development.

Despite their common fundamental goals, housing policies differ considerably in the EU member states. Against the background of national housing stocks and changing housing needs, individual national housing policy profiles have developed over time. However, from a comparative perspective, there is a lack of research dealing specifically with present housing policies in Europe.

For this purpose, the project was commissioned by the Federal Ministry of the Interior, Building and Community (BMI) and the Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR) and conducted by a project team from the Institute for Housing and Environment (IWU) and the Technical University Darmstadt (TU Darmstadt). The project started in January 2018. The results of the project primarily refer to the state of knowledge up to and including 2018. Since 2020, the United Kingdom has no longer been a member of the EU. In order to comply with the original study design, we decided to retain the UK in the report. Thus, all results refer both to the EU-27 and the UK. Unless otherwise indicated, in this report the "European Union" or "EU member states" refers to all EU-28-member states, including the UK.

## 1.2 Objective of the study and research questions

This report provides a comprehensive and systematic overview of housing structures in terms of provision structures, housing policy goals, problems and challenges, steering approaches and actors. This includes the current status of housing policies in all EU member states as well as recent changes in challenges and responses. The overview is used to identify structural similarities among the housing systems and policies in the EU member states. Against the background of cross-border developments influenced by economic interdependencies and supranational policies the relevance of European activities for national housing policies will also be examined.

The research project was guided by the following research questions:

- What kinds of responsibility for housing policy exist in the EU member states across and at different levels of government? Which actors are relevant for policy formulation and implementation?
- Which subsegments, target groups and provider structures shape the housing markets and policies of the EU member states?
- What does the provision of housing look like in the EU member states and what kind of (common) problems can be observed?
- What are the guiding principles of housing policy in the EU member states?
- What policy instruments exist in EU member states and what is their (relative) importance for provision of housing?

- What reform approaches and trends in the choice of instruments are evident in EU member states?
- What role does the EU play in the housing systems and policies of its member states?
- Are housing policies and markets converging or diverging across the EU member states?

In addition, selected housing policy issues will be analysed in greater depth: the financial crisis of 2008, tenure relations and tenure dynamics as well as the EU's impact on housing (cf. Chapter 1.3.2 below).

In this project, a narrow definition of housing policy has been adopted for dealing with these extensive research questions. Housing policy in this sense focuses on the quantitative and qualitative provision of housing. It is concerned in particular with availability, accessibility and affordability of housing for different social groups. Other questions with strong ties to housing, e. g. spatial planning, taxation, technical building regulations, or general welfare are necessarily beyond this scope..

## 1.3 Research design

The research design is essentially based on a two-stage expert survey, which is supplemented by statistical information. The first stage includes a comparative international overview of housing systems. The second stage examines topics in detail based on a

case study approach. In order to validate the results, the working steps were framed by an international workshop and feedback loops with scientific country experts and national Housing Focal Points as well as a scientific advisory board..

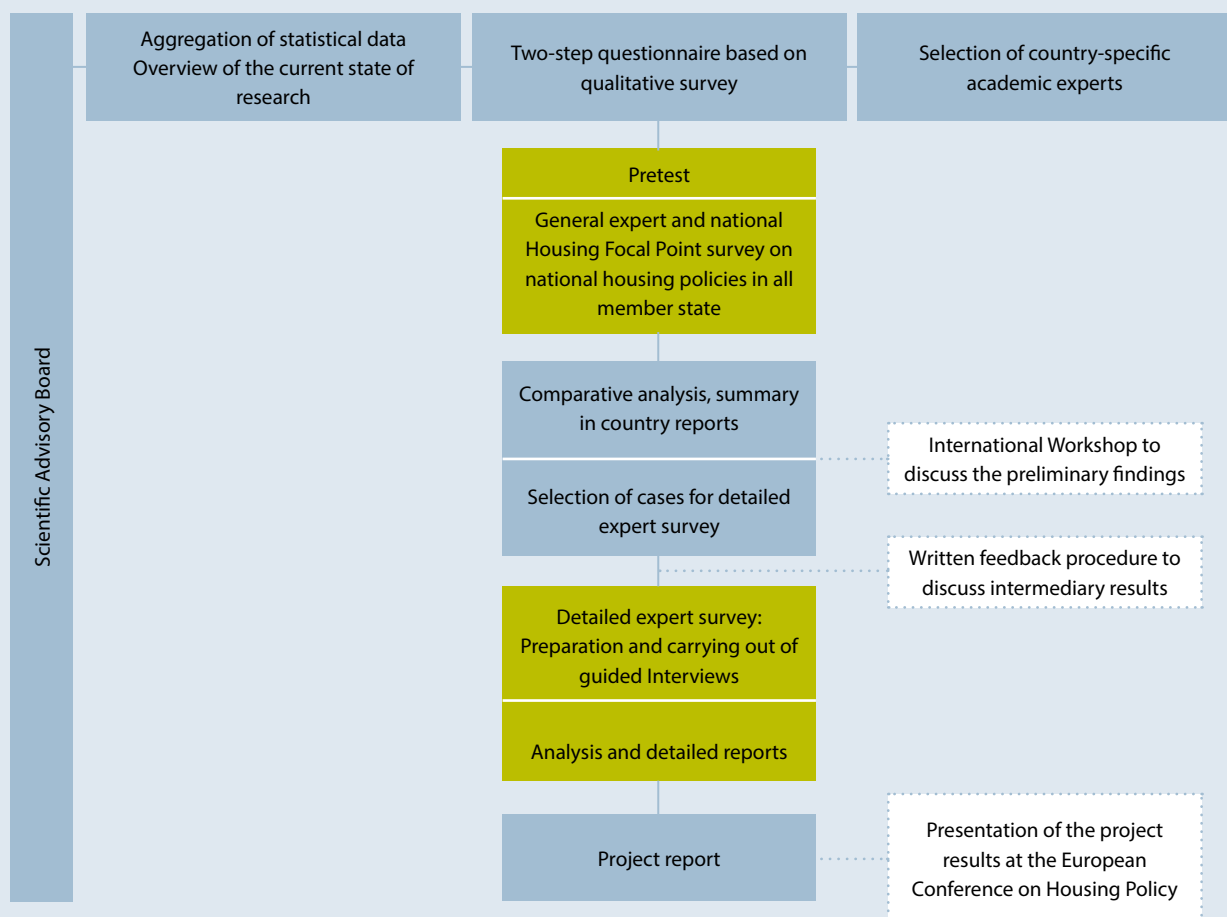


Figure 1: Project Flow Chart: Housing Policies in the European Union, Source: Institute for Housing and Environment (IWU).

### 1.3.1 Cross-comparison

#### 1.3.1.1 International comparative survey

The basis of the cross-comparison is the international comparative survey of scientific country experts. For this purpose, a comprehensive questionnaire was developed which provides a qualitative insight into the structures of the individual countries. In accordance with the guiding questions, the questionnaire contains three major sections (cf. the main questionnaire in the annex):

**Section A:** Actors and guiding principles of housing policies: In the first part, horizontal and vertical competencies among the different departments and political levels responsible for housing policies are surveyed. Additionally, this section contains questions regarding the leading principles of national housing policy.

**Section B:** The national system of housing provision: Different subsegments and housing tenures on the national housing markets (owner-occupied housing, rental market, hybrid/mixed tenures, informal housing) and their regulatory framework are at the core of this segment.

**Section C:** Housing provision problems and policies: A problem-centred characterisation of the actual state of housing provision as well as short descriptions of relevant policy instruments are the focus of the third part. A separate instrument-related questionnaire aims at defining the objectives and steering approach of each instrument.

The questionnaire contained closed questions regarding, for example, the existence of policies and specific regulations as well as open questions such as describing the functions of instruments. In addition to gathering responses on structural conditions, the questionnaire also considered the time dimension by including questions on changes within the

last ten years as well as current trends. Due to the scope of the survey, the questionnaire focused on national housing policies, although relevant structures at lower levels (such as regions) could be reported by the country experts as well. In addition, the questionnaire focuses on aspects of quantitative and qualitative housing provision in accordance with the narrow definition of housing policy chosen in this project context (see above). Despite the importance of interaction with related policy fields (e. g. spatial planning, energy policy, but also social policy), for pragmatic reasons related to research, the questionnaire had to be narrowed down.

#### 1.3.1.2 Selection of scientific country experts

In preparation for the field phase, scientific country experts were identified who were considered to have the relevant expertise for the issues raised here. This assessment was based on publications and research profiles, membership in relevant academic networks (e. g. the European Network for Housing Research) and corresponding recommendations given by the scientific advisory board.

In order to adequately respond to the scope of the questionnaire, it was necessary to identify experts who had a broad research profile in regard to housing markets and housing policies. Different scholarly disciplines were also considered. To ensure responses regarding all questionnaire items, the experts who were contacted were also given the opportunity to pass on parts of the questionnaire to colleagues and divide up the work.

Table 1 lists the country experts who took part in the study.



Table 1: Scientific country experts

Member state	Participant	Affiliation
<b>Austria</b>	Dr. Wolfgang Amann	Institute for Real Estate, Construction and Housing Ltd., Vienna
<b>Belgium</b>	Sien Winters	HIVA Research Institute for Work and Society, KU Leuven,
<b>Bulgaria</b>	Prof. Dr. Sasha Tsenkova	Faculty of Environmental Design, University of Calgary, Canada
<b>Croatia</b>	Prof. Dr. Gojko Bežovan	Faculty of Law, Department of Social Work, University of Zagreb
<b>Cyprus</b>	Ass. Prof. Dr. Lora Nicolaou	Department of Architecture, School of Engineering, Frederick University, Nicosia
<b>Czech Republic</b>	Prof. Dr. Luděk Sýkora	Department of Social Geography and Regional Development, Charles University, Prague
<b>Denmark</b>	Dr. Rikke Skovgaard Nielsen	Department of the Built Environment, The Faculty of Engineering and Science, Aalborg University, Copenhagen
	Ass. Prof. Dr. Hans Thor Andersen	
<b>Estonia</b>	Prof. Dr. Irene Kull Ave Hussar	Department of Private Law, University of Tartu
<b>Finland</b>	Prof. em. Dr. Heikki A. Loikkanen	Department of Political and Economic Studies, University of Helsinki
<b>France</b>	Jean-Pierre Schaefer	Independent researcher
<b>Germany</b>	Project team	Institute for Housing and Environment, Darmstadt; Institute for Political Science, Technical University Darmstadt
<b>Greece</b>	Prof. Dr. Thomas Maloutas	Department of Geography, Harokopio University, Athens
<b>Hungary</b>	Ass. Prof. Dr. József Hegedüs	Institute of Sociology and Social Policy, Corvinus University of Budapest; Metropolitan Research Institute, Budapest
	Nora Teller	Metropolitan Research Institute, Budapest
<b>Ireland</b>	Prof. Dr. Michelle Norris	School of Social Policy, Social Work and Social Justice, University College Dublin
<b>Italy</b>	Dr. Igor Costarelli	Department of Sociology and Social Research, University of Milano Bicocca
	Dr. Ranieri Bianchi	Department of Law, University of Pisa
<b>Italy</b>	Prof. Dr. Elena Bargelli	Associate Professor of Private Law, Faculty of Political Science, University of Pisa
<b>Latvia</b>	Prof. Dr. Ineta Geipele	Institute of the Civil Engineering and Real Estate Economics, Riga Technical University
	Ass. Prof. Dr. Sanda Geipele	
	Iveta Pukite	
<b>Lithuania</b>	Dr. Jolanta Aidukaite	Social Welfare Institute of Lithuanian Social Research Centre, Vilnius
<b>Luxembourg</b>	Dr. Magdalena Gorczynska	Department Urban Development and Mobility, Luxembourg Institute of Socio-Economic Research (LISER)
<b>Malta</b>	Dr. Kurt Xerri	Faculty of Laws, University of Malta
<b>Netherlands</b>	Ass. Prof. Dr. Gerard van Bortel	Housing Management, Delft University of Technology
<b>Poland</b>	Prof. Dr. Magdalena Habdas	Faculty of Law and Administration, University of Silesia, Katowice
	Jakub Bryła	
	Katarzyna Kamińska	
<b>Portugal</b>	Prof. Dr. Dulce Lopes	Faculty of Law, University of Coimbra
	Ass. Prof. Dr. Maria Olinda Garcia	
<b>Romania</b>	Dr. Bogdan Suditu	Department of Human and Economic Geography, University of Bucharest
<b>Slovakia</b>	Marek Hojsik	Centre for Policy Studies, Central European University
<b>Slovenia</b>	Dr. Richard Sendi	Urban Planning Institute of the Republic of Slovenia
<b>Spain</b>	Dr. Montserrat Pareja-Eastaway	Faculty of Economics and Business, University of Barcelona
<b>Sweden</b>	Dr. Cecilia Enström Öst	Institute for Housing and Urban Research, Uppsala University
<b>UK</b>	Prof. Dr. Kenneth D Gibb	School of Social and Political Sciences, University of Glasgow

### 1.3.1.3 Housing Focal Points

Originally, the research plan had included completion of the questionnaire by the Housing Focal Points in each country as well, in order to ensure that the survey was based on two strands. As it turned out, this was not possible, due to the rather low response rate among national Housing Focal Points. In the course of the project, the Housing Focal Points were assigned the role of commentators, who were given the opportunity to supplement the results or suggest corrections. In the event of major discrepancies, the scientific country experts were contacted about them in order to achieve validated results.

### 1.3.1.4 Pre-test and main survey

In a pre-test, the questionnaire was sent to experts in four selected countries in July 2018. Consequently, the questionnaire was revised and restructured before being sent to all country experts in order to enable more efficient processing. In addition, the BBSR made an expense allowance available to the participating experts.

The main survey was conducted from December 2018 to March 2019. In addition, it was possible to obtain feedback for single countries from the Housing Focal Points. Subsequently, the information was consolidated through individual clarifications with the country experts and a broad feedback loop with the country experts and the Housing Focal Points based on the cross-evaluations available up to that point.

An international expert workshop took place on 24–25 June 2019 at the Federal Press Office in Berlin. First cross-sectional reports based on the survey and other secondary statistical data were presented and discussed. Twenty-two scientific country experts representing 20 countries, the scientific advisory board as well as representatives of the BMI and BBSR participated in the workshop. Key insights from the workshop focused on the validation and

comparability of country results in the context of structural comparative evaluations.

Due to restrictions caused by the COVID-19 pandemic, a second workshop had to be cancelled and replaced by a written feedback procedure with the scientific country experts and the national Housing Focal Points. On this basis, the results of the cross-comparison were again cross-checked.

### 1.3.1.5 Cross-comparison and country reports

The cross-comparison provides a thematically grouped overview of aspects of national housing systems that were considered central in this report. As the international comparative perspective is the main focus, an adequate level of abstraction had to be achieved due to the large number of cases. In order to enable a higher degree of detail and better understanding of specific national issues, individual country reports were also prepared.<sup>2</sup> These reports summarise the results of the expert survey for each individual country and it was possible to obtain feedback from the Housing Focal Points for several countries.

The cross-comparison is based on the results of the survey of the scientific country experts and was supplemented in certain areas by external data or was cross-checked with external data (EUROSTAT census data and EU-SILC Statistics on Income and Living Conditions) and country-specific reports (in particular the OECD Affordable Housing Database (as of 2018), Housing Europe's State of Housing in the EU report, and the European Mortgage Federation's (EMF) statistical yearbook). Nevertheless, due to the chosen research design, the reported results mainly rely on the assessment of the scientific country experts and the further comments by the national Housing Focal Points.

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<sup>2</sup> The country reports can be downloaded from the BBSR project page [www.bbsr.bund.de/housing-policies-eu](http://www.bbsr.bund.de/housing-policies-eu).

### 1.3.2 In-depth studies

The research concept also includes in-depth studies on three selected topics:

- The financial crisis of 2008: impact on the housing system and the policy response
- Tenure relations and tenure dynamics
- The EU's impact on housing

While the original objective was to divide housing policies in the EU into overarching, distinct meta-groups and to identify group representatives for the in-depth survey on this basis, the cross-evaluation of the different thematic categories revealed only a low degree of congruence between structural determinants of housing systems and housing policies among EU members. Consequently, instead of researching representative types, the in-depth survey was conducted based on case studies.

These case studies have a descriptive-analytical orientation and each one was chosen on the basis of group formations, which show different characteristics for each topic. Each group was formed separately for each of the three thematic topics (cf. Chapters 6, 7 and 8 for more detail). The case studies were intended to make possible deeper understanding of problem situations (the financial crisis) or framework conditions (the path dependency of tenure structures and national EU connections), and to classify the corresponding policy activities. These in-depth studies do not claim to reveal causal mechanisms on the basis of a case description or to transfer them to the other group members. In this respect, the results of the case studies should initially be considered on their own, but they can also generate hypotheses that could be tested in other cases.

The in-depth study was carried out in the form of guideline-based online video interviews, in order to better understand the country-specific relationships among influencing factors and to achieve greater openness for country-specific issues. The in-depth survey was conducted in the first half of 2020. The results were documented in the form of minutes and cross-checked by the country experts who had been interviewed. The individual case studies were written up on this basis.

## 1.4 Scientific advisory board

The project was supported by a scientific advisory board, consisting in experts with a long-standing background in international comparative housing studies. First of all, the selection of experts and the questionnaire were presented and discussed in various workshops. In addition, the procedure

for evaluating the questionnaires as well as the project results and their classification were the subject of consultations with the scientific advisory board. For this purpose, several on-site and video sessions as well as bilateral talks were conducted under the direction of the BBSR.

Members of the scientific advisory board were:

**Prof. Dr. Christoph U. Schmid (Chair of the Board)**, Centre of European Law and Politics, Department Chair, University of Bremen, Germany

**Merja Haapakka**, Policy Coordinator, Directorate General for Regional and Urban Policy, Unit DDG.03 – Inclusive Growth, Urban and Territorial Development, Brussels, Belgium

**Dr. M.E.A. Marietta Haffner**, Faculty of Architecture and the Built Environment, Delft University of Technology, The Netherlands.

**Dr. Hartwig Hamm**, (former) Vice-President of the European Federation of Building Societies, Bonn, Germany

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Based on the results, the scientific advisory board has formulated a commenting position paper, which can be downloaded from

the BBSR project page<sup>3</sup>.

<sup>3</sup> [www.bbsr.bund.de/housing-policies-eu](http://www.bbsr.bund.de/housing-policies-eu)

## 1.5 Structure of the report

The report is essentially composed of two parts. The first part presents the results of the cross-comparison, which have been grouped into the thematic fields of governance structures (Chapter 2), the housing system (Chapter 3), drivers of housing policy and problem conditions (Chapter 4), and policy instruments and reforms (Chapter 5). The second part presents the results of the in-depth studies. Each in-depth topic is presented in a separate chapter, with the

EU-wide characteristics and case selection presented first, followed by the case-specific presentations and some conclusions. The impact of the financial crisis is the topic of Chapter 6, tenure relations and dynamics of Chapter 7, and the EU impact of Chapter 8. In a final chapter the central results are summarised and are discussed in relation to the state of research. At the end of this chapter further guiding questions are formulated (Chapter 9).

## 1.6 Acknowledgements

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# 2

## Governance structure

Countries have different ideas on how to organize a special policy area. This chapter emphasises the organisational background of housing policy by tackling two important dimensions of the policy field. First, we will examine how housing policy is organised at the national level within the EU and how policy responsibilities are distributed among member states throughout the various levels of government. Second, we will explore how the setup has changed during the last decade.

## 2.1 Responsibilities

### 2.1.1 National responsibilities

The first approach to housing policy in the member states is based on the organisational structure of the policy field at the national level, where responsibilities may be distributed across several governmental units (**horizontal dispersion**). The idea is to find groups of countries where housing policy is organised in the same way or at least in a similar way. For this purpose, we collected data about national governmental units involved in housing policy (ministries, departments, agencies, public banks, etc.). In order to produce a systematic overview from the text descriptions given by the country experts, the answers were re-coded and reviewed by the experts. Table 2 shows the government units involved and the portfolio in which the unit is responsible for housing policy. “X” indicates that this unit of government is typically responsible for this policy field or tasks associated with the field (and therefore has responsibility for some aspect of housing policy). Involvement and titles of the ministries are understood as indicators of the relevance of their orientation and/or strategic focus.

Table 2: National responsibilities

Member state	Bodies named in survey	Finance	Economy/ Innovation/ Techn.	Interior	Spatial/ Planning/ Region	Environment/ Energy	Justice	Social/ Labour/ Welfare	Construction/ Infrastructure
Austria	Federal Ministry for Digital and Economic Affairs		X				X		X
	Federal Ministry of Justice						X		
	Federal Ministry of Agriculture, Regions and Tourism				X				
	Federal Ministry of Climate Action, Environment, Energy, Mobility, Innovation and Technology		X			X			
	Federal Ministry of Finance	X							
Belgium	Federal Public Service (FPS) Finance (only for tax purposes, housing is task of the regions)	X							
	Federal Public Service (FPS) Justice						X		
	Federal Public Service (FPS) Social Welfare							X	
Bulgaria	Ministry of Regional Development and Public Works (MRDPW)				X				X
	Directorate for National Construction Control under MRDPW				X				
	Ministry of Labour and Social Policy (MLSP)							X	
	Agency for Social Assistance under MLSP							X	
	Ministry of Finance	X							
	Ministry of Economy		X						
	Ministry of Energy					X			
Croatia	Ministry of Construction and Physical Planning				X				X
	Ministry for Demography, Family, Youth and Social Policy							X	
	Ministry of Regional Development and Funds of EU				X				
	Ministry of Finance	X							
	Agency for Transactions and Mediation in Immovable Properties								X
Cyprus	Ministry of Interior			X					
	Cyprus Organisation of Land Development (KOAP)			X					
	Cyprus Organization for Housing Funding (OXΣ)	X							
	Department of Welfare and Rehabilitation of Displaced Persons (YMAPE)							X	
	Ministry of Labour and Social Insurance.							X	
Czech Republic	Ministry for Regional Development	X			X				X
	Ministry of Labour and Social Affairs							X	
	State Fund for Housing Development	X							
	Agency for Social Inclusion							X	
	Ministry of Justice						X		
	Ministry of Finance	X							
Denmark	Ministry of Housing								X
	Ministry of Transport								X
	Ministry of Industry		X		X				
	Ministry of Justice						X		



Member state	Bodies named in survey	Finance	Economy/Innovation/Techn.	Interior	Spatial/Planning/Region	Environment/Energy	Justice	Social/Labour/Welfare	Construction/Infrastructure
<b>Denmark</b>	Ministry of Social Affairs and the interior			X				X	
	Ministry of Employment							X	
	Danish Ministry of Climate, Energy and Utilities					X			
	Ministry of Finance	X							
<b>Estonia</b>	Ministry of Economic Affairs and Communication		X						
	Ministry of Justice						X		
<b>Finland</b>	Ministry of Environment (ME)				X	X	X		X
	Ministry of Finance	X							
	Ministry of Transport and Communications								X
	The Housing Finance and Development Centre of Finland (ARA)	X	X			X			X
	Ministry of Social Affairs and Health							X	
	Ministry of Economic Affairs and Employment				X				
<b>France</b>	Ministry of Territorial Cohesion				X			X	
	Ministry of Environment		X			X			
	Ministry of Finance	X							
	Ministry of Overseas Territories				X				X
	Ministry of Justice						X		
<b>Germany</b>	Federal Ministry of the Interior, Building and Community			X	X				X
	Federal Ministry of Justice and Consumer Protection						X		
	Federal Ministry of Labour and Social Affairs							X	
	Federal Ministry of Finance	X							
	Federal Ministry for Economic Affairs and Energy		X			X			
<b>Greece</b>	Ministry of Labour							X	
	Ministry of the Environment		X		X	X			X
	Ministry of Finance	X							
<b>Hungary</b>	Ministry of Finance	X							
	Ministry of Human Capacities							X	
	Ministry of Innovation and Technology		X						X
	Ministry of Interior			X				X	
	National Bank of Hungary	X							
<b>Ireland</b>	The Department of Housing, Planning and Local Government				X				
	The Housing and Sustainable Communities Agency					X			
	Housing Finance Agency	X							
	Land Development Agency				X				
<b>Italy</b>	Ministry of Infrastructure and Transport								X
	Ministry of Labour and Social Policy							X	
	Ministry of Economics and Finance	X							

Member state	Bodies named in survey	Finance	Economy/Innovation/Techn.	Interior	Spatial/Planning/Region	Environment/Energy	Justice	Social/Labour/Welfare	Construction/Infrastructure
Latvia	Ministry of Economics	X	X		X	X	X		X
	Ministry of Environmental Protection and Regional Development	X	X		X	X			X
	Ministry of Justice						X		
	Ministry of Finance	X	X						
	Ministry of Welfare							X	
	State Chancellery	X					X	X	
	Cross-Sectoral Coordination Centre						X		
Lithuania	Ministry of Environment				X	X			
	Ministry of Finance	X							
	Ministry of Social Security and Labour							X	
Luxembourg	Ministry of Housing	X		X	X	X		X	
	Ministry of the Interior	X		X		X			X
	Ministry of Energy and Land Planning				X	X			
	Ministry of the Environment, Climate and Sustainable Development					X			X
	Ministry of Family, Integration and of the Greater Region	X						X	
	Ministry of Finance	X							
Malta	Ministry for the Family, Children's Rights and Social Solidarity							X	
	Parliamentary Secretariat for Planning and Property Market				X				
	Ministry for Justice, Culture and Local Government						X		
	Ministry for Finance	X							
	Ministry for Transport, Infrastructure and Capital Projects								X
Netherlands	Ministry of the Interior and Kingdom Relations	X		X					X
	Ministry of Finance	X							
Poland	Ministry of Investment and Economic Development		X						
	Ministry of Finance	X							
Portugal	Ministry of Infrastructures and Housing				X		X	X	X
	Ministry of Finance	X							
	Ministry of Social Affairs							X	
	Ministry of Justice			X			X		
	Institute for Housing and Urban Rehabilitation								
Romania	Ministry of Public Works, Development and Administration & The National Housing Agency				X				X
	Ministry of Labour and Social Justice & National Agency for Payments and Social Inspection							X	
	Ministry of Finance & The National Credit Guarantee Fund for Small and Medium Enterprises	X							
	Ministry of Justice						X		

Member state	Bodies named in survey	Finance	Economy/Innovation/Techn.	Interior	Spatial/Planning/Region	Environment/Energy	Justice	Social/Labour/Welfare	Construction/Infrastructure
Slovakia	Ministry of Transport and Construction		X		X	X			X
	Ministry of Labour, Social Affairs and Family							X	
	Ministry of Finance	X							
	Ministry of Health of the Slovak Republic							X	
	State Fund for Housing Development	X				X			X
	Ministry of Justice of the Slovak Republic						X		
Slovenia	Ministry of the Environment and Spatial Planning				X	X			
	Ministry of Labour, Family, Social Affairs and Equal Opportunities	X						X	
	Housing Fund of the Republic of Slovenia	X							X
Spain	Ministry of Public Works and Transport	X							
	General Secretariat of Housing (under the direction of the Secretary of State of Infrastructures, Transport and Housing)	X	X		X	X		X	X
	General Directorate of Architecture, Housing and Land Management		X		X	X			X
	General Sub-directorate of Housing Policy and Subsidies	X						X	
Sweden	Ministry of Finance	X							
	Ministry of Justice						X		
	Ministry of Health and Social Affairs							X	
	Ministry of infrastructure								X
	The Swedish National Board of Housing, Building and Planning				X	X			X
U. Kingdom	Ministry of Housing, Local Government and Communities	X			X			X	X
	Department of Work and Pensions (DWP)	X						X	
	HM Treasury (HMT)	X							X

Source: Expert survey. Question: "Please name the national government bodies (e. g. ministries/departments/agencies/other) which are typically in charge of housing policy."

At first sight, the survey and review process has produced very complicated material which is not easy to interpret. There are no obvious groups among the countries in the sense of distinct, recurring patterns of organisational structure. **Each country has its own unique way of organising housing policy at the national level.**

Nevertheless, four types of country emerge from a deeper analysis of the table. The following distinction is based on a) the number of governmental units involved, b) the degree of overlap among the units involved in the work of the portfolios and c) the degree of concentration of portfolios across units:

- In the **“concentrated” type**, there is typically **one leading multi-purpose unit per country** which may be accompanied by a number of single-purpose units. Housing policy in those countries is clearly concentrated in **one** national unit which is usually named “Ministry of Housing”. Additional units deal with special aspects of housing policy. This is the case in one country only, namely Portugal. National housing policy in this country is expected to be strongly coordinated within one central governmental actor.
- In the **“overlapping” type**, there are at least **two multi-purpose units** in a country which deal with housing simultaneously and which are both referred to as involving “housing”. The **central units** may be accompanied by a smaller number of single-purpose units. This is the case in seven countries (Finland, Latvia, the Netherlands, Slovakia, Slovenia, Spain and the UK), where overlapping competencies can be observed in nearly all portfolios. National housing policy in these countries is administered by a larger number of units which may interfere with each other.
- In the **“scattered” type**, there are **numerous units** per country which nevertheless show overlaps in portfolios. Seven

countries (Austria, Croatia, Cyprus, Czech Republic, Denmark, Luxembourg and Sweden) fall within in this group. National housing policy in these countries is organised in terms of distinct aspects of housing policy, but reveal that multiple units are responsible per portfolio.

- The largest group is the **“sectoral” type**, where **single-purpose units** cover distinct aspects of housing under a single portfolio in each country. Thirteen countries (Belgium, Bulgaria, Estonia, France, Germany, Greece, Hungary, Ireland, Italy, Lithuania, Malta, Poland and Romania) correspond with this description. National housing policy in these countries is organised according to distinct parts of housing policy with clear-cut responsibilities and corresponding need for inter-ministerial cooperation, but is exposed to the danger of fragmentation of policy development. It should be noted that Belgium is a special case within this group, since housing in Belgium is mainly carried out at the regional level. As a result, units at the national level mainly deal with financial issues.

Interestingly, the organisational setup of housing policy in the countries is neither connected to typical “country families” (e. g. a Scandinavian, Central European, Eastern, Southern group etc.) nor to overall patterns of state organisation (federal vs. unitary countries or centralised vs. decentralised countries). Nevertheless, two conclusions can be drawn from the general distinction:

Countries with a **large population** (e. g. France, Germany, Italy and Poland) tend to organise their housing policy **sectorally**, which may be explained by the workload for the administrative units: In small countries, a small number of units (or even one central unit) may be enough to administer everything related to housing, but a large population needs a large number of units for administering housing policy, with the result that governments tend to split competencies among numerous specialized units.

The organisational setup of the countries does not seem to correlate with the actual setup of **policy instruments** (cf. Chapter 5.2). The initial guess that a certain combination of policy instruments would require a typical setup of government units does not seem to have been correct. The organisational setup does also not correlate with the importance of **housing tenures** (cf. Chapter 3.2) within a country. Although it seems reasonable that where housing is concentrated on a central tenure category in a country, dispersion of the portfolios would be lower than in countries with tenure categories that are evenly distributed, there is no obvious connection.

Another interesting comparative finding is related to the titles of the units. In some countries, there is a unit with the term “housing” used in its name (Cyprus, Czech Republic, Denmark, Finland, Luxembourg, Romania, Slovakia, Slovenia, Sweden, and the UK) or even more than one unit with the term “housing” in its name (e. g. Ireland, Portugal, and Spain). In the majority of countries, however, the term “housing” does not appear in the title of a single unit. This resembles the finding that responsibility for housing policy in the EU member states is usually scattered among various units and that the importance attached to housing as a field of policy – at least judging by the use of the signal word “housing” to refer to the responsible units – can be described as quite low.

### 2.1.2 Responsibilities across levels

The second approach towards housing policy in the member states is based on the organisational distribution of responsibilities in housing policy across several levels of government (**vertical dispersion**). The idea is to find groups of countries where housing policy is organised in the same way or at least in a similar way, taking into account three levels of government (national, regional and local level). For this purpose, we collected data on the responsibilities of the levels involved in housing policy. These

responsibilities cover **eight broad subfields** of housing policy, namely taxation, environmental and energy policy, tenancy law and rent regulation, spatial affairs, housing construction subsidies, subsidies for owners and/or buyers, welfare and the allocation of social housing. In order to produce a systematic overview from the text descriptions given by the country experts, the answers were re-coded into the following table and reviewed by the experts. The table shows whether the national level, the regional level (NUTS 1 or NUTS 2) and the local level (NUTS 3, LAU 1 or LAU 2) are involved in housing policy.

Table 3: Responsibilities across levels

Member state		Taxation	Environ- ment/ energy	Tenancy law/rent regulation	Spatial affairs	Housing construction subsidies	Subsidy for owner/buyer	Welfare	Alloca- tion of social housing
Austria	N	X	X	X	X	X			
	R		X		X	X	(X)	X	(X)
	L								X
Belgium	N	X				X	X		
	R	X	X	X	X	X	X	X	X
	L	X			X			X	X
Bulgaria	N	X	X		X			X	
	R				X				
	L		X		X				X
Croatia	N				X	X	X		
	R	X						X	
	L							X	
Cyprus	N		X		X		X	X	
	R								
	L				X				
Czech Republic	N	X		X	X	X		X	
	R								
	L				X				X
Denmark	N	X	X	X	X	X	X	X	(X)
	R				(X)			X	
	L	X	X		X	X		X	X
Estonia	N		X	X	X		X	X	
	R								
	L							X	X
Finland	N	X	X	X	X	X	X	X	
	R				X				
	L	X			X	X			X
France	N	X	X	X	X	X		X	
	R		X						
	L				X	X	X	X	X
Germany	N	X	X	X	X	X	X	X	
	R	X	X		X	X	X	X	X
	L	X						X	X
Greece	N	X	X			X	X	X	
	R							X	
	L				X				
Hungary	N	X	X	X	X	X	X	X	
	R								
	L			X	X				X
Ireland	N	X	X	X	X	X	X		
	R				X				
	L		X		X				X
Italy	N	X	X	X		X	X	X	
	R				X	X			X
	L	X		X	X			X	X

Member state		Taxation	Environ- ment/ energy	Tenancy law/rent regulation	Spatial affairs	Housing construction subsidies	Subsidy for owner/buyer	Welfare	Alloca- tion of social housing
Latvia	N	X	X	X	X	X	X	X	
	R		X		X				
	L	X	X	X	X			X	X
Lithuania	N			X	X		X	X	
	R								
	L							X	X
Luxembourg	N		X	X	X	X	X	X	
	R								
	L				X				X
Malta	N			X	X	X		X	
	R								
	L								
Netherlands	N	X	X	X	X	X		X	X
	R				X	X			
	L	X		X	X	X		X	X
Poland	N	X	X		X		X	X	
	R				X				
	L							X	X
Portugal	N	X		X		X	X	X	X
	R		X	X	X	X			
	L		X	X	X				X
Romania	N	X		X	X	X	X		
	R								
	L		X		X	X			X
Slovakia	N	X	X	X	X	X	X	X	
	R				X				
	L	X		X	X				X
Slovenia	N	X	X	X	X	X		X	
	R		X						
	L			X	X	X			X
Spain	N	X	X		X	X	X		
	R				X				
	L	X	X		X	X	X		X
Sweden	N	X	X	X	X	X	X	X	
	R								
	L				X			X	X
U. Kingdom	N	X		X	X	X	X	X	
	R	X		X	X	X	X	X	X
	L	X		X	X	X			X
Total	N	21	20	21	24	23	21	22	3
	R	4	7	3	15	7	4	7	5
	L	10	7	8	21	8	2	12	24

Source: Expert survey. Question: "Please name the national/regional/local government bodies (e. g. ministries/departments/agencies/ other) which are typically in charge of housing policy. Please describe briefly its/their responsibilities in housing policy." Description: "N" = national level, "R" = regional level, "L" = Local level. Parentheses indicate that there is variation at this level or responsibility for housing policy at this level is by indirect means.

If all countries are analysed at the aggregated level, there are some general results which give a preliminary indication of how tasks are distributed across levels of governmental units.

For five out of the eight of the subfields, **the national level is clearly dominant**. Typical examples are **a) subsidies for owners and buyers, b) tenancy law and rent regulation, c) taxation, d) housing construction subsidies** and **e) environmental and energy issues**. The dominance of national responsibilities seems to be unavoidable in view of the fact that the national government usually wants to ensure a national framework for these issues (e. g. a general subsidy programme for owners and buyers in order to match national ideas on regional and economic development, a general national tenancy law in order to ensure uniform rules across the country, a national idea of governance regarding income and wealth of taxpayers, a national framework for subsidies for the construction of new housing, and a national framework for environmental protection and energy efficiency). Notable exceptions are Belgium and Italy, where three of the four fields are at least partly dealt with at the regional and/or local level. In these two countries, housing policy seems to be generally more decentralized.

In another subfield (**welfare**), the national level is also dominant, but to a slightly lesser degree. It is not surprising that welfare is dominated by central government, since this is also a “general” subfield where the central government seeks to ensure rules are uniformly applied across the country (e. g. the same welfare payments for the same needs). Nevertheless, there are three countries (Austria, Belgium and Croatia) which do not fit into the overall pattern of national dominance here. Belgium has already been mentioned as a highly decentralized country.

The same is true for housing-related welfare in Austria and Croatia too. It must be noted, however, that in most cases, joint responsibility was mentioned by the experts. This may vary to a certain degree.

In the subfield of **spatial affairs**, the national and local levels seem to be equally prominent, whereas the regional level is a little less involved. Nevertheless, spatial affairs is the one subfield out of the eight where the three levels are nearest to equal in power. This seems consistent with the idea that spatial affairs (including planning, zoning, development plans etc.) is by itself a multi-level issue. The obvious division of responsibility in this kind of arrangement is to have standard processes throughout the country while regional and local governments have some flexibility in carrying out their planning tasks. In addition, concerns and interests of all levels have to be considered and addressed in planning. Spatial affairs are also the subfield where the simultaneous involvement of all three levels is reported for many countries. This is not very often the case for the other subfields. Notable exceptions are Croatia, Estonia, Lithuania and Malta, which all carry out nationally focused planning due to their generally centralised structure or due to the small size of their territory and/or population. This seems to make multi-level planning unnecessary – at least in the three-level style evident in most countries.

The only subfield where the non-national level is clearly dominant is the **allocation of social housing**, where the local level is clearly decisive. This is also not surprising, given that people in need of housing approach the local administration independently of the regulations and because their situation as lacking housing can be considered emergency circumstances. The local level typically has context knowledge and resources at hand. Only two countries



have the national level involved in allocation of social housing, namely Portugal and (to some extent) Denmark.

If countries are compared on a national basis, they can be grouped into six different types:

- Only one country has **exclusive responsibility at the national level**: Malta, which seems to be appropriate in view of its size.
- Countries where the **national level is clearly dominant**, while the regional and local level are each of less important in terms of their competencies. This group has two members (Croatia and Greece). Both countries seem to be members of the group due to their general style of centralised organisation.
- Countries which display a combination of **national leadership with a strong local level** that is clearly more important than the regional level. Twelve countries fall within this group (Bulgaria, Denmark, Finland, France, Ireland, Latvia, Netherlands, Poland, Slovakia, Slovenia, Spain and Sweden).
- Countries where all levels are heavily involved (tasks are **balanced** across all three levels) at the same time. This group also has five members (Austria, Germany, Italy, Portugal and the UK).
- Countries where the focus is on the regional level (**countries are regionalised**) and the national/local levels are less important. The only member state within this group is Belgium.
- Countries **without any involvement of the regional level** with varying relationships between the national and local levels. This group has seven members (Cyprus, Czech Republic, Estonia, Hungary, Lithuania, Luxembourg and Romania).

Table 4: Groups of member states by number of areas of policy responsibility

Member State	Group	National	Regional	Local
Malta	Exclusively national	4	0	0
Croatia	National dominance	3	2	1
Greece		5	1	1
Austria	National / local	4	1	2
Bulgaria		4	1	3
Denmark		8	2	6
Finland		7	1	4
France		6	1	5
Ireland		6	1	3
Latvia		7	2	6
Netherlands		7	2	6
Poland		5	1	2
Slovakia		7	1	4
Slovenia		6	1	4
Spain		5	1	6
Sweden		7	0	3
Austria		Balanced	4	6
Germany	7		7	3
Italy	6		3	5
Portugal	6		4	4
UK <sup>4</sup>	6		7	5
Belgium	Regionalised	3	8	4
Cyprus	Without regional level	4	0	1
Czech Republic		5	0	2
Estonia		5	0	2
Hungary		7	0	3
Lithuania		4	0	2
Luxembourg		6	0	2
Romania		5	0	4

Source: Expert survey. Question: "Please name the national/regional/local government bodies (e. g. ministries/departments/agencies/other) which are typically in charge of housing policy. Please describe briefly its/their responsibilities in housing policy."

4 For the UK, it should be noted that it has decentralized housing policy from a bird's eye perspective, but at the level of the nations (England, Scotland, Wales, and Northern Ireland), it is strongly centralized.

The results may be compared with existing data concerning, for example, the discretionary powers of the local level (Local Autonomy Index, LAI) as discussed by Ladner/Keuffer/Baldersheim (2015: 37f.). The LAI, which is a well-accepted measure of local discretion in multi-level systems, is based on expert judgements of the discretionary policy powers of the local level concerning eight tasks (education, social assistance, health, land use, public transport, housing, police and caring functions) and has a theoretical range of 0 (=no policy discretion at all) and 4 (=very high policy discretion).

We use the LAI here in order to assess whether the grouping from the expert's assessments of housing policy match the general discretionary powers of the local level. In this way, it is possible to assess whether housing policy is organised in a similar pattern to other policies in the respective countries, or whether it is differently organised – at least at the local level.

It turns out that for many countries the organisation of housing policy matches the overall setup of the country quite well, although there are also some notable exceptions.

- In Malta, housing policy is strongly national in our assessment, which matches the very low LAI score for that country.
- In the countries with national-level dominance in housing policy, the two countries (Croatia and Greece) obtained differing scores on the LAI. In Croatia, housing policy seems to be predominantly national, despite the fact that the local level is usually considered stronger there.
- The table also shows that in the group with a national focus but strong municipalities, the LAI score matches this well in 9 out of the 12 countries. Only Ireland

and Spain are exceptions here, due to their differences from the mean value of the group.

- In the “balanced” group, in three out of four countries housing policy responsibilities match the LAI scores. The exception here is the UK, where housing policy is considered more decentralized than general policy responsibilities.
- In the “regionalised” group, there is only one country, making group comparisons impractical at that level.
- In the group of countries without authority at the regional level, six of seven countries are generally oriented towards a strong local level. The only exception is Cyprus, where the local level is usually weak (both in general as well as in housing policy)

Generally speaking, analysis gives the impression that housing policy is organised in line with the typical distribution of power in each country, at least at the local level, although there is a small number of exceptions. Thus, the distribution of powers with regard to housing policy does not differ from other important policy fields covered by the LAI.

Table 5: Group comparison and policy discretion according to the Local Autonomy Index

Member State	Group	Effective policy discretion of municipalities 2014 (Ladner/Keuffer/Baldersheim)
Malta	Exclusively national	0.17
<b>Mean</b>	<b>Exclusively national</b>	<b>0.17</b>
Greece	National dominance	1.50
Croatia	National dominance	2.42
<b>Mean</b>	<b>National dominance</b>	<b>1.96</b>
Ireland	National / local	0.83
Spain	National / local	1.11
Slovakia	National / local	2.00
Netherlands	National / local	2.17
Slovenia	National / local	2.28
France	National / local	2.32
Bulgaria	National / local	2.33
Denmark	National / local	2.50
Poland	National / local	2.55
Sweden	National / local	2.67
Latvia	National / local	2.83
Finland	National / local	3.17
<b>Mean</b>	<b>National / local</b>	<b>2.23</b>
UK	Balanced	1.32
Austria	Balanced	1.67
Italy	Balanced	2.00
Portugal	Balanced	2.17
Germany	Balanced	2.67
<b>Mean</b>	<b>Balanced</b>	<b>1.97</b>
Belgium	Regionalised	1.83
<b>Mean</b>	<b>Regionalised</b>	<b>1.83</b>
Cyprus	Without regional level	0.88
Hungary	Without regional level	2.00
Luxembourg	Without regional level	2.17
Estonia	Without regional level	2.50
Czech Republic	Without regional level	2.83
Lithuania	Without regional level	2.83
Romania	Without regional level	2.83
<b>Mean</b>	<b>Without regional level</b>	<b>2.29</b>

Source: Expert survey. Question: “Please name the national/regional/local government bodies (e. g. ministries/departments/agencies/other) which are typically in charge of housing policy. Please describe briefly its/their responsibilities in housing policy.

## 2.2 Shifts in responsibility

Recent shifts of responsibility regarding the horizontal and vertical distribution of responsibilities across units and levels which contrast with the assessment of the experts may contribute to understanding of the overall picture.

### 2.2.1 Horizontal shifts

First, **horizontal shifts at the national level** are assessed. In order to make the countries directly comparable, the descriptions were analysed for shifts in responsibilities named by the experts and counted by country. A shift was considered to count if one of the following descriptions was matched:

- if a **significant task was reallocated** from one unit to another unit (e. g. “housing subsidies has been moved from the Ministry of Finance to the Ministry for Social Affairs”;

- if the respective **government portfolios underwent reconfiguration** (e. g. “the Ministry of Housing and the Ministry of Planning were merged to form the new ministry for security, regional development and planning”);

- if the responsible unit was **renamed significantly**, thus shifting housing to another perspective (e. g. “the Ministry for Labour, Social Needs and Housing” was renamed “Construction, Energy Conservation and Climate Change”) or

- if **responsibilities had been removed from a unit** (e. g. “rent regulation was completely cancelled” or “public housing has been privatised”).

The following table displays the aggregated measures by country..

Table 6: Horizontal shifts

No horizontal shifts (0)	One horizontal shift (1)	More than one horizontal shift (2)
Austria	Bulgaria	Denmark
Belgium	Cyprus	France
Croatia	Czech Republic	Germany
Estonia	Italy	Greece
Finland	Latvia	Hungary
Luxembourg	Lithuania	Ireland
Malta	Netherlands	Poland
	Portugal	Romania
	Slovenia	Slovakia
	UK	Spain
		Sweden
<b>Total: 7 countries</b>	<b>Total: 10 countries</b>	<b>Total: 11 countries</b>

Source: Expert survey. Question: “Have there been horizontal shifts in responsibility regarding housing policy between government bodies at the national level (ministries/departments/agencies/other) over the past ten years?”

As can be seen, the three groups are almost evenly distributed across the three columns, with a weak tendency for shifts to have occurred. Some special cases have to be considered, however:

- In general, in countries where the responsibility of the national government for housing policies is strong, more shifts may occur than in countries with strong regional and/or local responsibility. But there are also exceptions: E. g. in Germany, two or more shifts have taken place at the national level despite the fact that housing policy is balanced in this country.
- In Belgium, it is impossible for horizontal shifts to occur since housing policy is a predominantly regional policy.
- In countries where all levels are heavily involved, usually only small shifts occurred (Italy and Portugal), which may indicate institutional inertia or close integration among the levels and/or units.

In general, the assessment has to be interpreted with care. Horizontal shifts may well be a result of reorganisation of the housing portfolio or the general housing policy of a country, but shifts from one government unit to another may also be a result of other processes, such as a general reallocation of portfolios due to a re-composition of government, shifts in party politics which cause a change in the distribution of offices, or even anti-corruption measures. The general tendency is that the organisational dispersion of housing policy is rather stable in most countries, although there are some countries where stronger developments were detected.

## 2.2.2 Vertical shifts

Second, **vertical shifts across levels** are assessed. In order to make the countries comparable, the descriptions were analysed for shifts in responsibilities identified by the experts and the number of shifts counted by country. The direction of the shift was coded into a five-point scale considering shifts from lower to upper levels (where “+2” represents a strong change and “+1” represents a small change), “0” represents no changes at all, and shifts from upper to lower levels were represented by “-1” and “-2” to distinguish between small shifts and strong shifts.<sup>5</sup> The following table displays the aggregated measures per country.

---

<sup>5</sup> The following guidelines were used for coding: (a) Changes were rated as small shifts if parts of policies formerly linked to a certain level had been transferred to another level (e. g. “formerly, the central government was responsible for payment, organization and implementation of the housing subsidy, but implementation has been shifted to the local level while the rest stayed at the central level”). (b) Changes were considered strong shifts if the responsibility for a whole instrument or a group of instruments was transferred to another level (e. g. “rent regulation was shifted from central government to the regions”). (c) If the change did not affect a significant part of the respective field, “strong shifts” may nevertheless be coded as “small shifts” because of their lack of impact (e. g. “social housing was shifted from central government to the regions, but the share of tenants renting their homes in the country is below 5 %”). (d) A number of “small shifts” were added together to produce “strong shifts” if the combined impact of the reforms suggested that the result was comparable to a strong shift as outlined above (e. g. “parts of different responsibilities such as home subsidies, construction of social housing, rent control and planning were shifted from the regional to the local level”).

As can be seen, the countries clearly display an overall tendency across the EU. In general, **the majority of member countries have not changed** the distribution of responsibilities across government levels in a way that would account for significant shifts.

Looking at the countries which have indeed changed the vertical distribution of competencies, it is clear that most of them (9 out of 11) have chosen the option of **shifting responsibilities to the bottom**, which indicates a slight overall decentralisation of housing policy in Europe in the last decade. It is striking that some of these countries are already decentralized because they are organised federally (Austria, Belgium, Germany, and Spain). Federalism seems to function as a “driver downwards” in these countries. In other countries which are mainly decentrally organised but without a federal system, housing policy is presently subject to multi-level organisation (e. g. Italy, Sweden). That the case of Spain is in this category is especially interesting, since the assessment of vertical dispersion of responsibilities shows a centre of gravity at the national level (see above).

- Portugal is an interesting exception of a generally centralized country where recent shifts have decentralized notable tasks in housing policy. It is important to note, though, that this decentralisation is in line with a general trend within the country within the frame of austerity politics (Silva 2017).

- There are two notable exceptions, i. e. countries which have small shifts towards upper level government. In Ireland, the centralisation was mainly caused by the takeover of locally organised land banks by a national agency. In Denmark, the central government has taken over efforts to intervene in deprived areas, a task which was traditionally dealt with by municipalities.

Notwithstanding the fact that the general trend across Europe indicates a process of decentralisation in housing policy, it must be recalled that decentralisation may have its roots outside housing policy. Shifts in housing policy may be a result of an overall tendency of a country to reorganize its tasks across levels (e. g. Portugal) as well as a result of party politics.

Table 7: Vertical shifts

strong vertical shifts to bottom (-2)	small vertical shifts to bottom (-1)	no vertical shifts (0)	Small vertical shifts to top (+1)	strong vertical shifts to top (+2)
Belgium	Austria	Croatia	Denmark	
Portugal	Bulgaria	Cyprus	Ireland	
	France	Czech Republic		
	Germany	Estonia		
	Lithuania	Finland		
	Netherlands	Greece		
	Spain	Hungary		
		Italy		
		Latvia		
		Luxembourg		
		Malta		
		Poland		
		Romania		
		Slovakia		
		Slovenia		
		Sweden		
		UK		
<b>Total: 2 countries</b>	<b>Total: 7 countries</b>	<b>Total: 17 countries</b>	<b>Total: 2 countries</b>	<b>Total: 0 countries</b>

Source: Expert survey. Question: "Have there been vertical shifts in responsibility regarding housing policy between levels of government (national, regional, local, other) over the past ten years?"

# 3 The housing system



Housing systems in member states of the EU are shaped both by common patterns, such as demographic trends, and by nationally specific solutions. They are the result of an historical evolutionary path, national market structures, and the national legal framework and funding-policy measures.

## 3.1 The housing stock

### 3.1.1 Construction periods of the housing stock

The age structure of the housing stock is specifically relevant in the context of its modernisation and refurbishment. In most member states large parts of the housing stock were built in the late 1960s to early 1980s, using industrial construction methods, high rise residential building, and new construction material of limited durability (e. g. for facades, roofing and joints). This age-related cluster of dwellings poses specific technical and financial challenges for refurbishment in some member states (see section 3.1.3 below). Figure 2 presents basic statistical data on the residential dwelling stock by construction periods. It has been collected from national statistics on the housing stock, especially census 2011 data and questionnaire answers (where applicable). Data on recent dwelling stock additions have been calculated partially on the basis of cumulative construction activities. This data may refer to either 2017 or 2018, and may be partially inconsistent (e. g. due to errors in tracking of construction activity

data over time etc.). The data on housing stock distribution over construction years has been used to group member states using cluster analysis methodology. Three basic types of dwelling age distribution over the last 120 years can be identified in the EU member states (see Figure 2 in comparison to the EU average).

- Countries in the first group (1a to d, see Figure 1 Figure 2) have a peak share of dwellings in the 1960s to late 1970s with 25 % to 36 % of the actual stock stemming from these two decades. Additionally, Groups 1a and 1b have a significant share of pre-WW1 stock, but little construction in the interbellum period. Groups 1c and 1d on the other hand do not have similar levels of historic dwellings. Concerning actual construction activity, Group 1a and 1d show a resurgence of residential construction activity after 2000, while Groups 1b and 1c show no similar signs. Total share of dwellings dating from 1990 and more recently account for on average between 10 % and 25 % of the total stock.

- Countries in the second group (2a and 2b) feature a double peak in dwelling shares. In addition to a 60s to 70s peak that amounts to an average of 37 % of the housing stock, a second peak construction period between 2000 and 2010 can be observed, with a sharp decline after the GFC. This more recent peak is considerably higher in Group 2b. Between 15 % and 30 % of the total stock is aged 1990 and younger.

- Countries in Group 3 do not show a similar volatility in residential construction over the last century. Instead, most of their stock has been added in recent decades, with peak construction periods between 2000 and 2010 and a sharp decline after the GFC. Only about 20 % of the stock stems from the 1960s and 1970s, but 40 % on average was built starting in 1990 or more recently.

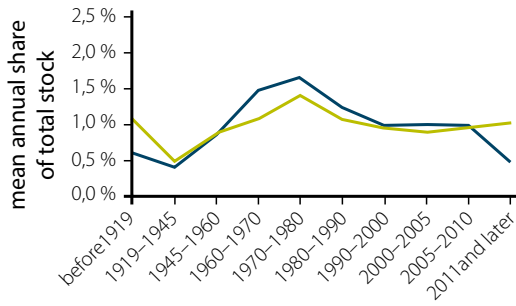
Table 8 shows the group affiliation of the EU member states.

Table 8: Grouping of member states by age characteristics of the housing stock

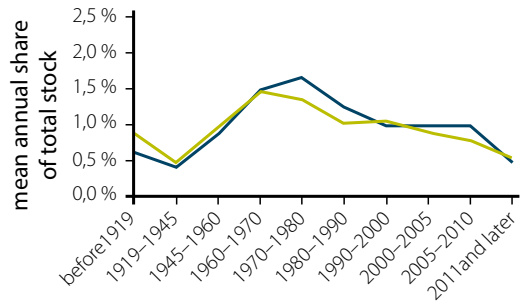
Group 1a	Group 1b	Group 1c	Group 1d	Group 2a	Group 2b	Group 3
Austria	Germany	Finland	Slovakia	Bulgaria	Greece	Cyprus
Belgium	United Kingdom	Malta	Sweden	Croatia	Spain	Ireland
France		Netherlands		Czech Republic		Luxembourg
				Denmark		Portugal
				Estonia		
				Hungary		
				Italy		
				Lithuania		
				Latvia		
				Poland		
				Romania		

Source: EUROSTAT census 2011, national statistics, expert survey B1.1.1, own calculations.

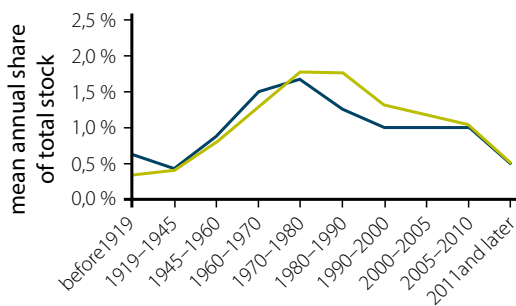
**Group 1a**



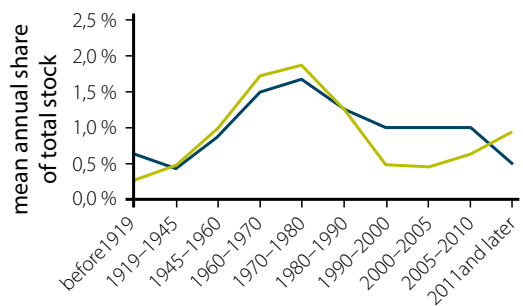
**Group 1b**



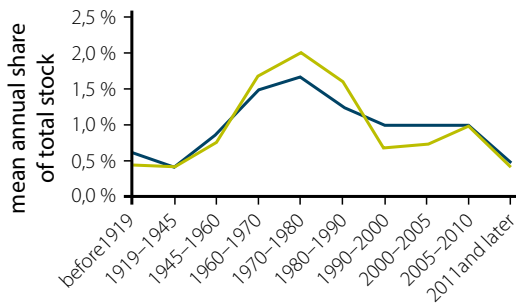
**Group 1c**



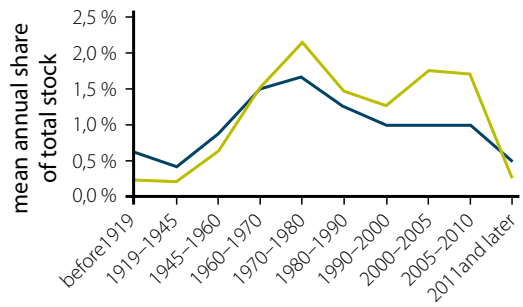
**Group 1d**



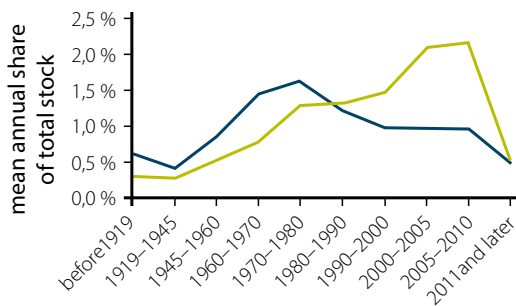
**Group 2a**



**Group 2b**



**Group 3**



— Group average — EU 28 average

Figure 2: Age structure of the housing stock groups in the EU, Source: EUROSTAT census 2011, national statistics, expert survey B1.1.1, own calculations.

### 3.1.2 Building types and regional characteristics of the housing stock

Building types, in other words construction techniques and materials, size and shape of the building, and urban context vary strongly among the EU member states. A typology of buildings and their characteristics is beyond the scope of this report. Since regional aspects such as the degree of urbanisation of a member state are likely to influence not only the prevalence of specific dwelling types but also the tenures system and housing policies, this section features a basic analysis of urbanisation and dwelling type distribution. This analysis relies on Eurostat data on the share of population combined with regional aspects (urban vs. suburban and urban vs rural) and dwelling type (single-family house vs multifamily house). Relating the first data set to the second one would be expected to yield a positive correlation between the degree of urbanisation and the share of the population living in multifamily dwellings. This seems only to be true for some countries, as can be seen in the plot in Figure 3.

- Countries in Group 1a (see Table 9) have on average a low to medium degree of urbanisation with between ca. 25 % and 50 % of the population living in cities. The share of population in multifamily houses is relatively equally distributed, with an average of about 50 %.
- Countries in Group 1b have on average the lowest degree of urbanisation, with about 30 % of the population living in cities. The share of population living in multifamily houses is proportionately correspondingly lower, with an average of about 30 %.

- Member states in Group 1c show a higher average degree of urbanisation and a correspondingly higher share of population in multifamily houses.

Other member states do not show this kind of correlation.

- Member states in groups 2 and 3 show a higher average degree of urbanisation, but relative lower shares of population in multifamily houses. This is especially true for Ireland and the UK, where single-family houses are not confined to rural regions, but constitute the majority of housing in urban areas also.
- Malta represents a single case of a very high degree of urbanisation, but a disproportionately lower proportion of the population living in multifamily houses.

Table 9: Grouping of countries by urbanisation and dwelling type characteristics

Group 1a	Group 1b	Group 1c	Group 2	Group 3	Group 4
Austria	Belgium	Estonia	Cyprus	Ireland	Malta
Bulgaria	Croatia	Germany	France	United Kingdom	
Czech Republic	Denmark	Greece	Netherlands		
Italy	Finland	Lithuania			
Poland	Hungary	Latvia			
Portugal	Luxembourg	Spain			
Slovakia	Romania				
Sweden	Slovenia				

Source: EUROSTAT EU-SILC survey, share of population by regional characteristics and by dwelling type 2016, own calculations.

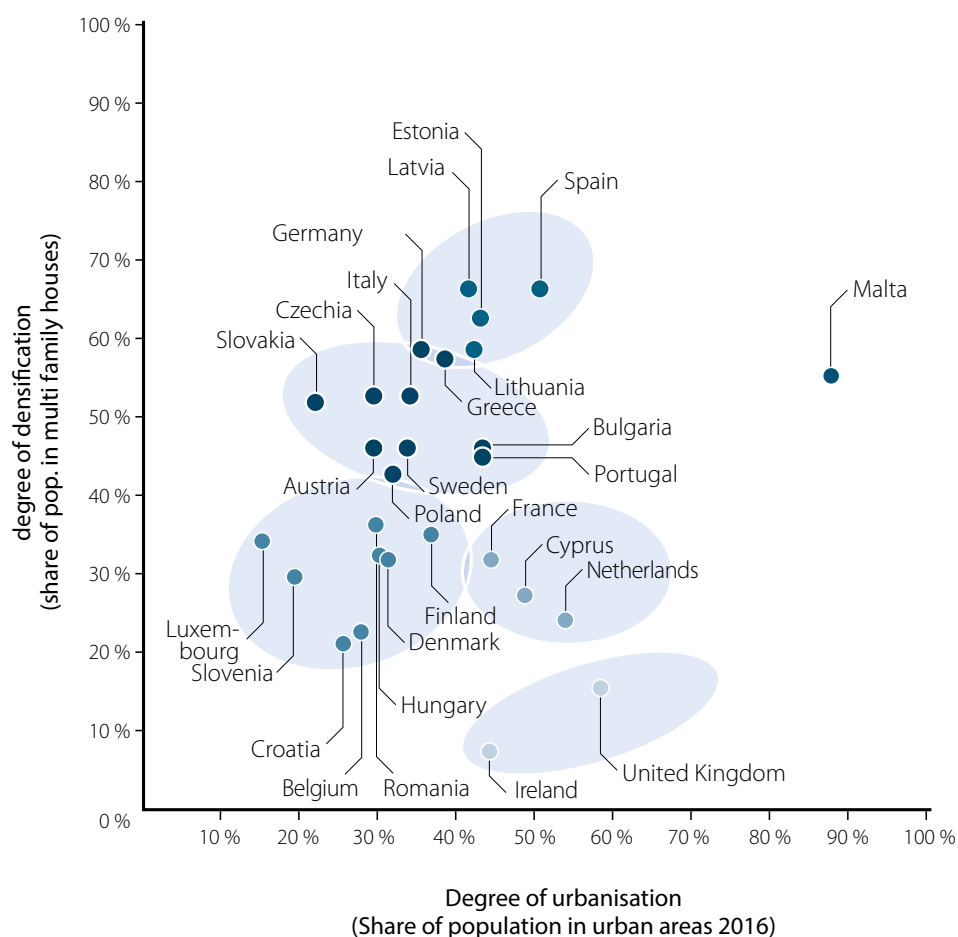


Figure 3: Urbanisation and dwelling type characteristics in EU member states

### 3.1.3 Housing stock-related deficiencies

The following section reports survey results concerning general housing stock-related problems. Questionnaire results were categorized into four groups, deficiencies by sector, by age, by regional appearance and by specific features.

- Age-related deficiencies were reported by most member states. Apart from general age-related wear and tear, these relate specifically to the need for increased energy efficiency, technical equipment, and barrier-free accessibility of the dwelling stock.
- Construction periods usually associated with mass construction of housing estates, such as prefabricated buildings, usually from the 1960s to early 1980s, seem to present another field of refurbishment necessity. Although found in most central European member states with similar demographic patterns, specific needs for refurbishment of this part of the housing stock were reported from most transformation countries, both in south-eastern Europe, for example in Bulgaria, and in such central European countries as Slovakia, and the Baltic countries.
- Sectoral deficiencies in housing stock relate to the private rental sector in some cases, e. g. in Austria, Croatia, Denmark, and UK. Other member states name building-related deficiencies in the social rental sector, such as in the Czech Republic, Ireland, Italy or Portugal.
- The problem of vacant or quasi-vacant regional housing stock is another common issue in various member states, which was mentioned in, for example, Bulgaria, Denmark, or Slovenia. Together with urban housing availability problems, regional demand and supply mismatch may result from changing regional patterns of housing demand (for more on demand-side problems see Chapter 4 on housing provision problems below), rural homeownership with limited regional mobility, or demographic issues like ageing. One specific issue within this aspect of regional deficiencies are problems related to dwellings in socially excluded settlements or areas, e. g. Roma settlements in some central and southern European member states.

Table 10: Housing deficiencies

Member state	Deficiencies by sector	Deficiencies by age	Deficiencies by regional appearance	Deficiencies by feature
Austria		Unrefurbished older single-family homes in rural areas	Regional demand/supply mismatch	Energy efficiency Barrier-free accessibility mainly in single-family homes
Belgium		About 10-13 % of the dwellings need major refurbishment		Energy efficiency
Bulgaria		Prefabricated buildings	Vacancies and underused buildings regional demand/supply mismatch	
Croatia	Social housing	Prefabricated buildings older dwelling stock in general	Vacancies and underused buildings	Energy efficiency Technical installations Barrier-free accessibility
Cyprus	Refugee housing	Maintenance of pre-1980s blocks of flats		
Czech Republic	Social housing sector	Prefabricated buildings	Dwellings in social excluded areas	
Denmark	Private rental sector Social rental sector	Unrefurbished older dwelling stock	Rural buildings	Energy efficiency Barrier-free accessibility
Estonia		Prefabricated buildings 1960–1980		Energy efficiency
Finland		Older buildings in general	Vacancies and underused buildings regional demand/supply mismatch	Barrier-free accessibility
France		1955–1980 unrefurbished stock		Envelope qualities (sound proofness, humidity, energy efficiency, poor architecture)
Germany	Social housing sector	Unrefurbished buildings	Regional demand/supply mismatch	Energy efficiency
Greece				Barrier-free accessibility
Hungary	Unregulated, informal private rental, small social housing sector, management problem of the condominiums	Prefabricated buildings	Rural buildings	Energy efficiency
Ireland	Social housing sector	Prefabricated buildings, mid-1990s to mid-2000s		Energy efficiency Building damages
Italy	Social housing sector	Pre-1945 buildings		Seismic issues Energy efficiency
Latvia		Prefabricated buildings		Energy efficiency Technical installations
Lithuania		Prefabricated buildings		Energy efficiency
Luxembourg				
Malta		Older buildings in general	Urban core Vacancies and underused building	
Netherlands				Energy efficiency

Member state	Deficiencies by sector	Deficiencies by age	Deficiencies by regional appearance	Deficiencies by feature
Poland		Older buildings in general		
Portugal	Social housing sector	Older buildings (1950s)	Vacancies and underused buildings Regional demand/supply mismatch	Energy efficiency Barrier-free accessibility
Romania		Mass residential blocks of flats built between 1950 and 1990	Vacancies and underused buildings Regional demand/supply mismatch	Seismic issues Energy efficiency Installations General quality of construction issues
Slovakia	Social housing sector Private rental sector	Mass residential blocks (1960-1992s)	Regional demand/supply mismatch Segregated informal settlements	
Slovenia		Mass residential blocks	Vacancies and underused buildings	
Spain				Energy efficiency Barrier-free accessibility technical installations
Sweden		1945–mid-1970s	Vacant buildings (small extend in peripheral rural areas)	Energy efficiency General ageing
United Kingdom	Private rental sector	Older buildings in general		Barrier-free accessibility

Source: Expert survey B 1.1.2.



## 3.2 Tenure systems

In this section, we report key findings on the tenure system. These relate to key tenures in the owner-occupied and the rental sectors, their quantitative relevance and their social function in the national systems of housing provision. Given the scope of the cross-sectional comparative analysis and to discover common patterns, we place a focus on basic findings. This is particularly necessary regarding tenure composition, given the diversity and complexity of national tenure characteristics, and varying availability of data.

### 3.2.1 The owner-occupied sector

Owner-occupied housing is the most common single form of tenancy in all EU member states (see Figure 4 in Chapter 3.2.3 below). Based on the relative number of occupied dwellings (other results may be obtained when the analysis is based on households or individuals), the level of owner-occupation starts with up to 50 % in Germany, Austria, and Denmark. As much as about 65 % can be observed in the Netherlands, France, Sweden, the UK, Finland, and Belgium. A slightly higher level of owner-occupied tenure can be observed in southern and western European countries such as Greece, Ireland, Italy, Spain and Portugal. Particularly high proportions can be found in most of the central and eastern European transition countries (with the exception of the Czech Republic). Taking estimates of informal letting activity and underused dwellings into account, owner-occupation realistically accounts for about 80 % to 90 % of housing provision in these countries.

In addition to regulatory differences and historical path dependencies, e. g. privatisation of former state-owned housing, the economic geography of a country also influences the relevance of home ownership. Home ownership is generally more common in rural regions of the member states than in cities, where rental tenures and various forms of

flat or condominium ownership prevail. Thus, structurally less urbanised member states tend to have a higher proportion of owner-occupied residential property.

Within the umbrella term of owner-occupation, both house ownership, condominium ownership, cooperative ownership and, to a lesser extent, special contractual arrangements such as usufruct or leasehold can be identified. However, not all forms are available in all member states. Full ownership exists in all 28 member states and is the main form of ownership-like property rights in most countries.

#### 3.2.1.1 Condominium ownership

Owner-occupation of apartments in various forms of condominium ownership is regulated similarly in most member states. Even if information on market share is not available in all countries, the importance of condominium ownership is noticeably different among member states. This tenure is particularly important in some transition countries in which apartment buildings have been privatized (e. g. Estonia, Slovakia; others did not report separate figures). In southwestern European countries (e. g. Portugal, no specific figures were reported for Italy and Spain), condominium owner-occupation also has a substantial market share in cities. In central-western European countries (Austria, Germany, France) the share of owner-occupation in condominium ownership is lower than in full ownership and occurs mostly in cities.

Cooperative forms with a partly property-like character are reported for about half the member states. In Sweden, national tenure regulations with a cooperative character prevail, but condominium ownership is available too. Given the hybrid character of some cooperative housing regulations, this tenure may also be categorized as rental

housing, when the rental character prevails<sup>6</sup>. Cooperative ownership as a remnant of former socialist regulations can also be found in some transformation countries, e. g. in Czech Republic and Poland. These specific national regulations offer mostly similar property rights to condominium ownership, although individual regulations vary from country to country. Although cooperative regulation of co-ownership has been reported in other countries, too, it appears to be of little relevance in practice, or has only recently been introduced.

Regardless of the possible types of regulation of co-ownership described above, the specific rights of disposal and decision-making of the community of owners or individual owners can vary in the member states. Problems with maintenance and modernisation measures in community property as a result of regulatory deficits and a lack of private capital provided by owner are reported in particular from several transition countries.

### 3.2.1.2 Other regulations

Leasehold: The existence of relevant regulations was reported from eight countries, although it was not possible to quantify their significance because of their low market share or the lack of data. Regional use of the instrument, apparently based on local traditions, is reported from Finland, France and Luxembourg. With a significant share, the use of land rent in Malta seems to be of greater importance.

Usufruct or comparable regulations seem to play a role, especially in the context of inter-generational wealth transfers, (e. g. in Greece or Italy). Rent-to-buy schemes can be found in only a few member states, e. g.

Finland, France, and Italy. Reverse mortgage/life annuity regulations were reported to play a significant niche function in Hungary.

Table 11 offers a comprehensive overview of specific relevant tenures and regulations within the owner-occupied sector of the EU member states.

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<sup>6</sup> E. g. Denmark or Germany, where co-ops are listed under rental housing in national statistics.

Table 11: Existence and relevance of specific forms of owner-occupation

Member state	All forms of owner-occupation (sum of column 2-5)	Individual house (with or w/o mortgage)	Flat/condominium owner-occupation	Cooperative owner-occupation	Other, e. g. emphyteusis lease, usufruct, also including unknown
Austria	Very large share	Large share	Medium share		Small share
Belgium	Very large share (no separate data available)			Niche	
Bulgaria	Dominant share	Large share	Large share	No data available	
Croatia	Dominant share	Very large share	Large share		
Cyprus	Very large share	Very large share	Medium share		Dwellings under special regulations regarding refugee/separation issues
Czech Republic	Very large share	Very large share	Medium share	Small share	Usufruct (niche)
Denmark	Very large share	Large share	Small share		
Estonia	Dominant share	Medium share	Very large share		Niche
Finland	Very large share	Large share	Large share		right of occupancy (niche)
France	Very large share	Large share	Medium share	Niche	Emphyteusis lease (regionally, niche)
Germany	Large share	Large share	Small share		Emphyteusis lease (niche)
Greece	Very large share (no separate data available)			Niche	Usufruct (niche)
Hungary	Dominant share	Very large share	Medium share	Small share	Reverse mortgage schemes (niche)
Ireland	Very large share (no separate data available)				
Italy	Dominant share (no separate data available)			Cooperative building associations (niche)	Right-to-use (small share) usufruct (small share)
Lithuania	Dominant share (no separate data available)				
Latvia	Dominant share (no separate data available)				Niche
Luxembourg	Very large share (no separate data available)			Niche	Emphyteusis lease (regionally, niche)
Malta	Dominant share (no separate data available)				Emphyteusis lease (medium share), right of use/usufruct (small share)
Netherlands	Very large share (no separate data available)			Niche	
Poland	Dominant share	Very large share	Medium share	Medium share	
Portugal	Dominant share	Large share	Large share	Niche	
Romania	Dominant share	Very large share	Large share		Niche
Slovakia	Dominant share	Large share	Large share	Niche	
Slovenia	Dominant share	Very large share	Large share		Right of use/free of charge (small share)
Spain	Dominant share (no separate data available)			Cooperative building associations (niche)	Niche
Sweden	Very large share	Large share	Niche	Large share	
United Kingdom	Very large share	Very large share	Medium share (flats)		

Categorisation scheme: dominant share: at least ca. 75 % of all households/dwellings in the member state; very large share: at least ca. 50 %; large share: at least ca. 25 %; medium share: at least ca. 10 %; small share: less than ca. 10 %; niche-marginal share (no figures available). Empty – not available. Source: Expert survey B 2.1.1, B2.1.2.

### 3.2.1.3 Target groups

Given the variable relevance of owner-occupation among the member states, owner-occupation serves different social groups. It is therefore useful to distinguish the various social functions not only in terms of regional distribution (rural, suburban, urban home ownership), but also by the type of acquisition, e. g. self-constructed, purchased from developers, obtained through privatisation, inherited, or membership in a cooperative.

- Rural home ownership is the prevailing form of tenure in most member states, and is thus open to a large variety of social groups. All forms of acquisition are common, as well as the use of family resources and land.
- Urban home ownership for first-time buyers usually financed by mortgage is common for middle-income groups in owner-occupation-oriented member states with traditional house-buying cultures (e. g. Denmark, Ireland, the Netherlands, UK). Low requirements for down payments and upward social mobility (“housing ladder”) based on housing wealth creation promotes openness for the lower-middle class too. This group was most hard hit by GFC reactions and access to homeownership is still restricted in some member states. Similar social groups are also affiliated with owner-occupation tenures in southwestern and eastern European member states, with the difference that in these countries, family equity, inheritance and privatisation profits play a more important role in financing.
- In member states with tighter affordability restrictions regarding home ownership, such as Austria, France, Germany or Sweden, urban home ownership is subject to stricter income-sorting effects, limiting access to starter households and lower middle-income groups. Exemptions apply for member states with cooperative ownership, where other social selection criteria may apply (e. g. Denmark). Owing to restricted affordability, owner-occupation is more common among older sectors of the population and inheritance plays a vital role in access for younger generations.
- Member states with broad access to home ownership due to privatisation of state-owned housing stock show the largest social variability in owner-occupation. Since the privatisation process was a unique occasion, lack of capital for maintenance and modernisation, together with regional mismatch, is likely to contribute to an increased differentiation of social groups in owner-occupation in the future.

### 3.2.2 The rental sector

In this study, the various rental sectors were primarily divided into market-priced and subsidised “social” rental tenures, usually restricted by certain target group-related access privileges. Cooperative rental, other non-profit regulations, or specific national regulations were also included.

Thus, category formation is primarily based on rent price formation (market-based, i. e. through negotiations between market participants or below market prices due to subsidisation). Especially with regard to the existence of classification into the social rental sector, this categorisation scheme differs from others, e. g. such as that of the “public scope.” The category “market-based” rental tenure, which is sometimes used synonymously with the term “private” rental tenure in the literature, thus represents a top-level category that results primarily from the negative demarcation from the subsidised rental housing market. But even where market-based regulations prevail, the development of certain submarkets that cater for different target groups and housing needs by means of tenancy law, taxation or type of provider can be observed. This can be attributed to there also being differences among the letting activities of institutional landlords, small private landlords, and public providers of market-based apartments, which can justify their classification as a separate submarket. The social dimension of a rental sub-market must therefore be kept in mind as another basic dimension of the rental-tenure typologies.

#### 3.2.2.1 Market-price rental tenures

In all EU member states, common forms of regulated or informal market-rental housing provision can be observed, regardless of the country-specific regulatory details e. g. of specific rights of the contracting parties, which were not the subject of the survey.

With regard to the quantitative importance of market rent-based rental housing, different patterns can be observed in the EU member states. The largest market-price rental housing sector with around 50 % of the housing stock can be found in Germany. A portion of these market-price rental dwellings are rented out by publicly owned or controlled housing companies, most of which formerly had non-profit status. With the same regulatory basis, similar housing quality and overlapping target groups, this “public” rental sector is hard to separate from private or institutional market-priced segments. A somehow similar situation can be observed in Sweden, where private and public rental housing subsegments together comprise almost 40 % of the housing supply and are subject to the same tenancy regulation and collective bargaining-based rent price setting.

Progressively smaller levels of rental tenure can be found in the other member states, although estimates may come to different conclusions concerning the size of informal arrangements. Especially in the former socialist transition countries, where privatisation measures have resulted in nominally very high proportions of owner-occupation, estimates sometimes result in a relatively high share of rental tenures when informal letting activities are considered.

Although all of the reported rental segments qualify for “market-rate” rent because there are usually no limits imposed by formal rent-setting or rent-ceiling mechanisms, most of the letting in market-rate rental housing in EU member states is supplied by private individual landlords. Only in some member states are institutional for-profit companies active in providing housing services (for more on patterns of rental-housing provision see Section 3.2.2.4). Given the small scale of activities and resulting high transaction costs, the closer spatial proximity and personal relationships between contractual parties, profit expectations, rent setting and choice of target group are supposed to differ strongly between market-rate institutional and private rental markets.

### 3.2.2.2 Subsidised social rental tenures

In order to distinguish the market-priced rental housing sector from the social rental-housing sector, the survey defined the latter as rent-subsidised, possibly with additional defined privileged access criteria for certain target groups. Rent subsidisation in this sense is intended to be tied to the dwelling or the provider of the dwelling (supply-side subsidy), not to the tenant household, e. g. by housing allowances (demand-side subsidy). This definition may result in different attributions of other possible criteria, e. g. those that focus on the provider status, i. e. a dichotomy between the private and public housing market. This is particularly evident in those countries where the social-housing market is traditionally linked to public-sector provision, e. g. municipal housing, given the fact that public provision does not necessarily aim at lower or subsidised rents. In this case, we refer to “public” rental tenure whenever this sector of housing provision does indeed show characteristics of an individual market, e. g. with specific target groups or specific dwelling types.

Not-for-profit or limited-profit housing can be considered a third tier of rental housing. In this model of provision, comparatively lower rents than in market-based tenures may not only be the result of direct subsidies for building and operation of dwellings, but also the outcome of a cost-plus rent setting model, possibly assisted by a suitable tax regime (Austria). In this case, below market rate rents can also be arranged without direct subsidies. In other cases (e. g. Denmark, Germany), cooperative tenures are strongly characterised by individual, self-regulated cooperative member committees that set membership fees and cost contributions themselves. A third case involves cooperatives in former socialist countries that became in essence the equivalent of condominiums after the privatisation.

Given this range of possible settings, cooperative tenures can involve condominium ownership (when ownership-like rights prevail) or subsidised social rental tenures where state subsidies in this larger sense exist when specific providers enjoy tax exemptions or different tax regimes in exchange for rent reductions or access privileges). Finally, cooperative rental tenure can involve a separate system of affordable housing provision on its own.

Non-market-rent housing tenures are particularly common in the Netherlands, Austria and Denmark, with a share of about 30 % of total housing provision, including various forms of subsidised, cooperative or municipal rental tenures that satisfy the criteria described above. Relatively large segments with more than 10 % market share can be found in Finland, France and the UK. In most other member states, the proportion of social subsidised-rental dwellings is smaller, e. g. in Germany it is about 3 %, although the distinction from market-based housing is unclear because there are no clear nationwide guidelines for access and rent-setting in some cases. This is especially true where these dwellings are municipal remnants of former socialised housing

stocks, e. g. in the Czech Republic. Formally no publicly subsidised rental housing sectors were reported from Greece, Sweden and Cyprus, where demand-side subsidies are used as an alternative.

Access criteria also provide indications of the policy scope of social housing in the member states, although a clear distinction between rent relief and target group privileges is generally not apparent (see section 5.2). Such a distinction is most visible where the two tasks are assigned to different subsectors, e. g. in member states where in addition to a rent-subsidised sector there is also a specific housing supply for particularly vulnerable target groups or emergencies, e. g. homeless people, usually under municipal control. Access criteria, some of which coincide with the rent-subsidised sector, are then also defined locally. In addition, some member states offer subsidised or public housing with eligibility criteria that are aimed at middle-income groups (e. g. Austria at the municipal level, (especially the example of municipal housing in Vienna), France, Germany at the municipal level, and Italy). In some cases, tax breaks for private sector providers or public-private-co-financing are used and rents set by applying market rent discounts (France, Italy).

Table 12: Existence and relevance of specific forms of rental arrangements

Member state	Market rate private/commercial rental tenures	Special regulation regimes	Public rental tenures (if not included in subsidised/privileged access)	Subsidised below market and/or privileged access rental tenures	Cooperative rental or similar national specific tenures	Other, e. g. medium income subsidised rentals	Hybrid forms, e. g. rent-to-buy schemes
Austria	Medium share	Below market rate rent regulation for most dwellings before 1945 (small share)	Small share		Medium share		
Belgium	Large share			Small share			
Bulgaria	Small share			Small share			
Croatia	Small share			Small share			
Cyprus	Medium share	Special tenant protection for buildings built pre 2000					
Czech Republic	Small share		Municipal housing, rent setting and access criteria under local level regulation (small share)				
Denmark	Medium share	Below market rate rent regulation for dwellings before 1992	Small share/ niche	Medium share	Small share		
Estonia	Small/medium			Niche, local level regulation			
Finland	Large share			Small share nationally, medium share in big cities			
France	Medium share	Dwellings in regional restricted rent setting zones; dwellings with public refurbishment subsidies; dwellings under affordable rent schemes		Medium share		Subsidised medium income rental housing (medium share)	Rent-to-buy (PSLA) (niche)
Germany	Large share	Dwellings in regional restricted rent setting zones; dwellings within urban regeneration areas	Public rental tenures (small share)	Small share	Small share	Subsidised medium income rental housing (niche, local level regulation)	
Greece	Medium share						
Hungary	Small share			Small share			



Member state	Market rate private/commercial rental tenures	Special regulation regimes	Public rental tenures (if not included in subsidised/privileged access)	Subsidised below market and/or privileged access rental tenures	Cooperative rental or similar national specific tenures	Other, e. g. medium income subsidised rentals	Hybrid forms, e. g. rent-to-buy schemes
Ireland	Medium share			Small share			
Italy	Medium share			Small share	Small share	Subsidised medium income rental housing (niche); reduced rent agreement (small share)	Rent-to-buy (niche)
Lithuania	Small share			Small share			
Latvia	Small share			Medium share			
Luxembourg	Large share			Small share			
Malta	Medium share	Below market rent regulation for sitting tenants with contracts 1995 and earlier		Small share			
Netherlands	Medium share			Large share	Niche		
Poland	Small share		Small share	Niche	Small share	Subsidised medium income housing (niche)	Rent-to-buy (niche)
Portugal	Medium share	Special rent regimes for privatised social rental dwellings		Small share		Dwellings under accessible rent schemes (new)	Rent-to-buy (law-decree n.1/2020: 09.01.2020)
Romania	Small/medium share (estimated)	Low rents for sitting tenants in specific segments, etc. Nationalised rental housing (niche)		Small share			
Slovakia	Small share			Small share			
Slovenia	Small share		Small share				
Spain	Medium share			Small share	Niche		
Sweden	Negotiated market rents for all private rental dwellings (medium share)		Municipal housing (same rent setting as in prs) (medium share)	Privileged access: only individually regulated stock on municipal level (small share)	Niche		
UK	Medium share		Niche	Medium share	Niche	Intermediate housing	Rent -to-buy (niche)

Categorisation scheme: dominant share: at least ca. 75 % of all households/dwellings in the member state; very large share: at least ca. 50 %; large share: at least ca. 25 %; medium share: at least ca. 10 %; small share: less than ca. 10 %; niche=marginal share (no figures available). Empty – not available. Source: Expert survey B 2.2.1, B2.2.2.

### 3.2.2.3 Target groups

It can be observed that countries with a larger proportion of private rental housing markets have a more diversified range of rental submarkets that allows them to assume more specialised supply functions. Following the results in Table 13, three important target group-related supply functions of the private rental housing sector can be identified.

- First, owing to its contractual flexibility, it serves as a transitional form of housing for younger households, especially students and young professionals.
- The second supply function targets households that are looking for non-permanent housing choices. This includes in particular households with work-related mobility requirements. The social groups that are affected differ widely, so that quality and type of housing demand can vary considerably. An important demand group is the migrant workforce, both domestic and international, who demand various forms of temporary housing. Part of this demand is met by informal (sub) rental activities, which makes it difficult to quantify the actual size of private rental housing markets. However, there are also isolated cases of high-priced sub-markets that are created by the demand of foreign workers or urban groups with high residential purchasing power (Czech Republic, Poland).
- The third supply function is the provision of permanent residence for households. In order to be able to perform this function beyond being a “residual” tenure, appropriate qualities and securities are required. The social groups affected differ widely among member states, depending on the specific national tenure-choice alternatives. In member states with larger and more diversified private rental housing sectors this supply function extends to the middle class. Consequently, private

rental housing markets to meet the permanent-residence needs of (lower) middle income groups was mentioned only in relatively few member states (Austria, Germany, Denmark, and Sweden). The driving forces behind this state of affairs are apparently historically-based processes aimed at balancing costs, quality and stability among the tenures in favour of rental tenures. In member states with more dominant home ownership tenures, the permanent supply function of private rental housing markets is limited to lower income households, which are excluded from home ownership, for example due to a lack of access to mortgage financing. The access problems of these groups, which became specifically apparent in the course of the financial crisis, have thus contributed to increased demand for rental housing in the market-based sector in some of the countries concerned. In transition countries with a marked emphasis on owner-occupation, however, rental housing markets in some cases still function as permanent housing in subsegments that have not completely lost their original function during the transformation process. As a rule, however, these markets primarily serve existing tenants (e. g. municipal and cooperative rental housing in the Czech Republic).

The publicly subsidised rental housing sector entails rent subsidies and access privileges, and housing is usually allocated according to certain access criteria. These can be identified from the responses:

- Target groups with access problems to the general housing market, e. g. vulnerable groups
- Target groups with affordability problems (low income, lowest income)
- Broader target groups to maintain or promote a social mix in housing districts

In some member states, the first two objectives are achieved by a narrowly focused subsidised housing sector, which only aims at housing supply to low-income or marginalised groups and is of low quantitative importance (e. g. Italy, Spain). This contrasts with systems in which the subsidised rental-housing sector is quantitatively more important (e. g. Austria, Netherlands, France, and the UK). This allows broadening of the target group definitions, with the focus on lower income groups compared with the private rental housing market. The third objective is especially relevant in those member states in which public rental housing serves to a greater extent as a substitute for private rental housing, i. e. the two forms have apparent similarities in their target groups, quality and accessibility. This is particularly evident in Austria, especially in the sub-market of municipal Vienna housing, as well as in Denmark, Germany and Sweden. In some member states like the Czech Republic and Poland non-privatised municipal rental housing also serves broader social groups, especially sitting tenants.

Intermediate forms of subsidised rental housing have been reported in addition to the “conventional” subsidised-rental housing sector, which tend to target higher income groups and thus aim at closing the gap between the private and the subsidised-rental housing market. Existing quality deficiencies and the stigma of the social housing sector are to be reduced by involving other groups of providers and private capital.

The cooperative rental sector is very heterogeneous in its social function. Generally speaking, cooperative rental in western European member states consists of lower-middle-income groups who are long-term sitting tenants. This group benefits from a high level of rent security, moderate and stable rent levels (e. g. Austria, Germany). In transition countries (e. g. Poland, the Czech Republic), the situation is somewhat similar, but quality and tenant rights may vary.

Table 13: Tenure related target groups

Member state	House owner-occupation	Flat/condominium owner-occupation	Private rental (permanent residential function)	Private rental (temporary residential function)	Subsidised/social rental
Austria	Middle/higher income groups		Broad social groups	Young households/mobile households	Low-income groups (public sector) broad social groups (lpha) / Lower/middle-income groups (public/subsidised) broad social groups (rent-regulated, private)
Belgium	Middle/higher income all social groups	All social groups	Lower income all social groups	Young households/mobile households	Lower income groups
Bulgaria	All social groups		Middle/higher income groups	Young households/mobile households	Vulnerable groups
Croatia	All social groups		Diverse social groups	Young households/mobile households	Vulnerable social groups
Cyprus	Broad social groups	Middle/higher income groups	Diverse social groups (segmented by quality)	Not specified	Not relevant
Czech Republic	Middle/higher income groups	Lower/middle income groups (privatised housing) middle/higher income groups (condominiums)	Diverse social groups (segmented by quality/supplier)	Not specified	Vulnerable groups
Denmark	All social groups	All social groups, younger people, mainly Danish ethnicity	Broad social groups (segmented by quality/supplier)	Young households/mobile households	Low income groups, vulnerable groups immigrants
Estonia	Broad social groups	Lower/middle income groups	Lower/middle income groups	Young households/mobile households	Vulnerable groups
Finland	Broad social groups But especially middle/higher income and age groups	Broad social groups Including lower/middle/higher income groups	Diverse social groups (segmented by quality/supplier), includes housing allowance recipients	Young households/mobile households, includes housing allowance recipients	Low income groups, who often get also housing allowance
France	Diverse social groups		Diverse social groups (segmented by quality/supplier)	Young households/mobile households	Lower income groups, mobile professionals
Germany	Middle/higher income groups	Middle income groups, young professionals, senior households	Diverse social groups (segmented by quality/supplier)	Young households/mobile households	Lower income groups vulnerable groups
Greece	Broad social groups		Lower income groups immigrants	Young households/mobile households	Not relevant
Hungary	Not specified	Not specified	Lower income excluded from ownership	Young households/mobile middle/higher income groups	Lower income groups
Ireland	Middle/higher income groups	Not specified	Lower/middle income groups (segmented by quality)	Young households/mobile households	Lower income groups
Italy	Broad social groups		Lower income groups	Young households/mobile households	Low income groups, lower/middle income groups (by subsegment)

Member state	House owner-occupation	Flat/condominium owner-occupation	Private rental (permanent residential function)	Private rental (temporary residential function)	Subsidised/social rental
Lithuania	Broad social groups		Not relevant	Young households/mobile households	Vulnerable groups
Latvia	Middle/higher income groups	Lower/middle income groups (privatised housing) middle/higher income groups (condominiums)	Lower income excluded from ownership	Young households/mobile households	Vulnerable groups
Luxembourg	Broad social groups, elderly and families overrepresented	Not specified	Not specified	Not specified	Not specified
Malta	Broad social groups	Broad social groups	Lower income groups immigrants rent-control sector: elderly	Young households/mobile households	Vulnerable groups
Netherlands	Diverse social groups, Families and higher income households overrepresented	Not specified	Diverse social groups (segmented by quality/supplier)	Young households/mobile households	Lower/lower-middle income groups, immigrants young households
Poland	Broad social groups	Broad social groups (privatised housing) middle income groups (condominiums)	Not relevant	Young households/mobile households	Low income groups, vulnerable groups (social), lower income groups (municipal)
Portugal	Broad social groups	Broad social groups (condominiums)	Rent-control sector: elderly	Young households/mobile households	Low income groups immigrants
Romania	Broad social groups		Diverse social groups (segmented by quality/supplier/regulation)	Young households/mobile households	Low income groups
Slovakia	Broad social groups		Diverse social groups	Young households/mobile households	Low/lower/middle income groups, Minorities
Slovenia	Broad social groups		Lower income groups	Young households/mobile households	Vulnerable groups
Spain	Broad social groups		Lower/low income groups	Young households/mobile households	Not relevant
Sweden	Middle/higher income groups		Lower(middle income groups)	Young households/mobile households	Not relevant
United Kingdom	Broad social groups	Not specified	Lower income excluded from ownership	Young households/mobile households	Lower income groups

Source: Expert survey B 2.2.3. B2.2.3

#### 3.2.2.4 Providers of rental housing services

Housing provision can also be structured in terms of providers. This is particularly relevant in the rental housing sector. Traditionally, “private” rental is associated with private individual landlords, while “public” refers to public sector-driven provision of housing services. However, this dichotomous approach can no longer adequately describe the provider structures in the rental housing sector in most member states. This is partly because the scope of public housing has become increasingly diverse, and the provision of subsidised housing by private companies has become a common practice in some member states. On the other hand, an increasing diversification of provider structures can also be observed in the market-price rental housing sector.

Table 14 shows the pattern of housing providers in the private or market-price rental housing sector. It is noticeable that small private landlords are an important provider of rental housing in all member states. Their activities range from occasional activity as a landlord, for example through subletting of owner-occupied housing (taking in lodgers), which is particularly common in transition countries with a lack of institutionalised rental housing markets, to profit-oriented activities of individuals with almost professional asset management of rental properties. Only a limited number of member states report that commercial for-profit companies manage relevant parts of the rental stock (Denmark, Germany, Finland, and the Netherlands). In some member states, however, commercial letting can be observed as a new investment trend (Ireland, UK, Spain, Denmark), with multinational asset management companies entering the field. Thus, institutional providers range from traditional housing companies to pension funds and other financial institutions.

The limited presence of institutional for-profit actors can be due to several possible causes. Firstly, it has been reported several times that private renting is basically not a professional activity. The close social contacts with the tenant additionally encourage more compromise-oriented price-setting behaviour (e. g. Greece, Germany). In most cases, rental housing stocks of private landlords tend to be targeted to middle- and lower-income groups and markets lack demand in high end rental segments making investment worthwhile. Other reasons for a lack of professional investment include financing problems (in the UK, for example, financing for buy-to-let properties has only recently become available) and other aspects such as legal uncertainty. Public bodies or publicly controlled companies in the market-price rental sector can only be found in a very limited number of EU member states. This refers to housing that is not necessarily subject to specific rent subsidies but owned by municipalities or other public bodies (e. g. Czech Republic, Germany, or Sweden) or by private-sector companies under public control (Germany).

Table 14: Providers of private/market rate rental housing

Member state	Private/market rate rental sector			
	Individual landlords	Corporate for-profit organisations	Public bodies or agencies	Corporate for-profit organisations controlled by state
Austria	Yes	Yes		
Belgium	Yes			
Bulgaria	Yes			
Croatia	Yes	Minor relevance		
Cyprus	Yes	Minor relevance		
Czech Republic	Yes	Minor relevance	Yes	
Denmark	Yes	Yes		
Estonia	Yes	Yes		
Finland	Yes	Yes		
France	Yes	Minor relevance	Very minor relevance	
Germany	Yes	Yes	Yes	Yes
Greece	Yes			
Hungary	Yes			
Ireland	Yes	Minor but growing relevance in the last decade		
Italy	Yes	Yes		
Lithuania	Yes			
Latvia	Yes			
Luxembourg	Yes			
Malta	Yes			
Netherlands	Yes	Yes		
Poland	Yes	Minor relevance		
Portugal	Yes			
Romania	Yes	Minor relevance		
Slovakia	Yes			
Slovenia	Yes	Minor relevance		
Spain	Yes	Yes		
Sweden	Yes	Yes	Yes	
United Kingdom	Yes	Minor but growing relevance	Very minor relevance	

Source: Expert survey B 2.2.4.

Different provider models can also be identified in the subsidised or privileged access rental housing sector. Here, four basic models can be observed:

- Provision exclusively by public bodies, usually local authorities or organisations commissioned by them. These can also include privately owned companies under public control.
- Provision by non-state, non-profit organisations or other organisations specialising in the operation of housing that are eligible for subsidies or operate under special tax regimes for the not-for-profit or limited profit (e. g. Austria) sector.
- Provision by both public bodies and non-state organisations.
- Provision by different actors, including private-sector companies, which build and operate subsidised housing as recipients of subsidies on behalf of the state or in cooperation with public bodies (PPP models).

The first model is practised in the majority of member states. Denmark and the Netherlands rely almost exclusively on private-sector, non-profit organisations. The last model is used in Germany and Austria. Here, in addition to subsidised housing, also a national specific model of limited-profit housing associations (LPHA) as private companies under a special regulation (cost-plus rent setting with limitation of profits and permanent asset commitment) plays an important role. As a new measure for promoting investment in the social housing market, private investment models for subsidised housing construction in the middle-income segment are reported from Italy. A small proportion of public housing that is owned by private companies as a result of various privatisation and transformation processes can be found in some member states (e. g. Estonia, Poland, and the Czech Republic).



Table 15: Providers of subsidised/privileged-access social rental housing

Member state	Subsidised/privileged access social rental sector				
	Individual or corporate for-profit	Public bodies or agencies	Corporate for-profit organisations controlled by state	Non-profit organisations	Other non-state social housing organisations or associations
Austria	Yes	Yes		Yes	Yes
Belgium	Yes (social housing agencies)			Yes	
Bulgaria		Yes			
Croatia		Yes			
Cyprus					
Czech Republic	Minor relevance	Yes			
Denmark					Yes
Estonia		Yes			
Finland		Yes	Yes		Yes
France	Yes	Yes	Yes	Yes	
Germany	Yes	Minor relevance	Yes	Yes	
Greece					
Hungary		Yes			
Ireland		Yes		Yes	
Italy		Yes		Yes	
Lithuania		Yes		Yes	
Latvia		Yes			
Luxembourg		Yes	Yes	Yes	
Malta		Yes			
Netherlands	Yes			Yes	
Poland	Minor relevance	Yes			Minor relevance
Portugal	Minor relevance	Yes			
Romania		Yes			
Slovakia		Yes			
Slovenia		Yes			
Spain		Yes			
Sweden				Minor relevance	
UK	Very minor relevance	Yes		Yes	Minor relevance

Source: Expert survey B 2.2.4.

### 3.2.3 Patterns of tenure in the EU member states

The intention of this last section on the housing system is to group national tenure systems according to basic patterns of the system of housing provision. This is done using two dimensions. First, we group member states in terms of common patterns regarding the degree of tenure diversification, i. e. the quantitative relations of tenures in the national tenure system (see section 3.2.3.1). Second, we identify functional aspects of tenure-system groups, which may differ within groups (see section 3.2.3.2). This second step allows further discussion of within-group categorisations according to common characteristics (see section 3.2.3.3). Owing to the prevailing individual characteristics of national housing systems it is obvious that a variety of groupings is possible. That said, the grouping approach here is not intended to incorporate all aspects of housing provision systems, such as welfare systems, historical path dependencies, and legal systems.

#### 3.2.3.1 Degree of tenure diversification

Regarding data on national tenure composition, inconsistencies among member states' statistics cannot be completely avoided.<sup>7</sup> Consequently, in the previous sections only tenure-share categories were presented. Metric data reveal that the tenure systems between member states display gradual differences, such as in the level of owner-occupation. Sorting by the level of owner-occupation, which is the largest key tenure category in nearly all member states, Figure 4 gives an overview of the distribution of tenure shares in their housing provision systems.

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7 E. g. different base units (dwellings, households, individuals), different indicators (ownership, tenure status of the dwelling), different years of reference (some are 2011 census data, some relate to more recent data), different data sources (official data, estimations, e. g. for informal activities), different attribution of unclear/unknown tenure affiliations and vacant dwellings in the underlying data bases etc.

Table 16: Data sources for tenure proportion figures

Member state	Data sources (as stated by experts)
Austria	Mikrozensus 2018, expert estimates
Belgium	Census 2011
Bulgaria	EU-SILC, Census 2011, World Bank (2017): Analysis of the State of Housing, Assessment of the Housing Sector in Bulgaria (2017), expert estimates
Croatia	Census 2011, expert estimates
Cyprus	n.a.
Czech Rep.	Census 2011, in: Ministry of Regional Development, Housing in the Czech Republic in Figures 2019, expert estimates
Denmark	Denmark Statistical Office Data 2019
Estonia	Census 2011
Finland	2017 National Statistics Finland
France	2013 national statistics
Germany	Census 2011
Greece	Census 2011, expert estimates
Hungary	Central Statistical Office 2015 housing survey
Ireland	Census 2011
Italy	Housing Europe, The State of Housing in the EU 2017 (2014 data), Banca d'Italia, I bilanci delle famiglie italiane nell'anno 2012
Lithuania	Census 2011
Latvia	Latvia State Land Service, reference date 1 January 2018 (available for dwelling type/ownership status only). Percentage share figures calculated by IWU/TUD
Luxembourg	Census 2011, expert estimates
Malta	Census 2011, expert estimates
Netherlands	Central Bureau for Statistics (CBS) 2018 data
Poland	Central Statistical Office of Poland, reference date 31 December 2016. Percentage share figures calculated by IWU/TUD
Portugal	data based on population
Romania	Census 2011, Ministry of Regional Development and Public Administration 2014, expert estimates
Slovakia	Census 2011, expert estimates
Slovenia	Census 2011, expert estimates
Spain	Census 2011, INE living-conditions survey 2018, expert estimates
Sweden	2017 national statistics, expert estimates
UK	2017 national statistics

Source: Expert survey

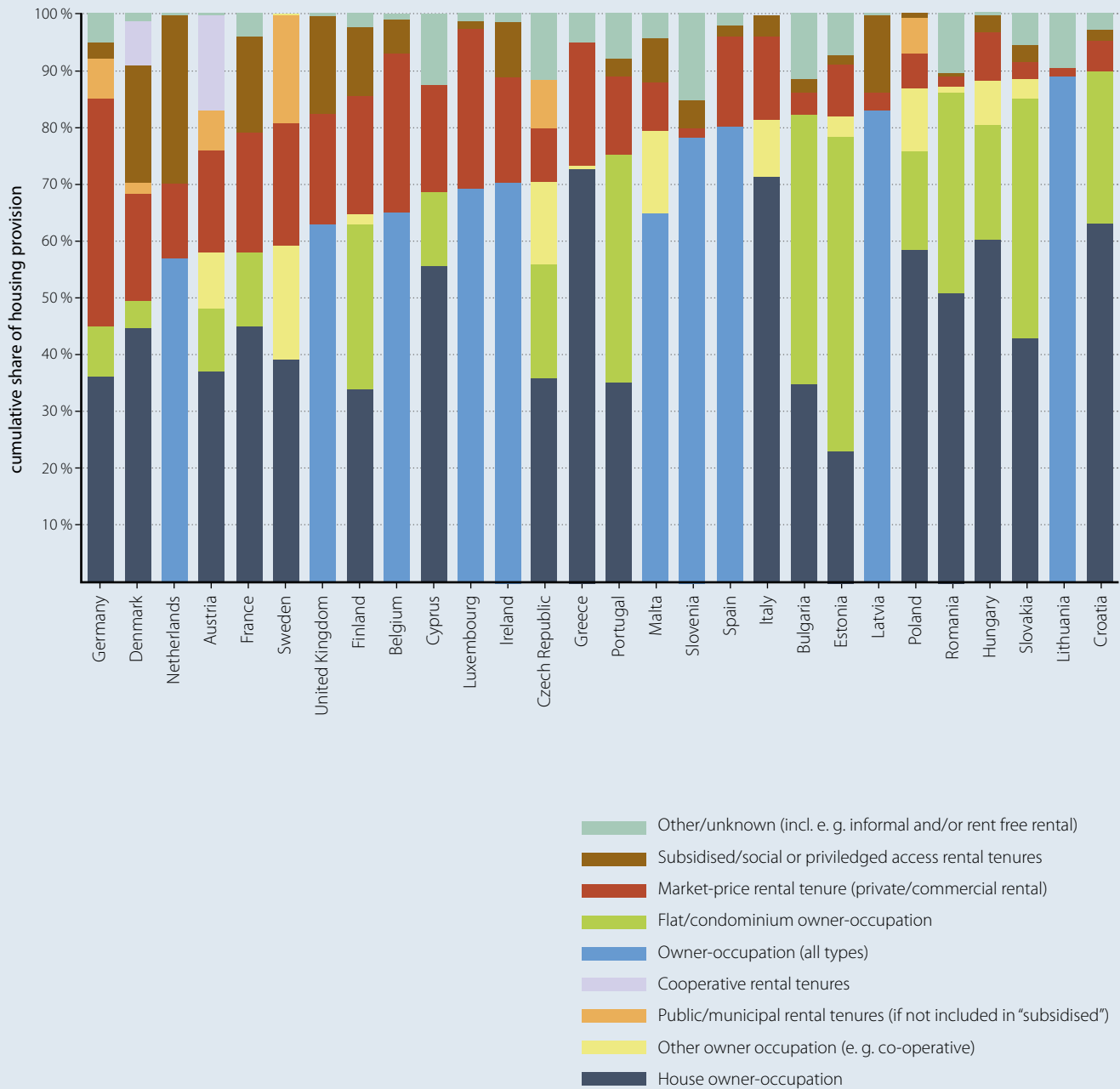


Figure 4: Tenure composition in EU member states

Different forms of owner-occupation can only be shown for member states where this data was available. In all other cases, the aggregated share of owner-occupation (all types) is shown. Source: Expert survey B 2.1.1, B 2.1.2., B 2.2.1, B2.2.2. Figures may apply to different base years and be based partially on expert estimates.

We refer to “more diversified” tenure systems when a larger number of different tenures exist and their quantitative relevance for housing provision is more equal. In diversified systems, tenures are likely to address specific target groups’ demands (housing choice, stability, duration, cost etc.). Less diversified systems are those with very large single main tenures, usually owner-occupation, and additional small, usually

specialised or merely residual tenures. The less diversified a system is, the more each key tenure type must satisfy multiple target group demands. Consequently, a basic measure of the degree of tenure diversification is the relative size of individual tenures. For reasons of robustness (given the issues with the comparability of metric data and tenure affiliations mentioned above), the categorisation scheme uses classified tenure shares as provided in Table 11 and 12. In addition, given the individual character of national subtenure peculiarities, only key tenure definitions (owner-occupied, market-rate rental, social/subsidised and cooperative rental) were used. All national systems were then grouped into four main groups, using the following criteria for categorisation (see Table 17).

Table 17: Categorisation rules related to tenure diversification

Indicator	Group 1	Group 2	Group 3	Group 4
<b>Share of owner-occupation (see Table 11)</b>	Small or medium share	Medium or large share	Large or very large	Large or very large
<b>Share of market rate rent (incl. public rental tenures not included in social/subsidised rent, see Table 12)</b>	At least medium share (when medium-sized social/co-op sector exists), very large share (otherwise)	Medium or large share	Medium	Small
<b>Share of subsidised/social and cooperative tenures (see Table 12)</b>	Medium share (sum of tenures attributed to the sector), non (if very large market rent sector exists)	None, niche or small share	Small share	

Categorisation scheme: dominant share: at least ca. 75 % of all households/ dwellings in the Member State; very large share: at least ca. 50 %; large share: at least ca. 25 %; medium share: at least ca. 10 %; small share: less than ca. 10 %; niche=marginal share (no figures available).

Each of these groups shows a distinct pattern of tenure diversification:

- **Group 1** represents more diversified tenure systems characterised by a relatively small share of owner-occupation and a large share of different rental tenures. The group mean ratio between rental and owner-occupation is about 8:10 and the mean size relationship between social and market-rate rental tenures is 7:10. However, within this group, both systems, with nearly all market rate or a relatively high level of market rate or of subsidised, social or cooperative rental tenures can be observed, so that the latter relationship is subject to substantial within-group heterogeneity. A further subdivision of this group is discussed in the next section.
- **Group 2** represents less diversified tenure systems with a relatively larger share of owner-occupation and a medium-sized mostly market-rate rental tenure segment. The group mean ratio between rental and owner-occupied tenure shares is 4:10. Within this group, both systems with and without dedicated subsidised/social or other rental tenures can be observed. If a social rental sector exists, it is considerably smaller than the market-rate sector. The group mean ratio between social rental sectors and market rent shares is 1:10. A further subdivision of this group is discussed in the next section.
- **Group 3** contains owner-occupation-dominated tenure systems with both private rental and social rental tenures considerably smaller, compared with owner-occupation. The group mean ratio between rental and owner-occupation shares is about 2:10, and the ratio between social and market rate rental tenures is also 2:10.

- **Group 4** represents owner-occupation-dominated tenure systems with various small forms of rental tenure, including private, public, cooperative forms. The group mean ratio between rental and owner-occupation shares is about 1:10, and the ratio between social and market rate rental tenures is nearly equal (11:10).

Two member states display different patterns of tenure diversification and were not included in the groups described above. The Czech Republic has a considerably lower share of owner-occupied dwellings/homes than the member states in groups 3 and 4, but a composition of rental tenures that differs strongly from groups 1 and 2. Malta has a similar share of owner-occupation to group 3, but a different pattern within rental tenures. The assignment of these member states to a group, together with a discussion of further subdivisions of the four groups, is the subject to the next section.

### 3.2.3.2 Functional aspects of tenure system groups

In this section, functional aspects of the group-related tenure patterns will be discussed. Observable common features allow each group's prevailing tenure system characteristics to be described. Within-group differences will be used to explain differences and possible subdivisions of the main groups.

Specific tenures can be attributed to different housing demands (flat or single-family dwelling), different demands for mobility (temporary vs. permanent housing), different income groups, different geographical characteristics (predominantly rural vs. more urbanised member states) and different provision systems (private landlords, commercial or public institutions). The tenure composition of each member state should reflect these functional aspects in some respects. This step uses the following information.

**- answers regarding the social function of tenures (Table 13):**

- income related aspects (low/lower/middle/higher/high income groups) of tenure
- social groups (minorities/vulnerable groups)
- demographic cohorts (young people/students/the elderly)
- regional differences (urban vs. rural)
- duration of residency preferences (permanent vs. transient)

**- answers regarding the providers of rental housing (Table 14, Table 15):**

- The relevance of private individual landlords, corporate for-profit investors or public bodies in the market-price rental sectors (indicator of quality and target group diversification within market-price rental housing)
- Provision of subsidised/social housing (state, non-state for-profit or non-profit actors, indicators of quality and target group diversification in this sector)

In addition to this qualitative information, we use the following secondary EU-SILC 2017 data (based on population) in order to further quantify group-related functional characteristics of tenures:

- Proportion of owner-occupied homes above/below 60 % median income (indicator for accessibility and inter-tenure mobility)
- Ratio of overburden rates among owner-occupied households with mortgage/market rent (indicator for income sorting effects)

- Relative percentage of owner-occupation with mortgage within total owner-occupation (additional indicator for financing habits and accessibility of home ownership)

Using this data, here we can adopt some key elements of Kemeny's (1995) classification of housing systems here. Tenure systems can be described as integrated when different tenures with overlapping qualities and target groups exist and the relationship between tenures is, to a certain extent, competitive. Thus, different tenures serve similar or partly similar target groups. In this case, for example both parts of the owner-occupation and rental sectors serve as permanent residential choices for similar target groups and are assigned the same level of importance. This kind of relationship usually requires a certain level of similarity both in cost and quality of housing. On the other hand, it reduces the need for life cycle-related, inter-tenure mobility. Thus, one indicator for integration is mobility. On the downside, lower upward mobility means higher access restrictions for owner-occupation, implying that tenure sorting according to income levels is supposedly stronger. This may also increase inter-tenure differences in housing costs and quality issues, adding to a larger variety of within tenure differences in housing services.

When tenures satisfy highly different housing needs and tenures differ widely in terms of target groups, social scope and quality, we refer to Kemeny's notion of rather dualist tenure systems. This is the case, for example, when the private rental sector meets more transitory housing demand, and the owner-occupied sector satisfies permanent housing demand. In this case, inter-tenure mobility is, on average, higher and accessibility to owner-occupation easier than in the case described above.

On the downside, inter-tenure competition is lower, so that quality and stability differences between tenures may increase. Especially when tenure concentration is high, the risk of rental as a “residual” tenure that serves only marginalised social groups may increase.

### 3.2.3.3 Classification results

The classifications carried out in the first step allowed the formation of 4 groups of comparable tenure structures. Introducing parameters of functional relationships, further stratification of these groups on the basis of similarities within a group was possible. The results reflect only a specific issue, and do not take other subgrouping aspects into account. Hence, multiple within-group classification results were possible. The results of the grouping process can be found in Figure 5 and Table 18. Group means of the parameters can be found in Table 19.

As described above, **Group 1** represents more diversified tenure systems. Typical for this group is a relatively low quantitative relationship between owner-occupation and rental tenures, with an average share of owner-occupied tenures between ca. 50 % and 65 %. Looking at the functional indicators of this group it can be observed that in 75 % of the countries involved commercial for-profit providers are active in the market-rate rental sector, while in 25 % of the countries market rate public housing provision also exists. In the majority of the countries in this group, social housing may be provided by non-state actors such as non-profit organisations (not excluding state provision). With a view to the composition of the rental sector, three main patterns can be observed in Group 1: Member states with a larger share of subsidised/ social, privileged access or cooperative rental housing than of market-rate rental, member states with a lower share of social rental tenures, and member states without or with only a very small and distinct subsidised social sector.

Another issue is the inter-tenure relationship. First, it can be noted that on average, about two thirds of owner-occupied tenures<sup>8</sup> are with a mortgage, with country-specific values ranging from slightly less than 50 % to nearly 90 %. Compared with the other three groups, the share of mortgage-financed owner-occupation is considerably higher. This may, in part, simply reflect larger shares of rural housing markets where owner-occupation is more often related to self-help construction activities, but supposedly also reveals accessibility differences to home ownership and different aspects of home ownership in the system of household savings and welfare provision. Accessibility to home ownership can be judged using the two indicators derived from EU-SILC, together with the answer patterns for social groups. Altogether, the group mean share of owner occupation in the above-60 %-median income group is more than double that of the below 60 % group, indicating that access to home ownership in Group 1 is strongly tied to income. This observation is reflected in the questionnaire answers, where only 25 % of the country experts in this group state that house ownership is accessible for most social groups (compared with 80 % in group 4). On the other hand, two thirds of the experts noted that market-rate rental tenure is a valid substitute for lifetime residency for a large variety of social groups, including the middle-income class. This result can be confirmed by looking at the housing-cost overburden rates.

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<sup>8</sup> EU-SILC data is based on population, not households, so values may differ from households/ dwelling units



The proportion of the population with a housing-cost overburden (40 % or more equivalent income<sup>9</sup> spent for housing) in the market-rental sector is significantly larger in all member states, but differences between owner-occupied tenures and market-rate rental tenures is proportionally lower in some of the member states from Group 1. These findings allow the formation of three possible subgroups. Thus, the following subgroups can be formed:

- a. Access to home ownership tends to be related to income levels. Large and differentiated market-rate and social-rental sectors with overlapping target groups, housing choice and stability characteristics, especially in urban housing markets, offering permanent residency choices in the rental sector too. Subsidised social or cooperative rental sectors with broader target groups and relatively high-quality standards compete with market-rate rental housing. Overall, the tenure relationship patterns tend to be more integrated. Member states with these characteristics are Austria and Denmark.
- b. Similar accessibility indicators as in subgroup a), but rental housing provided predominantly or completely by private, corporate for-profit and public providers, using the same regulatory framework for rent regulation. Since both providers operate under the same market conditions, housing choice and target groups in public and private/commercial rental tenures may be fully overlapping. These tenure systems can also be described as tending to be more integrated, but

different transformation path of parts of the rental sector prevail. Members of this subgroup are Germany and Sweden.

- c. Slightly lower influence of income on ability to access to the owner-occupied sector as in a) and b), and a considerably lower level of mortgage-financed homes. Apparently stronger disparities between social rental and private rental in terms of target groups and qualities. This pattern represents Finland and France, while some of these subgroup characteristics are also valid for member states in subgroups a) and b).
- d. Relatively highest share of mortgaged owner occupation and less significant income sorting in the owner-occupied tenures. Together with the temporary role of private rental and the lower relevance of corporate for-profit providers, these member states exhibit more of a dualist relationship between private rental and owner occupation, with stronger life cycle-related entry into owner-occupation (“housing ladder”) and more pronounced differences between target groups in private and subsidised social-rental sectors. Tenure systems in this group feature display some of the key characteristics of Kemeny’s “dualist” classification of the relationship between tenures, such as is evident in the UK. But also, countries like the Netherlands, in some respect also Denmark with their increasing adoption of housing wealth and “housing ladders” and stronger social segmentation of the rental sector may be assigned to this subgroup.

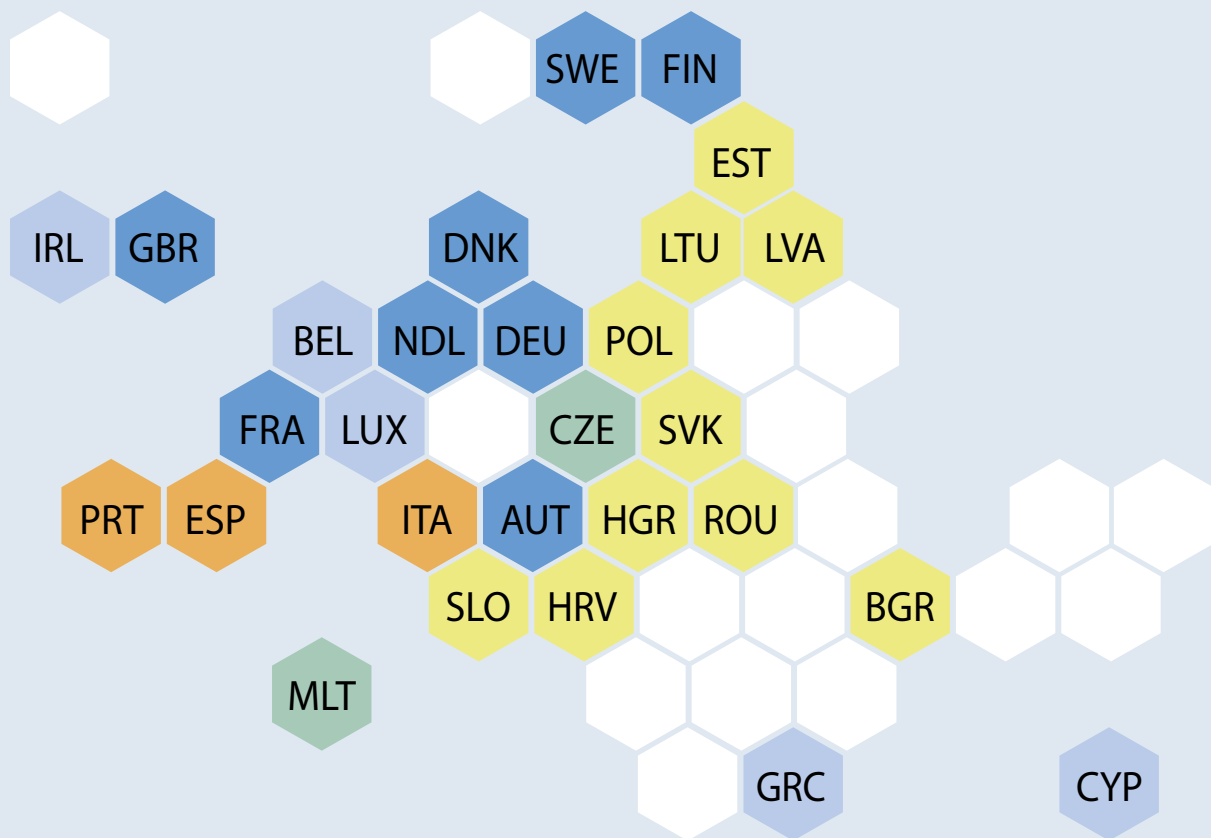
9 “Equivalent income is an income concept by which incomes of households of different types are made comparable by taking account of shared consumption benefits” (defined by Statistics Finland with reference to the OECD and Eurostat [https://www.stat.fi/meta/kas/ekvivalentti\\_tu\\_en.html](https://www.stat.fi/meta/kas/ekvivalentti_tu_en.html). Eurostat also specifies that it is “used for the calculation of poverty and social exclusion indicators” [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Equivalent\\_income](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Equivalent_income).

**Group 2** represents medium diversified tenure systems. Typical for this group is an average share of owner-occupied tenures between ca. 65 % to 75 % and a market rate rental share of about 20-30 %, whereas subsidised/social tenures do not exist or only account for a very small proportion of tenures. In no member of this group were commercial for-profit providers mentioned as playing a significant role in the market-rate rental sector, so that this group represents a dualistic owner-occupation–private-rental pattern. On average, about 40 % of owner-occupied tenures include a mortgage, with country-specific values ranging from less than 20 % to 60 %. Accessibility to home ownership measured by the share of owner occupation in the above 60 % median income group compared with the share in the below 60 % group is less restricted than in the countries of Group 1 (group mean ratio of 16:10), but within-group variation is large. Two third of the country experts in this group state that house ownership is accessible for most social groups, while none of the experts regards private rental as a valid option for permanent residency for middle-income groups. Consequently, the risk of housing cost overburden in private rentals outweighs the risk in owner-occupied property (category “with mortgage” only, for comparability reasons) by a factor of 10 in the group mean. In total, the relationship between owner occupation and private rental tends to be more dualist due to stronger income-related accessibility constraints on the owner-occupied sector and different housing choices. The relatively large, predominantly private rental sector services several lower-income target groups, due to the limited (or in some cases non-existent) availability of formal socially subsidised housing. Again, the differences within this group that have been discussed indicate the existence of several possible subgroups. The categories chosen resulted in the following groups:

- a. Member states with a low level of subsidised rental tenure and relatively stronger sorting effects between owner occupation and market-rental tenure. Half of the owner-occupied tenure is with mortgage. This pattern represents Belgium, Ireland, and Luxembourg.
- b. Member states without a subsidised social rental sector, and relatively better access to home ownership (ratio by income is 14:10 compared to 18:10 in subgroup a). Under a third of owner-occupied tenures are mortgaged, which also seems to reflect the role of property in household savings. Members of this subgroup are Cyprus and Greece.

**Group 3** represents more concentrated tenure systems. Typical for this group is an average share of owner-occupied tenures over 75 %, a market-rate rental share of about 15 %, and a subsidised/social tenure share of about 5 %. On average, about one third of owner-occupied tenures are with mortgage, with country-specific values ranging from about 20 % to 40 %. Accessibility to home ownership measured by the share of owner occupation within the above 60 % median income group in comparison with the one below 60 % is similar to group 2 (group mean ratio of 14:10). Nevertheless, only 25 % of the country experts in this group state that home ownership is accessible for most social groups, while none of the experts rate private rental as a valid option for permanent residency for middle income groups. In addition, social rental tenures were regarded as appropriate for marginalised or lowest income groups only, so the overall tenure system can be described dualist. Within-group variability is rather low, so sub-group formation was not necessary to explain particular characteristics. Members of this group are Italy, Spain, and Portugal. Given the similar rate of home ownership, we decided to rate Malta as a special case within this group, although its particularly larger social rental sector does not fit in with the general group characteristics.

**Group 4** represents member states with a strongly concentrated tenure system characterised by the highest proportion of owner occupation. Rental tenures are mostly small, predominantly private rentals with a significant level of informal letting/subletting activity, a fact that renders estimates for rental shares especially difficult. Typical for this group is an average share of owner-occupied tenures of over 85 %, an average market-rate rental share of about 5 %, and similar subsidised/social tenure shares. On average, only 12 % of owner-occupied tenures are with mortgage, with country-specific values ranging from 1 % to about 25 %. The high share of owner-occupation means that accessibility to home ownership is open to most social groups and income sorting in the owner-occupied sector is not an issue for middle income earners (ratio of 11:10, that is, ownership is relatively independent of income). Given the fact that these figures partly reflect privatisation policies of former state-owned housing, these accessibility figures may not be valid for more recent household demand under actual market conditions. The social-rental sector is still mostly tied to public/municipal housing, and is governed by individual and also locally diverse regulations. Supply in the market-rate rental sector seems to be increasing, and ranges from informal subletting to commercial urban market-rate rental housing. This group describes most of the EU-transformation countries (Bulgaria, Croatia, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, and Slovenia). In view of the shared historical situation, we decided to add the Czech Republic as a special case with a lower proportion of owner-occupation, a relatively higher level of private and municipal-rental tenure, and stronger income sorting indicators.



- Group 1: Diversified systems
- Group 2: Rather diversified, mainly two-tier systems
- Group 3: Rather concentrated on owner-occupation systems
- Group 4: Strongly concentrated on owner-occupation systems
- Individual systems
- Non-EU countries

Figure 5: Tenure system groups,  
 Image source: Doreen Ritzau, data: Institute for Housing and the Environment

Table 18: Tenure system groups

Group			
1	2	3	4
a)	a)	a)	a)
Austria	Belgium	Italy	Bulgaria
Denmark	Luxembourg	Portugal	Croatia
b)	Ireland	Spain	Estonia
Germany	b)	b)	Hungary
Sweden	Cyprus	(Malta*)	Latvia
c)	Greece		Lithuania
Finland			Poland
France			Romania
d)			Slovakia
Netherlands			Slovenia
United Kingdom			b)
			(Czech Republic*)

\* Czech Republic and Malta represent singular cases in terms of their tenure composition. For comparison reasons, both countries were assigned to their most appropriate regional group.

Table 19: Tenure system group mean indicators

Indicator	Group			
	1	2	3	4
<b>Owner-occupation (all types)</b>	56 %	69 %	79 %	86 %
Private/commercial and public market rate rental tenures	25 %	23 %	15 %	4 %
Subsidised below market, privileged access, cooperative, and other rental	18 %	3 %	3 %	3 %
Ratio of rental tenures shares / owner-occupation	8:10	4:10	2:10	1:10
Ratio of non-market / market rate rental shares in group	7:10	1:10	2:10	6:10
Share of owner-occupation tenure with mortgage (EU-SILC)	64 %	42 %	37 %	12 %
Ratio of owner-occupation level above / below 60 % median income (EU-SILC) in group	21:10	16:10	14:10	11:10
Ratio of overburden rates owner-occupation w. mortgage / market rent in group	2:10	1:10	1:10	3:10
Market rate rental sector: provision by corporate for-profit providers yes/no Percentage of group members stating "yes"	75 %	0 %	67 %	10 %
Market rate rental sector: provision by not-for-profit/public providers yes/no Percentage of group members stating "yes"	25 %	0 %	0 %	0 %
Subsidised/social rental sector: provision by non-state actors yes/no Percentage of group members stating "yes"	88 %	60 %	33 %	10 %
Private rental sector with permanent tenure scope for middle income groups yes/no Percentage of group members stating "yes"	63 %	0 %	0 %	10 %

\* All values were calculated without the Czech Republic or Malta.

# 4

## Drivers of housing policy and problem conditions

Housing markets and housing policy are in an interdependent relationship to each other. On the one hand, housing markets can be understood as a result of housing policy frameworks and long-term housing policies. On the other hand, developments in the housing market provoke new housing-policy action and cause the recalibration of existing housing-policy instruments. This section will address the general challenges and specific problems of housing provision in the EU member states. This includes an overview and categorisation of housing policy instruments as well as current reform trends.

The survey yielded very heterogeneous answers concerning the drivers of housing policy and the prevalent problems surrounding housing provision. Both reflect long-established housing systems and path-dependent developments. The following illustrations refer to the housing policy experts' assessments of the most common drivers and problem conditions. The survey responses in Table 20 – Table 23 were subjected to further expert and (in some cases) focal point review and feedback.

## 4.1 Drivers of housing policy

As regards the potential drivers of housing policy, the experts were asked to assess the extent to which the following drivers have affected housing policy in their country over the past ten years. Table 20 gives an overview of these assessments.

On average, the most important drivers of housing policy in the EU have been **energy efficiency requirements and urbanisation**. Only five countries reported that energy efficiency requirements have affected their housing policies to a small or lesser extent. The vast majority acknowledged the importance of this driver. The situation is more heterogeneous for urbanisation. In three

countries (Finland, Latvia, and Poland), urbanisation has affected housing policy to a very great extent, while in eight countries, primarily from eastern and southern Europe (Belgium, Bulgaria, Czech Republic, Greece, Hungary, Malta, Slovakia, Slovenia), urbanisation has not played a larger role.

**Immigration** has driven housing policy to at least a great extent in Denmark, Germany, Greece, Ireland, Latvia, Luxembourg, Malta, and Sweden. In the other countries, immigration does not seem to have played a major role, especially in eastern Europe. Major concerns in relation to immigration include increasing pressure on social housing systems and accelerating segregation processes. However, only very few countries report that the **refugee crisis** has played a role in shaping their housing policies. More precisely, only Denmark, Latvia, and Sweden reported a very great impact, whereas most countries reported very small impacts or none at all.

**Emigration** is an important driver of housing policy only in Latvia and Lithuania, and to some extent in Hungary, Poland and Portugal. Overall, it seems that urbanisation processes and, to some extent, immigration play a much larger role in driving regional disparities in housing markets such as rising rents and housing prices, as well as a shortage of smaller units in metropolitan areas.

Table 20: Drivers of housing policy

Member State	Immigration	Refugee crisis	Emigration	Urbanisation	Ageing society	Decreasing household size	Energy efficiency requirements
Austria	Small extent	Small extent	Not at all	Small extent	Some extent	Small extent	Some extent
Belgium	Very small extent	Very small extent	Very small extent	Very small extent	Some extent	Small extent	Great extent
Bulgaria	Not at all	Not at all	Very small extent	Very small extent	Not at all	Not at all	Small extent
Croatia	Not at all	Not at all	Not at all	Some extent	Some extent	Some extent	Some extent
Cyprus	Very small extent	Not at all	Not at all	Small extent	Not at all	Not at all	Some extent
Czech Republic	Not at all	Not at all	Not at all	Very small extent	Small extent	Small extent	Some extent
Denmark	Very great extent	Very great extent	Not at all	Some extent	Very small extent	Not at all	Small extent
Estonia	Very small extent	Very small extent	Very small extent	Some extent	Some extent	Some extent	Great extent
Finland	Small extent	Some extent	Small extent	Very great extent	Some extent	Some extent	Some extent
France	Some extent	Small extent	Not at all	Great extent	Small extent	Some extent	Great extent
Germany	Great extent	Some extent	Not at all	Great extent	Some extent	Some extent	Great extent
Greece	Great extent	Small extent	Not at all	Not at all	Some extent	Small extent	Some extent
Hungary	Not at all	Not at all	Some extent	Very small extent	Small extent	Small extent	Some extent
Ireland	Great extent	Some extent	Very small extent	Great extent	Some extent	Some extent	Great extent
Italy	Small extent	Small extent	Not at all	Some extent	Small extent	Small extent	Great extent
Latvia	Great extent	Very great extent	Very great extent	Very great extent	Great extent	Very great extent	Some extent
Lithuania	Not at all	Not at all	Great extent	Some extent	Some extent	Not at all	Great extent
Luxembourg	Great extent	Very small extent	Very small extent	Great extent	Small extent	Very small extent	Some extent
Malta	Great extent	Very small extent	Not at all	Very small extent	Small extent	Some extent	Small extent
Netherlands	Some extent	Some extent	Not at all	Some extent	Some extent	Some extent	Great extent
Poland	Very small extent	Not at all	Some extent	Very great extent	Great extent	Small extent	Very small extent
Portugal	Some extent	Not at all	Some extent	Some extent	Great extent	Some extent	Great extent
Romania	Not at all	Not at all	Not at all	Some extent	Not at all	Not at all	Very small extent
Slovakia	Not at all	Not at all	Not at all	Very small extent	Very small extent	Very small extent	Great extent
Slovenia	Not at all	Not at all	Not at all	Not at all	Small extent	Not at all	Some extent
Spain	Some extent	Very small extent	Very small extent	Great extent	Great extent	Not at all	Great extent
Sweden	Very great extent	Very great extent	Small extent	Great extent	Small extent	Very small extent	Some extent
UK	Some extent	Very small extent	Very small extent	Small extent	Some extent	Great extent	Great extent

The scale is: to a very great extent, to a great extent, to some extent, to a small extent, to a very small extent, not at all, don't know / unclear



Another set of important drivers of housing policy over the past ten years involves the **ageing society and decreasing household sizes**. The former mainly relates to a lack of barrier-free units suitable for the elderly, whereas the latter adds to pressures on urban housing markets and drives demand for smaller units. However, it must be kept in mind that an ageing society is only considered a very important driver in Latvia, Poland, Portugal, and Spain. In the majority of member states, it seems to play a minor role. Thus, while an ageing society is already affecting housing policy in a majority of member states to at least some extent, as the trend continues there is reason to believe that these pressures will increase in the foreseeable future. Something similar can be said about decreasing household size. While, in only very few cases it is not a driver at all, it seems to be having at least some effect in most member states (even if the effect is not substantial).

## 4.2 Housing provision problems

The following section summarises the specific problems reported with regard to the accessibility, affordability, and availability of owner-occupied and rental housing, and concerning informal/temporary housing. To produce comparative results for all member states, we focus on the existence and the basic structures of problems as well as their importance.

### 4.2.1 Owner-occupied housing

Table 21 reports on country-specific problems reported with regard to accessibility, affordability, and availability in owner-occupied housing.

**Price increases**, especially in urban areas, are by far the most serious problem as regards owner-occupied housing. Overall, 26 member states report that these developments pose a serious or very serious housing provision problem. Only Belgium and Estonia seem to be less affected. Interestingly, of those member states which regard price increases as at least a serious problem, only about half report serious **credit access** problems and serious **financial overburdens** and financial risks for homeowners. This suggests that in many countries, price increases still seem to be handled quite well by national housing systems and credit markets. More unfavourable constellations of price increases paired with financing issues tend to exist in eastern and southern Europe.

At the same time, housing property markets in about half of the member states are struggling with **vacancies and decreasing prices in rural areas**. In almost all cases, these are the same member states as the ones reporting serious and very serious problems with price increases in urban areas. This suggests that regional disparities on housing property markets are increasing in many member states.

About half of the member states are marked by experiencing a **lack of barrier-free units** as at least a serious problem in owner-occupied housing. In the face of an ageing society, it can be expected that the need for barrier-free units will increase. Finally, another serious problem reported by more than half of the member states is energy poverty. This shows that **energy poverty** is very present in ownership tenures. The problem also clusters in Eastern and Southern Europe.

Table 21: Major housing provision problems in owner-occupied housing

Member State	Price increases in certain (urban) areas	Credit access difficulties	Financial overburden, high financial risks	Vacancies/ decreasing prices in certain (rural) areas	Discrimination against certain (ethnic) minorities	Lack of barrier-free housing	Lack of specific unit sizes (e. g. small units)	Energy poverty
Austria	Serious	Not serious	Neither/nor	Not serious	Not serious	Serious	Not serious	Not serious
Belgium	Neither/nor	Not serious	Not serious	Not serious at all	Unclear	Serious	Not serious	Serious
Bulgaria	Very serious	Serious	Serious	Serious	Neither/nor	Unclear	Not serious	Serious
Croatia	Very serious	Serious	Serious	Very serious	Not serious	Serious	Very serious	Serious
Cyprus	Serious	Serious	Neither/nor	Unclear	Not serious	Unclear	Not serious at all	Very serious
Czech Republic	Very serious	Not serious	Neither/nor	Serious	Serious	Neither/nor	Neither/nor	Not serious
Denmark	Serious	Not serious	Not serious at all	Serious	Unclear	Serious	Not serious	Not serious at all
Estonia	Not serious	Not serious	Not serious	Serious	Neither/nor	Neither/nor	Not serious	Not serious
Finland	Serious	Not serious	Serious	Very serious	Not serious	Not serious	Neither/nor	Not serious
France	Serious	Not serious at all	Not serious	Serious	Unclear	Serious	Unclear	Serious
Germany	Very serious	Not serious at all	Neither/nor	Neither/nor	Not serious	Serious	Not serious	Not serious
Greece	Serious	Serious	Very serious	Not serious at all	Neither/nor	Serious	Not serious at all	Very serious
Hungary	Very serious	Neither/nor	Neither/nor	Serious	Serious	Serious	Not serious	Serious
Ireland	Very serious	Neither/nor	Serious	Not serious	Serious	Neither/nor	Neither/nor	Serious
Italy	Serious	Serious	Neither/nor	Serious	Neither/nor	Unclear	Neither/nor	Neither/nor
Latvia	Serious	Very serious	Very serious	Serious	Neither/nor	Serious	Serious	Very serious
Lithuania	Serious	Serious	Serious	Serious	Not serious	Serious	Neither/nor	Serious
Luxembourg	Very serious	Neither/nor	Serious	Not serious at all	Not serious	Neither/nor	Neither/nor	Serious
Malta	Very serious	Not serious	Not serious	Not serious at all	Serious	Not serious	Not serious	Not serious
Netherlands	Very serious	Serious	Serious	Not serious at all	Neither/nor	Neither/nor	Not serious	Not serious
Poland	Very serious	Serious	Not serious	Not serious at all	Not serious at all	Not serious at all	Not serious at all	Not serious
Portugal	Very serious	Neither/nor	Serious	Neither/nor	Serious	Very serious	Serious	Serious
Romania	Very serious	Serious	Not serious	Serious	Not serious	Unclear	Serious	Serious
Slovakia	Serious	Not serious	Unclear	Serious	Very serious	Unclear	Unclear	Unclear
Slovenia	Very serious	Serious	Not serious	Not serious at all	Not serious at all	Very serious	Serious	Serious
Spain	Serious	Not serious	Not serious	Neither/nor	Not serious at all	Not serious	Not serious at all	Serious
Sweden	Very serious	Serious	Serious	Not serious	Not serious	Not serious	Not serious	Not serious
UK	Very serious	Serious	Neither/nor	Neither/nor	Unclear	Serious	Serious	Neither/nor

The scale is: very serious, serious, neither / nor, not serious, not serious at all, don't know / unclear

## 4.2.2 Rental markets

Table 22 summarises the country-specific problems reported with regard to accessibility, affordability, and availability of rental housing in the member states. By far most common and most serious problems across the EU's member states are **rent increases in urban areas** and **lack of affordable and social housing** in urban areas. In fact, only very few countries such as Austria, Belgium, Cyprus and Sweden, have more differing views. While the situation is more relaxed in Austria, urban rents do not seem to be under pressure in Belgium, while social housing is still in very serious under-supply. Similarly, Sweden is experiencing more moderate pressure on urban rental markets but is still experiencing a serious lack of affordable and social housing. With regard to the financing of rents, **overburden** is considered at least a serious problem in most of the member states with a scarcity of affordable and social housing and rent increases. Only Denmark, Poland, Spain, and Sweden do not seem to be suffering from substantial financial overburden in rental markets. As these countries are experiencing similar problems, this suggests that some housing/welfare systems must be better equipped than others to support renters in dealing with rent increases and a lack of affordable housing.

A **lack of barrier-free** units is viewed as a very serious problem in Latvia, Portugal, and Slovenia and still a serious problem in nine other countries. It is unlikely that this type of pressure on rental markets will decrease in the near future. Many countries from South and Eastern Europe, but also the UK, report serious issues with **unregulated private rental markets**. These are typically countries with rather high shares of owner-occupied housing. Thus, in these countries, there seems to be an urgent need to develop more efficient regulatory frameworks for rental-market development. More than a third of the member states considers **energy poverty** to be at least a serious problem on rental markets. Only eight countries do not consider this a serious problem.

Table 22: Major housing provision problems in rental housing

Member state	Rent increases in certain (urban) areas	Lack of affordable and social housing in certain (urban) areas	Financial overburden	Discrimination against certain (ethnic) minorities	Lack of barrier-free housing	Lack of specific unit sizes (e. g. small units)	Lack of or deficient rental market regulation	Energy poverty
Austria	Neither/nor	Neither/nor	Neither/nor	Not serious	Not serious	Not serious	Serious	Not serious
Belgium	Not serious	Very serious	Very serious	Serious	Serious	Serious		Very serious
Bulgaria	Very serious	Very serious	Serious	Serious		Neither/nor	Serious	Serious
Croatia	Very serious	Very serious	Very serious	Not serious	Serious	Very serious	Very serious	Serious
Cyprus	Serious	Neither/nor	Neither/nor	Not serious	Unclear	Not serious at all	Neither/nor	Serious
Czechia	Serious	Serious	Serious	Serious	Neither/nor	Neither/nor	Neither/nor	Not serious
Denmark	Serious	Serious	Not serious	Serious	Neither/nor	Neither/nor	Not serious at all	Not serious at all
Estonia	Serious	Serious	Serious	Unclear	Neither/nor	Serious	Not serious	Not serious
Finland	Serious	Serious	Serious	Serious	Neither/nor	Not serious	Serious	Not serious
France	Serious	Serious	Serious	Unclear	Neither/nor	Unclear	Not serious	Serious
Germany	Serious	Very serious	Neither/nor	Serious	Serious	Serious	Not serious	Neither/nor
Greece	Very serious	Serious	Very serious	Serious	Serious	Not serious at all	Very serious	Very serious
Hungary	Very serious	Very serious	Very serious	Very serious	Serious	Neither/nor	Very serious	Neither/nor
Ireland	Very serious	Very serious	Very serious	Serious	Serious	Neither/nor	Neither/nor	Missing*
Italy	Very serious	Very serious	Serious	Neither/nor	Unclear	Neither/nor	Not serious at all	Neither/nor
Latvia	Serious	Very serious	Serious	Neither/nor	Very serious	Serious	Serious	Very serious
Lithuania	Serious	Serious	Serious	Neither/nor	Serious	Neither/nor	Serious	Neither/nor
Luxembourg	Very serious	Very serious	Serious	Not serious at all	Neither/nor	Serious	Not serious	Serious
Malta	Serious	Serious	Serious	Serious	Serious	Neither/nor	Serious	Neither/nor
Netherlands	Very serious	Very serious	Serious	Neither/nor	Neither/nor	Not serious	Neither/nor	Not serious
Poland	Serious	Very serious	Not serious	Not serious at all	Not serious at all	Not serious at all	Not serious	Not serious
Portugal	Very serious	Very serious	Very serious	Serious	Very serious	Serious	Serious	Serious
Romania	Very serious	Very serious	Serious	Serious	Unclear	Very serious	Very serious	Neither/nor
Slovakia	Serious	Very serious	Unclear	Very serious	Unclear	Unclear	Serious	Unclear
Slovenia	Very serious	Very serious	Serious	Not serious at all	Very serious	Serious	Very serious	Serious
Spain	Very serious	Very serious	Not serious	Neither/nor	Not serious	Neither/nor	Serious	Serious
Sweden	Neither/nor	Serious	Not serious	Not serious	Not serious	Serious	Not serious at all	Not serious at all
UK	Serious	Serious	Serious	Unclear	Serious	Serious	Serious	Serious

The scale is: very serious, serious, neither / nor, not serious, not serious at all, don't know / unclear

## 4.3 Homelessness, informal and temporary housing

Comparative data in Europe is very limited, partly because of a lack of common definitions. There are important efforts to fill this gap, e. g. by FEANTSA ([www.feantsa.org](http://www.feantsa.org)), a European organisation active in data collection and research, which has, for example, developed the ETHOS typology as a basis for comparative analysis. This study, quite generally, asked for expert assessments about the quantity and quality of shelters for homeless persons and refugees. Results can be found in Table 23. According to the table, the most common problem across the member states is

a lack of shelters for homeless persons. While this problem is more common in eastern European member states, only four member states (Estonia, Finland, Germany, and Poland) do not consider this a problem. Experts also viewed accommodating refugees as a very serious problem in Croatia, Greece, and Latvia, and a serious problem in France, Ireland, Italy, and Malta. Further and more qualitative information on homelessness, informal and temporary housing can be found in the country reports (cf. separate appendix).

Table 23: Major housing provision problems in temporary housing and homelessness

Member state	Lack of shelters for homeless persons	Low quality of shelters for homeless persons	Lack of shelters for refugees	Low quality of shelters for refugees
Austria	Neither/nor	Not serious	Not serious	Not serious
Belgium	Serious	Not serious	Unclear	Not serious
Bulgaria	Very serious	Serious	Unclear	Unclear
Croatia	Very serious	Very serious	Very serious	Very serious
Cyprus	Unclear	Unclear	Neither/nor	Unclear
Czech Republic	Neither/nor	Neither/nor	Not serious	Not serious
Denmark	Serious	Not serious	Not serious at all	Neither/nor
Estonia	Not serious at all	Not serious at all	Not serious at all	Not serious at all
Finland	Not serious	Not serious	Not serious	Neither/nor
France	Serious	Not serious	Serious	Serious
Germany	Not serious	Not serious	Not serious at all	Not serious
Greece	Serious	Neither/nor	Very serious	Very serious
Hungary	Serious	Serious	Unclear	Unclear
Ireland	Serious	Serious	Serious	Serious
Italy	Serious	Serious	Serious	Serious
Latvia	Very serious	Serious	Very serious	Neither/nor
Lithuania	Neither/nor	Neither/nor	Neither/nor	Neither/nor
Luxembourg	Neither/nor	Neither/nor	Neither/nor	Neither/nor
Malta	Serious	Neither/nor	Serious	Serious
Netherlands	Neither/nor	Not serious	Not serious	Not serious
Poland	Not serious	Not serious	Not serious at all	Not serious at all
Portugal	Neither/nor	Neither/nor	Not serious at all	Not serious
Romania	Serious	Neither/nor	Not serious	Not serious
Slovakia	Very serious	Unclear	Not serious at all	Not serious at all
Slovenia	Serious	Serious	Not serious at all	Not serious at all
Spain	Serious	Not serious	Not serious	Not serious at all
Sweden	Neither/nor	Unclear	Serious	Not serious
UK	Neither/nor	Serious	Unclear	Unclear

The scale is: very serious, serious, neither / nor, not serious, not serious at all, don't know / unclear

# 5

## Policy instruments and reforms



## 5.1 Principles of housing policy

With regard to the guiding principles of housing policy, respondents were asked to choose from the following goals and functions of housing policy and indicate whether these goals are part of the guiding principles of housing policy in their country:

- **Efficient housing market matching of supply and demand:** Housing policy aims at ensuring the quantitative supply of dwellings.
- **Affordable housing:** Housing policy aims at ensuring an affordable price level in the rental and homeowner markets.
- **Quality of housing:** Housing policy aims at ensuring high quality standards of dwellings.
- **Energy efficiency:** Housing policy aims at improving the energy efficiency of new buildings and old buildings via refurbishment.
- **Integrated housing markets:** Housing policy aims at ensuring transitions between tenures (homeownership and rental markets).
- **Homeownership:** Housing policy aims at high rates of homeownership.
- **Rental housing:** Housing policy aims at high rates of rental housing.

Table 24 presents a summary indicating whether the goals and functions just mentioned are part of each member state's guiding principles regarding housing policy.

Housing policy in most countries aims at establishing and maintaining efficient housing markets matching supply and demand. Another almost universally recognized goal of national housing policy is the provision of affordable housing. Interestingly, fewer than half of the respondents identify high quality housing as a guiding principle. Energy efficiency concerns nowadays seem to guide housing policy in most countries. Achieving high rates of homeownership is considered a primary goal of housing policy in more than half of the countries surveyed. This priority clearly clusters around traditional homeownership societies such as south European and eastern European member states. However, seven of the countries guided by the ideal of homeownership have added the goal of achieving high rental shares to their guiding principles. These responses suggest that, especially in the aftermath of the financial crisis, a rethink is taking place in many home-ownership-dominated member states and is raising awareness of the need to create functioning rental-housing markets. Only five countries name integrating housing markets to enable transitions between tenures as part of their guiding principles.

Table 24: Guiding principles (goals and functions)

Member State	Housing policy mainly aims at achieving ...						
	Efficient housing markets/ Matching supply and demand	Affordable housing	Quality of housing	Energy efficiency	Integrated market tenures	High rates of homeownership	High rates of rental housing
Austria	Yes	Yes	Yes	Yes	Yes		
Belgium	Yes	Yes	(Yes)	(Yes)		(Yes)	
Bulgaria	Yes			Yes			
Croatia	Yes			Yes		Yes	
Cyprus		Yes		Yes		Yes	Yes (recently)
Czech Republic	Yes (in practice)	Yes	Yes	Yes	No	Yes (main discourse)	No (only more recently)
Denmark	Yes	Yes	Yes	No	Yes	No	No
Estonia	No	No	Yes	Yes	No	Yes	No
Finland	Yes	Yes	Yes	Yes			
France	Yes	Yes	Yes	Yes			
Germany	Yes	Yes	Yes	Yes	Yes		
Greece	No	No	No	Yes	No	Yes	No
Hungary	Yes			Yes		Yes	
Ireland	Yes	Yes	Yes	Yes			Yes
Italy	No	Yes	Yes	Yes	No	Yes	No
Latvia	No	Yes	Yes	Yes	No	Yes	Yes
Lithuania	No	No	No	Yes	No	Yes	Yes
Luxembourg	Yes	Yes	Yes	Yes			
Malta		Yes				Yes	
Netherlands		Yes	Yes				
Poland	Yes	Yes		Yes			
Portugal	Yes	Yes		Yes		Yes	Yes
Romania		Yes					
Slovakia	Yes	Yes (but not in practice)	No	Yes	No	Yes	Yes
Slovenia	Yes	Yes	No	Yes	No	Yes	No
Spain	No	Yes	No	Yes	Yes	No	Yes
Sweden	Yes	(Yes)	Yes		Yes	No	
UK	Yes	Yes	Yes			Yes	

## 5.2 Housing policy instruments

So far, only spatially and thematically selective knowledge is available on the instruments used in the EU member states. Based on the expert survey, a substantial contribution can be made here, although only an overview of the housing policy activities is possible in an EU-wide comparison.

In the context of this study, a narrow understanding of housing policy is used. Housing policy focuses on quantitative and qualitative aspects of the supply of housing. The study is particularly concerned with the availability, accessibility and affordability of housing.



The focus of the instrument description is on so-called “main types,” as is also the case in the “OECD Affordable Housing Database.” In the following, a distinction is made between “housing allowances”, “instruments for homeowner and homebuyers”, “subsidised housing” and “rent price regulation” and defines them as follows:

- Housing allowance: subject-oriented subsidies steadily paid to reduce housing costs of households.
- Subsidies for homeowners and homebuyers: subject-oriented subsidies such as credits, grants, guarantees or tax concessions aimed at making property ownership possible or making private ownership of homes secure in financial terms.
- Subsidised housing: object-oriented subsidies, which serve the purpose of supporting building or modernisation in the rental and/or owner-occupied tenures.
- Rent price regulation: regulations regarding price levels of new contracts and rent increases, including regulation of lease duration.

The following tables in this chapter contain the instruments named and described by the experts in the survey.<sup>10</sup> Further instruments listed by the experts, that did not match the chosen basic types (e. g. concerning housing quality, energy-related instruments or planning instruments) were not included in the following overview. They are part of the national country profiles.

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<sup>10</sup> Expert survey C2.1: “Which housing policy instruments exist in COUNTRY X? ‘Policy instrument’ refers to political intervention through types like supply-side or demand-side subsidies, taxation, and regulation. Please list the names of all relevant instruments below. If instruments belong to the same type of instrument (e. g. supply-side subsidy) and are largely similar, you may describe them as one instrument.”

In addition, as part of the feedback process the experts were confronted with the data in the OECD affordable housing database (status 2018) in order to cover the relevant main instruments as completely as possible.

Unfortunately, there are large gaps in the national data available on the scope of support (benefiting households) and the intensity of support (total amount of public spending). For this reason, the comparison is limited in that regard. Furthermore, the fact the data has slightly different time references should be considered. It should also be noted that EU member states may be at different stages in the real estate cycle and that the use of housing policy funding may be subject to such cycles.

In general, it should be noted that housing policy interacts with other welfare state policies that are shaped in other policy areas. For example, more extensive housing policy activities may be justified by more modest support schemes for old-age provision (and vice versa). Housing policies have to be understood as part of an overarching welfare regime, but the focus of this study is on a description of this specific policy area.

### 5.2.1 Housing Allowances

Housing Allowance – defined as subject-oriented subsidies, steadily paid to reduce housing costs of households – is an EU-wide instrument (cf. Table 25). However, in some states, this instrument is not operated as a federal subsidy, but is designed as a local support instrument (cf. for example the decentralised instruments in Hungary).

Often there are even two or more allowance systems side by side that fulfil different functions or are aimed at different target groups. Basically, all programmes are aimed at low-income households. In some countries such as Austria, the Czech Republic, Germany and Italy, a system is in place that consists of a kind of basic security scheme (full assumption of costs) and preferential support schemes (reduction of housing costs). Some countries have support programmes that benefit certain vulnerable groups, e. g. people with refugee status in Cyprus, seniors in Denmark and Finland, evicted households in Spain, and young households in Portugal and Spain.

Some of the programmes reported are designed for certain segments of the housing system or certain groups of providers of housing services. In these cases, the housing allowance is only available to households in municipal or subsidised housing (Belgium (Brussels), Bulgaria, and France) or only to tenants in private rental housing (Ireland, Luxembourg, and Malta). These programmes can be understood as subject-oriented subsidies, which nevertheless support specific segments. There are also programmes that are purely related to operating or heating costs (Bulgaria, Croatia, Latvia, Lithuania, and Romania).

With regard to eligibility criteria by tenure, half of the programmes are only open to tenants, the other half to both tenants and owners. In some cases, the programme is only accessible to owner-occupiers (e. g. heating subsidy in Bulgaria and Romania). A clear pattern of eligibility criteria, for example with regard to the country-specific tenure shares (cf. Chapter 3.2), is not recognizable so far.

Unfortunately, there are large gaps in national data concerning the number of beneficiary households (scope of support) and the total amount of public spending (intensity of support). However, different

profiles are observable among the states for which information is available. Particularly extensive programmes can be found in countries with high proportions of renters. In Finland, France, Denmark, the Netherlands and Germany, support rates between 12 % and 23 % of all households were reported. Finland and France show the highest rates. At the opposite end of the scale, the programmes in countries with low or medium shares of renters like Croatia, Estonia, Slovakia and Slovenia only support up to 2 % of households, even though most of their programmes are formally open for owner-occupiers as well.

The development of these instruments over time is characterized by relative continuity or minor recalibrations in most of the countries. This can be attributed to the long persistence of the instruments in the respective housing-policy profiles, including the necessity to adjust to changing price levels. Nevertheless, some countries have introduced new housing allowances over the past decade. These include Bulgaria, Greece, Ireland, and Luxembourg, which is consistent with reported affordability problems (cf. Chapter 4.2). Owing to the rising market share of rental properties in these countries (except for Luxembourg) this can be interpreted as involving catch-up activity. While the merging of benefits during the past welfare reforms in the United Kingdom has reduced the level of benefits, the basic security scheme in Austria is currently being replaced by a new system with a restricted scope. Hungary has decentralised the instruments of the federal state, so that further support depends on activities and resources at the local level.

Table 25: Housing Allowances

Member State	Instrument name	Tenure owner-occupied	Tenure rental	Target groups	Importance: benefiting households	Importance: total amount of public spending	Change in instrument
Austria	Housing allowance (Wohnbeihilfe)	Yes	Yes	Low income groups	Approx. 170,000 households	Approx. €320 mill. (2018)	Stable
	Means-tested minimum income scheme (Sozialhilfe Neu formerly Bedarfsorientierte Mindestsicherung), including an amount to cover housing costs	No	Yes	Very low income groups		Approx. €390 mill. (2018)	Recently renamed and currently undergoing reforms
Belgium	Housing benefit a) housing benefits encouraging low income groups to move from an unsuitable to a suitable/decent home, including moving to dwellings let by social rental agencies (Fl, Bxl, Wal) b) housing benefits for households on the waiting list for social housing (Fl, Bxl) c) housing benefits for tenants of municipal housing (Bxl)“	No	Yes	Low income households	Flanders (2017): a) The housing benefit was granted to 5,281 new beneficiaries. The total number of beneficiaries was 15,561 b) New beneficiaries: 4,202. Total number of beneficiaries was 8,539. → in total 1 % of households in Flanders	Flanders (2017): a) A total of €32,950,839.04 was paid out. b) The average premium was €164.50. The total amount paid was €17,386,086.32. Brussels (2014): budget: €10,585,120	Recalibrated several times (Flemish region: expansion of range)
Bulgaria	Social assistance for municipal housing rents	No	Yes	Specific groups of tenants of social dwellings			New instrument
	Social assistance for heating costs	Yes	No	Low income homeowners			New instrument
Croatia	Housing allowance	Yes	Yes	Low-income, poor families	About 1.9 % of households receive housing allowance	Very marginal	No
	Fuel allowance	Yes	Yes	Low-income, poor families	2.8 % of households	Very marginal	No
	Benefit for Energy Buyers at risk	Yes	Yes	Low-income, poor families		Very marginal	New instrument
Cyprus	Means-tested subsidy of rent by welfare services. Ministry of Labour and Social security	No	Yes	Low income households - priority to families and the elderly			No
	Means-tested subsidy of rent or facilitation of loans for the acquisition of housing by the office of the welfare of populations with a 1974 refugee status.	No	Yes	Low income households with a refugee status (first and second generation)			No

Member State	Instrument name	Tenure owner-occupied	Tenure rental	Target groups	Importance: benefiting households	Importance: total amount of public spending	Change in instrument
Czech Republic	Housing allowance	Yes	Yes	Low income households	187,100 households in 2018/12	CZK 7.689 billion in 2018, steady decline in past years	No
	Supplement for Housing	Yes	Yes	Low income households	38,000 households in 2018/12	CZK 1.894 billion in 2018, steady decline in recent years	No
Denmark	Housing benefit and housing support	Yes	Yes	Low-income groups, including students, and retired people with low income. Owners that have retired may also be entitled to housing benefit.	282,000 retired people received benefits in 2015 of which 269,000 were tenants and only 576 owners. A fourth of all pensioners receive housing benefits. Among non-pensioners roughly 15 % receive housing support.		Recalibrated several times (towards higher support, higher income threshold)
Estonia	Housing allowance/Subsistence benefit	Yes	Yes	Low-income households	In 2018, 12,226 households received benefits (20,931 persons)		Recalibration of the subsistence level
Finland	Housing allowances	Yes	Yes	The main group is low income renters (of various type), but also occupants of right-of-occupancy dwellings and some owner-occupiers (like pensioners) can get housing allowance.	In 2018 376,529 households received general housing allowance and 209,617 households received pensioners housing allowance.	In 2018 total expenditure on housing allowances was €2.112 billion. General allowance expenditure was €1.489 billion and pensioners allowance expenditure €600 million.	Students were moved from special system to general housing allowance system in 2017.
France	Personalised housing subsidy (Aide Personnelle au Logement, APL) Family/Social housing subsidy (Allocation de Logement Familiale /social, ALF /ALS )	Yes	Yes	Low income tenants including elderly, students etc.	447,000 owner-occupier households; 2,500,000 households in social rental sector, 2,843,000 households in private rental sector 689,000 people in home for elderly or handicap (2016)	€17 billion for ALF, ALS, APL	recalibration (toward price restrictions for social organisations to reduce the public deficit)

Member State	Instrument name	Tenure owner-occupied	Tenure rental	Target groups	Importance: benefiting households	Importance: total amount of public spending	Change in instrument
Germany	Housing allowance (Wohngeld)	Yes	Yes	Households with low income	At the end of 2019: 504,000 recipients (households)	total expenditure in 2019: 954 million €	recalibration 2020 (according consumer prices and rent level) and index-adjustment of support level starting in 2022
	Cost for accommodation as part of the means-tested security benefit (Kosten der Unterkunft und Heizung)	Yes	Yes	Households with low or without income below basic security level	2019 in the frame of Book II of the Social Code: about 2.6 Mio. KdU receiving households 2019 in the frame of Book XII of the Social Code: about 900,000 households	2019 in the frame of Book II of the Social Code: expenditure: €13.6 billion 2019 in the frame of Book XII of the Social Code: expenditure: €2.7 billion	introduction 2005
Greece	Rent subsidy	No	Yes	Lower income groups	According to an estimate of the Ministry of Labour, 300,000-340,000 households benefit from these measures.	€410,000.00 annually	introduction 2018
Hungary	Housing Allowance (lakásfenntartási támogatás)	Yes	Yes	Low income groups according to the municipal government ordinance	The number of households supported decreased from 400,000 (2014) to 200,00 (2017)	Total expenditure decreased from HUF 20 billion (2015) to HUF 9 billion (2017)	The central government support was abolished in 2015, and it became a municipal instrument
	Rent allowance	No	Yes	Young, low income groups	n.a.	n.a. Municipal program, typically very small budget	
	Debt reducing assistance	Yes	Yes	Low income groups	n.a.	n.a.	From 2015 this central government support was abolished and became discretion of municipalities

Member State	Instrument name	Tenure owner-occupied	Tenure rental	Target groups	Importance: benefiting households	Importance: total amount of public spending	Change in instrument
Ireland	Government funded income related housing allowances for private renting tenants.	No	Yes	Low income households living in private rented accommodation	Applies to the 18.8 % of households which live in private rented accommodation in 2016. One third of these were in receipt of housing allowances.		An additional scheme was introduced in 2014 as pilot, nationwide 2017
Italy	National fund aimed at reducing the burden of housing cost for low-income households in the private rental market. (Fondo nazionale per il sostegno all'accesso alle abitazioni in locazione)	No	Yes	Low income households in the private rental market	No aggregate data available.	1998-2001: 1,800 billion (Lire), gradually decreasing until financing was ceased in 2012-2013 2014-2015: reactivated with a funding of €10 million 2019-2020: funded for €10 million (per year)	Discontinuous funding
	National fund for tenants with rent arrears due to unexpected circumstances (e. g. job loss) (Fondo Morosità Incolpevole)	No	Private rental	Tenants who are not in the condition to continue paying rents on regular basis due to circumstances out of their control (e. g. Life events, job loss, injury etc.) And other kinds of vulnerabilities. This fund is addressing mainly households in need who live in municipalities with "high pressure on the housing market"	No aggregate data available. To be assessed on a regional level-base as it operates a local scale	2014-2015: €20 million (each year) 2017: €36 million 2018: €45 million 2019: €46 million	
Latvia	Social assistance benefit (means-tested) to cover communal utility cost (heating, cold and hot water)	Yes	Yes	People on low income			

Member State	Instrument name	Tenure owner-occupied	Tenure rental	Target groups	Importance: benefiting households	Importance: total amount of public spending	Change in instrument
Lithuania	Social assistance benefit (means-tested) to cover communal utility cost (heating, cold and hot water)	Yes	Yes	People on low income		In 2018, Lithuanian government spent €263 million on social assistance benefits (data from the Ministry of Finance of Lithuania).	No
	Subsidy for the housing rent for low income families and persons	No	Yes	People on low income, which are entitled to the social housing stock	Small numbers. In 2018, there were 696 families and persons who received support		Introduction in 2014
Luxembourg	Allowance for the financing of a security deposit („Aide au financement d'une garantie locative“); rental allowance for households in the private rental sector („Subvention de loyer“)	No	Yes	Low- and middle-income households.		In 2019, the Ministry of Housing spent around 7.45 Million euros on the rental allowance (i. e. 0.01 % of GDP).	introduction 2016, recalibration 2018 and 2020
Malta	Housing Benefit On Privately Rented Dwellings	No	Yes	Tenants renting privately			Recalibrated 2019
Netherlands	Rental Housing Allowances / Rent benefits („Huurtoeslag“)	No	Yes	The target group is determined by income. There are different maximum eligibility income thresholds depending on age and household size.	Based on a 2016 report (IBO Sociale Huur), 1.4 million households received a Housing Allowance in 2014 (38 % of all rental households).	The total net government expenses on Housing Allowances in 2014 amounted to €2.5 billion. The average amount of housing allowance received per household was €2,049 in 2014. The average rent that year was €5,176, meaning 40 % of rent was covered by the housing allowance.	No

Member State	Instrument name	Tenure owner-occupied	Tenure rental	Target groups	Importance: benefiting households	Importance: total amount of public spending	Change in instrument
Portugal	Porta 65 – Jovem: Rent Subsidisation Scheme on Privately Owned Dwellings: duration of a year (with a maximum of five years)	No	Yes	Young households (One person: 18 – 35; cohabitation: one person until 36 and the other until 34 maximum)	In the tender of September 2019, 2,747 households received a subvention. In 2019 49,7 % of the applications were refused given the difference between the rents that are able to be subsidised and the much higher market rent value	No global results available; For the tender of September 2019, the total budget available was €6,750,000	Recalibrated 2017-2018 (Lei n.º 87/2017 and Decree (Portaria) 4/2018)
Romania	Social assistance for heating costs	Yes	No	Low income homeowners			
	The subsidy for the housing rent for low income families and persons	No	Yes	People on low income			
Slovakia	Housing allowances	Yes	Yes	Poorest households that are entitled for aid in material need.	In January 2019, 66,046 households (including 147,309 persons) received the aid in material need. Out of them, 31,948 households received also the housing allowance.		Introduction in 2003, little recalibrations
Slovenia	Rental housing allowance for low income groups	No	Yes	Young people, the elderly, vulnerable population groups (evictees, disaster victims, and victims of domestic violence)		The total number of beneficiaries in 2014 was thus 12,135 who together received a total of €16,152,982. This accounted for 0.04 % of Slovenia's GDP in 2014.	Recalibrated
Spain	Rent subsidies	No	Yes	Tenants with low income			



Member State	Instrument name	Tenure owner-occupied	Tenure rental	Target groups	Importance: benefiting households	Importance: total amount of public spending	Change in instrument
Spain	Aid programme for victims of gender violence, people evicted from their usual home, homeless people and other especially vulnerable people	Yes	Yes	People who are victims of gender violence, people evicted from their usual home, homeless people and other especially vulnerable people.			
	Subsidies for young people	Yes	Yes	People less than 35 years old below income thresholds, living in small municipalities. There are some extra benefits for big families and disabled.			
Sweden	Housing allowance (Bostadsbidrag)	Yes	Yes	Low-income households with children and young people under the age of 29 with no children (in fact the largest share went to single parents).	about 171,000 (Dec. 2018)	SEK 4.574 billion (2018)	Stepwise increase of the income level (started in 2018, finished 2021)
	Housing supplement for pensioners (Bostadstillägg)	Yes	Yes	Pensioners (means-tested) (in fact about 90 % live alone; about 75 % women)	about 290,000 individuals (2018)	SEK 9.139 billion (2019)	
	Housing supplement for people who receive activity compensation (Bostadstillägg för den som har aktivitetsersättning eller sjukersättning)	Yes	Yes	People who receive activity compensation due to reduced work capacity caused by illness or disability, or receive sick payment/compensation	about 116,000 individuals (Dec. 2019)	Approximately SEK 4.864 billion (calculated on the basis of data for Dec. 2019)	
United Kingdom	Housing benefit and local housing allowances including welfare reform (universal credit for working age recipients)	No	Yes	Low income renting households eligible for or at risk of requiring social security support to help pay for housing costs			Merging of instruments and considerable cuts to generosity post 2010

Source: Expert survey, C2.1.

### 5.2.2 Subsidies for homeowners and homebuyers

The subsidies for homeowners and homebuyers – defined as subject-oriented subsidies such as credits, grants, guarantees or tax concessions aimed at making property ownership possible or making private ownership of homes secure in financial terms – are also firmly anchored in the EU member states (cf. Table 26). Most countries have several instruments, with a large number of instruments in particular in Belgium, Hungary, and Luxembourg. In almost all countries, the main element is an instrument for property formation, which is broadly accessible (no specific target group) and mostly exists in the form of a tax benefit. This involves, for example, tax deductibility of interest or reduced VAT, but also takes the form of reduced inheritance or gift tax for home ownership and lower capital gains tax. It should be noted that a systematic and comprehensive description of taxation in the context of this survey could not be provided and the instruments listed here focus on the intentional steering of the housing market. This restriction also includes property tax, which is presumably relevant throughout the EU, but was only listed for a few countries.

In addition, most countries have accompanying instruments in the form of low-interest loans, grants or guarantees. Sometimes these forms of funding are combined within single instruments. As a result, some countries have multiple ways of supporting homeownership (see especially Belgium, Hungary, and Luxembourg). The instruments are often limited to first-time buyers and thus focus on owner occupation. While the tax-based instruments generally support homeownership without target group restrictions, the accompanying instruments tend to focus on lower- and middle-income groups. In this context additional target group-specific demarcations are also relevant. Many countries have instruments explicitly intended to

benefit families (Croatia, the Czech Republic, Estonia, Finland, Germany, Hungary, Italy, Latvia, Lithuania, Poland, Slovakia, and Slovenia). In Cyprus a separate programme exists for households that fall under the 1974 refugee act.

While most instruments focus on private acquisition of property, some instruments aim to secure loans that can no longer be serviced by the households concerned. Appropriate instruments to prevent seizures of property are reported for Greece, Hungary, and Italy. For individual countries, the development of lending guidelines aimed at minimising the risk of subsequent insolvency is also highlighted (Ireland, Sweden).

There are also some instruments that support homeownership in less developed regions or regions with problematic demographic development and thus also have a structural development policy character (Croatia, Hungary, and Lithuania).

Regarding the number of households receiving benefits (scope of support) and the total amount of public spending (intensity of support), large gaps in the data exist here as well. Given the countries with quantified responses, broad and intense support is indicated for different forms of support:

- Very high amounts of mortgage tax relief have been reported for the Netherlands (€32 billion), Belgium (€2.2 billion; in the meantime abolished in the Flemish region and Brussels), Luxembourg (€362 million), and Hungary (HUF75 billion). The high levels of relief depend not only on the specific approaches to tax deduction, but also on the scope of these instruments, which are basically aimed at all homeowners with mortgages.
- High amounts of public spending for mortgage loans – in some cases in combination with grants – have been indicated for France (interest-free loans of €1.5 billion), Greece (loans/grants for mortgages of about €10 billion), Germany (mortgage loans of €4.4 billion), Cyprus (mortgage loans of €943 million), and Hungary (loans/grants of HUF298 billion).
- Regarding grants alone, relevant amounts are stated for Germany (€1.24 billion p.a. are planned), and Poland (€177 million).
- Intense activities through guarantee instruments are reported for Italy (funding of €650 million for loans of €20 billion), and Estonia (funding of €35 million for loans of €284 million).
- A bundle of instruments consisting of loans, grants and guarantees is relevant in the United Kingdom (government “Help to Buy” scheme), which supports more than 420,000 homebuyers (no data for spending available).

In many countries, the development of these instruments is shaped by a restructuring of support schemes which have adapted to new challenges in the aftermath of the financial crisis or in the course of recent affordability problems. Nevertheless, they often do not show a clear trend of strengthening or weakening support for homeownership in general. However, in some cases some contrary trends are obvious. On the one hand Bulgaria, Estonia, Germany, Greece, Lithuania, and Malta strengthened support for homeownership by introducing new instruments with different subsidy types. On the other hand, Belgium, Denmark, France, Netherlands, and Slovakia decreased the level of support, which is mainly shaped by decreases in or abolishment of tax reductions. Hungary, in turn, is characterized by a restructuring of its instruments and a more temporally limited implementation of instruments.

Table 26: Subsidies for homeowners and homebuyers

Member state	Instrument name	Type loans	Type grants	Type guarantees	Type taxation	Target groups	Importance: benefiting households	Importance: total amount of public spending	Change in instrument
Austria	Subsidies for Purchase of Owner-occupied Houses or Condominiums (Kaufförderungen)	Yes	Yes	Yes	No	Low and middle income groups	Moderate	Low	No
	Subsidy Schemes for Single-Family Homes (Eigenheimförderung)	Yes	No	No	No	Low and middle income groups	Moderate	Low	No
	Contract saving (Bausparen)	No	Yes	No	No	No specific target group	Low	Very low	No
Belgium	Mortgage tax relief	No	No	No	Yes	No specific target group	According to EU-SILC, in 2017 about 73 % of the Belgian population lived in an owner-occupied dwelling. About 47 % of them still have a mortgage (as an estimate for those receiving MTR).	€2.2 billion (2016)	Decentralisation to the regional level on 1.1.2015. After decentralisation: Strong reduction of benefits in Wallonia, Abolished in Brussels-Capital Region (2017) and in Flanders (2020).
	Reduced VAT rate for: a) renovation of private dwellings (6 % instead of 21 %) b) demolition and rebuilding in 32 Belgian cities (6 %) c) social housing (6 %-12 %) d) private housing for handicapped persons (6 %)	No	No	No	Yes	Depends on specific programme		€2 billion (2017)	Recalibration for a)
	Reduction of the transfer tax for owner-occupied dwellings	No	No	No	Yes	No specific target group; targeted towards specific activities, energy saving investments, protected monuments (in Flanders only owners who do not own another dwelling are eligible)		Flanders: €0.4 million	Recalibration (towards lower tax in Flanders and Brussels)
	Reduction of property tax	No	No	No	Yes	Some reductions for children, persons with a handicap, victims of war. Other reductions not targeted to groups but to certain activities (e. g. energy saving)		Flanders: €0.08 million	

Member state	Instrument name	Type loans	Type grants	Type guarantees	Type taxation	Target groups	Importance: benefiting households	Importance: total amount of public spending	Change in instrument
Belgium	Exemption inheritance tax on real estate	No	No	No	Yes	No specific target group		Flanders: €0.08 million	
	Exemption gift tax on real estate	No	No	No	Yes	Handicapped persons		N. a.	
	(Subsidised) Social mortgage loans	Yes	No	No	No	Lower and middle income tenants who want to become a homeowner and low and middle income homeowners who want to renovate their home	In Flanders, in 2013 about 16,700 households had a current social mortgage with VMSW and 19,200 with the Flemish Housing Fund. The legal target group of this measure is relatively large, covering 76 % of all tenants in Flanders. In total 4 % of all households with a mortgage in Flanders.	N. a. (Flanders: loan volume €1 million per year)	Harmonisation of similar programmes
	Guarantee for (not subsidised) social mortgage loans (FI)	No	No	Yes	No	Lower and middle income groups	8 foreclosures per year	Flanders: €0.3 million per year	
	Insurance against loss of income for homeowners with a mortgage (FI. Wal)	No	No	Yes	No	Homeowners who take out a mortgage	Flanders: in 2017 9,092 applications were approved.	Flanders: €9 million per year	
Bulgaria	Tax relief for first-time buyers	No	No	No	Yes	Homeowners			New instrument
	Property tax relief for homeowners	No	No	No	Yes	Homeowners			New instrument
Croatia	Programme of State-Subsidised Housing Construction (POS), flats with regulated prices, a portion of unsold flats are for rent with option to buy (hire-purchase). Loans to buy building material and to build family houses	Yes	No	No	No	Households without appropriate accommodation, first time buyers and previous holder of housing rights in private flats. In fact, a large proportion of the flats in the POS programme were sold on the open market. The programme also assists war victims and earlier holders of dwelling rights.	Mainly well-off households; In the period of 2001-2018, a total of 8,322 units have been built.		Recalibration

Member state	Instrument name	Type loans	Type grants	Type guarantees	Type taxation	Target groups	Importance: benefiting households	Importance: total amount of public spending	Change in instrument
Croatia	Subsidies of housing loans	Yes	No	No	No	Young homebuyer up to 45 years old	From 2017 till April 2020 13,090 loans were approved.	For this purpose, €2.4 million were provided in the state budget for 2017.	Introduction and recalibrations
	Premium for housing saving	No	Yes	No	No	Well-off persons with the capacity to save	In 2008 there were 450,000 savers and with the reduction of the premium 289,000 in 2015	From 2003 to 2015 the government provided €333 million for housing savings premiums.	Termination (reduction and abolition of premium)
	Housing accommodation in supported less developed areas of the country	No	Yes	No	No	Households without appropriate accommodation		The 2015 budget included €31.6 million from the national budget and €0.85 million as an EU grant.	Recalibrations (towards broader support)
	Housing programme for Homeland War victims and veterans	Yes	No	No	No	War victims and the war veterans	From 1997 to 2013 6,248 flats have been build.		Recalibrations
Cyprus	Social mortgage loans: Offer of low interest loans by the 'organisation of housing funding' (Οργανισμός Χρηματοδοτήσεως Στέγη)	Yes	No	No	No	Income, family composition and condition of the family home at the time of application		Account deposits of some €943 million	No

Member state	Instrument name	Type loans	Type grants	Type guarantees	Type taxation	Target groups	Importance: benefiting households	Importance: total amount of public spending	Change in instrument
Cyprus	Affordable housing provision by the Cyprus Land Development Corporation	No	Yes	No	No	Income, family composition and condition of the family home at the time of application		Marginal impact on housing market – the investment planned for construction of new housing in the 2017 budget was €2.78 million (all derived from sales, not direct housing grants)	No
	Grant for Acquiring a House or Apartment, and Grant for Building a House on private plot (for 1974 statutory refugee tenants)	No	Yes	No	No	Means-tested; low-income families or individuals with 1974 statutory refugee status		The 2020 budget foresees €46 million for new housing grants	No (changes to scale of grants over time)
Czech Republic	Youth Programme Youth Loan for Acquisition or Modernisation of Housing	Yes	No	No	No	Persons under 36 living in a marriage or a registered partnership or persons up to the age of 36 who are permanently caring for a child			Programmes merged
	Paid mortgage and housing loan interest deductible from tax base	No	No	No	Yes	Owners			
Denmark	Mortgage tax relief	No	No	No	Yes	Owners	All households owning a unit; very few do not owe money on their unit.		Reduction of tax subsidy
Estonia	Housing loan guarantee	No	No	Yes	No	Young families, young specialists, energy efficiency-oriented households, tenants of restituted premises, veterans	Since the year 2000, 33,690 households (young families, young specialist, and tenants of renovated houses) have benefited (31 December 2018). Every fifth housing loan is guaranteed by this measure.	E. g. in 2018, guarantees were issued for €35 million, enabling housing conditions for 3,383 households to be improved for loans amounting to €284 million issued by the banks.	No

Member state	Instrument name	Type loans	Type grants	Type guarantees	Type taxation	Target groups	Importance: benefiting households	Importance: total amount of public spending	Change in instrument
Estonia	Land tax incentive for land under home. Applicable only to owner-occupied land	No	No	No	Yes	Favours owner-occupation	Approximately 153,700 homeowners were exempt from paying land tax in the city of Tallinn in 2016.		Introduction 2013
	Deduction of housing loan interest	No	No	No	Yes				Recalibration (towards lower deductible amount)
Finland	Partial deduction of housing loan interest charges without imputed income taxation of owner-occupiers' dwellings	No	No	No	Yes	Owner-occupier households with housing loans			Recalibration (towards more limited deductibility)
	Exemption from capital gains tax when a dwelling is sold and a new one is bought for personal use	No	No	No	Yes	Owner-occupier households; households moving within the owner-occupied stock			
	ASP system of saving and obtaining housing loans to acquire owner-occupied housing	Yes	No	Yes	No	ASP programme participants aged 15 to 39, who are (or aim to be) first-time home (or condominium) buyers.			Min and max age limits have been changed increasing coverage
Finland	Transaction tax related to housing (typically buyer pays)	No	No	No	Yes	Movers, first-time buyers are exempted; movers must pay this tax (2 % for condominiums, 4 % for houses)			Increased for condominiums from 1.2 to 2 % in 2013
France	Interest-free loan (Prêt à taux zéro)	Yes	Yes	Yes	No	First-time buyers Low-income buyers	2019: 70,000 households for new dwellings, 20,000 households for existing dwellings	€1.5 billion (2018)	Recalibration (towards terminating extra support for low-income households in 2018)
	Social home ownership loan (Prêt d'accession sociale PAS, Prêts conventionnés PC)	Yes	No	Yes	No	Low and middle income buyers	2018: 9,300 PC total loans with an amount of €10 billion. 2019: 82,899 PC loans with an amount of €8.8 billion.		



Member state	Instrument name	Type loans	Type grants	Type guarantees	Type taxation	Target groups	Importance: benefiting households	Importance: total amount of public spending	Change in instrument
Germany	Family housing grant (Baukindergeld)	No	Yes	No	No	Families with children and single parents	According to previous estimates, this means that around 550,000 families can receive family housing grants; that is around 180,000 family households per year.	€9.9 billion are available for applications from 2018 to 2023. Applications for family housing grants were submitted amounting to a total of €3.86billion (31. December 2019). The Federal Government will fund €1,200 per child and year over a period of 10 years.	Introduction 2018
	Home ownership savings premium (Wohnungsbauprämie)	No	Yes	No	No	Low and middle income buyers and owners	Around 20 % of households	€223 million in 2019	Increase of income limits, limits of maximum subsidised amount and rate of premium, effective from 2021
	Home ownership promotion by KfW (KfW-Wohneigentumsprogramm)	Yes	No	No	No	For all those households who want to buy or build housing and live in it themselves	77,000 households (2019)	€4.424 billion (2019)	
Greece	Protection of main residence from seizure	Yes	Yes	No	No	Homeowners owing mortgage loans to private banks	It is estimated that this instrument will affect 170,000 to 180,000 mortgagees with default payments of about €10 billion (40 % of the total number of those who mortgaged their main residence).		Introduction 2010, now recalibration to reduce the number of protected mortgagees (more targeted protection) in order to improve the financial situation of banks regarding 'red' (unserviced) loans

Member state	Instrument name	Type loans	Type grants	Type guarantees	Type taxation	Target groups	Importance: benefiting households	Importance: total amount of public spending	Change in instrument
Hungary	VAT allowance	No	No	No	Yes	Middle class; while the general VAT rate is 27 %, the builders of family houses are eligible for VAT reimbursement. Applies to new units up to 300 sqm, and the builders of multi-unit apartments up to 150 sqm.		Estimated cost of the allowance was HUF300 billion between 2015-2019	The VAT rebate was introduced by the government in 2016. The measure was temporary, planned to last until 2018, and aimed at boosting housing construction. The discount can be used until 31 December 2023 for properties for which a building permit was granted by 1 November 2018.
	National Homeowner's Community Hungary (NOK)	No	Yes	No	No	Young middle-class families	Just started. Very little interest in the instrument.		Proposal for recalibration, minimal interest
	National Asset Management Company (NAMC)	No	No	No	No	Households with a default loan. Typically, the most vulnerable include new homeowners.	Around 35,000 households were included in the programme.	In 2017 the costs connected to this programme were HUF33 billion	Major reforms; in 2019 the government introduced a right to buy option for the tenants
	Contract savings (LTP)	Yes	Yes	No	No	Households who have the capacity to save, but certain LTP products target the low-middle income households' investment in rehabilitation (without any savings)	According to estimates, around 1.3-1.5 million contracts were owned by 6 to 7 % of the households, 35 % of the households had more than one contract.	The total budget subsidy increased between 2015 and 2018 from HUF40 billion to HUF80 billion.	The government terminated the subsidy related to LTP instrument in 2019.

Member state	Instrument name	Type loans	Type grants	Type guarantees	Type taxation	Target groups	Importance: benefiting households	Importance: total amount of public spending	Change in instrument
Hungary	Family Housing Allowance (CSOK)	Yes	Yes	No	Yes	Families with children	Family Housing Allowance was requested by approximately 114,000 households between 2016 and 2019	Its average value is HUF2.1 to HUF2.5 million, and the total subsidy disbursed amounted to HUF218 billion between 2016 and 2018. Some 70 % of the subsidy was used for new construction and 30 % for existing housing	Recalibrations
	Village Family Housing Allowance	Yes	Yes	No	Yes	Target is households living in small settlements with a population under 5,000, and a prolonged population decline. Around 2,486 disadvantaged small rural settlements.  It is specifically designed for the purchase and renovation, modernisation, and expansion of homes on remote farms, manors, or small settlements, in an effort to incentivise the preservation and modernisation of rural areas. The maximum subsidy amount of HUF10 million is also available for existing dwellings, as long as the parents have or plan 3 or more children, and also make additions and/or renovations.	N. a.	N. a.	Introduction 2019
	GIS (interest rate subsidy – general term)	Yes	Yes	No	No	No specific target group			

Member state	Instrument name	Type loans	Type grants	Type guarantees	Type taxation	Target groups	Importance: benefiting households	Importance: total amount of public spending	Change in instrument
Ireland	Taxation of housing: VAT on building materials and new housing (13.5 % on the purchase of all new housing; not levied on rent); capital gains tax: exemption for owner-occupiers	No	No	No	Yes	Builders and owners of housing (landlords and homeowners)			Major reforms
	Government regulation of commercial mortgage lending.	No	No	No	No	New mortgage borrowers (lending to homeowners, private rental landlords)			Introduction 2014
	Support for low-income homebuyers	Yes	No	No	No	First-time homebuyers with incomes below a specified level (this varies regionally)	Currently accounts for 2 % of mortgages.		Recalibration (towards long-term fixed rate mortgages)
Italy	Fund that supports households to access bank loans for the purchase of their first home (Fondo garanzia per i mutui per la prima casa)	No	No	Yes	No	First-time homebuyers, specifically targeting: young households (under 35 years old); single-parent households with minor child or children; young buyers under 35 years old with unstable job contract; public housing tenants.	100,000 loans were guaranteed (2018)	2014-2019: €650 million generated guarantees of about €20 billion (estimated) 2019: the fund received further financing which amounted to €100 million	
	Fund that allows a temporary suspension of mortgage payment on first home (Fondo di solidarietà per i mutui per l'acquisto della prima casa)	Yes	No	No	No	Low-income households with outstanding mortgage on their first home (for at least one year) who have temporary financial problems (mainly due to job loss, illness etc.)	N. a.		
Latvia	Support for young families and for young specialists to buy their first housing	No	Yes	No	Yes	Young specialists should be up to 35 years old; young families with children, parent/s should be up to 35 years old	There are better chances of getting a home loan.	Low	No

Member state	Instrument name	Type loans	Type grants	Type guarantees	Type taxation	Target groups	Importance: benefiting households	Importance: total amount of public spending	Change in instrument
Lithuania	Support for young families to buy their first housing	No	Yes	No	No	Young families with children, parent/s should be up to 35 years old, and their income should not exceed the government-supported income; disabled young people or people who grew up without parental care are also eligible for support	Very little importance	Very little importance	No
	Support for young families to buy their first housing in the regions	No	Yes	No	No	Young families with children or childless, couples or single parents should be up to 35 years old willing to buy or to build housing in the Lithuanian regions experiencing depopulation			Introduction 2018
Luxembourg	Housing grants for eligible households for construction, purchase or renovation of a dwelling (acquisition grant = “prime d’acquisition”; construction grant = “prime de construction”; renovation grant = “prime d’amélioration”)	No	Yes	No	No	Low- and middle-income households		In 2019 the Ministry of Housing spent around €8.5 million on construction, acquisition and renovation grants (0.15 % of GDP).	Unclear
	Interest subsidy (“subvention d’intérêt”) granted to eligible households paying a mortgage, and subsidies for interest relief (“bonification d’intérêt”), state guarantee (“garantie de l’Etat”); tax deductibility of mortgage interest; deductibility of the payment protection insurance premium; deductibility of the contribution to a property savings plan	No	Yes	Yes	Yes	Low and middle income households		In 2017, the Ministry of Housing spent around €28.7 million on interest subsidies (“subvention d’intérêt”) and subsidies for interest relief (“bonification d’intérêt”), i. e. around 0.05 % of GDP	No

Member state	Instrument name	Type loans	Type grants	Type guarantees	Type taxation	Target groups	Importance: benefiting households	Importance: total amount of public spending	Change in instrument
Luxembourg	Tax credit for notary deeds ("Bëllegen Akt")	No	No	No	Yes	All households involved in homeownership.	In 2017, almost 13,000 individuals benefited from this instrument.	The opportunity cost for the state equivalent to the tax credit on notary deeds ("Bëllegen Akt") amounted to around €153 million in 2017 (i. e. 0.3 % of GDP).	No
	Taxation: specific tax on unbuilt land plots, specific tax on unoccupied dwellings, land tax B6	No	No	No	Yes	Owners of unbuilt land plots, owners of vacant dwellings			Introduction 2008
	Taxation: reduced to 3 % VAT for homebuyers willing to occupy the unit	No	No	No	Yes	Homebuyers willing to occupy the unit		The opportunity cost for the state equivalent to the reduced-rate VAT (either through a direct application of the 3 % rate or a reimbursement) amounted to around €209 million in 2017 (i. e. 0.4 % of GDP).	Recalibration 2015 (towards narrowing scope)
Malta	Social Loan	Yes	No	No	No	Low-to-middle income renting households, who require little assistance in order to become homeowners	As of the end of August 2018, 16 deeds of sale had been signed through this scheme, 37 applicants had signed the promise of sale and 41 applicants were in the process of concluding negotiations with the seller.		Introduction 2016, recalibration (towards higher income thresholds)

Member state	Instrument name	Type loans	Type grants	Type guarantees	Type taxation	Target groups	Importance: benefiting households	Importance: total amount of public spending	Change in instrument
Malta	First-Time Buyers (Exemption) Scheme	No	No	No	Yes	Young couples and individuals seeking to buy their first residence.	In 2014 and 2015, up to 2,937 (2014) and 2,982 (2015) property purchases were facilitated by this scheme.		Recalibrated 2013
	Shared Equity Scheme	No	No	No	Yes	Applicable to persons of at least 40 years of age who would be facing difficulties accessing the property market.			Introduction 2019
Netherlands	Mortgage Interest Tax Deduction	No	No	No	Yes	All owner-occupiers	A 2016 report from the Central Planning Bureau highlighted that the number of households using the mortgage interest tax deduction facility grew from 2 million in 1990 to over 3.5 million in 2014.	The average annual tax deduction grew from around €3,000 in 1990 to slightly less than €9,000 in 2014. The total mortgage tax deduction more than quadrupled in that period from €7 billion to €32 billion.	Recalibrated 2013 (towards lower taxation incentives)
Poland	Housing for the Young programme (pol. Mieszkanie dla Młodych, MdM).	No	Yes	No	No	Young families, providing additional incentives to couples with more than two children	The Construction Ministry estimated that about 115,000 Poles will benefit from the subsidies.	In 2018, it was PLN762 million (approx. €177 million).	Replaced an older programme in 2012
Portugal	Mortgage relief for unemployed homeowners (Law n.58/2012, amended by Law n.58/2014)	Yes	No	Yes	No	Homeowners in serious difficulties to pay their mortgages			This Law was in force only until 31 December 2015
	Exemption from payment of the Tax on Transmissions – IMT (Article 9 of Law-Decree 287/2003)	No	No	No	Yes	First permanent housing, regardless of specific groups		The basis of liquidation should not exceed €92,407	

Member state	Instrument name	Type loans	Type grants	Type guarantees	Type taxation	Target groups	Importance: benefiting households	Importance: total amount of public spending	Change in instrument
Romania	Guaranteed mortgage loans – The First Home Programme	No	No	Yes	No	Middle income. young people and families			
	Subsidies for Collective Savings and Loan Products Programme	No	Yes	No	No	No specific target group		The state premium is set at 25 % of the amount saved by the client in that year. The state premium may not exceed the equivalent in Lei of €250, calculated at the Lei/Euro exchange rate of the National Bank of Romania for the last working day of the savings year.	Since 2015 this programme has been temporarily suspended due to supposed irregularities
	First House	No	No	Yes	No	Young family should be under 35 years old willing to buy or to build housing			Introduced 2009. Modified several times
	NHA Mortgage-financed Housing Programme	Yes	No	No	No	No specific target group			



Member state	Instrument name	Type loans	Type grants	Type guarantees	Type taxation	Target groups	Importance: benefiting households	Importance: total amount of public spending	Change in instrument
Slovakia	State bonus on saving for housing-related purposes (Štátna prémie k stavebnému sporeniu)	No	Yes	No	No	People participating in bank saving for housing-related purpose with income ceiling (1.3 times the average salary)		Allocation of €23 million in 2019 (total state budget €17.539 billion)	Major changes from 2019 making access more difficult and conditions less favourable: beneficiaries' income ceiling; decrease of the bonus from 5 % (the bonus not exceeding 66.39 EUR) to 2.5 % (not exceeding 70 EUR) of the annual savings); housing-related use of the savings must be demonstrated
	State contribution to young people's mortgages to decrease the interest rate (Štátny príspevok k hypotekárnemu úveru pre mladých)	No	Yes	No	No	Beneficiaries below 35 years with income ceiling (1.3-times the average salary) and the mortgage ceiling (up to €50,000 covering a maximum of 70 % of the housing's price)	In 2017: approximately 72,000 beneficiaries	Allocation of €29 million in 2019	Major changes from 2018 making access more difficult and conditions less favourable (income ceiling, the contribution cannot exceed 50 % of the interest paid, up to €400 annually)

Member state	Instrument name	Type loans	Type grants	Type guarantees	Type taxation	Target groups	Importance: benefiting households	Importance: total amount of public spending	Change in instrument
Sweden	Interest subsidies	No	No	No	Yes	All households with a housing loan		SEK24.123 billion (2018) including all interest deductions (not only housing expenditures)	
	Amortisation requirements	No	No	No	No	All households that need a housing loan to buy owner occupied dwelling			Recalibrated 2017 (towards stricter rules)
	Property fee reduction	No	No	No	Yes	Pensioners with permanent residence; people who receive sick or activity payment (reduction to 4 % of income)		SEK350 million (2019)	
United Kingdom	Help to Buy	Yes	Yes	Yes	No	In Scotland, first-time buyers, elsewhere in UK movers and first-time buyers	The different HTB models have supported more than 420,000 home-buyers and of course provided a major fillip to the house-building sector.		
	Right to Buy (England/Northern Ireland)	No	Yes	No	No	Council tenants			Abolished in Scotland and now in Wales; plans to extend to housing associations in England

Source: Expert survey. C2.1.

### 5.2.3 Subsidised Housing

The following description of subsidised housing in the EU member states – defined as object-oriented subsidies, which serve the purpose of supporting building or modernisation in the rental and/or owner-occupied tenures – refers to housing promotion programmes at the federal or regional level. It should be noted that this does not include direct housing provision from public or quasi-public bodies at the local level which are not based on higher level programmes (cf. Chapter 3.2.2.4). Object-oriented subsidies, which are purely aimed at improving energy quality and similar housing quality-related instruments, are also not included for reasons of comparability.

Most EU member states have subsidised housing programmes, although they naturally have different objectives and funding modalities (cf. Table 27). Only for Hungary, Latvia, and Sweden, is there no information on corresponding instruments. However, it should be noted that in Sweden there is a relevant supply of public housing. In Bulgaria, implementation status is unclear, while Greece only has a pilot programme for homeless people.

Slightly more than half of the programmes are designed purely for rental tenure, while about a third of the instruments are open to both rental and owner-occupier tenure. Some programmes are open only to owner-occupier tenure (cf. Cyprus).

As can be expected, the indirect target groups are low- and middle-income households within specific income limits. This criterion is relevant for the vast majority of instruments. The Czech Republic, in turn, has a support instrument that is not aimed at the support of a certain target group, but rather at promoting the private rental housing market in general. Beyond income criteria, some programmes are aimed at more specific target groups that are considered particularly worthy of support or have special housing

needs. For example, there are programmes that target (young) families (e. g. Croatia, Cyprus, and Poland), single parents (e. g. Italy and Portugal), disabled people/people with health issues (e. g. Czech Republic, Estonia, and Slovakia), the elderly (e. g. Czech Republic, Italy, and Luxembourg), students (France, Italy, Luxembourg, and Portugal), long-term immigrant families (Italy), people leaving institutional care (Slovakia), war victims (Croatia), people with specific refugee status (Cyprus), or mobile workers (France). As a result, in part quite different support profiles or goals emerge, which reflect different housing supply exigencies as well as basic welfare orientations.

For this instrument type, too, information on the scope and intensity of the instruments, recognisable by the number of subsidised dwellings or supported households, or the level of public spending, is only available for some EU member states. A distinction is necessary between total stock figures, which largely reflect investments in the past, and newly subsidised housing. With regard to data for newly subsidised housing, certain countries with high levels of investment should be highlighted. As some of the data refer to the budgeted expenditure level, it should be noted that these figures may differ from the investments actually realised in the end (e. g. due to unattractive subsidy conditions, local construction obstacles, lack of construction capacity and the like). In addition, the subsidy programmes include various types of low-interest loans, grants or tax concessions, so that the comparability of expenditure is limited.

Among the EU member states for which data are available, high levels of expenditure are recorded in Austria (€1 billion in loans; €0.7 billion in grants), Belgium (Flanders: €0.9 billion in loans authorised), Finland (€1.1 billion for loans), France (€1.4 billion for loans), Germany (by federal level: €1.1 billion loans; €0.8 billion in grants), Ireland (grants and loans: 0.5 % of GDP, 2 % of government expenditure), Poland

(planned €1.2 billion for buying dwellings), and UK (Scotland: £1 billion). It should be noted that these funds are being used for new construction as well as refurbishment, which sometimes indicate different support profiles (cf. Slovakia, where mainly refurbishment was supported).

The development of this instrument type is particularly characterized by the fact that some EU member states are (re)entering this form of support or are significantly expanding their activity. New instruments have been introduced in Cyprus, Estonia, Malta, Poland and Portugal. In Greece, at least one pilot programme for homeless people has been initiated. In countries with a longer history of object-oriented subsidies, recalibration of the promotion programmes can be observed in most cases, which react to changed needs but also to changed financing conditions. In this respect, Italy deserves special mention. Here, the potential target group for property promotion was expanded in order to open up the segment to private investors.

Table 27: Subsidised Housing

Member state	Instrument name	Tenure owner-occupied	Tenure rental	Target groups	Importance: subsidised dwellings / benefiting households	Importance: total amount of public spending	Change in instrument
Austria	Housing Subsidy Schemes	Yes	Yes	low and middle income groups	Very high / Earlier, some 80-90 % of new construction in Austria was co-financed with housing subsidies. Today it is approx. 60 % in multi-apartment housing, but <30 % for single-family homes	Expenditures for this instrument have been rather stable from 2001 until 2014 with €2.1 to €2.5 billion p.a., but have decreased since then to €1.7 billion in 2018. 55 % to 60 % of the total expenditures are loans.	recalibrations
Belgium	Social housing	Yes	Yes	limitation by income; priority groups (in Flanders: target group is also defined by conditions of owning real estate)	Flanders: - 160,000 households are living in social rental housing (6 % of households) - 10,000 households are living in a dwelling from a Social Rental Agency (SRA)  Wallonia: - The social rental dwelling stock in Wallonia is 101,000 dwellings.  Brussels: - The dwelling stock of Social Housing Associations (SHA) is 40,000 dwellings - SRA's together manage about 4,500 dwellings	Flanders: SHA are authorised to invest €0.9 billion in 2019 + several other subsidies and tax incentives for SHA- and SRA-dwellings	recalibrations
Bulgaria	Operational Programme "Regions in Growth" 2014-2020 (OPRG 2014-2020) Priority Axis 1/ investment Priority 9a (social housing is an eligible component)	Yes	Yes	buildings constructed before 1999; vulnerable groups of the population in target cities			implementation status unclear
Croatia	Affordable public rental programme for young families with children tax by City of Zagreb	No	Yes	younger households with children	In city of Zagreb about 1,300 households are tenants in public rental flats		recalibration

Member state	Instrument name	Tenure owner-occupied	Tenure rental	Target groups	Importance: subsidised dwellings / benefiting households	Importance: total amount of public spending	Change in instrument
Cyprus	Provision of affordable housing for sale to low income primarily young couples by the 'organisation of land development' (Κυπριακός Οργανισμός Ανάπτυξης Γης: KOA)	Yes	No	income, family composition and conditions of the family home at the time of application	130 units planned for next year	limited funding	resumed operations in 2018
	Refurbishment, redevelopment and rebuilt of 1974 refugee housing	Yes	Yes	households with a refugee status since 1974 - first to third generation (most of the housing is now been privatised)			no
	Ministerial directive of housing policy - social and affordable housing. Purely supply let subsidies	Yes	Yes	mainly middle income tenants who cannot at this stage afford to buy from the open market		none	Introduced 2019 but not yet implemented.
Czech Republic	Support for the Construction of Supported Housing	No	Yes	people with difficult access to housing due to special needs arising from their age, state of health or existential social circumstance, where such persons are not in a position to influence such circumstances			
	Development programme Rental housing	No	Yes	no specific target group			recalibrations
	Support for the Construction of Social and Affordable Housing	No	Yes	Social housing – low income people in housing need - (age, health, social circumstances) Affordable housing – local criteria			No developments over the past ten years

Member state	Instrument name	Tenure owner-occupied	Tenure rental	Target groups	Importance: subsidised dwellings / benefiting households	Importance: total amount of public spending	Change in instrument
Denmark	Social rental housing / Municipal appointment / Flexible and combined letting	No	Yes	Social rental housing: all groups; Municipal appointment: people in special need who cannot find housing themselves; Flexible and combined letting: getting resourceful people in and limiting access of less resourceful people to deprived areas	Social rental housing: all people living in social housing (17 %); Other measures: not possible to identify (municipal appointment: 6-7 % of available units used for appointment); 21 % of units are social housing	No national funding; municipalities fund 10 % of building costs of new social housing units in return for right to appointment	recalibrations of placement rules, including a shift of target groups
Estonia	Development of municipal rental housing stock	No	Yes	Mobile workforce; socio-economically vulnerable households	18 rented houses or converting an existing building in 2018. Aim: 6,000 dwelling for the 2017–2020 period.	Budget: €60 million for period 2017-2020.	introduction 2017
	Grant for adapting dwellings for disabled people	Yes	Yes	Disabled people	At least 2,000 persons	The total budget is €9,481,546	introduction 2018
Finland	Subsidised housing: Public supply support: loans, interest subsidies, guarantees and regulated rents	No	Yes	Low- and medium income families and special groups. Subsidised rentals are delivered by municipal housing offices on the basis of means testing and housing needs.	There are approximately 800,000 rental homes in Finland, of which slightly more than half have been constructed using state subsidies. The subsidised housing stock consists of rental, right-of-occupancy and part-ownership housing. In 2017 10,128 new dwellings have been financed.	In 2017 ARA's interest subsidy loans amounted to €1,138 million, and they were related to financing 10,128 new dwellings.	minor changes, additional programme with shorter rent regulation (10 instead of 40 years)
France	Social rental sector „HLM“; (Soft, long-term loans (40/50 years), Lower VAT (10 %), Land tax rebate for 25 years)	No	Yes	Low and middle income households, mobile workers	Social housing stock 4,800,000 households (2018); 70,000 to 100,000 new social units build per year	Financed with loans from private savings Subsidies €1.4 billion (2018)	stronger financial constraints on the budget of social organisations

Member state	Instrument name	Tenure owner-occupied	Tenure rental	Target groups	Importance: subsidised dwellings / benefiting households	Importance: total amount of public spending	Change in instrument
France	Fiscal scheme for private rental (tax incentives to encourage rental investment (Scellier-Pinel) 18 % of the investment is deducted from tax income)	No	Yes	Low and middle income groups, including young households, students and mobile workers	30,000 to 40,000 units per year	Fiscal incentives, no spending	Scheme revised each four years for recalibration
	Intermediate rental loan (Prêt locatif intermédiaire or PLI)			Middle income and mobile households	2,000 to 4,000 households per year	Fiscal incentives, no spending	
	Social rent-to-buy loan (Prêt social location accession or PSLA)	Yes	Yes	Low-income, first-time buyer	8,000 households per year	marginal	
Germany	Social Housing (soziale Wohnraumförderung)	Yes	Yes	Rental: Main group: lower income groups with need of support  Owner-occupied: lower to middle income groups with need of support	In 2019 (total: Federal level plus regional level): 59,743 supported dwellings (rental apartments: 25,565 supported new units, 17,775 supported refurbishments; owner-occupied apartments: 13,897 supported measures).  Total stock at 31st December 2019: about 1.14 million subsidised dwellings	In 2019 (total: Federal level plus regional level): interest subsidies €2.2148 billion €, grants €1.1006 million	2006: Reform of the federal system; decentralisation towards the states; recalibrations  Since 2020: new financing authority of the federal government as a result of a change of the German constitution
Greece	Protection of the homeless	No	No	Homelessness			introduced as pilot form in 2015



Member state	Instrument name	Tenure owner-occupied	Tenure rental	Target groups	Importance: subsidised dwellings / benefiting households	Importance: total amount of public spending	Change in instrument
Ireland	Government subsidies for the provision of social rented housing	No	Yes	Households with incomes below a specified level; additionally people who need additional supports such as older people, formerly homeless people and people with a disability.	9 % of the population are social housing tenants	Ireland 0.5 % of GDP and 2 % of Government expenditure on housing approximately half of this is on local authority and housing association provided social housing.	reduction and increase of funding; recalibration (towards less financial support)
Italy	Public Housing Rental Systems (Edilizia Residenziale Pubblica)	No	Yes	Low-income, low-middle income; Particular concentration of elderly, people with disabilities, ethnic minorities	Almost 2 million people. Almost 1 million dwellings nationwide	The main funding mechanism for public housing (the so call GESCAL fund) stopped existing in the early 1990s	Long-term trends: financial cutbacks, underproduction, privatisation, residualisation, marginalisation, decentralisation
	Social Housing System (Edilizia Residenziale Sociale / Housing Sociale)	Yes	Yes	Low-income and low-middle income households, including single-parent and single-salary households, young and low-income households, elderly in disadvantaged socio-economic conditions, students, long-term immigrant families with low-income	Goal: 20,000 dwellings nationwide through the new financing mechanism (integrated system of funds)	data not available	introduction in 2009 of Integrated System of Funds (Sistema Integrato di Fondi), changes in the definitions and targets of social dwellings as well as changes in the possible suppliers
Lithuania	Social housing (housing with privileged access)	No	Yes	Households with low income (means-tested). The criteria include an income and property test	10,949 households (2018)	This stock is financed by local authorities. Public spending data not available.	Minor calibrations
Luxembourg	Subsidies granted to public, non-profit or private developers constructing housing for sale or rent at moderate costs	Yes	Yes	Low and middle income households, students, elderly, disabled people		In 2019, the Ministry of Housing spent around €84.3 million on the building subsidies, or 0.15 % of GDP.	recalibrations

Member state	Instrument name	Tenure owner-occupied	Tenure rental	Target groups	Importance: subsidised dwellings / benefiting households	Importance: total amount of public spending	Change in instrument
Malta	Scheme for the Rehabilitation of Vacant Dwellings for Rent	No	Yes	Low income households, specifically, social housing applicants.			introduction 2018
Netherlands	Loans guaranteed by the state for Registered Social Housing Providers (Toegelaten Instellingen Volkshuisvesting)	No	Yes	Households eligible for social housing		Currently, the instrument has guaranteed loans of €80 billion.	
Poland	Home Plus programme (pakiet Mieszkanie+).	Yes	Yes	No formal restriction, but preference is given to families with children and people who are not able to receive a loan from the bank due to their low wages	In December 2016, the construction of first buildings was commenced and further investment contracts were signed. Over 200 ha of land were acquired in cooperation with local governments, where approx. 20,000 dwellings for rent may be built with homeownership option.		introduction
	Rental Housing Fund (pol. Fundusz Mieszkań na Wynajem).			People who are unable to pay the monthly rental rate at market prices; people who do not have the required creditworthiness.	Originally, it was planned to purchase 3,000 apartments in the largest Polish agglomerations between the years 2015-2017. However, the Housing Rental Fund was to receive PLN 5 billion (approx. 1.2 billion €) in order to provide approx. 20,000 apartments.	Planned: PLN 5 billion (approx. €1.2 billion)	
Portugal	Affordable rent program	No	Yes	Low and medium income families; university students	The first tender was initiated in February 2020 for 18 households		introduction
	Controlled rental housing	No	Yes	Lower income households			introduction / recalibration
	Decree-Law n.º 81/2014, 19 December, that establishes the new regime of the supported rent	No	Yes	Mono-parental families or families with minors, persons with deficiencies and aged 65 or more, or victims of domestic violence	Total stock: 120,000 social housing units in 26,200 buildings 2 % of the total housing stock (dwellings)		recalibration

Member state	Instrument name	Tenure owner-occupied	Tenure rental	Target groups	Importance: subsidised dwellings / benefiting households	Importance: total amount of public spending	Change in instrument
Romania	Public housing with subsidised rent - Youth Housing Programme	Yes	Yes	Young people with low-middle income; the aim of programme is building rental housing for youths whose income does not allow them to buy or rent a dwelling in normal market conditions, and ensuring the security of young specialists by creating affordable living conditions			
	Public housing with subsidised rent - Social Housing	No	Yes	Disadvantaged categories of the population, whose income level does not enable them the access owning or renting a home under normal market conditions			
	Social Housing for tenants evacuated from nationalised houses	No	Yes	Tenants evacuated from nationalized houses; people with low income, disabilities, invalids or pensioners			
Slovakia	Loans for support of housing development (ŠFRB)	Yes	Yes	Income threshold; more advantageous conditions for specific groups (handicapped, persons leaving institutional care)	In 2017, the portfolio included 36,966 clients. In 2017, loans supported development of 1,787 dwellings and refurbishment of 27,415 dwellings.	In 2017, loans of totaling €185.5 million	Recalibrations – support to private investments in rental housing introduced
	Grants for development of municipal rental housing	No	Yes	Income ceiling, more advantageous conditions for specific groups (lone parents, handicapped, professions providing services for the municipal community); persons leaving institutional care; substitute housing for tenants of restituted dwellings	In 2018, 1,385 dwellings were supported	In 2018, grants totaling €26.34 million provided	no

Member state	Instrument name	Tenure owner-occupied	Tenure rental	Target groups	Importance: subsidised dwellings / benefiting households	Importance: total amount of public spending	Change in instrument
Slovenia	Public rental housing provided by Housing fund of Republic of Slovenia	No	Yes	Priority groups (young, young families, elderly) with given eligibility criteria	In 2019, there were 640 public rental dwellings, with cost effective rent		
	Non-profit rental housing	No	Yes	Low income groups, victims of family violence, disabled, etc, (young, young families, elderly) with given eligibility criteria	In 2019 there were 20,543 non-profit rental dwellings, which accounts to 3 % of the total occupied dwelling stock.		Reform of subsidised rent level (from below market rents to cost rent)
Spain	Promotion of a social rental housing stock	No	Yes	Households under income thresholds (less restrictive for disabled people or big families)			
	Subsidies for individuals that have suffered evictions or have been expelled from their homes	No	Yes	Natural persons (adult) that have been evicted or with a programmed eviction from their usual and permanent dwelling, and in a risk of special vulnerability which prevents them from having the means to look for a new dwelling. Evictions can be caused either by mortgage or not-paid rent.			
	Housing promotion for elderly and disabled people	No	Yes	Direct: Public administrations, private corporations, foundations, social economy, cooperatives, etc. Indirect: subsequent rents are only for people over 65 or disabled.			

Member state	Instrument name	Tenure owner-occupied	Tenure rental	Target groups	Importance: subsidised dwellings / benefiting households	Importance: total amount of public spending	Change in instrument
United Kingdom	SOAHP 2018-23	Yes	Yes	Frustrated owners and low income tenants waiting for housing	130,000 units planned to be started		
	SOAHP 2016-18	Yes	Yes	Frustrated owners and low income tenants waiting for housing	86,000 units completed		Integration of wider range of programmes and tenures
	AHP 2011-15		Affordable rental	Low income tenants on waiting list	82,000 units		
	Scottish affordable housing supply programme 2011-16	Affordable home ownership	Social and affordable renting	Frustrated buyers, High need low income households Households unable to buy or access social housing	33,000 households / Mix of shared equity, affordable rent (grant funded) and social housing with grants – 60 % of programme social renting		
	Scottish affordable supply Programme 2016-21	Affordable home ownership	Social and affordable renting	Frustrated buyers, High need low income households Households unable to buy or access social housing	50,000 households if targets fulfilled / Mix of interventions as above but now 70 % social housing	Around £4 billion over 5 years	

Source: Expert survey, C2.1.

#### 5.2.4 Rent price regulation

With regard to the regulation of tenancies, three dimensions are initially considered in the following: the regulation of new contractual rents, the regulation of rent adjustments and the regulation of lease durations.

In total, 10 of the EU member states do not have any significant rent price regulation under tenancy law (cf. Table 28 and Table 29). These are primarily southern and eastern EU member states (Bulgaria, Croatia, Finland, Greece, Hungary, Latvia, Lithuania, Romania, Slovakia, and Slovenia). The low rental shares suggest that this form of tenure plays a subordinate role in those national housing policy discourses and policies. At the same time, however, countries with medium rental tenure shares are also included in this group (Greece, and Slovenia). They are characterised by a notable increase in rental tenure shares between 2008 and 2017, so that it can be assumed that there is a need to catch up.

A second group show a medium level of regulation, in that they do not regulate the initial rent level but rent increases. In some EU member states, regulation is limited to old tenancy regulations, according to which the date of contract conclusion is decisive for regulation (Cyprus, Malta, and Portugal). Special regional regulations for rent increases have also been established in some countries (e. g. Ireland, UK (so far only Scotland)). In this group some cases are characterised by temporary lease durations, which interacts with the effect of rent increase legislation.

A third group with a stronger degree of rent regulation is emerging, which is characterised by the control of initial rent level as well. These include Austria, Denmark, France, Germany, the Netherlands, and Sweden. Nevertheless, it should be noted that the regulation of initial rents depends on certain housing characteristics (e. g. year of construction, type of housing, state of renovation) or spatial area. This means that only sub-markets are regulated by this limitation. In addition, some of these countries are shaped by fixed lease terms (Austria and France), which can be decisive for the effect of tenancy regulation.

Table 28: Rent price regulation grouping

Without significant rent price regulation	Regulation solely of rent increases	Regulation of rent increase and initial rents
Bulgaria	Belgium	Austria
Croatia	Cyprus	Denmark
Finland	Czech Republic	France
Greece	Estonia	Germany
Hungary	Ireland	Netherlands
Latvia	Italy	Sweden
Lithuania	Luxembourg	
Romania	Malta	
Slovakia	Poland	
Slovenia	Portugal	
United Kingdom (England, Northern Ireland, Wales)	Spain	
	United Kingdom (Scotland)	

Table 29: Rent price regulation

Member state	Control of initial rent level	Control of rent increases	Lease duration	Change in instrument
<b>Austria</b>	Partly regulated dependent on building type and age (free for post- WW2 housing stock built without subsidies)	Partly regulated	open-ended/fixed (minimum 3 years)	minor calibrations
<b>Belgium</b>	free	regulated	regulated	decentralisation of rent regulation, only minor calibrations since then
<b>Bulgaria</b>	free	not regulated	open-ended/per contract	no reform activities
<b>Croatia</b>	free	not regulated	in fact unregulated	no reform activities
<b>Cyprus</b>	free	regulation of all segments for a short period (2013-2018) general: rental law of 1983 is in favour of the tenant (sitting tenants)		short term regulation. Revision of the 1983 rental law under revision - in parliament at the moment (key issue trying to address is the bad condition of properties occupied by sitting tenants)
<b>Czech Republic</b>	free	regulated	open-ended/fixed	
<b>Denmark</b>	regulated dependent on construction year, location and renovation	regulated dependent on construction year and defined areas	open-ended	Current discussions of reforms to come; nothing decided yet
<b>Estonia</b>	free	regulated	open-ended/fixed	no reform activities
<b>Finland</b>	free	regulated to what has been agreed in rental contract; otherwise, maximum annual increase is 15 % unless it is based on renovation or clear deviance from market rent level in comparable rental units.	open-ended/fixed	no reform activities
<b>France</b>	free with some regulation in the Capital region	regulated according to cost of living	fixed (3 to 6 years), but mostly with extension	Regulation for preventing rent jump for each new tenant is required in some tense market (capital region, Lille) but so far not put in force due to legal actions by landlords. Rent observatory are currently developed in main cities
<b>Germany</b>	First letting: non-regulated Re-letting: regulated in defined areas with housing shortage. Exceptions for new construction, modernization and previous higher rent.	regulated according to comparative rent system	open-ended	Introduction of a limit on rent on re-letting
<b>Greece</b>	free	not regulated	two years, open-extended, easily ended	
<b>Hungary</b>	free	not regulated	open-ended/fixed	
<b>Ireland</b>	free	regulated in defined areas	fixed	introduction of the control of rent increases, extension of lease durations
<b>Italy</b>	free (but a rent control segment also exists in the private rental market).	regulated (but linked to the duration of the contract)	fixed, but duration is varying	no reforms activities



Member state	Control of initial rent level	Control of rent increases	Lease duration	Change in instrument
<b>Latvia</b>	free	not regulated	open-ended/fixed	no reform activities
<b>Lithuania</b>	free	not regulated	open-ended/fixed	
<b>Luxembourg</b>	free	regulated	open-ended/fixed	
<b>Malta</b>	free	regulated dependent on contract age (old contracts regulated)	fixed (new contracts)	liberalisation dependent on contract age (new contracts)
<b>Netherlands</b>	regulated dependent on quality / price	regulated	open-ended	recalibrations of quality assessment
<b>Poland</b>	free	regulated	fixed	
<b>Portugal</b>	free	regulated dependent on contract age (only rental agreements made before 15.11.1990)	open-ended/fixed	Opposite trends: liberalisation of the market (law n. 31/2012), tenant's protection (law 13/2019)
<b>Romania</b>	free	not regulated	open-ended/fixed	
<b>Slovakia</b>	free	not regulated	open-ended/fixed	
<b>Slovenia</b>	free	not regulated	open-ended	
<b>Spain</b>	free	regulated	fixed	restriction of rent increases
<b>Sweden</b>	regulated	regulated	open-ended	liberalisation of newly constructed housing
<b>United Kingdom</b>	free	not regulated / regulated by local rent pressure zones (Scotland after 2017)	Fixed (open-ended/indeterminant)	introduction of the control of rent increases in Scotland

Source: Expert survey, OECD Affordable housing database, BBSR-Project Mietrecht und energetische Sanierung von Mietwohnungen im europäischen Vergleich (Tenancy law and energy refurbishment of rental dwellings in a European comparison).

## 5.3 Reform tendencies

As the previous presentation has shown, many EU member states have a mix of housing policy instruments covering all the main types of instrument. Subject-oriented instruments ("Housing Allowance", "Subsidies for homeowners and homebuyers") have widespread distribution among the EU member states, while object-oriented funding is established in 25 EU member states and rent regulation exists in 18 EU member states (cf. Table 30).

Owing to the data gaps in the descriptions of the scope and intensity of the instruments, it is not possible to derive country profiles based on the quantitative importance of the instruments.

However, on the basis of the available information, reform trends can be identified. The following table shows the distribution of the main types (Housing allowance, Instruments for homebuyer and homeownership, Subsidised housing, Rent control).<sup>11</sup> The classification of reform activities is based on the introduction of new instruments and extension of activities on the one hand, and termination of an instrument and reduction of activities on the other.

The following overview of country profiles with their activities in the context of the different types of instrument makes it clear that there are different reform trends across Europe. Nevertheless, in many countries there are comparatively few activities or unclear reform directions (Austria, Croatia, Czech Republic, Denmark, Finland,

Hungary, Latvia, Netherlands, Slovakia, Spain, and Sweden). Individual countries appear to be only just beginning to implement a distinct housing policy. This appears to be the case in Bulgaria and Greece. In other countries the mix of instruments has not changed significantly, but expenditure is being significantly expanded (Germany) or – presumably motivated by fiscal policy – reduced (France). Some countries have a focus on strengthening housing allowances. These include Belgium, Ireland, Luxembourg, and Slovenia. Another group of countries shows increased activity in the area of subsidised housing in particular. This is especially the case in Cyprus, Estonia, Italy, Malta, Poland, and Portugal. Finally, the reform tendencies in two countries are characterized by the strengthening of instruments for homeownership (Lithuania and Romania).

As stated at the beginning of Chapter 5.2, it should be noted that the description of housing policy trends may include different property cycles.

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11 Expert Survey C2.2.2: "Policy instruments reform: In the following, please consider all of the instruments described above. Please name the most important instrument reform(s) over the past ten years. Please describe if applicable." Additional instrument questionnaire: "Has the instrument been changed (or introduced) over the past ten years? Please describe if applicable".

Table 30: Instrument type occurrence

Member state	Housing allowances	Subsidies for homeowners / homebuyers	Subsidised housing	Rent regulation
Austria	x	x	x	x
Belgium	x	x	x	x
Bulgaria	x	x	x	
Croatia	x	x	x	
Cyprus	x	x	x	x
Czech Republic	x	x	x	x
Denmark	x	x	x	x
Estonia	x	x	x	x
Finland	x	x	x	
France	x	x	x	x
Germany	x	x	x	x
Greece	x	x	x	
Hungary	x	x		
Ireland	x	x	x	x
Italy	x	x	x	x
Latvia	x	x		
Lithuania	x	x	x	
Luxembourg	x	x	x	x
Malta	x	x	x	x
Netherlands	x	x	x	x
Poland		x	x	x
Portugal	x	x	x	x
Romania	x	x	x	
Slovakia	x	x	x	
Slovenia	x		x	
Spain	x		x	x
Sweden	x	x		x
United Kingdom	x	x	x	
<b>Total</b>	<b>27</b>	<b>26</b>	<b>25</b>	<b>17</b>

Source: Expert survey.

Table 31: Reform tendencies of the last ten years

Member state	Housing allowance	Subsidies for homeowners and homebuyers	Subsidised housing	Rent control
<b>Austria</b>	Stable	Stable	Stable	Stable
<b>Belgium</b>	Extension (Flanders)	Reductions Termination of instruments: mortgage tax relief; Merging of instruments: premiums	Extension	No clear trend / stable (Flemish region)
<b>Bulgaria</b>	Introduction of new instruments: Social assistance for municipal housing rents; Social assistance for heating costs	Introduction of new instruments: Tax relief for first-time buyers; Property tax relief for homeowners	Implementation status unclear	
<b>Croatia</b>	Rather stable	In fact termination of an instrument: premium for housing saving; introduction of subsidies for housing loans; termination of right to buy the first home without paying transaction tax of 3 %; extension of other measures	Different programmes at local level	No reform activities
<b>Cyprus</b>	No reform activities	No reform activities	(Re-)commissioning of the organisation of Cyprus land development corporation in 2019 (provision of affordable housing for sale to primarily young, low-income couples)	Short term regulation of the rental market (2013–2018)
<b>Czech Republic</b>	No reform activities	Merging of programmes	No clear trend	
<b>Denmark</b>	Extension	Reduction	Recalibrations of placement rules, including a shift of target groups (flexible and combined letting; ghetto strategy)	No reform activities
<b>Estonia</b>	No clear trend	Introduction of a new instrument: land tax incentive for land under home / reduction	Introduction of new instruments: development of municipal rental housing stock; grant disabled persons	No reform activities

Member state	Housing allowance	Subsidies for homeowners and homebuyers	Subsidised housing	Rent control
<b>Finland</b>	Total allowance expenditure has increased recently and the future aim is to limit future growth or reduce it	Tax deductibility of interest expenses has gradually been reduced; On land owned by city of Helsinki land rents are kept low and prices of dwellings are regulated (hitas-system since mid 1970s).	No major reform activities	No reform activities
<b>France</b>	Stronger control of allowances paid to households according to their income	Reduction	Stronger constraints on the financial management of social rental organisations	Debate about rent control in the capital region and some tense markets
<b>Germany</b>	Extension and dynamisation of support level (Wohngeld)	Introduction of a new instrument: Construction Child Benefit (Baukindergeld); extension of home ownership savings premium	Extension	Introduction of initial rent level control
<b>Greece</b>	Introduction of a new instrument: Government funded income related housing allowances for private renting tenants	Introduction of three new instruments: important reduction of transfer tax; sharp increase of property (occupation) tax; Protection of main residence from seizure	Introduction of a new instrument: Pilot Protection of the homeless	
<b>Hungary</b>	No reform activities at national level, but after municipal election new urban local government become active to prepare reforms	Termination of an instrument (contract savings (Itp)) / extension of the fha programme, and introduction village fha instrument	Newly elected municipalities planning to increase the subsidised sector	No general plan, municipalities planning to control the Airbnb, which would include some kind of the rent control
<b>Ireland</b>	Introduction of a new instrument: Government funded income related housing allowances for private renting tenants	Introduction of an instrument: Government regulation of commercial mortgage lending / reduction	Reduction and extension (of spending); recalibration (from grants to loans)	Introduction of the control of rent increases, extension of lease durations

Member state	Housing allowance	Subsidies for homeowners and homebuyers	Subsidised housing	Rent control
Italy	No major reforms; activity mainly limited to measures to sustain housing-related costs	Several (re)introductions and terminations of instruments: value tax on properties	Introduction of a new instrument 2009: integrated system of funds	No reform activities
Latvia	No reform activities	No clear trend		No clear trend
Lithuania	No reform activities	Introduction of a new instrument: support for young families to buy their first housing in the regions	No major reform activities	
Luxembourg	Introduction of new instruments: Allowance for the financing of a security deposit ("Aide au financement d'une garantie locative"); rental allowance for households in the private rental sector ("Subvention de loyer")	Introduction of a new instrument: specific tax on unbuilt land plots, specific tax on unoccupied dwellings, land tax B6	No clear trend	
Malta	No clear trend	Extension	Introduction of a new instrument 2018: scheme for the rehabilitation of vacant dwellings for rent	Liberalisation dependent on contract age
Netherlands	No reform activities	Reduction	No clear trend	No clear trend
Poland		No clear trend	Introduction of a new instrument: home plus programme	
Portugal	No clear trend	No reform activities	Introduction of new instruments: affordable rent programme, controlled rental housing	No clear trend (two opposite trends: law n.31/2012: liberalisation of the market; law 13/2019: tenant's protection)
Romania	No reform activities	Introduction of a new instrument: guaranteed mortgage loans – the "first home" programme	No clear trend	
Slovakia	No reform activities	Reduction	Extension	N/a
Slovenia	Introduction of a new instrument: 'Housing allowance' to replace of the previous dual system of subsidising not-for-profit and market rents.		Reform of subsidised rent level (from below market rate to cost rent)	

Member state	Housing allowance	Subsidies for homeowners and homebuyers	Subsidised housing	Rent control
<b>Spain</b>	Low investment is maintained, but they shift to the rental tenure and new vulnerable groups	The general housing policy do not seek to increase home ownership rather aims to increase the rental housing sector.	Extension: the objective is to increase subsidised public housing, but global aid in this regard has not yet materialized. It largely depends on each municipality	Restriction of rent increases
<b>Sweden</b>	No clear trend	No clear trend		Liberalisation of newly constructed housing
<b>UK</b>	Merging of instruments and cuts to benefits	Support for purchase through “help to buy” in England and in Scotland	Shift to affordable supply in England and social housing supply in Scotland	Shift to mild rent stabilisation in Scotland

Expert Survey, C2.2.2..

# 6

## The Financial Crisis of 2008: impact on housing systems and policy reactions



In the context of this study, the “Great Financial Crisis (GFC)” refers to the crisis-like developments that have characterised the international financial markets since 2008. The origins of the GFC are rooted in a US mortgage market crisis, which had secondary effects on the EU member states via the interconnection of international financial markets. Owing to the parallelism and various causal interconnections, it is difficult to distinguish GFC impacts from the euro crisis that followed it; however, the financial crisis and the euro crisis should not be regarded as synonymous.

Since its start in the US subprime residential mortgage market, the effects of the financial crisis have maintained a strong link to the housing market, even if their driving factors – a liquidity-driven house price bubble together with systemic credit risks stemming from new financing instruments (mortgage-backed securities) – were not directly transferable to European housing systems. Here, other factors such as the introduction of the euro currency and the liberalisation of the mortgage-financing

sector acted as a driver of liquidity in the housing market. Owing to the complexity of the crisis, it must be emphasised that the respective country-specific development trajectory before and in the course of the global financial crisis is not the subject of consideration here. The country-specific situations can only be captured in the common temporal context of the financial crisis from 2008 onwards, even if their national causes would actually justify temporal framing that is different.

The special challenge of the financial crisis impact on the housing system is that it was not limited to the mortgage market for owner-occupied housing. The interdependency of direct effects such as sharply falling house prices and indirect effects such as the lower consumer spending triggered by lower housing wealth gives rise to a wide range of possible self-reinforcing, partly compensatory effects. The main focus of the study was on the impact of the GFC on the system of housing provision, possible explanations for a higher degree of vulnerability or resilience, and political reactions.

## 6.1 Effects of the financial crisis on EU member states’ housing markets

Given the focus of the study, the selection of case studies was based on two basic dimensions:

- The dynamics of house prices between 2008 and 2018. Here, house prices serve as an indicator for the direction, intensity and duration of the impact of the GFC on the housing market.
- The share of mortgaged homes within total ownership rates, together with national mortgage loan-to-income ratios as an indicator of the vulnerability of each national system of housing financing.

The first dimension can be regarded as a proxy for the outcome of the financial crisis on the housing market. The second illustrates key aspects of the risk exposure of national mortgage-financing systems. Since the financial crisis had its beginnings in the mortgage market, this dimension should provide a first working hypothesis for the effect of the financial crisis on the EU member states.

### 6.1.1 House price trends 2008–2018

The dynamics of house prices in the EU member states was examined using the EUROSTAT house price indices (annual data, deflated). For better comparability, the data were indexed to the base year 2008=100. The individual member states can be divided into the following groups according to the shape of the trend over the period under review:

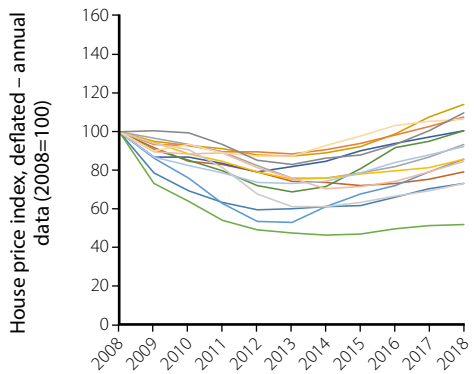
Group of cyclical time-series patterns (cf. Figure 6 top and middle row). This group includes member states whose house price indices show distinct cyclical price effects, that is, falling prices after 2008 followed by a more or less pronounced recovery phase.

- The first subgroup of countries (I) is characterised by a more or less pronounced decline in house prices after 2008 that lasted several years followed by a reverse upwards trend.
- Subgroup (II) are the Baltic States, which, due to their special adjustment path, experienced a very short and steep slump in house prices followed by a longer recovery phase that started earlier.
- While the house price indices in the above-mentioned member states recovered significantly from their lows after the financial crisis, the price indices in the member states of subgroup (III) do not show a comparable recovery path.

Group with non-cyclic price trends (cf. Figure 6 bottom row). This group includes member states whose house price indices have not experienced significant cyclical price movements.

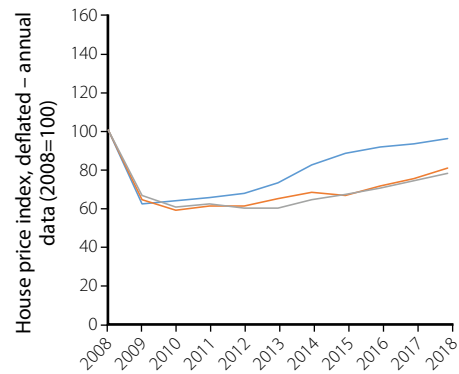
- Member states in subgroup (I) recorded a largely steady growth trend over the period under review (Germany, Austria, Luxemburg), possibly with superimposed cyclical effects (Sweden).
- Member states in subgroup (II) recorded a stable sideways movement over the period under review (Belgium, France, Finland).

### Cyclical time-series pattern (subgroup I)



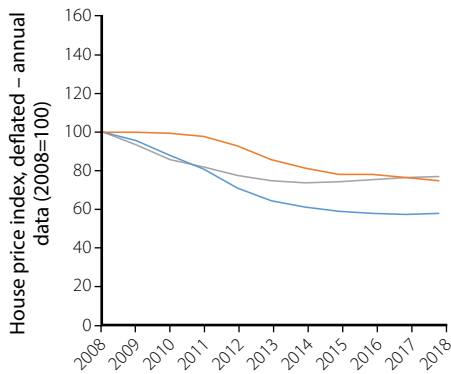
- Bulgaria
- Denmark
- Malta
- Romania
- Spain
- Croatia
- Hungary
- Netherlands
- Slovakia
- UK
- Czechia
- Ireland
- Poland
- Slovenia
- Portugal

### Cyclical time-series pattern (subgroup II)



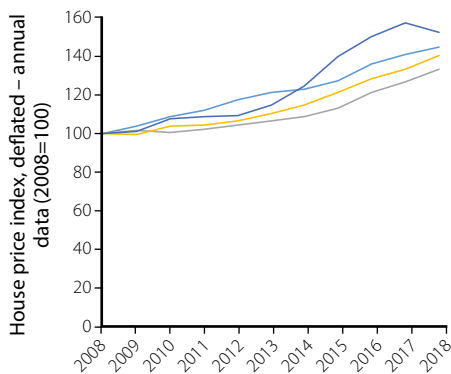
- Estonia
- Latvia
- Lithuania

### Cyclical time-series pattern (subgroup III)



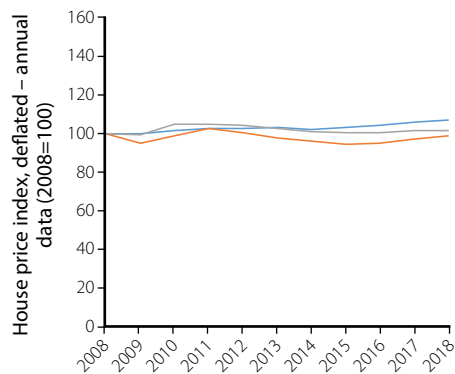
- Cyprus
- Greece
- Italy

### Non-cyclic price trends (subgroup I)



- Austria
- Luxembourg
- Germany
- Sweden

### Non-cyclic price trends (subgroup II)



- Belgium
- France
- Finland

Figure 6: Grouping of member states by house price trend patterns in the period 2008 to 2018, Source: EUROSTAT, House price index, deflated – annual data, indexed at 2008=100

## 6.1.2 Financing and housing-related debt

In view of the fact that the financial crisis was a crisis of financial institutions and financial markets, housing markets in the EU member states were affected by financing conditions. Here, the specific vulnerability of member states was measured by the EU-SILC variable share of mortgaged and non-mortgaged owner-occupation, using 2017 data. Supposedly, a higher share of mortgaged housing indicates a larger share of households being exposed to financing risks, e. g. interest rate changes, lending restrictions etc. The second indicator was the ratio of total outstanding loans to income. Here, too, a higher value supposedly indicates a higher average risk exposure of households to economic shocks. The plot below reveals a relatively tight relationship between both indicators with three relatively homogeneous groups to be distinguished:

- Group 1: low share of mortgaged home ownership (group average ca. 15 %), low loan-to-income ratio (ca. 30 % on average). This group contains all central and Eastern European countries together with Italy and Greece.
- Group 2: mean share of mortgaged home ownership (group average ca. 50 % of population), mean loan-to-income ratio (group average ca. 75 %). This group contains most Western and Southwestern European member states, together with Cyprus (no data for Malta and Luxembourg was available).
- Group 3: high share of mortgaged home ownership (group average more than 80 % of population), high loan-to-income ratio (group average of 180 %). This group contains the Netherlands, Denmark and Sweden.

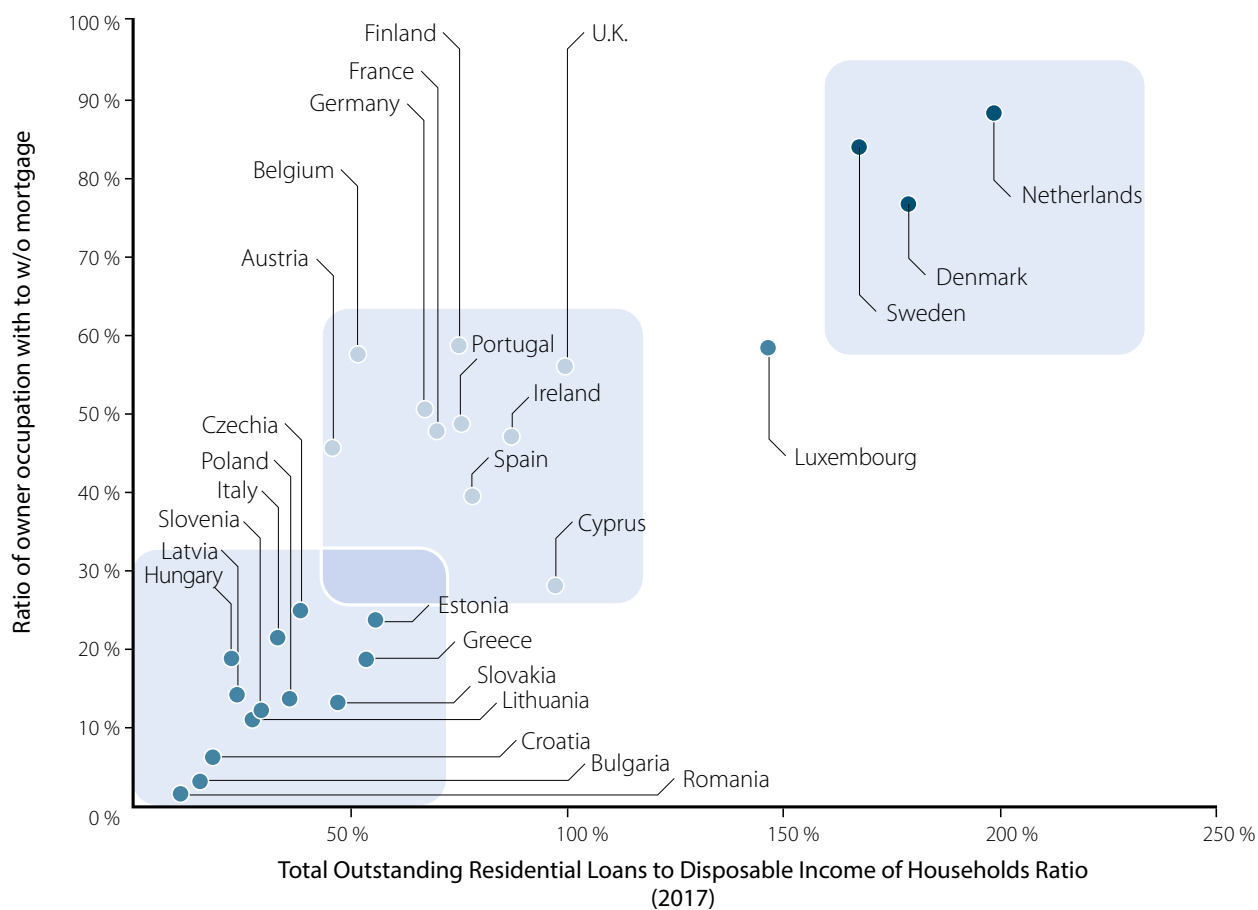


Figure 7: Share of mortgaged owner-occupation over loan-to-income – ratio 2017, Source: EU-SILC survey 2017, European Mortgage Federation 2019

### 6.1.3 Selection of case studies

The previous sections reported grouping results along two different dimensions. Comparing both groups, it becomes clear that member states allow varying group affiliations, depending on the dimension. One example is that, although figures for Sweden are similar to those of Denmark and the Netherlands for mortgage lending, Sweden's house price index followed a path different from these two countries. Instead of defining a meta-group to identify case studies, we used this result to identify pairs of cases that are similar in one dimension but different on the other:

- **Denmark** as a case study from those EU members that show both distinct cyclical price volatility and a strong dependency on mortgaged home ownership.
- **Sweden** as member of the same group of mortgage-related property financing, but with a very different house price path over the last decade.
- **Hungary** as a country in the group of member states with a very small share of mortgage home ownership and low loan-to-income ratios, but a strongly cyclical house-price trend, with 2018 levels above the 2008 value.
- **Greece**, which also shows a low exposure to mortgage risks, but house price levels stagnating significantly below their pre-2008 levels.

## 6.2 Case study results

The case study design was a guideline-based expert survey. With the exception of Sweden, the experts from the main survey were consulted (cf. Chapter 1.3.1.2).<sup>12</sup> The survey was conducted via video telephony in the first half of 2020. The interviews were recorded, documented in the form of minutes, and reviewed by the experts who had been interviewed. Thus, the results reflect the expertise of the people who was interviewed and do not represent a literature-based case study.

The guidelines included questions on the following thematic complexes (cf. interview guideline in the annex):

- Development of housing markets before, during and after the financial crisis – prices, rents, demand and supply
- Financing home ownership: financing methods and the impact of financial market regulation
- Housing wealth: scope and cultural practices in the context of the national welfare system and the impact of the financial crisis
- Housing supply and residential construction: impact of the crisis, effects on housing provision
- Policy reactions with regard to housing policy: instruments, problems and impact

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12 In the Swedish case, a change of expert became necessary in the course of the project, as the previous expert was no longer available. On her recommendation, Bo Söderberg (Swedish National Board of Housing, Building and Planning) and Tor Borg were recruited for the expert interview. We are very grateful for their support.

### 6.2.1 Denmark

#### 6.2.1.1 Development of housing markets before, during and after the crisis

Following a decade of de-urbanisation trends, caused by structural change of the economy, housing policy turned from mere social policy objectives towards creating an investor-friendly environment. In this context, municipal housing stocks were privatised and sold to sitting tenants. Economic recovery and the rise of the service economy in the urban areas, especially Copenhagen, increased the economic gap between Copenhagen and the rest of the country.

While house prices collapsed with the financial crisis, a recovery soon followed. However, the recovery did not proceed at the same pace, with Copenhagen and other major cities recovering faster than the provinces with lower population densities and more rural character. The financial crisis thus helped to widen pre-existing regional disparities, which is now provoking political activities.

The patterns of migration established during the last decade have affected the housing market recovery in different ways. Firstly, effects are visible in terms of regional disparities. Immigration from European countries includes labour market related immigration in rural areas in the agricultural and construction sectors. Migration has become an instrument to develop rural areas, which are characterised by low demand and problems of maintaining infrastructure. While rural areas are actively seeking immigration, Copenhagen is characterised by strong demand pressure from abroad. At the national level other larger cities with good education infrastructure (e. g. Aalborg) are also attracting young professionals.

The second effect is in terms of different sectors of the housing market. In the last few years, house prices and unregulated rents in Greater Copenhagen have been rising very rapidly. While Nationals and higher income households are less affected, immigrants face higher restrictions to access home-ownership. This puts the rental housing sector under pressure. The rental market is shaped by the divide between regulated and unregulated stock. Owing to the large price increases for unregulated stock, demand in the regulated sector is high, creating insider-outsider problems.

#### 6.2.1.2 Financing patterns and housing wealth creation

In Denmark, households typically follow a housing career in the sense of a housing ladder, starting with a small apartment and using rising prices to realise capital gains reinvested in the property market. This allows the creation of housing wealth, but there is a great dependence on market conditions and corresponding vulnerability, especially for first-time buyers. In general, generational transfer is relevant for financing property in Denmark. Especially in Copenhagen, apartments are often bought by parents and may be sold to their children at a later date with the possibility to postpone capital gains taxation. This pattern also shapes the gap between different income groups because of the different starting points in a housing career. The effects of the financial crisis and the development of inequality in society are highly related to this.

The phase before the financial crisis was characterised by an increase in construction activity and a policy of deregulation of the mortgage market, e. g. in form of interest-only mortgages, easing the access to home-ownership also for lower income households. The problematic development of overbuilding was mainly a problem of the cities. In the aftermath of the crisis, completed houses that were originally

intended for sale to owner-occupiers were offered for rent, as the rent for new buildings is still not controlled. Therefore, the construction industry was little affected by the financial crisis.

#### 6.2.1.3 Housing policy reactions

The housing policy debate in Denmark is strongly influenced by regional disparities, but this is a long-term trend and is less linked to the financial crisis. The system of housing provision in Denmark was not fundamentally called into question in the wake of the financial crisis.

The general discussion of financial issues was characterised by the assessment that the relaxed lending policy has pushed demand strongly and thus contributed to price developments prior to the financial crisis and that households that should not have obtained them received loans. But in the end, Denmark has claimed that the Basel regulations are not necessary, because the system has worked even in times of severe crisis. Nevertheless, the financial institutions had to build up more securities as a whole in the form of reserve assets. There were some short-term interventions in the banking system to stabilise some smaller banks with short-term mortgages, but no more extensive attempt to change the mortgage system. Mortgage lending regulation was tightened (max. 60 % of the whole loan with variable interest, borrowing limit of four times the annual household income). At present, households still remember the risks of this market dependency, but it is to be feared that these experiences from the financial crisis will be forgotten – especially as there is no corresponding tighter regulation and nothing more than the self-regulation of the banks.

The political debate is shaped by a broad consensus regarding the value of home-ownership, which is strategically related to the high share of voters who are homeowners. Political differences are related to other topics such as social housing and the best

strategies for deprived areas (ghetto strategy). Local activities differ in accordance with their political majorities and support the not-for-profit segment in different ways, which leads to unbalanced provision functions (example: the difference between the northern and western municipalities in the suburbs of Copenhagen).

Policy regarding regulated rental dwellings built before 1991 demonstrates the tension between the necessity of renovation and the security of tenants. The discussion so far has yielded two different approaches: either deregulation, in order to increase incentives for investors to invest in modernisation, or, impose regulation in the sense to requiring a higher minimum level of investment in renovation necessary to eliminate rent caps or regulation of rent increases.

## 6.2.2 Greece

### 6.2.2.1 Development of housing markets before, during and after the crisis

The development of the housing supply in Greece before the financial crisis was shaped by the liberalisation of the mortgage market allowing private banks to become active in the previously strongly restricted business. Before the crisis, the mortgage system had been shaped by a low level of regulated lending, for example, banks accepted up to 120 % loan-to-value rates, which allowed the debtor to pay transaction taxes. Liquidity-driven demand for housing increased, especially in the middle class. The subsequent increase in house prices led to rising inequality and increased problems in accessibility of home ownership. This phenomenon was especially relevant in urban areas like Athens or Thessaloniki. Given the purely financial nature of demand, the increase in house prices has not led to overproduction. Even if migration from abroad has played a role, there has been little demographic pressure on the housing market, not even before the crisis. Also, tourism-based demand and secondary residences were of

low importance for the housing supply. This can be attributed to the fact that tourism and the construction sector production are shaped by rather small-scale activities.

The crisis had a very strong impact on household income, both due to cuts in labour income and due to lower rental income of private landlords. Thus, the impact differs strongly among tenures. Looking at the rental sector which has always been a residual tenure – though more relevant in urban areas, income losses affected sitting tenants, who faced rising housing cost burdens. But the fact that private landlords had to accept rent reductions in order to avoid vacancies mitigated the effect of the crisis on sitting tenants. In addition, owing to the crisis, more lower- and middle-class groups faced affordability problems in home-ownership, and thus had to sell their property or were not able to buy, so they were bound to rent at least for a period of time. Increased demand in rental tenure and competition of tourism-based demand resulted in rising rents that affected the most vulnerable tenants who were occupying the lowest standard housing in the private rental tenure.

Within the owner-occupied tenure, the impact differed depending on the exposure to lending risks. The tenure of owner-occupation also includes lower social strata and traditionally also the working class. Even though the mortgage market has grown since the 1990s, the share of households with mortgages has remained quite low compared with other countries. For this reason, fewer households have been affected. A support programme for mortgages on the first residence with further eligibility criteria was implemented, which averted evictions. Homeowners without mortgages were affected due to the sharp increase in tax on properties. This changed the philosophy of property taxes in Greece, which had always included a very large tax on transactions and a very small tax on occupation of properties. This tax recalibration created additional pressure on homeowners.



On the other hand, as a result of the crisis, the market standstill for several years due to a lack of demand preserved most homeowners from being dispossessed. Only in recent years the market has been recovering as a result of foreign investment interest in Greek real estate, supported also by a golden visa programme. The conditions for domestic demand were becoming more and more problematic due to rising prices fuelled by this foreign demand. Furthermore, lending conditions were tightened, which also restricts demand. While low income households, which are nested in their regions, can be more successful with defensive strategies (based on inheritance or family property) due to their low mobility, newcomers (such as migrants) face substantial problems buying homes or accessing affordable rental housing.

On the supply side, only recently growth of construction activity, mainly related to tourism could be observed. This development does not necessarily involve new housing, but intensive refurbishment instead. Beneficial effects for the building industry, the quality of the buildings and the tax revenues can be observed. Negative effects relate to strong rent increases especially in city centres, but this trend has also reached other areas. Given the low demographic dynamics, there is no shortage of dwellings, with vacancies available even in more central areas. While some of those dwellings are characterized by seasonal use, the vacant urban housing stock is functioning to some extent as a buffer against housing shortages.

#### 6.2.2.2 Financing patterns and housing wealth creation

Greece is characterised by a rather conservative type of housing wealth creation. Being a homeowner is part of old-age security in a residual welfare state, also relying on family networks. Because of the high transaction costs in the past, investment conditions were focussed on the low mobility of assets. Given the underdeveloped state of the stock

market, investing in real estate was the main field of investment. The crisis affected these patterns less than expected because of the lack of alternatives. The patterns of household savings and investing in owner-occupied or buy-to-let properties are merely reproduced in a more difficult context.

#### 6.2.2.3 Housing policy reactions

The impact of the crisis on housing was not reflected on the political agenda for several reasons. First, because the impact of the crisis on the housing system was less visible, resulting in comparatively lower pressure on politics. Second, because the necessary means for policy programmes were not available, and third, because housing is traditionally perceived as an individual issue. The state creates the framework conditions for households to provide themselves with housing, but does not become active itself, for example by building on its own. Housing was only provided for specific urgent cases, such as in response to catastrophes. Because of that guiding principle Greece lacks a specific ministry responsible for housing. In addition, during the crisis, two agencies dealing with housing issues were closed: the agency responsible for the organisation of workers housing and the agency for planning and housing. Some functions have been re-located in the ministry of labour, but at a low level in the hierarchy. The field of refugees has also moved from having its own ministry (ministry of migration and refugees) to the ministry of public order, and in doing so lost its welfare orientation. Local authorities have no responsibilities for housing apart from issues related to tourism and short-term leases. In the context of the negotiations between the Greek government and the Troika, the housing issue was neglected (apart from the support programme for homeowners which was opposed by the Troika). Housing-related issues were discussed from the perspective of finance or tax, less from the perspective of housing provision. This was also affected by the fact

that there was no national housing ministry confronting the Troika with these problematic issues.

In terms of using instruments, the guiding principle of housing policy was always in favour of home ownership over rental tenure. During the crisis, an interventionist support programme to protect homeowners against eviction from their first residence was put in place. The protection was extended every year, but it is currently expected to end. In rental tenures, rent protection was abolished at the beginning of the 1990s. At the beginning of the crisis, with observable low demand and the low prices in rental tenure, protection instruments in this niche tenure was not seen as necessary. With the reductions in income the affordability situation became more problematic, but it was not until 2015 that these problems were discussed politically, and only in 2018 a means-tested subsidy for tenants was introduced. It is yet unclear whether the intensity of the support is enough.

## 6.2.3 Hungary

### 6.2.3.1 Development of housing markets before, during and after the crisis

In the recovery phase from the 1990s into this century, the economy returned to pre-transitional levels, including in income. Since the demographic pressure was comparatively low, the construction industry was at 60 % of the pre-transitional level. Mortgage markets were starting, while most equity and asset transfer were inter-generational. Privatisation was shaping the tenure structure, which was characterised by a small public rental sector and an unknown level of private-sector activity. Public support programmes remained at a low level or even stopped, but there was growing awareness for the necessity for social programmes. A subsidy programme for the mortgage market was provided from 2000 to 2004. Additionally, a housing policy programme providing means for building to local authorities started in 2000. In 2002 a change of government resulted in a cut of this subsidy programme. Owing to the stronger financial sector, market interest rates were even lower. The share of mortgaged dwellings grew from 6 % to 20 % of the stock in a few years.

In the owner-occupation tenure, following a cut in subsidies, house prices decreased by ca. 30 % between 2008 and 2015 and housing construction fell from 40,000 to 7,500 dwellings annually and also the construction sector capacity was reduced. Emigration reduced the low demographic demand further. Due to currency devaluation in the crisis, about 1 million contracts or an estimated 25 % of all households were affected by payment problems due to mortgage lending in foreign currency. After 2015, house prices increased again. On the demand side, this can be attributed to a return of savings by middle- and higher-income groups around 2015/2016 that went into real estate investments. On the supply side, the crisis affected the construction sector, so the supply was

inelastic and house prices increased. The government started the family programme in response to this, but the subsidies could not fully compensate the price increases in the 2016 to 2018 period. Currently the supply side is recovering, supported by housing policy (tax conditions), but due to the unclear demand trends the situation for the supply side is uncertain. Generally, it can be said that the share of professional developers is increasing.

The relevance of the private rental market increased. On the demand side, a large number of young households without family support faced access problems to mortgages, generating rising demand for rental supply. On the supply side, following the bankruptcy of investment funds, people invested their savings in buy-to-let properties, increasing the supply. Both factors increased rental prices by about 200 % between 2014 and 2019.

In the social rental sector, municipal-owned housing stocks are typically the housing stock with the lowest quality with lowest income groups as target. Rent levels are very low (around 15–20 % of the current market price level), but an estimated 30 % (or even 40 %) of tenants still face affordability problems. Municipalities lack financial support for the development of social housing. Consequently, the activities of the local authorities vary. New programmes of social rental dwellings in some municipalities have been initiated, also intended to address affordability problems of public sector employees.

#### 6.2.3.2 Financing patterns and housing wealth creation

Housing wealth has always been seen as a kind of security. It was inherited and regarded as an asset, but it was seen as an investment good as well. This investment character is becoming more important in the aftermath of the crisis. The Hungarian National Bank is criticising this development and recommending that support of such investments be

phased out. Nevertheless, support schemes like the family programme can still be used for buy-to-let investments, since the eligibility criteria and also the price level of the dwellings have been liberalised. Thus, it is becoming a measure for the upper rather than the middle class.

#### 6.2.3.3 Housing policy reactions

Housing policy is fragmented in different ministries, and the positions of the Hungarian ministries may differ. Generally, according to the expert, the intention to catch up to Western European housing and wealth levels results in a housing strategy of supporting the middle class. Before the crisis, the housing policy was shaped by two programmes: first, an early repayment loan programme, but without eligibility criteria based on wealth of the households, second, an interest rate cut programme, with the possibility to use cuts from interest payments to increase pay off rates of the outstanding debt. The latter programme was less accepted by the market.

During the crisis, a public property management institution was set up as a bad-bank vehicle, taking over the loans of bankrupt households. Banks paid off the loan to the government at a reduced price. Households were not evicted and paid below market-rate rents. Thirty-five thousand households were involved, which made this the biggest social programme since the transition. In 2014, the government started a new strategy: it decreased statutory VAT (from 27 % to 5 %; with EU permission for a three-year decrease) and expanded the family programme. The whole housing policy since 2015 has mainly been focussed on the support of families with children. The affordability problems of younger middle class households are seen as a very serious problem, because they relate to economic problems of brain drain, the demographic problems of emigration in general and to growing disparities between the capital and rural areas...

## 6.2.4 Sweden

### 6.2.4.1 Development of housing markets before, during and after the crisis

From the Swedish perspective, the previous housing crisis in 1990 shaped the perception and reaction to the 2008 crisis. Many fiscal and housing policy measures were developed in response to this first housing crisis, caused by subsidies and over-construction in the 1980s and early 1990s. As a response to that crisis, housing policy changed substantially. Interest rate subsidies on government mortgages were phased out between 1992 and 2002 but rent control remained in place.

The present housing crisis emerged slowly from 2005 to 2008. After a sharp decline, residential construction output grew steadily from an all-time low in the late 1990s until 2008. Construction declined in 2008-2010, but increased rapidly after. This is especially valid for the multifamily sector and relates to growth in cities, driven both by demand-side factors and the allocation of scarce land resources for housing production in cities. Construction of new rental housing did not increase at the same rate as population growth though. This was met by changes in rent control ("Presumtionshyra"). Minor construction decreases in the context of 2008 and 2017 can be noted, the latter connected to a major correction of prices in the housing market following a period of substantial production of new housing, largely in the more expensive segments.

The impact of the financial crisis in 2008 on house prices was comparatively minor. Prices of co-ops and single-family housing only faced a slight interruption of their steady growth trend during 2008. Rents increased at a steady rate from 1992, though largely affected by the rent control regime. On the demand side, population growth has been substantial, in particular from 2015 and onwards. Price developments seem to have been primarily driven by low interest rates and higher income.

Generally, strong population growth caused by immigration and urbanisation processes is shaping affordability and accessibility conditions, especially in the regional capitals and Stockholm. A lack of supply, especially for first-time buyers, means that the formation of new households is stagnating. Overcrowding is a serious problem for migrants, since there is a lack of social housing, with only a small supply in some cities. The GFC may have had some effect on the balance of tenures, but these are probably due more to general over-production in prime segments targeted for owner-occupation.

### 6.2.4.2 Financing patterns and housing wealth creation

Half of the households have a mortgage loan with an average mortgage loan of 1,000,000 Kronor (about 100,000 €). At least 80 % of the mortgage loans are based on variable rates. The loan-to-income ratio is quite high, but can be explained by Sweden having the highest savings rate in Europe. Mortgage rates rose sharply in the run-up to the financial crisis, which is why the central bank was afraid of inflation and raised its key interest rate two weeks before the Lehman crash. Following the GFC, several restrictions to private mortgage borrowing were introduced in 2008. Young people, immigrants, and people with low income are the ones who were mostly affected. The political measures after the crisis were mainly focussed on stabilising the financial market. For corporations that own rental units, financing conditions have changed strongly. Capital market finance has gained in importance. In November 2019 the central bank lowered interest rates, which had a large effect on the housing market.

It can be assumed that there is an established goal among young people in Sweden to build housing wealth step by step. With house price increases over the last 25 years, most insiders have built up wealth. The radical change following GFC is that young people have greater difficulty entering the

market – unless they receive support from their parents. There are minor policy measures to support this behaviour: tax reductions for minor renovations; the necessity to pay tax on gains made when an apartment is sold; the possibility of postponing tax payments. Due to the regulation of the rental market, private landlordism is very rare. Consequently, speculative buy-to-let investments were not affected by the financial crisis, which helped to stabilise the market according to the expert.

#### 6.2.4.3 Housing policy reactions

Competition among tenures is highly relevant and is a continuous issue in housing policy. On the one hand, market rent levels and competition between tenures are desired by policy makers, on the other hand this intention is challenged by the affordability problem, both in terms of a lack of social housing and low housing allowances, and unclear solutions for poor households. Currently a government commission has suggested establishing a system with completely free market rents for new rental construction. But this is heavily debated. In addition, the creation of social housing or the recalibration of housing allowances are being discussed.

The housing policy debate is shaped by an insider-outsider constellation: insiders with strong interests and strong organisations representing them, outsiders with few political resources and problems in housing markets. Housing policy is not a high priority in comparison with other topics. In addition, one can note a gap in activities between levels of government. Especially smaller municipalities do not have the financial resources to develop housing on their own or to develop their own subsidies. While there is a national need of affordable housing, communities have the opportunity to block affordable housing in order to avoid attracting certain target groups. There is a potential conflict here.

In addition to the influence of the EU on financial issues on the mortgage market, there is some discussion of subsidies and their compliance with EU rules. The large public housing sector is a subject of debate over public housing organisations and their governance concerning rent setting and profit orientation.

### 6.2.5 Conclusions

#### 6.2.5.1 Demand for housing

The factors influencing demand for housing are fundamental demands (immigration, internal migration, natural population growth) and house-buying power. Looking at the fundamental data on demand for housing, Denmark and Sweden showed a positive population trend over the period under review, Greece a slightly rising trend only until 2010, and Hungary a weak downward trend. The main driver for population growth in Denmark and Sweden was a positive immigration balance, which was weakened by the crisis after 2008, but recovered from around 2012 onwards. Greece also showed a cyclical pattern of immigration, although in the form of outward migration, which peaked in 2012. From around 2016 onwards, net migration returned to low positive values. Hungary, on the other hand, showed a balanced trend until 2016, followed by a slight increase in intensity after that. With regard to domestic demand, Hungary and Greece showed negative natural population balances, Denmark and Sweden small positive ones. However, this does not reveal the full picture. In the cohort of first-time buyers between 20 and under 40, Hungary and Greece, with a share of almost 30 % of the population in 2008, had higher values than Sweden and Denmark with a share of about 25 % of the total population. This may explain the high demand for home ownership in the first half of the 2000s.

Overall, there is a visible correlation between population development and house prices, especially in Denmark, Sweden and Greece. These findings demonstrate that positive fundamental demand may have had a stabilising effect on the housing market after the crisis. As this was mainly due to migration gains, a close link between immigration, housing demand and the macroeconomic recovery path can be assumed. However, it must be borne in mind that the migration gain of one country reflects the migration loss of another, thus deepening economic and housing market inequalities in the EU in the aftermath of the financial crisis.

#### 6.2.5.2 Financing patterns and wealth creation

House-buying power plays a central role for housing demand and is directly linked to the general economic situation (determining wage levels) and the financial system (determining mortgage lending costs). In addition to these direct factors, indirect effects such as property-wealth effects may also play a role.

From a comparative perspective, the role of the financial sector must consider not only the technical and institutional aspects of the mortgage-lending market, e. g. regulation or government subsidies, but also the level of monetary-policy autonomy and the role of housing in the national welfare system (the role of home ownership in private wealth, the interaction between private and public welfare), some of which are outside the focus of this study. Nevertheless, the case studies provide some indications.

In two of the case study countries, Sweden and Denmark, a predominantly credit-financed system of home ownership can be observed. Asset price increases may play a role here, fuelling housing ladder systems. Despite the potential danger of a liquidity-driven housing bubble in both countries due to the comparatively higher structural risks of their financing cultures, the crisis

has not led to macroeconomic destabilisation, according to the experts.

In the other two case study countries, the situation is more complex. In Greece, the crisis was primarily triggered by the sovereign debt crisis. The housing market was indirectly affected by wage declines. The role of home ownership as an instrument of private welfare is underlined by high equity ratios from private savings, with intergenerational transfers also playing a role. Long holding periods and low debt ratios allowed the private housing market to adjust to price declines, even though the wage declines had contributed to a significant increase in housing cost-burden rates. The group of owners with a mortgage was particularly affected and had to be supported by political intervention.

In Hungary, a liquidity-driven mortgage lending culture fuelled by the internationalisation of the banking sector can be noted, but problems also resulted from the objective of promoting home ownership by facilitating access to loans. In addition, the problem of exchange rate risk in foreign currency mortgage lending must also be mentioned.

#### 6.2.5.3 Residential construction

Liquidity plays a central role for understanding the impact of the crisis on residential construction. In the discussion of property-price bubbles, a distinction must be made between rational price developments here, rising prices can be interpreted as the result of an inelastic supply, and irrational developments, rising prices and speculative new construction feed each other. Especially in the second case, problems resulting from the collapse of the inflated construction sector and problems in the financial sector due to structural oversupply and default risks can further exacerbate the general economic crisis. In Denmark and Hungary, cyclical trends in the residential construction activity between 2008 and 2018 were most likely to be discernible, deviating from

the fundamental data on population development. Signs of a liquidity-driven recovery phase with a strong expansion of new construction and house prices returning to pre-crisis levels can be seen mainly in the Hungarian case study.

As a possibly reinforcing side effect, the construction sector may not only be affected by lower investment by private households. Restrictions on corporate financing in the construction sector as a result of tighter financial market regulation may also be relevant, as these can reduce production capacity in the construction sector. Lower output in the construction sector may affect the whole economy, which is particularly problematic in countries where the construction industry is of great economic importance. Moreover, capacity constraints resulting from structural weakening of the construction sector may contribute to increased price growth in the housing market during a recovery phase. Signs of this latter effect seem to be related to the Hungarian case study to some extent, although providing empirical evidence was beyond the scope of this report.

#### 6.2.5.4 Impact on accessibility and affordability; policy reactions

Looking at the rate of housing overburden, as provided by the annual EU-SILC data, two different patterns can be identified with regard to the impact on affordability. First, a short-term increase of overburden rates after 2008, then decreasing risks of housing cost overburden (DK, S). In addition to rising wages (falling house price-income ratio), lower lending rates seem to have contributed to this. Second, risks of housing cost overburden increasing until around 2014, then remaining at a higher level (HU, GR), which should be seen in the context of lower wages and inelastic supply.

Concerning availability issues, in those cases where the pre-GFC period was characterised by housing overproduction, or

where price reactions were mainly due to low supply elasticity, a slump in investment in housing due to credit tightening and wage cuts did not directly affect availability. Supply shortages occurred only in the recovery phase, when vacancy reserves were used up and housing demand increased due to immigration. In Greece and Hungary, availability seems to have been less a general problem in quantitative terms, but access to housing was limited for specific groups like first-time buyers.

Causality and depth of possible impacts on the rental sector seem to depend on the tenure relationship between owner-occupiers and rental tenures in each member state. In Denmark and Sweden, protected rental tenures reduced rent price volatility thus reducing tenants' exposure to house price volatility. On the other hand, given the scarce supply of rental housing, access to the rental housing market for starter households was restricted. Protection thus created strong insider-outsider effects. In Greece and Hungary, rental tenures have traditionally been considered marginal, with weak protection and stability. Consequently, sitting tenants were strongly affected by wage cuts (Greece). In addition, access restrictions to owner-occupation increased demand in the rental sector leading to strong rent increases but also increasing investment in the private rental housing market (Hungary). Support instruments for tenants were discussed (Greece), but not implemented (yet). No fundamental change of tenure composition was reported from the case studies. Several reasons for this can be identified, e. g. a lack of public resources, path dependencies of the existing system, and political preferences of certain target groups/insider-outsider problems. Generally, the promotion of access to home ownership for first-time buyers can be regarded an important aspect of the case study countries, although the underlying objectives may vary. This may cause a conflict of interest, because demand-side measures to offset the effects of the housing market crisis are likely

to increase the risk of a liquidity-driven second price bubble (double-dip). This contrasts with the need to cushion higher prices by improving access to credit, especially for younger households. During the crisis, defaulted mortgage holders were targeted by temporary support instruments and regulatory practices to avoid eviction and financial market destabilisation as a result of insolvency both in Hungary and Greece. During the recovery phase, higher investments in the residential sector in Hungary seem to have contributed to this effect. In Sweden and Denmark, despite their even stronger dependency on mortgage markets, no comparable problems were mentioned.

#### 6.2.5.5 Impact of the financial crisis from a comparative perspective

The discussion of the results above underlines the notion that the intensity of the impact of the GFC on the housing system differs significantly between the four case studies. One major explanation for that observation is interdependencies between different economic subsystems. Stronger links between these subsystems are supposed to have reinforcing effects on the impact. This can be assumed to be especially true for the linkage between housing demand, financing and housing supply, but also linkages between the general economic situation, housing demand and the construction sector may play a role (see Figure 8 for a schematic overview on possible causal links). It seems that member states that were able to soften the impact of the crisis in one sector were also able to reduce spill-over effects from one subsystem to another. The relevance of the financial sector for housing financing can be identified to be important for the size of the impact. First, it is worth noting that not the sheer size of mortgage lending alone (e. g. looking at national average loan-to-income ratios) seems to be decisive, because the dependency from mortgage lending for specific groups like first-time buyers may vary strongly from the national average.

Second, interest rate cuts and wage growth after the crisis helped to stabilise the affordability in the owner-occupied sector. Third, more equity-oriented home-financing cultures like Greece seem to be less vulnerable, but can be affected indirectly, especially by the effects of general economic downturns that hurt households' savings possibilities. A second issue concerns the impact on the general economy. Here, three factors that helped to limit the impact of the GFC can be noted. First, a robust economy helped to stabilise wages and created demand from labour market-driven immigration, second, positive fundamental demand due to immigration helped to stabilise house prices, and third, a low dependency on the construction industry reduced the impact of the construction sector on the business cycle.

As a third issue, tenure composition seems to play a role: In countries, where access to home ownership is more restricted to middle- and higher-income groups, buyers seem to be less vulnerable to economic shocks. This might be offset by more highly levered lending cultures, housing ladder issues and other issues that increase vulnerability. Furthermore, larger and more diversified rental housing markets may reduce dependence on home ownership, giving young households without access to home-ownership due to crisis larger tenure choice options. On the other hand, a larger rental sector increases the risk of households to positive rent price shocks, although this effect seems to have been mitigated by the rent regimes in the two case study countries Denmark and Sweden.



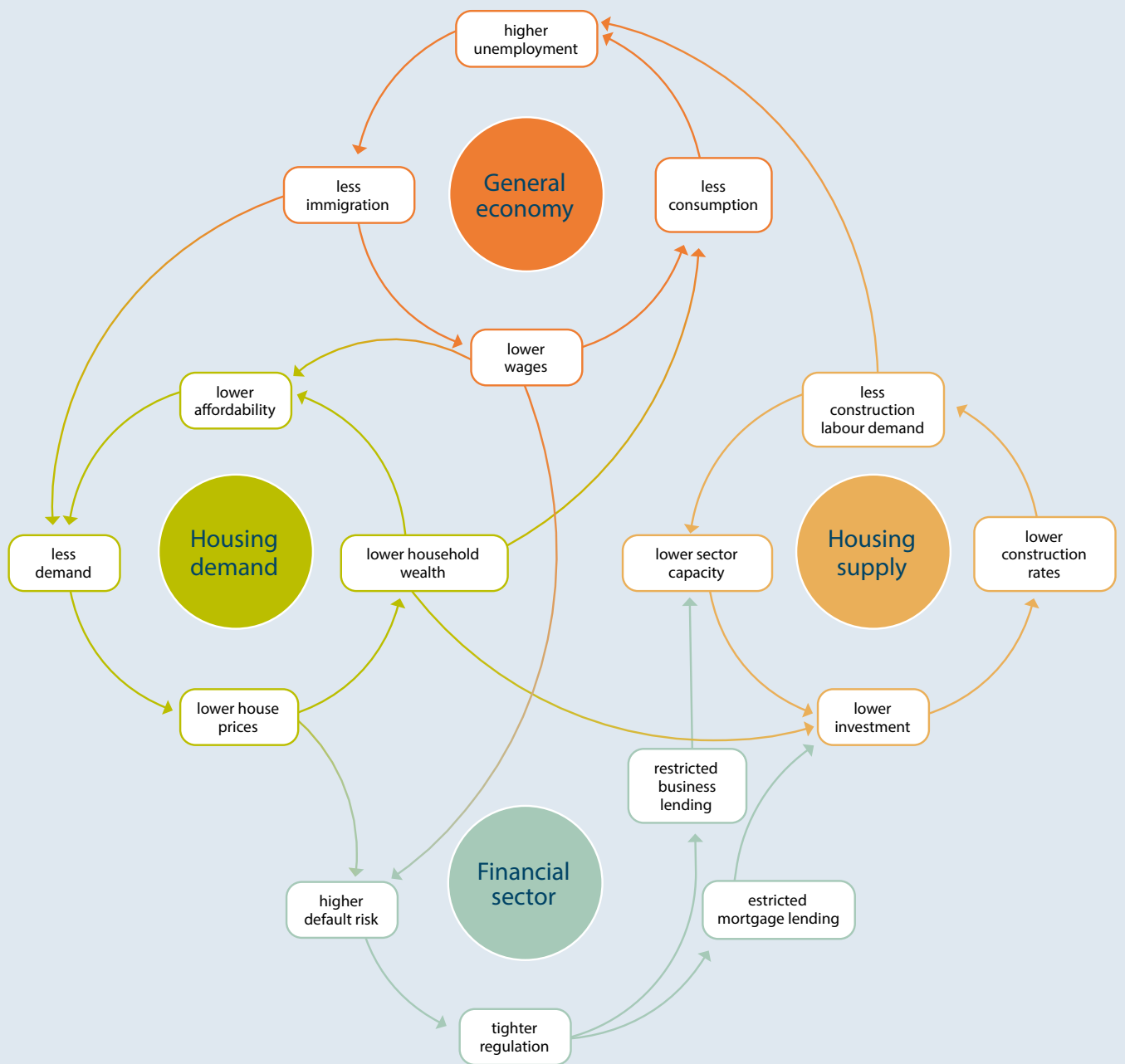


Figure 8: Causal loop illustration of potential driving factors of the GFC and their interdependence, Source: Institute for Housing and the Environment

# 7

## Tenure relations and tenure dynamics

In the following section, the question of tenure relations and their dynamics will be addressed in greater detail using a case study approach. Of primary interest are the driving factors for quantitative and qualitative changes in tenure compositions, and the way housing policy has influenced tenure relations.

In Chapter 3.2 the characteristics of national tenure compositions were discussed. Based on quantitative relations and qualitative key characteristics of tenures in the housing systems of all EU member states, the tenure systems of the states were roughly classified. For this classification, the current state of tenure composition was considered. Even though the tenure systems are presumably characterised by strong path dependencies, this cannot be regarded as constant over time. In this section, the question will be further discussed, what kind of change between owner-occupation and rental housing markets can currently be observed in the EU member states, whether short-term or long-term.

Possible driving forces for a changing tenure composition are manifold and can be assigned to the following areas:

- Changes on the demand side, such as through the appearance of new target groups on the housing market, or demographic change
- Changes on the housing supply side, e. g. increased investment in rental housing due to improved profitability or the emergence of new kinds of provider
- Regulatory changes of tenure
- Changes in financing conditions that affect the relative affordability or accessibility of individual tenures (e. g. public funding or lending conditions)

On the basis of four case studies, possible factors influencing the observed tenure dynamic will be discussed. This applies analogously to systems with stable housing provision systems.

## 7.1 Reported tenure dynamics and selection of case studies

### 7.1.1 Reported tenure dynamics

In this chapter, we compare figures for changes in rental tenure in the EU member states. Since we treat rental tenure as complementary to owner-occupation, this calculation also gives an idea of the development of owner-occupation. The EU-SILC survey is the only consistent source of data on the relative shares of tenures that allows a comparison over time. Census data from 2011 cannot yet be compared with more recent figures. National data are not available for all member states and are usually not comparable in their definitions and reference period.

As the SILC indicators of tenure share refer to the population, this may result in certain distortions of the description of tenure composition. On the one hand, an observed change in demand for rental tenure is not necessarily associated with a change in the supply of rental housing. An observed increase in the share of population in rental tenure can thus also be the result of a short-term demand shock, which leads to crowding effects. On the other hand, an increase in the proportion of the population that is living in rental tenure does not necessarily mean an increase in the number of households, but could also be due to a change in household size. In this case, increasing shares of population in rental tenure would be possible without corresponding changes in the number of dwelling units available for rental tenure.

Table 32: Proportion of population in rental tenure 2017 and relative change between 2008 and 2017

Member state	Percentage of population by tenure status – rent *	
	2017	Percent change 2008-2017
Austria	45 %	6 %
Belgium	29 %	1 %
Bulgaria	18 %	24 %
Croatia	10 %	-23 %
Cyprus	28 %	6 %
Czech Republic	22 %	-12 %
Denmark	38 %	11 %
Estonia	19 %	38 %
Finland	28 %	6 %
France	35 %	-7 %
Germany	48 %	4 %
Greece	26 %	13 %
Hungary	14 %	28 %
Ireland	30 %	26 %
Italy	28 %	1 %
Latvia	19 %	24 %
Lithuania	10 %	26 %
Luxembourg	26 %	-3 %
Malta	19 %	-8 %
Netherlands	31 %	-6 %
Poland*	17 %	n. a.
Portugal	25 %	-1 %
Romania	4 %	-15 %
Slovakia	11 %	-8 %
Slovenia	25 %	23 %
Spain	22 %	14 %
Sweden	35 %	3 %
United Kingdom	37 %	20 %

Source: EU-SILC survey 2008, 2017.

\*The 2008 result for Poland is missing

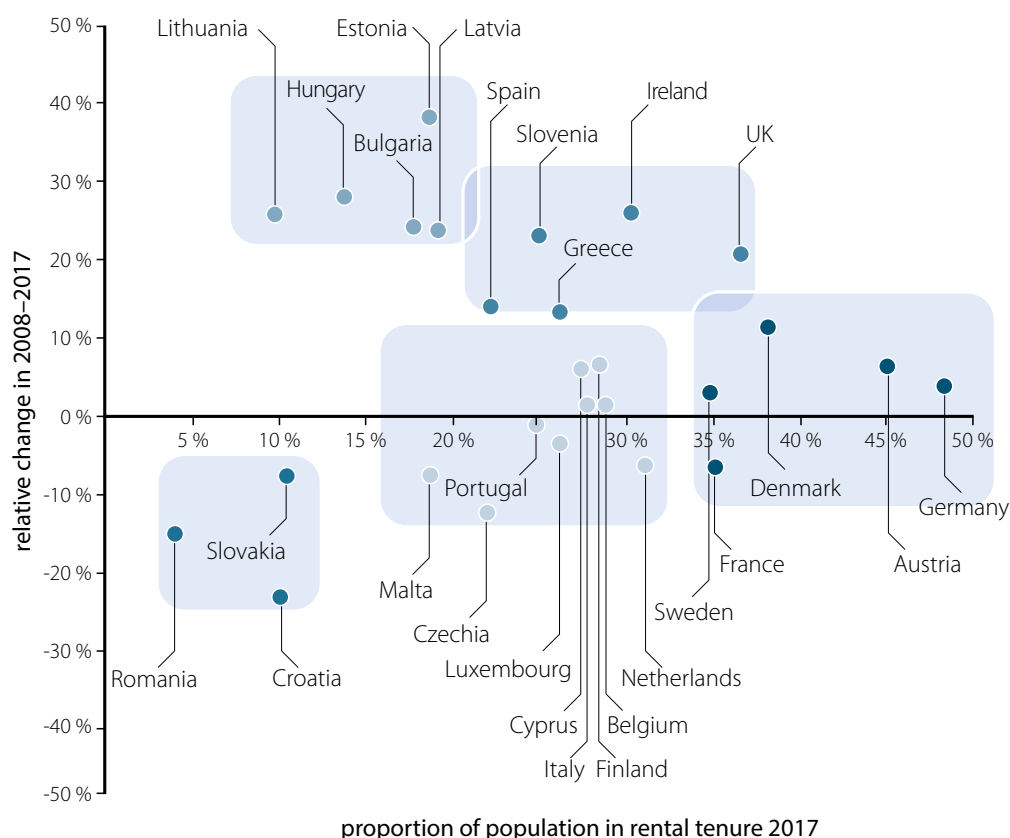


Figure 9: 2017 Proportion of population in rental tenures 2017 and changes in 2008–2017, Source: EU-SILC survey 2008/2017, series ilc\_lvho02, distribution of population by tenure status

Table 32 shows the share of population in rental tenure according to the EU-SILC survey for the year 2017 and the relative change between 2008 and 2017. Overall, the relative changes in the population in rental tenure range between -23 % and +38 %. The high relative rates of change are to be understood against the background of the very low level of the share of rental housing in the various countries; this produces high relative changes even for small absolute changes.

In order to make the underlying patterns more visible, the two dimensions were plotted against each other in a scatter diagram (see Figure 9). This diagram shows both convergent (the lower the base level, the higher the observable increase in the share of population in rented housing) and divergent (stagnating or even decreasing shares from a low base) trends in rental tenure. The patterns thus allow the member states to be assigned to one of five groups, as Table 33 below shows.

Table 33: Grouping of member states by patterns of rental tenure dynamics

Group 1: member states with relatively high share of rental tenure without significant changes	Group 2: member states with medium share of rental tenure without significant changes	Group 3: member states with medium / high and increasing shares of rental tenure	Group 4: member states with low and increasing shares of rental tenure	Group 5: member states with low and possibly decreasing shares of rental tenure
Austria	Belgium	Greece	Bulgaria	Croatia
Denmark	Cyprus	Ireland	Estonia	Romania
Germany	Czech Republic	Slovenia	Hungary	Slovakia
	Finland	Spain	Latvia	
	France	United Kingdom	Lithuania	
	Italy			
	Luxembourg			
	Malta			
	Netherlands			
	Portugal			
	Sweden			

Poland could not be attributed to any of the groups due to missing values for the year 2008.

### 7.1.2 Selection of case studies

Four case studies were selected from the groups that had previously been formed:

- Ireland as a country from group 3 with a mid-range share of rental tenure of about 30 % and a large increase in the 2008 to 2017 period.
- Italy as a country from Group 2 with an almost unchanged share of about 30 % of the population in rental tenure over the 2008 to 2017 period.
- Bulgaria as a case from group 4 with a relatively small but strongly increasing share of the population in rental tenures.
- Croatia as a case from group 5 with a similarly small share of population in rental tenure in 2008, and a further decrease by 2017.

Hence, Ireland and Italy on the one hand, and Bulgaria and Croatia on the other observed comparable rental-tenure shares in 2008, but different developments over the next decade. Because with Italy a case study with a stable rental-tenure share had been selected, no additional case from Group 1 was included.

## 7.2 Case study results

The case study design was a guideline-based expert survey. Here the experts from the main survey were consulted (cf. Chapter 1.3). The survey was conducted via video telephone in the first half of 2020. The interviews were recorded, documented in the form of minutes, and reviewed by the experts who had been interviewed. The results thus reflect the expertise of the person who was interviewed and have no claim to represent a literature-based case study.

The guidelines included questions on the following thematic complexes (cf. interview guideline in the annex):

- Development of owner-occupation and rental tenure relevance over the last decade – demand, social groups, submarkets, affordability and stability characteristics and their driving factors
- Consequences of the observed developments – house prices, rents, housing provision
- The role of current housing policy in tenure-pattern changes – instruments, Influence, and effectiveness

### 7.2.1 Ireland

#### 7.2.1.1 Development of tenures and their driving factors

The development of forms of tenure in Ireland occurred in three phases: a first phase from the 1920s until the 1980s/1990s, a second phase until the financial crisis, and a third phase including development during the crisis and in its aftermath.

The first phase was characterised by a strong increase in homeownership until the 1990s because of enormous state subsidies. Mortgages were provided directly by the state or were subsidised by grants or tax relief.

Within this phase, private market rental and social rental were clearly separate tenures.

The second phase, starting in the 1980s/1990s, was shaped by a fundamental housing policy change. Homeowner subsidies were removed because of a financial crisis and the lack of financial opportunities. At the same time, support for social housing was reduced and this led to lower rates of social housing construction. Furthermore, mortgage lending was deregulated. In addition to these policy-related changes, changing demand structures also became relevant. After a phase of decreasing population, increasing migration into Ireland fostered the demand for rental housing, because migrants tend to rent.

The third phase started with the beginning of the banking crisis in 2006 and the subsequent recapitalisation by the government. The level of mortgages fell dramatically and households found it increasingly difficult to obtain credit to buy. At the same time, social housing construction was decreasing. The crisis led to changes in patterns of housing supply and in the building sector: Former builders or property developers, which comprised a mix of big companies and smaller builders, were bossed within the crisis, could not obtain credit, and disappeared from the market. While these suppliers traditionally built dwellings for the rental sector, new actors in the form of international investors with different orientations have become relevant and are shaping the housing supply. During the crisis the government established a bad-debt bank which sold the loans on international markets and US firms came into the housing market. The financial possibilities for institutional investors are better and, especially in cities, building for the rental market is being developed by institutional investors. These activities focus on housing for students and young professionals with high salaries.

Future trends seem to depend on further policy responses. The Irish banks are in a weak position, the land development is limited, and only very few property developers exist. Further declines in homeownership can be expected. Political conditions also point in this direction, as the introduction of the housing allowance supports rental housing. Further trends:

- Homeownership rates are much higher in rural areas and are maintaining high levels in these areas
- Importance of self-building
- Population figures are rising and migration to cities is continuing
- Relevance of foreign migration: people coming from eastern Europe tend to rent, which is shaping demand structures.
- Because of the high birth rates heritage does not function as a stabilising factor in homeownership (less similar to eastern Europe).

With regard to the consequences of developments for affordability and stability, a severe house price crash beginning in 2006 must be mentioned. Between 2006 and 2012 prices fell by about 50 %. House prices have now rebounded, but are still below the 2006 levels. High levels of debt, especially in the age cohorts of the 30s-40s remain.

Affordability problems exist in the rental sector in Dublin. The private rental market is dominated by buy-to-rent models and is only viable due to the housing allowance. At the same time, problems associated with switching to homeownership are increasing, which is interrelated with the pension system: a flat-rate pension system works well with a high rate of homeownership and paid-off mortgages.

No affordability problem exists in the sector of social housing due to the system of income-related rents (average €52 per week), but there are not enough units. They entail an unusual form of funding of the social sector (100 % capital grants) and the rent does not cover maintenance costs. The stock is targeted to low income households, but in some areas a broader range is aimed at bringing more competition into the market. The income limit for a single household is quite high, but waiting times are very long. The funding of social housing is experiencing problems which derive from the general financial feasibility of this measure as well as low levels of incentive to maintain dwellings due to high subsidisation.

With regard to the relationship between tenancy-law regulation and the security of housing, the framework conditions have changed several times. Rent regulation was strict until 1982, followed by deregulation and then a return to regulation until 2004. A new agency for registration of all tenancies and a second generation of rent control were established. Since 2004 further rental law activity can be observed. Tenants with a contract of six months or longer are entitled to stay up to five years. The lease can only be broken under specific circumstances (family members moving in; dwelling improvements; sale of the dwelling). Nevertheless, there is a problem with the enforcement of these rules. The local level is responsible but lacks the necessary financial resources. There is also a new regulation regarding Airbnb-lettings, which is a major problem in Dublin. This regulation requires obtaining permission to rent, but again enforcement is crucial.

#### 7.2.1.2 Housing policy and tenure pattern changes

Regarding the broader dimension of housing policy, it has to be acknowledged that the government is adopting a variety of policy ideas, but there is no superordinate strategy and a lack of specific goals: after



a trend towards low levels of activity in housing policy (deregulation and reduction of subsidies), the current government released a new strategy “rebuilding Ireland” in 2016. In the expert’s view, this strategy is more comprehensive than other strategies in recent decades, but is nevertheless insufficiently ambitious. It tends to describe existing instruments and the goals of increased homeownership without describing appropriate activities. There is no comprehensive plan of tenure management. At the same time, an approach based on cost-based rental housing as a new instrument has been implemented. This could also be interpreted as a radical turn away from the focus on homeownership.

The policy objectives are characterised by the expectation that politicians will support homeowners while bearing the affordability and security of rental tenure in mind. But limited possibilities for fostering homeownership exist and other policies such as social housing and measures against homelessness are more urgent.

In this context, the expert referred to the problem that the European Central Bank’s measure of very low interest rates has not affected the crisis countries in equal ways. In Ireland, high interest rates were observable due to the weakness of the banking system and the requirements of capital provision and provision for bad loans.

Furthermore, it can be stated that in former times public support was strongly concentrated on housing, while it is currently focused on different sectors of the welfare state (health care, education etc.), with the result that the level of support for housing has fallen to a lower level.

## 7.2.2 Italy

### 7.2.2.1 Development of tenures and their driving factors

Major dynamics in tenure composition date back to the 1960s to 1970s, but with regard to the development of tenure, Italy has been stable over the last ten years. Spatial differences, however, characterise tenure conditions from three perspectives, which are related to different economic conditions:

- First, regional differences between the regions north-west, north-east, centre, and south.
- Second, regions with large cities as opposed to rural areas.
- Third, a divide between the cores and the peripheries of single regions.

Differences between these areas can be seen in the different characteristics of the affordability and stability problems, as well as in slightly different tenure shares.

According to the expert, affordability and stability are becoming increasingly important. Corresponding problem situations were reported in both tenures. Between 1998 and 2007 there was a sharp rise in property prices, which subsequently fell by 20 % by 2012 and have remained at the lower level ever since.

The situation in the rental-housing sector is characterised by a sharp increase in the housing cost burden, which is being caused by a sharp rise in average rents and a simultaneous decline in average income. Nevertheless, no impact on the tenure ratio is discernible, and even if affordability problems increase further, a shift in the proportions is neither foreseeable nor likely.

Affordability problems in the rental sector affect a typical group including low-income and lower middle-income groups, particularly migrants, young people, single-parent

households, the elderly, and other vulnerable households (the disabled, people who have been evicted or divorced, the unemployed, the sick, etc.). Stability problems are mainly related to economic difficulties involving paying housing costs (either rent or bank loan). The gap between households that can rely on family structures and the financing of a loan, on the one hand, and households that remain in the rental sector on the other, is thus widening. According to the expert, the fundamental consequence of this pattern is high housing-wealth inequality, strong social segmentation and the need for further support instruments.

The current patterns should be understood as path-dependent long-term trends. Nevertheless, various demand- and supply-side factors were noted as contributing to the stabilisation of this pattern, or potentially to its future change. On the demand side:

- Socio-demographic shifts leading to an increasing number of single households,
- migratory movements within Italy and from outside, which generate new demand in terms of quantity and quality,
- labour market insecurity and unemployment,
- investment orientations,
- fiscal framework conditions that favour homeowners and intergenerational transfer,
- homeownership as a desired social “norm.”

On the supply side:

- The liberalisation of the rental housing market is leading to changed opportunity costs,
- family structures as the central institution for financing and securing accommodation,
- low regulatory activity in building law and correspondingly few controls, especially before the 1980s, which provided informal and cheap routes to homeownership,
- low regulatory activity in land policy.

With particular regard to the financial crisis, the impact on demand was rated by the expert as limited. This could be attributed to formative financing structures. The proportion of homeowners who have to repay a loan is comparatively low (15 % in the period 2010-2012). An estimated one third of current home purchases are not financed by loans. Nevertheless, there has been a sharp increase in the level of arrears and evictions in recent years. In addition, according to the expert, households that depend on the credit market are becoming increasingly aware that the creation of property also involves risks. Risk aversion is rising in this subgroup. At the same time, lending conditions were tightened in the first phase of the financial crisis. On the supply side, there was a sharp decline in new construction activity at the beginning of the crisis, although this had already been in decline before the crisis. Furthermore, a strong decline in the labour force in the construction sector was assumed to have occurred.

### 7.2.2.2 Housing policy and tenure pattern changes

Housing policy in Italy is characterised by the ideal of homeownership, which is why the development of the rental-housing market has received little attention. The paradigmatic orientation has been important since the 1970s and, according to the expert, is expressed in three housing policy activities:

- The privatisation of public housing stocks in the form of right-to-buy supported the acquisition of ownership.
- Limiting expenditure on social housing contributed to the residual and marginalised character of this segment.
- The liberalisation of tenancy law has, from the demand-side perspective, contributed to making renting less attractive.

However, there are no specific targets for the share of ownership or rent to be achieved from a housing policy perspective. In principle, there is little discussion of housing policy in Italy, but the debate is slowly gaining momentum, focusing in particular on the development of the social-housing stock, including improving access, raising the quality of housing, urban regeneration, fostering of affordable housing in general, and promoting social cohesion. In this context, the new social housing plan and the recently adopted programme of urban renewal, which includes the provision of more social dwellings, are worth mentioning. Furthermore, there is a discussion of the needs of a demand group whose income is too high to permit access to social housing, but too low to afford rents on private housing markets, while buying a home is even more impossible.

## 7.2.3 Bulgaria

### 7.2.3.1 Development of tenures and their driving factors

Unlike other post-socialist countries, the privatisation of housing was not a major undertaking in Bulgaria, given the already high rate of homeownership of about 85 % at the beginning of the transition. There has been no significant change in the last ten years. Privatisation and restitution in the early 1990s increased homeownership to 95 % and today 97 % of dwellings are privately owned.

Demographics, mobility and affordability are the three major drivers of change in the housing system and the shift to private rental housing. The public rental sector has not been affected. Most of the public rental housing was privatised in the early 1990s. The share of about 3 % has been stable for some 25 years. Today, public rental housing is owned by the municipalities and is strictly rent controlled.

Major tenure shifts can be observed between the owner-occupied and the private rental market. The census data show that 56.04 % of housing is inhabited by homeowners, 30 % is vacant and close to 8.2 % is occupied by users who do not pay rent or share the unit with a tenant. Even in growing locations like Sofia and Varna, vacancy rates are about 25 % of the stock, despite demand pressure. While high vacancy rates across Bulgaria are usually explained by inadequacy of housing, lack of services (water, sewers), the lack of proper regulation and enforcement of tenancy law contributes to market inefficiency. Most of the landlords are small, the so-called 'occasional landlords', who lack institutional experience in handling rent arrears and evictions. People withhold units from the market even in places with high demand. This market inefficiency significantly constrains availability and affordability.

Another issue that was reported by the expert as contributing to changing tenure patterns is spatial mismatch of supply and demand. Residential demand competes with commercial activities and many apartments are used as office space and/or ground-level retail outlets, particularly in inner cities. In shrinking cities, demand for housing is generally limited and many of the apartments in system-built housing in peripheral housing estates are less attractive, despite lower rents. If account is taken of high vacancy rates in the housing market, the tenure shift to private rental becomes even more significant. Anecdotal evidence suggests that a significant share is informal rental, which allows the owners to receive untaxed income, particularly in larger cities and along the coastal regions of the Black Sea. It can be said that the owner-occupied stock is being transformed into private rental or informal private rental housing, while in some cases it is used as office space. Tenure shifts are regionally very selective and observable only in those markets where there is effective demand. Apart from ageing and shrinking of the population, one factor shaping regional disparities is the internal migration that causes differences in demand in different housing markets across Bulgaria. While most regions declined in population (by as much as 20–25 %), Sofia grew by 10 % between 2001 and 2011. Internal migration follows regional patterns of economic growth.

Concerning the changing role of financing, according to the expert, two factors reduced the role of the financial crisis in Bulgaria. First, the share of mortgages in the financial sector was low, about 8 % of GDP. Fewer than 10 % of owners had a mortgage. Consequently, the financial crisis affected only a very small share of the owner-occupied housing market. While there may have been difficulties with mortgage payments, there is no information on mortgage foreclosures. Second, the macroeconomic situation fostered an outflow of labour from Bulgaria to other labour markets where there were

more job opportunities. The shrinking of the economy and the high unemployment rate play a role, so there are indirect impacts on housing demand in particular. Real estate data indicate that house prices have declined quite significantly in large cities. On the other hand, the tightening of government budgets did not affect the housing sector substantially because there was little budget allocated to housing programmes. In general, real estate became an asset class for securing investments, encouraged by a lack of other investment opportunities in the country. The impact of international investors in the country is low and mostly involves the market for secondary homes along the Black Sea.

The NSI 2015 Household and Budget Survey indicates that households in Bulgaria spend an average of 17 % of their total income on “housing costs”. The percentage of households with a housing cost overburden is 10 % among homeowners with a mortgage or loan, and 14 % for homeowners without a loan. Nearly a third of tenants living in market-rate housing and about one sixth of those living rent-free or in below market rate rental housing are affected by a housing cost overburden, which can be explained by the high cost of energy.

In the owner-occupied sector, real estate data indicate that house prices have bounced back almost to the 2008/2009 level. Observable impacts were aggravated affordability constraints, also caused by tightening of mortgage lending. The construction industry experienced difficulty obtaining access to construction financing and pre-selling units in multifamily projects was more challenging.

Affordability is one of the major factors affecting the shift from owner-occupation to private rental. First, there are differences between long-term owner-occupiers and new households accessing the homeownership market in terms of social and economic status. In general, mortgage conditions and performance of the financial institutions have improved, positively influencing

potential growth in the homeownership market. Fifteen years ago, it was difficult for households in the highest income bracket to qualify for a mortgage. High interest rates, institutional requirements and collateral arrangements were a significant constraint. While mortgage lending has improved, new supply is still targeting the top-end housing market. Data indicate that the ratio between average income and average house prices is about 1:7 to 1:10 in those areas with positive housing demand. Thus, access to homeownership is still restricted to higher income households, even in the secondary housing market.

According to the expert, social groups facing the most significant affordability constraints are young households, but also economically vulnerable groups. The high share of homeownership during the socialist period sheltered the people from the economic transition to a market economy. But today's starter households did not profit from that and, given the high cost of owner-occupied housing in large cities, they need rental accommodation. Data reported by the expert indicate that 42 % of people in Bulgaria are at risk of poverty and social exclusion, but the figure for Roma households is 87 % and for Turkish households 57 %. Many of these outcomes can be attributed to the spatial effects of economic growth and decline and social exclusion. Regionally, affordability constraints were reported to be shaped to a large extent by demographic trends. The inefficiency of the private rental market is an obstacle to mobility, because there is no formal private rental-market supply readily available to respond to demand. Private rental housing might be able to provide a ladder opportunity for new households and a transition to homeownership, but the rental housing sector was reported as lacking professional management.

Although there is growth in the private rental market, there are no institutional investors investing in built-to-let rental housing, and only a few professional property

management companies serve the needs of an executive, high-end rental market.

#### 7.2.3.2 Housing policy and tenure pattern changes

The Ministry of Regional Development and Environment has the leadership role in drafting housing policy and coordinating with different agencies. According to the expert, a housing strategy was formulated in 2018 and 2019, but was reported to be of no particular political priority. According to the expert, the existence of vacant stock has been used as an argument by various governments to deny the need for an active housing policy. According to the expert, the lack of effective regulation, supportive housing policy, and efficient housing institutions was an obstacle to the housing markets working more efficiently.

Because of the significance of the real-estate markets in some of the larger cities, the expert acknowledged the government's recognition of the need for a legal framework for the markets to operate efficiently. Although the existence of a regulatory framework was confirmed, lack of enforcement and the limitations of financial and fiscal instruments were estimated to be limiting factors. Rising awareness of the issues in housing policy and the fact that a rising number of groups are excluded from access to decent housing in a market-driven housing system, due to the emphasis on homeownership and discrimination in the private rental sector was reported. But as yet no consistent policies triggered by this awareness seem to be emerging. On a regional level there are plans to invest more in social housing and non-market housing but, due to financial constraints and a lack of building land in public ownership, this has not yet resulted in any significant supply. Municipalities could be seen as crisis managers with many responsibilities to house the poor, but limited possibilities for doing so.

But the biggest problem is the refurbishment of the large-scale housing developments of the 1970s and 1980s in cities. As stated by the expert, the key issue is the lack of working condominium property management and financial arrangement for systematically addressing repair and maintenance issues. Urban poverty was reported to be a challenge, particularly the problem of 'asset rich, income poor' homeowners. According to the expert, the retrofitting programmes implemented since 2007 demonstrate the opportunities for improving energy performance in multifamily housing. Despite their limited penetration in the homeownership market, they generally improved housing quality in pilot projects and had a positive social impact due to reduced utility costs. The programmes were also reported to foster the institutional development of the retrofit industry.

## 7.2.4 Croatia

### 7.2.4.1 Developments of tenures and their driving factors

Concerning the tenure share, before the 2008 crisis a rising demand for housing increased home ownership rates and correspondingly led to a decreasing rental tenure share. After the crisis, a growing rental sector existed, but since approximately 2018 homeownership rates have risen again. An estimated 9 % of households in the city of Zagreb are in rental tenure. According to the expert, parts of the private rental sector are subject to tax evasion and grey market activities, so that total shares of rental housing are only estimates.

The housing market is segmented by regional patterns. Croatia is shaped by different levels of economic development, which results in different labour markets and different demand structures on the housing market. Regional disparities are also connected to migration. Domestic migration from rural to urban areas leads to mismatch patterns between demand and

supply structures. Since housing provision is strongly related to intergenerational wealth transfer within the family, low house-price levels in peripheral regions reduce families' financial resources. In general, three-generation housing is prevalent; consequently, it is unclear how internal migration is affecting the housing market or single tenures.

According to the expert, the problem of affordability for first-time buyers increases incentives to emigrate to neighbouring central and some western European countries. This is offset by smaller effects of immigration from abroad, which is not sufficient to reduce the serious lack of labour.

As an additional regional problem, touristic demand during the summer is a relevant field of competition for housing in the coastal area. Airbnb and other forms of holiday rental were reported by the expert to be a problem for target groups in the rental sector (e. g. students), which lack secure rental conditions and related rental law (for longer contracts).

A general issue is the ageing of the society. Accommodation of the elderly was reported to be a serious problem, since the demographic structure of Croatia was reported to include the oldest population in Europe.

Demand for homeownership is related to government incentives. New subsidies for homeownership effectively push households in that direction. Demand for homeownership is also shaped by the absence of investment alternatives due to the non-functioning stock market. Loose regulation and the trend to foreign currency mortgage lending that allowed for lower interest rates increased households' default risk after 2008. A Supreme Court decision ruled that banks had to reimburse mortgage holders calculated in Swiss francs.

House prices declined after the 2008 crisis, but since about 2015 a recovery trend can be observed. Rent prices were reported to show a serious increase in the larger cities

and high-quality supply is very competitive. In addition, rental regulations provide a lack of security, e. g. in rules for termination of tenancy.

Affordability and security problems were reported in rental tenure. Rent levels are not controlled and a housing allowance is a measure only for the poorest groups. Stocks of social housing were mostly reported for the city of Zagreb; in other cities such housing involves residual stock.

Lack of affordable housing was also related to the dominance of foreign-owned commercial activities in the financial sector that reduce incentives for corporate governance and lack competition, thus increasing lending costs on the housing market.

#### 7.2.4.2 Housing policy and tenure pattern changes

Concerning housing policy in general, the expert drew attention to the lack of a superordinate programme in housing policy, which involves a fragmented set of measures. Basically, differences in housing policy concepts and tasks were noted between the national and the local levels.

The national strategy was described as providing incentives to keep young households in the country, while the local strategy was concerned with affordability problems and promoting social housing.

Consequently, at the national level subsidies for homeownership are most relevant for housing policies, but their effectiveness is unclear. First, the subsidy character of the programme of state-subsidised housing construction was judged to be rather unclear. The programme of subsidies for housing loans was estimated to be further increasing housing prices by providing too much liquidity. On the other hand, the housing-allowance programme was estimated to be of minor intensity by the expert. In housing financing, new legislation regarding

mortgage conditions in accordance with EU regulations has been set in place and this is restricting mortgage-lending rules. Households which do not match the conditions are excluded from homeownership and exposed to the (legal or informal) rental market or family-based solutions for housing provision.

Generally, the expert emphasized the lack of effective and efficient institutions for the development of affordable housing. There is a small number of foundations that build housing units and are providing housing. The activities of these foundations can be seen as good models for social-housing provision.

At the local level different activities were described, some of which compete with national support programmes. The capital city of Zagreb has its own housing programme featuring social housing and public rental for families, but problems of compliance with conditions of eligibility (missing evidence of household property, income, employment) were noted.

Consequently, a change of housing policy can be said to exist mainly at the local level, while the national level involves continuous support for homeownership. Activities at the local level are dependent on the awareness and the willingness of the local authorities, for example, concerning the responsibility to offer housing for homeless people in larger cities.

### 7.2.5 Conclusions

The case studies reveal different possible driving factors for the change in importance of the rental housing sector: demographic changes, changes in supply and financing structures, and regulatory developments.

Basically, a comparison of the countries is made more difficult by the fact that the extent of informal rental activities cannot be objectively recorded. Thus, changes in the size or importance of the informal sector in the case study countries cannot be accounted for.

### 7.2.5.1 Demographic changes

Demography-related changes in housing demand include both ageing of the society and changes in the size and direction of internal and external migration flows. In principle, an ageing society may favour the trend towards increased demand for rental housing in three ways. Firstly, because the number of family households as an important target group for homeownership is decreasing; secondly, because the number of first-time buyers is decreasing; thirdly, because the number of senior households is increasing. Several factors can also lead to a countertrend. For example, a decrease in the number of starter households may also affect the demand for rental housing; on the other hand, senior citizens often have low residential mobility, which could limit the demand for rental housing.

The change in the demand for rental housing reported from Ireland seems to have been the result of a long-term decrease in family size on the one hand. On the other, Ireland and Bulgaria report spatial patterns of internal migration into urban areas. In addition, Ireland reported immigration as an additional driver of demand for urban rental housing. In both cases, migration appears to be linked to the concentration of economic development in urban centres. The target groups are job starters or households with higher labour mobility as well as skilled immigrants. An increased demand for rental housing results from these trends in two ways. On the one hand, owner-occupied housing in cities is generally more expensive than in rural areas, so that demand is increasingly focused on rental tenure. On the other hand, the target groups of labour-related migration are generally oriented towards more flexible forms of tenure, given the need for labour mobility. To what extent this trend will lead to a structural, permanent change in tenure composition cannot be forecast at the present time. It can be assumed that, once settled down, households tend towards owner-occupation,

so that the long-term relationship between renting and owner-occupation might be determined not only by demand, but also by restrictions on access to owner-occupied housing by immigrants and younger households. In Croatia and Italy, no comparable effects from migration-related increases in demand have been reported. In terms of fundamental demand, this seems to be due to lower immigration. In Croatia in particular, the outflow of younger households has been noted as a specific issue, which possibly offsets demand from internal migration gains in larger cities.

### 7.2.5.2 Changes on the supply side

In general, market rent-based housing markets in the case study countries are almost exclusively determined by private letting. Institutionalised commercial housing companies either do not exist or only exist in some urban markets. Therefore, a change in the significance of rental tenure can be attributed to changes in the provider structure.

Possible driving factors can be the professionalisation of the business sector, the emergence of new types of investors in the buy-to-let business and the development of the residential construction sector as a whole. All three factors can also occur in varying degrees of dependence. This is particularly evident in the case of Ireland. Here, a slump in construction activity is reported in the wake of the financial crisis, which was reported to have also damaged the domestic home building industry. According to the experts, this had the consequence that investment activity in residential construction shifted to new international investors, who at the same time were able to establish professional provider structures in the profit-oriented buy-to-let sector.

In the cases of Croatia and Bulgaria such a development is reported only locally or in narrowly defined segments, e. g. in the luxury sector. In Italy, no distinct changes in the supply of market-rate rental housing were



reported. This is in line with the demand-side development discussed above.

#### 7.2.5.3 Changes in financing and subsidies

All four case study countries show absolute majorities of the share of owner-occupation in their housing systems. Given the relevance of the owner-occupied sector, factors that reduce accessibility or affordability of owner-occupied housing may act as a push factor towards rental tenures. These factors include changes in credit-market regulation and subsidies to home buyers.

In Ireland, for example, it was reported that in the course of the financial crisis the long-term policy of subsidising the owner-occupied sector was abandoned due to the high fiscal costs. At the same time, access to mortgage financing has deteriorated due to stricter financial market regulation and increased default risks.

In the other case studies, Bulgaria, Croatia and Italy, affordability problems were also mentioned in the course of the financial crisis, but with less impact on the tenure balance. This different outcome can be attributed to several factors: on the one hand, a lower dependence on mortgage financing. This is linked, among other things, to the greater importance of self-help construction, intergenerational transfers and the stronger involvement of families in housing provision in general. On the other hand, a structural shift towards private rental housing is only possible when rental housing offers a level playing field concerning stability and quality. This does not seem to have been the case in the case study countries. The subsidised rental-housing sector does not represent an alternative either, because in three of the case study countries it was characterised as very small and residual in terms of quality. Moreover, households with problems of access to housing are often above the income limit for social housing. To overcome these problems, in Italy, a medium-income subsidised rental

sector has been installed, but due to its novelty it cannot yet show any quantitative effects.

#### 7.2.5.4 Changes in regulation

As a third key factor, changes in the regulatory structure of tenure can contribute to shifts in market shares. In this respect, the case study of Italy in particular reports that the adjustment of tenancy law, which was intended to make investment in the rental housing sector more attractive and at the same time ensure the stability of the sector, tended to make it less attractive from a demand side point of view, e. g. by extending the minimum term of contracts. Efforts to increase stability in rental tenures were also reported from Ireland. In addition to the notion of regulatory deficits, the case studies of Bulgaria and Croatia also mention the lack of rule-based letting in the informal sector as a possible cause of stability problems. Overall, the case studies hardly show any positive correlation between improved regulation and the increasing importance of the rental-housing sector, even though the need for stability and security is recognised by the political side in the case studies.

# 8

## The EU's impact on housing

Since the EU has no direct responsibility for housing policy, this analysis focusses on indirect and spill over effects of EU regulation and funding in adjacent policy fields on housing policy. There are numerous EU regulations which may exert influence on housing policy and/or the housing system in the member states. The most important ones include the Energy Performance of Buildings Directive (2010/31/EU, last amended by 2018/844/EU), anti-discrimination regulations like Directive 2000/43/EC as well as the general prohibition of state aid (Art. 107 TFEU). The right to housing assistance is also mentioned in the EU's Charter of Fundamental Rights (2000/C 364/01) and the European Pillar of Social Rights.

There is also no direct funding for housing provided by the EU. However, there is funding within the framework of the

European Structural Funds (EU regulation 1303/2013), which may be indirectly used for housing-related projects if the measures are connected to other goals defined in the corresponding regulation. For example, the European Regional Development Fund and the Cohesion Fund (CF) allow funding for “supporting energy efficiency, smart energy management and renewable energy use [...] in the housing sector”. The European Social Fund (ESF) allows for funding various measures stretching from promoting employment to investment in education, also covering social inclusion and combating poverty. While housing is not directly addressed as a sector of action, housing measures targeting certain groups of people are directly mentioned as a measure for tackling poverty (1303/2013: 449).

## 8.1 Reported impact

In the main survey, the country experts for each member state were asked to “describe the EU’s influence on housing policy and related problems in relation to [...] EU funding (e. g. European Structural and Investment Funds), [...] EU regulation and standards in the housing sector concerning energy savings and competition/state aid”. The answers of the country experts to these open questions were qualitatively analysed in order to assess the impact of the EU’s funding and regulation on domestic housing policy (or lack thereof).

A country was considered to be experiencing a high impact of EU activity in its national housing system if the experts stated that significant parts of the housing system, e. g. large or otherwise important market segments, tenures, target groups or relevant reform activities had been affected by EU activities in one way or another. For example, a large domestic investment

programme setup in order to comply with the Energy Performance of Buildings Directive which targets rental housing as a main pillar of housing supply qualifies for coding as “high impact.”

A country was rated as experiencing a low impact of EU activities if EU regulations do not apply in the respective country or do not address significant parts of the housing system, tenures or target groups. Examples may be EU regulations which are trumped by already existing national regulations (e. g. stricter national anti-discrimination laws) or EU funds which are not used by the member state or which are tailored towards supporting tenures which do not form a significant part of a country’s housing system.

A country was coded as experiencing a medium impact of EU activities if EU funding and/or regulations have a non-negligible but not especially significant impact,

Table 34: Reported Impact of EU regulation

low impact	medium impact	high impact
Ireland	Croatia	Austria
Malta	Czech Republic	Belgium
Poland	Denmark	Bulgaria
	Finland	Cyprus
	France	Estonia
	Germany	Latvia
	Greece	Netherlands
	Hungary	
	Italy	
	Lithuania	
	Luxembourg	
	Portugal	
	Romania	
	Slovakia	
	Slovenia	
	Spain	
	Sweden	
	UK	
<b>Total: 3 countries</b>	<b>Total: 18 countries</b>	<b>Total: 7 countries</b>

for example because impacts are limited to certain geographic areas or improvements in housing are only a side effect of other programmes, even if the occasional effect may be large. Examples are programmes for urban regeneration and renewal, which use significant amounts of EU funds and improve the relevant areas in terms of housing also, but have a rather small overall effect on the national housing system.

The experts were also asked to indicate whether there is any EU impact beyond funding and regulation which was not on the initial list of EU activities.

### 8.1.1 Impact of EU-related regulation

Assessing the effects of EU regulation on national housing policy, most countries can be placed in the “medium impact” group, while experts from only ten countries report either low or high impact of EU regulation (see Table 34).

Although the “low impact” and “high impact” countries do not align with typical clusters, some patterns are noticeable:

- two of the three Baltic states report a high impact
- two of the three Benelux states also report a high impact
- Poland is the only eastern European country reporting a low impact

For further in-depth analysis, it therefore seems to be reasonable that both low and high impact countries will be represented in order to assess the impact of EU regulation.

Table 35: Reported Impact of EU funding

low impact	medium impact	high impact
Austria	France	Bulgaria
Belgium	Ireland	Estonia
Croatia	Italy	Portugal
Cyprus	Latvia	Romania
Czech Republic	Lithuania	Spain
Denmark	Malta	
Finland	UK	
Germany		
Greece		
Hungary		
Luxembourg		
Netherlands		
Poland		
Slovakia		
Slovenia		
Sweden		
<b>Total: 16 countries</b>	<b>Total: 7 countries</b>	<b>Total: 5 countries</b>

## 8.1.2 Impact of EU-related funding

In terms of the effects of EU funding on national housing policy, most countries can be placed in the “low impact” group, while experts from twelve countries report an either medium or high impact of EU funding (see Table 35). This result is not surprising given that there is no EU funding particularly designed for housing matters as pointed out earlier. Consequently, member states have to become “creative” by using EU funds designated for other policy areas in order to (also) achieve housing-related goals.

Similar to EU regulations, the assessment of the impact of EU funding does not produce typical country clusters in the “medium” and “high” groups. However, a few patterns deserve to be mentioned:

- there seem to be pairs of neighbouring countries which report “high impact” (Portugal and Spain, Bulgaria and Romania)
- all three Baltic states report either medium or high impact
- with the exception of Germany, large member states such as France, Italy, the UK, and Spain report a medium to high impact of EU funding.

For further in-depth analysis, it therefore seems to be reasonable to have countries from the “medium” and “high impact” groups represented, in order to assess the impact of EU funding.

## 8.1.3 Selection of case studies

The selection of cases for in-depth study is based on combining the previous categorisations of countries for both types of sources of EU impact (see Table 36).

The table shows that three of the four cells at the margins are occupied. These countries appear to be different from the members of the large clusters in the centre.

Table 36: Cross-tabulation of reported impact of EU regulation and EU funding

	regulation: low impact	regulation: medium impact	regulation: high impact
funding: low impact	Poland	Croatia Czech Republic Denmark Finland Germany Greece Hungary Luxembourg Slovakia Slovenia Sweden	Austria Belgium Cyprus Netherlands
funding: medium impact	Ireland Malta	France Italy Lithuania UK	Latvia
funding: high impact		Portugal Romania Spain	Bulgaria Estonia

Consequently, case selection is squarely based on the corner cells of the table:

- **Poland** is a member state where the experts judged the impact of both EU regulation and funding as low, which means that housing policy in Poland seems to be relatively unaffected by EU activities;
- **Estonia** represents the opposite case where the impact of both regulation and funding from the EU is considered high by the experts, which means that housing policy in Estonia is significantly affected by EU activities;
- **The Netherlands** experience a high impact of EU regulation, while EU funding is not important

As the fourth corner cell is not occupied (low impact of regulation paired with high impact of funding) no country which represented this constellation could be picked. Instead, **France** was selected from the middle cell of the table as a large country providing the possibility of studying a more typical case and putting the more “extreme” cases into perspective.

## 8.2 Case study results

The case studies of countries representing each type were conducted as guideline-based video interviews with the same country experts who also answered the main survey (France, the Netherlands, Estonia, and Poland). The interviews were conducted in January 2020 and lasted about 45-75 minutes per case. The interviews were recorded as videos, transcribed as written transcripts and reviewed by the experts who had been interviewed. The results thus reflect the expertise of the person interviewed and do not claim to constitute a literature-based case study.

The guidelines included questions on the following thematic complexes (cf. interview guidelines in the annex):

- Perceived impact of EU regulation and EU funding on domestic housing, including scope and consequences of the regulation;
- Implementation of EU regulation and funding in practice as well as problems with implementation;
- Affected segments of housing (housing stocks, tenures, social groups etc.);
- Issues of housing linked to EU regulations;
- Impact of EU regulations on national housing strategies and measures;
- General public perception of EU regulation and funding connected with housing policy.

### 8.2.1 Case studies concerning EU regulation

In the **Netherlands**, the prohibition of state aid had the largest impact on housing among all EU regulations. According to the country experts, EU state aid regulation led to broad reform concerning the provision and regulation of social housing in 2015. Social housing after the reform is strongly focused on low-income households. This currently creates a gap in the housing supply in the moderately-priced housing segment, which is produced in large numbers neither by housing associations (which are focused on low-income housing) nor by private housing companies (which are focused on upper-priced housing). This is particularly problematic, because moderately-priced housing already represents a small share of the housing market, both in rental and ownership. However, the state aid regulation is also affecting existing housing stock in the segment, because housing associations are now selling off moderately-priced units in order to comply with the regulation. Groups which are most affected by the reform are “young starters” who do not have sufficient resources (yet) to buy or build a home but who are also not eligible for social housing, specifically as the reform limited access on the basis of new income limits for social housing. On the one hand, this may be interpreted as a severe cut in the general housing supply because it means that groups with moderate income cannot access social housing any more, as was traditionally the case, causing affordability problems. On the other hand, it may also be interpreted as a more focused allocation tailoring social housing to groups which are more in need of social housing than others. For low-income groups, affordability may have increased due to the “lock-out” of people with at least moderate income. When it comes to the role of the Dutch government concerning the implementation of EU state

aid regulation, the experts pointed out that the government had other options besides reforming the social housing sector in the way it was actually reformed, describing the implementation as fast and somehow rigorous. The experts also pointed out that the Dutch government wanted to reform the housing sector notwithstanding EU regulation and used the EU as an additional argument for its own reform preferences. After the reform, some unintended effects surfaced, i. e. blocked possibilities of providing care services. As a response, the new centre-left government is slowly expanding the mandate of the social housing associations again, i. e. by changing the regulations for income limits.

Concerning the Energy Performance of Buildings Directive, EU regulation has certainly helped to prioritize energy-related measurements in the housing sector, but mostly national ambitions are responsible for the Dutch approach. The reason why the impact on tenants is low is that rent regulation in the Netherlands is strict and the position of tenants well protected. Energy-related refurbishment is accompanied by agreements between the providers of social housing and the tenant associations limiting rent increases as a consequence of energy efficiency-related refurbishment to the maximum of the energy savings for the tenant – which means that those measures are at least self-financing for the tenant.

Concerning the anti-discrimination directive, the experts pointed out that there is no discussion in the Netherlands about housing-related issues brought up by the directive. Beside those three regulative areas, the experts identified three additional regulatory contexts. First, EU environmental protection regulation can delay the construction of buildings, mostly based on anticipated nitrogen emissions. The experts also pointed out that it is not the EU regulation per se which is causing the effects, but how the national government is implementing the regulation. Second, EU regulation of public

procurement can hinder social-housing development. The reason is that the EU commission wants the Dutch housing associations to comply with the public procurement rules and prohibits the European investment banks from giving loans to the housing associations in case of breaches. As a result, Dutch housing associations have currently no access to EIB loans. Third, EU regulations concerning tax evasion have an impact on the Dutch housing sector. In particular, it forces Dutch housing companies to pay approximately €300 million more in taxes annually. This significantly increases the tax burden on Dutch housing associations, which is expected to have a negative effect on their capacity to invest.

In **Estonia**, according to the experts, the main EU regulation having an impact on housing concerns energy efficiency. The EU regulation is said to be having an influence on both the affordability and accessibility of housing for certain groups. As the energy efficiency directive is important both for newly built housing and refurbished units, the prices for buyers and tenants can be expected to rise, since energy efficiency-related refurbishments lead to increased property value. The government is currently preparing a modification of the Law of Obligations Act which is expected to be modelled after German regulations concerning energy efficiency-related refurbishments (i. e. where landlords can transfer refurbishment costs to the tenants). The experts also highlighted that there is currently insufficient control regarding the issuing of energy performance certificates for buildings. EU energy efficiency regulation is also a key driver of both strategies and measures in Estonian housing policy. For example, the “Energy Economy Plan 2030”, which is mainly based on EU directives, lays out a sophisticated plan supporting energy efficiency including the renovation of housing stock, using and producing sustainable building materials and further actions related to energy use in the transport and housing sector. The plan and its

implementation rest on substantial cooperation between a number of ministries and government agencies. However, it has to be stressed that the scope of the problem of rising rents following implementation of energy efficiency measures is limited overall due to the small rental market in Estonia (about 15-20 % of all units). Also, energy efficiency-related refurbishment cost may be one, but not necessarily the main driver for rising rents. Refurbishment is no issue at all for new rental units. For older rental units and owner-occupied housing, government support is considered sufficient since increasing energy efficiency is a key environmental issue in the public interest. The experts pointed out that no particular tenures are affected by energy efficiency measures, because the measures are directed towards the unit's general condition independent of its tenure. Independent from tenures, some societal groups benefit particularly from the investment programme for energy efficiency, namely families with children and handicapped people, for whom additional funding is being made available.

Additional EU regulation with an indirect impact on housing policy in Estonia includes social policies, e. g. EU regulation against discrimination of handicapped people and regulation concerning consumer rights, the prohibition of unfair commercial practices and regulations on market competition (state aid). The latter seems to be a smaller issue in Estonia and mainly related to the construction of additional rental housing by municipalities, but no serious opposition to the reform has emerged so far.

For **Poland**, the impact of EU regulation has been characterized as rather low. The experts stressed that most existing effects are indirect and hard to measure. The regulations with the greatest impact are the energy performance and energy efficiency of buildings directives. As most housing in Poland is based on ownership, there is no social group which is particularly affected by energy-related regulation, but rather

certain tenures like municipality-owned rental units. The rental sector itself is a hotly debated issue in Poland as the private rental sector is underdeveloped, which causes availability problems. Municipality-owned rental housing tends to be old and in need of refurbishment, which makes it subject to energy efficiency measures. Another EU regulation which is having some impact on housing in Poland is the Mortgage Credit Directive (2014/17/EU). The main criticism is that the directive requires a lot of additional paperwork in order to issue mortgage contracts. Mortgage regulations are very relevant in Poland, since the rental market is very small. However, there is also a special group of people who are not eligible for municipal housing because of their higher income, although the income is not high enough to make it possible for them to pay market rent or real estate market prices. Anti-discrimination regulations have no impact on housing since the Polish population is still very homogenous and the private rental sector is very small (see above). Additional minor EU impacts are related to the prohibition of state aid, in the case of Poland connected to perpetual usufruct rights rooted in the period before transformation, where land owned by the government was given to cooperatives in order to provide housing. The usufruct rights of the cooperatives were transformed into permanent ownership rights in 2019, which raised concerns that this formal change of ownership could trigger rules against state aid. The problem was solved by a law which allowed transformation of ownership rights only if at least half of the buildings involved are residential units. Apart from the issues just mentioned, EU regulations have a low impact on housing strategies and measures of the Polish government, as Poland is used to relying on short-term programmes in housing policy instead of long-term strategies. In addition, investment programmes directly following EU regulation are usually rather narrowly designed (e. g. the thermal modernisation programme in place since 1998).



In **France**, the Energy Performance of Buildings Directive is said to have had the strongest impact on housing policy, even though the experts stressed that the French ministry in charge of housing is very active in improving the regulation even without any EU impact. Consequently, the Energy Performance of Buildings Directive has an indirect impact on housing by supporting national efforts. France's fuel import dependency, especially for heating housing units, is regarded as a strong driver of efforts to achieve increases in energy efficiency in this sector. Additionally, the problem of affordability was mentioned as well as the consequences of increasing housing costs caused by energy efficiency measures.

The prohibition of state aid is not considered problematic for France, as the social housing sector is not a target of direct government grants and subsidies. Instead, the social housing sector is granted fiscal rebates in the form of relief from value-added tax and real estate taxes for 25 years, which are meant to compensate it for the cost of providing low-rent housing for low-income households. The experts conceded that there is an ongoing discussion about possible over-compensation of the respective organisations, which might lead to more extensive monitoring in the future. However, there is no known complaint from the EU regarding the French social housing sector in terms of state aid. Since the providers of social housing are coupled with private housing sector companies regarding housing development, there is no significant competition between subsidised and non-subsidised companies. This is also seen as the reason for the large number of social housing units produced over the last few years. The private sector seems to be aware of the need in some market sectors that it cannot cover on its own.

The Anti-Discrimination directive does not have an impact in France according to the experts. However, all EU rules have been integrated into national law. Alongside the areas just mentioned, the experts named

two additional contexts where EU regulation affects housing in France. First, EU regulations concerning handicapped people (e. g. technical issues like the construction of toilets, barrier-free housing) are having an impact because homes have to be equipped with additional infrastructure. This forced some real estate developers to restructure their companies by separating their private and social rental activities; this is an ongoing discussion within the building industry. Frequently, the directive on posting of workers (2018/957) is discussed as influencing the housing market in terms of the work force that is available for construction.

In general, EU regulation has only a minor impact on the French housing system.

### 8.2.2 Case studies concerning EU-related funding

Most EU funds affecting housing in **France** are related to the social-rental sector. There is little evidence that EU grants are used by private homeowners or the private rental sector. The most important EU funds influencing housing are the European Regional Development Funds (ERDF). Moreover, the Social Fund and the Cohesion Fund can be related to housing matters.

The biggest contributions come from ERDF with more than 1,000 projects funded, with a value of more than €1 billion. Most projects relate directly to social housing in terms of new construction or refurbishment to improve the energy performance of buildings. EU funds are usually co-financing projects in combination with national, regional, and local resources. Taken together, these can provide around 75 % of the required investment. Even though the share of European funds within this mix is usually low, EU funds can bring down overall project costs and enable local authorities to leverage funds to improve housing for vulnerable groups such as older owner-occupiers and low-income renters.

The use of European funds is always linked to substantial improvements in energy efficiency and renovation (beyond maintenance). The funds reduce running costs and thus improve affordability, but they do not contribute to decreases in rents. Accordingly, the social groups profiting most from EU funds are households from the social-rental sector such as low- and lower-middle income groups.

Altogether the impact of Europe can be estimated at above €2.5 billion taking into account both subsidies and low-rate loans from the European Investment Bank (EIB) and the Council of Europe Development Bank (CEB). In combination with approximately €16 billion in loans from the French Deposits and Consignments Fund (CDC), French social housing companies have built 100,000 dwellings a year. However, it must be borne in mind that direct comparison of public investment in the housing sector is difficult due to the mix of subsidies, tax exemptions, subsidised loans etc. The EIB/CEB loans can thus be considered a useful contribution accounting for more than 10 % of investment costs.

While the ERDF is overall the most important financial contribution of the EU, others such as the European Social Fund (ESF) and the Cohesion Fund (CF) have been used for urban development and urban renewal in selected neighbourhoods (quarters), public spaces, and town centres. It is difficult to measure their impact given their indirect effects in terms of funding urban renewal and other policies such as social work, training and education. The largest effects can be witnessed in small and medium-sized towns in terms of revitalisation of their centres. Sometimes, social and cohesion funds have been targeted at migrants and/or refugees in order to provide education and training.

Overall, the EU's funding schemes are positively perceived in France, at least by the administrative experts and stakeholders directly involved. Complaints concerning

EU regulations and funds are rare among French housing organisations. However, some social-housing organisations complain that the administrative burden and necessary additional justification required by state aid regulations take time away from their core tasks of building and managing social housing. For instance, non-profit housing companies state that the application procedures and administration of such funds require substantial resources and expertise in dealing with EU rules, something which may not be available in small or medium-sized social housing companies. The excessive management costs may thus hinder smaller organisations in using EU funds as opposed to local sources, which are more easily available. Another issue is that funds are paid rather slowly, enabling only companies with sound finances to wait until EU funds arrive. Nevertheless, from a comparative perspective, France is building a great deal of social housing and its large social-rental sector is well equipped to obtain European funds. The process could be improved by better training of French housing staff and simplified procedures on the European side in order to attract a wider range of partners. In sum, despite EU funding having overall a medium impact on housing in France, the French social housing sector is very aware of the specific ERDF contribution while a simplification of rules and cutting of red tape could make housing partners even more satisfied.

Support from ERDF funds is rather limited in the **Netherlands** given that these funds can only be used for public infrastructure, i. e. non-residential buildings owned by public authorities or non-profit organisations. Between 2014 and 2020 ERDF funds amount to about €9.5 million. EIB loans are another source of funding used for construction and refurbishment. However, it is also unclear to what extent these loans will continue to play a role after the well-known conflict surrounding public procurement rules. The discussion revolves around the question whether Dutch housing

associations are public or private bodies. The experts pointed out that the European Commission's treatment of Dutch housing associations as public bodies or instruments of local governments is a problem, as Dutch housing associations are fundamentally private not-for-profit organisations. In any case, there is a well-developed funding system for social housing in the Netherlands based on Dutch banks and institutional investors. The sector most affected by European funds is thus the social-housing sector.

In **Estonia**, European Structural and Investment Funds are the most relevant source of EU finance for housing projects. The country's largest renovation programme for apartment buildings was mainly financed through ERDF. These funds are channelled through KredEx, the local foundation implementing the grant scheme (among others). Between 2010 and 2014, KredEx provided renovation grants to help renovate 1.9 million m<sup>2</sup> of residential space. The EU also funds transnational projects such as the Baltic Sea project with Latvia, focussing on culture and tourism, which might include some renovation work to attract more tourists.

ERDF are an important means for Estonia to meet the European 20-20-20 targets (specifically the target of Directive 2012/27/EU). The required annual volume of renovation to meet the target is estimated to be between 700,000 and 1 million m<sup>2</sup>. The renovation volume can only be achieved through continued ERDF funding and the allocation of additional resources. Estonia has already spent €102 million on the project. The largest share of Estonian public funding comes from the sale of CO<sub>2</sub> allowances, which were used to finance energy efficiency renovations of public buildings, apartment buildings, and private houses among others. Even though energy efficiency is a concern for everyone, socially vulnerable groups are profiting most from energy efficiency renovations. Moreover, national programmes, which are partly funded by the EU, seek to support housing in sparsely populated areas

by financing improvements of living and housing standards.

EU funds are generally well perceived in Estonia, as they have helped to scale up renovation programmes. There are no reports of implementation problems concerning EU funds.

From an overall perspective, EU funding schemes have little impact on housing markets and policy in **Poland**. A higher involvement of the EU Structural Funds (2014 – 2020), however, can be witnessed in the housing sector in the areas of environmental protection and climate change as well as in improving housing conditions (renovation and modernisation of the stock) in social housing in deprived areas as an element of urban renewal programmes. First, Regional Operational Programmes operating in the Voivodeships<sup>13</sup> and the National Operational Programme “Infrastructure and Environment” offer subsidies for environmental protection purposes in different housing sectors, especially elimination of coal stoves, improvement of heating infrastructure, and thermal modernisation of the stock, especially in multi-family housing (communal, private (condominiums), cooperatives). Second, they offer support for modernisation of social housing within the framework of urban regeneration programmes. There are regional differences, but usually local self-government authorities, TBS (Social Housing Associations), cooperatives, and condominiums can apply for subsidies (usually up to 75 % of qualified costs) for housing improvement projects by means of a competitive bid for the given type of project. Housing is only one of many other types of projects (such as social infrastructure, education) and usually the demand exceeds the available funding.

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<sup>13</sup> A voivodeship is the highest subnational administrative unit in Poland. Currently, there are 16 voivodeships, each of them with a population of between about 1.0 and 5.5 million.

In the case of the two uses just mentioned, the most important funds are the ERDF, which are channelled through Polish regional operational programmes providing grants devoted to housing. These grants are used for the renovation or revitalisation of urban areas. There are regional differences in the use of these programmes but they play a role in the renovation of buildings and sometimes the building of infrastructure related to housing. In addition to the use of regional programmes under the ERDF to improve the housing conditions of socially vulnerable groups, there is a Cohesion Fund, which is used for similar purposes. In five Voivodeships the EU initiative JESSICA was implemented using Urban Development Funds. These have rather small budgets but seem to be interesting subsidiary options for some investors. In four regions housing was accepted as one category of project to be co-financed by JESSICA loans while they were only significant in two Voivodeships. In Województwo Mazowieckie (Mazovia Region), funds were used for the modernisation of housing and public services buildings. In Województwo Śląskie (Upper Silesia Region), funds were used to remove asbestos from buildings. JESSICA programmes are continuing in the 2014 – 2020 period, but without any additional financial allocations, which means that the JESSICA Initiative has currently no impact on housing projects.

The Subsidy Fund, Cohesion Fund, and the Regional Operation Fund have also been used to provide shelter/emergency housing for the extremely poor and people in difficult situations, such as shelters for victims of domestic abuse.

Another important source of EU funding is the cooperation between the EIB and the Polish National Economy Bank. Based on the European Fund for Strategic Investment within the Investment Plan for Europe, the two institutions have signed an agreement to support construction of new rental housing (also rent-to-own housing) for average-income families, as well as related infrastructure

servicing the new housing estates. The major beneficiaries of this agreement are municipalities and non-profit social housing associations. The EIB also has direct loan contracts with individual cities, usually for huge infrastructural projects (social and technical infrastructure). For instance, the EIB invests directly in housing in the city of Poznań via credit agreements with two communal companies PTBS (Social Housing Association of the city of Poznań, limited liability company) and ZKZL (the communal limited liability company in charge of management of communal stock in Poznań) to finance construction of new social-housing stock. The city of Wałbrzych also signed an agreement with the EIB to co-finance projects in their urban renewal plan. The EIB resources will be spent for different purposes such as environmental protection, energy efficiency, social housing, and social care. The city plans to build or renovate about 100 social-rental dwellings with EIB support.

In general, however, considering the need for housing finance for new construction, maintenance, and modernisation in Poland and the direct financial involvement of the Polish government and local authorities in housing finance, EU funds and EIB loans only play a very minor role. In contrast to the overall volume, expectations of local governments regarding EU funds are extremely high, as urban renewal programmes (or the housing components of these programmes), modernisation of social housing stocks, and the development of new social-rental housing require higher shares of EU financing. Two forms of support are preferred. Direct subsidies can help the conduct of repairs and modernisation of multifamily housing not only for public social-rental housing but also for housing condominiums of mixed tenure. Preferential loans are preferred for construction of new social housing.

Finally, it is important to note that there is no aggregated data detailing the extent to which EU funds are devoted to housing. This is a result of the fact that various ministries and

agencies are involved in these programmes. Nonetheless, EU funds can be expected to have had a substantial leverage effect, especially in revitalising city centres and former industrial sites.

EU funding schemes are generally well perceived in Poland, even though there are regular complaints about the administrative load and strict rules that come with EU funding. In general, the discussion in Poland emphasises the opportunities that come with EU funds and how to make good use of them. Thus, a way of improving the effectiveness of EU funds, apart from increasing their amount, is to improve and facilitate their distribution. Overlaps between EU procedures and local Polish regulations usually leave little autonomy for the final beneficiaries for self-governance and adapting the programme to local conditions. Another way of improving EU support is to increase direct cooperation of the regions and individual cities with the EU (see examples of Poznań and Wałbrzych).

### 8.2.3 Conclusions

In general, EU regulation and funding tend to have diverse impacts on housing markets and policy across the four countries. As regards EU regulations, the issue of state aid sharply divides countries between those that remain virtually unaffected and those that had to profoundly re-organise parts of their social-housing sector, if not social-housing provision in general. The importance of the energy efficiency regulation is also omnipresent, but its impact also varies across the four countries analysed. This indicates that different preconditions are at play in terms of countries' housing stocks, but also in terms of the legal, political, and social characteristics of national housing systems. As there is no direct EU funding for housing programmes, the potential of the member states and their housing organisations to use EU funds for housing purposes depends on their ability to incorporate housing measures into relevant projects for which funds are available

such as planning, urban renewal, etc. The use of EU funds also depends on the general eligibility of member states and their sub-national entities to receive funds (see for example the prerequisites for eligibility for the EU structural funds). In general, EU funds can achieve a noteworthy or even substantial leverage effect in co-funded projects supporting (social) housing development. Another important source of EU funding involves EIB loans, which provide a way to effectively channel support into specific cities and projects.

Altogether, the impact of the EU on housing markets and housing systems in Europe remains diverse. A stronger consideration of national housing policies within the EU's current and future actions would require a clear framework related to both regulation and funding as well as their interaction, considering a) the different legal preconditions of the national housing systems, b) the different tenure conditions and housing stocks of national housing markets and c) the different challenges countries are currently facing, for example concerning migration and demographic changes. Preferably, this would also involve simplified application and implementation procedures as well as continued and extended training and information of the actors involved, in order to attract a wider range of beneficiaries.

# 9 Conclusion

In the following, the central results of the study will first be summarised on the basis of the research questions. Then, the limitations and significance of the study will

be summarised. Finally, the results will be discussed in the light of research on the welfare state.

## 9.1 Research questions and key results

*What kinds of responsibility for housing policy exist in the EU member states across and at different levels of government?*

Diversity is the perfect term to describe how the EU member states are organised in the field of housing policy. Concerning the distribution of responsibilities at the national level, each country has its own unique way of organising housing policy. While nearly half of the countries follow a sectoral strategy using multiple single-purpose units, other countries show overlapping responsibilities or a mix of multi-purpose and single-purpose units. The housing policy structure of national governments seems to be loosely connected with the number of inhabitants, i. e. larger countries tend to organise their housing policy using a larger number of sectorally focused bodies, while smaller countries tend to install multi-purpose units. Beyond this rough distinction, it is notable that in the majority of countries the term “housing” does not appear in the formal titles of the responsible units. The importance of the field is thus not reflected in the names of the departments, ministries and agencies involved. All member states (with the exception of Malta) have distributed their housing policy over a minimum of two, mostly three levels. It seems reasonable to direct non-national decisions to subordinate levels and the member states show considerable variety in doing this. In most member states, the national and local levels are most important in implementing housing policy, but in a small number of countries the regional level also has a significant impact. Although

some parts of housing policy (subsidies for owners and buyers, tenancy law and rent regulation, taxation, construction subsidies as well as environmental and energy issues) are typically more national in scope, others (spatial affairs) are typically distributed across levels or even localised (allocation of social housing), there is no general pattern of organisation among the member states. Across the board, it can be noted that in countries where the local level is generally strong, its responsibilities in housing policy are also above average – but there are also a number of prominent exceptions to that rule. To conclude, EU member states are rather different in organising this important policy field.

The same is true for shifts in the organisational structure. There is no clear “European approach” in horizontal changes in the organisational structure, with some countries substantially re-organising, some slightly modifying their structure, and others making virtually no changes. However, there seems to be a clear pattern regarding the vertical dimension: If countries decide to re-organise their housing policy in terms of the various levels of the state involved, they mostly do this by de-centralising (although there are exceptions here too).

To sum up, regarding governance structures and changes to them over the last decade, the EU member states show substantial variation across all the dimensions on which they were compared in this report. It seems reasonable to conclude that there is no consensus on how to organise housing policy in

the EU member states, neither horizontally nor vertically. There is also no clear tendency to governance reform. Governance structures in housing policy and the changes made in the structure differ substantially, making a common assessment of housing policy in Europe difficult.

*Which subsegments, target groups and provider structures shape the housing markets and policies of the EU member states?*

EU member states display a wide range of national tenure composition patterns that can be attributed to the path-dependent nature of housing provision systems. Nevertheless, a number of common features can be observed:

Owner-occupation, especially house ownership is the form of tenure with the greatest quantitative significance. This demonstrates not only the importance of rural and suburban areas for housing provision, but also that homeownership is also strongly integrated into the systems of private welfare provision and household wealth creation.

Rental housing markets can be described both in terms of provider structures – private and public sectors – and in terms of rent setting – market-based or subsidised rents. The results have shown, however, that this dichotomous scheme is less clear-cut in reality. First, in many member states there is a non-governmental third sector involved in housing provision, e. g. a non-profit sector. This includes both agency solutions, i. e. the commissioning of non-governmental organisations with social housing promotion, but also truly non-state providers with for example special tax status, such as cooperatives. On the other hand, the public rental sector has also undergone various transformations, with the result that some originally public-sector housing provision systems have become increasingly independent, either because of the use of private-sector types of enterprise or because they are subject to the same legal regulation as the private

sector. This is occurring at the same time as an increasingly heterogeneous social scope of this sector, which addresses various target groups and rent subsidisation schemes.

A differentiation of the market-based rental housing sector can be observed based on the degree of institutionalisation. While private landlordism is present in all member states, institutional commercial providers operate in only a few. These include privatised ex-public-sector providers, as well as profit-oriented small and medium enterprises (SMEs), international corporations, and financial institutions such as pension funds and insurance companies. Generally, it can be observed that the greatly increased relevance of rental tenures in some member states is correlated with the involvement of new corporate players in the field of buy-to-let investments.

Looking at target groups of specific tenures, it can be noted that some of the countries with more diversified systems offer a high degree of tenure specialisation, i. e. there is relatively little overlap among target groups, while other countries seem to address broader and partly overlapping target groups in the forms of tenure they offer. The following criteria can be identified as prerequisites for this:

- large and differentiated market rate and social rental sector
- high quality of housing choice and stability in all tenures
- low barrier-accessibility criteria in the social sector
- a certain inter-tenure competition in terms of prices and quality

One of the main characteristics of these housing systems is the fact that, especially in urban areas, rental housing markets also offer permanent residency choices. The downside of these diversification benefits



in such countries has been recognised as relatively restricted accessibility to the owner-occupation segment, which is also related to lower or non-existent direct subsidies for homebuyers.

At the other extreme, owner-occupation-dominated systems should be mentioned. Most of these systems stem from privatisation or restitution of the nationalised housing stock in post-communist member states, but high shares of owner occupation are also present in less urbanised member states without this path dependency. Here, rental-tenure shares are small, predominantly privately operated, and involve significant informal letting/subletting activity. Larger shares of owner-occupation are necessarily correlated with a higher degree of accessibility to homeownership. Accessibility is made easier through subsidies, household savings, and, especially in the more rural regions of Europe, family support and self-help construction. The downside of these systems is a certain marginalisation of rental housing, which is particularly problematic for households with access problems to owner-occupation but no availability of comparable rental-tenure housing.

*What does housing provision look like in the EU member states and what kind of (common) problems can be observed?*

The systems of housing provision in the EU member states are characterised by path dependency and show a large heterogeneity. Considering tenure shares and social functions of tenures on the one hand, providers and housing stock-related issues on the other, four main groups of housing provision systems can be distinguished in the EU:

- Pronouncedly diversified systems with a relatively balanced quantitative ratio between rental tenures and owner-occupation, with an average ownership share of between approximately 50 % and 65 %. The rental housing sector in the countries in this group is mainly

characterised by the existence of institutional providers in the market-oriented rental-housing sector. However, the composition of subsidised, non-profit/cooperative and market-based rental housing sectors is very heterogeneous. These differences also characterise the relationship between tenures in terms of accessibility to owner-occupied housing and target-group diversification within the rental housing sub-markets.

- Less diversified, mainly two-tier systems with a share of home ownership between approximately 65 % and 75 % and a rental-housing market based mainly on small private letting. In terms of accessibility and competition between tenures, a more hierarchical relationship between rented housing, which is mainly seen as a transitional form of housing, and owner-occupied housing can be noted in the member states of this group compared with the first group. Subsidised housing, if available, is of secondary importance in quantitative terms.
- Systems where owner-occupied housing predominates with a market share of at least about 75 % and a reciprocal share of mainly private rental housing. The quantitative imbalance corresponds to an even stronger hierarchy in terms of stability and quality of owner-occupation and renting compared with the groups mentioned above, which results in a distinct marginalisation of subsidised or other social rental housing, if it is available.
- Owner-occupation dominated countries, characterised by privatisation in the course of the post-communist transformation. A formally marginal supply of rental housing (both private and social) is typical of this group, although this is supplemented by various forms of informal letting activity.

Within these groups, however, a wide variety of systematic differences in terms of qualitative importance, accessibility and the social scope of tenures can be noted. Beyond the narrow focus on housing provision there are other aspects such as specific welfare regimes which embed housing provision systems in the broader scope of political systems. Depending on the area under consideration, other grouping results may thus be equally justified.

*What are common problems of housing provision in the EU member states?*

Price and rent increases, especially in urban areas, are, according to the experts, by far the most serious and most widespread problem concerning housing provision in the member states. In some member states, this leads to more serious problems such as a lack of access to credit and financial overburden, while others seem to be better equipped to deal with soaring prices and rents. However, virtually all member states report a lack of affordable and social housing, regardless of their tenure composition. Thus, there seems to be a pervasive need for greater provision for vulnerable and socially disadvantaged groups on housing markets. At the same time, some member states are struggling with vacancies and falling prices in rural areas, demonstrating increasing regional disparities within the EU.

*What are the guiding principles of housing policy in the EU member states?*

Despite heterogeneous national housing systems, there seems to be a common understanding among the EU members that housing policy needs to establish efficient housing markets that can match supply and demand in different tenures. An almost universally recognized principle is the provision of affordable housing, which at the same time has come under increasing pressure in some countries and regions. While energy efficiency concerns are prevalent in the EU member states nowadays, ideas on appropriate

types of tenure and how to achieve them diverge in line with national conditions and long-standing traditions. In some homeownership-dominated member states, and especially in the aftermath of the financial crisis, there seems to be increased awareness of the necessity of developing rental markets further as a more flexible alternative.

*What policy instruments exist in the EU member states and what is their (relative) importance for provision of housing?*

The main types of housing policy instrument distinguished in the research project, "housing allowances", "subsidies for homeowners and homebuyers", "subsidised housing" and "rent regulation" are used in most EU member states. However, it can be seen that subject- and object-oriented instruments (housing subsidies, subsidies for homeowners and homebuyers and subsidised housing) enjoy widespread distribution among EU member states, while rent regulation is mainly used in western EU member states. However, the scope – i. e. the number of households supported – as well as the intensity of support – i. e. public expenditure – varies considerably between countries, so that the actual importance of policy instruments remains diverse. Unfortunately, for many instruments there is no corresponding information available, so that the comparison remains incomplete at this point. Housing policy is also characterised by heterogeneity due to different target groups and additional objectives.

Housing allowances, defined as subsidies regularly paid to reduce housing costs of households, are aimed at low-income households. In addition, however, there are differences in that these support instruments are sometimes only available to tenants or only to tenants in certain segments (municipal or subsidised housing in some cases, private rental housing in others). This will improve affordability conditions in specific segments of the market. Furthermore, individual programmes are aimed at very specific target groups. The subsidies for homeowners and

homebuyers, defined as subsidies in the form of for example credits, grants, guarantees or tax concessions in order to make property ownership possible or financially secure private homes, are more extensive in number alone compared with the housing allowances.

The overall picture of support across the EU member states is much more diverse, because the funding approaches (credits, grants, guarantees and taxation) vary considerably. Subsidised housing has been defined as involving object-oriented subsidies, which are intended to support construction or modernisation in the rental and/or owner-occupation tenure. A comprehensive description is difficult as subsidised housing is often regulated by subordinate levels, while the project focusses on national policy activities. Nevertheless, the information provided by the experts indicates that quite different support profiles or goals exist, which reflect different housing-supply shortfalls as well as basic welfare orientations. The field of rent regulation shows greater diversity in the sense that one group of countries is characterised by not having any significant rent regulation under tenancy law, a second group does not regulate the initial rent level but instead rent increases, and the third group controls the initial rent level as well. However, the relevance of these regulations may depend on further regulatory details. For example, some countries that regulate rent increases are at the same time characterised by the fact that the rental period is fixed.

*What reform approaches and trends in instrument choice can be witnessed in the EU member states?*

The reform approaches in the EU member states show a large heterogeneity. Especially in the case of housing allowances it is striking that in some countries such subsidies have only been introduced in the last ten years as a reaction to rising housing costs. Countries with a longer tradition of housing allowances simply recalibrated their subsidies to take into account current price

developments. By contrast, subsidies for homeowners and homebuyers are characterised by major restructuring and display a lower level of continuity. The aim of avoiding future credit-market risks and real-estate price bubbles, while at the same time ensuring easy access to home ownership for first-time buyers, plays an important role here. In part, however, general budgetary restrictions in some EU member states are also decisive for the adjustment of these instruments. Subsidised housing is characterised by the fact that some EU member states are (re)entering this form of support or are significantly expanding it, which is attributable to the lack of affordable housing discussed above. Furthermore, some countries with a longer history of object-oriented subsidies have recalibrated their instruments as a reaction to changed housing provision necessities or changed conditions of financing and general responsibility. However, some countries show no signs of (increased) activity in this area. Rent regulation, which is only relevant in some of the EU member states, is in some cases characterised by a clear tightening. Individual countries that started from a higher level of regulation, on the other hand, are showing slight liberalisation tendencies. Additionally, some central and south-eastern European member states are trying to use housing policy instruments (mainly promoting ownership) in order to limit the outbound migration of younger households, and thus to strengthen their demographics.

*What role does the EU play in the housing systems and policies of its member states?*

According to the survey, in general the EU impact on housing policy seems to be low, although there are notable exceptions. Dependent on the existing housing stock, the general national orientation to housing policy, and ongoing national reforms, the EU impact may provide incentives in a large variety of fields. While EU regulation concerning state aid is playing a crucial role at least in one case study country (the Netherlands), it is not reported as having a large

impact in other countries. The same is true for EU regulation<sup>14</sup> of energy performance, which is more meaningful for countries with large shares of non-refurbished housing stock and may have no impact in other countries, because they already follow an ambitious policy in energy policy. In general, anti-discrimination regulations are reported as having a low impact, but they may be playing a role in barrier-free construction and refurbishment. Since the four countries examined show considerable variation in the impact of EU regulation on national housing policy it can be assumed that this is also true for all EU member states: Whether EU regulation matters strongly, somewhat or hardly at all largely depends on a country's housing stock and its general approach to housing.

Another aspect to be considered is the impact of EU financial market regulation on mortgage and construction sector financing. In the course of the in-depth survey of the effects of the financial crisis, three mechanisms of action were identified: firstly, effects on private property financing, with direct consequences of the tightening of lending rules for the accessibility of residential property; secondly, the consequences of the low interest rate policy in the aftermath of the financial and euro crisis on house prices; and thirdly, capacity bottlenecks as a result of more restrictive corporate financing for the SME construction industry. The interaction of expansionary monetary policies and supply shortages in particular had a significant impact on the affordability of owner-occupied housing in some member states in the decade following the financial crisis. It has also been shown that the vulnerability of individual countries is less a question of the overall level of debt, as first-time buyers were also particularly affected by these problems in countries with traditional equity-based

financing cultures or those with high homeownership rates due to privatisation, as there were insufficient alternative housing choices for starter households in other tenures.

*Are housing policies and markets converging or diverging across the EU member states?*

In answering this question, the extent to which the immediate consequences of the 2008 financial crisis need to be interpreted as short-term crisis management and what parts of these developments tend to be long-term developments is still unclear. Structural trends (e. g. housing systems) and housing policy reform trends should also be considered separately.

On the demand side, migration and ageing can be mentioned first as presumably long-term structural trends. Here, divergent trends in population development between geographically more peripheral regions and more central regions, both within the member states and at continental level, can be noted. Decreasing fertility rates and an increase in the senior-citizen population are an issue in all member states, although at different stages and with differing regional importance.

From these demand-side trends, some basic common patterns of tenure dynamics can be identified: member states with persistent urbanisation trends, increasing labour mobility and positive immigration figures are observing increased demand for rental housing, which is likely to contribute to a further change in the importance of this sector at the expense of owner-occupied tenures. In this sense, a certain convergent development of the tenure systems can be assumed. However, this development contrasts with opposing trends: In some member states which already have above-average rental housing shares, there are tendencies towards a slight increase in the homeownership rate as a result of availability issues in the rental housing sector and the majority of

14 It has to be noted, though, that the empirical work of the research project was concluded before the announcement of the proposals of the European Commission concerning the "European Green Deal" and the First European Climate Law (COM/2020/80 final).

new construction investments being made in the owner-occupied sector. Because of the historically large differences, it cannot be expected that the trends observed will lead to closer convergence of tenure systems in the foreseeable future.

At the level of housing policy strategies, trends towards stricter tenancy regulation of the market-based rental sector can be observed, especially in member states with current affordability problems in the rental sector. However, the regional or temporary nature of some regulatory measures, such as rent ceilings, may indicate that this is not necessarily a permanent reform trend. On the contrary, in other, currently more strictly regulated systems a discussion of increasing the attractiveness of the segment for investment through greater liberalisation of rental regulation sector can be noted. In terms of funding instruments,

there are some signs of slight convergence in the scope of subject-oriented housing allowance, although in a number of countries funding intensities are very moderate. The subsidies for homeowners and homebuyers are characterised by a plurality of funding approaches and at the same time by many changes in strategy, so that there is no visible convergence in management approaches. In the field of social housing, on the other hand, the starting positions and activities are so different that growing divergence can be assumed.

All in all, various common developments can be interpreted in terms of converging or diverging trends. However, given the diversity of the national housing provision systems, this is unlikely to lead to a de facto convergence of the systems, even if the same strategies are applied.

## 9.2 Limitations and need for further research

As already outlined in Chapter 1.3 in the presentation of the research design, some limitations must be accepted when interpreting this report.

First of all, the partly unsatisfactory statistical data situation must be cited as the central challenge. Unresolved issues such as the restricted availability of information on the use of housing policy instruments in many countries make it very difficult to assess the importance of certain housing policy instruments and their relationship to each other. This is additionally compounded by the fact that certain data sources cover only some of the EU member states (OECD) or are very limited in their comparability (data on homelessness by the European Federation of National Organisations Working with the Homeless (FEANTSA)). Furthermore, there are

some contradictory tenure attributions in European and national data sources as well as inadequately recorded market activities (informal or black markets), which required a qualitative assessment by the experts involved here and contribute to the inaccuracy of figures regarding market share. The expansion and further development of the statistical database with a comparable European orientation thus appears to be a central task for the future. In this context it should be stressed that the results presented here are based on the assessments of the experts involved, in addition to EU-wide statistics. Even if these are based on statistical data, they nevertheless reflect a subjective research perspective which cannot be reduced, even by applying multiple feedback procedures to ensure the comparability of results. However, the incorporation of the Housing Focal Points also opened up the

possibility of supplementing and validating certain information.

The project design focusses on the description of housing policies at the national level, since a more extensive analysis of activities at the regional and local level in 27 EU member states and the UK was not feasible within the given project framework. Although the project report sought to reveal strong national variation if possible, it was not possible to describe all activities at the regional and local levels. However, many member states are characterised by strong internal heterogeneity, which is reflected in the contrasts between urban areas and other parts of the country, but also between touristic and non-tourist regions. These contrasts are accompanied by specific housing market structures and specific housing-supply problems, which in turn – depending on the governance structure and housing policy activities at a higher level – give rise to local promotional activities. Against this background, there is a need for further research on national disparities in a European context.

Owing to the breadth of the research project and the large number of cases, the description of housing policies requires a high degree of abstraction, and for example

regulatory details, which can be decisive for the effectiveness of housing policy instruments, cannot be presented in a broad comparative manner. In the course of the survey, it became clear that hybrid forms of control are emerging (possibly increasingly so), in which different control objectives and approaches are coupled.

Finally, it should be pointed out once again that housing policy was deliberately given a narrow definition, which was necessary for pragmatic research reasons. The functionality of housing policy can only be adequately described and understood from an (urban) planning or social policy perspective if the interaction with neighbouring policy fields is taken into account. This is especially true for two adjacent fields of policy – urban and regional planning as well as energy policy. While housing policy in a narrow sense inherently focusses on problems such as affordability – which usually arise when shortages in supply and rising demand occur – housing systems are also affected by problems of oversupply, vacancies and shrinking population figures. Similarly, policies aimed at energy efficiency in the building stock are also securing and improving living conditions such as by reducing energy poverty and health risks.

### 9.3 Further conclusions

Housing policy is an integral part of social policy and the welfare state more generally. However, comparative perspectives are still rare, which also means that we lack knowledge about the role housing plays in different societies and within different types of welfare regime. The present project attempted to assess and to reflect on national housing policies from a comparative perspective in order to cast light on possible transnational cooperation. Along these lines, identifying specific national approaches to housing is just as important as delineating commonalities among countries and groups of countries. This endeavour goes beyond assessing individual sectors of housing such as the social sector or (parts of) housing markets, for which an increasing number of comparative analyses have emerged in recent decades (Power 1993; Lugger/Amann 2006; Sánchez/Johansson 2011; Cuerpo/Kalantaryan/Pontuch 2014, BBSR 2016). The present study shows how different market conditions interact with national housing policies in different contexts to produce systematic groups of housing policy regimes.

Our results show that housing systems cannot be neatly organised into existing welfare state typologies, i. e. liberal, conservative, and social-democratic types (Esping-Andersen 1990, 1999; Castles 1993, 1998; see also Schwartz/Seabrooke 2008; Stamsø 2010; Ansell 2014; Delfani/Deken/Dewilde 2014; Ansell 2014; André/Dewilde 2016). Rather, apparently similar housing system outcomes can be attributed to different welfare systems. This is especially true for more diversified housing systems. Thus, a connection between welfare systems and housing is better based on secondary features of the housing systems, such as social scope of tenure and the role of housing assets in household wealth and private welfare. Similarly, guiding principles of national housing policy in the EU are not closely compatible with

established groups of various welfare state categories. Rather, they must be understood in connection with different types of welfare production (familial vs state types), different emphases and understandings of self-sufficiency, and the different pension systems.

Overall, the impact of the EU on housing policy and systems in the member states is rather mixed in terms of indirect effects. While the impact is still low from an overall perspective, there are specific areas such as energy efficiency and state aid where EU regulations and funds can have a substantial impact in some member states. This suggests that there is a need for continued debate on the promises and pitfalls of EU involvement in national housing matters (see also Kleinman 2002; Priemus 2006; Doling 2012).





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# Annex

# Main questionnaire

## A. Actors and guiding principles of housing policy

### A1 Actors and responsibilities

**Actor** refers generally to any individual, group, organisation, or institution involved in the development and/or implementation of a country's housing policy. This comprises both state and non-state actors.

#### 1 Levels of government

**Which level(s) of government is (are) involved in housing policy in COUNTRY X?**

##### National level (NUTS 0)

*Please name the national government bodies (e. g. ministries/departments/agencies/other) which are typically in charge of housing policy.*

...

*Please describe briefly their responsibilities in housing policy.*

...

##### Regional level (NUTS 1 and/or NUTS 2)

*E. g. a state or provincial government. Please indicate the designation of the regional level and whether it belongs to the NUTS 1 or NUTS 2 classification.*

...

*For each regional level identified above, please name the regional government bodies (e. g. ministries/departments/agencies/other) which are typically in charge of housing policy.*

...

*Please describe briefly their responsibilities in housing policy.*

...

##### Local level (NUTS 3 and/or LAU 1 and/or LAU 2)

*E. g. a municipality. Please indicate the designation of the local level and whether it belongs to the NUTS 3, LAU1, or LAU 2 classification.*

...

*For each local level identified above, please name the local government bodies (e. g. departments/agencies/other) which are typically in charge of housing policy.*

...

*Please describe briefly their responsibilities in housing policy.*

...

##### Other

*Please indicate the designation of the administrative level.*

...

*For each level identified above, please name the government bodies (e. g. departments/agencies/other) which are typically in charge of housing policy.*

...

*Please describe briefly their responsibilities in housing policy.*

...

## 2 Shifts in responsibility

### 2.1 Have there been **horizontal** shifts in responsibility regarding housing policy between government bodies at the national level (ministries/departments/agencies/other) over the past ten years?

*E. g. between different ministries or between ministries and agencies. If so, please describe these horizontal shifts. Please differentiate between responsibilities concerning “policy formulation”, “funding” and “implementation”.*

...

### 2.2 Have there been **vertical** shifts in responsibility regarding housing policy between levels of government (national, regional, local, other) over the past ten years?

*E. g. between national and regional governments. If so, please describe these vertical shifts. Please differentiate between responsibilities concerning “policy formulation”, “funding” and “implementation”.*

...

## 3 Non-state actors

### 3.1 Which groups/types of non-state actor(s) do you consider important in housing policy in COUNTRY X?

*E. g. associations, organised public and private interests, other forms of collective actors. Please describe why these non-state actors are important in the political process of:*

**Agenda Setting, i. e. the process of placing housing policy issues on the political agenda**

...

**Policy formulation, i. e. the process of designing and adopting housing policies**

...

**Implementation, i. e. the process of putting housing policies into practice**

...

### 3.2 What role do non-state actors from other EU member states and/or other countries play on the housing market in COUNTRY X?

*Please describe and give examples, if applicable.*

...

## 4 Influence of the European Union

### What impact does the European Union have on housing policy in COUNTRY X?

*Please describe the EU's influence on housing policy and related problems in relation to the following domains (if applicable):*

...

**EU funding (e. g. European Structural and Investment Funds):**

...

**EU regulation and standards in the housing sector concerning energy savings and competition / state aid:**

...

**Other methods of influence/cooperation (e. g. Open Method of Coordination):**

...

**Other:**

...

## A2 Guiding principles and reform trends in housing policy

**Guiding principles** refer to the fundamental orientation/conception and functions of a country's housing policy. In other words, guiding principles describe the main (societal and economic) goals of housing policy in a country and how they should be achieved. Guiding principles of housing policy are usually found (either explicitly or implicitly) in official policy documents, laws, regulations, government declarations, etc. For further guidance, please consult the example of the German questionnaire attached.

### 1.1 In general, what are currently the guiding principles of housing policy in COUNTRY X?

...

**1.2 Which actor(s) is (are) most important for developing the guiding principles?**

...

**1.3 Have there been changes concerning the guiding principle(s) over the past ten years?**

*Please describe major changes in chronological order, if applicable.*

...

**1.4 Please name any major housing policy reforms planned within the next 2-3 years that can be expected to cause changes to the current guiding principles.**

*Please describe if applicable.*

...

## **B. The national system of housing provision**

### **B1 The Housing Stock**

**1.1 The housing stock in the EU member states is typically classified by construction period and building type. From your point of view, does the following figure provide a valid description of the housing stock in COUNTRY X? Please add further information to deliver a more meaningful portrayal of the national housing stock.**

*Besides age distribution and building type (one- or two-family house, multi-family house) presented in the figure, please also consider further relevant criteria with regard to housing provision such as characteristics of the regional distribution or variation of quality standards.*

...

**1.2 Do certain residential building types show specific technical or functional shortcomings that require major refurbishment or retrofit investments in the existing housing stock?**

*Please describe if applicable.*

...

**1.3 Have certain residential building types that require refurbishment or retrofit investments been subject to political intervention to improve their functionality over the past ten years?**

*Please describe the kind of intervention if applicable.*

...

**1.4 What impact do EU regulations have on new construction and major refurbishment or retrofit investments in the existing housing stock?**

...

**1.5 What impact does EU funding have on new construction and major refurbishment or retrofit investments in the existing housing stock?**

...

### **B2 Housing Tenures**

The following groups of questions have been organised along four key categories of housing tenures: **owner-occupation, rental housing, hybrid/mixed tenures as well as homelessness, informal, and temporary housing**. For country-specific types of tenure, please choose the key category that seems most suitable. For example co-operative housing tenures should be assigned to rental tenures when the individual right to use has predominantly rental tenure characteristics. If property rights have ownership-like characteristics (e. g. usufructs or the possibility to be traded in markets), then ownership is the correct section for answering. Otherwise, please choose "hybrid/mixed" tenure.

**Social Housing:** Due to the large variety of subsidy and eligibility schemes in EU member states, housing services provided for specific social groups with accessibility and/or affordability problems that are generally labelled as "social housing" will not be treated as an individual category in this questionnaire. From a common understanding, social housing is mostly rental housing (with concrete forms and regulations varying between EU member states), so that these forms of housing shall be described in the context of the tenure category "rental housing". For subsidized home ownership, please use the owner-occupation section.

#### **1 Owner-occupation**

**1.1 Which forms of owner-occupied housing or predominantly owner-like rights do exist in COUNTRY X? Please name and describe briefly the key regulatory framework of the most common forms of owner-occupation.**

*"Owner-occupation" may refer to full ownership, co-ownership, life estate/usufruct, co-operative ownership with individual owner-like property rights and any other forms of ownership rights, including non-formalised but commonly used forms.*

**Regarding the key regulatory framework**, please consider the regulation of rights to use (including letting rights), the regulation of rights to buy and sell (including access restrictions) or and the regulation of rights to build and transform.

**a) Real Property**

*Owner occupation together with an individual ownership of real property.*

Please answer here . . .

**b) Shared ownership**

*Owner occupation of a condominium within an apartment building.*

Please answer here . . .

**c) Rights of occupancy**

*E. g. usufruct / life estate rights*

Please answer here . . .

**d) Co-operative ownership**

*Co-operative ownership of housing with individual owner-like property rights.*

Please answer here . . .

**e) Other**

*Please name and describe*

Please answer here . . .

**1.2 What is the (estimated) share of households (of all households in COUNTRY X) living in each of the different forms of owner-occupied housing you listed in 1.1 in COUNTRY X?**

. . .

**1.3 Which social groups are typically associated with one or several of the different forms of owner-occupied housing you listed in 1.1?**

*Please describe, if applicable.*

. . .

**1.4 Considering the general housing policy agenda in COUNTRY X, how much attention do the individual owner-occupation tenures you described in 1.1 receive?**

. . .

**1.5 Please describe briefly the development of owner-occupied housing tenures in COUNTRY X. Did the market share of specific forms of owner-occupied tenures change over the last ten years? If so, what are the reasons for these changes?**

. . .

## **2 Rental Housing**

**2.1 Which forms of rental housing or predominantly rental-like rights do exist in COUNTRY X? Please name and describe briefly the key regulatory framework of the most common forms of rental housing.**

*“Rental Housing” may refer to rental housing at market prices, (social) rental housing with privileged access (e. g. housing provision for minority groups with given eligibility criteria) and/or at subsidized prices, co-operative rental housing with individual tenant-like rights, residential establishments e. g. student halls of residence or elderly homes, and any other forms of letting practices, including non-formalised but commonly used forms*

**Regarding the key regulatory framework**, please consider the regulation of rights to access, the regulation of termination and eviction and the regulation of rent setting and increase.

**a) Market rate rental housing**

*Market rate rental housing is commonly also understood as “private” rental housing, especially in countries where private landlordism and state/government or community housing services represent dichotomous concepts of regulation, i. e. market versus “social” housing. Since there are member states, in which private individuals may also own subsidized housing to let, market rate has been chosen as the more general definition.*

Please answer here . . .

**b) Below market rate/subsidized rental housing**

*E. g. in the context of social housing provision*

Please answer here . . .



c)	<b>Rental housing with privileged access</b> <i>E. g. in the context of housing provision for minority groups with given eligibility criteria</i> Please answer here . . .
d)	<b>Residential establishments</b> <i>Residential facilities for groups, typically with common spaces (e. g. kitchen, bathroom, dining) and additional services (e. g. caretaking, cleaning) and restricted access, e. g. student halls of residence or elderly homes.</i> Please answer here . . .
e)	<b>Co-operative rental housing</b> <i>Co-operative housing with individual tenant rights.</i> Please answer here . . .
	<b>Other</b> <i>Please name and describe</i> Please answer here . . .
<b>2.2</b>	<b>What is the (estimated) share of households (of all households in COUNTRY X) living in each of the different forms of rental housing you listed in 2.1 in COUNTRY X?</b> Please answer here . . .
<b>2.3</b>	<b>Which social groups are typically associated with one or several of the different forms of rental housing you listed in 2.1?</b> <i>Please describe, if applicable. . . .</i>
<b>2.4</b>	<b>Which types of actors supply rental housing services in COUNTRY X? What is the (estimated) rental market share of each type of housing service provider in COUNTRY X?</b> <i>Please consider private sector housing companies, private sector companies with other scope of businesses holding residential property as financial or non-financial assets, government/state owned or controlled housing companies, housing services provided by public bodies (e. g. central or local government), housing co-operatives, non-profit oriented non-governmental organisation, private individual landlords and other. If there is more than one rental tenure, please give estimates for each form of rental tenure.</i> . . .
<b>2.5</b>	<b>Considering the general housing policy agenda in COUNTRY X, how much attention do the individual forms of rental tenures you described in 2.1 receive?</b> . . .
<b>2.6</b>	<b>Please describe briefly the development of rental housing tenures in COUNTRY X. Did the market share of specific forms of rental tenures change over the last ten years? What are the reasons for these changes?</b> . . .
<b>3</b>	<b>Hybrid/mixed tenures</b>
	<i>This tenure category refers to forms of housing which do not easily fit in the other tenure categories (owner-occupation, rental housing, homelessness/informal/temporary housing). Therefore, it is possible that no additional forms need to be described in this category.</i>
<b>3.1</b>	<b>Which forms of housing tenures with both ownership and rental-like rights do exist in COUNTRY X? Please name and describe briefly the key regulatory framework of the most common forms of these tenures.</b> <i>“Hybrid/mixed tenures” may especially refer to various forms of co-operative or collaborative housing, typically including ownership-like and tenant-like rights to use.</i> <b>Regarding the key regulatory framework, please</b> <i>consider the regulation of rights to use (including the rights to access, the regulation of termination and eviction and the regulation of rent setting and increase), the regulation of rights to buy and sell (including access restrictions) and the regulation of rights to build and transform.</i> . . .
<b>3.2</b>	<b>What is the (estimated) share of households (of all households in COUNTRY X) living in each of the different forms of hybrid tenures you listed in 3.1. in COUNTRY X?</b> . . .
<b>3.3</b>	<b>Which social groups are typically associated with one or several of the different forms of hybrid tenures you listed in 3.1?</b> <i>Please describe, if applicable.</i> . . .

**3.4 Considering the general housing policy agenda in COUNTRY X, how much attention do the individual forms of hybrid/mixed tenures you described in 3.1 receive?**  
...

**3.5 Please describe briefly the development of hybrid tenures in COUNTRY X. Did the market share of specific forms of hybrid/mixed tenures change over the last ten years? What are the reasons for these changes?**  
...

## **4 Homelessness, informal, and temporary housing**

**4.1 Which forms of homelessness, informal and temporary housing do exist in COUNTRY X? Please name and describe briefly the key characteristics of the most common forms.**

### **a) Homelessness**

*Homelessness may especially refer to*

- *rooflessness (without a shelter of any kind, sleeping rough)*
- *houselessness (with a place to sleep but temporary in institutions or shelter)*
- *living in insecure housing conditions(threatened with severe exclusion due to insecure or unregulated tenancies, eviction, domestic violence)*
- *living in inadequate housing (in caravans on illegal campsites, in unfit housing, in extreme overcrowding). (ETHOS – Classification)*
- *squatting (occupation of land or pre-existent housing for residential purposes without appropriate rights to use)*

Please answer here . . .

*Informal and temporary housing may refer to workplace housing facilities (e. g. dormitory), non-residential facilities (e. g. hotels, hostels used for non-touristic temporary housing), refugee camp, homeless shelter or informal settlements.*

### **b) Workplace housing facilities**

*E. g. dormitory*

Please answer here . . .

### **c) Non-residential facilities**

*E. g. hotels, hostels used for non-touristic temporary housing*

Please answer here . . .

### **d) Refugee camp**

Please answer here . . .

### **e) Informal settlement**

*Informal settlements are areas where groups of housing units have been constructed on land that the occupants have no legal claim to, or occupy illegally, or unplanned settlements and areas where housing is not in compliance with current planning and building regulations (unauthorized housing).*

Please answer here . . .

### **f) Other**

*Please name and describe*

Please answer here . . .

**4.2 What is the (estimated) share of households (of all households in COUNTRY X) facing each of the individual forms of homelessness, informal, or temporary housing you listed in 4.1 in COUNTRY X?**  
...

**4.3 Which social groups are typically associated with each form of homelessness, informal or temporary housing you listed in 4.1?**

Please describe, if applicable.

...

**4.4 Considering the general housing policy agenda in COUNTRY X, how much attention do the individual forms of homelessness, informal, or temporary housing you listed in 4.1 receive?**  
...

**4.5 Please describe briefly the development of homelessness, informal, or temporary housing in COUNTRY X. Did the share of specific forms of homelessness, informal, or temporary housing change over the last ten years? What are the reasons for these changes?**

...

## **C Housing provision problems and policies**

### **C 1 Housing provision problems**

#### **1 General issues affecting housing**

*Please describe whether and how the following issues are related to housing in COUNTRY X:*

**Migration from abroad**

...

**Within-country migration**

...

**Demographic changes (e. g. birth rates and ageing, household patterns etc.)**

...

**Energy and climate related issues (e. g. climate protection and adaptation, energy efficient construction etc.)**

...

**Other**

...

#### **2 Housing provision problems**

*For each type of problem (accessibility, affordability, availability), please consider how it becomes manifest in each of the different forms of housing tenures listed in B2 earlier (owner-occupation housing, rental housing, hybrid/mixed tenures, homelessness/informal/temporary housing)*

##### **2.1 Are there major problems of accessibility in COUNTRY X?**

*Some individuals and families may not have regular access to housing for non-financial reasons such as ethnicity, creed, gender, health, etc..*

*Please describe problems and characteristics of the concerned (groups of) individuals.*

**Owner-occupation**

...

**Rental housing**

...

**Hybrid/mixed tenures**

...

**Homelessness, informal and temporary housing**

...

##### **2.2 Are there major problems of affordability in COUNTRY X?**

*Affordability usually means the ratio between housing costs and household income. Problems usually arise when there is an imbalance between housing costs and disposable household income, meaning that individuals and families cannot get access to necessary credits, cannot afford mortgages, down payments or rents.*

*Please describe problems and characteristics of the concerned (groups of) individuals.*

**Owner-occupation**

...

**Rental housing**

...

Hybrid/mixed tenures

...

Homelessness, informal and temporary housing

...

### 2.3 Are there major problems of availability in COUNTRY X?

*Some housing types (e. g. disability-friendly dwellings) may not be (physically) available in sufficient quantities at local, regional or national level. Likewise, there may be an excess of some housing types at local, regional or national level.*

*Please describe problems of supply shortage/ surplus (vacancies) and characteristics of the concerned (groups of) individuals.*

Owner-occupation

...

Rental housing

...

Hybrid/mixed tenures

...

Homelessness, informal and temporary housing

...

### 2.4 Are there major problems of stability/security in COUNTRY X?

*Housing stability is usually considered as the opposite of homelessness and relates to the extent to which an individual's customary access to housing of reasonable quality is secure. Instability may become apparent in unwarranted rent increases, evictions, etc..*

*Please describe problems of housing stability/security and characteristics of the concerned (groups of) individuals.*

Owner-occupation

...

Rental housing

...

Hybrid/mixed tenures

...

Homelessness, informal and temporary housing

...

### 2.5 Are there other problems of housing provision in COUNTRY X?

*Please describe problems and characteristics of concerned (groups of) individuals.*

Owner-occupation

...

Rental housing

...

Hybrid/mixed tenures

...

Homelessness, informal and temporary housing

...

## C2 Housing Policy Instruments

### 1 Policy instruments

#### Which housing policy instruments exist in COUNTRY X?

*Policy instrument refers to political intervention through types like supply side or demand side subsidies, taxation, and regulation.*

*Please list the names of all relevant instruments below. If instruments belong to the same type of instrument (e. g. supply-side subsidy) and are largely similar, you may describe them as one instrument.*

- 1 . . .
- 2 . . .
- 3 . . .
- 4 . . .
- 5 . . .
- 6 . . .
- 7 . . .
- 8 . . .
- 9 . . .
- 10 . . .

Please use the attached separate instrument questionnaire to describe all individual instruments (listed above) in detail and save an instrument questionnaire for each instrument separately.

### 2 Policy instruments reform

*In the following, please consider all of the instruments described above.*

#### 2.1 Regarding their steering goals, approaches and problems, how do these instruments interact?

...

#### 2.2 Please name the most important instrument reform(s) over the past ten years.

*Please describe if applicable.*

...

#### 2.3 Are there currently any major reform activities regarding policy instruments?

*Please describe if applicable.*

...

# Instrument-related questionnaire

## Instrument-related questionnaire

Please provide a separate sheet for each housing policy instrument from your list using this template. By answering the following questions please consider the main questionnaire regarding the guiding terms and differentiations.

### 1.1 Instrument No.

*Please give the name of the instrument according to your list in the main questionnaire.*

...

### 1.2 Which type of tenure does the instrument address?

*The definition of tenures is the same as in the main questionnaire. Please check the main questionnaire, if necessary, for your answer here. Multiple answers possible.*

Owner-occupied housing

Rental housing

Hybrid/mixed tenures

Homelessness, informal and temporary housing

### 1.3 What are the main goals of the instrument? If possible, please classify.

*The definitions of problems are the same as in the main questionnaire. Please check the main questionnaire, if necessary, for your answer here.*

Improve accessibility

...

Improve affordability

...

Improve availability

...

Improve stability / security

...

Other

...

### 1.4 Which target groups (e. g. specific social groups) are specifically addressed by the instrument?

*Please specify how target groups are identified (e. g. based on the intensity of accessibility problems, minority status etc.). If necessary, please differentiate between directly and indirectly addressed target groups of the instrument.*

...

### 1.5 Which type of instrument does the instrument belong to? If possible, please classify.

Supply side subsidy

*E. g. grants*

Demand-side subsidy

*E. g. housing allowance, mortgage subsidy or relief*

Taxation

*E. g. tax breaks, deduction rules*

Regulation (including regulation under private law)

*E. g. legal prohibitions; regulation of property rights, or pricing*

<p><b>Information</b></p> <p><i>E. g. instruments improving market transparency</i></p>
<p><b>Other</b></p> <p><i>Please describe</i></p> <p>...</p>
<p><b>1.6 Following up on the previous question, please describe in more detail how the instrument works.</b></p> <p><i>E. g. principle of subsidy calculation, tax tariff etc.</i></p> <p>...</p>
<p><b>1.7 What are the eligibility criteria of the instrument?</b></p> <p><i>Please describe (if applicable), household specific eligibility criteria (e. g. income, age, size, and family status), tenure and property related eligibility criteria (e. g. type of tenure, type of building), and other eligibility criteria.</i></p> <p>...</p>
<p><b>1.8 Which level(s) of government is/are involved in the formulation, funding and implementation of the instrument?</b></p> <p><i>Please refer to the different levels of government as indicated in the main questionnaire.</i></p>
<p><b>Policy formulation</b></p> <p>...</p>
<p><b>Funding</b></p> <p>...</p>
<p><b>Implementation</b></p> <p>...</p>
<p><b>1.9 How important is the instrument for housing provision?</b></p> <p><i>If possible, please give an estimation of the number/share of households affected by this instrument or specify the amount of public spending (e. g. as share of GDP) for this instrument.</i></p> <p>...</p>
<p><b>1.10 Has the instrument contributed to achieving the goal(s) described in 1.3? Please explain.</b></p> <p><i>Please describe if applicable.</i></p> <p>...</p>
<p><b>1.11 Has the instrument been changed (or introduced) over the past ten years?</b></p> <p><i>Please describe if applicable.</i></p> <p>...</p>

# Interview Guideline for in-depth topic Financial Crisis

## Interview Guideline

### Strategies for dealing with the impact of the “great” financial crisis (GFC)

#### **Please describe how housing markets developed before, during and after the GFC in COUNTRY X.**

- *How did house prices and rents develop (e. g. in different tenures or regional segments)?*
- *How did new construction and modernisation activities change?*
- *How did migration flows, foreign and domestic housing demand change?*

#### **Please describe how the GFC affected financing conditions in COUNTRY X.**

- *What are typical patterns of housing financing (e. g. mortgage-covered, generation transfer)?*
- *What impacts on private and commercial buy-to-let housing financing conditions can be observed (equity requirements, credit rates, financing cultures, e. g. fixed vs. variable rates, maturity, foreign currency lending)?*

#### **Please describe how the GFC affected housing wealth creation in COUNTRY X.**

- *What are typical functions of housing wealth creation (e. g. old-age security, asset formation)?*
- *Did the functions of housing wealth creation change?*

#### **Please describe how the GFC affected building activities and housing supply in COUNTRY X.**

- *What impacts on availability of housing in terms of new construction and modernisation can be observed?*
- *How do these impacts affect housing provision in general? How do they affect accessibility, availability and stability issues in each tenure?*
- *Which segments of the housing system are specifically affected (e. g. regional segments or dwelling types)?*
- *Which social groups are affected?*

#### **Please describe how the GFC affected the balance of owner-occupation and rental tenure in COUNTRY X.**

- *Overall, what impact did the GFC have on the balance or hierarchy between owner-occupation and rental tenures?*
- *Overall, what impact did the GFC have on the mobility within and between tenures?*

#### **Please describe how COUNTRY X reacted to the GFC in terms of housing policy strategy and measures.**

- *Referring to the GFC's effects discussed above, how are they reflected in housing policy discussions?*
- *Which political strategy has been chosen? Were/are there strategies intended to strengthen the existing housing provision system or change it?*
- *Which types of instruments were adopted and implemented? Have they been abolished again in the meantime?*
- *What kinds of problems arise with regard to the adopted instruments? What kind of improvements can be observed? Are there any empirical findings on the effectiveness of these instruments?*
- *What impact did European support programs have?*



# Interview Guideline for in-depth topic Tenure dynamics

## Interview Guideline

### Competitive conditions and developments between tenures

**Please describe how the tenures 'owner-occupation' and 'rent' developed in COUNTRY X over the last ten years.**

- *Is the demand for certain tenures changing?*
- *Is the affordability or stability of tenures changing and does this affect the balance between tenures?*
- *Which social groups are affected?*
- *Which segments are affected (e. g. regional segments or dwelling types)?*
- *Do these observations follow long-run trends or are they merely short-run phenomena?*

**Please describe the causes and driving factors for these developments in COUNTRY X.**

- *If market shares of specific tenures are subject to changes over the last ten years, which driving factors can be identified? In case no major changes can be observed, what are the causes of this stability?*
- *What is the role of demand side or supply side factors?*
- *Which role does financing play? What role did the financial crisis play?*
- *Please describe the consequences of these developments in COUNTRY X*
- *How do these developments affect house prices and rents?*
- *How do these developments affect housing provision in general? How do they affect accessibility, availability and stability issues in each tenure?*

**Please describe the influence of housing policy on the competitive conditions between tenures in COUNTRY X.**

- *Referring to the tenure developments discussed above, how are they reflected in housing policy discussions?*
- *Which quantitative and qualitative conditions (shares, social functions) of owner-occupation and rental tenures are desired by the housing policy agenda?*
- *In which way does housing policy influence competitive conditions between tenures? Is there a strategy to influence the balance between tenures, e.g. by fostering specific tenures?*
- *Which type of instruments are used for this purpose?*

**Please describe how housing policy affects the competitive conditions between tenures in COUNTRY X.**

- *What kinds of problems do arise?*
- *What kind of improvements can be observed?*
- *Are there any empirical findings on the effectiveness of specific instruments?*

# Interview Guideline for in-depth topic EU impact

## Interview Guidelines

### EU activities related to the housing market

**Please describe whether and how EU regulations and directives have an impact on housing markets and/or housing policy in COUNTRY X.**

- Which EU regulations and directives have an impact on housing (e. g. state aid regulation, Energy Performance of Buildings Directive, anti-discrimination...)?
- Which regulations and directives have the greatest impact and why (e. g. because of misfit with national regulations and conditions)?
- How are EU regulations and directives implemented in practice? Are there any problems with implementing EU regulations and directives?
- Which segments of housing are exactly affected? (market segments, housing stocks, tenures, social groups, creation/maintenance/refurbishment)
- Which housing issues are linked to EU regulations and directives? (e. g. cost development, affordability, availability, accessibility ...?)
- How are EU regulations and directives generally perceived?
- Do EU regulations and directives have an impact on national housing strategies and measures?

**Please describe whether and how funding schemes provided by the EU have an impact on housing markets and/or housing policy in COUNTRY X.**

- Which sources of EU funding have an impact on housing? Consider e. g.
  - European Structural and Investment Funds (ERDF, ESF, CF, EAFR) or
  - regionally/nationally focused programs (e. g. on sustainability, environment etc.),
  - urban development funds, European Investment Bank, others.
- Which funding schemes have the greatest impact and why?
- Which segments of housing are exactly affected? (market segments, tenures, social groups, housing stocks, creation/maintenance/refurbishment)
- How are EU funds implemented in practice? Are there any problems with implementing EU funds?
- How are EU funding schemes generally perceived? How can the funding schemes be improved?



