

Opinion of the European Committee of the Regions — Towards a European Agenda for Housing

(2018/C 164/10)

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THE EUROPEAN COMMITTEE OF THE REGIONS

1. points out that the Union recognises and respects the right to social assistance and to housing support so as to ensure a decent existence for all those who lack sufficient resources, a right that is set out in Article 34 of the Charter of Fundamental Rights of the European Union, and that the right to housing is also an international obligation on the part of the Member States towards the Council of Europe and the United Nations. Thus, national, regional and local authorities responsible for housing policy must ensure that the right to decent and affordable housing is upheld;
2. emphasises that the EU has no explicit competence in the area of housing policy and that interaction between the housing policies pursued at local, regional, national and European levels must comply with the subsidiarity principle. Notes at the same time that the implementation of many EU objectives (economic stability, tackling climate change and social inclusion, etc.) and many EU policies (regional policy, Urban Agenda, competition, energy, social policy, etc.) affects housing policies at different levels and depends on them. Therefore, better coordination of policies in this area is needed;
3. welcomes the fact that the European Pillar of Social Rights, proclaimed by the European Parliament, the Council and the Commission at the social summit for fair jobs and growth in Gothenburg on 17 November 2017, includes the right to access to social housing, the right to good quality housing assistance, and the right to assistance and protection for those at risk of eviction;
4. in this respect, points to the key role of regional authorities and cities across Europe in putting the Member States' housing policies into practice, given the growing disparity of needs on local housing markets, in terms of both internal migration within Member States to areas that are experiencing housing pressure from areas not under such pressure and of recent external migration towards pressure areas;
5. restates the importance of a robust partnership with various kinds of organisations in the non-profit sector, housing associations and cooperatives, tenants and neighbourhood organisations that directly provide housing and/or ease access to housing assistance, but also with reliable private investors that provide affordable housing;
6. draws attention to the diversity of housing traditions and systems in the Member States, and to the importance of a neutral approach regarding types of occupancy when implementing existing policies;
7. points out that local and regional authorities play a key role in implementing a sustainable housing policy and that they make a significant contribution to enabling the EU's policy objectives to be implemented in practice;
8. points to the structural nature of the housing crisis affecting urban areas in Europe, and to the need for local and regional authorities to promote the supply of affordable housing that market forces alone cannot provide given the mismatch in many EU Member States and regions between the availability of affordable land, particularly in urban areas, and the level of housing demand. More specifically, this mismatch arises due to the scale of internal and external migration flows and from increased demand for housing adapted to demographic trends linked to ageing in the majority of the Member States;
9. points out that demand for housing in the EU, and even in individual countries and regions, is not uniform, meaning that a flexible approach to promoting construction is needed;

10. highlights the increasing impact of EU policies and rules on the conditions under which Member State and regional and local authority housing policies are put into practice. This concerns the relevant State aid arrangements, the VAT system, the definition of social housing as a service of general economic interest, the rules governing public procurement and public-public cooperation, and country-specific recommendations under the European Semester, with regard in particular to rent controls and housing benefits;

11. welcomes the fact that long-term housing investment is gradually being reflected in EU policies, in particular with it being made eligible for ERDF support regarding renovation for energy efficiency, access to housing for marginalised communities and urban regeneration, and its inclusion in the Juncker Plan in view of its multiplier effect on local employment and of the increasing contribution of EIB funding, especially where long-term investment in social and mid-range housing is concerned;

12. welcomes the decision of the Pact of Amsterdam to draw up an Urban Agenda for the EU and to create a Partnership for Housing as part of the Agenda focusing on developing more consistent European rules for housing and on compiling examples of best practice by European cities in promoting provision of affordable housing and the relevant funding;

13. following on from the EU Urban Agenda's Partnership for Housing, calls for the implementation of a European Agenda for Housing that can: ensure better coordination between EU policies and the policies of the Member States, their regions and local authorities; achieve better coordination of EU policies and intervention mechanisms to support these housing policies; and compare how European cities provide affordable housing;

The need for better coordination between EU policies and Member State housing policies

14. points to the need for a Union that is more effective in its policies and measures and, above all, more clearly visible to ordinary people in their daily lives;

15. highlights the direct link between housing costs and the ability of individuals and families to invest in private consumption and spend on education, health and retirement, all of which are factors for economic and social well-being;

16. stresses the importance of informing the public about — and involving them in — the housing sector and welcomes national, regional and local representatives' participation in broad-based public awareness-raising, such as World Habitat Day, World Architecture Day and other initiatives;

17. points out that it is necessary to solve the problem of insufficient housing in large urban areas, industrial areas and areas with advanced business services, while simultaneously providing access to infrastructure that ensures well-being, particularly for people who have reached retirement age or who are, for various reasons (including illness, disability, etc.), unable to work. It is important to analyse the opportunities offered by migration — relieving pressure on large cities and bringing people into areas affected by depopulation — on the basis of data on available housing and the cost of living in the various regions of the EU;

18. points out that the strain on the financial systems of several Member States caused by non-repayment of mortgages and the loss of value of housing have played a central role in the recent crisis experienced in Europe, and calls for the goals of the future European Agenda for Housing to include striking a balance between access to the funding necessary to purchase housing and the solvency of financial institutions;

19. also considers that affordable housing is one of the pre-requisites for social cohesion and a diverse, balanced society, and helps to build communities that are resistant to social, economic and geographic segregation; notes that access to state-supported housing can also be a barrier to taking employment, if taking employment would lead to a loss of entitlement to remain in state-supporting housing;

20. welcomes the Commission's initiative to link the European Pillar of Social Rights to the European Semester, which in the area of housing policy will according to the Commission translate into a closer monitoring of the reform of social housing, the accessibility and affordability of housing, as well as the effectiveness of housing allowances. Expects thereby an amendment of certain flawed assumptions on housing in the European Semester insofar as: i) the EU competence of some country analyses and country-specific recommendations in the field of housing was debatable in terms of subsidiarity (for example questioning of rent controls, etc.) and ii) recommendations on housing were made only from the perspective of possible macroeconomic imbalances based on national figures and proposed therefore one-size-fits-all policies that did not take into account local and regional peculiarities;

21. calls for the future European Agenda for Housing to also pay attention to the needs and demands of rural areas with respect to housing;

22. calls therefore for a proper democratic involvement of the European Parliament and consultations with the CoR representing European local and regional authorities as well as with the social partners prior to adopting European Semester country-specific recommendations in the area of housing policy and for particular attention given to the respect of the subsidiarity principle in this field;

23. stresses that public investment in housing needs more flexibility in budget and financial rules in order to trigger private investment, stimulate job creation and growth at local level and thereby bring long-term benefits to society as a whole; requests therefore further leeway for investments in social infrastructure at local and regional levels within the Stability and Growth Pact;

24. given the results of recent research suggesting that there are significant regional differences in house price developments, suggests that the macroeconomic imbalances scoreboard uses regional and not just national data on year-on-year changes in house prices as trigger point that would warrant close monitoring. Also asks the Commission to enquire whether it could be possible to encourage a differentiated macro-prudential policy at the regional level with different loan-to-value (LTV) or debt-to-income (DTI) limits for mortgages, in particular in metropolitan areas and in the rest of the country;

25. sees public investment in housing as a long-term investment that should be recognised under the regulatory framework and rules of ESA 2010. Moreover, thought should be given to introducing conditions that facilitate non-volatile, non-speculative investment channelled to private-sector investors (e.g. insurance companies) which have similar long-term interests;

26. emphasises that achieving the Paris targets on tackling climate change represents a particular challenge for the housing sector but also offers huge potential for energy savings, insofar as the residential sector generates 40 % of greenhouse gas emissions. This is a sector in which 75 % of European buildings are energy inefficient, and only 0,4 to 1,2 % of building stock is renovated each year;

27. with regard to renovation and energy efficiency of buildings, highlights that the policies to be implemented must be accompanied by an evaluation that includes safety as well as energy efficiency. The — in particular financial — measures to be put in place should therefore focus on promoting seismic upgrading operations, which is the preventative and forward-looking choice in terms of safety, energy efficiency, savings for citizens and reducing polluting emissions;

28. urges that the Member States be able to continue applying a reduced VAT rate to housing supply under the social policy umbrella and to housing renovation work and building refurbishment in the context of urban regeneration and renovation activities, as part of the ongoing revision of the VAT Directive;

29. welcomes the fact that the Commission's report on the EU Urban Agenda ⁽¹⁾ echoes its call ⁽²⁾ for a review of Decision 2012/21/EU with the aim of broadening access to social housing beyond 'disadvantaged citizens or socially less advantaged groups'. Such an extension would be in line with giving the Member States more discretion in planning, delivering, financing and organising the construction of social housing and would confirm their autonomy to decide how to use housing policy as a tool to create social mix, avoid ghettoisation and create sustainable communities. This would allow the right to adequate and affordable accommodation to be given more priority, because the inability of the housing market to meet accommodation needs in certain regions affects not just people who have no access to housing at all, but also the occupants of housing that is hazardous to health, inadequate or overcrowded, as well as people who are paying most of their income on rent or their monthly mortgage payments. Believes, therefore, that there would be added value to be gained from establishing criteria for defining decent affordable housing at European level;

30. also endorses the European Parliament's call on the Commission to support the Member States in their efforts to curb the rising trend of homelessness with a view to its gradual elimination;

A new cohesion policy that fully reflects the housing issue

31. calls for housing investment to be eligible under the post-2020 cohesion policy, in order to better respond to the diversity of local needs (energy, urban planning, migrants, exclusion, etc.) while continuing existing measures in the areas of renovation for energy efficiency, access to housing for marginalised communities and urban regeneration, as part of a cross-cutting approach to housing investment, to be co-funded under cohesion policy. Social action in those urban areas and in housing where it is needed should be a horizontal tool of public housing policies;

32. considers that the European Fund for Strategic Investment (EFSI) could contribute to fill the market failure gap in the field of social housing in the case of high risk profile projects that would not have the chance to get financing under EIB traditional lending. However, in the field of social housing the new financial instruments such as EFSI must meet the specific long-term needs in terms of affordable housing and energy efficiency. The 4 % uptake of the overall EFSI budget on social infrastructures by June 2017 illustrates that difficulty which may be exacerbated by the insufficient use of the investment clause foreseen in the Stability and Growth Pact and by the choice of inserting investments in social housing in the ESA 2010 accountancy category of public administration when calculating the public deficit. Urges therefore that an evaluation be made of the Juncker Plan and EIB loans in terms of the investment generated in the field of housing and expects the newly established High-Level Taskforce on Social Infrastructure to play a significant role in this regard;

33. expects housing policies to be better coordinated with the EU's agenda on demographic change. Tools and appropriate data at regional level are needed to ensure information flows, in particular about existing and unused housing across the entire EU, which could at least partially help to address territorial imbalances in offer and demand in housing;

34. calls for innovative financing mechanisms to be used to invest in the housing sector and for public and private funds to be combined to seek to achieve a multiplier effect;

A European Agenda for Housing under the Pact of Amsterdam

35. supports the work of the Partnership for Housing as part of the Urban Agenda concerning European regulation and a compilation of the best practices of European cities in supplying and financing housing;

36. welcomes the initial conclusions of the Urban Agenda for the EU's Partnership for Housing, which also represent practical contributions to the Regulatory Fitness and Performance Programme (REFIT), and urges the Member States and the European Commission to back up these results by preparing specific proposals such as a revision of the SGEI decision;

37. emphasises the importance of a European Agenda for Housing that combines a cross-cutting approach to EU policies that are directly and indirectly linked to housing with a territorial approach that compares local policies for promoting and financing the provision of affordable housing;

⁽¹⁾ See Commission report on the EU Urban Agenda, 20.11.2017, COM(2017) 657, p. 9.

⁽²⁾ See point 41 of the CoR opinion of 11 October 2016 on *State Aid and Services of General Economic Interest* and point 44 of the CoR opinion of 11 October 2016 on *The European Pillar of Social Rights*.

38. considers that in accordance with the CJEU's ruling in the C-618/10 (Banco Español de Crédito) case on 14 June 2012, the Member States are obliged to implement the provisions of Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts so as to ensure protection for mortgage holders, especially in cases where the mortgaged property was a family home, thus avoiding putting people at risk of homelessness;

39. underlines the importance of ensuring that social/residential housing meets the necessary energy requirements, which comply with criteria on: energy efficiency, energy savings, low CO₂ emissions and investment in clean and renewable energy. In this regard, calls for the 'smart' construction and upgrading of housing, in line with the Horizon 2020 objectives.

Brussels, 1 December 2017.

*The President
of the European Committee of the Regions*

Karl-Heinz LAMBERTZ
