

# Policies to Ensure Access to Affordable Housing

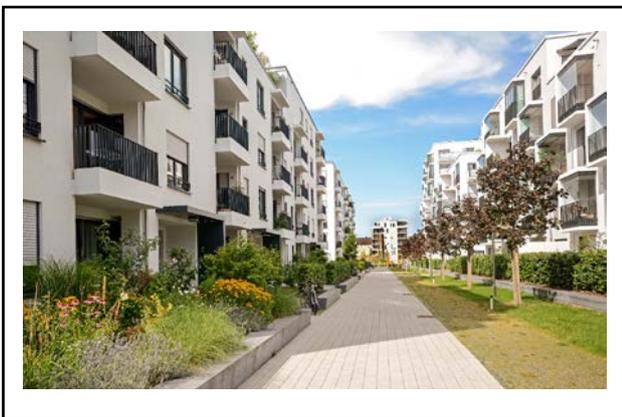
The [original full study](#)<sup>1</sup> provides an in-depth overview of the housing situation in the EU; identifies trends and best practice in **affordable housing** policies at Member State level and identifies the main policies in relation to housing affordability at the EU level. Finally, it makes recommendations with regard to possible policy actions at EU and national level in the future.

## Background

In many developed countries, **housing affordability** has become a focal point of discussions about housing policy as rental costs/house prices have increased relative to household incomes and the affordability situation and housing conditions have deteriorated. The study indicates that this is caused by various factors such as limited affordable housing policies of national and local governments.

## Key findings

There is no official, legal or statutory definition of the term 'affordable housing' or 'housing affordability' that is universally accepted by the Member States. Therefore, **various criteria and definitions to measure housing affordability** are applied, of which **the housing price-to-income ratio** criterion is the most commonly used. Between 2010 and 2018, the average **housing cost overburden rate** (the proportion of the population spending more than 40% of their disposable income on housing) in the EU-27 countries remained stable but showed substantial differences between the EU Member States.



Recently, **the position in terms of housing affordability has been deteriorating particularly among low-income owners and private renters**. In 2018, almost 38% of households at risk of poverty spent more than 40% of their disposable income on housing, compared to 10.2% of the general population in the EU. Furthermore, over the last decade, homelessness rates have increased in a number of EU countries due to reasons including rising housing costs and inadequate policies. **The absence of a single widely-adopted definition of homelessness in the EU**, however, makes it difficult to assess its extent.

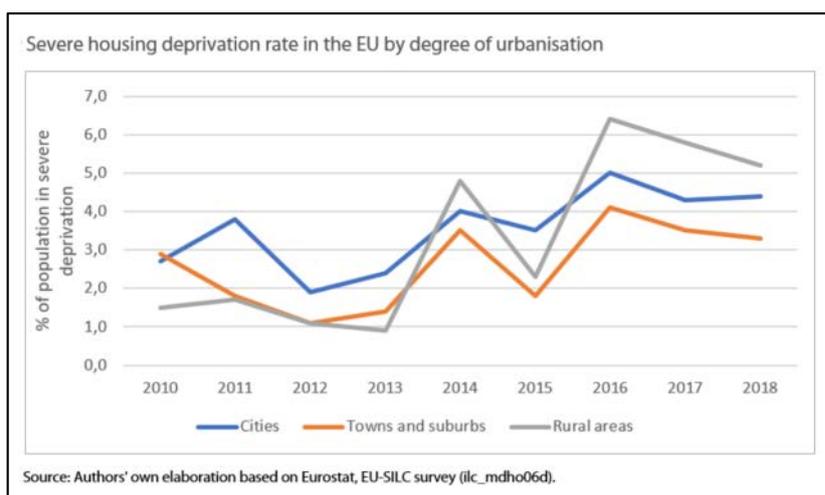
One of the key factors behind the rising housing costs and decreasing affordability of housing in Europe is the so-called **financialisation of housing** (the transformation of housing into a financial asset or a commodity). Other factors: **secondary property ownership**, widely used in many EU Member States as an investment to supplement absent or low second-tier pension arrangements, and **foreign investment** also cause a decrease in the rate of home ownership in an area and an increase in local house prices. The recent **rise of collaborative economy platforms for short-term accommodation** (e.g. Airbnb, HomeAway) is

Check out the [original full study](#) by scanning this QR code!



another factor negatively impacting access to affordable housing because it reduces the supply of housing available to local residents and pushes up prices. It also contributes to the gentrification of some (especially central) city areas.

Recent housing policies at national level can be characterised by **decreasing public expenditure on supply-side housing measures**, i.e. development of social/affordable housing. At the same time, there has been an increase in public expenditure on demand-side housing measures, i.e. public expenditure on social welfare type payments (rent allowances). **Demand-side policies**, instead of improving housing affordability for households with lower and middle income, often result in **the increase** in local housing



prices. The EU has no direct competence in housing policy, but it has competences in areas that directly and indirectly affect housing conditions in the Member States, such as **state aid law**, **fiscal law** and **competition law**. The EU can also use "**soft power**" measures - administrative measures, recommendations, general principles and guidelines addressed to national/local policy makers. In recent years, there have been a number of EU-level policy initiatives addressing access to affordable housing, including **Principle 19 of the European Pillar of Social Rights**, **Country Specific Recommendations** in the **European Semester** process and the **Housing Partnership Action Plan**, as well as the projects funded by the **European Social Fund (ESF)** and the **European regional development Fund (ERDF)**. Some critics, however, have called for a more coordinated approach between the national level and EU level housing investment policies.

## Key recommendations

The study presents a number of recommendations for local, national and EU-level policy makers and stakeholders, which include:

- **Re-prioritisation of supply-side housing measures** by local and national governments (e.g. development of affordable public housing, supporting housing associations and cooperatives). EU financial instruments should be used to support supply-side affordable housing projects, which may be especially important in the context of recovery from the COVID-19 pandemic and possible financial crisis;
- **Systematic monitoring of speculative activities in their housing markets** by European and national statistical offices;
- Development of a **single definition of homelessness in the EU**, to enable **systemic monitoring** and **comparison** of homelessness rates;
- Support for **recurrent immovable property taxes** as a means to increase supply and affordability and tackle speculation; and
- Giving consideration to **not linking the exemption for social housing under EU State Aid rules to a specific target group** in order to facilitate the provision of affordable housing for wider groups of the population.

<sup>1</sup> [https://www.europarl.europa.eu/RegData/etudes/STUD/2020/652729/IPOL\\_STU\(2020\)652729\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2020/652729/IPOL_STU(2020)652729_EN.pdf).

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