



Social Housing after the Global Financial Crisis: Further Evidence

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Foreword

The papers in this issue complement those already available in the first part of the special issue published in June 2017¹. The project reflected in these articles was developed as a joint initiative between *Critical Housing Analysis* and the research project *Redesigning Social Housing against Poverty in Europe* (RESHAPE), funded by the Free University of Bozen-Bolzano. The main rationale for this initiative on *Social Housing after the Global Financial Crisis: New Trends across Europe* is to contribute to our understanding of social housing in two specific ways: (a) to investigate the role of social housing in European countries that are less represented in the international literature; and (b) to update our understanding of how social housing has fared across Europe since the global financial crisis (GFC) and the subsequent recession - which in some countries is still unresolved.

Following the approach used in the first part of the special issue, in the Spring/Summer of 2017 RESHAPE partners and other acknowledged experts on social housing in countries not included in the original issue were invited to contribute to a second set of papers. Interest in countries with little traditional style social housing but still addressing similar problems was enhanced by the involvement of experts who participated in the ENHR International Conference held in Tirana, Albania in September. The results of this initiative are the peer-reviewed papers presented in this issue. They provide a critical analysis of social housing policies and their most recent developments across a further eight European countries (adding to the fourteen included in the first part together with two additional cross-country analyses). Another paper in this issue focuses on the evaluation of social housing operations in European countries with little tradition of social housing, based on evidence from project and public-private partnerships.

Taken together the two parts of the special issue provide a valuable contribution both to extending the country range and to our understanding of how social housing has been developing in the period since the GFC. We wish to reiterate our thanks to all the contributors, our co-editors and the journal for making this possible. We hope in the near future that other scholars – especially from countries not so far covered in this project – will submit contributions to *Critical Housing Analysis* further examining these topics.

Coming to the contents of this issue, the eight country-specific papers fall into three groups:

- three Western European countries with varying emphasis on providing for poorer more vulnerable households through social renting: Finland with 10% social housing; Ireland with 14% and France with 17% plus;
- three smaller transition economies, Albania, Romania and Slovakia all of which have long experience of state owned housing but now have very small proportions of social renting; and

¹ Edited by ourselves, József Hegedüs, Martin Lux and Kathleen Scanlon. Please see the following link: <http://www.housing-critical.com/archive/?year=2017&issue=1>



- the Southern European countries of Greece and Cyprus neither of which have a tradition of social housing and indeed do not distinguish social housing in their official statistics.

The final paper provides a framework around the initiatives observed within the second and third groups. It looks in particular at what we can learn around the complexities of introducing social housing into environments where it is not the norm and there are few resources to support major programmes of provision.

Finland, Ireland and France

The three countries in this group were very differently affected by the GFC and also have quite different policy perspectives on the role that social housing should play. Where they are similar is in the increasing emphasis on income related housing allowances which, while better targeted than supply subsidies, can be more easily adjusted in the face of political and economic pressures.

The contribution on Finland from Hannu Ruonavaara completes the review of social housing in the larger Scandinavian countries. It sets out how current Finnish housing policy fits into the way that policy has developed since the war. Post-World War II housing policy comprehensively subsidized both the rental and the homeownership sectors, but especially the latter. However over the last two decades policy has been re-oriented towards more targeted support in the social rented sector together with reductions in subsidies for home ownership and latterly by moving to income related allowances as the most important policy instrument. The GFC had limited impact on the housing market and public investment in the sector even increased during the crisis. However this was a short lived response. The current position with respect to social housing and its prospects can best be understood as part of a long-term process of retrenchment, rooted in the early 1990s.

Michelle Norris also highlights that the contraction of the social sector in Ireland can be traced back to previous changes in both institutional arrangements and financing models. The roots of the current inadequate supply date from the late 1980s, when there was a shift from local to central level governance of the sector. The financing of social housing also changed, shifting away from a system largely based on local property tax revenues plus long-term loans to a system of capital grants paid for by central government together with the introduction of housing allowances. Ireland was one of the European countries most affected by the GFC - resulting in worsening economic condition both for lower income households and for the macro-economy. In the wake of the crisis the central government's public spending capacity is highly constrained, while local government has neither the power to borrow nor the political capacity to increase local property taxes.

Jean-Pierre Schaeffer clarifies how French housing policy has been able to maintain support for social housing over the economic cycle. France is one of the European countries with a large and reasonably well financed social rental housing sector. The GFC only affected France to a limited degree and social housing investment continued to be supported so that the stock expanded during and after the crisis. Social rental housing is managed by highly



regulated, not-for-profit organizations with investment financed through subsidy but also through dedicated funding circuits, which make the overall system resilient to external pressures. Housing allowances are important in supporting low income tenants, who are increasingly concentrated in the sector. Paradoxically, it is the increasing dependence on demand-side subsidies in the social sector which poses one of the main threats to the future of social renting. If these income-related allowances are reduced, which is an option currently under discussion, social landlords may be required by law to limit rents correspondingly. In turn this would result in loss of revenue and could compromise the sector's current financing model.

Transition Countries: Albania, Romania and Slovakia

Three Transition Countries are examined in this issue. In all three countries there are major issues of housing standards, availability and affordability - but little capacity to address these problems without external support.

Sasha Tsenkova and Doris Andoni critically discuss recent developments in social rental housing in Albania with the focus on evaluating a national scale public-private partnership model, which has enabled the development of a municipal social housing sector in major cities, notwithstanding the meagre budgets of local authorities. Basically, the Council of Europe Development Bank (CEB) participates in the project as an international lender; the national government acts as guarantor and pays the loan interest payments, while municipalities provide in kind resources (land and infrastructure) and take responsibility for local implementation. Private companies are involved in the design and the development of the new housing. The projects operate on a cost-rent model, with a fair degree of targeting. It seems to offer a viable model of intervention in one of the poorest European countries, where there is limited public spending capacity and many structural problems. One issue that is currently unclear is the sustainability of the programme, with respect both to affordability for households and revenues to social landlords and thus their capacity to repay the loans. Even costs-covering rents, while well below market levels, are unlikely to be affordable for the lowest-income households unless dedicated allowances can also be provided.

Catalina Turcu clarifies the main attributes of the Romanian social housing system, which is partially based on the legacy of the previous socialist policy, partially oriented towards the development of an 'affordable housing' sector and partially aimed at supporting self-build homeownership. The first of these three segments consists almost exclusively of the residualised housing stock from the previous regime that was not privatized during the 1990s. This segment is generally in poor conditions and in need of renovation. The other two segments are not targeting at households suffering poverty and social exclusion but rather at aspirant working households. The crisis has seriously affected household incomes and living conditions, and the austerity package associated with the GFC has imposed serious cuts on social investments and transfers, worsening both the housing problem itself and the possibility of developing adequate policy instruments to address it. Formally, housing policy is the responsibility of the municipalities but they lack adequate funding sources. More generally, it is not a priority issue on the political agenda even though housing conditions and affordability are major problems for the country.



Slovakia is another former socialist country where housing policy has not been seen as a priority on the political agenda since transition, and where there are very limited funds dedicated to social housing. Maria Murray Svidronova, Beata Mikušová Meričková, Juraj Nemeč and Helena Kuvíková discuss this policy context and present two case-studies of NGOs' good practice in the "co-creation" of social housing, targeting Roma citizens and, more generally, groups at risk of social exclusion. The two social housing projects discussed are ones which stress the active participation of the prospective inhabitants. The projects are promoted by not-for-profit organizations and aim to provide adequate shelter through (at least partially) self-build development using microfinance. This goal is pursued within a more comprehensive approach, which also includes the development of participants' capabilities across a range of dimensions including professional training and positioning in the labour market, finance literacy and civic engagement.

(Western) Southern Europe: Greece and Cyprus

Two other Southern European countries are discussed in this second part of the special issue: Greece and Cyprus. They were both severely affected by the GFC – albeit with some difference in timing – as well as by the refugee crisis. In both cases, housing policy has tended to be limited to "emergency actions" dealing with displaced households as a result of either natural disasters or military conflicts.

Dimitris Emmanuel analyses the Greek case. He starts by suggesting that social housing as generally known, i.e. rental housing promoted by public or not-for-profit organisations, largely reflects historical developments in certain European countries. He then discusses the main features of Greek national housing policy which, in contrast, has generally emphasised homeownership and family support. Policy, including the operation of the anyway tiny social rental sector, has faced the same restructuring as all existing policy instruments within the post crisis austerity packages. To the extent that there has been a partial recovery in the last few years it is highly targeted (seen as *humanitarian*, rather than *social*, policy in the public debate). The refugee crisis, the availability of dedicated funds from international institutions and donors, and the emergent role of NGOs in the housing sector taken together are redefining the concept of "social housing" in Greece, towards a more ad-hoc and project-based approach - while what is probably needed is a more general housing allowance system for which there is no funding or political commitment.

Andreas L. Savvides discusses social housing in Cyprus both from an architectural perspective and with a specific focus on the recent flows of economic migrants and asylum seekers. Housing policies have traditionally been oriented towards sustaining home ownership. Even the special and emergency schemes implemented for veterans after World War II and for displaced families who fled North Cyprus in 1974, were mostly oriented to subsidising low-cost owner occupation. Despite the absence of mainstream social housing entities and their organisational culture these experiences may represent a successful legacy reflecting the capacity to develop good quality and low cost dwellings quickly. Similar approaches could now be implemented to help not only migrants and refugees but native low-income households and young people. The paper is however critical of past dispersal



strategies which create social distance, and often exclusion, from local communities as well as de-connection from infrastructure, services and opportunities for employment. What is suggested is that a more community based approach, taking advantage of vacant urban lots, should be employed rather than developments on vast plots in peripheral – disconnected – areas.

Housing projects and partnerships, and their evaluation

In some of the countries included here social housing provision depends almost entirely on project initiatives and international financing, especially when they are targeting groups at risk of social exclusion, like migrants, refugees, returnees and Roma population. Based on his experience as leader of the independent evaluation team that has assessed projects funded by the CEB, Luigi Cuna discusses two main issues around implementation and evaluation: the high level of complexity of these projects where there are limited institutional arrangements in place; and the potential (or its lack) for long term sustainability. While the focus of this contribution is on project-based initiatives, many of the issues raised are also highly relevant to more established national housing programs, as discussed in several contributions in the first part of this two-part special issue.

Concluding comments

The contributions in this second part of the special issue further extend the spectrum of what we can mean by social housing. They have shown that in some countries “social housing” has been pursued by means other than rental provision. Policies to support low income home ownership have been particularly important in Southern Europe. Equally, as discussed in several papers in the special issue, sustaining owner occupation may suffer from similar problems to social rental housing, including a lack of targeting and issues of generational inequality. These insights offer the opportunity for reframing social housing within a more comprehensive framework. Of course, this also leads to a call for more comparative research on the outcomes of these different approaches to acceptable housing provision, including differences amongst countries with similar tenure structures but varying philosophies, such as between Southern Europe and Norway.

Some of the recurring topics we highlighted in the first part of this special issue remain highly relevant to the discussion presented here: an overall tendency towards the residualisation of the sector; the importance of the different levels of governance and the extent of co-operation or tension between them; the shift away from institutional provision to self-build and supported homeownership and the movement towards demand rather than supply side subsidies - all of which strengthen the case for restructuring the framework for analysing social housing to include other types of support.

In this context, an important divide certainly exists in Europe. On the one hand, there are countries able to mobilise the legacies from a long tradition of social housing based on direct provision of sub-market rented dwellings which are administratively allocated. On the other,



there are countries that have no such opportunities because of different housing policy traditions, because housing assets were sold off or transferred back to their original owners or simply because housing is not a priority on the political agenda. Project-based initiatives, private-public partnerships, co-operation between supranational and local or grassroots organizations, may represent the only strategies with the potential for addressing housing problems in these countries, at least for certain social groups. However even these initiatives are mainly dependent on international involvement.