



Utilising Social Housing during the Post-2009 Crisis: Problems and Constraints in the Case of Greece

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Abstract: *How can European social housing institutions contribute to combating housing deprivation in the context of the post-2009 crisis? The paper examines the main issues and constraints in the Greek case by first questioning the extent of the immediate relevance of major established social housing models in western Europe vis-a-vis housing assistance for the needy and second by highlighting the exceptional conditions in the European South that make for very limited social housing sectors and a predominant bias in favour of widespread owner-occupation across all social classes. Both features are especially pronounced in Greece, where, in fact, social rented housing has never emerged as a viable model. Nevertheless, social housing assistance for renters based on fair allowances should be the main priority under the present crisis conditions, while 'bricks-and-mortar' social rented housing can only have a marginal role.*

Keywords: social housing; comparative housing policy.



The varieties of social housing and the Greek case

Consider the following argument: this is a time for utilising the potential of European social housing for combating growing poverty and housing deprivation during the post-2009 crisis.¹ Obviously, given the prevailing austerity conditions, this is a very demanding task. It is especially challenging for the countries of the European South where social housing is limited. The South, in addition, is burdened with much worse fiscal and credit constraints in comparison to European countries with more sizable social housing sectors.

However, let us for the moment abstract from these difficult questions and consider the problem from the viewpoint of the *desideratum*: combating poverty and housing deprivation. Any set of arrangements designed to alleviate the combined problems of poverty and lack of adequate housing would certainly involve public economic assistance in accordance with the resources and the needs of households but also to extents depending on local problems, assistance in the form of supporting welfare services. Let us call these arrangements a *system of social housing assistance*. Clearly, it is such arrangements that are required for tackling the housing problems brought about by the current crisis in many parts of Europe. The correct question then is the following: to what extent can established forms of ‘social housing’ effectively implement the systems of social housing assistance that are needed?

Though systematic data and concise definitions are rather scarce on this matter, it is quite apparent that some well-known ‘social housing’ sectors (e.g. in the Netherlands, Germany, France) are in most cases either public or subsidised private systems mainly supplying *rental* housing at *affordable prices*, i.e. prices that are lower than those of unregulated private supply (Whitehead & Scanlon 2007, European Commission 2011). In such large sectors with the general aim of supplying ‘affordable’ rental housing, the part that corresponds to a system of social housing assistance in the previous sense will most probably be a rather small part of the over-all ‘social’ housing sector. After all, public or regulated private housing at controlled prices may very well support parts of a broad middle class or, more importantly, formerly needy households that have improved their economic condition but continue to live in subsidised units. To confuse such broad housing sectors with ‘social housing’ as an instrument of assistance for the needy undermines the usefulness of the concept and obscures the relevant comparative housing data. Note also that current concepts and data about ‘social housing’ are strongly biased against systems of social housing for *owner occupation*.

Moreover, the existence of a substantial *heritage* of social rented housing makes a great difference for any argument regarding its future role and significance. One can understand that where there is such a heritage with its associated institutions, administrative experience and know-how, there is a strong case for defending parts of ‘social housing’ as a *valuable social asset* that can effectively be mobilised. In contrast, in cases where there is no sizeable social rented sector, arguing in favour of traditional ‘bricks and mortar’ social housing under current adverse conditions requires exceptionally optimistic arguments. To varying degrees, this applies to the whole of Southern Europe, where fiscal and financial constraints are severe. I

¹ The argument for a re-examination of the role and prospects of social housing along these lines was the main guideline of the international research project ‘Redesigning social housing against poverty in Europe’ (RESHAPE) organised by Teresio Poggio in the School of Economics and Management, Free University of Bolzano.



would argue that instead of taking as self-evident that a traditional public social housing sector of rented dwellings is the main instrument for a renewed social housing policy, one should start from envisioning the necessary size and components of *social housing assistance* for combating poverty and housing deprivation. The extent of the contribution of established models of social rented housing to such a system should be viewed as a subsidiary issue heavily dependent on particular local conditions. The following notes examine what are the realities and what could be the prospects of such a policy in the post-2009 Greek context.

Greek social housing policy and institutions up to 2009 and the absence of social rented housing

Let us briefly review the main aspects of the Greek housing system since the 1980s and up to 2009 that are pertinent to the issues raised by social housing policy. While comparative housing statistics are notoriously difficult to interpret in exact ways, there are sufficient data to draw a broad picture of major differences across EU countries. According to the well-known EU-SILC standard survey (c. 2008) the amount of renting ‘at below market rent’ – which we may consider a *very broad* (and often rather shallow) indicator of ‘social’ rented housing in the prevailing sense of public subsidisation channelled through ‘bricks and mortar’ – is *essentially zero* in the Greek case and quite limited in all the countries of the South (Emmanuel 2014). It is of course a fact that there are quite a few problems with and gaps in the relevant EU-SILC data. On the other hand, statistical information on the size of *officially defined* social rented sectors in Europe is worthless to the point of mystification (see the lacunae in *Housing Statistics in Europe* and the ‘Housing Europe’ site representing European social housing organisations). Typically fewer than half of the countries are covered and in most cases (including Netherlands) there is a blatant admission that no official definitions are available.

A certain amount of ‘public’ housing *had* been registered in Greek statistics in the past, but it was in the residential *investment* figures in the national accounts. That form of ‘public’ housing referred to the construction activity of the Worker's Housing Organization (WHO), which built heavily subsidised dwellings that were offered *for owner occupation* at reduced prices alongside favourable mortgage loans to workers insured by the public Social Security Foundation (IKA). However, this activity has been rather marginal in size: it typically fluctuated at around 1.5-2% of new dwelling construction throughout the period of WHO's activity (1955-2011).² WHO has also provided substantial numbers of subsidised loans to home-buyers in the private sector and relatively generous annual rental subsidies to renters. However, Worker's Housing programmes were discontinued in the beginning of 2012, while the organisation itself was dismantled and its personnel transferred to other agencies under the Labour Ministry.

The widespread acceptance and institutional entrenchment of the bias in favour of house-owners and against renting in Greece should be understood within this broader social context. Greece, like all Southern European countries, has a high rate of urban owner-occupation. More importantly, it has one of the highest rates of *outright* ownership: according to the EU-SILC 2008 data less than 18% of urban owners had mortgaged houses, a share approximated only by Italy among the South. Equally important, high rates of homeownership (and thus low rates of

² Roughly 100,000 dwellings according to E. Kaila, formerly head of social research in WHO.



renting) are essentially *similar across social classes* – that is among households of Greek nationality (based on EU-SILC 2008 data in Emmanuel 2014). In contrast, economic migrants are almost exclusively housed in rental properties. This notable lack of significant class differences in access to home ownership is a common trait in the EU South (with the partial exception of Portugal) that has not been sufficiently highlighted in major comparative studies, such as Allen et al. (2004) and the concluding synthesis of Kurz & Blossfeld (2004) (for an exception, see Norris & Winston 2012). For Greek households of all classes, renting is essentially a temporary phase until enough savings or other assets are amassed by the collective effort of the extended family. Thus a substantial rental sector is necessary for younger households up to the age of the mid-30s and, less so, the mid-40s. However, even during these early phases the pressure of securing affordable rental housing is significantly alleviated by the role of the family system, through the well-known southern pattern of young people's prolonged stay in the parental household.

Urban rental housing supply and vacancy rates were relatively favourable up to the mid-1980s: *real* rents, that is, rents adjusted for inflation, fell at impressive rates due to the over-supply of new dwellings, with the result that rent-to-income ratios fluctuated around record low levels (typically much less than 15%). Since then there has been a secular trend of increasing real rents due to rapidly rising house prices and lower housing supply relative to the increase in real incomes, though rental vacancy rates have always been high by European standards - normally greater than 10% (Emmanuel 2014). The important point about rental supply, however, is that it is based almost exclusively on small family property assets rather than on commercial investors and large landlords. All of the above highlight a set of factors accounting for the lack of public *demand* for social rental housing as well as the lack of negative stereotypes with regard to a 'class' of large landlords or profiteering symptoms in the operation of the rental market.

Impacts of the economic crisis and memorandum policies

The Greek economic crisis started as a banking crisis in 2008, became a fiscal crisis in 2009, and then, with the imposition in 2010 of international control by the 'troika' of the IMF, the EU, and the ECB and the strict austerity measures that followed a series of 'memoranda', it turned into a deep recession of unprecedented proportions.³ Real incomes have fallen by about 40% and unemployment in the country as a whole, which was about 7% in 2008, had risen to a disastrous 27.1% by 2013. Moreover, unemployment was sharply skewed by class: it was more than twice as high among the working class as among professional, managerial, and technical occupations.

During the credit bubble from the mid-1990s to 2007, *real* housing prices (after accounting for inflation), fuelled by too much liquidity chasing a slowly growing housing supply, more than doubled. Following the combined effects of the 2007 building slump after the preceding boom and the general post-2009 economic crisis, dwelling prices, according to the Bank of Greece index, fell rapidly, reaching 1999 levels by 2013 – a fall by more than 40%. Surprisingly, given house building levels and vacancy rates, real rents also rose at a steady pace after the early 1990s up to 2010, when they started to slowly decrease. The index of housing expenses (rents

³ This section is drawn from Emmanuel (2014).



plus heating, water, and electricity), however, continued to rise despite the fall of consumption demand due to a shift to former implicit subsidies for consumers in the price of electricity and heating fuel. In the field of housing policy, aside from the moratorium on housing credit and tax subsidies, the main event was the sacking of the Workers Housing Organisation in 2012 - though the blanket imposition of a new property tax received much wider attention. On the positive side, legislation aimed at protecting mortgage loan debtors from eviction from their main residence and from the auctioning of these properties in the case of prolonged arrears helped avoid the dramas observed in cases like Spain. Given that about one-third of loans showed excessive arrears (Bank of Greece 2013), this sensitive problem was supposed to be resolved by the beginning of 2014, but a final settlement was postponed until as late as the second half of 2017. Moreover, the new coalition government after the elections of January 2015, dominated by the left SYRIZA party, promised protection from the repossession of all main residences below a certain value ceiling.

It will obviously take some time before the impact of the above negative economic trends will be reflected in broad statistical indicators of housing conditions and housing tenure patterns, although by 2013 there was already evidence of widespread actual and planned housing mobility in response to the problems of the crisis.

Emerging concepts of ‘social housing’ and the special case of housing the Syrian refugees

By the end of 2012, the dominant view of ‘social housing’ policy, with the blessings of the centre-right coalition government under the influence of EU directives and financing priorities, became one focused on the issue of homelessness (Ministry of Labour, Social Security and Welfare 2013, 2014). Thus, there was widespread support for a few projects for the homeless based on collaboration between the state, local authorities, NGOs, and private donors. These projects, however, were miniscule in size (in the case of central Athens they did not amount to much more than 50 dwellings) and in terms of organisation and policy objectives resembled, more or less, traditional middle-class housing charities.

Partly inspired by these charitable initiatives, there was a lot of public discussion about utilising the (limited) public and the sizable private unused stock of apartments with a view to housing the homeless and, more broadly, renters ‘at risk’ in general. For more left-leaning housing activists this would be a realistic base for gradually forming a quasi-public ‘bricks and mortar’ ‘social housing’ sector. The left-dominated government that came to power in January 2015 was evidently sympathetic to these views and to an interventionist social housing policy. Up to 2016, however, the only concrete initiative, given fiscal restrictions and active oversight by the European lender powers, has been the introduction of a limited ‘humanitarian’ programme for rental assistance to relatively extreme cases of poverty and inability to pay current rents and electricity bills.

A special kind of *ad hoc* social housing policy also emerged in response to the problem of housing the large number of refugees flowing into the country after 2014. Greece faced a problem of expediently securing shelter for tens of thousands of refugees who had to wait for their claims for refugee status, applications for political asylum, request for family



reunification, etc., to be administratively processed. By mid-2016 most refugees were living in disaster relief accommodation: these were special camps of varying quality, ranging from tents to industrially produced containers or flexible metal enclosures, and non-residential structures such as sports venues, factories, and warehouses. Greece has had long experience with such housing solutions as it is one of the most earthquake-prone countries in the world. Despite this, little of that experience or the related administrative and technical infrastructure was mobilised, except occasions where the army had to be called in. Part of the problem was that while Greek authorities, namely the newly constituted Ministry for Migration Policy, had the responsibility for coordinating and approving steps to provide refugee housing, the bulk of the generous EU financing earmarked for this objective was channelled to the United Nations local refugee agency – UNHCR-Greece.

UNHCR-Greece had a plan of its own: it issued an international call for funding for its programmes in Greece with which it aimed to see 20,000 accommodation units built within the year. It collected just under 185 million US dollars, 90% of which came from Brussels and nearly 8% from the UK, Germany, Austria, and Norway.⁴ While this was in essence a publicly financed programme, it was presented as a typical charity campaign financed by private donors. UNHCR financed a broad range of accommodations - including camps at so-called refugee 'hot-spots'. The main thrust of the programme, however, was the call issued in early 2016 for available private apartments to rent that would cost about 400 Euro per month and would be selected, equipped and managed by Greek NGOs and, in a few cases, Greek local authorities. It is this part that is of some interest in the context of Greek social housing policy.

There are some that would consider this "model" a promising new dominant trend in the area of housing policy as well as social welfare in general. However, no properly constituted public housing programme could have operated in this ad hoc manner and at such short notice:⁵ obviously the Greek state opted for a strategy of minimum involvement, giving free rein to the rapidly expanding UNHCR unit in Athens, the NGOs it subcontracted and the often foreign NGOs and activist groups active in the field.

Concluding remarks: the need for a fair housing allowance initiative

Given the facts reviewed above it is clear that in the short and medium term it is the crisis in the *rental sector* due to falling incomes and high unemployment that should be the main concern of social housing policy. Another reason it should be is that housing assistance to home owners must necessarily be distributed through either or both of the credit and taxation systems. Given the almost complete stagnation of house building, property transfers, and mortgage lending, little can be done in this area in the foreseeable future. Moreover, given the complete absence of an 'infrastructure' of substantial social housing stock, with its attendant administrative and support structures at the local level, and the existing general fiscal and financial constraints, such social policy can realistically have two objectives: First, the growth of a clearly limited sector of public or semi-public (subcontracted from private owners) rental stock aimed at housing the *hard-core categories* of the homeless, the very poor and disabled, and the refugees

⁴ Data from the UNHCR Greek site (donors.unhcr.gr)

⁵ The whole story of handling the refugee housing problem is discussed at length in Howden & Fotiadis (2017).



in need of *direct* housing assistance in combination with other care services. Second, the development of a broader, socially just system of rent allowances that is neither overly ambitious (given the fiscal constraints) nor, on the other hand, excessively ‘targeted’ in a way that limits such allowances to a stigmatised residual social category of the very poor.⁶

If there are lessons to be drawn from the recent refugee housing experience they are the following two: first, the public sector, including local authorities, is not prepared to assume formal responsibility or shoulder the organisational tasks of providing *active* housing assistance on a large scale for *any* group (including Greeks) - hence the tacit acceptance of the uncontrolled activity and management of resources by a multitude of essentially private actors. Secondly, the peculiarly fragmented and competitive private rental sector in Greece shows substantial reserves of supply as well as an extensive variety of housing stock, especially after the sustained post-2009 contraction of incomes and consumption. These reserves can positively respond to the requirements of housing allowance programmes.

Are there positive prospects for such programmes? Judging from the initiatives of recent years and the ideas put forward, the introduction of *some* form of housing allowance programme is quite likely. By all indications, however, such programmes will be ‘shallow’ in terms of resources and the complexities (and administration) of housing improvement objectives. This is a recipe, of course, for their gradual stigmatisation and, finally, the discrediting of such programmes as inefficient, ‘populist’, for the undeserving, etc. One hopes that despite the pressures of the ongoing crisis, the Greek authorities, instead of sketchily designing such new programmes with no clear recognition of the policy and social issues involved, no factual grounding, and no structured public debate, will allow some time and encouragement for the emergence of more mature social housing politics.

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⁶ For a proposal outlining the main issues involved and suggesting alternative packages of eligibility criteria and financial assistance with the aim of achieving socially fair improvements in housing conditions and housing access, see NCSR (2015).



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