

28th November 2016

The Autumn Package Missed the Point on Housing

Overview

The Autumn Package kicked off the 2017 European Semester on Wednesday 16th November¹. In setting out its economic and social priorities for the year ahead, the Commission appears to have overlooked the fact that a growing number in Europe struggle to find and keep a decent home.

40% of poor people in the EU experience ‘housing cost overburden’². In spite of this, the Package engages with housing primarily as a commodity and an issue of macro-economic concern, rather than as a social right. The importance of social policy is underlined, a fact which FEANTSA strongly welcomes. However, it is mostly framed as a lever for jobs and growth rather than as a means for ensuring decent lives for citizens. The Commission has, in FEANTSA’s view, missed an opportunity to focus squarely on delivering a dignified life for all in Europe, starting with a decent place to live.

The Highs and the Lows from a Housing Perspective

FEANTSA has identified the “highs” and “lows” of 3 core components of the package from the point of view of ensuring decent housing for all: .

- The Annual Growth Survey (AGS) 2017, which outlines the most pressing economic and social priorities for the coming year.
- The Alert Mechanism Report (AMR), which starts the annual macroeconomic imbalance procedure (MIP). It identifies Member States that will be subject to an In Depth Review to assess whether they are affected by imbalances requiring policy action
- The Joint Employment Report (JER), which provides a summary of Member States’ social performance and their social policy reforms. .

Annual Growth Survey

Highs	Lows
1. Calls for investment in social infrastructure, including through the European Structural and Investment Funds and the European Fund for Strategic Investment.	1. Calls on MS to address the high volume of non-performing loans on banks’ balance sheets, stating that sale to non-bank specialised institutions should be encouraged. This effectively endorses the sale of homes to vulture funds, generating potential waves of evictions in various Member States.
2. Calls for further progress in the inclusion of disadvantaged groups; ensuring access to quality services and in-kind benefits, including social housing and housing benefits.	2. Misses the opportunity to highlight affordable housing as a key priority for social infrastructure investment, despite the abundant evidence supporting this.
3. Calls on Member States to put in place adequate structures for dealing with the influx of migrants including refugees beyond the immediate short-term needs.	3. Makes abstraction of the manifest failure of

¹ See http://europa.eu/rapid/press-release_IP-16-3664_en.htm

² Total housing costs (net of housing allowances) represent more than 40% of the total disposable household income (net of housing allowances) presented by poverty status

<ol style="list-style-type: none"> 4. Calls for Member States to ensure access to basic skills 5. Calls for the Youth Guarantee to reach out to young people and regions most in need of support. 6. Focuses on social protection systems, adequate employment security and income replacement 7. Calls for improvement of adequacy and coverage of income support schemes (unemployment benefits; social assistance including minimum income; pensions) to prevent social exclusion 8. Calls for health policies to support and reinforce social safety nets and active inclusion strategies, through preventive, but also curative and rehabilitation policies. This is particularly relevant for homeless people who are at the “sharp end” of health inequalities and for whom access to and effectiveness of care can be greatly improved. 	<p>individual MS or the EU as a whole to provide decent reception conditions to asylum seekers in the current context</p> <ol style="list-style-type: none"> 4. A very strong focus on “making work pay”, despite the fact that sanctions can be dangerous and counter-productive for vulnerable people, such as those experiencing or threatened by homelessness³. 5. A very strong focus on “redesigning” social protection systems with insufficient attention to preserving what works well. 6. Overall, a very strong emphasis on job creation, economic growth and fiscal discipline with a tendency to reduce social policy to a lever for these goals. 7. Presents a reductive view of why housing policies matter, namely by focusing on contribution to labour mobility. Whilst this is important, housing makes a much larger contribution to sustainable growth with payoffs in health, social inclusion, fight against poverty etc.
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The AGS on balance: The social policy goals of the AGS create some opportunities for tackling homelessness and housing exclusion. The Commission name-checks a range of crucial policy elements: social protection systems; quality services; social housing and housing benefits; income support schemes; long-term responses to migration; reaching the most excluded young people and those who lack basic skills; the link between health and inclusion etc. However, the AGS does not present a convincing manifesto for improving the living conditions of people in Europe. The policy areas listed are presented as levers for growth and jobs, rather than for delivering social rights. Some of the recommendations are dangerous from a housing exclusion perspective e.g. pushing activation measures which can disproportionately impact on vulnerable people and opening the door to vulture funds to buy up homes and evict people.

Alert Mechanism Report

Higs	Lows
<ol style="list-style-type: none"> 1. The Commission acknowledges that “risks are emerging concerning the policy environment amid rising populism linked in some cases with social hardship and reform fatigue” 2. The Commission acknowledges that “house price dynamics are gaining momentum and deserve monitoring in some countries.” 	<ol style="list-style-type: none"> 1. The Commission pays very little attention to the housing outcomes of MS’ housing systems. Issues of affordability (with the exception of Luxembourg) and adequacy are largely ignored. 2. Some alarming situations pass under the radar. For example, the Commission classifies house price increases in Greece as “correcting from

³ Batty, E (2015) Homeless people’s experiences of welfare conditionality and benefit sanctions, Crisis, http://www.crisis.org.uk/data/files/publications/sanctions_report_FINAL.pdf

<p>3. In the case of Ireland, the Commission expresses concern about rent levels, rather than focusing entirely on house prices.</p> <p>4. In the case of Luxembourg, the AMR highlights problems of housing affordability.</p>	<p>overvalued levels” and not a particular concern. This ignores the fact that 95% of poor households are in housing cost overburden. House prices in the Netherlands are “recovering from undervalued” whilst more than half of poor households are in housing cost overburden.</p> <p>3. Of the 6 countries where house prices have increased by more than the 6% threshold, (Sweden, Hungary; Luxembourg: Ireland: Denmark; Estonia), the Commission concludes that only Ireland & Sweden deserve further attention in the form of an In Depth Review. The Commission mentions concern about rises in Denmark, Luxembourg and the United Kingdom but concludes that this is insufficient to merit in-depth-review.</p> <p>4. The Commission strongly underlines the need to resolve the high volume of non-performing loans in several Member States but fails to engage with the potential social consequences and how to avert them. .</p>
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The AMR on balance: Housing markets are certainly in the spotlight, which is a good thing. The Commission is right to be concerned about house price dynamics. The Commission attempts to engage with issues like rent levels and affordability in one or two countries. However, there is an overall get to grips with housing outcomes for people. Acute levels of housing exclusion and homelessness are clear indicators of dysfunctional housing markets and represent socio-economic risks. If the Commission is going to draw conclusions on the functioning of housing markets, it should analyse the housing outcomes that they deliver, as well as just tracking changes in house prices. Data is available – both in EUSILC and from national level. In the UK for example, the Commission might be more concerned about the sustainability of current house price levels if it took account of the developments in homelessness and housing exclusion. Homelessness among English households has risen 54 per cent since 2010!⁴ On balance, the AMR is unable to grasp the full picture of housing market performance, and associated risk, because of insufficient attention to housing outcomes. On non-performing real estate loans, the Commission misses the chance to call for social safeguards preventing waves of eviction, and to encourage Member States to explore possibilities such as turning “toxic” housing assets into social housing, as is happening in a number of MS.

Joint Employment Report

Highs	Lows
<p>1. Highlights the fact that homeless people are a target group of Member States’ social policies.</p>	<p>1. The reporting on reforms relating to housing and homelessness policies only includes a handful of countries and there is no information about the scope and impact of</p>

⁴https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/533099/Statutory_Homelessness_and_Prevention_and_Relief_Statistical_Release_January_to_March_2016.pdf

<ol style="list-style-type: none"> 2. Calls to ensure that “especially low-skilled young people and those facing multiple barriers to entering the labour market-benefit from the Youth Guarantee”. 3. Engages with MS housing policy reforms 	<p>the policies.</p> <ol style="list-style-type: none"> 2. The social scoreboard includes no indicators on housing exclusion, in spite of EU-SILC data being available. 3. Overall, the short-term approach to social policy reforms is particularly inappropriate for housing policies.
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The JER on balance: The JER is supposed to provide an annual overview of key employment and social developments in Europe, as well as Member States' reform actions. On the former, it really fails to engage with housing. The available EU SILC indicators on housing exclusion are simply not used. The result is a housing-shaped gap in the portrayal of the social situation in Member States. The reporting on social policy reforms relating to housing is piecemeal and not fit for the purpose of understanding what Member States are doing to pursue social policy objectives related to housing.

Recommendations

1. FEANTSA calls on the Commission to consider how it can adapt its approach to the Semester during 2017, so as to take better account of the housing realities in Member States. This is especially necessary given the foreseen launch of the European Pillar of Social Rights, which includes housing as a priority; and the Sustainable Development Goals, which include eradicating all forms of poverty including extreme poverty and ensuring the right to adequate, affordable housing for all.
2. FEANTSA suggests that the Commission makes better use of available EUSILC indicators on housing adequacy and affordability. A housing exclusion index based on EU-SILC could be used for this purpose. FEANTSA and the Fondation Abbé Pierre have developed one, which the Commission could take up⁵. Better use could also be made of existing national data on issues such as homelessness. The work of European NGOs like FEANTSA can support this and feed into the Joint Employment Report.
3. FEANTSA encourages the Commission and the Member States to find more meaningful ways of reporting on social policy reforms in key areas such as the fight against homelessness and housing exclusion. At the moment, the reporting is too piecemeal to be credible and to support sustainability and impact.
4. FEANTSA asks the Commission not to put pressure on Member States to resolve the issue of non-performing loans in ways that will compromise housing rights. Instead, it should look at win-wins for banks and citizens such as conversion of “toxic” housing assets into social housing, as has been developed to some extent in Ireland and Spain.
5. FEANTSA encourages Member States and the European Commission to prioritise social investment in affordable housing in the framework of the EU Investment Plan. Housing is the basis of stability and security for individuals and families, and a key ingredient for sustainable development and inclusive

⁵ See <http://www.feantsa.org/en/press-release/2016/09/20/press-release-europes-housing-crisis-continues-unabated?bcParent=27>



FEANTSA Position

European Federation of National Organisations
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growth. It is encouraging to see that some Member States are taking this approach⁶. The European Commission, the EIB and the Member States should work to ensure that the European Fund for Strategic Investment is deployed for affordable housing for those who need it. This would be smart, sustainable investment to help deliver on social rights.

6. FEANTSA asks Member States to avoid social and health policy reforms which push up levels of homelessness and/or have a disproportionate negative affect on people experiencing or at risk of it. For example, strict conditionality and sanction regimes for benefits have been shown to push people into homelessness and to compound the exclusion of people who are already homeless. Similarly, reforms that reduce access to benefits for young people have been linked to steep increases in youth homelessness in a number of contexts.

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⁶ See for example Rebuilding Ireland strategy, use of EIB loans to fund social housing in various MS.