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THE GOOD, THE BAD & THE UGLY A HOUSING & HOMELESSNESS PERSPECTIVE ON THE 2017 EUROPEAN SEMESTER

FEANTSA (the European Federation of National Organisations working with the Homeless) has been analysing and contributing to the European Semester since it was launched in 2010. The Semester is the EU's annual cycle of economic and social policy coordination. It aims to ensure that Member States avert and correct excessive deficits and macroeconomic imbalances, carry out structural reforms and pursue progress towards the goals of the Europe 2020 Strategy. In the future, the Semester will be the main instrument for delivering the European Pillar of Social Rights, which aims to provide a new framework for social policy at EU level, and includes a priority on housing and assistance for the homeless (priority 19/20). The European Pillar of Social Rights is due for interinstitutional proclamation on the 17th November.

As we count down to the 2018 Autumn Package on 22 November, FEANTSA reviews the 2017 Semester's engagement with Member States' housing systems, from the perspective of homelessness and housing exclusion. This paper highlights the good, the bad and the ugly on homelessness and housing exclusion in the 2017 Semester, suggesting five key take-aways for 2018.

THE GOOD

1. Homelessness is flagged as a concern in several Country Reports

Building on attention first paid to homelessness levels in 2016, the Commission's country-specific analysis has this year highlighted concern about homelessness levels in five Member States: the Czech Republic, Denmark, Ireland, France and Italy. In a context of growing homelessness and housing exclusion in much of the EU, this is a step in the right direction. It reflects an understanding of the urgency of the issue and a willingness to engage with urgent social phenomena, even when comparable European data is not available. It demonstrates an engagement with the complex realities of poverty in Europe, and a willingness to go beyond the headline poverty indicators which do not capture the most extreme forms of poverty and exclusion. Whilst hoping for coverage of more Member States and a more robust analysis in the future, FEANTSA considers the flagging of homelessness levels and trends in several countries to be a very useful development. It has been encouraging to encounter openness to robust national and local facts, figures and analysis on homelessness in specific countries from Commission services.

2. The social outcomes of MS' housing systems receive more attention in Country Reports

Compared to previous years, the Commission's country-specific analysis pays much more attention to issues of access, quality and affordability of housing. The Semester primarily engages with housing from the perspective of house price volatility and debt levels. However, in 2017, housing outcomes for people are assessed in at least 12 Member States (Czech Republic, Denmark, Ireland, France, Hungary, Italy, Latvia, Lithuania, Romania, Sweden, United Kingdom, Slovakia) to a greater or lesser degree. Whilst important gaps remain, FEANTSA welcomes this increased focus on issues such as housing deprivation, housing cost overburden, overcrowding, access for disadvantaged groups and for poor people. We hope this is the beginning of a more balanced approach to housing policies in the Semester process.

3. The social impact of rising house prices is recognised in some Country Reports

Given the significant role that the housing sector plays in driving economic growth in many Member States, relatively little attention has hitherto been paid to the social impact of rising house prices in most country-specific analysis. FEANTSA is pleased to note that the social implications of rising housing prices are referred to in several 2017 country reports. The German Country Report highlights that rising house prices in urban areas could have "social implications as socially vulnerable people may be crowded out of the cities to peripheral areas, the Irish Country Report that "insufficient housing supply is a concern for both economic and social reasons".

4. Evolutions in rental prices are better captured than in previous years

Compared to previous years, the Commission's country-specific analysis has examined more closely price evolutions in the rental market for several Member States. This is a useful development because an exclusive focus on purchased residential property prices misses some of the most important dynamics in the housing system. Evolutions in the private rental market are particularly important when it comes to understanding housing exclusion and homelessness.

5. Policy measures to address homelessness & housing exclusion receive more attention in the Country Reports

In some cases, such as Germany, the Commission underlines investment in social housing as a lever for growth and stability. In several countries, the Commission probes the effectiveness of different measures to address homelessness and housing exclusion. For example, the Irish Country Report makes the point that "most homeless families are housed in temporary settings, at a greater cost than social housing solutions". The Slovak report highlights that "the housing allowance is not available to those who are most in need, particularly marginalised Roma who live in undocumented dwellings, and homeless people, because eligibility is conditional upon home ownership, a rental contract or residence in a social care facility".

6. There is evidence of a partial “socialisation” of the European Semester

Overall, the Commission has made a concerted effort to present a strengthened social dimension to the European Semester in 2017. As in 2016, 11 Member States have received Country Specific Recommendations on poverty reduction and social inclusion (Austria, Bulgaria, Estonia, Spain, Hungary, Italy, Croatia, Lithuania, Latvia, Romania and Slovenia). A continued focus on the adequacy and effectiveness of social protection systems in several countries is to be particularly welcomed. The social situation analysis in many Country Reports has become more in depth and extensive. Whilst this partial socialisation is a step in the right direction, many gaps and inconsistencies remain. The identification of poverty and social exclusion as a priority does not appear to have a consistent basis across countries. The fiscal pressure on many Member States in the context of the Stability and Growth often has social consequences, which are insufficiently dealt with in the Semester. The process thus remains essentially unbalanced, which frequently leads to ambiguous recommendations in the social area.

THE BAD

1. Member States have paid less attention to homelessness in the National Reform Programmes

Fewer than one fifth of Member States have described measures to address homelessness in their national reporting in the framework of the Semester in 2017 (notably Belgium, Denmark, Ireland, Sweden and Spain). This is fewer than in previous years. FEANTSA believes that this reflects a lack of clear guidance on how Member States should report on their social policy measures in the Semester process. In the future, it will be important to provide further guidance, especially in view of the priorities of the soon to be proclaimed European Pillar of Social Rights, for which the Semester is supposed to be the main monitoring and implementation mechanism. FEANTSA members will mobilise at national level to provide input into the National Reform Programmes.

2. A lack of Country Specific Recommendations on homelessness or housing exclusion

Given the severe housing crisis that is ongoing in many European contexts, Country Specific Recommendations on homelessness and housing exclusion would be warranted in several countries. In 2017, the Semester has mostly continued to shy away from making such recommendations. Whilst the reports intervene on housing systems in several countries from a perspective of macroeconomic risk, they continue to ignore the pressing need to address social (non) performance. The one exception is Ireland, which is asked to develop social infrastructure, including social housing, and where homelessness is specifically mentioned in the “pre-amble” to the Country Specific Recommendations. This is a very welcome and positive development, which would be equally relevant to a number of Member States. It is clear that a strong political consensus on the importance of tackling homelessness in Ireland has helped to secure this CSR.

3. Housing continues to be considered as predominantly a “good” rather than a right.

Overall, the Semester considers housing primarily as a driver of economic growth and/or source or macroeconomic risk. Despite some shift this year, access to decent, affordable housing is generally addressed as a secondary issue, if at all. This approach contributes to the financialisation of housing and fails to engage seriously with the EU’s role in promoting social rights.

The Commission frequently draws the conclusion that house prices, whilst rising, are not “overvalued” compared to historical trends, and therefore are of limited concern from the perspective of macro-economic risk. FEANTSA is thus deeply concerned about a risk of “business as usual” when it comes to fueling economic growth through real estate and ignoring the social consequences.

The Semester is putting several Member States under pressure to liberalise private or social rental markets (Portugal, Denmark, the Netherlands and Sweden). The social consequences of such reforms are paid scant attention. Housing outcomes receive no attention in the Portuguese country report, for example, despite considerable pressure to weaken tenant security to dynamise the rental market. Whilst such reforms may be justified, and may have positive social elements, such as overcoming insider/outsider dynamics, the general neglect of social consequences and the need for adequate safeguards in the context of reforms in housing systems is troubling.

In several countries, the Commission has pushed (or is pushing) for a clean-up of non-performing loans from banks’ balance sheets, including through their sale to non-banking asset management firms (e.g. Ireland, Portugal, Spain, Hungary, Italy, Cyprus and Slovenia). The consequences in terms of evictions and foreclosures, and the need for appropriate safeguards, are totally absent from the Semester. At a time when aggressive asset management companies, so-called “vulture funds”, are rapidly acquiring significant sections of owner and tenant occupied housing stock in Europe, this is of grave concern.

THE UGLY

1. A risk of “social wash” in the European Semester?

The Semester’s scope in the social policy area has been much debated. The Semester’s primary focus is economic governance, underpinned by enforcement mechanisms. Social inclusion experts and the Commission have described a gradual “socialisation” of the Semester, which has picked up speed in 2017. However, this “socialisation” is a fractured and ongoing process. FEANTSA is acutely aware of the risk of “social wash”, i.e. exaggerating the social focus of the Semester as a communications exercise, in part to address criticisms of the social impact of the EU’s macroeconomic and fiscal coordination measures. 2018 will be a vital test of what the Semester can deliver on the social front, notably in the context of the soon-to-be-proclaimed European Pillar of Social Rights. The Commission is keen to promote civil society ownership of the Semester and of structural reforms. However, it is currently far from clear what civil society can expect in terms of social outcomes from engagement in the

Semester. FEANTSA remains hopeful and will contribute as far as possible to further socialisation of this important process from a homelessness and housing exclusion perspective.

2. A capacity-gap on social analysis, which could seriously undermine a genuinely social Semester

There are some very positive examples of in-depth and robust analysis of housing exclusion and homelessness in the 2017 Semester (e.g. Czech Republic and Ireland). However, it is evident that overall there is a capacity-gap at EU level on social analysis. This could seriously undermine the stated social ambition of the Semester. It is critical for the Commission to further build this capacity, also in cooperation with bodies such as the Social Protection Committee, the European Network of Social Policy experts, the Social Observatory and relevant expert players such as NGOs at EU level. Filling the gap is especially important for issues that are not well covered by mainstream EU social statistics, such as homelessness. The various instruments that have been introduced to support social analysis (Joint Assessment Framework, Social Protection Performance Monitor and Scoreboard for the European Pillar of Social Rights) need to be complemented with in-depth qualitative analysis on a country-by-country basis in such a way as to address the scope of the European Pillar of Social Rights.

3. Questions about consistency and quality of content in a very political process

The overall consistency of the European Semester process is a cause for concern. It is not clear why some Member States receive social Country Specific Recommendations and others do not, for example. The degree to which political negotiations between the Member States and the Commission determine the content and form of Country Specific Recommendations a key factor in explaining this inconsistency. If the Semester is to become the main mechanism for delivering on the European Pillar of Social Rights, this raises serious issues of credibility and objectivity of the process.

5 TAKE AWAYS FOR 2018

1. FEANTSA calls on Member States to report on policies and measures to address homelessness and housing exclusion as an integral part of efforts to tackle poverty and social exclusion in the framework of the National Reform Programme.

2. FEANTSA calls on Commission services to build on considerable progress made in 2017 to analyse the housing situation in Member States from a social perspective, including through taking stock of homelessness and housing exclusion.

3. In future Country Specific Recommendations, FEANTSA calls on the Commission to balance the consideration of housing from a macroeconomic and financial perspective with one of housing as a social right in the European Semester.

4. FEANTSA calls on European Commission services to work with us as a source of up-to-date and accurate information on homelessness and housing exclusion developments in Member States. The homeless sector is uniquely placed, especially given the lack of statistics available at EU level, to provide this evidence. Without it, the Semester cannot fully deliver its stated social ambition to leave nobody behind. For our part, FEANTSA will continue to feed in facts, figures and analysis on homelessness to the Semester. We will also mobilise our members to engage with the process.

5. FEANTSA calls on Member States and the European Commission to act to address the existing capacity-gap on social analysis in the context of the Semester. The Semester is currently unable to deliver the depth and breadth of country-specific social situation analysis required. The European Pillar of Social Rights should provide a basis for the topics covered in future social analysis. Country-specific analysis will certainly need to go beyond the proposed European Pillar of Social Rights scoreboard. Better use of national data sources and of the expertise of specialist European organisations will be required.

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