



ACCESS TO DECENT AND AFFORDABLE HOUSING IN EUROPE:
CASE STUDIES AND INNOVATIVE SOLUTIONS

FILLING VACANCIES

REAL ESTATE VACANCY IN EUROPE: LOCAL SOLUTIONS FOR A GLOBAL PROBLEM

This document is a summarised and edited version of the more detailed case studies that were developed with the aim of gathering innovative local solutions for the reuse of vacant buildings in Europe: **FEANTSA and the Fondation Abbé Pierre, *Vacant real estate: seizing the opportunity to find affordable housing solutions in Europe*, 29 pages.**

THE LACK OF AFFORDABLE HOUSING IN EUROPE, A FACTOR IN SOCIAL AND HOUSING EXCLUSION

The price of housing has increased faster than revenues for all sections of the European population, but it has particularly affected poor households. In 2013 in the 28 EU Member States, the average share of poor households' budget spent on housing was 41%, i.e. 20 points more than for the population overall¹. 11% of all households in Europe spent more than 40% of their income on housing that same year. 5.2% of households experienced severe material deprivation with regard to housing. The number of homeless people in Europe remains unknown due to the variances in definitions and survey methods, but a large majority of countries have seen the population of people excluded from the housing market increase dramatically over the last number of years.

The lack of affordable housing in Europe is a frightening reality. While access to safe, decent and affordable housing is a right that influences how most other fundamental rights are implemented, seeing housing as a lucrative commodity and asset is central to the economic shocks that have shaken modern societies. Despite significant disparities within European countries, particularly between the large, attractive urban areas where prices have surged and areas experiencing rural flight where prices have sunk, and despite the 2007 recession – during which house prices fell and incomes stopped growing in many countries – the last 15 years have seen house prices increase faster than household income. This holds for all European countries except Germany, Finland and Portugal. The house price/income ratio in 2014 was more than 10% greater than the long-term average in Austria, Denmark, the Netherlands and more than 20% greater in Belgium, France, Sweden and the United Kingdom². Inability to access property has a far greater impact on those on low incomes: in Europe, poor households³ spend up to three times more on their housing than others. Added to this is the increased concentration of people in particular housing types according to their housing status. The private rental sector is the fall-back sector for poor households who do not have access to social housing (because it is oversubscribed,

sold, targeted at a specific demographic etc.) nor to ownership (either because of the increased property prices or the lack of access to bank credit). This change in occupancy status of course leads to greater pressure on the cost of housing, through the growing vulnerability of households exposed to the market and its increasing prices. Household poverty has also increased in the rent-controlled housing sector of 16 European countries, which may be an indication of the pauperisation of the social rented sector. As such, getting by is becoming increasingly difficult for poorer households.

It therefore seems obvious that today in Europe the lack of affordable housing must be addressed, in particular for vulnerable people and people on low incomes. All European countries put in place public housing policies, and integrate social policy objectives into them. However, the means and methods for reaching these objectives vary widely. Most strategies and public money is devoted to accessing and protecting ownership, through tax or financial measures that are not always linked to resources. This can cause fairness issues and can lead, in the case of some mechanisms, to greater pressure on house prices⁴. The provision of social rented housing and/or housing benefits are also widespread strategies in European countries that aim to maintain access to housing. The social rented housing sector differs widely according to country and faces several problems: waiting lists have gotten longer post-crisis, and the sector is regularly challenged by residualisation policies and market privatisation⁵.

¹ FEANTSA and the Fondation Abbé Pierre (FEANTSA), *An Overview of Housing Exclusion in Europe*.

² Salvi del Pero, A. et al. (2016), 'Policies to promote access to good-quality affordable housing in OECD countries', *OECD Social, Employment and Migration Working Papers*, No. 176.

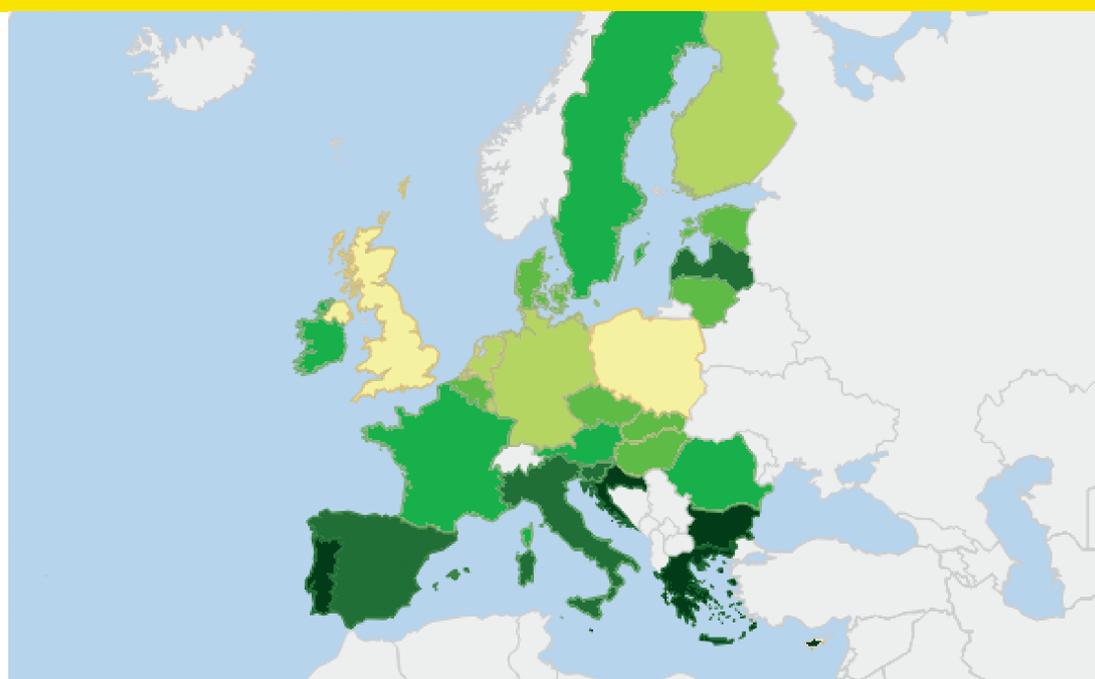
³ Households with incomes less than 60% of the national median income. Fondation Abbé Pierre and FEANTSA (2015), *op. cit.*

⁴ Salvi del Pero, A. et al. (2016), 'Policies to promote access to good-quality affordable housing in OECD countries', *OECD Social, Employment and Migration Working Papers*, No. 176.

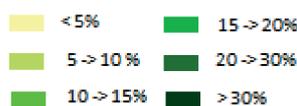
⁵ See the 'Dutch Case' on residualisation by the European Commission on Dutch social housing: <http://union-habitat.eu/spip.php?article280>

ONE IN SIX PROPERTIES IN EUROPE IS VACANT: AN OPPORTUNITY TO PROVIDE AFFORDABLE HOUSING

Real estate vacancy represents a significant windfall of potentially habitable unused housing. **In Europe in 2011, more than 38 million conventional dwellings were unoccupied** (vacant or used as seasonal or secondary residences). In eight European countries, more than one in four housing units is not a home¹. The process of putting this vacant housing stock to use is complex, not least because it is divided unequally across countries. Nonetheless, the scale of the problem and the alarming increase in the number of people experiencing housing exclusion calls for an appropriate political response.



% unoccupied conventional dwellings



Source: Eurostat, Census 2011 / Mapping: FEANTSA-FAP

Unoccupied conventional dwellings are conventional dwellings which are not the usual residence of any person at the time of the census.

For France -where the census was based on sample surveys- and United-Kingdom - where Scotland's figures were not included-, data has to be taken with caution

⁶ In Greece, 35.3% of conventional dwellings were unoccupied according to the 2011 census; Croatia, 33.4%; Portugal 31.9%; Malta 31.8%; Bulgaria 31.4%; Cyprus 31.1%; Spain 28.3%; Italy 22.7%. For the other countries, see: FEANTSA and the Foundation Abbé Pierre (2016), *Vacant real estate: seizing the opportunity to find affordable housing solutions in Europe*.

ONE IN SIX PROPERTIES IN EUROPE IS VACANT: AN OPPORTUNITY TO PROVIDE AFFORDABLE HOUSING (CONTINUATION)

The term 'vacancy' covers extremely diverse realities and issues. So, in terms of data collection, it is difficult to precisely evaluate the scales of these phenomena as these definitions and methodologies are not the same across Europe. The term real estate vacancy includes two different categories:

commercial vacancy and residential vacancy. The latter is the result of complex processes; its typology⁷, used by most local studies analysing the issue, differentiates between frictional vacancy (vacant housing on the market, available for sale or rent) and structural or long-term vacancy (vacant housing that is outside the market). Frictional vacancy, generally estimated at 2% to 5% maximum of the market, contributes to the functioning of the market by acting as a correction mechanism; it gives a certain flexibility for residential mobility.

Occasional vacancy linked to tourism and resulting in lack of use of secondary residences is counted in the European censuses, because it falls under the category of unoccupied housing at the time of the survey. But while it is by nature radically different, occasional vacancy is not systematically differentiated from other types of vacancy, which can lead to confusion between vacant housing and secondary residences. When this differentiation is made, the figures are shocking: in 2011 in Greece, 21.2% of the total stock were secondary dwellings and 14.1% were vacant dwellings, where 7% of the population experienced severe housing deprivation in 2013 and where 93% of poor households spend more than 40% of their income on housing.

Several countries do not have a clear definition of residential vacancy (Austria, Spain, Greece, Ireland, Italy, Luxembourg, and Portugal). This has direct consequences on the precision of the census data and on potential targeting for reuse of vacant spaces. In the United Kingdom and Belgium, if a housing unit is vacant for more than six months, it is considered vacant. In the Netherlands, short-term vacancy refers to housing units empty for between 3 and 12 months, and structural vacancy is those that have been vacant for more than 12 months. In France, during the 2011 census, distinction was made between secondary/occasional residences, occupied for only a part of the year – less than 6 months per year, weekends, holidays, free time and for professional reasons – and vacant housing to which one of the following applies: available for sale or rent (new or old), already sold or rented and awaiting occupancy, having ownership

transferred through inheritance, without precise usage (in a dilapidated but habitable state), held by the owner for future use by an employee(s), relation(s) or friend(s), uninhabited due to occupant(s) leaving for a community setting (retirement home, long hospital stay, etc.). The Czech Republic, Denmark, Greece, Croatia, Cyprus, Malta, Portugal, Romania, Finland and Ireland also differentiated between these two types of vacancy.

There are any number of reasons to explain a property being structurally vacant: it may be the result of the owner's unique personal circumstances (inheritance, ongoing or expensive renovation project, health/employment/income problems, lack of interest, etc.) or due to property speculation⁸, the owner being unknown, etc. According to national and regional contexts, vacancy rates are not systematically concentrated on the same types of property: in France, and also in Germany, the general rise in vacancy rates is concentrated in the least attractive part of the private sector, i.e. properties that are dilapidated in the context of overall improvements in the quality of housing stock. In other countries that have been heavily impacted by the 2008 financial crisis and the bursting of the property bubble (such as Spain, Ireland, Portugal and Greece), the increase in the vacancy rate is due to the abandonment of brand new complexes and to banks repossessing a large portion of the housing stock as owners are no longer able to repay their mortgages. In Eastern European countries, vacant housing is mainly found in undesirable areas, chiefly due to rural exodus, and in holiday resorts (beach and mountainous areas) where secondary residences are concerned.

The issue of vacant housing must be fully and comprehensively looked at, and must be understood in terms of the different contexts in which it develops, so that sustainable and adapted policies can be adopted to improve access to housing stock.

⁷ France's Observational and Statistical Service of the Ministry of the Environment, Energy and the Sea (France), *Etude - Mesurer la vacance dans les logements* [Study - Measuring housing vacancy], 2006, p.4.

⁸ In England, 'buy to leave', a phenomenon hugely popular since the 1980s has been a factor in the increased vacancy rate.

INITIATIVES FOR REUSE OF VACANT BUILDINGS ACCORDING TO TERRITORY AND LOCAL CONTEXT

Real estate vacancy is a reality across all territories, whether urban or rural, whether the market is tight or slack. It represents both a factor of malfunction and a potential solution for unbalanced housing markets, whether they are unbalanced due to high demand and low supply or due to high supply and low demand. Real estate vacancy translates to different realities in different contexts, and putting vacant property back into usage brings numerous benefits. In addition to providing potentially affordable housing, it can prevent building deterioration and improve the quality of the surroundings/quality of life in failing areas, renew social and economic activity in these areas, reuse resources that were obstructed during the vacancy (walls, land, etc.), limit urban sprawl (in accordance with current principles on urban policy), and even make substantial energy savings⁹.

The political tools rolled out by governments to fight real estate vacancy are mostly legislative or fiscal in nature. National and local European governments – in France, Belgium, Finland, the United Kingdom, Spain, Germany – have thus planned legislation giving local authorities the possibility to requisition, then renovate or demolish a long-term vacant or dilapidated building, and compensating the owner in return. If the owner refuses to cooperate, the law has provisions to levy fines under certain conditions or to demand the owner carries out work at their own expense; often local authorities also have expropriation and pre-emption rights on these properties. However, depending on the country, the planning systems may be closely linked to property owners' interests, or the conditions for applying the law may be difficult to implement. This is the case in Finland¹⁰, which means these measures are very rarely used. With regard to taxes, there are several measures that have been established by states or regions: in Scotland, local authorities have discretionary power to remove the reduced local tax rate for vacant properties and can even increase this tax by 100% for certain properties that have been vacant for a year or more. In Camden, London, the town council wanted to reduce the number of properties that are vacant due to buy-to-leave¹¹ investments by putting a 50% surcharge on local taxes for properties that have been vacant for more than two years. In England as a whole, local authorities can demand a local tax

increase of up to 50% for properties that have been unoccupied and unfurnished for more than two years. In France, two extra taxes have been established for use in urban areas with more than 50,000 inhabitants and voluntarily for other territories, and concerns housing that has been vacant for more than one or two years. Paris City Hall is about to set up stricter taxation rules to fight vacancy in the capital¹².

Incentivising financial instruments are also widespread in Europe aiming to encourage owners to rent out or sell their empty assets to a local authority or a housing association who will undertake the renovations. In England for example, some local authorities suggest that owners rent their property to renters chosen by the council for a long-term contract (5 to 10 years) and it gives them a vacant housing grant to cover 50% of the renovation costs.

Despite these important examples of legislative/fiscal/financial strategies to fight vacancy, which could be the subject of a specific study given their complexity and diversity in Europe, we have chosen to concentrate on (a non-exhaustive list of) localised initiatives. This will give an overview of the different types of vacancy that exist across European territories and how they represent both a threat and an opportunity.

⁹ In Finland, buildings with central heating also heat unoccupied apartments, and maintaining the pipes is necessary so that the cold does not cause damage in winter.

¹⁰ Huuhka S. (2015), *Vacant residential buildings as potential reserves: a geographical and statistical study*, Building Research & Information.

¹¹ An expression used in the United Kingdom for buying properties for purely speculative purposes; the property purchased remains empty so that the owner can benefit from increasing market prices.

¹² <http://tempsreel.nouvelobs.com/immobilier/fiscalite/20160613.OBS2486/paris-veut-encore-augmenter-les-taxes-sur-les-logements-vacants-et-les-residences-secondaires.html>

REAL ESTATE VACANCY IN AREAS FACING RURAL FLIGHT AND DECLINE - VICTIMS OF METROPOLISATION¹³

In areas experiencing rural flight and decline, often victims of metropolisation, the problem is long-term structural vacancy. Vacant spaces are a driver of social and economic desertion in a territory while at the same time being a potential source of its resilience. Empty buildings are at the heart of urban dereliction, while also having transformative power. Buildings have the potential to be used and adapted to local needs, not only in terms of affordable housing, but also in terms of renewing social and economic activity. Long-term vacancy here stems from 'a time lag between adjustments in the level of housing stock and broader regional changes'¹⁴, and it cannot be resolved only through housing policy mechanisms as it is caused by the wider trends of depopulation and deindustrialisation. Cross-cutting strategies are thus identified as being the most efficient in these contexts; reusing vacant buildings is an opportunity to rethink the space in terms of mixed uses.

The examples that we have identified that fight this type of vacancy are diverse and may be, to varying extents, controversial and/or efficient:

- Germany's federal policy strategy since the 2000s of demolition/renovation to fight residential vacancy in East Germany's cities that are experiencing abandonment¹⁵;
- Local strategy of multi-level 'gentle requisitioning', incentivising owners to put their properties to use, and self-managed renovations in Stoke-on-Trent (England) to fight mainly private residential vacancy;
- Local programme of 'gentle requisition' in Charleroi (Belgium) to fight private residential vacancy;
- Local initiative involving temporary reuse of empty buildings in Leipzig (Germany) to fight private residential vacancy¹⁶.

The same types of strategies can be deployed in areas that are experiencing rural exodus as their population moves towards the urban centres. In Italy for example, the villages of Gangi and Salemi (in Sicily) and Carrera

Ligure (in Piedmont) have established fiscal incentives and very inexpensive sale prices (sometimes even free) on vacant buildings, prioritising renters intending to set up a business¹⁷. Countries of the east and south-east of Europe are particularly plagued with high vacancy rates, and frequently have to introduce legalisation procedures at local level when a vacant building is spontaneously occupied; this is occurring within the wider context of policies being created to formalise informal settlements in these areas¹⁸. Furthermore, in Croatia, Montenegro and Bulgaria, the rates of real estate vacancy are particularly high, not just due to the poor quality of the housing stock but also because of the many secondary residences, occupied for just a part of the year and left vacant for the rest.

¹³ Metropolisation refers to the growing role played by attractive cities in economic growth.

¹⁴ Nordvik & Gulbrandsen, 2009.

¹⁵ The Stadtumbau Ost [Urban Restructuring East] federal policy, that planned and financed on a large scale, the demolition of large housing estates (legacies of the Soviet era) and renovation of city centres to deal with the excessive vacancy rates in East German cities in the 2000s. USH Europe (2015), *Shrinking Cities in Europe: Case studies of Leipzig, Halle and Altena*, http://union-habitat.eu/IMG/pdf/Shrinking_cities_en_Europe_-_Etudes_de_cas_Leipzig_Halle_et_Altena.pdf.

¹⁶ For more information on these local mechanisms: FEANTSA and the Fondation Abbé Pierre (2016), *Vacant real estate: seizing the opportunity to find affordable housing solutions in Europe*.

¹⁷ http://www.nytimes.com/2015/06/23/world/europe/sicilian-town-tells-outsiders-take-our-homes-please.html?_r=1

¹⁸ UNECE (2015), *Formalizing the informal – Challenges and opportunities of informal settlements in South-East Europe*. <http://www.unecce.org/index.php?id=41174&L=0>

REAL ESTATE VACANCY IN SLACK MARKETS AFFECTED BY HIGH TOURIST FLOWS

In areas facing rural exodus and affected by tourism due to geographical location (by the sea or the mountains etc.) or their attractive heritage, structural vacancy can be the result of investment and speculation in the local housing market due to its status as a tourist attraction and the geographical added value of the area. This might overlap with occasional vacancy resulting from secondary residences and tourism, as despite the economic value that tourism adds to these areas, it also brings an element of market malfunction. These two types of vacancy have long-term negative effects on local housing markets causing increasing house prices, local residents being pushed out financially, 'ghost estates' for a large part of the year, weakened community life, etc. According to the 2011 census, the regions in Europe with more than 50% vacancy were located in Greece (half the total), Spain, Croatia, Italy, Portugal, Belgium, France and Malta. The majority of these regions are popular destinations for holiday-makers, for example Hautes-Alpes in France, Aosta Valley in Italy, the summer destinations of The Cyclades in Greece or the Algarve in Portugal. In the Hautes-Alpes, more than four out of five properties were unoccupied in the ski resorts and the municipalities of Megève, Morzine and Châtel. In the Algarve, the situation is similar with more than 80% of housing unoccupied in the coastal towns of Monte Gordo, Armação De Pêra and Cabanas De Tavira.

To address this issue, the coastal town of St Ives (England) has restricted secondary residences by demanding that all new construction is for permanent residents and, more broadly, many local initiatives have been taken to double the local tax rates for second-home owners¹⁹.

REAL ESTATE VACANCY IN TIGHT MARKETS AFFECTED BY HIGH TOURIST FLOWS

Structural vacancy is also an issue in tight markets, to the extent that it represents a real housing opportunity in contexts where there is a high number of people experiencing homelessness or housing exclusion, and where the waiting lists for public/social housing are very long. In these contexts, housing can be used as an investment and speculation tool which, in addition to the ethical issues, can cause socio-economic problems with increased pressure on the local housing market and thus increased prices for locals. Vacant housing is therefore potentially usable to create affordable housing in areas where that is required and to house those excluded from the market. It can also be used to foster social connections and even to socially integrate the marginalised and create alternative forms of housing: self-help housing in England and the Netherlands, or auto-recupero in Italy, for example, are projects in which occupants/residents had direct involvement and decision-making power at all stages in the recuperation/renovation of vacant housing. Beyond the immediate housing issues, residents choose to be self-reliant in their way of living.

Occasional vacancy created by secondary residences and tourism in areas with tight markets is also problematic, with the same consequences from property speculation mentioned above, not to mention a growing Airbnb phenomenon. This concerns areas with high tourist flows which often overlap with large cities where the market is under pressure. Recently, several European capitals whose markets are being disrupted by mass tourism while demand for rented accommodation is ever increasing, have legislated to fight the phenomenon of short-term subletting to tourists. Buying and renting out apartments to tourists via online agencies has become very profitable in recent years with companies managing several hundred dwellings of this type. The consequences for the local housing market are increased prices and growing pressure on supply for residents. In Berlin, which today finds itself facing a growing shortage of housing, 24,000 units are reported to be rented to tourists every year across all platforms, which would be enough to supply the demand for housing over a year²⁰, if this accommodation was available for normal use. The city has had to take drastic measures and has established a law to regulate the issue. Other capitals such as Amsterdam, Barcelona and recently Paris have followed this lead.

¹⁹ <http://www.bbc.com/news/uk-england-cornwall-36204795>

²⁰ <https://theconversation.com/berlin-has-banned-homeowners-from-renting-out-flats-on-airbnb-heres-why-59204>

REAL ESTATE VACANCY AS A CONSEQUENCE OF THE 2008 SUBPRIME CRISIS

Beyond local and regional contexts, the crisis in the property sector that was the source of global economic recession at the beginning of the 21st century had serious consequences on access to housing in Europe. In countries where the property bubble burst most catastrophically, banks seized vast swathes of the housing stock (both private and social), which has led to some bizarre situations. While Spain has one of the highest ratios of housing per inhabitant in the European Union, with 25.5 million housing units in 2013, it is also the EU country with the highest vacancy rate. There were 3.4 million vacant properties in 2013, i.e. 13.7% of the total housing stock and yet 327,872 evictions were carried out between 2008 and the first quarter of 2013. In Barcelona, evicted families and social rights advocates moved to illegally occupy housing that was repossessed and left vacant, which led to the creation of citizen movements for the right to housing such as PAH (Platform for People Affected by Mortgages). The local political situation led to the new City Council starting negotiations with SAREB [Company for the Management of Assets proceeding from Restructuring of the Banking System], otherwise known as Spain's 'bad bank', to sign contracts for temporary return of vacant housing to address the urgent need for housing. This model of signing contracts with asset management agencies for returning vacant housing to use was also established in Ireland between the local authorities and NAMA²¹. Despite the win-win nature of these initiatives, the negotiations, which are still ongoing, are long and complex and do not guarantee the return to use of large quantities of vacant housing that are held by the bank in question.

²² For more information on these initiatives: FEANTSA and the Fondation Abbé Pierre (2016), *Vacant real estate: seizing the opportunity to find affordable housing solutions in Europe*, pp. 22-25.

CONCLUSION: RECONCILING THE RIGHT TO PROPERTY WITH THE RIGHT TO HOUSING

The growing imbalance between supply and demand of accessible housing in Europe is a reality shared by all European territories. According to liberal economic theories, markets are determined by supply and demand, which are presumed to be balanced. So, when demand exceeds supply, prices increase and vacancy falls and vice versa. Vacancy would therefore only be the result of an excess supply and a lack of demand. However, various situations prove that this theory does not apply to the reality of housing markets: in Spain for example, prices have increased along with the vacancy rate. There are also situations where the lack of a certain type of housing occurs in parallel with an overall surplus. As such, mobility between the private rented sector, the social rented sector and home ownership becomes very limited and the severe lack of certain types of housing can, for example, occur even in underpopulated areas. The nature of real estate vacancy, just like the corrective mechanisms introduced to address it, varies according to the local context. One of the main obstacles to a clear overview of the issue is the lack of tools that exist to evaluate the potential for returning buildings to use, whether it is in terms of the social added value, the financial added value or even the energy savings. It is also clear that despite the multi-level strategies – at national, regional and local level – established over the last few years in some EU states, the number of vacant properties remains worrying and the problem has only slightly improved. Vacancy is still seen as a function of the market, and it symbolises the predominant notion of housing as an investment vehicle as opposed to a prerequisite for the right to housing.

Public intervention in vacant properties is often seen as dispossession, as excessive intrusions on the individual's right to property ownership. Nonetheless, several initiatives put in place at local level in Europe prove that real collaboration between owners, communities, associations and renters/residents can be fruitful and can serve to reconcile the right to ownership with the right to housing. This

collaboration can go as far as redistributing the roles among stakeholders in public housing policy as Yann Maury, Professor of political science and expert in self-building, stated regarding housing cooperatives: 'It seems that housing cooperatives – whether based on the Anglo-Saxon model of Community Land Trusts or the Mediterranean model – bring together the principle of redistribution and the principle of sharing, particularly on a local scale, through granting funds for municipal guarantees or deposits, using ethical financing, use of modified local land policies, but also by calling on private donations etc. This unique synthesis, inverts the financial logic that brought about the subprime crisis, as it «re-embeds» (as Karl Polanyi might have said) housing at the centre of social and political issues'²².

²² Maury Y. (2009), *Les coopératives d'habitants – Méthodes, pratiques et formes d'un autre habitat populaire*, Editions BRUYLANT, Bruxelles.

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