

JUNE 2018

ONCE UPON A TIME IN THE WEST: INDIFFERENCE TO INCREASING HOUSING EXCLUSION ACROSS EUROPE

FEANTSA TAKES STOCK OF THE EUROPEAN SEMESTER 2018

On 23 May 2018, the European Commission published its “spring package”. This milestone in the European Semester process puts forward the 27 Country-Specific Recommendations (Greece is excluded from the process), setting out the European Commission's economic and social policy guidance for Member States for the next 12 to 18 months.

These Country-Specific Recommendations (CSRs) are fundamental as they highlight what central priorities the European Commission is asking Member States to focus on (the reality of the process though is that the CSRs are negotiated throughout the year and agreed upon between each Member State and the European Commission). This is an opportunity for FEANTSA to look at the European Semester 2018 and its evolution following on the proclamation of the European Pillar of Social Rights in 2017, in preparation for the Annual Growth Survey 2019.

INTRODUCTION

Overall, the European Commission's main focus is, as in the past, on structural reforms for economic growth. It also insists on “economic resilience” to ensure “long term economic convergence”. A new shift of great interest for FEANTSA is on the special attention given to the social situation and the efforts to move towards the implementation of the European Pillar of Social Rights. This is a positive move in theory, but the concrete implementation is to be seen. The issue is that the current European Semester proposes recommendations for improved adequate social protection, but is generally more orientated towards “activation measures”. The motto is to get people into employment, to work more and better. Two key questions are therefore at stake: first, what about those who are not able to access employment - will the European Semester really enable Member States to also provide tools for the protection of the most vulnerable, those not able to work? Secondly, what kind of employment are we talking about? If employment is about quality job and living wages, there is a real potential for the European Union to mobilize its human capital and harness growth on well-being. But if employment is about “any kind of job for growth” such as precarious, unsecure form of employment, there is a risk that the European Semester would then turn out to be contributing to the development of inequality and exclusion. The true nature of the European Semester will reveal itself in the fruits it will bear as an instrument of social cohesion.

This document will present an overview of FEANTSA's position of the European Semester 2018 and in doing so will propose a view on the political orientations brought in by the European Commission, a year before the European Parliament elections and a potential redistribution of the political scene.

The key message is that the current wording of the European Semester 2018 is encouraging, even promising. But the European Union will need to go much further to deliver on its commitment of a

social Europe. There is a real danger that if the European Union does not address the risk of polarization in society, the European Semester will drift away from the direction laid down by the European Pillar of Social Rights. FEANTSA believes that the European Union should make stronger use of the European Semester to bring about tangible results on homelessness reduction and support for the development of affordable housing solutions in Europe.

SUMMARY

The European Semester, the EU's annual cycle of economic and social policy coordination, is one of the main instruments for delivering on the European Pillar of Social Rights, including Principle 19 on housing and housing assistance for the homeless. FEANTSA's take on the European Semester's 2018, is based on an overview of the Annual Growth Survey 2018 (published in the autumn 2017), the Country Reports, National Reform Programs, Country Specific Recommendations, Joint Employment Report, and 2018 economic forecast.

- ✓ Overall, the process affirms an increased consideration of social objectives with a clear move to encourage Member States to progress on the implementation of the European Pillar of Social Rights, to tackle homelessness and address housing exclusion.
- ✓ Indeed, the Annual Growth Survey 2018 kick-started the Semester 2018 by underlying investment in adequate social housing and other housing assistance as "essential", focusing on the need to protect "vulnerable people against unjustified forced eviction and foreclosures, as well as tackling homelessness.
- ✓ The 2018 Country Reports have confirmed a change toward a more socially focused European Semester, seemingly a step towards an increasing recognition of the importance of the social context in general and a better analysis of homelessness and housing exclusion in particular.
- ✓ The Spring 2018 Economic Forecast has included a monitoring of housing prices, revealing a broad-based rise in house prices, mentioning that the parallel slower increase in household real disposable income means a deterioration in housing affordability. It is likely that this is the first time that housing affordability has been explicitly put forward as a concern in the Economic forecast.
- ✓ A good number of National Reform Programs have also referred to homelessness (notably Belgium, Hungary, Ireland, Luxembourg, Denmark, Sweden, Spain and Poland). And "Housing First" (e.g. Hungary, Luxembourg, Belgium, Denmark).
- ✗ Nevertheless, a lot is left to be done for a coherent European approach to homelessness and housing exclusion as the current pointers (references in the Country reports and National reform Programs) are incomplete and inconsistent with the social reality.
- ✗ The Country Specific Recommendations have not delivered on the promises of Principle 19 of the European Pillar of Social Rights, with homelessness completely absent and only two countries having received a CSR (indirectly) referring to affordable housing.



If the European Semester is genuinely going to deliver on the objective of a social Europe (as laid out in the European Pillar of Social rights), it cannot continue to ignore the need for a concerted strategy to address the crisis of affordable housing and its consequences on homelessness and housing exclusion.

I- WILL HOUSING BE LEFT TO THE WILDERNESS OF THE MARKET? AN IMPROVED, YET INCOMPLETE AND INCOHERANT ANALYSIS OF HOUSING

Millions of Europeans are confronted by housing exclusion. FEANTSA and the Fondation Abbé Pierre's Third Overview of Housing Exclusion in Europe 2018¹ highlights the complexity of housing needs and that housing prices have continued to soar faster than incomes, impacting disproportionately the poorest households. Inequalities in housing exclusion have increased between 2010 and 2016, with the situation of people below the poverty line having worsened. Analysis of the Eurostat/EU-SILC data on housing exclusion shows that the quality of housing is gradually improving at European level, but it also reveals the continuous increase in housing costs which is putting more and more pressure on all households.

In response to this situation, the European Semester process has improved the extent and the quality of its analysis on housing, pointing to the rapid increase of housing prices, and sometimes underlying the issue of housing affordability for the poorest households.

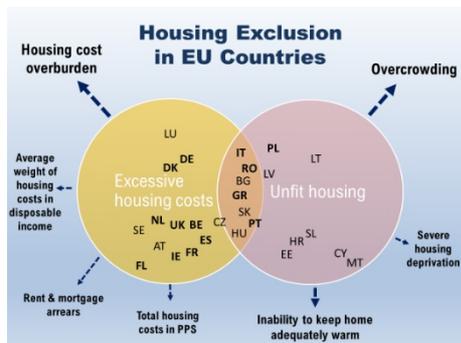
The 2018 Country Reports have indeed commented on **geographical disparities** in housing costs within the same country (e.g. Austria, Denmark, Hungary, Netherlands, Finland, Portugal) and have increasingly looked at the social impact of housing market trends. This is a positive development as it demonstrates a refined analysis of the housing market trends and their social impact. The semester also seems to have fostered thinking on housing with, for example, the positive and interesting analysis in the Maltese National Reform Programme, based on 3 axes: housing and disability, mobilization of housing stock and social home ownership. For instance, the Maltese NRP mentions the 2018 Budget which will allocate a €53 million investment for the provision of affordable housing. Regarding housing and disability, the government launched a project on housing for persons with disability, including ten residential homes in the community for disabled persons and schemes to support home adaptation works with financial aid and technical assistance.

The 2018 Country Reports have brought a sharp analysis of the potential drawbacks of social housing systems (Netherlands and France), while failing to acknowledge the essential role played by social housing. They have underlined **housing deprivation** (Bulgaria, Romania), the **difficulty in accessing affordable housing** (e.g. Bulgaria, Spain, Latvia, Portugal, Czech Republic), and **emergency housing** (France) as issues of increasing importance. Furthermore, the 2018 Country Reports have also underlined, in some countries, the **discrepancy between increasing housing prices and wages** (e.g. Belgium, Czech Republic) and **housing cost overburden rates** (e.g. Germany, Denmark, Romania, Bulgaria).

It is an improved analysis, but it is regrettable that these observations have only been taken up in a limited number of country reports while the phenomena are further widespread. For instance,

- Despite an alarming indication of **severe housing deprivation** in **Italy** (14,8% for tenants), the European Commission does not mention housing deprivation as a challenge to address in the 2018 Italian Country Report or Country Specific Recommendation.
- Similarly, the 2018 Country report for **Portugal**, refers to **housing deprivation** at an estimated 10.3% (people living in a condition of insufficient living space). This is the same percentage as in the two previous years, yet no action is recommended under the Country Report or Country Specific Recommendation.

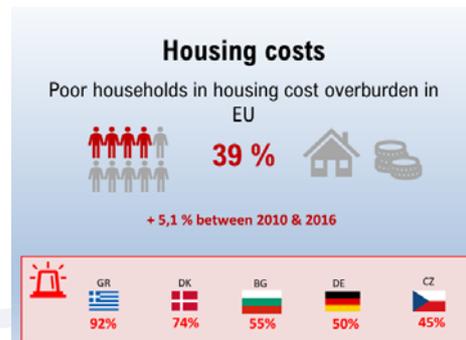
¹ Third overview of Housing Exclusion in Europe, 2018, Abbé Pierre Foundation – FEANTSA



Poland has faced a 22% increase in housing costs between 2010 and 2016 leaving to an average weight of housing cost of about 45% in the disposable income of poor households in 2016². The severe housing deprivation rate for tenants is at 19,5%. Yet, no comments are made in the Country Report on Poland, or in the Country Specific Recommendations on housing deprivation, housing cost overburden or affordable housing.

The National Reform Programs 2018 have also only sporadically addressed the issue of housing. For instance, only some countries have underlined the issue of **rising housing prices** (e.g. Netherlands, Denmark, Bulgaria, Ireland) while this is a much wider reality to address. FEANTSA³ data analysis shows for instance that the issue of **housing cost overburden** is an increasing challenge, particularly for the poorest households. In Germany, we have witnessed an increase of 50% of the number of poor household in housing cost overburden between 2010 and 2016, which has not been highlighted in the National Reform Programme or Country Specific Recommendation, despite being taken up in the Country Report.

The Country Report for Bulgaria, and the Bulgarian NRP points to many of the challenges associated with housing, such as housing cost overburden. The NRP also presents a reform underway to improve housing conditions for vulnerable groups. However, the Country Specific Recommendation does not take this theme forward. Similarly, housing cost overburden is taken up by the Danish Country report and NRP, but not by the Country Specific Recommendations, despite a housing cost overburden rate of 15.0 % in 2016, well above the EU average of 11.1 %.



CONCLUSION ON HOUSING

FEANTSA regrets the **irregular and lack of coherent analysis** in addressing the situation of the housing market and its impact on increasing inequalities, particularly in delivering Country Specific Recommendations on housing. Indeed, despite the evidence pointing to the increase of housing market prices, and the potential social and financial risks associated, only two countries (Ireland and the UK) have received CSRs relating indirectly to the need for more affordable housing. This is astonishing given the extent of the affordable housing crisis striking Europe.

The Spring 2018 Economic Forecast has included a monitoring of housing prices, revealing a broad-based rise in house prices, mentioning that the parallel slower increase in household real disposable income means a deteriorated housing affordability. FEANTSA strongly welcomes this increased awareness. Housing is not solely an investment product but is intrinsically linked to living conditions, and to social changes. FEANTSA calls for **increased attention to be given to housing policy in the European Semester**, to prevent a further housing crisis which would trigger a new downturn in consumer spending and trust. The European Union should be more boldly looking at how to neutralize

² Third overview of Housing Exclusion in Europe, 2018, Abbé Pierre Foundation – FEANTSA – p. 48

³ Third overview of Housing Exclusion in Europe, 2018, Abbé Pierre Foundation – FEANTSA

a dangerous increase in housing prices, both for its potential economic drawbacks, and its social impact.

II- THE OTHER EUROPE IS LEFT BEHIND: HOMELESSNESS IS NEITHER ASSESSED NOR ADDRESSED

The social reality of increasing housing prices and the consequences of welfare reforms and austerity policies have tangible dramatic social consequence: all EU Member States but one (Finland) face increasing homelessness. In many parts of Europe, profiles of homeless people are changing, with more families with children in emergency shelters than before. Women, young people, people with a migration background, the working poor, are becoming increasingly numerous among the homeless population. This rising phenomenon of homelessness, estimated to affect up to 4 million people every year, is not addressed by the semester process.

There is nevertheless an improvement in the acknowledgement of the reality: 2017 Country Reports only features homelessness as a concern in five EU Member States, whereas the 2018 Country Reports identified it in eight Member States (Denmark, Ireland, France, Latvia, the United Kingdom, the Czech Republic, Romania and Slovakia). A good increased number of National Reform Programmes have also referred to homelessness (notably Belgium, Hungary, Ireland, Luxembourg, Denmark, Sweden, Spain and Poland). “Housing First” is also referred to in several NRPs (e.g. Hungary, Luxembourg, Belgium, Denmark). In Denmark, it is encouraging to read that the government is aiming to develop social investment on homelessness as well as to strengthen prevention and develop “a Housing First for Youth” method. The Luxembourgish NRP develops its situation regarding the “National strategy to counter homelessness and exclusion linked to housing”.

While this recognition of the growing scale of homelessness is welcomed by FEANTSA, the European Semester still fails to assess and respond to the reality of homelessness in Europe.

- Despite a 150% increase in Germany from 2014 to 2016 and a 20% rise in the number of people in emergency shelters in Spain over the same period, homelessness is not even mentioned in the German and Spanish Country Reports. Furthermore, homelessness is completely ignored further down the process, as it is not even referred to any of the 27 Country Specific Recommendations or recitals. However, Spain refers to homelessness in its National Reform Program, recalling its progress in the Integrated National Strategy (2015-2020) for homelessness people.

The prioritisation of pertinent social challenges in the European Semester is striking. For instance, the change in profiles of homeless people, everywhere in Europe, is addressed inconsistently by the Semester process.

- In Sweden, there is an increasing number of families with children facing housing exclusion. In April 2017, the Swedish National Board of Health and Welfare estimated there were between 10,500 and 15,000 homeless children in Sweden⁴. The Swedish Country Report fails to capture this reality and states that “Sweden performs well on the indicators of the Social Scoreboard supporting the EPSR”. The National Reform Program refers to its action to address homelessness but does not mention the issue of children or families experiencing

⁴ Third overview of Housing Exclusion in Europe, 2018, Abbé Pierre Foundation – FEANTSA, quoted from Save the Children Sweden report “A place to call home: Families with children in the shadow of the housing crisis”
<https://resourcecentre.savethechildren.net/library/en-plats-att-kalla-hemma-barnfamiljer-i-bostadskrisens-skugga>

homelessness or housing exclusion. The only Country Specific Recommendation for Sweden relates to housing, with no mention of affordable housing or vulnerable groups.

- On the contrary, the Irish Country Report recognises that “Homelessness increased by 81 % in the period 2011-2016 (CSO, 2016). Family homelessness is a particular concern as it increased by 200 % within the same period.” The challenge is then picked up in the Irish National Reform Programme that details the “Rebuilding Ireland – Action Plan for Housing and Homelessness” which addresses Social Housing, Increasing Housing supply and affordability. Finally, a Country Specific Recommendation reminds Ireland to “ensure the timely and effective implementation of the National Development Plan, including in terms of (...) housing”.

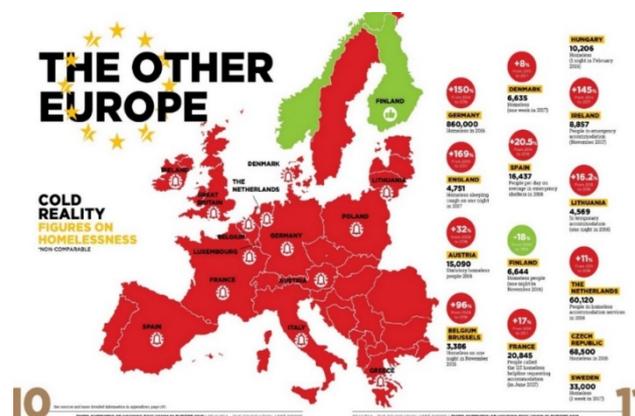
This example shows that these two social realities of family homelessness are addressed very differently depending on the countries. It highlights that the European Commission is in a process of cooperation throughout the European Semester in determining objectives and priorities. The important question being therefore to know whether the process or cooperation happens on all topics or only on social objectives?

- Similarly, there is strong evidence in the available data that there has been an increase of homelessness in the Netherlands, but there is no mention of this social challenge in the Dutch 2018 Country Report, National Reform Programme or Country Specific Recommendations. Importantly, as the Dutch indicator for poverty is the “jobless household”, the Dutch National Reform Programme even prides its “declining trend of poverty (...) expected to decline further in the future”. But what of the increase in homelessness and inequality?
- In Slovakia, the Country Report refers to a 2011 census estimating that there are about 23,500 homeless people in Slovakia, i.e. around 0.4 % of the total population. No national data has been collected since then, and the Country Report refers to 0,4% as “relatively low”, with no call to action but only a reference to a national strategy underway. The National Reform Programme and Country Specific Recommendation do not further address this topic.⁵

CONCLUSION ON HOMELESSNESS

Overall, FEANTSA strongly welcomes homelessness being referred to in an increasing number of Country Reports and National Reform Programmes and recognises the improvements in the analysis of homelessness there. But FEANTSA regrets the incomplete nature of the picture in the Country Reports (why is homelessness only highlighted in 8 Members State Country Reports?), and the lack of follow-up by the Country Specific Recommendations (no reference to homelessness in any of the Country Specific recommendations). How

could such a dramatic surge (homelessness is increasing all over the European Union except for Finland) be completely absent from the Spring package 2018? FEANTSA calls on the European Union



⁵ Only one sentence in the National Reform Programme could be seen as relating to homelessness when it refers to a change in the bankruptcy and restructuring act that “improve the opportunity to break free from debt trap for individuals without income and property, including protection against complete loss of home”.

to demonstrate more leadership in encouraging Member States to address the European surge in homelessness.

III- RECOMMENDATIONS FOR A EUROPEAN SEMESTER PROCESS WHICH WOULD GENUINELY ADDRESS HOMELESSNESS AND HOUSING EXCLUSION

FROM MANAGING TO ENDING HOMELESSNESS

Throughout the years, evidence showing how inadequate and inefficient managing homelessness is, compared to ending it, has been building up: public spending on emergency measures has been increasing in recent years, putting more and more vulnerable people in temporary shelters, which, due to a lack of affordable housing solutions, perpetuates precarious living situations and does not offer protection of the right to housing, privacy and inclusion. The most precarious part of this other Europe is dying on the streets, and not only during the winter. The life expectancy of a rough sleeper is on average 30 years less than the rest of the population. FEANTSA believes the European Union can and must contribute to bring about change and concrete results in ending homelessness.

- ➔ The European Semester can be an instrument of this change, by inspiring Member States to focus adequate funding and resources to move away from managing to ending homelessness.
- ➔ Within the context of the European Semester, the European Commission should continue its recent efforts to systematise use of the EU-SILC tool and national data sources in relation to housing. The European Parliament's current discussions on the proposal to reinforce the EU-SILC module on deprivation is a move in the right direction, as it seeks to reinforce the data in the EU-SILC module on deprivation as obligatory and permanent.
- ➔ The Social Scoreboard recently set up by the European Commission to monitor the progress of the EPSR does not include an indicator for monitoring housing exclusion and homelessness. This situation must be changed if the European Union is genuinely to work to "leave no one behind".

MONITORING AND INTERVENTION FOR HOUSING NOT TO BE A "GOOD" LIKE ANY OTHER

It is becoming increasingly clear that the fight against homelessness and housing exclusion must be accompanied by close monitoring and interventions on the housing market. This work is needed to correct the dysfunctional nature of Europe's housing markets which is excluding a growing share of its population. Unfortunately, most countries are dismantling and weakening existing affordable housing provision systems, and they lack the courage to develop new, bold measures to meet the current challenges.

The European Union, basing its action on the European Semester and the commitments taken through the European Pillar of Social Rights, has the responsibility to play a leading role in inspiring a more social outlook and policies for affordable housing solutions in Europe. FEANTSA is looking forward to seeing how the European Pillar of Social Right's Principle 19 will be implemented through the European Semester, and how Member States will be encouraged to deliver on the fight against homelessness as well as access to affordable housing.

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