

Where is Homelessness in the European Semester?

January 2023

Introduction

What did the 2022 Semester offer from a homelessness perspective? What might be expected from 2023? This paper offers FEANTSA's answers to these questions for the benefit of our members, partners in the fight against homelessness, and policymakers at European, national and local level.

The European Semester is the EU's annual cycle of economic, fiscal, labour and social policy coordination. It is a central part of the European Union's economic governance framework, designed to bring Member States' budgetary and economic policies in line with EU rules. Introduced following the financial crisis in 2008, the Semester has primarily focused on fiscal and economic issues. More attention has gradually been paid to wider reforms including in the social field, although the actual impact of the Semester on positive social outcomes is rather unclear and contested. The Semester changed quite radically during the COVID19 pandemic, becoming the key process for organising the Recovery and Resilience Facility in a context where the EU's policy priorities were shifted by the war in Ukraine.

The European Pillar of Social Rights (EPSR) was proclaimed by the Commission, Council and Parliament in 2017. The Semester is supposed to provide a framework for coordinating and monitoring member states' efforts to deliver on its 20 principles, including principle 19 on housing and homelessness. At the Porto Summit in 2021, the Council endorsed new headline social targets for the EU, and a revised Social Scoreboard to monitor progress towards the Pillar's implementation, confirming that the Semester would be the policy coordination framework of the Pillar¹.

FEANTSA has worked on the Semester from a homelessness perspective since it began. Until 2022, we had observed increasing attention paid to housing, poverty and other related issues over the years, including in the Country Reports and Country Specific Recommendations issued to Member States. Homelessness also gained traction within the process over time, although it had been a specific focus in the Reports and Recommendations for only a handful of countries. The overall picture has been rather incoherent over time and geographically. The Semester has not (yet) become a meaningful forum for assessing homelessness or driving better efforts to address it.

¹ <https://www.consilium.europa.eu/en/press/press-releases/2021/05/08/the-porto-declaration/>

European Platform for Combatting Homelessness: A Game-Changer?

The European Platform for Combatting Homelessness (EPOCH) was launched in 2021, part of the Commission's Action Plan to deliver on the EPSR². This is a first major policy initiative on homelessness at EU level. MS, EU institutions and stakeholders signed up to a shared goal of progress towards ending homelessness by 2030. In this context, the European Commission committed to:

“support monitoring of homelessness, through the European Semester process and the Social Protection Committee, with a view to provide a quantitative and qualitative assessment of progress made”³.

Looking back at 2022

2022 saw a return to the original form of the Semester process. In 2021, it had been interrupted by the COVID19 pandemic and to allow MS to focus on planning for the Recovery and Resilience Facility (RRF). The Commission therefore did not produce Country Reports or propose a full set of Country Specific Recommendations. It focused only on fiscal guidance in the context of the general escape clause of the Stability and Growth Pact, which granted MS temporary flexibility to cope with the shock of the pandemic. In 2022 the Semester combined a return to its broader focus on reforms with continued oversight of the implementation of the RRF.

The Autumn Package kicked off the 2022 Semester in November 2021. Its cornerstone, the Annual Sustainable Growth Survey (ASGS) set out the Commission's broad approach to “fairness” as a core component of competitive sustainability and for recovery⁴. The ASGS restated that the EPSR is the framework to ensure fairness in the EU, as well as for upward social and economic convergence. It referred to the new EU headline targets on jobs, skills and poverty reduction, and the need to tackle the consequences of the pandemic on groups in vulnerable situations. The role of the RRF in ensuring access to social housing was specifically emphasised. In the Joint Employment Report (JER), where social priorities for the cycle are laid out in more detail, Member States were invited to:

“address homelessness as the most extreme form of poverty; promote the investment in the renovation of residential and social housing; ease access to quality and affordable housing, social housing or housing assistance, where appropriate”⁵.

The JER also referred to the creation of the European Platform on Combatting Homelessness (EPOCH) as part of the EPSR Action Plan.

² <https://ec.europa.eu/social/main.jsp?catId=1550&langId=en>

³ Governance, work programme and way forward for the European platform on combating homelessness - 2022-2024, available at <https://presidence-francaise.consilium.europa.eu/media/xc1fxetp/the-work-programme-timeline-for-the-platform.pdf>

⁴ COM (2021) 740 final

⁵ Joint Employment Report 2022, as adopted by the EPSCO Council on 14 March 2022, available at: <https://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8476&furtherPubs=yes>

From a macroeconomic perspective, the Alert Mechanism Report pointed out the need for close monitoring of developments in housing markets in a context of increased price acceleration during the pandemic and decreasing affordability over recent years, noting that “apart from the obvious social effects, this can also have significant macroeconomic implications”⁶. The Commission emphasised that high house prices represent an important macroeconomic risk, especially when combined with high levels of household debt and uncertainty in labour markets. An In-Depth Review was deemed necessary for 12 MS, and close attention to housing market developments in a further 6.

The Spring Package, published in May, contained the Commission’s 2022 analysis and proposals for recommendations to MS, to be adopted by the Council in June. Russia’s invasion of Ukraine had a major impact on priorities in this second phase of the cycle. The prioritisation of the energy transition was boosted, with the REPowerEU initiative topping the agenda. The need to support those fleeing the conflict, including as regards housing, also became a priority. These urgent new concerns were added to the strong focus on RRF implementation.

Poverty, housing affordability and access to social housing received attention in the Country Reports in 2022. The housing cost overburden rate is now one of the indicators in the revised social scoreboard, which FEANTSA welcomes strongly. However, homelessness was flagged as an issue of concern in only 4 Country Reports - Ireland, Latvia, Romania and Slovakia. A brief mention of the use of EU-funding instruments to address homelessness was also made in the reports on France and Denmark.

When it came to Country Specific Recommendations, 9 Member States received CSRs on Poverty, social inclusion & social protection, whilst 7 received CSRs on housing. Homelessness dropped off the radar in the CSRs entirely in 2022. The Irish CSRs mentioned homelessness in the recitals in 2020, prefiguring a recommendation on investment in social housing. These were dropped in 2022, despite a worsening homelessness situation. Similarly in Romania and Bulgaria, homelessness was mentioned in the recitals preceding the 2020 recommendations but disappeared in 2022. The 2022 Semester delivered less from a homelessness perspective than 2020.

Other stakeholders have concluded that the overall space for social issues in the Semester contracted between 2020 and 2022. The European Trade Union Institute (ETUI) found that the number of “social packages” (recommendations on social issues grouped under one paragraph in the CSRs) peaked in 2019 and more than halved between 2020 and 2022⁷. Comparing the last two cycles, ETUI argues that the shock of the pandemic brought to the fore the resilience of healthcare and social support systems, and the need for social investment to enhance this. A relatively strong focus on social investment in 2020 was perhaps also linked to the prospect of a new Multi Annual Financial Framework (MFF) 2021 – 2027. In contrast, the dominance of RRF and the RePowerEU initiative in 2022 reduced the space available for social investment. ETUI also found that the 2022 recommendations were significantly more concerned with the fiscal and macroeconomic situation of each

⁶ COM (2021) 741 final

⁷ Rainone, S (2022) *The 2022 Country Specific Recommendations in the social field: quo vadis, EU recovery?*

An overview and comparison with previous European Semester cycles, ETUI, available at

<https://www.etui.org/publications/2022-country-specific-recommendations-social-field-quo-vadis-eu-recovery>

country, partly at the expense of social issues. FEANTSA's observations on homelessness fit with this broader pattern of reduced attention to social issues in the 2022 CSRs.

Homelessness was occasionally acknowledged in the 2022 Semester but not assessed in a comprehensive or consistent way. It got less attention than in 2020, despite the launch of EPOCH in 2021. It is difficult to find a coherent explanation for the variation in attention to homelessness across time or geographically. Given these observations from 2022, FEANTSA is concerned that the Semester is not providing adequate monitoring of, or supporting progress towards, the EPOCH goal of ending homelessness by 2030.

Looking forward to 2023

The Autumn Package 2023, published in November 2022, maintains the space for homelessness that was there at the outset of the last cycle. The Joint Employment Report once again invites Member States to address homelessness⁸. The question is whether the Commission's analysis and recommendations in the second phase of the Semester will engage more seriously with the issue this time.

FEANTSA will work to strengthen the focus on homelessness in the 2023 Semester. We will continue to provide input to the process. Members are encouraged to engage with the preparation of the National Reform Programmes at national level. At EU-level, we will gather and provide evidence to the European Commission on the state of homelessness in view of the Country Reports and the Country Specific Recommendations. FEANTSA will also evaluate the key outputs of the 2023 Semester from a homelessness perspective.

We encourage the Commission to make full use of the SPC and other complementary tools to monitor progress on homelessness in addition to the Semester. The SPC has integrated homelessness in its work programme in recent years, including its input in the Semester. However, this has not been sufficient to assess progress towards the EPOCH goals. A regular in-depth review on homelessness could be a useful tool for the future. FEANTSA's annual Overview of Homelessness and Housing Exclusion in Europe, published each year in June with the Fondation Abbé Pierre, might be a useful resource in this context.

Housing will be a "hot" topic in the 2023 Semester. The 2023 Autumn Package, published in November 2022, highlighted the further acceleration of house prices as a core concern from a macroeconomic perspective. An in-depth thematic note on housing market developments will look at the risks and drivers associated with house price developments, mortgage markets and household debt. The note will focus on Czechia, Estonia, Germany, Hungary, Latvia, Lithuania, Luxembourg, the Netherlands, Portugal, Slovakia and Sweden. FEANTSA encourages the Commission to take a holistic approach and to thoroughly evaluate the extent to which the population of MS' are able to access decent, affordable housing.

⁸ COM (2022) 783 final

Conclusions

It is undoubtedly challenging to use the European Semester to assess progress in the fight against homelessness in MS. Is such a political, stretched, and macro-orientated process the right tool? It is clearly impossible for the Semester to address all challenges facing MS, or all EU policy priorities. Indeed, the Commission has in recent years tried to reduce and streamline the number of recommendations and to shorten the country analysis. Nonetheless, the Semester is currently put forward as the main forum for monitoring homelessness in the context of EPOCH. It is furthermore the only framework for monitoring the overall implementation of the EPSR.

The future of the Semester is currently rather uncertain. On 9 November 2022, the Commission adopted a Communication setting out orientations for a reformed EU economic governance framework⁹. The proposal is for national plans to integrate fiscal, reform and investment objectives into a single medium-term plan. A single operational indicator – net primary expenditure – would serve as a basis for setting a fiscal adjustment path and carrying out annual fiscal surveillance. It is unclear where the social dimension of this streamlined process would be. The Commission will need to table legislative proposals in 2023. The escape clause of the Stability and Growth Pact remains active until 2024. After that, reforms to support social progress in MS will depend to a large extent on the fiscal space that is given to MS to do this.

An urgent reflection is needed on the EU's social monitoring and benchmarking tools. Is the EPSR monitored through the Semester and supported by the new headline targets adequate to support social progress within the EU project? What alternative or complementary monitoring mechanisms are needed? Finding a workable way to monitor progress on homelessness in the context of the EPOCH could help answer these vital questions. 2023 will certainly be an important test of whether the Semester can adequately monitor progress on homelessness in the context of the EPOCH.



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⁹ COM (2022) 583 final