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New Practices of Social Housing: from a Definition to Recent Development

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The aim of the paper is presenting new trends in social housing practices, focusing on their different dimensions and effects. The topic is presented starting from the definition of social housing and then examining its development. In the second part of the paper, a general dynamic of differentiation is recognized in Europe. Four dimensions of the recent trends are identified and they allow a more detailed comprehension of the policy's orientations.

Social housing and its definition

In the literature social housing is considered a complicated concept, also referring to national and international policies, the lack of a common definition is acknowledged by the scientific community and all the European countries. This issue is determined by a wide diversity of national housing systems, concepts and policies.

At the European level there is no common policy or general strategy. Housing is not a competence of European Union, indeed it can not finance projects in this sector. Nevertheless, European programmes acknowledge the importance of social housing and they promote strategies of urban renewal and regeneration, energy efficiency and social inclusion. Social housing can fit in these orientations. Projects without specific goal in real estate can deal with lack of dwellings and improve quality of life. European funds can filter out to social housing also through programmes with a focus on older care, people with disabilities and the use of efficient and clean energies. There is also a link with social services, since social housing is a facility for the public¹.

Despite the uniqueness of each country and their different institutional framework, there are similarities in the allocation of responsibilities for providing social housing between state, private sector, voluntary organisations and households. Historically, social housing in Europe was a response to the emerging housing needs in early 19th century. Industrialisation and urbanisation were trigger phenomena. The first initiatives were from private sector, associations and enterprises, but many national states across Europe took them over, generalising actions and interventions to a wider scale.

Nowadays, in the European context a combination of housing stock (owned and managed generally by public authorities, depending on the country) and a range of providers such as voluntary, public or private associations, foundations, cooperatives an investor is what could be defined as social housing. Various forms of organisation provide housing and the elected local authorities are only one of them. The general concept is related to social rental practice, but in some countries the provision of housing includes also interventions for affordable dwelling promoting home ownership.

The diversity across European countries is in terms of: size of the social housing sector (share of this stock in the total one of each country), legal and organisational forms, forms of social tenures and the housing policy framework within social housing operates. The allocation criteria can be used to distinguish countries with a specific social housing target and other where the universalistic approach is predominant. Housing is a public responsibility, on the other hand the majority of European countries have a target for their social housing and this can be classified in these two sub-types (CECODHAS, 2007). For instance, the universalistic approach aims to provide the whole population with decent quality housing of affordable prices².

CECODHAS (European Liaison Committee on Social Housing) is a European network, founded in 1988 after the first meeting of European housing ministers, for the promotion of the right to decent housing for all. It represents public, voluntary and cooperative social housing enterprises. This organisation has identified a shared definition of social housing:

«the primary role of social housing is to help households with problems in gaining access to decent housing on the market to find accommodation in an adequate social and urban mix. The common feature of social housing in the member states is the existence of rules for allocating housing to benefiting households. Defining these rules for allocating housing is the responsibility of the member states and their public authorities. They are aimed at overcoming the problems of the system of allocating housing through the free working of the market, problems that result from a structural deficit of decent and affordable housing.» (Czischke, 2007, p. 64)

1 For more details about the relation between EU programs and priorities and social housing see the work of FEANTSA Working Group Housing (2002).

2 A complete review about social housing and its main features in the different countries could be find in the publications of CECODHAS and this topic is fully analysed in literature, for references: Ball et al. (1988), Doherty (2004), Priemus & Dieleman (2002) Whitehead and Scanlon (2007).



On the other hand, Harloe defined a more scientific meaning of social housing. Harloe (1995) refers it to “social question” and “housing question”, according to capitalist industrialisation, urbanisation and developments in different countries. «*One can provide only an approximate rather than universally applicable general definition of social rented housing.*» (ibid., p. 13) Social rented sector means, for Harloe, that:

«It is provided by landlords at a price which is not principally determined by considerations of profit. These landlords are usually formally limited to “non-profit” or “limited-profit” status in so far as their social housing activities are concerned. It is administratively allocated according to some conception of “need” (although often not to those objectively in the worst housing conditions). Government control over social rented housing is extensive [it controls quantity, quality and terms of provision] and increased as it became a central feature of state housing policies.» (ibid., p. 13)

Taking care of these different approaches to “social housing” concept and their common points, a general definition could be used to work on this topic. Social housing could be defined as a response to “housing needs” (defined in every national/local context) through:

- guaranteed access to dwellings with supply or demand-side subsidies;
- process of allocation according to social and economical criteria;
- involvement of public authorities and/or no-profit organisation.

This definition could be used both for the past interventions and the current ones. For the recent actions, taking place in the last years, new features could be added. These are: more attention to the location and the quality of external and internal spaces, and to social and urban mix (environment, services, green technologies, infrastructures).

Development of social housing

After the heyday of social housing during the decades post Second World War, a general withdrawal of the state from housing provision was recognized in Europe. Many countries have witnessed a decline in the provision of social housing from 70s and 80s. There has been a trend towards housing becoming more market oriented, competitive and opened up to economic pressures. Supply subsidies to social housing have been replaced or complemented by demand-side subsidies through housing benefits and vouchers. The “crisis” trend was linked to the neo-liberal turn³. Social housing sector can be defined in a crisis situation for these main dynamics: decline in scope and size; privatization and disappearance of institutions and particular forms of funding; transformation from supply-side to demand-side subsidies; promotion of home ownership through mortgage loans.

The process of social housing “residualisation” developed during the last decades of 20th century. The most common challenge for social housing providers is the lack of financial resources (due to the cut in the welfare provision). If the size of social housing has been shrinking since the 1980s (with some exceptions in Europe like Austria, Belgium, Denmark and Finland), the numbers of applicants have been increased. Homelessness levels are growing, the housing affordability is worsening with the crisis scenario, creating an increase of housing exclusion. Social exclusion and polarization are sharpening, aggravating socio-economical inequalities. Social housing is, indeed, a sector that should be promoted and financed, but nowadays the financial crisis is affecting public policies and initiatives. The main factors having impact on the urban level are: decline in taxes for public authorities; promotion of education and research reduced; public investment in infrastructure and environment post-poned; fall in price of GDP (also houses’ prices, sales of existing and new built dwellings) and rise of unemployment. These points have to be considered to understand the general tendencies evolving in the last decade and recent years. It is also important to remember this is a generalization of common trends in the European Union, in the different national contexts they can diverge or have stronger impacts.

3 Neo-liberalism could be recognized in: shrinking and privatization of social services; dismantling of welfare programs; and promotion of supply-side competitiveness (Ball et al., 1988; Doherty, 2004).

New practices in Europe in recent years: differentiation of trends

The general tendencies generated from the “crisis” pointed out previously have impacts on social services and welfare provision, but also on urban planning. For instance, there is the tendency to promote compensatory mechanism for the market: self-organising communities, expansion of community-based sectors and private approach to social service provision. New networked forms of local governance are based upon public-private partnership and new institutions are established.

On the housing market, the main effects are studied by OECD (Andrews, Caldera Sánchez, & Johansson, 2011). There are two main phenomena: the share of household spending on housing rose in most countries during the past decade, partly reflecting increased real house prices; on the other hand, the stock of housing has correspondingly increased, after accounting for changes in household structure. Homeownership is currently comparatively large in some southern European countries, while it tends to be lower in Eastern Europe. There are large differences in tenure structure across countries. Homeownership ranges from below 40% in Switzerland to above 90% in some Eastern European countries. Despite these large variations in tenures, there has been an increase in the share of owner-occupied housing during the past few decades in most OECD countries, carrying possible implications for the labour market.

The changes in the demand are not secondary in this frame: there is a recognized fragmentation with a growing variety of social groups requiring housing and a close relationship between housing problems and other social issues, like changes in the families’ structures, ageing populations, migrants, employment insecurity, flexibility, etc. Even people, who few years ago did not have any housing issues, are nowadays in precarious housing conditions with difficulties paying rents or mortgages. At the same time, also the most vulnerable categories are worsening their conditions, between the general crisis and welfare state’s cuts.

Focusing on social housing, the main trends of change are reported by CECODHAS in its last review (Pittini & Laino, 2011). Checking the national contexts in Europe allows defining a general frame of recent social housing actions and interventions. The main finding is a complex and differentiated scenario of actions. Dealing with crisis dynamics forced initiatives in social housing sector to be residual. It is important to understand the heyday of social housing is over, housing practices and policies of recent years are no more a full response to housing needs. The trends studied by international organizations are specialised and targeted to local issues or to specific populations.

Trying to identify precise differences between countries is not possible with secondary data and information on a broad geographical area like Europe. The emerging picture is complex and not homogeneous. The main features of convergence depend on national traditional policies of social housing, for instance in The Netherlands and UK social housing represents a well-established sector with high percentages of social rented dwellings and a clear focus on mechanisms of gathering financial resources. In Eastern Europe, instead, there is a low share of social rented housing and a not legal framework in place yet (due to the socio-economic transition).

At the national level there are some responses to social housing decline in the form of stabilising factors to help recover the housing and social housing sector. In the aftermath of the crisis some governments invested in social housing as part of recovery programmes. In France, for instance, 2010 was a record year for the production of social housing, with 131.509 new dwellings. In England, while the number of new buildings starts from private enterprises almost halved in two years from 2007-08 to 2008-09, the number of new social dwellings constructed over the same period increased.

There is also a minor trend towards the establishment of an enforceable right to housing, it can be recognized in Scotland, Spain and also France, where the law allows for people to seek legal redress vis-à-vis local authority in case their request for an accommodation is not answered.

A systemic character of the current situation in social housing is the role of promoting actors. The housing organizations have strong institutionalized character and management capacity, which show independent attitude managing social housing resources. In the countries where there are no actors such these ones, the social housing real estate is managed and financed by different actors, public and private, depending on



local context, financial resources, etc. This generates a systemic difference, still related to the welfare differentiation. The housing organizations are active subjects, which often are real institutions with a clear role in the legislative national framework, (for instance in the Nordic countries). This high level of activity and institutional acknowledgment is typical of Northern and Central European countries. On the other side, the promotion of different trends of social housing's policies and initiatives is voluntary and it often involves civil society and third sector. It is strongly related to peculiar local conditions, this situation can be recognized in Southern and Eastern Europe.

Four dimensions to read social housing trends

Studying the trends reported by CECODHAS (Pittini & Laino, 2011), an interpretive key is chosen to read and better analyse the practices. The trends are divided in four dimensions: dwellings, actors, financial mechanisms and inhabitants. The four dimensions are parts of the same practices. This interpretive key tries to cover all the aspects of social housing: physical dimension, actors involved in the practices, financial resources to maintain and improve the sector, tenants who live in social housing. The differentiation can be read through these dimensions, but obviously they are linked to each other and related to the same initiatives. Regarding the dwellings and their management, use and improvement, these are the trends registered in Europe:

- privatisation of the existing stock with the objectives of satisfying tenants' aspirations and generating extra resources for improvement or new constructions;
- reduction of overall availability and sales of better located and better quality stock (result of the privatisation pointed before);
- the demand-side subsidies, (mainly in the form of housing benefits to low income tenants helping them paying the rent), has led to a decline in bricks and mortar subsidies and a substantial increase in demand assistance strategies.

About the demand-side subsidies, the effects of this housing support are not only affecting the assistance mechanism, but they are also proved to be captured by landlords through rents' increases. Rent allowances are passed onto higher rents, although to a varying degree across countries, thus, such allowances may entail fiscal cost without necessarily large improvements in housing opportunities for low-income households (Andrews et al., 2011). Furthermore, housing allowances can also distort housing consumption choices, they can be overspent if they are based on a percentage of the actual rent, losing their efficiency.

Regarding the actors involved in social housing provision, the main trend is to come back to the involvement of private and not-for-profit initiatives through a wide range of social agencies:

- combination of actors involved with public provision (usually by municipalities, either directly or through dedicated publicly owned-companies) often coexisting with a growing private sector, mainly consisting of specialised non-profit or limited-profit bodies (e.g. housing associations);
- local authorities in most cases retreating from the production of new social housing and concentrating on the management of the existing stock, leaving the private sector as the main responsible for new developments;
- increasing involvement with social housing provision by non-specialised actors (commercial developers and private landlords, as opposed to specialised "approved" not-for-profit providers) who have been included as possible recipients of public subsidies in exchange for the use of dwellings for social purposes (low rents, tenants from social housing lists), usually for a limited period of time.

After the focus on estates and actors, the third category concerns financial mechanisms to overcome the economic issues and manage the built environment. In this case, the points are various and different since each contexts is trying to deal with financial troubles:

- financing housing projects means combining different sources: standard bank loans (mortgages), public grants/loans, own funds of housing organisations and sometimes also tenants' contributions. Mu-

municipalities may also provide additional funding for the construction of social housing;

- supporting the provision of social housing through the availability of land at discounted prices (in countries like Austria, Italy and Luxemburg) and tax privileges for social housing providers (income and investment deduction, depreciation allowances, reduced sales and property taxes, exemption from capital gain tax, and reduced VAT rate);
- widespread practice to set a minimum percentage of social housing in new developments (for instance in England, Spain, Belgium, France), with the aim of: increasing social mix and avoid social and spatial segregation. This mechanism implies that social housing provision is tied to the provision of market housing and therefore might not be particularly useful to increase the availability of affordable housing in times of crisis and low levels of construction by private developers;
- borrowing in the private market: social housing providers are getting rated by international rating agencies to show the soundness of their economic activities and their governance and management reliability (especially in the United Kingdom and the Netherlands). Providers in different countries are implementing innovative ways of pooling risk (for instance in Austria with the sale of bonds via Housing Banks);
- system of intermediation as key element for the sustainability of any financing model for social housing: structures meant to make the link between market and providers, supervised by public authorities and under an obligation to provide funding for social housing. Various forms of this intermediation can be found in Austria, France, Netherlands and United Kingdom;
- housing organisations' resources and surpluses can be used to invest in additional housing, to support weaker organisations or to promote innovation and competition (in Netherlands, Denmark and France);
- undertaking non-landlord activities as a mean to cross-subsidise their social dwellings via the development of profitable activities (e.g. building of commercial properties), examples in United Kingdom and Netherlands. In the global financial crisis, opportunities to cross subsidise new development from the sale of low cost home ownership properties has drastically diminished;
- some funding models incorporate a small tenant equity contribution (in some cases tenants equity is higher and implies right to buy the dwelling), in countries like Denmark, Austria and Slovenia. There might be government assistance for low-income households to pay this contribution.

The last points regard tenants participation and involvement:

- involvement of the benefiting households in both management of the service and functioning of the company providing the service;
- restricting the provision of social housing defining stricter categories of beneficiaries. Some countries can be identified as exceptions: in Denmark and Sweden the registration on waiting lists is open to anyone and no income ceilings are used.

An other issue is the energy efficiency, a physical feature for new buildings and renovation's processes of the older. It strongly linked to the general attention towards the principle of sustainability. Public authorities often promote energy efficient renovation as criteria for regeneration practices (for instance, in France, Bulgaria and Sweden specific measures are in force). The use of the best technologies related to energy efficiency is also a parameter for new developments. In the previous four dimensions this criteria was not included since it is related to the real estate sector in general, it is not specific for social housing.

Conclusions

At the local level tools and measures are created to maintain and to continue housing policies in different ways. Housing is an important issue for local communities and new actions and tools are developed to deal with lack of funding and risk of deprivation. Examining these interventions can provide a better understanding of local practices and new forms of financial mechanisms.

Studying various forms of housing initiatives, dealing with scarce financial resources for many years, could



be helpful to assess new forms of actions at the urban level. They may be hints or suggestions for urban governance to develop new forms of partnerships or ways to deal with lack of resources. The financial crisis has a strong impact on public services for the citizens and social housing have been dealing with similar problems for decades. It could be a public sector to look at.

On the other hand, social housing cannot be considered as “dead end”, initiatives are still going on despite crisis and state’s withdrawal. At the local level several types of actions are taking place regarding different dimensions of the sector. Housing need is recognized and it has to be remembered as a priority not only by local actors, but also by national governments. The financial issue needs to be solved to improve the condition of people suffering of housing deprivation or at risk of exclusion.

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