



European Economic and Social Committee

ECO/192
Housing and regional
policy

Brussels, 15 March 2007

OPINION
of the
European Economic and Social Committee
on
Housing and regional policy

On 26 September 2006 the European Parliament decided to consult the European Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on

Housing and regional policy.

The Section for Economic and Monetary Union and Economic and Social Cohesion, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 23 February 2007. The rapporteur was Mr Grasso and the co-rapporteur was Ms Prud'homme.

At its 434th plenary session, held on 14 and 15 March 2007 (meeting of 15 March), the European Economic and Social Committee adopted the following opinion by 91 votes to none with one abstention.

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1. Conclusions and recommendations

1.1 Housing is, above all, a fundamental right, access to which, in turn, determines access to other fundamental rights and a life of dignity. It is recognised in the Charter of Human Rights, in the Council of Europe's Revised European Social Charter and in the constitutions of many European states. Having a roof over one's head is essential if an individual is to develop as a person and integrate into society.

1.2 *The Housing Charter produced by the European Parliament's URBAN-Housing Intergroup*

1.2.1 The EESC endorses the adoption of the European Housing Charter by the European Parliament's URBAN-Housing Intergroup, which notes the large and growing number of interactions between European policies and housing policies as well as the importance of the right to housing.

1.2.2 Consequently, the EESC calls for the incorporation of the European Housing Charter in the European Parliament's own-initiative opinion on *Housing and regional policy*.

1.3 *Strengthening the right to housing*

1.3.1 The EESC would like to see proposals at European level on: a set of common objectives on access to housing; minimum standards on the quality of housing which define the concept of

decent housing. Without these criteria, it will be difficult to establish an effective right to housing – and access to housing is clearly a minimum condition for a decent life.

- 1.3.2 The EESC would point out that the social and community services sector is becoming increasingly important in an ageing society and that such services are often provided together with housing, and it calls for these services to be made the subject of European exchanges and be given a higher profile. It further notes that social housing must be accorded special treatment and cannot, as such, be subject to market rules, as is recognised in the Services Directive.

1.4 *Housing and the Structural Funds 2007-2013: building on initiatives, raising their profile and developing technical assistance*

- 1.4.1 The EESC would stress that the possibility to use Structural Funds resources to improve housing conditions should be exploited to the full not only by EU12 countries but also by EU15 countries, which can use the Structural Funds to finance operations in the field of integrated urban development. These initiatives will have a positive impact on social and territorial cohesion and on economic growth. In this respect the EESC would suggest that European financial institutions earmark resources at very low rates for integrated building programmes for young people, immigrants, older people and the disabled, thus encouraging worker mobility, improving the social mix and providing affordable solutions for occupants.

- 1.4.2 The EESC notes that the use of the JESSICA programme will provide the elements necessary to set up a guarantee fund for larger-scale social housing projects and it calls for this question to be considered during the mid-term review of the Structural Funds.

- 1.4.3 Accordingly, the EESC endorses the introduction of a technical assistance facility for housing projects during the period 2007-2013, in cooperation with representatives and networks of local and regional authorities and supported by the European Commission and the Member States. This facility will make it possible to build on projects and methods for effectively integrating housing projects in urban regeneration programmes. It will also enable the pooling of expertise, and could play a facilitating role in transferring experiences. It would appear to be of the utmost importance to establish a specific instrument for housing with the purpose of promoting effective use of the Structural Funds. This could be done on the basis of Article 45 of the Regulation laying down general provisions on the Structural Funds by asking the Commission to smooth the way for the setting up of the technical assistance facility.

1.5 *Housing and energy*

- 1.5.1 In addition, the EESC proposes the creation of an exchange network around the theme of housing and energy efficiency, where players on the ground could exchange information and build on and deepen their experiences, with a view to putting in place sound and ambitious energy policies. This facility could be linked to the Structural Funds support facility, although

they would not have the same objectives; thus it would essentially be a matter of ensuring the smooth coordination of these two entities.

- 1.5.2 The EESC proposes the launch of a campaign to raise awareness of the potential for energy savings in the housing sector. The campaign would be conducted at European level in partnership with networks active in this field, and should be geared to changing users' behaviour. This approach would require the participation of the general public and would make it possible to rally all stakeholders around a positive initiative. The "Sustainable Energy Europe" campaign lacks the focus necessary to raise awareness and has limited resources.
- 1.5.3 The EESC calls upon the Commission to submit proposals based on a broader approach than that applied to date, which focuses primarily on improving the energy efficiency of buildings. There is a need to work with residents and to take better account of the existing housing stock.

1.6 *Housing and the European institutions*

- 1.6.1 The EESC also supports the European Commission's initiative to set up an inter-service group on urban issues. The Committee suggests that the inter-service group include housing in its remit and that it appoint an interlocutor on this issue.
- 1.6.2 In addition, it would appear essential that the housing dimension also be included on the agenda for meetings of ministers for regional and urban affairs.

2. *Reasons*

2.1 *The right to housing: a fundamental right*

- 2.1.1 The EU's Charter of Fundamental Rights, proclaimed in Nice on 7 December 2000, states that (Article II-34): "In order to combat social exclusion and poverty, the Union recognises and respects the right to social and housing assistance so as to ensure a decent existence for all those who lack sufficient resources, in accordance with the procedures laid down by Community law and national laws and practices."
- 2.1.2 Whilst noting that housing does not fall within the EU's remit and that the subsidiarity principle is fully applicable, the EESC feels that this article should be taken on board in the implementation of European policies so as to respond to the social urgency of the situation and the lack of housing for the poorest (but also for people on low incomes and young people starting a career and a family).
- 2.1.3 Nevertheless, the Laeken summit in December 2001 recognised the importance of housing issues from the point of view of avoiding the risk of growing poverty. The EESC therefore

feels that the summit made a vital contribution by opening the debate on the need to increase the supply of social housing in order to combat poverty in Europe.

2.1.4 The right to housing is enshrined in the constitutions of several EU Member States, including Belgium, Spain, Greece, Portugal, Finland and the Netherlands. This therefore raises the possibility of a European right to housing. The EESC believes that it is important and strategic to incorporate housing into the Charter of Fundamental Rights appended to the Treaty establishing a Constitution for Europe and deplores the fact that the right to housing, or at least the "right to accommodation", has not been included.

2.1.4.1 The EESC considers the creation of a European housing strategy to be of the utmost importance: a home for every individual is a prerequisite for the more effective implementation of other human rights recognised at European level, such as everyone's right to "respect for private and family life, his home and his correspondence" and respect for the right to "get married and have a family".

2.1.5 The principle of the right to housing is accepted. The question then arises as to the enforceability of this right, in other words the recourse available to a person who cannot find housing. Therefore the EU must be concerned about the conditions for giving effect to the right to housing. If a single solution cannot be considered, each Member State which formally recognises the right to housing must be able to specify:

- the public authority against which this right can be enforced, and in what form;
- the resources which must, as a consequence, be granted to this authority, or which it must equip itself with;
- the beneficiaries of this right and the procedures for exercising it;
- the content of the right (housing or accommodation, free choice or not).

2.1.6 In keeping with the European Housing Charter, adopted by the European Parliament's URBAN-Housing Intergroup on 26 April 2006, which defines housing as a "necessary good", the EESC welcomes the EP's initiative to draw up a report on housing and regional policy. The EESC hopes that the Parliament will support its request to recognise the right to housing and will propose a partnership with local and regional administrations to *promote an adequate level of housing and to make housing affordable for those who do not have access to market housing*.

2.1.7 A study on living conditions and the social dimension of housing¹ published in 2006 by the European Foundation for the Improvement of Living and Working Conditions reveals important differences between the EU15 countries and the EU10 countries in terms of the quality and quantity of housing. It is also worth noting that not all European citizens are

¹ *First European Quality of Life Survey: social dimensions of housing*, Dublin, 2006, ISBN 92-897-0935-9.

guaranteed access to hot water and an indoor toilet, two of the criteria for defining the minimum conditions for decent housing.

2.1.8 As housing is a cornerstone of the European social model, the challenges posed to Europe by social and demographic change must be translated into housing policy. Population ageing, the impoverishment of young adults who, because of lack of resources, continue to live with their parents, access to suitable housing for people with disabilities and access to housing for migrants are all issues which need to be taken on board. The EESC proposes, in line with the conclusions of the Laeken European Council in December 2001, the adoption at European level of:

- a set of common objectives on access to housing;
- minimum housing quality standards defining the concept of decent housing.

2.1.9 Moreover, it is essential to promote housing mobility so as to ensure labour mobility. Many people are "captives" of their homes, whether social or owner-occupied housing, because of lack of supply, tax reasons or the cost of borrowing. Increased residential mobility is a prerequisite for greater labour market flexibility.

2.1.10 In view of its implications for community life and the urban economy, housing can no longer be the subject of partial strategies or measures. Whilst recognising the principle of subsidiarity, the EESC suggests that housing must be considered as a key political issue with implications for people's everyday life and as a means of bringing citizens closer to the European project, which seems to be becoming more and more elusive by the day.

2.1.11 The contribution of housing policy to the achievement of the Lisbon objectives, particularly as a driving force of economic growth, should be better identified. **The EESC would stress that the impact of housing policy on labour mobility makes it a complement to European policies implemented as part of the growth and employment strategy**, whilst also helping to boost territorial cohesion. This is particularly important in the newer Member States, via the provision of financing for urban and rural infrastructure networks, and appropriate energy policies.

2.2 *Housing and territorial cohesion*

2.2.1 The residential environment has always played a structuring role in our societies; the public areas that provide meeting places are linked with zones of individual or collective housing. Town planning and the creation of pleasant districts to live in where the home is a fundamental component are prerequisites for social and territorial cohesion.

2.2.2 Although housing and housing policies differ in each Member State, the European Union as a whole is characterised by very high urban density. European towns and cities are typically

compact but what gives them an even more distinctive stamp is the presence of medium-sized buildings, and it is dwellings which shape the urban landscape.

- 2.2.3 Therefore housing is an important element of urban, economic and social policies in all European countries and there is a need for wider sharing of solutions, particularly in the light of the crises which have afflicted disadvantaged districts in several Member States.
- 2.2.4 The objectives of European regional policy are to enhance territorial, social and economic cohesion by promoting economic development in the most disadvantaged regions and, since 2005, by focusing on the priority objectives of growth and employment as part of the revised Lisbon agenda.
- 2.2.5 In order to ensure the competitiveness of all regions and foster job mobility, it is essential that housing supply be diversified, not only in terms of type of tenure but also the mix of neighbourhoods (type of housing and economic activities) or the social mix, which underpins social cohesion. The ghettoisation of some urban districts makes economic activity very difficult.
- 2.2.6 The location of affordable housing is the corollary of the preceding point. In tandem with the right to housing, the local authority must ensure that quality housing commensurate with household resources is made available throughout the area for which it is responsible.
- 2.2.7 **The development of residential areas has a strong impact on rural areas** and if there is to be sustainable development it is essential to give greater consideration to the interaction between rural and urban areas insofar as concerns housing policy.

2.3 *Housing, economic growth, mobility and employment*

- 2.3.1 In some European countries, particularly those which received financing from the Cohesion Funds during the previous funding period, the rate of economic growth is closely linked to the level of activity in the housing sector. This does not, however, mean that people have easy access to affordable housing. Ireland's 2006 National Reform Programme, drawn up under the relaunched Lisbon Strategy, stresses the poor sustainability of growth due to the lack of secure, affordable housing. For example, in its 2006 National Reform Plan, Portugal points out the need to give more support to the construction sector and local authorities in order to foster sustainable growth in the housing sector.
- 2.3.2 The ready availability of housing for all employees is a sine qua non for the development of a dynamic employment area, and lack of housing is a factor holding back growth in many employment areas in Europe. Thus housing may be a factor behind the rigidity of local labour markets and reduced labour mobility.

- 2.3.2.1 France has an interesting scheme whereby employers contribute the equivalent of 0.45% of the total wage bill to housing policy, thus aiding efforts to develop housing solutions for employees. Similarly, the social partners run specific schemes for young people and vulnerable households (guarantee deposits).
- 2.3.3 It is a particularly pressing need for regions receiving growing numbers of migrants who encounter difficulties in finding housing in a tight market and who come up against discriminatory practices conducive to community segregation.
- 2.3.4 Housing is one of the main sources of employment in the Europe. There are numerous areas where the employment potential has not yet been developed, particularly in the fields of sustainable housing technologies and ecological homes, which are set to expand considerably in the future. Moreover, construction is one of the sectors facing a serious shortage of skilled labour.
- 2.3.5 Household and community services, and in particular personal care, are a very important source of employment and are often organised and provided in conjunction with housing-related services. Thus social housing providers, in partnership with social service organisations, provide not only homecare services for the elderly and people with disabilities but also a range of integrated health, education or childminding services, as, for example, in "intergenerational" homes. Support for community-based initiatives can help to sustain social and cultural dynamism in neighbourhoods in crisis.
- 2.4 In addition to being a source of jobs, household and community services related to housing help to meet the challenges of demographic change, which inevitably have an impact on employment at regional level. For example, intergenerational homes, which are the subject of a targeted policy in Germany, are a response to the need for diversity and offer an effective way of combating the exclusion of elderly or other people living alone. Given the background of an ageing population across Europe, the exchange of good practice should be supported.
- 2.4.1 The EESC feels that the question of the right to housing should not be considered solely from the standpoint of combating exclusion but also from the viewpoint of population ageing, migratory flows and new forms of poverty, and taking into account the Lisbon Strategy, which seeks to breathe new life into the European economy through greater labour market mobility.
- 2.4.2 Worker mobility will remain illusory as long as nothing is done to strengthen fundamental social rights, including the right to housing assistance. It is worth noting the impoverishment of residents in social housing which was originally built to house persons in paid employment. The latter no longer have priority access to social housing and experience considerable difficulty in finding decent housing in areas where there is pressure on the housing market.

- 2.4.3 Over the past decade, housing prices have been rising constantly in nearly all EU countries. This has reduced the capacity of households to consume other goods, which will act as a brake on sustainable growth in the long term. In addition, low interest rates have led to over-investment in the residential sector, thereby putting pressure on financial resources allocated to housing (cf. the Swedish National Reform Programme). The social housing sector represents an instrument for regulating housing prices (through rents) and the sustainability of the sector.
- 2.4.4 The EESC would further note that when it comes to the implementation of social housing policy, the conditions on intervention by public authorities in Member States and by housing sector players are increasingly governed by Community law. It is essential that competition and internal market policies do not pose obstacles to housing policy aimed at guaranteeing access to decent and affordable housing for all, given the positive contribution which housing policy makes to economic growth and employment in Europe. The objectives have evolved over time and social landlords are now required to develop social services to deal with the lack of an integration policy, particularly for migrants.

2.5 *Responding to the challenge of reducing energy consumption*

- 2.5.1 The contribution which housing can make to reducing energy consumption is vital, and given the level of energy prices this is an area of activity which will become increasingly attractive for regions.
- 2.5.2 The largest potential for energy savings lies in the residential (households) sector where the potential is estimated to be 27% of the energy used, as noted by the European Commission in its Action Plan for Energy Efficiency.
- 2.5.3 More and more households in Europe are living in poverty because of high home energy bills (fuel poverty).
- 2.5.4 The potential for reducing consumption will be even greater if appropriate incentive measures are taken at European level.
- 2.5.5 In this context, it is surprising to note that the approach adopted by the European Commission in its Action Plan for Energy Efficiency focuses mainly on new construction and proposes to extend the scope of standards in this field.
- 2.5.6 This approach is too narrow since it does not take into account the necessity to change our lifestyles as part of a broader sustainability framework that encompasses various aspects of individual behaviour (not only the utopian dream of everyone having their own house but also day-to-day environmental behaviour). The Commission's approach essentially amounts to raising production costs, which are already too high for average and disadvantaged

households, without doing anything to improve the existing building stock or change attitudes, even though numerous studies attest to the importance of such measures.

- 2.5.7 There is a wealth of evidence that European regional policies make an important contribution to improving cohesion and living conditions. Nonetheless, a greater emphasis on housing in these policies could help to generate positive synergies.
- 2.5.8 Energy saving policy focuses on new housing, either ignoring old properties or simply applying the new regulations as such to them. Not only should the existing housing stock be taken into consideration, but approaches should be adapted to the specific characteristics of old properties and the particularly high cost of complying with standards.
 - 2.5.8.1 Public assistance must take into account the specific features of social housing: tenants' poor financial position; fiscal support which is less tailored to needs than that available for the private sector.
 - 2.5.8.2 Energy is only one aspect of the problems associated with sustainable development: water, waste management, access for people with disabilities, safety, air quality and health at home. Housing can make a crucial contribution to sustainable development, but this presupposes that appropriate instruments are available, particularly as regards the existing housing stock.

2.6 *European instruments for improving the contribution of housing to regional policies*

- 2.6.1 The EESC supported extending eligibility for EDRF financing to housing projects in EU12 countries and to measures related to sustainable urban development and energy efficiency in EU15 countries and as part of integrated approaches for the development of disadvantaged urban districts. Given the importance of the housing dimension, there is a need to encourage and assist Member States and regions in planning the restructuring of urban districts and improving housing within the framework of the Structural Funds.
- 2.6.2 In fact, it is difficult to implement integrated strategies for the development of urban neighbourhoods without a housing strand. Here the approach adopted in the European Strategy for Social Inclusion, which included the objective of access to decent, affordable housing as a condition for successful social integration, remains equally relevant today. The EESC believes that all of the European instruments should be used to promote better social integration of all groups.
- 2.6.3 To this end, the European Social Fund must do more to support social inclusion measures which go beyond mere employment market inclusion, since it has been observed that the housing market and the employment market are intrinsically linked. Moreover, immigration policies, which today are set at European level, cannot overlook the role which housing can make in efforts to prevent spatial segregation. The guidelines which the European Commission is to publish on the integration of immigrants through housing must mark the

first step in this process, which must also involve better support for projects with a housing dimension in the PROGRESS² programme.

- 2.6.4 It is important to note that improving energy efficiency in buildings is not only a priority for the EU12 countries but for the EU as a whole. In all Member States energy efficiency measures are eligible for Structural Funds financing, in the same way as are measures for improving public areas, the use and promotion of renewable energies and social inclusion measures.
- 2.6.5 The EESC welcomed the initiative by the European Commission and the European Investment Bank (EIB) to create a new financial instrument, JESSICA³, specifically to provide support for the development of disadvantaged urban areas, including social housing in these areas. It is worth noting that this instrument will be able to raise capital needed for the renewal of these areas by offering loans and guarantees to players involved in urban regeneration and social housing. This instrument must be managed by players specialised in urban renewal and housing, in close partnership with local authorities. It must be able to exert a leverage effect in order to improve living conditions for local residents. The JEREMIE⁴ programme also offers opportunities for players in the social housing field who work to create pleasant neighbourhoods to live in for everyone.
- 2.6.6 In the field of energy policies, the European Commission proposed the launch under the **Intelligent Energy** programme of a pilot action for the social housing sector which allowed the selection and promotion of model projects in the area of energy efficiency and exchanges between players in the sector. Given the European objectives to establish a common energy policy and to improve coordination of measures taken by Member States in this field, it is essential to ensure the continuation of this instrument and to extend its scope beyond support for pilot actions.
- 2.6.7 As regards technological and social innovation, the assistance provided under the 7th Framework Programme for Research and Development will make it possible to identify not only the potential for reducing energy consumption in the housing sector but also for sustainable urban development.
- 2.6.8 European standardisation is highly pertinent to housing and related services. However, this is an area where technical or urban planning choices intersect with the choices of society, and it is not acceptable that standards be laid down for the public at large by working parties without a guarantee that the standardisation process is subject to political control. The example of the CEN standard on "prevention of crime by urban planning and building

² The aim of the PROGRESS programme is to provide financial support for the European Union's objectives in the field of employment and social affairs. It thus contributes to the achievement of the Lisbon Strategy objectives.

³ JESSICA: Joint European Support for Sustainable Investment in City Areas.

⁴ JEREMIE: Joint Resources for Micro to Medium Enterprises.

design", which was adopted without any real political consideration of the urban model resulting from the application of a risk-analysis approach, calls for a rethink of the standardisation process in this sector.

- 2.6.9 Finally, the Commission has drawn up a strategy for sustainable urban development which should encourage towns and cities to consider their development in terms of, inter alia, transport policy. However, this strategy is only indicative and there is a danger that its full potential will not be deployed if it does not touch upon the social dimension of sustainable urban development.

Brussels, 15 March 2007.

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