

**Christine Whitehead**

## From social housing to subsidised housing? accommodating low income households in Europe

**Article (Accepted version)  
(Refereed)**

**Original citation:**

Whitehead, Christine M E (2015) *From social housing to subsidised housing? accommodating low income households in Europe*. [Built Environment](#) . ISSN 0263-7960

© 2015 The Author

This version available at: <http://eprints.lse.ac.uk/64224/>

Available in LSE Research Online: October 2015

LSE has developed LSE Research Online so that users may access research output of the School. Copyright © and Moral Rights for the papers on this site are retained by the individual authors and/or other copyright owners. Users may download and/or print one copy of any article(s) in LSE Research Online to facilitate their private study or for non-commercial research. You may not engage in further distribution of the material or use it for any profit-making activities or any commercial gain. You may freely distribute the URL (<http://eprints.lse.ac.uk>) of the LSE Research Online website.

This document is the author's final accepted version of the journal article. There may be differences between this version and the published version. You are advised to consult the publisher's version if you wish to cite from it.

## **From social housing to subsidised housing? Accommodating low income households in Europe**

Christine M E Whitehead, Emeritus Professor of Housing Economics, Department of Economics, London School of Economics

### **Abstract**

There were three main models of social housing in post war Europe: state housing as part of the communist offer; social rented housing as a pillar of the welfare or corporate state; and (limited) support for self- provision and owner-occupation in more rural family based systems. Within the welfare state model there have been two distinct approaches: housing available to all and housing concentrated on accommodating lower income households. As incomes rose, numerical shortages were overcome, public expenditure cuts kicked in and there was political upheaval in many countries, models of social housing also changed – becoming more diverse within countries but increasingly similar across much of Europe.

This article first tracks changes over the post war period to provide a backdrop for discussing how the ways that social sectors have been financed have changed and the relative role of supply and demand side subsidies. It then asks who is now living in social housing to address the question of whether social housing has now become a residual tenure as other more desirable options have become available or whether it still plays a positive and innovative role.

### **1. Introduction - Typologies of social housing in Europe**

In much of Europe there has been general agreement that housing is a social good to the point where there is a stated political commitment, especially in most Northern European countries, to ensure ‘a decent home for every household at a price within their means’ (modified from Department of Environment 1972). In this context large social rented sectors have been provided by municipalities or non-profit organisations, usually at submarket rents and aimed at lower income households unable to provide for themselves.

Even so, housing has been treated very differently across Europe, reflecting more general attitudes to the role of the state and the extent of government intervention in welfare provision, as well as the development of housing specific policies since the Second World War. At one extreme in Russia and other communist countries housing was treated as part of the social wage while at the other there might be almost no direct provision of social housing.

Table 1 gives an indication of the relative importance of social rented housing across a range of different European countries and how the scale of provision has changed over the last decade. Most countries have seen considerable declines in provision over the last thirty years after the heyday of social rented housing in the late 1970s early 1980s but during the last decade, outside Eastern Europe, that decline has generally slowed.

**Table 1: Housing tenure of dwelling stock: highest to lowest by % of social rented housing (most recent year)**

Size group	Country	Year	Social rented housing			Private rental (% of stock)	Owner-occupation (% of stock)	Other (% of stock)
			Number of dwellings (000s)	% of stock	Change in preceding decade (%)			
High	Netherlands	2010	2,300	32	-4	9	59	
	Scotland	2011	595	24	-6	12	64	
	Austria	2012	880	24	+1	16	50	10
Medium	Denmark	2011	541	19	+1	17	49	18 <sup>2</sup>
	Sweden	2008	795	18 <sup>1</sup>	-3	19	41	22
	England	2011	4,045	18	-2	18	64	
	France	2011	4,472	16	-1	21	58	5
Low	Ireland	2011	144	9	+1	19	70	3
	Czech Republic	2011 <sup>3</sup>	312 <sup>4</sup>	8 <sup>4</sup>	-9	10 <sup>4</sup>	65	18
	Germany	2010	1,054 <i>de jure</i> 1,000 <i>de facto</i>	5	-3	49 <sup>5</sup>	46	
	Hungary	2011	117	3	-1	4-8	88-92	1
	Spain	2011	307	2	+1	11	85	2

Figures based on national definitions of 'housing stock', which are not consistent. See Dol and Haffner 2010 (*Housing Statistics in the European Union 2010*), Table 3.1

<sup>1</sup>Owned by municipal housing companies; not formally defined as social housing

<sup>2</sup>Co-operative housing

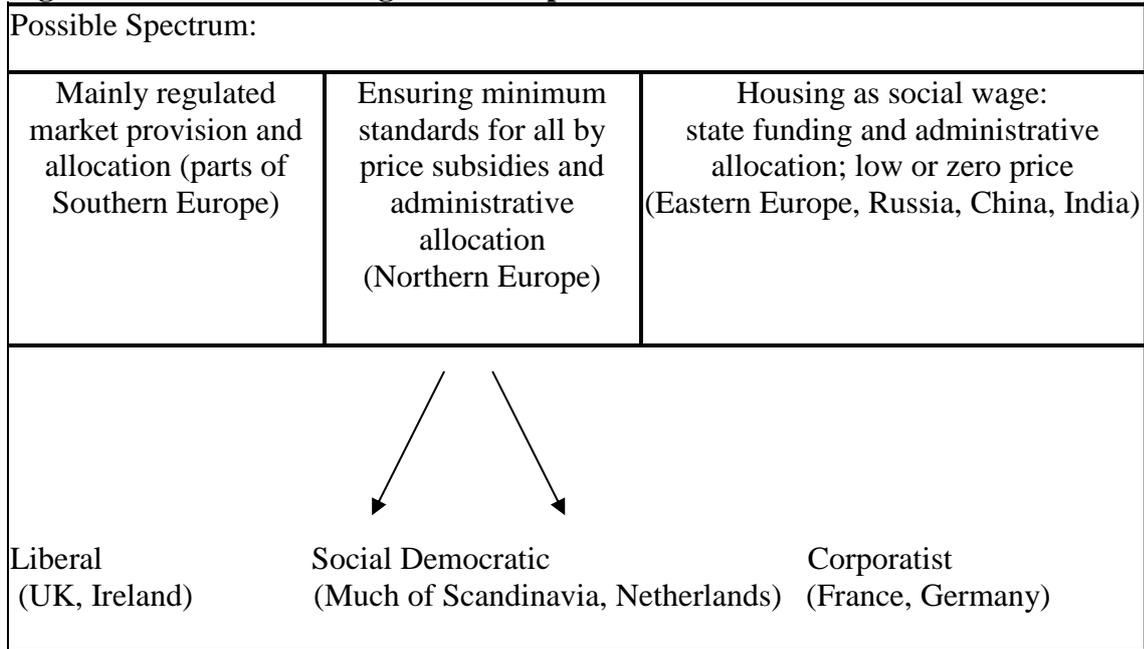
<sup>3</sup>Preliminary results from Census 2011, Czech Statistical Office

<sup>4</sup>Rough estimates. Total rental housing = 17.6%; breakdown between social rental and PRS is not known. About 8% is public housing, which is not synonymous with social

<sup>5</sup>Legally all rentals are private rental. This includes social rental by municipal or other companies.

Among European countries where housing has been regarded as an integral part of the welfare state a typology for analysing different approaches to its provision was set out by Esping-Andersen (1990). This typology distinguished three groups of countries: liberal (market oriented) – including particularly the UK; social democratic - notably Scandinavia and; corporatist states – including Germany and France. Kemeny (1995a and b) added an additional complexity in the context of housing by stressing a two-fold classification distinguishing unitary and dualist systems (described in more detail below) while at the same time bringing out the importance of different forms of governance for achieving welfare aims. Figure 1 provides a simplified picture of the spectrum of approaches. Obviously categories are changing rapidly and to some extent merging (Esping-Andersen, 1996). Notably the new Eastern European transition economies can now be seen as transferring from a version of state corporatism into strongly market oriented systems.

**Figure 1: Models of housing in welfare provision**



Developing this approach, Whitehead (2003) identified four major stages of development in housing policy in Northern Europe since 1945 (Figure 2): meeting the post-war housing shortage through government subsidy and particularly provision until the 1970s; managing, maintaining and allocating the resultant stock as levels of investment declined and targeting increased in the 1980s; the growing importance of privatisation with increasing emphasis on choice and reducing government direct involvement in housing for the majority of the population in the 1980s and 1990s; and the ‘re-involvement’ of government and its agencies as regeneration of both housing and other urban infrastructure comes to dominate the investment agenda. Since the turn of century we appear to have entered a further stage based on increasing government withdrawal from direct support and substituting the development of public-private partnerships in finance as well as investment supporting the capacity for social housing providers to recycle assets by borrowing against capital values.

These stages reflect changing housing conditions but also economic and regulatory changes that were, at the most general level, similar across Europe. In the context of Germany and Eastern Europe they also reflect massive political changes after 1989 which revolutionised housing systems in these countries.

The starting point for almost the whole of Europe after the Second World War was a shortage of housing arising from the destruction of or damage to significant proportions of the existing housing stock as well as a lack of new investment throughout the war years. Except in the southern Mediterranean countries (where housing was seen as a lesser priority) housing was regarded as an important part of social infrastructure and of political cohesion. The objective was straightforward - to provide enough dwelling units to accommodate the population and to re move from the stock dwelling units that did not meet minimum standards. The approach was to mobilise large scale resources for housing production but along three distinct lines: the dualist framework which concentrated on subsidising social rented housing, leaving the market with the support of a system of tax reliefs to provide for those further up the income scale; unitarist systems which subsidised investment across all types of provision; and state

corporatist systems of Eastern Europe which provided government owned rental housing to the exclusion of market provision.

Figure 2 also identifies some of the most important distinctions between the unitarist and dualist approaches, reflecting the different attitudes to tenure, types of providers and particularly targets of subsidy.

The *unitarist* approach exemplified by Sweden and the Netherlands and with somewhat different parameters in Germany was applied with more or less consistency across much of North Western Europe (Lundqvist, 1992). It concentrated on subsidising social sector output at the same time linking rents in the private and social sectors through relatively flexible regulatory regimes. This both increased supply and enabled choice between the two sectors but only because of the large scale subsidies to investment.

As it became obvious that the vast majority of households were well housed, other priorities particularly health but also macroeconomic stability and the need to decrease public expenditures started to dominate in the 1980s (Turner and Whitehead, 1993). Greater emphasis began to be placed on targeting assistance towards lower income households and areas – although the ethos of neutrality between tenures within this new agenda was to some extent maintained (Turner and Whitehead, 2002).

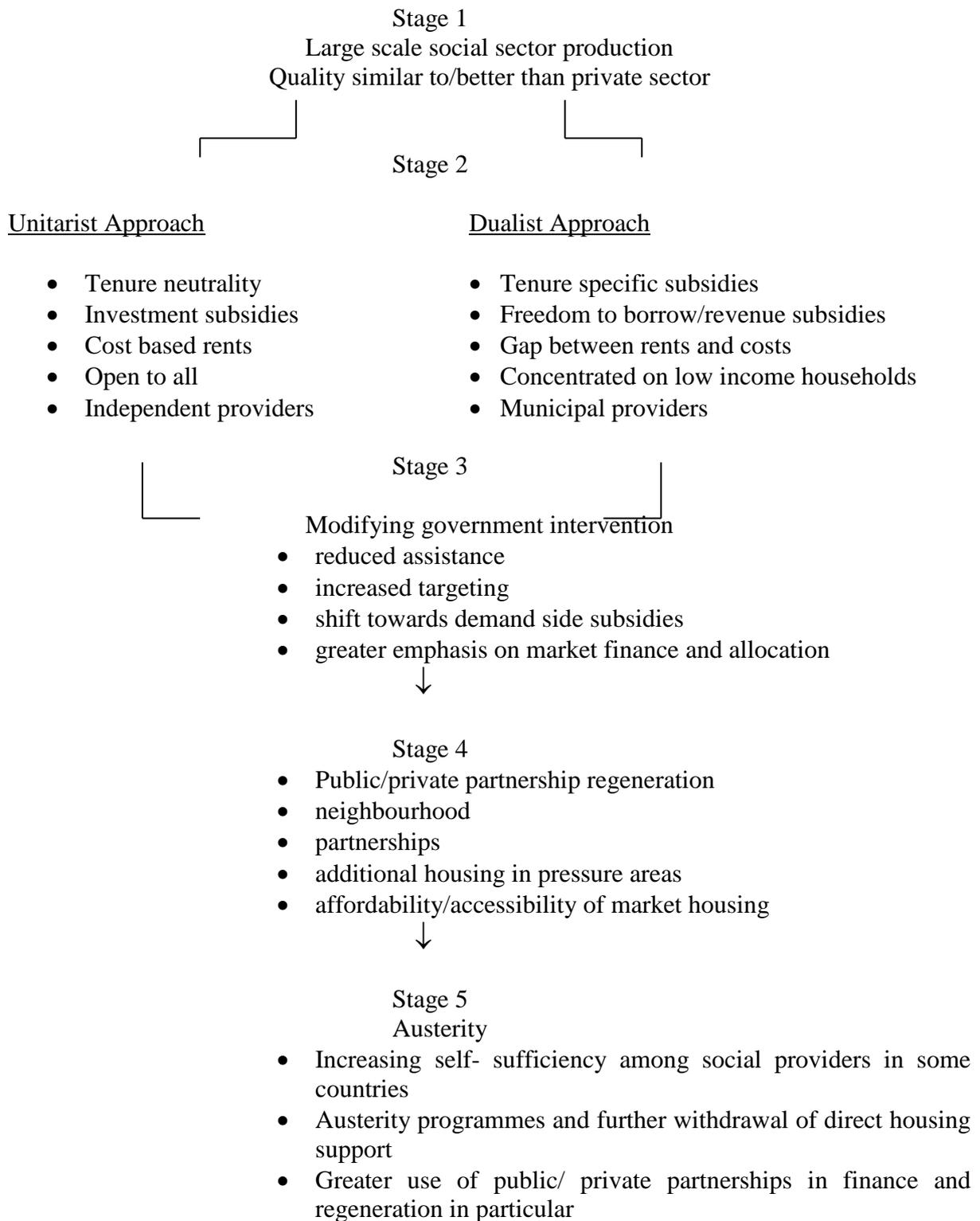
During the 1990s problems of low demand and particularly of obsolescent post war stock began to emerge in many of these unitary systems – in part as a result of increased incomes and changing economic conditions including the decline of manufacturing in some areas as well as the low quality of much of the early post war investment. Equally the idea of housing began to be more broadly defined to include not just shelter and security but also a range of neighbourhood, environmental and service attributes. This has helped change the role of social landlords towards that of neighbourhood regeneration and management within a context of capital grants and private/public partnerships.

The *dualist* approach on the other hand increasingly concentrated on targeting assistance through tenure-specific subsidies to municipalities. Initially the resultant provision was available to a wide range of households who were unable to achieve adequate quality housing for themselves. Rent regulation in the private sector also provided low cost housing to those able to find such accommodation. As the physical shortfall in housing provision was overcome and financial deregulation enabled more households to buy into owner-occupation, the emphasis changed to targeting assistance on those on the lowest incomes through a wider range of providers but still within a strongly dualist structure, supported by income related assistance to tenants.

During the 1980s the UK led the move towards the withdrawal of the state from the provision of mainstream housing through their emphasis on privatisation and liberalisation as well as reduced public expenditure. From a position in 1979 when around a third of all housing was provided by municipalities at subsidised rents, the UK has moved to a position century where less than 10% of housing is municipally owned and non-profit housing associations own the majority of the social rented stock. This was achieved by financial deregulation and a generous tax regime which supported owner-occupation as well as by pro-active policies including the Right to Buy and the transfer of municipal housing to independent non-profit landlords. At the same time, allocations of social housing have become far more closely targeted on lower income households. There has also been a growth in area and

neighbourhood-specific policies aimed at increasing both individual opportunity and the incentive for the private sector to invest in regeneration.

**Figure 2: The Development of Housing Policy in Europe since 1945**



Thus in most European countries where there has been significant government intervention we can observe five stages (See Figure 2). In the first stage, governments of all types (although most were in actuality politically to the left) concentrated on new construction to alleviate absolute shortages of housing by a range of direct provision and investment subsidy policies. The exceptions were some Southern European countries where incomes were low, housing aspirations concentrated on shelter and family based provision dominated, especially in rural areas.

In the second stage, as overall shortages began to decline the split between unitarist and dualist systems became much more apparent - with a clear divide between countries concentrating support on lower income households and those where social housing was available to the majority of households.

In the third stage in almost all Western European countries the emphasis moved more on reducing public expenditure and government involvement – and particularly on improving the management and maintenance of the existing stock, on increasing individual choice and on greater targeting of assistance. In the main this was accompanied by a range of deregulation policies aimed both at rented housing and at housing finance regimes as well as a shift from supply to demand side subsidies. The extremes were seen in the Eastern European transition countries where wholesale restitution and privatisation of housing resulted in the near abandonment of government support.

Stage four shifted the emphasis away from new build towards improvement of the existing stock. In part as a result of the large-scale building programmes of the post war period and of changing demographics leading to increasing numbers of areas of low demand, there was a further shift away from new build to renovation and regeneration. Thus in the 1990s the emphasis moved more to upgrading housing provision to higher standards, reflecting higher national incomes and growing concerns around the environment and energy efficiency within broader programmes of improving infrastructure and local services.

The attributes of stage 5 which has been evolving since the late 1990s are as yet unclear. Over the last five decades of government intervention large scale assets – often debt free – have been built up in many countries. This has provided the opportunity for borrowing secured against these unencumbered assets to fund investment programmes with considerably less direct government support. The result of this is that some countries, notably the Netherlands and Sweden, social sectors have become self-sufficient; others, notably the UK, have developed debt financing models which enable large scale housing association investment with much reduced subsidy; while in Germany sales of municipally owned stock to private equity with licensing agreements on allocation and sales have enabled funding to be recycled mainly to improve the existing stock or indeed to support other local authority activities.

Especially since the financial crisis of 2007/8 almost all European countries have seen cutbacks in housing investment across all tenures. Initially in some countries governments used social housing programmes to help kick-start their economies. However the subsequent recession and national government and EU austerity programmes have seen further declines in government support and a growing interest in using financial innovations to lever in much higher proportions of private finance for infrastructure and housing provision. How this stage will play out has yet to be determined.

Thus, over the last four decades, as extreme numerical shortages have been overcome and housing and finance markets have become more responsive, there has been considerable pressure to re-organise housing, housing subsidy and housing finance systems in Europe. The objectives have been to increase the efficiency of housing provision, to ensure that the private sector plays a greater role in funding housing, to increase individual choice and particularly to reduce direct public finance involvement. Privatisation and liberalisation have concentrated on the development of competitive finance markets as well as on achieving large scale cuts in public expenditure on housing (Gibb and Whitehead, 2007; Turner and Whitehead, 1993 and 2002). The results have included a larger emphasis on market mechanisms – and far greater exposure to market pressures, including over the last few years, rapidly rising house prices and often rents.

What this discussion of how typologies of social housing provision have developed over the last seven decades helps to clarify is that, while the fundamental problems are relatively consistent across the industrialised countries of Europe, the means used to achieve these ends differ in relation to the economic and political imperatives of the relevant period; the distinct styles of governance, regulation and subsidy specific to each country; and the changing nature of user needs as Europe has generally become both richer and better housed.

It also stresses that, whether unitarist or dualist, housing systems have faced increasing pressures from reduced direct public expenditure and shifts towards demand side subsidies to ensure affordability while alternative sources of supply in both owner-occupation, and latterly increasingly in the private rented sector have emerged to provide for many of those who were traditionally accommodated in the social sector.

## **2. Financing and subsidising social housing**

The developments in housing finance and subsidy for social sector provision have closely followed the stages set out above. In stage one almost everywhere except in parts of southern Europe the state provided both the subsidy and the finance to enable direct provision of social housing. In stage 2 there was the beginning of financial deregulation and the capacity to borrow to invest in social housing - and in some countries the beginning of a move towards rents less closely related to historic costs in part because of increasingly rapid inflation. These trends were mainly observed in dualist systems but also began to modify unitarist systems. Stage 3 saw much more fundamental shifts away from supply side subsidies towards income related demand side subsidies which could help a wider range of households but also towards the privatisation of social housing and the beginnings of the large scale use of private debt finance not only for new investment but also to support the existing stock. Stage 4 saw increasing emphasis on privatisation as well as the growth of far more complex arrangements between the public and private sectors particularly to support improvement of the social sector stock and regeneration of disadvantaged areas. Table 2 shows Finally the core elements in stage five relate to increasing austerity and the use of even more innovative private financing measures. Most of the welfare state models have gone through these stages with more or less emphasis on privatisation of both finance and provision. The Communist countries however jumped directly to privatisation and restitution without putting in place broader support systems. At the other extreme the role of the state in most Southern European countries remains very limited and much of the emphasis has been on developing funding systems for owner-occupation (Lunde and Whitehead 2015 forthcoming).

### *Changing subsidy instruments*

Turning to the detail: the provision of social housing has traditionally involved large scale government subsidy in the form of capital grants, revenue subsidies or interest rate reductions. To take one example, UK governments of all political persuasions provided financial subsidies for investment in social housing for well over a century. Until the later part of the 20<sup>th</sup> century the emphasis of policy was on subsidies to support the provision of new public rental housing let at below-market rents, although during the inter-war period there were also tenure neutral grants to new building. The principal government subsidy after 1945 came in the form of a recurrent revenue subsidy to local authorities. In contrast, capital grants from the Exchequer formed the basis of subsidies for housing associations, which became the principal providers of new social rented housing after 1988. Below-market rents were also the norm in the private rented sector for most of the 20<sup>th</sup> century, since tenancies were generally subject to one form of rent control or another, until new tenancies were de-regulated in 1989.

At its peak in the late 1970s, one-third of UK households were accommodated in the local authority sector and benefited from general supply-side subsidies. Since then, the proportion of households living in social housing has fallen to around 17% with the majority owned by non-profit housing associations as public housing has either been sold under Right to Buy, and large scale voluntary transfer to associations or demolished. In some other European countries, notably the Netherlands Austria and Denmark, the proportions benefitting were even greater although now it is only in the Netherlands where proportions remain above 30% (Scanlon et al, 2014).

In most of continental Europe, in contrast to the UK, the main means of government subsidy to social housing investment was through interest rate subsidies that reduced costs of provision and rents to levels which made the housing affordable to the target group of households (Turner and Whitehead, 2002). Strongly linked to this approach was a system of historic cost rent determination - which required break-even at site, owner or municipal level - with very different implied incentives to add to the total stock.

Since the 1970s when, as we have already noted, most post war numerical shortages had been addressed and there was increasing pressure on public finances the aim has been to reduce direct subsidies almost everywhere across Europe (with the notable exception of France for much of the period). This has generally been achieved first by moving away from revenue and interest subsidies, particularly because these tend to be open ended, toward capital grants that can both be cash limited and targeted more effectively and then by cutting assistance to suppliers altogether - notably in the Netherlands Sweden and potentially in England (Turner and Whitehead 1993, 2002; Williams et al 2012). Germany has a very limited formal social sector and government contributions to social housing in Eastern Europe are generally very limited. The countries that have most obviously bucked this trend are France and Austria, both of which have maintained a range of supply subsidy instruments (Scanlon et al, 2014).

In many European countries the cutbacks in supply subsidies have at least in part been offset by increases in income-related benefits for those unable to afford even social sector rents (Galster, 1997, Yates and Whitehead, 1998 for a discussion of the pros and cons of the different approaches). These payments to individuals are available to a greater or lesser degree in most Northern European countries and have become increasingly important as rents go up to support additional borrowing. The revenue from these demand side subsidies provides a relatively secure income stream which helps to increase the availability and reduce the cost of funds.

In most Northwestern European countries, housing allowances have been developed within the context of social security systems that make an allowance for housing costs within mainstream social security benefits. Housing allowance systems are based on the ‘gap’ principle whereby, for a given income, the housing allowance meets a certain proportion of rent above a minimum contribution up to a maximum level. In circumstances whereby unmet housing costs take residual income below the social assistance minimum, the social assistance system itself often steps in. The clearest example of this structure is in Germany, where the housing allowance (*Wohngeld*) is available for people in work or in receipt of social insurance benefits. People in receipt of social assistance instead obtain support for housing costs from the social assistance system.

In contrast, the UK Housing Benefit system is designed to prevent residual incomes from falling below social assistance levels after housing costs have been met. This accounts for two unique aspects of Housing Benefit: it can meet 100% of rent, and it can meet all of the marginal cost of housing (so if rent rises by £1, Housing Benefit rises by £1). However, the commitment to protecting post-rent income has never been unconditional, and its rising costs have led to an increasing array of restrictions.

#### *Privatisation and financial innovation*

Privatisation of social sector stock through sales to individual households has been particularly important in some countries. In others the emphasis has been on the right to sell and to manage portfolios. Table 2 summarises the approaches used in three of the countries where direct privatisation has been most important.

**Table 2: Three approaches to privatising of social housing**

	<i>Purchaser</i>			
	<i>Private social providers</i>	<i>Commercial landlords</i>	<i>Owner-occupiers</i>	<i>Social owner-occupiers</i>
UK	From local authorities to housing associations (Large Scale Voluntary Transfers)***	--	From local authorities and housing associations to home owners (Right to Buy)***	Very limited shared ownership/ equity (‘Social Homebuy’ in England) *
Netherlands	From local authorities to housing associations***	--	From housing associations to home owners**	Social owner-occupation*
Germany	From public social to co-operatives*	Sale of municipal housing to private equity funds ***	From public social owners to residents*	From public social owners to co-operatives*

Key:

\* = very limited; \*\* = extensive; \*\*\* very extensive

Source: Table 22.2 in *Elsinga, Stephens and Knorr-Siedow, in Scanlon et al 2014.*

Additional investment increasingly depends on recycling past subsidies by increasing rents, running down landlords' reserves and/or in some countries diversifying into profit making activities such as market rent and low cost homeownership products (Gibb et al 2013). Again the Netherlands and Britain are in the forefront of such activities. In the Netherlands in particular social landlords have considerable capacity to increase investment without recourse to subsidy but the incentives to do so are limited, especially given their increasing responsibilities with respect to regeneration and local area management. Especially since the global financial crisis and the austerity measures introduced by the coalition government Britain is increasingly following a similar pattern with much lower grant rates and very large scale borrowing concentrated in the bond market.

The most important alternative source of potential supply subsidy comes from land values –in the forms of public land for social housing at below opportunity cost and of contributions by landowners and developers to social and affordable housing. The very large post-war growth in social sector supply across Northern Europe was often supported by the provision of free or cheap public sector land (Whitehead 2003). Over the last few years there has again been increasing emphasis on this source of funding, often because the transactions may not appear on public sector borrowing accounts especially if the ownership of land is not transferred and the land does not have to be valued at current opportunity cost. Initiatives using publicly owned land are in place in most Western European countries, including in particular Denmark, the Netherlands, some parts of Germany, France, England, Italy and Spain (CECODHAS 2009). Their use is often complemented by other means of reducing costs, notably by subsidised mortgages in Spain and special financing arrangements for instance in Italy.

A rather different approach is to require contributions to affordable housing from developers, usually through ensuring that a proportion of affordable housing is included at least in major developments. England's Section 106 policy is probably the most developed, sometimes supporting well over 50% of new affordable housing provision (Crook & Monk 2011; Crook et al. 2015 forthcoming). Similar initiatives and related public private partnerships to ensure mixed communities are in place in Ireland, the Netherlands, some parts of Germany and Spain (Calavita & Mallach 2010).

Importantly in many countries but especially the Netherlands and Britain independent social housing providers are involved in supplying into what is defined as the intermediate market. In both countries social landlords have developed large numbers of shared equity units which generate sales income and recycle subsidy to allow further investment. They also provide shallow subsidy rented units particularly to support younger working households (Whitehead & Monk 2010). Latterly as private rented housing has become an increasingly important tenure notably because of credit constraints on access to owner-occupation housing associations are looking also to provide new market rented housing (Whitehead and Scanlon, 2013).

Overall social sector housing is becoming more self-sufficient. This situation is most transparent in the Netherlands where housing associations have received no direct supply side subsidies for almost twenty years. In Sweden housing makes a net contribution to the public purse. In England the realisation of social housing assets has helped to contain overall public expenditure and borrowing. More generally, increasing capital values and deregulated private finance markets have enabled lower government subsidies and the restructuring of

housing finance away from public to private debt. Rents have been increased and initiatives have been introduced to provide incentives to better off tenants to transfer to other tenures.

There are exceptions, notably Austria and France, where supply subsidies and special circuits of housing finance continue. Equally there are countries, including Germany, Norway and in Eastern Europe, where little or no social housing remains. As part of this transition there are also trends towards declining municipal involvement and increasing reliance on not-for-profit and even private landlords.

The potential for private financing of social housing across many parts of Europe is significant. Mature markets exist in most of Scandinavia, the Netherlands and the UK and there is growing interest in other countries, notably France and Germany.

The mechanisms used have so far mainly been in the form of retail funding even when large packages of funds are being put together to purchase existing assets. Securitisation has not generally been attempted, except in Finland, even though in many ways the scale and standardisation aspects of the debt fit the requirements for efficient securitisation more than some of the owner-occupied mortgage based issues which are of growing importance in parts of Europe. What is perhaps even more surprising is that, up to now, there is little or no evidence of private equity involvement in the provision of social housing. The ownership of social housing assets remains firmly with the housing associations or other social landlord. However the UK government, in particular, has been looking at new approaches to the possibility of ownership including partnership between developers/institutional owners and housing associations (Williams et al, 2012)

The nature of social housing must inherently be that it is provided for those who need some element of assistance to be properly housed at affordable rents. Depending on the country social housing may or may not be available to more mainstream households able to pay their own way. The implication is that government policy will always be of importance in determining the risks and returns involved – and political risk may well be as difficult to assess as the more normal set of risks associated with property. In the majority of countries the extent to which government is providing explicit or implicit guarantees is declining. This means that social housing has to stand more on its own risks and returns – increasing the relative benefits of diversification both geographically and by asset type.

Some of the factors affecting costs and revenues are similar across countries – notably those to do with funding. Others including the likely client base, the nature of the stock and the extent of potential cross-subsidy between schemes differ greatly depending on the specifics of development in each country. Equally important are the terms and conditions under which housing can be transferred between tenures and the nature of property rights involved in redevelopment programmes. What is clear across Europe is that aspirations are rising and only housing which meets those aspirations will be acceptable into the longer term.

Social housing can, under some circumstances, provide a significant market for certain types of private financial institutions - but those thinking of being involved need to understand the specifics of the market in a way which is very different from more traditional asset categories.

### 3. Who lives in the social sector: converging patterns

As has already been noted, Northern European countries were traditionally divided between unitarist welfare systems where all households in principle had the possibility of living in social housing; and dualist systems where help became increasingly targeted. In the early decades however while social housing was provided for working households it rarely accommodated those at the very bottom end of the income scale, who tended to living in the privately rented sector or more informal housing.

**Table 3: Demographics of social housing**

Country	Age/household type	Income
Austria	Young families (on new estates); older people/singles (on older estates)	Municipal housing: working class/low income. Housing associations: more middle income.
Czech Republic	Pensioners and unemployed slightly overrepresented.	Lower than average.
Denmark	57% of social tenant households are single persons (most often women), and 68% have only one adult. Children and young people.	Average household income 68% of national average.
England	Single parents; older and single households	Low incomes—on average 50% of overall average household income
France	Somewhat younger than households nationally, though not as young as in the PRS. Single people and single parents overrepresented	Increasing concentration of low-income households in sector since 1984.
Germany	Single parents, single people, childless couples.	Increasing concentration of low-income households.
Hungary	Single-parent families are over-represented.	Low income and social status.
Ireland	Single-parent families and couples with children.	62% have incomes below 60% of median (vs 22% overall); dependent on state transfers.
Netherlands	Households older and smaller than national average, more likely to be on benefit and to be non-Dutch.	Lower than average and falling, but there is still some social mix.
Scotland	Strong pattern of ‘hollowing out’ leaving young and old; singles and single parents.	Low incomes—on average half the median household income for owner-occupier,
Spain (mainly over-occupation)	Low income households, first-time buyers, young or old people, female victims of domestic violence, victims of terrorism, large families, gypsies, one-parent families, and handicapped and dependent people	Lower than average
Sweden	Single parents; elderly single people	Below average.

France: L'Union Sociale Pour l'Habitat *Données Statistiques* 2012

Source: Scanlon, Whitehead and Fernández Arrigoitia 2014

Over the last decades the trend in almost all countries with significant social sectors is to move towards providing for more vulnerable households and particularly those who are formally designated as homeless. The reasons for this shift is partly because once national shortages were overcome and financial markets liberalised, market opportunities started to open up and owner-occupation became possible for a wider range of households. As a result, the majority- usually the vast majority - of households in the social sector would find it hard to afford housing in the market sector.

Table 3 describes some of the current demographics of social housing across Europe. While the scale and organisational structures differ widely across European countries the current demographics of social housing tenants are strikingly similar. Broadly speaking, it is the old and the young who live in social housing: pensioners and single-parent families are heavily overrepresented in almost all countries, while couples with children are underrepresented. Moreover many of those in social housing are migrants or ethnic minorities who face greater difficulties in accessing mainstream housing. In all countries social tenants have lower than average incomes – and often much lower. Nowhere does the income distribution in social housing reflect that of the population as a whole. Indeed the income divide between social housing and other tenures is generally increasingly sharp. Importantly this is true even in those countries with universalist housing traditions such as Sweden and the Netherlands.

#### **4. Looking to the future: emerging cross national trends**

There are some clear general economic and social trends across Europe, which are impacting on how social housing systems operate. These include on the positive side:

- average standards of living have risen in all the major countries, enabling the vast majority of people to pay for higher quality housing and to pay a lower proportion of their incomes for the basics of shelter and security. This has however not been the case in some of the transition economies which have suffered large scale reductions in investment in housing and the maintenance of infrastructure more generally;
- continued liberalisation of finance markets which has enabled social providers to expand investment based on debt finance - although at the same time increasing rents and worsening affordability;
- lower nominal interest rates, especially since the financial crisis. These help increase the capacity of social providers to invest and indeed to diversify into a wider range of intermediate and private housing..

However, by no means all cross-national trends are positive. Significant factors that pose challenges to ensuring adequate and affordable housing for all include:

- demographic and social changes which increase household fission and fusion and generate larger demands on the housing system as well as the need for more holistic approaches to supporting social tenants;
- increased migration into Europe, within Europe, within the countries of Europe and even sometimes within particular regions and cities. These pressures tend to increase not only overall demand but also to generate areas of social exclusion and deprivation

which have important implications for the management and maintenance of existing housing as well as for new and regeneration investment;

- worsening distributions of incomes and wealth which help to increase house prices and reduce access to adequate housing for those lower down the income scale;
- continuing reductions in government commitment to housing, together with greater targeting of assistance to the lowest income groups. This reduces overall investment in housing especially as there is growing evidence that demand side subsidies do not produce as much additional housing output as do direct supply side subsidies;
- the aging of the existing stock and the need to undertake large scale improvement, renovation and regeneration programmes which are time consuming and resource intensive as well as increasingly complex as objectives relating to high density provision, mixed communities and neighbourhood cohesion become more important;
- issues around the governance of multi-family housing again mainly in Eastern Europe where there has been large scale privatisation and inadequate contractual arrangements to ensure that the building is kept in good repair and management and maintenance is carried out effectively and affordably;
- environmental and other sustainability requirements which are both directly increasing the costs of housing provision - although not necessarily the overall costs to society - and tending to generate greater constraints on new building because of growing NIMBYism among those who are already well housed.

The global financial crisis has added a range of additional pressures to the effective provision of decent affordable housing for all:

- there have been enormous cutbacks in housing investment in many parts of Europe resulting in the re-emergence of numerical housing shortages in many higher demand areas and reduced capacity in construction industries;
- while in many countries interest rates have declined to historically low levels, access to owner-occupied housing has become more difficult so the importance of rented housing is increasing in many European countries;
- increasing concern that cutbacks together with growing housing needs have resulted in inadequate provision of social housing to address the housing requirements of more vulnerable households.

What is perhaps most obvious is that while the nature of intervention has changed significantly away from direct provision towards broader based but more limited subsidy governments in much of Europe remain heavily involved in housing systems. What is equally clear is that the need to provide for those further down the income scale and particularly those with additional needs can only expand. Thus while in most European countries social housing faces increasing challenges it also has a long term role to play in meeting the goal of a decent home for every household at a price they can afford.

## Bibliography

- Calavita N and Mallach A (eds.) (2010) *Inclusionary Housing in International Perspective: Affordable Housing, Social Inclusion and Land Value Recapture*, Cambridge, MA: Lincoln Institute of Land Policy
- CECODHAS (2009) *Financing Social Housing after the Economic Crisis*, Brussels, CECODHAS
- Crook A & Monk S (2011) Planning gains, providing homes, *Housing Studies*, 26 (7 – 8) pp 997 - 1018
- Crook et al (2014 forthcoming) *Planning Infrastructure and Housing Provision*, Oxford, Wiley Blackwell (check title)
- Department of Environment (1972) *Fair Deal for Housing*, Cmnd 4728, London, HMSO
- Elsinga, M., Stephens, M. and Knorr-Siedow, T in Scanlon et al 2014 *Social Housing in Europe*, Oxford: Wiley Blackwell.
- Esping-Andersen, O. (1990) *The Three Worlds of Welfare Capitalism*, Cambridge, Polity Press
- Esping-Andersen, O. (1996) *Welfare States in Transition*, Sage
- Galster G (1997) Comparing Demand-side and Supply-side Policies: sub market and spatial perspectives, *Housing Studies*, 12(4), pp 561-577
- Gibb, K & Whitehead, C (2007) Towards the more effective use of housing finance and subsidy *Housing Studies*, Vol 22, No 2
- Gibb K, Maclennan, D and Stephens, M (2013) *Innovative Financing of Affordable Housing*, York, Joseph Rowntree Foundation.
- Kemeny, J. (1995a) *From Public Housing to the Social Market: Rental Policy Strategies in Comparative Perspective*, London: Routledge
- Kemeny, J. (1995b) “Theories of power in Esping-Andersen’s ‘Three Worlds of Welfare Capitalism’”, *Journal of European Social Policy*, 5 (2), 87 – 96
- Kofner S, Unger K and Schwenk H (2012) *New financial investors at the German housing market: Business models and financial strategies*. Paper presented at the ENHR International Conference, June, Lillehammer, Norway
- Lunde J and Whitehead C (2015, forthcoming) *Milestones in European Housing Finance*, Oxford, Wiley Blackwell
- Lundqvist, L. J. (1992) *Dislodging the Welfare State? Housing and Privatisation in Four European States*, Delft, Delft University Press

- Monk S & Whitehead C (2000) *Restructuring housing systems from Social to Affordable Housing*, York, York Publishing Services
- Scanlon, K., Whitehead, CME & Fernández Arrigoitia, M. (eds.) (2014) *Social Housing in Europe*, Oxford: Wiley Blackwell.
- Turner, B. and Whitehead, C. (1993) *Housing Finance in the 1990s*, Research Report SB:56, The National Swedish Institute for Building Research, Gavle
- Turner, B., & Whitehead, C. M. E. (2002) 'Reducing Housing Subsidy: Swedish Housing Policy in an International Context' *Urban Studies*, **39**, 2, pp.201-217
- Whitehead, CME (2003) 'Restructuring Social Housing Systems' in Forrest R & Lee J (eds) (2003) *Housing and Social Change*, London: Routledge
- Whitehead, C, Gibb, K. and Stephens, M. (2005) *Evaluation of English Housing Policy 1975-2000, Theme 2. Finance and Affordability*, London, HMSO.
- Whitehead C and Monk S. (2010) (eds) *Affordable Housing and Intermediate Housing Tenures*, Oxford, Blackwell
- Whitehead, C.M.E and Scanlon, K. (with CCHPR) (2013) *Building the Rented Sector in Scotland*. Edinburgh Homes for Scotland..
- Williams P, Whitehead C, Clarke A and Jones M (2012) *Freedom to Succeed: liberating the potential of housing associations*, Cambridge, CCHPR
- Yates, J & Whitehead, C. M. E. (1998) 'In defence of greater agnosticism: a response to Galster's "Comparing demand-side and supply-side subsidies"', *Housing Studies*, 13(3), pp.415-423