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**SOCIAL/AFFORDABLE HOUSING – A NEW CHALLENGE FOR
THE ECE COUNTRIES**

Discussion paper prepared by the delegation of the Czech Republic in cooperation
with the Committee's Bureau

Background

1. Promoting social cohesion is one of the challenges of the ECE Strategy for Sustainable Quality of Life in Human Settlements in the 21st Century. In the ECE Ministerial Declaration adopted in 2000, the Ministers and Heads of delegation committed themselves, among other things, to promoting well balanced housing policies to achieve adequate affordable housing for all and stressed the importance of a well functioning housing market. They also underlined the fact that, without proper public measures, housing policy goals could not be reached.

2. The purpose of the Committee's in-depth discussion is to outline the main issues in social housing to be addressed by policy makers at all levels, to share experience and best practices among ECE member countries, and to agree on future activities in this area. **All delegations are invited to prepare written notes or case studies on the issues identified below and make short presentations on their own experience as well as best practices.**

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Introduction

3. The beginning of social housing in the ECE region in the first half of the 19th century was prompted by humanitarians, wealthy people who used their own private funds to secure at least partly adequate housing for the growing urban proletariat. As early as in the 19th century, municipalities began to participate in the construction of rental housing for the working class, e.g. in England. The construction of new "social" rental housing received a boost from housing cooperatives, which found fertile ground in many countries, as they promoted solidarity. During the post-war period, housing cooperatives lost some of their importance. In most countries the cooperative sector decreased as a result of growing construction of municipality- or State-owned rental housing, but in some countries cooperatives were transformed in various ways, losing the original cooperative spirit.

4. Social housing changed rapidly during the 80s and 90s. In Central and Eastern Europe, housing was overhauled with the transition towards a market economy and multi-party democracy. Whereas social housing has been more or less stable in Western countries, the situation in the low-cost rental sector in countries in transition has changed, mainly due to mass, large-scale privatization programmes, and rental housing has almost disappeared. This means that the poor, the weak and the vulnerable find it hard to afford decent housing. However, these difficulties also occur in the most developed ECE countries, even if there is no shortage of housing in those countries.

Social housing definitions

5. A housing sector called "social housing" can be found in almost all ECE countries. Although the differences between individual systems are considerable, social housing is usually understood as a rental housing sector through which local or central government authorities try to establish a general balance on the rental housing market with the aim of enabling needy groups of the population, unable to find housing on the free market for social or other reasons, to have adequate housing. Rent in social housing is usually lower than on the free market, and construction or operation is to some extent financially supported by central or local government authorities, for example through various fiscal advantages for developers, direct subsidies, guarantees for construction loans and housing allowances. The developers, and subsequently, the providers of social housing may be municipalities represented by municipal housing corporations, housing cooperatives, non-profit housing associations, and private proprietors.

6. The generally recognized definition of social housing was "housing provided under social policy". In 1998, the European Liaison Committee for Social Housing (CECODHAS) proposed a new definition: "social housing is delivery, construction, renovation and transformation of social housing, that is to say housing where the access is controlled by the existence of allocation rules favouring households that have difficulties in finding accommodation".¹ This definition integrates the principle of market control to some extent and makes reference to the fundamental role of social housing with respect to needy households, i.e. those that have trouble obtaining housing.²

7. Social housing is not only rental housing, but also privately owned housing acquired with substantial public support. The word "substantial" is important; it underlines the vagueness of

the definition, as the construction of privately owned dwellings and buildings is in almost all countries supported by the State, regions or municipalities through fiscal measures or interest-rate subsidies, and a wide range of projects could otherwise be considered social housing.

Social housing and development in Western countries

8. In several Western countries local governments usually have responsibility to secure affordable housing for households in social need. In some countries (United Kingdom, Sweden, Germany), local authorities are directly involved in rental housing construction and operation (public housing), in other countries (Netherlands, United Kingdom, France) they cooperate with independent social landlords, or sometimes with private investors (Germany), to find a consensual approach to social housing allocation and rent-setting. The rental housing stock of the public authorities and of independent social non-profit landlords is usually called social housing. It is usually designed for low- or middle-income households and a targeted allocation policy is often applied. In this sector cost rent is calculated and its level is usually lower than that of market rent because of the public budget contributions to construction and sometimes to operating cost. In many cases the housing is also made more affordable by a system of housing or rent allowances.

9. In almost all Western countries, there is State legislation defining the main conditions of social housing operation. The trends towards decreasing State supply-side subsidies, leading to lower social housing construction, and towards transferring the ownership of social dwellings from the public authorities to non-profit housing associations is currently apparent in many countries. The governments stress economic efficiency and social effectiveness of more market-oriented supply-side subsidies while taking advantage of demand-side subsidies.

10. The proportion of social housing varies widely from country to country. Spain, Luxembourg and Portugal have a very small social sector, while in the countries of Northern Europe the social housing stock plays a vital role – it represents more than one third of housing in the Netherlands, nearly one fourth in the United Kingdom and Sweden, one fifth in Austria and Denmark, and one sixth in Finland and Greece.³ During the 1990s, at a time of quantitative saturation of the housing market, many Western countries, with the exception of Ireland and Germany, reduced government subsidies for the construction and operation of social housing. Public expenditures were aimed mainly at providing indirect stimulation of demand through targeted housing allowances. Funds allocated by public budgets for the construction of social housing were dubbed “aid per brick” or stimulation of supply. Public budget funds earmarked for housing allowances, i.e. rent, are called “aid per capita” or stimulation of demand.

11. Some experts⁴ argue that only aid “per brick” is capable of instigating an improvement in the quality of the housing stock with a lower and financially bearable rent to be paid by future tenants. Lower rent in social housing also helps households that do not meet the income-restricting criteria for social housing, as the availability of new social housing has a competitive effect and reduces the rent in other segments of the market. Conversely, stimulation of demand increases the rent in both market-based and social sectors, failing to result in a better quality of housing. Likewise, some agree⁵ that aid “per brick” results in a better quality of housing because the greater availability of social housing effectively reduces rents in the lowest-quality segment of the privately owned rental housing market, forcing the majority of landlords to renovate their

properties or convert them to non-residential purposes.

12. It is generally recognized, although not explicitly admitted, that the mass construction of social housing during the 1960s and 1970s, which often resulted in the creation of settlements with prefabricated panel buildings, increased housing supply, but generated more problems than it solved. Today one aspect of social management is the fight against crime and extensive decay of prefabricated buildings in urban areas. Specifically, this problem concerns post-war settlements with high-rise prefabricated panel buildings. In every country, there is a link between this problem and the process of social segregation.⁶ The low quality of buildings of this type has, in many countries, resulted in stigmatization and social exclusion, even before subsidies for social housing were reduced.

13. At present, there is an almost universal shift away from direct State-controlled measures for housing in many Western countries. This shift reflects dissatisfaction with past results on the one hand, and the growing imperative to secure investments outside the State budget on the other.⁷ The State contributes, but only partially, for specific purposes and indirectly wherever possible-tax deductions, guaranteed private low-interest loans, low-interest loans from a State fund, marginal direct subsidies. In this case, the provider is neither the state nor the municipality, neither of which is very effective in the construction and management of social housing, but independent and essentially private organizations which face some or all the market risks: housing associations or housing cooperatives. The importance of housing associations or cooperatives as private non-profit organizations oriented towards social objectives is being realized by almost all Western countries.

14. In most countries, the basic mechanism used for allocating social housing is defined centrally and implemented by municipalities or individual independent providers of social housing. Some countries have annually revised laws, which explicitly specify the income limit of households entitled to social housing. Some countries have laws specifying the target groups of socially needy households or defining explicitly the housing situations in which households are entitled to social housing - unwanted cohabitation, divorce, insufficient dwelling size for household size. In several countries (e.g. Denmark), laws contain only general provisions on the allocation of social housing to socially needy households; however, rents in the sector are then based on household size and income. An exception is Sweden, where the large sector of municipal rental housing can theoretically be used by any household.

15. The criteria under which households are entitled to social housing and the allocation policy are defined in detail at the national or regional level, and individual providers of social housing (municipalities, non-profit organizations, housing associations, housing cooperatives or private investors) are given little leeway to apply these criteria in their allocation policies. Municipalities, like other proprietors of social housing, must strictly adhere to the centrally set criteria. The "manoeuvring space" of independent providers of social housing (such as non-profit organizations) is then limited, for example, to selecting candidates from a list compiled by municipalities (Germany) or a list proposed by the authorities or employers that have specific reservation rights to fill vacant or newly built social rental housing (France).

16. Another factor in the allocation process is so-called reservation of social housing by certain public (municipalities) or private (enterprises) entities. The municipality or enterprise

usually has a right by law to reserve a certain quota of newly constructed or vacated social dwellings for candidates that it has selected. The housing is allocated either directly by the reserving entity (Denmark, France, Italy), or by the "nomination" of candidates as part of the allocation of housing by the provider (United Kingdom, Germany, Netherlands). Reservation of a certain number of social dwellings exists in systems where the providers of social housing are not municipalities, but independent housing associations or non-profit organizations. The quotas are usually set by law (Denmark, France, United Kingdom, Italy), stem from agreements between municipalities and housing associations (Netherlands), or simply all municipal dwellings are exclusively allocated to applicants approved by municipalities, i.e. municipal approval is necessary for allocation of a dwelling (coupon system in Germany). For example, in Denmark the law specifies that a quota of 25% of vacated or newly built social housing is reserved for municipalities, in Italy and United Kingdom it is 15% and 50%, respectively, and in France 30% is reserved for the State (represented by prefects in individual departments) and 20% for municipalities.

17. Another option is to have municipalities formulate their own allocation policies, which, however, must conform to overall conditions set by the central government. These are limited to general priorities, such as identifying target groups of needy households (hierarchy of social neediness). The methodology of allocation or exact criteria, such as income limit for admission to the social housing sector, are usually not set at the central level, and individual municipalities have to formulate and publish their own allocation policies for their own rental sector and, in cooperation with independent housing associations, for other parts of the social housing sector. Municipal policies usually reflect the specific social problems of the area, e.g. preferences are given to the unemployed, single mothers, etc. Municipalities have a duty to ensure "social effectiveness" in the allocation of social housing, i.e. ensure that social housing is allocated to those who really need it, even if it belongs to independent housing associations. The effectiveness is monitored by independent inspection authorities or directly by individual municipalities. This is how social housing is typically allocated in Denmark, the United Kingdom and Ireland.

18. As regards the division of the competences in defining the priorities of social housing, somewhat exceptional methods are used in the Netherlands, where during the 1990s the most important providers of social housing - housing associations - gained substantial independence. The rules under which the social sector operates require only that tenants should be consulted in fundamental matters concerning the management of associations, that the quality of the housing stock should be maintained and that dwellings should be allocated to socially needy households. Allocation policies are either the result of partnership agreements between municipalities and housing associations or determined entirely by individual housing associations, which customarily allocate dwellings based on waiting lists, taking into account the social situation of candidates.

19. The fundamental problems now often faced by Western countries concerns growing social exclusion which results from the creation of social housing "ghettos" mostly inhabited by immigrants or the lowest-income households. In this regard, the housing allowance policy provides a partial solution, i.e. even low-income households can afford better-quality accommodation. The German model of "constantly shifting" social housing offers a more elaborate solution; a dwelling is considered as social housing for a certain period only, as part of

the so-called third subsidy period for an average of ten years, and after the end of a contractual period, during which the rent gradually increases by a set coefficient, the provider of the social housing is entitled to increase the rent to a level typically paid in the private rental sector. In Germany, only one to two dwellings in a newly constructed building may be set aside as social housing based on an agreement between the private developer and the municipality; hence, tenants who pay "social" rent live in the same building as tenants who pay "market" rent.

20. The 1980s and 1990s brought a gradual deviation from the universal approach to social housing in countries with a large social housing sector and a shift towards more precisely targeted allocation of social dwellings (Finland, Denmark, Netherlands, Sweden). This shift was the result of the economic recession, in the former exhibited by extensive indebtedness of Municipal housing corporations were excessively indebted and the general spirit of housing policy reforms aimed at making people more responsible for their housing situation. Moreover, an increasing number of households faced social difficulties in many Western countries. Other negative aspects that trouble the social rental housing sector include the very low household mobility and frequent cases of abuse on the part of both providers and tenants. In some cases tenants occupying social dwellings enjoy low rent when much more needy households are forced to seek accommodation on the free market. Other frequent problems are the illegal subletting of social dwellings and holding on to dwellings for protracted periods. Abuses on the part of providers take place in some countries because of insufficiently transparent and objective systems to determine the degree of social neediness of individual households.

21. Some western countries have initiated programmes to sell local authorities' stock of rental dwellings. Although in no Western country has the privatization of social housing been as widespread as in the United Kingdom, most Western countries have drawn considerable inspiration from its housing policy. All countries which have a policy of selling social rental housing to existing tenants, be it as part of the central housing policy or as an option open to providers of social housing, use essentially the same model to appraise the market value of a dwelling, from which a certain sum, a discount, can be subtracted to fix the sales price.

22. In Western countries, the State plays a predominant role in the social housing sector. State interventions can take many forms: VAT reduction, subsidies, borrowing on capital markets with or without government guarantees, special budget programmes, resident's deposits, changes in interest rates, ex-post payment of interest, zero-interest loans, etc. Most Western governments wish to restore the balance in the national supply to meet the needs of a more complex demand.⁹ This restored balance is based on several key ideas:

(a) A better targeting of measures, in favour of specific populations (young households, single-parent families, the elderly, the disabled, low-income households, immigrant populations) to increase the social efficiency of the housing policy;

(b) To mover from a social housing policy to a social policy in housing, which is translated by replacing aid to housing by aid to people;

(c) The improved supply in the social housing sector depends more on the location of the housing and its level of rehabilitation than on new construction.

23. There are many providers of social housing, ranging from municipalities and non-profit organizations to private developers. A special category of social housing is the cooperative

sector. Social housing is managed (or owned) by:

- (a) The State or a region directly (Spain, Portugal);
- (b) Municipalities or municipal housing corporations (property management firms) whose staff is hired exclusively by individual municipalities—the owners of social housing (Sweden, Finland, Germany);
- (c) Independent housing associations, which usually function on a non-profit basis and even create their own allocation and investment policies, which are however limited and controlled by the State (Netherlands, France, United Kingdom, Ireland);
- (d) Non-profit organizations with regional competencies which have a certain national uniformity (housing associations, in contrast are usually linked with municipalities, and only exceptionally have greater territorial powers) and often include representatives of the private and public sectors (France, Italy);
- (e) Housing cooperatives functioning on a non-profit principle (Germany, Denmark, Sweden); members of cooperatives are current or potential tenants in individual dwellings and participate in the repayment of investment loans by paying considerable admission capital;
- (f) Other organizations, such as trade unions, employers or religious organizations, that provide social housing on a non-profit principle (in many European countries); an exception is Germany, where such organizations are excluded from the non-profit sector;
- (g) Private developers who meet centrally set conditions for the provision of social housing and are therefore given some investment incentives (Germany, Finland).

Social housing in countries in transition

24. The fundamental reform of the housing policies of all countries in transition has been driven by an effort to eliminate housing market distortions created by the centrally planned systems. The basic feature of reforms implemented by some countries in this region has been two-step decentralization of ownership of rental housing formerly owned by the State. Dwellings were first transferred to the municipalities and then, as part of a relatively extensive privatization process, to sitting tenants. In some countries, part of the housing stock was returned to the original owners. Former State- or company-owned housing has been sold to sitting tenants with extensive discounts. In some countries, dwellings up to a certain size were even transferred at no cost, depending on the household size. The extent of the privatization of the State-owned housing stock has differed in individual countries. In some countries in transition, more than 90% of the stock is now in private hands (Bulgaria, Estonia, Slovenia, Armenia, Russia Federation). In contrast, the privatization process has been relatively slow and less extensive in some central European countries (Czech Republic, Slovakia, Poland).

25. Instead of creating a functional social housing system and using the housing stock formerly owned by the State, municipalities or enterprises, the vast majority of governments of countries in transition have focused on the privatization of municipal housing. Although the privatization process has helped create a more stable market environment, somewhat alleviated public budgets, or at least had the potential to do so, and rapidly resolved the legacy of quasi-ownership entitlements of former tenants in State-owned dwellings, the high proportion of privately owned housing has caused other problems. Households have low mobility, new owners of individual condominiums are unable to agree on matters concerning their buildings and lack the funds for ensuring proper maintenance, and lowest-income households have slim chances of

being allocated a social dwelling from the currently small social housing stock. Furthermore, the privatization process was to a large extent socially unfair: the best placed and best-quality State-owned dwellings were, unsurprisingly, inhabited by households of the former ruling class who were the ones to benefit the most from the generous privatization scheme. Another noteworthy aspect is the inequality between owners who bought their dwellings at market-derived prices and "new owners" who acquired their dwellings under special terms. Generally speaking, young households were disadvantaged; and, while people without a dwelling were unable to obtain social housing, those who already had a dwelling were able to buy it under advantageous terms.

26. The newly defined social housing systems in countries in transition (Hungary, Bulgaria, Slovenia) have been developing very slowly on the central level, and in some countries barely exist. In most cases, all responsibilities for housing have been transferred to the municipalities, mostly in connection with the transfer of dwellings from State to municipal ownership at the beginning of the transition, despite the fact that the proper legal and economic framework had not been created. Local governments must therefore face the problem of low housing affordability themselves and receive little financial aid from the State. The sharp decrease of State subsidies for municipal, formerly State, rental housing, the sharp growth in construction and housing prices, and the continuation of non-targeted rent regulation leading to a black market, have resulted in distributional problems, lower housing affordability and growing tensions on the housing markets of many countries in transition.

27. In some countries the State has refused to subsidize new social housing construction but decided to maintain tenant protection and rent control in rental flats (Czech Republic). The low level of controlled rents means that newly established households cannot find affordable rental housing and the scale of black market rental contracts has grown rapidly. Moreover, because of the poorly targeted rent regulation, higher-income households very often benefit more from it than other, more needy, social groups. Though municipal housing is very often the only affordable housing available, the effort of central or local governments to sell almost all public housing means that in some countries municipal housing forms just 5 per cent of the total housing stock now. The need for a new social/affordable housing system has become urgent in almost all countries in transition. Therefore, some countries have introduced public rental housing programmes.¹⁰

28. The level of social/affordable rental construction is very low in many countries in transition because:

- (a) High construction costs lead to a relatively high level of rent, making new social dwellings unaffordable;
- (b) The State spends little on housing and there is no social housing legislation;
- (c) Non-targeted rent regulation in public housing continues and municipal housing control is inefficient;
- (d) The deregulation of energy and service prices put a heavy financial burden on households.

Private financing of social housing

29. In many ECE countries, there are two major reasons why public authorities want the

private sector to increase its involvement in social housing:

- (a) The gap between the supply and demand for dwellings mainly among disadvantaged groups of the population and the lack of public financial resources;
- (b) The housing sector could be an effective driving force in economic and social development.

30. On the other hand, it is in the private sector's own interest to be more involved in social housing:

- (a) Greater participation in social housing would increase private sector housing and financial markets (at the same time, one should remember that the private sector is guided not by feelings, but by profit);
- (b) Construction and building materials firms would benefit from an increase in construction irrespective of the source of financing, public or private;
- (c) The private sector is aware that if urban areas are left to deteriorate, housing shortages would limit labour force mobility, and the business climate and the economy itself would suffer.

31. In a wider context, simply replacing public sector involvement by private sector involvement would not preserve the social objectives of housing policy. These objectives are better met by establishing an effective and dynamic balance between private and public sectors with the aim of increasing and diversifying housing supply, and improving management and maintenance of the housing stock. This balance is specific to each country.

32. Greater private sector involvement calls for clarity, consistency and continuity on the part of the public authorities. In order to assess their risks, private investors need confidence and stability. To that end the public authorities should:

- (a) Clearly define the social and economic goals of housing policy with simple implementation mechanisms;
- (b) Effectively place housing policy into a broader perspective of macro-economic, financial, environmental and urban development policies;
- (c) Ensure the continuity of their policies;
- (d) In the context of the EU perspective, ensure balanced competition on the financial market and within the housing industry and its related services.

Issues for discussion

33. In the future, social housing will face several challenges. Besides the need for State controlled social housing construction projects, most Western countries, as well as some other countries, have been affected by unfavourable demographic developments, such as ageing of the population. Although retired people in Western countries are no longer exposed to major financial risks thanks to pension plans and accumulated savings, the concentration of ethnic minorities, immigrants and low-income families in the least expensive social rental housing in settlements built in the 1960s and 1970s is becoming a real social and economic problem. The social aspects of the problem stem from social exclusion, concentration of socially deviant

behaviour and the creation of social ghettos. The economic aspects include a large proportion of vacant and "non-leaseable" dwellings in sensitive zones, lower rental revenues and looming bankruptcies of providers of such social housing. Another demographic trend is an increasing number of households at a time when the population as a whole remains essentially constant. This is due to the fact that some young people want to live on their own at an earlier age than their parents. At the same time there is a general trend to have fewer children. However, the main demographic trend is ageing of the population with an increasing number of people living alone.

34. Substantial rent increases, the elimination of rent control in the private sector and often extensive changes in the legislation on rental housing have failed to restore private investment in the construction of rental housing in most countries. Investing in rental housing generates profits only in the long term, unlike speculative investment, investment in securities, etc., and always involves considerable risks: renewal of rent control, extension of tenant rights, other legislative restrictions. At the same time, the flexible labour market requires high social mobility, which is clearly linked with rental housing. Privately owned housing is expensive (requires stable, high income to repay mortgage) and uncertain (negative value). In addition, it ties property owners to the dwelling they own. Considerable risks, which stem from fluctuating real estate prices, discourage some households from moving and investing in privately owned housing. At the same time, the flexibility of the labour market, combined with the EU integration process, is becoming an international issue.

35. It is widely believed that the shift toward more market-oriented management of social housing and greater participation of private capital is correct. The extensive construction of housing during the 1960s and 1970s, which was often directly managed by the State, has proved to be problematic not only in the former communist countries, but also in Western ones. Some of the negative consequences are the rapid decay of the prefabricated panel housing stock, deferred high repair and maintenance costs, inherent social segregation, and marginalization of social housing. All systems develop and change relatively rapidly, and housing policies must be very flexible in responding to current social problems (immigration, unemployment, homelessness, etc.) or economic developments (interest rates, economic boom pushing real estate prices up, lack of private capital, low profitability of construction of private rental housing, etc.). For these reasons, every social housing system is to some extent unique, reflecting the traditions and current needs of the given country. Even though the transformation of housing policies from aid "per brick" to aid "per capita" may seem a universal phenomenon observable in most Western countries and elsewhere, the theory of path dependency which says that new rules always to a large extent reflect old ones applies in this case, too.

36. Social housing is not necessarily non-profit housing. For example, in Germany private providers of social housing are always guaranteed a certain, albeit moderate return on invested capital. In addition, a number of originally non-profit providers of social housing, with the exception of housing cooperatives and municipal housing corporations, were excluded from the non-profit sector in the 1980s and they can legally make a profit. Social housing is not necessarily rental; it can take the form of privately owned housing. There are examples in Denmark, Sweden (support for cooperative housing), Greece and Spain (support for privately owned housing).

37. The future, the purpose and the forms of social housing are being intensely debated in almost all ECE countries. The main recent trend has been a shift from the stimulation of supply to the stimulation of demand, and an effort to bring back private capital to the construction of social rental housing. Nonetheless, the stimulation of supply remains an important aspect of the housing policy of many countries, due to particular reasons, e.g. immigration, on the one hand, and a lack of confidence in the effect of housing allowances on the other, i.e. their ability to allow people to find accessible housing of adequate quality. In some countries, the relation between stimulation of supply and regulation of allocation of housing has weakened. In other words, housing associations and municipalities have gained greater powers to create their own allocation programmes. The sources of financing of construction of new and reconstruction of existing social housing have changed considerably in most ECE countries. The effort is to ensure greater participation of private funds in the construction and management of social housing. Governments increasingly concentrate on indirect forms of subsidies, such as guarantee funds offering guarantees to reduce the interest on private loans.

Questions

38. General framework:

- What are the current conditions and management practices of the housing stock with special attention to the municipal or other social housing stock (e.g. debt of municipal housing budgets, economic consequences of rent regulation, quality of municipal housing in comparison with the stock of other landlords, control of municipal housing stock use, current organizational and management forms of housing management including public-private partnerships)?
 - Can the local government set rents and allocate dwellings?
 - What is the housing affordability ratio in different countries (e.g. housing expenditures-to-income ratio in new and old rental dwellings, affordability of ownership, construction price inflation)?
 - What are the local social policy consequences of decentralization in housing management (e.g. advantages and disadvantages of housing policy decentralization)?
 - Concerning the economic efficiency and social effectiveness of the current state and/or local government programmes which help to make housing affordable for low and middle-income households (new rental housing construction, housing allowances, rent-setting and dwelling allocation rules in municipal dwellings), how successful are these programmes from the viewpoint of public expenditure efficiency?
 - How do these programmes help those who need help (are they well targeted at the people who cannot afford decent housing)? Which programmes failed to fulfil the policy assumptions and which were successful?
 - How to introduce more competition among public, non-profit and private developers in the social housing sector to improve the quality-cost ratio?

39. Social/affordable housing in the future, new social housing forms:

- What should be the role of local governments in the construction and operation of new social/affordable housing in the future (type of management, developer or only coordinator)?
- What should be the role of central/local governments in the social policy related to

housing (housing allowances)?

- What kind of private-public arrangements can and/or should be introduced in particular countries to ensure new construction of social/affordable housing (non-profit independent social landlords)?
- How should the government define the new social/affordable housing system? What legislation must be prepared?
- What kind of subsidies (grants, loans) and what level of subsidies can ensure new construction of social/affordable housing while meeting the elementary requirements of economic efficiency and social effectiveness?

40. Financial instruments; attractiveness of real estate investment and taxation; procedures and constraints:

- From a macroeconomic point of view, giving priority to savings over borrowings has a stabilizing effect on financial resources. What instruments could be used to stimulate long-term household savings?
 - What are the most efficient methods of securitizing mortgages?
 - What tax regime should be applied to encourage personal savings and stimulate investments in social housing?
 - Could State guarantees for borrowings by social housing builders encourage private investments?
 - In market economies, it is politically difficult to suggest that standards could be lower in the social housing sector than in the market housing sector. But given the large proportion of poor people, refugees and displaced persons in countries in transition, should the quality standards of social housing be lower?
 - The public authorities have great power over the regulation of urban land and property markets through the planning permission process and through major urban development projects. How to use this power to secure greater private sector involvement in social housing financing, production and management?
 - Should a fixed proportion of social housing be integrated in a private sector development? Should social housing be a part of major urban development schemes? What are the key areas where the efficiency of the public sector organizations and their transparency should be increased to foster a true partnership with the private sector?

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