

La place de la vente de logements sociaux dans les mutations du parc social en Europe

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Typologies of Post-War Social Housing

- Welfare state – most of North East Europe - publicly provided low rent housing, initially for wide range of households;
 - later divided into two main groups –
 - (i) universal provision and (ii) targeted at lower income households;
 - later, with some exceptions, these merged into housing for the vulnerable;
- Social wage – most of Eastern Europe - usually provided through employers, often at nominal rents and with services provided communally;
- Self provision/family support/government support for owner-occupation – South Eastern Europe; Spain

The Early Post War Years

- Vast public building for rent (and slum clearance) programmes from 1950 to 1970s in most European countries
- Also large scale rural urban migration
- Funded mainly by central government plus local contributions.
- Provision usually by local authorities – but eg in Netherlands by housing associations and in France by HLMs – in both cases strongly linked to local government
- From early 1970s numerical deficit generally overcome across Europe and in most countries fewer social homes were built.
- Movement towards sales started in the 1980s
- UK led the way when Thatcher government introduced the Right to Buy.
- But biggest transfers in Transition Economies after 1989.
- Large scale regeneration projects also usually replaced by mixed development.

Who was the housing for?

- Outside Eastern Europe mainly for working households;
- Supported by unions and left leaning governments;
- Initially most of the non working poor not catered for;
- Reasonably rapid income growth from 1950s
- So large numbers able to pay to move into owner-occupation as private financing liberalised.

Five reasons why governments supported sales of social housing

- Support individual aspirations;
- Realise significant income for government;
- Enable improvement investment within the remaining stock;
- Transfer the cost of maintaining and improving properties to owner-occupiers;
- In UK: reduce union activism – ‘people with mortgages don’t strike’; elsewhere?
- Build a property owning democracy.

Three (or more) models of transfer

- Transfer at zero or low price to households as part of restitution in transition countries;
- Sales at a discount to tenant households;
- Sales of large tranches of stock to other landlords – housing associations and private;
- Build for sale including affordable home ownership; shared ownership/rent to own; and similar products ;
- Also land allocation for social housing – eg Spain.

The Biggest Transfers

- Much of Eastern Europe had very high rates of state ownership – but also many pre-war homes transferred to the private sector;
- Restitution to original owners and sometimes further sales reduced rate of social housing to tiny numbers; Exception the Czech Republic;
- Russia major programme of discounted sales – prerequisite: a working mortgage market .

Rationale and Outcome

- Political change;
- Incapacity to maintain and improve existing stock;
- No funds available for new build or to help those without adequate housing;
- Major problems of lack of regulatory framework within the organise necessary improvements;
- Energy poverty.

Sales to Individual Households

- Most well known example is the Right to Buy – introduced in 1980.
- Roughly two fifths of the social housing stock transferred at discounted rates to tenants.
- One million sold in first 7 years – without significant additional social investment (funds used to pay off debt and to support central government spending).
- Thereafter system less generous and ultimately required to replace one for one.
- Similar but much smaller and less popular programme in the Netherlands.

Rational and Outcomes

- Part of a more general growth in owner-occupation especially from early 1970s;
- First proposed by Labour in 1959;
- Made possible by liberalisation of finance market;
- Local discounted sales programmes in 1970s;
- From 1980 continuously in place with varying discounts and rules - except on Scotland where no longer allowed;
- Most purchasing tenants have done well and the programme has been extremely popular, especially in the early years
- 40% of the properties now in the private rented sector and owner-occupation has fallen to under 65% from over 70%;
- Remaining social sector far more concentrated on the vulnerable;
- Now seen to be a major shortage of affordable homes.

Impact on local areas

- Remaining social sector far more concentrated on the vulnerable;
- But spatial concentration of poverty reduced;
- And provided a supply of lower priced homes for first time buyers;
- However, 40% of the properties now in the private rented sector and some is leased by local authorities to meet their homelessness requirements;
- Concentrated in better off areas and in houses not flats;
- Now seen to be a major shortage of affordable homes.

Large scale sales of social stock

- Most important example is Germany where much of the social sector especially in the East has been sold to (often US) private finance (Keil, Dresden);
- Licenses put in place to maintain affordable housing – but often there is a right to sell on vacancy;
- UK large scale stock transfers to management buyout Housing Associations – who also had the right to build – now larger sector than local authorities.

Rational and Outcomes

- Local authority budget deficits in German cities;
- Incapacity to carry out improvements without capital restructuring (eg UK government paid dowries to ensure improvements undertaken-also potentially increases capacity to build additional housing;
- Getting housing off government balance sheets.
- Greater insecurity and loss of affordable stock in Germany – and deficits have re-appeared;
- Helped shift investment towards improvement in some cases.

Build to Sell

- Affordable homeownership – subsidies usually only the first purchaser; Shared ownership – versions of which in the UK; the Netherlands; some Scandinavian countries;
- Rent to Buy – range of versions across Europe enabling households to start as tenants and build up equity;
- Equity mortgages to reduce the need for deposits and lower repayments;
- Cross subsidy models – HAs build market as well as social housing – the Netherlands, the UK;
- Land allocation for social housing – Spain; UK.

Rationale and Outcomes

- Increases owner-occupation;
- Provides greater flexibility to purchasers;
- Wider range of 'tenures'
- Funds additional social housing;
- Reduces government subsidy;
- Relatively small element in provision but relevant for intermediate income households.

How the main European systems work

Tenure of dwellings

Country	Social rented housing as % of housing stock
Netherlands	32
Austria	24
Denmark	19
Sweden	18
England	18
France	16
Ireland	9
Czech Republic	8
Germany	5
Hungary	3
Spain	2

Conclusions

- The large scale subsidies of the 1950s – 70s enabled large scale provision of social rented housing usually at cost rents;
- Much of that housing was provided for the lower income employed households who have generally moved into owner-occupation;
- But as incomes grew and opportunities increased aspirations changed;
- Arguably sales to individual tenants have enabled these aspirations to be realised and has increased the potential to raise funds which can be reinvested to ensure adequate housing for larger numbers of vulnerable households.

Conclusions

- BUT this has not always been the reality.
- It is unclear whether sales of apartment units work as well for the purchaser as sales of single family homes; - there is strong evidence of problems with service charges and ensuring improvements are carried out;
- Much of the funds raised have been taken out of housing ;
- In some cases large scale transfers have been more successful in expanding funding especially for improvement while cross subsidies from market sales have helped new build ;
- The remaining social sector is far more concentrated on the vulnerable – who also often require additional support;
- And in many countries there is now seen to be a major shortage of affordable homes.