



Social dimensions of housing in the European Union

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This summary is available in electronic format only

Context

Having a decent place to live is at the top of the hierarchy of human needs. According to a Eurobarometer study on quality of life carried out by the European Commission in 28 European countries in 2002, a good job and adequate accommodation are viewed as the most necessary requirements for having a good life. Comparing housing standards is therefore a good indicator for measuring the quality of life.

Against this background, the European Foundation for the Improvement of Living and Working Conditions has set about to obtain more in-depth information on various key aspects that make up the quality of life for Europeans: employment, economic resources, housing and local environment, family and household structure, participation in the community, health and health care, knowledge/education and training. In 2003, the Foundation conducted fieldwork for its First European Quality of Life Survey in 28 countries: the EU25, the two acceding countries – Bulgaria and Romania – and one candidate country, Turkey.

This report, on which this summary is based, explores quality of life in the context of housing conditions. It reveals significant differences in housing conditions across European countries, in particular, the basic divide running between the ‘old’ EU15 Member States and the 10 new Member States (NMS), along with Bulgaria, Romania and Turkey (ACC3). It finds that, in addition to living space and standard of accommodation, quality of life is largely dependent on factors such as personal safety, proximity to local infrastructure and the quality of the environment such as clear water, unpolluted air and green areas.

The **report** argues that while housing issues are not specifically within the EU’s scope of core competencies, their relevance to individual quality of life place these issues at the centre of EU interests. Thus, the main targets of improving quality of life, combating exclusion and discrimination, and strengthening social cohesion cannot be achieved without harmonising the housing conditions of Europeans.

Housing and EU social policy

Lisbon strategy and social housing

Although no formal mandate on housing policy has been stipulated for the EU in the Amsterdam Treaty, issues related to homelessness, access to social housing and the social integration of groups living in deprived intercity areas have entered the European social policy agenda. This has occurred largely through the EU’s development of poverty and anti-social exclusion policies. Such policies aim to make a decisive impact on the eradication of poverty by 2010. Overcoming poor housing conditions, ‘fuel poverty’ and overcrowding are seen as an integral part of moves aimed at the eradication of poverty. This in turn forms part of the wider aim of the revised Lisbon agenda, i.e. to make Europe, by 2010, the most competitive and dynamic knowledge-based economy in the developed world with high employment levels and greater social cohesion.

A further aspect emerging from the Lisbon agenda is the position of social housing in the overall housing market. In pursuing the Lisbon objectives of economic reform aimed at increasing competitiveness, the European Commission has accelerated the liberalisation process in all sectors, including the housing sector. This has important implications for the future of social housing in its various forms.

Social action programmes

As with the Lisbon Strategy, housing is not mentioned explicitly in the social action programmes. The Lisbon Strategy was accompanied by a new social action programme (2002–2006) to implement the social inclusion policy, referred to in this instance as the ‘Social Policy Agenda’. Within its four main chapters, the programme explicitly mentions important aspects of European housing policy, namely:

- access to decent and sanitary housing;
- prevention of ‘life crisis’ and becoming homeless;
- assistance for the most vulnerable people living in persistent poverty (which often goes hand-in-hand with housing problems);
- mobilisation of all relevant actors including organisations of the homeless and social housing organisations.

Open Method of Coordination

The Nice Summit (2000) also took the decision to use the Open Method of Coordination¹ for measures related to social inclusion. Accordingly, it initiated a consultation process with the Member States, which would lead to the creation, by June 2001, of national action plans (NAP) for social inclusion. According to the European Commission, the national action plans should be based on four principles:

- access to jobs and other resources, including housing;
- reduction of the risk of job losses;
- working on behalf of the most vulnerable, e.g. the homeless;
- mobilising the appropriate bodies.

The importance of housing for social inclusion was confirmed by the results of the first round of NAP on social inclusion. According to the Joint Report of the Commission and Council (2002), the key criteria for a social housing policy were defined as access, adequacy and affordability of housing.

National action plans in new Member States

In 2004, the first NAP on social inclusion were submitted by the new Member States (NMS). These confirmed the strong political commitment of the NMS to tackling poverty and social exclusion. In their respective reports, all NMS agreed that access to adequate housing is one of the most important factors influencing social inclusion. Despite the partial liberalisation of the housing market in some countries in the 1990s, lack of access to affordable and quality social housing remains a challenge. Of particular concern are the poor conditions of many dwellings, which are often badly equipped. ‘Housing poverty’ is also a serious threat, which can lead to financial problems and overcrowded dwellings.

¹ The Open Method of Coordination is a means of encouraging cooperation and exchange of good practice, by agreeing common targets and guidelines for Member States. In the case of employment and social inclusion policies, this has been delivered through National Action Plans, drafted by each Member State and subject to peer review on the basis of a Joint Report prepared by the European Commission.

In response, two Member States presented quantified objectives in relation to social housing. Half of the NMS countries also have a comprehensive social housing policy in place. Specific initiatives are presented by the Commission in the report under three headings:

- better access to decent, affordable, sanitary and de-segregated housing;
- balance between rights and obligations of tenants and house owners;
- housing or accommodation assistance for vulnerable individuals and families.

Thus, poor housing conditions represent a key challenge for enhancing social inclusion in the NMS, despite a relatively high rate of private ownership.

Structural and regional funds

One political reaction to the poor housing conditions in the NMS was the request by respective governments to include funding for housing in the specifications of the structural and regional funds set out in their 2007–2013 programme. During the previous funding period, while housing was on the list of domains, it was not eligible for funding under the European Regional Development Fund, the European Social Fund or the Cohesion Fund. Despite this regulation, some Member States' operational programmes implementing the funds allowed the use of EU funds to support projects involving work to improve housing.

State role in housing

The discussion about the role of the welfare state in housing is strongly related to the policy challenge regarding the relationship between the private housing market and the need for state intervention. In social policy, there is a perceived need to combine market and state intervention, in order to ensure access to adequate housing for low income and socially vulnerable groups.

In most EU countries, the state's role in providing access to affordable housing has changed significantly since the 1960s. Instead of redistributing resources, the emphasis has shifted to regulation and risk management. The state now has a mainly regulatory role. Periods of prolonged economic growth in the 1960s and 1970s supported a state policy aimed at increasing home ownership. Attempts to reduce the public debt and inflation levels further increased governments' interest in the privatisation of social housing. This resulted in a 'dual' private housing market, with more fashionable private dwellings for the middle classes and often 'enforced' home ownership for disadvantaged groups. At the same time the state reduced its capacity to provide for the weakest income groups.

The policy recommendations aimed at reversing this situation are diverse. Some call for a stronger role for the state, because the private sector cannot be trusted to supply the kind of housing required, in particular, among low income and deprived groups in society. Others reject this state intervention and instead propose an 'enabling' approach, where state policies must put the housing market into the position of serving the fundamental housing interests of society and fulfilling its housing needs in an efficient, equitable and sustainable manner.

'Good' enabling policies can be characterised by three factors:

- the state relinquishes control over the housing market and leaves the direct provision of housing up to the private sector;
- the state gives support to the private housing market;
- it sets clear boundaries for market behaviour.

In accordance with the enabling approach, the social component of state intervention in the housing market should only be a secondary concern. The state should guarantee sufficient affordable housing, which should exceed adequate minimum standards. In line with this approach, the state takes on responsibility for creating a social security net for low income and deprived families.

Size of living space

Information about living space is essential for an evaluation of housing conditions. Having a suitable living space of an appropriate size seems to be crucial for people's comfort and basic needs – at least from a European perspective. Size of dwelling is also an indicator of a person's social position and is one of the measures used to determine someone's place within a system of social stratification.

Living space may be characterised according to two types of parameters: number of rooms per person in the household, and the overall size. The last parameter usually refers to the number of square metres per person.

Differences in the number of rooms per person are not as dramatic when comparing urban and rural areas. The differences were greatest in Austria, Luxembourg and France; however, even in these countries, the differences in rooms per person between urban and rural areas are relatively small, albeit the average is somewhat greater in cities. Generally, the ratio of rooms per person in the EU15 is slightly higher in rural areas (2 rooms per person) than in urban areas (1.9 rooms per person). However, in the NMS and the ACC3, this ratio is identical at an average of 1.1 rooms per person in both urban and rural areas.

Overall, living space conditions seem to be similar in rural and urban areas, although they appear to be slightly better in rural areas. The UK, Poland, Turkey and Cyprus are the only exceptions in this respect, with the average number of rooms per person being greater in urban areas. The urban-rural divisions also reflect differences according to age, income, and occupational status.

Relationship to income level

It is also useful to compare living space conditions across socio-occupational 'classes'. Overall, most professionals and self-employed categories enjoy slightly better living space conditions than other categories. However, in some cases the opposite is true. In Belgium, for instance, skilled workers enjoy more spacious living accommodation (2.8 rooms per person) than self-employed people (2.6 rooms per person). In the UK, non-skilled workers, on average, live in more spacious accommodation than skilled workers, professionals and self-employed people. Interestingly, in a number of countries, farmers have the greatest number of rooms per person, i.e. in Austria, Denmark, Greece, Ireland, Luxembourg, the Netherlands, Portugal, Malta, Estonia, Cyprus and Bulgaria. However, it should be noted that most of these effects are not statistically significant.

As expected, the number of rooms is strongly correlated with income; this is clearly visible in the three groups of countries. While in the EU15, the overall average number of rooms per person is 1.9 rooms, this average drops to 1.6 rooms per person among those in the lowest income quartile and increases to 2.3 rooms per person in the highest income quartile. Such a correlation also occurs in the NMS and the ACC3 (the difference ranging between 0.8 and 1.2 rooms per person).

Three significant cross-system differences emerge when comparing living space conditions according to income. First, income seems to have greater relevance in the EU15 than in the NMS. In the EU15, the net effect of income on size of housing is much higher, which suggests that housing conditions are determined more by income in market economies. Second, excluding Malta and Cyprus where respondents belonging to the fourth quartile enjoy 2.0 and 2.3 rooms per

person respectively, the housing conditions of those with higher incomes in the NMS and the ACC3 are still below the average of those earning the lowest incomes the EU15. Third, in Poland, Lithuania and Latvia, the situation is particularly unsatisfactory since their most affluent citizens have less space at their disposal than the most impoverished inhabitants of the EU15 (with the exception of Italy).

Overall, assuming that one room per person is the most basic condition for individual comfort and privacy, this need is not fulfilled in Poland, where only respondents from the fourth (highest) income quartile have the comfort of at least one room per person. This need is not fulfilled either among the lowest earning categories in Slovakia, Lithuania and Hungary.

Quality of housing conditions

Data regarding the size of people's living accommodation allow for an assessment of density and comfort of living. However, they do not shed light on the quality of accommodation. In order to provide a more comprehensive picture of the differences across Europe, six basic issues of housing conditions are combined: leaking windows; rotting doors, window frames and floors; lack of an indoor flushing toilet; inadequate funds to 'keep the home adequately warm'; perceived shortage of space; and available space per persons. What is the total cumulative effect of these deficits for the 28 countries, for the different country groupings, and for the relevant socio-economic groups? The cumulative effect is measured by the percentage of people who perceive none of the abovementioned deficits and who have at least one room per person.

Clearly, there are marked differences between the EU15, where around two thirds of respondents report positive conditions, and the other two country groups. In the NMS, only around one third of respondents report positive conditions, while in the ACC3, around one fifth report positive conditions; therefore, in comparison to the EU15, these two country groups tend to fare substantially worse in relation to general housing conditions. The only exception is Portugal, which has a similar score to the NMS countries. The best quality of housing appears to exist in Germany, followed by Sweden, Austria, the Netherlands and Belgium. In contrast, the worst conditions are found in Bulgaria, Lithuania and especially Romania. Nonetheless, there are some exceptions in relation to distinctions between the country groups. For example, the Czech Republic and Cyprus have similar housing conditions to Italy and Spain, while Portugal and Greece have poorer housing standards than the leading countries in the NMS. Overall, therefore, the enlargement of the EU since 2004 puts this diversity and the related social inequalities with regard of the quality of housing at the forefront as a major concern of European social policy.

Relationship to income level

An examination of the distribution of unsatisfactory housing conditions across income quartiles comes up with three main conclusions. First, turning to the basic question about which country has the best housing conditions in Europe, not surprisingly, there is a strong correlation with income. Second, western European countries are generally more homogeneous in terms of housing conditions than the NMS countries, if considering the relative difference between the lowest and highest income quartiles. The greatest relative disparities across levels of income are apparent in Bulgaria, Lithuania and Romania, in contrast with a markedly narrow span of differentiation in Denmark, Germany and Finland. It is also interesting to observe the comparison between housing conditions in the bottom income quartile of the wealthiest countries and the upper income quartile of the poorest countries. Such a comparison reveals that the poorest income categories in Sweden, Denmark, Germany and Austria fare better than the highest income categories in Lithuania, Malta, Poland, Latvia, Estonia, Bulgaria, Romania and Turkey.

Another interesting perspective is the influence of ownership structure on quality of housing. In all three country groupings, house owners have a better quality of housing than tenants. The most significant difference between both

groups can be found in the EU15, whereas the gap between owners and tenants in NMS and ACC3 is smaller. Among the EU15 countries, France, Belgium, Portugal and Italy have very marked differences in this respect.

In both the old and new Member States, quality of housing substantially increases with age, so that older people are more privileged in this respect than younger people. Only in the NMS do large majorities of the young and even the oldest age groups lack adequate housing standards. Finally, rural-urban differences are noteworthy only in the two acceding countries and Turkey, but not very marked elsewhere.

Considering the emerging policy debate at European level over whether to use EU structural and regional funds to support social housing in the new Member States, it is important to take a closer look at the relationship between the national wealth measured by GDP per capita and the quality of housing. Research demonstrates a strong positive correlation between GDP and quality of housing. This presents a clear message to policymakers: whereas several EU15 countries have higher levels of quality of housing than their national wealth would suggest, the three Baltic countries, Poland and Romania, Bulgaria and Turkey have even lower standards of housing than their GDP levels reflect.

Ownership and tenancy

Ownership without a mortgage is the most common type of ownership across a majority of countries, both within the EU15 and the NMS. The percentage of ownership without a mortgage appears to be strikingly high in former socialist countries, with Bulgaria, Romania, Lithuania and Slovenia in the lead, with more than 80% of respondents claiming ownership without a mortgage.

The level of owner-occupied housing without a mortgage varies significantly across Europe. In the EU15, it accounts for 38% of ownership, and almost double this amount (66%) in the NMS and ACC3. The highest level of home ownership can be found in Bulgaria, Romania, Slovenia and Lithuania, where at least 80% of the respondents own their house. In the EU15, the highest levels of ownership are to be found in Greece, Italy and Spain, although the respective figures are relatively lower than those in the NMS and ACC3. Also, when interpreting the seemingly 'optimistic' high figures of home ownership in these countries, it should be remembered that their physical conditions and standards are, on average, much lower than conditions in northern and western Europe. The lowest rates of owner occupation are recorded in the Netherlands, Denmark and Sweden, which in turn have the highest rates of ownership with a mortgage. In the NMS, the lowest rate of ownership is observed in the Czech Republic, which has a level similar to that of the EU15.

This high share of ownership without a mortgage in the abovementioned countries can be attributed to the rapid privatisation of accommodation, which began in the early 1990s. Following new legal regulations, people could afford to become home owners at a relatively low cost and this applied even to poorer families. As the quality of this housing was relatively low, it led to the paradoxical situation where ownership could not be followed by the necessary repayments and upkeep.

Social composition of owners

As house ownership is related, among other things, to capital accumulation over the life course, it is not surprising to find a higher rate of ownership among the older respondents in all three country groups. Overall, the difference between the youngest and the oldest age groups in this respect is 30 percentage points, which is quite substantial.

The traditional urban-rural divide is also confirmed. In rural Europe, between 70% and 80% of people own their accommodation; in urban Europe, this rate falls to between 50% and 60%.

Looking at the occupational status of home owners, it is obvious that farmers in all three country groups have by far the highest ownership rate, reaching 95% in the NMS. Interestingly, particularly from a social policy perspective, there is a marked difference between unskilled workers and managers in the EU15 concerning home ownership, which amounts to nearly 25%. This difference falls to 10% in the NMS and to around five percentage points in the ACC3. Such a comparison suggests that in the EU15, much higher levels of inequality exist in access to private housing when comparing people's occupational status. This situation is particularly prevalent in the UK and the Netherlands, where the difference between unskilled workers and managers in relation to home ownership is as large as almost 50%, i.e. double the EU15 average and five times higher than the NMS average.

Local environment

The location and surroundings of housing – in other words, the local environment – also play a crucial role in determining quality of life.

Critical features for assessing the attractiveness and adequacy of the local environment may be defined according to three dimensions:

- ecological characteristics measured in terms of quality of water and air, noise levels, access to green areas, recycling etc;
- personal safety (low crime rate, especially in relation to theft and assault);
- accessibility of local infrastructure (roads, shops, offices, schools, clinics etc).

Deficits in any of these three areas, and particularly their cumulative effect, may act as a negative influence on the well-being and health of inhabitants.

Together, these three dimensions form the basis of various urban policies, each one requiring different types of activity, systematic solutions and links to different social institutions. Ecological policy is required to prevent degradation of the environment and to establish rules for the use of natural resources. To help ensure public safety, the cooperation of different services is needed for the prevention and reduction of crime and other social problems, such as drug addiction and alcohol abuse. Careful planning is required for the creation of an adequate local infrastructure designed to satisfy people's needs in the area in which they live.

In general, there are considerable differences in the quality of the local environment, not only between the EU15, the NMS and the ACC3, but also within these country groups. Taking into account aspects such as personal security and access to basic services, the countries with the most satisfactory environmental conditions include Finland, Sweden, Denmark and the Netherlands. Although the overall situation in the EU15 is more satisfactory than that in the NMS and in the ACC3, significantly worse conditions can also be found within the EU15, particularly in southern Europe.

Satisfaction with housing

There are significant differences in general satisfaction with housing between the EU15 and the other country groups in Europe. The highest level of satisfaction with housing was reported in Denmark, Austria, Luxembourg, Ireland and Sweden. Among the NMS countries, Malta showed a high level of satisfaction. The lowest level of satisfaction was reported in Lithuania, Latvia, Estonia and Poland.

These subjective differences also reflect differences in the objective conditions of housing in Europe. As outlined in the report, in virtually all the dimensions of housing (e.g. space, physical conditions and standards, type of ownership, or quality of local environment), the NMS and ACC3 showed satisfaction levels below the EU15 average. Contrasts between the most and least advantaged countries are even greater. Nonetheless, when interpreting these data, one should take into account the different cultural norms that influence people's perception of 'satisfactory housing' in various societies, as well as their varying levels of aspiration, the average standard of housing within countries and people's realistic expectations of possible improvement for the future. All of these factors play a role in people's evaluations, as individuals often judge their own situation in relation to others around them.

Comparing the level of satisfaction with housing with the three other dimensions of satisfaction – education, job and standard of living – again reveals, from a cross-national perspective, an international hierarchy, with the EU15 countries ahead of the NMS and ACC3 countries. Interestingly, average satisfaction with housing appears to be the highest in most countries, compared with satisfaction with education, job and standard of living. This is, however, not the case in the three Baltic countries, and in Romania, Bulgaria and Poland, where serious problems with the quality of housing persist.

Finally, it is worth noting the impact of housing conditions on the perceived quality of life, as measured by general satisfaction with life. The results indicate that quality of housing plays an important role in determining general life satisfaction, even if other factors such as income are controlled for. The main difference between the EU15 and the NMS lies in the net effect of house ownership. This again is linked to the different meaning attached to house ownership in eastern and western Europe. In the EU15, ownership signifies a higher status and better housing quality, whereas in the NMS, ownership has much less significance, as the majority of people in these countries were made legal house owners after the countries' socio-political transition. Thus, the higher share of owners in these countries is coupled with poorer housing quality and less space, which also implies that house ownership has little impact on general life satisfaction in the NMS.

Conclusions

The results of the report confirm the high priority that people in western and eastern Europe still attach to housing and housing conditions. Research conducted in the various countries proves that having satisfactory accommodation is at the top of the hierarchy of human needs. This is confirmed by the findings outlined in this report, which show that quality of housing plays a significant role in determining general life satisfaction, even if other relevant factors like income are taken into consideration.

From a policy perspective, these results – which are based on a combination of people's subjective aspirations and their perceptions of objective housing conditions – underline firstly the importance of a policy approach that promotes the social rights of access to affordable and decent housing in Europe. Second, the results highlight the importance assigned to housing in the social inclusion approach of the European Commission, which has also been confirmed in the various rounds of the national action programmes on social inclusion. Thirdly, if housing has such an immense importance for the subjective quality of life of European citizens, then sub-standards in housing will also affect the social cohesion of an enlarged EU. This raises the question of whether or not housing should be included as an area of activity in the EU's regional and structural funds.

A potentially surprising result for many non-experts in the European housing field is likely to be the high ownership rates in the NMS and ACC3 countries. This may imply some unexpected level of material well-being in these countries, which is usually not reflected in public debate. Some observers may also see this as being a good pre-condition for a more accelerated economic liberalisation process in the new Member States, as house ownership is sometimes seen as indicating the social integration of workers in a middle class society based on strong individualistic and materialistic values.

From a policy perspective, the high ownership rates in the new Member States may also bring into question the results of poverty and social cohesion research, using a European-wide income measure, which indicates the significant disadvantage of the NMS. These studies usually do not consider house ownership. Thus, the significantly higher degree of house ownership, and particularly the high degree of house ownership without a mortgage, could be seen as an off-setting factor in a comparison between the old and new Member States. An important factor in this equation would be the quality of housing conditions related to house ownership.

In addition to the housing inequalities across countries, inequalities also exist within these countries. Such inequalities are most apparent among the poorer segments of society, as a result of the general deficits and underdeveloped economies in these particular segments. Certain socio-economic groups, in particular, are worst affected by these deficits and deserve specific policy attention, as they are more at risk of a decline in standards and quality of life. The following categories (on the basis of frequency of problems) have been identified as being most at risk:

- young people in Poland, Italy, Slovakia, Portugal and Malta, whose entry into independent living is delayed due to housing shortages;
- elderly people in Greece, Portugal, Estonia, Latvia, Lithuania, Romania, Bulgaria, Poland and Hungary, who are often owners of large properties, but who are unable to meet the costs involved in renovation and modernisation of the property;
- rural inhabitants of Romania, Poland, Turkey, Bulgaria, Latvia, Lithuania and Estonia who live in low standard accommodation;
- people on lower incomes in some of the EU15 countries (i.e. Italy, Greece and Portugal), in the Baltic countries, and in Poland, Bulgaria, Romania and Turkey.

The results show, in certain European countries, a clear association between the private ownership of housing and the quality of housing conditions: on average, house owners in these countries tend to have better housing conditions compared with tenants. However, at a macro level, when comparing countries with each other, these results are not confirmed. In eastern European Member States, high house ownership goes hand-in-hand with poor housing conditions and, in some countries, with very poor conditions.

To combat this situation, greater account needs to be taken of the economic and demographic conditions that create specific pressures in the housing market. In eastern Europe, these conditions are related to the political and economic transition, which was accompanied by the rapid privatisation of state-owned housing. Although former tenants were now able to become home owners, many could not afford to maintain and improve the quality of their accommodation. This reality underlines the need for state-funded initiatives, such as long-term programmes that go beyond the financial capabilities of the affected households. In addition to specific interventions in the housing market, individuals and families would also benefit from more employment opportunities, higher employment security combined with greater flexibility, and higher incomes.

Housing conditions, quality of the local environment, ownership structures, and overcrowding are key concerns of European citizens. A sustainable and effective quality of life policy for the EU Member States should therefore take into proper consideration the importance of housing policy for all citizens. It should also reflect the importance for housing policy of labour market policies, education, family and fertility policies and the development of local, regional and national infrastructure. Only a holistic, integrated and long-term policy approach can maximise the positive effects of housing policies.