**Committee on Economic and Monetary Affairs (ECON)**

Home is where the slum landlord is: with urban property prices on the increase, some citizens are left unable to access housing, therefore unable to fully enjoy the socioeconomic opportunities offered by European cities. What measures can governments take in ensuring all citizens access affordable housing in urban areas?

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**Introduction and relevance of the topic**

[Decent housing](https://www.medicalnewstoday.com/articles/living-space-and-health-how-urban-design-affects-our-well-being) is universally viewed as a basic human need, being associated with safety, high levels of productivity and wellbeing and great opportunities. However, nowadays it’s increasingly difficult to have a roof under our head, as many European countries are confronting soaring housing prices. [Between 2007 and 2019, housing prices increased by 19% across the European Union (EU)](https://ec.europa.eu/eurostat/web/products-eurostat-news/-/ddn-20200116-1), conversely [wages are not keeping pace](https://www.statista.com/statistics/1106669/house-price-to-income-ratio-europe/).

This trend of high prices can be explained from various perspectives. In many large European cities, housing and renting prices have been pushed up by [low interest rates](https://www.forbes.com/sites/forbesrealestatecouncil/2021/09/21/will-rising-interest-rates-burst-the-housing-bubble/), [land shortages](http://encyclopedia.uia.org/en/problem/140003), an increased [consumers’ confidence](https://tradingeconomics.com/european-union/consumer-confidence) to enter the real estate market and [construction that cannot keep pace with demand](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Impact_of_Covid-19_crisis_on_construction).

This approach to see housing as a commodity and not a fundamental right have left some European citizens behind in the long run. For almost two years now, the COVID-19 pandemic has disrupted social protection systems, affecting [people who were already unable to access proper housing](https://www.bloomberg.com/news/features/2021-09-19/global-housing-markets-are-hurting-and-it-s-getting-political): the poorest, the homeless, those in insecure employment and young people .

Additionally, the economic consequences of the pandemic led to [the young generation](https://www.ilo.org/global/topics/youth-employment/publications/WCMS_753026/lang--en/index.htm) being unable to [find a home in an exclusionary and dysfunctional housing market](https://www.euractiv.com/section/economy-jobs/news/young-europeans-struggling-to-find-housing-report/). Living in a major city to study or work is a burden for students, who are competing in this market segment with families and tourists. Small housing units are not a solution either: the average rent for a one-bed apartment can be more than 100% of the income of a young person, as is the case in [Paris, Amsterdam, Barcelona and Helsinki](https://www.fondation-abbe-pierre.fr/documents/pdf/rapport_europe_2021_gb.pdf).

[The concept of housing affordability](https://ec.europa.eu/futurium/en/system/files/ged/briefing_note_2017_interpreting_the_term_affordable_housing_-_march_2017.pdf) has become a central point of discussion across Europe. The outbreak of the COVID-19 pandemic has outlined the importance of a secure and comfortable home for our state of health and mind. Yet for some of us having an adequate house is a pipe dream. Therefore, every effort needs to be made to build on effective and inclusive regulation of the housing market.

**Key actors**

[**The European Central Bank (ECB)**](https://www.ecb.europa.eu/home/html/index.en.html) is the central bank of the Eurozone. Its main roles consists of monitoring price trends and assessing risks to price stability, including in the housing market. It also sets negative [interest rates](https://www.ecb.europa.eu/stats/policy_and_exchange_rates/key_ecb_interest_rates/html/index.en.html) at which it lends to commercial banks, controlling inflation and thus raising demand for houses.

Being the executive branch of the EU,[**the European Commission (EC)**](https://europa.eu/european-union/about-eu/institutions-bodies/european-commission_en) proposes laws and policies, monitors their implementation and manages the EU budget. [**The European Federation of Public, Cooperative & Social Housing Providers**](https://www.housingeurope.eu/section-37/about-us) is a valuable example of an EU network that focuses on facilitating access to decent housing for all.

[**The Member States’s governments**](https://ec.europa.eu/social/BlobServlet?docId=21628&langId=en) remedy market failures, including direct public expenditure, and regulation of rent prices. Tenancy law is the responsibility of each MS, which implements national policies based on models of social protection. In particular, cities are at the heart of [**the Urban Agenda for the European Union**,](https://ec.europa.eu/regional_policy/en/policy/themes/urban-development/agenda/) being affected by the housing crisis directly.`

A significant role in this field is played by **the private housing sector**. In the midst of a housing bubble, the EU real estate market is not a niche investment anymore due to low interest rates. Thus, additional demand in the property sector is created and prices are pushed even higher.

Lastly, **the homeless**, **those at risk of poverty** and [**young people**](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Young_people_-_housing_conditions) are the focus of this problem. They are monitored and helped by [**local NGOs**](https://blackseango.org/house-to-house-2021-call-for-applications/) and [**social protection projects**](https://www.bestmswprograms.com/impressive-social-housing-projects/). Such a notable organisation is [**FEANTSA (European Federation of National Organisations Working with the Homeless)**](https://www.feantsa.org/en/about-us), the only European NGO focusing exclusively on the homeless and the barriers they face including in the housing sector.

**Key conflicts**

**The right to housing vs disproportionate income levels**

International law recognises everyone’s right to an adequate standard of living, including adequate housing ever since the [1948 Universal Declaration of Human Rights](https://www.un.org/en/about-us/universal-declaration-of-human-rights). Although 27 MS have ratified the [International Covenant on Economic, Social and Cultural Rights](https://www.ohchr.org/en/professionalinterest/pages/cescr.aspx) where the right to housing is stipulated, [around 82 million citizens are overburdened by housing costs](https://futurium.ec.europa.eu/en/urban-agenda/housing/library/housing-partnership-final-action-plan?language=pt-pt), spending more than 40% of their disposable income on housing. With an estimated [96.5 million Europeans at risk of poverty or social exclusion](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Living_conditions_in_Europe_-_poverty_and_social_exclusion&oldid=543951), and [poor households spending the same or even higher amount on housing than non-poor households](https://www.fondation-abbe-pierre.fr/documents/pdf/rapport_europe_2021_gb.pdf), the universal right to live in acceptable housing conditions is greatly challenged.

**The COVID-19 Pandemic vs overcrowding housing**

Overcrowding and living in close proximity to others during the pandemic is among the highest risk factors for the spread of the virus. Conversely, in [Romania, Bulgaria, Croatia and Poland, over 35% of the population are living in overcrowded accommodation](https://ec.europa.eu/eurostat/web/products-eurostat-news/-/ddn-20210105-1). Young people experiencing poverty are also more likely to face overcrowding in housing than any other category.

Therefore, [people experience physical and mental health problems](https://www.health.org.uk/publications/long-reads/better-housing-is-crucial-for-our-health-and-the-covid-19-recovery) such as depression and sleep disorders related to a lack of space in their homes, especially during lockdowns. The existing housing overcrowding situation makes it harder to self-isolate and protect from COVID-19 and contributes to higher infection and death rates.

**Housing inequalities and segregation effects on low-income individuals**

The primary factor that influences the choice of living remains the socio-economic one. High-income and low-income individuals have different housing opportunities that contribute to [increasing economic and social segregation in many European cities](https://urban.jrc.ec.europa.eu/thefutureofcities/social-segregation#the-chapter). There is a tendency of high-income individuals living near other [rich households and poor individuals segregating](https://ec.europa.eu/programmes/horizon2020/en/news/widening-gap-between-rich-and-poor-european-cities) themselves in less in-demand neighbourhoods.

This „freedom of choice” is not a real choice, resulting in low-income citizens experiencing ”residential alienation” and  [socio-economic segregation effects](https://ftp.iza.org/dp9603.pdf). For example, [medical services are more plentiful in high-income neighbourhoods](https://folio.iupui.edu/bitstream/handle/10244/638/commissionneighborhood102008.pdf). Youngsters in poor households have [lower levels of educational attainment, higher levels of bad behaviour, and unsatisfactory prospects for the future](https://richmondvale.org/en/blog/effects-of-poverty-on-behavior-and-academic-performance).

**Measures in place**

* [**The New Leipzig Charter on Sustainable European cities**](https://ec.europa.eu/regional_policy/en/newsroom/news/2020/12/12-08-2020-new-leipzig-charter-the-transformative-power-of-cities-for-the-common-good)provides a policy framework for integrating and ensuring the implementation of sustainable urban development strategies in Europe’s cities. The document is strongly aligned with the [**EU Cohesion Policy 2021-2027**](https://ec.europa.eu/regional_policy/en/2021_2027/).
* [**The Urban Agenda for the EU**](https://ec.europa.eu/regional_policy/sources/policy/themes/urban-development/agenda/pact-of-amsterdam.pdf) is an integrated and coordinated approach to deal with the urban dimension of the EU. In 2016, through **the Pact of Amsterdam**, EU Ministers Responsible for Urban Matters agreed on this agenda to improve the quality of life in urban areas. Partnerships are established between MS, cities, the EC, NGOs and businesses, with two such partnerships having been launched on housing and urban poverty so far.
* [**Housing Europe**](https://www.housingeurope.eu/) is the[**European Federation of Public, Cooperative and Social Housing**.](https://ec.europa.eu/social/BlobServlet?docId=17427&langId=en) This network of over 43,000 local housing organisations has provided access to decent housing for all communities in 25 countries. One notable project in collaboration with the EC is the[**Affordable housing initiative (AHI)**](https://www.ourhomesourdeal.eu/affordable-housing-initiative) which aims to pilot 100 lighthouse renovation districts to create liveable and affordable homes.
* [**The European Social Charter**](https://www.coe.int/en/web/european-social-charter) is a Council of Europe treaty that guarantees fundamental social and economic rights including the right to housing, social protection and welfare as a counterpart to the [**European Convention on Human Rights (ECHR)**.](https://www.echr.coe.int/documents/convention_eng.pdf)
* Although [limited competences](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=LEGISSUM%3Aai0020) in the housing sector, the EU makes use of „soft power” measures such as recommendations and guidelines dedicated to MS governments. EU policy initiatives aiming to improve access to affordable housing include [**Principle 19 of the European Pillar of Social Rights**](https://ec.europa.eu/info/strategy/priorities-2019-2024/economy-works-people/jobs-growth-and-investment/european-pillar-social-rights/european-pillar-social-rights-20-principles_en), [**Country Specific Recommendations**](https://ec.europa.eu/futurium/en/system/files/ged/analysis_of_the_country_specific_recommendations_and_housing.pdf) as well as the projects funded by [**the European Social Fund (ESF)**](https://ec.europa.eu/esf/home.jsp)**.**

**Questions to think about**

* Are there any examples of European countries with functioning and accessible housing systems? If so, what may be the key element for these systems? If not, what do you think is missing for them to function?
* How can the EU dilemma between its limited competences and real concerns regarding housing policy be solved?
* Do you think that social housing systems across Europe are efficient and adequate enough in order to be considered a solution for the homeless and those at risk of poverty?
* How do you think young people without employment prerequisites can be considered as solvent as older and more financially-stable individuals to compete in the housing market?

**Further research**

* [**Europe’s housing prices continue to sour- Euronews**](https://www.youtube.com/watch?v=ByJR0JAX9s0)
* [**The 6th Overview of Housing Exclusion in Europe**](https://www.feantsa.org/public/user/Resources/News/6th_Overview_of_Housing_Exclusion_in_Europe_2021_EN.pdf)
* [**Overview of European Residential Markets**](https://www2.deloitte.com/content/dam/Deloitte/at/Documents/real-estate/at-property-index-2021.pdf)

# [**Why house prices are rising so fast in a pandemic**](https://www.bbc.com/news/business-57260261)

**Introductory clauses**

The European Youth Parliament,

1. Alarmed by the fact that housing prices increased by 19% across the European Union (EU) in the past decade,
2. Bearing in mind that the low interest rates set by the European Central Bank (ECB) create additional demand in the property sector,
3. Acknowledging that 27 Member States have ratified the International Covenant on Economic, Social and Cultural Rights and the 1948 Universal Declaration of Human Rights where the right to adequate housing is stipulated,
4. Nothing with regret that the Member State's response to the EU's housing crisis is unsatisfactory,
5. Further noting with deep concern that the COVID-19 pandemic has disrupted the EU housing systems, affecting:

 i. the homeless population and low-income citizens,

 ii. people in insecure employment;

 Iii. young people,

1. Gravely concerned by the increasing economic and social segregation between high-income and low-income households across the EU, in the form of:

i. unequal access to medical services and the labour market,

ii. negative effects on young people’s educational attainment and career prospects;

1. Fully alarmed that 96.5 million Europeans are at risk of poverty or social exclusion are either homeless or overburdened by housing costs,,
2. Deploring that 17% of the EU population live in overcrowded accommodation, hindering the need to self-isolate and protect from COVID-19 and contributing to higher infection and death rates during the pandemic,
3. Expressing its satisfaction with the implementation of the Urban Agenda for the EU