

# ○ KATARSIS LISBON WORKSHOP

## WP 1.3. Housing and Neighbourhood

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- We are **now under the effects of the US subprime (mortgage) crisis** and to my reading (nor sure obviously) in Europe, 'for the moment, there are no negative effects on the housing market from United States'
- Thus in their majority it seems that **"Immature markets behave more maturely..."**
- And under this view this is why I think that this paper is so important because above all it highlights the long standing tradition and richness of European Housing Policy especially with respect the social sector. This proves that in a way **where the social sector is stronger it diminishes risky international credit histories**

- It also **denotes a need for a cautious approach to housing in search for a some “standardised” EU model defined by the hegemony of a broadly neo-liberal doctrine.**
- It seems that the **most “mature” and more vulnerable European countries are Spain and Britain of the past few years since the types of mortgages offered make them more vulnerable to the effects of higher interest rates and indebtedness risks.**

- Elsewhere in western Europe, the French housing market appears not to be facing any serious concerns. "The French housing market is not at all organised like the American market...not enough homes (for sale) and the demand is strong"...
- In Germany rising rents and a decline in unoccupied residences".
- The Italian...strong demand competing for a short supply of offers and prices are still very high...Italy is not at risk "the guarantees demanded to obtain a mortgage are much stricter" than in the United States.
- Greece historically is pushing the cost to the households leading now to over borrowing....and other safety valves.. higher supply....do to lack of regulation sprawl...second home ownership and (still) family savings and property assets.



## Comments by P.M. Delladetsima

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- The tenure patterns of Europe and their relationship to wealth patterns as an historical development trends and housing policy evolution.
- Just to give an example highest degree of owner – occupation Spain and Greece but do not correspond to the same realities-conditions
- To differences in and are clearly the product of past and present policies. There has been a tendency for the owner-occupied sector to increase and the private rented sector to decline in most countries, but the shift from social renting to owner occupation is a feature unique to Britain over the last fifteen years.

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- The debate has to be seen in the light of the plans of the European Commission to submit proposals for the further integration of the European mortgage market in 2008.
- The Commission's chief targets is to give better access to housing finance and thus home ownership to broader sections of the population?.
- It wants thus to promote, among other things, innovative mortgage products, e.g. loans with high loan-to-value ratios ...targeting to young strata "with good credit but a small capital base and (still) low income to take up a mortgage loan".
- Against this...even financial-industry representatives are warning the European Union against calling into question more traditional housing finance models, which are characterised by long-term loans and low loan-to-value ratios (DGB 2007)...

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- **Facilitating the cross-border supply and funding of mortgage credit**
  - *"Financial services providers can supply mortgages cross-border in several ways: through local presence (e.g. branches, subsidiaries, mergers and acquisitions); through direct distribution channels (e.g. via telephone or the internet); or through local intermediaries (e.g. brokers). Financial services providers can also engage in cross-border activity by purchasing a mortgage portfolio from a mortgage lender in another Member State.*
  - *The existence of differing legal and consumer protection frameworks, of fragmented infrastructures (e.g. credit registers), as well as the lack of appropriate legal frameworks in some instances (e.g. for mortgage funding), **create legal and economic barriers**, which restrict cross-border lending and prevent the development of cost-efficient, pan-EU funding strategies. The Commission therefore seeks to remove disproportionate obstacles, thus reducing the costs of selling mortgage products across the EU".*

- The differences in national housing policies, and the policy instruments applied reflect national market conditions and political regimes. It would have unpredictable results to try to remove them simply in the interests of conforming to some standardised model.
- Key question Increased European integration what kind of implications is having on housing and especially for mortgage finance?
- Population inflow from outside the EU is becoming a key parameter (Abraci 2007).
- And in fact what is suggested here could be part of a direction.



### **Key Exclusion Dynamics**

#### **Exclusion *from* housing:**

- Reduction in provision of public housing
- Discriminatory entitlements to housing
- Direct discrimination (race, marital status, etc)
- Lack of social supports, resources to sustain independent living
- Overcrowding
- Poor maintenance
- Insecure tenancies
- Domestic violence
- Lack of culturally appropriate facilities
- Gentrification
- Demolition
- Commercialisation of housing providers
- Ownership-oriented policies

#### **Exclusion *through* housing:**

- Concentration of disadvantage in poor neighbourhoods
- Polarisation through location of social housing
- Poor access to transport, services and facilities

### **Socially Creative Strategies**

#### **To combat exclusion *from* housing:**

- Neighbourhood-based cooperatives and other small-scale institutions for provision and/or renewal of housing.
- Focus on excluded populations in housing provision
- Informal housing (where regulatory context allows)
- Direct action against relocation/gentrification programmes.

#### **To combat exclusion *through* housing:**

- Area-based initiatives in response to shared problems
- Policies and strategies to introduce social mixing
- Extension of housing providers' remit to addressing other forms of exclusion (training, labour market)
- Alternative organisational structures giving tenants more control over housing and neighbourhood development
- Arts and cultural initiatives to challenge negative perceptions and to mobilise resident participation

or both?

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Or both?

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Or both?

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Or both?

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# Key Exclusion Dynamics

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## Exclusion Dynamics of Housing and Neighbourhood

- **Exclusion from housing**
- *Things to add*
- **Mortgage rates** in ownership - oriented policies
- In **search of a mortgage ignore the neighborhood** etc.
- **The form of ownership** is important e.g in determining what subsidies are available or the terms of what kind of housing is provided...
- **Housing market polarisation**...too big in some countries between a very large owner-occupied sector and the social rented sector. Small private rented sector in some countries.
- Also very important... **Rent liberalization** again...there seems to be a strong polarization trend within the rented sector.
- The polarization of the rented sector....very rich-very poor

## Exclusion from housing

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- In nearly all European countries the **private rented sector** is **declining**.
  1. **Due to the escalation of the mortgage market**
  2. **Alternative, investment opportunities** (stock exchange) for household incomes.
- In some countries there has been significant investment from institutions in this sector, which is stable and in some cases growing. Is there a revival private renting? e.g. UK (Ball 2004).
- “In Germany, the size of the sector is maintained because it is, if anything, more favoured by fiscal incentives than owner-occupation” (Scanlon 2004)”

- **Strategies to Combat Exclusion from Housing**
- Neighbourhood-based cooperatives and other small-scale institutions for provision and/or renewal of housing., Focus on excluded populations in housing provision, Informal housing, action against relocation etc.

Informal housing (where regulatory context allows?) big debate why? ....reproduction costs

- *to add*
- Grants or low-interest loans, to assist those on the margin of affordability into owner occupation;
- Owners receiving assistance similar to non-profit institutions enabling them to rent dwellings on social market terms.



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- Private rent subsidises....in specific areas
- Repair grants etc. use the dwelling in the social rented sector for a certain period...and then revert to the private rented sector when their subsidised loans are paid off.
- Rent control and regulation why not debate again? Maybe at a regional level...
- Abandoned or unused properties (key strategy?)
- The possibility to use individual grants and subsidies in a collective manner
- (e.g. the case of the 1999 earthquake)

- **Exclusion from housing**

“the emphasis has shifted to addressing problems of exclusion through housing by means of social and physical regeneration policies targeted at areas :

- of poverty concentration
- of existing social housing
- provision of additional low-cost housing demolition of social and other low-cost housing....”

- *to add*
- Change of use from housing to commercial sector – especially retail use expansion
- Change housing patterns especially second home ownership estates in various areas injecting higher values.

- **Strategies to Combat Exclusion through Housing**
- “The neighbourhood unit.. area-based policies
- 1. truly bottom-up neighbourhood initiatives
- 2. more top-down neighbourhood projects and programmes involving more formal organisations in the state, voluntary and market sectors which are innovative in terms of their outputs, modes of operation or governance.
- 3. New forms of interaction between residents and formal organisations”
- European programmes have acted in such direction?  
e.g. *Urban* initiatives?

## **Theoretical Overview**

...tendency towards withdrawal of the State from housing provision which became a key challenge for theory, together with the equally ubiquitous growth of home ownership as the main form of housing provision....

...versions of regulation theory, linked to the growing popularity and influence of comparative housing studies,

- two common trends across housing systems.
- The position of housing **owner occupation** as a key site for the diminution/withdrawal of the State in most European countries
- The impact of what has been called global gentrification on the development dynamics of cities
- *To add*
- In some cases owner occupation has been the starting point of a weak interventionist rationale

**Divergence perspectives:** These are concerned with understanding the differences between housing systems in different countries and with the classification of housing systems.

**Convergence perspectives:** These suggest that there is a significant degree of convergence in housing systems in advanced industrial countries, driven on the one hand by economic forces – globalisation and post-industrial economic re-structuring – and on the other hand by impact of the hegemony of neo-liberal welfare policies on housing.

- An alternative model (Kemeny 1995, Whitehead 2003) a division of housing systems into **unitary and dualist**.
- Unitary systems treat public and private sectors in a co-ordinated manner while dualist systems do not.
- **In unitary systems**, the availability of **cost rents** in an open social sector is used to **dampen private-sector rents**, in effect forcing private landlords to use the accumulated capital value of the dwelling for the benefit of tenants in order to compete with the social sector.
- In contrast, **in dualist systems** the **ability of the social sector to use low historic costs** to hold rents below market levels **is seen as a problem in undermining the private sector**.



- **Neighbourhood effects of housing polarisation**
- The key question is the extent to which poverty concentrations in neighbourhoods intensify problems of poverty and disadvantage. The overall conclusion was that action and opportunity **at the neighbourhood level were not enough to overcome poverty and unemployment.**
- **Social capital and social mix**
- Despite the **limited evidence for strong neighbourhood effects arising from the concentration of poverty in European cities** poverty de-concentration through the restructuring of housing areas to produce more socially-mixed neighbourhoods has become a common theme of recent renewal policies, as outlined above. The concept of social capital (Putnam)

- **Empirical Overview of Case Studies**
- **Exclusion from housing and forms of Housing Provision**
- **Informal housing provision** (Athens)
- **Co-operative Housing** (Quebec)
- **Meeting the needs of disadvantaged groups** (Denmark - SAND)
- **Exclusion through Housing and Neighbourhood Initiatives**
- **Examples of neighbourhood initiatives** (Sweden)
- **Neighbourhood Regeneration and the Arts** (Guggenheim Museum in Bilbao)
- **Neighbourhood Renewal and Social Mix** (Amsterdam, Bijmermeer)
  
- It would interesting to know more about the technicalities of the projects and on aggregate information about the social-economic calibre of these schemes.

## Relations to Other Existential Fields

### Labour Market, Employment and the Social Economy

....need far more work on the construction sector (subcontracting, local labour employment) *Big construction – Banking – Real Estate what room for manoeuvre we will have?*

### Education and Training

- **overcrowding** may have some impacts on the educational performance of children the direct link between housing and education seems to be limited.

### Health and Environment

- Good housing conditions are one of the preconditions for good health and this provides the first and most obvious area of interface between with the health domain....

### Governance

- Housing-neighbourhood-governance...Two key elements :
- **A) the role of organisations or NGOs** in the housing sector.
- **B) the neighbourhood has become an increasingly-important governance sphere**, both as a target for area-based policy delivery, and as an arena for mobilisation of and engagement with the public in policy and political processes.

## 6.1 Exclusion from housing

1. The potential of co-operative housing	Able to provide more collective forms of living Lends itself to achievement of other ideals such as low environmental impact forms of living Provides autonomy and control in housing renewal Can provide a powerful basis for other community activities, as with Eldonians
2. The importance of the voluntary housing sector	In many European countries it is one of the most important areas of NGO activity Often large organisations, but have shown ability to extend their role to deal with wider community issues, as with the Swedish examples
3. The need to support the devolution of power to user group	The S.A.N.D. project in Denmark shows the potential for user democracy with even the most marginalised groups if there is sufficient openness and support

## 6.2 Exclusion through Housing

1. Strong potential of housing and neighbourhood as a focus for collective action, but needs support	Initiatives discussed were not wholly 'bottom-up' but involved a partnership with formal organisations in neighbourhoods Openness and flexibility by formal organisations and the provision of capacity-building is essential to allow community to play a full part
2. Desirability of holistic approach to neighbourhood rather than only use of ABIs which target specific client groups	Single purpose ABIs in areas such as health and employment are more likely to be essentially top-down and address issues at individual level. Truly neighbourhood approaches address are suited to community engagement and may address more fundamental issues
3. Potential of community business	Creating employment by meeting the needs of neighbourhoods is a potentially powerful aspect of the not-for-profit sector
4. Role of arts and culture in neighbourhood regeneration	Arts and culture have a particular potential for addressing intangible aspects of social exclusion such as neighbourhood stigma and low self-esteem Professional artist and amateurs have an important role in encouraging creative activities by residents
5. Paradoxes of 'social mix' policies	Policies to make excluded neighbourhoods more socially diverse may lead to the displacement of some disadvantaged residents and are based on uncertain assumptions about the benefits of social mix



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European governmental systems movement from direct control and provision of services by the State to a more pluralistic and dispersed pattern of provision involving multi-sectoral partnerships. This is associated with the growing influence of a neo-liberal ideological hegemony leading to a shrinking and withdrawal of the State.

In housing a 'governance' approach is the long-established norm. Most European housing systems have long been mixed economies, with housing provided by a combination of market, state and voluntary sectors, and with significant interactions between sectors.

- Housing is a domain in which, typically, national and local levels of government both play a major role. Housing supply typically involves a mix of agencies from the very local to national and even international organisations, and this is true across the sectors engaged in housing production.

- ...in terms of innovation in multilevel governance have been developments at the neighbourhood level as opposed to the housing stock, especially with regard to socially-excluded neighbourhoods. **The neighbourhood can be seen as the bottom level of decentralisation and devolution by the State, though this more usually involves processes of consultation and participation rather than real and direct transfer of power and resources to local neighbourhood communities.** Nevertheless, the neighbourhood has been one of the key spatial scales for institutional and operational innovation by the State, especially in order to achieve more responsiveness, sensitivity and effectiveness across a wide range of public services.



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- *the enormous volume of area-based policies which have been developed over the past decade...*
- *The list could be bigger*
- ***the Social City Programme in Germany***
- ***French Politique de Ville with its 'Contrats desVille',***
- ***the Flemish Social Impulse Fund (SIF)***
- ***the Brussels' 'Contrat des Quartiers',***
- ***UK New Deal for Communities as well as the New Commitment for Neighbourhood Renewal,***
- ***Kvarterloft programme in Denmark***
- ***the Big Cities programmes in The Netherlands (p1).***
- ***also Italy***
- ***Intesa Istituzionale di Programma***
- ***Patto Territoriale***
- ***Contratto d'Area***
- ***Programmi di Recupero Urbano (1993)***
- ***Programmi di Riqualificazione Urbana for urban decline issues (1994)***
- ***Contratti di Quartiere(1997),***
- ***Programma di Riqualificazione Urbana e Sviluppo Sostenibile del Territorio)***
- ***PRUSST (1998).***
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- However, these approaches do have limitations. **These arise in part because they are special, and often fixed-life, initiatives rather than being part of mainstream service provision** and as such may not be sustainable in the longer term.
- They do remain an exceptional disjointed policy element when and where the problem exists.
- How does this experience can assume a more wide and formal outlook