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Europe's housing nightmare

Mice in the kitchen, holes in the ceiling — what seems like a terrible situation might present a dream for many people in need of affordable housing

It's the year 2014. A student in her first semester at university stops her bike in front of a townhouse with a shabby facade in a medium-sized Dutch city. To the right of the house: an adult store; to the left: a coffeeshop (the Dutch version). She enters the house and makes her way past the mice-infested kitchen, the living room with a couch table that was trashed during the last fraternity party, up the stairs and past the door to a small toilet that she does not dare enter under any circumstances. When she gets to her room, she sits down at her desk, looking up through the hole in the ceiling that connects her room to her upstairs roommate's music.

Quite a depressing situation, and yet, nowadays this would be almost a utopian dream for millions of people across Europe struggling to find affordable housing.

€2,300 — that is currently the average price for a furnished one-bedroom apartment in Amsterdam. And it is more than many of us earn from working full-time jobs. Right behind Amsterdam on the European rental price ladder lies Reykjavík with an average of approximately €2,150, followed by Lisbon with a monthly rental cost of €2,000.

Ripple effects of the housing crisis

Since 2010, European rental housing costs have steadily increased, while increases in average household incomes have lagged behind. The Covid19 pandemic, the war in Ukraine, rising energy costs and global inflation have added extra pressure on rental prices.

Other underlying issues are the discriminatory behaviour of house owners against renters with diverse ethnic background and persons with disabilities, forced evictions of tenants who have older - and therefore cheaper - rental contracts, the influx of foreign investors and tourists

seeking short-term rentals, and buildings that are in such bad conditions, they almost fall apart (a good example is Belgium). Increased migration also plays a role in some countries such as the Netherlands. In general, investments often prioritise profits over housing needs, pushing housing further out of reach for vulnerable people, but frankly also for the average renter.

The dream of homeownership - once a hallmark of financial security - has by now become increasingly elusive for many, and young adults are forced to delay major life decisions such as starting families.

Unaffordable housing is a major challenge in the EU. It leads to homelessness, financial insecurity and inadequate housing, and prevents younger people from leaving their family homes and becoming independent. In turn, these issues exacerbate inequalities by placing the disproportionate burden of housing costs on low-income families, negatively affect people's health and well-being and place additional strain on social services, healthcare systems and public spaces. The dream of homeownership - once a hallmark of financial security - has by now become increasingly elusive for many, and young adults are forced to delay major life decisions such as starting families.

Tackling the issue

Tensions between housing supply and demand are not a new issue. Short-term rentals via online platforms such as Airbnb, for example, have been a thorn in many renters' eyes for a long time now. In France, several parties have therefore recently called for tighter regulations of short-term rentals to combat 'over-tourism' and poor housing conditions, and France's Finance Minister Bruno Le Maire has promised steps to close tax loopholes for short-term rental providers. At EU level, there is currently a regulation in the making to harmonise data collection and sharing related to short-term rentals.

Across Europe, governments have taken many other measures in the last years and months to tackle the European housing crisis. Unfortunately, policies such as on social housing and rent subsidies still differ widely across and within countries, and the housing crisis is more and more being used as a political tool by right- and left-wing politicians alike.

The Netherlands has, amongst others, announced new rent regulations as well as a Residential Building program that aims to create 900,000 homes by 2030. But these plans are now under question as they could raise construction costs and interests, predicted to make the construction of

new housing units more expensive in the coming years. According to the Economic Institute for Construction, this could lead, paradoxically, to housing construction going *down* by 3.5 per cent in 2023 instead of *up*.

Spain adopted a 'right to housing' approach at the end of May, which includes measures to protect renters from eviction and ensure access to affordable housing. Barcelona has also implemented a program to requisition vacant properties for social housing and has placed restrictions on tourist accommodations, which has helped to redirect housing supply back to residents.Yet, caution should be exercised when applauding these measurements. The Spanish law has already been criticized for possibly leaving vulnerable groups unprotected, and its survival and long-term effects will ultimately depend on whether Spanish Prime Minister Pedro Sánchez can succeed in forming a government next month.

A compassionate response

The housing crisis in Europe is a complex challenge that requires collaborative efforts from governments, developers, communities and citizens alike, as well as an all-inclusive approach, encompassing both short-term relief and long-term structural changes.

Governments should incentivise the construction of affordable housing units to meet demand. This might involve streamlined regulations, tax incentives and partnerships with private developers. Implementing rent controls and robust tenant protections can prevent landlords from exploiting renters through excessive rent hikes and unfair evictions, ensuring greater stability and predictability. Investments in social housing should ensure that citizens have access to quality housing regardless of their income levels. Cooperative housing models, where residents collectively own and manage properties, can also provide affordable and sustainable housing solutions while fostering a sense of community.

Similarly compassionate responses that place the needs of every member of society over short-sided economic interests or all-too-individualistic ideas of worth and success, are needed to tackle Europe's

Even though there is no miracle solution to homelessness, approaches such as 'housing first', which takes providing homeless people with housing as a starting point, rather than seeing it as an end goal, have already made a positive impact on reducing homelessness in countries such as Finland and Denmark. Similarly *compassionate* responses that place the needs of every member of society – especially the most vulnerable – over short-sided economic

interests or all-too-individualistic ideas of worth and success, are needed to tackle Europe's housing crisis.

By implementing policies that balance the interests of tenants and landlords, fostering an environment of transparency and accountability, with a combination of rent controls, tenant protections, social housing investments and innovative policy measures, Europe can take strides towards alleviating the burden on renters.

There seems to be another ray of hope in all of this: overall, the European year-over-year rent increase has shown signs of slight deceleration - an urgently needed development. Maybe the above-mentioned situation in 2014 might soon not be an unreachable utopia anymore. But let's stay realistic. After all, the student then only paid €280 for her room.



Alena Bieling
Brussels

Alena Bieling works as an editor at *International Politics and Society*.