

Unaffordable and inadequate housing in Europe

Introduction

Unaffordable housing is a matter of great concern in the EU. It leads to homelessness, housing insecurity, financial strain and inadequate housing. It also prevents young people from leaving their parental home. These problems affect people's health and well-being, embody unequal living conditions and opportunities, and result in increased healthcare costs, reduced productivity and environmental damage. This report maps housing problems faced by people in the EU and policies to address them. It draws on evidence from Eurofound's *Living, working and COVID-19* e-survey, European Union Statistics on Income and Living Conditions and input from the Network of Eurofound Correspondents.

Policy context

The United Nations Universal Declaration of Human Rights includes the right to housing. The European Pillar of Social Rights states that access to social housing or housing assistance of good quality is to be provided for those in need. The related European Platform on Combating Homelessness aims to ensure that no one sleeps rough for lack of emergency accommodation, that no one lives in emergency or transitional accommodation for longer than necessary, that evictions are prevented whenever possible and that no one is evicted without being offered assistance with finding an appropriate housing solution. According to the European Pillar of Social Rights Action Plan, the implementation of the European Green Deal – first through the initiative 'A renovation wave for Europe – Greening our buildings, creating jobs, improving lives' – will contribute to alleviating energy poverty and improving housing quality. The housing situation in Europe will be affected by long-term changes in energy consumption and production arising from the green transition, increased digitalisation and the ageing of European societies. The COVID-19 pandemic has made telework more common, meaning that many homes are now also workplaces. The Russian war on Ukraine has created a need to house large numbers of refugees and has driven up utility bills.

Key findings

- In the past decade, homeownership in the EU has decreased, driven by a drop in homeownership among young people. There has been an increase in Europeans living in apartments, concentrated in towns and suburbs.
- The age at which at least 50% of people in the EU were living outside their parental home increased from 26 to 28 between 2007 and 2019. Between 2010 and 2019, Spain, Croatia, Italy, Cyprus, Belgium, Greece and Ireland faced the largest increases in people aged 25–34 living with their parents.
- The share of income spent on housing decreased for homeowners from 18% in 2010 to 16% in 2019, while it increased for tenants from 28% to 31%. Of people spending at least 40% of their income on housing, 60% report having difficulties making ends meet. However, among people spending less than 20% of their income on housing, 42% still have difficulties making ends meet.
- On average, homeowners have higher incomes than tenants and face fewer problems with their housing. However, in the 15 countries with high shares of owners without a mortgage – all post-communist and southern European countries – between 10% and 24% are at risk of poverty and many cannot afford to keep their home at an adequate temperature.
- Private rental market tenants are in a particularly precarious situation; 46% feel at risk of needing to leave their accommodation in the next three months because they can no longer afford it, and they report more problems with poor energy efficiency than those with other types of tenure.
- In all Member States, people in the bottom half of the income distribution are less satisfied with their homes than people in the top half. The difference is less marked when it comes to satisfaction with the home's surrounding area, driven by people in lower-income households being more satisfied with their local area than with their home. In general, people find poor energy efficiency of their dwelling and insufficient access to public transport particularly problematic, especially in rural areas.

- Housing amenities and surroundings gained importance during the pandemic. For teleworkers, a good internet connection and sufficient space became more important, as did quiet surroundings and access to a park. Access to public transport and infrastructure facilitating cycling, walking and wheelchair use has become more important, particularly for women and people with difficulties making ends meet.
 - About three quarters of EU Member States have Housing First-inspired schemes in place, offering housing, often shared housing, to homeless people, albeit sometimes only if they engage with services. Few programmes have the capacity to house more than 1% of the country's homeless population. Social housing often plays a vital part in preventing and addressing homelessness.
 - Both the Member States with the most social housing and those with the least social housing have waiting lists. While in some countries entitlement is checked only once, in other countries it is checked regularly and people have to leave social housing or pay higher rent if their income increases.
 - The shares of households receiving rent subsidies are particularly high in France (21%), the Netherlands (18%) and Finland (14%), and below 2% in, for instance, Belgium, Cyprus, Estonia, Lithuania and Romania. Sometimes support from other benefits (for example, minimum income) plays an important role in housing affordability.
 - Groups of people in need of housing benefits who are not, however, entitled to it include tenants without formal rental contracts, people without a fixed address, people in shared accommodation, certain groups of migrants and mobile citizens, and people with low incomes just above the entitlement threshold. Others are entitled to benefits, but do not receive them.
 - Homeownership support tends to benefit higher-income households more than lower-income households and to stimulate take-up of higher mortgages, driving up house prices and putting people at risk of over-indebtedness.
- increases. They should also take measures to prevent such situations from happening in the future.
- Attention should go to groups in vulnerable situations in all tenures, and also include those affected by the cost-of-living increasing faster than income, and homeowners without mortgages struggling with utility bills.
 - Housing benefits and social housing provide support for many people in the EU, but there are significant differences between Member States. Within Member States, policymakers should carefully monitor take-up of support and assess inequalities, to ensure that access is guaranteed and that support reaches the groups that need it.
 - Policymakers who are concerned about failure to support people with incomes just above a certain threshold should avoid fixed income thresholds for housing benefit entitlements. Disincentives to increase income should also be addressed.
 - Inequalities between incumbent social housing tenants whose financial situation has improved and people on social housing waiting lists can be addressed by providing financial support for social rent payments that depend on individual situations, housing benefits for people in other types of tenancy and increased social housing stock.
 - General social protection measures, such as a minimum income and good access to services (including education and healthcare), can be key in ensuring affordable housing.
 - Housing benefits determined by housing costs (including energy costs) and income can provide immediate support in emerging crises. Policymakers should consider the contribution to resilience that such support provides when introducing reforms to housing benefits.
 - To increase housing supply, homes need to be renovated and built, which envisages a key role for a skilled workforce. Vacant dwellings should also be reduced, and, where necessary, improvements should be made to ensure adequate housing.
 - Large amounts of funds are allocated to improving the energy efficiency of homes. They need to reach low-income groups, protecting them from future energy price increases. Simultaneously, initiatives to improve the adequacy of these homes on a broader scale, such as housing quality improvements, should be implemented.
 - When improving housing adequacy, the current and future needs of the inhabitants must be considered. A home cannot be considered in isolation from its surroundings, including their physical, social and services aspects.
 - Housing should be better connected to public transport and other active modes of transport for residents, which would contribute to the green transition and reduce transport costs.

Policy pointers

- Housing First policies for people who are homeless, or about to become so, need to be scaled up. Housing offered should be independent, stable and truly unconditional on engagement with support services to ensure that access to housing is guaranteed.
- To prevent evictions or facilitate moves to affordable homes, support needs to be triggered automatically when an eviction notice is issued. Ideally, though, support should be offered at an earlier stage, when payment difficulties first emerge.
- Private tenants with low incomes need to be better supported. In several Member States, rent controls play an important role in protecting tenants against rent increases. However, they should not create inequalities by placing newer tenants at a disadvantage, nor should they entail disincentives for long-standing tenants to move to dwellings that better match their changing needs.
- With mortgage interest rates increasing, policymakers should not overlook homeowners with variable mortgage interest rates who cannot afford payment

Further information

The report *Unaffordable and inadequate housing in Europe* is available at <http://eurofound.link/ef22024>

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