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REGULAR NATIONAL REPORT ON

HOUSING DEVELOPMENTS IN EUROPEAN COUNTRIES

SYNTHESIS REPORT



AN ROINN COMHSHAOL, OIÐHREACHTA AGUS RIALTAIS AITIUL
DEPARTMENT OF THE ENVIRONMENT, HERITAGE
AND LOCAL GOVERNMENT

**Regular National Report on
Housing Developments in European Countries**

Synthesis Report

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Glossary of Abbreviations

Abbreviation	Denoting
%	Per cent
€	Euro
BGN	Bulgarian Lev (Plural. Leva) (1 BGN = €0.5128)
£	Cyprus Pounds (C£1 = €1.7337)
CO ₂	Carbon Dioxide
CZK	Czech Koruna (Plural Koruny) (1 CZK = €0.0315)
DKK	Danish Krone (Plural Kroner) (1 DKK = €0.1345)
Est.	Estimate
EEK	Estonian Kroon (Plural Krooni) (1 EEK = €0.0639)
EU	European Union
GDR	German Democratic Republic (former East Germany 1949-1990)
GDP	Gross Domestic Product
GNP	Gross National Product
GwH	Gigawatt Hours
HUF	Hungarian Forint (1 HUF = €0.0041)
km ²	Square Kilometres
LTL	Lithuanian Litas (Plural Litai) (1 LTL = €0.2897)
LVL	Latvian Lats (Plural Lati) (1 LVL = €1.5325)
m	Metres
m ²	Square Metres
m ³	Cubic Metres
MTL	Maltese Lira (1 MTL = €2.3591)
No.	Number
N/a	Not Applicable
Nav	Not Available
N/s	Not Supplied
PLN	Polish Zloty (1 PLN = €0.2265)
PPP	Public-Private Partnership
Proj.	Projected
Prov.	Provisional
R	Rounded Figure
ROL	Romanian Leu (Plural Lei) (1 ROL = €0.000024)
SEK	Swedish Krona (Plural Kronor) (1 SEK = €0.1087)
SIT	Slovenian Tolar (1 SIT = €0.0042)
SKK	Slovak Koruna (Plural Koruny) (1 SKK = €0.0249)
STG£	Pounds Sterling (United Kingdom) (STG£1 = €1.5161)
TRL	Turkish lira (1 TRL = €0.00000056)
UN	United Nations
UNECE	United Nations Economic Commission for Europe
UK	United Kingdom
US\$	United States Dollar (US\$1 = €0.8348)
VAT	Value Added Tax

Note: Currency conversion rates as of August 4th 2004.

Definition of Terms

Affordable Housing

Generally defined as housing that is available for purchase or rent at a market value affordable to the majority of the population. In particular, the term is used to describe housing that is provided, usually with the assistance of the State, below market values in locations characterised by high house prices.

Applicant Countries

Those countries which were applicants for European Union membership in January 2004. These are: Bulgaria, Romania and Turkey

Cadastre

A public record, survey, or map of the value, extent, and ownership of land which is used to determine taxation levels.

CEE Countries

Countries located in Central and Eastern Europe. For the purpose of this report, the CEE countries are: Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia.

Co-operative Housing

The occupants of the housing are members of the co-operative and therefore also have responsibility for managing the housing. Co-operative housing may be owned or rented by the members. In the case of co-operative rented housing, the dwellings are owned by the co-operative or members collectively and are usually let for a non-profit or subsidised rent. Therefore, in this report, co-operative rented housing is categorised as social housing. In the case of co-operative ownership housing, occupants own a proportion of the equity in their dwellings but usually are not able to purchase the entire equity.

Disequilibrium

Imbalance of housing supply and demand in a given market.

Equilibrium

Balance between housing supply and demand in a given market.

Households

Group of persons (either related or unrelated) residing in one dwelling unit and using shared facilities.

Housing Association

A non-governmental organisation that owns, provides and constructs social housing and/or dwellings for purchase, usually below market levels.

Housing Observatory

Specialist agency to monitor the housing sector through research.

Housing Stock

Total supply of housing in physical terms.

Housing Tenure

The right by which households occupy their dwelling, for example, owning or renting.

Local authorities

All sub-regional government structures including city, county, borough and town councils and municipalities.

Long-standing EU Member States

European Union Member States prior to May 1st 2004. These are the following: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden and the United Kingdom.

New Member States

Countries that joined the European on May 1st 2004. These are the following: Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia.

Owner-Occupied Housing

Housing owned by the occupiers. The housing may be owned outright or through a mortgage loan, but the owners have the opportunity to purchase the full equity.

Part-ownership

see *Shared Ownership*.

Private Rented Housing

Housing owned by a private individual or agency and rented to the occupiers for profit, generally at market rates.

Public Housing

Social housing provided by a government agency, usually a local authority.

Public-Private Partnerships

Joint arrangement between the State (public) sector and the private sector in providing infrastructure or services, where the private sector shares the cost and risks involved.

Purchasing Power Standards

The artificial common reference currency unit used in the European Union to express the volume of economic aggregates for the purpose of spatial comparisons in such a way that the differences between countries are eliminated.

Shared Ownership

(also *Part-Ownership*)

Scheme to facilitate home ownership through the partial purchase of dwelling from the State or a housing association. Occupiers are usually given an option to purchase the dwelling fully at a later date.

Social Housing

Rented housing where access is controlled by the existence of allocation rules that favour households that have difficulties in accessing housing in the market. This housing is usually let at a non-profit or subsidised rent and provided by government or non-profit agencies such as housing associations. This type of housing is also termed 'social rented housing.'

System-Built Housing

Housing, usually in the form of apartment buildings, constructed using prefabricated panels and units.

Residualisation

Process through which housing has become increasingly marginalised and specialised in function through shrinkage of its total housing market share.

Three-Dimensional Property Registration

Legislation permitting the construction of buildings above existing infrastructure and property.

Vacant Housing

Housing that is permanently or temporarily unoccupied.

Section 1

Introduction and Summary

1.1 Introduction

Housing is not an EU competency, but housing policies, arrangements for their implementation and housing markets are key concerns of policy makers in European countries, because their effective operation has significant implications for the quality of life enjoyed by households, for the sustainability of communities and for economic development. Therefore, since 1989 the housing ministers of European Union (EU) member States have met regularly to discuss issues related to housing policy and sustainable development. In order to inform these discussions, in 2000 and 2001 a synthesis report summarising housing developments in European countries was prepared by France and Belgium, which held the presidency of the Council of the EU during these years. To mark its presidency of the EU, during the first half of 2004, Ireland has prepared this updated report on recent housing developments across Europe. This report was presented to a meeting of housing focal points representative of housing ministries from European countries, held in the Netherlands in November 2004.

1.2 Scope and Content

This synthesis report is significantly larger than its predecessors, because it examines not only the 15 countries which were EU members prior to 2004, but also the 10 States which joined the EU on 1 May 2004 and the 3 States which were candidates for EU membership in January 2004.

This introductory Section explains the research methods which were employed in the compilation of this report and synthesizes the most significant recent housing developments in European countries which are identified in the main body of the report. In addition, the report contains three other Sections. SECTION 2

The following 15 countries were EU members prior to 2004:

- Austria
- Belgium
- Denmark
- Finland
- France
- Germany
- Greece
- Ireland
- Italy
- Luxembourg
- Netherlands
- Portugal
- Spain
- Sweden, and
- the United Kingdom

The following 10 countries acceded to EU membership in 2004:

- Cyprus
- Czech Republic
- Estonia
- Hungary
- Latvia
- Lithuania
- Malta
- Poland
- Slovakia, and
- Slovenia

The following 3 countries were applicants for EU membership in 2004:

- Bulgaria
- Romania
- Turkey

outlines the principal aims of housing policy at the current time, together with the arrangements for policy development and implementation and the characteristics of the housing stock in each of the 28 countries under examination. The most significant contemporary economic and demographic trends pertinent to housing are also examined. SECTION 3 sketches recent housing policy and legislative and institutional developments in European countries and examines the issues that are the subject of national housing policy debates and are currently of key concern to housing ministers. This Section also scrutinises changes in regulations on building standards and reports on EU and international developments which have implications for housing policy in European countries. SECTION 4 examines the outcomes of the housing policy developments in European countries which were described in the previous Section. Recent macro and micro trends in the demand for and the supply of housing are scrutinised, as are difficulties in matching supply and demand, together with the measures which have been initiated to address these difficulties, if any. Trends in housing affordability across Europe are outlined and developments in relation to the maintenance and improvement of the housing stock and the sale of social housing are reviewed.

1.3 Research Methods

Most of the information in this report was collated from the results of a questionnaire which was circulated in February 2004 by the Irish Department of the Environment, Heritage and Local Government to the housing focal points in the 28 countries under examination. APPENDIX 1 to this report includes details of the representatives of housing ministries – known as housing focal points – who participated in this exercise. The questionnaire employed in this research is similar in content to the questionnaires on which the previous synthesis reports on *Housing Developments in European Countries*, referred to above, were based. A copy of the questionnaire is included in APPENDIX 2 to this report, while the responses which the various European countries made to the questionnaire survey are recorded in a separate document entitled *Regular*

National Report on Housing Developments in European Countries – Responses to the Questionnaire Survey.

When housing ministries were unable to produce the data necessary to complete all Sections of this report, the requisite information was generated by the authors from 4 other sources. These are:

- the Eurostat – long-term indicators series – ‘People in Europe’;
- the *Regular National Report on Housing Developments in European Countries* produced by Belgium in 2002;
- *Housing Statistics in the EU 2002*, which was produced by the Department of Housing of the Direction General of Planning, Housing and Heritage of the Walloon Region of Belgium, and
- UNECE (2002) *Annual Bulletin of Housing and Building Statistics for Europe and North America*, Vol. XLI (Geneva: United Nations Economic Commission for Europe).

Comparing housing developments in such a wide variety of countries is a challenging task. Comparable data were not always available for all of the countries under examination. For this reason, the information presented in some of the tables in this report does not add up to 100%. Moreover, in some cases, the terminology used may have an entirely different meaning in different countries. In order to address this latter problem, a comprehensive glossary is included, explaining the key terms and abbreviations employed in this report.

1.4 Summary

This Section summarises the most significant recent housing developments in European countries which are identified in this report. This synopsis is divided into three parts. These are:

- the context for housing policy-making, including: economic and demographic trends pertinent to housing and the size and characteristics of the housing stock;

- housing policy issues, such as arrangements for housing policy development and implementation and recent housing policy developments, and
- the outcomes produced by the combination of these policy interventions and structural factors, including trends in housing demand and supply, housing costs and public expenditure on housing.

1.4.1 Context

TABLE 1.4.1 outlines recent economic and demographic trends pertinent to housing in the 28 countries under examination in the latest year for which data are available.

In this table, the GDP per capita (in Purchasing Power Standards) among the 28 countries under review is ranked in accordance with the average for the 25 EU member States, which is set at 100. TABLE 1.4.1 reveals that, in the latest year for which data are available, Luxembourg had by far the highest GDP per capita among the countries under examination, while Ireland and Denmark respectively have the second and third highest levels of GDP per capita. In contrast, the applicant countries – Turkey, Bulgaria and Romania – have the lowest GDP per capita among the countries under examination.

This table also highlights a disparity between the average GDP per capita of the 15 long-standing EU member States and the new member States. Among the 15 long-standing EU member States, GDP per capita averages at 116.6, whereas the equivalent figure for the 10 new member States is 60.3. However, more detailed analysis reveals that the latter figure is significantly inflated by Malta and Cyprus, because in both of these countries the GDP per capita is significantly above the average for the 10 new EU member States. The average GDP per capita among the 8 Central and Eastern European (CEE) countries which joined the EU in 2004 (i.e. the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia) is 53. Although it is important to acknowledge that the GDP of these countries does also vary significantly.

To some extent this divergence in GDP per capita is counterbalanced by variations in annual growth in GDP. TABLE 1.4.1 indicates that the GDP of the 28 countries under examination grew by 2.8%. This falls to 1.7% in the case of the 15 long-standing EU members, but rises to 4.6% for the 10 countries which acceded to EU membership in 2004. At the same time, unemployment and inflation rates are generally higher in the new EU member States. Among the 28 countries under examination annual inflation averages at 3.4%, but the equivalent figures for the 15 long-standing EU members and the 10 new EU members are 2.3% and 3.6% respectively.

TABLE 1.4.1 also highlights some recent demographic developments that have significant implications for housing in the countries under examination. For instance, in recent years population change has been low in the majority of European countries, and has been negative in several of the new member States and applicant countries. Among the 28 countries under review, natural population change per 1,000 inhabitants averages at 1.2, while net migration per 1,000 inhabitants averages at 2. In the 15 long-standing EU members natural population change averages at 1.7. This falls to –0.7 among the 10 new EU member States, and to –2.6 among the 8 Central and Eastern European countries which joined the EU in 2004. Table 1.4.1 reveals similar patterns in net migration per 1,000 inhabitants. In Latvia, Lithuania and Romania emigration has exceeded immigration in recent years.

TABLE 1.4.1 demonstrates that the average household size among the 28 countries under review is 2.6 persons. Unlike many of the other economic and demographic issues mentioned above, average household size does not vary significantly between the new and long-standing EU member States. Average household size is highest in Spain, Malta and Cyprus, while it is lowest in Germany and Denmark. Moreover, SECTION 2 of this report reveals that, in many of the countries where average household size has traditionally been high, it has fallen significantly in recent years.

Key Economic and Demographic Trends Pertinent to Housing in European Countries, Various Years

Table 1.4.1

Country	Year to which data refer	GDP per capita in Purchasing Power Standards (EU 25=100) (Proj.)	Annual Growth in GDP (GDP)	Average Annual Inflation (I)	Unemployment Rate (U)	Natural Population in 000s (TP)	Net migration Population Change per 1,000 inhabitants (NI)	Average (including Corrections) per 1,000 inhabitants (MI)	Number of Persons per Private Household (PH)
						%	%	%	No.
Austria	U=2003; I, TP, PH=2001	121.5	Nav	2.3	4.4	8,031	Nav	Nav	2.43
Belgium	GDP, I, U, TP, NI, MI=2002; PH=2001	116.9	0.7	1.6	7.3	10,300	0.5	3.1	2.34
Bulgaria	GDP, I, U, TP=2002	29.6	-0.7	5.8	16.8	7,845.8	Nav	Nav	2.67
Cyprus	GDP, I, U, TP, PH=2001	83.6	4	2	3	703.6	4.7	Nav	3.06
Czech Republic	GDP, I, U=2002; TP, PH=2001; NI, MI=2000	69	3.7	0.6	9.8	10,232	-1.8	0.6	2.64
Denmark	GDP, I, U, PH=2003; TP, NI, MI=2002	123.9	0.4	2.1	5.5	5,368	1	1.2	2.20
Estonia	GDP, I, U=2001; TP=2002; NI, MI=2000	49	6.5	5.6	11.8	1,360	-3.9	0.2	2.60
Finland	GDP, I, U=2003; TP=2001; NI, MI, PH=2000	110.5	1.9	1.2	9	5,181	1.4	0.5	2.30
France	I, U=2002; TP, PH=2001; NI=2000	113.9	Nav	1.9	8.7	59,188	4.1	Nav	2.40
Germany	GDP, I, U=2001; TP, PH=2002; NI, MI=2000	108.5	0.8	1.9	7.8	82,537	-0.9	2.0	2.20
Greece	GDP, U, TP=2001; I, NI, MI, PH=2000	79.8	4.1	3.2	10.4	10,940	-0.2	2.7	2.70
Hungary	GDP, I, U=2001; TP=2002; NI, MI, PH=2000	61	3.9	5.6	9.1	10,175	-3.7	1.6	2.70
Ireland	GDP, I, U=2003; TP, NI, MI, PH=2002	131.4	1.4	2.3	4.9	3,917.3	7.9	7.6	2.94
Italy	GDP, I, U, TP=2001; NI, MI, PH=2000	107.3	0.4	2.3	9.4	56,757	-0.3	3.1	2.60
Latvia	GDP=2002; U=2003; TP, PH=2001; NI, MI=2000	45.5	7.4	Nav	8.5	2,364.3	-5.0	-0.7	2.40
Lithuania	GDP, I, U=2002; TP, PH=2003; NI, MI=2000	46.1	6.8	-1.0	13.8	3,462.6	-1.4	-5.8	2.55
Luxembourg	GDP, I, U=2001; TP, NI, MI=2003	209.2	1.2	2.4	2.1	448.3	3.6	5.9	Nav
Malta	GDP, I, U=2002; TP=2003; NI, MI, PH=2000	73.7	1.7	2.2	6.8	399.8	3.3	3.4	3.01
Netherlands	GDP, I, U=2001; TP, MI, PH=2002	120.3	1.2	5.1	2.5	16,105	Nav	3.4	2.30
Poland	2002	46.4	1.3	5.5	18.1	38,230	Nav	Nav	2.84
Portugal	GDP=2003; TP=2000	75.2	-0.7	Nav	Nav	10,022	Nav	Nav	Nav
Romania	2002	29.9	0	-7.2	11.8	21,680.9	Nav	-5.0	2.92
Slovakia	GDP, I, U=2002; TP, NI, MI, PH=2001	51.4	7.8	3.3	18.5	5,379.5	-0.2	0.2	2.59
Slovenia	GDP, I, U=2001; TP, PH=2002	77.3	2.7	8.6	5.8	1,964	Nav	Nav	2.80
Spain	GDP, I, U, NI, MI=2002; TP=2003; PH=2000	95.8	6.9	3.0	2.0	42,600	1.2	10.5	3.03
Sweden	GDP, I, U=2003; TP, NI, MI=2002	115.8	1.5	2.0	4.8	8,900	0.1	3.5	Nav
Turkey	GDP, I, U=2002; TP, NI=2003	27.1	7.8	26.0	10.3	70,712	13.9	Nav	Nav
United Kingdom	GDP, I, U=2002; TP=2001; PH=2000	119.4	1.6	1.3	5.2	59,862.8	Nav	Nav	2.40
Mean (R)	N/a	87.1	2.9	3.4	8.4	N/a	1.2	2	2.6

Source: The data on GDP per capita were generated from Eurostat data and are projected.

Table 1.4.2

Housing Availability in European Countries, Various Years

Country	Year to which data refer	Dwellings			Dwellings by Tenure			
		No.	Per 1,000 inhabitants	Vacant dwellings % of total dwellings	Owner Occupied %	Private Rented %	Social Rented %	Other %
Austria*	2002	3,316,000	412.4	Nav	56.9	40.3	2.8	
Belgium	2001	4,095,008	400	Nav	68	25	7	0
Bulgaria	2002	3,691,787	471	14.4	96.5	0	3.0	0.5
Cyprus	2000	286,500	428	Nav	64.3	35.7	0	0
Czech Republic	2001	4,366,293	427	12.3	47	17	17****	12
Denmark	2003	2,541,000	472	Nav	50.6	17.8	27.2	4.4
Estonia	2000	622,600	434	6.2	85	9	3	0
Finland	1999	2478,000	490	8.6	58	17	17	1
France*	2002	24,525,000	413.3	6.8	56.0	19.7	17.2	7.1
Germany*	2002	35,800,000	434.3	Nav	43	51	6	0
Greece	2001	3,657,000	505	Nav	80.1**	19.9**	0**	0**
Hungary	2000	4,076,800	406.7	Nav	86.9***	10.4***	0***	
Ireland	2003	1,554,000	391	Nav	77.4 ^A	11 ^A	6.9 ^A	4.7 ^A
Italy	2001	26,526,000	471	24	80	16	4	0
Latvia	2000	941,000	398	Nav	60.1	39.6	0.29	0
Lithuania	2002	1,291,700	367	Nav	87.2	8	3	1.8
Luxembourg*	2001	171,953	391.7	2.3	70	27.5	1.5	1
Malta	1995	155,202	420	23	74.1	22.4	3.5	
Netherlands	2002	6,710,800	419.8	Nav	54.2	10.8	35.0	0
Poland	2002	12,523,600	326.6	6.07	55.2	0	22.8	21.5
Portugal*	2001	3,551,000	346	10.8	75.7	21	3.32	0
Romania	2002	8,107,114	361.4	11.6	97.2	0	2.62	1
Slovakia	2001	1,884,846	350	11.6	75.9	0.1	3.7	10.3
Slovenia	2002	777,772	390	14	82.2	2.6	6.5	8.7
Spain	2001	20,800,000	528	13.9	81	9.7	1.6	0
Sweden	2002	4,300,000	482.7	Nav	38	22	24	16
Turkey	2000	Nav	Nav	Nav	63.8	27.2	8.9	
United Kingdom	2001	25,456,000	452.2	Nav	69	9.3	20.8	0
Mean (R)	N/a	N/a	421.8	11.8	69	16.9	10.1	7.2

Note: * data refer to occupied dwellings only; ** = 1994 data *** = 1994 data **** = 1996 data ^A = 2002 data
 consequently these countries are not included in the calculation of the mean number of dwellings per 1,000 inhabitants.

This figure refers to dwellings rented from municipalities, but dwellings of this type may not necessarily be social rented. Depending on the policy of the individual landlord, some are let at commercial rents. The information on the average % of dwellings in each housing tenure is skewed by missing data for some countries. As a result the average values for the four tenure categories exceed 100%.

Table 1.4.2 examines one of the most important features of the housing stock in the countries under examination – the availability of dwellings. It demonstrates that the number of dwellings per 1,000 inhabitants averages at 421.8 in all of the 28 countries under examination. However, this mean figure disguises marked regional variations in availability of housing. In the 15 long-standing EU member States the average number of dwellings per 1,000 inhabitants is

440.6. In the 10 new EU members the equivalent figure is 394.7 dwellings. However, the average number of dwellings per 1,000 inhabitants in the 8 CEE countries which joined the EU in 2004 is 387.4.

TABLE 1.4.2 also indicates that an average of 11.8% of the housing stock in European countries was vacant in the latest year for which data are available. However, vacancy rates vary between the various countries under

examination. Malta, Spain and Italy have the highest rate of vacant dwellings. As would be expected, in view of the high numbers of tourists who visit these countries, *Section 2* of this report indicates that the majority of these dwellings are second homes. The level of empty dwellings in Bulgaria is also above the European average. *Section 2* of this report links this high vacancy rate to a declining population and consequent low housing demand in specific regions of the country. This phenomenon is also an issue for regions of a number of other European countries including Germany, the Czech Republic, Finland and the United Kingdom.

In relation to housing tenure, TABLE 1.4.2 reveals that 69% of the housing stock in the 28 countries under examination is owner-occupied. However, the level of owner- occupation varies significantly across Europe. Romania and Bulgaria have by far the highest levels of home ownership – 97.2% and 96.5% of dwellings in these countries respectively are owner-occupied. Home ownership rates are generally higher in the new EU member States – in Estonia, Hungary, Lithuania and Slovenia over 80% of dwellings are owner occupied. This is also the case in Spain, Greece and Italy. In contrast, Sweden and Germany have the lowest rates of owner occupation amongst the countries under examination.

As would be expected, in those countries where owner-occupancy rates are very high, the rental housing sector is consequently modest in size and vice versa. On average 16.9% of dwellings were private rented in the 28 countries under examination. However, there are no private rented dwellings in Bulgaria and Romania, while in Slovenia only 2.6% of dwellings are private rented. Among the 28 countries under examination 10.1% of dwellings are social rented. Although levels of social rented are higher in the 15 long-standing EU members (where an average of 12.2% of dwellings are social rented), in comparison with the 10 new EU members (where an average of 7% of dwellings are social rented), the distribution of social rented dwellings is uneven in both groups of countries. The average figure for social rented dwellings in the long-standing EU members is skewed

by Sweden, Denmark and the Netherlands where over 22% of dwellings are social rented. By contrast, with the exception of Poland and the Czech Republic, in a majority of the new EU member States under 7% of dwellings are social rented.

The ‘other’ category in TABLE 1.4.2 encompasses a wide range of types of housing including: dwellings provided by employers and religious institutions and dwellings occupied free of rent. This category also includes co-operative ownership housing in the following countries: the Czech Republic (where 12% of the housing stock is in this category), Finland (1% of dwellings), Poland (19.3%), Slovakia (14.9%) and Sweden (16%). The nature of the co-operative ownership sector varies internationally. In some countries, occupants of co-operative ownership housing enjoy similar rights and duties to owner occupiers; in others they own only a small proportion of the equity in their homes. Further details of these arrangements are provided in *Section 2* of this report.

The reasons for these international variations in tenure patterns are manifold and complex. However, *Section 2* of this report reveals that in the case of the 8 CEE new EU members, together with Bulgaria and Romania, the methods used to privatise the State-owned dwellings, which prior to the economic and political re-organisation of these countries in the early 1990s was the dominant form of housing provision, particularly in urban areas, had a key impact on the housing tenure structure. In most cases this process was carried out in two stages. Firstly ownership of the dwellings was transferred to the local authorities, which then sold them to occupants at large discounts. Since the mid-1990s a number of these countries, including Lithuania, Romania and Slovenia, have prohibited further sales of social housing units, while in Bulgaria and Estonia the number of sales has been few, due to the limited size of the remaining social rented sector. Although sales of dwellings still take place in the Czech Republic and Poland, sales of municipal-owned dwellings have slowed somewhat in recent years in Poland.

TABLE 1.4.3 examines a second key feature of the

Table 1.4.3
Housing Quality in European Countries, Various Years

Country	Year to which data refer	Date of construction (DC) (%)				Available Facilities (AF) (%)				Average Number of Rooms (AR)	Floor Area (FA) (in m ²)	Note:
		Pre-1945	1945-1970	1970-1990	1990-Present	Running Water	Lavatory	Bath/Shower	Central Heating			
Austria	2002	26.8	28	28.7	16.4	99.9	98.7	97.5	87.3	4.3	60-90	* in these cases the data on date of construction supplied by housing ministries were not originally organised into the categories utilised above. These data were therefore reclassified for the purpose of including it in this table. See: Section 1 of this report for the original data. ** these data only cover the period to 1990. *** these data only cover the period to 1996. **** 22.8% of the housing stock in Estonia is categorised as unknown in terms of age. The information on the average age of dwellings in each housing tenure is skewed by missing data for some countries. As a result the average values in the four age categories exceeds 100%. Where floor space data refer to a range (e.g. 80-100 m ²) the interval figure was used to calculate the mean.
Belgium	1996	31.8	29.8	34.1	4.2	Nav	Nav	Nav	Nav	Nav	Nav	
Bulgaria	2000	24.3	48.2	24.5	1.9	97.6	82.5	Nav	12.7	2.6	65.2	
Cyprus*	DC, AR, FA=2000; AF=1999	23*	10.7	38.1	28.2	99.2	97.7	94.8	50	5.8	144.8	
Czech Republic	DC=1991; AF, FA=2001; AR=2000	41.9	24.6	33.5	0**	98.5	95.4	95.5	81.7	2.7	49.3	
Denmark	DC, FA=2000; AF=2003	38.9	29.9	25.9	5.3	99.9	99.9	94.3	99.9	Nav	109.3	
Estonia****	DC, AF=2002; AR, AF=2000	18.9	22.8	31.5	4.1	82	72	68	59	3.8	68.9	
Finland	DC=1996; AF=2002; AR, FA=2000	12	32.9	46.2	7.9	98	96	99	92	3.8	85.7	
France*	2002	29.4*	15.1	32.2	5.7	99.9	99.2	99.2	96.3	4	90	
Germany*	DC=2002; FA=1996	27.9*	61	11.1	Nav	Nav	Nav	Nav	Nav	Nav	88.4	
Greece	N/A	Nav	Nav	Nav	Nav	Nav	Nav	Nav	Nav	Nav	Nav	
Hungary*	DC, AF=1996; AR, FA=2000	29.5	27.2	38.9	4	84.4	75.6	79.6	48.2	4.1	52	
Ireland*	2002	20.5	17.6	36.2	25.7	99.7	Nav	Nav	86.8	5.2	70.2	
Italy	DC=1991; AF=1995; FA=1996	29.5	40.7	29.8	29.8	99	99	99	79	Nav	88.3	
Latvia	2000	25	28	43	4	83.2	77.8	67	64.9	2-3	40-60	
Lithuania	DC, AF, AR=2001; FA=2000	27	34	32	7	78.9	76.3	71.8	72	2-3	70.9	
Luxembourg	DC, AR=2001; FA=1999	27.3	72.7	72.7	72.7	100	100	100	100	Nav	81.1	
Malta	1995	25.5	22.2	43.1	9.1	99	97.7	96.6	0.7	5	Nav	
Netherlands	DC, AF=2002; AR=2000	20	27	53	11.6	100	100	100	90	4.2	Nav	
Poland	DC, AF, AR=2002; FA=1991	23.2	26.9	37	0	92.5	80.6	80.8	71.4	3.7	49	
Portugal	1991	24.4	31.2	44.2	0	87.2	88.8	82.2	Nav	Nav	Nav	
Romania	2002	Nav	Nav	Nav	Nav	53	53	Nav	Nav	2.6	Nav	
Slovakia	2001	11.5	35.2	46.6	6.7	94.7	60.2	62.2	76.3	3	40-60	
Slovenia	2002	23.4	39.8	28.9	7.8	98.5	93	92	78.6	3	74.6	
Spain	2001	22	29.8	34.3	13.8	98.6	96.8	Nav	53.2	5	76-90	
Sweden	DC=2002; AF=2000; AR=1990; FA=1996	21	43	28	6	100	100	100	100	4.2	71	
Turkey	AR=2000	Nav	Nav	Nav	Nav	94.7	88	94.9	100	Nav	80-100	
United Kingdom*	1991	41	22	38	0***	Nav	Nav	Nav	Nav	Nav	Nav	
Mean (R)	N/a	28.8	34.8	37.6	8.2	93.3	88.2	88.7	72.7	3.6	76.5	

Source: additional information was sourced in the United Nations Economic Commission for Europe (2002).

Table 1.4.4 Key Housing Policy Statements and Aims and Housing Policy Development and Implementation Agencies in European Countries

Country	Key Housing Policy Aims	Policy Development Agencies	Policy Implementation Agencies
Austria	Housing policy is based on the principle of society's responsibility for housing supply and on the idea that housing as a basic human need should not be subject to free market mechanisms.	Central and regional government	Regional Government
Belgium	The aim is to promote home ownership and provide sufficient social housing.	Central government and the three regional governments for the Flanders, Wallonia and Brussels-capital regions	Local authorities, the housing associations, public service housing associations, housing funds and social service agencies for each region
Bulgaria	The national housing strategy for Bulgaria, adopted in 2004, specifies that the key aims of housing policy are: to halt the process of deterioration in the quality of the existing housing stock and to introduce mechanisms for the provision of new accessible dwellings (owned and rented).	Central government	Central government, the Agency for Energy Efficiency and the local authorities
Cyprus	Nav	Central government	The Cyprus Land Development Corporation and the Housing Finance Corporation
Czech Republic	The aim is to create conditions under which every household is able to secure adequate housing, appropriate to its needs and financial situation, either by its own means or with the State's assistance.	Central government	Local government
Denmark	The main aim of the Danish housing policy is – through a comprehensive supply of housing – to ensure that good and healthy housing is available to all of the population.	Central government	Central and local government
Estonia	The aim is to provide all Estonia's residents with an option to choose their place of dwelling and to create conditions in the housing market (through legal regulation, institutional regulation and support measures) that would allow owners, tenants and citizen-initiated housing organisations to solve their problems independently and to carry out individual housing strategies.	Central government	Central government, local government and the Estonian Credit and Export Guarantee Fund (KredEx)
Finland	Housing policy in Finland aims to ensure a socially and regionally balanced and stable housing market, to eliminate homelessness, to improve the quality of housing, to ensure that housing is available at reasonable cost by constructing social housing and to make it easier for people and families to find housing that corresponds to their current housing needs.	Central government	The Housing Fund of Finland and local authorities
France	Housing policy in France is predicated in the assumption that, in order for each person to be housed according to his/her wishes, action must be taken on each link in the housing chain. This includes: facilitating home ownership and stimulating private rental and social housing output.	Central and local government	Local government
Germany	The aim is to promote owner occupation and devise the range of housing policies necessary to address the increased regional differentiation of housing markets.	Nav	Nav
Greece	Housing policy in Greece aims at the provision of financial assistance for first-time acquisition of housing through tax benefits and interest rate subsidies; direct provision of low-cost, new owner-occupied housing to workers and cash allowances to renters; improvement of older and new residential areas; public support for the housing of natural disaster victims (e.g. earthquakes) and categories of special need (e.g. refugees, immigrants, Gypsies).	Central government	Nav
Hungary	Nav	Nav	Nav
Ireland	The aim is to enable all households to have available an affordable dwelling of good quality suited to its needs, in a good environment and, as far as possible, at the tenure of their choice.	Central government	Local government
Italy	Nav	Central government	Local government
Latvia	<i>The Concept Paper on Housing Policy</i> , published in 1996, defines the main task of national housing policy as the advancement of access to good-quality housing for all residents at a reasonable cost.	Central government	The Housing Agency
Lithuania	The key objectives of the Government's housing programme entitled Dwelling, are: to encourage private initiative, including joint public-private initiative, in the fields of housing construction and apartment supervision; to develop the housing market while maintaining a level of non-commercial housing; to promote good dwelling design and to encourage the insulation and physical renewal of dwellings.	Central government	Nav
Luxembourg	The most recent statement on housing policy, issued 1999, commits the Government to '... conducting an active housing policy in close collaboration with the communes and public developers'. Within this context, the statement pledges that particular attention will be paid to land management and to land speculation, the creation of rehabilitation zones and increasing social housing output.	Nav	Nav
Malta	Housing policy aims at encouraging home-ownership; providing decent housing for all; subsidising the adaptation and repair of dwellings; providing subsidised rented accommodation for low-income and other target groups; developing the affordable housing building programme; stimulating the rental market and the use of vacant housing stock; increasing the accessibility of residential premises; providing sheltered housing for the target groups; and encouraging collaboration between private and non-governmental enterprises in accessing cheaper land for housing and improving the maintenance of the social housing stock.	Central government and the Housing Authority	The Housing Authority and the Planning Authority
Netherlands	The aim is to accelerate the restructuring of neighbourhoods and housing production, especially in cities; to achieve and maintain a sound, sustainable living climate; to tackle unsafe and run-down neighbourhoods and to prevent other areas from declining in this way; to promote home-ownership; to make city living more attractive for middle and higher income households and to ensure that housing is affordable.	Central government	Nav
Poland	Nav	Central government	Ministry of Infrastructure
Portugal	Article 65 of the Portuguese constitution defines the right to housing. Within this context, the Government is required to adopt a housing policy which ensures that all citizens have access to adequate housing, and to provide the resources and instruments necessary to implement this policy.	Central government	National Housing Institute
Romania	Housing policy aims at promoting sustainable urban development and environmental protection; complying with the European standards regarding standard of living; enabling co-operation between central and local authorities; improving the urban infrastructure; promoting a balance between the market price of dwellings and average family income; providing social protection for young families and low-income households; avoiding social segregation; and facilitating investment in housing.	The Ministry of Transport, Construction and Tourism	The National Housing Agency
Slovakia	The aim is to modify support measures for housing development so that they provide appropriately differentiated State support for construction intended for the various income groups within the population.	Central government	The Ministry of Construction and Regional Development
Slovenia	The National Housing Programme for the period 2000-2009 aims to enable the construction of 10,000 new dwellings annually, to meet all housing needs in the country, including social housing needs.	N/a	Housing Fund of the Republic of Slovenia
Spain	In recent years the key aim of the Central Government housing financing plans has been to increase the proportion of rented dwellings in the Spanish housing stock.	Central and Regional government	Regional and local government
Sweden	Housing policy aims at the supply of high-standard, affordable housing.	Central and local government	Local government
Turkey	Articles 57 of the Turkish Constitution States: 'The State shall take measures to meet the needs for housing within the framework of a plan which takes into account the characteristics of cities and environmental conditions and supports community housing projects.' Article 56 states that 'every citizen has the right to live in a healthy and balanced environment'.	The State Planning Organisation, the Housing Development Administration, the Ministry of Public Works and Settlement	Housing Development Administration and regional government
United Kingdom	Nav	Office of the Deputy Prime Minister (for England), Scottish Executive, National Assembly for Wales, the Northern Ireland Assembly	Local authorities

housing stock – the standard of dwellings. It reveals that the differences between the quality of dwellings in the long-standing EU members, as compared to the new and applicant members, are greater than the variations in housing availability, highlighted above.

TABLE 1.4.3 indicates that dwellings in the 28 countries under examination contain an average of 3.6 rooms and have an average floor area of 76.5 m². In the case of the 15 long-standing EU members these figures rise to 4.4 rooms and 84.2 m², but these averages fall to 3.6 rooms and 72.9 m² in the case of the 10 countries which acceded to EU membership in 2004. More detailed analysis reveals that the average figures for floor space and number of rooms of dwellings in the new EU member States are skewed by the inclusion of Cyprus, because dwellings in this country are comparatively generously sized. Among the 8 CEE countries which joined the EU in 2004 the average floor area of dwellings is 58.1 m² and dwellings contain 3.2 rooms on average.

The variations between the availability of basic facilities (such as running water and central heating) in dwellings in the 15 long-standing EU member States and the new and applicant members are also significant. Among the long-standing 15 EU member States, 98.4% of dwellings have running water, 97.8% have a lavatory and 96.8% have a bath or shower. The equivalent figures for the 10 new EU member States are 91.1%, 82.6% and 80.8% respectively. Moreover, the inclusion of Malta and Cyprus, where the proportion of dwellings with basic facilities is comparatively high, increases these average figures considerably.

1.4.2 Policy

TABLE 1.4.4 summarises the key aims of housing policy in the 28 countries under examination. In most cases these statements of aims are derived from the policy programmes of current governments. However, several of the new EU member States and applicant countries have devised detailed national housing policy statements which specify the objectives and the arrangements for implementation of housing policy

over an extended period. The countries in this category are: Bulgaria, Estonia, Latvia, Lithuania, Slovakia and Slovenia. Similarly, in Spain, Central Government housing policy objectives are outlined in housing financing plans which are produced on a regular basis, while both the Portuguese and Turkish national constitutions include clauses pertinent to housing policy-making.

Information on housing policy development and implementation agencies in European countries is also included in TABLE 1.4.4. This indicates that in most of the countries under examination, housing policy-making is a central government responsibility. Austria, Belgium, France, Spain and Sweden are exceptions to this rule, because under their federal systems of government, responsibility for this area is shared by central and regional or local government. In the United Kingdom, devolved administrations are responsible for housing policy-making in Wales, Scotland and Northern Ireland. In the majority of European countries, housing policy is implemented by local or regional government. However, TABLE 1.4.4 reveals that in several of the countries which joined the EU in 2004, designated bodies have been established to carry out this work. These are: Cyprus, Estonia, Latvia, Malta, Slovenia and Turkey. Organisations with a similar remit also exist in Finland and Portugal.

Section 3 of this report includes a detailed review of recent housing policy developments in European countries. This review highlights a number of pan-European housing policy trends, which are common to the majority of the 28 countries under examination. Other issues are currently the focus of policy interventions in a specific group of countries (international policy trends), or in a single European country (national policy trends).

Unbalanced housing demand and supply, and related affordability problems particularly in the major cities, is currently the focus of policy initiatives in the vast majority of European countries. However, the extent and nature of this problem varies between countries as do the policy interventions it has inspired. Unbalanced housing demand and supply exists across the housing

market as a whole, and is currently a key concern of policy makers in Finland, the Netherlands, Ireland, Luxembourg and Spain. In order to address this problem, the Irish, Dutch and Finnish governments have increased investment in the servicing of building land and have improved the capacity of the spatial planning system in an effort to increase new housing output. The Finnish Government has also introduced new types of co-operative ownership housing for households who cannot afford full home ownership. In Luxembourg a reduced rate of capital gains tax payable on the sale of land or apartment blocks has been introduced for a limited period. If these fiscal measures do not lead to the release of more land for house building, the Government intends to introduce a progressive land tax to penalise the speculative retention of sites by land owners. In most of the other countries, housing policy interventions have been introduced to address disequilibrium in specific segments of the housing market or regions of the country. In this vein, the *Sustainable Communities Plan*, which was published by the United Kingdom Government in 2003, aims to increase the provision of high-quality and affordable housing in areas of high demand and to tackle the housing shortage in London and the South East by providing for major growth in designated areas. In Cyprus the Cyprus Land Development Corporation and the Housing Finance Corporation are tasked with enabling low-income families to access housing. In addition, as was mentioned earlier in this Section, in several countries the converse problem of vacant and abandoned housing and low housing demand is also the focus of attention from policy makers.

Measures to promote the renovation and improved maintenance of the housing stock have also been introduced in most European countries in recent years. Among the long-standing EU member States, the refurbishment programmes introduced in Ireland and the United Kingdom are distinctive because both target the social housing sector. Ireland, Luxembourg, Germany and Portugal have also established more wide-ranging refurbishment programmes, which address other housing tenures. Policy makers in many of the new member States and applicant countries are

concerned about refurbishment of the housing stock, most especially the portion comprised of apartment buildings constructed between the 1950s and 1980s using system building methods. As a result of poor initial construction standards and long-standing neglect of maintenance, these dwellings now require extensive refurbishment. However, the task of improving them is encumbered by pressures on government finances combined with the fact that after the privatisation measures, mentioned earlier, many of these dwellings are now in the ownership of private individuals who may lack the means and/or the organisational capacity to arrange the requisite repairs. In order to address this problem, compulsory reserve funds were introduced in Slovenia in 2002. These will oblige all apartment owners to accumulate funds through monthly deposits for the maintenance and renewal of blocks. The Czech Government has established three programmes to fund the upgrading and repair of the prefabricated panel buildings which are common in its housing stock. In Romania two new schemes for improving the existing housing stock have been introduced. These fund the retrofitting of multi-storey housing in areas at high risk of earthquakes and the refurbishment of buildings to minimise thermal energy loss.

Apart from these two issues which are of concern to policy makers across Europe, there is a perceptible difference between the recent housing policy developments in the 15 countries which were EU members prior to 2004, compared to the 10 new EU members and the three applicant countries. Amongst the latter group, policy makers in the 8 CEE countries which joined the EU in 2004, and in Bulgaria and Romania, share a particularly discrete set of concerns. This phenomenon reflects the distinctive political histories and recent economic and demographic development of these countries in comparison with the 15 long-standing EU members.

In many of the 15 long-standing EU members, housing policy currently places significant emphasis on expanding the stock of private rented housing, which is recognised as an important resource, particularly in the major cities where rents are high and housing affordability is consequently lower. In response, the

Danish, Swedish and French governments have introduced incentives intended to encourage investment in this sector. The management of social rented housing and its increasingly residual nature in socio-economic terms is also identified as a key issue in housing policy statements in many of the long-standing EU members. As a result, the governments of the Flanders and Wallonia regions of Belgium, Luxembourg, Ireland and Denmark, are endeavouring to promote a more diverse spatial mix of different housing tenures, in an effort to reduce the social exclusion of disadvantaged groups. In addition, a range of reforms to arrangements for social housing provision and management has been introduced. In Denmark, for instance, in recent years housing policy has placed increased emphasis on the involvement of the private sector in providing and managing social housing by means of public-private partnership arrangements. The regional governments in Belgium are working to enhance co-operation between the various associations which provide social housing, and if necessary encourage their geographical relocation in order to ensure that social housing needs in all parts of the country are adequately addressed. In Finland the income limits for access to social housing have recently been increased. Socio-economic deprivation and the associated physical dereliction of housing in inner-city areas is also a focus of intervention by governments in several of the longstanding EU member States. Thus, in many of these countries a range of urban renewal measures has been introduced in recent years, typically involving tax incentives to encourage the provision of new and refurbished housing in these locations. The Netherlands is notable for the particularly large number of urban renewal initiatives in operation. Many of these were originally proposed in the Government policy statement *What People Want, Where People Live*, published in December 2002.

In contrast, housing policy makers in Bulgaria, Estonia, the Czech Republic, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia and Romania are primarily concerned with responding to the effects of the sale of formerly State-owned housing. One of these effects is a shortage of social rented units in many CEE countries, which policy makers are attempting to address by increasing the output of dwellings in this

tenure. The private rented sector in many of these countries is also very small and, in the view of many policy makers, its further development has been impeded by rent control measures. Thus, the Slovakian Government has recently liberalised the regulation of this sector and the Polish and Estonian governments are also currently considering potential reforms in this regard. The comparative under-development of the private mortgage lending market is of concern to policy makers in several of the new EU member States, on the grounds that this deficiency has hindered the provision of new private housing because neither potential property developers nor home buyers can access the requisite finance. In response, the Polish, Slovenian and Slovakian governments have all funded low interest loan schemes to enable households and social housing providers to build or renovate dwellings. In Estonia government intervention in the mortgage market has taken a distinctive form – the State Bank guarantees a proportion of mortgages raised by specified types of households from commercial lenders.

As was mentioned above, policy makers in a number of countries face specific issues which are not of concern in other European countries but are very significant in the national context. For instance, in Turkey managing the aftermath of the major earthquake which occurred in 1999 in the Marmara region of the country is a key concern for government, as is dealing with unauthorised ‘squatter’ dwellings and discouraging further developments of this type in the future. As part of their negotiations regarding accession to the EU, the Maltese and Czech governments have introduced measures to restrict the purchase of second homes. In Cyprus the Government has introduced a number of measures to house families which are refugees as a result of the partition of the island in 1974.

1.4.3

Outcomes

Demand for housing at the national level significantly exceeds supply in more than half of the countries examined in this review. However, the severity of the demand/supply imbalance varies extensively between countries. Broadly speaking, problems in this regard

are less severe in the 15 long-standing EU member States. Rising numbers of households, usually associated with falling average household size, are a key driver of housing demand in all the European countries where the market is not in equilibrium. In several of the new EU members, the size and quality of the existing housing stock is also a significant driver of housing demand. In these countries, the expected future development of the mortgage market will also inflate housing demand by facilitating house purchase on a large scale. The governments of the vast majority of the 28 countries reported localised housing shortages, which affect specific regions of the country or parts of the housing market.

Housing is supplied through three mechanisms: new construction, the conversion of non-residential buildings to housing use and the rehabilitation of obsolete dwellings. In all 28 countries, the first of these three mechanisms makes the biggest contribution to new housing supply. However, the level of housing construction varies internationally.

Trends in new house building in 2000 are sketched in FIGURE 1.4.1. In this graph, Portugal, Spain and the Republic of Ireland are categorised as ‘high output’ countries, on the grounds that they

had by far the largest housing output per capita in Europe. Conversely, levels of new house building in a number of countries are categorised as low in the wider European context. The countries in this category are Bulgaria, the Czech Republic, Hungary, Latvia,

Lithuania, Poland, Romania, Slovakia and Sweden. It is interesting to note that, with the exception of Sweden, all of the countries in this category are in Central and Eastern Europe. In most of these countries housing output rates dropped sharply after their

Figure 1.4.1 Annual Dwelling Unit Completions per 1,000 Population in European Countries, 2000

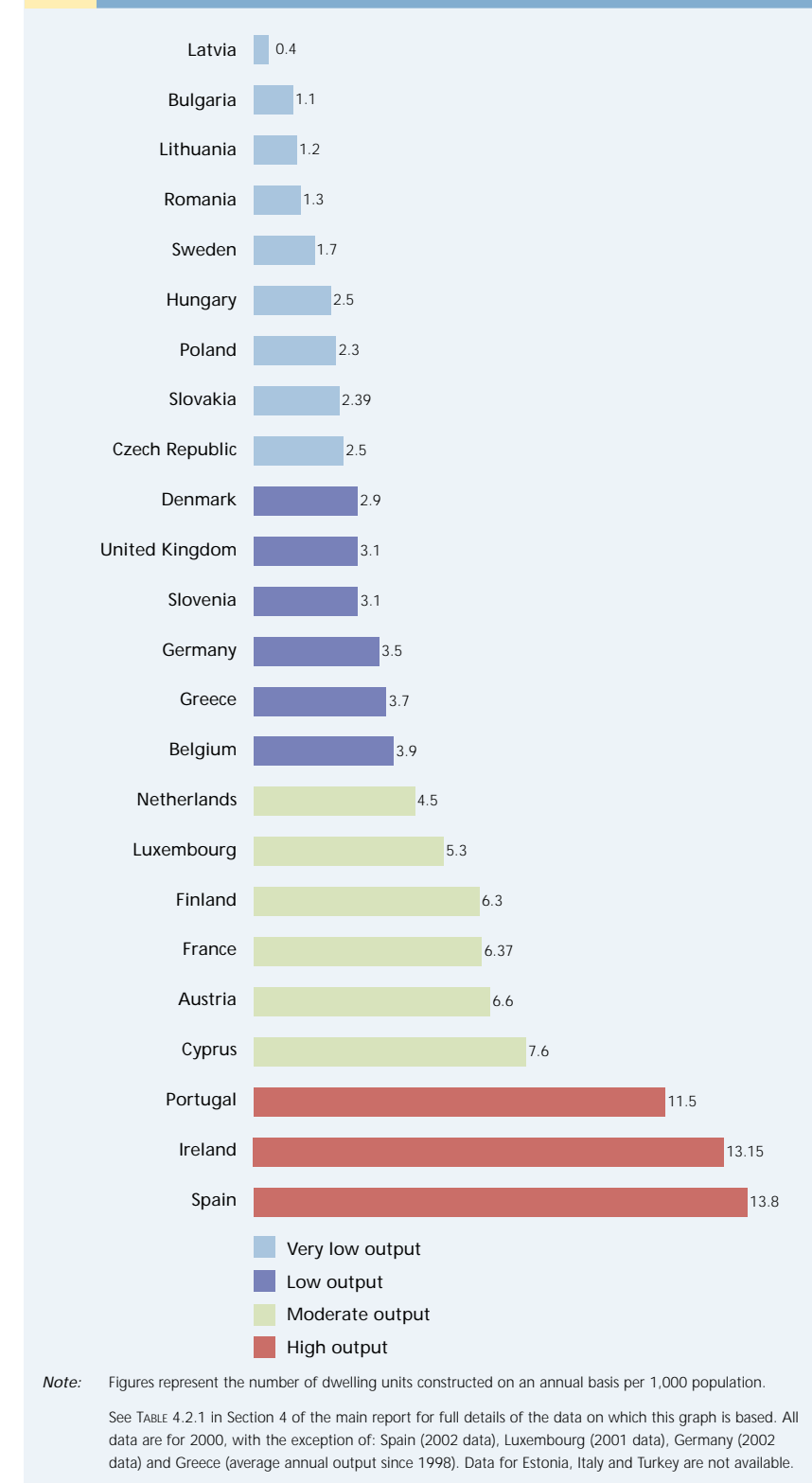


Table 1.4.5 Disequilibrating Factors in Housing Markets in European Countries up to 2004

Country	Disequilibrating Factors
Austria	Reduced central government subsidies towards local government supports for house building and refurbishment may reduce supply and increase prices.
Bulgaria	Low household incomes mean that demand for housing is not supported by purchasing power and consequently supply is low.
Cyprus	The continually rising construction cost is due to the general rising cost of land materials and petrol, and lack of availability of labour.
Czech Republic	The lack of private sector involvement in rental housing construction is compounded by the impact of rent control measures and shortcomings in government supports for housing construction.
Denmark	Rent control inhibits mobility in the housing market and discourages the construction of private rented dwellings.
Estonia	The impact of the planning process, particularly in rural areas, means that the building process is quite a time-consuming activity.
Finland	Low interest rate environment drives demand for owner-occupied housing. There is insufficient construction in high demand areas. Increasing land prices impede social house building.
France	There is over-supply of social housing and affordable private housing in some areas and under-supply in others. Demand for second homes has led to problems for local residents.
Germany	There are increases in development land prices, particularly in the west of the country.
Hungary	Limited mobility is evident among existing home owners. Low average incomes mean that demand is not supported by purchasing power.
Ireland	Factors include: high inflation and shortage of skills in the construction industry, shortage of serviced building land in high demand areas and capacity problems in the spatial planning system.
Italy	Supply of rental accommodation is insufficient to meet demand. There are housing access problems among disadvantaged groups and problems with the provision and management of social housing.
Latvia	Low household incomes mean that demand for housing is not supported by purchasing power; other factors include insufficiently developed financial system and legislative arrangements; construction of non-residential developments rather than dwellings.
Lithuania	There has been a sharp reduction in construction activity, due to a fall in direct funding by the State for this sector and the failure of the private sector to compensate for the withdrawal of funding. Low average incomes mean demand is not supported by purchasing power. The costs of new infrastructure are high. There is a limited supply of development land and there are unresolved issues in relation to land restitution. Local authorities are slow in preparing land-use planning documents.
Luxembourg	Demand is compounded by population growth and a rising number of households. Supply has been restricted by the high price of development land and high construction costs. An increasing number of households are encountering difficulties in securing finance for a new building.
Malta	Factors include: shortage of land for development and a limited use of high-rise construction; high levels of vacant and dilapidated properties unavailable to those in need of housing. Although rent control legislation has been liberalised, remaining provisions in this regard are still distorting the market.
Netherlands	Economic stagnation has made consumers unwilling to invest in housing. Therefore selling and buying dwellings in the more expensive segment of the market has become more difficult. This has led to a lack of mobility in the housing market which has impeded access by new households.
Poland	There are problems in accessing mortgage credit.
Portugal	Factors include: scarcity of building land and high land prices in areas of high housing demand; excessive bureaucracy associated with construction.
Romania	Factors include the high cost of building materials caused by a monopoly in the construction sector, and high tariffs on imported materials; inadequate supply of development land in urban areas.
Slovakia	Low household incomes restrict demand. Other factors include: limited availability of serviced building land in high demand areas, indeterminate ownership status of land; insufficient supply of affordable housing suitable for first-time buyers and older people.
Slovenia	Factors include: difficulties in financing construction and inadequate supply of serviced building land, particularly in urban areas.
Spain	There is a limited supply of development land in cities where demand is greatest.
Sweden	Factors include: a low housing output in high demand areas caused by a shortage of serviced land and high building costs; impediments related to the planning system including the level of appeals and the reluctance of some local authorities to increase the local population for fear of rising costs for municipal services.
Turkey	There are difficulties arising from procurement legislation such as the need for a very lengthy bidding process. Lack of availability of mortgage loans and finance, and of land, has impeded private and public sector construction.
United Kingdom	There is a shortage of skilled workers in the construction industry, particularly in the home building sector.

Note: A more detailed version of this table is included in Section 4 of the main report. Information for Belgium and Greece is not available.

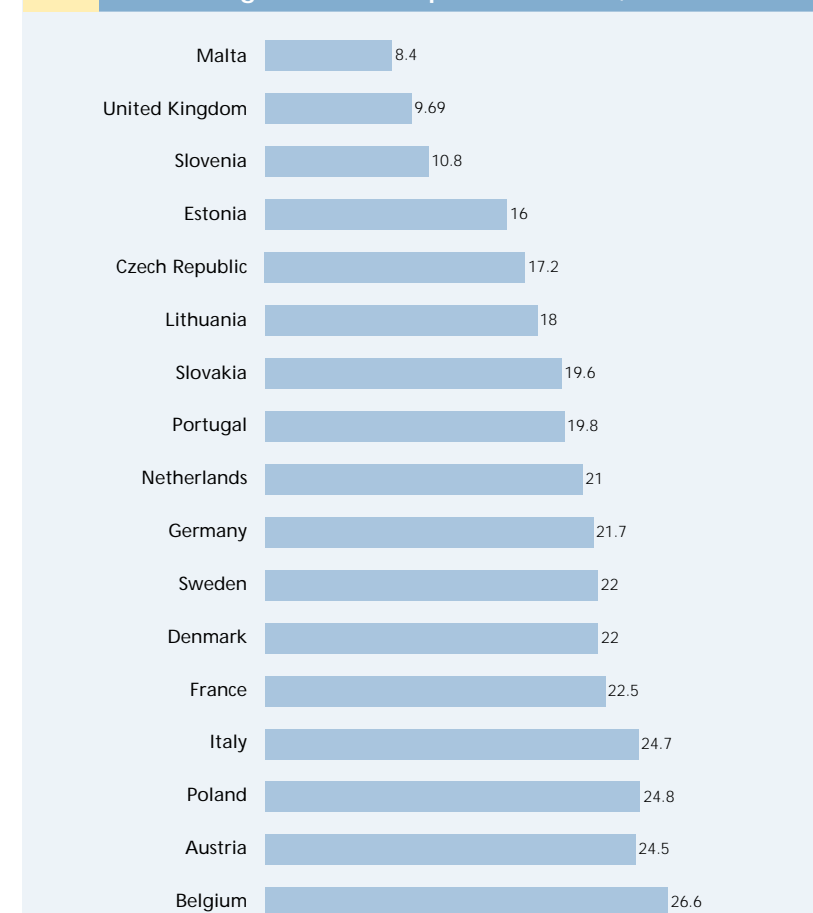
political and economic reorganisation in the early 1990s and have not since returned to the levels of earlier decades.

Section 4 of this report reveals that in recent years new housing output across Europe has been dominated by the private sector and that there has been an associated decline in social housing construction in both relative and absolute terms. In most countries the majority of new housing construction takes place in urban areas, although in the countries surrounding the Mediterranean, output of second homes adjacent to holiday resorts is also high. However, in most European countries, the level of new house construction in the largest and most economically successful urban areas falls short of demand.

In the survey on which this report is based, a wide range of causes of housing market disequilibrium were identified by housing ministries. These include:

- the relative inelasticity of housing supply changes in response to demand fluctuations;
- overall economic and demographic conditions which dictate the strength of housing demand;
- specific government policies that have either curtailed or augmented the demand for, and supply of housing;
- scarcity of development land, particularly in urban areas;
- the operation of land-use planning, procurement and building control systems;
- rent controls which are a significant impediment to investment in the private rented sector, and

Figure 1.4.2 % Share of Household Income or Expenditure Devoted to Housing Costs in European Countries, Various Years



Note: The methods used to assess housing expenditure varies significantly across Europe. See TABLE 4.8.1 in the main body of this report for full details of the data on which this graph is based.

- increasing construction costs and a lack of suitably skilled labour.

The specific disequilibrating factors which are of most significance in the individual countries under examination are summarised in TABLE 1.4.5.

The interaction between housing supply and demand also has implications for housing affordability. The available information on the proportion of income or expenditure which households in European countries devote to housing expenditure is summarised in FIGURE 1.4.2. However, variations in the methods used to assess housing expenditure mean that direct comparisons between countries can be made on the basis of this information. Nevertheless some broad trends can be identified. One clear trend evident from

Table 1.4.6 Mortgage Interest Rates in European Countries, Various Years

Country	Year	Mortgage Interest Rate (%)
Austria	2002	Average 5.13; 1 year fixed rate: 5.16 to 5.92; 1 to 5 year fixed rate: 4.58 to 4.94; more than 5 year fixed rate: 4.86 to 5.39
Belgium	1999	20 year fixed rate: 7.4; 10 year fixed rate: 6.55
	2002	20 year fixed rate: 5.62; 10 year fixed rate: 6.10
	2004	Variable rate: vary from 3.5 to 6.5
Bulgaria	2000	4
	2001	4.6
	2001	4
Cyprus	Recent years	From 6 to 8
	2002	6.2
Czech Republic	2002	6.2
Estonia	2003	Beginning of the year: 7.4 (EEK denominated), 6.8 (€ denominated). End of the year: 4.6 (EEK denominated), 5.3 (€ denominated)
Finland	2004	Rate in January: 3.21 (new mortgages), 3.51 (existing mortgages)
France	1998	6.60 to 6.10
	2000	6.4 to 5.90
	2002	6.2 to 5.89
	2003	3.55 to 5.20
Greece	2001	6.5 (standard nominal floating rate)
Germany		2003 Rate for 10 year mortgage loans: 5
Ireland	2002	End of the year, standard variable mortgage rate: 3.85 to 4.7
	2003	End of the year, standard variable mortgage rate: 3.3 to 3.6
Italy	Nav	20 year fixed rate: 5.50 to 6.50; variable rate 3.30 to 4; mixed rate: 4 to 5.50
Latvia	Nav	20 year mortgage for 75 to 85% of the property value: 6.5 to 12.
Lithuania		2003 3.5 to 4.5
Luxembourg	2003	Interest rate for commercial mortgages in August: 3.85; interest rate for social loans in August: 2.85
Malta	2004	Base interest rate: 3
Netherlands	2003	Interest rate for a 10 year State loan: 4.1
Poland	2002	Central bank discount interest rate: 5.75; Commercial bank interest rates: 7
Portugal	2001	6.1
	2002	5
	2003	4.4
Romania	2004	ROL denominated mortgages: 17 to 35; € denominated mortgages: 7.5 to 14; US\$ denominated mortgages: 7.18 –12.5
Slovakia	2001	Average lending rate of commercial banks: 10.22
	2002	Average lending rate of commercial banks: 9.43
	2003	Average lending rate of commercial banks: 8.1
Spain	2001	effective mean mortgage interest rate for all credit institutions: 4.852
	2002	effective mean mortgage interest rate for all credit institutions: 4.380
	2002	effective mean mortgage interest rate for all credit institutions: 3.458
Sweden	2002	Central bank interest rate for February: 2.5
Turkey	Nav	12 months: 2.25; 24 months: 2.45; 36 months: 2.15
United Kingdom	2000	Bank of England Base Interest Rate: 6.0
	2001	Bank of England Base Interest Rate: 4.0
	2002	Bank of England Base Interest Rate: 4.0

Note: Data for the following countries are not available: Denmark, Hungary, Slovenia. In some countries a significant proportion of mortgages are denominated in foreign currencies. Where this is the case details of the interest rates levied on mortgages of this type are also supplied. A significant number of countries did not specify whether mortgage interest rates were fixed or variable.

Table 1.4.7 House Prices in European Countries, 1999-2003

Country	Category	1999	2000	2001	2002	2003
Belgium	Number of dwellings sold	75,469	69,082	68,276	70,893	Nav
	Average sale price (€)	76,800	79,700	83,600	89,100	Nav
Czech Republic	Average purchase price per m ₂ for family homes (CZK)	Nav	948	1,006	1,110	Nav
Denmark	Single family houses (1,000 DKK)	955	1,047	1,105	1,144	Nav
	Owner occupied apartments (1,000 DKK)	716	810	908	984	Nav
Finland	Annual nominal price increase (%)	Nav	Nav	Nav	8	6
France	Average price per m ₂ for apartments (€)	1,965	2,025	2,114	2,245	Nav
	Sale price of single family houses (€)	136,700	154,300	159,600	172,000	Nav
Ireland	Average sale price of new dwellings (€)	148,521	169,191	182,863	198,087	224,567
	Average sale price of second hand dwellings (€)	163,316	190,550	206,117	227,799	264,898
Italy	Increase in real estate purchase prices (%)	Nav	Nav	Nav	8	3
Latvia	Average apartment price – 1 room, cities (LVL)	Nav	Nav	Nav	Nav	9,200
	Average apartment price – 2 rooms, cities (LVL)	Nav	Nav	Nav	Nav	20,450
	Average apartment price, 3 rooms, cities (LVL)	Nav	Nav	Nav	Nav	28,150
Luxembourg	Price of single family houses (excluding land)	Nav	269,200	279,900	Nav	Nav
	Price of apartments (excluding land)	Nav	122,000	125,800	Nav	Nav
Malta	Average sale price – all dwelling types (MTL)	Nav	67,250	Nav	Nav	Nav
Netherlands	Average sale price of owner occupied dwellings (€)	Nav	197,000	Nav	223,000	Nav
Spain	National average price per m ² – all dwellings (€)	Nav	907.2	1,046.9	1,220.9	Nav
Sweden	Change in index of house prices (base 1990 = 100)	117	130	140	149	Nav
United Kingdom	Change in index of house prices, first quarter (base Q1 2000=100)		72.1	83.6	92.1	100
			123.4			

Note: Data for the following countries are not available: Austria, Bulgaria, Cyprus, Estonia, Greece, Germany, Lithuania, Poland, Portugal, Romania, Slovakia, Slovenia and Turkey.

the data is that the proportion on household income devoted to housing costs is significantly higher in the long-standing 15 EU member States than in the new member States and applicant countries. However, additional information examined in *Section 4* of this report indicates that, in terms of housing affordability, these two regions of Europe are converging. *Section 4* also reveals that in most European countries low-income households devote a higher proportion of their income to housing costs than their higher income counterparts.

The high levels of owner occupation in a majority of European countries mean that mortgage interest rates and house prices are a key determinant of housing affordability. TABLE 1.4.6 illustrates the recent trends in relation to the first of these issues. It reveals that there has been a substantial reduction in interest rates in many of the long-standing EU member States, to the extent that in some cases interest rates are currently at a historic low. The timing of these reductions in mortgage interest rates is coincident with the adoption

of the Euro as a single currency by 12 of the countries under examination and also with falling interest rates at the global level. This trend has in turn underpinned strong demand for housing and has contributed to a marked increase in the volume of mortgage lending. However, TABLE 1.4.7 reveals that in many cases it has also driven inflation in house prices. A number of countries, including Ireland, Spain and the United Kingdom experienced very high levels of house price inflation between 2000 and 2003. As is explained in *Section 4* of this report, despite the growth in mortgage lending, the new EU member States in Central and Eastern Europe are distinguished by an underdeveloped and embryonic mortgage market system, restricting access to private housing for the majority of their population seeking to enter the housing market.

Public investment in housing is obviously related to the policy developments discussed earlier in this Section. In recent years, total government expenditure on housing has increased but at the same time, direct State expenditure on housing has declined, in favour of the growth of indirect expenditure, either through State-secured loans or tax incentives. The recent increase in public investment has been mainly channelled into increasing the supply of social and private rented housing, renovation measures and government intervention in mortgage lending.

The proportion of total State investment that is allocated to housing varies considerably between the countries reviewed. TABLE 1.4.8 illustrates the differing proportion of total State expenditure that is directed towards housing in the European countries for which data are available.

Table
1.4.8

Proportion of State Expenditure devoted to Housing in European Countries, Various Years

Country	Year	% State expenditure allocated to housing
Bulgaria	Early 2000s	1
Denmark	2003	1.9
Finland	2001	4.4
Latvia	Early 2000s	5.4
Luxembourg	2004	1.3
Malta	2003	0.4
Poland	2002	0.9
Romania	2004	1.3
Slovakia	2004	2.5
Spain	2003	2.6

Note: Data for Latvia may not be as comparable to other countries as the categories amenities and environmental protection are included with housing in terms of State expenditure. Data for the following countries are not available: Austria, Belgium, Cyprus, Czech Republic, Estonia, France, Greece, Germany, Hungary, Ireland, Italy, Lithuania, Netherlands, Portugal, Sweden, Turkey and the United Kingdom.

Section 2

Context

2.1 Introduction

This Section details the principal aims of housing policy in each of the 28 European countries included in this review, together with arrangements for housing policy formation and implementation. The characteristics of the national housing stock are also outlined and information on macro-level economic and demographic trends in the countries under examination is provided. This information is presented on a country-by-country basis, in alphabetical order. It is envisaged that this information will help to contextualise the detailed material on housing policy developments and consequent housing outputs in European countries which is presented in Sections 3 and 4 of this report, respectively.

2.2 Austria

2.2.1 *Policy Making and Implementation*

Austrian housing policy is based on the principle of society's responsibility for housing supply and on the idea that housing as a basic human need should not be subject to free market mechanisms. This implies that a sufficient amount of dwellings should be available even at times when demand is supported by the means to purchase. In order to realise these principles, the government in Austria has developed a range of housing policy instruments which are intended to guarantee the provision of homes to the population.

The principal housing policy instruments in Austria include: the Tenancy Law Act, Viennese Municipal Housing Schemes, the Non-Profit Housing Law, Flat Property Law, Purpose Linked Housing Construction Subsidy Act and the Housing Construction Subsidy Acts. The Housing Construction Subsidy Acts provide for three types of housing subsidies: direct subsidies (for dwellings and for individuals), indirect subsidies via subsidised building societies and housing construction banks, as well as fiscal subsidies (tax

benefits) for individuals, allowing for the deduction of annuities and interest payments as special expenses. Since the enactment of the Federal Constitutional Law of 1987, regional government holds exclusive responsibility for the 'promotion of housing and building renovation' in Austria. The funding necessary to meet this responsibility is provided by central government under the Purpose Linked Housing Construction Subsidy Act 1998. In the course of the inter-governmental transfer negotiations in 2004, the type, scope, and amount of the subsidies, and the promotion of housing, infrastructure, and measures to attain the Kyoto targets on environmental sustainability will be renegotiated and redefined.

2.2.2 *Stock*

In 2002, the stock of dwellings in Austria included 3,316,000 principal residences. This constitutes 412.4 dwellings per 1,000 inhabitants which is close to the average for the 28 countries examined in this review. TABLE 2.2.1 reveals that 56.9% of these dwellings were owner-occupied – which is a rather low rate of home ownership in the wider European context. Single-family houses were the most popular type of dwelling among this group. In 2002, 81% of Austrian owner-

Table 2.2.1 Characteristics of the Housing Stock in Austria, 2002

Category		%
Main residences by date of construction	< 1919	18.4
	1919-1944	8.4
	1945-1960	12.2
	1961-1970	15.8
	1971-1980	16.0
	1981-1990	12.7
	> 1991	16.4
Main residences by availability of utilities	Bathroom, lavatory and central heating	87.3
	Bathroom, lavatory and individual heating	8.5
	Lavatory and water in the main residence	0.9
	Water only or no utilities	3.3
Main residences by tenure	Owner-occupied	56.9
	Rented	40.3
	Other	2.8
Main residences by usable floor area	< 35 m ²	3.8
	35-45 m ²	5.8
	45-60 m ²	12.6
	60-90 m ²	33.1
	90-110 m ²	14.7
	110-130 m ²	12.0
	130-150 m ²	8.8
> 150 m ²	9.2	

occupiers lived in dwellings of this type. In 2001, 40.7% of the Austrian housing stock was rented. Disaggregated data regarding the division between private and social rented dwellings are not available.

The quality of the housing stock in Austria compares very favourably to many of the other countries examined in this review. In 2002, 96% of main residences had piped water, a lavatory and a heating system, and 87.3% had central heating. Only 3.3% of main residences lacked all these utilities or only had piped water. The average size of Austrian dwellings is close to the average for the countries under examination. In 2002, 77.8% of main residences had a usable floor area greater than 60 m².

2.2.3 *Economy*

GNP in Austria rose by 0.7% in 2003 and by 1.7% in 2004. This increase is related to increased exports and investment in equipment. In 2005, GNP is projected to grow by 2.5%.

The unemployment rate in Austria has risen slightly in recent years. In 2001, 3.6% of the 4.5% of individuals aged between 15 and 74 and actively seeking work were unemployed. By 2003 this had risen to 4.4%. Furthermore, the unemployment rate is expected to rise again to over 4.5% by 2005, mainly as a result of an increase in the foreign labour force.

The inflation rate in Austria has also been rising in recent years, although in comparison with many of the other countries examined in this review, it is relatively low. In 1999, the Harmonised Indices of Consumer Prices rose by 0.5%, but in 2001 it rose by 2.3%.

2.2.4 *Demography*

In 2001, the population of Austria stood at 8,031,000 persons. This is expected to increase to 8,400,000 by 2020, but to decrease again between then and 2050 to 8,163,000 persons. There were 3.3 million households in Austria in 2001, but this is expected to increase to 3.7 million by 2030, principally as a result of falling housing size. Single person and two person households constituted 60% of all households in 2001, but this is projected to increase to 67% by 2030.

During the decade 1991 to 2001 the population of all Austrian federal provinces grew, with the exception of Styria, where the population decreased very slowly. The provinces of Salzburg and Tyrol recorded the highest increases in population over this period – 6.8% and 6.7% respectively. Vienna recorded the lowest population increase of any province (0.7%). The peripheries of cities such as Vorarlberg, Tyrol and Vienna saw particularly rapid population growth in the 10 years to 2001, but at the same time the population of the centre of these cities stagnated. Localities with a weak urban structure and poor infrastructure, including the Northern part of Lower Austria, the Southern and Central parts of Burgenland, Carinthia, the Mur-Mürz-area, Southern and Western Styria, also experienced a population decline during this time.

2.3 **Belgium**



2.3.1 *Policy Making and Implementation*

Historically, promoting home ownership has been the key objective of housing policy in Belgium. The rationale for this policy was that it would help to avert the over-concentration of low-income groups in cities and to promote industrial peace. At the same time, from the early twentieth century until the 1970s, successive Belgian governments pursued a policy of constructing large numbers of social rented dwellings to meet the housing needs of low-income groups. This policy was reversed in the 1980s which saw marked disinvestment by government in social housing and as a result the level of social rented housing construction fell from 25% of total housing output in 1980 to 2.7% in 1989. In the 1990s, social housing construction was once again afforded higher priority by government. In 2002, social rented dwellings accounted for 5.6% of new housing output in Belgium.

At the current time, the key priorities of Belgian housing policy are as follows:

- construction of new social housing for low-income households by the public sector – the budget limits for this investment are determined by regional government, which also decides whether the dwellings will be sold or rented;
- improving the existing social housing stock;
- making part of the existing private housing stock available for social housing and reducing levels of vacant housing in order to broaden the supply of social rented dwellings;
- addressing the needs of key target groups such as households at risk, older people, families of immigrant workers and single-parent families;
- stimulating private investment in housing construction in order to increase output of dwellings for owner occupation and encourage the refurbishment and improvement of the existing private housing stock;

- establishing cross-cutting initiatives which address the following issues: linking housing and urban improvement; promoting social cohesion programmes; co-ordinating housing, town planning, education, health and employment actions; and creating multi-agency partnerships;
- strengthening the powers of local authorities to respond to local housing needs;
- setting up permanent arrangements for consultation between the various actors in the housing policy field, and
- producing qualitative information necessary to enable more effective policy development and monitoring.

Belgium is a federal State composed of three linguistic communities: French, Flemish and German speaking and three broadly associated regions: the Flemish, Wallonia, and Brussels-Capital regions. Within specified jurisdictions, the communities and the regions have the same level of power as central government and they can enact regional regulations.

Most aspects of housing policy are the responsibility of the regional governments. They hold full responsibility for devising their own housing policy and deciding on the share of the regional budget that will be allocated to housing. However, some crucial aspects of this housing policy remain under the jurisdiction of the central government, namely: the guarantee of the right to decent housing (enshrined in the Belgian Constitution in 1994), and legislation relating to private sector tenancies, interest rates and most aspects of property taxation.

In 1997 and 1998, Flanders and Wallonia respectively each passed a housing act and it is expected that the Brussels-Capital Region will do the same in the near future. The legislation, enacted in the three regions, shares much in common. For instance it defines the main aims of housing policy and each region recognises the principle of the right to housing. In addition, it also specifies the following:

- the methods that will be employed to realise this right by the various regional institutions, which have responsibility for devising and implementing housing policy;

Table 2.3.1 Characteristics of the Housing Stock in Belgium, 2001

Category		%
Dwellings by tenure	Owner-occupied	68
	Private rented	25
	Social rented	7
Owner-occupied dwellings by region	Brussels-Capital Region	41.3
	Flanders Region	72.6
	Walloon Region	68.1
Social rented dwellings by region	Brussels-Capital Region	14.3
	Flanders Region	48.2
	Walloon Region	37.5
Dwellings requiring repair by category of repair required	Eaves and gutters	22.8
	Electrical facilities	17.0
	Inner walls	18.2
	Outer walls	21.0
	Roof	20.1
	Windows	22.7

- minimum sanitation criteria within the region;
- criteria for granting and calculating the level of aid and subsidies for housing, and
- the structure and function of regional consultative councils in terms of housing.

Broadly speaking, the following agencies are responsible for housing policy implementation in each of the three regions:

- the Brussels, Flemish and Walloon Housing Associations – established in order to campaign for the right to housing and to propose concrete measures intended to ensure that this right is realised; some associations also provide housing services such as tenants' unions and programmes that work to achieve social integration through housing;
- the public service housing associations – these organisations, of which there are over 200 in Belgium, own and manage the social housing stock and work in a defined geographical area – either in a commune, in several communes or on a regional basis; their legal status varies from co-operative societies and limited companies to tenants' co-operatives. Apart from the latter (which are in a minority) the public sector is the majority shareholder; the housing associations are approved and supervised by the Brussels, Flemish or Walloon regional housing society, and their funding (which

consists mainly of grants from regional government) is also channelled through this structure;

- housing funds (Brussels, Flemish and Walloon) and the social credit housing associations (under specified conditions) – these offer reduced interest mortgage loans to enable low-income households purchase a dwelling or improve their dwelling; in Wallonia, the Walloon Social Credit Association co-ordinates the activity of associations that issue low-interest loans;
- local powers, including the communes and the Public Social Aid Centres – the latter provide social aid, including social guidance, material aid, etc. to individuals and families entitled to such aid from local government, and
- agencies with a social aim – social property agencies, social district boards, associations for promoting housing, etc.; these bodies enable various target groups (including very low-income households, disabled, large immigrant families, drug addicts, young single mothers, etc.) to access private rented accommodation at an affordable price and also provide necessary social support.

2.3.2 Stock

In 2001, the total stock of dwellings in Belgium stood at 4,095,008 or 400 dwellings per 1,000 inhabitants. As is outlined in TABLE 2.3.1, at national level 68% of this stock was owner-occupied, 25% was private rented and 7% was social rented. The level of home ownership in Belgium increased by 12% between 1991 and 2001 and is now close to the average for the 28 countries that are the focus of this report. However, tenure patterns vary significantly between the three regions of Belgium. Home ownership rates are lower in the Brussels-Capital Region and also in the larger cities in the other regions.

The quality of the Belgian housing stock has generally improved over the 20 years to 2001, although some parts of the private and social rented stock have not benefited from this general trend. The latter problem is being addressed by means of renewal and refurbishment programmes. According to the 2001 census, 80% of

Table 2.3.2 Economic Trends in Belgium, 1998-2003

Category	Year					
	1998	1999	2000	2001	2002	2003
	%	%	%	%	%	%
Increase in GDP	Nav	Nav	3.7	0.8	0.7	1.4
Average annual inflation	1	1.1	2.5	2.5	1.6	Nav
Unemployment	9.3	8.6	6.9	6.7	7.3	7.7

households were satisfied with the condition of their homes, but at the same time, as TABLE 2.3.1 reveals, some 20% of households claimed that their accommodation required repair. The proportion of properties in the latter category also varies regionally – it is significantly higher in large cities, in particular in Brussels and in the Walloon cities.

Reliable national data on the numbers of vacant dwellings are currently not available. However, the regional governments are putting in place arrangements to address this shortcoming in the parts of the country where vacancy levels are of concern. The available evidence indicates that levels of vacant dwellings vary between different localities depending on: the ratio between owner-occupation and rented housing, the age of the housing stock and the buoyancy of the local housing market. Vacancy rates are generally higher in city centre locations.

2.3.3 Economy

TABLE 2.3.2 reveals that the rate of increase in GDP in Belgium has slowed in recent years. GDP grew by 3.7% in 2000, but by 2003 the rate of growth had

Table 2.3.3 Demographic Trends in Belgium, 1981-2003

Year	Inhabitants		Households		Average household size
	No.	Rate of increase (base 1980=100)	No.	Rate of increase (base 1980=100)	
1981	9,848,000	100	3,608,000	100	2.70
1991	9,979,000	101	3,953,000	109	2.49
2000	10,239,000	104	4,209,000	117	2.39
2001	10,263,000	104	4,238,000	117	2.38
2002	10,300,000	104	4,319,000	119	2.35
2003	10,372,000	105	4,361,000	121	2.34

fallen to 1.4%. At the same time the rate of inflation has also decreased, from 2.5% in 2000 to 1.6% in 2002, as has unemployment.

2.3.4 Demography

TABLE 2.3.3 reveals that in 2003 the population of Belgium stood at 10,372,469 persons. Within the

county, this population was distributed as follows:

- 9.4% of inhabitants lived in the Brussels-Capital Region (BCR);
- 58.0% of inhabitants lived in the Flanders Region, and
- 32.6% of inhabitants lived in the Wallonia Region.

Belgium is a highly urbanised country and consequently its population density is comparatively high at 340 inhabitants per km². The density of population varies between different parts of the country, however, from 199 inhabitants per km² in Wallonia, to 439 inhabitants per km² in the Flanders region, rising to a high of 5,820 inhabitants per km² in the Brussels Capital region. In recent years the populations of the centres of large cities, particularly Brussels, have fallen while their peripheries have sprawled, but this trend appears to be moderating.

Since 1981 the rate of population growth in Belgium has been low and the population growth that has occurred is the result of immigration rather than natural increase. During 2002 positive net immigration

contributed 31,192 persons (or 0.31%) to the national population, whereas excess of births over deaths contributed just 5,583 persons, or 0.05%. At the same time, however, the number of households in Belgium has risen dramatically over the period 1981 to 2003 as a result of falling household size. Average household size in Belgium fell from 2.70 to 2.34 persons in the 20-year period to 2001.

2.4 Bulgaria

2.4.1 Policy Making and Implementation

A national housing strategy for Bulgaria was adopted by government in 2004. According to this document the key aim of Bulgarian housing policy is to achieve the following:

- halt the process of deterioration in the quality of the existing housing stock, and
- introduce an operational mechanism for the provision of new accessible dwellings (owned and rented).

The national housing strategy also addresses the priorities and actions for the implementation of the strategic goals of housing policy and identifies the most urgent reforms and housing needs, taking into account the acute financial deficits of the State, municipalities and households.

According to the strategy, three strategic goals will be implemented in three operational directions. These are:

- operational direction A: Drawing up a framework for the National Housing System;
- operational direction B: Solving priority issues of housing consumption and
- operational direction C: Carrying out an informational and educational campaign.

Two programmes have been initiated for the purposes of achieving operational direction A. These address the drawing up of an institutional framework and the improvement of the financial-credit and tax system in the housing sector. These programmes include:

- enhancing the capacity of the institutions which have to implement the housing policy and apply the strategy (on national and municipal level);
- regulating legislation in relation to the commitments of the State and municipalities to the housing system (financial and organisational), and

- creating conditions for the accumulation of housing capital for the renovation and construction of accessible dwellings (subsidised/guaranteed credits, tax relief, etc.).

Under the auspices of operational direction B the following set of specialised programmes will be implemented:

- management and maintenance of the existing housing stock (improvement of the management of apartment blocks, introduction of a technical passport and energy certificate for buildings);
- restructuring and renovation of housing complexes (definition of boundaries and obtaining of legal status with respect to landed property, definition of the right of ownership over the land);
- renovation of pre-fabricated housing buildings (identification and classification of the existing pre-fabricated dwellings, provision of projects for renovation of housing buildings, regulation of obligations of participants in renovation);
- provision of access to dwellings for families with low income (increasing the public rented housing stock, allocating terrains for construction freely or at favourable prices), and
- improvement of housing conditions of the Roma population.

The following programmes have been initiated under the auspices of operational direction C:

- informational and educational campaign among citizens (reaching public agreement on the new housing policy) and
- and, training for district and municipal administrations in order to implement the new housing policies and programmes.

The National Housing Strategy also involves an Action Plan covering the period 2004-2006. This specifies the tasks necessary for the implementation of the various programmes, the individuals in charge of the implementation and the necessary financial resources for realising the strategy.

Table 2.4.1 Characteristics of the Housing Stock in Bulgaria, 2002

Tenure	%
State and municipal	3.0
Owner-occupied	96.5
Other	0.5

The Ministry of Regional Development and Public Works will play a leading and co-ordinating role in the implementation of the Action Plan. In addition, the following are also responsible for the implementation of the housing policy: the Ministry of Finance, the Ministry of Economy, the Ministry of Labour and Social Policy, the Ministry of Energy and Energy Resources, along with the Agency for Energy Efficiency and the local authorities.

2.4.2 Stock

In 2002, the total stock of dwellings in Bulgaria stood at 3,691,787. TABLE 2.4.1 above indicates that 96.5% of these dwellings were owner-occupied, which is the second highest rate of owner occupation among the 28 countries examined in this review. 3% of Bulgarian dwellings were owned by the State or municipalities. State dwellings are rented by State employees, while municipal dwellings are effectively social rented.

These are allocated to households in need of housing who meet specified tenure and social requirements. The 'other' category in the table refers to dwellings owned by commercial enterprises, public organisations or co-operative organisations, which are used by their employees.

The number of dwellings per 1,000 persons in Bulgaria stood at 471 in 2002, which is among the highest of the countries under examination. Indeed the number of dwellings in Bulgaria exceeds the number of households. However, the geographical distribution of dwellings in the country does not reflect the distribution of the population. As a result, 14.4% of all dwellings in the country are vacant. Most

of these are located in declining areas and many are abandoned or semi-demolished, or lack basic facilities such as central heating and electricity, gas and water supply. Conversely, only 69.3% of the dwellings are occupied by only 1 household; 130,000 dwellings accommodate 3 or more persons per room, while a further 55,000 accommodate 4 or more persons per room.

In 2002, 88,610 dwellings (or 2.4% of total) lacked all basic facilities and although the vast majority of the remaining population has access to a water and electricity supply, the quality and reliability of both services is problematic. Over 82% of dwellings are equipped with an internal water supply and toilet, but only 40% are connected to a sewage treatment system. 12.7% of dwellings have central heating, all of which are located in urban areas. As a result of poor heating systems, coupled with the fact that 80% of basements and attic floors in the existing housing stock are without thermal insulation, 70% of the domestic energy consumption in the country is for heating.

2.4.3 Economy

TABLE 2.4.2 illustrates the key economic trends in Bulgaria between 2000 and 2002. It reveals that the rate of increase in GDP (measured in current prices) fell slightly between 2000 and 2002, from 5.4% to 4.8%. However, GDP rates in the latter year are still relatively high when compared to many other countries examined in this review. Inflation in Bulgaria has also fallen significantly in recent years, from 10.3% in 2000 to 5.8% in 2002. However, unemployment rates are comparatively high – they stood at 16.8% in 2002.

Table 2.4.2 Economic Trends in Bulgaria, 2000-2002

Category	Year		
	2000	2001	2002
	%	%	%
Real increase in GDP (in current prices)	5.4	4.1	4.8
Average annual inflation	10.3	7.4	5.8
Unemployment (at year end)	16.4	19.5	16.8

Table 2.4.3 Demographic Trends in Bulgaria, 1990-2002

Year	Population No.	Total Male No.	Female No.
1990	8,669,269	4,269,998	4,399,271
1995	8,384,715	4,103,368	4,281,347
2000	8,149,468	3,967,423	4,182,045
2001	7,891,095	3,841,163	4,049,932
2002	7,845,841	3,816,162	4,029,679

2.4.4 Demography

In 2002, 7,845,841 people lived in Bulgaria. As TABLE 2.4.3 demonstrates, the population has declined in recent years. Between 2001 and 2002 the population fell by 45,000 persons or 0.6%. This is due to a combination of excess of deaths over births and emigration. These two trends have also contributed to the ageing of the Bulgarian population. In 1990, 20.1% of the population was aged 15 years or less, but this had fallen to 14.6% by 2002. The proportion of the population aged 65 years and over rose from 13.4% to 17.0% over the same period. Among the other notable recent demographic trends in Bulgaria are the following:

- 5,461,000 people or 69.6% of the Bulgarian population lived in cities in 2002, while a further 2,385,000 persons (30.4% of the population) lived in villages;
- the number of marriages has decreased in recent years, while the number of couples living together outside marriage has increased. On the other hand, rates of marriage dissolution have remained relatively stable;
- 128,000 people migrated within Bulgaria in 2002; 46% of these migrants moved between cities, 23% moved from a village to a city and 20% moved from cities to a village, and
- the average number of persons per household was 2.67 in 2002.

2.5

Cyprus



2.5.1

Policy Making and Implementation

Most housing in Cyprus is provided by the private sector, which offers a variety of residential accommodation, generally affordable to different income groups. In order to support and supplement the private sector, the government has established the Cyprus Land Development Corporation and the Housing Finance Corporation. Both agencies work jointly towards enabling medium and low-income groups to acquire a home. The Cyprus Land Development Corporation builds and sells houses and building plots at a subsidised price to medium and low-income households, while the Housing Finance Corporation and the government provide low interest loans to the purchasers of these dwellings. The provision of housing for families displaced as a result of the partition of the island in 1974 has also been a key priority for government. Since then, approximately 75,000 families have been provided with shelter or assisted to acquire a new house by the State.

2.5.2

Stock

In 2000, there were a total of 286,500 dwellings in Cyprus. This constitutes 428 dwellings per 1,000 inhabitants, which is slightly above the average for the countries examined in this report. TABLE 2.5.1 indicates that in 2000, 64.3% of all dwellings in the country were owner-occupied and 35.7% were rented. All dwellings in the latter category were rented from a private landlord, as there is currently no social rented housing in Cyprus.

The standard of the housing stock in Cyprus compares well to most other countries examined in this review. In 2000, 94.8% of all dwellings in the country had bathing facilities, 97.7% had a lavatory and 99.2% had piped water. It is likely that the high quality of dwellings is related to the date of construction, as the age profile of Cypriot housing stock is the youngest of the European countries under examination. Only 23% of dwellings were constructed prior to 1950, and 28.2% were built between 1990 and 2000.

Table 2.5.1

Characteristics of the Housing Stock in Cyprus, 1999, 2000, 2001

Category		%
Dwellings by tenure (2000)	Owner-occupied	64.3
	Rented	35.7
Dwellings by availability of utilities (1999)	Bathing facilities	94.8
	Lavatory	97.7
	Heating	50.0
	Air-conditioning	11
	Piped water	99.2
Dwellings by size (2001)	Average number of persons per room	0.7
Dwellings by period of construction (2001)	Before 1950	23.0
	1950-1959	3.8
	1960-1969	6.9
	1970-1979	15.4
	1980-1989	22.7
	1990-1999	24.3
	2000-2001	3.9

2.5.3

Economy

Growth in GDP in Cyprus reached 4% in real terms in 2001 following a rate of growth of 5.1% in 2000. The rate of increase in private consumption decelerated in 2001 to 5%, from 8.7% in 2000, while the rate of expansion of public consumption (excluding defence) was limited to 2% in 2001, mainly as a result of the containment of public sector employment growth.

The robust levels of economic growth in Cyprus was also reflected in the labour market. The rate of registered unemployment fell from 3.4% of the economically active population in 2000 to 3.0% in 2001. Labour productivity increased at a rate of 2.1%

Table 2.5.2

Demographic Trends in Cyprus, 1976-2001

Category	1976	1982	1992	2001	
Population (No.)	497,899	522,845	615,013	703,629	
Population growth rate (%)	N/a	0.8	1.6	1.5	
Households (No.)	Nav	145,030	189,223	228,371	
Average number of persons per household	3.95	3.51	3.23	3.06	
Population by age group (%)	0-14 years	Nav	Nav	25.4	21.5
	15-29 years	Nav	Nav	22.0	22.6
	30-44 years	Nav	Nav	22.2	22.0
	45-64 years	Nav	Nav	19.4	22.2
	65 years +	Nav	Nav	11.0	11.7

in 2001, following an increase of 2.7% in 2000. The rate of inflation decreased to 2.0% in 2001, compared with 4.2% in the previous year.

2.5.4 Demography

The population of Cyprus stood at 703,629 persons in 2001. TABLE 2.5.2 reveals that the population has increased significantly in recent decades. In 1976, the number of inhabitants in the country totalled only 497,899. This high rate of population expansion is related to a comparatively high birth rate which stood at 11.6 per 1,000 population in 2001, while the death rate stood at 6.9 per 1,000 in the same year. As a result of this population expansion, and with falling household size, the number of households in the country increased from

145,030 in 1982, to 228,371 in 2001. Unlike many other European countries, the structure of the Cypriot population has not aged significantly in recent years. In 1992, 11.0% of the population was aged 65 years and over, but by 2001 the proportion of the population in this age group had risen by just 0.7%.

2.6 Czech Republic



2.6.1 Policy Making and Implementation

The key objective of housing policy in the Czech Republic is to create conditions under which every household is able to secure adequate housing, appropriate to its needs and financial situation, either by its own means or with the State's assistance. This objective reflects the market-oriented approach to housing used in all EU member States, and it enables the population to exercise the right to housing which the Czech Republic has agreed to ensure under various international agreements.

In addition, the following objectives have also been afforded particular priority by policy-makers in recent years:

- improving the financial accessibility of housing;
- improving the quality of housing stock;
- increasing the availability of housing;
- eliminating economic and legislative barriers that hinder the functioning of the housing market;
- improving the existing system of legal and economic intervention instruments with the aim of increasing their effectiveness and efficiency, and
- increasing the role of private funds in the housing sector, thereby reducing the role of the State, and increasing the responsibility of individual households for securing adequate housing.

In the Czech Republic, central government defines the general legal and economic framework for housing. At the central level, housing policy is in the jurisdiction of the Ministry for Regional Development, although the Ministry of Finance holds responsibility for some

Table 2.6.1 Characteristics of the Housing Stock in the Czech Republic, 1961-2001

Category		1961	1970	1980	1991	2001
Dwellings by tenure (%)	Owner-occupied	Nav	Nav	Nav	Nav	47
	Private rented	Nav	Nav	Nav	Nav	17
	Co-operative	Nav	Nav	Nav	Nav	12
	Rented from a municipality	Nav	Nav	Nav	Nav	17
Permanent residences by availability of utilities (%)	Networked gas	24.1	35.6	42.9	50.0	64.1
	Piped water	56.6	81.4	92.4	96.9	98.5
	Bathing facilities	41.2	59.6	80.5	92.1	95.5
	Lavatory	45.5	56.4	78.1	91.5	95.4
	Central heating	8.9	31.9	58.4	77.6	81.7
Permanent residences by size	Average size of dwellings (m ²)	35.3	39.1	42.7	45.9	49.3
	Average space available per dwelling per occupant (m ²)	10.5	12.3	14.5	16.6	18.7
	Average number of rooms over 8 m ² in size per dwelling	1.80	2.10	2.41	2.66	2.71
Dwellings by date of period construction (%)	> 1919	Nav	Nav	Nav	21.6	Nav
	1919-1945	Nav	Nav	Nav	20.3	Nav
	1946-1960	Nav	Nav	Nav	24.6	Nav
	1961-1970	Nav	Nav	Nav	0.0	Nav
	1971-1980	Nav	Nav	Nav	19.6	Nav
	1981-1990	Nav	Nav	Nav	13.9	Nav
< 1991	Nav	Nav	Nav	0.0	Nav	

specific aspects of housing policy, including: regulation of rents and prices of heating, electricity, water, etc. The Ministry for Labour and Social Affairs also has responsibility for social allowances. At local level, housing is within the remit of individual local authorities – of which there are over 6,000 in the Czech Republic – although their role in this regard has not yet been defined in an unequivocal manner.

2.6.2 Stock

In 2001 the housing stock in the Czech Republic comprised 4,366,293 dwellings. This constitutes 427 units per 1,000 inhabitants, which is close to the average for the 28 countries examined here. As is revealed by TABLE 2.6.1, in 2001 47% of the housing stock in the Czech Republic was owner-occupied, 17% was owned by co-operatives, 12% was privately rented and the municipal rented housing sector accounts for some 17% of the housing stock. It is important to note that the role of the Czech municipal housing sector varies depending on the rent policies of the various landlords. In some cases, municipal housing is let at commercial rents, in others it is managed as social housing. The level of owner occupancy in the Czech Republic is the lowest amongst the countries which joined the EU in 2004. However, apart from the legal ramifications of transferring membership rights and responsibilities, the co-operative ownership sector in this country is very similar to home ownership.

In comparison with most other European countries the housing stock in the Czech Republic is relatively old – 41.9% of dwellings in the country were built prior to 1945. Despite this, however, in terms of the availability of basic utilities, the quality of the Czech housing stock compares well with many other countries examined in this review, particularly those that joined the EU in 2004. In 2001, 98.5% of permanently inhabited dwellings had running water, 95.5% had bathing facilities, while 95.4% had a lavatory. TABLE 2.6.1 reveals that from this perspective the quality of the Czech housing stock has improved dramatically since the early 1960s but at the same time the Czech dwellings are comparatively small in size, especially in comparison with Western European countries. In 2001 the average

size of a dwelling in the Czech Republic was only 49.3 m².

In addition, the rate of vacant dwellings is high in the Czech Republic. Only 3,827,678 dwellings (or 374 per 1,000 inhabitants) were occupied in 2001. There are many reasons for the high rate of housing vacancy. Some 180,000 of the 540,000 vacant dwellings in the country are old rural structures which formerly served as permanent residences but are currently used for recreation purposes only. A further 60% of the permanently vacated housing stock is located in municipalities with a population of less than 5,000 people. It is estimated that 50,000 vacant dwellings are unfit for human habitation. Some vacant dwellings, especially in Prague and other large cities, are used for short-term residential purposes. A further 100,000 dwellings are considered uninhabited because their owners failed to provide the pertinent information during the last census of population.

2.6.3 Economy

Measured by current prices, the GDP in the Czech Republic grew by 3.7% in 2002. In this year GDP per capita totalled CZK 236,103 in purchasing-power parity. This corresponds to 61.9% of the average GDP of the 15 States that were members of the EU prior to 2004.

In 2002, the pace of consumer price inflation slowed down. The inflation rate (corresponding to the average index of consumer prices) compared to the preceding 12 months totalled 1.8% in December 2002, amounting to only an 0.6% increase from December 2001. The situation was similar in 2003 when the average inflation rate increased by 0.1% on the previous year.

The average nominal monthly income in 2002 totalled CZK 15,857 which is 7.2% more than in 2001. Since the increase of the average income surpassed the growth of labour productivity, real income increased by only 5.3% during this period. In the third quarter of 2003, the average nominal monthly income totalled CZK 16,522, 6.3% more than in the same period of the preceding year. This corresponds to a real increase of 7.6%. In 2002, labour productivity measured by GDP

Table 2.6.2 Demographic Trends in the Czech Republic, 1992-2000

Category		1992	1994	1996	1998	2000
Population by age group (%)	0-14 years	16.3	16.4	16.2	16.0	15.7
	15-24 years	15.4	16.2	16.6	16.4	15.1
	25-49 years	35.9	35.8	35.8	35.6	36.0
	50-64 years	15.3	15.5	16.0	17.0	18.1
	65-79 years	10.2	10.3	10.6	11.2	11.5
	> 80 years	2.6	2.7	2.7	2.4	2.3
Population change (per 1,000 population)	Net migration	1.1	1.0	1.0	0.9	0.6
	National population change	0.1	-0.1	-2.2	-1.8	-1.8

per employed person in purchasing-power parity reached 53.7% of the average of the 15 EU member States prior to 2004, rising to 54.7% in 2003.

At the end of 2003 the unemployment rate (which refers to registered job seekers) reached 10.22%, rising from 9.81% in December 2002. This corresponds to 539,000 unemployed people – 50,000 more than at the beginning of 2002. Over the longer term, unemployment rates have risen steadily since the middle of the 1990s, from a low of 2.47% in 1995. However, unemployment rates vary significantly between different parts of the country and are particularly high in parts of the north-west and the east of the country.

2.6.4 Demography

In 2001, the population of the Czech Republic totalled 10,232,000 persons and the number of households in 1998 was 3,731,000 with population falling slightly during the past decade, from 10,312,500 in 1991. As revealed in TABLE 2.6.2, this population decrease is due to an excess of deaths over births. The excess of births over deaths in the country fell from 0.1 per 1,000 inhabitants in 1991, to -1.8 in 2000.

As a result of an exceptionally high birth-rate during the 1970s, the population of the Czech Republic contains a comparatively high proportion of young people born between 1971 and 1979. The ageing of persons in the oldest age groups and new lifestyle trends among the younger generation have resulted in a considerable reduction in average household size. In

2001, the average number of persons per household was 2.64 (down from 2.76 in 1991).

2.7 Denmark

2.7.1 Policy Making and Implementation

The main aim of the Danish housing policy is, through a comprehensive supply of housing, to ensure that good and healthy housing is available to all. Within this framework, Danish urban policy also aims to improve living conditions and services for the residents, associations and enterprises living and operating in urban communities.

In addition, the following housing issues have been afforded particular priority by policy-makers in recent years:

- increasing the supply of rental dwellings, including those earmarked specifically for young people and older people;
- improving the balance between the construction of privately funded and State subsidised rental housing, and
- promoting increased coherence between price and quality in the housing stock. This entails less governmental involvement, with grants being targeted more specifically at those who are particularly vulnerable in the housing market.

A new government came to power in Denmark in 2001 and initiated a number of significant reforms to housing policies and implementation arrangements. State investment in housing was re-balanced in favour of new housing construction and away from housing redevelopment and urban renewal. Market mechanisms are increasingly being used to allocate dwellings and the government has initiated a halt to increases in taxes on housing.

In addition, the Ministry of Housing and Urban Affairs was merged with the Ministry of Economic and Business Affairs, within which the former now acts as the National Agency for Enterprises and Housing. It is responsible for the regulation of housing construction and the financing of non-profit housing associations

including rules on building and renting. As well as the Ministry of Economic and Business Affairs, the following agencies play a role in devising and implementing housing policy in Denmark:

- the Ministry of Social Affairs is responsible for policy and legislation on rents in the social and private sectors and for agencies that build housing for disabled people;
- the Ministry of Refugee, Immigration and Integration Affairs holds responsibility for matters concerning the State Secretariat for Urban Regeneration, implementation of proposals from the Urban Committee and matters concerning urban political initiatives including the various programmes that have been introduced to target the most deprived residents in poor urban and housing areas with many social problems;
- the Ministry of the Environment is in charge of administrative and research tasks in the area of environmental protection and planning at the national level;
- the Ministry for Taxation is responsible for the fiscal treatment of housing, and
- local authorities are responsible for approving and inspecting the 700 non-profit housing associations that provide social rented housing in Denmark as well as a range of other social assistance programmes.

2.7.2 Stock

In 2003 the housing stock in Denmark comprised 2,541,000 dwellings. This constitutes 482.7 dwellings per 1,000 inhabitants which is one of the highest of the countries examined in this report. TABLE 2.7.1 demonstrates that 50.6% of these dwellings were owner-occupied and 45% were rented, mainly from social housing providers of various types. Unlike most other countries examined in this review, the level of owner occupation in Denmark has fallen slightly since 1990, while the proportion of rented dwellings has grown. Therefore, in European terms, the level of home ownership in Denmark is relatively low.

Table 2.7.1 Characteristics of the Housing Stock in Denmark, 1990-2003

Category	1990	1995	2000	2003
Dwellings by tenure (%)				
Owner-occupied	51.7	50.4	51.4	50.6
Rental dwellings total	42.2	44.3	44.8	45.0
Of which are:				
– private	18.4	18.7	18.0	17.8
– Non-profit housing	16.8	18.3	19.1	19.2
– Co-operative dwellings	4.5	5.1	6.3	6.6
– Government housing	2.6	2.2	1.4	1.4
– Not occupied	6.1	5.3	3.8	4.4
Dwellings by standard and availability of utilities (No.)				
Dwellings of satisfactory standard	2,027,000	2,170,000	2,291,000	2,370,000
– of which were built before 1950	763,000	822,000	870,000	895,000
Dwellings without bathing facilities, a lavatory and heating 326,000	256,000	198,000	171,000	
– of which were built before 1950	288,000	250,000	173,000	141,000
Dwelling with no bath 271,000	218,000	169,000	145,000	
Dwelling with no heating	128,000	86,000	46,000	36,000
Dwelling with no lavatory	85,000	70,000	55,000	48,000
Total dwellings (No.)	2,353,000	2,427,000	2,489,000	2,541,000

The standard of the Danish housing stock compares very well with the other countries examined in this review. Table 2.7.1 reveals that in 2003, 93.3% of all dwellings were of satisfactory standard. Only 6.7% of dwellings lacked basic amenities (i.e. a bath, toilet and heating) and 1.4% lacked

heating (i.e. district or central heating or electrical heating in the case of single-family houses). Danish dwellings are also generously sized, especially in comparison with many Central and Eastern European countries. In 2003 the average floor space of a dwelling in Denmark was 109.3 m² and in 2002, the average number of rooms per dwelling was 3.69.

Accurate data on levels of vacant dwellings in all tenures are not available. However, vacancy levels in the rented housing stock are estimated to be considerably less than the level of 4.4% reported in

TABLE 2.7.1.

Table 2.7.2 Economic Trends in Denmark, 2002-2005

Category	2002	2003	2004 (projected)	2005 (projected)
	% change (1995 prices)			
GDP	2.1	0.4	2.1	2.3
Private consumption	1.9	1.2	3.0	2.5
Government consumption	2.1	0.1	0.7	0.5
Residential construction	6.6	8.5	2.5	-0.5
Exports of goods and services	5.8	-0.4	3.9	4.6
Imports of goods and services	4.2	0.6	3.8	4.1
Percentage change in total employment	-0.4	-1.3	0.3	0.7
Percentage unemployment rate (using the EU definition)	4.5	5.5	5.6	5.1
Consumer price index	2.4	2.1	1.8	1.7

2.7.3 Economy

Economic growth rates in Denmark are currently modest. GDP (measured at constant 1995 prices) increased by 0.4% in 2003, but is expected to rise by over 2% in 2004 and 2005 due to an active fiscal policy, low interest rates, international recovery and domestic consumption.

At the same time unemployment and inflation in the country remain at low levels. The unemployment rate was 5.5% in 2003, while inflation (as measured by the consumer price index) has fallen from 2.4% in 2002 to 2.1% in 2003, and is projected to fall further by 2005.

2.7.4 Demography

The population of Denmark was 5,368,354 persons in 2002 – an increase of 38,334 persons since 2000.

TABLE 2.7.3 reveals that this increase is related to both natural increase and positive net migration, although of the two the former is the more significant factor.

There were 2,466,693 households in Denmark in 2003, and average household size was 2.2 persons per household, which is one of the lowest among the various countries included in this review.

Table 2.7.3 Demographic Trends in Denmark, 2000-2002

Year	Population at 1 January No.	Live births No.	Deaths No.	Net migration		Total net increase No.
				Immigration No.	Emigration No.	
2000	5,330,020	67,081	57,986	52,915	43,417	18,593
2001	5,349,212	65,450	58,338	55,984	43,980	19,116
2002	5,368,354	64,149	58,610	52,778	43,481	14,836

2.8 Estonia



2.8.1 Policy Making and Implementation

The key objectives of housing policy in Estonia are set out in the Estonian housing development plan for the years 2003-2008, which in turn takes account of the *Estonian Housing Development Plan Until 2010* which was produced by a commission of housing experts established by the Estonian government in 1998.

According to these documents the general purpose of State activity in the housing sector is to provide all Estonia's residents with an option to choose their place of dwelling. The main task is to create conditions in the housing market (legal regulation, institutional regulation and support measures) that would allow owners, tenants and citizen-initiated housing organisations to solve their problems independently and to carry out individual housing strategies. The State's housing development activities are based on the principles of balanced social and regional development.

On the basis of these key objectives, the present development plan sets forth specific goals for the central government's housing activities between 2003 and 2008. These include:

- ensuring the preservation of existing housing stock;
- improving the flexibility of regional housing markets;
- improving housing-related finance opportunities;
- prolonging the life span of existing housing stock, especially preventing large apartment buildings from becoming uninhabitable due to insufficient maintenance and repairs, and
- addressing the problems of tenants living in dwellings which have been returned to their original owners by the State.

The Ministry of Economic Affairs and Communications, and the Estonian Credit and Export Guarantee Fund (KredEx), will carry out this development plan, in co-operation with local authorities and non-governmental organisations in the housing sector. The plan will be revised at least once every four years (by 2006 at the latest).

The implementation of the plan will be governed by an annually drafted action plan that details the nature of the arrangements for the implementation of each of the various measures. The development plan will be financed

by central government, including the government's extra budgetary ownership reform reserve fund, and from the resources of the KredEx foundation. Supervision of the implementation is based on a regular evaluation of the measures and sub-activities contained in the action plan.

2.8.2 Stock

In 2002, the housing stock in Estonia stood at 618,561 dwellings which constitutes 454.8 dwellings per 1,000 inhabitants. TABLE 2.8.1 reveals that in 2002 the vast majority (85%) of these dwellings were owner-occupied; indeed the level of owner occupation in Estonia is amongst the highest of the countries examined in this report. In 2002, 9% of dwellings in this country were rented from private landlords while just 3% were public rented. Under the terms of the Dwellings Act there is a ceiling on the rents which can be charged for these dwellings, so they can be classified as social rented.

In its design, the Estonian housing stock is distinctive in European terms. TABLE 8.2.2 reveals that in 2002, 35% of all dwellings in the country were in high-rise apartment blocks while a further 30% were in low-rise apartments.

Table 2.8.1 Characteristics of the Housing Stock in Estonia, 2000, 2002

Category		%
Dwellings by period of construction (2002)	< 1945	18.9
	1946-1960	8.3
	1961-1970	14.5
	1971-1980	15.8
	1981-1990	15.7
	1991 and later	4.1
Households by tenure of dwelling (2002)	Owner-occupied	85
	Private rented	9
	Social rented	3
Dwellings by type (2002)	Apartments in 5-16 storey buildings	35
	Apartments in 1-4 storey buildings	30
	Single family houses	35
Dwellings by the availability of facilities (2000)	Running water	82
	Lavatory	72
	Bath or shower	68
	Central heating	59

The Estonian housing stock is comparatively young compared to the rest of Europe. Just 18.9% of the housing stock was constructed prior to 1945. However, the standard of dwellings in this country is lower than in the majority of other countries examined in this review. In 2002, the floor area of dwellings in this country was 26.5 m² per occupant. Furthermore, in the same year only 82% of dwellings had running water, 72% had a lavatory and only 59% had central heating.

Over 6,000 households (1.2%) live in a dwelling that does not meet the minimum requirements. Their dwelling lacks either electricity, heating, access to water or toilet facilities. Nearly 150,000 households (25.8%) live in dwellings where they feel a lack of privacy (sharing the dwelling or some facilities with other households).

In 2000 the vacancy rate in Estonia was 6.2% of total housing stock.

2.8.3 Economy

TABLE 2.8.2 sets out details of key economic trends in Estonia in recent years. It reveals that although the rate of increase in GDP in the country fluctuated

Table 2.8.2 Economic Trends in Estonia, 1996-2003

Category	Year							
	1996	1997	1998	1999	2000	2001	2002	2003
Real increase in GDP in constant (1995) prices	3.9	9.8	4.6	-0.6	7.3	6.5	6.0	4.7
Annual average change in the harmonised index of consumer prices	19.8	9.3	8.8	3.1	3.9	5.6	Nav	Nav
Unemployed persons as a% of the labour force	Nav	9.6	9.2	11.3	12.5	11.8	Nav	Nav

significantly between 1996 and 2003, average economic growth for this period was above the average for the countries examined in this review. At the same time, inflation in Estonia has fallen from very high rates in the mid-1990s, but the rate of unemployment has increased recently from 9.6% in 1997 to 11.8% in 2001.

2.8.4 Demography

The population of Estonia stood at 1.36 million people in 2002, which is 10% below the equivalent figure for 1992 of 1.54 million and equal to the 1970 population level.

Table 2.8.3 Demographic Trends in Estonia, 1992-2000

Category		1992	1994	1996	1998	2000
Population by age group (%)	0-14 years	22.0	21.1	20.3	19.2	18.3
	15-24 years	13.9	14.2	14.2	14.3	14.4
	25-49 years	34.2	34.3	35.2	35.5	34.7
	50-64 years	17.9	17.6	16.9	16.8	17.7
	65-79 years	9.3	10.0	10.7	11.5	12.3
	> 80 years	2.6	2.7	2.7	2.6	2.6
Population change (per 1,000 population)	Net migration	-27.1	-14.3	-9.5	-4.7	0.2
	National population change	-1.4	-5.5	-4.1	-5.3	-3.9
Average number of persons per private household		Nav	Nav	Nav	2.6	2.6

Although this population decline has affected all parts of the country, the rate of decline has been much more rapid in rural areas. In the north-eastern part of Estonia, for instance, the population has decreased over 20% during the last decade. TABLE 2.8.3 reveals that the reason for this decline is the low number of births, which have consistently been exceeded by deaths since 1992. This has in turn led to a fall in the proportion of the population aged under 18 years. In addition, high negative rates of net migration, particularly during the early 1990s, also affected population decline, although this trend has reversed since 2000.

2.9 Finland

2.9.1 Policy Making and Implementation

In the spring of 2003, a new coalition government took office in Finland. The programme for government of this administration states: 'The aim of housing policy is to ensure a socially and regionally balanced and stable housing market, to eliminate homelessness and to improve the quality of housing. In order for housing to be available at reasonable cost, the Government will ensure sufficient social housing construction. Housing policy should make it easier for people and families to find housing that corresponds to their current housing needs.'

In addition, in order to help translate this aim into reality, the government has devised a housing policy programme which provides for new initiatives in the following fields:

- enhancing housing construction in the growth centres;
- increasing the efficiency of the upkeep and repair of the existing housing stock, and
- easing the problems of decreased housing demand.

The housing policy programme also proposes some additional measures aimed at improving the efficiency of certain subsidy systems.

The measures to increase the housing construction in growth centres fall into two categories. Firstly, investment subsidies are provided by central government to local authorities in order to reduce the financial costs that the latter currently incur when providing infrastructure for new housing. Measures to aid non-profit organisations, in order to strengthen their viability in the long run and increase the output of new social housing, are also proposed. These include: increasing the income limits for access to social housing, thus widening the tenant base to include middle-income earners; relaxing some of the

regulations on non-profit agencies; and improving the terms of State interest subsidies towards commercial loans for new social housing construction. In addition, there will be a new investment subsidy system for the provision of housing for those with special needs.

Regarding the maintenance and repair of houses, the State subsidies are aimed at fulfilling the Kyoto agreement, making the interior environment healthier and enhancing the independent living of old people through housing repairs (e.g. by installing lifts and addressing impediments to accessibility).

In order to address the problem of vacancies in the social rented housing stock, the housing policy programme includes a number of measures aimed at increasing its use, improving the finances of the social rental housing organisations and minimising credit losses for the State. It is envisaged that the abolition of income limits for access to social housing will increase demand for housing in this tenure. When necessary to avoid larger losses, State housing loans will be partially waived and grants towards the costs of the demolition of social rented houses will be made available in specific cases.

The Ministry of the Environment holds responsibility for devising housing policy in Finland. It is responsible for housing policy strategies, housing legislature, housing subsidy systems and budget planning. The operative arm of the Ministry is the Housing Fund of Finland. The Housing Fund of Finland grants State housing loans (called arava loans), approves interest subsidised commercial loans, carries out the quality and cost control attached to subsidy systems and allocates various grants. In addition the Housing Fund of Finland designates and monitors the approved non-profit organisations. Finnish local authorities also play a key role in housing policy implementation. They decide on land use (including the type of house and form of tenure), provide the infrastructure, prioritise the housing projects that are eligible for State subsidies, and are also significant social housing landlords.

2.9.2 Stock

In 1999 the Finnish housing stock stood at 2,457,800 dwellings or 490 dwellings per 1,000 inhabitants, which is the second highest rate of housing availability of the countries examined in this review. 58% of Finland's housing stock consists of owner-occupied dwellings. A further 33% of dwellings in Finland are rented – almost half of these are State-subsidised social housing units. The rest are financed on the open market and usually owned by private individuals, although some are owned by institutional investors, such as pension and insurance funds, and private firms. Since the abolition of rent regulation in the 1990s, market rents are charged for dwellings that are financed on the open market. Municipalities own the largest share of social rental housing (60%), while a further 20% is owned by non-profit agencies. Cost rents are charged for all dwellings financed with the aid of State-subsidised loans. These are calculated on the basis of the initial capital investment, maintenance and other costs.

In addition to owner-occupied and rental housing, a new 'right of occupancy' tenure was also introduced in Finland in the early 1990s, which falls between social renting and buying. Under this arrangement residents 'buy' a dwelling by paying 15% of its value. This initial investment, updated with reference to the construction cost index, is redeemable at any time. Residents also pay a monthly charge, which is based on the actual costs of managing and maintaining the dwelling. Right-of-occupancy dwellings are not allocated according to income, but qualifying households should not have the means to buy a dwelling that would satisfy their needs. Some 30,000 right-of-occupancy dwellings (accounting for 1% of the Finnish housing stock) have been constructed to date, most of which are located in the larger urban centres.

Detached houses and blocks of flats are the most common type of dwelling in Finland – at the end of 2002 these accounted for 40% and 44% of all dwellings, respectively. Terraced houses are more common in urban areas, however, where they make up

14% of the housing stock. In Finland, one-storey buildings make up as much as 64% of the building stock and almost 70% of the Finnish population live in buildings that are less than 3 storeys high.

Terraced houses and apartments in Finland, particularly in the owner-occupied and private-rented sectors, are generally provided by housing companies. These are non-profit, limited liability companies that are established for the ownership, management and maintenance of a housing estate. Although the building and real estate remain the property of the housing company, or in some cases the company leases the land, shares in a housing company confer on the owner the right of possession (i.e. physical control and occupancy) of a specific apartment. Housing shares are treated as a personal property of the owner. They can therefore be sold freely, or used as collateral for a personal loan. Although a housing company means that ownership is indirect, Finland has a tradition whereby housing company shareholders are considered to be owners of their dwellings.

The quality of the Finnish housing stock is comparatively high in European terms and it has been improved further in recent years. At the end of 2002, almost 99% of all dwellings were connected to public sewers, 98% had piped water, 96% had lavatories, 96% had hot water, 99% bathing facilities and 92% central heating. Nevertheless, a total of 280,000 households lived in inadequately or very inadequately equipped dwellings without these facilities. Sub-standard housing conditions are more common in rural areas and among the older population. Most of the building stock was built during the 1970s and 1980s. Dwellings in this category accounted for 43% of total at the end of 2002, while 17% of dwellings are newer than this.

Because of Finland's cold climate, buildings are heated for the greater part of the year. However, they are so well insulated that the annual amount of energy used per cubic metre is similar to that used in countries located considerably further south. Since the 1970s, all new dwellings have been fitted with triple glazing and more than two-thirds of all new detached houses have

heat-recovery equipment.

Almost half of the heating energy for buildings is generated by means of district heating systems. By international comparisons, a great deal of heat – some 75% – is co-generated with electricity. 49% of Finnish dwellings have a sauna, and the number of saunas in the country is estimated to be over 2 million.

Reliable information on vacancies for the entire housing stock is not available. The information that is available indicates that at the end of 2002 some 220,000 dwellings were not in permanent use. This represents 8.6% of the whole housing stock and is a comparatively low rate of vacancy compared to many other countries examined in this review, especially compared to the Mediterranean rim countries. The available data regarding vacancy rates in the social housing sector in Finland are more reliable. These data indicate that some 4,000 social rented dwellings had been vacant for 2 months or more in November 2003. This represents 1.4% of all dwellings in this tenure. Vacancy rates in the social housing sector have slowly increased in recent years. These vacant dwellings are concentrated in areas of declining population. The vacancy rate in the six growing urban regions is only 0.2%, but it rises to 5.0% in the province of Lapland and 4.3% in Southern Savolax.

Table 2.9.1 Economic Trends in Finland, 1999-2003

Category	Year				
	1999	2000	2001	2002	2003
	%	%	%	%	%
Change in GDP at fixed (1995) prices	3.4	5.1	1.1	2.3	1.9
Change in the harmonised index of consumer prices	2.2	2.9	2.3	1.7	1.2

2.9.3 Economy

TABLE 2.9.1 reveals that Finland has recently enjoyed slightly higher economic growth than the EU average in recent years. The unemployment rate has slowly been decreasing and was 9% in 2003, which is slightly above the average in the Euro zone economies. The state of public finances has been strong in recent years, with a surplus in general government finances. In 2004 the central government will run a small deficit, but because of the surplus in employment pension funds, there will be a general government surplus of some 2% in relation to GDP. In addition, inflation has fallen since 2000.

2.9.4 Demography

In 2001 the population of Finland stood at 5,181,100 inhabitants. The population has risen slightly in recent years, from 5,029,000 in 1992. TABLE 2.9.2 reveals that this population increase is related to both positive net migration and natural population increase.

Table 2.9.2 Demographic Trends in Finland, 1992-2000

Category	1992	1994	1996	1998	2000	
Population by age group (%)	0-14 years	19.2	19.1	19.0	18.7	18.2
	15-24 years	13.2	12.6	12.3	11.9	11.6
	25-49 years	38.5	38.8	36.8	36.8	35.5
	50-64 years	15.9	15.7	16.2	17.4	18.7
	65-79 years	10.6	10.8	11.1	11.3	11.5
	> 80 years	3.0	3.1	3.2	3.3	3.3
Population change (per 1,000 population)	Net migration	1.8	0.7	0.8	0.9	0.5
	National population change	3.3	3.4	2.3	1.5	1.4

Although among these factors, the latter is more significant, excess of births over deaths in Finland have remained relatively high since 1992 in comparison with most other European countries.

The other significant recent demographic trends in Finland are an increase in the number (and percentage) of elderly people, internal migration to growth centres and a decrease in the average household size. The increase in the number of elderly people has been rather moderate so far, but their number is expected to rise rapidly during the next 30 years. In 2000, some 800,000 Finns were aged over 65 years, but by the year 2030 there will be 1.4 million in this age group and the number of people aged over 85 years will almost double. In the last decade there has been a noticeable pattern of internal migration towards a limited number of growth centres with opportunities for studies or work. Recently, the migration has slackened somewhat, as a result of the slow economic growth. However, this phenomenon is believed to be temporary and the pace of internal migration is expected to grow in coming years.

The average household size in Finland is gradually decreasing. In 1980 there was an average of 2.7 persons per household, while in 2000 there were 2.3 persons per household, which is lower than the average of the countries examined in this report. As a consequence the dwelling space available per person has increased from 26.3 m² per person in 1980 to 34.9 m² per person in 2000.

2.10 France

2.10.1 Policy Making and Implementation

Housing policy in France is predicated on the assumption that, in order for each person to be housed according to his/her wishes while having a real choice, action must be taken on each link in the housing chain. The first step in this process is to facilitate home ownership and to stimulate private rental investment in the areas of expanding population, which will allow the supply to be increased where it is most needed. To this end, measures have been introduced to enable households of modest and average income to purchase a home. The next step is to adapt finance and implementation procedures to reflect the diversity of situations by bringing public policy decisions and local demand closer together. The final step is to give the Habitations à Loyer Modéré organisations, which provide social housing, the means to evolve so that they can better respond to the needs of their tenants and to societal expectations with respect to housing. To this end, budgetary aids for social rented accommodation provision have been expanded with specific programmes for households with specific housing needs. Furthermore, local authorities must be encouraged to apply their expertise to create quality urban planning – an essential element for quality housing in terms of local services offered and to protect environment and heritage.

In France, public finance for housing is the responsibility of central government; however, the decision-making power in relation to housing policy-making and implementation is shared between central and local government. The local authorities have control over urban planning in their administrative area and over local housing policy. Consequently, they play a key role in the realisation of housing programmes, in particular from the point of view of making land available for construction. In addition, from 2005 local authorities will be granted autonomy by central government to arrange housing finance necessary for the implementation of national legislation within their operational areas.

Table 2.10.1 Characteristics of the Housing Stock in France, 1973-2002

Category	1973	1978	1984	1988	1992	1996	2002
Principal Residences by size							
Average size (m ²)	72	77	82	85	86	88	90
Average number of rooms	3.6	3.7	3.8	3.9	4.0	4.0	4.0
Average number of occupants	2.9	2.8	2.7	2.6	2.5	2.5	2.4
Average number of occupants per room	0.82	0.75	0.71	0.67	0.64	0.63	0.60
Average floor space per person (m ²)	25	27	31	32	34	35	37
Principal residences by availability of amenities (%)							
Dwellings without water	3.4	1.3	0.4	0.3	0.2	0.1	0.1
Dwellings without water, a toilet and bathing facilities	8.7	6.0	4.4	2.8	2.0	1.3	0.8
Dwellings with a lavatory, bathing facilities and central heating	5.3	5.7	6.6	7.3	7.0	8.0	3.7
Principal residences by tenure (%)							
Owner-occupied	45.5	46.7	50.7	53.5	53.9	54.3	56.0
Social rented (unfurnished)	11.3	13.3	16.4	17.0	17.1	17.6	17.2
Private rented (unfurnished)	22.7	22.7	19.0	17.7	18.6	19.1	19.7
Private rented (rent controlled, unfurnished)	6.6	5.0	3.5	2.5	2.0	1.4	1.0
Other rented (furnished)	2.4	2.0	1.9	1.5	1.5	1.6	1.6
Farmers	1.3	0.9	0.6	0.4	0.2	0.2	0.3
Housed free of charge	10.2	9.4	7.9	7.4	6.7	5.8	4.2
Principal residences by date of construction (No.)							
<1949	Nav	Nav	Nav	Nav	Nav	Nav	8,145,000
1949-1974	Nav	Nav	Nav	Nav	Nav	Nav	7,800,000
1975-1989	Nav	Nav	Nav	Nav	Nav	Nav	5,538,000
> 1990	Nav	Nav	Nav	Nav	Nav	Nav	3,042,000

2.10.2 Stock

In 2002, the total stock of dwellings used as main residences in France stood at 24,525,000. This constitutes 413.3 dwellings per 1,000 inhabitants which is close to the average for the 28 countries under examination. TABLE 2.10.1 reveals that like most other European countries, the majority of dwellings in France are owner-occupied and that the level of home ownership has increased in recent years, from 45.5% of all dwellings in 1973 to 56.0% in 2002, although it is still below average in comparative European terms. Levels of social renting have also risen since the 1970s. In 1973, 11.3% of all dwellings were social rented. This rose to 17.6% by 1996, although this tenure has contracted slightly since then – it accounted for 17.2% of all dwellings in 2002. Conversely, levels of private renting (on the open market) in France have fallen consistently since 1973, as have the numbers of

dwellings that are rent controlled under the terms of the law of 1948.

Demand for ownership of private houses is strong as is demand for access to rental accommodation in areas of expanding population. At the start of 2002, the number of households seeking social rented accommodation was 1,042,000, of which close to half were already accommodated in public housing units (HLMs). 28% of social housing applicants were from Paris and its suburbs, 36% lived in other large cities, 28.5% lived in small urban areas and 7.5% in rural communes. This distribution conforms more closely to that of the existing stock of public housing units (HLMs) than to the population distribution.

As is detailed in TABLE 2.10.1, the standard of the housing stock in France has increased significantly since the early 1970s. The average size of dwellings in

Table 2.10.2 Economic Trends in France, 1995-2002

Category	1995	1996	1997	1998	1999	2000	2001	2002
Unemployed people as a % of the total active population	11.3	11.9	11.8	11.4	10.7	9.3	8.5	8.7
GDP per capita at current market prices (€000)	20.0	20.5	20.7	21.6	22.5	23.4	24.0	Nav
Harmonised indices of consumer prices (%)	2.0	1.9	1.4	0.7	0.4	1.5	1.6	1.9

the country increased by 18 m² between 1973 and 2002 and as a result of this, together with falling household size, the average size per occupant increased from 25 m² to 37 m² during this period, which is well above the European average. The proportion of households without water, a toilet, bathing facilities and central heating has also fallen dramatically during this period.

In 2002, 2,000,000 dwellings (or 6.8% of the national housing stock) were vacant. This is the lowest rate of housing vacancy since the end of the 1960s. Unsurprisingly, the vacancy rate was lowest in Paris and its suburbs (6.2% of dwellings in this area were empty) where demand for housing is strongest, and vacancy levels were higher in small towns and rural areas where demand is weak. Falling vacancy levels in recent years are partially due to the introduction of a tax on vacant accommodation in urban areas of more than 200,000 inhabitants from 1999. The average age of vacant dwellings is much older than main residences, which indicates that many are not fit for human habitation.

2.10.3 Economy

TABLE 2.10.2 reveals that growth in GDP in France has been relatively strong in recent years. GDP per capita (at current market prices) rose from €20,000 in 1995 to €24,000 in 2001. Although inflation has grown in recent years – from 0.7% in 1998 to 1.9% in 2002 – it remains relatively low in comparison with many other European countries. This positive economic environment has had a

beneficial effect on unemployment, which has fallen from 11.9% of the active population in 1996 to 8.7% in 2002.

2.10.4 Demography

In 2001 the population of France stood at 59,188,000 persons, which constitutes an increase of 0.4% on the number of inhabitants in 1991. As TABLE 2.10.3 demonstrates, this increase is the result of a relatively high birth rate in comparison with most other countries examined in this review. Unusually, in comparison with much of the rest of Europe, births in France have significantly outnumbered deaths since 1985. The rate of population growth was significantly stronger in urban areas, particularly in the 52 largest urban centres.

Despite this high birth rate, like many other European countries the structure of the French population is slowly ageing. The proportion of inhabitants aged over 64 years rose from 14.8% in 1995 to 16.1% in 2003. In 2001 the average number of persons per household in France stood at 2.4.

Table 2.10.3 Demographic Trends in France, 1985-2003

Year	Per 1,000 inhabitants					
	Births	Deaths	Natural increase	Aged < than 20 years	Aged 20 to 64 years	Aged > 64 years
1985	14.1	9.9	4.3	Nav	Nav	Nav
1990	13.6	9.2	4.5	Nav	Nav	Nav
1995	12.8	9.1	3.7	26.4	58.5	14.8
1998	12.8	9.1	3.7	26.0	58.5	15.5
1999	12.9	9.1	3.8	25.9	58.4	15.7
2000	13.3	8.9	4.4	25.8	58.4	15.8
2001	13.2	8.9	4.3	25.7	58.4	15.9
2002 (prov)	13.0	8.9	4.1	25.5	58.5	16.0
2003 (prov)	12.9	9.1	3.8	25.4	58.5	16.1

2.11 Germany

2.11.1 Policy Making and Implementation

Housing policy in Germany is designed to address relevant housing market developments. At national level, housing markets are more or less in equilibrium. However, at the same time the balance between demand and supply varies in regional housing markets, depending on the level of economic dynamism locally and consequent migratory movements. The situation calls for increased differentiation in the objectives of housing policy to address these regional issues.

Another key tenet of housing policy in Germany is the promotion of owner occupation as an important component of people's retirement plans, the provision of support to low-income households by means of housing benefit and the promotion of social housing and co-operative housing.

2.11.2 Stock

In 2002, the housing stock in Germany totalled 35,800,000 occupied dwellings or 434.3 per 1,000 inhabitants. Of these, 20.6 million (57.7%) were rented and 15.1 million (43.2%) were owner-occupied. 6% of dwellings were rented from social landlords. The number of owner-occupier households in the country has risen by 1.7% since 1998, although the German home ownership rate remains the lowest of the 28 countries under examination. The increase in owner occupation has been larger in the regions within the former German Democratic Republic (GDR). Thus, while the level of owner occupation is approximately 10% higher in Western Germany as compared to the east, in the latter region the number of young households entering the owner-occupier housing market has moved closer to the average for Western Germany in recent years.

TABLE 2.11.1 sketches the key characteristics of the German housing stock. It reveals that compared to many other European countries the German housing

Table 2.11.1 Characteristics of the Housing Stock in Germany, 2002

Category		%
Dwellings by size	< 40m ²	4.7
	40-60 m ²	17.9
	60-80 m ²	25.4
	80-100 m ²	17.6
	> 100 m ²	34.4
Dwellings by period of construction	< 1949	27.9
	1949-1978	46.9
	1979-1986	10.9
	1987-1990	3.2
	> 1990	11.1

stock is comparatively young – 25% of all dwellings have been built since 1979. In addition, in terms of floor space German dwellings are relatively generously sized – 77% are larger than 60 m² in size.

Vacancy rates vary quite considerably from region to region in Germany. Until recently, in western Germany housing vacancies have generally been a temporary phenomenon. However, in some regions within the former GDR a decrease in population has created a problem of redundant housing. In these areas there is an excess supply of vacant dwellings, amounting to more than 1.1 million dwellings, for which there will be no demand in the foreseeable future. This has in turn undermined local rental markets and created problems of urban decline. Although this phenomenon is a limited problem, it is being closely monitored by central and regional government.

2.11.3 Economy

Details of recent economic trends in Germany are set out in TABLE 2.11.2, which shows that the rate of growth in GDP in this country has fallen in recent years – from 1.7% in 1995 to 0.8% in 2001. At the same time inflation has increased marginally – from 1.2% in 1996 to 1.9% in 2001. But unemployment has fallen from 8.0% of the labour force in 1995 to 7.8% in 2001.

Table 2.11.2 Economic Trends in Germany, 1995-2001

Category	1995	1996	1997	1998	1999	2000	2001
	%	%	%	%	%	%	%
Change in GDP at current prices (%)	1.7	0.8	1.4	2.0	2.0	2.9	0.8
Unemployed persons as a % of the labour force	8.0	8.7	9.7	9.1	8.4	7.8	7.8
Change in the consumer price index (%)	Nav	1.2	1.5	0.6	0.6	1.4	1.9

2.11.4 Demography

In 2002, the population of Germany totalled 82,537,000 persons. The German population has increased slightly since 1992 when it stood at 80,274,600 persons. TABLE 2.11.3 demonstrates that this population increase is the result of net migration rather than natural increase, as the birth rate in Germany has been consistently low since the 1970s. Indeed, as a result of the low birth rate, the population is projected to decline significantly after 2020. The extent of the decrease will be largely determined by the level of immigration to Germany. However, estimates suggest that the population will decrease to just below 70 million by the year 2050, or by some 15% compared to the current population.

TABLE 2.11.3 also demonstrates that these low birth rates have also contributed to the ageing of the

German population structure. Forecasts suggest that between now and the year 2050 the ratio of the over-60s to the 20-60 year age group will approximately double. In 2001 there were 100 persons of working age in Germany for every 44 persons of pensionable age. The latter figure will rise to 54 by the year 2020, while the elderly dependency ratio is expected to rise to 75 by the year 2050.

In 2002, there were 38,720,000 households in Germany. The average household size in this country has remained stable since 1992, at 2.2 persons. However, between now and the year 2020 the average size of German households is projected to fall further due to increasing numbers of 1 and 2 person households and as a consequence the number of households is set to increase.

Table 2.11.3 Demographic Trends in Germany, 1992-2000

Category		1992	1994	1996	1998	2000
Population by age group (%)	0-14 years	16.3	16.4	16.2	16.0	15.7
	15-24 years	12.8	11.8	11.2	11.0	11.1
	25-49 years	36.6	37.4	38.1	38.4	38.0
	50-64 years	19.3	19.3	18.9	18.8	19.0
	65-79 years	9.3	10.0	10.7	11.5	12.3
	> 80 years	3.8	4.0	4.0	3.7	3.6
Population change (per 1,000 population)	Net migration	9.6	3.9	3.4	0.6	2.0
	National population change	-0.9	-1.4	-1.1	-0.8	-0.9
Average number of persons per private households		2.2	2.2	2.2	2.2	2.2

2.12 Greece

2.12.1 Policy Making and Implementation

Housing policy in Greece is expressed by means of the following actions:

- provision of financial assistance for first time acquisition of housing through tax benefits and interest rate subsidies;
- direct provision of low-cost, new owner-occupied housing to workers and cash allowances to renters through the Workers Housing Organisation;
- improvement of older and new residential areas through the mechanisms of town and regional planning, building control and selective environmental upgrade projects, and
- public support for the housing of natural disaster victims (e.g. earthquakes) and categories of special need (e.g. refugees, immigrants, Gypsies, etc.).

A number of different ministries and organisations are involved in the implementation of these actions. The Ministry of the Environment, Regional Planning and Public Works is officially responsible for housing policy as a whole. This ministry is mainly active in the fields of physical planning and environmental improvement and is often the co-ordinator of the multiplicity of ministries and agencies involved in housing, especially with regards to the technical aspects of housing policy. Responsibility for the financial aspects of housing policy lies with the economic and social ministries, including the ministries for the national economy, finance, labour and social welfare.

Table 2.12.1 Economic Trends in Greece, 1995-2001

Category	1995	1996	1997	1998	1999	2000	2001
	%	%	%	%	%	%	%
Change in GDP at current prices (%)	2.1	2.4	3.5	3.1	3.4	4.1	4.1
Unemployed persons as a % of the labour force	9.2	9.6	9.8	10.9	11.8	11.0	10.4
Interest rates for housing loans of 6 + years	Nav	Nav	Nav	Nav	12.6	9.8	6.5
Change in the consumer price index (%)	8.90	8.17	5.52	4.83	2.61	3.20	Nav

2.12.2 Stock

In 2001 the total number of dwellings in Greece was 3,657,000, which constitutes 505 dwellings per 1,000 inhabitants – the highest level of housing availability among the countries under examination.

Disaggregated data on vacancy rates in the different regions of Greece are not available. However, data for Athens indicate that 7% of dwellings in the city were vacant in 1999. This level of vacancy is historically low in the Greek context. During the 1970s and 1980s, low housing mobility, market inefficiencies and a relative over-supply of dwellings typically kept the vacancy rate at much higher levels.

Greece has traditionally had a high rate of owner occupation and in recent years the number of home owners has increased further. 76.8% of all dwellings were owner-occupied in 1988 and by 1994 this had increased to 80.1% which is some 10% above the average for the 28 countries examined in this report. However, home ownership rates are lower in urban areas of Greece – in Athens 68.2% of the population owned their own homes in 1994. Due to the limited role of mortgage loans, the vast majority of Greek home owners own their homes outright. The remainder of the rented housing stock in Greece is rented from private landlords. There is currently no social rented housing in this country.

2.12.3 Economy

TABLE 2.12.1 provides details of a number of key economic trends in Greece between 1995 and 2001. This table demonstrates that the rate of increase of GDP has risen in recent years, from 3.1% in 1998 to

Table 2.12.2 Demographic Trends in Greece, 1992-2000

Category	1992	1994	1996	1998	2000	
Population by age group (%)	0-14 years	18.6	17.6	16.6	15.8	15.2
	15-24 years	15.1	15.0	14.8	14.5	14.0
	25-49 years	35.5	34.4	35.0	35.5	36.0
	50-64 years	18.6	18.0	17.8	17.7	17.5
	65-79 years	11.1	11.6	12.3	13.0	13.7
	> 80 years	3.2	3.4	3.5	3.5	3.0
Population change (per 1,000 population)	Net migration	9.1	7.4	6.6	5.1	2.7
	National population change	0.6	0.6	0.0	-0.2	-0.2
Average number of persons per private households	Nav	2.8	2.7	2.7	2.7	

4.1% in 2001. This period has also been marked by downward trends in inflation rates in Greece. Despite significant problems at the beginning of the 1990s (the rate of increase in the consumer price index reached 20.4% in 1990), inflation fell to 2.6% by 1999 before rising slightly to 3.2% in 2000. The rate of unemployment peaked at 11.8% of the workforce in 1999, and although it fell slightly to 10.4% in 2001, it still remains high in comparison with many other European countries.

2.12.4 Demography

The population of Greece stood at 10,940,000 persons in 2001. Between 1991 and 1999 the population of the country grew by only 2.8% or by approximately 0.35% per annum. TABLE 2.12.2 demonstrates that this demographic stability is essentially due to the low rate of births, which dropped sharply during the 1980s and since then has stabilised at a level of around 100,000 per annum, which is approximately equal to deaths. The population growth that has occurred is due to positive net migration which is made up of Greek repatriates from the former Soviet block, together with mostly illegal economic migrants and refugees from a number of Eastern European countries (especially Albania) and Asiatic countries.

The population of urban centres expanded rapidly prior to 1980, but this trend has ceased during the last decade. In the Athens conurbation, where more than 50% of the urban population resides, the population grew by 0.38% per annum between 1991 and 2001.

TABLE 2.12.2 also demonstrates that in common with most other European countries the average size of Greek households has fallen significantly in recent decades, to 2.7 persons in 2000. At the same time the population structure is ageing as the proportion of the population aged 65 years and over has increased since 1992.

2.13 Hungary

2.13.1 Policy Making and Implementation

Like many of the other Central and Eastern European countries that joined the EU in 2004, the housing system and housing policy in Hungary has seen rapid change over the last decade. Before the early 1990s State funding played a major role in driving new housing output. However, the period since then has seen a range of radical changes to housing policy:

- central government funding for housing has been cut significantly;
- local government involvement in the construction of new social rented housing has declined significantly, and
- the majority of the housing stock is now owner-occupied as a result of the privatisation of dwellings that were formerly rented from local authorities.

Since the end of the 1990s central government has initiated a number of important new initiatives relevant to housing policy. The State support for rented housing programme was initiated in 2002. This programme provides subsidies to local authorities in order to increase the supply of rented housing. To date, 11,165 dwellings have been constructed under the auspices of the scheme, most of which are small in size with 1 or 2 rooms. 75% of the subsidies available under the scheme have been devoted to social housing. In 2001 a programme to refurbish system-built housing was initiated. To date, most of the works carried out under this scheme have involved insulation. In addition, a separate programme to fund housing refurbishment in the large cities has been established.

2.13.2 Stock

In 2000 the number of dwellings in Hungary totalled 4,076,800, while the number of dwellings per 1,000 inhabitants stood at 406.7. The latter figure is just below the average for the 28 countries under

Table 2.13.1 Characteristics of the Housing Stock in Hungary, 1996

Category		%
Households by number of rooms	1 room	1.8
	2 rooms	15.3
	3 rooms	41.2
	4 rooms	29.5
	5 rooms	8.2
	6 or more rooms	4.0
Dwellings by tenure	Owner-occupied	86.9
	Rented	10.4
Dwellings by period of construction	< 1919	15.6
	1919-1940	13.9
	1941-1960	12.1
	1961-1970	15.1
	1971-1980	21.4
	1981-1990	17.5
> 1991	4.0	
Dwellings by availability of amenities	Piped water	84.4
	Fixed bath or shower	79.6
	Lavatory	75.6
	Central heating	48.2

examination but considerably higher than the average among the CEE countries which acceded to EU membership in 2004. Indeed, the number of dwellings in Hungary is currently some 130,000 more than the number of households. At the same time there is a shortage of dwellings in parts of the country where economic growth is greatest, and due to high vacancy rates, there is also a problem of inadequate maintenance and poor housing standards.

TABLE 2.13.1 details the characteristics of the Hungarian housing stock in 1996. It reveals that the average age of dwellings is old by European standards. Only 4% of dwellings have been built since 1991. In terms of the availability of amenities Hungarian dwellings compare well with the other CEE European countries that joined the EU in 2004 and with the applicant countries. However, in comparison with more long-standing EU members, Hungarian dwellings are not as well equipped. 84.4% of dwellings in this country had piped water in 1996, 75.6% had a lavatory and only 48.2% had central heating.

Table 2.13.2 Economic Trends in Hungary, 1995-2001

Category	1995	1996	1997	1998	1999	2000	2001
	%	%	%	%	%	%	%
Growth in GDP (at constant 1995 prices) (%)	1.5	1.3	4.6	4.9	4.2	5.2	3.9
Unemployed persons as a% of the labour force	Nav	9.6	9.0	8.4	6.9	6.3	5.6
Change in the consumer price index (%)	Nav	23.5	18.5	14.2	10.0	10.0	9.1

Table 2.13.3 Demographic Trends in Hungary, 1992-2000

Category		1992	1994	1996	1998	2000
Population by age group (%)	0-14 years	19.5	18.6	18.0	17.4	16.9
	15-24 years	15.0	15.5	15.6	15.5	14.9
	25-49 years	34.8	34.9	35.0	35.2	35.4
	50-64 years	17.1	17.1	17.1	17.2	17.7
	65-79 years	11.0	11.1	11.5	21.1	12.4
	> 80 years	2.7	2.8	2.8	2.6	2.5
Population change (per 1,000 population)	Net migration	1.8	1.7	1.7	1.7	1.6
	National population change	-2.6	-3.0	-3.7	-4.2	-3.7
Average number of persons per private households		Nav	Nav	3.4	Nav	2.7

Like some new EU member States, tenure patterns in Hungary have undergone radical change in the last decade. Previously the majority of dwellings in urban areas were rented from the State or local government, and most rural dwellings were privately owned. During the 1990s most urban rented dwellings were sold at a low price to tenants. Of the stock of dwellings owned by local government in 1990, approximately 90% had been sold by the end of 1998.

2.13.3 Economy

The rate of GDP increase in Hungary rose steadily, from 1.3% to 5.2% between 1996 and 2000, before falling again to 3.9% in 2001. At the same time inflation and unemployment rates in this country have fallen significantly.

2.13.4 Demography

In 2002, the population of Hungary stood at 10,174,900 persons – less than the corresponding figure for 1992, which was 10,373,600 persons. TABLE 2.13.3 reveals that this trend is due to very low birth rates which have consistently lagged behind deaths since 1992. Unlike most other countries in this part of Europe migration patterns in Hungary have been positive during the last decade. However, the low birth rate has begun to impact on the Hungarian population structure which, like many other European countries, is ageing.

2.14 Ireland

2.14.1 Policy Making and Implementation

The key objective of housing policy in Ireland is: 'To enable every household to have available an affordable dwelling of good quality suited to its needs, in a good environment and, as far as possible, at the tenure of their choice'. The general principle underpinning the policy approach to achieving this objective is that those who can afford to do so should provide for their own housing needs, either through home ownership or private rented accommodation and that those who cannot provide housing for themselves should have access to social housing.

This objective and principle are actualised by government with the aid of a number of strategies. The primary strategy is to oversee and seek to maintain an efficient housing market by implementing a multi-stranded approach to address housing needs as these emerge. In addition, a range of detailed strategies have been devised which relate to various interventions and supports in the private and social housing domains to facilitate appropriate standards of housing provision and to promote social inclusion. These include the following:

- facilitate access to home ownership by those who desire and can afford it through fiscal and other measures;
- expand the availability of housing (in locations that reflect the provisions of the National Spatial Strategy) to meet demand, through the development and implementation of measures in the following areas: the legislative, regulatory and fiscal framework; securing the provision and efficient use of residential land; expansion of social housing and of housing for sale at below market value to lower income households; enhancing the role of the private rented sector by reforming legislation and promoting increased accommodation supply; addressing the special housing needs of older, disabled and homeless persons and Ireland's

Table 2.14.1 Characteristics of the Housing Stock in Ireland, 2002

Category		%
Permanently occupied dwellings by facilities	No central heating	13.23
	No piped water	0.35
Permanently occupied dwellings by number of rooms	1 room	1.41
	2 rooms	3.71
	3 rooms	7.39
	4 rooms	11.14
	5 rooms	22.59
	6 rooms	20.52
	7 or more rooms	27.56
Permanently occupied dwellings by tenure	Owner-occupied	77.4
	Local authority rented	6.9
	Privately rented	11
	Other	4.7
Permanently occupied dwellings by period of construction	< 1919	13.5
	1919-1940	8.93
	1941-1960	11.3
	1961-1970	8.9
	1971-1980	16.9
	1981-1990	13.32
	> 1991	22.7
Permanently occupied dwellings by type	Apartments	6
	Detached houses	46
	Semi-detached houses	27
	Terraced houses	20

indigenous nomadic community – the Travellers – and supporting anti-poverty initiatives under the National Anti-Poverty Strategy and the Revitalising Areas by Planning and Investment Programme;

- support housing advice services, through the local authority system, to enable those coming in contact with the local authorities to obtain advice on all of the available housing options, and
- seek to ensure appropriate housing standards by: promoting sustainable, affordable, energy-efficient, architecturally appropriate new housing construction, which employs the best available construction techniques and is adaptable to changing needs over its lifetime; and promoting the

Table 2.14.2 Economic Trends in Ireland, 1995-2001

Category	1995	1996	1997	1998	1999	2000	2001
	%	%	%	%	%	%	%
Growth in GDP (at constant 1995 prices) (%)	9.9	8.1	11.1	8.6	11.3	10.1	6.2
Unemployed persons as a % of the labour force	12.3	11.7	7.5	9.9	5.6	4.3	3.9
Change in the consumer price index (%)	Nav	2.2	1.2	2.1	2.5	5.3	4.0

conservation and improvement of the public and private housing stock, with particular emphasis on meeting the needs of low-income households and regenerating run-down local authority estates.

At central government level, the Department of the Environment, Heritage and Local Government is responsible for the formulation of housing policy and for overseeing its implementation. The provision and management of social housing is primarily the responsibility of 88 local authorities (who act as housing authorities), although in recent years the voluntary and co-operative (not-for-profit) housing sector has become an increasingly important provider of social housing in Ireland.

2.14.2 Stock

In 2003, the Irish housing stock totalled 1,554,000 dwellings, or 391 per 1,000 inhabitants, which is below the average for the countries under examination. TABLE 2.14.1 reveals that a large majority of occupied dwellings in Ireland (77.4%) were owner-occupied, while 11% were rented from a private landlord. Unlike many other countries examined in this review the proportion of dwellings that are owner-occupied in Ireland has fallen in recent years while the percentage of privately rented dwellings has grown. In 1991, 80.2% of dwellings in the country were owner-occupied, while 7% were privately rented. Local authorities are the principal providers of social housing in Ireland. However, the percentage of dwellings provided by this source has fallen in recent years – from 9.7% in 1991 to 6.9% in 2002. Nevertheless, the 'other' category in this table also includes non-profit agencies, which, as was mentioned above, have become increasingly important providers of social housing in recent years.

The Irish housing stock is of very recent construction in comparison with most of the other countries examined in this review. Over 50% of dwellings were built since 1971 and 43% were built since 1980. As a result the standard of dwellings is comparatively high. In 2002, only 0.35% of dwellings had no piped water, while 13.23% had no central heating. Connection to mains electricity is virtually universal across both urban and rural areas, but connection to the natural gas network is mainly confined to Dublin and some other urban areas in the southern half of the country. The average number of persons per room in Ireland was 0.55 in 2002, which constitutes a marked fall from the equivalent figures for 1981 and 1991: 0.74 and 0.64 respectively.

2.14.3 Economy

As revealed in TABLE 2.14.2, Ireland has seen dramatic growth in GDP between 1995 and 2001. However, in recent years the rate of growth in GDP has been more modest; it reached 1.4% in 2003. Ireland's General Government Debt to GDP ratio was 32.3% at the end of 2002 and 32% at the end of 2003. A similar General Government Debt to GNP ratio of 32.2% is forecast for 2004.

Table 2.14.2 also demonstrates that the unemployment rate in Ireland has fallen dramatically since 1995 and that this low rate of unemployment has been maintained in recent years. In the 12 months to mid-2003 the seasonally adjusted rate of unemployment was 4.9%, employment increased by 1.4%, while the labour force expanded by 2%. Building and construction employment increased by 0.5% during the year to December 2003.

The rate of inflation as measured by the Consumer Price Index fell to 1.8% in January 2004, the lowest level in 4 years while, according to the EU Harmonised Indices of Consumer Prices, Ireland's inflation rate was 2.3% in January 2004.

Category	1981 No.	1986 No.	1991 No.	1996 No.	2002 No.
Population	3,443,405	3,540,643	3,525,719	3,626,087	3,917,336
Population change (+/-)	N/A	+97,238	-14,925	+100,235	+291,249
Natural increase (+/-)	N/A	+169,120	+119,245	+92,035	+138,182
Net migration (+/-)	N/A	-71,883	-134,170	+8,200	+153,067
Independent households	880,000	976,000	1,029,000	Nav	1,287,958

2.14.4 Demography

Table 2.14.3 reveals that the population of the Ireland stood at 3,917,336 persons in 2002. This represents a population increase of 15.2% since 1980 which is among the highest of the countries examined in this review. The population growth is related to the birth rate, which has increased since 1990 and, although relatively low in historic terms, is well above the EU average. However, a more significant cause of the population expansion is the advent of positive net

migration into Ireland in the mid-1990s. Migration in Ireland has reversed from a situation of net emigration of 6.53 per 1,000 population in 1990 to net immigration in 2003 of 7.48 per 1,000 of population.

This growth in population also contributed to a growth in the number of households which increased from 1,029,000 in 1981 to 1,287,958 in 2002. However, a more significant contribution to this trend is the decline in average household size, which has fallen from 3.34 in 1991 to 2.94 in 2002.

2.15 Italy

2.15.1 Policy Making and Implementation

Following legislative reform in 2001, responsibility for Public Residential Building in Italy was transferred from central to local government and the remit of central government is now confined to macro-programming and co-financing of projects.

Types of public residential building in Italy can be categorised as follows:

- publicly financed housing – includes all dwellings built by public bodies (generally the Autonomous Institute of Public Housing and the town councils), which are fully financed either solely by central government or by a combination of central and local government and other public bodies; these dwellings are available for rent by less affluent households who meet other requirements set out in legislation;
- subsidised housing – includes dwellings that have been partly financed by central or local government subsidies towards mortgage interest and are only available to beneficiaries who meet a range of conditions prescribed by law; the interest rate subsidy varies according to the income bracket of the beneficiary and may be equal to 30%, 50% or 70% of the interest rate; the dwellings are constructed by building co-operatives, by commercial firms and also by private individuals, and
- council aided housing – similar to subsidised housing, with the exception that the sale of housing that the firms or co-operatives construct is governed by an agreement with the Town Council, whereby the developer is granted special favourable conditions and in return must undertake to grant the buyers favourable conditions, e.g. the dwellings may be sold at less than their market price or at a reduced price.

Table 2.15.1 Characteristics of the Housing Stock in Italy, 2002

Category	%	
Average number of persons per dwelling	1980	3.2
	1991	2.2
	2001	2.1
Dwellings by age (1991) (%)	<1919	19.0
	1919-1945	10.5
	1946-1970	40.7
	1971-1980	19.7
	>1980	10.1
Dwellings by the availability of facilities (1995) (%)	Central heating	79
	Bath or shower	99
	Lavatory	99

2.15.2 Stock

In 2001 the Italian housing stock totalled 26,526,000 dwellings. This constitutes 471 dwellings per 1,000 inhabitants which is well above the average for the countries that are the focus of this study. Also in this year 80% of families owned their own home, and of the remaining 20% who rented, some 80% rented from a private landlord, while 20% lived in social housing rented from a public authority.

In 2002, 24% of all dwellings in Italy were unoccupied. This vacancy rate is very high in European terms. However, the housing vacancy levels vary significantly between different regions of the country. In the north, 19% of dwellings are empty; this rises to 20% in the centre and 34% in the south.

TABLE 2.15.1 provides additional information on the characteristics of the Italian housing stock. It demonstrates that the average number of persons per dwelling has fallen in recent decades, from 3.2 in 1980 to 2.1 in 2001. In terms of the average age of dwellings the Italian housing stock is relatively old compared to many of the other countries examined in this review. Only 29.8% of dwellings were constructed after 1971. However, in terms of the availability of amenities, Italian dwellings compare well with those in other European countries. In 1995, 99% of dwellings in this country had flush toilets, for example.

Table 2.15.2 Economic Trends in Italy, 1995-2001

Category	1995 %	1996 %	1997 %	1998 %	1999 %	2000 %	2001 %
Growth in GDP (at constant 1995 prices) (%)	2.9	1.1	1.8	1.7	3.0	1.8	0.4
Unemployed persons as a % of the labour force	11.5	11.5	11.6	11.7	11.3	10.4	9.4
Change in the consumer price index (%)	5.4	4.0	1.9	2.0	1.7	2.6	2.3

2.15.3 Economy

TABLE 2.15.2 reveals that the rate of increase in GDP in Italy has fallen significantly since 1995 and in 2001 GDP increased by just 0.4%. The unemployment rate in Italy is also relatively high compared to many other European countries, but it has begun to decline slightly in recent years. In 2002, the unemployment rate was 9%, falling to 8.7% in 2003. Price inflation as measured by the consumer price index has also moderated sharply in recent years. It fell from 5.4% in 1995 to 2.3% in 2001.

2.15.4 Demography

In 2001 the population of Italy stood at 57,844,000 people. This is a slight increase on the number of inhabitants of the country in 1992 which was 56,757,000. TABLE 2.15.3 demonstrates that the increase is not due to natural population increase – indeed deaths have exceeded births in Italy since 1992. Rather it is due to positive net immigration. Official data indicate that there were about 1.3 million immigrants regularly residing in Italy in 2001, although other sources claim the actual figure is significantly higher. Table 2.15.3 also reveals that this low birth rate has affected the ageing of the Italian population structure. The proportion of the population aged under 24 years declined between 1992 and 2002, while the proportion aged between 65 and 79 years increased.

Table 2.15.3 Demographic Trends in Italy, 1992-2000

Category		1992	1994	1996	1998	2000
Population by age group (%)	0-14 years	15.8	15.4	15.0	14.6	14.4
	15-24 years	15.3	14.5	13.6	12.7	11.8
	25-49 years	35.1	35.9	36.7	37.0	37.3
	50-64 years	18.2	18.1	17.8	18.2	18.5
	65-79 years	11.9	12.2	12.7	13.3	14.0
	> 80 years	3.5	3.8	4.2	4.1	3.9
Population change (No. per 1,000 population)	Net migration	3.2	2.7	2.7	1.9	3.1
	National population change	0.4	-0.4	-0.5	-0.1	-0.3
Average number of persons per private households		Nav	2.7	2.7	2.7	2.6

2.16 Latvia

2.16.1 Policy Making and Implementation

The Concept Paper on Housing Policy, which was produced by the Latvian Ministry of Environmental Protection and Regional Development in 1996, defines as the main task of national housing policy the advancement of access to good-quality housing for all residents at a reasonable cost. The *Concept Paper on Development of the Credit System for Housing Construction, Reconstruction and Modernisation*, published in 1997, provides for the introduction of a mortgage loan system with the objective of promoting the construction of private houses in cities, small towns and rural areas.

In addition, in recent years a number of new housing laws have been enacted. Among these the following are the most significant:

- the Law on the Renting of Living Space, 1993, which regulates the renting of dwellings, and specifies the rights and responsibilities of landlords and tenants and the content of letting agreements;
- the Law on the Privatisation of State and Municipal Residence Houses, 1995, which regulates the sale of State and municipal housing;
- the Law on Apartment Possession, 1995, which details the rights and responsibilities of apartment owners and of the companies that manage and maintain these developments, and
- the Law on Municipal Assistance in Solving Apartment-Related Problems, 2002, which regulates the provision of housing assistance by local authorities and specifies the categories of individuals who qualify for this assistance.

The Ministry of Environmental Protection and Regional Development holds responsibility for most aspects of housing policy in Latvia, including:

- proposing legislation on housing;

- proposing State strategies and programmes on housing;
- participating in the preparation of legal acts prepared by other Ministries, and
- for government institutions related to housing.

In addition, the Housing Agency, which was established in November 2002, is responsible for housing policy implementation. It carries out the following functions:

- to manage the State housing support programmes, including the programmes for the reduction of interest rates and the extension of availability of mortgage credit;
- to co-ordinate the implementation of the specific projects;
- to assess the adequacy of projects and their relevance to achieving the goals of national housing policy;
- to assemble financial resources for project implementation;
- to provide guidance on housing maintenance, analyse energy consumption in apartment blocks and advise on how any shortcomings in this regard can be addressed;
- to organise training for home owners and managers on housing issues;
- to ensure the privatisation of State-owned dwellings in accordance with the Law on the Privatisation of State and Municipal Housing;
- to monitor housing-related developments, including the privatisation of housing and to develop and update a database for this purpose;
- to provide the Cabinet of Ministers, State and municipal institutions, international organisations and other legal persons and individuals with the information compiled in the Agency, and
- to collaborate with the State and municipal institutions, NGOs, and foreign and international institutions in the sphere of housing.

Table 2.16.1 Characteristics of the Housing Stock in Latvia, 2000

Category		%
Dwellings by date of construction	>1918	11
	1919-1945	14
	1946-1960	10
	1961-1970	18
	1971-1980	22
	1981-1990	21
	1991-2000	4
Dwellings by total floor space (m ²)	Up to 20 m ²	1.32
	20-40 m ²	25.3
	40-60 m ²	50.14
	60-80 m ²	19.47
	80-100 m ²	2.54
	>100 m ²	1.23
Dwellings by availability of services	Piped water	83.2
	Fixed bath or shower	67.0
	Lavatory	77.8
	Central heating	64.9
Dwellings by number of rooms	1	18.3
	2	42
	3	27.2
	4	8.2
	5+	4.4

Table 2.16.2 Economic Trends in Latvia, 2002

Category		LVT
Monthly individual disposable income household type	1 person	158.10
	Pensioner	123.8
	1 adult with children	93.26
	Couple with no children	186.52
	Couple with children	129.91
	Other households with no children	143.93
	Other households with children	107.05
Monthly individual disposable income by region	All households	80.00
	Kurzeme region	68.30
	Zemgale region	71.07
	Latgale region	58.44
	Vidzeme region	67.52
	Riga region	102.43

2.16.2 *Stock*

In 2000, the total number of dwellings in Latvia stood at 941,000, which constitutes 398 dwellings per 1,000 inhabitants, which is less than the average for the 28 countries under examination. In the same year 60.1% of households in the country owned their own homes, while 39.61% rented from a private landlord, and 0.29% lived in social rented accommodation.

TABLE 2.16.1 demonstrates that the vast majority of dwellings in Latvia were constructed prior to 1990. Since then output of new dwellings has fallen sharply and those dwellings that have been constructed, have all been built by the private sector, as public sector output has fallen to zero since 1990.

TABLE 2.16.1 also reveals that in terms of the availability of amenities, the standard is Latvian dwellings is below the European average. 83.3% of all dwellings in Latvia had piped water in 2000, but the percentage of dwellings with services such as central heating, a flush toilet and a fixed bath or shower was significantly lower.

2.16.3 *Economy*

In 2002, GDP in Latvia (at constant 2000 prices) rose by 7.4% on the previous year, while the equivalent increases for 2002 and 2001 were 6.1 and 7.9% respectively.

In January 2004 the unemployment rate in Latvia stood at 8.6%. This is a marginal increase from the unemployment rate in January 2003, which was 8.5%. Levels of unemployment are significantly higher in rural areas, among young people aged between 15 and 24 and among people in the 55 to 64 year age group.

TABLE 2.16.2 indicates that there are significant differences in the average disposable incomes of Latvians living in urban and in rural areas and also in different regions of the country. In 2002, the average monthly income per individual in the capital Riga was 102.43 Ls (€152), the average for individuals living in the seven biggest cities was 92.58 Ls (€158.80) per

month, the average for individuals living in all Latvian cities was 87.61 Ls (€150.27), whereas the average monthly incomes of individuals living in rural areas was only 63.93 Ls (€109.66). In the same year, the region where individual monthly disposable income was lowest was Latgale.

This table also demonstrates that differences between the monthly disposable incomes enjoyed by residents of different types of households varied considerably in 2002. Individuals living in households with children had a particularly low disposable income.

2.16.4 *Demography*

In 2001 the population of Latvia totalled 2,364,300 persons which is a marginal decrease on the number of inhabitants of the country in 1992, which stood at 2,643,000. TABLE 2.16.3 reveals that this decrease in population is closely related to emigration from the country, principally to Russia and Germany, which have not been counter-balanced by immigration into Latvia. At the same time, birth rates are below replacement levels and have been outweighed by deaths each year between 1995 and 2002. The average number of person per private household in Latvia stood at 2.4 in 2001 and as revealed in TABLE 2.16.3 in 2002 only 8.3% of households contained 5 people or more.

Table 2.16.3 Demographic Trends in Latvia, 2002

Category		
Households by size (%)	1 person	23.5
	2 people	22.7
	3 people	30.4
	4 people	15.1
	5 people or more	8.3
Emigration by year (No.)	1995	16,512
	1996	12,828
	1997	12,333
	1998	8,874
	1999	5,898
	2000	7,131
	2001	6,602
	2002	3,262
Immigration by year (No.)	1995	2,799
	1996	2,747
	1997	2,913
	1998	3,123
	1999	1,813
	2000	1,627
	2001	1,443
	2002	1,428
Natural population increase per 1,000 inhabitants by year (%)	1995	-7.0
	1996	-5.9
	1997	-6.0
	1998	-6.6
	1999	-5.6
	2000	-5.0
	2001	Nav
	2002	Nav

2.17 Lithuania



2.17.1 Policy Making and Implementation

In 1992 the government of Lithuania approved a new housing programme entitled Dwelling. The key strategic objectives of this programme are as follows:

- to encourage private initiative, including joint public/private initiative, in the fields of housing construction and apartment supervision;
- to develop the housing market and create conditions for freedom of choice while maintaining a socially indispensable level of non-commercial housing;
- to support rational (in the sense of energy and functionality) dwelling design, while prioritising the family dwelling and its appropriate environment, and
- to encourage the insulation and physical renewal of the existing housing stock.

Since 1992 central government has introduced housing initiatives in the following areas: the development of the mortgage market and the privatisation of State banks; the abolition of regulation of the housing market; the transfer of formerly rented properties into home ownership; the maintenance of social housing; housing subsidies for low-income people; private property rights; renovation and modernisation of multi-family houses in order to reduce energy costs.

The Ministry of Environment holds responsibility for housing policy in Lithuania.

2.17.2 Stock

At the end of 2002, the size of the Lithuanian housing stock totalled 1,291,700 dwellings. The number of households stood at 1,356,826 in the same year, and consequently the number of dwellings per 1,000 population in Lithuania is relatively low in European terms – 367 per 1,000 population. It is estimated that

Table 2.17.1 Characteristics of the Housing Stock in Lithuania, 2002

Category		%
Dwellings by period of construction	< 1945	27
	1945-1960	19
	1960-1970	15
	1970-1980	17
	1980-1990	15
	>1990	7
Dwellings by number of rooms per dwelling	1	17
	2	37
	3	30
	4	10
	5+	6
Dwellings by availability of utilities	Piped water	78.9
	Sewerage	76.3
	Central heating	72.0
	Hot water	67.4
	Bathing facilities	71.8
	Gas	79.3

the current housing stock in Lithuania is around 5% below that required by the population. As a result of migration from rural to urban areas this shortage is most acute in the larger cities, especially in Vilnius and Klaipeda regions. In 2001, 87.2% of this housing stock was owner-occupied, 8% was private rented, 3% was social rented and 1.8% was provided by other sources.

TABLE 2.17.1 reveals that the Lithuanian housing stock is relatively old compared to many other countries examined in this review – only 7% of dwellings were built since 1990. In addition, dwellings are not typically generous in proportion. Relatively few dwellings contain 4 or more rooms – only 16% of the housing stock fell into this category in 2002. The vast majority of dwellings in the country have access to piped water, sewerage, central heating and bathing facilities, although the availability of these amenities is below the average for the 28 countries that are the focus of this review. These services are generally less commonly available in rural areas. In 2002, 91.9% of dwellings in urban areas were fitted with piped water, as compared with only 50.6% of rural dwellings;

Table 2.17.2 Economic Trends in Lithuania, 1996-2002

Category	1996	1997	1998	1999	2000	2001	2002
	%	%	%	%	%	%	%
Change in GDP	4.7	7.0	7.3	-1.8	4.0	6.5	6.8
Annual inflation (December to December)	13.1	8.4	2.4	0.3	1.4	2.0	-1.0
Unemployment rate – as measured by the labour force survey	Nav	Nav	Nav	Nav	16.4	17.4	13.8

90.7% of urban dwellings were fitted to a sewage system, as compared to 45.1% of rural dwellings; 83.8% of urban dwellings had hot water as compared to 31.8% of rural dwellings; while 87% of urban dwellings had bathing facilities as compared to 38.9% of rural dwellings.

2.17.3 Economy

TABLE 2.17.2 provides details of the key economic trends in Lithuania in recent years. It reveals that the annual rate of increase in GDP in the country has increased significantly in recent years from -1.8% in 1999 to 6.8% in 2002. Inflation has also fallen rapidly, from 13.1% in 1993 to -1.0% in 2001.

Although the rate of unemployment fell between 2001 and 2002, it remains high in comparison with most other European countries. Data from the labour force survey indicate that in 2002, the Lithuanian unemployment rate was 13.8%. The unemployment rate among younger people is even higher than this. In 2002, 41.8 of Lithuanian men aged between 15 and 19 years were unemployed, as were 38.4% of their female counterparts.

Table 2.17.3 Demographic Trends in Lithuania, 1992-2000

Category		1992	1994	1996	1998	2000
		%	%	%	%	%
Population by age group (%)	0-14 years	22.5	22.2	21.6	20.8	19.8
	15-24 years	13.6	13.5	13.4	13.5	14.3
	25-49 years	34.8	34.8	35.4	36.2	36.7
	50-64 years	16.7	16.8	16.4	16.1	15.9
	65-79 years	8.3	8.8	9.4	10.1	10.9
	> 80 years	2.7	2.7	2.7	2.6	2.5
Population change (per 1,000 population)	Net migration	-6.6	-6.6	-6.5	-6.2	-5.8
	Natural population change	3.3	-1.1	-1.1	-1.1	-1.4

2.17.4 Demography

In January 2003 the population of Lithuania stood at 3,462,553 persons and the average household size was 2.55 persons. At the end of 2002, the number of households stood at 1,356, 826.

The population of Lithuania has decreased in recent years. In 1992, 2,643,000 people lived in the country. TABLE 2.17.3 reveals that this declining population is due to both a falling birth rate – deaths have exceeded births in Lithuania since 1994 – and negative net migration.

Throughout the last decade the number of emigrants exceeded immigrants by over 6% on average.

These demographic trends have also impacted on the age structure of the population. As TABLE 2.17.3 demonstrates, the proportion of the population aged 65 years and over has increased, while the proportion aged under 25 years has fallen.

2.18 Luxembourg

2.18.1 Policy Making and Implementation

Its most recent Statement on housing policy, issued in August 1999, commits the government of Luxembourg to '... conducting an active housing policy in close collaboration with the communes and public developers'. Within this context, the Statement pledges that particular attention will be paid to land management and to land speculation in order to promote housing development in urban areas and to avoid the retention for speculative purposes of building land that is ready to be developed. Furthermore, the government will favour all initiatives from public developers that are geared towards creating rehabilitation zones and land reserves.

With a view to creating a stock of rental housing that meets the needs of the population for the short term and the medium term, the Statement reports that the government will appreciably increase the subsidy granted to the various public developers for the creation of social rental housing. In a general way, the government will pursue State-controlled initiatives to facilitate home ownership, while keeping the different types of aid available at present and while allocating this aid more judiciously.

According to the Statement, within the framework of the tax reform, personal effort in forming the initial capital to become a home owner will be encouraged more, as will investment in the acquisition, the renovation and the rehabilitation of housing for personal occupation. In the spirit of achieving sustainable development, the Statement also commits government to promoting the purchase of old dwellings for renovation and to continuing with the work that has already been started on introducing a housing report card (carnet de l'habitat). The latter scheme enables home owners to employ an appropriately trained expert to assess the quality of their dwelling from the point of view of comfort,

hygiene, health, security, stability, technology, energy consumption and social aspects. The expert also recommends measures to resolve each fault or defect noted. The aim of this measure is to preserve and improve the existing heritage. In addition, the government also plans to stimulate the rehabilitation of rental housing by amending the law on leases.

2.18.2 Stock

In 2001, the total number of occupied dwellings in Luxembourg was 171,953, which constitutes 391.7 per 1,000 inhabitants. This is below the average for the countries under examination. According to the 2001 census of the population, approximately 70% of households owned their dwelling and 29% were renters. In addition, the census indicates that there were 9,534 housing units for older people aged over 60 years.

Data from 2002 indicate that the stock of public rented dwellings in Luxembourg stood at 2,550 units. This was distributed among a number of landlords: the housing fund (1,402 dwellings), City of Luxembourg (550 dwellings), Ville d'Esch-sur-Alzette (402 dwellings) and other public property developers (approximately 200 dwellings). This type of housing thus represented approximately 1.5% of the total housing stock in Luxembourg, or 5% of the total stock of rental housing.

The 2001 census found that 87% of all households in Luxembourg live in a single-family house, and that 8% reside in apartments. In addition, according to the census, 2.33% of the housing stock, accounting for 4,015 dwellings, was vacant. This is the lowest rate of vacant dwellings amongst the countries under examination.

TABLE 2.18.1 provides some additional information on the housing stock in Luxembourg. It reveals that in 2001 26.6% of dwellings were constructed before 1946. In the same year only a negligible number of dwellings lacked all basic amenities such as a bath, shower, lavatory and central heating.

Table 2.18.1 Characteristics of the Housing Stock in Luxembourg, 2001

Category		Total No.	Owner No.	Non owner No.	Not specified No.
Dwellings by period of construction	< 1946	45,094	29,921	13,644	1,529
	> 1946	120,336	81,986	33,995	4,355
	Not specified	3,768	1,744	1,644	380
Dwellings by type and availability of amenities		No.	No.	No.	No.
		No bath/shower, no lavatory and no central heating	With bath/shower, no lavatory and no central heating	With bath/shower, with lavatory no central heating	With bath/shower, with lavatory, with central heating
		No.	No.	No.	No.
		No.	No.	No.	No.
House		17	43	634	10,220
Apartment		17	23	218	17,661

2.18.3 Economy

TABLE 2.18.2 includes details of some key recent economic trends in Luxembourg. It reveals that after a marked increase between 1998 and 2001, the rate of increase in GDP in the country has fallen to 1.8% in 2003 (provisional data). Since 1996 both inflation and unemployment have remained low in comparison to most of the other countries that are examined in this review.

2.18.4 Demography

On 1 January 2004 the population of Luxembourg totalled 451,600 inhabitants, corresponding to a total population increase of 0.74% since 2003. As revealed in TABLE 2.18.3, the population of Luxembourg has increased significantly in recent years. During the

period from 1994 to 2004 alone, the population increased by 50,700 inhabitants, corresponding to an increase of 4,610 persons per annum. The table also demonstrates that this trend is the result of relatively high levels of positive net migration since the mid-1990s. However, this may be changing. In 2002, the migratory surplus was less than that in 2001. It was 2,650 units or -20%. In 2003, the migratory balance was +2,073 persons (12,613 arrivals, 10,540 departures). Natural increase is also contributing to population growth in Luxembourg, albeit at a less significant rate than net migration, but long-term trends in this regard have also displayed signs of change in recent years. In 2003, the number of live births was 5,303 compared to 5,345 in 2002. In 2003, the number of deaths was noticeably greater than that registered in 2002 (4,053 compared to 3,744). This represents an increase of 8.2%. It is also interesting to

Table 2.18.2 Economic Trends in Luxembourg, 1996-2002

Category	1996 %	1997 %	1998 %	1999 %	2000 %	2001 %	2002 %	2003 %
Change in GDP	3.3	8.3	6.9	7.8	9.1	1.2	1.2	1.8 (prov.)
Change in the harmonised index of consumer prices	1.2	1.4	1.0	1.0	3.4	2.4	Nav	Nav
Unemployed persons as a % of the labour force	2.9	2.7	2.7	2.4	2.3	2.1	Nav	Nav

Table 2.18.3 Demographic Trends in Luxembourg, 1980-2004

Year	Population on 1 January (R) No.	Natural balance No.	Migratory balance No.	Total growth (R) No.	% Variation
1980	363,500	N/a	N/a	N/a	N/a
1985	366,200	+ 708	+ 1,992	+ 2,700	+ 0.74
1989	375,800	+ 2,086	+ 7,514	+ 9,600	+ 2.62
1990	379,300	+ 681	+ 2,857	+ 3,500	+ 0.93
1991	384,400	+ 1,163	+ 3,942	+ 5,100	+ 1.35
1992	389,800	+ 1,241	+ 4,173	+ 5,400	+ 1.40
1993	395,200	+ 1,128	+ 4,255	+ 5,400	+ 1.38
1994	400,900	+ 1,438	+ 4,243	+ 5,700	+ 1.44
1995	406,600	+ 1,651	+ 4,004	+ 5,700	+ 1.42
1996	412,800	+ 1,624	+ 4,610	+ 6,200	+ 1.52
1997	418,300	+ 1,828	+ 3,672	+ 5,500	+ 1.33
1998	423,700	+ 1,566	+ 3,832	+ 5,400	+ 1.29
1999	429,200	+ 1,485	+ 4,056	+ 5,500	+ 1.30
2000	435,700	+ 1,789	+4,719	+ 6,300	+ 1.50
2001	439,000	+ 1,969	+ 3,644	+ 3,300	+ 0.75
2002	444,050	+ 1,740	+ 3,311	+ 5,050	+ 1.15
2003	448,300	+ 1,601	+ 2,650	+ 4,250	+ 0.96
2004	451,600	N/a	N/a	+ 3,300	+ 0.74

note that trends are more acute amongst the section of the population with Luxembourg nationality than among non-nationals. Among the former group, births decreased by 6.3% in 2003 while among the latter they increased by 4.8%. In the same year the increase in deaths was confined to those with citizenship, and the number of deaths in the non-national population remained more or less stable.

In 2001, there were 171,647 households in Luxembourg – an increase of 19.5% compared to 1991. Average household size varies geographically. In the city of Luxembourg in 2001 household size averaged at 2.13 persons, as opposed to 2.51 for towns such as Grevenmacher or Ettelbrück/Diekirch, and 2.75 for towns such as Wiltz, Steinfort or Redange.

2.19 Malta



2.19.1 Policy Making and Implementation

The key objectives of housing policy in Malta are as follows:

- encouraging home-ownership;
- providing decent housing for all and in particular to families with children;
- subsidising adaptation and repair works to government and privately owned dwellings;
- providing subsidised rented accommodation for low-income and target groups;
- developing further the affordable housing building programme;
- stimulating further the rental market and the effective use of vacant housing stock currently untapped for rental purposes;
- increasing the accessibility of residential premises by installing lifts;
- providing small-scale sheltered housing for the target groups, and
- encouraging collaboration with private and non-governmental enterprises (housing and financial institutions) in accessing cheaper land for housing and improving the maintenance of the social housing stock.

The Ministry for Family and Social Solidarity and the Housing Authority are responsible for policy-making in Malta. The Housing Authority, which was established in 1976, is responsible for improving the housing condition of very low-income groups and promoting home ownership. It achieves the former objective by providing dwellings which are rented at less than the market rent level to social housing applicants. The Housing Authority also plays a key role in implementing housing policy, as does the Planning Authority. The latter agency was established in 1992 and is charged with promoting an integrated

Table 2.19.1 Characteristics of the Housing Stock in Malta, 1995 and 2000

Category		%
Dwellings by tenure (2000)	Rented	22.4
	Owner-occupied	74.1
	Occupied free of charge	3.5
Dwellings by period of construction (1995)	< 1945	25.5
	1945-1960	11.1
	1961-1970	11.1
	1971-1980	18.3
	1981-1990	24.8
Dwellings by number of rooms (1995)	> 1991	9.1
	1	0.3
	2	2.7
	3	7.6
	4	16.7
Dwellings by availability of utilities (1995)	5 +	72.8
	Central heating*	0.7
	Electric heater*	47.6
	Gas heater*	21.0
	Paraffin heater*	19.8
	Bathroom	96.6
Lavatory which empties into a mains sewer	97.7	

Note: * Households may use more than 1 method of heating; therefore the sum of these figures is greater than 100.

approach to land development, which largely focuses on social housing development within existing urban areas rather than green-field sites.

2.19.2 Stock

In 1995, the total number of dwellings in Malta stood at 155,202, or 420 dwellings per 1,000 inhabitants, which is above average in European terms. As revealed in TABLE 2.19.1, in 2000, 74.1% of the housing stock was owner-occupied and a further 3.5% was occupied free of charge, while the remaining 22.4% was rented, from private or social landlords. Social housing in Malta is provided by the Lands Department, Joint Office or the Housing Authority. In addition, some social housing belongs to private landlords whose properties have been requisitioned and rented at a regulated rent regime. These properties are managed by the Social Housing Department. Rent control for private rented housing in Malta was introduced in 1949, when the Housing Act of that year froze rents at

Table 2.19.2 Economic Trends in Malta, 1998-2003

Category	1998	1999	2000	2001	2002	2003
Change in GDP at constant (1995) prices in million Maltese Lira (MLT)	1,291.8	1,344.2	1,429.9	1,412.7	1,426.6	1,419.6
Inflation (%)	2.4	2.1	2.4	2.9	2.2	1.3
Unemployment rate as measured by the labour force survey (%)	Nav	Nav	6.5	6.5	6.8	7.9

1939 levels. However, in 1995 the legislation on this aspect of housing was amended with the intention of liberalising the rental market.

43.1% of the current Maltese housing stock was constructed between 1971 and 1990. Output of social housing was particularly high during this period. Dwellings in the country are relatively generously sized. In 1995, 72.8% of dwellings in the country had 5 rooms or more. In this regard the Maltese housing stock is amongst the most generously sized of the countries under examination. However, there is a poor correlation between the size of households and the size of dwellings. The vast majority of dwellings in Malta have water and electricity. TABLE 2.19.1 also reveals that 96.6% of dwellings have a bathroom and in most cases lavatories empty into mains sewers.

In 1995, 23.0% of the Maltese housing stock was vacant. Although this figure includes holiday homes, the level of permanently vacant dwellings in the country is also high – dwellings of this type represented 14.7% of the total dwelling stock in 1995. Vacancy rates were particularly high in the Grand Harbour area of the capital Valetta, where 19% of residences were vacant in 1995, even though only 0.3% were second homes.

Table 2.19.3 Demographic Trends in Malta, 1992-2000

Category	1992	1994	1996	1998	2000
Population by age group (%)	0-14 years	Nav	Nav	22.1	Nav
	15-24 years	Nav	Nav	14.8	Nav
	25-49 years	Nav	Nav	36.5	Nav
	50-64 years	Nav	Nav	15.2	Nav
	65-79 years	Nav	Nav	9.2	Nav
	> 80 years	Nav	Nav	2.2	Nav
Population change (per 1,000 population)	Net migration	2.4	2.4	1.6	1.1
	Natural population change	7.1	5.8	5.8	4.2
Average number of persons per private households (No.)	Nav	Nav	Nav	Nav	3.01

2.19.3 Economy

As is illustrated in TABLE 2.19.2, the rate of increase in GDP in Malta has slowed in recent years – from 6.4% in 2000 to 1.7% in 2002. At the same time, however, inflation has fallen slightly, while unemployment has risen.

2.19.4 Demography

The population of Malta stood at 399,867 in 2003 – which is a slight increase on the number of inhabitants of the country in 1993, which stood at 373,161. TABLE 2.19.3 reveals that the population increase is related to both natural population increase and positive net migration. In 2002, 96 people emigrated from Malta. However, this was more than counterbalanced by the number of immigrants to the country, which totalled 382 during the same year. Although birth rates in Malta are falling, throughout the 1990s births more than outweighed deaths. As a consequence, Malta has not experienced the ageing population structure common to many of the other European countries examined in this review. In 2000, 20.4% of the Maltese population were aged 14 years or younger, while a further 18.2% were aged between 15 and 24 years.

In 2000, the number of private households in the country totalled 127,970 – a significant increase on the corresponding figure for 1995 of 119,479. Like many other European countries, the rising number of households in Malta is related to falling household size. In 1995 the average number of persons per households in Malta was 3.12. By 2000 this had fallen to 3.01, although this figure is still significantly above the average for the countries examined in this review.

2.20 The Netherlands



2.20.1 Policy Making and Implementation

They key objectives of housing policy in the Netherlands are as follows:

- to accelerate the restructuring of neighbourhoods and housing construction, especially in cities;
- to achieve and maintain a sound, sustainable living climate. A sustainable housing environment not only concerns the dwelling itself, but also encompasses clean, pleasant and safe public spaces and a recognisable, stable social environment;
- to tackle unsafe and run-down neighbourhoods and to prevent other areas from declining in this way;
- to promote home-ownership, including the sale of rented dwellings, in order to improve the quality and liveability of neighbourhoods;
- to make city living more attractive for middle and higher income households by ensuring that the type of dwellings in supply are sufficiently varied, and
- to ensure that housing is affordable, especially for those who do not have sufficient means to access adequate housing, by promoting moderate rent levels, and providing rent subsidy to lower income groups.

The Ministry of Housing, Spatial Planning and the Environment holds responsibility for housing policy-making in the Netherlands.

Table 2.20.1 Characteristics of the Housing Stock in the Netherlands, 1998, 2002

Category		1998 %	2002 %
Dwellings by tenure	Owner-occupied	50.8	54.2
	Social rental sector	Nav	35.0
	Private rental sector	Nav	10.8
Dwellings specially for the elderly		Nav	6.3
Dwellings by period of construction	<1945	20	20
	1945-1969	29	27
	1970 and later	51	53
Dwellings by size	Average number of rooms	4.2	4.2
	Number of persons per dwelling	2.3	2.3
Single-household dwellings		69.2	71
Dwellings by availability of amenities	bath/shower	100	100
	Central heating	88	90
	gas/water/electricity	100	100

2.20.2 Stock

In 2002 the Dutch housing stock totalled 6,710,800 dwellings. As detailed in TABLE 2.20.1, 54.2% was owner-occupied, 10.8% was rented from private landlords and 35% was rented from social landlords. The level of home ownership in the Netherlands is comparatively low in European terms, while the proportion of dwellings that are social rented is the highest of the countries under review.

In terms of the availability of utilities the standard of the Dutch housing stock compares very favourably with many of the other countries examined in this review. In 2002, all of the dwellings in the country had gas, water and electricity and a bath or shower.

Table 2.20.2 Economic Trends in the Netherlands, 1995-2002

Category	1995 %	1996 %	1997 %	1998 %	1999 %	2000 %	2001 %	2002 %
Change in GDP at constant (1995) prices	3.0	3.0	3.8	4.3	4.0	3.5	1.2	0.2
Change in the harmonised index of consumer prices	1.4	1.4	1.9	1.8	2.0	2.3	5.1	Nav
Unemployment persons as a % of the labour force	6.6	6.0	4.9	3.8	3.2	2.9	2.5	Nav

Table 2.20.3 Demographic Trends in the Netherlands, 2000, 2002

Category	2000 No.	2002 No.
Population	15,864,000	16,105,000
Household size	2.3	2.3
Immigration	132,900	121,300
Emigration	61,200	66,800
Net migration	71,700	54,500

2.20.3 Economy

TABLE 2.20.2 sketches recent economic trends in the Netherlands. It reveals that annual growth in GDP in this country has fallen from 3% in 1995 to 0.2% in 2002. At the same time the rate of inflation (as measured by annual change in the harmonised index of consumer prices) has increased from 1.4% in 1995 to 5.1% in 2001, but unemployment has fallen to 2.5% of the labour force in 2001 – less than half the rate of 1995.

2.20.4 Demography

TABLE 2.20.3 provides details of recent demographic trends in the Netherlands. It reveals that the population of this country has increased slightly in recent years, from 15,864,000 people in 2000 to 16,105,000 in 2002. This trend is a function of positive net migration – immigrants into the Netherlands exceeded emigrants by 54,500 persons in 2002. The average household size in the Netherlands has remained stable in recent years – at around the average level among the countries examined in this review.

2.21 Poland

2.21.1 Policy Making and Implementation

Until 31 December 2003 responsibility for housing policy implementation in Poland lay with the State Office for Housing and Urban Development (SOHUD) whose President reported to the Minister of Infrastructure. On 1 January 2004, the SOHUD was incorporated in the Ministry of Infrastructure which now holds responsibility for devising and implementing housing policy in Poland.

The scope of activity of the Minister of Infrastructure in the housing sphere embraces the following issues:

- implementation of housing policy;
- development and implementation of financial tools for housing construction;
- implementation of spatial policy;
- preparation and implementation of effective urban development systems as well as legal infrastructure for management of the existing housing stock;
- preparation of the governmental programmes for development of the municipal infrastructure, and
- establishment of the rules of real estate management, including the formulation of conditions for the development of the real estate market, and engagement in administrative jurisdiction in the field of spatial, housing and real estate economy.

Since early 2002, the Ministry of Infrastructure has also co-operated with the Ministry of Social Policy and the Ministry of Economy and Labour regarding a pilot programme for the construction of social housing. In addition, the fiscal aspects of housing policy are the responsibility of the Ministry of Finance, taking account of proposals made by the Ministry of Infrastructure.

2.21.2 Stock

At the end of 2002 the total housing stock in Poland amounted to 12,523,600 dwellings (326.6 per 1,000 inhabitants) of which 11,763,500 (or 307.7 per 1,000 inhabitants) were occupied. This level of housing availability is below the average for the countries under examination. The period since 1989 has seen a radical change in the tenure structure in Poland, as a large number of rented dwellings were transferred into owner occupation under the auspices of the right to buy programme. TABLE 2.21.1 reveals that in 2002, 55% of the housing stock in Poland was owner-occupied, although a substantial proportion of dwellings are social rented – 9.3% from co-operatives, 11.5% from local authorities, 0.3% from social housing associations and 1.7% from the State treasury. The social housing associations programme was initiated in 1995. TABLE 2.21.1 also reveals that 2.2% of all dwellings were rented from employers in 2002. The employers involved in housing provision in Poland are mainly public-sector organisations or State-owned enterprises.

The Polish housing stock is young in comparison with many of the other countries examined in this review – 49.3% of the housing stock has been built since 1970, while dwellings constructed before 1918 accounted for only 10% of the total stock in 2002.

The housing stock in urban parts of Poland in particular is comparatively well equipped with services such as water, bathing facilities and central heating. Admittedly, these services are less widely available in rural areas, but their availability has grown significantly over the last decade. In 1990, only 67.6% of rural dwellings had piped water and only 49.4% had a lavatory, but by 2002 the availability of these services had grown to 89.2 and 74.4% respectively. However, the standard of insulation and maintenance of dwellings is often poor. It is estimated that about 7.5 million of all dwellings in the country require repairs, of which 1.3 million require general renovation. Furthermore, the size of dwellings in Poland is comparatively small. In 2002, the average

Table 2.21.1 Characteristics of the Housing Stock in Poland, 2002

Category	%
Inhabited dwellings by tenure	
Owner-occupied	55.2
Co-operative (ownership)	19.3
Co-operative (rented)	9.3
Rented from municipalities	11.5
Rented from the State treasury	1.7
Rented from employers	2.2
Rented from social housing association	0.3
Others	0.3
Dwellings by date of construction	
<1918	10.1
1919-1944	31.1
1945-1970	26.9
1970-1878	18.3
1979-1988	18.7
1989-2002	11.6
Under construction	0.7
Not specified	0.6
Dwellings in urban areas by availability of services	
Water	98.7
Lavatory	94.6
Bathroom	92.3
Gas	75.0
Central heating	84.3
Dwellings in rural areas by availability of services	
Water	89.2
Lavatory	74.4
Bathroom	76.0
Gas	17.4
Central heating	64.3
Average number of rooms per a dwelling	3.69
Average number of persons per dwelling	3.25

usable floor area of a dwelling was 68.6 m², while the average number of rooms per dwelling was 3.69 in the same year. However, declining household size may help to reduce this overcrowding problem. The average number of persons per dwelling in the country fell from 3.46 in 1988 to 3.25 in 2002. In addition, the average usable floor area of a dwelling in Poland has grown steadily over the last decade due to a significant increase of the average usable floor area of completed dwellings. In 2002, the average usable floor area per capita was 13.4% above the 1997 value.

As is discussed in more depth in Section 4 of this review, housing demand in Poland is currently very

Table 2.21.2 Demographic Trends in Poland, 1998-2002

Population No. (million)		Change %	Households No. (million)		Change %	Average household size		Change %	Internal migration 1989-2002 No. (000s)	External migration 1989-2002 No. (000s)
1998	2002		1998	2002		1998	2002			
37,879.1	38,230.1	0.9	11,970.4	13,337.0	11.4	3.10	2.84	-8.4	3,924.3	85.5

strong, but despite this, the vacancy rate amounted to 6.1% of all housing stock in 2002. The highest concentration of unoccupied dwellings in urban areas is in the central part of Poland (Mazowieckie province, where 7.5% of dwellings are empty) and in the northern part of the country in the case of rural areas (Podlaskie province, where 13.5% of the housing stock is empty).

2.21.3 Economy

During recent months Poland's economy has shown signs of a gradual recovery. The average GDP growth was above 5% between 1997 and 1999. Annual GDP growth in 2002 amounted to 1.3%, rising from 1.0% in 2001. In the third quarter of 2003 as compared to the same period of the previous year GDP amounted to 3.9%. The key reason for this recovery is an increase in domestic demand, and a rise in profits from exports which is related to the depreciation of the Polish Zloty against the Euro. In addition, inflation in Poland has also reduced in recent years. The inflation rate in 1995 was 27.8%, but by 2001 this had fallen to 5.5% and

in 2002 and 2003 it fell further – to 1.9 and 0.8% respectively.

Despite these positive economic trends, unemployment in Poland remains high. At the end of 2002, 3,210,000 people were unemployed (up by 3.2% on the previous year), while the rate of unemployment stood at 18.1%. At the end of June 2003, 3.13 million people were out of work, while the unemployment rate stood at 17.7% (compared to 17.4% during the same time in the previous year).

2.21.4 Demography

As outlined in TABLE 2.21.2, the population of Poland grew slightly during the 1990s, to 38.2 million in 2002, rising from 37.8 million in 1988, which constitutes an increase of 0.9%. At the same time the total number of households grew by 11.4% – from 11.97 million in 1988 to 13.337 million in 2002. However, the average household size decreased by 8.4%, mostly as a result of a rise in the number of single-person households.

2.22 Portugal

2.22.1 Policy Making and Implementation

Housing policy in Portugal is shaped by the provisions of the Constitution of the Portuguese Republic, particularly Article 65 which defines the right to housing. Within this context, government is required to adopt a housing policy which ensures that all citizens have access to adequate housing, and to provide the resources and instruments necessary to implement this policy.

Until the mid-1980s, housing policy was based primarily on the direct promotion of new house building by the central government, via the Housing Development Fund (FFH). Following the abolition of the FFH, the State transferred responsibility for promoting public sector housing to city councils and created the National Housing Institute (INH) and the Institute for the Management and Disposal of State-Owned Housing (IGAPHE). The INH was tasked with assuring the administration of housing and interventions of a financial nature within the cost-controlled housing sector, whilst the IGAPHE was charged with performing the duties of the former FFH in terms of the management, preservation and disposal of government-owned housing assets. Both these agencies worked in partnership with local authorities to enable local government and the private sector to supply sufficient housing for sale or rent, and thus meet the housing need.

In 2002, the IGAPHE and the INH were merged under the terms of Statute Law No. 243/2002 and almost all of the responsibilities, competencies and assets of the former organisation were transferred to the latter. This reform was intended to achieve better value for money and to promote synergies between the various similar or complementary functions, which had until now been entrusted to distinct bodies. In addition, as part of this process the INH was assigned added competencies in the realm of reconstruction and

Table 2.22.1 Characteristics of the Housing Stock in Portugal, 1981-2001

Category	Year			
	1981	1991	2001	
Occupied principal residences (No.)	2,769,000	3,055,000	3,551,000	
Occupied principal residences by tenure (%)	Owner-occupied	56.6	64.75	75.7
	Private rented	38.9	30.63	20.98
	Social rented	4.46	4.62	3.32
Vacant principal residences (No.)	190,311	440,139	543,777	
Vacant principal residences by status (%).	For sale	19.4	12.2	19.4
	For rent	22.9	11.5	14.7
	Awaiting demolition	8.4	9.3	5.1
	Others	49.3	60.0	60.8

rehabilitation of the social housing stock, of development of the rental market, particularly that geared towards younger and disadvantaged groups, and of intervention in the land market.

2.22.2 Stock

TABLE 2.22.1 outlines the key characteristics of the housing stock in Portugal. It reveals that the total number of occupied dwellings in the country amounted to 3,551,000 in 2001 or 346 per 1,000 inhabitants. This is a significant increase from the equivalent figure for 1981 which was 2,769,000 dwellings.

Like the vast majority of other European countries, the proportion of the Portuguese housing stock which is owner-occupied has grown in recent years – from 56.6% of total in 1981 to 75.7% in 2001. The latter figure is higher than the average for the various countries under examination. At the same time the proportion of the housing stock which is rented has contracted. The decrease in this regard has been particularly marked in the case of private rented housing – the number of dwellings in this tenure fell by some 190,000 between 1991 and 2001, while the social rented stock decreased by 16.6% between these dates, falling to 3.32% of dwellings by 2002. This trend is related to the policy of selling the social rented

Table 2.22.2 Economic Trends in Portugal, 2002-2004

Category	2002	2003	2004
GDP	0.4	-0.7	1.0
Private consumption	0.6	-0.7	0.5
Public consumption	2.8	-1.3	-0.5
Gross formation of capital	-5.3	-7.0	2.5
Domestic demand	-0.5	-2.4	0.8
Exports	2.1	2.9	5.6
Imports	-0.4	-2.6	4.0
Total employment	0.2	-0.8	0.4
Government deficit as a% of GDP	-2.7	-2.9	-2.8
Public debt (Government) as a% of GDP	58.0	59.5	60.0

dwellings which are provided by central and local government and public and social agencies to tenants. Detailed data regarding the quality of the Portuguese housing stock are not available. The information which is available indicates that the vast majority of dwellings are of reasonable quality, although the stock in the major cities is ageing, and in many cases requires refurbishment.

TABLE 2.22.1 also reveals that in 2001, some 10.8% of principal residences in Portugal were vacant. This figure is slightly higher than that registered ten years previously (10.6%). However, in absolute terms, the number of vacant dwellings rose from 440,139 to 543,777, representing a rise of around 23.5%. It is also worth noting that between 1991 and 2001 the proportion of dwellings that were vacant but available for rent rose by a 58.5%. This development reflects changes in the rental market situation over this period. In 2001, 5.1% of vacant dwellings were awaiting demolition, which indicates that they were unfit for human habitation. In addition, in the same year 60.8%

Table 2.22.3 Demographic Trends in Portugal, 1995-2020

Category		1995	2000	2005 (proj.)	2010 (proj.)	2015 (proj.)	2020 (proj.)
Total population (No)		9,921,000	10,022,000	10,113,000	10,172,000	10,175,000	10,022,000
Population by age (%)	0-14 years	17.6%	16.9%	17.1%	17.3%	16.8%	16.1%
	15-24 years	16.3%	14.2%	11.9%	11.0%	11.4%	11.8%
	25-49 years	34.9%	36.7%	37.6%	37.0%	35.3%	33.6%
	50-64 years	16.5%	16.8%	17.5%	18.5%	19.4%	20.4%
	>65 years	14.7%	15.4%	15.9%	16.3%	17.1%	18.1%

of vacant dwellings were neither for sale nor for rent, which means that over 330,000 dwellings have been withdrawn from the market.

2.22.3 Economy

TABLE 2.22.2, which sketches key recent economic trends in Portugal, reveals that the rate of growth in GDP in this country has been modest in 2002 and slightly negative in 2003, but that this situation is expected to improve in 2004.

2.22.4 Demography

Details of recent and future demographic trends in Portugal are set out in TABLE 2.22.3. This table reveals that the population of Portugal has increased slightly in recent years – from 9,921,000 persons in 1995 to 10,022,000 in 2000. It is also envisaged that the population, after registering a slight increase between the years 2000 and 2015, will begin to display negative growth rate after this.

At the same time, despite the positive influence of immigration and in common with many other European countries, the structure of the Portuguese population shows clear signs of a trend towards a sharply increasing ageing population over the next few years. This trend is based on two factors: on one hand, a higher life expectancy at birth, associated with improved sanitary conditions and health care, and on the other, a decrease in the birth rate, common to the majority of European countries.

2.23 Romania

2.23.2 Stock

In 2002, the national housing stock in Romania stood at 8,107,114 dwellings (or 361.4 per 1,000 inhabitants), more than half of which was located in urban areas. Like many other countries in this part of Europe, tenure patterns in this country have changed radically during the last decade as a result of the mass privatisation of the public rented housing stock in early 1990s. Consequently, home ownership rates in Romania are amongst the highest of the countries examined in this review. In 2002, 97.15% of all dwellings were owner-occupied. In the same year the public rental housing (social housing) represented only 2.62% of the total Romanian housing stock, while the remainder was shared between co-operative housing (0.08%) and religious institutions (0.15%).

Compared to many other European countries, the Romanian housing stock is comparatively young. In 2002, 66.9% of the dwellings in the country were constructed after 1960, while only 15.4% dated from before 1939. However, Romanian dwellings are comparatively small in size. In 2002, almost three-quarters of the dwellings consisted of 2 or 3 rooms and the average number of rooms per dwelling was 2.6, compared to an average of 3.9 amongst the European countries for which comparable data are available. 70% of the dwellings had an area of 16 to 47 m². The average number of persons per room was 1.03 – a significant fall from the average of 1.19 persons per room registered in the 1992 census of population. In 2002, the average living area per person was 14.3 m² – significantly greater than the level of 11.6 m² which was recorded in 1992.

Most dwellings in all parts of the country are connected to electricity. However, 85% of the 236,000 dwellings without an electricity connection are located in rural areas. Similarly, 53% of all dwellings in the country had a water supply and sewage installation in 2002, but the availability of these services was seven times higher in urban areas than in rural ones. In 2002, 98.2% of dwellings in urban areas were connected to a public water supply, 93.8% were connected to a sewage network and 80.3% of urban

2.23.1 Policy Making and Implementation

The key aims of the national housing policy in Romania are as follows:

- promoting sustainable urban development and environmental protection;
- complying with the European standards regarding standard of living – one of the key requirements for accession to EU membership;
- enabling co-operation between central and local authorities;
- improving the urban infrastructure (local roads, water supply, sewage system, waste management, energy supply);
- promoting a balance between the market price of dwellings and average family income;
- providing social protection for young families and low-income households;
- avoiding social segregation;
- facilitating investment in housing;
- creating more than 120,000 new jobs, and
- developing the national construction materials industry.

In addition, provision of housing to meet the special needs of specific sections of the population (such as older, disabled and homeless people) is currently a key concern for the Romanian government.

The Ministry of Transport, Construction and Tourism is responsible for devising housing policy and for the development of the housing sector in Romania. The National Housing Agency is responsible for most of the key aspects of housing policy implementation, including enabling new house building. Legislation enabling the establishment of this agency was enacted in 1998.

Table 2.23.1 Economic Trends in Romania, 1998-2003

Category	Year					
	1998/1999	1999/2000	2000/2001	2001/2002	2002/2003	
GDP	97.7	101.6	105.7	104.9	104.9	
	1998	1999	2000	2001	2002	2003
Inflation rate	159.1	145.8	145.7	134.5	122.5	115.3

dwelling had a hot water supply. Approximately half of all dwellings in the country had a kitchen, bathroom and toilet in 2002, but the availability of these amenities was 10 times higher in urban areas than in rural areas.

During 2002, 88.4% of the total Romanian housing stock was occupied. Comprehensive data on regional distribution of these vacant dwellings are not available. However, empty dwellings are believed to be concentrated in the former highly industrialised parts of the country. Currently, the Romanian government is considering the possibility of commandeering these dwellings for use as social housing.

2.23.3 Economy

According to the National Institute of Statistics, Romanian GDP was 1,890,778.3 billion Romanian Leu (ROL) or €50.34 billion in 2003. TABLE 2.23.1 details the annual rate of increase of GDP in recent years, together with inflation rates.

In 2002, the potential economically active population (occupied and unemployed persons) represented 40.8% of the total population. The occupied active population accounts for 36% of the total population and unemployed people represent 11.8% of the total active population. The proportion of the population that is active and occupied has shrunk over the last decade. This trend is related to demographic factors. As the number of retired people has increased, the number of schoolchildren has decreased.

2.23.4 Demography

In 2002, the population of Romania totalled 21,680,974 people. In the same year the total number of households was 7,320,202 and the average number of persons per household was 2.92 in 2002, compared to 3.07 in 1992.

The population of the country has fallen in recent years, as a result of a falling birth rate (down from 1.1% per 1,000 inhabitants between 1966 and 1977 to 0.4% per 1,000 inhabitants between 1977 and 1992) and the negative rate of external migration (which averaged minus 5% annually between 1992 and 2002). These factors have also contributed to the ageing of the Romanian population in recent years, as was mentioned above.

The territorial distribution of the Romanian population also altered between 1992 and 2002, due to regional differences of the birth rate and external and internal migration. The urban population declined faster than the rural population between these years.

2.24 Slovakia

2.24.1 Policy Making and Implementation

The Ministry of Construction and Regional Development holds responsibility for housing policy development and implementation in Slovakia. The specific responsibilities held by the ministry in this regard are as follows:

- devising and updating the key Statements of national housing policy, namely: the *Principles of State Housing Policy and the Principles of Housing Development Policy*;
- drafting, analysing and updating the legal framework for housing;
- designing and monitoring the application of economic instruments for housing construction, devising and applying housing development programmes and the administration of the State Housing Development Fund;
- co-operating with the local authorities at town and village level in realising the aims of State, regional and local housing policy, and liaising with non-profit organisations, financial, professional and interest-group institutions, and
- framing a methodology to guide activities concerning the modernisation, refurbishment and regeneration of the housing stock.

As mentioned above, the key aims of housing policy are expressed in the Principles of State Housing Policy. Another component of housing policy is the Housing Development Action Plan, which details the individual tasks relevant to support the development of housing, together with the bodies responsible for fulfilling them and the required deadlines for their implementation. The Principles of Housing Construction Development focuses on the creation and development of economic support instruments for housing construction and defines the basic approaches to financing housing, although these are also re-assessed and updated regularly.

Other documents that are particularly influential in the context of Slovakian housing policy development include: *Country Profiles in the Housing Sector – Slovakia*, drawn up by a group of experts of the Committee on Human Settlements of the United Nations Economic Commission for Europe (UNECE) in 1999, and the National Report on the Development of Human Settlements and Housing in Slovakia, drawn up following the United Nations Habitat Conference Istanbul +5 which was held in 2001.

On the basis of these various documents, the aims of housing policy in Slovakia can be summarised as follows. The key objective of policy is to modify support measures in housing development so that they provide appropriately differentiated State support for construction intended for the various income groups within the population. These are:

- for low-income households the construction of rental apartments in the public rental housing sector will be facilitated by resources from the State Housing Development Fund and subsidies from the State budget in combination with funds from local government or other investors on a non-profit basis;
- for the middle income group of households the objective of intervention by government is to enable them to buy an apartment or single family house with State support via loans from the State Housing Development Fund or building and mortgage loans, and
- for the highest income group of the population, the State aims to create the conditions necessary to enable them to acquire housing from their own resources and using financial market funds.

2.24.2 Stock

In 2001, the Slovakian housing stock totalled 1,884,846 dwellings, of which 1,665,536 were permanently occupied; 49.9% of these permanently occupied dwellings were apartments, a further 43.5% were single-family houses and details of the design of the remainder are not available.

As illustrated in TABLE 2.24.1, like many other

Table 2.24.1 Characteristics of the Housing Stock in Slovakia, 1961-2001

Category		Year				
		1961	1970	1980	1991	2001
		%	%	%	%	%
Dwellings by tenure	Public rental (State/municipal)	Nav	Nav	Nav	27.2	3.7
	Private rental	Nav	Nav	Nav	0.0	0.1
	Owner-occupied	Nav	Nav	Nav	49.7	75.9
	Co-operative	Nav	Nav	Nav	22.3	14.9
	Other	Nav	Nav	Nav	0.8	5.4
Dwellings by type	Family houses	62.1	70.4	58.5	50.2	49.2
	Blocks of flats	17.8	28.1	40.8	47.3	49.9
	Other buildings	20.1	1.5	0.7	0.4	0.9
Dwellings by availability of amenities	Sewage	Nav	32.9	46.2	55.8	60.2
	Gas	7.2	16.8	33.5	51.6	74.8
	Piped water	32.5	59.1	82.3	91.8	94.7
	Warm water from outside source	Nav	17.4	36.1	54.5	62.2
	Central heating	7.4	23.6	46.2	74.7	76.3
Dwellings by floor space	Up to 20 m ²	Nav	Nav	Nav	Nav	4.9
	20-40 m ²	Nav	Nav	Nav	Nav	19.0
	40-60 m ²	Nav	Nav	Nav	Nav	41.1
	60-80 m ²	Nav	Nav	Nav	Nav	17.9
	80-100 m ²	Nav	Nav	Nav	Nav	9.5
	>100 m ²	Nav	Nav	Nav	Nav	7.6
Dwellings by number of rooms	1	Nav	Nav	Nav	Nav	7.4
	2	Nav	Nav	Nav	Nav	19.7
	3	Nav	Nav	Nav	Nav	41.4
	4	Nav	Nav	Nav	Nav	17.1
	5 +	Nav	Nav	Nav	Nav	14.4
Dwellings by period of construction	< 1945 and not specified	Nav	Nav	Nav	Nav	11.5
	1945-1960	Nav	Nav	Nav	Nav	15.1
	1960-1970	Nav	Nav	Nav	Nav	20.1
	1970-1980	Nav	Nav	Nav	Nav	25.6
	1980-1990	Nav	Nav	Nav	Nav	21.0
	1990-2001	Nav	Nav	Nav	Nav	6.7
Dwellings by construction method	System built	Nav	Nav	Nav	Nav	37.1
	Traditional construction	Nav	Nav	Nav	Nav	46.4
	Wood	Nav	Nav	Nav	Nav	1.0
	Other	Nav	Nav	Nav	Nav	15.5
Unoccupied dwellings	Rate	0.06	2.98	5.51	8.54	11.63

countries in this part of Europe, tenure patterns in Slovakia have altered radically since the early 1990s. Home ownership levels have risen from 49.7% in 1991 to 75.9% in 2001. At the same time the proportion of dwellings owned through the mechanism of Slovakian home ownership co-operatives has fallen, from 22.3% of total in 1991 to 14.9% in 2001. In addition, the percentage of social dwellings rented

from the State or a municipal authority has fallen from 27.2 in 1991 to 3.7 in 2001.

In 2002, 72.9% of dwellings in Slovakia contained 3 or more rooms. However, the majority (65%) of dwellings were smaller than 60 m². This is significantly smaller than the norm in the more long-standing members of the EU.

Table 2.24.2 Economic Trends in Slovakia, 1999-2003

Category	1999	2000	2001	2002	2003
GDP in million € at current prices	19,134	21,932	23,317	25,144	26,200
Total inflation (inter yearly rate) (%)	10.6	12.0	7.3	3.3	8.5
Unemployment (%)	19.2	17.9	18.6	18.5	13.8 (prov.)

Slovakia has a relatively high level of system-built dwellings. In 2002, 37.1% of all dwellings in the country were constructed in this way. The majority of system-built dwellings are apartment blocks – in 2001 73.6% of such dwellings were constructed in this way.

As TABLE 2.24.1 demonstrates, the percentage rate of vacant dwellings in Slovakia has risen dramatically in recent years, from 8.54% of all dwellings in 1991 to 11.63% in 2001. Vacancy rates are much higher among single-family houses – dwellings of this type accounted for 79.8% of all vacant dwellings in 2001.

The census of population of 2001 sought to ascertain the reason why these dwellings were empty but failed to do so in 47% of cases. It is reasonable to assume that a proportion of these dwellings were in fact occupied but their owners failed to fill out a census form. A further

20.5% of dwellings were used as holiday homes and 13.1% were unsuitable for human habitation.

The availability of services such as electricity, gas and piped water in Slovakian dwellings has increased dramatically since the 1960s; 94.7% of all dwellings now have piped water, compared to just 32.5% in 1961. However, rates of connection to district sewage schemes and the availability of central heating remain relatively low – 60.2% and 76.3% respectively of dwellings had these facilities in 2002.

2.24.3 Economy

Table 2.24.2 sketches recent economic trends in Slovakia. It reveals that GDP has increased from €19,134 million in 1999 to €26,200 million in 2003. At the same time both inflation and unemployment

Table 2.24.3 Demographic Trends in Slovakia, 1997-2001

Category		Year				
		1997	1998	1999	2000	2001
Population as of 31 December	No.	5,388,000	5,393,000	5,399,000	5,403,000	5,379,000
	of which: females	No.	2,766,000	2 770	2,774,000	2,776,000
Life expectancy for males	Years	68.90	68.63	68.95	69.14	69.54
Life expectancy for females	Years	76.72	76.74	77.03	77.22	77.60
Live-births per 1,000 inhabitants	Rate	11.0	10.7	10.4	10.2	9.5
Deaths per 1,000 inhabitants	Rate	9.7	9.9	9.7	9.8	9.7
Natural increase per 1,000 inhabitants	Rate	1.3	0.8	0.7	0.4	-0.2
Net migration per 1,000 inhabitants	Rate	0.3	0.2	0.3	0.3	0.2
Total migration per 1,000 inhabitants	Rate	1.6	1.0	1.0	0.7	0.0
Category		Year				
		1961	1970	1980	1991	2001
Aged < 18 years	%	31.5	27.2	26.1	24.9	18.9
Aged 18-65 years	%	54.8	56.3	57.5	58.0	62.3
Aged > 65 years	%	13.7	16.5	16.4	17.1	18.8
Economically active population	No.	1,744,000	1,999,000	2,485,000	2,618,000	2,748,000

have declined, although the latter remains high in comparison to many other European countries – in 2002, 18.5% of the Slovakian population was unemployed.

2.24.4 Demography

In 2001, the population of Slovakia was 5,379,455 persons. The population has fallen slightly since 1997 when it stood at 5,388,000 persons. TABLE 2.24.3 reveals that this trend is attributable to a fall in the birth rate – live births per 1,000 inhabitants fell from 11 in 1997 to 9.5 in 2001, and in the latter year fell below replacement levels. In contrast, net migration has remained consistently positive since 1997, but at very low levels. The number of Slovaks in the 18 to 65 year age group also rose slightly between 1997 and 2001. However, over the longer term there is a pattern of the ageing of the population. Between 1961 and 2002, the proportion of the Slovakian population aged under 18 years fell from 31.5% to 18.9%, while the proportion aged over 65 years grew from 13.7% to 18.8% over the same period.

In 2001, the Slovakian population included 2,071,743 households. The average number of persons per household in that year stood at 2.59%, 43.2% of households included 4 or more people, and the population density per 1 km² stood at 110.

2.25 Slovenia

2.25.1 Policy Making and Implementation

In 2000, the National Assembly of the Republic of Slovenia adopted the National Housing Programme for the period 2000-2009. The main goal of the National Housing Programme is to enable the construction of 10,000 new dwellings annually, which should be sufficient to address all housing needs in the country, including social housing needs.

In 2003, a new Housing Act was passed which substantially upgraded the previous 1991 Housing Act. Its central aims are as follows:

- the revival of new housing construction and renewal as well as the improvement of the maintenance of the existing housing stock;
- greater efficiency of management of apartment blocks;
- the collection of reserve funds for major maintenance work;
- facilitating the qualification of local communities to perform duties in the housing sector and the provision of various forms of rental and owner-occupied housing;
- the simplification and unifying of non-profit rents at cost level and the improvement of the social correction system in the housing area, and
- the establishment of the building cadastre.

The key agency responsible for housing policy implementation in Slovenia is the Housing Fund of the Republic of Slovenia. This is a financial institution whose basic initial source of funds was the revenue acquired from the sale of public housing that was carried out between 1991 and 1993. Twenty per cent of the proceeds of the sale of each formerly public rented dwelling were provided to the Housing Fund. However, this source of revenue diminished after privatisation was completed. For this reason, the

Housing Fund was funded also by the State budget until 2000. The Housing Fund was created for the purpose of providing loans for the construction, renewal and maintenance of housing. The Fund thus provides loans at more favourable interest rates compared to those of commercial banks, for an annuity period of 10 to 25 years. The beneficiaries of the Housing Fund's finance are, on the one hand, first-time home buyers and, on the other hand, local authorities and local authority housing funds and non-profit housing organisations, which are responsible primarily for the construction of non-profit rental housing in the country. Recently, the Housing Fund has been operating also as a joint-investor in housing construction. This has been done by entering into partnerships with local authorities in order to construct good quality and affordable housing on communally serviced building land which is usually provided by the local authority partner.

2.52.2 Stock

In 2002, the Slovenian housing stock stood at 777,772 dwellings, 220,709 of which were apartments. This means that there were 390 per 1,000 inhabitants in this country in 2002. This is below the average for the 28 countries examined in this review but above the average for the CEE countries under examination. Like many other countries in this part of Europe, tenure patterns in Slovenia changed radically during the 1990s as a result of the aforementioned privatisation of the public rented housing stock. In 2002, 82.2% of dwellings in this country were owner-occupied, compared to 66.9% in 1991. As is revealed in TABLE 2.25.1, the remainder of the housing stock consists of social housing rented from the State or local authorities (6.2%), other social housing providers (0.3%), and private rented dwellings (2.6%).

The average dwelling size of a Slovenian dwelling was 74.6 m² in 2002 which is around average in European terms. However, in the same year 76.9% of all dwellings in Slovenia had 3 rooms or less. The average number of persons per dwelling was 2.8. Apartment

Table 2.25.1 Characteristics of the Housing Stock in Slovenia, 2002

Category		%
Dwellings by tenure	Public rental (national and local government)	6.2
	Social landlords	0.3
	Private rental	2.6
	Owner-occupied	82.2
	Co-operative	Nav
	Others	8.7
Dwellings by number of rooms	1	14.3
	2	31.8
	3	30.8
	4	14.5
	5 +	8.7
Dwellings by age	> 3 years	0.8
	4- 8 years	3.4
	9-13 years	3.6
	14-28 years	28.9
	29-58 years	39.8
	59-103 years	10.6
< 104 years	12.8	
Dwellings by availability of amenities	Electricity	99.1
	Sewage	98.6
	Water supply	98.5
	Central heating	78.6
	Bathing facilities	92
	Lavatory	93

blocks and high-rise residential dwellings have fewer rooms than single-family dwellings. In 2002, 95.2% of dwellings of this type had 3 rooms or fewer. The Slovenian housing stock is relatively old compared to many other countries included in this review. Only 7.8% of dwellings have been constructed since 1989.

From the point of view of the availability of services, the standard of the housing stock in Slovenia is relatively high. The vast majority of dwellings are connected to electricity, a sewage system and a water supply and 78.6% of dwellings have central heating.

It is estimated that about 14% of the dwellings in the country were vacant in 2002. However, of this percentage, approximately 31,681 dwellings were not available for letting because they were second homes, holiday homes or inappropriately furnished.

Table 2.25.2 Economic Trends in Slovenia, 1995-2002

Category	1995 %	1996 %	1997 %	1998 %	1999 %	2000 %	2001 %	2002 %
Change in GDP at constant (1995) prices	4.1	3.6	4.8	3.6	5.6	3.9	2.7	3.4
Change in the harmonised index of consumer prices	Nav	9.9	8.3	7.9	6.1	8.9	8.6	Nav
Unemployed persons as a % of the labour force	Nav	6.9	6.9	7.4	7.2	6.6	5.8	Nav

2.25.3 Economy

TABLE 2.25.2 provides details of recent economic trends in Slovenia. It reveals a slow-down in the rate of increase in GDP, from 5.6% in 1999 to 3.4% in 2002, and a persistently high rate of inflation as compared to more long-standing members of the EU. The unemployment rate in this country is significantly lower than the average for the new 8 CEE countries which joined the EU in 2004

2.25.4 Demography

TABLE 2.25.3 demonstrates that in 2002, the total population of Slovenia stood at 1,964,036 persons and 684,847 households. The average number of persons per household was 2.8 in 2002, and 55.5% of all households included more than 3 persons. On average households living in apartments or high-rise dwellings are slightly smaller in size. Only 48.6% of the households so accommodated included 3 or more persons in 2002.

Table 2.25.3 Demographic Trends in Slovenia, 1995-2020

Category		
Population	No.	1,964,036
Private households	No.	684,847
Average number of persons per household	No.	2.8
1 person households	%	21.4
2 person households	%	23.1
3 person households	%	21.1
4 person households	%	23.2
5 or more person households	%	11.2

2.26 Spain

2.26.1 Policy Making and Implementation

Although Spain is not a federal State, the Spanish constitution divides the country into 18 autonomous regions and cities with political, administrative and judicial powers. Moreover, the constitution affords these regions and cities significant political and administrative independence in the housing field. Therefore in Spain, central government has no specific rights or responsibilities in the housing field. However, central government's responsibilities in relation to national economic and planning policy mean that it plays a role in the housing field because housing is very important to the national economy. As a result central government has introduced several housing financing schemes since the ratification of the Spanish constitution in 1978. The autonomous regions have devised their own housing policies, which involve various levels of public funding.

Central government utilises two principal instruments to contribute to the financing of housing: fiscal measures and State housing financing plans. The fiscal measures indirectly influence the behaviour of both developers and buyers of housing. The main measures of this sort that are employed are: value added tax (VAT) and income tax. In general these fiscal instruments do not take account of the income levels of buyers, excepting some cases such as additional VAT reductions in the case of certain dwellings for low-income families.

In contrast, the State housing financing plans are applied in a more targeted manner that takes account of the income levels and other characteristics of beneficiaries. The key features of these financing plans are as follows:

- central government determines which type of dwellings, activities, or recipients will be targeted;
- in relation to officially protected dwellings, in order to be granted this status by the authorities of the autonomous regions, they must fulfil certain

requirements, including: a limited useful surface (maximum 90 m²) and a limited price per m²;

- to date, supports for the following types of development have been provided:
 - the development of new officially protected dwellings by private as well as public organisations for sale or rent; in practice most dwellings are developed by the private sector and in the case of rented dwellings, the government incentives go to the developer, not to the tenants, although the latter has the advantage of the capped rents which must be charged on developments of this type;
 - the purchase of these officially protected dwellings, as well as other existing dwellings, which must fulfil the aforementioned requirements in relation to size and price;
 - refurbishing inner city areas, as well as certain other buildings and dwellings and availing of central government aids of this type; this usually involves an agreement between local and regional government, together with an agreement between the latter and central government regarding the inclusion of the area in the regional targets within the national housing plan;
 - providing sites for the construction of all types of officially protected dwellings;
- central government plans also determine the type, level and timeframe of the public aid available for each type of protected dwelling and target recipient group;
- the public aid consists of qualified loans (from savings banks and commercial banks), together with subsidies towards the cost of these loans and provision of housing allowances by central government, and
- the State housing financing plans are implemented and managed by means of agreements with the autonomous regions and the other financing organisations – agreements with the autonomous regions generally last four years; during this period, a variety of targets, relating to the number of dwellings to be constructed or refurbished, must be reached in order to access the loans, subsidies and housing allowances.

In recent years the key aim of the State housing financing plans has been to increase the proportion of rented dwellings in the Spanish housing stock.

2.26.2 Stock

In 2001 the Spanish housing stock stood at 20.8 million dwellings (or 527.98 per 1,000 inhabitants), of which 14.3 million (or 354.2 per 1,000 inhabitants) were principal dwellings. 81% of these principal dwellings were owner-occupied and 11.3% were rented. The level of home ownership in Spain is amongst the highest of the countries examined in this review. Research conducted in 2004 indicates that of this rented housing stock, 86.3% was rented from private landlords, and 13.7% was social housing provided under the protected dwellings arrangements described in Section 2.26.1 above. The proportion of social rented dwellings in the housing stock has dropped by over 50% since 1986. This is due to market trends coupled with the methods used to finance social housing in Spain. In recent years the private housing market in the country has gone through a phase of significant expansion. This has meant that private developers are less interested in constructing social housing and, because the bulk of social housing in this country is constructed by the private sector, social housing output has fallen considerably.

As revealed in TABLE 2.26.1, the quality of the housing stock in Spain compares well to many of the other countries examined in this review – 67.1% of principal dwellings are larger than 76 m²

Table 2.26.1 Characteristics of the Housing Stock in Spain, 2001

Category		%
Principal dwellings by floor space	Up to 30 m ²	0.8
	31-45 m ²	2.7
	46-60 m ²	10.8
	61-75 m ²	18.7
	76-90 m ²	29.3
	91-105 m ²	16.0
	106-120 m ²	9.3
	121-150 m ²	6.5
	151-180 m ²	2.6
More than 180 m ²	3.4	
Principal dwellings by number of rooms	1	0.5
	2	2.4
	3	9.6
	4	20.0
	5	38.2
	6	19.8
	7	5.2
	8 or more	4.2
Principal dwellings by number of occupants	1	20.7
	2	25.2
	3	21.1
	4	21.4
	5	7.7
	6	2.5
	7 or more	1.3
Dwellings by year of construction	Before 1941	22.0
	1941-1960	16.9
	1961-1970	12.9
	1971-1980	15.6
	1981-1990	18.7
	1991-1995	5.1
	1996-2001	8.7
Dwellings by availability of amenities	Running water	98.6
	of which:	
	– have a public water connection	92.2
	– other	6.3
	Arrangements for the removal of waste water	96.8
	of which:	
– have a sewage connection	86.5	
– other	10.3	
Central hot water	53.2	

and 67.4% contain 5 rooms or more; 98.6% of dwellings have running water, which in the vast majority of cases is sourced from the public mains,

while 86.5% of dwellings are connected to a public sewage supply. The high quality of the Spanish housing stock is impressive in view of the fact that the vast majority of dwellings are more than 20 years old. Only 32.5% of the Spanish housing stock has been constructed since 1981.

In 2001, 13.9% of the Spanish housing stock was vacant. Of this, 3.3 million dwellings were secondary dwellings while 2.9 million dwellings were permanently unoccupied. However, it is likely that a proportion of these unoccupied dwellings were really second homes. Numbers of vacant dwellings vary regionally. The housing stock in Galicia includes the highest proportion of vacant stock of any autonomous region in the country – 16.54% of dwellings in this area were vacant in 2001. Conversely, in the same year the Basque Country included the lowest proportion of vacant dwellings – 9.73% of the local housing stock.

2.26.3 Economy

As revealed in TABLE 2.26.2, GDP in Spain rose by 6.9% in 2002, rising from 6.8% in the previous year. This high rate of economic growth had a positive impact on unemployment which fell from 3.7% in 2001 to 2% in 2002 (provisional data). At the same time the annual rate of increase in consumer prices has also fallen slightly in recent years.

2.26.4 Demography

In 2003 the population of Spain stood at 42.6 million persons, 800,000 more than in 2002. The population

Table 2.26.2 Economic Trends in Spain, 1998-2002

Category		%
Change in GDP	1998	6.8
	1999	7.1
	2000	7.8
	2001 (prov)	6.8
	2002 (proj)	6.9
Change in the consumer price index	2001	3.59
	2002	3.07
	2002	3.04
Unemployment	2001 (prov)	3.7
	2002 (proj)	2.0

also increased between 2001 and 2002, although at the slightly lower rate of 721,000 persons. TABLE 2.26.3 reveals that this trend is due to a combination of immigration and natural increase.

In 2001 the number of households in Spain totalled 14.3 million. Like the majority of the countries examined in this review, the average size of Spanish households has fallen consistently in recent years, from 3.16 persons per household in 1999 to 3.09 in 2000 and to 3.03 in 2001 – although this figure is above the average for the countries examined in this review.

TABLE 2.26.3 details other key demographic trends in Spain in recent years. It reveals that the increase in the Spanish population is mainly the result of net immigration, rather than natural increase. Furthermore, 17.1% of the Spanish population were aged 65 years and over in 2001.

Table 2.26.3 Demographic Trends in Spain, 1999-2002

Category	1999	2000	2001	2002	
Net migration (No.)	118,304	354,832	400,233	446,655	
Births (No.)	380,130	397,632	406,380	416,518	
Deaths (No.)	371,102	360,391	360,131	366,538	
Population increase (No.)	127,332	392,073	446,482	496,636	
Population by age (%)	< 15	Nav	Nav	14.5	Nav
	15-24	Nav	Nav	13.8	Nav
	25-34	Nav	Nav	16.8	Nav
	35-44	Nav	Nav	15.5	Nav
	45-64	Nav	Nav	22.3	Nav
	65-79	Nav	Nav	13.2	Nav
	> 80	Nav	Nav	3.9	Nav

2.27 Sweden

2.27.1 Policy Making and Implementation

Since World War II housing policy has been afforded key priority by successive Swedish governments and has played a significant role within the general social welfare policy (in relation to the standard of housing), within economic policy (it has been employed as a motor for growth and housing output has been prioritised where labour-power is needed), and as part of labour market policies (in relation to the employment situation of the construction workers). Housing policy in Sweden has traditionally been universalist in orientation. The aim has been to provide good housing for all the population, rather than to target specific groups. The rationale for this approach is that improving the housing conditions of all will also improve the housing conditions of the least well-off.

The main focus of housing policy has been on the supply of high-standard, affordable housing. Housing subsidies provided by government have mainly been supply-oriented and neutral in relation to tenure and ownership. Interest subsidies have been made available for virtually all new housing construction and refurbishment. However, these subsidies have been specifically designed to achieve parity between projects in both categories, i.e. to ensure that capital outlays for new production are not significantly higher than those for older properties of comparable quality. For owner-occupiers, these interest subsidies were linked to other tax subsidies, in order to ensure that they were not treated more advantageously compared to occupants of other housing tenures. In addition, the rent-setting system has also been a key instrument in providing affordable housing for all.

At the same time some selective, demand-oriented subsidies have been made available in the form of housing allowances. Households living in all tenures are eligible for these allowances, if their incomes fall below a certain level, if the households include children or pensioners or the applicant is aged between

18 and 29 years. The level of allowance is dependent on the income of the individuals in the households, the housing costs and the number of children.

The period since 1990 has been marked by rapid and radical change in Swedish housing policy, however. The traditionally high political priority afforded to housing was reduced and since 1991 the country has not had a designated Ministry of Housing. In addition, housing policy increasingly emphasised the reduction of subsidies, the deregulation of planning and housing allocation and greater reliance on market forces. During this time, the level of the subsidies for new housing output was significantly reduced, on the grounds of their high cost in view of the national budget deficit and also because housing standards were already very high and there was over-supply of housing. Owner-occupiers no longer enjoy any interest subsidies, although they can still avail of tax subsidies. Interest subsidies for the other tenures are, at least theoretically speaking, set at a level necessary to equalise the effects of the tax subsidies for the owner-occupiers. Interest subsidies for the refurbishment of apartment blocks have also been restricted and are now only available for certain types of work. As a result of these reforms, expenditure by government on housing has declined since the start of the 1990s. For instance the cost of interest subsidies for new building and refurbishment fell from 33,000 million Swedish Krona (SEK) in 1993 to SEK 1,400 million in 2002.

The implementation of these cuts in interest subsidies coincided with a significant increase in tax rates, an economic recession characterised by high levels of unemployment and low inflation and high real interest rates. This in turn led to a steep rise in housing costs (especially within the rental sector), a large number of vacant rental dwellings, extremely low levels of housing construction (particularly of rental dwellings), a low level of maintenance and refurbishment of dwellings, a sharpening of regional inequalities and a deepening of residential segregation in the three metropolitan cities.

By the end of the 1990s housing had regained its traditional political import. This development was

related to rising economic growth which had created housing shortages in some key expanding regions. In 1998 the Vice-Minister of Finance became acting Minister of Housing. A number of State commissions on different housing questions were also appointed during the following years. From the year 2000 a number of time-limited subsidies was introduced in order to stimulate the construction of affordable rental dwellings in regions where there is a shortage of housing. Subsidies were also introduced to stimulate construction of housing for students. These new subsidies are one-off in nature and are granted in addition to the general interest subsidies directed towards all rental dwellings.

In relation to the framing and implementation of housing policy, housing legislation and financing conditions are central government responsibilities. However, local government also has considerable powers in this field. The Swedish Constitution affords the municipalities significant independence from central government and to a large degree they are funded through municipal taxes that are locally determined. In practice, however, their policies and actions are often heavily influenced by central government policy requirements and the conditions for receipt of central funding.

2.27.2 Stock

The Swedish housing stock consisted of 4.3 million dwellings in 2002, which constitutes 482.7 dwellings per 1,000 inhabitants. A comparatively large proportion (approximately 55%) of these dwellings were apartments. Only 38% of Swedish dwellings were owner-occupied in 2002 – which is the lowest rate of owner occupation amongst the countries under examination. These owner-occupied dwellings are all single-family houses as the owner occupation of individual apartments within an apartment block is not possible under Swedish law. 46% of dwellings in the country are rented and 52% of these are social housing units rented from non-profit municipal housing companies; the remainder is privately rented. The distinctive Swedish co-operative tenure encompasses 16% of dwellings in the country. This tenure provides

an alternative to both renting and owning a dwelling. Under this system, once a household gains membership of a housing co-operative, it makes a down-payment for the right to occupy a certain flat/dwelling that the co-operative owns, together with an ongoing monthly fee to cover the association's running costs. The level of the initial down-payment is determined with reference to the production costs of the dwelling in question. Thereafter this 'right of occupation' is sold at market price from one occupier to the next, provided that the new occupier is also accepted as a member by the co-operative association.

Sweden has a comparatively young housing stock. Data from 2002 reveal that approximately 10% was built before 1921, 11% during the years 1921–1940, 22% between 1941 and 1960, 21% between 1961 and 1970, 18% between 1971 and 1980, 10% between 1981 and 1990 and 6% between 1991 and 2001.

The standard of housing in Sweden compares very favourably to many other countries examined in this review. In 1990, the average number of rooms (excluding halls and bathrooms) per dwelling was 4.18. In the same year the dwellings per 1,000 inhabitants stood at 471.0. Virtually all housing in Sweden is fully modern in terms of services such as water, sewage and electricity. However, a study carried out in 2003 by the National Board of Housing, Building and Planning concluded that a large number of dwellings built during the 1960s and 1970s now require substantial refurbishment and in order to address this problem the average number of dwellings being refurbished should increase from 20,000 to 65,000 per annum. In addition, roughly 75,000 staircases in multi-family houses with 3 or more storeys are without a lift. There is a concern that municipal housing companies and co-operatives may have difficulty in raising the finance necessary to carry out such improvements. A large number of owner-occupied, single-family houses dating from the 1960s and 1970s also require refurbishment, especially in relation to shower rooms and basements.

Table 2.27.1 Economic Trends in Sweden, 2000-2005

Category	2000	2001	2002	2003	2004 (Proj)	2005 (Proj)
	%	%	%	%	%	%
Annual change in GNP	4.3	0.9	1.9	1.5	2.2	2.5
Annual change in the harmonised index of consumer prices	1.3	2.7	2.0	2.0	0.6	1.8
Disposable income (% change yearly)	4.2	6.5	2.1	-0.8	2.0	2.5
Open unemployment (16-64 yrs)	4.7	4.0	4.0	4.8	5.3	5.0
Employment in active labour-market programmes	2.6	2.5	2.6	2.1	1.9	1.9

2.27.3 Economy

As revealed in TABLE 2.27.1, GNP growth in Sweden fell to 1.5 in 2003, from 1.9 in the previous year. However, it is expected to rise again to 2.5 by 2005. At the same time inflation also fell between 2001 and 2003.

2.27.4 Demography

In 2002, the population of Sweden stood at 8.9 million persons. A third of the inhabitants lived in one of the metropolitan areas of Stockholm, Gothenburg and Malmö. The population density is 22 inhabitants per km².

In 2001, approximately 46% of households in the country consisted of a single person and only 27% of households included children. In 2002, 22% of the population was younger than 18 years of age. 17% was 65 years or older; of these, 5% were aged 80 years or older and 2% were 85 years or older.

The fertility rate in Sweden is low – it stood at 1.65 children per woman in 2002, although it has risen slightly in recent years after reaching a low of 1.5 children per woman in 1999. The recent population increase, referred to above, is almost entirely due to immigration. In 2002, the excess of births was 0.09 per 1,000 of the mean population, while emigration was 3.70 and immigration 7.18 per 1,000 of the mean population.

In 2002, the number of immigrants was roughly 65,000. These individuals originated in the following locations: 31% in Europe (excluding the Nordic countries); 29% in Asia; 26% were returning Swedish citizens; 23% originated in the other Nordic countries;

7% in North America and 6% in Africa. In 2002, there were approximately 33,000 asylum seekers, while 7,840 were granted refugee status (or similar). Data collected in the same year indicate that 12% of the Swedish population were foreign-born. Of these, 3.12% originated in other Nordic countries, 3.8% in another European country (outside of the Nordic countries) 3.14% in Asia, 0.66% in Africa, 0.59% in South America and 0.28 in North America.

The population of Sweden is projected to increase by approximately 740,000 persons or 8% by 2020. The proportion of the population aged 65 years and older is projected to increase by 33% during this period, while at the same time it is expected that the proportion of the population aged 80 years and older will increase by 9% and those 85 years and older will rise by 15%. In contrast, the proportion of the population aged under 20 years is projected to increase by only 4% and the working age population (between 20 and 64 years) is expected to increase by only 3% or approximately 164,000 individuals.

Over the long term, the increase in the Swedish population has been highly concentrated to the three largest metropolitan areas and in some of the other towns and municipalities that offer university education. At the same time the population of most other municipalities has fallen. However, since 1999 this trend has moderated. In some of the urban areas where the population had been declining, this decline has diminished or reversed. In 1999 only approximately 25% of all municipalities increased their population. In 2002, there was an increase in half of all the municipalities. In contrast, in the Greater-Stockholm region the rate of the increase in population has declined each year since 1999.

2.28 Turkey

2.28.1 Policy Making and Implementation

The key objectives of housing policy in Turkey are set out in Articles 56 and 57 of the Turkish Constitution. The latter of these articles States: 'The State shall take measures to meet the needs for housing within the framework of a plan which takes into account the characteristics of cities and environmental conditions and supports community housing projects.' Article 56 States that 'every citizen has the right to live in a healthy and balanced environment'.

Various items of legislation have been enacted in order to actualise these aims. They fall into three categories. Firstly, two main items of legislation address housing and urbanisation. These are: the Mass Housing Law No: 2985, which is the framework law that enables the establishment of Housing Development Administration (TOKI) and sets the basic principles that give direction to TOKI's activities, and Planning Law No: 3194 which declares the intention of controlling the appropriate 'formation of settlements and buildings'. These two items of legislation are also complemented by a number of by-laws and regulations, including: 'Standard Building Regulation for Municipalities other than Major (Metropolitan) Cities', 'Land and Property Sharing with Realisation of the Compulsory Re-plotting in accordance with Article 18 of the law', 'Standards and Procedures for Preparing and Revising Plans', 'Building Codes for Areas without a Plan'.

Secondly, legislation has been introduced to address the problem of squatter housing in Turkey. This is an issue in many cities, especially those where inward migration levels are high. In this vein, the Squatter Housing Acts No: 775 and No: 2981 are concerned with preventing illegal (squatter) construction and rehabilitating the existing squatter areas. These Acts also provide for the supply of cheap building plots, housing and financial support to meet the housing needs of low-income households. The Urban Land Office Law No: 1164 is also relevant to squatting. It enables the provision of

low-cost land with infrastructure for public housing. A third set of legal regulations address the housing responsibilities of local government. These include: the Law on Administration of Greater Municipalities No: 3030 and Municipality Law No: 1580, which regulate the preparation and approval of housing master plans and implementation plans, and construction and occupancy permits.

In relation to housing policy-making and administration, the most important institution in this regard are the Housing Development Administration (TOKI) and the State Planning Organisation (SPO). The State Planning Organisation is responsible for formulating macro-level housing development plans with five-year terms. It determines the basic policy and action areas, and has a steering role for the public expenditure in all housing investment areas. Thus, SPO's five-year development plans are among the important guides in putting forward the main principles in housing policy. The legislation that established the SPO in 1984 assigned it the following responsibilities:

- housing construction on public lands for average and low income groups;
- the production of housing for low and middle income groups in co-operation with the local authorities;
- the provision of housing loans to enable co-operatives to construct housing for low and middle income households;
- the servicing of land at low infrastructure cost, for the purpose of creating new settlement areas and
- encouraging and supporting the manufacturing and building technologies and materials in order to develop the housing sector.

TOKI both develops and implements housing policies relevant to these responsibilities. During the period 1984 to 2000, 17% of the total authorised housing construction was enabled by TOKI. By February 2004, it had provided housing loans to enable the construction of approximately 1.1 million housing units. Among this number, 84% (or 942,501

dwelling) were built by housing co-operatives and housing contractors. A further 43,000 housing units were directly built by TOKI on its own lands. In addition, local authorities are also supported by TOKI loans to facilitate the development of new housing projects on their own lands for sale as low-cost owner-occupied housing.

The Ministry of Public Works and Settlement is another responsible body for legislation and regulations concerning human settlements. Among other duties, the Ministry is responsible for the preparation of territorial plans, or having them prepared, and their approval through Planning Law No: 3194; the approval of land-use plans related to public institutions, transportation provision and the provision of housing for low and moderate income households (which is known as 'mass housing' in Turkey) under the auspices of the Planning Law No: 3194; the preparation and approval of land-use plans for Squatter Prevention Areas or Rehabilitation Zones under the terms of the Squatter Law No: 775. Another important actor in the housing fields in Turkey is the Directorate General of Land Office, which provides lands for investment sectors, public institutions, and for industry and housing.

Provincial government is responsible for the preparation of land-use plans in areas that lie outside the boundaries of local municipal authorities, the designation of mass housing areas under the terms of the Mass Housing Law No: 2985 and the

determination of village settlement areas. Local municipal authorities are responsible for the preparation of land-use plans within their operational areas; the determination of squatter areas and upgraded zones and the preparation and approval of their land-use plans; the issuing of construction and occupancy permits.

Table 2.28.1 Characteristics of the Housing Stock in Turkey, 2000

Category		%	
Households by tenure of dwelling	Home owner:	63.8	
	Occupied rent free	7.5	
	Rented	27.2	
	Supplied by government	1.4	
Households by availability of amenities in dwelling	Lavatory, of which are:	- inside the dwelling	88.0
		- outside the dwelling	11.7
		- none	0.4
	Bathroom, of which are:	- inside the dwelling	94.9
		- outside the dwelling	2.2
		- none	2.9
	Piped water of which are:	- inside the dwelling	94.7
		- outside the dwelling	3.0
		- none	2.2
	Heating system, of which are:	Central heating (single building)	100.0
		Central heating (multiple building)	6.8
		Individual gas/fuel heater	4.1
		Stove	7.9
Other		74.8	
Disposal method for waste water of which are:	City sewage system	82.6	
	Cesspool	15.1	
	Outside (to road, to garden or to courtyard)	1.7	
	Stream or sea through a special channel	0.6	
Households by size of dwelling	<50 m ²	2.9	
	51-80 m ²	21.2	
	81-100 m ²	39.5	
	101-150 m ²	26.3	
	>151 m ²	2.9	
	Not known	7.1	
Households by number of rooms in dwelling	1 room	0.6	
	2 rooms	7.3	
	3 rooms	40.6	
	4 rooms	44.0	
	5 rooms	5.5	
	6+ rooms	1.4	
	Not known	0.7	

Table 2.28.2 Economic Trends in Turkey, 1995-2003

Category	1995 %	1996 %	1997 %	1998 %	1999 %	2000 %	2001 %	2002 %	2003 %
Increase in GNP at constant (1987) prices	8.0	7.1	8.3	3.9	-6.1	6.3	-9.5	7.8	5.0 (prov.)
Increase in the consumer price index	Nav	Nav	Nav	Nav	Nav	Nav	54	26	17
Rate of unemployment	6.9	6	6.7	6.8	7.6	6.6	8.4	10.3	Nav

2.28.2 Stock

In the year 2000, the Turkish census of population identified 13,000,250 households in individual dwellings. Definitive figures on the size of the housing stock are difficult to obtain because of the high level of unauthorised dwelling construction in Turkey. The Turkish government estimates that approximately 38% of housing need in the country is met by this source, rather than by officially sanctioned construction. In 2000, 63.8% of Turkish households owned their own dwelling, which is below the average for the 28 countries under examination. Although home ownership rates were significantly higher in rural areas of Turkey – 76.3% of households in these areas were homeowners compared to just 60.2% of their urban counterparts; 27.2% of households nationally rented their dwellings. Disaggregated data are not available concerning the proportion of households that rent from a private or a social landlord. In Turkey social housing is provided by a range of agencies including: municipal housing corporations, housing co-operatives, central government and private proprietors.

TABLE 2.28.1 provides details of the characteristics of the Turkish housing stock in 2000. It reveals that in terms of the availability of lavatories, bathrooms and piped water, Turkish dwellings are less well serviced than those in many of the other European countries examined in this review; 88.0% of Turkish households had an inside toilet in 2000, 94.9% had an indoor bathroom, and 94.7% had indoor piped water. Moreover, these services were less commonly available in rural areas. Only 86.1% of rural households had piped water, for example, as compared to 97.3% of their urban counterparts, while 72.4% of rural dwellers had an indoor toilet compared to 92.6% of their urban counterparts.

In terms of size of dwelling, Turkey also compares well with the other countries examined in this review. In 2000 the average dwelling area per person was 24.5 m² and 89.9% of dwellings were greater than 50 m² in size. At the same time, however, there was only 1 room per person in 2000, and only 6.9% of dwellings had 5 rooms or more.

Comprehensive data regarding vacant housing in Turkey are not available.

2.28.3 Economy

TABLE 2.28.2 details economic trends in Turkey since 1995. It reveals that the rate of increase in GNP has fluctuated significantly in recent years, from 8.0% in 1995, to -6.1% in 1999, to 5.0% in 2003 (provisional data). At the same time unemployment has risen from 6.9% in 1995 to 10.3% in 2002, but the rate of increase in consumer prices has slowed, from 54% in 2001 to 17% in 2003.

2.28.4 Demography

TABLE 2.28.3 summarises demographic trends in recent decades in Turkey. It reveals that the population of Turkey has increased by over 35 million since 1970. At the same time the proportion of the population living in urban areas has increased significantly. This population growth is related to a high birth rate which has significantly exceeded the death rate since 1965. Despite this, however, like many other countries examined in this review the Turkish population structure is ageing. In 1940, 42.1 of the population was aged 14 years and under, but by 2000 the proportion of inhabitants in this age group had fallen to 29.6%.

Table 2.28.3 Demographic Trends in Turkey, 1940-2050

Year	Total population	Urban population (N)	Category Urban population (%)	Rural population (N)	Rural population (%)
1970	35,605,176	10,221,530	28.7	25,383,646	71.3
1975	40,347,719	13,271,801	32.9	27,075,918	67.1
1980	44,736,957	16,064,681	35.9	28,672,276	64.1
1985	50,664,458	23,238,030	45.9	27,426,428	54.1
1990	56,473,035	28,958,300	51.3	27,514,735	48.7
2000*	67,420,000	39,815,727	59.1	27,604,273	40.9
2001*	68,529,000	40,881,741	59.6	27,647,259	40.4
2000	67,803,927	44,006,274	64.90	23,797,653	35.10
2003*	70,712,000	43,033,989	60.8	27,678,011	39.2

Year	Population growth (%)	Crude birth rate (%)	Crude death rate (N)	Total fertility rate (child)	Life expectancy at birth (years)
1965-1970	2.52	30.0	13.5	5.31	54.91
1970-1975	2.50	34.5	11.6	4.46	57.88
1975-1980	2.06	32.2	10.0	4.33	61.20
1980-1985	2.49	30.8	9.0	4.05	63.00
1985-1990	2.17	29.9	7.8	3.76	65.58
2000*	1.51	22.2	7.1	2.57	68.00
2001*	1.46	21.7	7.1	2.52	68.30
2002*	1.42	21.3	7.0	2.46	68.50
2003*	1.39	20.9	7.0	2.43	68.70

Year	Aged 0-14 years	Aged 15-64 years	Aged over 65 years	Median age
1940	42.1	54.4	3.5	NA
1950	38.3	58.4	3.3	20.1
1960	41.2	55.2	3.5	20.3
1970	41.8	53.8	4.4	19.1
1980	39.1	56.1	4.7	19.8
1990	35.0	60.7	4.3	22.2
2000	29.6	64.9	5.5	25.6
2005 (Proj)	27.6	66.6	5.8	27.6
2025 (Proj)	21.9	68.4	9.7	34.2
2050 (Proj)	19.4	61.9	18.7	39.1

Note: * refers to mid-year estimates. Urban refers to areas with population of 20,000 or more

2.29 United Kingdom

2.29.1 Policy Making and Implementation

Responsibility for housing policy-making in the United Kingdom is devolved to the four administrations of England, Scotland, Wales and Northern Ireland. In the case of England, central government (through the Office of the Deputy Prime Minister) sets out housing policy and the legislative framework. In the three other parts of the United Kingdom, responsibility for these functions lies with: the Scottish Executive, the National Assembly for Wales and the Northern Ireland Assembly.

In all parts of the United Kingdom, local authorities manage the implementation of housing policy with the aid of guidance from central government where necessary. Depending on their capability, as measured through a Comprehensive Performance Assessment, local authorities are given greater or lesser freedom for self-management.

In all parts of the United Kingdom social housing is provided by Registered Social Landlords (RSLs), independent, not-for-profit bodies, commonly known as 'housing associations'. In England, Scotland and Wales, local authorities also often own a housing stock for a similar purpose. They can either manage these properties themselves or use an Arm's Length Management Organisation (ALMO) to carry out this function. In Northern Ireland the housing stock formerly owned by local authorities was transferred to the ownership of the Northern Ireland Housing Executive (NIHE) in 1971, and since then the NIHE has been the principal provider of social housing.

In England, housing investment is targeted to meet regional and local priorities through the mechanism of the new Regional Housing Boards. These boards were established in each of the nine English regions in February 2003 in order to carry out the following functions: (a) produce a Regional Housing Strategy

setting out the key housing priorities and issues in their regions, and (b) on this basis, identify priorities for the spending of the Regional Housing Pot which merged previously separate funding streams for housing investment by local authorities and Registered Social Landlords.

In England, Registered Social Landlords are funded and regulated by the Housing Corporation which has been set up to fund and regulate. The allocation of the funding reflects priorities set by the Regional Housing Boards. The Housing Corporation also issues guidance and best practice to RSLs in England. The equivalent body for Scotland is Communities Scotland, while the Department for Social Development and the National Assembly for Wales carry out these functions in Northern Ireland and Wales respectively.

The key objectives of housing policy in England are set out in the policy Statement *Sustainable communities – building for the future*, which was published by the Office of the Deputy Prime Minister in 2003. This document specifies that the aim of housing policy is to give everyone the opportunity of a decent home – and so promote social cohesion, well-being and self-dependence. These policies support the Office's overall aim of creating sustainable, successful, thriving and inclusive communities – urban and rural – across England, that will stand the test of time. The policy Statement also provides for a long-term programme of action supported by UK£22 billion of investment to improve housing and planning. It covers a wide agenda which recognises that, in order to develop communities in which people wish to live, housing policy needs to be linked to improving economies, public services, transport and the environment at a local level.

The most recent housing policy Statement in Scotland was published in 2002 and is entitled *Better Homes for Scotland's Communities*. The provisions of this Statement were legislated for in the Housing (Scotland) Act 2001. The measures addressed in this act are as follows: the reform of social housing tenancies, the rights for homeless people, the responsibilities of local authorities in relation to homelessness, the regulatory framework for social rented housing, minimum

Table 2.29.1 Characteristics of the Housing Stock in the United Kingdom, 1971-1991

Category			%
Dwellings by tenure, various years	1971	Owner-occupied	50.0
		Privately rented	19.5
		Rented from a registered social landlord	0.0
		Rented from a local authority	30.5
	1981	Owner-occupied	57.6
		Privately rented	11.1
		Rented from a registered social landlord	2.19
		Rented from a local authority	29.2
	1991	Owner-occupied	66
		Privately rented	9.3
		Rented from a registered social landlord	3
		Rented from a local authority	21.1
2001	Owner-occupied	69	
	Privately rented	9.3	
	Rented from a registered social landlord	6.4	
	Rented from a local authority	14.4	
Dwellings by period of construction (1996 data)	<1918		20.0
	1919-1944		21.0
	1945-1964		22.0
	1965-1984		25.0
	>1985		13.0

Note: data on housing tenure for 1971, 1981 and 1991 refer to 1 April of the year in question; data for 2001 refer to 31 March.

housing standards, the grants regime for private housing and the establishment of the Communities Scotland organisation which was mentioned above.

Better Homes for People in Wales, published in 2001 sets out the Welsh Assembly's vision for the future of housing in this country together with an associated policy framework. The implementation of this strategy is guided by an action plan which was published in 2003.

At the time of writing the Northern Ireland Assembly was suspended. However the Northern Ireland Affairs Committee of the United Kingdom parliament has recently established a sub-committee to enquire into social housing provision in Northern Ireland.

2.29.2 Stock

In 2001 the total housing stock in the United Kingdom stood at 25,456,000 dwellings. The UK housing stock has expanded significantly in recent decades. In 1971 the total number of dwellings in the country was 19,468,000.

TABLE 2.29.1 reveals that in 2001, 69% of dwellings were owner-occupied, 9.3% were rented from a private landlord and 20.8% of dwellings were social rented – 14.4% from a local authority and 6.4% from a Registered Social Landlord. Like many other countries examined in this review, levels of home ownership in the UK have expanded in recent decades – in 1971 only 50% of dwellings were owner-occupied. Conversely, the size of the private rented and the social rented sectors has also contracted since the early 1980s and in the case of the latter tenure, the proportion of dwellings rented from local authorities has fallen

Table 2.29.2 Economic Trends in the United Kingdom, 1991-2002

Year	Category			
	Unemployment rate of people aged 16 and over	Employment rate of people aged 16 and over	Consumer price index (all items), year-on-year change	Change in GDP at constant (1995) prices
1991	8.4	58.5	7.5	Nav
1992	9.8	57.0	4.2	Nav
1993	10.5	56.2	2.5	Nav
1994	9.8	56.5	2.0	4.4
1995	8.8	57.0	2.6	2.8
1996	8.3	57.4	2.5	2.7
1997	7.2	58.2	1.8	3.3
1998	6.2	58.5	1.6	3.1
1999	6.1	59.0	1.3	2.8
2000	5.6	59.5	0.8	3.8
2001	4.9	59.7	1.2	2.1
2002	5.2	59.7	1.3	1.6

sharply while the proportion rented from a Registered Social Landlord has grown.

This table also reveals that the age of the UK housing stock is comparatively high in European terms. Only 13% of the national housing stock was constructed between 1985 and 1996.

Data regarding the standard of dwellings across the whole of the United Kingdom are not available. However, data for England indicate that the standard of dwellings in this part of the UK compare well with the other countries examined in this review. In 2001, 81% of all dwellings in England contained 4 rooms or more, although this figure falls to 70% in the case of social rented dwellings. Also during this year 99% of dwellings in England had all of the following amenities: a kitchen sink, a bath or shower, a wash-hand basin, a hot and cold water supply and an indoor lavatory.

2.29.3 Economy

TABLE 2.29.2 demonstrates that the rate of growth in GDP in the United Kingdom slowed slightly in recent years – from 3.8% in 2000 to 1.6% in 2002. However, during the last decade the

unemployment rate in the United Kingdom has fallen steadily. In 1991, 8.4% of individuals aged 16 years and over were unemployed but by 2002 this had fallen to 5.2%. In addition, inflation as measured by the consumer price index had also fallen. In 1991 consumer prices grew by 7.5% on the previous year, but by 2002 this rate of increase had fallen to just 1.3%.

2.29.4 Demography

In 2001 the population of the United Kingdom stood at 59,862,800 persons. TABLE 2.29.3 reveals that the population has increased by 6.1% since 1980 when the number of inhabitants totalled 56,330,000 persons. During the same period the number of households in England, Scotland and Wales increased by 22.7% – from 19,900,000 in 1990 to 24,121,000 in 2000. As well as population growth, this increase in the number of households was driven by a reduction in the average household size which fell from 2.7 persons in 1980 to 2.4 in 2000.

Table 2.29.3 Demographic Trends in the United Kingdom, 1980-2000

Population by year (No.)	1980	56,330,000
	1985	56,685,000
	1990	57,561,000
	1995	58,606,000
	2000	59,756,000
Population by age (2000 data) (%)	<15 years	18.9
	15-24 years	21.1
	25-34 years	14.9
	35-44 years	15.1
	45-64 years	23.4
	≥ 65 years	15.6
Number of households by year (No.)*	1980	19,900,000
	1985	21,017,000
	1990	22,140,000
	1995	23,315,000
	2000	24,121,000

Note: * refers to England, Scotland and Wales only.

Section 3

Policies

3.1 Introduction

This Section examines the recent housing policy developments in the 28 European countries which are the focus of this report, as well as legislative, regulative, institutional and budgetary changes relevant to housing policy. In addition, developments in housing technology, sustainable housing and urban development and reforms to building regulations are examined, as is the impact which EU-level initiatives have had on housing in the individual countries under examination. Finally, the closing part of the section considers emerging housing issues in European countries. This includes: issues of concern to ministers with responsibility for housing, the focus of housing policy debates including white papers and discussion papers and expected medium-term developments pertinent to housing.

3.2 Recent Housing Policy Developments

In this section, the recent housing policy developments in the 28 countries are examined under three categories. Section 3.2.1 examines the policy developments which are common to a majority of European countries and such policies are termed 'pan-European housing policy trends'. Section 3.2.2 focuses on 'international housing policy trends', i.e. issues which are the focus of policy interventions in a smaller group of countries. Policy developments that are specific to individual countries are summarised in Section 3.2.3.

3.2.1 *Pan-European Housing Policy Trends*

A number of issues are currently to the fore of housing policy developments in the majority of the 28 European countries that are examined in this report. Housing affordability problems are prevalent, particularly in the major cities which, are often related to development land supply limitations and in many countries has inspired efforts to increase housing

output, including social rented housing. In several countries, the converse problem of vacant and abandoned housing is also the focus of attention from policy makers. However, this type of decline is rarely a nationwide issue as it is generally concentrated in remote rural areas and/or in regions experiencing the negative effects of economic restructuring, such as the loss of heavy industry. In addition, measures to promote the refurbishment and improvement of the housing stock have recently been introduced by the Governments in a significant majority of European countries.

Housing Supply Policy

Although the supply of housing is currently of concern to policy makers in the majority of countries under examination, the extent and nature of this issue varies between countries as does the policy initiatives it has inspired. In Finland, the Netherlands, Ireland, Luxembourg and Spain, demand for housing significantly exceeds supply in most parts of these countries and as a result nationwide housing affordability problems have emerged. In most European countries under examination, demand for housing exceeds supply only in specific segments of the

housing market or regions of the country, while in a minority of countries, the demand for housing is low in segments of the housing market.

In Finland, despite relatively modest economic growth house prices have continued to increase as low interest rates have encouraged households to take out very large housing loans. In order to boost the construction of new housing in the Helsinki metropolitan area, central government grants to local government for the financing of infrastructure necessary for housing development have been sanctioned for the years 2002 to 2005. Between 2005 and 2009, these grants will also be given for other growth areas. In addition, part-ownership housing financed by a government-subsidised commercial loan was introduced in April 2002. Under this arrangement, the household initially acquires a 20% minority holding and lives as tenants of the majority owner. Between 5 and 12 years later, the occupant can acquire the dwelling for himself/herself with the agreement of the majority owner. The acquisition price is the original purchase value less the part-ownership payments already made by the owner of the minority holding. The aim of the system is to lower the threshold for owner-occupancy. The distinctive Finnish 'right of occupancy' tenure, described in Section 2.9, whereby households 'buy' a dwelling by paying 15% of its value, has been expanded. The construction of free-market right-of-occupancy dwellings was sanctioned by the Government in 2003, in an effort to widen the housing choices of older people.

Low mortgage rates have also driven increased demand for housing in Ireland. However, as revealed in Section 2.14, population growth and falling household size has further fuelled demand in this case. In order to address this problem, the Irish Government's strategy is to increase housing supply to meet demand and to moderate house price increases and improve affordability, particularly for first-time home buyers. The measures introduced to boost supply include: significant investment in infrastructure, removing planning constraints and promoting the increased residential densities. In addition, the All-Party Oireachtas (parliamentary) Committee on the

Constitution has been asked by the Government to assess the possibility of placing a cap on the value of development land. Detailed consideration is being given to the recommendations contained in the ninth progress report of this committee.

Unlike Ireland, the housing market in the Netherlands was relatively well balanced until the late 1990s. However, demand for housing has grown exponentially in recent years. Supply has not only failed to meet this growth in demand; it has actually declined since the end of the 1990s. This situation has deteriorated by the unwillingness of many households in both the owner-occupied and rented sectors to move house, which means that the housing market has become 'closed' to new entrants. In order to address this issue a number of new policy initiatives have recently been introduced which aim to increase housing construction in the Netherlands by more than 30% to 80,000 dwellings per year in the period 2005 to 2010. Measures designed to remove barriers to construction and stimulate investment in housing by improving land-use planning capacity and space for housing in the framework of spatial planning were introduced. Central Government also plans to devise housing construction agreements with 20 regional governments, incorporating a direct relationship between the number of dwellings to be built and the provision of subsidies to acquire land. Furthermore, 'booster teams' have been formed by the Ministry for Housing which aim to identify and remove procedural impediments on construction sites, in the field of land acquisition and revisions of local housing building programmes. A number of reforms to rent policy for the social and private rented sectors have also been introduced which aim to encourage greater output in these tenures. These are described in Section 3.2.2 below.

In the spirit of sustainable development, Government action to address strong housing demand and shortage of supply in Luxembourg has focused on promoting the renovation and rehabilitation of old dwellings for occupation. This policy also aims to preserve and improve the existing heritage. The tax framework in which private investors operate has also been recently

modified, and tax measures that favour the sale of land have been introduced in order to encourage greater supply. For example, the rate of capital gains tax payable on the sale of land or apartment blocks has been reduced to 25% of the average taxation rate during the period 2002 to the end of 2004. If these fiscal measures do not bring about the expected results, the Government intends to introduce a progressive land tax to penalise the speculative retention of sites by land owners. In addition, a number of measures intended to increase the supply of affordable housing, both for rent and for sale to persons and households with moderate or low incomes, have been introduced. The new version of the eighth programme for the construction of subsidised housing developments, which includes provision for a total of 10,822 dwellings, was approved by Government in March 2004.

Policy makers in Spain have emphasised increasing new house building as the best method of addressing high housing demand and price increases. In addition, the Government has introduced a range of policy interventions under the auspices of a series of State housing plans. The State Housing Plan which covers the period 2002 to 2005, proposes the following measures which are intended to rebalance the housing market to facilitate access to housing for lower income persons who are unable to acquire it in open market conditions, assist young people with low incomes in gaining access to their first dwelling and encourage sponsored refurbishment of the existing housing stock. In order to implement these measures, Central Government has agreed initial objectives with Regional Government. These encompass the financing of 148,767 new social dwellings for sale, the purchase of 22,607 existing dwellings, the refurbishment of a total of 117,590 dwellings and the development of adequate land for the construction of 46,739 dwellings.

In Romania, the 2001-2004 National Housing Strategy prepared by the Ministry of Transport, Construction and Tourism also singles out expediting housing supply as a key issue. It identifies the following as key priorities in housing policy: access to adequate housing for each Romanian citizen, the creation of an optimum

ratio between the price of the residential unit and the family income, increasing private investment, which could allow, in time, a reduction of the public funding to a large extent and the provision of effective social protection for low-income households, young people and families. In order to address these priorities, the following actions will be implemented in the 2001 to 2004 period – construction of new rental or privately-owned residential units, modernisation, consolidation or extension of existing residential units, provision of the necessary infrastructure (public utilities) and improvement of housing-related services and improvement of the legal framework regulating housing construction.

In Cyprus, the housing of low and middle income families is a key concern of policy makers. Arrangements to address this issue were strengthened with the establishment of the Cyprus Land Development Corporation and the Housing Finance Corporation in 1982. The objectives of the two corporations are, respectively, to supply building plots or houses at reasonable prices and provide long-term housing loans with lower interest rates for low-income groups.

Sweden is an example of a European country where policy makers are concerned with excess housing demand in some regions of the country and low housing demand in others. In recent years, the level of new housing output in growth areas of the country, particularly the Stockholm region, has been insufficient, to the extent that the Government is concerned it may lead to the overheating of the housing market and undermine economic growth. In response, a number of measures intended to enable increased housing construction in these areas, have recently been initiated. For instance: a committee is currently reviewing how the planning process can be rationalised to expedite housing development; building regulations for student housing have been revised and in January 2004 legislation permitting strata – or building unit – titling (three-dimensional property registration) entered into force. This will make it easier to build housing on top of existing infrastructure and non-residential buildings. In Sweden, high levels of

vacancies in the social rented stock are also an issue in some local authority operational areas where the population is in decline. In order to alleviate the burden on municipal housing companies (which provide most social housing in Sweden) with high vacancy rates, the National Board for Municipal Housing Support was set up in August 2002. The Board's role is to provide support for the restructuring of municipal housing companies in places where there is a large amount of vacant housing and where the municipality plays a key role in the local housing market. The Board's operations are intended to put municipal housing companies on a financial footing that is sustainable over the long term. In practice this means that municipalities are given help to remove surplus housing by recycling it for other uses or demolition. A special State-owned company has been established for this purpose.

In the United Kingdom, excess housing demand is an issue in London and the South East of England. Measures to address this issue are included in the *Sustainable Communities Plan*, which was published by the Office of the Deputy Prime Minister in February 2003. This policy statement aims to: increase the provision of high quality and affordable housing in areas of high demand and tackle the housing shortage in London and the South East by providing for major growth in four areas – the Thames Gateway, Milton Keynes/South Midlands, Ashford, and London-Stansted-Cambridge. At the same time, low demand for housing and housing market failure is an issue in parts of the North and Midlands of England. Thus, the *Sustainable Communities Plan*, also aims to address market decline by regenerating declining communities, and setting up nine pathfinder areas in this part of the country to tackle areas of low demand and housing abandonment.

The housing market in Germany has seen marked regional segmentation in recent years which is examined in more detail in Section 4. In the regions within the former German Democratic Republic (GDR), which are often termed the 'new federal States', demand for housing has fallen and in some localities and tenures there is a problem of over-supply.

In recent years, declining population and economic structural change have also emerged as an issue in the towns and cities of the 'old federal States' in western Germany. In the German Government's view, this situation requires the increased differentiation of housing policy, as different initiatives are appropriate for different regions of the country. For example, in regions with balanced markets, the housing stock is becoming more important than the construction of new housing. Over-supply and vacant dwellings call for a stabilisation of the market by means of demolition and upgrading. Additionally, housing policy and urban development policy must be dovetailed to a greater extent. The programme for urban restructuring in the new federal States, launched in 2002 and involving funding amounting to €2.7 billion, is one of the central instruments employed by the Government to address over-supply of housing in the former GDR region. The aim of the programme, which will run until 2009, is to reduce this surplus supply by demolishing the housing units not required in the longer term in order to help housing markets function effectively and by boosting the attractiveness of towns and cities through upgrading neighbourhoods that are important from an urban development point of view. In order to achieve this, 350,000 dwellings which are vacant on a long-term basis will be demolished.

In addition, in 2002 central government launched a research project on 'urban restructuring in the old federal States'. As part of this project, pilot projects to address low demand are being supported in 11 towns and cities, where various measures such as conversion and demolition work, measures facilitating re-use and upgrading, and construction and regulatory measures are being promoted. Funding amounting to €15 million has been provided for these projects, and it is envisaged that the lessons learnt from them will then be used in other towns and cities with similar problems. Also, the Budget Support Act adopted at the end of 2003 reformed the tax incentives for promoting home ownership with effect from January 2004. The amended version of the home ownership grant involves a shift in emphasis from the promotion of new housing construction to the promotion of the purchase of dwellings from the existing housing stock.

In relation to vacant housing, the Belgian regional government in the Walloon region has recently introduced initiatives to promote the use of dwellings of this type. In Malta, recent amendments to the Civil Code address the partition of properties held in common as a result of inheritance – one of the main reasons behind the high vacancy rate of dwellings. In cases where the property could not be sold because of the objection of the heir, the court can allow the sale at the specified price, or in the case where there are unknown heirs, a curator would be appointed on their behalf.

Housing Refurbishment Policy

As mentioned earlier, the renovation and improved maintenance of the housing stock has been the subject of policy interventions in the vast majority of the 28 European countries under examination. The only exceptions in this regard are Austria, Malta, Sweden and Finland, which do not have large-scale refurbishment programmes. In Austria, refurbishment is the responsibility of regional government and in recent years their activities have focused on promoting measures to reduce energy consumption and on CO₂ emissions. The comparative youth of the Finnish housing stock – some 60% of the dwellings in the country have been built since the beginning of the 1970s – means that it does not currently require significant refurbishment. In recent years, action by the Finnish Government in this field has concentrated on periodic maintenance and repair of buildings (rather than refurbishment), on long-term planning for large-scale repairs, the financing of repairs and the installation of lifts in apartment blocks in order to facilitate independent living on the part of older people. The installation of lifts in government-owned properties is seen as an important element in increasing accessibility of dwellings in Malta. As mentioned in Section 2, in Sweden government subsidies for the refurbishment of dwellings were reduced significantly during the 1990s. A study carried out in 2003 by the Swedish National Board of Housing, Building and Planning concluded that a considerable proportion of the dwellings built during the 1960s and 1970s have now reached a stage where they require substantial refurbishment and recommended that the average

number of dwellings being rehabilitated should be increased from about 20,000 to 65,000 per annum. Without subsidies from government it is likely that a significant number of social landlords and owner occupiers will be unable to fund this work.

Among the countries where measures to promote housing renovation and improvement have been introduced in recent years, the United Kingdom and Ireland are distinctive because both have significant programmes for refurbishment of social housing. The UK Government's 2002 *Spending Review* commits it to achieving the following target by 2010: 'to bring all social housing into decent condition, with most of the improvement taking place in deprived areas, and increase the proportion of private housing in decent condition occupied by vulnerable groups.' In order to aid the assessment of achievements, the Government has recently produced guidance for local authorities and for social landlords, explaining in detail what the decent homes standard means and how to implement it.

The Irish Government has also established several programmes to enable local authorities, which provide the majority of social housing in this country, to refurbish their stock. These include the Remedial Works Scheme, which assists local authorities to remedy structural defects in local authority housing. Over 15,000 dwellings have been refurbished under the scheme since its establishment in 1985. Another programme is a special project to refurbish Ireland's only high-rise social housing estate at Ballymun in Dublin, involving the demolition of the existing dwellings and their replacement with low-rise housing (2,800 units) as part of an integrated strategy for the social, economic and physical redevelopment of the area. Funding for the refurbishment of certain Dublin inner-city apartment complexes is a key aspect the refurbishment programme.

In addition, most of the long-standing EU members fund more wide-ranging refurbishment programmes. This includes Ireland, where several schemes to fund the refurbishment and improvement of privately owned housing have been established.

In Luxembourg, between 1989 and 2003, a total of €17.47 million was provided by Government for improvements to housing and 12,419 households benefited from this type of grant.

In Germany, particular emphasis is placed on the refurbishment and modernisation of the housing stock in the 'housing improvement assistance' programmes that are funded by the Federal Government and implemented by the Reconstruction Loan Corporation. Modernisation and repair work on owner-occupied and rented housing and also measures to improve the neighbourhood environment around multi-family housing are promoted by providing lower-interest loans. A total of €12 million has been made available for low-interest loans of this type.

The Government of Portugal adopted a comprehensive rehabilitation package in 1996, which included the enhancement of the Special Regime for Subsidising the Recovery of Rented Properties (RECRIA) and the creation of two new programmes – the Regime providing Support for Residential Recovery in Ancient Urban Areas (REHABITA) and the Special Regime for Subsidising and Funding the Recovery of Urban Buildings Under a Residential Property Regime (RECRIPH). 1999 saw the creation of the Welfare and Support Programme for the Restoration of Housing Stock aimed at supporting needy households, especially those living in the eastern part of the country and in the historical cores of urban centres, who wish to carry out construction work to preserve and enhance their own permanent dwellings. This programme was revised in 2001, and its remit was extended to include other beneficiaries and other categories of poor quality housing including vacant dwellings. These various schemes have not been as successful as hoped and in order to rectify this the Portuguese Government is preparing to merge the RECRIA, REHABITA and RECRIPH programmes, in order to reduce bureaucracy and improving value for money. In addition, legislation aimed at increasing refurbishment levels in Portugal is in preparation.

Among the 25 EU members, the Governments of the new member States reported the highest level of need

for refurbishment and in some cases the greatest number of policy initiatives in this area. In Cyprus, the Government has undertaken the improvement of abandoned Turkish Cypriot houses and provided infra-structural and other facilities. The Technical Services of the Turkish Cypriot Properties Administration Service spends about C£2 million per year for the repair and maintenance of these houses. In addition, since 1990 the funds allocated for the upgrading of government housing estates for refugee families have been increased from C£500,000 to C£5 million per year and the Government has recently formulated a five-year plan for the comprehensive renewal of these estates at a total cost of C£60 million. In Slovenia maintenance is a particular problem in apartment blocks. This is the result both of the low incomes of many home owners and the predominance of individual home owners in apartment blocks, which hinders repair activity because all decisions regarding renewal and improvement require the consent of at least 50% of owners, while all owners must consent to comprehensive renewal works. In order to help rectify this problem, compulsory reserve funds will be established which will oblige all apartment owners to accumulate funds through monthly deposits for the maintenance and renewal of blocks.

In Hungary, 36% of local government owned, social rented dwellings are currently in good technical condition. About 40% of these dwellings are in need of partial renewal, while 24% of the flats are in an expressly poor condition and require comprehensive refurbishment. However, it is estimated that of this final group, some one-third could not be economically refurbished. Despite the comparative youth of the Slovakian housing stock in the wider EU context, neglected maintenance and worn-out building components means that dwellings require significant refurbishment. Problems in this regard are particularly acute in the privatised social housing stock, and many of the owners of these dwellings lack the financial resources to carry out the maintenance themselves. Consequently, the Slovakian Government estimates that the total investment necessary for refurbishment of the housing stock is approximately 50 billion SKK, which would enable the refurbishment of

approximately 1 million dwellings including some 600,000 apartments. It is envisaged that this refurbishment will be funded chiefly by means of contributions from owners, although government subsidies will also be provided.

In recent years the Government of the Czech Republic has introduced a number of measures to fund the upgrading and repair of the prefabricated panel buildings which are so common in this country. The objectives of these various schemes are to enable the owners of dwellings constructed using prefabricated-panel technology to carry out emergency repairs to remedy very serious defects in their dwellings – under the terms of this scheme local authorities, housing co-operatives and private companies can qualify for assistance which covers up to 40% of the cost of repairs that meet the requirements of the building code and are approved by the local authority, subject to a limit of CZK 45,000 per dwelling. Another key aim is to regenerate large, system-built estates of 150 dwellings or more by transforming them from monofunctional settlements into multifunctional urban districts – this scheme provides subsidies of up to 70% of approved costs to aid the relevant local authority prepare an improvement plan and to provide transport and utility infrastructure, pedestrian walkways, public areas, biking trails, noise barriers, parking spaces and public recreational areas, etc.

Developing the PANEL programme, which is administered by the State Housing Development Fund and finances the comprehensive repair of prefabricated-panel residential buildings, is an additional objective of the housing refurbishment programme. As a minimum, this must involve the repair of static defects, reconstruction of internal installations (water and drain pipes, gas, heating, electrical wiring), and improvement of thermal insulation. Under this programme, subsidies are provided towards the interest charged on loans taken out to fund these works and higher rates of subsidy are available for specific areas designated by central government.

In common with the new EU member States, a

significant proportion of the Romanian and Turkish housing stock requires extensive refurbishment. No detailed policies regarding the protection, evaluation, maintenance and renovation of planned housing areas have been devised in Turkey to date. However, to aid the development of such policies the Undersecretariat of Housing has recently undertaken a study of the existing housing stock in Turkey. The privatisation of former State-owned dwellings in Romania has increased the need for government involvement in refurbishment as the owners of these dwellings often have limited resources to pay for refurbishment and also may not be collectively organised to arrange these works. In order to overcome these problems, in recent years the Romanian Ministry of Transport, Construction and Tourism has introduced two new schemes for improving the existing housing stock. These include the retrofitting of multi-storey housing buildings with high earthquake risk and buildings rehabilitation for minimising thermal energy loss.

3.2.2 *International Housing Policy Trends*

Although housing supply and renovation are currently the subject of policy measures in the majority of the 28 European countries under examination, at the same time there is a perceptible difference between the recent housing policy developments in the 15 long-standing EU member States, compared to the new member States and applicant countries. Policy makers in the 10 CEE countries share a particularly discrete set of concerns, reflecting the distinctive political histories and recent economic and demographic development of these countries in comparison with the longstanding EU member States.

In many of the 15 long-standing EU members, contemporary housing policy places significant emphasis on improving the stock of private rented housing, which is recognised as an important resource, particularly in the major cities where rents are high and housing affordability is consequently lower. The management of social rented housing and its increasingly residual nature in socio-economic terms is also identified as a key issue in housing policy

statements produced by the governments of many of these countries. As a result, several long-standing EU members are planning to promote a more diverse spatial mix of different housing tenures together, in an effort to reduce the social exclusion of disadvantaged groups. Socio-economic deprivation and the associated physical dereliction of housing in inner-city areas is also a focus of intervention by governments in several of these countries. Thus, a range of urban renewal measures have been introduced in recent years, typically involving tax incentives to encourage the provision of new and refurbished housing in these locations.

In contrast, housing ministers in the CEE countries are primarily concerned with responding to the effects of their programmes of privatisation of formerly State-owned housing, following the dramatic political and economic changes which took place in this part of Europe in the late 1980s and early 1990s. As was revealed in Section 2 of this report, the effects of privatisation include a shortage of social rented units in many CEE countries, which policy makers are attempting to address by increasing the output of dwellings in this tenure. The private rented sector in many of these countries is also very small, and, in the view of many policy makers, its further development has been impeded by the imposition of rent control measures. Thus, several of the new EU member States have recently made efforts to liberalise the regulation regime for this tenure. Another key political concern in most of Central and Eastern Europe is under-development of the private mortgage lending market, in comparison with the long-standing EU members; this under-development has hindered the provision of new private housing because neither potential property developers nor home buyers can access the requisite finance.

Mortgage Lending Policy

In order to increase housing supply and improve affordability, a number of European countries have intervened in mortgage lending, although the nature of interventions in this regard varies internationally.

In Slovenia, for instance, this has been achieved by

means of the Housing Fund of the Republic of Slovenia. As explained in Section 2 of this report, this financial institution was initially funded from revenue accumulated from the privatisation of State-owned housing in this country, but more recently it has been funded by Central Government. The Housing Fund was created for the purpose of providing loans for the construction, as well as for the renewal and maintenance, of housing. It provides loans at more favourable interest rates compared to those of commercial banks to individual citizens who are building housing for their own occupation as well as to municipalities and non-profit bodies who are responsible for the construction of non-profit rental housing in the country. Recently, the Housing Fund of the Republic of Slovenia has been operating also as a joint-investor in housing construction. This has been done by entering into partnerships with local authorities in order to construct good quality and affordable housing on local authority land.

In Poland, in January 2002 the Government approved the strategy of economic development called Enterprise – *Development – Labour. Economic Strategy of Government*. According to the document the expansion of housing construction is a priority of State economic policy. The strategy includes proposals for the introduction of low-interest (fixed rate), long-term credit for housing purposes, along with some important changes in the legal environment relating to the housing investment process intended to eliminate the legal and administrative bottlenecks. The low-interest loans scheme was established in 2002 and will run until 2005. The programme includes loans for the construction and purchase of dwellings as well as the renovation of houses. The Government subsidises the interest charges above the fixed rate on these loans.

In Slovakia, the State Housing Development Fund provides loans at preferential terms for housing construction and renovation. Under the terms of the Act on the State Housing Development Fund, mortgages of this type may be provided to households with incomes below a specified limit and to property developers, on condition that the floor space of the dwellings they construct does not exceed a specified

limit. The Housing Development Fund Act has been amended and as a result the purpose and terms of the mortgage provision have been changed with effect from January 2004.

Dutch home buyers can reduce their housing costs if they take a mortgage from the National Mortgage Guarantee provided by the Guarantee Fund for Home Ownership. The number of mortgages from this Fund has increased significantly over 2003. However, a subsidy scheme to promote home-ownership for lower income groups, introduced in 2001, has not been successful.

In Estonia, Government intervention in mortgage lending has taken a distinctive form – the State Bank KredEx (the Estonian Credit and Export Guarantee Fund) guarantees a proportion of mortgages raised by specified household types from commercial lenders. Three schemes are currently in operation. These target: parents of children aged under 16 years (the Loan Guarantee for Young Families); young professionals aged under 35 years with higher or vocational secondary education (Loan Guarantee for Young Specialists), and tenants of buildings that have been returned to their original owners by the State (Loan Guarantee for Tenants of Resituated Buildings). Households in each of these categories can also apply for a similar guarantee covering the loans raised to fund the renovation of their dwellings. Between the initiation of these schemes and 2002, 7,680 contracts have been concluded under the loan guarantee for young families scheme; 3,148 contracts have been concluded under the loan guarantee for young specialists scheme, while 16 contracts have been concluded under the scheme for tenants of resituated buildings programme.

Construction Industry Policy

In order to increase housing output, policy makers in some European countries have recently begun to examine the operation of the market for land and the building industry.

Policy makers in Denmark have devoted particular attention to this issue. As a result, 40 DKK million has

been provided for two new initiatives intended to increase construction productivity. The digital signature initiative is intended to help improve the quality and productivity of the construction process, by increasing the use of digital solutions and digital communication. Secondly, under the auspices of the private-public partnerships (PPP) programme, the Government seeks to combine the forces of public and private agents in the construction process and subsequent operation of the building. The Danish Government also intends to promote greater competition within the construction industry, and consequently has published a strategy regarding Government contracts for building work. This strategy includes: increased use of new tenders and co-operation structures: including PPP, new tender contracts, partnering (whereby all partners in the building process are involved from the very beginning of the process in order to raise individual responsibility), and agreements regarding quality; new architectural qualities (new-industrialisation, quality in partnering) and common requirements regarding the use of IT (common guidelines, digital tenders and offers, 3D projection, common project webs, delivery of accounts-data, digital handling of construction projects), key numbers and benchmarks. In addition another report which scrutinised low productivity within the Danish construction sector has recently been published. This study has led to an increased focus on the causes of the comparatively large seasonal pattern in activity in the construction sector in Denmark and how this affects productivity.

The effective operation of the construction industry is also an issue of concern for the Swedish Government because the costs of housing construction and maintenance in this country have risen dramatically in recent years. In 2001 the Government set up a Building Costs Forum at the National Board of Housing, Building and Planning. The purpose of the forum is to demonstrate practical methods of promoting competition, decreased price pressure and increased efficiency in order to stimulate the construction of good-quality housing at reasonable costs. The Forum also has access to SEK 20 million per year to enable it to support pilot projects intended to develop methods

that will lead to long-term reductions in housing costs while at the same time promoting sustainable development. The temporary investment grant and incentive provided by the Swedish Government are also designed to make investors focus on lower building costs, for instance by stipulating reference levels of acceptable rents in order to qualify for investment support. In addition, a recent government committee report on the housing and building sector has revealed some weaknesses such as lack of competition and quality, rising costs of building material and land, and use of black economy labour. The report has been discussed within the sector and, on the basis of these discussions, the Government will soon initiate a programme to evaluate and reform the housing and building sector.

Also in relation to the effective operation of the construction industry, a joint project between the Nordic countries and the Baltic region, including Poland, has been launched. The aim of this project is to devise guidelines for an action plan for increased competition within the building sector. The plan will primarily be concentrated on three issues: (1) the consequences of national regulations, (2) the free movement of labour, and (3) the need for better knowledge of how the market and competition are developing.

Private Rented Housing Policy

Increasing the supply of private rented accommodation is a key issue in Denmark, Spain, Sweden and France. As a result, in Denmark tax deductions intended to facilitate increased output in this sector have been introduced on a five-year trial basis. These deductions, which amount to 1 billion DKK annually, are expected to result in additional output of 800 private rented dwellings per annum. Similarly the Swedish Government has attempted to improve the output of private rented accommodation by introducing a temporary investment grant in 2001 for the construction of rented housing in areas where this type of housing is in short supply. To further stimulate housing construction, a special VAT-based investment incentive for rented and student dwellings with a floor

area of less than 70m² was introduced in 2003. In Spain, increasing the supply of private rented housing has been afforded particular political priority in recent years on the grounds that diversifying the supply of housing will provide the population with greater tenure choice.

In France, private sector tenants in some parts of the country are experiencing difficulties in finding accommodation, as they are faced with a scarcity of supply and associated increase in rents. In response, the French Government has recently launched a plan aimed at encouraging the greatest number of French people to invest in rental accommodation in order to balance demand and supply of rental housing in the most critical areas, encourage the construction of rental housing in city and town centres and in areas where this market is under most pressure such as coastal and cross-border areas and the Ile-de-France region – it is envisaged that this measure will also contribute to sustaining employment in the building sector. Additional aspects of the plan ensure that old, run-down dwellings are not removed from the rental stock, vacant accommodation is returned to the rental market and the quality of private rented housing stock is improved in all parts of France.

As part of the implementation of this plan, the methods for fixing rent ceilings in high demand areas have been reformed. In addition, for the first time, a range of policy initiatives have been introduced which are intended to encourage rental investment to old buildings. These measures apply to accommodation that does not comply with the characteristics of decency stipulated in Law 13 of December 2000. Tax write-offs apply to both the purchase cost and the cost of work carried out on these dwellings, provided that the renovations in question have been carried out by certified professionals.

Liberalising controls on the letting of private rented accommodation is also currently under consideration by policy makers in Denmark and Sweden, because this is seen as a vital precursor to increasing supply. In Sweden an inquiry has been established to review the setting of rents in new-built rented housing, and to

examine how the rent structure in the existing rental housing stock can be adapted more easily. This issue is also of concern to the housing ministers in Estonia, Malta, Poland and Slovakia. As was mentioned in Section 2 of this report, Estonia's current legal regulations (Dwelling Act) afford local government the right to set a ceiling on the rents that can be charged for dwellings that are municipal property. However, this rent ceiling also applies to some of the dwellings that were reinstated to the individuals who owned them before they were requisitioned by the communist government. These provisions apply if the dwelling in question has been inhabited by the same tenant since the rightful owner was reinstated. In the case of all other rented dwellings market rents are applied without restriction. Policy makers in Estonia acknowledge that rent ceilings were necessary in the years immediately after the introduction of the free market system, as they afforded tenants a certain level of protection from excessively high rents. However, this measure discriminates against landlords by stopping them from freely managing their property and obtaining a realistic market rent, and rent ceilings also hinder the development of a competitive and equitable private rented residential market. In Poland, adjusting the present legislative regulations in respect to tenant protection is currently under examination. It is envisaged that reforms of this type would help to create a larger dwelling stock for rental purposes and to balance the rights and responsibilities of tenants and landlords. Liberalisation of the private rented housing market sector is currently under consideration by policy makers in Malta, where a system of rent control has been in operation since World War II. In Slovakia, the Ordinance on the Regulation of Apartment Rental Prices which was introduced in January 2004, represents a further step towards the complete deregulation of rents.

Conversely, in Ireland and the Netherlands, recent policy initiatives related to private renting have been concerned with increasing the rights of tenants in this sector. In Ireland, this development reflects the increasing importance of this tenure. The proportion of households living in private rented accommodation rose from 8% of the Irish population to 11% between

1991 and 2002. In addition, from the perspective of policy makers, this sector also facilitates mobility – a growing feature of the labour market – and it can help address social housing needs. The Irish Government established a Commission on the Private Rented Residential Sector in July 1999 to examine and make recommendations regarding a number of issues affecting the operation of the sector. The Commission's report was published in July 2000. Government proposals for reform of the rented residential sector arising from the report were announced in January 2001 and legislated for in the Residential Tenancies Act 2004. The Act provides for the establishment of a statutory Private Residential Tenancies Board to deal with all disputes between landlords and tenants, including those relating to rent, termination of tenancies and breaches of tenancy agreements, and to provide advice and information in relation to the sector. The Act also obliges landlords to register each tenancy on their property and provide greater security of tenure for the tenant, ensuring a right to occupancy for a four-year period if tenants have been in occupation of the dwelling for a period greater than six months.

New legislation introduced in the Netherlands in 2003 also enhanced the rights of private rented tenants. This legislation empowers an independent rent commission to make a binding judgement in the case of disputes between tenants and landlords regarding rent levels and enables tenants to remedy defects by themselves if their landlord fails to do so. The costs involved may be passed on to the landlord or subtracted from the rent. Also, in the interests of maintaining the affordability of rental housing, the Dutch Ministry for Housing has applied a maximum annual rent increase that reflects the level of general price inflation in recent years. This prevents sitting tenants from excessive rent increases. Reasonableness of the level of rents is guaranteed by means of a rating system for dwellings which determines the relationship between maximum rent and the quality of a dwelling. In addition, the individual rent subsidy also ensures that rents are affordable for the lower income groups. In the period between 2001 and 2003 almost 1 million households on low income received rent subsidy.

The Luxembourg Government has also introduced a number of measures intended to improve the accessibility and affordability of rented housing in recent years. Legislation introduced in 2002 provides for the introduction of assistance to finance the security deposit required by tenants. This initiative, which involves the provision of an 'advance' on the security deposit by the Government, is intended to facilitate access by households with an average income to the private rental sector.

Social Housing Policy

As mentioned above, increasing the supply of social rented housing is a concern for policy makers in a significant number of the countries under review. The countries in this category are: Belgium, Bulgaria, Estonia, the Czech Republic, France, Ireland, Latvia, Lithuania, Malta, Poland, Slovakia, Slovenia, Romania and Spain.

Amongst this group, several of the long-standing EU member States have significantly increased government funding for social house building in recent years. In Ireland, for instance, comprehensive assessments of social housing need are carried out every three years by local authorities. The results of the 2002 assessment indicate that 48,413 households are in need of social housing – an increase of 23% from the 1999 assessment. In order to address this growing social housing need, over €5 billion was spent on social and affordable housing measures in the first four years of the Irish Government's National Development Plan 2000-2006. In Spain the current Central Government Housing Plan (which covers the period 2002 to 2005) aims to increase the number of social dwellings. As part of this plan, central and regional government have devised agreements which provide for the construction of 17,575 new social rented dwellings.

Budgetary constraints in several of the new and long-standing EU member States, together with the embryonic nature of the legislative framework for housing in the former group, means that efforts to increase social housing supply have often been accompanied by the reform of funding for social housing. In this vein, the housing ministers in Slovakia

and Slovenia are currently examining the potential reforms to the legislative framework for the financing of social housing. As was alluded to earlier, in Slovenia the key instrument used by Government to increase housing supply is the Housing Fund. This Fund lends to municipalities, municipal housing funds and non-profit housing organisations, which are responsible primarily for the construction of non-profit rental housing in the country. In Poland, the Government economic development strategy, published in 2002, envisaged an increase in financial support for the low-profit rental sector but at the same time, the introduction of a number of reforms to mechanisms for funding this sector. Since the mid-1990s the development of affordable rental housing in Poland has been co-financed by preferential credit granted from National Housing Fund (NHF) resources. This institution provides long-term indexed mortgages at interest rates that are half those at market levels to enable housing co-operatives and social housing associations build dwellings for households with incomes below a specified level. In February 2001 the housing construction legislation was amended to help overcome the shortage of funds in the NHF. This legislation empowers the State bank (Bank Gospodarstwa Krajowego) to take out preferential loans from international financial institutions such as the European Investment Bank or the Council of Europe Development Bank, transfer the resultant funds to the NHF and enables the NHF to sell its credit liabilities to commercial banks.

Among the long-standing member States, Germany and Finland have also reformed the funding of social house building in recent years. In Germany, central government funding for new social house building has been substantially reduced by the Housing Assistance Act which came into force in January 2002. As a result of this legislation the social housing construction system underwent radical reform – it was transformed into a social housing assistance scheme with a view to targeting assistance more directly at lower-income households and restructuring assistance to focus on the modernisation of the existing housing stock rather than the construction of new dwellings.

Housing policy makers in a number of other European countries are currently debating the reform of methods of social housing provision and management. Many of the countries in this category are long-standing member States with relatively sizeable social housing sectors in European terms. In Denmark, for instance, in recent years housing policy has placed increased emphasis on the involvement of the private sector in providing and managing social housing by means of Public-Private Partnership arrangements. Subsidies for the construction of co-operative social housing are also currently being phased out and will be completely removed by 2005. In addition, the Government has recently released a report that examines the possibility of allowing social housing tenants to purchase their dwellings, either as individuals or as part of a housing co-operative. In Austria, the principal concern for policy makers is the implementation of the proposals, legislated for in 2001, regarding the privatisation of the limited profit housing construction companies which are wholly owned by central government. As mentioned in Section 2 of this report, regional government in Belgium has significant powers in the housing field and consequently the various social housing reforms currently under consideration by policy makers vary between the different regions of the country. In the Brussels Capital Region, the reform of social housing rents is currently the focus of attention from policy makers, as is enhancing co-operation between the various associations which provide social housing in this country in order to ensure that they can respond more effectively to social housing need, the renewal of the existing social stock and the introduction of social work services into social housing associations and improving the management of applications for social housing. In the Wallonia region of Belgium measures are being devised to encourage the geographical relocation of social housing providers, in order to avoid the over-abundance of social housing in some localities and their absence in others. In Finland the income limits for access to social housing have recently been increased. This reform is intended to enable middle-income earners gain a social housing tenancy in order to improve the functioning of the labour market in growth areas.

Among the new member States, reforms to the management and maintenance of social housing have also been introduced in Slovenia in recent years. New regulations to enhance the rights of tenants in this sector, and enable them to participate in decision making regarding their accommodation, have recently been introduced. In addition, recent housing legislation also provides for the introduction of uniform rents in the non-profit sector from 2005. Under the existing system, different rents are levied on dwellings constructed before and after specific years.

Urban Renewal Policy

The improvement of declining urban areas has been the subject of recent policy interventions in a number of European countries. A significant theme in these interventions is the contribution which mixing different housing tenures can make to addressing the problems of these areas. In Belgium for instance the question of tenure mixing and also of improving the social mix in social housing is currently a key concern of policy makers in all three regions of the country. As a result, the Government of the Flanders region of Belgium has recently introduced measures intended to facilitate households to buy or refurbish their dwelling in order to ensure a social mix in cities. The Government of Wallonia has initiated measures to promote a greater social mix in social housing. In Luxembourg recent legislation obliges property developers to include at least 10% rented housing in new housing developments to foster a greater social mix. In Ireland, Part V of the Planning and Development Act 2000 enables local authorities to require that up to 20% of new housing developments is used for social housing or affordable housing for sale to low and moderate income households at less than market value. Tax incentives are available for schemes which facilitate the renewal of designated urban and rural areas. In Denmark, as a result of recent reforms, pension funds will be permitted to develop mixed tenancy housing developments including rented and owner-occupied housing. Also in Denmark, recent reforms to urban renewal policy have emphasised increasing the efficiency of public funds, by means of narrower targeting of recipients of these funds and replacing some public funds by private sources. The expected

cutback in public subsidised urban renewal amounts to 250 million DKK.

In the Netherlands there has been a particularly large number of initiatives in relation to urban renewal in recent years, many of which were originally proposed in the Government policy statement *What People Want, Where People Live*, published in December 2002. This statement significantly reoriented the traditional focus of Dutch housing policy on the grounds that until 2000 the quantitative shortage of housing was much less of a problem than in earlier decades and that therefore the focus of policy interventions should shift from quantitative to qualitative issues, including improving the residential quality of the cities.

In order to address this task, 56 priority neighbourhoods in 30 major and medium-sized cities have been identified by government. Housing associations are expected to make a significant financial contribution to new housing construction and to housing refurbishment in these areas, while central Government contributes out of its Investment Budget for Urban Regeneration – a multi-annual subsidy for municipalities which they can receive upon submission of a multi-annual development plan. Furthermore, a separate budget has been made available under the auspices of the Innovation Programme for Urban Regeneration which is aimed at innovative activities and demonstration projects. An important criterion for gaining access to these funds is the relationship between social and physical interventions and the degree of participation of inhabitants. Progress in revitalising these areas has been somewhat slower than expected; therefore performance agreements are currently being made between relevant local parties concerning goals, programmes and (financial) responsibilities. Moreover, 'booster teams' have been put in place in these neighbourhoods consisting of account managers of the Ministry and external experts for procedural and substantive support.

In addition, the physical quality of the living environment, criminal activity and anti-social behaviour, growing problems of poverty in cities,

together with the spatial segregation of deprived minority ethnic groups are currently particular priorities among policy makers in the Netherlands. Policy on these issues is predicated on the principle that effective solutions must include a more coherent approach, based on three types of interventions: (1) labour and economy; (2) physical and (3) social. Interventions related to labour and the economy are aimed at strengthening the economic vitality of cities. The physical aspect concerns facilities such as new construction, demolition, maintenance, and suitable housing in order to improve the working and living environments. The quality of the social environment concerns safety, care, youth, health: in other words the social needs of inhabitants. This approach has been put into practice through the mechanism of the Major City Policy which targets 30 large and medium-sized cities, in relation to which central and local government agencies have devised multi-annual agreements concerning goals, means and concrete results which both parties want to achieve. The Ministry of Internal Affairs is playing a facilitative and co-ordinating role in the implementation of these plans among the various cities and for the other Ministries involved.

Specific Housing Needs Policy

In Denmark policy on meeting specific housing needs is currently focused on the provision of more and better housing for students. During a five-year period (2003-2007), 1 billion DKK is earmarked for the building of new dwellings intended for students, with approximately 3,500 to 4,000 dwellings expected to be built.

In view of its ageing population, the 2002 policy statement from the Dutch Government, *What People Want, Where People Live*, places significant emphasis on the need for housing and care services which are appropriate to the needs of older people. In particular it emphasises that more housing which is accessible to people with physical disabilities is required. This does not necessarily mean that new housing should be constructed specifically for this group, but rather that all housing should be 'designed for all' or in other words should be accessible to all groups. As part of this policy initiative there are also concrete plans to

put housing and care arrangements in place, and increasingly many housing projects are being set up in which 'domotics' (i.e. modern technological facilities in dwellings that provide more safety, comfort, care and service) have been incorporated.

In Ireland and Greece the provision of accommodation for nomadic ethnic minority groups has also received attention from policy makers in recent years. In Greece this has involved addressing the accommodation needs of the Gypsy population, while in Ireland, the 2002 assessment of housing need carried out by local authorities found that 1,500 Traveller families who are members of the indigenous nomadic population were in need of accommodation. Irish legislation enacted in 1998 clarifies and strengthens the powers and responsibilities of local authorities in relation to Travellers. It required them, in consultation with Travellers and/or Traveller organisations, to prepare and adopt five-year programmes covering the period 2000-2004 to meet the existing and projected accommodation needs in their areas.

Also in Ireland, there have been some recent initiatives to address the problem of homelessness, under the auspices of the policy statement *Homelessness: An Integrated Strategy*, published in 2000. The 2002 assessment of housing needs showed that 5,581 people (3,773 households) were homeless. Capital funding is available to local authorities and voluntary organisations for the provision of accommodation for homeless persons. Similarly, the Polish Government has devised a programme of housing construction for people who require social assistance because they live on the brink of poverty and/or are homeless or at risk of homelessness. It is envisaged that this programme will commence in 2005. Until then, a pilot programme has been established to provide assistance to local authorities for the renovation and alteration of residential buildings as well as the change of use of non-residential buildings in order to provide social housing and shelter for homeless people.

A supported housing programme was established in 2003 in the Czech Republic. Its objective is to stimulate construction of housing owned by

municipalities for persons who cannot gain access to housing due to lack of income or other reasons and have special housing needs. The programme includes subsidies for initiatives in the following categories: protected dwellings (for which a maximum subsidy of CZK 600,000 to CZK 800,000 is available depending of the size of the local authority) are intended for persons who are less self-sufficient due to medical reasons or old age; halfway dwellings (for which a maximum subsidy of CZK 600,000 is available) are intended for persons who have a lower ability to adapt to the life of a normal society. The provision of social services is a prerequisite for provision of subsidies in the case of both of these categories. In addition, the Czech Government also provides a maximum subsidy of CZK 250,000 for entry-level dwellings intended for persons who due to unfortunate personal circumstances are unable to find housing despite being able to fulfil the duties relating to the lease of a dwelling.

Recent legislative reforms in Latvia are intended to protect socially excluded households against the loss of housing. Provisions introduced in 2002 prohibit the eviction of families with children on the basis of rent and public utility payment arrears, unless an alternative dwelling has been provided. Since 1995, local authorities have been obliged to grant housing benefit to families who are unable to fully cover rental and utilities payments and more recent legislation also obliges them to ensure that housing is available for ex-prisoners and for children leaving long-term care institutions after coming of age.

3.2.3

Issues of National Concern

As was mentioned above, policy makers in a number of countries face specific issues which are not of concern in other European countries but are very significant in an individual national context.

For instance, in Turkey managing the aftermath of the major earthquake which occurred in 1999 in the Marmara region of the country is currently a key concern for government, as is dealing with unauthorised 'squatter' dwellings and discouraging

further developments of this type in the future.

In Malta and the Czech Republic the issue of second homes is of particular concern to government. As a result the Maltese Government has obtained the right, through pre-accession negotiations, to retain its current laws restricting the purchase of housing by foreigners for use as a second residence on a permanent basis. Foreigners purchasing housing in Malta are required to obtain a permit which is only granted for one property and is subject to qualifications such as the value of the property. Similarly, for a period of five years after the Czech Republic joins the EU, foreigners will not be able to acquire real estate unless they establish residence or have long-term employment in the Czech Republic.

In Cyprus, the Government has introduced a large number of measures to address the housing situation of those families who are refugees as a result of the partition of the island in 1974. One such measure is the Low-Cost Government Housing Scheme. Under the auspices of this scheme, low-cost houses are provided free of charge to low-income families. 16,120 refugee families benefited from this scheme between 1974 and 2003. All housing estates are comprehensively planned to include basic services such as shopping centres, community centres, open spaces, schools, play grounds, medical centres and homes for older people. The Government bears the yearly costs of management, maintenance and repairs of the estates. Since 1990, the funds allocated for this purpose have increased from C£500,000 to C£5,000,000 per annum. In addition, the Government has recently formulated a five-year plan for the renewal and revitalisation of the refugee social housing estates. This plan includes the rebuilding of housing units, the physical condition of which is beyond repair and the restoration and improvement of the rest, at a total cost of C£60 million.

The Self-Help Housing Programme on Government Land is another important element of the wider long-term programme to accommodate refugees. Under this scheme, the serviced house building sites are allocated to refugees, accompanied by financial aid towards

meeting part of the cost of erecting their houses. By 2003 a total of 13,259 refugee families were housed under the auspices of this programme.

The scheme to accommodate refugees on State land is augmented by the Self-Help Housing Scheme on Private Land. This scheme provides grant-in-aid to eligible refugees to cover part of the building costs of their houses on their own land. Between 1974 and 2003, a total of 32,431 displaced families benefited under this scheme. The Purchase of a House/ Apartment Scheme was introduced in 1981 and provides grant-in-aid for purchasing a house/apartment from the private sector. Under the auspices of this scheme, the housing needs of 14,529 households have been met to date.

3.3 Recent Developments in Housing Legislation

In the vast majority of the 28 countries under examination in this report, the housing policy developments, outlined above, have necessitated associated legislative reform. However, the type of legislative developments in question are not uniform across Europe. In this regard the countries under examination can be divided into two categories.

The first category includes countries where new housing legislation, like the housing policies mentioned above, has been introduced in an incremental manner. In most cases, the amending legislation has sought to reaffirm existing legislation, close loopholes or address inconsistencies. The countries in this category include the long-standing EU member States, together with the new member States of Malta and Cyprus. Indeed in some of these countries, the comprehensive level of legislative development necessitated few significant further extensions of the legal framework for housing in recent years.

Belgium, Luxembourg and Denmark are an exception to this rule, however, because in all three there has been extensive legislative reform in recent years – albeit driven by very different stimuli. As was explained in Section 2 of this report, Belgian housing policy is devised and implemented on a regional basis – by the Brussels Capital, Flanders and Wallonia Regional Governments. This arrangement has effected an abundance of new housing laws and regulations. The key Housing Acts for Flanders and Wallonia were passed in 1997 and 1998 respectively and the Wallonia Housing Act was reformed in 2003. Preliminary legislation, codified in the Housing Act of 2003, will facilitate the establishment of a Housing Act for the Brussels Capital Region and the adoption of regulations enabling the Housing Acts to be applied. In addition the three Regional Governments have introduced numerous new housing regulations in recent years. In Denmark, by contrast, a series of radical reforms to policy, particularly in relation to government supports for the construction of private

and social rented housing, have necessitated a plethora of new laws and regulations. Unlike most other long-standing EU member countries, there has been a comprehensive overhaul of housing legislation in Luxembourg in recent years. Full details of this legislation, and of the legislation introduced by the other European countries under examination in this report, are provided in TABLE 3.3.1 below.

In terms of type of legislation introduced in recent years, TABLE 3.3.1 also reveals that the new EU member States and applicant countries in Central and Eastern Europe differ significantly from the majority of the long-standing member States. As was mentioned in Section 3.2 above, the majority of CEE countries have devised detailed medium and long-term housing strategies that set out a template for housing policy development over the coming years. These strategies were deemed appropriate by policy makers in view of the relatively embryonic State of the housing systems in these countries. Furthermore, in many cases they were recommended in the various Country Profiles on the Housing Sector prepared by the UNECE.

The implementation of the various new housing policy measures provided for in these strategies necessitated significant amounts of new legislation. In addition, these strategies also provide for the introduction or amendment of fundamental legislation necessary to underpin the effective operation of the various elements of the housing system, such as land use planning, construction, the provision of social housing, and the regulation of the housing market. Some legislative developments of this type were also required in order to meet the requirements for accession to the EU. Further details of developments in this category are provided in Section 3.5 below.

Table 3.3.1 Recent Developments in Housing Legislation in European Countries

Country	Title or Focus of the Legislation	Function of the legislation
Austria	Law on tenancy	Liberalisation of regulations on renting single-family and two-family homes and refurbished lofts, etc.
	Law on co-operative apartments and proprietary leases	Administration of a condominium, extending joint property rights to same sex couples, also preventing of so-called 'mixed objects' (i.e. partly condominium, partly rented housing developments) and the recognition of reserved parking and garage places as independently owned objects.
	Amendments to regulations on limited profit housing	Liberalisation of the subsequent sale of non-profit apartments and transfer to private ownership, as regards business premises, and in the field of financing, and also restrictions as regards the appropriation of capital funds in favour of social housing construction.
Belgium	Various housing regulations introduced by the Flanders Regional Government	These address: home quality standards and awarding of a compliance certificate; the recognition of entities with a social purpose; renewal zones, including the definition of zones that may be eligible for construction and renewal permits; regional tax on vacant apartment blocks; subsidisation of social housing projects regarding the creation of allotments, constructing social housing and reconstruction of buildings; the rental of social housing, including enabling social housing associations to increase the upper income limits for access to this housing; construction renewal permits – these are now refocused on the 13 towns of the region in order to combat urban sprawl and redensify the urban centres; social rental for accommodation let or sub-let by the Flemish Housing Association or by a social housing association under title VII of the Flemish Housing Act; conditions under which the social housing credits associations are approved by the Flemish Government; subsidies for the construction of new housing or the renovation or extension of existing dwellings; the conditions under which the associations for social credit can be approved by the Flemish Government and housing insurance guarantees.
	Various housing regulations introduced by the Brussels Capital Regional Government	These address: the implementation of aspects of the first 'Housing Act' for this region including defining housing quality criteria and legislating for the public management right; the extension of the duration of regulations on social housing relating to evictions – these compel the public service property companies (SISP) to adopt a procedure and to establish an intervention template in cases of eviction; amendments to regulations regarding the registrations of applicants for social housing – these end the obligation for the social housing applicants to submit their application to several local associations simultaneously and established a single register of applications; the holding of elections for the creation of consultative boards of tenants within social housing associations and the inclusion of tenant representatives on the board of directors of these associations; mortgage loans granted on the initiative of the Housing Fund – these enable all households (subject to the maximum income conditions) to benefit from these loans whether they have children or not and the establishment of a Regional Habitat Observatory.
	Various housing regulations introduced by the Wallonia Regional Government	These address: the definition of the minimum criteria of fitness of housing; changes to aid to individuals and to corporations (aid increased in some geographical areas or districts); combating housing vacancy; provision of loans to enable young households (maximum 35 years old) access to home ownership; a multi-annual action plan aimed at reducing permanent habitat in tourist accommodation such as camp sites or other temporary structures and the establishment of a special programme (costing €1 billion) aimed at making the Walloon housing stock fit and safe.
	Amendments to the Wallonia Housing Act (2003)	These address: the restructuring of institutional arrangements for housing policy implementation around three agencies: the Walloon Social Credit Association (social mortgage credit), the Walloon Housing Association (average priced and social housing) and the Fund for Housing Large families in Wallonia (social integration for housing and pursuing the activity of mortgage loans intended for large families); reform of housing aid; pursuing the policy of local anchoring of the housing policy; technical amendments made to the enactments of the housing quality policy and broadening the remit of the French High Council on Housing with science expertise.

Table 3.3.1 continued

Bulgaria	Territorial Development Act and related secondary legislation	All of these items of legislation are concerned with the implementation of the National Housing Strategy.
	Cadastral and Property Register Act	
	Geodesy and Cartography Act	
	Amends to the State Property Act	
	Amends to the Municipal Property Act	
	Saving-for-Housing Banks Act	
Czech Republic	Act on approval and enforcement of the Urban Development Plan of Sofia	
	Regional Development Act	
	Various recent items of legislation	Subsidies to municipalities for construction of rental housing for households and individuals with limited income. Assistance for the acquisition of privately owned housing. Assistance for construction of co-operative housing. Rent-setting procedures. Provision of mortgage subsidies intended to facilitate acquisition of privately-owned housing.
Denmark	Private rented housing	This legislation provides for tax relief for the provision of private rental housing; allows the use of pension funds for the construction of mixed tenure buildings (incorporating rented and private owned dwellings) and enables private owners of existing buildings to establish rental dwellings on their roof space which can be let at a market rent.
	Urban renewal and renovation	This legislation simplifies the terms of the public urban renewal programme, reduces public resources for urban renewal and provides for the better targeting to those most in need, along with measures to encourage private investment. In addition it removes the right of tenants to veto a decision by the owner of a building containing private rented dwellings to refurbish the building and charge a higher rent, and provides that rents for dwellings after urban renewal will hence be regulated by the law on rental dwellings without urban renewal, as well as for a reduction in the urban renewal subsidies available for co-operative dwellings.
	Non-profit housing and subsidised private co-operative housing	This legislation reduces the capital grant required by local authorities when building non-profit dwellings – from 14 to 7% of the construction costs. The government will bear the additional costs during the period 2002-2005. In addition, legislation currently being drafted will offer tenants in co-operative dwellings the option to mortgage their share of the co-operative.
	New housing options	Recent legislation enables the conversions of dockland areas and former business areas for residential use. In addition, the houseboat regulation is under scrutiny in the interests of improving the residential environment at waterfront locations.
Estonia	Legislation to implement the Estonian Housing Development Plan 2003-2008	This legislation addresses: supports for reconstruction of apartment buildings and securing mortgage loans; legislation regarding the 'Target groups for State guaranteed settlement loans'; regulation by the Minister of Economic Affairs and Communications regarding the 'Rules of procedure of subsidies dividing commission on supporting the enlargement of rental housing stock measures' and the application terms for the municipal rental housing stock measures for 2004.
Finland	Various recent items of legislation	These laws: increase the entry income limits for access to social housing and abolish these limits altogether outside growth centres; provide for shared-ownership housing financed by an interest-subsidised commercial loan (from April 2002); provide State grants for the financing of municipal infrastructure investments for the years 2002 to 2005 to boost housing construction in Helsinki; provide for the expansion of these grants to other growth areas between 2005 and 2009 and for the introduction of free-market right-of-occupancy dwellings from 2003.

Table 3.3.1 continued		
Country	Title or Focus of the Legislation	Function of the legislation
France	Law Number 2003-590 of 2 July 2003 Urban planning and housing	Introduces a short-term response to the problem of lack of land. Regulates the safety of lifts by instituting three obligations: upgrading of old lifts, maintenance of the lifts by a qualified service provider and periodic technical checks of the lifts. Contains a number of provisions in relation to the participation of employers and the public housing unit organisations (HLM organisations) in increasing housing output.
	Law Number 2003-710 of 2 August 2003 on orientation and programming for towns and urban renewal	Contains four titles which are dedicated respectively to town policy and urban renewal, to economic development of priority areas, to the procedure for personal recovery from insolvency and to various stipulations, in particular those relating to the guarantee funds for social rental housing and the reform of the public housing unit limited companies (HLM limited companies).
	Decree Number 2004-123 of 9 February 2004 in relation to the National Agency for urban renewal	Legislates for measures intended to improve the profitability of rental investment in certain areas, where private rented dwellings are in short supply and rents are increasing. Provides for the reassessment of rent levels in these areas. Applies tax incentives to the purchase of old housing for restoration, provided the work in question is professionally certified.
Germany	Budget Support Act 2003	Reforms tax incentives promoting home ownership with effect from 1 January 2004. These re-orientate the emphasis of the home ownership grant from promoting new housing construction to promoting the purchase of dwellings from the existing housing stock.
Ireland	Private Rented Residential Tenancies Act 2004	This Act: establishes a Private Residential Tenancies Board to deal with disputes between private sector landlords and tenants, including those relating to rent, termination of tenancies and breaches of tenancy agreement, and to provide related advice and information; provides for greater security of tenure – a tenant whose tenancy has not been terminated in the first 6 months, will have a right to continue in occupation for the remainder of a 4-year period unless the landlord needs possession of the dwelling for specified reasons. In addition, under the terms of this Act, the tenant may terminate the tenancy at any time, subject to giving the required notice. However, the length of the notice required will be graduated depending on length of tenancy, from a minimum of 4 weeks to a maximum of 16 weeks and rents cannot be higher than the market rent and can only be reviewed once a year unless the dwelling has been improved, and landlords are required to register the details of all tenancies with the Private Residential Tenancies Board.
	Amendments to Part V of the Planning and Development Act 2000	Part V of the Planning and Development Act 2000 obliges local authorities to prepare housing strategies as part of their development plans. The strategies assess the need for housing generally in each local authority area, including the need for social rented housing and affordable housing for sale at less than market value to low and moderate income households. On the basis of this assessment local authorities are empowered to require that up to 20% of new housing developments are employed to meet social and affordable housing needs. This will also ensure that in future much of new social housing will be located in mixed tenure estates. As a result of the amendments, the provision that many planning permissions granted before the 2000 Act would wither at 31 December 2002 and during 2003 was removed in the interest of ensuring a continued supply of housing. A levy on all developments carried out using these planning permissions was introduced to fund increased social and affordable housing output.
Italy	Fiscal legislation	This provides for the deduction from personal income tax of a percentage spread over ten years, of the cost sustained for maintenance and restructuring works, as well as reduced VAT, and for tax benefits for the purchase of a first home, as well as for restructuring and the purchase of restructured properties.
	Building legislation	Fostering limited energy consumption, the static safety of buildings, and the safeguard against illegal acts.
	Law 21/2001	State financing of three action programmes in the field of public housing aimed at the construction and recovery of dwellings.

Table 3.3.1 continued		
Latvia	Legislative changes intended to protect socially excluded groups against the loss of housing	A number of legislative reforms in this area have been introduced in recent years. These include legal provisions enacted in 2002 that prohibit the eviction of families with children on the basis of unsettled rent and public utilities payments unless another dwelling has been provided; a definition of the status of social housing that was introduced in 1997 along with the criteria and procedure for assigning such housing; since 1995 municipalities must grant housing benefits to families who are unable to fully cover rental and utilities payments and since November 2003, the Law on Municipal Assistance in Solving Apartment-Related Problems has also regulated the Central Government's financial involvement in this process.
Lithuania	The Law on State Support to Acquire or Rent Housing Law on Construction	Implementation of the Lithuanian Housing Strategy.
Luxembourg	Law of 30 July 2002	Legislates for tax measures aimed at encouraging the sale and purchase of sites and apartment blocks. These include: the introduction of a tax allowance on the registration rights and transcription rights for all persons wishing to acquire a block of apartments for residential use and the application of a super-reduced VAT rate (3%) on building and renovation work on main residences. From the enactment of the legislation until the end of 2004, capital gains tax on the sale of land or apartment blocks will be reduced to 25% of the average taxation rate; the tax collected on the sale of land or apartments blocks by persons in the trader's scheme will be reduced to .25 of the global taxation rate. These reductions also apply to land sales by developers. In addition, the accelerated amortisation rate on rented apartment blocks as private property has been increased from 4% to 6%.
	Law of 8 November 2002	This legislation includes the following: increases the finance available to public developers for the construction or purchase of dwellings to 70% or 75%; in order to encourage a social mix, requires that every new housing development includes at least 10% rental housing; provides for government funding of up to 70% of the costs of developing play areas and green areas in order to encourage more interaction among residents of housing developments; provides for government funding of up to 50% of the costs of constructing care and education facilities in housing estates; provides for government contributions of up to 100% of the cost of providing housing for foreign workers, asylum seekers, students, trainees or apprentices, persons in continuing education, scientists or experts on temporary assignments; in addition the State can contribute up to 40% of the price of building or purchasing housing for foreign workers arranged by an employer for its employees; provides for State contributions of up to 75% of the construction price or purchase price of rental housing arranged by non-profit organisations of any type which have reached an agreement with the government, civil hospices or social offices; introduces assistance for the finance security deposit for tenants – this involves a certificate in which the State undertakes to pay the lessor the amount of the security deposit if the deposit is claimed and/or the State acts as guarantor for all or some of the bank loan issued by a financial institution for the purpose of a security deposit; reactivates the general housing assistance scheme originally established in 1979 – under this new scheme the State will pay a €100 to a savings account for each new-born child.
	Bill Number 5216 on leases for main residences	This Bill establishes a uniform system for setting rents on all medium sized dwellings, regardless of the date of construction and includes a number of measures intended to professionalise the operations of rent commissions such as the introduction of arbitration and new regulations to deal with the extension of the leases and abandonment of dwellings by tenants.
	Luxembourg regulation of 9 April 2003	Amends long-standing regulations regarding housing grants and subsidies, in order to put all income groups on an equal footing in the allocation of the grant and to expand eligibility to include persons with an average income.
	Luxembourg regulation of 7 July 2003	Changes the maximum rate for debtor interest for social mortgages.
	Luxembourg regulation of 7 March 2003	Introduces new rules on the composition and the working of the commission that grants, refuses or restores housing aid.
	Luxembourg regulation of 31 March 2004	Legislates for the implementation of the 8th programme for the construction of subsidised housing developments as well as State contributions.

Country	Title or Focus of the Legislation	Function of the legislation
Malta	Purchase of second homes	Pre-EU accession negotiations resulted in Malta retaining its legislation limiting the purchase of dwellings for second home use by non-nationals, who are required to obtain a permit which is only granted for one property and which is subject to qualifications such as the value of the property.
	Amendments to the civil code	Introduces new provisions on the partition of properties held in common as a result of inheritance. This is considered to be one of the main reasons why so many dwellings remain vacant (particularly those in urban cores).
	Bill for the establishment of a central registry	This will incorporate the public registry and the land registry.
	Equal Opportunities (Persons with Disabilities) Act (2000)	Includes various provisions related to accessibility of premises for persons with disability.
Netherlands	Rental legislation and regulations	Amendments to this legislation were introduced in 2003. As a result stipulations concerning rents in general and rents of dwellings have been updated and have all been incorporated into the Civil Code. With new rent legislation, legal constraints have been removed, the position of tenants vis-à-vis landlords has been strengthened and the rights of tenants with regard to their dwelling has improved. For example, tenants can now remedy defects by themselves if the landlord fails to do so. The costs involved may be passed on by them to the landlord or it may be subtracted from the rent. The Rent Subsidy Act was amended to streamline and modernise its implementation in order to improve effectiveness and user friendliness. From 2003 onwards, preparations are made to shift the implementation of the rent subsidy regulation in 2006 to the Taxation Service. Rent subsidy will then be part of the General Act on Income-Related Regulations.
	Act on the Promotion of Home-Ownership 2001	Enables low-income households to apply for a subsidy for buying a dwelling of their own. It is expected that this Act will be withdrawn due to the low number of applications for this subsidy.
	Law on Spatial Planning 2003	Creates a legal basis for a more coherent spatial planning process and standardises spatial documents in order to achieve a higher essential quality, simplifies spatial procedures and rationalises the location of public investment. These new measures will enhance the effectiveness of local plans, and replace the out-of-date general and local plans.
Poland	Amendment to the Building Law 2003	Simplifies administrative procedures in the construction process, provides for the regularisation of the legal status of unauthorised dwellings, introduces compulsory inspections of completed structures and modifies the scope of competencies of public administration bodies.
	Amendment to legislation on housing construction support 2001	Since the middle of the 1990s, the construction of affordable rental housing by housing co-operatives and social housing organisations has been co-financed by preferential credit granted from National Housing Fund (NHF) resources. In order to address the shortage of funds in the NHF these amendments to legislation provide for the following interventions: the State housing bank (Bank Gospodarstwa Krajowego) is empowered to take out preferential loans from international financial institutions such as the European Investment Bank or the Council of Europe Development Bank and transfer the funds to the NHF; the credit liabilities of the NHF can be sold to mortgage banks and other banks, apart from the State housing bank, can participate in the repayment of interest on commercial loans granted to local authorities for the provision of infrastructure necessary for housing development.
	Bill on housing construction support	This draft legislation provides for the simplification and acceleration of the procedures of preferential loan approval granted to investors.

Country	Title or Focus of the Legislation	Function of the legislation
Romania	Law 114/1996, as amended	Housing Law.
	Law 350/2001	Law on Territorial and Urban Planning.
	Law 7/1996	Law on Cadastre and real estate advertising.
	Law 152/1998	Law on the establishment of the National Housing Agency.
	Law 10/1995, as amended	Law on construction quality.
	Law 460/2001	Law for the modification and completion of the Government Ordinance 20/1994 on decreasing the seismic risk of the existing building stock.
	Law 325/2002	Law for the approval of the Government Ordinance 29/2000 on thermal rehabilitation of the existing housing stock and the promotion of energy conservation.
	Government Ordinance 19/1994, as amended	Law regarding the investment stimulation for achieving public works and housing construction, with its later amendments.
	Law 330/2003	Law regarding the mortgage loans companies.
	Law 254/2003	Law regarding measures for the completion of the housing buildings started before 01/01/1990 and not finished before 01/07/2002.
	Government Decision 400/2003, as amended	Regulation of the organisation and remit of the home-owner associations, with its later amendments.
	Law 15/2003	Law regarding the State support for young people for constructing a dwelling for their own occupancy.
	Law 380/2001	Law regarding loans granted by the State for the servicing of land for housing in rural areas.
	Law 243/2001	Law regarding the legal status of lands used for housing construction by the National Housing Agency.
Law 241/2001	Law regarding the tenants and the determination of housing rents.	
Slovakia	Amendments to the Act on the State Housing Development Fund	This Act governs the provision of preferential loans for a defined support purpose and for the limited income group of the population, with changes in particular in the field of the purposes and the conditions of the provision of State support as of January 2004.
	Ordinance on the Regulation of Apartment Rental Prices	This has been in effect since January 2004 and represents a further deregulatory step towards the liberalisation of rent.
	Bill to amend the Act on the Ownership of Apartments and Non-Residential Premises	This draft legislation is intended to create conditions for the more efficient management of the housing stock in the ownership of the user.
	Amendment to the Act on Municipal Establishments	This Act, as amended in 2002, imposes upon municipalities the obligation to co-operate in creating appropriate conditions for housing in the municipality and provides for the development and approval of local housing development programmes.
Slovenia	Amendment to the Act on Non-Profit Organisations	This amendment, introduced in 2002, allows non-profit organisations to be established for the purpose of providing generally beneficial services in the field of housing, and the management, maintenance and refurbishment of the housing stock; in this connection existing legal regulations in the competence of the Ministry of Construction and Regional Development of Slovakia were amended so that these organisations could gain State financial support for the construction of apartments.
	Amendments to the Construction Act (2002)	These stipulate provisions for building design, methods and procedures for obtaining building permits and construction.
	Amendments to the Spatial Planning Act (2002)	These define the types, contents, hierarchy of planning documents, and the method of their preparation. They also define the instruments for the operational planning of development activities. They regulate spatial planning activities and the enforcement of implementation measures for the implementation of the planned spatial arrangements.

Table 3.3.1 continued		
Country	Title or Focus of the Legislation	Function of the legislation
Slovenia <i>continued</i>	Amendments to the Construction Products Act (2000)	These specify the conditions for the sale of construction products.
	Amendments to the Housing Act (2003)	These regulate the types of residential buildings, conditions for maintaining residential buildings, conditions for planning dwellings, ownership relations and the management of multi-family buildings, rental housing relations, the construction and sale of new dwellings, help in obtaining and in the use of dwellings, the presence and tasks of the State in the housing field, the competencies and tasks of municipalities in the housing field.
	Real Estate Brokerage Act (2003)	This Act defines conditions for real estate companies and real estate brokers for brokering real estate transactions; establishes the rules for safe and diligent business activity in real estate brokerage that real estate companies and real estate brokers are obliged to respect in their work; provides for the adoption of five executive regulations.
Spain	Legislation necessary for the implementation of the Housing Plan 2002-2005	This includes: Royal Decree 1042/2003, which amends Royal Decree 1/2002 for the purposes of the purchase of social housing; various Orders and Resolutions, needed for administration of the Plan, regulating different aspects regarding the volume of funding to be agreed with the credit institutions and its distribution by Regional Government; the setting of interest rates applicable to the annual programmes of municipalities, maximum amounts of State spending and the establishment of the basic price per square metre of useful floor space, which will act as the benchmark for determining the maximum prices for the sale and rent of dwellings covered by qualified financing under the Plan. Fiscal legislation including: Law 46/2002 and Law 36/2003, which are intended to increase the supply of social housing. These laws introduce tax incentives for increasing the supply of rented housing and reduce rent levels. The first is applicable to the tenants of rented housing subject to Income Tax, and the second specifies a special Corporation Tax from which those companies may benefit that are engaged solely in the renting of dwellings, providing that they meet certain conditions. Other legislation includes Order ECO/805/2003, on regulations for the valuation of properties and specific rights for certain financial purposes and Law 23/2003 on Guarantee in the Sale of Consumer Goods (modifies Law 1/2000, of 7 January, in relation to tenancy processes).
Sweden	Co-operative Rental Housing Act 2002	Made co-operative rental housing in Sweden an official form of tenure.
Turkey	Bill in relation to gecekondü (squatter) housing	This amends the existing gecekondü legislations (Acts No. 775, 2805 and 2981) in order to change the rules regarding the design of rehabilitation plans, and introduces stronger sanctions against squatter housing.
United Kingdom	Housing Bill	This draft legislation which is expected to be enacted in 2004 includes the following provisions: replacing current housing fitness standard with evidence-based Housing Health and Safety Rating System; improving controls on houses in multiple occupation, including a mandatory national licensing scheme to tackle inadequate basic facilities/management problems; local authorities will be able to license private landlords in areas where there is a particular problem, such as anti-social behaviour; introducing home information packs, which make key information needed by buyer and seller available at start of process; further modernising the right-to-buy scheme to tackle abuses and curb profiteering; introducing measures for local authorities to tackle anti-social behaviour in social housing; amending the powers of the Housing Corporation and NAW to fund bodies other than registered social landlords; establishment of a Social Housing Ombudsman for Wales to investigate complaints against social landlords; the extension of eligibility for the disabled facilities grant to all those occupying caravans as their only or main residence.

Table 3.3.1 continued		
	The Planning and Compulsory Purchase Bill	This Bill, which is due to be enacted in 2004, introduces a simpler and more flexible plan-making system at regional and local levels, promoting better community involvement. It is expected to be passed into legislation in spring 2004. It also includes measures to: increase the predictability of planning decisions and speed up the handling of major infrastructure projects, provides for the introduction of Business Planning Zones, to cover infrastructure provision, introduce a new optional charge for developers instead of the cumbersome and time-consuming planning obligations negotiation process; make the Compulsory Purchase system simpler, fairer and quicker to support policies on investment in major infrastructure and on regeneration; introduce a statutory purpose for planning with a view to contributing to sustainable development and remove government immunity from planning controls.
<i>Note:</i> information for the following countries were not available: Cyprus, Hungary, Portugal		

3.4 Recent Developments in Housing Quality Regulation

This Section examines recent developments in the regulation by government of housing quality. These include building regulations and new initiatives in housing construction, health issues that are related to building quality and measures to encourage environmentally sustainable housing construction.

3.4.1 *Building Regulations and New Initiatives in Housing Construction*

All of the EU member States and applicant countries have building regulations and standards in place to control the technical aspects of housing provision and maintenance. In some countries, including Spain and Italy, local and regional authorities determine the regulations but most countries appear to set building standards at national level. As revealed in Table 3.4.1, which examines recent technical developments in housing and changes to building regulations in European countries, most countries have amended their building standards legislation to incorporate more stringent criteria in terms of energy efficiency, particularly with respect to thermal insulation.

Other changes in building codes include measures to address noise reduction, the standardisation of construction materials and techniques and the

provision of access for disabled persons. A number of countries are also implementing measures to ensure that the refurbishment and maintenance of their existing housing stock incorporates their most recent building regulations.

In many cases, these recent changes are driven by the need to implement EU directives on the construction sector, the most recent of which concern the regulation of building products and the introduction of an energy rating scale for buildings. As in the case of many of the developments in housing law discussed in Section 3.3, the new member States and applicant countries have significantly reformed their building regulations to conform to EU requirements, while in recent years the long-standing member States have made more incremental changes, many of which relate to promoting sustainable construction and energy practices, reflecting a growing concern for the natural environment.

3.4.2 *Health in Buildings*

Of the 28 countries examined in this review, 9 provided information in relation to health in buildings such as asbestos, radon gas, lead poisoning and of the policies devised to address these problems, if any. Of these countries, only Spain and Romania reported that no major health problems have been encountered to date with regard to health in buildings, although

Table 3.4.1

Recent Technical Developments in Housing and Changes to Building Regulations in European Countries

Country	Building Regulations Measures and Changes
Cyprus	The Cyprus Organisation of Standards and Control of Quality is responsible for standardisation of building component units. Cyprus standards broadly conform to EU standards but some standards are being harmonised. Education in energy-saving methods is being carried out. Research and practice guidance are being produced. A clearly defined and comprehensive policy is being devised.
Czech Republic	The Building Code is the principal legislation with respect to construction and technical standards. Housing construction can only be carried out by authorised bodies. A draft building code is being prepared which incorporates technical specifications of housing designed for disabled persons. A new version of 'Residential Buildings State Standard' guidance document is at draft stage.
Denmark	Regulations are in force concerning sustainability of dwellings, particularly with respect to energy, safe building materials, water and drainage issues.
Finland	The Land Use and Building Act requires an obligatory maintenance manual for each new residential building – this will increase the efficiency of maintenance. Greater attention has been paid to durability, life cycle and renovation of dwellings in recent years.
France	Law number 2003-590 of 2 July 2003 on Urban planning and housing (Urbanisme et habitat) regulates the safety of lifts. Addressing unfit housing is a priority of public authorities under the direction of a long-term action plan. Progress in this regard is also an objective of the new National Plan of Action for Social Inclusion 2003-2005.
Ireland	Building regulations are in place to promote good practice in housing design and construction. Part M of the building regulations places a statutory requirement to provide adequate access to buildings for disabled persons. Revisions to Part M require that new dwellings include 'visible' features for disabled persons. Part L of the regulations concern energy conservation measures which have been made progressively stricter. Sustainable Energy Ireland is undertaking the development of a national Home Energy Rating programme in the context of the implementation of the EU directive on energy efficiency of buildings. Social Housing Design
	regeneration. Furthermore, targeted schemes for refurbishing social housing have been established, including the Area Regeneration Programme and the remedial works scheme.
Italy	Minimum housing design standards determine minimum ceiling heights of 2.70m in inhabited rooms, and at least 2.40m in service rooms. New dwellings must not be greater than 95m ² in size. Law 1072/69 establishes the standards for luxury dwellings. Standards are often determined according to specific regional legislation.
Lithuania	Lithuanian building regulations meet EU requirements, including those related to: mechanical stability, fire safety, hygiene, safety of use, noise and thermal efficiency. A qualification system exists for personnel directing building standards. The Law of Social Integration of Invalids makes provisions for the needs of disabled persons.
Luxembourg	The law concerning rational use of energy introduced in 1993 makes provisions for the improvement of thermal insulation.
Malta	Current building regulations are governed by the Code of Police Laws.
Netherlands	Building regulations are being improved and simplified: the 2003 Housing Act and Building Code amendments 2003 streamlined and simplified the system. A national uniform application form has been devised for building plans. Municipal summons and obligation of municipalities to determine their policy for control and supervision have been simplified. The process of integrating EU directives into Dutch regulations continues.
Poland	The Building Law is the primary legislation for building regulations. All EU regulations related to construction pre-dating Polish accession to the EU have been implemented.
Portugal	The National Civil Engineering Laboratory monitors innovative construction and design techniques and also tests construction materials. The impact of urban regeneration projects on the quality of health is currently being evaluated. Proposals have been put forward regarding a methodology to certify accommodation
	of the 'Housing Technical File.' In the implementation of the Municipal Master Plans, particular attention was paid to exterior areas. Measures to support the consolidation of existing urban areas and to discourage the irrational occupation of urban land have been introduced.
	The regulations which currently apply to housing construction standards in Portugal are as follows: <ul style="list-style-type: none"> – General Regulations for Urban Buildings (Statute Law no. 38382/51, enacted on 7 August 1951), under review by the LNEC; – Social Housing Technical Recommendations (Ruling 41/MES/85); – Regulation of Characteristics of the Thermal behaviour of Buildings (Statute Law no. 40/90, enacted on 6 February 1990), under review by the LNEC; – General Regulations regarding Noise; – Safety Regulations against Fire in Residential Buildings; – General Regulations of Public and Building Systems for the Distribution of Waste Water, and – Regulation of Acclimatisation Energy Systems in Buildings (Statute Law no. 118/98, enacted on 7 May 1998).
Romania	The Romanian legal framework is currently being modified for compliance with EU legislation.
Slovakia	Slovakian building regulations are gradually being harmonised with EU legislation. Act no. 50/1976 Coll. on territorial planning and the building code as amended are key initiatives in this regard. Requirements for building products are already in compliance with EU directives. The 'Quality of Life' research programme has been initiated to examine measures to improve the internal environment of buildings.
Slovenia	A strategy for energy efficiency has been prepared – the goal of which is a 2% annual improvement in energy efficiency and the increased use of renewable energy sources. Local authorities are required to develop local energy programmes. The Building Products Act includes regulations on: building air-conditioning and ventilation; anti-noise protection; requirements for designing residential buildings and dwellings and building design without construction barriers.
Spain	A number of Autonomous Regions have passed their own legislation on building quality measures. Some local councils also have their own regulations governing the technical inspection of buildings. Transposition of the EU directive on energy efficiency of buildings is in progress. As part of this the Thermal Installation of Buildings regulations are being revised and a Building Energy Certificate is being implemented.
Sweden	The Planning and Building Act is being evaluated by a parliamentary commission appointed by the Swedish Government. A review of existing building regulations to ensure conformity with EU regulations is underway.
Turkey	Local authorities are enabled to provide land for their citizens under Planning Law No. 3194. The Planning Law of 1985 and its by-laws describe the process of issuing construction permits in detail. Local authorities issue two types of permits – Building/Construction Permit and Occupancy Permit. Regulations on the construction of buildings in disaster areas were amended in 1998. A new building and construction supervision system has been introduced to ensure safety of construction works and buildings. Housing construction and land taxation systems have been amended to reduce tax rates. Regulation on home insurance was amended in 1998 to make home insurance compulsory.
United Kingdom	The Office of the Deputy Prime Minister is undertaking a comprehensive review of Part L of UK building regulations (conservation of fuel and power). Amendments have been made to Part M of the building regulations (access and use of buildings) to facilitate the programme to deliver Lifetime Housing Standards. Revisions to Part E (sound insulation) were made in 2003 and there are new provisions under the British Standard for electrical installations (BS 7671). Measures to facilitate the rollout of broadband and communications network are at consultation stage. A sustainable and Secure Buildings Bill is being progressed through parliament.

Romania did mention that hazardous materials such as asbestos may have been used in the construction of some private dwellings. The other 7 countries reported a variety of problems in relation to health in buildings, together with arrangements to tackle them.

In the Czech Republic, regulations dealing with risks relating to the presence of underground radon were adopted in 1991. As a result, applications for a building permit must be accompanied by the results of a radon survey of the locality, together with details of measures to address radon problems if necessary. Land cannot be used for construction purposes if radiation levels hazardous to health are present. Subsidies towards the costs of implementing measures to correct radon levels in existing buildings are also available and these are distributed by regional authorities. The Ministry of Health regulates and monitors the quality of public drinking water and although the Czech Republic does not have a significant problem with regard to lead in drinking water as most lead pipes are plated with a layer of tin, a comprehensive survey of the lead content of water will take place in the near future. The Ministry for Regional Development is preparing a programme to fund the removal of lead water pipes from residential buildings which is projected to commence in 2004. The quality of construction materials is subject to a government decree which stipulates the technical requirements for selected construction products.

In Denmark, the most urgent health problem inside buildings is fungi and mould growth on interior surfaces or hidden colonisation in building components in heavily mouldy buildings. A four-year research programme on this issue has recently been completed and on the basis of its results, relevant information has been distributed to home owners. The problem of radon has been addressed by new requirements in building regulations.

In France policies in relation to health in buildings address both the occupants and users of the buildings on the one hand and the workers responsible for servicing, maintaining and constructing the buildings on the other. In recent years, Central Government has

introduced regulations to address the risks linked to exposure to asbestos in buildings that were constructed before 1997 and exposure to paint containing lead in buildings that were constructed before 1948, to protect against noise in the buildings, to measure the risk of exposure to radon and to address public concerns in relation to the consequences of electromagnetic emissions from mobile radiotelephone antennae. These regulations generally form part of the public health safety code or the health and safety at work code. In addition, since 1999 a global building and health programme has been implemented by the French local authorities, which has the following aims:

- to create and co-ordinate epidemiological surveys;
- to identify the pollutants present in the buildings and to characterise the exposure of people to particular or combined risk factors – to help achieve this aim an observatory for indoor air quality was created in July 2001;
- to revise the ventilation regulations;
- to make information on the impact of construction products on the environment and on health throughout their lifecycle available to the public and to professionals;
- to standardise the environmental labelling of construction products with a view to providing pertinent information to professionals and to the public, and
- to create a public database on the environmental characteristics of construction products.

In Ireland, there are no significant housing-related health problems associated with new house construction. The major health issues associated with older dwellings are the effects of living in cold and damp conditions because a significant proportion of this stock is poorly insulated and inefficiently heated. A number of measures are in place which directly or indirectly assist groups who are most vulnerable to the fuel poverty which results from such living conditions. These include payments towards fuel costs, assistance for certain categories of households towards the costs of improvements to building fabric and heating

systems, and refurbishment programmes for social housing owned by local authorities. An extensive National Radon Survey was carried out by the Radiological Protection Institute of Ireland in 1999 which has enabled the creation of radon prediction maps. The Department of the Environment, Heritage and Local Government has published a guide to dealing with radon in existing buildings for the information of construction professions and property owners. In addition, under the building regulations, all new buildings must incorporate radon protection measures.

In Lithuania, regulations have recently been adopted regarding the sale of construction products in order to protect the consumers from products that are unsafe and harmful to health. If a construction product fails to conform to these regulations, the manufacturer or supplier is obliged to address any shortcomings, or the sale of the product can be prohibited or restricted. Action of this type can be taken in the case of non-compliance with requirements, incorrect application of the technical specifications and shortcomings in the technical specifications themselves.

In Malta, a monitoring study conducted in the period 1998 to 1999 indicated low levels of radon and the absence of harmful effects to the general public. The use of asbestos is not prohibited by national legislation. However, Malta has recently adopted the EU Directive regarding the protection of workers dismantling buildings containing asbestos. In addition, prior notification is needed to the Health and Safety Authority and to the Maltese Environment and Planning Authority for any kind of work known to involve asbestos. In 1984, the Ministry of Health adopted regulations prohibiting the use of lead in paint. The Building Industry Consultative Council provides training programmes in relation to health and safety for building workers, while the Health and Safety Authority is responsible for on-site enforcement of health and safety regulations.

In Sweden, subsidies are provided by government for measures to counter radon. Also, several campaigns have been conducted regarding the legionella bacteria

resulting from water being too cold. In addition, the removal of PCB from the large high-rise housing estates built in the 1960s and 1970s, and questions concerning noise and insufficient noise insulation, are currently of concern to government. Brominated flame retardants may become a new health problem in the future and the prevention of allergy problems stemming from building materials is another problem that will be considered by expert bodies in the near future. Regarding ventilation of dwellings, since 1992 Sweden has had a compulsory inspection system that includes most buildings. The aim of this programme is to check that the ventilation system functions according to the requirements stated when the (latest) building permit was given. In spite of this compulsory system, there are still ventilation deficiencies in approximately 60% of the buildings, which very often are schools and day nurseries. As a result, the Government has commissioned the National Board of Housing, Building and Planning to examine alternative ways of assessing ventilation standards as part of a wider programme of quality assurance in relation to housing maintenance and management.

3.4.3 *Sustainable Housing Construction*

In recent years most of the countries under examination have modified their housing, construction and land-use planning policy to prioritise the issue of sustainable development. In a number of countries, projects have been established to showcase and demonstrate the feasibility of adopting a range of measures to reduce the environmental impact of housing including the reduction in energy, heat and water use. In addition, many of the new member and applicant countries in Central and Eastern Europe have availed of international expertise in order to supplement indigenous knowledge. The requirements of the Kyoto Protocol, in relation to reducing CO₂ emissions, are reflected in the recent policies and initiatives to improve thermal insulation and energy efficiency which have been adopted in most countries. Broadly speaking, the 15 long-standing EU members have seen the greatest number of developments in relation to sustainable building techniques in recent years, although this is not universally the case.

In Cyprus there has been increasing government interest in sustainable construction methods and techniques. However, due to the high costs involved and a lack of sufficient research, no significant progress has been made. Therefore, good practice in Cyprus is limited to small, private developments and restoration projects. The Cypriot Government intends to remove barriers to sustainable construction through the establishment of a University Research Centre, the adoption of financial incentives including tax relief for sustainable construction, and the reinforcement of existing relevant policies.

The Government of the Czech Republic has put in place a number of initiatives that address various aspects of housing sustainability. Due to the limited availability of funding, there are no ongoing programmes to provide financial incentives for housing developments that attain outstanding energy savings or use renewable sources of energy. However, the Ministry for Regional Development is working in co-operation with the Ministry of Industry and Trade and the Ministry of Environment in an effort to create conditions in existing and upcoming programmes to ensure that desirable energy savings are attained. All new construction programmes must comply with a new regulation regarding energy efficiency and heat consumption in buildings. In addition, a project is currently underway in the Susice district which aims to demonstrate how low-energy, low-cost housing can be developed. This project is funded by the United Nations Development Programme.

In terms of sustainable housing in Denmark, the policy priority is the development of showcase projects to demonstrate innovative approaches to building design based on ecological principles. Three such projects have been completed under the ECO-HOUSE 99 initiative and are currently being evaluated. The National Agency for Enterprise and Housing, in collaboration with the Ministry of Environment, is currently preparing a labelling scheme concerning building products and their impact on the environment.

In Finland, sustainable construction is being achieved

through technology, research and development programmes. The most extensive experimental construction area is at Viikki in Helsinki. Throughout this area, a set of ecological criteria is being applied. These criteria direct town planning, building land transfer, construction, planning and permit procedures and also stipulate minimum values for pollution, use of natural resources, health, natural diversity and nutrient productivity. In addition, they are used as evaluation criteria for other land owned by the City of Helsinki and are currently being developed into an environmental classification system for buildings covering the entire construction industry. In terms of construction products, an environmental specification has been developed for reporting on their environmental impacts and on the energy conservation issue, and a number of business sectors have made agreements with government ministries and with MOTIVA Oy, an independent organisation established to promote energy conservation. The construction of energy-saving dwellings is being promoted through a low-energy competition and voluntary agreements on conservation in housing are being negotiated. Furthermore, the Ministry of the Environment has adopted the use of energy grants for renovating residential buildings, as an economic instrument, to reduce energy consumption in existing high-rise buildings.

The French Government established a national strategy for sustainable development in 2003. This strategy contains a range of measures and sub-measures aimed at identifying the appropriate direction to be adopted in reducing energy usage and waste production and implementing a set of policies to achieve these goals. To facilitate the strategy, a series of action plans have been prepared. Increasing the level of restoration of old buildings is a priority measure. The key agencies involved in this type of activity are l'ADME and Centre Technique et Scientifique du Bâtiment. They are responsible for classifying the performance of products to gradually substitute existing materials and equipment with those of a more sustainable nature. The restoration of the social housing stock is also a priority measure under this action plan; in order to achieve this objective an incentive for the improvement

of housing for rental usage and social occupation has been introduced. The sustainability of newly built dwellings will also be improved by the above-mentioned work in relation to the classification of building products and the action plans also envisage that the use of energy-efficient building technology and heating appliances will be promoted by increasing the market share in high-performance heating appliances and other devices that reduce energy and resource use.

The introduction of the energy conservation regulations in Germany has meant that the existing regulations relevant to this issue were updated and synthesised with a view to creating a holistic set of incentives for energy conservation. The German Government plans to use the latest energy-efficient building technologies in order to support new regulations aimed at combating climate change. In addition, financial assistance is being made available in order to promote the implementation of these regulations and pertinent information is conveyed to the public via targeted information campaigns and initiatives.

As mentioned in Section 2 of this report, the housing stock in Ireland is comparatively young in European terms, and as a result, a significant proportion of dwellings has been built to modern high standards of thermal efficiency. The National Survey of Housing Quality 2001-02 indicates that 69% of Irish dwellings have double-glazing, 76% have wall insulation, 78% have insulated their water heating cylinder and 85% have central heating. The Residential Density Guidelines, published by the Department of the Environment, Heritage and Local Government in 1999, promote the use of higher density housing developments in appropriate locations. These guidelines are intended to ensure that housing needs are met in the most sustainable manner possible by securing the most effective use of scarce and expensive serviced land. In addition, the National Spatial Strategy 2002-2020 stipulates that housing needs which arise in urban areas should, as far as possible, be met within urban areas or through well-planned extensions to urban areas. Finally, the Government's agency Sustainable Energy Ireland is developing

education and promotion programmes, in partnership with retailers, which aim to reduce energy usage.

In Italy, the most significant projects in the field of sustainable housing construction currently underway are those aimed at energy conservation, hydro-thermal comfort, acoustic requisites and quality aesthetics. For example, phyto-purification plants for wastewater, CHP (combined heat and power) generation plants and district heating are planned. Less toxic materials and adherence to bio-architectural principles have been used more frequently in recent years in new housing developments.

Latvia has embarked on a programme of thermal modernisation of its housing stock, with the objective being a reduction in energy usage and the associated monetary costs. Heating savings equivalent to 2,048 GWh per year are being achieved annually, equating to a 100% saving in energy usage.

Energy efficiency has also played a central role in the modernisation of Lithuanian housing. The Energy Efficiency/Housing Pilot Project was started in 1996, on the initiative of the Lithuanian Government and the World Bank. As part of this project, over 400 multi-family apartment buildings in Lithuania have been renovated with a particular focus on the implementation of energy-efficiency measures. Over 500 Homeowner Associations have implemented renovation schemes as part of the project and private owner-occupiers are also investing in refurbishment. Lithuania is in the process of implementing EU requirements on urban wastewater treatment and the sale of toxic and dangerous construction products will be restricted to protect public health. To achieve this aim, an evaluation programme for construction products has been established.

The Luxembourg authorities have developed a housing report card system for dwellings built over 15 years and expert recommendations based on the report card determines the allocation of State aid for the renovation and rehabilitation of housing. State aid has also been made available to promote the rational use of energy and the development of renewable sources.

A specific measure enables households to install rainwater collection equipment.

In contrast to the Northern European countries, Malta has a very limited application of thermal insulation, with a negligible proportion of the housing stock equipped with this facility. However, a programme of installing energy-efficiency measures into apartment buildings has recently commenced. The most common measure employed in this programme is the insulation of external cavity walls, the insulation of roofs and the use of solar water heaters. Land-use planning legislation has been amended to improve environmental protection, encourage the efficient use of development land, promote building aesthetics and enhance urban conservation.

The Government of the Netherlands has a long tradition of promoting sustainable development in a general context and in contraction and refurbishment of housing. In the coming years, government policy will increasingly focus on energy-saving measures, with the objective of reducing CO₂ emissions, making responsible use of materials and improving the internal conditions of housing for occupants. Recent initiatives in relation to sustainable building have been characterised by intensive co-operation between public and private agencies in a variety of projects that were aimed at embedding the concept of sustainable building in housing policy and construction practice. On the basis of this co-operation, the Policy Programme 2000-2004 for Sustainable Building was devised. Under the auspices of this programme the Ministry of Housing is stimulating energy conservation by means of an Energy Premium Regulation. The number of applications for subsidies under this Regulation has surpassed expectations for 2003.

Poland has also adapted its legislation to incorporate sustainable development considerations, including the Kyoto Climate Change Protocol at the global level, and EU legislation in the context of the accession process. A number of strategic projects addressing sustainable development have been established to date, including the State climate policy and the strategy of reduction of thermal gas emission up to 2020. Poland is

preparing to conform to the EU directive on the energy certification system for buildings, with the application of this system to new construction and dwellings under the thermal modernisation programme. The thermal-modernisation fund's credits contain market-driven features and an embedded 25% amortisation premium of the amount granted. Upon completion of the project, this premium is transferred to the bank that granted the credit, as partial repayment of the loan.

The quality of urban design will become an increasing policy priority in Portugal, with greater incentive accorded to buildings of a sustainable architecture. The National Housing Institute, which is the agency responsible for the development and finance of social housing, is promoting the output of quality housing through the mechanism of the Social Housing Technical Recommendations. These recommendations guide the physical and resource usage aspects of social housing in Portugal. Bio-climatic social housing (i.e. climatically adjusted dwellings) have recently been promoted through the sponsorship by the INH of a European tender to design a low-cost, climatically adjusted building for multi-occupancy which formed part of the PLEA-88 exhibition that took place in Oporto in 2004.

In Romania newly built dwellings generally meet European standards regarding thermal requirements. The thermal rehabilitation programme carried out by the Ministry of Transport, Construction and Tourism is dealing with the existing housing stock, especially the multi-storey buildings constructed before 1985 (when a new thermal standard had been imposed), in order to minimise the thermal energy loss. Water consumption levels in Romania are very high, mainly due to the major water losses caused by the aged supply network and also because the population pays for water collectively and therefore individuals have no motivation to conserve it. In order to address this problem, in tandem with the upgrading of the water supply network, a national programme of water metering is currently underway.

In Slovakia, the environmental assessment of products in accordance with the process in the EU falls within

the remit of the Technical Instruments Development Programme in the System of Environmental Care which is administered by the Department of the Environment. In the near future the Slovak Government plans to implement EU directives regarding: the application of voluntary environmental registrations, certifications (environmental management), the environmental labelling of products and the use of environmentally friendly products (consumer protection). The implementation of the EU Directive on the energy performance of buildings will be completed by 2006. As a result, old and new buildings which have low-energy usage will be awarded energy certificates.

In Slovenia the Energy Act, together with new building regulations regarding thermal insulation and the efficient use of energy in buildings, have recently been introduced. These will help to reduce the quantity of CO₂ emissions, reduce pollution and create a healthy indoor climate.

Among the countries under examination, Sweden and Spain are distinguished by the particularly large number of sustainable construction measures that have been introduced by government in recent years. Among the most significant measures of this type which have been introduced in Spain are the Building Regulation Act 1999 which has not yet had a significant impact on the area of sustainable building. In order to address this problem, software to aid the energy classification of housing has been developed and a *Guide to Sustainable Building* has been published. A policy statement entitled the *Sustainable Building Programme 2003-2005* has been devised and is currently being implemented. This programme continues Spanish participation in the international tasks of the Green Building Challenge and involves the preparation of the Spanish System of Environmental Building Assessment and environmental analysis of construction materials and products and the drafting of the White Paper on sustainable building in Spain. Under the terms of the State Housing and Land Plan 2002-2005, the Government has funded pilot schemes which demonstrate how sustainable building techniques can be used in adaptations to dwellings, in the upgrading

of dwellings to make them habitable and in new house building. The Spanish Habitat Committee, established in 1994 to prepare the Habitat II Conference, has continued its work with regard to implementing action plans in the field of human settlements, and preparation of reports on the application of the Habitat Programme, in order to exchange information on the advances which have been made. In 2002 this committee also took part in the 4th United Nations Award for Best Practices in Improving the Urban Environment which was held in Dubai.

The Swedish Government identified, as one of its main goals, the transformation of the country into a sustainable society in ecological, social, cultural and economic terms. In order to achieve this goal a large number of measures have been initiated. These include amendments to the Planning and Building Act which identify the environment and sustainability of the built structures as key priorities, and the Environmental Code which combines fifteen previously independent laws into one. In 1999, the Swedish Parliament adopted 15 national environmental quality objectives, describing the quality and state of the environment and outlining the natural and cultural resources of Sweden in terms of sustainability. These objectives also serve as guidelines for community planning and in the application of the Environmental Code and are the basis for the formulation of sector objectives and the environmental management systems for industry and society in general. In order to ensure that these objectives are achieved in 2001, the Government has proposed that interim targets should be set for each of them. In a series of decisions in 2001 and 2002, Parliament adopted a total of sixty-nine such targets, indicating the direction and time-scale of the action to be taken. It also approved three strategies for implementing the objectives, which highlight a need for cross-sectoral measures. In 2003 a report was presented to the Government evaluating progress so far towards the interim targets.

These 15 national environmental quality objectives are being implemented into the daily work of the national government authorities concerned and the indicators to assess their implementation are the concern of various

Central Government authorities. In addition, a Climate Investment Programme has been introduced for the period from 2003 to 2004, with associated funding of almost SEK 850 million with the primary aim to decrease CO₂ emissions. A network consisting of some 40 organisations within the field of building and property has devised a new plan of action entitled The Environmental Programme for the Building Sector which covers the period 2003-2010. The programme contains environmental goals for: energy conservation, economising with building materials, a gradual decrease of hazardous substances and encouragement of sound indoor environments. A project entitled 'The Building/Living Dialogue for a Sustainable Building and Property Sector' has been established which is a unique co-operation between private companies, municipalities and the Swedish Government. The result has been a voluntary agreement to undertake tangible measures for sustainable development and the project has three areas of priority: a healthy indoor environment, effective use of energy and effective resource management. Finally, all municipalities have special energy advisors and resources will be invested in their further training.

A number of initiatives have also been put in place in the United Kingdom in recent years concerning sustainable housing construction. For instance, the UK Government is committed to increasing the standard to which all publicly funded housing is built, to ensure new housing is more sustainable. In England, all new social rented dwellings built by Registered Social Landlords are required to achieve an EcoHomes rating of 'Pass' as a minimum essential condition for receipt of grant aid. Furthermore Registered Social Landlords are encouraged to aim for the higher 'Good' rating. Also in England, a high-level group of builders, developers, planners and environmental advisers has been appointed to spearhead efforts to raise the environmental quality of buildings. This new Sustainable Buildings Task Group will pinpoint ways in which industry and government can work together to promote sustainable development through better environmental performance in new and existing buildings, and improve performance significantly on key issues including water, energy, waste and building

materials such as timber. The Energy White Paper, published in February 2003, includes a commitment to increase the energy efficiency of buildings. In order to achieve this the UK Government is currently undertaking a comprehensive review of Building Regulation Part L (Conservation of Fuel and Power), which will be implemented in 2005. The EU Directive on Energy Performance of Buildings is also being implemented according to the same time-scale.

3.5 International and EU Developments

The EU does not have competency in terms of housing and as a result no explicit statement of EU housing policy exists. However, developments at European level impact on the housing policies of the individual member States in a number of ways:

Firstly, the EU directives that are aimed at harmonising legislation among member countries, and obligations by member countries to comply with fiscal, budgetary, taxation and expenditure regulations, directly affect the financing and operation of the housing sector. Secondly, EU regional development programmes can impact on local housing markets and thus shape local housing policies through the provision of infrastructure and investment that can support the demand for housing and, in certain cases, distort regional development patterns and their associated housing markets. Thirdly, specific and targeted EU initiatives such as the URBAN programme, aimed at improving employment opportunities, supporting residents' participation and promoting social inclusion in deprived urban areas have augmented State-funded housing initiatives by member countries.

The European Commission has recently issued a number of directives relating to construction products, energy performance of buildings, public procurement and competition. A number of countries are modifying their legislation to conform to the energy performance directive and, specifically, construction products directives. Also a number of member countries have been the subject of legal action or complaints at EU level in relation to aspects of their housing policy. As was mentioned earlier in this section, many of the new EU member countries had to make major modifications to their existing legislation and policies in order to attain EU membership and similar processes are currently underway in the applicant countries of Romania and Bulgaria. The possible extension of the Structural Funds to co-finance programmes addressing social housing and the modernisation of housing stock, particularly apartment buildings constructed with prefabricated-panel technology, was also raised in the responses from the

Housing Focal Points of many of the new EU member States to the survey on which this report is based. This issue is due to be discussed at the November 2004 EU ministerial conference 'Comprehensive Modernisation of High-Rise (Panel) Buildings and Renewal of the Surrounding Environment as a Long-Term Solution to Improving Housing Conditions'.

In addition to EU initiatives, some other international developments have impacted on housing in the EU member States in recent years. For instance, as was mentioned in Section 3.3 above, the *Country Profiles on the Housing Sector* which were written on several new EU member States by the UNECE have had a significant impact on housing policy in many of the countries in question, as has *Guidelines on Condominium Ownership of Housing for Countries in Transition* which was published by UNECE in 2003. The following publications and conferences have also impacted on housing policy in the EU:

- World Housing Strategy (Vancouver World Conference, Habitat I, 1976);
- Agenda 21 and Rio Declaration (Rio World Conference, 1992);
- Istanbul Declaration (Habitat II, 1996);
- Millennium Declaration – Istanbul +5 (New York, 2001), and
- the Johannesburg Declaration (World Summit for Sustainable Development, 2002).

Full details of all the international and EU developments that have impacted on housing in the 28 countries are provided in TABLE 3.5.1.

Table 3.5.1

International and EU Developments which have Implications for Housing in European Countries

Country	Actions arising from EU-level Developments
Czech Republic	<ul style="list-style-type: none"> - Implementation of the EU Directive on 'Energy Performance of Buildings.' - Probable extension of EU Structural Funds to assist social housing and modernisation/renovation programmes. - Population ageing and its consequences.
Finland	<ul style="list-style-type: none"> - Finnish National Action Plans against Poverty and Social Exclusion, for 2001-2003 and 2003-2005. - Act on Equal Treatment. - Act on Admission of Immigrants to Finland. - Urban II Programme. - National Action Plans Against Poverty and Social Exclusion. - EU Structural Funds for Objective 1 and 2 Areas.
Germany	<ul style="list-style-type: none"> - Basel 2 at the European level which will impact on the housing sector in terms of the operation and financing of mortgage loans.
Ireland	<ul style="list-style-type: none"> - Revision of Rules for Public Procurement to conform to EU Directives. - EU Directive on Construction Products. - National Spatial Strategy 2002-2020 (takes account of European Spatial Development Perspective (ESDP)). - Implementation of EU directive on energy performance of buildings.
Italy	<ul style="list-style-type: none"> - Issues related to long duration of legal proceedings regarding eviction and expropriation actions.
Lithuania	<ul style="list-style-type: none"> - National Law on Construction amended to adhere to EU Directive on construction products.
Netherlands	<ul style="list-style-type: none"> - Proposal by EU to exempt services of general economic interest from notification as State aid. - EU Directive aimed at facilitating cross-border services. - Implementation of EU Directive on building regulations. - Preparations being made to bring regulations for housing associations, including fiscal regulations, into line with European competition rulings.
Poland	<ul style="list-style-type: none"> - Alteration of VAT rates for construction materials and introduction of VAT on development land to adhere to EU directives. - Proposals of amendments to the Sixth Directive of the European Commission in 2003 (social policy). - Possible extension of EU Structural Funds to assist social housing and modernisation/renovation programmes. - Possible extension of URBAN Community Initiative to deprived urban areas in new EU member States.
Romania	<ul style="list-style-type: none"> - UNECE Country Profile on the Romanian Housing Sector. - Report of Round Table meeting in Bucharest in 2002: developments in the Romanian housing sector assessed and implementation of recommendations evaluated. - Guidelines on Condominium Ownership of Housing for Countries in Transition (UNECE, 2003). - World Housing Strategy (Vancouver World Conference, Habitat I, 1976). - Agenda 21" and Rio Declaration (Rio World Conference, 1992). - Istanbul Declaration (Habitat II, 1996). - Millennium Declaration – Istanbul +5 (New York, 2001). - Johannesburg Declaration (World Summit for Sustainable Development, 2002). - Guideline Principles for Sustainable Spatial Development of the European Continent (2002).
Slovakia	<ul style="list-style-type: none"> - Harmonisation of building regulations to adhere to EU law. - Legislation on building products amended to adhere to EU Directive on building products. - Preparation of measures to implement EU Directive on the energy performance of buildings. - Harmonisation of legal framework in the field of basic requirements for structures.
Slovenia	<ul style="list-style-type: none"> - Requirement for more attention to be directed to housing within the framework of the <i>acquis communautaire</i> i.e. The entire body of legislation of the European Communities and Union. - Access to privileges and funds for acquiring rental housing and renewal.
Spain	<ul style="list-style-type: none"> - Preparing transposition of EU Directive on energy efficiency of buildings into Spanish regulations. - Preparation of regulations on transparency of home loans to bring Spanish regulations into line with EU European Code of Conduct and Recommendations on Home Loans. - Refurbishment measures under the Housing Plan 2002-2005.
Sweden	<ul style="list-style-type: none"> - EU legislation on taxation and State aid affecting housing policy. - Introduction of VAT-based investment incentive delayed due to the necessity of notifying the European Commission. - Complaint made to EC in relation to aid allocated to Swedish municipalities/local authorities owning Municipal Housing Co-operatives with high vacancy rates.
United Kingdom	<ul style="list-style-type: none"> - Considering implications of EU Directive on unfair commercial practice. - Implementation of EU Directive on energy performance of buildings.

3.6 Institutional Changes

In tandem with the policy, legislative and regulative changes described earlier in this chapter, the last number of years have also seen extensive changes in the institutional framework for devising and implementing housing policy in the some of countries under review and less extensive reforms in others. Generally speaking, the new EU member States fall into the former category, and the long-standing members into the latter.

As was mentioned in Section 2, in 2001 a new Government came to power in Denmark which initiated a number of significant reforms to housing policies and implementation arrangements. The Ministry of Housing and Urban Affairs was merged with the Ministry of Economic and Business Affairs, within which the former now acts as the National Agency for Enterprise and Housing. It is responsible for the regulation of housing construction and the financing of non-profit housing associations including rules on building and renting. In France, the most significant institutional change pertinent to housing in recent years relates to the delegation of housing finance decision-making powers to groups within local and regional government. This can be carried out on request from 2005 within the context of the law on local responsibility.

In the United Kingdom, a number of reforms have recently been made to housing policy implementation structures. In order to target investment to meet differing regional and local priorities, the Regional Housing Boards were established in February 2003. The Boards submitted their first Strategies and recommendations for allocations for 2004/05 and 2005/06 in July 2003. Subsequent to some amendments, these were approved by Central Government in October of the same year. In April 2003, a single Housing Inspectorate was formed to examine the performance of both Local Authorities and Registered Social Landlords in terms of social housing management and services, housing conditions, tackling homelessness, market analysis and devising housing strategies to address the aforementioned challenges.

Among the countries that acceded to European Union membership in 2004, Lithuania, Poland and Slovakia have introduced a particularly large number of changes to the formation and implementation of housing policy in recent years. The Lithuanian Government is planning to separate the housing policy formation and implementation functions through the establishment of the Housing Development Agency. The agency will have the capacity to devise housing programmes and to oversee their implementation and monitoring. In order to ensure that this is done as efficiently as possible, the agency will conduct objective market analysis using a specially established, unified information system. It is envisaged that these reforms will help to achieve more efficient housing sector management.

Land and mortgage books are key to the operation of the property market in Poland. These are registers kept for each individual property by regional courts. They consist of information on the property itself (plot number, address, area, etc.) and on its legal status (i.e. its present owner, mortgages and other encumbrances or third parties' rights). In January 2003, a pilot programme to establish an electronic system of land and mortgage books system was launched in six courts in Poland. The process of the introduction of the electronic system is operated within a larger project which aims to create an integrated cadastral system. It is envisaged that these new arrangements will, over time, be extended to the 337 Polish courts which currently utilise land and mortgage books in their work. The new system should dramatically cut down on the time needed to register title or mortgage, thus making the market safer, more efficient and accelerating property transactions. Investors and creditors will have basic property data available from the central information office without needing to obtain them from local courts. As changes will be entered promptly, the contents of electronic land and mortgage books will be more up-to-date and reliable than is the case at present.

In Slovakia three particularly significant institutional changes pertinent to housing have been introduced in recent years. In June 2003, the Slovakian Ministry of Construction and Regional Development took over

competencies concerning territorial planning and the construction code from the Ministry of the Environment. In addition, a new regional structure under which Slovakia is divided into eight administrative units was created, which function as the highest level of local governance in the framework of the created regions. In 2003, a programme for the reform of the State administration was launched, as part of which some housing related competencies passed from the local State administration to the local authority; district authorities were abolished and a part of their former responsibilities were reallocated to specialised local State administration.

In the new member States of Cyprus and the Czech Republic, together with the applicant State of Romania, there have been fewer reforms to housing institutions in recent years. In Cyprus, policy makers are concerned that existing housing programmes do not fall into a comprehensive policy framework. In order to identify and address the shortcomings of the various housing programmes, the Cypriot Government, in collaboration with its housing partners in the housing sector, has set up the Permanent Consultative Committee to advise the Minister of Interior on housing policy issues. In Romania many recent institutional reforms have come about as a result of the publication of the 2001-2004 *National Housing Strategy*. This document is of particular significance because for the first time since the political and economic reforms of the country began in 1989, the Government has formulated specific objectives for the housing sector and recognised this sector as a top priority. Under the terms of the strategy, the Ministry of Transport, Construction and Tourism has been identified as the main entity in charge of developing the housing sector. In addition, the National Housing Agency has been designated as project manager for the implementation of two of the governmental housing programmes proposed in the strategy. No significant institutional changes to the Czech housing system have been implemented in recent years. However, the draft of the new *Housing Policy Concept* statement for the country, which was published in 2003, envisaged that significant reforms will be introduced in the near future. The document incorporates ideas proposed in

the previous national housing policy document. However, compared to its predecessor this new statement places much stronger emphasis on reforming the ensemble of legal and economic instruments used by the State to control the housing sector. Consequently, the draft *Housing Policy Concept* does not propose significant changes in the objectives of housing policy, but rather it emphasises the elimination of economic and legislative barriers which hinder the functioning of the market, thus improving the effectiveness and efficiency of these economic and legislative instruments, and clarifies the existing approach to individual housing market segments and particular social groups, in some detail.

3.7 Emerging Issues

The preceding sections have reviewed recent housing policy initiatives and legislative and regulative developments relevant to housing in European countries. However, the nature of interventions of this kind means that they always take some time to devise; therefore, they do not necessarily reflect the latest housing issues or concerns which have emerged. This section aims to examine the housing issues that are currently of concern to policy makers in the various countries under examination, and are the subject of housing policy debates, green papers and discussion papers, together with expected medium-term developments in housing policies and housing markets in European countries. In the coming years, many of these issues will be the subject of policy, legislative or regulative interventions by governments.

3.7.1 *Issues of Concern and Subjects of Debate Among Policy Makers*

Policy makers in a significant minority of the countries in this review share a common concern – the effects of disequilibrium in all or in parts of the housing market. In Latvia, policy makers are concerned with disequilibrium in specific segments of the housing market where the lack of new construction of affordable housing for the emerging middle-class households is a pressing concern for policy makers. House prices have surged during the past three years and have caused affordability problems because average incomes have not increased at the same rate. In France, increasing output of low-cost housing for sale to moderate income households, and facilitating increased new house building in the Paris region in order to address supply shortages are currently the dominant issues in housing policy debates. In Belgium, recent increases in the price of houses and, in the Flanders region of Belgium, of building land are of greatest concern to housing policy makers. In contrast, Spanish policy makers are concerned about the very strong housing demand across the whole country. As a result, stimulating the generation of a sufficient amount of building land with reasonable price conditions is currently a key political priority in Spain.

Similarly, in Slovakia the affordability of housing and equilibrating the housing market are increasingly the subject of various housing policy debates.

Apart from housing market equilibrium, the other subjects of housing policy debates in the countries under examination are diverse and encompass a range of issues. In Cyprus, the housing of university students and foreign workers is currently under discussion by policy makers. In Estonia, the supervision of the privatisation process is a key concern. The primary issues of concern for Maltese policy makers are housing affordability in general and in particular affordability for specific target groups such as: single mothers, single persons, low earners of any age, disabled and older people. In Poland, a large number of issues are the subject of housing policy debates, including the protection of home purchasers from the unexpected bankruptcies of housing development companies; increasing housing supply and reducing both the construction costs and prices of dwellings and reforms to the current arrangements for financing housing construction through capital market institutions and commercial banks. The main subjects of debate regarding housing development in Romania are: equity in social housing supply and diversification of financial resources for the implementation of the housing projects which could involve the promotion of public-private partnerships in new social housing construction, management and maintenance. Policy makers in Slovakia are currently concerned with improving the quality of dwellings by ensuring that regular maintenance work is carried out and that the modernisation and restoration programme for apartment buildings is implemented; the Housing Minister and relevant experts are currently examining the various options for financing new housing developments within the framework of the State's budgetary, lending and subsidy policy.

Table 3.6.1

Expected Medium-Term Developments in Housing in European Countries

Country	Building Regulations Measures and Changes		
Austria	Pre-parliamentary discussions are under way regarding the creation of a housing administration law, which will enable the development of synergies in the administration of stock and the uniform implementation of EU-provisions (energy certificate).		plans are to be agreed by the Department of the Environment, Heritage and Local Government in 2004 and each Action Plan will comprise two parts – firstly, an overview providing background analysis of the nature of housing need in the county/city and the strategic responses to this need and secondly, a detailed plan for delivering measures comprising realistic targets and timeframes for delivery; the action plans will allow for the effective allocation of resources by the Department over the next five years and, most importantly, will ensure that resources are used to best effect in the long term by tackling real need, building sustainable communities and breaking cycles of disadvantage and dependency.
Bulgaria	After the adoption of the National Housing Strategy, the programmes anchored will be implemented and several secondary Acts related to the strategy will be adopted.		
Cyprus	A new scheme to assist low-income households will be established and will be implemented by the Cyprus Land Development Corporation. The government will promote the development of residential land in the buffer zone.	Latvia	In the medium-term, the priorities of the Government are to define the State strategy on social housing, increase the number of social houses and social apartments in order to meet demand, introduce financial instruments for housing construction (various subsidies for social housing, guarantees for housing construction or improvement thereof, target loans and support programmes) and implement assistance programmes for households unable to make payments for apartment rental and utilities charges will be devised and established.
Finland	The housing market is expected to be driven by migration flows inside Finland. There are a number of growth centres, but there are many regions and municipalities which stand to lose population. The housing demand in the growth regions is further increased by the natural increase in the number of households, so the housing demand is expected to remain strong in the medium-term. Conversely, in the regions of population decline, there will be vacancies, decreasing property values and financial problems for owners. There is also a trend towards owner-occupancy fuelled by low interest rates; this trend is dependent on developments in the interest rate level, economic growth and the magnitude of internal migration; additionally, households are more and more interested in low-rise housing and there are several initiatives aimed at increasing the number of detached houses and terraced houses.	Lithuania	By 2010, new residential construction will be increased from 4,500 dwellings per year to 7,000 dwellings per year; the social rented tenure will be increased from 2.5% to 3.5% of the total housing stock; the heating systems in apartment blocks will be modernised and there will be a 10% reduction in energy consumption by the housing sector.
Greece	A number of major issues will need to be addressed in the medium term. These have to do with the reorganisation of housing benefits to create a more targeted and just system, the housing of groups in special need, the promotion of urban renewal projects in deprived or degraded areas and the housing of Gypsies currently living in unsanitary camps of shacks and tents.	Luxembourg	Given the population growth, the socio-demographic changes and the enormous increase in the price of building land during the past decade, it is very probable that the imbalance between the supply and demand of affordable housing will be accentuated.
Ireland	Local authorities have been asked to develop five-year Action Plans to deliver across the full range of social and affordable housing programmes and supporting measures for the period 2004 to 2008;	Poland	At present, the housing policy action plan for 2005-2006 is being considered by the Government and envisages several modifications in the current housing policy tools including the introduction of new legislative solutions in respect to housing; according to the draft proposals, the most substantial modifications are to introduce systemic solutions to housing for the less affluent, to support a long-term saving-for-housing, assist private and public affordable rental housing, prevent negative results from the increase of VAT rates for construction
			materials and to improve the legislative environment (investment process, consumer protection etc.).
		Portugal	Bearing in mind the development of a policy of sustainable housing, the Government is preparing to launch a set of measures in the short term, whose objective is to promote the effective rehabilitation of the housing stock and to encourage the rental market, thereby seeking to solve a problem which has been dragging on for decades and which is of crucial importance in solving the housing needs which still affect Portugal.
		Romania	The implementation of the Residential Construction Strategy by the Ministry of Transport, Construction and Tourism will result in 38,000 new housing units under the auspices of the programme for building rental housing for young people, the creation of approximately 120,000 new jobs and the development of the domestic building materials manufacturing industry.
		Slovakia	As a result of increasing purchasing power among the Slovak population, demand for housing will increase in the medium-term and supply should increase as a consequence. Recent policy measures which provide for the application of a liberalised rent regime in the rented sector will be implemented with the result that rents for social rented dwellings reflect the costs of management and maintenance of the housing stock; this should in turn enable social housing managers to provide a better service; privatisation of large sections of public housing has created a large group of apartment owner-occupiers, to whom all obligations ensuing from the ownership of property have been passed. A legislative framework to regulate societies of dwelling owners will gradually be completed; the creation of suitable conditions for ensuring the efficient management in the owner-occupied as well as rental sector is a component of the broader framework of conditions for refurbishment of the housing stock. The issue of the modernisation and refurbishment of the housing stock, as well as the surrounding residential environment, will probably be one of the dominant themes in solving housing issues and in creating support instruments; following the enlargement of the EU, a priority will also be the creation of conditions for implementing EU directives and thus ensuring efficient functioning in the conditions of EU membership.
		Slovenia	A review of the National Housing Programme will be conducted in the medium-term; the Housing Fund of the Republic of Slovenia, established in order to finance and implement the National Housing Programme, will focus on increasing the level of construction of rental housing and finalising the project for providing market housing for the savers that participated in the National Housing Savings Scheme.
		Spain	In the medium-term housing demand will remain high due to the rising number of cross-border immigrant households and re-surges of tourist flows and social prospects; measures adopted and planned in the field of housing are expected to have a favourable impact on the social housing sector, by means of increasing the output of social rented dwellings and dwellings intended for low-income home buyers; in particular, the increase in the supply of social housing will not only facilitate access to housing but will also help to moderate the constant price inflation in the residential sector.
		Sweden	Increased construction of new dwellings, especially rental and student housing is the main development.
		Turkey	Credit and finance opportunities for low-cost housing will be established by commercial financial institutions. A housing database will be established for the purpose of instantly monitoring housing statistics and urban indicators. In addition, the priorities of public institutions are expected to be directed more towards the rehabilitation of the existing housing stock and urban design projects than new housing construction.
		United Kingdom	The Office of the Deputy Prime Minister is preparing bids to submit to the finance ministry for the Spending Review for 2004, which will determine the available government funding for housing in 2005, 2006 and 2007. The Government has established a review of housing supply which has recently published an interim report. The report provides an analysis of the current supply/demand issues and emphasises that this is not just a matter of increasing housing construction. The report emphasises the importance of developing sustainable communities in addition to housing construction. The final report containing policy recommendations will be published during 2004.

Note: Information regarding Belgium, the Czech Republic, Estonia, Denmark, France, Hungary, Italy, Malta, the Netherlands is not available.

3.7.2 *Expected Medium-Term Developments*

TABLE 3.6.1 provides details of expected medium-term developments in the housing field in a large number of the European countries. It reveals wide diversity in the developments expected by governments before the end of the decade.

The governments of a number of European countries, including Finland, Luxembourg, Slovakia and Spain expect housing demand to increase in coming years. At the same time a number of governments expect that output of will increase in coming years as a result of the implementation of various government programmes to increase supply. For instance, the Lithuanian Government envisages that by 2010 new residential construction will be increased from 4,500 to 7,000 dwellings per annum and that the social rented tenure will be increased from 2.5% to 3.5% of all dwellings.

Section 4

Outcomes

4.1 Introduction

This Section examines the outcomes of the housing policy developments in European countries that were described in Section 3 of this review. Recent macro and micro trends in the demand for and the supply of housing are scrutinised, as are difficulties in matching supply and demand, together with the measures that have been initiated to address these difficulties, if any. In addition, trends in housing affordability across Europe are elucidated and developments in relation to the maintenance and improvement of the housing stock and the sale of social housing are reviewed.

4.2 Supply

The level of construction of new dwellings and of the refurbishment of existing dwellings varies significantly between the countries under examination in this review. There are also marked variations in housing output between different geographical areas of the various countries and between different housing tenures.

4.2.1 Macro-Level Supply

TABLE 4.2.1 sketches macro-level trends in the construction of new dwellings in European countries in 2000, 2001 and 2002. It reveals that Portugal, Spain and Ireland had by far the largest housing output per capita in Europe during this period. In 2000, output per 1,000 inhabitants in Ireland was 13.15 as compared to an average of 4.2 among the 20 European countries for which data on housing output during that year are available. The rate of new house construction in Ireland has increased significantly since 1995 when 8.16 new units per 1,000 inhabitants were produced. Furthermore, it has continued to increase during the recent past – in 2003 17.38 new dwellings per 1,000 inhabitants were built. In Spain, site supervision endorsements were granted for the

construction of 575,546 dwellings in 2002, which constitutes 13.8 dwellings per 1,000 inhabitants. Like Ireland, housing output in Spain has expanded very significantly since the mid-1990s. In the period 1995 to 2002 it underwent an annual cumulative increase of 11.27%. Like its neighbour, Portugal has also seen a significant rise in housing output since 1995. TABLE 4.2.1 reveals that in 2000 and 2001 respectively, 11.5 and 10.6 new dwellings per 1,000 inhabitants were built in this country.

FIGURE 4.2.1 charts housing output in 2000 in diagrammatic form. It reveals that a number of the other countries examined in this review also had above average housing output in the year 2000. These include:

Cyprus (7.6 dwellings per 1,000 inhabitants), Austria (6.6 dwellings per 1,000 inhabitants), France (6.37 dwellings per 1,000 inhabitants), Finland (6.3 dwellings per 1,000 inhabitants) and the Netherlands (4.5 dwellings per 1,000 inhabitants). Luxembourg, where 5.3 dwellings per 1,000 inhabitants were built in 2001, could also be included in this group which is classified a 'moderate output' in FIGURE 4.2.1.

However, it is interesting to note that, unlike the high

Table 4.2.1 Trends in New House Building in European Countries, 2000-2002

Country	2000		2001		2002	
	No.	Per 1,000 inhabitants	No.	Per 1,000 inhabitants	No.	Per 1,000 inhabitants
Austria	Nav	6.6	45,850	5.6	41,914	5.2
Belgium	40,253	3.9	38,255	3.7	Nav	Nav
Bulgaria	8,795	1.1	5,937	0.7	6,153	0.8
Cyprus	Nav	7.6	Nav	Nav	Nav	Nav
Czech Republic	25,207	2.5	24,758	2.4	27,291	Nav
Denmark	Nav	2.9	Nav	Nav	23,087	4.3
Finland	Nav	6.3	Nav	Nav	Nav	Nav
France	309,000	6.37	303,000	5.1	303,000	5.1
Germany	Nav	Nav	Nav	Nav	290,000	3.5
Greece	Nav	Nav	Nav	Nav	Nav	Nav
Hungary	Nav	2.15	Nav	Nav	Nav	Nav
Ireland	49,812	13.15	52,602	13.67	57,695	14.73
Latvia	Nav	0.40	Nav	Nav	Nav	Nav
Lithuania	Nav	1.2	3,785	1.1	Nav	Nav
Luxembourg	1,671	Nav	1,102	5.3	Nav	Nav
Malta	Nav	Nav	Nav	Nav	Nav	Nav
Netherlands	70,650	4.5	Nav	Nav	66,650	4.1
Poland	87,682	2.3	106,105	2.8	97,595	2.5
Portugal	Nav	11.5	Nav	10.6	Nav	Nav
Romania	Nav	1.3	Nav	Nav	27,722	1.3
Slovakia	12,931	2.39	10,321	1.9	14,213	2.6
Slovenia	6,228	3.1	Nav	Nav	Nav	Nav
Spain	Nav	Nav	Nav	Nav	575,546	13.8
Sweden	16,800	1.70	19,500	2.2	19,300	Nav
United Kingdom	178,900	3.1	Nav	Nav	175,500	Nav

Note: Output figures for Portugal refer to construction licences issued by county councils; output figures for Slovenia were calculated on the basis of the change in the total number of dwellings in the country; output figures for Spain refer to site supervision endorsements. Data for Estonia, Italy and Turkey are not available.

housing output countries of Portugal, Spain and Ireland, in several of the moderate output countries housing construction rates have been falling in recent years. Austria, for instance, experienced a housing construction boom in the mid-1990s when more than 50,000 dwellings per annum were completed, but the period since then has been distinguished by a slow but consistent reduction in building rates, which fell to 45,850 dwellings in 2001 and 41,914 dwellings in 2002. In the Netherlands output per 1,000 inhabitants fell from 6.1 (or 93,850 units) in 1995 to 4.1 (66,650 units) in 2002. In Finland housing output has also fallen, albeit less dramatically – from 6.3 dwellings per 1,000 inhabitants in 2000 to 6.2 dwellings per 1,000 inhabitants in 2003.

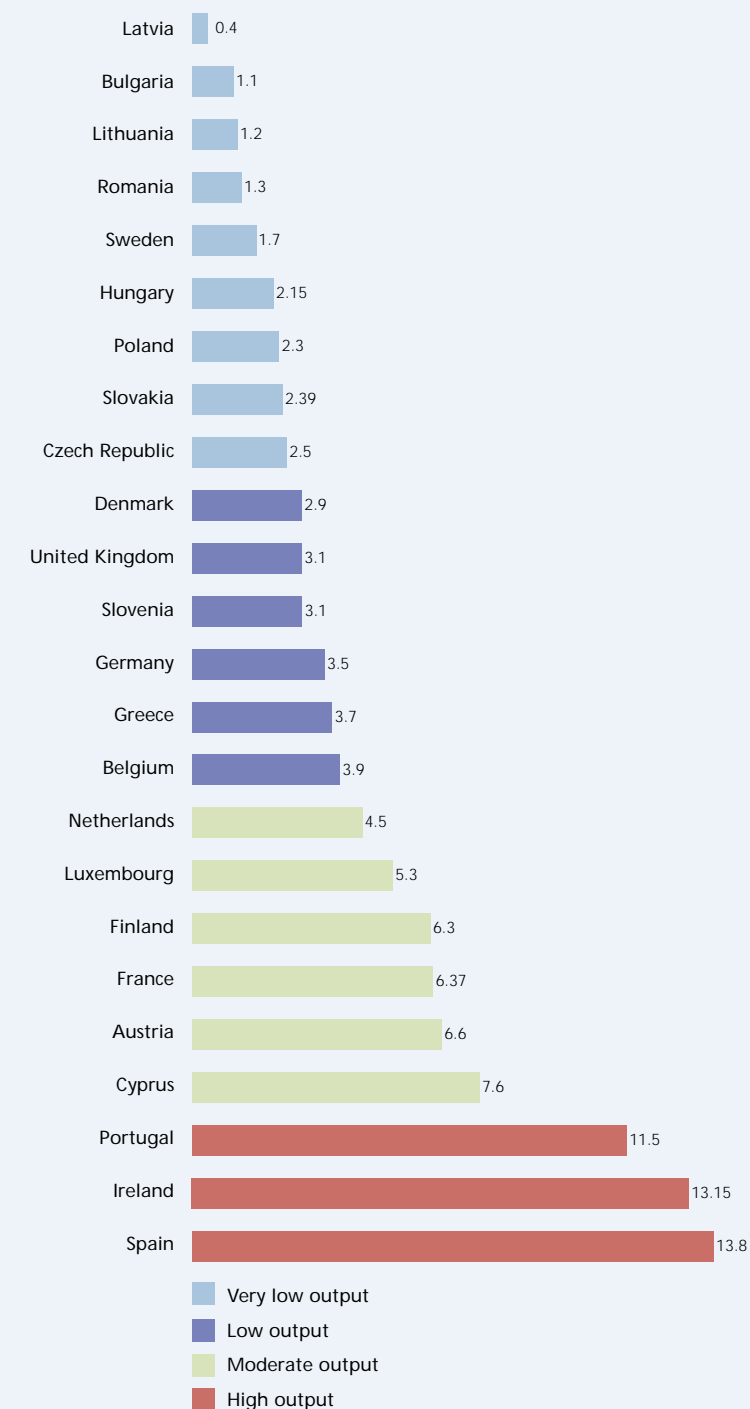
France is one of the few ‘moderate output’ countries where housing construction levels have consistently risen in recent years. In 1995, 4.8 new dwellings per 1,000 inhabitants were constructed in this country, but by 2000 this had risen to 6.37 per 1,000 inhabitants. In Luxembourg housing output has risen in recent years. After a period of falling or stagnant house building rates between 1994 and 1998, housing output rose again to over 3,067 units in 1999, although it decreased to 1,671 housing units in 2001.

In the European context, Belgium, Denmark, Slovenia, the United Kingdom and Germany could be categorised as having relatively low levels of housing output between 2000 and 2002. In Belgium, Denmark,

Slovenia, the United Kingdom housing output per 1,000 inhabitants stood at 3.9, 2.9, 3.1 and 3.1 dwellings respectively in 2000. In Germany 3.5 dwellings per 1,000 inhabitants were built in 2002. Disaggregated data on housing output in Greece during 2000, 2001 and 2002 are not available. However, the information that is available indicates that housing output in this country has averaged at around 40,000 dwellings per annum since 1998. This means that output per 1,000 inhabitants was 3.7 dwellings in 2000, which indicates that Greece also falls into the moderate output category.

In several of the abovementioned countries, however, housing output has fallen significantly in recent years. In this vein, Germany experienced a building boom during the first half of the 1990s which saw some 600,000 dwellings completed in 1995 alone, but since then annual housing output has fallen steadily to the extent that just 290,000 dwellings were completed in 2002. In Belgium housing output fell from 47,456 units in 1997 (4.7 per 1,000 inhabitants) to 38,255 dwellings in 2001 (3.7 per 1,000). Similarly in Greece, residential output has fallen from 97,500 units in 1998 to 40,000 units per annum currently. In the United Kingdom housing output has fallen steadily over the last two decades, from 4.3 per 1,000 inhabitants (or 242,000 units) in 1980, to 3.6 per 1,000 (203,400 units) in 1990, to 3.1 per 1,000 (178,900 units) in 2000. Viewed over the long-term, however, the reduction in UK housing output is even more dramatic

Figure 4.2.1 Trends in New House Building in European Countries, 2000



Note: all data are for 2000, with the exception of: Spain (2002 data), Luxembourg (2001 Data), Germany (2002) data and Greece (average annual output since 1998). Data for Estonia, Italy and Turkey are not available.

– house construction rates in this country at the current time are around one-third of the rate during the late 1960s which averaged 350,000 dwellings per annum.

Denmark and Slovenia are the only 'low output' countries where house building levels have risen in the recent past. In the former, output has risen significantly from 2.9 dwellings per 1,000 inhabitants in 2000 to 4.5 dwellings per 1,000 in 2003. However, Slovenian housing output has risen only marginally in recent years – from 3 dwellings per 1,000 population in 1996 to 3.1 per 1,000 in 2000. Moreover, these recent increases have been insufficient to fully reverse the sharp reduction in housing output in the country during the early 1990s. In the period between 1980 and 1990, 10,000 to 14,000 dwellings or 5 to 7 dwellings per 1,000 inhabitants, were constructed annually in Slovenia.

FIGURE 4.2.1 also reveals that in 2000, levels of new house building in a number of countries were at or below 2.5 dwellings per 1,000 inhabitants and could therefore be categorised as very low in the wider European context. The countries in this category are:

- Bulgaria: 1.1 dwellings per 1,000 inhabitants;
- Czech Republic: 2.5 dwellings per 1,000 inhabitants;
- Hungary: 2.15 dwellings per 1,000 inhabitants;
- Latvia: 0.40 dwellings per 1,000 inhabitants;
- Lithuania: 1.2 dwellings per 1,000 inhabitants;
- Poland: 2.3 dwellings per 1,000 inhabitants;
- Romania: 1.3 dwellings per 1,000 inhabitants;
- Slovakia: 2.39 dwellings per 1,000, and
- Sweden with 1.7 per 1,000 inhabitants.

Although data on housing output per head of population in Estonia were unobtainable, the available information indicates that this country also qualifies for inclusion in the very low output category. In 2002, new dwellings accounted only 0.2% of all dwellings in this country.

Significantly, with the exception of Sweden, all of the countries characterised by very low housing output in recent years are new EU member States or applicant States located in Central and Eastern Europe.

Moreover, in most of these countries housing output rates dropped sharply after the introduction of the market economy in the early 1990s and has not since regained its earlier levels. In Lithuania, for example, residential construction fell from 22,100 units in 1990 to 3,785 dwellings in 2001. Poland, Romania, Bulgaria and Slovakia experienced similarly dramatic falls in housing output in the early 1990s.

However, in recent years some of these countries have begun to reverse this decline. In Slovakia, housing output rose from 1.3 per 1,000 inhabitants (or 7,172 units) in 1997 to 2.6 per 1,000 inhabitants (or 14,213 units) in 2002. Polish housing output rose from 62,130 dwellings in 1997 (which constitutes 1.6 per 1,000 population) to 163,578 dwellings (or 4.3 per 1,000 population) in 2003. In this regard, Romania and Bulgaria are an exception to the norm for new Central and Eastern European EU member and applicant States. After a sharp drop in 1989-1990, the total yearly production of new housing in Romania averaged at around 30,000 units until 2002, when the total number of new dwellings built was 27,722. In Bulgaria housing output fell from 17,996 units in 1992 (2.1 dwellings per 1,000 population), to 6,153 units (0.8 dwellings per 1,000 population) in 2002.

4.2.2 *Micro-Level Supply*

Disaggregated data regarding trends in housing output by tenure are not available for all of the 28 countries examined in this report. However, the data that are available highlight significant inter-tenure variations in new house building across Europe. These data are set out in TABLE 4.2.2.

This table reveals that output of social rented and co-operative housing has fallen significantly since 1995 in Bulgaria, France and Poland, although in the latter country output by social housing associations, which are a relatively new phenomenon, has increased in recent years. Disaggregated data regarding the output of social rented and private housing in the Netherlands are not available. However, in overall terms construction of all housing for rent in the Netherlands has fallen dramatically in recent years – from 31% of total housing output in 1995 to 19% in 2002.

Table 4.2.2 Trends in New House Building in European Countries by Tenure, 1995-2003

Country	Tenure	1995	1996	1997	1998	1999	2000	2001	2002	2003
Austria	Owner occupied	Nav	Nav	Nav	Nav	Nav	Nav	Nav	66	Nav
	Rented	Nav	Nav	Nav	Nav	Nav	Nav	Nav	29	Nav
	Other	Nav	Nav	Nav	Nav	Nav	Nav	Nav	5	Nav
Bulgaria	Public	46.5	31.5	26.5	21.7	16.6	9.6	10.4	11.8	Nav
	Private	53.5	68.5	73.7	78.3	83.4	90.4	89.6	88.2	Nav
Czech Republic	Municipal	26.1	Nav	Nav	Nav	Nav	Nav	Nav	Nav	Nav
	Co-operative	9.3	Nav	Nav	Nav	Nav	Nav	Nav	Nav	Nav
	Employer	6.2	Nav	Nav	Nav	Nav	Nav	Nav	Nav	Nav
	Private	58.2	Nav	Nav	Nav	Nav	Nav	Nav	Nav	Nav
Denmark	Non-profit	Nav	Nav	Nav	Nav	Nav	Nav	Nav	42.7	47.7
	Co-operative	Nav	Nav	Nav	Nav	Nav	Nav	Nav	5.9	9.8
	Private rented	Nav	Nav	Nav	Nav	Nav	Nav	Nav	5.9	7.9
	Owner occupied	Nav	Nav	Nav	Nav	Nav	Nav	Nav	45.5	34.6
France	Social	22.4	20.1	17.2	15.5	12.9	13.3	12.2	12.5	Nav
	Subsidised private	15.9	32.6	36.4	31.8	30.6	30.4	28.4	28.7	Nav
	Private	61.7	47.3	46.4	52.7	56.5	56.3	59.4	59.4	Nav
Ireland	Social	Nav	Nav	Nav	Nav	7.5	6	9.3	10	8.9
	Private	Nav	Nav	Nav	Nav	92.5	94	90.7	90	91.1
Netherlands	Rented	31	Nav	Nav	Nav	Nav	21.5	Nav	19	Nav
	Owner occupied	69	Nav	Nav	Nav	Nav	78.5	Nav	81	Nav
Poland	Co-operative	Nav	39.7	38.2	35	33.5	28.2	24.5	15.8	7.3
	Municipal	Nav	4.8	5.1	4.2	3.3	2.1	2.2	2.6	1.3
	Enterprises	Nav	2.6	1.9	1.7	1.2	1.3	0.9	0.6	0.6
	Private	Nav	52.8	54.4	57.4	57.9	64	66.4	76.2	87.2
	Social	Nav	09	0.4	1.7	4.1	4.4	6.2	4.8	3.6
Slovakia	Municipal	Nav	Nav	26	16.3	7.7	5.2	10.5	16.8	Nav
	Co-operative	Nav	Nav	13.2	6.7	6.3	0.8	0.5	1.9	Nav
	Other	Nav	Nav	4.8	2.4	2.9	2.5	2.4	0.7	Nav
	Private	Nav	Nav	56	74.6	83.1	91.5	86.6	80.6	Nav

Note: Data for the following countries are not available: Belgium, Cyprus, Estonia, Finland, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Malta, Portugal, Romania, Slovenia, Spain, Sweden, Turkey, United Kingdom.

Detailed data regarding social house building in the Czech Republic in recent years were also unavailable, but the Czech government's response to the survey on which this review is based emphasises that the private sector is currently responsible for the construction of the vast majority of new homes in this country, that the volume of construction of municipal rental housing is low, and that co-operative housing output is currently almost zero. Similarly, the Finnish government reports that after a short-term rise in 2001, when 13,000 State-subsidised dwellings were

built (almost all of which were social housing), social housing construction in this country dropped significantly in 2002 and 2003. In 2003, total output in this tenure was just under 6,000 dwellings. In Portugal in recent years, social housing output by local authorities and co-operatives has accounted for approximately 10% of total housing output.

Although data on social housing output in Sweden are not available, it is interesting to note that in the five years to 2003, the social rented housing stock in this

country reduced by 16,300 dwellings as a result of stock demolition in 40% of the municipalities. As is discussed in more detail in Section 4.4 below, these demolitions were related to low housing demand in areas of diminishing population. As a result of low housing demand, the number of vacant rental flats available for immediate occupation rose from 3,500 in 1990, to over 60,000 in 1998, of which more than 70% belonged to non-profit municipal housing companies. Since then the vacancy figure has fallen to around 26,000 in 2003, of which slightly less than 60% are owned by municipal housing companies

TABLE 4.2.2 also demonstrates that Ireland, Slovakia and Denmark are among the minority of European countries where social housing output has grown in recent years. In Ireland social housing accounted for only 7.5% of total housing output in 1999, but by 2003 this had risen to 8.9% of total. In Slovakia housing construction by co-operatives and municipalities fell steadily until the year 2000, but since then this decline has generally reversed. In Denmark, output of social housing by non-profit organisations increased from 42.7% to 47.7% of total housing output between 2002 and 2003, and co-operative housing construction increased from 5.9 to 9.8% of total output during the same period.

As would be expected, in view of the decline in social house building, in many of the countries under examination the proportion of new housing construction by the private sector has increased in recent years. Growth in this regard has been particularly marked in Bulgaria, the Czech Republic, Poland and Slovakia where the private sector accounted for only around 50% of total housing output in the mid-1990s. Similarly, the Finnish government reports that private housing output in this country grew significantly during the 1990s, and after a short-term decline in 2001, which was to some extent compensated for by an increase in State-subsidised housing output, private house building began to expand in 2002. In Portugal in recent years, private housing output has accounted for some 90% of all new dwellings. Output in this sector increased further in 2003 when slightly over 25,000 private

dwellings were built – which is the highest level of private housing construction since 1990. It is interesting to note however, that, to a certain extent, France constitutes an exception to this trend. In this country the proportion of housing constructed by the private sector, without subsidies from the State, fell from 61.7% in 1995 to 59.4% in 2002, while at the same time, the proportion of private housing constructed with the aid of government-subsidised loans increased by 12.8%.

New housing construction rates also vary on a regional basis within the various countries examined in this review. In a minority of countries output has been concentrated in rural rather than urban areas. This trend is especially marked in Romania where the urban/rural construction ratio shifted from 85.4:14.6 in 1990 to 35:65 in 1999. This pattern of output is related to the increased reliance on the private sector for housing finance in recent years. In 2002, 87.2% of the new housing construction was built with private finance, and 66% of these dwellings were constructed in rural areas. In Spain only 59,758 of the total of 575,546 new dwellings started in 2002 were located in the 6 largest cities. Of these a relatively large proportion (34,833 dwellings or 11.6 per 1,000 inhabitants) were located in Madrid. The distribution of housing starts between the other five largest Spanish cities was as follows: Barcelona: 7,538 dwellings (4.9 per 1,000 inhabitants), Valencia: 4,857 units (6.4 per 1,000 inhabitants), Seville: 3,328 dwellings (4.7 per 1,000 inhabitants), Zaragoza: 3,913 dwellings (6.3 per 1,000 inhabitants) and Málaga: 5,289 dwellings (9.9 per 1,000 inhabitants). In Belgium, between 1990 and 2001, 44,305 additional housing units were constructed on average each year. Among these, an average of 28,232 housing units were built in the Flanders region, 13,404 were in Wallonia and 2,649 in the Brussels Capital Region.

However, in the majority of European countries, new housing construction is concentrated in urban areas. This trend is particularly marked in the new EU member States in Central and Eastern Europe. In Estonia, for example, some 80% of dwelling completions are in urban areas. 55% of housing

output takes place in Tallinn, while a further 25% is in the next two largest towns of Tartu and Pärnu. In the Czech Republic housing output is concentrated in Prague and its vicinity, and in areas characterised by an abundance of employment opportunities and resulting high incomes. In Slovakia, housing construction is concentrated in the proximity of the capital city and in industrially developed regions with a high rate of employment. Finland, Luxembourg and Portugal are examples of more long-standing EU members where new house building is concentrated in cities. In recent years in Finland, over 60% of the total housing construction and some 75% of social housing construction have been concentrated in the six areas where economic growth is concentrated and where housing demand is greatest. In Portugal, the construction of new dwellings is concentrated in the cities of Lisbon and Oporto. In Luxembourg, 75.43% of all new housing construction between 1991 and 2001 has been in the district of Luxembourg City, and 10.75% has taken place within Luxembourg City itself.

In France and Italy housing output in recent years has been more evenly dispersed, geographically, but at the same time construction trends display some regional variation. In France, for instance, new housing starts in 2003 fell in several regions in the north of the country as compared to 2002. These include: Champagne-Ardenne (-6.2%), Picardie (-4.5%), Basse-Normandie (-1.4%), Nord Pay de Calais (-10.6%) and Lorraine (-2.6%). In contrast the greatest increases in housing starts between 2002 and 2003 took place in the midlands and west of the country, including: Centre (+12.4%), Auvergne (+19.5%) and Haute-Normandie (+17.7%). As mentioned in Section 4.2.1 above, in Italy 57,148 new dwellings were built in 2003. These were distributed among the different regions as follows: North-west: 11,976 dwellings (1.9 dwellings per 1,000 households); North-east: 13,768 dwellings (3.3 per 1,000 households), Centre: 8,648 dwellings (2 per 1,000 households), South: 14,989 dwellings (3.1 per 1,000 households) and the Islands: 7,767 dwellings (3.2 per 1,000 households).

Some countries also provided data on variations in housing output by type of dwelling and availability of

amenities. In Finland, for instance, over half of the housing construction was terraced and detached houses in 2002, the rest were blocks of flats that are typically low-rise in design. In Germany the fall in total housing output since 1997, highlighted in Section 4.2.1 above, has been concentrated in the multi-storey housing sector. Whereas roughly 208,400 new dwellings were completed in this sector in 1998, the figure fell to approximately 80,000 dwellings in 2002. By contrast, given the continuing demand for owner-occupied property, the trend in the construction of single and 2-family houses which are popular among home buyers was comparatively stable. In Italy in 2002, 50,000 new single-family and 2-family houses were completed and 153,000 apartment blocks were constructed. In Luxembourg the proportion of total housing output made up of single-family houses has fallen significantly over the last two decades – from 70% in 1987, to 39% in 2001.

In Romania, standards for amenities in new dwellings in this regard have deteriorated in recent years. In 2002, only 46.3% of all new dwellings were connected to sewage systems compared with 89.7% in 1990, while the proportion with piped water connections fell from 91.4% in 1990 to 46.6% in 2002. This negative trend is related to the aforementioned predominance of new construction in rural areas, where local water-supply networks are insufficient and cesspools have been traditionally used instead of sewage connections. In order to rectify this problem the Romanian government has prioritised the upgrading of the water supply in rural areas.

4.3 Sale of Social Housing

In a number of the 28 countries examined in this review the sale of social housing significantly increased the proportion of the housing stock which is owner occupied. As was mentioned in Section 1 of this review, in the countries that acceded to the EU in 2004, together with the applicant States of Bulgaria and Romania, widespread privatisation of formerly State-owned dwellings in the early to mid 1990s radically altered the tenure structure.

At the same time a number of European countries do not currently allow the sale of social housing, while in others the level of sales of social rented dwellings are, for various reasons, negligible. It is interesting to note that both of these categories include a number of the new EU member States and applicant States which, as mentioned above, privatised a significant proportion of their State-owned housing stock in the early and mid 1990s.

The countries in which the sale of social rented dwellings is prohibited are as follows:

- Austria – it is not possible to purchase dwellings owned by the municipality of Vienna but an amendment to the Housing Act since 1994 offers non-profit building associations the possibility to convert rented dwellings into private ownership; these 'rent-purchase-flats' were constructed with the right to purchase the rented dwellings after a period of ten years;
- Denmark – legislation expressly prohibits the conversion of non-profit social housing to home-ownership or co-ownership however, as was mentioned in Section 2 of this review, the Danish government has recently published a white paper which examines the possibility of selling social rented dwellings and employing the resultant funds to construct new social housing;
- Lithuania – sales of social rental housing units were halted in 1998;
- Romania – national legislation prohibits the sale of social rented housing, and
- Slovenia – since the privatisation of public housing was completed in 1993, it is no longer possible for rental housing to be transferred into individual private ownership; this measure was introduced because of the shortage of social housing, coupled with the very low average incomes of social housing tenants, which would raise difficulties for sales of dwellings.

In addition, although sales of social rented dwellings are allowed in Bulgaria, Estonia and Spain, in recent years they have been limited by the very small size of the social rented housing stock, coupled with the

increased emphasis by government on expanding the rented housing stock. Social rented dwellings are sold to tenants only very rarely in Luxembourg and Finland, although in the latter, in recent years, some 1,500 dwellings have been released annually from restrictions on use as social rental dwellings and some of these have been converted to owner-occupancy, mainly in areas where there is decreased demand for social rented dwellings (or for housing in general).

Among the other countries examined in this review, the governments of Belgium, Czech Republic, France, Ireland, Italy, Malta, Netherlands, Poland, Portugal, Slovakia, Sweden and the United Kingdom all reported that sales of social housing are allowed and do take place. The terms of the schemes for the sale of social housing vary significantly between these countries. In a number of countries including Belgium, the Czech Republic and Italy, decisions regarding the sale of social rented housing lie within the jurisdiction of local or regional government. In most of the countries where social dwellings have been privatised, dwellings have been sold at a discount from their market value. The discounts offered in the new EU member States are particularly generous. In the Czech Republic, for example, local authorities usually sell their own dwellings at a very low price, taking into account the fact that maintenance has been neglected in most buildings. Co-operative rented dwellings built with State assistance can also be sold and, considering that most of the occupants of these have had to repay construction loans as part of rental payments, dwellings of this type are transferred without payment. In Poland, the discounts offered to purchasers of social rented dwellings are typically 80% of the market value and higher. In a number of countries some parts of the social rented housing stock cannot be sold. In the case of Belgium, the Brussels Capital regional government has prohibited sales since 1991. In Ireland social dwellings rented from voluntary and co-operative bodies cannot currently be sold, and although houses rented from local authorities are available for sale, apartments are not.

Disaggregated data on the extent of sales of social rented dwellings between 1999 and 2003 are available

Table 4.3.1 Sales of Social Rented Dwellings in European Countries, 1999-2003

Country	Category	1999	2000	2001	2002	2003
		No.	No.	No.	No.	No.
Belgium	Sale of social housing in the Flanders Region	Nav	620	490	581	Nav
	Sale of social housing in the Wallonia Region	Nav	70	112	52	Nav
France	Social rented dwellings sold to occupants	3,887	3,513	3,245	3,620	Nav
Ireland	Sales of local authority rented dwellings to tenants	2,256	1,844	1,411	1,195	1,567
Netherlands	Sale of social rented dwellings	16,522	12,550	10,807	11,605	Nav
Poland	Sales of dwellings owned or co-owned by municipalities	19,999	19,295	18,287	Nav	Nav
Sweden	Sales of dwellings rented from non-profit municipal housing companies	Nav	24,000	Nav	6,700	Nav

Note: Data for the following countries are not available: Austria, Bulgaria, Cyprus, the Czech Republic, Estonia, Finland, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Malta, Portugal, Romania, Slovenia, Slovakia, Spain, Turkey, United Kingdom.

for a number of European countries. These are set out in TABLE 4.3.1. In addition the available information indicates that 84 social rented dwellings were privatised in Malta between September 2001 and September 2003, in Slovakia 248,393 social rented dwellings and 104,497 co-operative rented dwellings were privatised between 1989 and 2000. Data on sales of social housing rented from local authorities in the United Kingdom under the 'right to buy' scheme are not available. However, the information which is available indicates that 670,130 social rented dwellings were sold to tenants by English local authorities between 1990 and 2003.

This table demonstrates that in Belgium, France, Ireland, the Netherlands, Poland and Sweden, sales of social rented dwellings have generally declined. Although no nationwide data are available for the UK, the available information indicates that this trend is also evident in this country. Sales of local authority rented dwellings to tenants in England have declined

from 76,332 in 1990/1991 to 51,496 in 2003. In some cases this trend is related to the introduction of restrictions on sales by government. The Swedish government has recently restricted the rights of the municipal housing companies to sell off all or part of their non-profit housing stock. Permission is only given if this will not disturb the rent-setting process in the municipality. According to the Swedish rent-setting system, the costs of the municipal non-profit housing companies provide the point of departure for setting the level of rents that will be charged for other rented housing. The rent for a privately owned rental dwelling may not substantially exceed the rent for an equivalent dwelling rented from a non-profit housing company in the same locality. In the UK, measures contained in the Housing Bill which is currently being considered by the UK parliament aim to reform the right to buy scheme for local authority housing to ensure it is not exploited by private companies and that the scheme does not undermine the stability of communities.

Table 4.4.1 Refurbishment of Dwellings in European Countries, 1995-2002

Country	Category	1995	1996	1997	1998	1999	2000	2001	2002
Belgium	National Total (No.)	Nav	Nav	21,625	23,458	25,926	25,653	24,541	Nav
	Brussels Capital (%)	Nav	Nav	3.7	3.2	3.3	3.1	2.5	Nav
	Flanders (%)	Nav	Nav	67.7	68.1	70.7	71.4	72.4	Nav
	Wallonia (%)	Nav	Nav	28.6	28.8	26.6	25.5	25.1	Nav
Czech Republic	National total (No.)	2,061	2,725	4,645	6,078	8,755	10,725	13,435	13,599
France	National total (No.)	304,100	331,900	360,700	361,800	364,700	360,100	299,900	276,300
Spain	National Total (No.)	Nav	Nav	Nav	Nav	Nav	Nav	54,112	47,249

Note: Data for Belgium refer to planning permissions for the renewal of residential buildings. Data for Spain refer to State-sponsored refurbishment. Data for the following countries are not available: Austria, Bulgaria, Cyprus, Denmark, Estonia, Finland, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Sweden, Turkey, United Kingdom.

4.4 Improvement

The available data regarding levels of refurbishment of existing dwellings in European countries are set out in TABLE 4.4.1. This table reveals that in Belgium the level of refurbishment of dwellings has increased significantly between 1997 and 2001, despite the fact that as mentioned in Section 4.2.1 above, the level of construction of new dwellings in this country shows no coincident increase. Indeed in recent years the level of permits for refurbishment has exceeded permits for new building. This vogue for refurbishment of existing dwellings is related to the average age of the Belgian housing stock, which is relatively high in comparison with many other countries examined in this review and to an increasing demand for property in city centres. However, as Table 4.4.1 demonstrates, the level of refurbishment is not distributed evenly across the country. It is much higher in the Flanders region, despite the fact that the average age of dwellings in Wallonia is the oldest in the country – one-third of the existing units in this region date from before 1919.

TABLE 4.4.1 also reveals that the number of dwellings refurbished annually in the Czech Republic increased from 2,061 in 1995 to 13,599 in 2002. Indeed in 2002, the number of refurbished dwellings was just under half the number of dwellings constructed. This high refurbishment rate is one of the key reasons for the marked improvement in the quality of the Czech housing stock during the 1990s as highlighted in

Section 2.6 of this report. This high rate of refurbishment activity is in turn related to the advent of a number of government schemes to fund the upgrading and repair of the prefabricated panel buildings which are so common in this country. Details of these schemes were provided in Section 3.2.8.

In contrast to Belgium and the Czech Republic, levels of refurbishment of dwellings in France and Spain have fallen in recent years. Data for refurbishment in Spain only relate to projects that receive government funding; the number of refurbishment projects is related to the terms of these schemes. The Spanish government's *Housing Plan 2002-2005* specified that finance would be available for the following refurbishment works:

- 'Refurbishment Areas' – the rehabilitation of deteriorating urban areas;
- 'Building Refurbishment' – the structural and functional alteration of residential buildings, and
- 'Housing Refurbishment' – the restoration of the dwelling to habitable conditions.

Among the other countries examined in this review, only Italy, Luxembourg and Estonia provided any data on refurbishment levels. In 2003, ordinary maintenance represented 17.2% of the value of building trade production in Italy, and extraordinary maintenance accounted for 40.1%. These figures represent a slight decrease in maintenance investment compared to the previous year. In 2003, in

Luxembourg, 1,036 applications for home improvement grants were made; 452 (43.6%) of these were successful and a total of €715,577 in grant aid was paid out. The Estonian construction market accounted for 11 billion Estonian Kroon (EEK) in 2001; one-tenth of this was devoted to residential buildings of which 60% was spent on refurbishment. In 2003, 858 apartment buildings were refurbished with the aid of subsidies from the Estonian government at a total cost of 110,069,000 EEK. These subsidies cover 10% of the cost of the reconstruction and restoration of the main structures of pre-1990 apartment buildings, and the cost of restoring the electrical and gas systems. However, the available evidence indicates that, as a result of the long-standing neglect of maintenance, refurbishment requirements in this country are extensive. The housing stock in rural areas of the country is in particularly urgent need of repair; indeed some dwellings require demolition. In urban areas it is estimated that between 2003 and 2009, 3,204 apartments will require significant repair, but this figure is expected to rise to 11,681 apartments between 2010 and 2014 and to 12,907 between 2015 and 2019.

4.5 Demand

The extent to which demand for housing exceeds supply varies significantly between the 28 countries examined in this review. In a minority of countries it appears that demand for housing has largely been satisfied in recent years. The Czech Republic, Finland, Greece and Romania do not have a shortage of housing at the national level. In Austria, a high level of building during the last decade has largely satisfied demand for new dwellings for upper and medium income groups. In Turkey, officially sanctioned construction levels are inadequate to meet demand at the current time. However, as mentioned in Section 2, unauthorised housing construction is common in this country, and when this source of dwellings is taken into account there is an excess of housing supply. However, most of the 28 countries examined in this review face a national problem of demand for housing which exceeds supply. Moreover, in the vast majority of European countries, there is an excess in housing demand in specific regions or in specific parts of the housing market. This is the case even in countries such as Finland, Turkey and the Czech Republic where demand and supply have reached equilibrium at the national level.

4.5.1 Macro-Level Demand

Among the 28 countries examined in this review, demand for housing at the national level exceeds supply in: Belgium, Bulgaria, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, the Netherlands, Poland, Slovenia, Spain and the United Kingdom. However, the acuteness of the demand/supply imbalance varies extensively between countries.

Broadly speaking, problems in this regard are less severe in the countries that were members of the EU prior to 2004. In France, for instance, the potential demand for new dwellings during the period 2000-2004 is estimated to be 320,000 per annum. But between 2000 and 2003 new housing output averaged at 306,670 dwellings per annum. The housing forecast carried out by the Federal Office for Building and Regional Planning in Germany indicates that the

annual demand for new housing construction in the former West Germany is approximately 290,000 housing units for the period up to the year 2015. The corresponding figure for the former East Germany is 20,000 to 50,000 dwellings. In 2002, annual building output was 290,000 dwellings. The most recent survey of housing demand carried out in the Netherlands found that the urgent housing shortage amounted to more than 166,000 dwellings in 2002, which is 2.5% of the housing stock. This is an increase from the previous survey, carried out in 1998, which estimated the housing need at 85,000 units. In Belgium demand is currently estimated to be 47,450 units per annum, whereas 45,000 new homes were supplied in 2003.

From the perspective of demand for housing, the United Kingdom, Ireland and Luxembourg constitute an exception to the norm in the long-standing EU members. Population projections for the UK indicate that 155,000 additional households will be formed each year for the foreseeable future, but new house building has fallen steadily from a peak of 350,000 annually in the late 1960s to below 140,000 at the current time. Taking account of demolitions and conversions, net additions to the housing stock are nearer to 120,000 per annum – an output figure that is insufficient to replace obsolete dwellings, let alone meet new demand. The Irish government's *National Development Plan 2000-2006* estimates that some additional 500,000 new dwellings would be required over 10 years from 2000 to 2010 to meet the demand for housing. Were this level of output achieved it would constitute an increase of 42% in the Irish housing stock. Housing demand in Luxembourg is currently strong, and it significantly exceeds the levels of supply detailed in Section 4.2 above.

Several of the countries that acceded to the EU in 2004 and some of the States that are applicants for membership report acute housing shortage. Latvia requires 50,000 new dwellings between 2003 and 2013 in order to satisfy demand but projected housing output during this period is only 18,000 units. In Poland, the deficit in the number of dwellings is currently estimated to be over 1.5 million units – or 12% of the 2002 housing stock. In Lithuania, at the

end of 2002, the number of households in the country exceeded the number of dwellings by about 5%. The Slovenian government estimates that, in the short term, there is a shortage of about 30,000 dwellings while the current annual level of new housing construction is about 7,000 units. In Bulgaria it is estimated that only 8 to 10% of households in need of housing have the financial means to purchase and no more than 10% have adequate income to rent in the current market. In Estonia, it is estimated that 92,000 new dwellings will be required between 2003 and 2013 in order to meet demand, while projected housing supply over this period will only be 34,000 dwellings – half of which will replace existing housing units.

In many of the new EU member States and applicant countries significant problems of affordability have emerged. These problems are discussed in more detail in Section 4.8 below.

Rising numbers of households, usually associated with falling average household size, is a key driver of housing demand in all the European countries where the market is not in equilibrium. However, apart from this, it is interesting to note that the additional drivers of demand for housing vary in different parts of Europe. In Spain, there has been a marked nationwide increase in the demand for housing for use as a second home or for investment purposes. In Ireland population growth has fuelled demand, as has its population structure, which is atypical in European terms because birth rates remained high until the late 1970s. This means that the Irish population contains a comparatively high proportion of individuals in their 20s and 30s, who are likely to be forming new households and seeking homes of their own. Similarly, as mentioned in Section 2, the population of Luxembourg has grown by 11.2% since 1992. In all of the new EU member States (except Malta and Cyprus) and the applicant countries, problems in relation to the quality and location of the existing housing stock are an important demand driver. This is even an issue in countries such as Romania, where there is no significant macro-level shortage of dwellings. The relatively poor quality and standard of many of the panel blocks built during the communist era in this

country and the lack of renovation and modernisation of older stock has encouraged the population to seek new, more sustainable dwellings.

4.5.2 *Micro-Level Demand*

As mentioned above, the vast majority of the 28 countries examined in this review reported localised housing shortages, which affect specific regions of the country or parts of the housing market.

In Belgium, the housing shortage is concentrated amongst specific household types. This includes: single-parent families (particularly those living in cities and young single mothers), single-person households, households with a single earner, elderly households, low-income households, disabled persons living alone, and drug addicts. In the United Kingdom, private house building has failed to meet demand for owner-occupied property. Furthermore, the type of housing being built – traditional semi-detached and large detached dwellings – does not reflect the decline in household sizes. In recent years, more than 1 in 3 dwellings built in the South East of England have been large, 4-bedroom homes. In the Netherlands the severest market shortage currently concerns low-cost, single-family, owner-occupied dwellings. For every 100 dwellings of this type currently supplied, demand is estimated to be in excess of 257. As a result of the low average incomes in Bulgaria, the strongest demand is for system-built apartments and studio and 1 and 2-room apartments which are most affordable for buyers. In Germany demand for owner-occupied housing is particularly strong in the regions of the former German Democratic Republic, whereas, with the exception of Berlin, demand for rental housing is declining nationwide. Similarly in Greece, demand for owner-occupied housing is growing strongly while demand for rental housing is falling. In contrast, in a number of countries, including Slovenia, Lithuania, Belgium and Ireland, demand for social rented housing is greater than supply.

In some countries these variations are related to specific localised factors. In Spain, housing demand is particularly strong in those regions that attract tourism

and cross-frontier immigrants seeking better living conditions. In Belgium, demand is high in areas bordering the Netherlands, partly as a result of Dutch nationals purchasing housing in this country, and in the centre of Brussels as a result of the recent gentrification of the inner city, as increased numbers of higher income households are now moving there. In all European countries, housing demand is strongest in those areas where economic activity is greatest and in the vast majority of countries this occurs in the towns and cities:

- Belgium – demand exceeds supply in the Brussels-Capital and Wallonia regions, whereas in Flanders supply exceeds forecasted demand;
- Finland – demand is highest in the Helsinki region, but there is an oversupply of housing in some other parts of the country where the population is declining;
- France – demand is highest in Paris, Lille, Bordeaux, Strasbourg, Toulouse, Lyon, Montpellier, Nice and certain border areas;
- Germany – demand is highest in Munich, Frankfurt and Cologne;
- Ireland – demand is particularly strong in Dublin;
- Italy – demand is concentrated in urban areas;
- Luxembourg – demand is strongest in Luxembourg City;
- The Netherlands – demand is concentrated in the provinces of Utrecht and Gelderland, and
- the United Kingdom – the shortage of housing is greatest in the South East of England, particularly in London, but demand is low and consequently a marked oversupply of housing exists in parts of the North of England.

However, variations in demand for housing between areas of high and low economic growth are particularly acute in some of the countries that joined the EU in 2004 and in applicant States. In Latvia, for instance, housing demand is low in regions with low economic activity, while in economically developed regions it exceeds availability many times over. As a result of migration from rural to urban areas, housing

shortages in Lithuania are concentrated in the biggest cities, especially in Vilnius and Klaipeda regions. In Slovenia housing demand is also strongest in urban areas, particularly the capital Ljubljana. In Estonia, demand is strongest in the capital city Tallinn and in the Harju region which surrounds it. These areas currently account for some 72% of the total value of real estate transactions in the country, whereas in rural areas demand and house prices are very low, to the extent that these areas lack a properly functioning property market. Even in Turkey, where the present authorised and unauthorised housing stock matches demand on a nationwide basis, there is currently a shortage of housing in the provinces of: Ardahan, Bitlis, Hakkari, Kars, and Sakarya.

4.5.3 *Projected Demand*

In a majority of the countries examined in this review, demand for housing is expected to grow over the next decade but in some cases, demand is to grow at more moderate levels than has been the case in the recent past. In France, housing demand is expected to fall from 320,000 dwellings per annum between 2000 and 2004 to 290,000 dwellings per annum between 2005 and 2009. In Ireland demand for housing is expected to continue to rise, fuelled by population growth and changing patterns of household formation, but it will begin to abate after 2006, with stronger levels of reduction occurring after 2010. Housing demand in Spain is expected to grow less rapidly in the medium-term than at present as a result of a number of factors, such as economic growth and growth in household disposable income, availability of mortgage finance and negative population change. In Finland demand for housing will reach 35,000 new housing units per year in the period 2006 to 2010, rising to 36,000 dwellings per year between 2011 and 2015. The current level of housing construction is around 27,000 dwellings per annum. In the Netherlands, it is expected that the housing shortage will amount to 2.3%, as compared to 2.5% currently unless housing construction increases significantly.

On the other hand, in a number of countries demand for housing is expected to increase significantly over

the coming decades. In England this increased demand will be underpinned by continuing growth in the number of new households, which is expected to rise from 20,905 new household formations in 2002, to 22,519 in 2011 and to 24,000 by 2021. In Malta demand for smaller housing units, both for first-time buyers on the market as well as for households awaiting allocation of social housing, is expected to be particularly strong. The population structure of Poland is atypical in European terms and this is expected to fuel housing demand in coming years. The Polish birth rate was high until the early 1980s, and individuals born during that time will be reaching the usual family formation age in the near future. In Latvia housing demand between 2003 and 2013 is projected to be 50,000 units. In Lithuania the number of households is expected to grow, net migration will become positive and household incomes are also expected to expand. In order to satisfy the increase in the demand for housing created by these developments, 100,000 to 120,000 dwellings will be required over the next 10 years. In the Czech Republic, rising household incomes as a result of economic stabilisation are expected to lead to increased demand for housing in the future. Policy interventions are intended to spread economic growth evenly however they will have implications for the average incomes of different regions which in turn will accentuate regional differences in demand.

In Bulgaria, a number of issues such as an economic stabilisation, increased availability of mortgage finance, growing investments in housing by foreigners and employed Bulgarian citizens, and increased demand for home ownership in preference to rented housing are also expected to affect increasing demand for housing. Similar factors are also expected to fuel continued growth in demand for housing in Estonia, in urban areas in particular, which is unlikely to be satisfied by the supply of new dwellings. The Turkish government's five-year development plan for housing which covers the period 2001 to 2005 predicts that, as a result of population growth, the need for renovation and replacement of sub-standard dwellings, and the need for housing for those made homeless as a result of disasters, a total of 3,075,000 new dwellings will be required between these years.

Only three of the governments that participated in this review reported the possibility that housing demand would not exceed supply in the medium term. If housing output plans proposed under the terms of Slovenia's National Housing Programme which was adopted in 2000, are realised, housing output should increase to 10,000 new dwellings annually by 2009, which would satisfy the overall demand for housing in the country. Future housing demand in Romania is difficult to predict. On the one hand, demographic projections indicate that the Romanian population will shrink considerably over the next decades. However, on the other hand, average household size will probably diminish due to the ageing of the population and the change in social patterns. The demand for new housing may be increased due to the poor standard of the existing housing stock and more demand for owner-occupied housing in preference to renting. In Portugal, demand is expected to decline in the medium term as a result of the abolition of subsidies for mortgage loans in 2002.

4.6 **Equilibrium**

As mentioned above, in the vast majority of European countries either the housing market as a whole, or specific segments of it, are in disequilibrium at the current time. This Section describes the key factors that have contributed to this situation and the policies and programmes which have been introduced to address it.

4.6.1 *Disequilibrating Factors*

The various factors that have contributed to unbalanced demand and supply in national and regional housing markets in European countries are summarised in TABLE 4.6.1. This table highlights some factors that have disequilibrated housing markets in a significant number of countries across Europe and others which are particular to specific parts of Europe.

For instance, scarcity of development land, particularly in urban areas where housing demand is generally greatest, is an issue in most parts of Europe. This includes: Finland, Ireland, Lithuania, Malta, Portugal, Romania, Slovakia, Slovenia, Spain and Turkey. Problems in relation to the efficient operation of planning, procurement and building control systems are also an issue in a number of countries, including: Estonia, Ireland, Latvia, Lithuania, Portugal, Romania and Sweden and Turkey. In addition, in three countries (the Czech Republic, Denmark and Malta), rent control is a significant impediment to investment in the private rented sector, while rising and high construction costs and lack of availability of skilled building workers is an issue in Cyprus, Ireland, Lithuania, Romania, Sweden and the United Kingdom.

At the same time, the factors which have unbalanced housing demand and supply in the majority of Central and Eastern European States are quite distinct from those common in the other countries under examination. In Bulgaria, Hungary, Latvia, Lithuania, Romania, Slovakia and Turkey, low household incomes have impeded the supply of new housing because demand is not supported by the ability to purchase or rent. In addition, the private sector in these countries has failed to compensate for the withdrawal of the State as the principal funder of housing construction.

Table 4.6.1 Disequilibrating Factors in Housing Markets in European Countries up to 2004

Country	Disequilibrating Factors
Austria	Reduced central government subsidies towards local government supports for house building and refurbishment may reduce supply and increase prices.
Bulgaria	Low household incomes mean that demand for housing is not supported by purchasing power and consequently supply is low.
Cyprus	Continually rising construction cost is due to the general rising cost of land, materials, petrol, lack of availability of labour.
Czech Republic	Lack of private sector involvement in the construction of rental housing is due to the long period of return on investment in this sector compared to owner-occupied dwellings. This is compounded by the impact of rent control measures which have affected an unbalanced distribution of the rights between landlords and tenants and also by shortcomings in government measures intended to support housing construction.
Denmark	Rent control inhibits mobility in the housing market and discourages the construction of private rented dwellings.
Estonia	Impact of the planning process, particularly in rural areas, means that the building process is quite a time-consuming activity.
Finland	A low interest rate environment drives demand for owner-occupied housing. Although this decreases pressure on the private rented market it also increases land prices which can create difficulties for the construction of social rented housing. There is insufficient development in some growth areas.
France	Oversupply of social housing and of affordable private housing in some areas, and an under-supply in others. Also in some regions competition between demand for principal and secondary residences, has created affordability difficulties in the former sector.
Germany	Increases in the price of building land, particularly in the west of the country.
Hungary	Limited mobility among existing home owners. Low average incomes mean that demand is not supported by purchasing power.
Ireland	Problems of high inflation and shortage of skills within the construction industry, although these have abated somewhat in 2002 and 2003, shortage of serviced building land in high demand areas.
Italy	Supply of rental accommodation is insufficient to meet core demand. In addition, this core demand is supplemented by atypical demand – from immigrants, students, non-resident workers and tourists – which gives rise to speculative behaviour on the part of investors in this market and means that dwellings are not available to meet core demand. There are housing access problems among socially excluded sections of the population including: immigrants, the ‘new poor’ including those in precarious employment, older people and single people. Also, problems relating to the management of the State-subsidised housing stock. These include: insufficient supply, particularly of accessible housing appropriate for older people and disabled people; overcrowding, low turnover of tenants, rent arrears, limited resources for management and inadequate maintenance of dwellings and estates.
Latvia	Low household incomes mean that demand for housing is not supported by purchasing power. Also, construction of non-residential developments rather than dwellings. Insufficiently developed financial system and legislative arrangements.
Lithuania	Sharp reduction in construction activity, due to a fall in direct funding by the State for this sector and the failure of the private sector to compensate for withdrawal of funding. Low average incomes mean demand is not supported by purchasing power. The costs of new infrastructure are high. There is a limited supply of development land and unresolved issues in relation to land restitution. Local authorities are slow in preparing land use planning documents.
Luxembourg	Demand is being driven up by population growth and rising number of households. Supply has been stymied by the high price of building land and high construction costs. In addition, more and more households are encountering difficulties in securing the finance for new buildings.
Malta	Shortage of land for development and a limited use of high-rise construction. There are high levels of vacant and dilapidated properties which are not available for use by those in need of housing. Although rent control legislation has been liberalised, the remaining provisions in this regard are still distorting the market.
Netherlands	Economic stagnation has made consumers unwilling to invest in housing. Therefore selling and buying dwellings in the more expensive segment of the market has become more difficult. This has led to a lack of mobility in the housing market which has impeded access by new households.
Poland	Problems in accessing mortgage finance.
Portugal	A scarcity of building land and high land prices in areas of high housing demand are problems here. There is excessive bureaucracy associated with construction.
Romania	Problems are: the high cost of building materials, resulting from the monopolistic position of newly privatised and consolidated domestic producers, coupled with protection of the internal market by high tariffs on imported materials; inadequate supply of development land particularly in urban areas where demand is highest. This is the result of: unresolved restitution issues, indeterminate ownership status of land; earlier high density development policies in urban areas; planning restrictions which impede the extension of existing urban areas, austerity budgets in local government which have created difficulties in servicing land, and bureaucratic and lengthy procedures in the planning and building process, some of which entail high administrative fees. In addition, the high cost of finance for developers or building companies is an impediment to new developments as is the underdevelopment of the market in land and property, which is characterised by little competition, allegedly high profit margins and a suggestion that speculators may be hoarding land to keep prices high.
Slovakia	Low household incomes mean that demand is not supported by purchasing power. There is limited availability of serviced building land in high demand areas, indeterminate ownership status of land; insufficient supply of less expensive dwellings suitable for first-time buyers and older people.
Slovenia	Financing of construction and inadequate supply of serviced building land, particularly in urban areas, are main problems here.
Spain	Limited supply of building land in cities where demand is highest.
Sweden	Low rate of housing output in areas of high demand. This is the result of: lack of appropriately located land, high costs of production, impediments related to the planning system including the level of appeals and unwillingness among some local authorities to increase the local population for fear of rising costs for municipal services. In addition, output of apartment blocks both for rent and for owner occupation is a particular problem because it is also impeded by lack of incentives for the housing companies to invest in new production and inadequate planning by local authorities.
Turkey	Many difficulties arising from recently adopted procurement legislation such as the need for a very lengthy bidding process. In addition, lack of finance has impeded both public and private sector construction as has the shortage of land for construction. There is a lack of availability of mortgage loans and finance for housing developers.
United Kingdom	Shortage of skilled workers in the construction industry, particularly in the home building sector.

Note: information is not available for Belgium and Greece.

The reasons for this phenomenon include: the under-development of financial markets which impeded access to finance on the part of developers and home buyers, and barriers to housing market competitiveness such as tariffs on imported building materials, monopolistic practices in the building industry and lack of mobility among households which tend to move less often than their counterparts in the 15 long-standing EU member States. In Lithuania and Romania indeterminate ownership status of building land, often as a result of unresolved issues in relation to the restitution of land to its original owner, has impeded new housing development.

It is interesting to note that, in relation to impediments to housing market equilibrium, the Czech Republic, Estonia and Slovenia constitute an exception to the general trend among new EU members in Central and Eastern Europe. In this regard the characteristics of housing markets in these countries have much more in common with the more long-standing EU members. This phenomenon is most likely related to their economic growth levels which, as revealed in Section 2 of this report, are significantly higher than the norm in the other CEE countries.

4.6.2 *Equilibrating Interventions*

Of the 28 countries that are the subject of this review, eleven provided information on recent interventions by government intended to balance housing market demand and supply. This information indicates that interventions in this regard are wide-ranging.

In the Czech Republic the principal instrument used by central government to encourage balanced housing demand and supply can be categorised into two basic groups according to the methods of finance. The first group includes special-purpose investment subsidies for the construction of rental housing by local authorities and buildings where social services are provided. This form of support is not directly tied to financing from other sources. The second group includes support in the form of interest subsidies, loans, and repayable contributions, and it is directly related to loan financing. This group also includes construction

savings plans in cases where people use a construction savings loan or combine the use of construction savings with another type of loan. The efficiency and cost effectiveness of these measures were undermined by the fact that, when they were established, the specific groups that they should target were not clearly stipulated. This approach resulted in a situation where assistance was almost always disbursed based on demand and not on clearly defined needs. In addition, unclear objectives coupled with a lack of data on the operation of these measures meant that they were difficult to formally evaluate. These programmes have recently been reformed to address these problems.

As mentioned above, in Denmark rent control is a significant factor in stemming the supply of rental accommodation and inhibiting residential mobility. In order to rectify this problem market rents can now be charged on all new dwellings in this country. In addition, as mentioned in Section 3 of this report, measures have recently been introduced to encourage increased supply of rented dwellings. Tax deductibility of the initial construction costs of rental dwellings have been introduced on a five-year trial basis. In addition, during the years 2003 to 2007, 1 billion DKK has been earmarked for the building of new dwellings intended for students.

As mentioned in Section 2 of this report, measures to balance housing supply and demand by enhancing housing construction in growth centres and easing the problems of decreased housing demand in declining regions are identified as key objectives in the housing policy programme of the recently elected Finnish government. The measures to increase housing construction in growth centres involve: additional subsidies to local authorities in order to fund the servicing of land for new house building and measures to increase social housing output by non-profit organisations. In areas where the population and therefore the demand for housing is in decline, income limits for access to social housing have been abolished in an effort to increase demand. State loans to non-profit social housing organisations have been partially waived in some cases to protect their financial solvency and grant aid has been provided to demolish rental houses in specific cases.

Unbalanced supply of social housing and affordable private housing is one of the key causes of disequilibrium in the housing market in France. Consequently, interventions by government have focused on this issue. Legislation introduced in 2001 requires that in every urban commune, 20% of dwellings must be affordable to three-quarters of the local population. Communes situated in urban areas with over 50,000 inhabitants and with less than 20% of social housing must reduce this gap by contributing to the creation of social housing. An annual financial deduction per absent social dwelling is made from the resources of the communes in question.

In Ireland a variety of measures have been introduced to address the imbalance between housing supply and demand. These include: a range of better targeted programmes to meet the particular needs of low-income groups and those with social housing needs; targeted initiatives and additional exchequer funding to increase the supply of serviced residential land, including: investment in water, sewage, roads and other infrastructure necessary to support housing development. The annual national inventory of zoned serviced land (last conducted in June 2003) shows that these measures have led to an increase in the stock of residential land. In addition, in recent years the Irish government has endeavoured to promote more efficient use of serviced housing land through higher residential densities and has introduced measures to improve the capacity of the planning system, including the appointment of additional planning staff to local authorities and An Bord Pleanála (the national planning appeals agency).

The government of Luxembourg has also introduced a range of instruments that address both supply of and demand for housing. In the former category, as was described in more detail in Section 3 of this report, the 8th programme for the construction of subsidised housing developments provides for the construction or rehabilitation of 10,822 housing units. Measures intended to address the demand for housing include direct aid such as: government grants for the purchase, construction or improvement of dwellings; interest rebates for the construction, acquisition or

improvement of a dwelling; housing tax credits, regulations introduced in 2002 which provide for general housing savings assistance, and financial assistance to support the accumulation of a deposit for a dwelling. In addition, a number of indirect fiscal measures to address housing demand were introduced in 2002. These include: more generous tax deduction on mortgage interest payments for home owners and a reduced rate of value added tax on housing.

In the Netherlands, government interventions to address disequilibrium in the housing market have focused on increasing housing construction. Measures of this type have concentrated on removing barriers and introducing stimuli to investment in housing. These include: improving land-use planning capacity and increasing the amount of land zoned for housing, devising housing construction agreements with target local authorities incorporating a direct relationship between the number of dwellings to be built and the provision of subsidies to acquire land, the modernisation of rent policy to stimulate investments in the rental sector by housing associations and institutional investors, and the identification and removal of legislative and regulative bottlenecks which impeded housing development. In addition, the various measures introduced by central government to revitalise cities, which are described in more detail in Section 3 of this report, will also increase housing supply, because many projects of this type provide for the construction of new dwellings. Moreover, successful regeneration may encourage residential movement into these areas, which will balance housing demand, and free up housing in other areas.

In order to satisfy housing demand and address the gap between housing costs and household incomes the Ministry of Transport, Construction and Tourism in Romania has devised 4 major construction programmes which address the housing needs of different sections of the population. The focus of these programmes are as follows: building rental housing for young people; building housing for private ownership; completing the construction of unfinished apartment blocks; building social housing for low-income people.

Section 4.6.1 above highlighted the lack of serviced building land as one of the most important disequilibrating factors in the Slovakian housing market. In order to address this problem, since 2001 the operational area boundaries of local authorities where all building land has been used up have been extended. Since real demand for housing is limited by the purchasing power of households and the supply of housing is limited by the availability of finance to developers, the government has recently initiated a number of reforms to the aspects of economic policy relevant to the accumulation of savings and the granting of mortgage loans. In addition loans are now available from the State Housing Development Fund for the construction of dwellings for rent and for the servicing of land for development.

The Turkish government's five-year development plan, covering the period 2001 to 2005, involves a number of proposals intended to expedite the supply of housing in this country. The plan includes the following elements – the development of alternative financing to encourage new house building and home owners and to address the housing needs of low-income groups, the formulation of plans to improve land supply and the quality of residential developments in urban areas, the reorientation of public resources to ensure more development land is serviced and the introduction of measures to prevent squatters and illegal housing. Additional measures include the control of construction materials to ensure high building standards, reforms to educational systems to ensure the availability of qualified construction personnel and the introduction of measures to improve the quality of the built environment and to protect the natural environment and historic structures.

In order to help achieve these objectives the Turkish Housing Development Administration plans to build 100,000 houses for low and moderate income households by the end of 2004. Furthermore, in order to address the lack of availability of mortgages and finance for housing, highlighted in Section 4.6.1 above, the Housing Development Administration has been developing alternative financing policies including buying mortgages from financial institutions which are

then made available to the housing market. In addition, the Housing Development Administration also contributes to increasing housing construction and finance by supporting the production of housing units through providing loans to housing co-operatives, local authorities and key target groups who are in particular need.

The key policy Statement relevant to equilibrating the housing market which has been produced by the UK government in recent years is: *Sustainable Communities: Building for the Future*. This Statement, published in 2003, aims to stabilise housing demand and supply in England by increasing the supply of high quality and affordable housing in areas of high demand, addressing the shortage of housing in London and the South East of England by providing for major growth in new housing construction in the 4 growth areas and the regeneration of declining communities. In addition, measures also include addressing housing market decline, low demand and housing abandonment in parts of the English Midlands and North, improving the standard of social housing, enhancing the efficiency of the planning system, decentralising housing policy and planning by empowering local and regional government and the protection of the countryside and improvement of local environments. This policy Statement is supported by substantial resources of STG£22 billion over 3 years.

4.7 Costs

This Section examines the various issues that impact on the affordability of housing including: housing construction costs, mortgage interest rates and lending volumes and trends in house prices and rents.

4.7.1 Construction Costs

Collating comprehensive data on housing construction costs across all European countries raises a number of difficulties. In several countries, data of this type are not collected, in others construction cost information is only available for State-subsidised housing, while the methodology used to calculate construction costs also varies internationally. The information that is available on housing construction costs in European countries is summarised in TABLE 4.7.1.

In several countries, including Belgium, the Netherlands, Finland and Sweden, annual house construction inflation has increased at a much stronger rate in recent years than general consumer price inflation. Sweden provides a particularly acute example of this phenomenon. Building costs for new multi-family housing in this country increased by almost 70% between 1995 and 2002 while the consumer price index only increased by 7% over the same period. However, Ireland and Germany are an exception to this trend. Building costs in Germany have declined in recent years, while in Ireland their rate of increase was significantly below the general rate of inflation.

In most European countries there are significant regional differences in house construction prices, with prices in areas of expanding population and economic growth (which are usually urban areas) rising at a much faster rate than in declining areas (usually rural areas). Countries in the category include: Cyprus, the Czech Republic, Finland, Germany and Sweden. Regional price differences are particularly marked in Germany. Building costs in the federal States within the former German Democratic Republic (GDR) are substantially lower than in the rest of the country. In many European countries, including Cyprus and

Luxembourg, construction costs per m² for apartments are lower than for single-family houses. This may be related to the more widespread use of industrial building methods in apartment construction.

Where disaggregated data were available in relation to the construction costs of private and social housing, dwellings in the latter category cost less to build. This difference is the result of limits in the funding available for constructing social housing which usually results in ceilings on acceptable tender prices or some other cost control mechanism.

4.7.2 Mortgages

Details of mortgage interest rate trends in European countries in recent years are provided in TABLE 4.7.2. Variations in the banking systems and arrangements for monitoring of lending by governments mean that interest rate data for all of these countries may not be strictly comparable. Nevertheless, some significant trends in mortgage interest rates in the countries under review can be deduced from this table.

For instance, in the vast majority of European countries the average mortgage interest rate has reduced substantially in recent years, to the extent that in many cases it now stands at an historic low. In Luxembourg interest rates have fallen from 7% in 1994 to 3.85% in 2003, while in some other countries this fall has been even more dramatic. For example, in Ireland the interest rate on a standard variable mortgage stood at 14% in 1994, whereas at the end of 2003, rates ranged from 3.3% to 3.6%. Similarly, between 1992 and 2003 interest rates in Portugal fell from 18% to 4.4%. Romania has not enjoyed such a marked fall in interest rates as most other European countries. Interest rates in this country remain comparatively high, and more prone to fluctuation than is the norm in the rest of Europe.

It is interesting to note that the timing of the period of falling interest rates varies around Europe. In most of the countries which were EU members prior to 2002 interest rates started to fall in the early or mid 1990s. As was mentioned in Section 4.5 above, in these

Table 4.7.1 Housing Construction Costs in European Countries, Various years

Country	Year	Category of Housing	Cost
Austria	2000	All dwellings	€138,000 per dwelling; €1,402 per m ² of floor area
Belgium	1980	Cost of construction index for all dwellings (base 1980=100)	100
	1985		111.6
	1990		129.1
	1995		145.9
	2000		157.6
	2002		168.8
Cyprus	1992	Average costs of all houses	147.60 CYP per m ²
		Average cost of all apartments	67.78 CYP per m ²
Czech Republic	2000	Price per m ² of floor space for all types of dwellings and extensions	23,040 CZK
	2001	Price per m ² of floor space for all types of dwellings and extensions	23,839 CZK
	2002	Price per m ² of floor space for all types of dwellings and extensions	24,705 CZK
Denmark	2003	Land, labour and construction costs for non profit housing	14,302 DKK per m ²
		Land, labour and construction costs for co-operative housing	13,940 DKK per m ²
Estonia	2002	Total housing construction costs for all dwellings	1951 million kroons
Finland	2003	All social housing	€1 470 per m ²
France	1996	Cost of construction index (annual variation)	1.77
	1997		2.39
	1998		0.12
	1999		11
	2000		2.38
	2001		3.57
	2002		2.53
Germany	2002	Building costs for the construction of all new residential buildings	€1,1800 per m ² of gross floor space
Ireland	2003	Average cost of construction for all dwellings	€1,262 per m ² excluding Value Added Tax (VAT)
		% annual growth in the house building cost index (all dwellings)	2.75
Italy	Nav	Building costs for all dwellings	€214 per m ²
Lithuania	2003	Average cost of housing construction for all dwellings	2000LT- 2400LT per m ²
		% annual construction price inflation rate	114
Luxembourg	2000	Price per m ²	Single family houses: €1,541; Apartments: €1,492
	2001	Price per m ²	Single family houses: €1,597; Apartments: €1,489
Netherlands	1995	Housing construction costs per m ²	Social sector: €149; Private sector €155
	2000	Housing construction costs per m ²	Social sector €165; Private sector €181
	2002	Housing construction costs per m ²	Social sector €202; Private sector €219
Portugal	Nav	Cost controlled housing sector	€366.03 per m ² of gross area
Romania	Nav	Cost of constructing dwellings under the rental housing for young people programme administered by the National Housing Agency	€200 per m ² excluding Value Added Tax (VAT)
	Nav	Cost of constructing owner occupied dwellings under the mortgage loans programme administered by the National Housing Agency	€350 per m ² excluding Value Added Tax (VAT)
Slovakia	Nav	Average acquisition costs for a social (local authority) rented dwelling	SKK 20,000 per m ²
	Nav	Average acquisition costs for a privately owned dwelling	SKK 30,000 – 40,000 per m ²
Slovenia	Nav	Building costs as a% of the total dwelling price	66.9

Table 4.7.1 (continued)

Country	Year	Category of Housing	Cost
Spain	2001	Building cost index (Base 1990=100)	Weighted consumption and labour: 141.50; labour prices:169.31; Materials and sundry consumables: 125.42
	2001	Building cost index (Base 1990=100)	Weighted consumption and labour: 143.82; labour prices:174.27; Materials and sundry consumables: 126.18
Sweden	2002	Average building cost for apartments nationally	SEK 19,314 per m ²
Turkey	2004	Construction costs per m ²	4 storey apartments without elevators and/or heating system: US\$215 per m ² ; Apartments with an elevator and/or heating system of up to 150 m ² : US\$222; Single family houses between 150 m ² - 450 m ² : US\$275 Single family houses of 450 m ² : US\$415 USD
United Kingdom	2003	% annual change in the tender price index of social housing by the 3rd Quarter	9.5

Note: Data for the following countries were not available: Bulgaria, Greece, Hungary, Latvia, Malta, Poland.

countries low interest rates have underpinned strong demand in the housing area. Greece is an exception to this rule as mortgage interest rates in this country only fell below 10% in 2000. In contrast, in the new EU members and the applicants for membership, the reduction in interest rates did not commence until the late 1990s. Between 1997 and 1998 mortgage interest rates from commercial banks in Poland averaged 25%, for example. They declined significantly in 1999 to between 16 and 18%, before falling again in 2001, when the Central Bank of Poland decreased interest rates further. In addition in several CEE countries, mortgage loans are commonly denominated in foreign currencies – in Romania for instance, US\$ and € denominated mortgages are common. TABLE 4.7.2 demonstrates that, where this is the case, the interest rate levied on foreign currency denominated mortgages is commonly lower than that charged on mortgages which are denominated in the local currency.

In many European countries falling rates and rising demand for housing have in turn contributed to a dramatic increase in the volume of mortgage lending. Trends in this regard are sketched in TABLE 4.7.3.

This table indicates that the growth in the volume and value of mortgage lending between 2000 and 2003 has been particularly strong in: France, Ireland, Lithuania, Luxembourg, Poland, Portugal, Slovakia, Spain and the United Kingdom. In addition, information provided

by the Estonian government indicates that the value of new housing loans issued in this country grew from 165 billion EEK in March 2000, to 808 billion EEK in September 2002. Similarly in Finland, the total amount of outstanding mortgages has been increasing annually by 10–16 percentage points since 1998.

Despite this growth in mortgage lending in several of the Central and Eastern European countries examined in this review, specifically: the Czech Republic, Poland and Romania, and also in Greece, households have until recently faced significant difficulties in accessing mortgage finance. In the Czech Republic the number of households able to obtain a mortgage is limited, mainly by the high cost of new housing. Another restricting factor is the unwillingness of households to assume long-term debt in view of the uncertainty of their future household income. However, this latter factor is slowly changing and this, coupled with the decrease in interest rates, helps to explain why the volume of mortgage lending in this country has begun to grow in recent years.

Poland has also seen a recent growth in mortgage lending. In 1998, credit accounted for 10% of total housing financing in this country. By 1999 the figure had risen to 15% while in 2002 it reached just under 26%. However, during the early and mid 1990s housing construction in this country was financed almost exclusively with cash and there was very little

Table 4.7.2 Mortgage Interest Rates in European Countries, Various Years

Country	Year	Mortgage Interest Rate (%)
Austria	2002	Average 5.13; 1 year fixed rate: 5.16 to 5.92; 1 to 5 year fixed rate: 4.58 to 4.94; more than 5 year fixed rate: 4.86 to 5.39
Belgium	1999	20 year fixed rate: 7.4; 10 year fixed rate: 6.55
	2002	20 year fixed rate: 5.62; 10 year fixed rate: 6.10
	2004	Variable rate: vary from 3.5 to 6.5
Bulgaria	2000	4
	2001	4.6
	2002	4
Cyprus	Recent years	From 6 to 8
Czech Rep	2002	6.2
Estonia	2003	Beginning of the year: 7.4 (EEK denominated), 6.8 (€ denominated). End of the year: 4.6 (EEK denominated), 5.3 (€ denominated)
Finland	2004	Rate in January: 3.21 (new mortgages), 3.51 (existing mortgages)
France	1998	6.60 to 6.10
	2000	6.4 to 5.90
	2002	6.2 to 5.89
	2003	3.55 to 5.20
Greece	2001	6.5 (standard nominal floating rate)
Germany	2003	Rate for 10 year mortgage loans: 5
Ireland	2002	End of the year, standard variable mortgage rate: 3.85 to 4.7
	2003	End of the year, standard variable mortgage rate: 3.3 to 3.6
Italy	Nav	20 year fixed rate: 5.50 to 6.50; variable rate 3.30 to 4; mixed rate: 4 to 5.50
Latvia	Nav	20 year mortgage for 75 to 85% of the property value: 6.5 to 12.
Lithuania	2003	3.5 to 4.5
Luxembourg	2003	Interest rate for commercial mortgages in August: 3.85; interest rate for social loans in August: 2.85
Malta	2004	Base interest rate: 3
Netherlands	2003	Interest rate for a 10 year State loan: 4.1
Poland	2002	Central bank discount interest rate: 5.75; Commercial bank interest rates: 7
	2001	6.1
	2002	5
Portugal	2001	6.1
	2002	5
	2003	4.4
Romania	2004	ROL denominated mortgages: 17 to 35; € denominated mortgages: 7.5 to 14; US\$ denominated mortgages: 7.18 –12.5
Slovakia	2001	Average lending rate of commercial banks: 10.22
	2002	Average lending rate of commercial banks: 9.43
	2003	Average lending rate of commercial banks: 8.7
Spain	2001	effective mean mortgage interest rate for all credit institutions: 4.852
	2002	effective mean mortgage interest rate for all credit institutions: 4.380
	2003	effective mean mortgage interest rate for all credit institutions: 3.458
Sweden	2002	Central bank interest rate for February: 2.5
Turkey	Nav	12 months: 2.25; 24 months: 2.45; 36 months: 2.15
United Kingdom	2000	Bank of England Base Interest Rate: 6.0
	2001	Bank of England Base Interest Rate: 4.0
	2002	Bank of England Base Interest Rate: 4.0

Note: Data for the following countries are not available: Denmark, Hungary, Slovenia.

Table 4.7.3 Volume and Value of Mortgage Lending in European Countries, 2000-2003

Country	Category	2000	2001	2002	2003	
Austria	Mortgages advanced (€million)	3,258.6	Nav	Nav	Nav	
	Source of finance (%)	Building and loan associations	17	Nav	Nav	Nav
		Territorial authorities	27	Nav	Nav	Nav
		Other lenders	56	Nav	Nav	Nav
Belgium	Mortgages advanced (€ billion)	Nav	Nav	Nav	16	
Czech Republic	Loans advanced to individuals (CKZ thousand)	Nav	Nav	Nav	102,436,172	
	Loans advanced to individuals (No.)	Nav	Nav	Nav	96,290	
Estonia	Total value of housing loans (billion kroons)	Nav	Nav	Nav	15	
France	Mortgages on principal residences (No.)	900,000	982,000	983,000	Nav	
Ireland	Value of mortgage approvals (€ million)	Nav	Nav	Nav	17,446	
	Number of mortgage approvals (No.)	Nav	Nav	Nav	97,888	
Latvia	Mortgages issued in 2003 (million Ls)	Nav	Nav	Nav	486,712	
Lithuania	Total value of mortgage loans (billion LT)	Nav	Nav	Nav	800	
Luxembourg	Value of mortgage approvals (€ billion)	Nav	Nav	Nav	3.5	
Malta	Mortgage accounts (No.)	Nav	Nav	5493	6,540	
Poland	Outstanding mortgages (PLN billion)	9.6	14	19.9	0	
Portugal	Mortgages advanced annually (€ million)	10,456	9,866	11,724	Nav	
	Mortgages advanced annually (No.)	175,113	153,134	167,835	Nav	
Romania	Total value of all commercial back mortgages (US\$ million)	Nav	Nav	Nav	100	
Slovakia	Mortgage loans (SKK million)	1,446	3,903	9,250	18,938	
Spain	Value of mortgage loans at March of each year (€million)	Nav	Nav	229,445	267,120	
United Kingdom	Gross mortgage lending (STGE million)	119,898	160,169	218,617	Nav	

Note: Data for the following countries are not available: Bulgaria, Denmark, Finland, Greece, Germany, Hungary, Italy, Latvia, Netherlands, Romania, Slovenia and Turkey.

demand for mortgage loans. Like the Czech Republic, the low take-up of mortgage finance in Poland is related to a number of factors. Among these the most significant are: the relatively high mortgage interest rates which prevailed until recently, a low demand for long-term, market-priced, loans in circumstances of economic uncertainty, and low housing affordability as a result of low household income and high mortgage rates and construction costs. The low levels of mortgage lending in Romania are related to the comparative underdevelopment of the commercial banking system in this country until recent years, coupled with relatively high interest rates as mentioned above. However, this situation is quickly changing. Until 2002, only 3 or 4 commercial banks, together with the State-owned Romanian Savings Bank and the National Housing Agency granted mortgages for

housing. Since 2003, 15 financial institutions have been involved in this market.

Among the long-standing EU member States, Greece is atypical in terms of the underdevelopment of its mortgage market. Traditionally Greek home owners and indeed private landlords have financed the acquisition of housing with the help of accumulated savings, the sale of other real assets and the help of the extended family. Thus, mortgage financing of housing has been kept to very low levels: between 1990 and 1994, the ratio between bank funding (changes in outstanding balances) and the value of new construction ranged between 6 to 7.5%. By 1999 this had expanded to 20% as a result of falling interest rates, coupled with the liberalisation of the banking system, but nevertheless, the role of bank finance in

house purchase in Greece remains limited by European standards. This unusual situation is related to the relatively high interest rates that prevailed in this country until recently, as was mentioned above. In addition, the increasing role which commercial banks have acquired in housing finance provision in recent years has meant that the criteria for the granting of a mortgage are now stricter than was traditionally the case. The repayment period for mortgages in Greece also remains, in most cases, rather short: 10 to 15 years, which obviously raises monthly levels. Furthermore, assistance to home buyers in Greece mainly involves mortgage interest subsidies from government. This system favours households with higher incomes and, hence, higher marginal tax rates, rather than the majority of the population with average incomes and although special government-subsidised mortgages are available for low-income households, the commercial banks commonly apply higher rates in the case of subsidised loans, presumably on the grounds that these were of higher risk compared with purely free contracts where requirements regarding income and collateral are stricter.

As was mentioned above, in many of the CEE countries a significant proportion of mortgage loans are denominated in a foreign currency. In Poland, for example, the majority of private consumer housing loans were denominated in foreign currency and at the end of the third quarter of 2003 the ratio of such loans amounted to approximately 66% of total outstanding debt, or 17.7 billion PLN. Currently in Romania, over 70% of mortgages are in Euro or US dollars. This trend may be due to the fact that, as revealed in TABLE 4.7.2, the interest rate levied on foreign currency denominated mortgages is commonly lower than that charged on mortgages which are denominated in the local currency. In the case of Romania, for instance, mortgage interest rates vary from between 9% and 12.5% in the case of credits granted in foreign currencies and between 33 and 43% for those in Romanian currency.

4.7.3 House Prices

Comprehensive data on recent trends in house prices are available for the majority of countries that were EU members prior to 2004. However, with the exception of the Czech Republic, Malta and Latvia, comparable information could not be sourced for the new member States and the applicant countries. The available data on this issue are set out in TABLE 4.7.4.

This table reveals that in most of the countries for which data are available, residential property prices have increased at above the rate of general consumer price inflation between 1999 and 2003. Amongst the countries examined in this table, Ireland, Spain and the United Kingdom are distinguished by very high levels of house price inflation in recent years. In Ireland, new dwellings increased in price by 14% between 1999 and 2000 and by 8% between 2001 and 2002. The rate of increase in the price of second-hand dwellings in this country was even higher. Dwellings of this type increased in price by 17% between 1999 and 2000, although the rate of inflation in this sector of the housing market fell to 11% in 2001/2002. In Spain the average price paid per m² of accommodation increased by 15.4% between 1999 and 2001 and by 16.6% between 2001 and 2002. The UK index of the prices paid for all types of dwellings increased by 11.5 points between 1999 and 2000, falling to just over 8 points in the 2000/2001 and 2001/2002 period. However, between 2002 and 2003 the rate of increase in UK house prices rose again to 23.4 points.

TABLE 4.7.4 also indicates that Denmark and Finland saw high house price inflation in recent years. The price of owner-occupied apartments in Denmark increased by 13% in 1999/2000, falling to 12% in 2000/2001 and 8.4% in 2001/2002. However, the rate of increase in the price of single-family houses in Denmark was less than this. Dwellings in this category increased in price by 10% between 1999 and 2000 but by only 4% between 2001 and 2002. In Finland, the rate of house price inflation was 8% in 2002 and 6% in 2003. Data on house price developments in Malta since 2000 are not available. However, the available information indicates that house prices in this country

Table 4.7.4 House Prices in European Countries, 1999-2003

Country Category	1999	2000	2001	2002	2003	
Belgium	Number of dwellings sold	75,469	69,082	68,276	70,893	Nav
	Average sale price (€)	76,800	79,700	83,600	89,100	Nav
Czech Republic	Average purchase price per 1 cubic meter for family homes (CZK)	Nav	948	1,006	1,110	Nav
Denmark	Single family houses (1,000 DKK)	955	1,047	1,105	1,144	Nav
	Owner occupied apartments (1,000 DKK)	716	810	908	984	Nav
Finland	Annual nominal price increase (%)	Nav	Nav	Nav	8	6
France	Average price per m ² for apartments (€)	1,965	2,025	2,114	2,245	Nav
	Sale price of single family houses (€)	136,700	154,300	159,600	172,000	Nav
Ireland	Average sale price of new dwellings (€)	148,521	169,191	182,863	198,087	224,567
	Average sale price of second hand dwellings (€)	163,316	190,550	206,117	227,799	264,898
Italy	Increase in real estate purchase prices (%)	Nav	Nav	Nav	8	3
Latvia	Average apartment price – 1 room, cities (LVL)	Nav	Nav	Nav	Nav	9,200
	Average apartment price – 2 rooms, cities (LVL)	Nav	Nav	Nav	Nav	20,450
	Average apartment price, 3 rooms, cities (LVL)	Nav	Nav	Nav	Nav	28,150
Luxembourg	Price of single family houses (excluding land)	Nav	269,200	279,900	Nav	Nav
	Price of apartments (excluding land)	Nav	122,000	125,800	Nav	Nav
Malta	Average sale price – all dwelling types (MTL)	Nav	67,250	Nav	Nav	Nav
Netherlands	Average sale price of owner occupied dwellings (€)	Nav	197,000	Nav	223,000	Nav
Spain	National average price per m ² – all dwellings (€)	Nav	907.2	1,046.9	1,220.9	Nav
Sweden	Change in index of house prices (base 1990 = 100)	117	130	140	149	Nav
United Kingdom	Change in the index of house prices, first quarter (base Q1 2000=100)	72.1	83.6	92.1	100	123.4

Note: Data for the following countries are not available: Austria, Bulgaria, Cyprus, Estonia, Greece, Germany, Lithuania, Poland, Portugal, Romania, Slovakia, Slovenia and Turkey.

increased by an average of 8% per annum between 1996 and 2000, which would place this country in the high house price inflation category.

In the European context, house price inflation in Belgium, the Czech Republic and France, in recent years, could be categorised as 'moderate'. In Belgium price inflation grew from 4% in 1999/2000 to 7% in 2001/2002. The price of family homes in the Czech Republic grew by only 6% between 1999 and 2001 but in the 2001/2002 period the rate of inflation in this sector was 10%. Like Denmark the price of single-family houses in France has increased at a different rate from apartments in recent years, but unlike Denmark the strongest price growth in France has been in the single-family homes sector. The prices paid for dwellings of this type increased by 13% in 1999/2000

and by 8% in 2001/2002, whereas the average prices of apartments in France increased by just 3% in 1999/2000, rising to 6% in 2001/2002. Nationwide data on house price inflation in Greece are not available. However, surveys in Athens indicate that the average price per m² for owner-occupied dwellings increased by 33% above the rate of inflation between 1989 and 1999, which would also place Greece in the moderate inflation category.

In the Netherlands, Luxembourg and Sweden, house price inflation since 1999 has been low. The price of owner-occupied dwellings in the Netherlands increased by 12% between 1999 and 2002. In Luxembourg the price of single-family houses and apartments (excluding land) increased by 4% and 3% respectively between 1999 and 2001, while the index of house

Table 4.7.5 Regional Variations in House Prices In European Countries

Country	Category	Region	Price
Belgium	Average sale price of owner occupied dwellings (€ million) 2002	Brussels Capital	130,756
		Flanders	95,770
		Wallonia	74,191
Czech Republic	Average purchase price per m ² of dwelling (CZK) 2002	Nationwide	7,663
		Prague	24,150
Finland	Average sale price per m ² for apartments, 2003 (€)	Helsinki metropolitan area	2,309
		outside the Helsinki metropolitan area	1,118
Germany	Average sale price per m ² for owner occupied apartments, 2003 (€)	Regions in the former Federal Republic of Germany	2,076
		Regions in the former Germany Democratic Republic	1,400 and 1,500
Ireland	Average sale price of second hand dwellings, 2003 (€)	Whole country	264,898
		Dublin	355,451
Italy	Average weighted prices per m ² , 2003 (€)	City centres	2,260
		City suburbs	1,190
		Small towns	
Spain	Average sale price of dwellings per m ² 2002 (€)	National average	1,220.9
		Madrid region	2,001.6
		Barcelona region	1,838

Note: Data for the following countries are not available: Austria, Bulgaria, Cyprus, Denmark, Estonia, France, Greece, Hungary, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Sweden, Turkey United Kingdom.

prices in Sweden increased by just 10 points between 1999 and 2002.

House price inflation did not impact evenly on all sectors of the housing market in these countries, but varied on a regional basis. As would be expected, in most European countries residential property prices are significantly higher in cities than in rural areas. In addition, prices vary significantly between the west and the east of Germany. The available information on this issue is summarised in TABLE 4.7.5.

4.7.4 Rents

Information on trends in residential rents are available for only a minority of the countries examined in this review. In particular, relatively few of the new EU member States and applicant countries collect data on rents. The countries for which data on rent inflation are available fall into two distinct categories: those where rents have increased significantly in recent years and those where rent inflation is moderate at the current time.

Particularly detailed data on regional variations in rents are available for Austria. These data clearly indicate that Austria is in the low rent category. Rents countrywide increased by 1.7% between the beginning of April 2001 and the end of March 2002, which is less than the general rate of price inflation. During this period Burgenland was the region with the highest rate of price inflation, as rents here increased by 2.1%.

The available information indicates that the majority of European countries also fall into this moderate rent inflation category. For instance, in Ireland the rate of increase in private sector rents had fallen in recent years and in Finland rents have increased between 3% and 4% annually in recent years. The average rent in the free market sector in this country is currently €8.5 per m² per month (€11.26 per m² per month in the Helsinki metropolitan area and €7.57 per m² per month in the rest of the country) and in the social housing sector it is €7.16 per m² per month (€8.13 per m² per month in the Helsinki metropolitan area and €6.8 per m² per month elsewhere). The pace of rent inflation in both the private and the social rented

sectors in France has also slowed considerably in recent years. Rents in this country grew by 6.7% in the private sector, and by 6.2% in the social sector between 1985 and 1986. Rent inflation then fell steadily over the following decade, reaching a low of 1.2% in the social sector and 1.4% in the private sector in 1999/2000. This decline reversed somewhat between 2002 and 2003, as during this period rents increased by 3.3% in the private sector and 2.9% in the social sector. As would be expected in view of the falling demand for rented housing in Germany, rents in this country have been increasing only moderately in recent years and in some areas have decreased slightly. The principal exceptions to this trend are the expanding cities in the west of the country such as: Munich, Frankfurt and Cologne. At the same time, like most other aspects of the German housing market, rents vary between the regions located in the former German Democratic Republic and the rest of the country. Data collected in April 2002 found that the 'gross cold rent' per m² (net rent plus running costs but excluding heating and hot water costs) paid by households in the former GDR region was €5.29, which is 88% of the equivalent figure for rest of the country. Gross cold rent for the country as a whole was approximately €5.93 per m² at this time.

Greece saw very significant rent inflation in the early 1990s. The real price index (adjusted for inflation) indicates that rents in urban areas grew by 23.2% between 1990 to 1994. However, falling demand reduced the pace of rent inflation in the mid to late 1990s, and as a result urban rents grew by 36% in real terms between 1990 and 2000. In Spain, rents grew by 4.25% between 2000 and 2001 and by 4.36% between 2001 and 2002. Similarly in the Netherlands, social rents grew by 7% and private rents grew by 5% between 2000 and 2002, while house price inflation during the same period was 13%.

In a minority of European countries rents have increased at a much more substantial pace in recent years. In Belgium, for instance, between 1999 and 2002, the index of consumer prices in this country rose by 25% while the rent index rose by 38%. Data from the Czech Statistical Office indicate that between

December 1999 and January 2004 regulated rent increased by approximately 18%. Despite the fact that in Italy the number of families who live in rented accommodation continues to decrease, the amount paid in rent has risen to €279 per month. In Latvia apartment rents have also increased significantly during the 1990s – from an average of US\$12.7 per month in 1993 to US\$27.4 per month in 2001. Rents in Sweden have increased at a much faster pace than house prices over the last decade. Between 1990 and 2002 the index of rents increased by 83 points, while the house price index increased by only 49 points over the same period, which is likely related to the low output of housing for rent. In the UK the average rent has increased from STG£40 per week in 1990, to STG£79 per week in 1997/1998 to STG£110 per week in 2002/2003.

In the case of a number of other countries, data on rents are only available for a single year, although these data reveal some interesting variations in the rents paid in different segments of the housing market and sections of the population. In the case of Luxembourg, for instance, in 2001 the average monthly rent was €475, or €4.80 per m², which constitutes 22% of household income on average. In the same year average rent paid for houses in this country was €490 or 4.50 per m² per month, which is slightly higher than the average monthly apartment rent of €448 or €4.50 per m². In Malta 51.35% of the population paid between 1 and 50 MTL in rent per month in 1995, while a further 28.63% paid between 51 and 100 MTL and only 5.23% paid more than 300 MTL. These very low average rents reflect the high proportion of rent-controlled dwellings in the Maltese housing market. Data collected in the third quarter of 2000 indicate that the average rent in Slovakia was 114 SKK per month, which constitutes only 1.6% of the average income during the same period. This phenomenon is due to the relatively low proportion of unregulated private sector tenancies in the Slovakian housing market.

4.8 Affordability

Section 4.7 above examined the various expenses associated with the acquisition of housing including mortgages, rents and construction costs. This Section compares these various expenses to household incomes in order to assess the extent of housing affordability in European countries. In addition, it highlights any significant affordability problems in particular housing tenures or for specific groups within the populations of the countries under examination.

4.8.1 Macro-Level Affordability Trends

The available information regarding the percentage of household income or expenditure which European

households devote to housing costs is detailed in TABLE 4.8.1 and summarised in diagrammatic form in FIGURE 4.8.1. As is evident in this table, the different countries under examination employ a range of methodologies to assess housing affordability – some compare expenditure on housing to total household expenditure; others compare it to household income. In addition, definitions of what constitutes housing expenditure vary across Europe. This raises obvious problems in comparing housing affordability levels in different European countries.

Nevertheless, one clear trend is evident from the information presented in the table. This is that the proportion of household income or expenditure devoted to housing costs is significantly higher in those

Table 4.8.1 Share of Household Income or Expenditure Devoted to Housing Costs in European Countries, Various Years

Country Category	Year	Average %
Austria Share of total expenditure devoted to housing costs (including heating)	2003	24.5
Belgium Share of total expenditure devoted to housing costs (including heating and light)	2001	26.6
Czech Republic Housing expenditure as a% of net income for average households	2001	17.2
Denmark Housing as a % of total consumption costs	1999/2000	22
Estonia Share of total household expenditure devoted to housing	Nav	16
France % of total household income devoted to housing	2002	22.5
Germany % of household income devoted to rent and running costs, excluding heating and hot water supply	2001	21.7
Italy Housing expenditure as a% of household income	2002	24.7
Lithuania % of household net income devoted to housing costs	Nav	18
Malta % of household income devoted to housing and energy costs	2000	8.4
Netherlands Net rent as a % of household income	2002	24
Net mortgage payment as a % of household income	2002	16.8
Poland % of household expenditure devoted to housing, water, electricity, gas and other fuels	2001	24.8
Portugal % of household expenditure devoted to housing, heating and lighting costs	2000	19.8
Slovakia % of household income devoted to rent, maintenance and repair and housing services including electricity, heating and hot water	2004	19.6
Slovenia % of net household income devoted to housing costs	Nav	10.8
Spain % of gross household income devoted to housing expenditure	2002	18.31
Sweden Net expenditure on housing (= minus subsidies, housing allowance and tax reductions) as % of household disposable income	2002	22
United Kingdom Mean household expenditure on rent and mortgage as a percentage of disposable income	Nav	9.64

Note: Data for the following countries are not available: Bulgaria, Cyprus, Finland, Greece, Hungary, Ireland, Latvia, Luxembourg, Romania and Turkey.

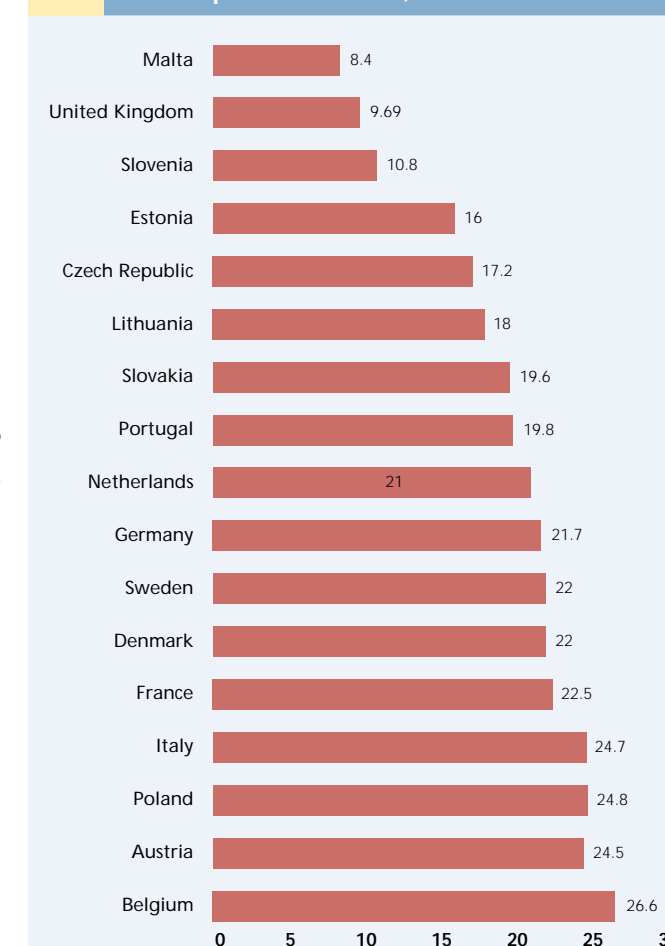
countries which were EU members prior to 2004 than in the new member States and in the applicant countries. In Austria, Belgium, Denmark, France, Germany, Italy and Sweden, households devote between 22 and 26.6% of their total income or expenditure to housing costs. Similarly, in the Netherlands, in 2002 net rental costs accounted for 24% of household income, although net expenditure on mortgage payments was less than this – 16.8% of household income. Housing affordability levels in Spain and Portugal are slightly better than the norm among the long-standing EU members. In 2002, Spanish households devoted 18.31% of their gross household income to housing expenditure, while in 2000, expenditure on housing, heating and lighting costs accounted for 19.8% of the total expenditure of Portuguese households.

TABLE 4.8.1 indicates that the United Kingdom is unusual amongst the long-standing EU members in terms of the low proportion of mean household expenditure devoted to housing costs. Similarly, Malta and Slovenia are distinguished by the particularly low percentage of household income devoted to housing – which is below 11% in both cases. In addition, in the Czech Republic, Estonia, Lithuania and Slovakia, households have devoted an average of between 16 and 19.6% of their income or expenditure to housing costs in recent years. Compared to their counterparts in the rest of Central and Eastern Europe, Polish households are unusual in terms of the high proportion of household expenditure which is devoted to housing costs – in 2001 24.8% of their expenditure was devoted to this area.

4.8.2 Micro-Level Affordability Trends

The available information regarding the percentage of household income or expenditure which European households in the different income categories devote to housing costs is outlined in TABLE 4.8.2. Although the difficulties inherent in comparing housing affordability data in different European countries mentioned in Section 4.8.1 above also apply to this table,

Figure 4.8.1 Share of Household Income or Expenditure Devoted to Housing Costs in European Countries, Various Years



Note: this graph is derived from the data presented in Table 4.8.1. Data for the following countries are not available: Bulgaria, Cyprus, Finland, Greece, Hungary, Ireland, Latvia, Luxembourg, Romania and Turkey.

nevertheless it highlights some significant international trends in relation to housing affordability among different income groups. For instance, in a vast majority of the countries that are examined in this table, households with incomes in the bottom two deciles of the income scale devote a higher proportion of their income or expenditure to housing costs than their higher income counterparts. The countries in this category are: Belgium, Denmark, Finland, France, Luxembourg, Malta, the Netherlands, Slovenia and the United Kingdom. By contrast, Ireland, Lithuania and Spain are relatively unusual in European terms insofar as lower income households in these countries devote a lower proportion of their income or expenditure to housing than wealthier households do.

Table 4.8.2 Share of Household Income or Expenditure Devoted to Housing Costs in European Countries, by Income Group, Various Years

Country	Category	Date	Income deciles (1 = lowest)									
			1	2	3	4	5	6	7	8	9	10
Belgium	% of total expenditure devoted to housing costs (including heating and light)	2001	37	36	Nav	Nav	30	Nav	Nav	Nav	22.8	20.4
Finland	housing expenditure as percentage of net income (after taxes).	2001	26.5	21.6	17.9	17	11.6					
Lithuania	% of household net income devoted to housing costs	nav	13	16	15	17	18	18	17	19	18	22
Malta	Expenditure on housing and energy as a% of household income	2000	35.2	30.3	14.8	6.8	3.9	2.5	1.7	1	0.6	3.2
Netherlands	Net expenditure on rent as a% of household income	2002	56.4	29.5	24.2	21.7	20.3	18.1	16.1	14.3	12.4	9.8
	Net expenditure on mortgages as a% of household income		62.4	24.3	20.5	19.2	18.1	17	15.9	14.9	13.7	11.1
Slovenia	Percentage of net household income devoted to housing	2001	17.6	13.4	11.9	12.1	11.5	10.6	9.6	9.3	9.6	8.6
Spain	Percentage of net income used by households for housing	2001	3.79	5.18	5.76	6.51	7.80	9.21	9.74	11.83	14.97	25.23
United Kingdom	Expenditure on rent and mortgage as% of net income	nav	13.37	9.80	9.47	8.36	103	9.93	9.58	9.25	8.77	7.80

Country	Category	Date	Income Group								
			< 150.00 DKK%	150-299.999 DKK%	300-499.999 DKK%	500-799.999 DKK%	> 800.00 DKK%				
Denmark	Housing as a % of total consumption cost	1999-2000	27.9	26.1	21.9	19.9	20.4				
France	% of total household income devoted to housing	2002	< €9,655	9,655 to less than €14,330	€14,330 to less than €20,500	€20,500 and above					
			32.1	26.2	23.4	18.2					
Ireland	Average housing expenditure (€) by household income	1999/2000	<€132 per week	€132-€214 per week	€214 -€316 per week	€316- €412 per week	€412-€531 per week				
			27.27	37.93	51.2	59.88	70.36				
Luxembourg	Average housing expenditure (€) by household income	1993	Less than €990	€990- €1490	€1490- €1980	€1980- €2480	€2480- €3100	€3100- €3720	€3720- €4960	€4960 and above	Less than €990
			413.1	421.3	359.3	362.8	347.1	350.8	302.5	366	413.1

Note: Data for the following countries are not available: Austria, Bulgaria, Cyprus, Czech Republic, Estonia, Germany, Greece, Hungary, Italy, Latvia, Poland, Portugal, Romania, Slovakia, Spain, Sweden and Turkey.

4.9 Public Investment

This Section describes recent trends in direct and indirect investment in housing by the governments in European countries and in individual investment measures. These trends have been shaped by the housing policy developments described in Section 3 of this report. In the vast majority of the countries that are examined in this review, total government investment in housing has risen in recent years, but this is not the case universally. In addition, the proportion of total government expenditure that is devoted to housing varies significantly between European countries, as do the principal items to which this investment is devoted. The governments of a number of countries have redirected their investment priorities in recent years to fund new policy initiatives. The most common developments in this regard involve: investment intended to increase the supply of social and private rented housing; investment in housing renovation and intervention by government in mortgage lending. A number of European countries have made changes to their systems for funding housing expenditure in recent years. A trend which links many of these reforms is a decline in direct State expenditure on housing in favour of the growth of indirect expenditure, either through State-secured loans or tax incentives. In both the long-standing EU member countries and the new member and applicant countries many of these reforms have been inspired by the objective of increasing efficiency and value for money.

Among the countries under examination, Belgium is distinguished by the relatively high proportion of their government expenditure that is devoted to housing. In this country, €612,166,000 of the total State budget was devoted to housing in 2004. In the Brussels Capital Region spending on housing accounted for 4% of total government spending, while the equivalent figure for Wallonia is 3.2%.

By contrast, annual government subsidies to the housing sector in Bulgaria has averaged at approximately 1% of the total State expenditure in

recent years. In addition, these funds are used only to settle the old debts of the State – to compensate the former owners of dwellings expropriated by the State prior to the political and economic reorganisation of the country in the early 1990s, as well as to compensate for housing saving deposits which were devalued due to the high inflation. However, the Bulgarian government plans to introduce concessions on property tax for dwellings that have carried out energy saving measures. In addition, the draft National Housing Strategy proposes the introduction of mechanisms to stimulate increased housing construction and improvement of dwellings which will be funded by means of government allowances and tax concessions.

Similarly, in recent years in the Czech Republic approximately CZK 25 billion of State spending has been allocated to the State Housing Development Fund, which was established in 2000 to function as another source of public funds in the area of housing to augment the State budget. This sum corresponds to more than 1% of Czech GDP. Combined with indirect subsidies, such as tax reliefs, the government support for housing accounts for 1.5% of GDP. Public support includes expenditures of local authorities, especially funds spent on construction of rental housing and repairs of housing stock. In addition, a number of reforms have been introduced to budget setting mechanisms in the housing field, many of which have been inspired by pressure to reduce mandatory expenditure. In future, housing expenditure will be determined by a multi-annual term framework of expenses, which will apply to the budgets of both the Ministry for Regional Development and the State Housing Development Fund. This measure will result in the consolidation of the range of supports to housing and will also help to eliminate fluctuations in budgets which often arise when they are set on an annual basis. The allocation of public funds will be accompanied by regular monitoring of individual spending programmes.

The proportion of government expenditure devoted to housing in Denmark is lower than in Belgium. In 2003, total Danish Government spending on housing was

Table 4.9.1 Public Expenditure on Housing in European Countries, 1999-2004

Country	Category	Currency	1999	2000	2001	2002	2003	2004 (Proj)			
France	Public expenditure on housing of which	Aid to buildings	€ million	1,847	1,811	1,770	1,705	Nav	Nav		
		Social rental		432	443	457	446	Nav	Nav		
		Social ownership		956	899	894	886	Nav	Nav		
		Improvement of private stock		459	469	419	373	Nav	Nav		
		Aid to people		12,840	12,810	13,317	13,488	Nav	Nav		
		State		5,384	5,346	5,446	5,349	Nav	Nav		
		Social schemes		7,457	7,465	7,871	8,139	Nav	Nav		
		Tax expenditure		6,642	9,177	8,966	9,280	Nav	Nav		
	Total		15,945	18,453	18,607	19,124	Nav	Nav			
Ireland	Public capital expenditure on housing	Social housing	€ million	401.6	613.1	969.9	1164.6	Nav	Nav		
		Supports for low income home buyers		167.6	154.9	226.4	250	Nav	Nav		
		House purchase and improvement loans		29.3	38.6	49.2	89	Nav	Nav		
		Private housing grants		46.3	59.4	70.3	80.4	Nav	Nav		
		Other housing		7.6	11.6	12.6	13.1	Nav	Nav		
		Total		652.4	877.6	1,328.4	1,597.1	Nav	Nav		
Netherlands	Government Expenditure on the 4 Main Housing Subsidies	Rental subsidies	€ million	Nav	Nav	1,483	1,544	1,612	Nav		
		Subsidies for urban regeneration		Nav	Nav	591	64	318	Nav		
		Location-specific subsidies		Nav	Nav	61	60	66	Nav		
		Energy performance regulation		Nav	Nav	Nav	Nav	75	Nav		
Poland	Central Government Expenditure on Housing	Cooperative loans interest buy-down	PLN Million	609.2	414.3	927.7	524.4	262.3	Nav		
		Cooperative loans payments		Nav	Nav	Nav	Nav	Nav	Nav		
		Guaranteed payments to house savings booklets' owners		911.4	1,368.4	2 227	760.3	590.2	Nav		
		Mortgage fund		8.9	Nav	Nav	Nav	Nav	Nav		
		National housing fund		150	242.5	248.9	472.5	455.9	Nav		
		Thermal modernisation fund		5	12	3	36.8	5.3	Nav		
		Subsidies for interest on loans related to removal of flood effects		1.2	3.2	4.5	7	4.8	Nav		
		New housing policy tool – fixed interest housing loan		Nav	Nav	Nav	Nav	33.2	Nav		
		Subsidies to municipalities for housing allowances payments		416.7	547.4	546.9	399.9	551	Nav		
		Refunds to housing co-operative candidates		0.6	Nav	Nav	Nav	Nav	Nav		
		Total		2,103	2,587.8	3,958	2,200.9	1,902.7	Nav		
		Portugal	State Expenditure on Housing	Public rental	€ million	110.1	130.8	124.5	87.6	110.1	Nav
				Private rental		100.4	85.5	86.7	87.7	100.4	Nav
				Rental		210.6	216.4	211.2	175.3	210.6	Nav
Subsidies				408.1	366	345.3	410.3	408.1	Nav		
Tax deductions				348.7	350	355.6	357	348.7	Nav		
Acquisition of Housing				756.8	715.9	700.9	767.3	756.8	Nav		
Total				967.4	932.3	912	942.6	967.4	Nav		
Subsidies for new construction				Nav	Nav	Nav	Nav	18.3	16.48		

Table 4.9.1 (continued)

Country	Category	Currency	1999	2000	2001	2002	2003	2004 (Proj)			
Slovakia	% of total State expenditure on housing which is devoted to	Subsidies for refurbishment	N/a	Nav	Nav	Nav	Nav	0	1.4		
		Loans (State housing development fund)		Nav	Nav	Nav	Nav	30.1	35.4		
		Interest subsidies		Nav	Nav	Nav	Nav	5.9	10.5		
		Housing allowances		Nav	Nav	Nav	Nav	10.9	01		
		Premium building saving contracts		Nav	Nav	Nav	Nav	32.3	36.2		
		Contribution for the acquisition of government apartments for government employees		Nav	Nav	Nav	Nav	2.5	0		
		State guarantees		Nav	Nav	Nav	Nav	0	0.1		
		Real investments		Nav	53.75	17.8	Nav	Nav	Nav		
		Spain	Direct Central Government Expenditure on Housing	Grants	€million	Nav	1,632.4	988.4	Nav	Nav	Nav
				Subsidised interest rates		Nav	800.4	872.7	Nav	Nav	Nav
Neighbourhood remodelling Madrid				Nav	88.5	86.7	Nav	Nav	Nav		
Transfers to regional and local authorities				Nav	367.9	219.5	Nav	Nav	Nav		
Direct State assistance for deposit (AEDE)				Nav	23.2	249.2	Nav	Nav	Nav		
Total				Nav	2,912.4	2,416.5	Nav	Nav	Nav		

Note: Data for the following countries are not available: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Malta, Romania Slovenia, Sweden, Turkey and the United Kingdom

14.4 billion DKK, of which 9.8 billion was devoted to individual housing benefits, 3.9 billion to subsidised housing construction and 0.8 billion to redevelopment and urban renewal. In the same year expenditure on housing accounted for 1.9% of total public expenditure. Danish government has frozen taxes in recent years. In addition, it has introduced a new type of bond entitled 'Loans with interest-only periods'. The new lending scheme allows the lender up to 10 years exemption from paying loan instalments, and at the end of the lifetime of the loan there may be a remaining debt corresponding to the forfeited instalments.

The implementation of the current Estonian housing development plan (see Section 2.8) is financed from the State budget, from the government's extra budgetary ownership reform reserve fund, and from the resources of the KredEx Foundation. In recent years annual government expenditure on this area has declined. The 2003 budget for the implementation of the housing development plan totalled €3.2 million.

In 2004 the corresponding sum had declined to €1.3 million.

In Finland, on the other hand, State expenditure on housing is much higher than this. In 2001, housing subsidies accounted for 4.4% of total public expenditure in this country – which is one of the highest levels in the EU. In 2002, the budget for housing in Finland was distributed as follows: housing allowances (€892 million), production subsidies (€270 million) and mortgage interest relief (€420 million). At the same time, the methods used to finance social housing in this country have been gradually reformed in recent years. Up to now the vast majority of funding for this sector has been provided in the form of State loans and direct aid through the mechanism of the State Housing Fund. While this source of funding will continue to be available the emphasis is shifting towards commercial loans with State guarantees and State interest subsidies.

Details of recent trends in public expenditure on

housing in France, together with a number of other countries for which comparable data are available, is set out in TABLE 4.9.1. This table reveals that spending on this area has increased significantly in recent years, from €15,945 million in 1999 to €19,124 million in 2002.

TABLE 4.9.1 also outlines trends in public capital expenditure on housing in Ireland, and reveals that spending in this country has also increased in recent years. The growth in public capital expenditure on social housing between 1999 and 2002 has been particularly high. In addition, a number of significant changes have been made to the details of government financial intervention in the housing sector in this country in recent years. For example, the new house grant scheme which provided grant aid to first-time owner-occupiers, introduced in 1977, was abolished in 2002. In order to offset the effect of abolishing the grant, changes in the stamp duty levied on property transactions and mortgage interest tax relief for first-time owner-occupiers were introduced. In addition, the lower rate of VAT, which applies to construction in Ireland, was increased from 12.5% to 13.5% with effect from 1 January 2003. The Irish government restored tax incentives for the supply of private rented accommodation, which had been briefly abolished in 2001; following this reform the heretofore rapidly increasing rent levels in Ireland began to moderate.

In Italy, the fund for building at special rates, managed by the Ministry of Infrastructures and Transport, was established. This Fund covers tax incentives for firms that build or restructure dwellings to be rented out.

In Latvia, the proportion of government expenditure devoted to housing community amenities and environmental protection has grown slightly in recent years to 5.4%, although most of this increase is related to the advent of EU co-financing of environmental projects. The budget allocations for housing have been devoted principally to the establishment of the Housing Agency and the Housing Development Unit within the Ministry of Regional Development and Local Government (see Section 2.16). It is envisaged that additional funding for both of these agencies will

be generated from their services for which a fee is levied. A large number of further reforms to housing finance arrangements in Latvia are planned. For instance, arrangements are currently being put in place for the establishment of a State joint stock company – the Housing Guarantee Fund – which will be funded from the proceeds from the housing privatisation programme. Additional budgetary proposals include subsidies to promote energy audits, renovation of multi-apartment buildings and the construction of affordable housing. In addition, Latvian local authorities devote a large portion of their budget to housing, as they are obliged by law to provide social housing and housing allowances.

Disaggregated data on trends in public spending on housing in Lithuania or Malta in recent years are not available. However, data for 2002 indicate that public spending on loan interest and mortgage insurance in Lithuania totalled LT 17.6 billion. LT 117 billion was spent on housing allowances, which accounts for 90.5% of all government subsidies, and spending on subsidies for refurbishment came to LT 3 billion. A further key reform to the fiscal treatment of housing in Lithuania was recently introduced as a result of the implementation of the Law on Income Tax of Residents. This measure reduced VAT reduced from 18% to 9% for the construction and renovation funded by central or local government.

In 2003, government expenditure on housing in Malta accounted for 0.4% of total government expenditure. This was distributed as follows:

- 40% was taken up by the subvention to the housing authority;
- 30.3% was spent on major repairs to government tenements;
- 16% was devoted to upgrading works in housing estates;
- 12.2% was devoted to interest subsidies, and
- 1.5% was dedicated to other aspects of housing including rent subsidies.

In addition, the Maltese government has introduced a number of reforms intended to address property tax evasion. As a result of these measures, income tax, capital gains tax and stamp duties on property transfers in Malta are now calculated without any reference to liabilities or price residue. In addition, property inherited after 22 November, 1992 (when the law on succession was amended) is now subject to tax when sold, as applies to all other properties.

Between 1993 and 2003, the government of Luxembourg devoted €1.35 billion to housing expenditure. Of this total, €148.4 million (11%) was devoted to capital aid, €443.3 million (33%) to mortgage interest relief, €184.9 million (14%) to aid for building and approximately €568 million (43% of total State aid) was paid out in reimbursement of VAT on housing. Unlike most other long-standing EU members, the proportion of total government expenditure devoted to housing in Luxembourg has fallen over the last decade. In 1995 housing expenditure accounted for 2% of total State expenditure, but by 2004 this had fallen to 1.31%.

Details of recent trends in government expenditure on housing in the Netherlands and Poland are provided in TABLE 4.9.1. This table reveals opposite trends in government housing expenditure in these countries. In the Netherlands spending on each of the 4 main housing subsidies has grown each year between 2001 and 2003. By contrast, in Poland total government expenditure on housing has fallen from 2,815.2 million zloty in 1995 to 1,902.7 million zloty in 2003. As a consequence, the percentage of GDP devoted to housing has fallen from 1% in 1995 to 0.2% in 2002, while the proportion of total central government expenditure devoted to housing has also been reduced from 3.1% to 0.9% between these years. The Polish government has also introduced a comparatively large number of changes to its system of housing finance. Many of these changes were enabled by decreases in the subsidies related to past obligations – including guaranteed premiums on savings-for-housing booklets and the (so called) ‘old portfolio’ co-operative loans. This has enabled an increase in the proportion of State expenditure devoted to new housing measures. For

instance a significant increase in funding for the Thermal Modernisation Fund, which provides financial assistance to investors to undertake thermal modernisation projects in buildings, has been provided in 2004. Funding for this year will be over 7 times the 2003 financial allocation. In addition a number of reforms to tax on housing have been introduced. Formerly a proportion of the expenditure on construction of multifamily flats for rental purposes was tax deductible. This measure was discontinued at the end of 2000, on the grounds of excessive cost, coupled with its regressive nature as only relatively affluent taxpayers could afford to avail of its benefits. Poland’s accession to the EU has also resulted in a number of changes to the VAT regime on housing. According to the EU Accession Treaty and the draft bill on VAT, the Polish housing sector will continue to be able to avail of a reduced VAT rate (at 7%) on the supply, construction, renovation and alteration of housing, until the end of 2007. After then, the reduced VAT rate will be restricted to social housing. However, from 1 May 2004, the VAT rate for all construction materials increased to 22% from its present level of 7%.

TABLE 4.9.1 also provides details of government housing expenditure in Portugal in recent years. It reveals that spending on this area has increased from €899.9 million in 1998 to €942.6 million in 2002. The latter figure represents around 2% of the Portuguese government’s total expenditure.

In Romania, the State budget for 2004 totals 351,292 billion ROL. Of this, 4,494 billion ROL will be spent on new housing (1.28% of all expenditure, compared with 0.76% in year 2000). Other housing-related expenses include: 2,495 billion ROL to be transferred to local authorities as co-financing for infrastructure projects within the new residential areas, 420 billion ROL for paving roads and supplying water in rural areas, 82 billion ROL for implementing the cadastre system, 39 billion ROL for completing or updating urban development plans, and 3,350 billion ROL as heating energy subsidies.

In Slovakia, State expenditure on housing totalled

6,904 million SKK in 2003, rising to 7,120 million SKK in 2004. As TABLE 4.9.1 demonstrates, this constitutes 2.8 and 2.5% of total government spending in these years respectively. As part of a programme of tax reforms in January 2004, a single rate of 19% rate of VAT was introduced. Slovakian legislation no longer provides for the application of differentiated rates of VAT. Arrangements for the funding of social housing have also been amended and government grants for this sector have been replaced with payments made within the social benefits system which is legislated for in the Act on Material Need. In addition, changes to budgetary procedures have been introduced which allow unused funds in the current budgetary year to be used in the following budgetary year for the same purpose. This system is particularly useful for projects funded from the housing development support programmes.

In recent years, the government of Slovenia has allocated €6 million annually to the Housing Fund for the payment of premiums to households that have participated in the long-term savings scheme (5 or 10 years) in commercial banks so as to acquire a dwelling. In addition, the Slovenian government has allocated funds to local authorities amounting to about €21 million per annum in recent years, for the construction of non-profit housing and for subsidising rents. VAT on the construction of non-profit housing in this country is only 8.5% as compared to the general taxation level of 20%. Owner-occupiers may claim an income tax relief of 3% on the funds they invest in the purchase or construction of a dwelling or in the maintenance of their dwelling.

Information on direct government expenditure on housing in Spain is provided in TABLE 4.9.1. This table reveals that spending in this regard fell from €29,666.2 million in 2001 to €2,434.3 million in 2002. The budgetary allocation for housing in 2003 represented 0.3% of the total State budget. This percentage, however, does not include indirect benefits (i.e. tax reliefs) provided to homebuyers. The sum of housing tax benefits represented 2.26% of the non-financial expenditure budget in 2003 and the total budgetary expenditure on housing and housing tax benefits,

therefore, represents 2.6% of the State budget. In addition, as mentioned in Section 2, the regional governments in Spain have very significant powers in relation to housing and they provide resources to implement their own housing policies, by means of grants supplementary to those provided by central government or by means of specific housing measures, funded by their own budgets. In 2002, joint investment by central and regional governments in Spain amounted to €1,856,977.

In 2003, the total public expenditure for housing construction subsidies (consisting mainly of interest subsidies for the rental and co-operative sectors) and housing allowances in Sweden was SEK 16,600 million, representing 0.7% of GNP for that year. Housing allowances accounted for approximately 90% of this expenditure. The value of tax reductions and the income from property taxes and other taxes are not included.

The most important change to State housing finance in Turkey in recent years is the abolition of the Mass Housing Fund as part of the implementation of the ongoing economic stability programmes. As a result, public housing investment became dependent on allocations from the general budget and the financial resources of the State housing development company – TOKI. Plans are currently in train for measures to address the comparative underdevelopment of the mortgage lending market in Turkey. TOKI is currently initiating the necessary legal and administrative regulations for creating a mortgage finance mechanism in Turkey and has prepared a new decree obliging private banks to raise their funds for long-term finance.

Data on housing expenditure by government in the United Kingdom as a whole are not available. However, information is available regarding government expenditure on the principal housing programmes in England in 2002/2003, together with projected expenditure for the 2003/2004 period. It reveals that total expenditure on housing will grow by STG£3,724 million in the 2003/2004 period. Also in England, a range of fiscal incentives have been

introduced, including a VAT reduction, which are intended to encourage renovation of long-term vacant dwellings. From the financial year 2004/05, the Local Government Act 2003 enables local authorities to abolish the 50% discount on council tax, which is available to owners of long-term vacant housing. The rationale for this reform was that the availability of the discount provided a 'perverse incentive' which encouraged owners to keep the dwellings in question empty. The pooling of housing capital receipts which are generally derived from the sale of local authority rented dwellings to tenants became effective on 1 April 2004. This measure will enable the redistribution of resources between local authorities, according to need. The pooling of capital receipts will apply to all authorities, debt free and with debt, to secure

maximum benefit from limited public expenditure resources; previously only local authorities in debt were allowed to avail of these additional resources. The formulae for determining the level of management and maintenance allowances for local authority housing have been reviewed. The new formula represents greater equity between various local authorities in financing these activities and recognises the costs of managing and maintaining void properties, continues to recognise the costs of managing and maintaining flats, but no longer treats proportion of flats in a local authority's stock of dwellings as a key indicator of deprivation, recognises the fixed costs of small authorities and includes a crime indicator to acknowledge costs associated with anti-social behaviour.

Appendix 1

Members of European Housing Focal Points, 2004

Country	Representative	Country	Representative
Austria	Mr Andreas Sommer Abteilungsleiter, Bundesministerium für Wirtschaft und Arbeit	France	Ms Anne-Marie Fribourg Chargée de Mission, Direction Général de l'Urbanisme, de l'Habitat et de la Construction, Ministère de l'Equipement, des Transports, du Logement, du Tourisme et de la Mer
Belgium	Mr Charles Mertens Inspecteur Général, Direction Générale de l'Aménagement du Territoire, du Logement et du Patrimoine	Germany	Mr Wolfgang Eckart Ministerialrat, Abteilung W 20, Bundesministerium für Verkehr, Bau- und Wohnungswesen
Bulgaria	Mr Tsanko Kozlov Director for State Property, Housing and Concession, Ministry of Regional Development and Public Works	Greece	Mr C. Zambelis Director General for Urban Planning, Ministry for the Environment, Physical Planning and Public Works
Cyprus	Mr Yiannos Papadopoulos Director, Department of Town Planning and Housing Department Ministry of the Interior	Hungary	Mr Sándor Fegyverneky President of the National Housing and Building Office, Ministry of the Interior
Czech Republic	Ms Daniela Grabmüllerová Director for Housing Policy, Ministry of Regional Development	Ireland	Mr Des Dowling Assistant Secretary, Housing Division, Department of the Environment, Heritage and Local Government
Denmark	Ms Lola Foster National Agency for Enterprise & Housing	Italy	Dott Marcello Arredi Capo Dipartimento per le Opere Pubbliche e per l'Edilizia Ministero delle Infrastrutture e dei Trasporti
Estonia	Mrs Helle Helena Puusep Head of Department, European Union and International Co-operation Department, Ministry of Economic Affairs and Communications	Latvia	Ms Ilze Osa Head of Dwelling Development Division, Ministry of Regional Development and Local Governments
Finland	Mr Martti Lujanen Director General, Ministry of the Environment	Lithuania	Mr Vytautas Joanis Vice-Director of the Construction and Housing Department, Ministry of the Environment

Members of European Housing Focal Points, 2004

Luxembourg	Mr Daniel Miltgen Conseiller de Gouvernement 1ère classe, Secrétariat général du département, Ministère des Classes Moyennes, du Tourisme et du Logement	Slovakia	Mr Y. Cuda General Director of the Housing Section, Ministry of Construction and Regional Development
Malta	Mr Joseph Ebejer Permanent Secretary, Ministry for Social Policy	Slovenia	Ms Barbera Stari_ Strajnar Assistant Secretary of State for Housing, Ministry of the Environment, Spatial Planning and Energy
Netherlands	Ms Annet Bertram Director General for Housing, Ministry of Housing, Spatial Planning and the Environment	Spain	Mr José Tínavat Elorza Deputy Director General of Housing Policy, Directorate-General of Housing, Architecture and Planning, Ministry of Development
Poland	Mr Marek Zawislak Director for Housing Finance Division, State Office for Housing and Urban Development	Sweden	Mr K.A. Stefan Svensson Building Industry and Housing Division, Ministry of the Interior
Portugal	Ms Maria Do Rosário Ánges Secretary of State for Housing Affairs	Turkey	Mr Bekir Akpınar Acting Deputy Undersecretary , Ministry of Construction and Resettlement
Romania	Mr Gheorghe Patrascu, Arch. General Director, General Division for Urban and Territorial Planning, Ministerul Lucrarilor Publice, Transporturilor si Locuintei	United Kingdom	Ms Jessie Hughes Office of the Deputy Prime Minister

Appendix 2**Questionnaire****Regular National Report
on Housing Development
in European Countries***2004 Questionnaire*

Please note that Ireland is putting forward the proposal to use the same questionnaire as the one used by Belgium and France for previous informal EU Housing Ministers' meetings. This proposal allows for the systemization of information from one year to the other, in accordance with the decision taken in Kuopio in September 1999, and to proceed with simple updating.

The purpose of the Questionnaire is to obtain information from European Countries on housing policy developments including sustainable housing, building and urban development in each country, and to facilitate a comparison of information on these developments across Europe. The completed Questionnaires for each country will be collated and analysed and a synthesis report will be prepared and presented at a forthcoming meeting of EU Housing Officials/Focal Points.

It is noted that every country may not have information available for each question, but it would be appreciated if you would provide as much information as possible.

Throughout the questionnaire reference is made to housing stock and this should include high-rise and low-rise. High-rise is defined as residential buildings with more than 4 storeys, if your country uses an alternative definition for high-rise buildings, your definition should be outlined.

1 Introduction

(overview of the political and administrative context for housing policy and the main principles underlying housing policy)

2 Major recent government policy and institutional changes in the field of sustainable housing and urban development

(as the last National Report covered the period to September 2001, recent changes described should generally cover the past 2 years, however, changes before that time which are having significant impacts currently may also be indicated)

- 2.1 What are the principal questions which currently concern the Minister?
- 2.2 Subjects of debate (white papers, discussions papers...)
- 2.3 Recent policy and institutional changes
- 2.4 New laws or regulations
- 2.5 Budgetary changes and changes in fiscal and financial instruments
- 2.6 Other changes
- 2.7 Developments expected in the medium term
- 2.8 Relevant international (European) developments which have implications for housing and urban development (new proposals for EU Directives, difficulties in implementing existing EU Directives and decisions of the European Court)

3 Principal economic indicators and background developments concerning housing

- 3.1 Demographic trends and indicators (including average household size), internal and external population migration
- 3.2 Economic trends and outlook in the medium term including mortgage interest rates, unemployment rates, state of public finances
- 3.3 Other factors

4 Market trends of housing

- 4.1 Housing needs and demand (give a progress report about the general current situation)
 - 4.1.1 Urban and regional needs and demand
 - 4.1.2 Expected changes in needs and demand for housing in the medium-term
 - 4.1.3 Information on the different segments of stock (owner-occupied/home ownership, social rented [or rented by public authorities if this is a more appropriate description], private rented, cooperative housing and other forms) or for special needs of specific sections of the population (elderly, disabled and homeless), the relative proportion of households in each segment, information on schemes operating in the country to support different tenure options e.g. house purchase for low-income groups, and any other relevant issues
 - 4.1.4 Rates of vacancy in housing stock (sector and area), describing any specific situations where the number of vacant/ unoccupied dwellings are concentrated in particular parts of the country
- 4.2 Housing supply (give a progress report on the general current situation)
 - 4.2.1 Factors impacting on matching supply with demand and actions being taken to address supply requirements
 - 4.2.2 Trends in the construction of new housing, by type of financing or tenure and by urban and regional area, including the construction rate per 1,000 inhabitants
 - 4.2.3 Describe any difficulties arising for the construction of new housing
 - 4.2.4 Developments in housing stock maintenance and improvements
 - 4.2.5 Sale of social rental housing units (conversion to home-ownership)
- 4.3 Housing finance (describe the key facts in this area)
 - 4.3.1 Investment in housing (housing as share of national public expenditure, and housing as a share of household income i.e. expenditure on mortgages and rents and it should not include expenditure such as water, gas, property taxes and insurance)
 - 4.3.2 Public expenditure for housing: detail grants and subsidies and their annual total (distinguishing grants and subsidies for capital investment and fiscal or other allowances/incentives to households for housing expenditure)
 - 4.3.3 Trends in housing prices and rents (by category)
 - 4.3.4 Housing expenditure of households as a percentage of household income by income decile
 - 4.3.5 Housing construction costs (average cost per m², construction price inflation rate)
 - 4.3.6 Mortgages (number, type and rates of interest)

- 4.4 Housing quality (describe the major recent government policy and institutional changes in the area of sustainable housing and urban development)
- 4.4.1 Quality of housing stock (age of dwellings, number of rooms, number of bathrooms, number of persons per room, and basic equipment available in dwellings such as mains electricity connection, central heating, gas supply, water supply, and sewerage connection)
- 4.4.2 Technical developments and new initiatives, including the minimum standards of building regulations (or building codes) that apply to all housing construction
- 4.4.3 Recent initiatives and trends in sustainable housing construction and urban development (energy, water consumption and saving, new demonstration projects, eco labelling of building materials...)
- 4.4.4 Principal problems encountered as regards health in buildings (e.g. asbestos, radon, lead poisoning, etc.) and policies developed to solve these problems

Further Guidance

The most recent synthesis report on the National Progress Reports for countries of the European Union was prepared for the 13th Meeting of the EU Housing Ministers held in Belgium in October 2001.

A copy of this report is available on the homepage of our website, <http://www.environ.ie> under the title, June 2004 - Meeting of Housing Focal Points in the News Items area.

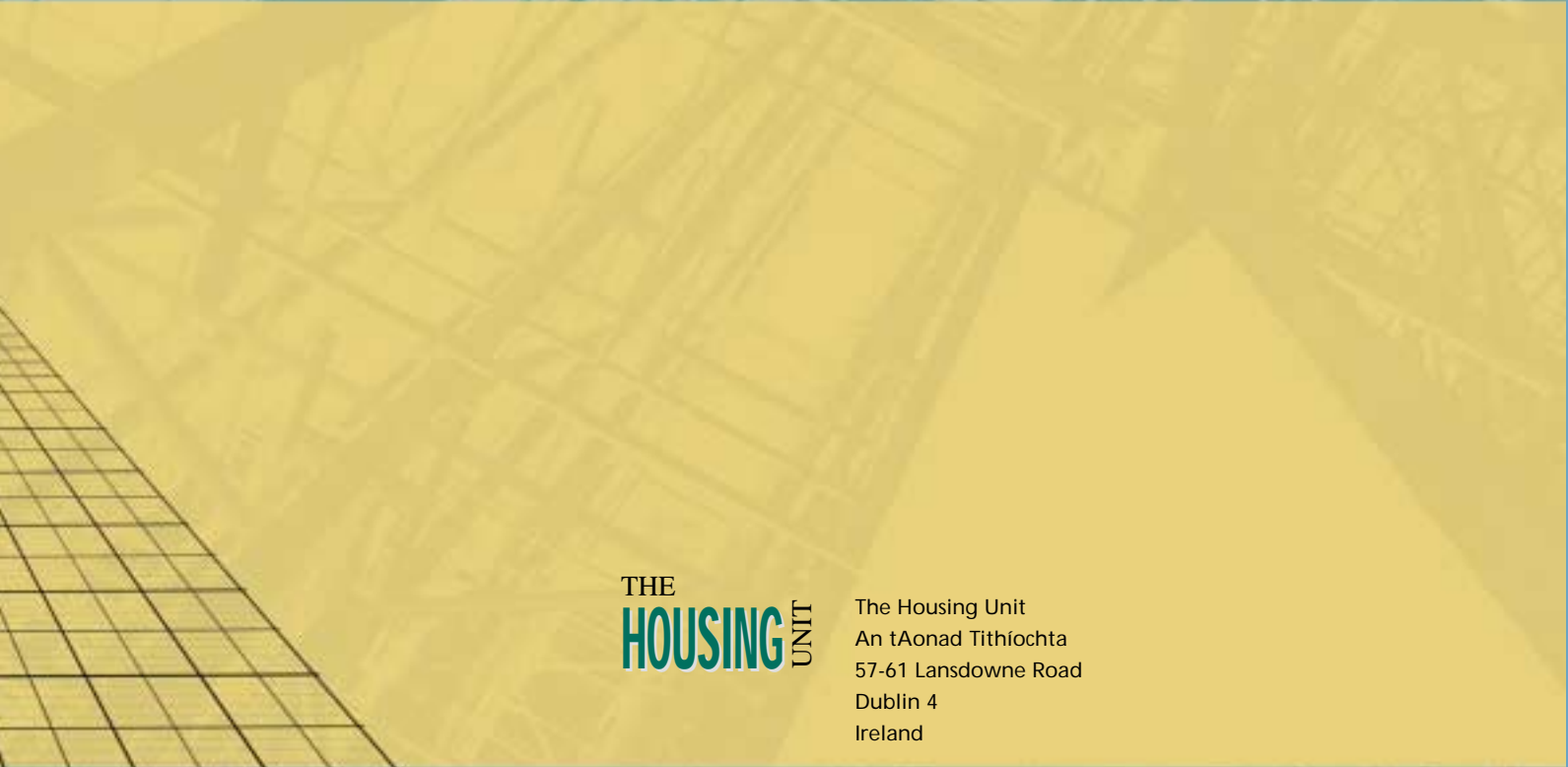
The link to the report is:

<http://www.environ.ie/DOEI/DOEIPol.nsf/wvNavView/Housing+Policy?OpenDocument&Lang=#13>

Please note that answers (in English or in French) should reach us by 20 February 2004 at the latest.

Your answers should be emailed to:

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