



A SOCIAL & AFFORDABLE HOUSING POLICIES REVIEW IN A GLOBAL CONTEXT; DOES THE SEGMENTED GREEK ECONOMY STAND A CHANCE?



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Review of the social and affordable housing planning policies in global context

Review of the social and affordable housing planning policies in Greece

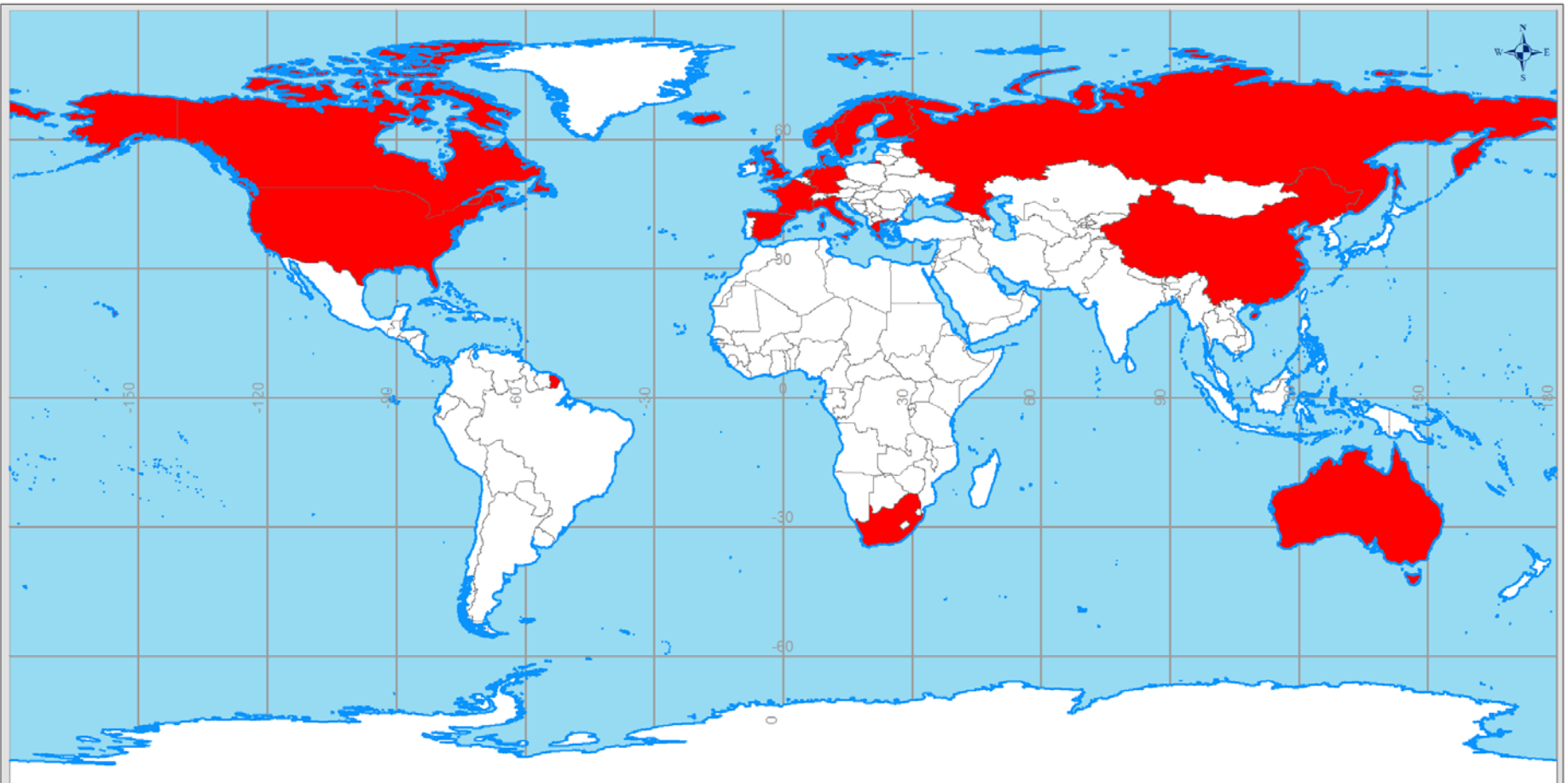
Presentation of practices that could be successfully adjusted in Greece



1. The paper is based on:
 - Literature,
 - Bibliographical research,
 - National sources.
2. Random choice of countries covering all continents of the world.
3. Analysis of the Greek lack of policies on social/ affordable housing before and during the economic recession.

Scope of the
paper

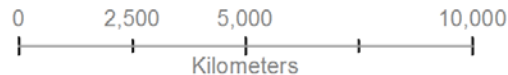
- The proposal of possible implementation of successful policies from other countries on the Greek reality



Legend

 Australia	 Germany	 South Africa
 Canada	 Greece	 Spain
 China	 Iceland	 Sweden
 Cyprus	 Italy	 United Kingdom (Scotland)
 Denmark	 Netherlands	 United States
 Finland	 Norway	 no data
 France	 Russia	

Countries of our research



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- 1973: Income criteria were introduced and the social housing policy was distributed in accordance to need.
- From 2003 until 2008 the Commonwealth State Housing Agreement (CSHA) provided affordable and secure housing for Australians most in need. In 2007-2008, the CSHA provided 1.35bn dollars in the form of funding to states
- 2008: The National Rental Affordability Scheme (NRAS) was introduced with 10 years duration. This scheme aims to provide 50000 dwellings over 5 years with rent 20% lower than the market rents.
- 1/1/2009: the National Affordable Housing Agreement (NAHA) was introduced in order to ensure that "All Australians have access to affordable, safe and sustainable housing that contributes to social and economic participation". The NAHA provides funding of 1 bn per year.
- 2009: An important boost was provided in the form of Social Housing Initiative and was the government fiscal strategy in order to deal with the Global Financial Crisis.
- The role of the private sector in social housing is important for the sustainability of the whole strategy.



Without a national housing strategy and a coordinated policy framework on affordable housing as the federal, provincial, territorial and municipal governments, along with civil society organizations (including the charitable sector) have applied a series of one-time, short-term funding housing initiatives.

- Canada Mortgage and Housing Corporation (CMHC) is the federal Crown Corporation responsible for administering Canada's National Housing Act.
- The CMHC is concerned with providing housing for low-income people and meeting the special needs of the elderly and disabled.
- Affordable Housing Initiative (AHI) 2001 – 2011: multilateral housing framework that established the broad parameters for bilateral agreements between CMHC and all provinces and territories, in order to increase the supply of affordable housing in Canada with an investment of over \$1.2 billion.
- More than 52,200 units were funded under the AHI.



Actions during crisis

- Affordable Housing Initiative & Affordable Housing Framework 2011 – 2014.
- Combined \$1.4 billion investments under a new Affordable Housing Framework 2011 – 2014 to extend the existing delivery arrangements for the AHI.



CHINA



- 1997: More than 60% of urban public housing was privatized in less than two-year time after reforming its housing policy and introducing a market oriented system.
- 1998: The Cheap Rental Housing (CRH) and Economic Comfortable Housing (ECH) were introduced as a dual public housing system. From 1998 to 2011, 9.3 billion square meters of housing were built.
- “11th Five-Year Plan” : 11 million units of social housing were constructed from 2006 to 2010.
- “12th Five-Year Plan” : The government is committed to complete 36 million units of social housing from 2011 to 2015. The new dwellings are managed by local governments in partnership with private developers.
- Apart from rental programs, Capped-Price Housing (CPH), the Economic Comfortable Housing (ECH) and the Shantytown Renovation Housing (SRH) are sold below market price and around 70% of the market price.
- In December 2008, the government promised to provide housing for 7.47 million low-income households. This particular plan is part of a 4 trillion RMB economic support of government’s strategy to deal with the 2008 Global Financial Crisis.



In Cyprus, the housing policies and practices has been formed based on the historical and political conditions due to the illegal Turkish invasion and occupation, of the north - east part of the island.

- All the weight of housing provision policies bears exclusively to the national government, and carried out through official government institutions, whereas private capital has zero obligation and contribution to provision of affordable housing.
- Two main types of policies:
 - Housing policies addressed to the whole population and implemented by the Cypriot Land Development Corporation (CDLD) and by the Housing Section of the Department of Town Planning and Housing (DTPH)
 - Housing policies addressed to displaced and suffering persons and implemented only by the Housing Section of the Department of Town Planning and Housing (DTPH).
- Most updated Housing Policy: PIO 84/2011 includes several measures and tools as the single housing plan in terms of grant of economic assistance for purchase of a dwelling/flat, rental subsidies etc.



Actions during crisis

- Due to the austerity measures that were implemented in the republic of Cyprus by the European Union during the last 4 years,
- The Ministry of the Interior announced (on 07/2014) that in view of the difficult financial situation of the state, at this stage it is not possible to receive further applications for the Single Housing Plan
- The procedure for examining applications, which have already undergone the District Administration Offices has been suspended and will start again when economic conditions allow.



DENMARK



THE MAIN IDEOLOGY : is that **nonprofit social housing** is intended **for everyone** regardless of income or social status.

- The only country completely without any individual subsidies or supply subsidies for homeowners.
- Only economic general support via the tax system is available for homeowners.
- Nonprofit social housing sector comprises 540.000 dwellings.
- A little less than 1.000.000 Danes live in nonprofit housing.
- Dwellings are allocated via waiting lists.

The sector is subsidized through :

- tax exemption and a financial acquisition combination of state subsidized loans (84%).
- interest free loans from local governments (14%).
- a tenant contribution (2%).

Housing is not a social right by law in Denmark. But the local authorities are in principle obliged to provide dwellings for people that are homeless. This includes refugees.

Like many other European countries Denmark had an increase in property prices during the economic boom from the middle of the 1990s followed by a decline after 2007. However, the fluctuations have been large. Because of this development the prices became very high.



In Finland, housing policy has to a greater extent been seen as social policy for the weaker groups in society.

Forms of state support :

- The granting of low interest loans to specific buildings or on a personal basis.
- The granting of housing allowances for needy families with children and for the elderly.
- The proportion of government subsidized rental dwellings constructed in recent years has been very large.
- Private renters in Finland can also get housing allowances.
- Since 1972 profit from the sale of a dwelling has been tax exempt provided the owner has occupied it at least for a year and buys a new dwelling within a year.

In addition, the favorable tax treatment of existing dwellings was phased out by 1966, and of all dwellings by 1973.

The amount of a monthly allowance is calculated according to housing costs, the size and age of the dwelling, family size, and the household's income and assets. *In any case, the housing allowance amounts to 80 per cent of the reasonable housing costs at the most.*



FRANCE

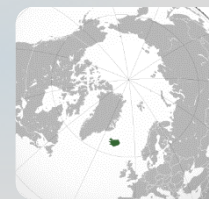


- Cholera epidemics (1832 & 1849) & colonial expansion during Napoleon III: First low cost housing policies.
- Société française des habitations à bon marché (1890): Tax incentives up to tax exemptions to non-profit organizations for their investment in low-cost houses.
- Loi Strauss Law (1906), Loi Ribot Law (1908), Loi Bonnevey (1912): Facilitation of the creation of affordable housing.
- After the World Wars (1950-1970): Grands ensembles introduced large concrete blocks with shared facilities and open spaces & encouraged the private sector to participate.
- François Mitterrand Victory (1981): First implementation of territorial, social and urban development policy and of urban renewal projects in problematic areas.
- Financial Solidarity between the Communes (1991): Obligation of the wealthiest citizens to help the poorest.
- Orientation Law for the (1991): 'Harmonious coexistence' of different social groups in different urban districts.
- Orientation and Programming Law (2003): Problematic zones are integrated in the Law of solidarity and urban renewal.

GERMANY



- Special rent and eligibility limits accounting up to 1-2% of the national GDP.
- Social housing was never provided for the very poor, but it refers to high quality housing for “decent people”.
- After the World Wars (1919 & 1945): Introduction of general planning systems focusing on building neighborhoods and not individual houses.
- 1996: Introduction of home ownership tax allowances and interest rate subsidies for first time buyers, while families with children are eligible for higher tax deductions.
- 2000s: Rental subsidies, such as rent assistance according to income and region and land allocation with land reserves.
- 2006: States are solely responsible for social policies.
- 1 billion €/pa is spent on social housing, focusing on families and disadvantaged groups, on owner-occupied housing, on the creation of new rental social houses and on the modernization of older estates.
- Shift from state ownership to private of housing companies.



Homeownership in Iceland is one of the world's highest and it seems set to go on being the dominant tenure.

- After the 2008 bank collapse and the ensuing economic crisis, the rate of home ownership fell sharply due to the fact that many Icelanders lost their homes, and prospective buyers had difficulties entering the market.
- With new funding available the proportion of rental housing has increased over the last few years, and now represents 23–25% of all households.
- The social housing sector consisted mainly of owner-occupied flats, called workers' dwellings.
- These flats were sold via means tests to low income groups with state-assisted financing, and could not be sold on the free market until 1999.

Housing benefits :

- The interest rebate (IR), a refundable tax credit.
- Rental benefits.
- Housing Financing Fund (HFF) loans.



- 1903: The Istituto Autonomo Case Popolari (IACP) was transformed into autonomous public agencies for the regulation of the social housing sector.
- After the World Wars: Mainly targets low income households or households with severe difficulties.
- Law 118 (2005): Recognition of social housing as a way of development for social enterprises.
- Act No. 244/2007 & Ministerial Decree of 04.22.2008: First recognition of the importance of public and private participation in the social housing sector.
- Degree of the Prime Ministers of 16/07/2009 on the “National Plan for Housing”: Sets the basis for partnerships, funding and urban planning of social housing.
- Social housing in Italy is co-financed by the municipalities and the Regions through the rental aids or land allocations.





NETHERLANDS



- Housing Act 1901: First introduction of housing policies.
- 1920s: Large scale construction of social housing.
- 19th century: Appearance of housing associations.
- After the World Wars (1945 & 1975): Social housing increased from 12% to 41%, reaching 44% in the 1990s.
- Nota Heerma (1989): Decrease of the government's intervention & renewal of the old stock and of many urban areas.
- Nowadays:
 - One of the most advanced, organized and integrated social housing systems.
 - 2.4 million social dwellings, a stable number for the last 10 years.
 - Share of social housing: 50% in the largest cities.
 - 500 housing associations operate, owning 35% of the total housing stock, when 11% is private owned and 54% is owner occupied.
 - Housing associations are backed by the Social House-building Guarantee Fund (WSW), which is backed by the government making it more stable and reliable.
 - houses are of great constructive and environmental quality & their areas are incorporated within the whole urban complex.



NORWAY



A main ideology within the Norwegian housing policies has been that everyone should be able to own their own home.

- Norway has become a country of owner-occupiers. Housing represents the most important investment for Norwegian households.
- Public housing rentals comprise only 4% of all dwellings.
- It is very difficult to obtain access to these dwellings. In order to qualify, an individual must either be a homeless person or be in imminent danger of becoming one, with very low income and capital.
- Norway has both individual support, supply support and tax support for homeownership.
- Some of the support is provided as loans with lower interests.
- Also in Norway there is a special support scheme for first time buyers.
- Economic assistance such as start-up loans and rental allowances are designed to help young people enter the housing market.
- Nevertheless, all rent regulations in the private rented sector in Norway were abolished by 2010.
- There is no supply support or financial support for private renting, but residents can get housing benefits.



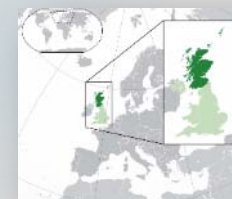
RUSSIA



- The cooperative laws were introduced in 1958 for further development activity offering low interest rates and providing infrastructure.
- The reform of the housing market started in 1991 with the privatization of the housing stock. As a result the ownership rate was increased from 15.4% in 1990 to 61.1% in 2003.
- 2005: The new housing legislation was came into effect and consist of 27 laws. The new policy intend to provide social housing for the poor and affordable housing for the middle-class households.
- The new legislation intend to encourage the one third of Russians to take a mortgage by lowering interest rates by 7% to 8% and extending the payment period by 10 to 25 years.
- The housing market still lack of housing stock. It was estimated that there is a need for 46.1% increase in housing stock to deal with the relative demand.
- Housing in Russia remains highly unaffordable as for a typical 70 square meters apartment Russians need to save 10 annual salaries in order to afford buying it.



SCOTLAND



Both the public and the private sector are engaged in the provision of affordable housing the participation of local councils, housing associations, private investors and developers.

- The crisis on 2008 did not affect its economy to such a degree, to suspend the affordable housing policies, but on the contrary, acted as a stimulus, the cause for the Scottish government to implement new initiatives regarding the planning for and provision of housing.
- Homes Fit for the 21st Century: The Scottish Government's Strategy and Action Plan for Housing in the Next Decade: 2011-2020 that sets out the Scottish Government's vision for housing to 2020.
- Homes Fit includes several programs such as the National Housing Trust (NHT), the New Local Housing Strategy (LHS) guidance, the New Supply Shared Equity Scheme (NSSSES), Homelessness & Housing Support (HHS), the Housebuilding Infrastructure Loan Fund (HILF), the Affordable Housing Supply Program (AHSP).
- The National Housing Trust (NHT) program leverages in private sector funding and council borrowing to support the delivery of homes for intermediate rent. Developers build the homes to agreed standards and timescales. Homes are expected to be available to tenants at an intermediate rent for five to 10 years.



Actions during crisis

- 17 developers for the delivery of over 1,600 homes across 10 council areas.
- 33,490 affordable homes for social rent in last five years.
- A new budget of over £3 billion of investment aims to increase and accelerate the supply of affordable housing (target over 60% increase in affordable housing supply) by delivering at least 50,000 affordable homes for social rent, by March 2021



- The housing policy in South Africa underpins the housing as a “basic need”.
- The formation of the National Housing Forum, a non-governmental body with members from community, government and development organizations, was the starting point of the housing market policy reform.
- The National Housing Finance Corporation founded in 1996 has provided capital to banks for social housing. Through this funding the NHFC has provided 1.5 billion to financial institutions for housing.
- Act, 1997 (Act No 107 of 1997): The South African Government introduced a variety of programs for helping poor households to access sustainable housing.
- From 1994 to 2004 the South African Government invested 27.6 billion which is translated into a delivery of 1.6 million houses.
- In late 2004, the government introduced the “Breaking New Ground” strategy which aimed to lead housing development, promote affordable housing, upgrade settlements and generally influence the economy positively.
- By December 2008, 959415 housing subsidies supporting home ownerships were approved.



SPAIN



- 2000-2008: 4 million units were built, from which rented dwellings accounted up to 16% of new social houses.
- Plan de Vivienda 1992-1995: Targeted in fighting the problem of under-financing and in promoting the building sector towards the enforcement of the Spanish economy.
- State Housing Plan 2009-2012:
 - Determination of measures for the provision of adequate and decent housing for every citizen.
 - The state remains the most important player in the sector.
- Article 148.1.3 of the Spanish Constitution: Gives Spanish Communities exclusive competences over social housing issues.
- Nowadays:
 - Investment only reaches 0.79% of GDP.
 - Steady shift from the public sector (being the sole provider) to the involvement of private and public cooperation.
- Important problems:
 - The reduction of funding due to the increased VAT and the economic crisis.
 - The fact that social housing is not very cheap.



SWEDEN



Through housing policies, the aim has been to promote family formation, increase growth, improve living conditions, facilitate population transfer and keep rents low and stable.

- Since the late 1990s, the state budget for housing actually gives a net income to the State instead of being a substantial expenditure item.
- Both families with children and young people aged between 18 and 29 with a low income and person who has activity or sickness compensation can be entitled to housing allowance.
- There are no special housing policies that target special groups, except for housing for the elderly.

Municipal housing companies (MHC) :

- All households are eligible to live in the Municipal housing companies.
- Dwellings are allocated on the basis of waiting lists.
- Although the MHC is available to all households, the social profile of MHC tenants differs from the overall Swedish average.
- Immigrant families occupy an important share of MHC dwellings.



Tax system :

So the Swedish tax system encourages house purchase over other investment options.

- Tenants do not pay taxes on their tenancies.
- For owner occupiers, 30% of the mortgage interest can be deducted.
- For both tenures it is possible to get a tax rebate of 50% of the cost of repair, renovation and extension work.
- In 2008 both the national real estate tax and a wealth tax were abolished, with the national real estate tax being replaced by a lower property fee.
- These recent tax changes have helped to sustain the buoyancy of house prices.

The Swedish economy, and especially the housing market and housing construction, was significantly affected by the recession in autumn 2008.

The lengthy rise in home prices began to slow down during the course of 2007, and in the second half of 2008 home prices began to fall.

Between 2006 and 2009, housing construction decreased by 65% and interest rates have remained at a historically low level.



USA



Three basic schemes:

- actual provision of social housing in public housing developments run by public housing authorities,
- mortgage insurance and direct lending by the Federal Housing Administration (FHA) -
- rental subsidies where the eligible tenant pays a portion of his or her rent.

- The first governmental initiatives of U.S. for the provision of housing took place little after the Great Depression during the 1930s.
- During the mid-1960s U.S. government adopt a new perspective and made a transition from public housing to public-private.
- There have been numerous programs that involve private and non-profit sectors as partners such as Low-Income Housing Tax Credit, HOPE VI, Housing Choice Vouchers Fact Sheet, Project Based Vouchers and Rental Assistance Demonstration.
- LIHTC, the most major program (1986), gives State and local LIHTC-allocating agencies the equivalent of nearly \$8 billion in annual budget authority to issue tax credits for the acquisition, rehabilitation, or new construction of rental housing targeted to lower-income households.
- The LIHTC provides developers/investors with ten years of tax credits and in exchange, the housing must remain affordable to the targeted low-income population for at least 15 years.



- Housing Choice Voucher program: maximum housing subsidizing rent assistance calculated as the lesser of the payment standard minus 30% of the family's monthly adjusted income or the gross rent for the unit minus 30% of monthly adjusted income.
- FHA - mortgage insurance provision : provides mortgage insurance on loans made by FHA-approved lenders throughout the United States and its territories.
- The proceeds from the mortgage insurance paid by the homeowners are captured in an account that is used to operate the program entirely.
- The FHA and HUD have insured over 34 million home mortgages and 47.205 multifamily project mortgages since 1934.

Policies during crisis

- After the subprime mortgage crisis in U.S. in 2008 there was a great debate whether or not the U.S. government's "affordable homeownership" policies were the major cause of the financial crisis in 2008.
- U.S. government took measures to strengthen the LIHTC program.
- 2008 (HERA), 2009 (APRA) increased the amount of tax credits allocated to each state from \$2.00 to \$2.20 per capita (by setting set the larger of the two tax credits at a minimum of nine percent) and provided \$2.25 billion in grants to state housing finance agencies.



GREECE



The prime aim is to support home ownership.

In this context, the Greek government attempted to provide a variety of housing options for weaker social groups such as:

- primarily land parcels provision.
- dwellings for home ownership provided at low cost.
- rental subsidies.
- rent control policies over the private property market in the whole territory.
- the introduction of a tax-free “first” residence law.
- low interest loans/mortgages for acquiring a first residence.
- housing ownership lottery.

Greece, unlike the rest of EU countries does not have social rental sector and the social housing sector in the country consists of dwellings for home ownership by the Workers Housing Organization (OEK).



GREECE



OEK : Workers Housing Organization

- OEK is the only body implementing social housing policies in Greece and was founded in 1954.
- The social housing sector in the country consists of dwellings for home ownership provided at low cost to workers and employees by OEK.
- OEK was financed through contributions by workers and employees of the private sector (1% on salaries) and by their employers (0.75% of their wage bill).
- Dwellings built by OEK were ceded to beneficiaries at cost, which represents approximately 1/2 of their commercial value in the free market.
- OEK beneficiaries were workers and employees (including financial immigrants) in the private or public sectors who were insured for wage in a main social security organization and who made contributions into OEK, as well as pensioners of all these categories.



OEK : Workers Housing Organization

- Until 2009, OEK was responsible for about 95% of the total annual building activity of the public sector.
- OEK played an active role in the organization of the 2004 Olympic Games, by constructing the Olympic Village; that was a development of 2.300 new housing units. which after the games were used to shelter families with multiple children, and low-income workers.
- Due to the austerity measures that were implemented in Greece by the European Union during the last 6 years, OEK was abolished as a public entity in 2012.

This decision consequently led to the end of the social and affordable housing sector in Greece. Unfortunately, after 4 years the situation remains the same and no further actions have been taken that would set OEK again operative.

CONCLUSIONS



- The global economic crisis and moreover the Greek debt crisis have terminated every effort for social and affordable housing provision in Greece.
- The State funding is simply not existing, there is total absence of any reaction plan and the demand for social housing is keep rising considering the households which are in crisis situation.
- By revising many countries and their response to the economic crisis, the majority of them increased the budget invested for social and affordable housing. In the case of Greece, it is quite obvious that this action cannot be implemented due to segmented Greek economy and the lack of liquidity.

CONCLUSIONS



Proposals

1. Greece needs primarily to restructure its planning system by applying a new and innovative national housing strategy.

2. Greece should focus mainly on involving actively the private sector in housing provision by giving the necessary incentives.
 - I. Greece could grant free public land to potential developers and investors for housing development with the prerequisite that a specific percentage (as 30 %) of the gross lettable area would be used for social housing.

 - II. Rental subsidies could be granted to median and low income families in exchange for tax credits to aforementioned developers.

CONCLUSIONS



Proposals

3. As far as public estates are concerned, there are many unused public estates that could be used as incentives to developers.
 - I. Developers could restructure or renovate them in order to be habitable.
 - II. In second face, they could be rented with favorable conditions to vulnerable households.
 - III. The developer might receive a percentage (i.e. 80%) of the income for a certain period of years (i.e. 10 years).
 - IV. The contract could be re-evaluated.

CONCLUSIONS



Proposals

4. There is a majority of newly constructed private properties that during the economic crisis remain unsold-unrented.
 - I. Developers could rent the vacant houses to low and middle income households receiving a rebated rent either as a part of household income (as 30%) or as a percentage of the market rent (as 70%).
 - II. In exchange they could be provided with property tax/income tax exemption and other incentives.

5. Finally, all the above could be achieved with the subsequent creation of housing associations and local councils that would enable the government to effectively manage and apply such policies and practices.



Thank you!!



Questions???