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## *The importance of housing systems in safeguarding social cohesion in Europe*

## *SOCOHO*

FINAL REPORT

EUR 23159

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EUROPEAN COMMISSION

# EU RESEARCH ON SOCIAL SCIENCES AND HUMANITIES

# The importance of housing systems in safeguarding social cohesion in Europe

## SOCOHO

**Final report**

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## Preface

Within the Fifth Community RTD Framework Programme of the European Union (1998–2002), the Key Action 'Improving the Socio-economic Knowledge Base' had broad and ambitious objectives, namely: to improve our understanding of the structural changes taking place in European society, to identify ways of managing these changes and to promote the active involvement of European citizens in shaping their own futures. A further important aim was to mobilise the research communities in the social sciences and humanities at the European level and to provide scientific support to policies at various levels, with particular attention to EU policy fields.

This Key Action had a total budget of EUR 155 million and was implemented through three Calls for proposals. As a result, 185 projects involving more than 1 600 research teams from 38 countries have been selected for funding and have started their research between 1999 and 2002.

Most of these projects are now finalised and results are systematically published in the form of a Final Report.

The calls have addressed different but interrelated research themes which have contributed to the objectives outlined above. These themes can be grouped under a certain number of areas of policy relevance, each of which are addressed by a significant number of projects from a variety of perspectives.

These areas are the following:

- ***Societal trends and structural change***

16 projects, total investment of EUR 14.6 million, 164 teams

- ***Quality of life of European citizens***

5 projects, total investment of EUR 6.4 million, 36 teams

- ***European socio-economic models and challenges***

9 projects, total investment of EUR 9.3 million, 91 teams

- ***Social cohesion, migration and welfare***

30 projects, total investment of EUR 28 million, 249 teams

- ***Employment and changes in work***

18 projects, total investment of EUR 17.5 million, 149 teams

- ***Gender, participation and quality of life***

13 projects, total investment of EUR 12.3 million, 97 teams

- ***Dynamics of knowledge, generation and use***

8 projects, total investment of EUR 6.1 million, 77 teams

- ***Education, training and new forms of learning***

14 projects, total investment of EUR 12.9 million, 105 teams

- ***Economic development and dynamics***

22 projects, total investment of EUR 15.3 million, 134 teams

- ***Governance, democracy and citizenship***

28 projects; total investment of EUR 25.5 million, 233 teams

- ***Challenges from European enlargement***

13 projects, total investment of EUR 12.8 million, 116 teams

- ***Infrastructures to build the European research area***

9 projects, total investment of EUR 15.4 million, 74 teams

This publication contains the final report of the project 'The Importance of Housing Systems In Safeguarding Social Cohesion in Europe', whose work has primarily contributed to the area 'Towards social cohesion in Europe'.

The report contains information about the main scientific findings of SOCOHO and their policy implications. The research was carried out by six teams over a period of 39 months, starting in September, 2001.

The abstract and executive summary presented in this edition offer the reader an overview of the main scientific and policy conclusions, before the main body of the research provided in the other chapters of this report.

As the results of the projects financed under the Key Action become available to the scientific and policy communities, Priority 7 'Citizens and Governance in a knowledge based society' of the Sixth Framework Programme is building on the progress already made and aims at making a further contribution to the development of a European Research Area in the social sciences and the humanities.

I hope readers find the information in this publication both interesting and useful as well as clear evidence of the importance attached by the European Union to fostering research in the field of social sciences and the humanities.

J.-M. BAER,

Director

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The authors are solely responsible for this report. The European Community and the Austrian Federal Ministry for Education, Science and Culture are in no way responsible or liable for the contents of this report or the use made of it.

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**Abstract**

The SOCOHO project funded under the Fifth Framework Programme and, specifically, the key action for the improvement of socio-economic knowledge base, was intended to research which challenges to the housing systems of the individual countries result from the current crisis of social cohesion and how the various housing systems are responding to these challenges by international comparison.

The approach adopted by the SOCOHO project combines a comparative analysis of the European Household Panel data with supplementary research in six selected countries (Austria, France, Spain, Sweden, The Netherlands and the United Kingdom). The following report presents the results at EU-15 level.

The SOCOHO findings show that the housing systems of the EU member states are very important factors in the maintenance of social cohesion. They fulfil this role by exerting decisive influence on the level of risk of poverty, the extent of social and ethnic segregation, and the dealing of households with the current transformation of family and demographic structures.

At the same time the results from this report also show that the framework conditions created in the last decades on a European level clearly limit the options open to the member states in the area of housing policy: On the one hand a restrictive budget policy was enforced, which led to reductions in housing subsidies, while on the other hand, the European Union established an agreement of role allocation between the market, the state and the social economy, which increasingly takes the public authorities' legitimation for an efficient regulation of the housing markets. In this way, besides the economic basis, the political basis of the housing policy was also undermined. Thus the European Union (in sharp contrast to the pathos of the European Social Policy Agenda) reduced the ability of the national housing systems to secure social cohesion.

To re-establish the action potential of the national housing policies, a new definition of the role allocation between market, state and social economy on a European level would be necessary. Therefore, in spite of the lack of a formal EU housing mandate, the strengthening of the national housing policies to secure social cohesion would have deep consequences on a European level.

# I. EXECUTIVE SUMMARY

## 1. The SOCOHO project

The SOCOHO project is a contribution to the fourth research task in the second call for research proposals of the key action for the improvement of social science knowledge base. The aim of this key action is to deepen our understanding of structural change in EU member states and to examine possibilities for managing this transformation and promoting social cohesion.

The above-mentioned aim also applies to the fourth research task in the second call for research proposals. Under the title 'Towards social cohesion in Europe' it discusses those challenges to economic and social cohesion in European societies arising from increased international competition and intensifying globalisation. Research into this subject should contribute towards a better understanding of the main causes and effects of inequalities as well as the basic conditions and mechanisms of their creation. Furthermore, it should investigate how social cohesion can be promoted.

The SOCOHO project is based upon the assumption that housing systems fulfil very important functions in the continuous reproduction of social cohesion. On the basis of this assumption it makes three significant contributions to the foremost aim of the key action and the themes of the fourth research task in

- describing important aspects of inequality and endangered social cohesion,
- analysing the role of housing systems in the creation and reproduction of related problems and
- pointing towards possible measures through which the respective housing systems could better contribute towards reducing inequality and safeguarding social cohesion than is at present the case.

## 2. The Partner Institutes

The consortium of the SOCOHO project consists of six partners in Austria, France, Spain, Sweden, The Netherlands and United Kingdom. The Austrian participant is the consortium co-ordinator. The co-ordinator provided the idea for the project, triggered the formation of the consortium and is also responsible for the Final Report in hand. The names of the partner institutes are:

**Austria**: SRZ Stadt + Regionalforschung GmbH (http://www.srz-gmbh.com)

**France**: Institut National D'Etudes Demographiques INED (http://www.ined.fr)

**Spain**: University of Barcelona Centre de Recerca en Economia del Benestar UBCN.EREB (http://www.eco.ub.es/~creb)

**Sweden**: Uppsala University Institute for Housing and Urban Research UUPP.IBF (http://www.ibf.uu.se)

**The Netherlands**: Utrecht University Urban Research Centre Utrecht ( http://www.geog.uu.nl/uru)

**United Kingdom**: University of Glasgow Department of Urban Studies UGLW.US ( http://www.gla.ac.uk/urbanstudies)

## 3. On the Methodology of the SOCOHO project

The approach adopted by the SOCOHO project is a comparative analysis. Subject of comparison are those six member states of the European Union which are represented by the consortium partners. National Reports were prepared for all six countries, they form the basis for the comparison. The Final Report of the entire project compares the results of the six National Reports and draws conclusions from them.

All six National Reports as well as the Final Report on hand are organised into three parts: Part III. B) 1. describes three focal points of the actual crisis of social cohesion, Part III. B) 2 describes the housing problems connected with it and Part III B) 3. analyses the role played by the different housing systems in being partly responsible for the housing problems described in III. B) 2.

The National Reports are not only organised identically. To secure the maximum comparability of the results, the same questions and methods were also used to write them. Data from the 1998 wave of the European Community Household Panel (ECHP) and supplementary research in the six comparison countries was used as empirical basis of all comparative analyses.

The supplementary research was necessary because the data of the ECHP is only relevant to households and does not offer any information about the housing system structures. The advantage of this data however is that it is available for almost all the

EU-15 member states. The results found in the six comparison states could therefore be generalised for the EU-15 level.

## 4. Scientific Results

The SOCOHO project's research of the role of the housing systems in the maintenance of social cohesion threatened by current processes of economic and social transformation, has been organised into three steps: Firstly a description of three focal points of the crisis of social cohesion was created (see part 1. of Results). This was followed by a description of the housing problems connected to it (see part 2. of Results). An analysis of the part played by the structure of the different housing systems in being partly responsible for the housing problems described made up the third step (see part 3. of Results). The following summary displays some important results of these three analyses.

### 4.1. The three focal points of the crisis of social cohesion

The three focal points of the crisis of social cohesion that are researched in the SOCOHO project are: 1. The increasing problem of poverty, 2. increasing social and ethnic inequality and 3. the transformation of family and demographic structures. While the analyses in the first and third case were limited to the national level, the problems of increasing social and ethnic inequality were also researched in each country in an important urban agglomeration.

All three focal points of the crisis of social cohesion, but especially increasing poverty and inequality result from the laboured technological change and the increasing internationalisation of production. The latter leads to an increasing stress of competition that limits the scope of the welfare states in the mitigation of the resulting inequalities and risk of poverty by the transfer of social services. In the case of the European welfare states the very restrictive fiscal management by objectives of the Maastricht Treaty, which causes another constriction of the state-controlled operating range, must also be considered.

The growing pressure of international competition finally leads to a weakening of the position of employee in society as well as in state, and thus causes a fundamental change of the polit-economical power-ratio. This has made itself known in an advance of so-called "neoliberalism" since the 1980's. The latter sees the most efficient instrument for the solution to social problems in the market or in profit-oriented commodity production, which is why it continuously wishes to expand this instrument – at the cost of those institutions of social economy and the welfare state that were achieved by the

labour movement, which embody a solidary problem-solving measure that stands diametrically opposite the logic of profit and product.

Just as with the fiscal limitation of the social welfare action scope, the European Union also plays a key role in the implementation of the market economy organisation pattern in the member states. Its related management of objectives plans an increased privatisation of risk provision for the classic action fields of the welfare state (old-age and medical provision), and therefore leads to a further decisive weakening of the position of the welfare state.

The "reform"-entitlement of the privatisation ideology goes far beyond the core zone of welfare state actions, and finally stretches to all functions previously worked by public authorities, from infrastructure (traffic, energy, telecommunication) to the housing system to art promotion. In all named cases, the need-oriented provision of values in use that are produced socio-economically and financed by taxes are increasingly replaced by profit-oriented production of values in exchange, which necessarily leads to a further increase of inequality and exclusion.

In the comparative analysis of the consequences of the all-European processes for the situation in the individual countries described, the SOCOHO project sorted each of the countries into a typology of **welfare state models** which contains a southern welfare state model that describes the situation in the Mediterranean countries besides the social democratic, corporative and liberal welfare state models distinguished by Esping Anderson.

As with all typology, the one used here is really only a snapshot of a reality constantly in movement. The main tendency of this movement is currently that international location competition and the ideological advance of neoliberalism, which is supported by the mentioned EU specifications, are creating **pressure for convergence** towards an increasingly stronger implementation of elements of the liberal welfare state. While this leads to the displacement of national- or group-specific solidary services through market-economic offers for problem solutions in the socio-democratic and corporatist welfare regimes, one can observe stronger efforts for the introduction of (partly regional) minimum standards of social security in the southern welfare state regimes.

The described development in the individual countries naturally neither runs continuously nor parallel with other countries, but, depending on the change of the respective political power ratio, jumps in and delays. So the welfare regimes in Sweden and the Netherlands had to permit deep cuts during the 1990's, while a forced deconstruction of the welfare

state in Austria has only been implemented since the year 2000, the year the conservative right-wing populist government coalition came into power.

In the focal points of the crisis of social cohesion, the trends described above have led to the following situation in the countries researched by the SOCOHO project:

- Poverty and income inequality are largest in the United Kingdom and Spain, the two comparison states that were allocated the liberal or southern welfare state model.
- The liberal welfare model of the United Kingdom also comes off especially badly in the closer research of the social situation of household types that are in the centre of the social change.
- Sweden, previously a role model for social democratic welfare regimes has lost its top position and now only holds a medium comparison position.
- In the urban agglomerations researched, the income inequality and ethnic differentiation due to international migrations are more distinct than on a national level.
- Changes in social relationships caused by social transformation weaken the economic stability of the households in all comparison countries, because they cause more frequent changes in household sizes, number of income recipients and therefore also in household income.
- Additional insecurities and risks also cause a universally observable reduction of the continuity of individual employment biographies.

### 4.2. Housing problems connected to the crisis of social cohesion

**HOUSING PROBLEMS OF POOR AND VULNERABLE HOUSEHOLDS:** As expected, the poor have a far worse housing quality than other households on a European level. This quality deficit is connected with reduced housing costs, but the latter result in a distinctly higher percentage of housing cost burden of the household income due to the low income-level. Therefore the poor are more often overwhelmed by housing costs than the other households.

The individual countries follow different paths in attempting to minimise the housing costs for poor and vulnerable households: For example, Austria is trying for a general reduction of the **average** housing costs while at the same time causing only slight cost advantages for poor and vulnerable households. The other researched countries are however, relying more on socially selective cost reductions. France has attained this by

considerable quality reductions for the poor, which leads to a bad comparison result of their housing quality.

The relatively good results of the United Kingdom and Spain in housing costs and housing quality of the poor and vulnerable households show, that the housing systems fulfill important compensational functions in securing social cohesion especially for these two welfare regimes so threatened by poverty and inequality. In reverse, the poor cost results of Sweden and the Netherlands indicate that, unlike in Austria, the housing systems here have been completely enfolded by the process of transformation, and are therefore weakened in their ability to secure social cohesion.

**SECTORAL AND SPATIAL SEGREGATION**: The housing policy strategy of a wide-ranging but socially hardly differentiated reduction of housing costs practised in the Austrian housing system has an important side-effect in the area of housing quality: The relatively low total level of Austrian housing costs results in rather low sectoral and spatial segregation of the various income groups in international comparison. This again has the result that in Austria not only the poor but other households also suffer far less often from low social quality in their housing area than is the case in the rest of Europe.

On a European level there are however, distinct tendencies towards spatial segregation of different income groups, in which the respective effects in housing quality can be observed: Among the SOCOHO comparison countries, the overrepresentation of the bottom 20% in dwellings with low quality of social environment is especially marked in those countries, in which the bottom 20% are over-represented strongest in the cheapest segment of rented dwellings.

**HOUSING EFFECTS OF INSTABILITY OF THE ECONOMIC BASE OF HOUSEHOLDS**: The research of the effects of decreasing stability of the economic base of individual households for the housing situation of households shows on one hand, that a reduction in household income does not lead to serious difficulties in paying housing costs on an EU average of 94% of cases. On the other hand it clarifies that 95% of households with reduced income can avoid payment problems without having to move to a cheaper dwelling. These very satisfactory results prove that the housing systems of the EU member states still offer relatively high security in cases of income problems. The mentioned results are also one possible explanation for the rather low average level of housing mobility in the EU, by global comparison.

### 4.3. The role of the housing systems in safeguarding social cohesion

**GENERAL HOUSING TRENDS**: The structures of the housing systems throughout Europe are massively affected by the neoliberal change in economic and social policy. This leads to a new definition of the role allocation between market and state, which shows itself in the following housing-political trends:

- Withdrawal of the state from the regulation of private rental dwelling markets
- Distinct reduction of the budget funds made available for the housing sector
- Reduction of direct and indirect supply subsidies in favour of specific support of housing demand from vulnerable groups, whose housing provision is threatened by the increasing dominance of the market in housing.
- Privatisation of public or semi-public housing stock.

These just described general tendencies show, among others, the following national accentuation in the countries researched by the SOCOHO project:

- As the point of origin of the neoliberal turnaround, the United Kingdom is affected by the mentioned developments a few years earlier than the other countries, whereby the amount of privatisations is especially large here.
- Austria has been rebelling against the neoliberal turnaround in the housing policy longer than the other social democratic and corporatist welfare state, but has always practised very high direct subsidising of owned property.
- As representative of the southern welfare state model, Spain takes a special placing, since a rather low level of housing political interventions is taken for granted in the first place. From the trends mentioned, especially the expansion of demand subsidy for vulnerable groups is important.

**HOUSING PROBLEMS OF POOR AND VULNERABLE HOUSEHOLDS**: The differences that were shown in Part III. B) 2. in the handling of housing costs of poor and vulnerable households result from the respective differences in the general housing political approach. In the area of the SOCOHO comparison countries, three such approaches can be ascertained:

The first wishes to result in a rather low general level of housing costs through continuous supply-sided interventions in the housing market. The second approach, oriented on the neoliberal concept, consists of the specific financial support of poor

demanders on a basically free housing market. The third approach wishes to achieve additional price-reductions for the poor through laboured social gradations of housing quality via various supply- and demand-sided measures. The housing policy of each of the researched countries contains elements from all three approaches. It is the weight of these elements in the total design of the housing policy that differs.

- While the United Kingdom and Spain are realising approach (2) fairly intransigently (expansion of the demand-sided subsidies for the poor, and cancelling of regulation of private rents), France combines elements from approach (2) with some from approach (3) (quality-related amounts of supply subsidies and income-related rent supplements).

- Sweden and the Netherlands are keeping the private rental sector completely regulated according to approach (1), but over the course of the 1990's, switch to approach (2) in the field of subsidies (extensive release of direct supply-sided subsidies in favour of demand-sided subsidies for the poor).

- The housing policy in Austria is marked by two opposite tendencies: On one hand, price regulation and tenant protection are being reduced in the private rented sector stronger than in the two latter mentioned countries, while on the other hand, comprehensive direct supply-sided subsidies are upheld.

Besides the obvious negative effects of approach (3) for the housing quality of the poor and the social segregation, an assessment of the success of the strategies mentioned has the following results:

- The consistent and long-term practise of supply-sided approach (1) is hardly more expensive in a sustainable design of the subsidy system than the changeover to demand-sided subsidies, and actually leads to a distinct moderation of the general level of housing costs.

- A better specified relief of the poor succeeds in those comparison countries, that are vehemently relying on approach (2) (the expansion of demand-sided subsidies at the expense of supply-sided subsidies), but the successes in this neoliberal approach partly rely on the long-term effects of the supply-sided housing policy that was practised for decades previously.

**SECTORAL AND SPATIAL SEGREGATION**: In the problem of spatial segregation of different income groups, especially important concerning urban agglomerations, the superiority of a supply-sided housing policy proves itself. Namely, this segregation mostly appears where the withdrawal from supply-sided subsidies leads to a shortage of social

housing, which forces the still available social dwellings to be exclusively reserved for poor or vulnerable households via low-placed income levels and/or income-related rent supplements.

Besides the segregation of different income groups, all comparison countries show a more or less strong spatial segregation of ethnic minorities and/or poor immigrants, which goes along with considerable deficits in the housing areas concerned. Since the housing political resources that are saved by neglect of those quarters benefit the majoritarian or native population, one must conclude that here the capacity of the housing policy for the maintenance of the social cohesion in the area of the native or majoritarian population is strengthened via the social exclusion of ethnic minorities and immigrants.

**PROBLEMS CONNECTED TO INSTABILITY OF THE ECONOMIC BASE OF HOUSEHOLDS:** Most housing systems are distinguished by different structural barriers for housing mobility, which severely inhibit dealing with job or family related economic instability. Besides too high, mobility-inhibiting owner quotas, one must especially mention the price differences which exist in social housing between older and newer flats, and in the private rented sectors between the yet-to-be-signed tenancy agreements and those that have existed for a longer period of time.

These structural barriers are especially high in those countries where limited deregulation on new rental agreements took place in the private rented sector, and where no rent pooling is practised in the social rented sector. The first impediment to mobility primarily concerns young adults, young families with children, immigrants and single parents - the very households that are strongly affected by economic instability. In the second case especially the mobility of senior citizens is reduced, which has a negative effect on the age-related underoccupancy rate.

While voluntary housing mobility is an important strategy in dealing with income instability, involuntary mobility that is forced by having been given notice is an additional economic issue for the households concerned. From this point of view, the housing systems of the Netherlands and Sweden have a model status with respect to their comprehensively functioning tenant protection and low rates of fixed-term tenancies.

## 5. Policy Implications

The analyses of the SOCOHO project confirm the original hypothesis, that the housing systems of the EU member states are very important factors in the maintenance of social cohesion. They fulfil this role by having considerable influence on the height of risk of poverty, the extent of social and ethnic segregation and the treatment of the households with the current transformation of family and demographic structures.

Since a formal EU mandate for a European housing policy does not exist, and is not desired by the Commission nor the Housing Ministers of the member states, there can be only one very important conclusion from the mentioned result on the European level: It is that the European Union should secure **economical and political framework conditions**, which enable an efficient housing policy on a national level.

Another main result of the present project should be related to this policy implication: As the development of the housing systems in the comparison countries shows, the framework conditions created in the last decades on a European level have considerably limited the options open to the member states in the area of the housing policy, and therefore (in sharp contrast to the pathos of the European Social Policy Agenda) distinctly weakened the strength of the national housing systems to secure social cohesion.

On one hand the monetary-political convergence criteria agreed upon in Maastricht enforced restrictive budget-political measures, which withdrew the economic resources for an active participation in the building of new social rented dwellings and the subsidising of demand from the national states. On the other hand the political practise of the EU in the areas, which underlie a European regulation established an agreement on the role allocation between market, state and social economy, which increasingly takes legitimation from the public authorities for an efficient regulation of the private rented sector. In this way besides the economic basis, the political basis of the housing policy was also undermined.

Therefore if the goals of securing or re-establishing the action potential of the national housing policies were accepted on a European level, a new definition of the role allocation between the market, the state and social economy, which would contradict previous practise would be necessary. The acceptance of the named goal would therefore have deep consequences on a European level in spite of the lack of a formal EU housing mandate.

To name only one of many direct demands derivable from this goal, one must remember the expected effects of the EU expansion for the tax system: The partially very low

income and property taxes of the accession countries have already brought a new dynamic to the general tax reduction race. The inevitably resulting further reduction of the action potential of the national housing policies could only be hindered by vigorous measures to the containment of this race.

The conclusions on a European level show that the trend to carry through liberal welfare regimes resulting from the global location competition and the specifications of the EU limits the functions of the housing systems in the maintenance of the social cohesion considerably. But because of a lack of a formal EU housing mandate, it would be more likely in the national housing policy than in many other areas (given the political drive needed), to resist the destruction of solidary problem solving measures that is connected with the establishment of market-economical structures.

Such resistance could rely on the results of the present project, which comment on the grave deficiencies in the respective demand-sided approach of the liberal welfare regime. These results show that the support systems in the centre of every approach are not a match for the housing cost increase that resulted from the deregulation of the housing markets, which leads to a general increase in the housing cost burden. Beyond this, it becomes clear that reduction of the size of the social rented housing sectors connected with the reduction of supply-sided subsidies and the privatisation of social rented housing sectors has led to an increase in segregation tendencies, especially in urban agglomerations, which brings a serious danger for the social cohesion of the housing quarters affected with it.

Compared to this, the traditional, supply-sided approach of the housing policy produces far better results in the general height of the housing cost burden as well as in the degree of social segregation. Its weakness is the insufficient system of individual aid, which cannot supply sufficient additional cost reductions for vulnerable groups.

What follows from this report is that the member states should strive for a balanced mixture of supply- and demand-sided elements in their housing policies, which should lead to a strengthening of the supply-sided elements in most cases. Furthermore this means that all elements of the supply-sided approach still available in the fields of direct subsidies for social rented dwellings and regulations of the private rented sector must be kept in a form according to current needs.

A realisation of these conclusions requires the states, that have strongly reduced their total volume of housing subsidies over the last few years, to spend a bit more on the housing system, while those countries that can still show rather high subsidy spending should not reduce any further. One must thereby bear in mind that a decrease of public

spending in the housing policy very often leads to consequential costs in other areas because of the important function of the housing system for the maintenance of social cohesion.

The conclusions come to so far concerned the basic significance as well as the general orientation of the housing policy and mostly applied to the effects of the housing policy on vulnerable groups and social and ethnic segregation. Finally, there are a few policy implications to mention which refer to establishing of structural conditions, which support the households in overcoming their increasing job- or family-related economic instability.

As the analyses of the SOCOHO project show, steps that on one hand raise the possibility for voluntary housing mobility and on the other hand reduce the danger of involuntary mobility are necessary for this. Besides an improvement of the often already patchy tenant protection, a reduction in the portion of fixed term tenancies and a limiting of mobility-inhibiting increase of ownership quotas, it is about measures which lower the mobility barriers in the rented sector by reducing in a socially reconcilable way the often very high price differences which exist in social housing between the older and newer flats, and in the private rented sectors between the yet-to-be-signed tenancy agreements and those that have existed for a longer period of time.

## II. BACKGROUND AND OBJECTIVES OF THE PROJECT

### 1. Three basic assumptions

The SOCOHO project is based on the hypothesis that current processes of economic and social transformation in Europe call into question traditional forms of reproduction of social cohesion, among others on the following five levels:

1) In view of the far-reaching transformation of economic and employment structures, individual integration into society on the basis of employment is a growing problem. Progressive career development with long-term employment and secure income development is being replaced by short-term employment with high risk of unemployment and income reduction.

2) While the resulting risk of poverty is increasing, the capacity of welfare state systems to cushion this risk is diminishing.

3) As a consequence of these developments the number of households which are temporarily or permanently affected by poverty and social exclusion is rising in many countries, leading to an increase in the general level of social inequality.

4) This growing inequality endangers social cohesion, especially in the cities where it is connected with integration problems resulting from international migration. Processes of social and ethnic segregation in urban areas lead to a high concentration of socially deprived households in particular parts of cities. This frequently sets in motion downward development spirals which further worsen the living conditions of already disadvantaged social groups.

5) Parallel to the above-mentioned changes, demographic and social factors which promote integration are in transformation. Two of the most important developments on this level are the regressive importance of traditional forms of partnership and how the generations live together as well as ageing societies.

The five above-mentioned phenomena are interconnected in many ways and point towards common causes. They cannot be seen as the coincidental appearance of individual social problems but rather as a general crisis of social cohesion caused by the social and economic system. This crisis is so encompassing that it is no longer possible to assume that there is an unquestioned integrated majority of society which can be contrasted to marginal groups who need to be integrated.

A **second basic assumption** is opposed to the basic hypothesis on the general crisis of social cohesion. This says that housing systems fulfil extremely important functions in the continual reproduction of social cohesion, which should be made clear by the following: From an economic perspective the integration of the individual into society takes place on the one hand in the sphere of production and on the other in that of consumption. The dwelling has a special position among all consumer goods both because it is indispensable and because of the exceptionally high investment required for its production. On society level, this exceptional position leads to the establishment of mechanisms which support individual households in solving their housing problems. In doing so, market mechanisms which operate in the consumption of other goods are partially set out of force. On the part of the households this extraordinary position is expressed in the fact that the way in which they buy or rent their accommodation has serious longterm effects on individual lives since it not only influences saving behaviour, consumption and leisure time activities but also mobility.

However, the housing system not only determines the behavioural scope of individuals in the direct way mentioned above. It has a further indirect influence on their opportunities of life because it determines the distribution of households of various social levels and ethnic origin within development areas by establishing the conditions of supply and demand of housing. It determines the distribution of various types of housing within sub-regions of housing developments on the one hand, while on the other it defines to what extent individual demographic groups have access to sub-segments of existing housing. The combination of these two control mechanisms results in highly specific patterns of social and ethnic segregation which have a determining influence on the quality of life in individual residential areas.

Since the influence of segregation on the quality of life in urban areas is more visible due to the very high population density, the hypothesis that the integration capacity of housing systems is of greater significance in urban areas can be formulated as the **third basic assumption**.

## 2. Four main questions

It follows from the high relevance of housing systems for the reproduction of social cohesion that these also have a decisive role to play in overcoming the current crisis of social integration. Against this background, the SOCOHO project intends to answer the following four main questions.

a) To what extent do the various housing systems alleviate or aggravate the increasing risks of poverty faced by households?

b) To what extent do they take into account the current transformation of family and demographic structures?

c) To what extent do they alleviate or aggravate the dangers in many urban areas arising from increasing social and ethnic diversity?

d) What housing provision measures could lead to a reduction in the problems resulting from increasing risks of poverty, the transformation of family and demographic structures and increasing social and ethnic inequality?

## 3. Illustration of main questions with examples

In order to illustrate the importance of these questions, the following examples are intended to highlight the relationship between housing provision structures on the one hand and increasing risks of poverty, the transformation of family and demographic structures and segregation on the other. At the same time, the themes touched upon outline important dimensions taken into account by the SOCOHO project in comparing the housing systems of the individual countries.

### 3.1. Housing costs and spending power of socially deprived households

Housing costs considerably reduce disposable income and the proportion of housing costs to household income is generally higher among lower income groups than among the better off. However, the scale of this additional burden on the socially deprived depends upon the housing system. This therefore has a decisive influence on the differences in spending power between the various social groups.

### 3.2. Housing costs and risks to income

While household incomes are becoming increasingly unstable, housing costs agreed in long-term contracts or mortgages are at a fixed level. However, a wide range of measures can be implemented which adjust the level of housing costs in relation to the current level of household income. These provisions consist of the establishment of special grants, repayment conditions adapted to income level for subsidised loans or other relevant measures. The more a housing system has a range of measures at its disposal to connect the level of household income to housing costs, the more it will be able to cope with the growing insecurity in income development.

### 3.3. Barriers to mobility as poverty traps

Low mobility is a determining factor in the creation of 'poverty traps' in two respects. On the one hand it means that there is less inclination to change jobs, thereby reducing the scope of a household to take advantage of opportunities to improve or secure income levels, and on the other, reducing housing costs by moving into cheaper accommodation can be an important individual strategy for absorbing temporary or permanent reductions in income. It is true that degrees of mobility are influenced by numerous social factors but in each case the structures of the housing system play a decisive role. Two important barriers to mobility are outlined below as examples.

- Often flat- or house ownership has a negative influence on mobility. This is not only connected to emotional ties to the property but also to the difficulties involved in selling or renting out a dwelling which is no longer needed. The problem is particularly aggravated by the fact that property values sink in regions where poor economic conditions motivate households to want to move to another area.

- In the field of rented property, mobility is considerably inhibited if price differences between older and newer accommodation are too great. Certain price differences based upon the age of property can be observed in most countries. However, numerous special factors can magnify or reduce these differences and thereby exert a structural influence on the readiness of households to move. Price liberalisation measures, which apply only to newly agreed rent contracts but not to existing ones are a relevant example. Another example is the successive cuts in the level of subsidy measures which increase the price of new housing in comparison to older dwellings. A contrary example is the formation of so-called rent pools which can balance the effects of sinking subsidies.

### 3.4. Mobility barriers as obstacles in the transformation of family structures

Housing system structures which promote or restrict mobility are not only significant in overcoming risks to employment and income but are also highly relevant for the measures made necessary by social and demographic change. For instance, the appearance of a varied range of new ways of living together which are successively taking the place of the traditional family creates the need for the affected individuals to adapt their living conditions as easily as possible to fit in with the current household constellation – and this is only possible if there are no barriers to mobility.

The relationship between the generations has also been redefined in the course of the breakdown in family structures. Whereas the proportion of multi-generation households is continually decreasing, new types of three or four-generation families can be observed, in which support with mutual help and care remains in place even over great distances. With what intensity and quality this new form of 'intimacy at a distance' desired by the generations involved can be experienced is highly dependent on the housing system, whereby price differences between older and newer property or rents also play a decisive role here. Very large differences artificially further reduce the already low mobility of more elderly households since it is very difficult for them to move under these circumstances.

The ever-growing problem of insufficient occupation of housing by the elderly as a result of ageing European societies is not merely the consequence of an almost 'natural' reduction of mobility in the elderly but is caused to a great extent by the lack of a sufficiently large, attractive and reasonably priced supply of smaller flats. From an economic point of view, the resulting involuntary insufficient occupation of accommodation by the elderly amounts to a waste of residential accommodation on a giant scale.

### 3.5. Housing policy and segregation

Housing provision structures have a decisive influence on the extent and type of existing tendencies towards social and ethnic segregation. The relationships between them are however extremely complex, whereby particular attention should be paid to subsidy, rent and renovation policy. Some important aspects of the connection between subsidy policy and segregation are outlined below as examples.

- If there is a very low amount of subsidised housing it is necessary to make an extremely selective choice between potential occupiers through a rigorous selection process and subsidy adjustments to match increased income. Although this makes the selection process more efficient it means that social housing will be occupied by a very high concentration of low income households which enormously increases the danger of creating ghettos.

- In contrast, if the total volume of the subsidised housing sector is very large, a far more balanced social mix will be achieved but there is then an increased risk of subsidies being granted to those who do not fulfil the criteria.

- The division of subsidy measures into a variety of forms for different income groups and types of households can alleviate the problem of a lack of effective selection but once again creates social mono-structures in the housing provided.

## III. SCIENTIFIC DESCRIPTION OF PROJECT RESULTS AND METHODOLOGY

### A) METHODOLOGY

#### 1. Structure of the Project

In order to answer the four main questions posed by the SOCOHO project[1], necessary research was started in the six comparison countries. The documentation of the results can be found in the identically structured National Reports. The six National Reports form the basis for the Final Report on hand. This structure of the total project corresponds to an organisation in three phases:

**Phase 1:** 'From draft to detailed concept'

(1. 9. 2001 – 31. 12. 2001; duration: 4 months) During this stage the consortium partners:

- drew up first national overviews about the situation in the six countries chosen as subjects of comparison
- established common methodological principles for handling statistical data and other information in order to achieve high-quality comparable data.

**Phase 2:** 'Reports for the individual countries'

(1. 1. 2002 – 31. 10. 2003; duration: 22 months) During the second phase of the project, consortium partners drew up reports on their countries, which can be downloaded from the SOCOHO website. Each of these six reports complies with the methodological principles established in Phase 1. Analyses deals with the problems on national level. However to investigate segregation problems arising from growing social and ethnic inequality the situation in an important urban agglomeration was examined.[2]

**Phase 3:** 'Final report'

(1. 11. 2003 – 31. 8. 2004; duration: 10 months) During the last phase of the project, under the guidance of SRZ (as consortium leader), the Final Report was drawn up which covers the following five points:

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[1] See Background and Objectives of the Project

[2] The following urban agglomerations were examined in the six comparison countries: In Austria: Vienna, in France: Paris, in Spain: Barcelona, in Sweden: Örebro, in The Netherlands: The Hague and in United Kingdom: London

- summary of the statistics drawn up for the individual countries in the form of international comparative overviews;
- comparative interpretation of the situations in the individual countries;
- comparative interpretation of the situations in the cities studied;
- summary assessment of the problem area dealt with in the SOCOHO project at European level.

## 2. Research Questions and Structure of the following Report

The results of the 'First national Overviews' that were written by each of the partner institutions at the beginning of the project showed that one can assume three focal points of the crisis of social cohesion in answering the main questions of the SOCOHO project:

1) An increasing problem of poverty

2) Increasing social and ethnic inequality

3) The transformation of family and demographic structures.

Investigation of each of these three problem areas took place on three levels:

A) Description of each focal point of the crisis

B) Description of the housing problems connected with it

C) Analysis of the role played by the structure of the country's housing system in being partly responsible for the housing problems described.

The six National Reports as well as the Final report on hand are organised respectively: Part A of each Report is dedicated to the description of the three focal points of the crisis of social cohesion. Part B has the description of the housing problems connected with it and Part C analyses the role played by the housing system in being partly responsible for the housing problems described in Part B.

Since each of the three focal points of the crisis of social cohesion were researched on three levels respectively (A, B, C), a total of nine (3x3) research areas resulted. In order to research these nine areas, a total of **18 research questions** were formulated on which all investigations, evaluations and interpretations of the SOCOHO project were orientated:

1. POVERTY

A) Description of poverty **QUESTION 1**: What is the extent of poverty in the individual countries?

B) Housing problems connected with poverty **QUESTION 2**: How far do housing costs reduce the disposable household income of the poor? **QUESTION 3**: What housing quality can each housing system make possible for the poor?

C) Partial responsibility of the housing system for the housing problems of the poor **QUESTION 4**: Which structures in each housing system affect the burden of housing costs for the poor? **QUESTION 5**: Which structures in each housing system affect the deficit in housing quality of the poor?

2. SOCIAL INEQUALITY AND ETHNIC COMPOSITION

A) Description of social inequality and ethnic composition **QUESTION 6**: What is the extent of social inequality and of which kind is the ethnic composition?

B) Housing problems connected with social inequality and ethnic composition **QUESTION 7**: What is the extent of spatial segregation of different social and ethnic groups?

C) Partial responsibility of the housing system for segregation **QUESTION 8**: Which structures in each housing system affect the formation of spatial segregation of different social and ethnic groups? **QUESTION 9**: Which structures in each housing system affect the way society is dealing with existing spatial segregation of different social and ethnic groups?

3. TRANSFORMATION OF THE SOCIO-DEMOGRAPHIC STRUCTURE

The SOCOHO project examined the following three important aspects of the transformation of the socio-demographic structure:

(1) The economic base of individual households changes more frequently due to:

- more frequent changes in the size and make-up of households;
- more varied occupational biographies with the increasing danger of at least temporary breaks in employment.

(2) The changes in households themselves and in the field of employment mean that two groups of vulnerable households are becoming more important and therefore will also

present challenges to housing systems: single parents and young adults, who have more economic problems due to the greater difficulties of those starting work

(3) There is a large increase in the importance of senior citizen households

The following research questions arose from concentration of the analysis on the three above-mentioned aspects:

A) Description of three selected aspects of the transformation of the socio-demo-graphic structure **QUESTION 10**: How frequent are changes of the economic base of individual households? **QUESTION 11**: What is the significance of single parents and young adults and what is their economic situation? **QUESTION 12**: How is the importance of senior citizen households developing and what is their economic situation?

B) Housing problems connected with the transformation of the socio-demographic structure **QUESTION 13**: How serious are the housing problems arising in connection with the increasing economic instability of households? **QUESTION 14**: How serious are the housing problems of single parents and young adults? **QUESTION 15**: How serious are the housing problems arising as a result of ageing?

C) The partial responsibility of each housing system for the housing problems connected with the transformation of the socio-demographic structure **QUESTION 16**: Which structures in each housing system affect individual households when dealing with instability? **QUESTION 17**: Which structures in each housing system affect the housing problems of single parents and young adults? **QUESTION 18**: Which structures in each housing system affect the housing problems arising in connection with ageing?

### 3. Empirical and Conceptual Base

To answer the research questions a system of comparison indicators was developed whose markedness for each of the six countries needed to be researched. In order to produce comparable results, as much of the data from the **European Community Household Panel (ECHP)** as possible was used for the calculation of the comparison indicators.

Data from this survey relates both to the housing and the social situation of households. Therefore, at the individual household level, it enables comparable analysis of the connections between poverty, social inequality and transformation of the sociodemographic structures on the one hand and housing provision on the other, which form the basis of this project. The advantage of this data however is that it is available

for almost all the current member states of the European Union. The results found in the six comparison countries could therefore be generalised for the entire European level.

Questions about development and actual structures of national housing systems (information about the structure of subsidies, the legal framework etc.) which could not be answered at household level had to be answered by **supplementary research in the six comparison countries**. In order to produce comparable results in every case, this supplementary research was based upon an identical and as precise as possible formulation of contents and principles of the supplementary research. These were part of the common methodological framework developed in the first phase of the project.

The qualitative and quantitative indicators that were researched based on the data from the ECHP and the supplementary research are shown in the frame of international comparative tables and overviews which can be found in the annex. The indicators shown in the tables to Part III. B) 1. describe the three focal points of the crisis of social cohesion, while the indicators shown in the tables for Part III. B) 2. are related to the housing problems connected with them. The indicators contained in Part III. B) 3. describe those structural factors of the different housing systems, which lead to the worsening or improvement of the housing problems mentioned.

One indicator can be relevant to various housing problems. It is also possible that it can in one case improve the problem, while in another lead to worsening it. Let us view this situation through the indicator "Share of dwellings with income related rent supplements in the social housing sector", that is shown in the frame of table C-16:

The existence of dwellings with income related rent supplements in the social housing sector can sometimes lead to households with improving income leaving their subsidised dwelling in order to make room for poor households. A high share of dwellings with income related rent supplements therefore influences the burden of housing costs of the poor on the one hand and their housing quality on the other hand. In the first case the mentioned factor has an improving effect, because households with improved income moving increases the offer of affordable dwellings for the poor. In the second case however it worsens the problem, because it increases social segregation and therefore decreases the average quality of the social environment in the social housing sector.

The common methodical framework that was formed in the course of Phase 1 of the project includes a systematic display of the complex relationships between the structural factors in the area of housing systems and those housing problems related to the crisis of social cohesion as just described with an example. This display is the basis for all such interpretations in the individual National Reports and the Final Report on hand.

Another basis for all analyses of the function of housing systems in safeguarding social cohesion in Europe is the discussion on the **concept of social cohesion** led in the course of Phase 1. The result of this partially very controversial discussion were three papers which can be found in the annex.

A concept is presented in the first paper, that sees social cohesion to a large extent as a phenomenon of personal interaction within the framework of neighbourhood, friendship, family, membership, educational, and work relationships. The second paper criticises this position by referring to the fact that the socio-economical structures beyond these interhuman social contacts also create social cohesion or social exclusion. The third paper takes on this criticism and develops a concept of social cohesion, which incorporates the micro-level of personal interactions as well as the macro-level of so-cio-economical structure.

These three papers can be seen as a sequence of thesis (first paper), antithesis (second paper) and synthesis (third paper), which shows the outlines of the discussion on the concept of social cohesion held in the SOCOHO project.

The methodological approach of the SOCOHO project assumes that each housing system, as an important aspect of socio-economic structure on the macro-level, represents a certain type of social cohesion. So it is clear that this approach is based on the concept of social cohesion described in the second and third paper. More evidence of the position of the concept of social cohesion in the context of the SOCOHO project can be found in Chapter 4 of the third paper (see Annex, p. 108)

## B) RESULTS

### 1. Three Focal Points of the Crisis of Social Cohesion

As mentioned[3], the SOCOHO project is acting on the assumption that current proc-esses of economic and social transformation in Europe are leading to a general crisis of social cohesion. In order to study the role of housing systems in securing social cohesion, the manifestations of this crisis must be described in international comparison. This will follow via the analysis of three focal points of the crisis of social cohesion. It concerns (1) the increasing problem of poverty, (2) the increasing social and ethnic inequality and (3) certain transformations of family and demographic structures.

[3] See “Three basic assumptions”, Chapter II. Background and Objectives of the Project

If one, as is usual for comparisons on a European level, defines poverty as relative poverty, then there are some common reasons for the tendential increase of poverty and social inequality. First it needs mentioning that the current usual form of economic growth inherently leads to a constantly increasing lag of lower incomes if only for the fact that wages and pensions are raised by percentages.

The search for further reasons for increasing poverty and social inequality must assume that the chances for manpower to participate in technical progress are unequally distributed for various reasons. The further development of technologies therefore leads to a division of labour into so-called modernisation winners and modernisation losers. The analogous is valid for the process of internationalisation. In this case individual groups can also profit especially strongly from certain location advantages in the respective country, while others become victims of partial worsening of the position in international competition.

The internationalisation of production not only causes an increase of social inequality and poverty within the individual countries, but also increases the prosperity gradient between the countries and continents[4]. For this reason it starts a movement of man-power, which causes, besides social inequality, ethnic inequality in the centres of prosperity (therefore also in the member states of the European Community).

The increasing international competition finally leads to the limitation of the action scope of the welfare states in the mitigation of the developing inequalities and risk of poverty by social services. This effect is strengthened even more in the case of the European welfare states because of the participation in a common European currency, because the extremely restrictive fiscal management by objectives of the Maastricht Treaty causes a further constriction of the national action scope. The growing pressure of international competition and division of labour into modernisation winners and modernisation losers finally leads to a general weakening of the position of employees. This change of the economical power-ratio has made itself known in an advance of so-called "neoliberalism" since the 1980's. The latter sees the most efficient instrument for the solution to social problems in the market or in profitoriented commodity production, which is why it continuously wishes to expand this instrument – at the cost of those institutions of social economy and the welfare state that were achieved by the labour movement, which embody a solidary problem-solving measure that stands diametrically opposite the logic of profit and product.

[4] In this case it is the balance of power between trading blocs that is the main problem, not internationalisation per se.

Just as with the fiscal limitation of the social welfare action scope, the European Union also plays a key role in the implementation of the market economy organisation pattern in the member states. Its related management of objectives plans an increased privatisation of risk provision for the classic action fields of the welfare state (old-age and medical provision), and therefore leads to a further decisive weakening of the position of the welfare state.

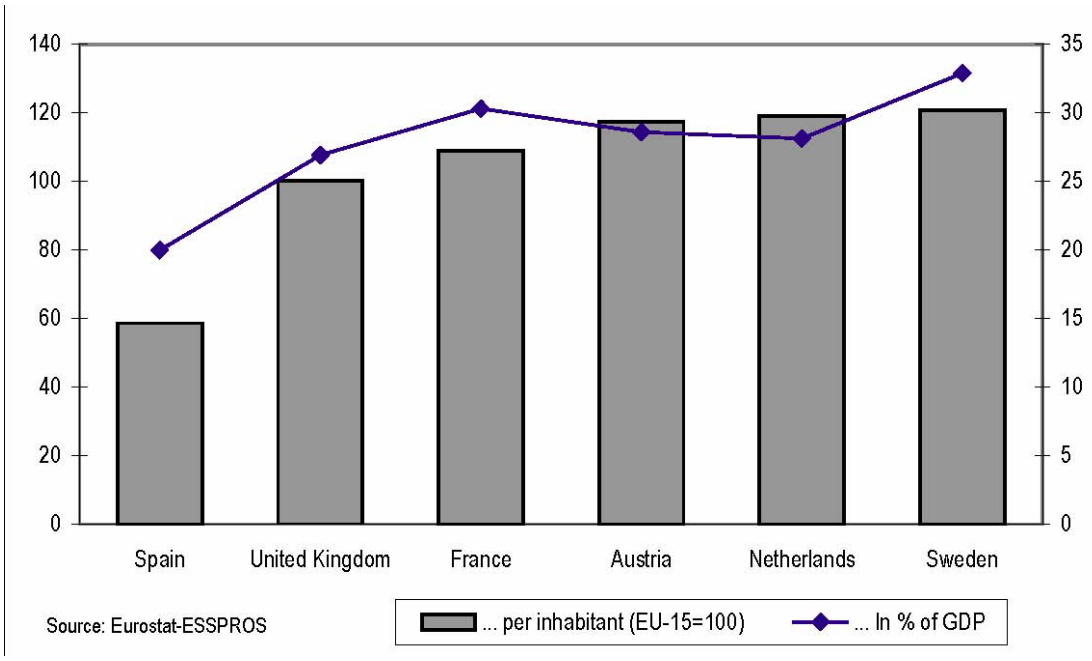
The "reform"-entitlement of the privatisation ideology goes far beyond the core zone of welfare state actions, and finally stretches to all functions previously worked by public authorities, from infrastructure (traffic, energy, telecommunication) to the housing system to art promotion. In all named cases, the need-oriented provision of values in use that are produced socio-economically and financed by taxes are increasingly replaced by profit-oriented production of values in exchange, which necessarily leads to a further increase of inequality and exclusion.

If, in the following, the current situation of poverty and inequality is described comparatively on a European level, the different position of the individual states must be considered in the framework of the just-described total-European development. This shall happen through a rough typing of the states inspected closer in the framework of the SOCOHO project, which displays the respective position of those societies within the total-European development.

For that purpose, the necessary typing can lean on the approach of G. Esping Andersen, who has had lasting influence on the international comparative welfare research since his publication in 1990.[5] Esping Andersen distinguishes between three **welfare state regimes,** which fundamentally differ from each other. Each of these regimes is marked by a respectively dominant pattern of goals and design principles, based on different forms of financing and embracing a certain mixture of three security elements: the individual insurance on a market-economical basis, the solidarily oriented common provision and the provision of the economically established for the poor.

[5] Vgl. Esping-Andersen, G. (1990)

**Figure 1.** Public expenditure for social protection in 1999




- In **social-democratic** welfare state regimes the solidary principle of provision is interpreted universally and it includes all citizens of the state. The provision of social security services is dominated by the state and is financed by taxes. The goal of these measures is re-distribution and decrease of income differences. Welfare activities only play a subordinate role to this. Sweden is the classic example of a social-democratic welfare state, although other Scandinavian countries also belong to this regime type.

- In **corporatist welfare state regimes** the solidary provision principle also dominates. But here it is not universally interpreted. Social security is therefore not a general right of the citizen, but is bound to one's affiliation with certain groups. Members of the respective group, also mostly carry out administration and financing of social security activities, whereby the state contributes considerable grants from tax money. Security gaps in this system are caught by a safety net of welfare activities. A further difference to the social democratic model can be found in the strong family-orientation of the corporatist welfare state. This special feature can also be seen as a result of the non-universitarian interpretation of the solidary provision principle. From those states researched by the SOCOHO project, Austria and France belong to this type, while the Dutch welfare state is of a hybrid nature with both social-democratic and corporatist characteristics.

- The **liberal welfare state regime**, which we see in the United Kingdom and Ireland, is most closely related to the neo-liberal concept of market dominance. On

the basis of a comparatively low level of tax and deliveries, the life risks are primarily caught through individual insurance, whereby there is an extensive welfare network with means tested welfare activities for socially weak households.

Over the course of a partially very controversial discussion about this typing, concurrence has been reached, that at least one more type of regime must be placed across from the three mentioned types. This is the **southern welfare state regime**, which can be seen in southern European countries, therefore also in Spain, which has been researched by the SOCOHO project. In this type of welfare state a rather low level of activity and very large gaps in security (while a simultaneously lacking of a safety net for welfare activities) is balanced by a stronger importance of family orientation.[6]

As with all typology, the one used here is really only a snapshot of a reality constantly in movement. The main tendency of this movement is currently that international location competition and the ideological advance of neoliberalism, which is supported by the mentioned EU specifications, are creating **pressure for convergence** towards an increasingly stronger implementation of elements of the liberal welfare state. While this leads to the displacement of national- or group-specific solidary services though mar-ket-economic offers for problem solutions in the socio-democratic and corporatist welfare regimes, one can observe stronger efforts for the introduction of a (partly regional) minimum fallback systems in the southern welfare state regimes in southern Europe.

The described development in the individual countries naturally neither runs continuously nor parallel with other countries, but, depending on the change of the respective political power ratio, jumps in and delays. So the welfare regimes in Sweden and the Netherlands had to permit deep cuts during the 1980's and 90's, while a forced deconstruction of the welfare state in Austria has only been implemented since the year 2000, the year the conservative right-wing populist government coalition came into power.

Now one must inspect, what the effects of the described structure and development differences mean for the situation of poverty and inequality at the end of the 1990's.

### 1.1. Poverty

Most people claim that their understanding of poverty is the correct one, based on logical arguments or scientific research. However there is no one correct, scientific, agreed definition because poverty is inevitably a political concept and thus inherently a contested one. Accordingly, it depends on the used definition how many poor people or

[6] Compare: Muffels, R., Fouarge, D. (2003)

households live in a country or city.[7] Some of these measures of poverty are out of the question for our purposes because they use the housing situation as one of the definitive characteristics of poverty. Since it is the connections between poverty and the housing situation that we have to examine, we cannot assume a particular kind of connection through our definition of poverty.

Within the framework of the SOCOHO project poverty is defined exclusively on the basis of income because our principal question is how housing provision can be improved for low-income households. Since it is not only current earnings which play a role on the housing market but also other forms of income (including transfers) and savings, we define poverty on the basis of the **disposable income** data from EHCP. This includes all net monetary and non-monetary incomes received from activity, property and transfer. However, housing allowances are **not** to be included in the various transfers taken into account when calculating disposable income because their effect on the improvement of the housing situation of the poor is what we are examining.

In the comparison of income poverty mostly a relative definition of poverty is used. EUROSTAT defines poverty through the earnings of households and sets the poverty threshold at 60% of median household income.[8] In our calculation of the **poverty rate** we proceeded analogue to this and classified a household as poor if its disposable income is a maximum of 60% of the median of all household disposable incomes. In all calculations the household income is of course weighted with the equivalised size of the household (according to the modified OECD SCALE).[9]

Besides the disposable income and the poverty rate, the so-called **poverty gap** was also calculated. When calculating this indicator, one must firstly calculate the difference between the average income of the poor and the poverty threshold. The poverty gap is defined as the ratio of this difference to the poverty threshold. The higher this indicator, the wider is the gap between the average disposable income of the poor and the poverty threshold.

The results of the calculation of the poverty rate, the average income of the poor and the poverty gap for the EU-15 countries can be found in table A-1 of the annex. All three cases show large differences between the individual countries. In 1998, for example, when the Netherlands were in a temporarily even declining poverty rate, and only every

[7] A short overview of different definitions of poverty can been found in the National Report ‚The Netherlands‘, part A
[8] See European Commission (2000), p. 11
[9] All comments on the theme of ‘poverty’ relate to table 1 in the Annex.

eighth household was poor, the United Kingdom, in an increasing risk of poverty, counts one fourth of all households to the poor.

Austria and the Netherlands come off best of the SOCOHO countries. In both cases below-average poverty rates and poverty gaps are combined with above-average income of the poor. France and Sweden are in a middle position, while Spain and the United Kingdom are in the worst condition. In the United Kingdom, especially the extremely high poverty rate is noticeable, whereas Spain has a very low average income of the poor and a very high poverty gap.

The high poverty rate in the United Kingdom is the consequence of a continuous increase of the last twenty years. This increase is the result of a number of factors: One of them was an increase in the gap between the best paid and the lowest paid workers. This was partly due to the removal of incomes policies, which had limited the rate of increase in earnings. Another factor was the reduction of state protection for some low paid workers due to the abolition of wages councils in 1993. Other important causes of poverty are the reductions in the relative value of benefits and the failure of the benefits system to ensure that all those eligible for benefits actually receive them.[10]

### 1.2. Inequality

#### 1.2.1. Social inequality

**NATIONAL LEVEL**: On the background of the question of affordability of housing, the topic of social inequality is discussed under the consideration of income in the SOCOHO project. Therefore social inequality is only analysed as income inequality. The income indicators of table A-2 in the annex measure the extent of this aspect of social inequality at national levels. This table shows

- the share of entire income (of all households) received by the top 20%,
- the share of entire income (of all households) received by the bottom 20% and
- the share of entire income (of all households) received by the top 20% in comparison to that of the bottom 20%.

The last of these three indicators is called "share ratio S80/S20". It shows the income gap between the richest and poorest households. Corresponding to the result of the

[10] Detailed descriptions to the high poverty rate in the United Kingdom are found in the National Report 'United Kingdom', part A, chapter 1

comparative research of poverty, the largest income inequality can be seen in Spain and the United Kingdom, while France has a middle position and Austria and the Netherlands show an inequality far below the EU-15 average. Only in Sweden is there a different result than in the comparisons of the previous section: An only medium position in poverty is juxtaposed to a very good value in the extent of income inequality.

**Figure 2.** Comparison results for poverty and inequality

| | Welfare state regimes | | | | | |
|---|---|---|---|---|---|---|
| **Indicators of poverty and income inequality** | **Social-democratic** | **hybrid soc-dem/corp** | **corporatist** | | **liberal** | **southern** |
| | **Sweden** | **Netherlands** | **Austria** | **France** | **United Kingd.** | **Spain** |
| Poverty Rate | | (+) | | | (-) | |
| Income of the poor | | | | | | |
| Poverty Gap | | | | | | |
| Share ratio S20/S80 | | | | | | |

Positions in the result table of European member states:

Positions 1 to 4; (+): first position

Positions 5 to 9

Positions 10 to 13; (-): last position

*Source: Tables A-1 and A-2 in the annex*

The comparison results on poverty and income inequality showed in the preceding overview show that it is rather the corporatist and social democratic states than the liberal and southern welfare regimes who succeed in avert the threat of social cohesion based on poverty and social inequality.

On the background of the increasing intrusion of elements of the liberal welfare state policy in the corporatist and social democratic regimes, a closer look at the causes of the especially bad comparison results of the United Kingdom in the development of income inequality is necessary:

Just as in the United Kingdom, labour market reforms have taken place in Scandinavia and the Netherlands to promote a flexible labour market and make it less risky to employ

people. Just as in the United Kingdom, these reforms worsened the danger of an increasing income inequality in both cases. However, where these countries differ from the United Kingdom, is that they have a more progressive tax and benefit system, while, the massive increase in income inequality in the United Kingdom, which could be observed in the 1980's, was concurrent with substantial tax and benefit reforms toward less progression:

- shift from direct to indirect taxes
- huge reductions in tax rates for the highest incomes
- change to the way benefits were uprated, which leads to an increasing income arrear of those remaining on benefits[11]

**URBAN AGGLOMERATIONS**: As the comparative analyses of the SOCOHO project show, the inequalities of household incomes are often more marked in the large urban agglomerations characterised by raised unemployment rates than in the other regions of the countries researched. However, this statement only describes a tendency, and is not the rule. High income inequality seems to be especially distinct in London.

There is no evidence that household income inequality is increasing more in all large urban agglomerations than in the other parts of the countries researched. Examples for cities in which there is no sign of above-average increase of income inequality are Barcelona, Vienna, Rotterdam and Amsterdam.[12]

#### 1.2.2. Ethnic composition:

**NATIONAL LEVEL**: International comparison statistics to the respective ethnic composition and the respective portion of the population with an immigratory background only offer a very insufficient view of reality for two reasons:

Firstly the stated numbers of foreigners depend on the respective legal conditions of naturalisation. I.e. in countries like the Netherlands, Spain and the United Kingdom, a child of foreign parents often receives the respective citizenship at birth ("ius-soli-principle"), while this is not the case in other countries such as Austria ("ius-sanguinis principle"). Therefore there is a distinctly lower quota of foreigners in the first two

[11] Detailed descriptions to the development of income inequality in the United Kingdom are found in the National Report 'United Kingdom', part A, chapter 1.
[12] Throughout the 1990's, poverty decreased more than in the country average in the latter two cities.

countries than in those countries of the second type (2% to 5% versus 9% in Austria in 2001).[13]

Secondly one must consider that the proportion of foreigners is a very unsatisfactory guide to the very complex social phenomenon of migration and ethnic composition. In addition to actual foreigners, naturalised immigrants and the so-called second generation, there are also illegal immigrants, legal and illegal seasonal workers who are in the country short-term, recognised asylum seekers and those applying for asylum and not least the ethnic minorities, some of whom have been living in their adopted country for many generations. Since international comparison statistics cover only partial aspects (and different ones) of this whole phenomenon, they say very little about the real social relevance of these various facets of the phenomenon of immigration for the respective country.

In researching the structural characteristics of immigration in the six comparison countries, one notices the following common ground and differences:

- The immigration after the Second World War is mostly not a continuous process. It takes place in waves, which has great influence on the housing markets, since these are confronted with short-term demand increases in times of immigration pressure.

- The individual immigration waves often not only differ according to the respectively dominating origin of the immigrants but also according to the reason for immigration.

- While the increase in the number of fugitives since the 1990's is especially caused by the political crises in Eastern Europe and developing countries, in the growth period of the post-war period immigration has primarily been determined by the demand for (mostly unskilled) workers.

- In countries with a colonial history such as France, the Netherlands and the United Kingdom, the immigration from the former colonies also played an important role in the post-war period.

Besides the increase in the number of fugitives caused by the political crises and upheaval, the increasing poverty gap between Western Europe and the developing countries mentioned in the introduction also causes a general increase of immigration

[13] See Lebhart, G. (2003), p. 259

pressure. On the background of long-term higher unemployment rates, one mostly reacts to this with a more or less drastic intensification of restrictions for asylum seekers and immigrants. This leads to an increase in the rate of illegally residing immigrants in all researched countries, who are then confronted with extreme disadvantages in the housing and employment market.

The connections between poverty and immigration are represented in table A-3 in the annex: the last column in this table shows that in EU-15 average almost every third immigrant household is poor. Since the comparison value of the collectivity of all households is at 18% according to table A-1, one must assume a far higher poverty risk of the immigrant households. The cause for this is in the comparatively bad position of the immigrants on the employment markets: They have a harder time finding work and, if they have work, have worse income chances.

**URBAN AGGLOMERATIONS**: Since a preferably quick and successful integration into the work process for every immigrant represents an elementary economic necessity, the immigrants settle more in the centres of economic growth. In all researched countries this leads to the large urban agglomerations having higher portions of immigrants and ethnic minorities. In the large cities the portions of inhabitants with migratory backgrounds are showing a rising tendency even in times of stagnating immigrant numbers for two reasons: On the one hand ethnic minorities often have higher birth rates and on the other hand the majority population of the cities has been showing a trend for moving to the surrounding area since the 1970's.

The concentration of immigration to urban agglomerations is of high relevance for the topic of the SOCOHO project: If one notices that the wave-like development of the immigration process means a challenge for the respective housing market, then a further intensification of this problem of temporary supply-constrictions on the regional subsegments follows the special concentration of immigrants.

### 1.3. Transformation of the socio-demographic structure

Some of the economic causes of increased poverty and inequality mentioned in the introduction of chapter B) 1.1. (Poverty), are also important for the third focus of the crisis of social cohesion, the transformations of socio-demographic structures:

For instance the increasing international competition leads to the restructuring of the world of employment, which is now causing a loss in continuity in the occupational biographies and an increasing danger of at least temporary breaks in employment. Considerable part of the mentioned restructuring is the increasing integration of women

in the labour market. This changes the position of the sexes towards each other and leads to the creation of completely new forms of their lives together. The crisis of the traditional family caused by this together with the previously mentioned loss of job continuity leads to a tendential destabilisation of the economic basis of the individual households.[14]

Also the demographic structural change, which is breaking over the social systems like a natural catastrophe in the shape of a continuous aging process, is caused by economic framework conditions. The decline of fertility on one hand has very much to do with the previously mentioned new definition of the role of the woman in society and the crisis of the traditional family connected to it, and on the other hand is also directly caused by the increasing dependency of the individual household on marketeconomically organised framework conditions.

For regardless of how successful the liberal model of the social welfare state is in raising the general level of welfare, the market will as such always favour childless households, because it sets success conditions, which are structurally harder for households with children to achieve than those without. Besides a consequent orientation on temporal and locational flexibility connected to occupational achievement and continuous qualification, one needs only think of the ability or readiness to ensure a personal security network of savings and fortune presumed by all market participants.

According to the research questions 10 to 12 in the method chapter, the SOCOHO project discusses the transformation of the socio-demographic structures in two ways:

Firstly (a) the increasing instability of the economic base of individual households is displayed and then (b) there is an examination of the situation of three selected groups, that are in the centre of the transformation of the socio-democratic structure: single parents, young adults and senior citizen households.

[14] The processes just described can be seen in all EU-15 countries, but each show different degrees of speed and accentuation. The respective welfare regime plays an important role for the development of these differences. For example, the social democratic welfare model supports the integration of women in the labour market, while the family orientation of the corporatist and southern welfare regimes tendentially supports a furthered continuity of the traditional “male breadwinner”-model.

### 1.3.1. Instability of the economic base of individual households

**MORE FREQUENT CHANGES IN SIZE AND MAKE-UP OF HOUSEHOLDS**: The crisis of the traditional family and the simultaneous development of new forms of partnership has led to more frequent changes in the size and structure of individual households in many EU member states. Below some demographic evidence for developments relevant in this context is listed:

- The age at first marriage is continually rising. In Austria in 1975 for example it was at only 22 years for women but in 1990 it was already almost 25. While the Netherlands and the United Kingdom show a similar development, the age in Sweden in 1975 was already 25 years.[15]

- The first marriage is more frequently preceded by cohabitation. So in the age group 20-24 the share of women cohabiting of all women in unions (marriages and cohabitations) increased significantly throughout the 1980's – strongest in the Netherlands (from 21 to 37% between 1980 and '86) and weakest in Austria (from 14 to 21% between 1981 and '89). This process is most advanced in Sweden, where the comparison value in the year 1989 is 78%.[16]

- Continuously increasing is also the portion of extra-marital births in the 1980's (per 100 births). Again, it is in Sweden where we find the significantly highest value at almost 60%. The lowest portions (under 20%) are in Spain and the Netherlands.[17]

- The divorce rate has already been growing since the 1960's. The increase between 1989 and 1999 is similar in France, Austria and the Netherlands. Spain also shows a similar trend but at a considerably lower level. During the 1990's, the United Kingdom was the only country in which the divorce rate slightly decreased, starting from a high level.[18]

- The increasing flexibility in partnership behaviour results in individual biographies more frequently containing phases of living alone. In addition to the tendency towards ageing, this is one of the reasons why the share of single person households among private households is undergoing a long-term increase. So the respective portion of single households in the comparison countries grew by 3 to 12

[15] See Kiernan K. (1996), p. 63; there are no results for Spain and France in the quoted study.
[16] l.c., p. 66
[17] l.c., p. 67
[18] See table A-11 in the annex

percent between 1980 and 1999 – strongest (+12) in the Netherlands and weakest (+3) in Spain. The highest current portion of one-person households is in Sweden (41%), and the lowest is in Spain (13%).[19]

The level of personal-life instability of average households as a result of the abovementioned developments is shown in table A-4. One can see that on EU-15 average currently around one tenth of households will have a change of persons by birth and/or moving in or out within the period of one year.

**MORE VARIED OCCUPATIONAL BIOGRAPHIES**: There are two developments of the employment system which have been particularly instrumental in causing an increase in the individual risk of income loss:

- The capacity-oriented increased flexibility of working hours and the reduction in fulltime employees in favour of the requirement-oriented work of freelance workers, subcontractors or small suppliers force an ever-larger proportion of workers into socalled 'atypical' forms of employment. So in the EU just between 1990 and 1998 the proportion of temporary employment in total employment rose from 14% to 18%.[20]

- Accelerated economic structural change forces increased job mobility with more frequent breaks with longer or shorter phases of unemployment. In the United Kingdom for instance between 1992 and 1996 temporary work rose by 30%, fixed term contracts rose by 25% and agency temping rose by 37%, while total employment rose by 2.4%[21]. Independently from the respective level of unemployment, under these circumstances the probability of becoming unemployed has to increase markedly.

The degree to which these developments result in insecurity changes or breaks in occupational biographies can be seen in tables A-5 and A-6 in the annex.

Table A-5 shows the frequency of change in economic activity for the reference persons in the households included through the ECHP. In the EU-15 average during the year before the survey there had been a change in the economic activity of the reference person in about 15% of the households. Almost 7% of these were job changes. In 6% of households the reference person became economically inactive (unemployed, retired

[19] See European Commission (2002), p.12
[20] Amt für amtliche Veröffentlichungen der Europäischen Gemeinschaft (2001)
[21] See National Report 'United Kingdom' part A

etc.) and in 2% there was a change in the opposite direction (from economic inactivity to work).

Table A-6 examines the stability of the current employment situation of reference persons who are actually working in paid employment with more than 14 hours per week. It shows on a EU-15 average, 10% are not in permanent employment. Fixed term or short-term contracts make up 7% and casual work with no contract or other working arrangements account for almost 3%.

**MORE CHANGES IN HOUSEHOLD INCOME**: Increased changes in household structures and occupational biographies lead to greater fluctuations in household income. Tables A-7 and A-8 in the annex show the total extent of these income fluctuations and their dependence on the respective type of household:

One can gather from table A-7 that almost 40% of households surveyed in Europe experienced a change in income during the year before the survey was carried out, whereby income reductions considerably outnumbered increases. Table A-8 shows that on a EU-15 average income fluctuations appear most rarely in senior citizen households. They can be found most often among single adults (not counting as senior citizens), and single parents. If income changes appear, in the case of senior citizens, they are mostly negative, whereas positive changes are more dominant among single adults and childless couples.

Tables A-9 and A-10 analyse the dependency of income fluctuations on the instability of household structures and the employment situation of the respective reference persons:

Table A-9 shows a summary of change of household members and of employment change of the reference person. 23% of households surveyed were affected by personal or employment changes during the previous year across Europe. 12% were confronted with change in employment, 9% with change of members and 2% with both kinds of change. Within the comparison countries of the SOCOHO project the households in the liberal welfare regime of the United Kingdom are most often affected by personal or employment changes. In second place are the Netherlands and Spain. In the classic corporatist welfare regimes of France and Austria, the households are apparently even more seldom affected by a change in the economic base.[22]

From table A-10 it can be clearly seen that on a EU-15 average the household income is changed in the event of an employment change rather than in the case of a personal

[22] No results for Sweden.

change. Income fluctuations are most often found in those households in which a personal as well as an employment change has taken place. While in employment changes the income improvements outweigh the worsening of household income, improvements and worsening are just about balanced in personal changes.

In the countries compared by the SOCOHO project, a personal or employment change in the Netherlands, France and Austria leads to a change of the household income more often than on EU-15 average. In Spain and the United Kingdom this is however seldom the case. On the background of the typology of the welfare systems, one could connect the reduced dependency of the household income on changes in the household structures in the case of Spain, with subsidies within the family and in the United Kingdom with compensational effects of means-tested aid.

### 1.3.2. Significance and situation of selected groups

The transformation of the socio-demographic structure leads to certain groups of households and persons playing an ever-increasingly important role in the social- and housing political discussion. Three of them will then be examined more closely. They are

- The single parents, whose portion is increasing throughout Europe in the wake of the development of new forms of cohabitation of the sexes
- The young adults, who are having more and more problems entering the working life in the face of the critical restructuring of the employment systems
- The senior citizen households, whose increasing portion is proving to be an entirely new challenge for the systems of social security and housing provision.

**SINGLE PARENTS**: The ECHP information displayed in tables A-12 and A-13 are pointing to the following situation for single parents throughout all of Europe:

- Their average equivalised income amounts to less than 70% of the equivalised income of the average European household.
- The proportion of all single parents on the totality of households is not even half as large as the proportion of poor single parents in all poor households.
- Single parents therefore have a more than twice as high risk of poverty than the average household.

The National Reports document that important causes for this increased poverty risk in many countries lie in an entirely insufficient supply of child-care facilities for working mothers and a small number of suitable part-time jobs.

**YOUNG ADULTS**: The tables following table A-13 in the annex display the situation of this group of persons and households. Table A-14 shows that on a EU-15 average only about 3% of all households has a reference person who is younger than 25 years old. The proportion of households with a reference person between the ages of 26 and 35 is 17%, whereby the average time of founding own households is apparently a bit higher in southern member states.

Table A-17 makes clear that the households of the youngest age group (reference person 16 to 25 years) are threatened by poverty even more than single parents, while the households with reference persons between 26 and 35 years show a risk of poverty far below the average.

As can be read in the National Reports, the average age at leaving the parental household has tendentially risen in the 1990's[23]. The cause for this, besides the situation on the housing markets described in Part III. B) 2., especially lies in the increasingly later and harder entrance to the working life. Table A-16 confirms these trends. One can read from it that the average age of starting working life is increasing in almost all European countries.

According to table A-15, on EU-15 average, 46% of 16-25 year olds are currently in academic or apprenticeship education, 35% are working and 17% are unemployed or economically inactive[24]. Also from the 26-35 year olds, 5% are still in education while 73% are fully integrated into the working life. The proportion of unemployed or economically inactives is at 22% - and therefore still higher than with the youngest adults.

**SENIOR CITIZEN HOUSEHOLDS**: One can read from the first two columns of table A-18 that the proportion of people aged 65 years or more has risen between 1960 and 1999 in all EU-15 countries, most strongly in the Mediterranean countries. Comparison between the second and fourth column of table A-18 shows that the actual proportion of senior citizens on household level is far higher in all European countries than their proportion of the population. The reason for this phenomenon is the very low average size of senior citizen households.

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[23] See National Reports Austria, Sweden
[24] The remaining 2% absolve a community or military service.

On average among all EU-15 countries, the reference person is at least 75 years old in almost 47% of all senior citizen households. Of the comparison countries of the SOCOHO project, only the United Kingdom shows a distinctly higher value at almost 52%.

Table A-19 shows the economic situation of senior citizen households in international comparison. The following results can be found on a EU level:

- The equivalised household income of the senior citizen households is low in all EU-15 countries. The EU-15 average is 87%.
- The equivalised household income of the 'old' senior citizen households[25] is in all EU-15 countries considerably lower than that of 'young' senior citizen households.
- On EU-15 average but not in all member states, the 'young' senior citizen households have a slightly higher poverty risk than the average household. This risk is significantly higher for the 'old' senior citizen households.

The worse economic situation of the 'old' senior citizens is due to the lower proportion of male pension recipients, compared to the 'young' senior citizens, which means that the structurally caused income lag of women is even more obvious in this household group.

Finally we must briefly discuss the situation of the three selected groups in the countries researched by the SOCOHO project with the following overview. As shown in the examination of poverty and inequality we can again see that the United Kingdom, as an example of a liberal welfare regime, is once again tendentially in the worst position: On one hand it takes back positions in the all-European comparisons more often than the other SOCOHO countries, and on the other hand does not take a leading position in a single indicator. Especially the problems for senior citizen households are noticeable. Sweden and the Netherlands have the best results in this category.

The best total results were achieved by Austria, Sweden and the Netherlands, whereby the two latter countries make more points in the senior citizen category, while Austria has the most success in the integration of young persons to the working life. However in the latter result the period of survey (1998) must be considered:

The fiscal policy, which strictly adheres to the Maastricht criteria, led by the conservative right wing populist government coalition in power since the year 2000 has, in connection with a very passive employment market policy, in the meantime led to a very

[25] 'young' senior citizen households: reference person between 65 and 74 years; 'old' senior citizen households: reference person aged 75 years or more

disadvantageous development of the Austrian employment situation in the area of young workers.

**Figure 3.** Economic situation of selected groups[1)]

| | Welfare state regimes | | | | | |
|---|---|---|---|---|---|---|
| | Social-democratic | hybrid socialdem./ corporatist | corporatist | | liberal | southern |
| Selected groups and Indicators of economic situation | Sweden | Netherl. | Austria | France | Unit. Kgd. | Spain |
| **Single parents** | | | | | | |
| Income as a share of average income | | | | | | |
| Poverty risk of this type of households | | | | | | |
| Poverty Risk Index[2)] | | | | | | |
| **Young adults; 16 to 25 years** | | | | | | |
| Tendency to establish an own household | | | | | | |
| Rate of unemployed/ec. inactiv persons | | | | | | |
| Poverty risk of this type of households[3)] | | | | | | |
| Poverty Risk Index[2)] | | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| **Young adults; 26 to 35 years** | | | | | | |
| Tendency to establish an own household | | | | | | |
| Rate of unemployed/ec. inactiv persons | | | | | | |
| Poverty risk of this type of households[4)] | | | | | | |
| Poverty Risk Index[2)] | | | | | | |
| **Young adults; general** | | | | | | |
| Ascent of average age of starting working life | | | | | | |
| **Senior citizen households; reference person 65-74 years old** | | | | | | |
| Income as a share of average income | | | | | | |
| Poverty risk of this type of households | | | | | | |
| Poverty Risk Index[2)] | | | | | | |
| **Senior citizen households; reference person 74 years or more** | | | | | | |
| Income as a share of average income | | | | | | |
| Poverty risk of this type of households | | | | | | |
| Poverty Risk Index[2)] | | | | | | |

Positions in the result table of European member states:

Positions 1 to 4

Positions 5 to 9

Positions 10 to 13

1) Source: Tables A-12 to A-19 in the Annex.

Alle Angaben zum income: equivalised household income, without housing allowance

2) Poverty risk of the specific group divided by the overall poverty risk (x 100)

3) Type of households: Households with a reference person between 16 and 25 years old

4) Type of households: Households with a reference person between 26 and 34 years old

## 2. Housing problems connected with...

### 2.1. Poverty

It can be assumed that the structure of the housing provision system has decisive influences on the quality of life and opportunities for poor households. The SOCOHO Project is investigating the type and extent of these influences within the framework of two of the total of 18 research questions. These two questions are:

- How far do housing costs reduce the disposable household income of the poor?
- What housing quality can each housing system make possible for the poor?

**HOUSING COSTS OF THE POOR**: The amount of housing costs for poor households is a result of two distinguishable structural characteristics of housing provision systems: on the one hand it is determined by the average level of all housing costs and on the other it depends upon to what extent poor households can be provided with particularly cheap accommodation.

Housing systems can approach the latter aim in a great variety of ways: marketoriented solutions rely to a large extent on the price mechanism. This is likely to result in poor households mainly living in densely occupied, unfavourably located and badly equipped housing from the cheapest market segment. Housing policy interventions in the fields of subsidy, rent and urban development policy claim to achieve this aim with better effects for the quality of life of the poor.

To what extent this is successful will be seen in the later analysis of the quality of life of poor households and the extent of social and ethnic segregation. Here we shall only

observe the housing costs achieved for poor households according to tables B-1 to B-8, and can come to the following main results on a European level.[26]

- Rents for the poor are in all countries quite considerably lower than those for other households. On average throughout Europe they are 44% lower.
- In spite of their lower rents, in all European countries the average proportional rent burden of household income for poor households is distinctly higher than that for non-poor (on European average 29% as opposed to 22%).
- In all EU-15 countries the proportion of households in debt among poor owners is lower than that among non-poor owners. Just like the lower housing costs for poor households in the rental sector, besides possible causes in the area of subsidy systems, this also has a number of purely market-economy causes.[27]
- On a EU-15 average the level of monthly repayments for poor indebted households is only 82% of the comparable level for non-poor indebted households.
- Even though the poor now have considerably lower monthly housing costs, these costs overwhelm them far more often than other households: Throughout the EU payment arrears among the poor are three times more common than among nonpoor households, and the percentage of households that find housing costs a heavy financial burden is higher among the poor in almost all countries than among other households (on EU-15 average 27% of the poor but only 18% of non-poor households).

[26] It should be noted that all information about costs and their interpretation relates to the respective costs for the whole dwelling since the ECHP data contains no information about the size of the dwelling.

[27] Some of these are: the flats or houses of poor owners are on average cheaper than those of non-poor owners because they are smaller, of lower quality construction, are in worse housing locations and often represent a lot of do-it-yourself work and neighbourhood help. Furthermore the loans, which might have been used to buy the property have often already been repaid since a considerable proportion of poor owners are elderly households. The fact that access to loans is generally more difficult for poor households should also be mentioned.

**Figure 4.** Housing costs of the poor[1)]

| Dimensions of comparison between the poor households of different countries | Welfare state regimes | | | | | |
|---|---|---|---|---|---|---|
| | social demo-cratic | hybrid socialdem /corpora-tist | corporatist | | liberal | southern |
| | Sweden | Netherl. | Austria | France | Unit. Kgd. | Spain |
| Monthly rent[2)] | | | | | | |
| Proportion of rent to household income | | | | | | |
| Monthly instalment for loan or mortgage | | | | | | |
| Share of households with payment arrears | | | | | | |
| Share of 'hous.-costs are a heavy burden' | | | | | | |

Positions in the result table of European member states:

Positions 1 to 4

Positions 5 to 9

Positions 10 to 13 1)

Data not available

1) Source: Tables B-1, B-3, B-6 to B-8 in the Annex.

2) Gross rent in pps, after subtraction of housing allowance from rent

If one regards the differences between the countries that SOCOHO researched considering the preceding overview, then one can recognise that the United Kingdom and Spain, the representatives of the liberal and southern welfare state regimes, achieve relatively good results in the living costs for poor households especially in the rented sector, as opposed to their bad positions with respect to the extent of poverty and inequality. The poor are confronted with the highest housing costs in Sweden and the Netherlands, which, in Sweden's case, very often leads to payment arrears of poor households.

The closer analysis of tables B-1 to B-8 shows that the individual countries use different strategies in trying to decrease the housing costs for poor households. While a very good comparison result is achieved through socially **selective** cost reduction for the poor in France, in spite of a relatively high level of average housing costs in the rented sector, Austria practises a strategy of reducing the **average** housing costs also in the owner sector while simultaneously only slightly additionally reducing costs for the poor.

**HOUSING QUALITY OF THE POOR**: The answer to the question, what housing quality the housing systems make possible for the poor, is made up of two aspects. On the one hand the quality of the housing situation of those poor who have a dwelling must be investigated and on the other it should be seen to what extent it is at all possible to provide accommodation for all vulnerable people.

We begin with the first aspect and divide up housing quality into five dimensions, which can be investigated on the basis of the ECHP data. These are the quality of the dwelling, the occupancy density, the condition of the building and the quality of the residential and the social environment. These results are presented in tables B-9 to B-13 in the annex. Table B-14 contains an index of the total quality of the housing situation which brings together the previously treated individual dimensions into a comprehensive quality evaluation and table B-15 shows the satisfaction with housing situation.[28] We can find the following main results on a European level:

- The poor households are disadvantaged in all quality dimensions compared to the not poor households.
- Their quality arrears are largest in condition of the building and the quality of social environment.
- The bad housing quality leads to a considerably raised proportion of households with low satisfaction with the housing situation among the poor (25% versus 14% for the not poor households)

The individual quality dimensions have differently strong influence on housing satisfaction; the effects are largest with the occupancy density and quality of social environment. Besides the mentioned quality dimensions the burden by housing costs also has considerable influence on housing satisfaction.[29]

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[28] Methodical examinations of the problems in measuring housing quality based on ECHP data can be found in the individual National Reports. For instance, see the National Reports Sweden and United Kingdom.
[29] See National Report of Austria, p.54

**Figure 5.** Housing quality of the poor[1)]

| | Welfare state regimes | | | | | |
|---|---|---|---|---|---|---|
| | Social-demo-cratic | hybrid socialdem / corporatist | corporatist | | liberal | southern |
| **Dimensions of comparison between the poor households of different countries** | **Sweden** | **Netherl.** | **Austria** | **France** | **Unit. Kgd.** | **Spain** |
| Dwelling qualiy | | | | | | |
| Occopancy density | | | | | | |
| Condition of the building | | | | | | |
| Quality of residential environment | | | | | | |
| Quality of social environment | | | | | | |
| **Total quality of the housing situation[2)]** | | | | | | |

Positions in the result table of European member states:

Positions 1 to 4

Positions 5 to 9

Positions 10 to 13

Data not available

1) Source: Tables B-9 to B-14 in the Annex. 2) Sweden not included

If the differences between the comparison countries are examined considering the preceding overview, the one again notices the excellent position of the United Kingdom. The good total results for Austria as well as the bad results for France are to be connected with the previously mentioned strategies for reducing the housing costs of the poor. While in the first case we were speaking of an attempt at general reduction of the housing cost level, a specific reduction of housing costs for the poor was registered for France. Now it shows that the French path is obviously connected to a considerable forgoing of housing quality for the poor and therefore leads to a worse comparison result than in Austria.

One must especially mention the results for the **quality of social environment**. They have high relevance for the problem of social cohesion because ECHP data measures the quality of social environment on the portion of households, that experience crime or vandalism in their housing environment. High quality of social environment therefore hints to a high level of social cohesion in the respective housing area.

Here Austria takes a special place among the SOCOHO comparison countries for two reasons: On one hand the average quality of social environment is by far the highest and on the other Austria is the only country, in which the poor achieve better results than the not poor households. The results of the next chapter will show that this should be understood as a success of the Austria strategy of a general, therefore not limited to badly equipped housing for the poor, reduction of housing costs.

Now we come to the second aspect of the question of the housing quality of the poor, the problem of **risk of homelessness,** which is subject of table B-16 in the annex.[30] It compares for each country the risk of homelessness with the poverty risk. This comparison shows that higher or lower rates of poverty are not directly accompanied by corresponding higher or lower risks of homelessness. Homelessness is thereby obviously determined by factors, which vary independently of those factors, which are responsible for the poverty of a household. We can conclude, "Homelessness is not as much about politics and economy as about demography and urbanisation."[31]

However, all interpretations of the available figures are valid only with reservations due to their poor quality. There are several reasons for this: Firstly, the absence of a commonly agreed-upon definition of homelessness, which means that the basis for measurements is different in each country. Secondly, the dependence of the reported number of homeless people upon the number of users of services for homeless people and thirdly, the short-lived and hidden nature of many people's homelessness which makes it a difficult phenomenon to quantify. The population group with the highest risk of homelessness that is simultaneously the hardest to measure in most EU countries is that of the asylum seekers.

[30] This table is not based on ECHP data but on the results of the EUROHOME research project concluded in 1996, which was a part of the important Targeted Socio-Economic Research (TSER) Programme of the European Commission; see Avramov, D. Ed. (1999), p. 322

[31] National Report of Sweden, part B

### 2.2. Inequality

Social inequality and ethnic differentiation have led to correspondingly differentiated spatial distribution of housing locations at all times and in the most various types of society. Particularly within urban agglomerations this phenomenon is of such great significance that knowing the difference between the 'posh' parts of town and the poor quarters is a basic element in the life of every city dweller. The term '**spatial segregation**' does tie in with this everyday experience but it replaces this static concept with a dynamic observation method, which centres attention on the processes of spatial differentiation and separation of various ethnic groups.

Even if this phenomenon also has a universal character, one must assume that both the extent as well as the type of spatial segregation is decisively influenced by the structure of the respective housing provision system[32]. It determines the distribution of various types of housing within sub-regions of housing developments on the one hand, while on the other it defines to what extent individual demographic groups have access to sub-segments of existing housing. The combination of these two control mechanisms results in highly specific patterns of social and ethnic segregation, which have a determining influence on the quality of life in individual residential areas.

#### 2.2.1. Spatial segregation of different income groups

**NATIONAL LEVEL**: A direct measurement of the extent of spatial segregation presupposes a distinction between different types of areas in which the proportion of various income groups is then determined. Since the ECHP does not classify data according to types of areas, the extent of spatial segregation at national level must be measured indirectly. To do so, one must examine how the different income groups are distributed among individual housing stock sectors and various types of housing location quality.

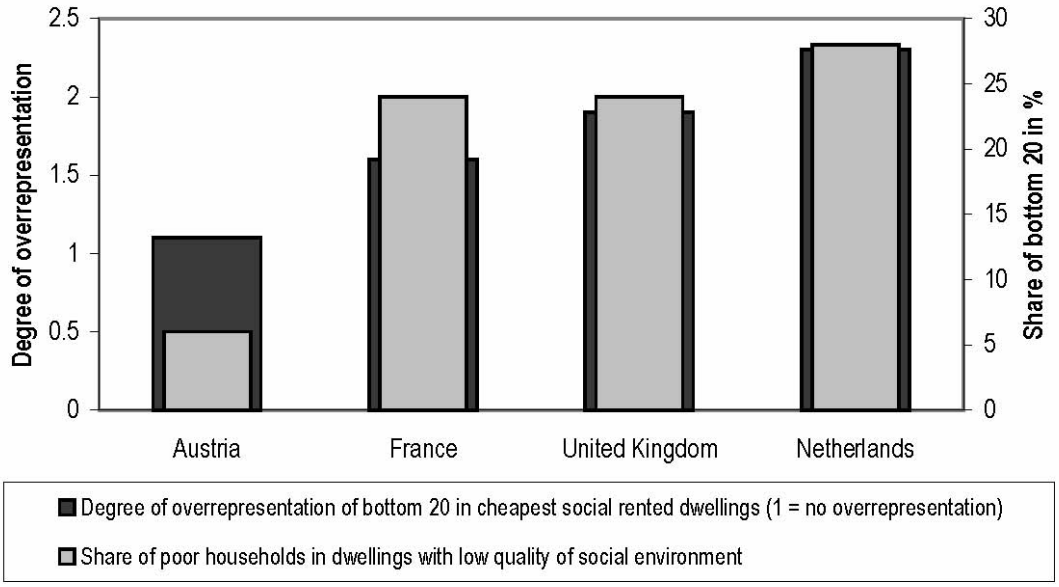
This method of indirect measurement of the extent of spatial segregation is based on the assumption that very specific types of dwellings and of housing location quality dominate in the individual types of area. If the different income groups are distributed unequally among the respective types of dwellings and housing location quality, a corresponding unequal distribution among the respective types of areas can be concluded.

[32] See for instance Keim, R. (1999)

Table B-17 in the annex shows the proportions of households with low, middle and high household incomes in four selected housing sectors for the EU-15 countries. At a European level the following tendencies can be observed: Households with the lowest incomes are under-represented in single family housing and owner-occupied dwellings and over-represented in cheap rented accommodation, especially in cheap dwellings of the social housing sector.

Among our comparison countries the tendency towards a concentration of the bottom 20% in the cheapest rented sector accompanied by considerably more difficult access to owner-occupied flats and single-family houses is strongest in the Netherlands. While France and the United Kingdom have middle positions, in Austria and Spain there is the most even distribution of the lowest income group among the housing sectors described.

**Figure 6.** Social segregation and social quality of dwellings




*Source: Tables B-13 and B-17*

In Table B-18 the proportions of the three income groups in dwellings with low quality of social environment are displayed. In the EU as a whole, as could be expected, the bottom 20% are over-represented in dwellings with low quality of social environment, while the top 20% make up a lower proportion. In the area of the SOCOHO comparison countries the overrepresentation of the bottom 20% in dwellings with low quality of social environment is more pronounced in those countries in which the bottom 20% are most over-represented in the cheapest market segment of rented dwellings. The only comparison country, in which the bottom 20% are not over-represented in the dwellings with low quality of social environment, is Austria.

Therefore the question on the connection between a general reduction of housing costs (including not only badly equipped housing for poor households) and high average quality of social environment, which remained open at the end of the previous chapter, can be answered now: The strategy of a general cost reduction practised in Austria only leads to a slight social segregation, which is then followed by the formation of a high quality of social environment.

**URBAN AGGLOMERATIONS**: Because the ECHP data do not list figures for individual cities, the problem of spatial distribution in urban agglomerations cannot be examined with statistical comparison data on a European level. The results of the National Reports on this matter give the following overall picture:

- There are tendencies to spatial segregation of different income groups in all researched cities. These tendencies are partially so small however, that they can only be statistically proven on a neighbourhood level, but not of districts.[33]
- Of those researched, London is the only urban agglomeration, in which there are strong hints that social segregation is stronger here than on a national level.

#### 2.2.2. Spatial distribution of poor immigrants:

**NATIONAL LEVEL**: The spatial segregation of poor immigrants on a national level is at least a reflection of the economic strength of the various regions of the respective country: Where the level of economic activity, measured as gross regional product per inhabitant, is highest there are also the highest proportions of immigrants, where it is rather low the proportion of immigrants also tends to be lower. The spatial distribution of immigrants at national level is therefore obviously primarily determined by the requirements and/or opportunities of the employment market.

Observation of various types of housing development shows the same picture: immigrants and ethnic minorities are concentrated in the urban agglomerations, which are the centres of economic growth.

**URBAN AGGLOMERATIONS**: In contrast to the distribution of immigrants throughout the individual regions, ethnic segregation within urban agglomerations is not determined by the pull of demand for labour but by conditions on the housing market. These contain many barriers, which exclude poor immigrants from important parts of the housing

[33] See National Report Spain, part B

supply. Since these barriers are a part of the housing system, they will not be described until Part III. 3. of this report.

In general these barriers lead to poor immigrants being over-represented in the cheapest stock of private and/or social rented dwellings, and underrepresented in the owner sector. Since the cheapest rented dwelling stock is mostly concentrated in certain districts, all examined urban agglomerations show very strong tendencies to spatial segregation of poor immigrants.

Due to the bad quality of the named housing stock, the housing quality of poor immigrants is usually under the average housing quality of the respective urban agglomeration. Particular deficits can be seen in the social dimension of their housing quality. This is the consequence of the affected neighbourhoods having a very strong overrepresentation of other groups of vulnerable households, besides the large proportions of poor immigrants, and therefore being affected by tendencies towards slum formation.

### 2.3. Transformation of the socio-demographic structure

#### 2.3.1. Instability of the economic base of individual households

The following section answers research question 13 and contains a comparative analysis of the achievements of the different housing systems under two aspects. We firstly describe the extent to which they take account of the increased insecurity in occupational biographies and then we examine how far they can safeguard a stable housing situation for households confronted with increased risk to their income or reductions in income.

**MORE VARIED OCCUPATIONAL BIOGRAPHIES**: In this context the question is to what extent the housing systems allow a connection between job mobility and housing mobility. Generally the housing mobility in the EU has a lower level than that of the USA, New Zealand or Australia. As can be seen in table B-19, there are large differences in mobility between the individual EU-15 countries. Of those countries examined by the SOCOHO project, Spain and Austria have by far the lowest housing mobility. In both cases a change of jobs is most rarely connected to a housing change. So it can be concluded that the housing systems of these two countries have rather inhibiting effects on the job mobility of the workforce.

**MORE CHANGES IN HOUSEHOLD INCOME**: The effects of deterioration in household income on the housing situation are shown in table B-20 in the annex. On the one hand it shows that a reduction in household income does not lead to serious difficulties in paying housing costs on a EU-15 average of 94% of cases. On the other hand it makes clear

that 95% of households with reduced income can avoid payment problems without having to move to a cheaper dwelling. Both results confirm that the housing systems of all EU-15 countries offer relatively high security in times of income problems. Therefore they are a possible explanation for the rather low average level of the housing mobility in the EU in global comparison.

Using table B-20, if one examines in which SOCOHO comparison countries the effects of deterioration in household income on the housing situation are weakest, one can see that Austria and Sweden achieve the best results of all EU-15 member states. The United Kingdom and Spain achieve a middle position, while the Netherlands and France show relatively bad results.

#### 2.3.2. Selected groups

In addition to the housing situation of the poor described at the beginning of part III. B) 2,. we also investigated the housing problems of those groups described in part III. B) 1., which are at the centre of the transformation of the socio-demographic structure. The results found for this answer research questions 14 and 15.

**SINGLE PARENTS**: **HOUSING COSTS OF THE SINGLE PARENTS:** Investigation of the rented sector at European level reveals that for single parents the percentage of rent burden is still higher than for all tenants, even though their rent is four percentage points under the average, (see tables B-21 and 22). Single parents who are owners are in an even worse situation. Their monthly instalment for outstanding loan or mortgage is on average almost one third higher than that for other households. As a consequence of it in comparison to other household types, they show a considerably higher percentage of households for which housing costs are a heavy financial burden (see tables B-23 and 24).

**HOUSING QUALITY OF THE SINGLE PARENTS:** As table B-27 with results measured for the 'total quality of the housing situation' shows, there is a tendency for the disadvantage of single parents in comparison to other household types to be lower in the field of housing quality than with the comparison of housing cost burden on income.

**YOUNG ADULTS**: The following investigations of the housing problems of young adults focus on two points. Firstly we ask which possibilities they have to establish their own household and then we look at the housing costs and the housing quality of young couples with child(ren).

**THE OPPORTUNITY FOR YOUNG ADULTS TO ESTABLISH HOUSEHOLDS:** One can suppose that young adults tend to establish their own households earlier if it is easier for

them to find a suitable dwelling. That is why the percentage of young adults who have not yet established their own households should give an indication of how difficult the respective housing systems make it for them to move out of their parents' home.

Table B-28 in the annex clearly shows that besides those framework conditions set by the housing system, socio-culturally defined behaviour patterns also have a considerable influence on the timing of the first founding of a household. For it shows that the young adults in those countries with the strongest catholic tradition form their own households latest. According to this, among the SOCOHO comparison countries, the latest time of household foundation is in Spain, followed by Austria and France, while households are distinctly formed earlier in the Netherlands and the United Kingdom.

**HOUSING COSTS OF YOUNG COUPLES WITH CHILD(REN):** A summarised assessment of the tables B-29 to B-32 shows a better result than for single parents. As opposed to this previously discussed household type, the share of households among young couples with child(ren) for which housing costs are a heavy financial burden is just slightly above the EU-15 average.

**HOUSING QUALITY OF YOUNG COUPLES WITH CHILD(REN):** At a European level the index of the total housing quality of young couples with child(ren) lies only just under the average of that for all households, and the medium dwelling quality is even a little better than for the average household. In the quality dimension 'occupancy density' there are however considerably worse results for this household type than for the average household in all member states of the European Union (tables B-33 to B-35).

**SENIOR CITIZEN HOUSEHOLDS**: The following investigations of the housing problems of senior citizen households focus on two points. Firstly, as for single parents and young adults, we look at the housing costs and housing quality of senior citizen households. We then analyse two specific senior citizen housing problems.

**HOUSING COSTS OF SENIOR CITIZENS:** Analysis of housing costs in the rented sector shows that this type of household pays below average levels of rent in all European countries (see table B-36). Table B-37 makes clear that at EU-15 level despite relatively low rents senior citizens are confronted with an ever greater than average burden on household income caused by housing costs as they grow older. The high ratio of housing costs to household income with a simultaneous low level of rent indicates below-average household income. In the sector of owners the comparison of costs with other household types is considerably more favourable than in the case of rented dwellings (see table B-38). This is mainly due to the fact that the proportion of households, which have already repaid their loans, increases the older they become.

Table B-39 makes clear that die cost situation for senior citizens as a whole living in rented and owner-occupied dwellings at a EU-15 level is better than those of single parents and young couples with child(ren). Because on EU-15 average both for 'young' and 'old' senior citizens[34] in comparison to all households there is a slightly lower proportion of households for which housing costs are a heavy financial burden.

**HOUSING QUALITY OF SENIOR CITIZENS:** At a European level the index of the total housing quality of these households is very slightly above the average for all households. Observation of selected dimensions of housing quality shows that the level of dwelling quality for 'young' senior citizens is almost exactly the same as that for other households while the 'old' senior citizens have a clear quality deficit. In contrast to the young couples with child(ren), the occupancy density results for senior citizens in all EU-15 member states are considerably better than the results for dwelling quality.

**SENIOR CITIZEN SPECIFIC HOUSING PROBLEMS:** One of the further researched senior citizen-specific housing problems is closely related to the above-mentioned question of occupancy density. This is **age-related under-occupancy** of senior citizen dwellings. The ever greater problem of age-related under-occupancy as a result of ageing societies is not merely the consequence of a 'natural' reduction in mobility with increasing age but is to a great extent brought about by the lack of a sufficiently large supply of attractive and suitably priced smaller dwellings. From a national economic perspective the resulting involuntary under-occupancy of senior citizen dwellings amounts to a waste of living space on a massive scale. For those senior citizens directly affected it is accompanied by an unnecessarily high housing cost burden.

In Europe 61% of senior citizen households live in under-occupied dwellings[35]. Among the comparison countries Sweden and Austria have lowest proportions (52 and 62%). The result for the Netherlands is worst (85%) (see table B-43).

The second senior citizen specific housing problem to be investigated and compared is the extent of age related social isolation as a consequence of the change in family structures, which is redefining the relationship between the generations.[36] Table B-44 shows that tendencies towards **age-related social isolation** are only seen in the older

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[34] 'Young'/ 'old' senior citizen households: reference person between 65 and 74 years old/ aged 75 years or more

[35] A dwelling is defined as under-occupied if there is one person in the household and the number of rooms without kitchen is greater than 2, or if there are two persons in the household and the number of rooms without kitchen is greater than 3.

[36] See the detailed explanation to this problem in the chapter 'Illustration of main questions with examples' which is part of chapter II. Background and objectives of the project'

age group at European level. Whereas 'young' senior citizen households on EU-15 average have the same figures for 'no or few social contacts' as other households, for 'old' senior citizens in comparison with the total of all households the proportion of socially isolated households is 5% higher. There are a total of only four European countries, in which a distinct increase in isolation tendencies is already seen with 'young' senior citizens. Three of them are SOCOHO countries (Sweden, Austria and France). For 'old' senior citizen households Austria and France are the two countries with by far the highest level of age-related social isolation.

**DIFFERENCES BETWEEN INDIVIDUAL COUNTRIES:** Since of the three selected groups the cost situation and the housing quality have so far been discussed only on a European level, the most important relevant differences between the SOCOHO countries must now be displayed: The preceding overview shows that the United Kingdom and Spain offer the vulnerable households in the rent sector the best cost conditions, while Spain and Austria are at the top of the area of ownership. The favourable cost situation in Spain cannot prevent vulnerable households feel more burdened by the housing costs than in the other comparison countries because of their especially bad income. In Sweden and the Netherlands, the three groups of vulnerable households are confronted with relatively high housing costs, but are stocked with the best quality of dwellings and buildings. In contrary, France and Spain have the worst results in regards to housing quality of vulnerable households.

In some important points, these results confirm the outcome of the analysis of the housing problems of the poor. On the background of the typology of the welfare states, one can draw the following conclusions: The liberal and the southern welfare state regimes (United Kingdom and Spain) achieve relatively good results for the housing costs of vulnerable households as opposed to their bad results in regard to the extent of poverty and inequality. Apparently the housing systems fulfil an important compensational function in these societies threatened strongly by poverty and inequality. In contrary the surprisingly bad cost results of Sweden and the Netherlands indicate that here as well as in France, the housing systems have been fully enfolded by the process of the transformation of the welfare regimes and are therefore weakened in their ability to secure social cohesion. This does not seem to be valid for Austria in the same extent. A detailed analysis of the tables on the cost situation of the selected groups in the Austrian National Report (p.91-93) confirms a speciality of this housing system determined already in the analysis of the cost situation of the poor: It obviously manages to keep the total level of housing costs so low that despite a certain deficit in targeted cost relief, acceptable results for the housing costs of these households are achieved.

**Figure 7.** Housing costs and housing quality of selected groups

| | Welfare state regimes | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Social-democratic | | | Hybrid social-democratic/corporatist | | | Corporatist | | |
| | Sweden | | | Netherlands | | | Austria | | |
| **Dimensions of comparison between the households of different countries** | **Single parents** | **Young couple with children** | **'old' senior citizen hsh** | **Single parents** | **Young couple with children** | **'old' senior citizen hsh** | **Single parents** | **Young couple with children** | **'old' senior citizen hsh** |
| **HOUSING COSTS** | | | | | | | | | |
| Monthly rent | | | | | | | | | |
| Monthly payment for loan or mortgage | | | | | | | | | |
| Share of 'hous. costs are a heavy burden' | | | | | | | | | |
| **HOUSING QUALITY** | | | | | | | | | |
| Total quality of housing situation | | | | | | | | | |

| Dimensions of comparison between the households of different countries | Welfare state regimes | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Corporatist | | | Liberal | | | Southern | | |
| | France | | | United Kingdom | | | Spain | | |
| | Single parents | Young couple with children | 'old' senior citizen hsh | Single parents | Young couple with children | 'old' senior citizen hsh | Single parents | Young couple with children | 'old' senior citizen hsh |
| **HOUSING COSTS** | | | | | | | | | |
| Monthly rent | | | | | | | | | |
| Monthly payment for loan or mortgage | | | | | | | | | |
| Share of 'hous. costs are a heavy burden' | | | | | | | | | |
| **HOUSING QUALITY** | | | | | | | | | |
| Total quality of housing situation | | | | | | | | | |

Positions in the result table of European member states:

Positions 1 to 4

Positions 5 to 9

Positions 10 to 13

Data not available

Sources: Single parents: Tables B-21, 21 and 24; Young couples with child(ren): Tables B-29, 31 and 32; 'Old' senior citizens: Tables B-36, 38 and 39 in the Annex.

## 3. Housing Systems

### 3.1. Structures of Housing Systems

#### 3.1.1. General Housing Trends

The structures of the housing systems of the European countries are the results of the respective housing policy. In the years after 1945 this policy has to fight against the housing shortage caused directly or indirectly by the war. This mostly requires a strict regulation of the housing market and intense public dedication in the (re-) construction of dwellings. The housing policy of the first post-war period therefore shows (at a high level of generalisation) rather few national differences.

After the clearance of the housing shortage caused by the war, the public authorities withdraw themselves in favour of the market. Since the individual countries are withdrawing in different forms and at different speeds, there is a distinct expansion of the bandwidth of the housing-political strategies. However each of the countries examined by the SOCOHO project was (and is still today) using supporting and regulating measures in the following three levels: 1. in the housing supply, 2. in housing demand and 3. in the use and modernisation of the dwellings available.

The activities on these three levels not only differ in their scope and the respectively used political instruments, but also in their goals, whereby the differences have close ties to the respectively practised welfare state model. In this sense one can notice the following accent differences between the housing policies of the welfare state regimes described in part III. B) 1. around the mid-1970's:

- In the southern welfare states the public subsidy and regulation activities are generally weaker and the importance of private ownership rather stronger than in the other welfare state regimes.

- In the social democratic welfare state, the public support of housing represents a general civil right, while in corporatist and liberal welfare states it mostly benefits the lower to middle income levels.

- In corporatist welfare states, the most important landlords of publicly supported housing are limited-profit housing associations in charge of housing provision for specific social groups, while the communities play the largest role in the liberal and social democratic welfare states.

Besides these accents, which directly result from the logic of the respective welfare state model, each of the examined housing systems has a series of otherwise explainable specialties that can only be mentioned as examples:

- The Netherlands has an especially large social housing sector.
- Austria concentrates on direct subsidising of housing supply and therefore shows clearly reduced proportions of indirect and demand-sided subsidies.
- In France, the supply subsidies has a clearly quality-related grading[37], that is for those dwellings of the lower level one specifically combines increased subsidising with cost-reducing quality reduction.
- France, Sweden and especially the United Kingdom are realising initially broadly placed demolition programmes in the area of urban renewal policy, while the later incipient renovation activities in the Netherlands and Austria are concentrated on the renewal and improvement of the already existing substance.

The changes in the housing policies observable since the mid-1970's, have two focus points: On the one hand the activities are increasingly shifting from a stimulation of housing construction to the renovation and improvement of the already existing housing stock since the increasing removal of the purely quantitative housing deficits in most countries[38]. On the other hand it has come to a new definition of the role alloca-tion between market and state in the wake of the change to a neoliberal economic and social policy already mentioned in part III. B) 1., which expresses itself in the following trends[39]:

- Withdrawal from the regulation of the private rented sectors
- Distinct reduction of the funds allocated for the housing sector
- Cutback from the supply subsidies in favour of a specific subsidy of the demand from vulnerable groups, whose housing provision is threatened by the increasing dominance of the market in housing.

While the three mentioned developments strengthen trends which already have been noticeable since the 1970's, a break with previous practices can be seen in the area of owner subsidy: Especially for budgetary reasons, but also because of the increasing

[37] Czasny, K. (1987), p. 113
[38] Donner, C. (2001), p. 48
[39] Cuennet, S., Favarger, P., McFarlane, A. (1998)

orientation on 'social marksmanship' of the subsidy activities, is a withdrawal from the previously laboured indirect subsidy efforts of housing ownership. At the same time the ownership concept is getting new boost through the broad-based privatisation of the previously public or semi-public owned dwellings.

These just described general tendencies show the following accents in the countries examined by the SOCOHO project:

- As the point of origin of the neoliberal change, the United Kingdom was affected by the mentioned developments before the other comparison countries, whereby the privatisation of previously public housing stock is especially large here.

- Austria has been rebelling against the neoliberal turnaround in the housing policy longer than the other social democratic and corporatist welfare state, but has always practised very high direct subsidising of owned property.

- As representative of the southern welfare state model, Spain takes a special place, since a rather low level of housing political interventions is taken for granted in the first place. From the trends mentioned, especially the expansion of demand subsidy for vulnerable groups is important.

After this short description of the general housing trends in Europe, we will now give an overview of the current structures of the housing systems in the countries examined by the SOCOHO project in the following five chapters (3.1.2. to 3.1.6.), in order to then (in 3.2.1. to 3.2.3.) examine the role of these structures in the maintenance of social cohesion.

#### 3.1.2. Subsidies[40]

When comparing the subsidy systems according to table C-14, one notices that public spending for the housing systems has in most comparison countries a share of about 1,5% of GDP (between 1,4% in the Netherlands and the United Kingdom and 1,7% in Austria). There is only one exception. Spain, our example of the southern welfare state, has a significant lower level (0,9% of GDP).

The comparison of the annual expenditures for housing must however consider the extent of economic and social **sustainability** of the respective subsidy system besides

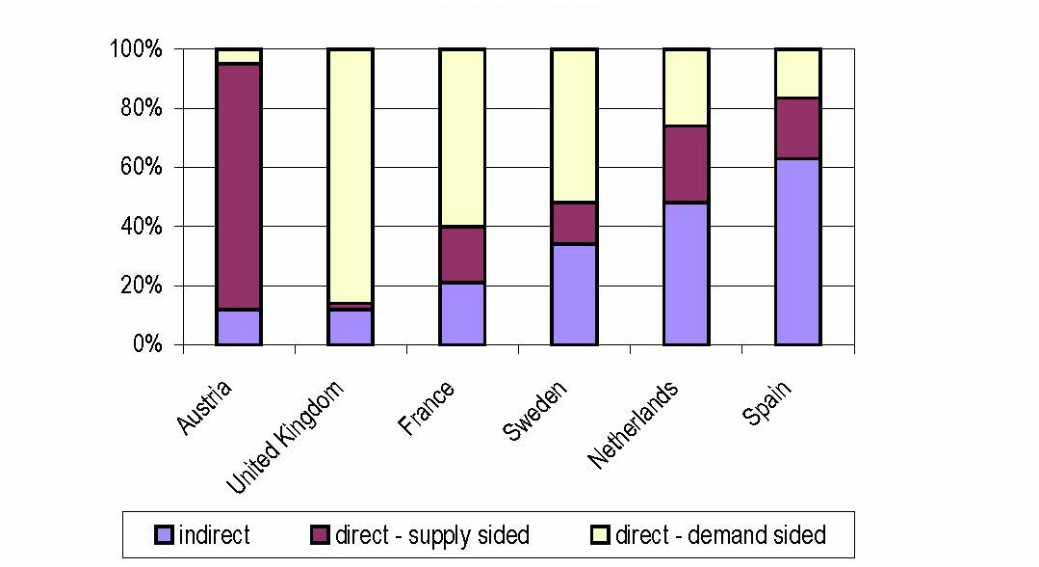
[40] All of the following information of chapter III. B) 3.1. is related, if not otherwise mentioned, to the current situation (2002/3).

the **amount** of subsidies, whereby one must differentiate between two aspects of sustainability:

One must firstly consider that demand-sided subsidies are 'lost benefits', while the construction loans from the public authorities face respective reflux. From this point of view the ability for persistence of the Austrian subsidy system proves to be an enormous advantage. For it is because of the merely slightly implemented change to demand-sided subsidies marked by a very high proportion of subsidy loans, so that by the end of the 1990's, more than 20% of the annually spent direct subsidies can be financed with reflux.[41]

Secondly all direct or indirect supply-sided measures must prove which types of developer and dwellings are being subsidies with their help: If the subsidies benefit profit-oriented developers or the construction of owned dwellings, then the dwellings subsidised in this manner will be offered on the free housing market sooner or later, so that only a very slight long-term subsidy effect exists. If, however, rented dwellings of limited-(or: non-) profit housing associations or communities are subsidised, the subsidy efforts develop optimal long-term effects. For on the one hand the stock of low-priced dwellings is continuously enlarged and on the other the rental incomes from these subsidised dwellings can again be used for the future construction of affordable dwellings.

**Figure 8.** Structure of housing subsidies 1995-2000




*Source: Table C-14*

[41] See Czasny, K., Moser, P. (2000), p. 20

Such long-time effects are important in the case of the United Kingdom[42], the Netherlands and Sweden, where a very sustainable subsidy policy was carried out for many years. Therefore one may not connect the currently rather low subsidy activities of these countries directly with the level of their housing costs and housing quality displayed in part III. B) 2. This means that the good results of the United Kingdom in the cost and quality comparisons in part III. B) 2. are not a confirmation of the country's current subsidy policy, but rather points to the fact that one is still reaping the fruits of a anticipatory subsidy policy of previous years.

From the viewpoint of sustainability, the reduction of the indirect subsidy of the owner sector in some countries (such as the United Kingdom and Sweden) earns a positive assessment. For with it a certain counterbalance is given for the deterioration of sustainability caused by the extension of demand-sided subsidies.

#### 3.1.3. Organisation of Social Housing

The social housing sectors of the individual countries consist of the rental dwellings constructed with public support. They are respectively structured differently and can contain the following three sub-sectors:

- 'public housing': rental dwellings of local authorities (state, region, municipality);
- 'limited- (or: non-) profit housing': rental dwellings of limited-(or: non-) profit housing associations, who on one hand enjoy special tax privileges and on the other hand have certain limitations to their entrepreneurial freedom;
- 'private social housing': rental dwellings of private landlords without restrictions regarding financial returns who get supply sided subsidies for the construction of price-regulated dwellings.

Table C-11 shows that about 14% of all dwellings, or about 40% of all rental dwellings belong to the social housing sector throughout Europe. As mentioned, the percentage is far lower in the southern welfare states. But the extremely low proportion of social housing in Spain (1%) also has another reason; it is connected with the fact that large parts of the 'private social housing'[43], which are so important here, are not counted as a part of social housing in the EU statistics.

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[42] See National Report United Kingdom, part C, Chapter I.2

[43] The different forms of 'private social housing' in Spain are described in the National Report Spain, part C, Chapters I.3 and I.4

We shall now examine the importance of the three mentioned sub-sectors in the SOCOHO-countries, and shall start with the United Kingdom: The housing shortage caused here by war damages and the large slum clearance programme were primarily removed through housing construction of the local authorities, which is why their housing stock has dominated the social housing sector since then. From 1979 onwards however the local authorities' role were greatly reduced as a result of changed political preferences. Tenants in council housing wishing to buy their dwellings were offered substantial discounts, so that nearly two million dwellings could be sold. In addition, part of the local authorities' housing stock was transferred to non-profit housing associations that were also to take over the local authorities' role of promoter.[44]

In spite of this change the limited (or: non-) profit housing associations play a far smaller role the United Kingdom than in France, the Netherlands and Austria, where the so-called 'Third Sector' administers large parts of the social housing stock. In the last two countries mentioned, this sector has been subjected to drastic changes in recent years, including the following:

- Sale of large parts of the existing stock of dwellings of the limited-profit housing associations to renters or private real estate investors.
- Withdrawal of supply-sided subsidies through the radical reduction of this kind of subsidy in the Netherlands, or by allocating a part of the supply-sided subsidies previously meant exclusively for the 'Third Sector', to private promoters in Austria

The social housing sector in Sweden has a special position that must be distinguished from all other comparison countries. Here there are housing cooperatives on one side, whose members can sell their dwellings on the free market, which is why one has to allocate these dwellings to the owner-sector and not to social housing. On the other hand the municipal authorities own a significant part of the stock of rented dwellings. While social housing primarily serves housing provision of poor and other kinds of households in most other European countries, public housing in Sweden is comprehensive, i.e. includes everybody, according to the universalism of the social-democratic welfare state. This is why rents and conditions of the municipal dwellings are not significantly different from those of private rented dwellings.

The antipole to Swedish public housing is the social housing in France, where the access to the dwellings of the limited-profit housing associations (called HLMs) is limited by very

[44] See Donner, C. (2001), p. 69

low-placed income levels.[45] In the Netherlands too one has tried to use the sector of social housing more for the housing provision of the poor and vulnerable households since the reduction of supply-sided subsidies. In contrast, a conception similar to the Swedish model of unlimited access can be found in Austria, where income limits do exist, but are set very high.

#### 3.1.4. Rent policy within the Area of Social Housing

As table C-15 shows, in regards to the kind of rent regulation within in the area of social housing in the research area of the SOCOHO project, there is a differentiation between

- Countries in which the rent of a large part of the dwellings is bound to the costs of constructing and administering of the individual building, and
- Countries in which the rent of individual dwellings primarily depends on the respective quality and location of the dwellings.

France, Spain and Austria belong to the first group, while the other three comparison countries belong to the second. In the United Kingdom and partially in Sweden the quality-related rent setting is combined with cross-subsidising between the cheaper old stock and more expensive new dwellings.

This practise is called 'rent pooling' in the United Kingdom, and leads to the rent differences between older and newer dwellings are tendentially lower than in those places where the rent depends on the costs of constructing and administering the individual building. Because the intensity of promotion sank over time while the property and construction costs continuously increased. Besides this the capital market loans have in many cases already been repaid for the older dwellings.

A general income dependency of rent is not practised anywhere, as can be read from table C-16. The relationship between income and rent is normally created via demand-sided subsidies in the shape of housing allowances. As mentioned in chapter 3.1.2., these have very different weight in the individual countries (see tables C-7 and C-8). Only in France can one find income-related supplements. In combination with the low-placed income limits, these ensure that social housing is concentrated strongly on housing provision for poor and other groups of vulnerable households.

[45] See Donner, C (2000), p. 296

### 3.1.5. Regulation of the Private Rental Sector

The regulation of the private rental sector in all EU-15 member states has two focal points: the regulation of rents and regulations governing contract termination. If one first regards the **regulation of rents**, there are two aspects to differentiate:

- regulations concerning the control of the initial rent negotiated for a new rental contract between a landlord and a tenant and
- regulations governing how the initial rent will change in the future

On the second aspect, most EU-15 countries have moved towards a system that allows some type of rent indexation to inflation. In Sweden the particular possible rent increases are the result of collective negotiations between local housing municipal companies and the local tenants associations.

In the regulations concerning the control of the initial rent, a more or less strong tendency to liberalisation is determinable in many EU-15 countries. This has sometimes been limited to specific segments of the rental market, so that a more or less strong segmentation of the rental market arose.[46] Another segmentation resulting from the liberalisation is that rental contracts signed a long time ago often have more affordable rents than more recent contracts, because they are subject to even stricter regulations.

The segmentations of the private rental sector are weakest in those countries that were able to establish extensive and generally accepted rent regulations in time. In our examination area, this is the case in Sweden and the Netherlands, where there are identical rules for social rented dwellings and private rented dwellings. Both countries have established user value systems, in which the maximum possible rents are calculated on the basis of so-called quality points (see table C-15).

The increase of rent in the private rented sector caused by liberalisations and/or price increases forced all comparison countries to introduce demand-sided subsidies for tenants of private dwellings sooner or later. This was the case in an extreme form in the United Kingdom, where about 60% of private renters are receiving housing allowance as early as 1987[47]. As opposed to the promises of theoreticians of liberalisation, the landlords did not react with a respective extension of supply to this state-run supported

[46] See European Central Bank (2003), p. 28

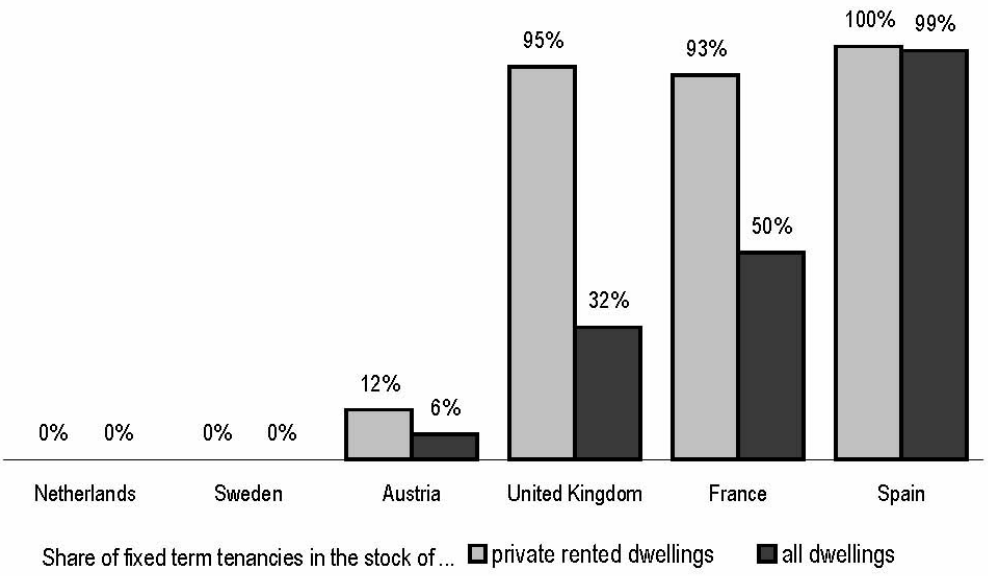
[47] See Donner, C (2000), p. 494. The current value is now only 40% - because, among other things, restrictions were placed on eligible rents. See National Report United Kingdom

demand[48] but instead raised prices. This is how that force to further extension of public expenditures for demand-sided subsidies developed that finally led to a wide withdrawal from supply-sided subsidy.

The resistance against this development was most successful in Austria, where one is giving out humble demand-sided subsidies for private rented dwellings for only a few years. But since this reluctance for subsidies is not accompanied by a respectively efficient control of private rents the bill for this policy, judged positively from the view of the social housing sector, is paid for by the demanders who depend on the last-minute availability of the supply of private rented dwellings (such as young adults or immigrants).

Since the liberalisation of rents began with the yet-to-be-signed contracts in most countries, a strong pressure on the **length of rental contract**s developed. While a large part of rental contracts was open-ended in the first post-war years, this is mostly only the case in the social housing sector. From the tenants point of view the situation in Sweden and the Netherlands is best, where due to extensive and stable rent regulations open-ended rental contracts are still the rule, also in the private rented sector (see Figure 9).

**Figure9.** Share of fixed term tenancies




*Source: Table C-18*

[48] In London, for example, new private rental dwellings are almost only available in the top-most price-segment. See Behring, K., Helbrecht, I. (2002), p. 139

Besides the regulations concerning the possible time limit for rent contracts the regulations governing contract termination contain the **statutory protection from eviction**. In all comparison countries, this basically consists of the fact that the landlord may only evict for an important reason stipulated by law (for instance: non-payment of rent, improper use of dwelling, etc.). While there is distinctly more or less worse protection in the private rented sector than in social housing in Spain, the United Kingdom and Austria, it is just as good in the entire private rented sector as in social rented dwellings in the Netherlands, France and Sweden (see table C-19).

#### 3.1.6. Urban renewal

It was hinted at in chapter 3.1. that one can divide the urban renewal policy on the European level into different phases: After the housing-political concepts were determined by housing construction everywhere in the beginning, so that only demolition of the worst dwellings was a possibility for redevelopment, one transferred over to stock-retaining forms of construction in the 1970's. At first the restoration and improvement of the physical building fabric stood in the foreground. But slowly area-related ideas were asserted, which also consider the social and economic problems of the inhabitants.

At the same time the spatial focus of renewal activities moved. While it had at first concentrated on older, densely constructed districts, more and more programmes for the renewal of the large housing estates built after the war were being developed now, in which it had come to distinct slum-forming tendencies due to a high concentration of vulnerable households. In our research area, such renewal projects play a very important role in the United Kingdom, the Netherlands and especially France. These are those same countries, in which on one hand the largest deficits in the quality of social environment and on the other the strongest tendencies to the concentration of the poor in cheap social dwellings are seen (see tables B-13 and B-17).

Consequently the importance of the social renewal of large housing estates is least in the country that has the fewest problems in the quality of social environment and the weakest concentration of poor households in the cheapest segment of social housing. This is Austria, where the restoration of inner-city problem areas with high proportions of poor immigrants is in the foreground of restoration activities.

### 3.2. Responsibility of Housing Systems for Housing Problems connected with...

#### 3.2.1. Poverty

In this chapter we shall compare the housing systems of the countries researched by the SOCOHO project, in order to answer the following two research questions:

- Which of their structures affect the burden of housing costs of the poor?
- Which of their structures affect the deficit in housing quality of the poor?

**HOUSING COSTS OF THE POOR**: In the comparative analyses, three approaches of the housing policy to reduce the housing costs of the poor become clear:

1) The first approach wants to achieve a preferably low general level of the housing costs through continuous supply-sided interventions in the housing market.

2) The second consists of a specific financial support of poor demanders on a widely free housing market.

3) The third approach wishes to achieve additional reductions for the poor through a laboured social scaling of housing quality via various supply- and demand-sided measures.

None of the researched countries is exclusively counting on one of these approaches. What differs is the weight of the three strategy elements in the total design of housing policy. One can recognise changes in the strategic total design repeatedly over longer time-spans. In this sense, many countries oriented themselves to strategy approach (1) (general limits of housing costs) in the first post-war years in the face of a generally very low and only slightly differentiated income level, which rests on two pillars:

1) Strict price control and encompassing tenant protection in the private rented sector

2) Broad direct supply sided subsidy of a price-regulated housing construction accessible for large sections of the population

In the 1960's the paths of their housing policies follow different directions: The United Kingdom and Spain take approach (2) (extension of demand-sided subsidies for the poor instead of the previous subsidies of the supply and liberalisation of private rents), while France combines elements of approach (2) (liberalisation of private rents and extension

of the demand-sided subsidies) with those of approach (3) (quality-related differentiated supply-subsidies and income-related rent supplements).

Sweden and the Netherlands are still holding on to a relatively extensive regulation of the private rented sector, but have switched over to approach (2) in subsidising (strong reduction of supply-sided subsidies in favour of demand-sided subsidies for the poor) in the course of the 1990's

The housing policy in Austria shows an opposite tendency: On one hand the price regulation and tenant protection in the private rented sector is being reduced more than in the two previously mentioned countries, on the other hand an extensive direct supply-subsidy is being practised, whereby not only the construction of rental dwellings, but also the construction of owner occupied dwellings and homes for own use are being strongly supported. Besides this one can see elements of approach (3) in the area of old stock of private rented dwellings, because here one has hesitated with quality increases for a long time, in order to retain a largest possible supply reserve of poorly equipped but inexpensive dwellings for the provision of poor households.

If we now consider the results of the application of the three mentioned strategies, we can see the following two things:

1) The extensively granted supply-sided subsidies in Austria are only slightly more expensive than respective extensively granted demand-sided subsidies as a result of the sustainability of the subsidy system (see chapter III. B) 3.2.)

2) The perpetuation of the supply-sided subsidising is a decisive prerequisite for Austria succeeding in achieving a lower total level of prices on the housing markets than other comparable countries[49] (see tables C-1 and C-4).

Besides the direct cost-reducing effects of the subsidy, two indirect effects are apparently also responsible for this success:

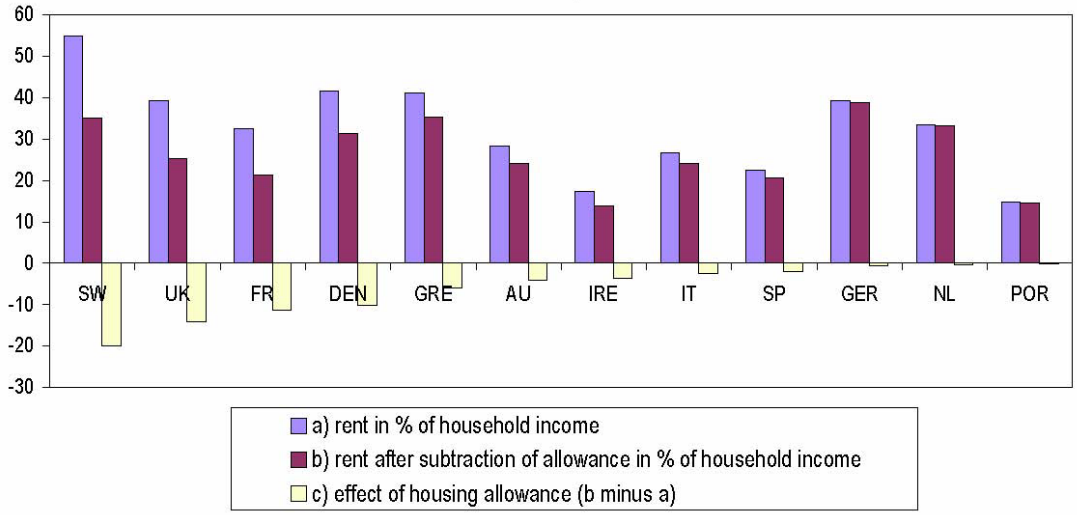
- On the one hand the large stock of subsidised price-bound dwellings dampens the general price level so strongly, that the sector of private rental dwellings shows a relatively low price level in spite of massive deregulations.

[49] Spain, which shows an even lower price level on the housing market than Austria, is not comparable (like other Mediterranean countries). One must only consider the lower cost of labour in large parts of the country and the special climatic conditions.

- On the other hand the only slight volume of the demand-sided subsidies results in no price inflation being induced from the demand-side.

Thus while this consequent and long-term practice of approach (1) actually leads to the desired success in moderation of the general level of housing costs, a better-targeted relief of the poor is apparently successful in those comparison countries, who focus especially energetically on approach (2), with its extension of demand-sided subsidies at the expense of supply-sided subsidies (see tables C-7 and C-8): While the housing allowance in Austria only reduces the proportion of rent in the household income by 4 percentage points, reductions in the United Kingdom, France and Sweden lie between 10 and 20 percentage points (see table C-9). The housing allowance in Austria also contributes distinctly less to reducing the rate of poor households than in France, Sweden and the United Kingdom (see table C-10)

**Figure 10.** Effect of housing allowance for the rent burden of poor households




*Source: Table C-9*

**HOUSING QUALITY OF THE POOR**: Here one must first mention that the long-term and extensive maintenance of the supply-sided subsidies as well as a consequently practised individual subsidy of poor households can minimise quality deficits for the poor. This is noticeable because the United Kingdom and Austria both achieve above-average results in the comparison of the overall index of poor and not-poor households (see table B-14).

While present price barriers are at least partially overcome through government aid in the first case, there are very low price differences between the different housing sectors in the second case from the get-go (see tables C-2 and C-3). This on one hand improves the access of the poor to the well-equipped dwellings. On the other hand it reduces the

extent of social segregation (which will be examined in the next paragraph) what has very positive consequences for the quality of social environment.

Furthermore one must note that the French housing policy's orientation to approach (3) (quality-related grading of supply-subsidies and income-related rent supplements) leads to the quality arrear of the poor households to the other households being much higher here than in the other comparison countries (see table B-14).

In the second of the aspects of housing quality we examined, the **risk of homelessness,** no direct relation to the overall design of the respective housing policy can be proven, since many external factors (extent of poverty, degree of urbanization, etc.) play a role. But even if not statistically provable, it is still obvious that the structures of the housing systems influence the extent and manifestations of homelessness. Besides the respective extent of the poor's housing cost burden, those measures or structures, which affect individual households when dealing with economic or social instability and which strengthen or weaken the position of tenants are especially important.

#### 3.2.2. Inequality

The following chapter shows which structures of the housing systems affect the formation of spatial segregation of different social and ethnic groups.

##### a) Spatial segregation of different income groups

**NATIONAL LEVEL:** It is clarified in part III. B) 2.2. that the spatial segregation of different income groups in the individual countries has a very diverse extent. On the search for the significant causes, we may assume that housing systems influence segregation through the type and dimension of segmentation of the housing supply: if only a small part of the housing supply is accessible to the poor for financial or other reasons, then they are necessarily over-represented in those housing stock sectors and areas with predominantly this type of housing.

Type and extent of segmentation of the housing market are determined by numerous social and economic factors. In the area of the housing economy there are five factors, which specifically cause social segregation:

1) A small size of the stock of affordable dwellings;

2) A small volume of demand-sided subsidies (since these subsidies increase the freedom of movement of the poor on the housing market);

3) Certain structures of the supply sided subsidies – namely high proportions of

a) supply-sided subsidies which are reserved for the poor because the subsidised dwellings are only accessible to them (due to respective income limits);

b) supply-sided subsidies which are reserved for high-income households (due to high initial payments or high running costs);

c) indirect subsidies, since mostly only households with relatively high income can use them.

4) Existence and proportion of rent supplements for higher-income households;

5) Certain conditions for housing improvement, which initiate improvement procedures that are connected to the displacement of socially deprived households by the demand of higher-income groups.

The country with the slightest amount of social segregation is Austria (see table B-17). Against the background of the previous, the following structures of the housing system are, among others, responsible:

- Large stock of affordable dwellings, which can be attributed to the general low level of housing costs and the relatively weak differentiation of costs between the different sectors of the housing stock (see table C-5);
- Low proportion of indirect subsidies;
- High income limits in the access to promoted rental dwellings;
- No sub-division of the stock of promoted rental dwellings in sub-segments with special forms of promotions for low- and higher-income levels;
- No rent supplements for higher-income households in social rented dwellings;
- Careful stock policy for private rented old dwellings, which prevents the displacement of the poor in the course of restoration processes.

The housing systems of countries with strong social segregation often show a shortage of social housing following privatisations and a reduction of new construction of social dwellings forced by a reduction of supply-sided subsidies. This shortage of social housing forces the still available social dwellings to be reserved exclusively for poor or vulnerable households via low-placed income limits and/or income related rent supplements.

Respective tendencies can be found in the United Kingdom and the Netherlands. In France additional segregation effects develop from the quality-related scaling of supply-sided subsidies practised since the first post-war years.

**URBAN AGGLOMERATIONS:** We recorded in part III. B) 2.2. that the segregation of different income groups is not stronger in all of the urban agglomerations examined than in the other parts of the countries. Where this is in fact the case, such as in London, it is, among others, for the following structural reasons:

- Especially high proportions of poor households (see part III. B) 1.);
- Especially high house prices and rent levels;
- Especially large shortage of social housing;
- Especially large weight of up-grading restoration processes.

b) Spatial distribution of poor immigrants:

**NATIONAL LEVEL**: It arose from part III. B) 2. that the spatial distribution of immigrants on a national level is determined by the pull of the demand for labour and not by the housing market. In the analysis of the effects of the respective structures of housing systems for the spatial distribution of immigrants we can therefore confine ourselves to the situation in the urban agglomerations.

**URBAN AGGLOMERATIONS**: The tendencies on spatial concentration of poor immigrants stated in part III. B) 2. have two main causes, which have different importance in the countries researched.

The first of the two causes consists in the limitation of access of immigrants to social housing through legal barriers (e.g. minimum duration of stay or proof of citizenship) or informal mechanisms (e.g. institutional discrimination or lack of large enough dwellings), which leads to the concentration of immigrants in the densely built, quarters close to the centre with poorly equipped and mostly overpopulated dwellings of the private rental or owner sectors.

Where the immigrants have access to social housing, the second main cause for their spatial concentration becomes apparent. This is segmentation within the social housing sector. It results from the access to the better and more expensive parts of this sector being difficult for poor immigrants and ethnic minorities due to cost reasons but also various informal selection mechanisms. Members of that group are therefore concentrated in the cheapest social dwellings, rarely demanded by the other households

and often situated in unfavourable urban or suburban areas with poor infrastructure and bad social environment.

Market barriers of the first type play an important role in the United Kingdom, and especially in Austria. In the other comparison countries, ethnic segmentation within the social housing sector dominates.

### 3.2.3. Transformation of the socio-demographic structure

#### a) Instability of the economic base of individual households

In the current chapter we must examine which structures of the housing systems affect individual households when dealing with instability. Just as in part III. B) 2., we will firstly research the problem of the **more varied occupational biographies**. In this one must assume that the possibility for the realisation of job-related housing mobility is determined by three structural characteristics:

1) The amount of rented accommodation, since owner-occupied housing makes moving house more difficult.

2) The level of supply of cheap housing, which can be moved to.

3) The extent of cost differences between new and existing tenancy agreements as well as between new and old housing stock sectors, since a higher price level for new tenancy agreements or for new housing stock sectors hinders moving house.

A comparison of the tables related to these structural characteristics, C-11, C-5 and C-12, shows that the prerequisites for job-related housing mobility are best in the Netherlands and worst in Spain. The actually observed frequency of job-related housing mobility (see table B-19) tendentially concur with this result, but not completely, since the Netherlands is only in second place here, while Spain is second to last. The extent of job-related housing mobility therefore apparently also depends on external factors.

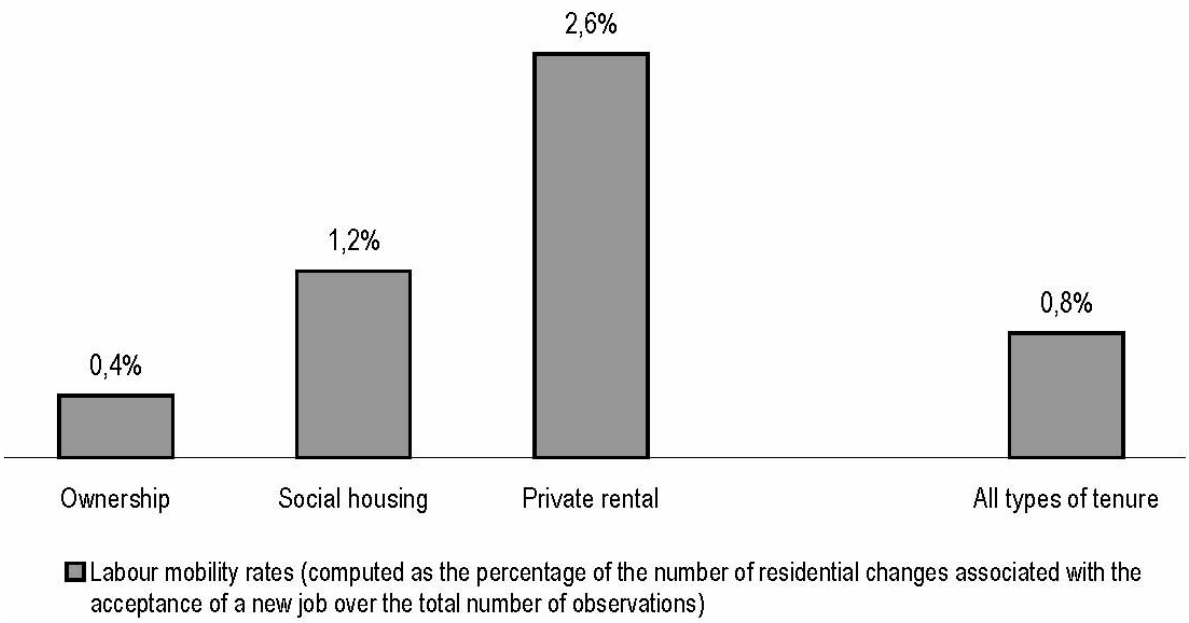
Besides the loss of job-related continuity, the **more frequent changes in household income** endanger the economic stability of households. The dealing with income reductions connected to this is influenced by two structural characteristics of the housing systems:

1) The general level of housing costs: The lower the average level of housing costs, the easier it is to cope with a possible worsening of the income situation without moving house.

2) Level and range of income-related setting of housing costs: Among other factors, it is a question of the extent of individual cases' income-dependence and how many dwellings of the total stock are affected.

In the first of the two criteria, a better result can be expected for those housing policies that follow approach (1) (strong supply subsidising and regulation, few demand-sided subsidies), while approach (2) (little supply subsidising and regulation, strong demand-sided subsidising) would do better with the second criterion. The 'housing consequences of reduced income' displayed in table B-20 actually only show very few differences between the comparison countries. This is not only because every examined country practises a mixture of the two strategies. It also shows, that similarly good results can be achieved with both approaches.

**Figure 11.** Labour mobility rates broken down by type of housing tenure for the period from 1995 to 1997




*Source: ECHP, processed by: European Central Banc (2003); see p.34*

As important as the opportunities for voluntary housing mobility for households affected by economic instability are, it is just as important that **involuntary housing mobility** is not created, since this contributes to an increase in economic instability. It is therefore an advantage for households affected by economic instability, if the respective housing system has a large proportion of unlimited term tenancy agreements available or agreements that are not terminated against the will of the tenants. For the same reason, it is important that preconditions exist in the fields of subsidy and tenancy law, which

prevent the displacement of households living in the renewal areas by the demand of higher income groups.

From this point of view one must definitely prefer approach (1) which is connected with strong regulating, whereby Sweden and the Netherlands achieved the best results from among the countries examined by the SOCOHO project, since the highest level of regulation is practised here (see tables C-18 and C-19).

**b) Selected groups**

In the following final chapter of the examination of structural effects of the housing systems it is about the question, which structures affect the housing problems of single parents, young adults, young couples with children and senior citizen households. Since these groups of vulnerable households have a higher risk of poverty, all structures in housing systems analysed in chapter 3.2.1., which play a role in the housing problems of the poor are also important for the housing provision of them. The three primarily named groups (single parents, young adults and young couples with children), besides having a high risk of poverty, also have more problems with the instability of the economic base of individual household. In this connection, all structures in housing systems examined in chapter 3.2.3.a, which play a role in the housing problems of economically unstable households are very important.

Here only some bits of information must be added which are supposed to characterise the position of senior citizen households, young adults and young families on the housing market. The information regarding the last two groups is presented in table C-6, which calculates the respective number of affordable dwellings in relation to the number of young adults and young families[50]. In both cases, Austria and the Netherlands show the best results, while Sweden and Spain take last places.

From the large number of housing problems affecting senior citizens we will finally examine the question of housing cost burden: Besides the general level of housing costs and the presence of efficient demand-sided subsidies, the respective type of rent settings are important for the height of senior citizen-specific housing costs. Here those housing systems, which do not practise rent pooling and protect from rent increases in already existing rental contracts in the private rented dwellings, have an advantage.

According to tables B-36 to B-39, the United Kingdom and Austria achieve the best results besides Spain, which has the advantage of low construction costs. In the case of

[50] The definition of ‘affordability’ can be found in Table C-6

United Kingdom, demand-sided subsidies obviously have decisive importance, while in Austria the privileged position of already existing rental contracts or older dwellings as well as the very generous supply-sided subsidies for homes used by the owner play an important part.

## IV. CONCLUSIONS AND POLICY IMPLICATIONS

### 1. Summary of the most important results

European social research has a long tradition of comparing socio-economic and demographic structures, reinvigorated by the ongoing process of European integration. Comparative housing research has also been experiencing a strong upswing since the 1990's. In connecting of housing specific problems with problems of the current social change there is still however a large number of open questions.

The SOCOHO project would like to contribute to the closing of this gap, whereby it aims for high comparability of the practised examination and a broadest-possible quantification of the results in the individual countries. Based on these methodical principles, the projects researches, which challenges to the housing systems of the individual countries result from the crisis of social cohesion caused by current processes of economic and social transformation, and how the various housing systems are responding to these challenges. The analysis has been organised into three steps:

Firstly a description of three focal points of the crisis of social cohesion was created (see part 1. of The Results). This was followed by a description of the housing problems connected to it (see part 2. of The Results). An analysis of the part played by the structure of the different housing systems being partly responsible for the housing problems described made up the third step (see part 3. of The Results). The following summary displays some important results of these three analyses.

#### 1.1. The three focal points of the crisis of social cohesion

The three focal points of the crisis of social cohesion that are researched in the SOCOHO project are: 1. the increasing problem of poverty, 2. increasing social and ethnic inequality and 3. the transformation of family and demographic structures. While the analyses in the first and third case were limited to the national level, the problems of increasing social and ethnic inequality were also researched in an important urban agglomeration in each country.

All three focal points of the crisis of social cohesion, but especially increasing poverty and inequality, result from the laboured technological change, the increasing internationalisation of production and the rise in competition pressure connected to this.

Technical revolutions and changes in international division of labour aggravate the social inequality within the individual societies, by dividing the work force into modernisation

winners and losers. Moreover these changes also increase the prosperity gradient between the countries and continents, whereby they cause a movement of labourers, which then increases ethnic inequality as well as social inequality in the prosperity centres (therefore also in countries of the European Community).

At the same time, the increasing international competition finally leads to the limitation of the action scope of the welfare states in the mitigation of the developing inequalities and risk of poverty by social services. This effect is strengthened even more in the case of the European welfare states because of the participation in a common European currency, because the extremely restrictive fiscal management by objectives of the Maastricht Treaty causes a further constriction of the national action scope.

The increasing pressure of international competition and the division of labour into modernisation winners and losers finally leads to a general weakening of the position of the employee in society and the state. This change in political-economic balance of strength has resulted in the advance of so-called 'neoliberalism', noticeable since the 1980's.

The latter sees the most efficient instrument for the solution to social problems in the market or in profit-oriented commodity production, which is why it continuously wishes to expand this instrument – at the cost of those institutions of social economy and the welfare state that were achieved by the labour movement, which embody a solidary problem-solving measure that stands diametrically opposite the logic of profit and commodity.

Just as with the fiscal limitation of the social welfare action scope, the European Union also plays a key role in the implementation of the market economy organisation pattern in the member states. Its related management of objectives plans an increased privatisation of risk provision for the classic action fields of the welfare state (old-age and medical provision), and therefore leads to a further decisive weakening of the position of the welfare state.

The "reform"-entitlement of the privatisation ideology goes far beyond the core zone of welfare state actions, and finally stretches to all functions previously worked by public authorities, from infrastructure (traffic, energy, telecommunication) to the housing system to art promotion. In all named cases, the need-oriented provision of values in use that are produced socio-economically and financed by taxes are increasingly replaced by profit-oriented production of values in exchange, which necessarily leads to a further increase of inequality and exclusion.

In the comparative analysis of the consequences of the all-European processes for the situation in the individual countries described, the SOCOHO project sorted each of the countries into a typology of **welfare state models** which contains a southern welfare state model that describes the situation in the Mediterranean countries besides the social democratic, corporative and liberal welfare state models distinguished by Esping Andersen.

As with all typology, the one used here is really only a snapshot of a reality constantly in movement. The main tendency of this movement is currently that international location competition and the ideological advance of neoliberalism, which is supported by the mentioned EU specifications, are creating **pressure for convergence** towards an increasingly stronger implementation of elements of the liberal welfare state. While this leads to the displacement of national- or group-specific solidary services through market-economic offers for problem solutions in the socio-democratic and corporatist welfare regimes, one can observe stronger efforts for the introduction of (partly regional) minimum standards of social security in the southern welfare state regimes in southern Europe.

The described development in the individual countries naturally neither runs continuously nor parallel with other countries, but, depending on the change of the respective political power ratio, jumps in and delays. So the welfare regimes in Sweden and the Netherlands had to permit deep cuts during the 1980's, while a forced deconstruction of the welfare state in Austria has only been implemented since the year 2000, the year the conservative right-wing populist government coalition came into power.

In the focal points of the crisis of social cohesion, the trends described above have led to the following situation in the countries researched by the SOCOHO project:

- Poverty and income inequality are largest in the United Kingdom and Spain, the two comparison countries that were allocated the liberal or southern welfare state model.

- The liberal welfare model of the United Kingdom also comes off especially badly in the closer research of the social situation of household types that are in the centre of the social change.

- Sweden, previously a role model for social democratic welfare regimes has lost its top position and now only holds a medium comparison position.

- In the urban agglomerations researched, the income inequality and ethnic differentiation due to international migrations are more distinct than on a national level.

- Changes in social relationships caused by social transformation weaken the economic stability of the households in all comparison countries, because they cause more frequent changes in household sizes, number of income recipients and therefore also in household income.

- Additional insecurities and risks also cause a universally observable reduction of the continuity of individual employment biographies.

### 1.2. Housing problems connected to the crisis of social cohesion

**HOUSING PROBLEMS OF POOR AND VULNERABLE HOUSEHOLDS:** As expected, the poor have a far worse housing quality than other households on a European level. This quality deficit is connected with reduced housing costs, but the latter result in a distinctly higher percentage of housing cost burden of the household income due to the low income-level. Therefore the poor are more often overwhelmed by housing costs than the other households.

The individual countries follow different paths in attempting to minimise the housing costs for poor and vulnerable households: For example, Austria is trying for a general reduction of the **average** housing costs while at the same time causing only slight cost advantages for poor and vulnerable households. The other researched countries are however, relying more on socially selective cost reductions. France has attained this by considerable quality reductions for the poor, which leads to a bad comparison result of their housing quality.

The relatively good results of the United Kingdom and Spain in housing costs and housing quality of the poor and vulnerable households show, that the housing systems fulfil important compensational functions in securing social cohesion especially for these two welfare regimes so threatened by poverty and inequality. In reverse, the poor cost results of Sweden and the Netherlands indicate that, unlike in Austria, the housing systems here have been completely enfolded by the process of transformation, and are therefore weakened in their ability to secure social cohesion.

**SECTORAL AND SPATIAL SEGREGATION**: The housing policy strategy of a wide-ranging but socially hardly differentiated reduction of housing costs practised in the Austrian housing system has an important side-effect in the area of housing quality: The relatively low total level of Austrian housing costs results in rather low sectoral and

spatial segregation of the various income groups in international comparison. This again has the result that in Austria not only the poor but other households also suffer far less of ten from low social quality in their housing area than is the case in the rest of Europe.

On a European level there are however, distinct tendencies towards spatial segregation of different income groups, in which the respective effects in housing quality can be observed: Among the SOCOHO comparison countries, the overrepresentation of the bottom 20% in dwellings with low quality of social environment is especially marked in those countries, in which the bottom 20% are over-represented strongest in the cheapest segment of rented dwellings.

**HOUSING EFFECTS OF INSTABILITY OF THE ECONOMIC BASE OF HOUSEHOLDS**: The research of the effects of decreasing stability of the economic base of individual households for the housing situation of households shows on one hand, that a reduction in household income does not lead to serious difficulties in paying housing costs on an EU-15 average of 94% of cases. On the other hand it clarifies that 95% of households with reduced income can avoid payment problems without having to move to a cheaper dwelling. These very satisfactory results prove that the housing systems of the EU-15 member states still offer relatively high security in cases of income problems. The mentioned results are also one possible explanation for the rather low average level of housing mobility in the EU, by global comparison.

### 1.3. The role of the housing systems in safeguarding social cohesion

**GENERAL HOUSING TRENDS**: The structures of the housing systems throughout Europe are massively affected by the neoliberal change in economic and social policy. This leads to a new definition of the role allocation between market and state, which shows itself in the following housing-political trends:

- Withdrawal of the state from the regulation of private rental dwelling markets
- Distinct reduction of the budget funds made available for the housing sector
- Reduction of direct and indirect supply subsidies in favour of specific support of housing demand from vulnerable groups, whose housing provision is threatened by the increasing dominance of the market in housing.
- Privatisation of public or semi-public housing stock.

These just described general tendencies show, among others, the following national accentuation in the countries researched by the SOCOHO project:

- As the point of origin of the neoliberal turnaround, the United Kingdom is affected by the mentioned developments a few years earlier than the other countries, whereby the amount of privatisations is especially large here.

- Austria has been rebelling against the neoliberal turnaround in the housing policy longer than the other social democratic and corporatist welfare state, but has always practised very high direct subsidising of owned property.

- As representative of the southern welfare state model, Spain takes a special placing, since a rather low level of housing political interventions is taken for granted in the first place. From the trends mentioned, especially the expansion of demand subsidy for vulnerable groups is important.

**HOUSING PROBLEMS OF POOR AND VULNERABLE HOUSEHOLDS**: The differences that were shown in Part III. B) 2. in the handling of housing costs of poor and vulnerable households result from the respective differences in the general housing political approach. In the area of the SOCOHO comparison countries, three such approaches can be ascertained:

The first wishes to result in a rather low general level of housing costs through continuous supply-sided interventions in the housing market. The second approach, oriented on the neoliberal concept, consists of the specific financial support of poor demanders on a basically free housing market. The third approach wishes to achieve additional price-reductions for the poor through laboured social gradations of housing quality via various supply- and demand-sided measures. The housing policy of each of the researched countries contains elements from all three approaches. It is the weight of these elements in the total design of the housing policy that differs.

- While the United Kingdom and Spain are realising approach (2) fairly intransigently (expansion of the demand-sided subsidies for the poor, and cancelling of regulation of private rents), France combines elements from approach (2) with some from approach (3) (quality-related amounts of supply subsidies and income-related rent supplements).

- Sweden and the Netherlands are keeping the private rental sector completely regulated according to approach (1), but over the course of the 1990's, switch to approach (2) in the field of subsidies (extensive release of direct supply-sided subsidies in favour of demand-sided subsidies for the poor).

- The housing policy in Austria is marked by two opposite tendencies: On one hand, price regulation and tenant protection are being reduced in the private rented

sector stronger than in the two latter mentioned countries, while on the other hand, comprehensive direct supply-sided subsidies are upheld.

Besides the obvious negative effects of approach (3) for the housing quality of the poor and the social segregation, an assessment of the success of the strategies mentioned has the following results:

- The consistent and long-term practise of supply-sided approach (1) is hardly more expensive in a sustainable design of the subsidy system than the changeover to demand-sided subsidies, and actually leads to a distinct moderation of the general level of housing costs.

- A better specified relief of the poor succeeds in those comparison countries, that are vehemently relying on approach (2) (the expansion of demand-sided subsidies at the expense of supply-sided subsidies), but the successes in this neoliberal approach partly rely on the long-term effects of the supply-sided housing policy that was practised for decades previously.

**SECTORAL AND SPATIAL SEGREGATION**: In the problem of spatial segregation of different income groups, especially important concerning urban agglomerations, the superiority of a supply-sided housing policy proves itself. Namely, this segregation mostly appears where the withdrawal from supply-sided subsidies leads to a shortage of social housing, which forces the still available social dwellings to be exclusively reserved for poor or vulnerable households via low-placed income levels and/or income-related rent supplements.

Besides the segregation of different income groups, all comparison countries show a more or less strong spatial segregation of ethnic minorities and/or poor immigrants, which goes along with considerable deficits in the housing areas concerned. Since the housing political resources that are saved by neglect of those quarters benefit the majoritarian or native population, one must conclude that here the capacity of the housing policy for the maintenance of the social cohesion in the area of the native or majoritarian population is strengthened via the social exclusion of ethnic minorities and immigrants.

**PROBLEMS CONNECTED TO INSTABILITY OF THE ECONOMIC BASE OF HOUSEHOLDS:** Many housing systems are distinguished by different structural barriers for housing mobility, which severely inhibit dealing with job or family related economic instability. Besides too high, mobility-inhibiting owner quotas, one must especially mention the price differences which exist in social housing between older and newer flats,

and in the private rented sectors between the yet-to-be-signed tenancy agreements and those that have existed for a longer period of time.

These structural barriers are especially high in those countries where limited deregulation on new rental agreements took place in the private rented sector, and where no rent pooling is practised in the social rented sector. The first impediment to mobility primarily concerns young adults, young families with children, immigrants and single parents - the very households that are strongly affected by economic instability. In the second case especially the mobility of senior citizens is reduced, which has a negative effect on the age-related underoccupancy rate.

While voluntary housing mobility is an important strategy in dealing with income instability, involuntary mobility that is forced by having been given notice is an additional economic issue for the households concerned. From this point of view, the housing systems of the Netherlands and Sweden have a model status with respect to their comprehensively functioning tenant protection and low rates of fixed-term tenancies.

## 2. Policy implications

### 2.1. European Level

The analyses of the SOCOHO project confirm the original hypothesis, that the housing systems of the EU member states are very important factors in the maintenance of social cohesion. They fulfill this role by having considerable influence on the height of risk of poverty, the extent of social and ethnic segregation and the treatment of the households with the current transformation of family and demographic structures.

Since a formal EU mandate for a European housing policy does not exist, and is not desired by the Commission nor the Housing Ministers of the member states, there can be only one very important conclusion from the mentioned result on the European level: It is that the European Union should secure **economical and political framework conditions**, which enable an efficient housing policy on a national level.

Another main result of the present project should be related to this policy implication: As the development of the housing systems in the comparison countries shows, the framework conditions created in the last decades on a European level have considerably limited the options open to the member states in the area of the housing policy, and therefore (in sharp contrast to the pathos of the European Social Policy Agenda) distinctly weakened the ability of the national housing systems to secure social cohesion.

On one hand the monetary-political convergence criteria agreed upon in Maastricht enforced restrictive budget-political measures, which withdrew the economic resources for an active participation in the building of new social rented dwellings and the subsidising of demand from the national states. On the other hand the political practise of the EU in the areas, which underlie a European regulation established an agreement on the role allocation between market, state and social economy, which increasingly takes legitimation from the public authorities for an efficient regulation of the private rented sector. In this way besides the economic basis, the political basis of the housing policy was also undermined.

Therefore if the goals of securing or re-establishing the action potential of the national housing policies were accepted on a European level, a new definition of the role allocation between the market, the state and social economy, which would contradict previous practise would be necessary. The acceptance of the named goal would therefore have deep consequences on a European level in spite of the lack of a formal EU housing mandate.

To name only one of many direct demands derivable from this goal, one must remember the expected effects of the EU expansion for the tax system: The partially very low income and property taxes of the accession countries have already brought a new dynamic to the general tax reduction race. The inevitably resulting further reduction of the action potential of the national housing policies could only be hindered by vigorous measures to the containment of this race.

### 2.2. Individual member states

The conclusions on a European level show that the trend to carry through liberal welfare regimes resulting from the global location competition and the specifications of the EU limits the functions of the housing systems in the maintenance of the social cohesion considerably. But because of a lack of a formal EU housing mandate, it would be more likely in the national housing policy than in many other areas (given the political drive needed), to resist the destruction of solidary problem solving measures that is connected with the establishment of market-economical structures.

Such resistance could rely on the results of the present project, which comment on the grave deficiencies in the respective demand-sided approach of the liberal welfare regime. These results show that the support systems in the centre of every approach are not a match for the housing cost increase that resulted from the deregulation of the housing markets, which leads to a general increase in the housing cost burden. Beyond this, it becomes clear that reduction of the size of the social rented housing sectors connected

with the reduction of supply-sided subsidies and the privatisation of social rented housing sectors has led to an increase in segregation tendencies, especially in urban agglomerations, which brings a serious danger for the social cohesion of the housing quarters affected with it.

Compared to this, the traditional, supply-sided approach of the housing policy produces far better results in the general height of the housing cost burden as well as in the degree of social segregation. Its weakness is the insufficient system of individual aid, which cannot supply sufficient additional cost reductions for vulnerable groups.

What follows from this report is that the member states should strive for a balanced mixture of supply- and demand-sided elements in their housing policies, which should lead to a strengthening of the supply-sided elements in most cases. Furthermore this means that all elements of the supply-sided approach still available in the fields of direct subsidies for social rented dwellings and regulations of the private rented sector must be kept in a form according to current needs.

A realisation of these conclusions requires the states, that have strongly reduced their total volume of housing subsidies over the last few years, to spend a bit more on the housing system, while those countries that can still show rather high subsidy spending should not reduce any further. One must thereby bear in mind that a decrease of public spending in the housing policy very often leads to consequential costs in other areas because of the important function of the housing system for the maintenance of social cohesion.

The conclusions come to so far concerned the basic significance as well as the general orientation of the housing policy and mostly applied to the effects of the housing policy on vulnerable groups and social and ethnic segregation. Finally, there are a few policy implications to mention which refer to establishing of structural conditions, which support the households in overcoming their increasing job- or family-related economic instability.

As the analyses of the SOCOHO project show, steps that on one hand raise the possibility for voluntary housing mobility and on the other hand reduce the danger of involuntary mobility are necessary for this. Besides an improvement of the often already patchy tenant protection, a reduction in the portion of fixed term tenancies and a limiting of mobility-inhibiting increase of ownership quotas, it is about measures which lower the mobility barriers in the rented sector by reducing in a socially reconcilable way the often very high price differences which exist in social housing between the older and newer flats, and in the private rented sectors between the yet-to-be-signed tenancy agreements and those that have existed for a longer period of time.

## V. DISSEMINATION AND EXPLOITATION OF RESULTS

During the life-time of the project local experts were continuously kept informed about partner's work on the SOCOHO project and the drawing up their National Reports contained in its framework. The periodicals as well as the websites of the institutes and of the SOCOHO project (http://www.srz-gmbh.com/ socoho) were used as media for this information activity. Besides this, the employees of the institutes also used personal contacts to clients other researchers and students as well as their appearances at external congresses to inform about the SOCOHO project.

The most important dissemination activities of each partner were the organisation of

- a workshops for national users in 2003. At these workshops, experts and researchers discussed the results in the field of social policy and housing policy and gave important impulses for the finalisation of the National Report;
- a conferences for national users in 2004 with a presentation of the National Report.

The exploitation of the national results of the SOCOHO project also stretches to the future research activities of the consortium partners, because they have managed to receive funding and assignments for research work from different institutions in the framework of national housing research, which directly connects with the questions and results of the SOCOHO project.

An example for these research activities is the following project of the SRZ (Austria): comparison study on the subsidy systems of Austria, Germany, France and the United Kingdom (contracting body: Austrian Federal Ministry of Economic Affairs and Labour, Community of Vienna, Austrian Federation of Limited-profit Housing Associations)

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