

Focus on incentives, quality rental housing

Private and public-private sectors have roles to play

Daily News Tuesday October 12, 2010

THE 18th Congress of the International Union of Tenants (IUT) in Prague last week brought together activists from many countries.

South Africa was the only delegate from Africa and Japan the only Asian delegate.

In South Africa, the emphasis remains on ownership, with no sound legal framework existing for affordable rental and social housing. The unanimous endorsement and adoption of the congress statement - A new deal for affordable rental housing- IUT Congress Statement Prague, October, 2010, by 27 countries highlights the rental and housing issues affecting all countries and the urgent need for governments to act decisively.

It states that affordable housing has always been central to the success of thriving mixed communities, but, with house prices and rents rising rapidly in recent years, even in the current downturn market, affordability is more important. .

Homes are also important as sanctuaries that should be enjoyed by all, irrespective of tenure and incomes. Well-off households have no problems assuring themselves of good, safe housing, but less well-off, low income and poor households often struggle to access to or to maintain this sanctuary.

The choice of whether to rent or to own your home should be possible, and a right, in all countries. Security of tenure exists in countries where the state has established legal frameworks and norms where tenants are as protected as owners, and where the state considers all households equal, tenants as well as owners.

Housing plays a key role in politically and economically stable and sound societies, and is a fundamental pillar for peace and stability. Where housing is scarce, unaffordable and of low quality a permanent uneasiness exists. Affordable housing for all is important ingredient in making labour markets flexible. Research has shown that homeowners are considerably less likely to migrate than renters.

According to the EU, if the level of homeownership is too high, it could seriously hamper the spatial flexibility of the labour force. The social and public housing rental sector plays a key role in supplying housing, particularly in western Europe where it is often considered to be on equal footing with ownership, and as such is preferred by, income wise, broader groups of households.

In the US, Australia, Canada, in eastern Europe and elsewhere in the developed world, social housing is merely for the low income, poor and marginalized households, who then becomes stigmatised, resulting in unwanted segregation.

IUT believes social housing must be accessible to various income groups and that architecture and standards should be attractive and of high quality. Investing in social housing is one of the best mechanisms of reversing the rise in unemployment. Social housing has strong multiplier effects in terms of employment and has greater long-term impact on the labour market than other construction investments.

Construction multipliers are in the range of 1,7 to 1,9 meaning that for every 100 jobs created in building social housing another 70 to 90 jobs are sustained elsewhere in the economy. The private rental sector is all too often encumbered with the bad reputation of high rents in relation to size,

quality and management. Still, the private rental sector plays an important and positive role in many countries where this sector is regulated by laws and regulations that, for example, secure tenancies and regulate rent amounts.

Private public partnership plays a vital and thriving role in many countries when it comes to housing construction and management. This partnership is to be encouraged if it can result in affordable homes. Energy poverty is also a reality for many owners and tenants. In the OECD countries, energy prices rose by nearly 11 percent last year and 19 per cent in the US.

Housing affordability is about costs in relation to income. Costs for maintenance, management, refurbishment and energy form part of the household's expenses, and most often tenants in the private sector are the worst hit. Tenants end up paying the most. According to the Eurostat publication *The Social Situation in the EU 2009*, tenants in Europe living in cities and paying market rents, spent almost 34 percent of their disposable income on housing.

Tenants in the UK and Spain pay 44 percent and 42 percent respectively. Owners without mortgage only paid 16 percent, and with mortgage 21 percent.

Worst off were tenants who were below the "poverty threshold". Tenants with incomes below 60 percent of the national median income – including in Slovakia, Poland, Latvia, Ireland and Belgium – spent more than 60 percent of their disposable income for housing.

Members of the IUT urged governments to facilitate construction of and access to safe and sound affordable rental housing in the following ways:

- Reduce subsidies, like tax relief, to home owners.
- Strive for a minimum of 33 percent rental housing, of the total stock on a national level, and of which at least 50 % should be social / public housing.
- Stimulate the supply of affordable rental housing, by allocation of funding and state/municipally owned land.
- Work against segregation and towards social cohesion by stimulating local diversity of housing types and housing tenure (rental vs. owner-occupied), and prevent the development of large areas of low-quality rental housing.
- Focus on the quality at least as much as on the quantity.
- Stimulate the development of lifetime housing and housing with care and support.
- Governments should invest enough to ensure adequate supply of social or equivalent non-profit housing.
- In the EU; Housing should remain a strict non EU competence. EU states should be allowed to keep national housing characteristics and nationally agreed housing policies such as access to social housing for broader groups of the society.”

Dr Sayed Iqbal Mohamed is the chairperson, Organisation of Civic Rights. For tenants' rights advice, contact Pretty Gumedede or Loshni Naidoo at 031 304 6451

