

GLOBAL TENANT



INTERNATIONAL UNION OF TENANTS' QUARTERLY MAGAZINE

July 2012

A nighttime photograph of a dense cityscape with many illuminated buildings and a prominent tower with a red light on top.

Tenants make cities!

13 IUT arguments for rental housing

C O N T E N T S

'Everyone's right to housing – what does it take?'

Chronicle by Nadja Shah
page 2

A modern society needs a rental market

Sven Bergensträhle
page 3

**Rental Housing-why we like it!
13 IUT arguments for Tenant's Day**

page 4

**Energy, tenants and the EU,
news from Brussels**

page 6

**Slovakia, with a marginalised
rental sector**

page 8

**Security of tenure in Victoria,
Australia**

page 9

Mixed tenure in Vienna
page 10

**Salzburg housing fund – a model
for Europe?**

page 11

Chicago, a city of tenants
page 12

Notices, new publications
page 16



IUT member organisations in:

Austria, Australia, Belgium,
 Benin, Bosnia-Herzegovina,
 Canada, the Congo (Dem. Rep.),
 Croatia, Czech Republic,
 Denmark, England,
 Estonia, Finland, France,
 Germany, Greece,
 India, Israel, Italy, Japan, Kenya,
 Latvia, Liberia, FYR Macedonia,
 the Netherlands,
 New Zealand, Nigeria,
 Norway, Poland, Portugal,
 Romania, Russia, Scotland,
 Slovakia, Slovenia,
 South Africa, Spain, Sweden,
 Switzerland, Tanzania, Togo,
 Uganda, USA, Wales



P.O. Box 7514
 103 92 Stockholm, Sweden

Tel: +46-(0)8-791 02 24/791 02 25

Fax: +46-(0)8-20 43 44

E-mail: info@iut.nu

Website: www.iut.nu

Publisher and Editor: Magnus Hammar

July 2012

Publication Design: Peter Bäckstam

Cover photo: São Paulo, Brazil,
 by Heitor CJ, by permission
 Wikimedia Commons

What does it take...?

What does it take, for delivering affordable and decent homes to all human beings?

In a lot of conferences and seminars people discuss this topic over and over again. In the end the answer is quite simple; all what is needed is the political attitude that everyone has the right to good and affordable housing, that tenants and owner have equal rights, that income from selling or renting homes has to have limits, and that enough homes are build and that it is the responsibility of the community to make this happen.

A lot of people might react to this by "BUT ..." and they will come up with a lot of objections, and find obstacles against reaching this aim. Maybe we can learn from an old Chinese quote: "The one who wants to reach an aim finds ways, the one who doesn't want to, finds reasons."

In fact Austria, especially Vienna, is a good example of a housing-success originating from a group of politicians who had the vision of affordable and decent homes for everyone. They started to generate this plan in a time when Europe was shattered after World War I, and when life in Vienna was a struggle. This was the scene where a group of far-seeing politicians made up plans for the construction of new housing. They managed to raise the

capital even though times were meagre in the post war era. Within 20 years nearly 64.000 new affordable and decent multifamily houses had been built – because the political attitude made changes possible. This attitude and willingness stayed on even after World War II, so today Austria, and particularly Vienna, is a role model for (social) housing.

So, if somebody has arguments why the human right for everyone's right to decent housing hasn't yet been realized, you know now that in practise it's because the true and honest aim has been missing.



Nadja Shah
 Executive Director Mieter-
 vereinigung Österreichs,
 Austrian Tenant's Association

CALENDAR

2012

July 16–18: TPAS England Annual Conference, Birmingham

August 1–4: Housing in Latin America, Buenos Aires Argentina

September 1–7: World Urban Forum, Naples Italy

September 16–19: SAHF conference in Cape Town, South Africa

September 24–26: 73rd UN ECE Session of the Com. on Housing and Land Management, Geneva

September 26–28: Renewable energy and housing, Madrid Spain

October 1: International Tenants Day

October 9–12: Nordic Urban and Housing Research Conference, Helsinki Finland

October 26–28: TPAS Scotland Annual Conference, in Crieff Scotland

October 30–November 2: 7:th National Australian Housing conference, in Brisbane

November 3–4: Congress of Danish Tenant's Association, LLO

November 28–30: 'Ageing and housing' in Brussels Belgium

December 4: Workshop: Housing and the city, in Paris

2013

April 22–24: 2nd Housing Forum for Europe and Central Asia

June 19–22: Overcoming Housing Crisis; integrating the Built City, Tarragona Spain

October 24–27: IUT congress, Krakow Poland

For more information on conferences and other events: www.iut.nu/conferences.htm

A modern society needs a significant rental market

The importance of a rental market shows by the fact that every country has a rental market. But in many countries considerable parts of the rental sector is informal, non-existent in official statistics, unregulated and without secure tenancy and dominated by sub-letting.

Some of the countries in Europe that now have severe financial problems also have very small official rental sectors and give substantial support for owner occupancy, e.g. Greece, Spain, Portugal, Ireland and Italy. This in comparison with countries such as Germany and Switzerland where the rental markets are substantial do not have the same problems.

Christophe André writes in the OECD report *A bird's eye view of OECD housing markets from 2010*:

“The housing market expansion that had started in the mid-1990s and has developed into a boom in many countries has ended abruptly with the collapse of the US subprime mortgage market in 2007. [...] In subsequent years, many housing markets seem to have overshot, as expectations of future capital gains on houses became entrenched. These events call for a reappraisal of housing-related policies. Countries with a tax system encouraging homeownership should progressively move to more neutral settings.”

Accordingly, IUT agrees with OECD that tenure neutrality is crucial. Governments should have housing policies that do not favour any form of tenure, but which will give low-income earners the opportunity to have access to adequate housing and provide enough affordable rental housing of good standard so that every household will be able to choose how and where they will live.

For economic growth in every country, there is need for a well functioning rental market, which is transparent and with a balance of interests between landlords and tenants.

The lease agreements should reflect these necessary conditions. They should specify



PHOTO: MAGNUS HAMMAR/IUT

Berlin was for long one of the most affordable cities in Europe for renting a flat, and the supply was good. Today prices and rents pick up in trendy neighbourhoods like Kreuzberg, and Charlottenburg, where gas lamps are still in use.

the size and the equipment in the dwelling, when the term start and end, the rent and to whom the rent should be paid and what the rent includes. Furthermore, leases should specify the obligations of the tenant and the landlord.

The rent law should define the tenant's rights and obligations and give protection against excessive rent hikes. There must be a court/rental housing tribunal that can solve conflicts in a neutral and fair way.

Every country needs a significant rental housing market, for reasons obvious if you con-

tinue reading the next pages which present 13 IUT arguments for increased attention to the benefits of rental housing. Please use the arguments for October 1, the International Tenant's Day 2012, or wherever you need to find arguments for our cause!



Text Sven Bergenstråhle,
IUT President

Rental Housing – and why we like it!

13 IUT arguments for increased attention to the benefits of rental housing for the International Tenants Day, October 1, 2012 – and for other occasions when you might run out of arguments!

Right to choose, is perhaps the foremost argument for why IUT is of the opinion that all societies are better off with a mix of tenure forms; public/social, as well as private rental housing, co-operatives, ownership and other forms. Different households and varied stages of life call for different forms of homes.

One important precondition for making choice possible is more tenure neutrality between ownership and renting. If governments only promote ownership, through e.g. tax incentives, then there will not be much construction of rental housing, and accordingly not much rental housing to choose from.



Who wouldn't like to live in Amsterdam, if we had the choice!

Some may choose rental housing simply because of convenience, like proximity to one's workplace or for the flexibility. Other choose rental housing because it is near to 'where the action is', in the cities. Many choose rental housing simply because they want to spend their money on other enjoyable things that make life worth living.

In Europe, people choose rental housing in many countries because rental housing is on equal footing with home ownership, status wise and legal rights wise. Tenants such as in the Scandinavian countries, in the Netherlands, in Germany, Austria and Switzerland are protected by law from unexpectedly high rent increases and from sudden termination of lease contracts, etc. Tenants know that maintenance is taken care of, and renovation is done on a regular basis.

Convenience is another reason why many people choose rental housing in countries where there is access to sound, affordable and secure rental housing. They choose rental housing because it provides a convenient lifestyle close



Being able to cycle to work is quality of life.

to neighbourhood amenities, close to work, education, and affordable public transportation – which reduces commuting.

When renting, you are only committed for the length of your lease. Once your lease is up you can move somewhere else. You do not have to worry about transaction costs. And most times, if the market is sound, you just have to find a place that you like better.

No major repairs and maintenance for tenants. But for homeowners, leaking and noisy pipes can be a nuisance, and it's very frustrating to be without hot water in the morning. If you rent your home, you simply call the supervisor or building manager and ask for a repair – in the best of worlds...

Mold and dampness are common problems nowadays, and can be very costly for homeowners. Pests can make life miserable and expensive to get rid of. As a tenant clean-up should be free of charge.

Flexibility is highly valued. In most countries it is easy, and without costs, to cancel your lease – and move on to where jobs or family are. When the lease is up, you can just move. If you want to move, a home generally must be sold, with extra costs. Getting a house in



Moving can be tiresome, and fun.

PHOTO: DENISE WILLIAMS. PERMISSION BY WIKIMEDIA COMMONS

shape to sell can be costly and painful. When you are finished renting, in most countries you just have to make sure the place is clean and the keys are turned in, and your obligations are finished. Those who have to relocate and sell their property run the risk of losing a great deal of money in the sale.

Unlike home ownership, renting provides negotiable lease terms. This means that if for some reason you have to move out, you can as long as you have not signed a lease that states a desired term. Breaking the lease can certainly hurt your credit, but tenants often have alternative options of subleasing, with the landlords consent, or sticking it out until they can move.

Mobility is highly encouraged today, and it is in society's general interest to develop a housing system that allows people to find accommodation that matches their needs at any given point in their lives. The ability to move from one home to another, from one city to another, from a small house to a larger one and vice versa, is critical. A well-functioning housing market with an option for both ownership and rental accommodation is a prerequisite for mobility.

Renting allows people to remain mobile and to move when their work places change or when a better job becomes available elsewhere, or when moving in with a new partner.

Several research studies support the theory that tenants are generally more mobile than owners. Andrew Oswald gave name to perhaps the most well-known macro-study, though somewhat disputed among social science researchers, on correlations between tenure and employment. In the Oswald's hypothesis from 1996 Oswald puts forward that home-ownership hampers job mobility and thus has a negative impact on employment.

Also the European Central Bank, in its publication from 2003 "*Structural Factors in the EU Housing Markets*" supports the theory that the relative mobility rates are higher among tenants than owner-occupiers. The Bank also points out that transaction and search costs are lower for rental housing than for owner-occupied housing, and thus facilitate mobility.

Renters are better off during recessions. Buying a home is a long term commitment. If you have any reason to believe that you will not stay in the home for at least five years then buying is probably not the best option.



Owing a €300,000 home worth only 200,000 is a scary place to be.

Contrary to what most banks want us to believe, house prices are not always steadily going up. If you have to sell within the first couple of years you may find yourself out thousands of dollars, pounds or euros.

Tenants do not gain equity, but not losing

The combination of falling home prices, limited mortgage credit, continued liquidations, and better rental options is fundamentally changing the way Americans live. We believe this change is only beginning and is moving the country towards becoming a rentership society.

Morgan Stanley;
Housing Market Insights,
a Rentership Society, 2011

it either – as has been the case in many countries during recession, when many homeowners have become insolvent.

According to the Economists *House Price Indicator* from March 2012, overall house prices in the US had fallen by 30% since 2007. Many new owners, who were convinced by the Clinton administration that ownership was King, have experienced how the bottom of the market fell out after they had bought a home. By December 2011, about 3 million US homes had been repossessed since the housing boom ended in 2006 – a figure that could double by 2013, experts say.

Irish homeowners have seen house prices drop by almost 50% since 2007. Prices in Denmark and Spain were down 17%, in Japan and the UK by 10%.

Furthermore, 38% of Dutch young homeowners, under 35, live in homes which are now worth less than they paid for them.

In Central and Eastern Europe, after almost 50 years of state housing, homeownership very quickly became the most wanted form of tenure, and the prices soared. But many homeowners who bought their homes in 2007, and after, have seen the value of their homes decrease considerably. In Hungary, by the end of 2011, prices were 30% less, in real terms, than they had been at the beginning of 2007. Property values in Latvia plummeted by more than 50% in 2009. In Estonia values have fallen by 30% and in Lithuania by 27%. In Poland, the asking price for a home in the six major cities was down by almost 5% in a year.

Housing bubbles counteracted with rental housing.

Many believe that a proportionally large rental sector can have positive effects for the stability of the housing market. Because the rental sector is less vulnerable to economic trends than the owner-occupied sector, the stability of the total housing market depends on the size of the rental sector. If the rental sector is large, then any economic effects on the owner occupied housing market affect only a limited number of households.

Countries with a large quantity of rental housing, social/public/private, e.g. Germany, Switzerland and Austria, have generally shown to have been less effected by the financial crises. This in contrast with Ireland and Spain, two of the countries that have experienced large housing booms, and also which have very thin rental markets.

And believe it or not, in Germany, the idea that friends would sit around the dinner table discussing how much their homes have risen in value over the past years is alien to most Germans!

Academics such as Prof. Hugo Primus and Prof. Marja Elsinga of Delft University argue that tenure neutral housing policies, towards tenure neutral markets, will considerably contribute towards more stable housing markets. Public policies and subsidies should not push people towards any certain type of tenure, neither ownership nor rental housing.

Continued on page 14 ➔

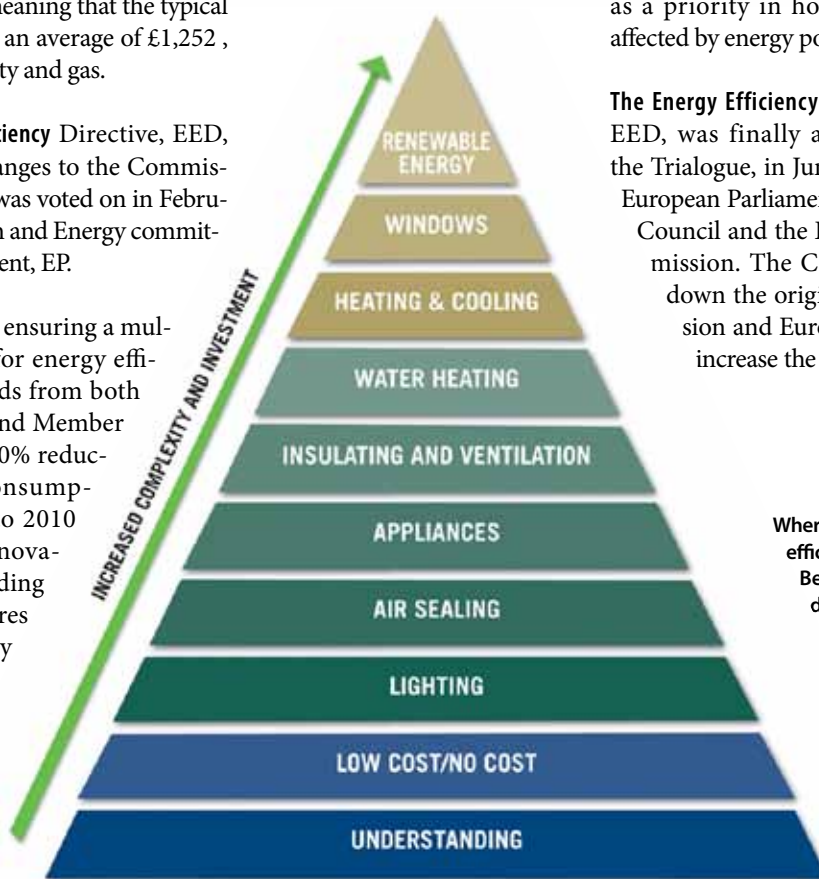
EU news from Brussels

The main recent crucial EU issue for tenants has been around energy. As we all experience, costs for heating and lightning up our homes are steadily going up.

In the UK, household energy bills rise faster than income. According to a recent report by uSwitch have costs of household energy in the UK increased more than five times faster than average household income since 2004/05. While average household income in Britain has increased by 20% since 2004, over the same period the average household energy bill has increased by 140% from an average of £522, or €650, a year in 2004 – meaning that the typical UK household now spends an average of £1,252, or €1,560, a year on electricity and gas.

An EU directive on Energy Efficiency Directive, EED, which included several changes to the Commission's (COM) original text, was voted on in February by the Industry Research and Energy committee of the European Parliament, EP.

The main changes aimed at: (1) ensuring a multiple stream of financing for energy efficient investments, i.e. funds from both EU financial institutions and Member states, (2) achieving the 80% reduction target in energy consumption by 2050, compared to 2010 levels, and the energy renovation of 2,5% of public building stock; (3) providing measures aimed to remove regulatory and non-regulatory barriers to energy efficiency, particularly concerning “the split of incentives between owner and tenants of a building”.



The IUT has lobbied the EU institutions in order to ensure that tenants are not financially penalized by energy efficiency renovations. IUT lobbying has been successful: The EP text now provides for financial facilities that “shall allow for cost effective renovations among low and medium revenue households” and “stimulate landlords letting houses to render their property as energy efficient as possible”. Within the energy efficiency obligation scheme, “Member states may include requirements with a social aim in the saving obligation they impose, including by requiring a share of energy efficiency measures to be implemented as a priority in households affected by energy poverty”.



Günther Oettinger,
EU Commissioner
for Energy.

The Energy Efficiency Directive, EED, was finally agreed in the Trialogue, in June, by the European Parliament the EU Council and the EU Commission. The Council significantly watered down the original texts from the Commission and European Parliament in order to increase the level of flexibility for Member

Where do I begin my own energy efficiency efforts?

Begin at the base of the pyramid to discover simple and inexpensive ways to become more efficient. As you move up the pyramid you will gradually develop a home that operates at its highest efficiency.

The more thoroughly you complete each step, the greater the reward will be with future improvements.

States, industry and public bodies. At the same time it reduced the level of ambition of the provisions concerning public buildings renovation and energy saving obligations.

The Commission expects the contributions through the directive to add up to 17% energy savings compared to 2020 projections – which means that a 3% gap to remain.

Long term strategies are now required by the member states to foster renovation of private and public buildings including cost-effective approaches to deep renovation.

These strategies are (1) renovate 3% of “buildings owned and occupied by their central governments”, which means that most of social/public housing stock in Member States is out of the EED scope; (2) implement measures each year that lead to energy savings equal to 1,5% of annual energy sales by an energy saving obligation or alternative measures, e.g. tax reductions on energy efficiency investments; (3) adapt individual metering schemes “in so far as it is technically possible, financially reasonable and proportionate in relation to the potential energy savings”; and lastly (4) solve the split-incentive problem as a barrier to energy efficiency, “without prejudice to the basic principles of the property and tenancy law of the Member States”.

A vote of the European Parliament is expected in September 2012.

Tackling energy poverty. The IUT is taking part in a Commission working group on vulnerable consumers, with the aim of contrasting energy disconnection practices and the constant increase in energy prices.

IUT is of the opinion that energy efficiency is a good way of tackling energy poverty only if supported by strong financial tools. For this reason IUT has participated in the Commission’s consultation on financing energy efficiency, proposing the establishment of a specific energy efficiency fund for housing.

Structural Funds and Energy. Another ongoing dossier is the EU regional policy, a very important issue for the tenants considering that EU structural funds can co-finance energy efficiency projects in housing. Since 2009 4% of EU Regional Development Funding (ERDF) can be used for this purpose. The new provisions for structural funds covering the 2014–2020 period remove this threshold and set up to 20% the amount of ERDF funding that can be used for energy efficiency. This is a very good achievement, but we are striving to ensure that this



PHOTO BY PERMISSION REALWIRE

EU citizens are cold as energy prices soar.

fund is channeled towards housing renovations, and not just pipeline construction.

“A European Agenda for Social Housing”. On May 16th the European Parliament S&D group (Progressive Alliance of Socialists and Democrats) recognized the need to address the difficult housing conditions that confront an increasing number of European citizens. Constanze Krehl, German MEP, pointed to the need to use the new generation of structural funds for the sustainable construction of social housing.

On this occasion the European Socialists group (PES) launched the publication “A European Agenda for Social Housing”. The IUT contributes with a text on the need for specific measures for housing young adults. More info from www.pes.cor.europa.eu/roof.html

Affordable housing. The apex of IUT 2012 lobbying campaign has been the launch of the 16 page booklet by the European Housing Forum (EHF) “Affordable housing for all-policy implications of shrinking budget”, see page 16.

The main messages conveyed are: the adoption of tenure-neutral policies by Member States; the simplification of access to funding for housing projects; the need to tackle the difficult situation of sitting tenants in the restituted flats of East Central Europe.

Text Barbara Steenbergen and Davide Lanzillotti, IUT Brussels



Slovakia, with a marginalised rental sector

Since Slovakia became an independent state in 1993, privatisation and restitution have led to a situation where more than 90 percent of the population are homeowners.

In rural areas of the country this phenomenon has its roots in the communist system when the state generously supported building of family houses, by providing people with direct financial and other support.

Direct assistance to the citizens by mastering up their homes continued also in the years after the breakdown of communism. Together with the housing reform in the 1990's, tenants living in state or municipal flats got the opportunity to purchase their inhabited flats at artificial favourable prices set by a specific law. The prices rarely made up for more than 5 – 10 percent of the market value.

Rental housing has been de facto abolished in Slovakia. The legislation was adapted to the new situation and the protection of tenants has been gradually diminished, with the argument that it was not necessary any more since the Slovak state provided its

citizens the chance to become home owners.

A specific group of the Slovak population became victims of the whole situation – the Slovak sitting tenants. These tenants who were living in houses handed over within the property restitutions were excluded from the housing reform, and at the same time existentially threatened due to de reduction of protection of tenant's rights.

Private ownership created a real estate market. This market however was not covered by a purchase power of the population. Hypo credits therefore became quickly popular in particular among young people. Demand for an own flat arose accompanied by a construction boom, particularly in Bratislava. The construction boom together with a desire for own housing brought about an increase of real estate prices. The average price for a m² in Bratislava rose between 2002 and by 2008 by 250%, and of course this price development has not in any way corresponded with the increase of salaries.

The gap between the real estate prices and the real purchasing power of the population became striking after the beginning of the economic crisis in 2009. Many house-

holds with unrealistic expectations within the economic boom had accepted high hypo credits and now got into problems with payments of mortgages.

Today many flats built during the boom remain unsold. Yet the payment discipline of the Slovak citizens is relatively high compared with some other European countries. One explanation is the tradition in Slovakia that parents help their children financially even after the children leave home and become independent.

While young families have been hit by high costs of new ownership homes, rental housing is still a marginal phenomenon in the Slovak housing system. The legal protection of tenants is insufficient and examples from the Slovak sitting tenants discourage everybody from the idea of a rented flat as long term solution of one's housing.

The gap between the prices of flats on the one hand and real incomes on the other hand remains wide. In particular young people have only few options – either they have generous parents who help them or they have to muster up their home from own resources. In the second case they are under social pressure. Many young people look for work outside Slovakia for the reason that they have no financial support from home and have to earn money to pay for an own flat.

The government tries to solve the problem of affordability of housing since many years. The new government declared its willingness to support rental housing with involvement of private investors. However, private investors invest in only in profitable projects. That would however mean high rents, which would again make such housing non attractive and hardly affordable. And how to overcome the gap between high prices of housing and low wages has not been said in any official declaration.

The Slovak case clearly shows that non-standard reforms can cause non-standard situations with many problems that belong to them.

Text Kristián Straka, President, Právo na bývanie (Right to Housing).



PHOTO: MAGNUS HAMMAR/JUT



PHOTO: JOSEPH H. BLACK

The Somali population in Victoria began to increase after civil war broke out in Somalia in 1991. Many came to Australia as refugees under the Humanitarian Program, like Abdinor Ali now working in a coffee shop. Warfa Sudi, in the article, came to Victoria with his mother, attracted by its employment opportunities, Melbourne's reputation for cultural diversity and its established Islamic community.

Security of Tenure in the State of Victoria

Australian tenants enjoy little security of tenure. Public and private tenants can have their lease terminated, at the end of a fixed term or after a periodic renewal, for no particular reason.

Australia is a party to the International Covenant on Civil and Political Rights (ICCPR) and the International Covenant on Economic, Social and Cultural Rights (ICESCR) which both protect tenants' right to security of tenure. Presently, only the State of Victoria and the Australian Capital Territory have transposed, in part, these conventions into laws capable of preventing tenants from being unfairly evicted.

The Victorian Charter of Human Rights and Responsibilities Act 2006 has raised high hopes for public housing tenants of finally getting recognition of their right to be secure about remaining in their home. These hopes were temporarily fulfilled in the Victoria Civil and Administrative Tribunal's 2010 decision

in the case *Director of Housing vs Sudi*.

A single father, Mr Sudi, along with his three year-old son, had been living at his recently-deceased mother's apartment for six months, when he received a notice to leave the home. Mr Sudi had occupied his mother's apartment for seven years as a young man. In June 2008, his separation from his partner, his financial situation and his responsibility as primary carer for his son had forced him to move into his mother's apartment again. The notice to leave the apartment, which was sent six months later, did not state any reason for Mr Sudi and his son having to find somewhere else to live.

The Director of Housing, responsible for attributing public housing dwellings, refused to justify his decision to demand the eviction of Mr Sudi because Victoria residential tenancy laws allow public and private tenants to be evicted without grounds.

The judge deciding this case, Justice Bell, found in favour of the tenant, Mr Sudi. His decision established that evicting a tenant

for no reason was contrary to the Victorian Charter of Human Rights and Responsibilities. Justice Bell invoked the European Court of Human Rights' decisions on privacy of the home and protection against eviction to find that public tenants in Victoria, similarly to European tenants, had a human right to security of tenure which needed to be recognised by any court ordering evictions.

Victory was to be short-lived. In September 2011, the Supreme Court of Victoria cancelled Justice Bell's decision and ordered his court to allow the Director of Housing to evict Mr Sudi. The Supreme Court's decision revolved around a technical question which was whether the Victoria Civil and Administrative Tribunal had the authority to decide whether evictions were unlawful under the Charter of Human Rights and Responsibilities. A unanimous Court considered that it did not, because of legal technicalities and because the purpose of the Tribunal was to provide inexpensive and quick resolution of disputes.

The reasoning of the Victoria Supreme Court does not conform to international law, in particular the European Court of Human Rights' decisions. These decisions, of which *McCann vs United Kingdom* is the most famous, clearly establish that any court which has to order an eviction, even if it is the lowest court of the land and has little power over the matter, must take into account the human right of security of tenure in its decision.

The European Court considered that increasing the role of these lower courts in this way would not 'have serious consequences for the functioning of the system or for the law of landlord and tenant' and that in most cases tenants would not argue their human right to tenure is breached. In other words, respecting security of tenure rights would not result in lower courts being overwhelmed with cases.

Unfortunately, the Supreme Court of Victoria chose to ignore international human rights' laws on security of tenure. Possibly, this decision was made in anticipation of the Charter's planned revision which is predicted to diminish the protection it offers; in particular the power of courts to review breaches of human rights.

Text Dr. Nathalie Wharton,
University of Queensland

Dr. Wharton's full academic article is available via www.iut.nu/Australia/Sudi_caseWharton.pdf

Mixed tenure in residential housing in Vienna

Integration and mixity have for long been a hallmark for Viennese housing policies, and mixed tenure is one important ingredient.

Between 2000 and 2002 two non-profit housing developers constructed five residential buildings, including a total of 430 dwellings and three business premises, on a former commercial property in the Leopoldstadt district and just a short walk to Vienna city center. I am currently one of the present residents.

At first sight you would not realize that our housing estate is a “mixed project”. However, the gardens between the individual buildings are open to everybody, irrespective of whether the resident is an owner or a tenant. Only some smaller gardens are rented to tenants of flats on the ground floor. Also, one of the buildings houses a supermarket, and a kindergarten is in an adjacent building. Furthermore, the underground carpark is jointly used by all the residents.

The building I live in consists of 48 flats, distributed on a ground floor, first to sixth floor and a top floor. Each flat has a balcony, a loggia or a terrace. Every flat on the ground floor has a terrace and a small garden.

The flats on the lower floors are owned by the non-profit building association and rented to households not exceeding the upper income-limits for subsidized housing. The rents are limited by the Vienna Housing Subsidies Act. The tenants of these flats are furthermore entitled to buy their homes after ten years of rental use, if they want to.

During the time of construction six flats, one on the sixth floor and the others on the top floor, were sold partly as subsidized condominiums, partly as condominiums without grants. Some of those non-subsidized condominium flats are currently rented out at market rates.

I own a top floor flat with a terrace. I moved in right after the completion of the building in December 2002, just like most of the other residents. There is almost no fluctuation of residents. During all these years I have never heard any complaints about the different categories of flats. “Less good feelings” among the residents, such as disputes and quarrels, are due to the way people behave, and not to whether they are social tenants, tenants paying market rents or owners.



Houses have six floors, plus a top floor, each with balconies, loggias or terraces. Flats on the ground floor have terraces and small gardens

“At first sight you would not realize that our housing estate is a “mixed project”.”

In our building, just like in any of the other, there is a storage room for bicycles and baby carriages and a laundry for joint use of all the residents of this building. Two of the buildings have bigger common larger rooms which can be used for birthday parties, gym classes or other gatherings by all the occupants of the housing estate. There is also an extensive roof-terrace at the top of one of the buildings, which is shared by all residents.

The generally high standard of quality origi-

nally offered by the contractors was the same for all flats. However, the future owners as well as the future tenants were free to order different interior equipment such as parquet flooring instead of wall-to-wall carpeting, other kinds of tiles, more power outlets, etc. When the building was finished, the style and quality of the flats depended rather on the wishes of the tenants and owners than on the fact whether it was an ownership flat or a flat for rent.

Financing was contributed by the City of Vienna by non-repayable grants, subsidies which are currently not granted anymore. The non-profit housing developers financed the remaining costs from their own resources and by bank loans respectively. The tenants were asked for down-payments which are refunded with interest when the tenants move out. This payment amounted to approximately €400.00 per m² in 2002. Low-income households were entitled to low-interest public loans. The monthly costs including rent, operating costs and VAT were quoted from €5.00 to €6.00 per m² in 2002.

The fixed prices for the subsidised condominiums varied from €1,500.00 to €2,000.00 per m². The buyer had to cover one third of the fixed price, one third was covered by the grants and one third by the bank loan. Monthly costs for subsidized condominiums were quoted from €6.00 to €7.00 per m². Prices for a flat without grants varied around €2,100.00 per m².

This mixture of more than two different forms of contracts in one housing estate was rather common for subsidized housing projects in Vienna between 1999 and 2003, a time, when the City of Vienna granted those non-repayable allowances. In other parts of Austria it was hardly ever used.

Today, developers sometimes mix subsidized and non-subsidized condominiums. On the one hand the demand for ownership flats in social housing has ceased, on the other hand such “mixed projects” cause higher expenses and more active marketing measures for the developers as well as higher efforts in property management.

From the political point of view mixed projects, or in German “Mischobjekte”, such as the one quoted above, could help to avoid trouble hotspots by promoting spatial integration. After all, in Vienna we are proud of the lack of social ghettos and of a rather good social mixture in the large housing estates.



The author, Daniela Strassl, in the garden of her housing estate.

Text and photo Dr. Daniela Strassl, daniela.strassl@wien.gv.at



PHOTO: C. PICHLER, BY PERMISSION CREATIVE COMMONS

Street signs in Getreidegasse. Salzburg has an internationally renowned baroque architecture and one of the best-preserved city centres north of the Alps. It was listed as a UNESCO World Heritage Site in 1997.

Salzburg housing fund – a model for Europe?

The model for financing subsidized housing in the Austrian federal state of Salzburg might be applied in whole country. Also a model for Europe?

The unique model of Salzburg Housing Fund has for more than six years boosted the construction of nonprofit affordable rental housing as well as owner occupied housing.

The model was presented in the city of Salzburg at a press conference in May, presented by the federal housing minister Walter Blachfellner, together with also Barbara Steenbergen from IUT’s Brussels office.

This is how it works; the National Housing Fund unites all the funding for construction, housing and renovation in the state of Salzburg under one roof. Up till now, loans for more than €1.5 billion have been allocated.

“The main attraction of the Salzburg housing funds is that our province gets better conditions on the capital market

– better than any bank would grant to any housing developer. We offer high funding loans with stable and low interest rates of around 2.5%. All who want to build a home receive loans from the Salzburg fund considerably cheaper”, said housing minister Blachfellner

The Fund is designed so that it will survive 20 to 25 years without external funding. This is guaranteed by an attractive incentive; borrowers who pay faster, save half of his debts. So the loans are repaid very quickly.

Barbara Steenbergen: “IUT considers the Salzburg funding model as a best practice for Europe. The average rent price per m² in the city of Salzburg is €13.50. Through the Salzburg funds, rent costs are lowered to €8.50 Euro/m². Accordingly, the rent of an average flat of 70 m² in the city center is €945 on the private market. With the funding, tenants only have to pay €595 – a saving of almost €350”!

Source Salzburg Nachrichten, and Barbara Steenbergen; head of the EU liaison office of the IUT



PHOTO: MTO

Ladies protesting at Daley Plaza Chicago against selling of public housing and gentrification of their neighborhoods.

Chicago, a city of renters

According to the 2010 US Census slightly more than 55 per cent of Chicagoans rent. Renters live in all parts of the City and are an important economic engine in Chicago. In 2007, rental income generated nearly \$450 million dollars.

Chicago's rental housing stock varies from small owner occupied two-flats to large multi-unit high-rises. According to Metropolitan Tenants Organization's State of the Renter Report almost half of all tenants live in buildings with less than 5 units. As a whole, Chicago's housing stock tends to be relatively older when compared with other cities in the US. The majority of housing was built prior to 1950.

City of Neighborhoods is an often heard term together with Chicago. Chicago's 77 community



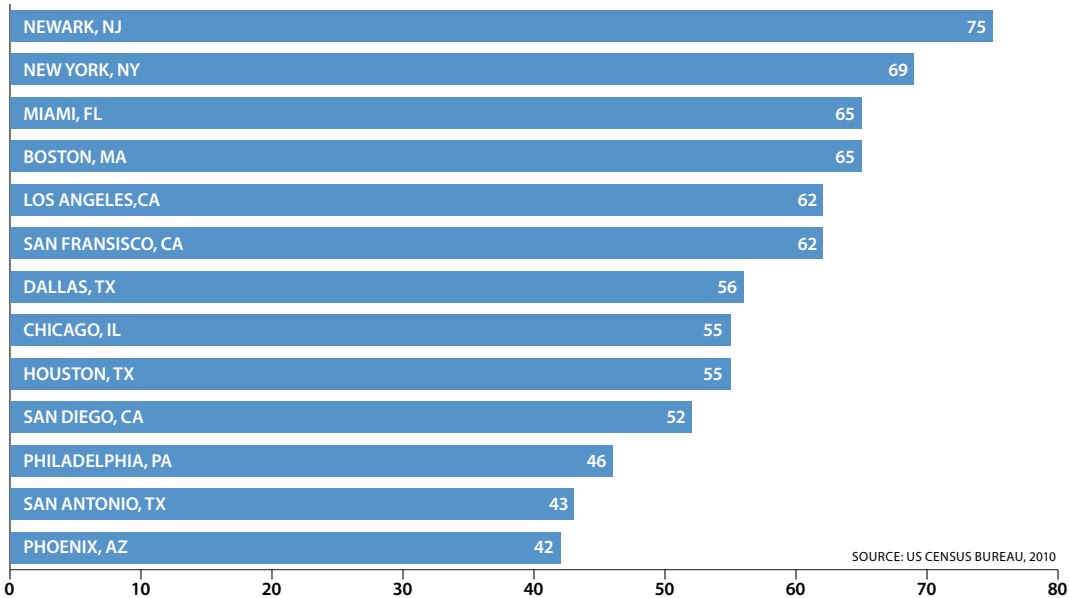
areas help to keep the city small and livable. According to former Chicago Mayor, Jane Byrne, "Chicago's neighborhoods have always been the city's greatest strength."

However, many of these neighborhoods are based on the race and ethnic background of its residents. While Chicago prides itself on its diversity, it is one of the most segregated cities in the US. These neighborhoods often lock low-income renters of colour into areas with poor public transportation, little access to resources and substandard housing conditions. In many ways neighborhoods still define where people of color can move and the opportunities offered to them.

The majority of housing in Chicago is in the private market and unsubsidized.

Metropolitan Tenants Organization (MTO) being Chicago's largest organizer of tenants and tenants associations, we help thousands of renters annually. The agency operates a hotline that serves Chicago's

Per cent of tenant-occupied units in major US cities, 2010



renter population. Our counsellors hear first-hand stories of renters on a daily basis. One of the biggest issues facing renters is that rents are too high. A recent Chicago Rehab Network analysis of US Census data reported more than one in every two renters pays more than 30 percent of their income in rent and almost 20 per cent of renters pay more than one half of their income to rent.

High rent burdens cause problems. For instance, MTO is currently organizing in a senior building on the City's north side. The tenants have experienced several break-ins over the past months prompting the tenants association to request 24-hour security. The management has stated that if they provided the security then everyone's rent would have to be increased by \$15 per month. For seniors on a fixed income this leaves them in a dilemma as to whether to pay for their safety or pay for their medicine. According to one senior, "I worked all of my life and this is not a choice I should have to make."

The majority of housing in Chicago is in the private market and unsubsidized. Approximately 20 per cent of Chicago's housing stock is subsidized. This clearly does not fill the need. When the Chicago Housing Authority opened its waiting list, more than a quarter million people applied to get into a lottery to get on a waiting list of 40,000.

Needed repairs, and the inability to get landlords to fix them, are by far the biggest complaint to the MTO hotline. Chicago's Residential Landlord and Tenants Ordinance passed in 1986 provides tenants with options to get repairs done when their landlord refuses to do so. For small repairs, tenants can actually deduct money from their rent to make the repairs. For larger repair issues such as a leaky

roof or an inoperable heating unit, tenants are able to withhold a portion of their rent.

The law provides tenants with legal alternatives to deal with slumlords. These alternatives are especially effective when tenants are a part of a tenants association. Unfortunately, most renters in Chicago are unorganized and are not a part of tenant associations. The majority of tenants are afraid to use the options laid out in the Chicago law because they fear that their landlord will retaliate and that they will lose their home.

In order to overcome tenant s' fear of reporting, MTO and its renter members are now focused on passing a mandatory inspection program through the City Council. The law would require all landlords to register their buildings and pay a per unit fee and the law would mandate that every rental unit be periodically inspected for health and safety issues. The law would remove the onus of reporting code violations from the tenants. It would force landlords to maintain their buildings or risk substantial fines. MTO is currently enlisting aldermanic supporters in a campaign that we hope will improve the living conditions of Chicago renters and thus make Chicago a more tenant friendly city.



Text John Bartlett

*John Bartlett is executive director of the Metropolitan Tenants Organization in Chicago.
www.tenants-rights.org*

VIETNAM

Need for more rentals



To increase the homes-for-rent

ratio, the Ministry of Construction is soon likely to require from residential developers to set aside at least 10 per cent of their projects to build flats for rent. The number of homes for rent nationally is equal to only 6.3 per cent of that of house owners, in Ho Chi Minh City the ratio is 19 per cent.

Source: Viet Nam News

SINGAPORE

Big Brother surveillance



Singapore has begun installing

police surveillance cameras that will eventually cover all 10,000 public-housing blocks across the island. The move in April immediately drew mixed reactions in a city-state already famous for being one of the world's safest societies but now undergoing political transition as citizens demand greater freedom from government control.

CHINA

Millions of new public housing units



China plans to start construction

on seven million public housing units this year, and aims to complete construction on five million units this year. China started construction on 10.43 million units and completed 4.32 million units last year, according to official data.

Source: 4-traders.com

➤ Rental Housing – and why we like it!

continued from page 5

Also in an OECD study from 2010, *A Bird's Eye View of OECD Housing Markets*, Christophe André suggests that the existence of well-functioning rental markets could help reducing the volatility of house prices.

Integration and Social Cohesion is enhanced by rental housing. Most people say that they like lively city neighbourhoods, with restaurants, bars and access to culture activities. And the same people say that they enjoy the social mix of residents. But everyone knows that as soon as an area becomes attractive, it soon starts to attract people with money – and prices go up, rents go up, etc. And we soon experience a yuppie neighbourhood, which none of us really were after.

Gentrification is often described negatively and undesired. But it can contribute to prevent a neighbourhood from deterioration, and to increase the social awareness and mix among its residents. This can be achieved if gentrification is accomplished in a somewhat orderly way, and under the supervision of the city.

Measures must be taken that make it possible for the original residents to stay in the neighbourhood, and not to be priced-out. These measures must include the preserva-



Mural in Spanish Harlem, New York.

tion of affordable rental housing.

An example of an effective method of counteracting gentrification and social exclusion can be found in Vienna, which is dominated by rental flats. The City of Vienna has for long been particularly active in promoting social cohesion. Viennese tenants are protected from major rent increases even if the area is redeveloped, or if his/her house gets a new owner.

Furthermore, three-dimensional tenure is encouraged in Vienna; ownership flats in the same house as flats let for market rents and flats categorised as social – see article on page 10.

'Emergency Housing' is needed in every society, and rental housing can provide for necessary accommodation. Many are those today who face losing their jobs. If you are a home owner, and lose your job and you can no longer afford to make your mortgages, it is



much more difficult to walk away from a property when you own rather than rent.

Societies with an adequate municipal rental sector can often supply homes to those without a steady income, or without any income at all – the homeless.

In Europe, altogether unemployment was almost 11%, in April 2012. Spain, with the lowest level of rental housing (11%) in Europe had, in March 2012, the highest unemployment rate of almost 24%. The lowest rates of unemployment happened to be in three tenant friendly countries; Switzerland 3.2 %, Austria with 4.2% and Germany with 5.7% .

People divorce, and suddenly need one additional accommodation, and costs go up. About every second marriage in the US, Sweden, Finland and the UK ends up in divorce, in Australia every third. Rental housing is for many the only way to solve the housing situation.

Young Adults favour rental housing. Most young people do not have enough capital to buy a home, to pay the deposit or the mortgage. Young people are simply often directed to rental housing.

Young adult's lives often change; partners come and go and jobs often vary in supply



PHOTO: SUNE FRIDELL

and according to interest. When having to face moving for job reasons or moving in with a new partner, then buying a home may not be the wisest choice.

The flexibility of rental housing helps young people in a career that might require them to change locations, as is often true for people just starting out. Even if a young person has to move before the lease is up, he/she will probably lose less money than trying to quickly sell a home.

Couples who plan to become parents often postpone childbearing until they find an appropriate dwelling for long-term living. This implies that housing policies that back up the access to affordable housing may be a key to future population growth in countries with low levels of childbearing.

Seniors likes convenience that rental housing offers. Instead of staying in the family home indefinitely, many seniors desire the freedom that downsizing to a smaller rental flat provides, in terms of income and maintenance.



PHOTO: TPAS ENGLAND, BY PERMISSION

After retirement most elderly like to live an active and convenient life, and renting offers in most cases more convenience compared to when owning a home. Many seniors like to be able to lock their doors and go on a whim to see grandchildren and friends, and if they can afford, to travel. Then they do not want to worry about overgrown gardens, leaking roofs or about burglars.

After retirement, seniors may want to consume equity from their housing, by going from ownership to rental housing. If the transfer goes to an ownership flat, convenience is achieved, but the equity is still locked in.

In Central and Eastern Europe many elderly live in old and often too big flats without modern conveniences, often with regulated rents. As there is no alternative housing that suits elderly people, with an often very low pension, they stay on. At the same time many young families, with limited resources, live in crowded housing conditions in cities like Prague, Krakow and Bratislava. If there were affordable rental housing available for the elderly, larger flats could house young families.

Public finances. Unlike tax-deductible mortgages for homeowners, which cost billions for states, rental housing assistance reduces inflationary pressures. Furthermore, social rental housing adds to build national assets.

Construction of housing, public/social in particular, has been commonly used by states in times of recession, to create new jobs and get the ‘wheels turning’ – something we lack today!

In too many countries generous possibilities for tax-deductible mortgages for owners have led to negative effects, such as financial crises. IUT argue that tax distortions are structural barriers to affordable rental housing. And again, tenure neutral hous-

ing policies, towards tenure neutral housing markets, will contribute towards more stable housing markets.

The US federal government spends US\$155 billion, €118 billion, a year on homeownership assistance through tax breaks such as the mortgage interest deduction. US homeowners can deduct all interest from their gross income. These tax breaks disproportionately benefit wealthy Americans. Meanwhile, only 25% of eligible low income tenants in the US receive federal housing aid.

Australian homeowners received about AU\$31 billion in tax concessions for housing in 2008-09.

Swedish, homeowners receive tax breaks of an estimated €4.3 billion, through mortgage interest deduction, and deduction for homeowners’ repairs and renovations.

” Tenure neutral housing policies, towards tenure neutral markets, will considerably contribute towards more stable housing markets.

Key Workers. As the current home foreclosure crisis continues to unfold, and credit remains tight, stable rental housing will become ever more important to workers who are critical to our communities, the key workers; teachers, police, fire fighters, medical staff and other service providers. But decent rental housing that is affordable to working and lower/medium income families is in short supply in most cities.

According to the National Low Income Housing Coalition, in no community in the US can a family afford a modest two bedroom apartment on a minimum wage income. In 2006, nearly half of all tenants spent more than 30% of their income on housing, while some 25% (9 million tenants) spent more than 50% of their income on housing costs.

In developing countries renting gives people considerable freedom over how they manage their household budgets, moving to cheaper housing when times are hard and to better housing when incomes increase. In poorer countries rental housing living frees up more of their earnings for essential needs like food, education and medical care.

The UN Habitat, in its publication *A policy Guide to Rental Housing in Developing Countries*, (2011) argues that renting a home temporarily in the city allows people to send more of their earnings to relatives in their villages of origin, who then can buy land or build a house.

UN Habitat concludes by stating that an adequate supply of reasonably priced rental accommodation is likely to reduce the temptation for poor families to occupy land where they build homes or to buy plots in illegal subdivisions.

A higher incidence of renting is also likely to ease the organisation of public transport given that more people are concentrated into a small area.

UN Habitat recommends that governments should enable the housing market to provide people with an effective choice of tenure that is affordable and appropriate to their needs.



Shirley Ebrahim and son outside their rental home in Durban, South Africa.

The complete version of the 12-page text of the 13 IUT arguments, together with references, are available via www.iut.nu

Text and photo, unless otherwise noted, Magnus Hammar, IUT

New guide about human rights standards

The UN Special Rapporteur on Adequate Housing has prepared a guide that summarizes international human rights standards applicable to involuntary displacement caused by public and private infrastructure and urbanization projects. It provides guidance for all involved parties: urban planners and architects, public authorities, the legal community, national or international financing entities, governments, civil society, and affected populations.

To visualize the guide access:

http://issuu.com/unhousing/docs/guide_forced_eviction/1



Potential to help homeless people

Social Rental Agencies – an Innovative Housing-led Response to Homelessness, by FEANTSA's Housing Working Group

FEANTSA housing working group believes that ending homelessness requires developing, testing and scaling up a range of effective housing-led responses to homelessness. This report puts forward Social Rental Agencies (SRAs) as an example of a housing-led innovation in the area of homelessness. It demonstrates that the SRA model has considerable potential to help meet the housing needs of homeless people in Europe.

Full report from FEANTSA www.feantsa.org



ENGLAND

Self management far from reality



Taking on the responsibility of managing local housing services has been a legal right open to council tenants for nearly twenty years. Introduced in 1993, the policy was heralded as an effective way of kickstarting a wave of tenant empowerment. But, nearly two decades later only a very small proportion, around 2%, of council homes are managed by tenants.

Source: guardian.co.uk

INDIA

Govt to set up panel on rental housing stock



The government will form a committee for suggesting policy measures on creating rental housing stock for those who cannot afford to buy houses. Minister of Housing; "There is currently a housing deficit of 27 million units and at least half of that are the people who can afford to own a house and rest who cannot. There is a need to create rental housing stock in the country".

Source: firstpost.com

AUSTRALIA

All time low investment in housing



Australian Bureau of Statistics' data on housing approvals shows that, after the Rudd government's investment in social housing as part of its financial crisis stimulus packages concluded, the national level of investment in social housing reached an all-time low in the second half of 2011 and remains there. The result is just 172 publicly funded dwelling units were approved nationwide in March.

Source: www.crikey.com.au/2012/05/15/

IUT goes to Naples and World Urban Forum 6

World Urban Forums are organized jointly every second year by UN Habitat and national governments and cities. This year's theme and dates are The Urban Future, Naples Italy September 2–5

In parallel with main dialogue sessions, there will be an additional 160 networking, side and training events and the World Urban Forum exhibition will showcase some of the world's leading cities and innovations in urban development.

IUT's contribution is a networking event on September, 17.00–19.00, titled Tenants Make Cities – Cities Need Affordable Rental Housing!

More info via www.iut.nu, and www.worldurbanforum.org



Affordable Housing for All!

Recommendations from four lectures by the European Housing Forum during 2011 Policy Implications of Shrinking Budgets. See also page 7 – affordable housing!

Available via www.iut.nu/EU/EHF/IUT_EHF_Brochure_2012.pdf