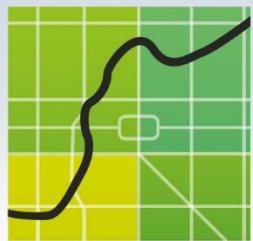


# Market studies and governmental activities concerning affordable Housing

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## FIG Working Week 2016

CHRISTCHURCH, NEW ZEALAND 2-6 MAY 2016

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## Qutline

- Affordable Housing - a TF-topic?
- Social housing market indicators
- New policy approaches for affordable housing
  - Switzerland, Germany
- Conclusions



## Affordable housing – a Task Force-topic ?

- Aim of TF:           Recommending standards for “sound real estate markets”, esp. in countries in transition  
                              → fully functioning and well regulated markets (UNECE 2010)
- Questions:           Should affordable housing be part of standards?  
                              Can affordable housing be integrated in market mechanism?
- Adequate housing → important issue → human right status (UN)



## Different terms used for “affordable / social housing”

National terms referring to “social housing” in selected countries in the UNECE region

Country	Term used in translation to English	Term in the original Language
Austria	“limited-profit housing” or “people’s housing”	wohnungsgemeinnützigkeitsgesetz (WGG)
Canada	“social housing”	logement social/social housing
Denmark	“common housing” or “not-for-profit housing”	almene boliger
Germany	“housing promotion”	Wohnraumförderung
Finland	“government subsidised housing”	asuntorakennustuotannon valtuuskunta (ARAVA)
France	“housing at moderate rent”	habitations à loyer modéré

Source: UNECE (2015): UNECE: Social housing in UNECE region (2015) - models, trends, challenges, p. 7

Here → “Affordable housing”



## Policy Framework for sustainable real estate markets ( UNECE 2010)

### Principle 9: Social housing

- Social housing should be considered as an integral part of the real estate market (as means to promote (...) reduction in housing pressure, and as a policy option to address the problem of informal settlements)
- ... set of laws regulating rents, condominiums, management and maintenance, subsidies and **social housing** should be adopted
- **Social housing** through public housing, PPPs, cooperatives, etc. (..) It should compete with private markets to stabilize housing costs.



## Many market studies of affordable housing are available ...

CECODHAS - Comité Européen de Coordination de l'Habitat Social  
= European Social Housing Observatory (main source of information)

- Housing markets and housing conditions in EU – a cross country observation (2015)
- Housing affordability in the EU (2012)

UNECE

- Social housing in UNECE region - models, trends, challenges (2015)
- CIS Cities: Towards Sustainable Future - The Commonwealth of Independent States Regional Report for Habitat III Conference (Oct. 2016, Quito)

CES Bank: Financing social and affordable Housing in Europe (2015)

OECD publications, Habitat for Humanity: Housing Review 2015 etc.

**... most with a single-edge view to social housing only**



## UNECE: Social housing in UNECE region (2015)

### Trends:

1. Housing need → extended social housing waiting lists
2. Housing finance / social housing → from supply to demand subsidies
3. Housing provision → supply continuously decreasing,  
→ housing quality more important
4. Decentralisation and governance → decentralized decision making,  
→ networks of social housing implementation



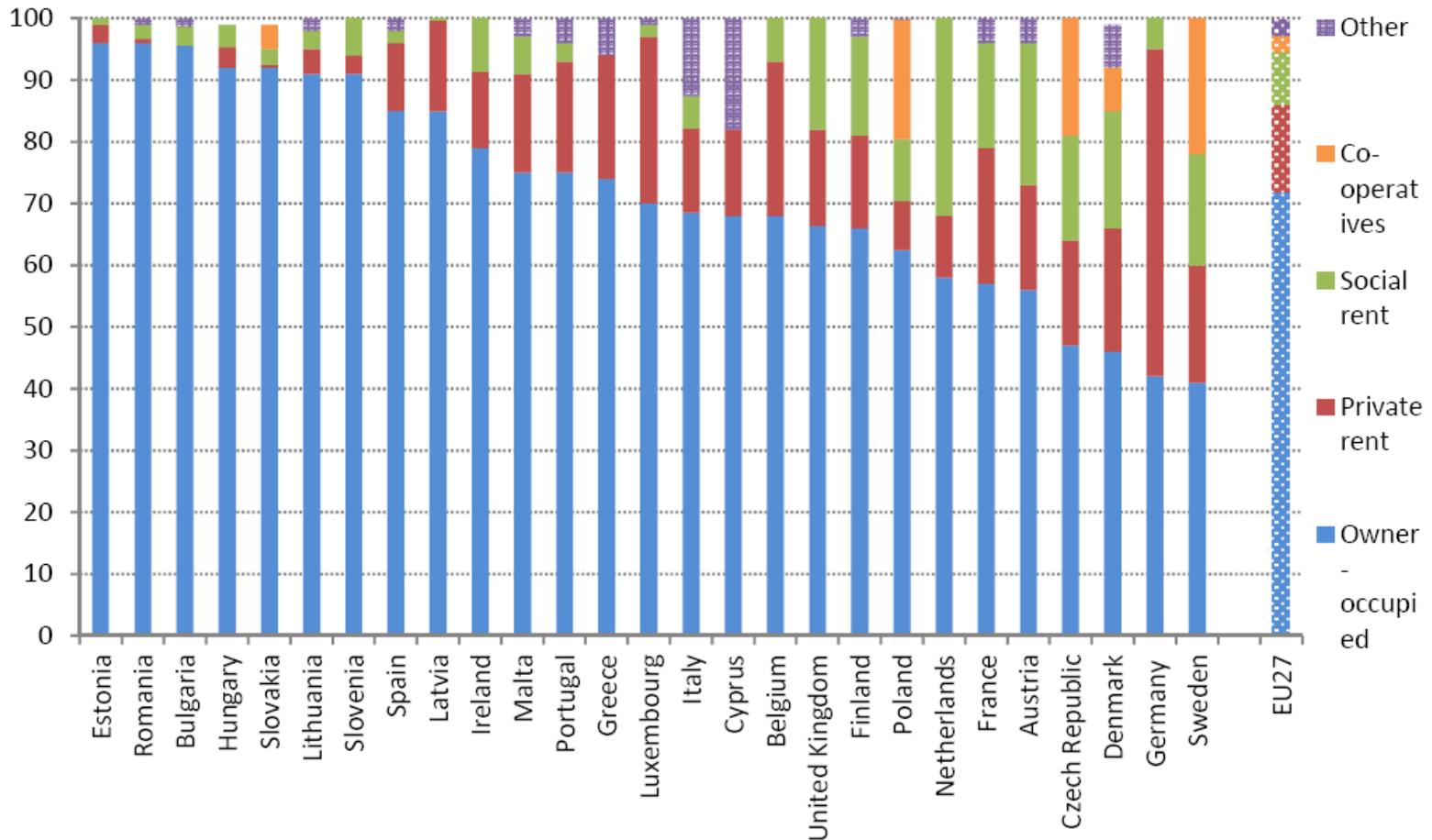
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## Tenure split in % of total dwellings stock, EU 27 (2010)



Source: Pittini, A. (2012): Housing Affordability in the EU – Current situation and recent trends. CECODHAS Housing Europe's Observatory Research Briefing, Year 5/ No. 1/ January 2012, p. 6



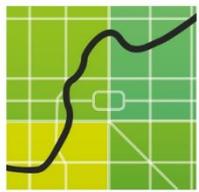
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## Definition Affordability

- Is considered as percentage of income that a household is spending on housing costs
- **'Overburdened household'** (EuroStat):  
when the total housing costs represent **more than 40 % of disposable income**
- **More than a third of European households** (37 % on average) feel that they are facing disproportionate housing costs



*100 million people in the UNECE region spend more than 40 per cent of their disposable income on housing – this is a conservative estimate.*

*UNECE estimates based on primary data collected for this research and following publications: CECODHAS, 2011; JCHS - Joint Center for Housing Studies of Harvard University, 2013a; European Union, 2012; Rosstat, 2012.*

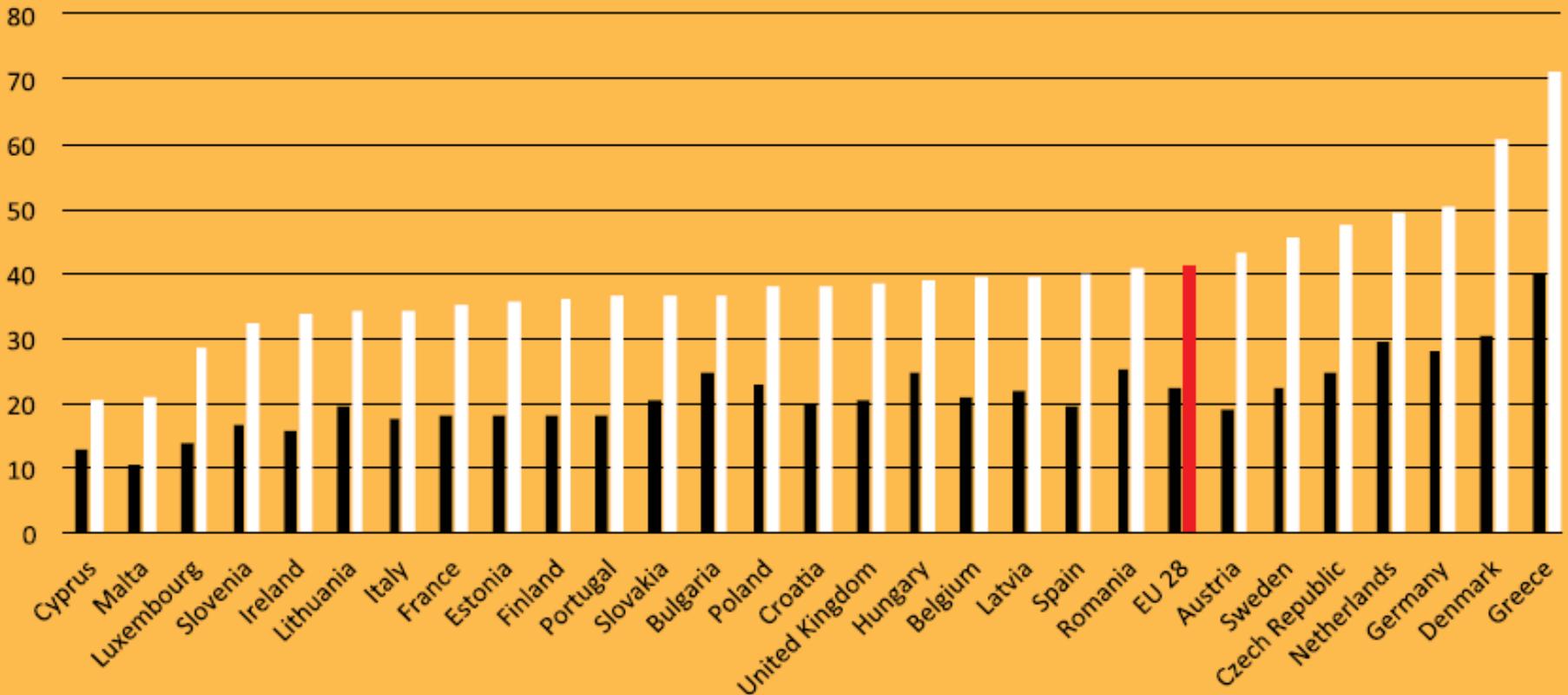


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• **Chart 4:** SHARE OF HOUSING COSTS IN DISPOSABLE HOUSEHOLD INCOME, FOR THE TOTAL POPULATION AND THOSE WITH INCOME BELOW 60% OF MEDIAN EQUIVALIZED INCOME (Source: EU SILC, data referring to 2013):



Source: Housing markets and housing conditions in EU – a cross country observation (2015), p. 17

■ total ■ Below 60%



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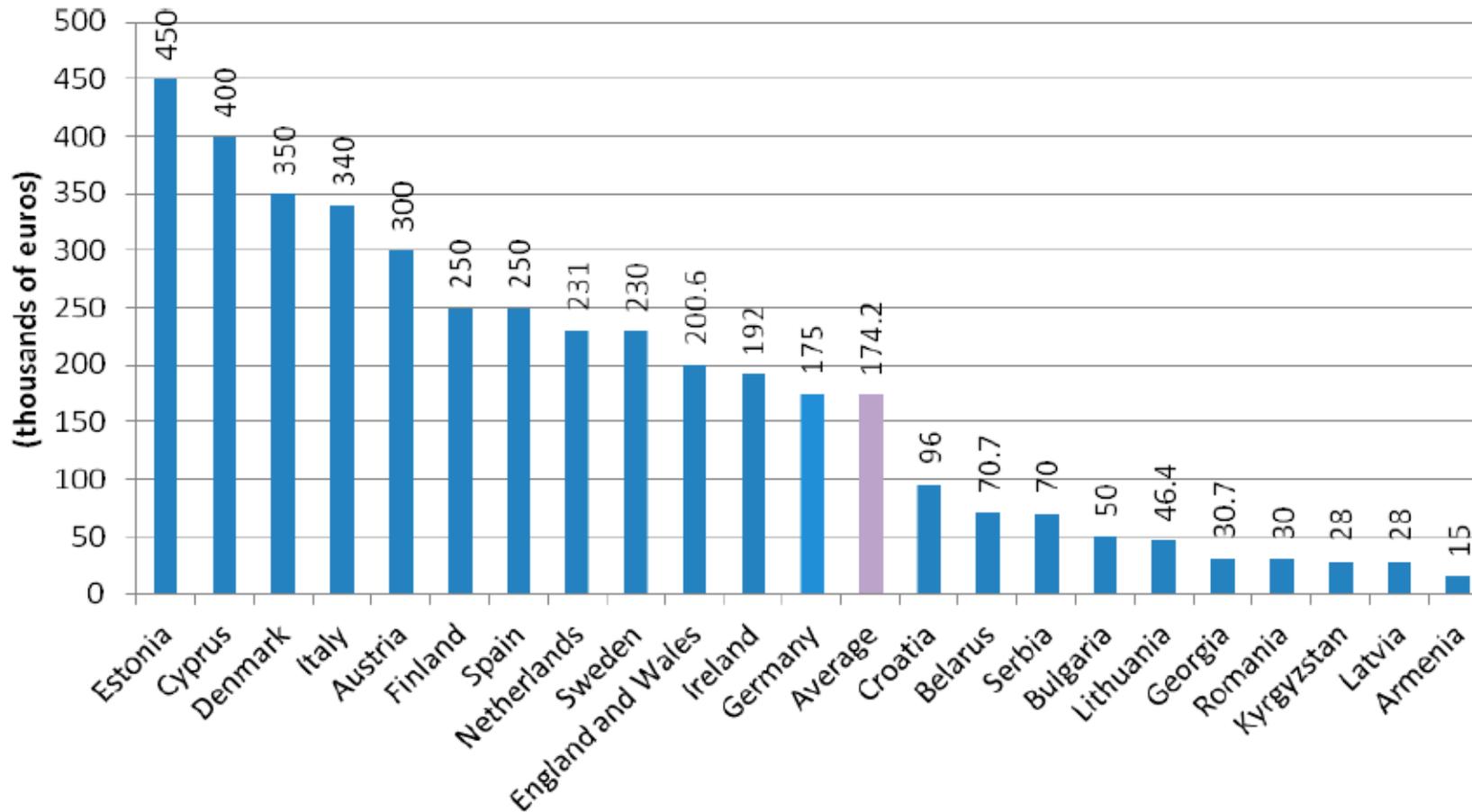


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Figure 20. Average price of average dwelling (thousands of euros)



Source: UNECE (2014): Survey on Land Administration Systems, p. 22  
<http://www.uncece.org/fileadmin/DAM/hlm/documents/Publications/survey.land.admin.systems.pdf>



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## Theory: How to capture a real estate market ?

- Aims (e. g. land policy, amount of affordable housing)
- Framework (e. g. legal framework, initial situation per country)
- Market process (e. g. stakeholders, market activity, traditions)
- Outcome (results of market process under framework)

Lit.: Williams, Needham, Dieterich et. al. (1993): Urban land and property markets in 6 European states. UCL press, London

→ Affordable housing → important outcome of market



## Necessity of affordable housing

Affordable housing is indispensable, esp. in big cities. But ...

- Social housing construction rate is low (Germany 6-9 %)!
- Main problem: Availability of land at an adequate price!  
(→ Land investment often ~ 50 % of whole property investment)
- Public land policy: Cooperation with land owners and investors!
  - Approach Switzerland: Planning gain Tax + Monitoring of rents
  - Approach Germany: land policy favors solutions in cooperation with private stakeholders (Urban development contracts)



## Revision of Swiss Town and Country Planning Act (RPG) (Revision 15. Juni 2012, Referendum 03. März 2013)

1. Local development plans
  - New settlement areas restricted to needs of next 15 years
  - If more, revision of plan within next 5 years
  - Re-zoning may cause compensation
  
2. Improving availability of land for housing (new tools)
  - Replotting procedure
  - Timeframe for house building
  
- 3. Planning gain tax (20 % of gain in land value by new zoning)



## Housing policy dialogue

Aim: Promoting market forces (instead of restricting)

1. New land-banking activities to improve access to and availability of adequate land
  2. Monitoring rents to improve market transparency and market functioning
    - If tenants change: landlord has to publish former rent level and reasons for increase of rent
    - Reduction of rent level caused by social housing subsidies has to be verified in official document
- Further information: [www.are.admin.ch](http://www.are.admin.ch)



## New Approaches in German Metropolitan Cities

- „Baulandmodelle“ (Urban land strategies)

Local framework to implement urban development projects

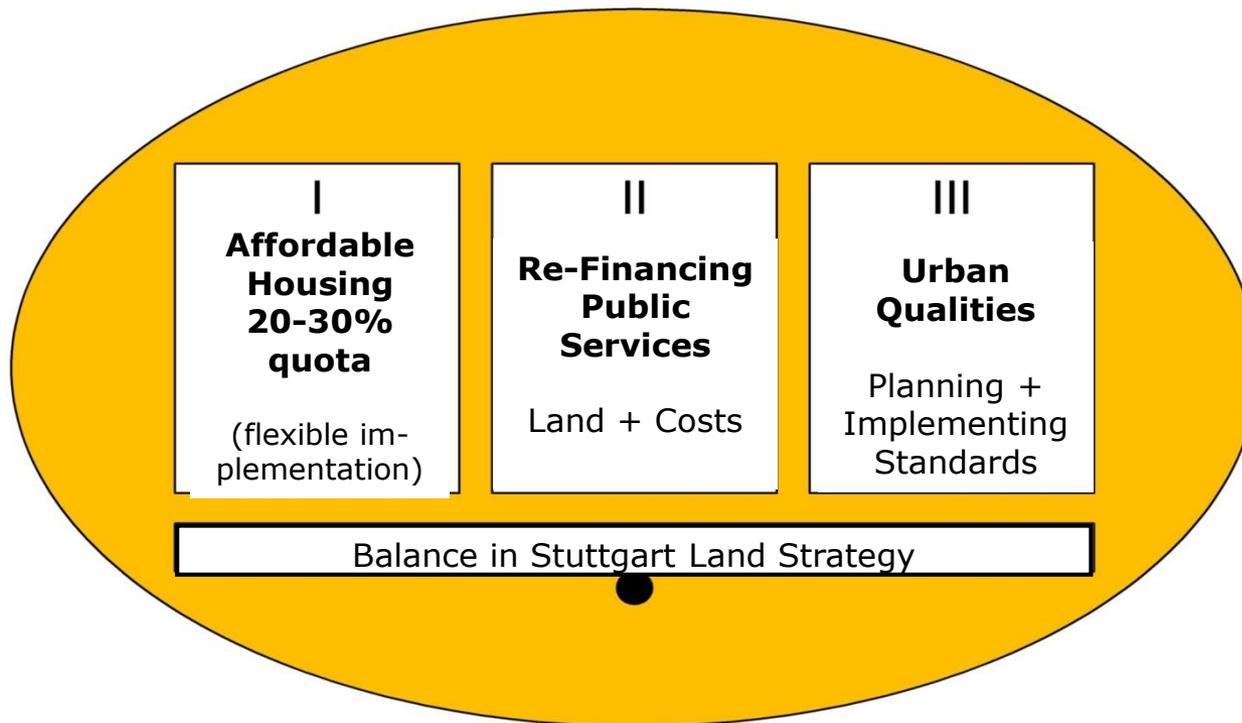
- Cooperative models

→ Aim: Transparent cooperation between local authority and each investor

- Details fixed in „urban development contracts“  
before legally binding development plan is passed



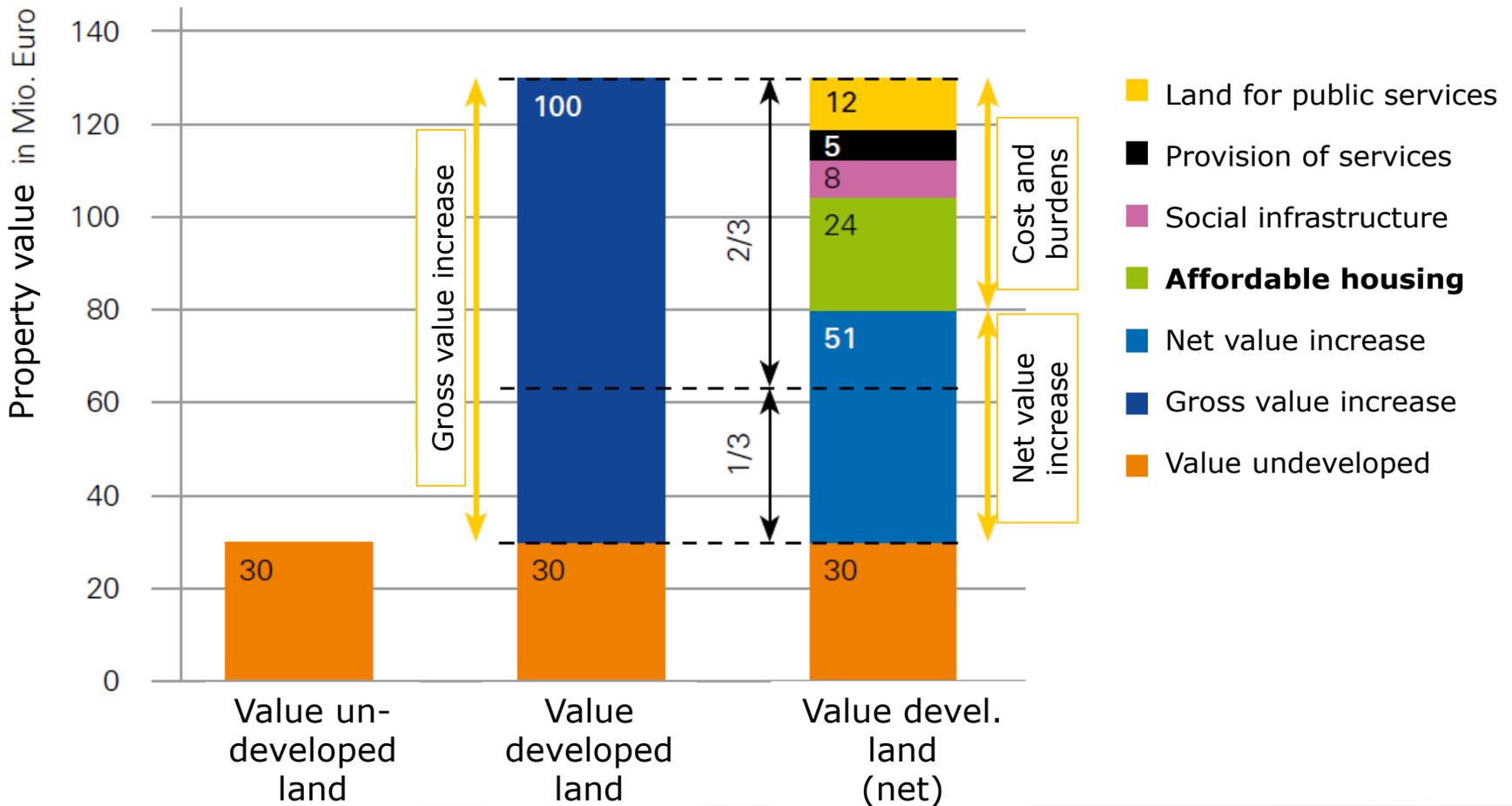
## Fields of action of Urban Land Strategy



Source: Stadt Stuttgart, Stuttgarter Innenentwicklungsmodell, [www.stuttgart.de](http://www.stuttgart.de)



### Economic impact of the Munich Land Strategy





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- Example: Arbellapark Project Munich



Result:

Premises with  
30% affordable  
and  
70% free market  
housing

in favorable  
location!



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## Conclusions

- Real estate market studies should mention the affordable housing sub-market
- Affordability criterion is used unique (> 40 % of disposable income necessary to cover housing cost)
- Indicators that should be reported :
  - Demand-side: disposable income, overburdened households
  - Supply-side: Housing stock, new dwellings in affordable housing conditions,
  - Prices and rents
- Integrated solutions in cooperation with private investors require transparency, e. g. in Switzerland (rent increase control) or Germany (quota of affordable housing per project)



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Thank you for your attention!

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