

Intergenerational Justice Review

Issue topic:

**Housing crisis: How can we improve
the situation for young people?**

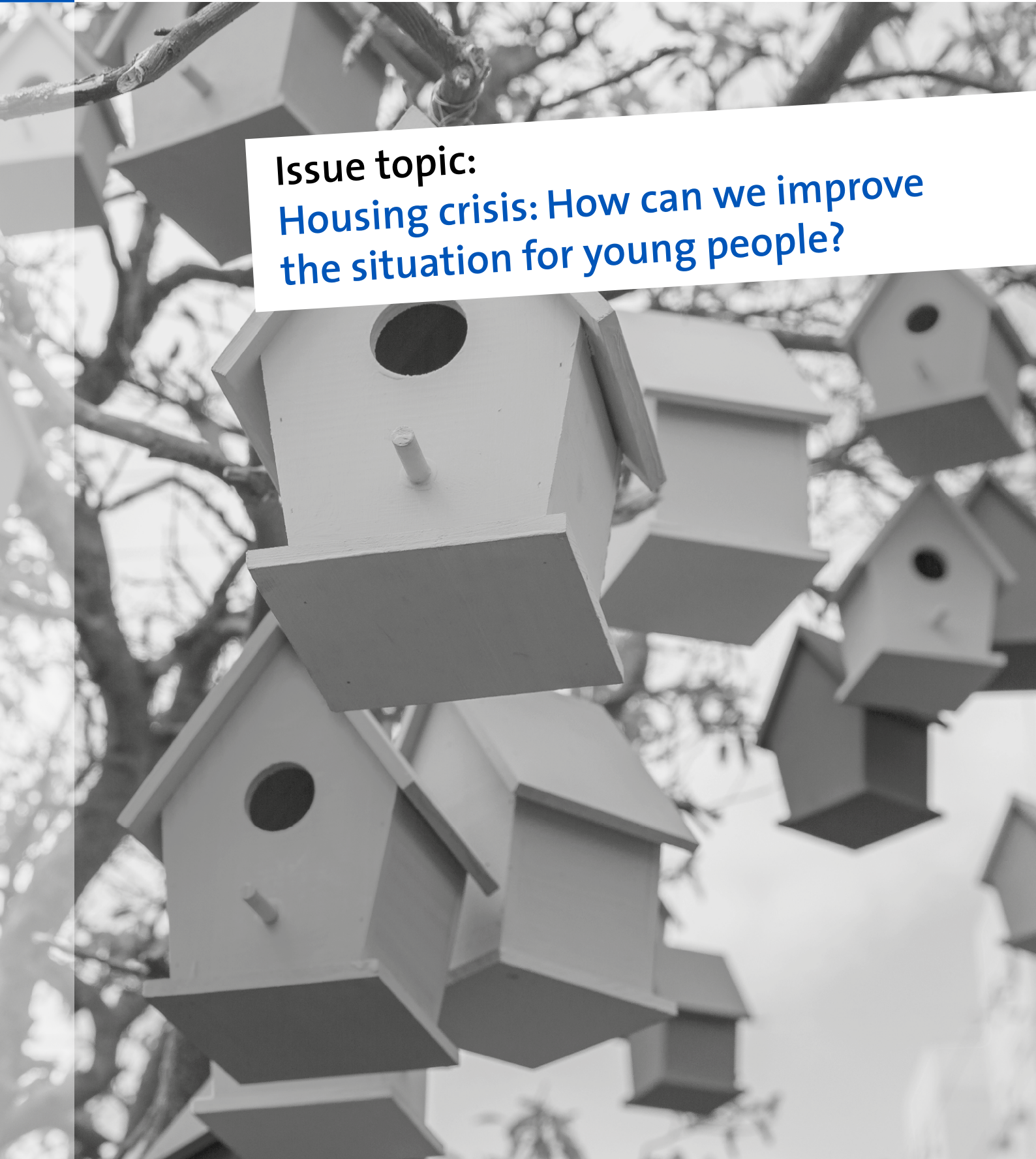


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The peer-reviewed journal *Intergenerational Justice Review* (IGJR) aims to improve our understanding of intergenerational justice and sustainable development through pure and applied research. The IGJR (ISSN 2190-6335) is an open-access journal that is published on a professional level with an extensive international readership. The editorial board comprises over 50 international experts from ten countries, representing eight disciplines. Permanent and managing editors are Jörg Tremmel (University

of Tübingen), Markus Rutsche (St. Gallen), Maria Lenk (FRFG) and Antony Mason (IF).

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The Covid-19 crisis and the widespread stay-at-home orders fuel a debate already raging in the public and academic spheres: can people afford to shelter? How uneven are gains and losses when it comes to asset accumulation in the housing market? Is this an intergenerational conflict, and if so, what can we do about it? It is too soon to tell how Covid-19 will affect housing access and affordability, but it is already clear that younger generations are experiencing a second “once-in-a-lifetime” crisis in their critical early adult years. The first, a global financial crisis, was triggered by the 2008 US housing market crash. The second now asks them to shelter in homes they struggle to afford.

The pandemic comes on top of an already bad set of conditions: expensive housing and stagnant wages, potential for intergenerational conflict due to the privatisation of risk and the different needs of cohorts at different life stages, and increasing income and wealth inequality that continues to limit the varying opportunities of young people as they try to establish themselves in the housing market.

Thus, the housing affordability crisis is widely, but unevenly felt. The unevenness of the intergenerational experience is particularly acute because of a combination of age, period, and cohort effects. While young people at the beginning of their income trajectories will always have more difficulty competing in tight housing markets, today’s young people are experiencing unique housing burdens that older generations never had to confront. The unevenness is also acute *within* younger cohorts. Those at the top have easier access to credit because of their jobs or parental resources. Those at the bottom often experience the opposite, because wealth is sticky and prone to transfer within families, not across. Of course, there is cross-national and individual-level variation, but the on average increases in rent and house prices, as well as the risk factors associated with placing household assets in global financial markets, combine to create an explosive situation.

This timely issue of the Intergenerational Justice Review examines the broader structural challenges that young people face in the current financialised housing market. The authors in this issue assess the relatively grim picture of housing affordability for young people, but also indicate that structural reform might be possible. The article by Demography Prize 2019 winner Veronika Riedl starts from the premise that a dual shift in housing markets – whereby social housing stock has decreased in many countries and global financial markets increasingly dominate real estate (recommodification and financialisation, respectively) – creates critical affordability challenges for young people. Riedl examines the cross-country contours of these challenges, which vary in intensity and magnitude. She then describes how a housing strategy steeped in a rights-based approach can begin to address some of the housing challenges young people face. The approach considers the specific needs of young people shut out of housing markets, young people who may be experiencing severe housing insecurity or homelessness, and the spatial dimension of such challenges. While finding merit in this approach, Riedl emphasises

the need for a multi-prong political strategy to effectuate this change.

The article by Demography Prize 2019 winners Laura Naegele, Wouter De Tavernier, Moritz Hess and Sebastian Merkel starts in a similar place, describing contemporary housing challenges stemming from demographic shifts, increasing housing prices, and the effects of urbanisation. But these authors focus on testing the presence of two cross-cutting pressures between younger and older cohorts. On the one hand, older and younger cohorts might band together to ensure housing opportunities for a younger cohort facing expensive housing. On the other hand, a generational conflict is possible as older cohorts look towards retirement and as governments face increasing costs from an ageing population. The authors leverage the design of the Eurobarometer survey to test the relative strength of each possibility, contrasting how people in different age groups assess their own housing situations relative to how they view the country’s housing situation. The authors find some level of support that housing is – at least in terms of identifying the need for public attention – a potential locus of intergenerational solidarity.

The discussion paper by Elena Lutz identifies a two-pronged strategy to address the affordability challenges that young cohorts face in the German housing market. These include measures to facilitate first-time homeownership, as well as measures that create more affordable housing through both rental policy changes and broader measures to increase housing supply. Lutz justifies the policy proposals by articulating the reasons why housing affordability is an intergenerational justice issue. While this piece focuses on the German housing market, the justice concerns resonate in other country contexts.

The issue concludes with three book reviews focused on the pan-European context, the US context, and the UK context, respectively. Two are provocative reviews that identify the key merits of the books, and all three note just how complicated the intergenerational housing picture really is. The books and the reviews describe the current channels that link financialisation to wealth inequality, bring in the human and political dimensions to housing access challenges, and unpack the various policy levers contributing to expensive housing and subsequent social tensions.

All said, if fairness is about current generations having similar housing opportunities as their predecessors, access to affordable housing must be addressed. If progress is about ensuring that younger generations today have accessible housing paths so that one day they can help their own children launch, the intergenerational justice framework should push us to act even more quickly.

Lindsay B. Flynn, Guest Editor

Right to housing for young people: On the housing situation of young Europeans and the potential of a rights-based housing strategy

by Veronika Riedl

Abstract: Young adults in Europe have more difficulty than previous generations to maintain or improve on their parents' housing situation. Recommodification, financialisation and the withdrawal of the state as housing provider have transformed housing markets and affected the housing situation of young people. By drawing on various data sources, especially on the EU-Statistics on Income and Living Conditions (EU-SILC), I aim to present a differentiated assessment and comparison of current housing conditions and problems in Europe with a focus on young people. I argue that a rights-based housing strategy with an explicit intergenerational justice perspective is a promising approach to tackle the housing crisis in a way that meets the housing needs of young people.

Keywords: Housing crisis; Right to housing; Commodification; Young people

The housing crisis in its context

All too often, cities like San Francisco, New York, London and Tokyo make headlines with their unaffordable rents and high living costs, and the number and scope of informal settlements whose inhabitants have little access to infrastructural services and housing security continue to increase in cities in the global south. But in Europe too, the situation is becoming critical: Housing in larger cities is increasingly unaffordable, even for the middle classes, and the number of people experiencing homelessness in prosperous countries is on the rise. These developments can be linked to fundamental structural changes in the housing market.

The transformation began in the context of neoliberalisation in the 1980s, with the implementation of market-driven housing policies. The state withdrew from its role as a *provider* of affordable housing and came to be considered a mere *facilitator* for the creation of residential space (Rolnik 2019: 59). This trend towards recommodification with – as I will discuss later – context-specific effects, can be described as follows:

“While in the post-war period, alongside the expansion of national welfare states, housing markets in many West European cities experienced greater state involvement and an expansion of de-commodified housing stocks, it appears that since the 1980s, the overall direction is towards governmental retreat and greater reliance on market housing provision” (Kadi 2015: 247).

Recommodification is a consequence of decreased state intervention and refers to the shift from de-commodified to commodified housing provision, such as the privatisation of social housing in many countries, especially in central and eastern Europe in the late 20th century. As Manuel Aalbers notes, social housing “was either subject to stigmatization and marginalization or its man-

agement was commodified and rents were raised” (2017: 543). Recommodification is closely linked to financialisation. Privatisation can be seen a precondition for financialisation (Aalbers 2016: 3), and where social housing is taken away from the state, providers of social housing are more dependent on financial markets (Aalbers 2017: 543).

Deregulation and liberalisation, as well as the intensified search for lucrative and relatively safe investment opportunities, have transformed the real estate market into a “playground for national and international real estate capital” (Kadi/Verlic 2019: 8, translation VR). In global financial capitalism, characterised by expanded speculative opportunities and the restructuring of welfare, housing becomes privatised and commodified and thus increasingly unaffordable (Fehlberg/Mießner 2015: 28). Where buildings become financial assets, the social function of housing is of secondary importance. Several empirical studies draw attention to the correlation between financialisation, in particular the rise of private equity investment, and decreasing affordability (see for example Fields 2016; Fields/Uffer 2016; Fehlberg/Mießner 2018). Financialisation can be defined as “the increasing dominance of financial actors, markets, practices, measurements and narratives, at various scales, resulting in a structural transformation of economies, firms (including financial institutions), states and households” (Aalbers 2019: 3).

Deregulation and liberalisation, as well as the intensified search for lucrative and relatively safe investment opportunities, have transformed the real estate market into a “playground for national and international real estate capital.”

In many cases, it is members of marginalised groups who do not have access to adequate housing. This is nothing new. However, what has changed significantly compared to the time period from the end of the Second World War to the 1970s is that young adults now have more difficulty than before to maintain or improve on their parents' standard of living and their housing situation. As the intergenerational justice literature highlights, people born since the 1980s – described as the “precarious generation” – “face an increasing economic burden of deprivation, inequality and disadvantage relative to older people” (Bessant/Farthing/Watts 2017: 12). The end of collective upward social mobility (Nachtwey 2016) also implies changes in the housing situation of younger generations. Young adults who leave the parental home are often described as “generation rent” due to their difficulties in accessing homeownership.

Against the backdrop of these structural transformations, the following questions arise: Which explanatory factors have to be taken into

account when analysing the housing situation of young adults in Europe? Is a rights-based housing strategy that incorporates an intergenerational justice perspective a promising approach to tackle the housing crisis in a way that meets the housing needs of young people?

I will focus on the situation in Europe without losing sight of global interrelations and the global scope of the housing crisis. In the first part of the paper, I aim to present a differentiated assessment and comparison of current housing conditions and problems in Europe by drawing on various data sources, especially on the EU-Statistics on Income and Living Conditions (EU-SILC). Since an almost inflationary use is being made of the term “housing crisis”, one might get the impression that there is a general “crisis”. It is therefore necessary to point out the differences between countries, and between urban and rural areas. Due to the great heterogeneity of housing systems in the EU member states, it is not possible to describe all of them in a detailed manner. Several examples are taken from the Austrian and German context. These countries are characterised by a high percentage of renter households but differ regarding the availability of social housing. In Germany, the social housing stock had declined by almost a third between 2002 and 2010 (Fernandez Evangelista 2016: 159). But, as I will show later on, recommodification trends can also be observed in Austria, which is known to have a large proportion of social housing.

In the European Union, housing policies fall within the competence of the member states; however, both on the national and the European level a sustainable long-term solution to the housing crisis is lacking. This becomes particularly evident when looking at the situation of young adults in Europe. Their housing situation and some explanatory factors will be discussed in the second chapter with reference to processes of social transformation in late modernity. As I intend to show in a third step, housing prices are particularly high in big cities such as London, Paris and Berlin. Prices increase at a much faster pace than income which fuels displacement and aggravates homelessness. Since cities attract a large number of young people, rising rents in large cities affect them disproportionately.

Germany and Austria are characterised by a high percentage of renter households but differ regarding the availability of social housing. In Germany, the social housing stock had declined by almost a third between 2002 and 2010. Recommodification trends can also be observed in Austria, which is known to have a large proportion of social housing.

The second part of the paper aims at contributing to the elaboration of a strategy to deal with the growing housing problems of younger people in Europe. Following Leilani Farha and Raquel Rolnik, UN Special Rapporteurs for housing, I argue that the human right to housing should be recognised as a basic constitutional right. This rights-based approach can profit from incorporating an intergenerational justice perspective – an aspect that has received little attention. More effort should be put into elaborating how a rights-based approach can effectively address the current housing problems of younger people in Europe. Since housing problems vary significantly across countries, I do not attempt to elaborate a housing strategy suitable for all contexts. Rather, I argue for the need to discuss and implement context-specific

laws, policies and programmes that alleviate the housing crisis by fighting re-commodification, deregulation and financialisation processes, with special attention to the needs of young people.

Housing in Europe – a comparison

The causes and impacts of the “housing crisis” vary in form and in scope from member state to member state in the EU. These differences can not solely be traced back to economic and cultural factors, but also depend on the success or failure of housing policies in the respective countries. Providing a general overview of the housing situation in Europe is complex due to differences in tenure structure, housing conditions and affordability. In the EU, 70% of the households are owner-occupied, the remaining 30% of homes are rented. However, ownership structures vary greatly across the EU. In the eastern part of the EU and in the Baltic States, the share of homeowners is particularly high, while in Germany, Austria and Denmark the percentage of rental housing is significantly higher than the EU average (European Union 2015: 78). Concerning alternative forms of tenure status, such as housing cooperatives, no EU-wide data are available. On average, the percentage of homeowners is decreasing while the share of renters in the private rental sector is rising (Pittini et al. 2017: 16). The European Index of Housing Exclusion, a report published by the European Federation of National Organisations Working with the Homeless (FEANTSA) and the Fondation Abbé Pierre, provides a detailed analysis based on EU-SILC data. Generally speaking, poorer households are disproportionately affected by decreasing housing affordability because they spend a larger percentage of their income on housing. While the share of EU households that struggle to cover the costs of housing shrunk to 10.4% from 2007 to 2017 (-3.7%), the share increased among low-income households by 2.2% to reach 38% (FEANTSA 2019: 65f). Housing is considered to be a strong financial burden if more than 40% of the available income is spent on housing costs. The risk of exclusion from the housing market is higher for children, 18–24-year-olds, persons who were born outside of the EU and single parents (FEANTSA 2019: 74). In rural areas, the housing cost overburden rate (10%) is lower than in urban areas (13%) (European Union/UN-Habitat 2016: 96). The cross-country comparison indicates that there is a correlation between tenure structure – the percentage of homeownership as well as of private and social rental housing – and the housing cost overburden rate. Especially in countries with a smaller de-commodified housing stock and little regulation in the rental market, the housing problem is more pronounced than in countries such as Germany and Austria, where rent control and tenant protections are more elaborate.

According to a Eurobarometer survey which focuses on the quality of life in European cities, growing dissatisfaction with the perceived housing situation can be observed. In 2015, the majority of inhabitants in two-thirds of the European cities agreed with the statement that adequate affordable housing is hard to find in the city (European Union/UN-Habitat 2016: 97). Although the lack of affordable housing constitutes a problem in nearly all EU countries, a differentiated view is necessary since not all regions are affected in the same way. To give an example, despite the scarcity of affordable housing in larger cities, one out of six of dwellings in the EU are uninhabited or only used as a holiday home or secondary residence (European Union 2015: 75). In the following,

I will show that differences exist not only between countries, but also with regard to *age*.

Young adults without (their own) roof?

Age groups are affected differently by the housing crisis. This form of generational inequality attracted stronger media attention after the financial crisis in 2008 which “dramatised the situation of young people because they were the age group which was hardest hit in terms of rising unemployment and declining real wage” (Green 2017: 7). In 2017, 13% of Europeans aged between 18 and 24 faced pressure due to housing costs. As stated before, the overall average is lower (10%). In 2017, young adults in Greece, Denmark, and the Netherlands were most affected. The number of young people in the EU for whom housing costs constitute a considerable financial burden has shrunk slightly over the last years (-3%). However, in some countries the picture is strikingly different: the percentage of young people who face housing affordability problems rose between 2007 and 2017 in Luxembourg (+198%), Lithuania (+121%), Greece (91%), Austria (+72%), Spain (+44%), Denmark (+38%), Portugal (+36%) and Germany (+17%). The above figures should, however, be analysed by taking into account other factors, since they give no information on the adequacy of the type of housing and the housing conditions. The severe housing deprivation rate shows how many people live in overcrowded and dwellings with poor amenities. Looking at the 15–29 age group, the EU average rate amounts to 6.2% (EU-SILC 2017).

In the EU, 70% of the households are owner-occupied, the remaining 30% of homes are rented. However, ownership structures vary greatly across the EU. In the eastern part of the EU and in the Baltic States, the share of homeowners is particularly high, while in Germany, Austria and Denmark the percentage of rental housing is significantly higher than the EU average.

Little data is available concerning homelessness and housing exclusion. Young adults might face housing exclusion without being recorded in surveys if they do not access homeless supports and services but live in temporary housing. This situation is often referred to as “hidden homelessness” or, according to the European Typology of Homelessness and Housing Exclusion (ETHOS), as “insecure housing”. Since definitions vary, it is difficult to compare statistical data. A report by the European Social Policy Network analyses the situation in EU member states and comes to the conclusion that although in most countries the majority of people registered as roofless are adults older than 30, “a significant group of countries...report a strong presence of young people between 15 and 29 years old, or an increasing share of this age group among homeless people” (Baptista/Marlier 2019: 40).

As the intergenerational justice literature shows, young adults are at a disadvantage compared to the baby-boomer generation when it comes to accessing homeownership. Baby boomers “bought their homes when housing was still affordable and...often found themselves in middle age with valuable housing assets” (Green 2017: 13). Renting thus becomes the only remaining alternative for many young people. However, due to recommodification tendencies in many countries, subsidised housing stocks are shrinking and renting privately can be problematic. In the UK, for example,

the private sector is less regulated than in most other EU countries, which results in poor housing quality, insecure tenure and high prices (Green 2017: 68). A study published in 2015 analysed how far access to the housing market has changed for young adults in Europe since the financial crisis. More precisely, the authors departed from the question whether the crisis has made it more difficult for younger generations to have access to homeownership. In overall European comparison, this tendency could be confirmed. However, the term “generation rent” does not adequately describe the complex housing situation of *all* young adults in Europe, since in many countries also staying in or returning to the parental home has become an increasingly attractive alternative for young people (Lennartz/Arundel/Ronald 2016). But here too, a nuanced analysis is required because in countries like Spain, where the average age of leaving home is higher, the share of young adults who live in the parental household has not increased significantly since the crisis (Lennartz/Arundel/Ronald 2016; Moreno Mínguez 2016).

Young adults are at a disadvantage compared to the baby-boomer generation when it comes to accessing homeownership. Baby boomers “bought their homes when housing was still affordable and...often found themselves in middle age with valuable housing assets.”

Therefore not only the affordability of housing for younger generations but also transformations concerning young people’s housing status, and the question of how far these changes are caused by rising housing costs, should be examined. The transition from adolescence to adulthood becomes increasingly complex and individualised, and happens at a later age. In this context, semi-dependent living arrangements – living with parents or relatives or in shared accommodation with peers – constitute a strategy to face current challenges (Arundel/Ronald 2016: 885f). As already mentioned, the number of young Europeans who live in the parental home is rising. This trend is particularly present in countries in southern Europe where over 50% of 18–34-year-olds live in co-residence with one or more parents (Arundel/Ronald 2016: 895). On the one hand, this phenomenon can be linked to economic – in particular relating to the situation of the labour market – and cultural factors. On the other hand, housing-system and welfare-system contexts play a primordial role that goes beyond short-term economic changes (Arundel/Ronald 2016: 886f). In the United Kingdom, which has a liberal welfare regime with little de-commodified housing stock, the trend to semi-dependent housing is strongest, while in social democratic countries characterised by stronger government support the percentage of young adults who live in co-residence with their parents or in shared living arrangements is lower (Arundel/Ronald 2016: 901).

Young people in Europe have been disproportionately affected by changes in the labour market. However, this is not the only explanatory factor behind the severity of the housing crisis for young people in some countries. The hypothesis presented above, according to which the housing situation of young people is dependent on welfare regimes and housing policies, is also supported by other comparative studies. A study based on EU-SILC data concludes that government support for rental housing can improve the housing situation of young people and foster the

achievement of housing autonomy (Bertolini et al. 2018). Breidenbach examines two explanatory models concerning the differences in age when young adults leave the parental home. While the first concentrates on structural factors such as the availability and affordability of housing, the second model highlights cultural differences that motivate the individual decision to continue living with one's parents. The study concludes that individual choice plays a greater role in countries with a stable labour market, strong welfare state and stable supply of affordable housing (Breidenbach 2018: 286f).

The diversification of the housing careers of young people indicates that the “traditional” transition from living in the parental home to rental housing to homeownership no longer reflects adequately the current situation: “It is apparent that the housing conditions and careers of young adults are more complex than have been presented in the standard housing ladder model, with non-traditional ‘in-between’ phases in the housing career playing a very important role for many young Europeans” (Arundel/Ronald 2016: 900). The increasing informalisation of the labour market, precarious forms of employment, high youth unemployment rates and other developments make long-term planning more difficult and house or apartment purchase less likely. Also, regarding the de-standardisation of biographical pathways and the diversification of relationship and family forms, the question arises if the housing needs of young people can be met with the existing housing stock and institutionalised forms of housing status. Living space is mainly designed for living in the nuclear family, allows for little flexibility and does not respond to changes in employment.

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To sum up, it can be said that not only buying a home has become increasingly difficult for young adults. Green (2017: 67), who provides a detailed overview of the situation in the UK, points out that “other alternatives, whether they be social housing or private renting, are equally problematic” since young people often do not qualify for access to the shrinking supply of subsidised housing and have to pay increasingly high rents on the private market. The phenomenon that young people find it more difficult to cover the costs for adequate housing is closely linked to recommodification tendencies and the financialisation of housing markets. Consequently, the impact of short-term fluctuations on the labour market have to be relativised:

[A]lthough higher post-crisis declines in young-age homeownership is also associated with adverse labour market conditions, it seems to be primarily the volatility of more financialised housing markets that lead[s] to increasing difficulties for younger people to realise housing property ownership. (Lennartz/Arundell/Ronald 2016: 823)

Facilitating access to homeownership is often considered to be a promising strategy to improve the precarious situation of young people on the housing market. However, especially in urban areas purchasing properties is becoming less and less affordable. We will look into urban housing dynamics in a more detailed manner in the next chapter.

The housing crisis as an urban phenomenon

Even more striking than the differences *between* European countries – which are due to cultural and economic factors and, in particular, the type of welfare regime and housing policies – are the differences that exist *within* EU member states. An increasing polarisation between central and peripheral areas can be observed. When analysing the housing situation of young people in Europe, it is interesting to have a closer look at dynamics in urban areas, because larger cities, especially university cities, attract a great number of young people due to education and employment opportunities. On the other hand, structurally weak regions in rural areas face population decline. Housing shortage thus exists parallel to high vacancy rates – not only in areas that face rural flight, but also in large cities where a large number of luxury apartments that serve as capital investment are vacant.

Current trends in Berlin, London, Paris and other cities indicate that large cities, especially those that are part of the network of “global cities” (Sassen 1991), become “spaces of political inequity, social and economic deprivation, and sources of environmental damage” (Susser/Tonnellat 2003: 106). While in 2009 51% of Berlin inhabitants stated that they had no difficulties in finding affordable housing, this percentage had shrunk to 10% by 2015 (European Commission 2016: 8). Social exclusion is increasing in European cities, exacerbating the problem of homelessness. In Paris, for example, the number of people experiencing homelessness increased from 2001 to 2012 by 81%, in London the number went up by 9% from 2014 to 2015 (European Union/UN-Habitat 2016: 104). Issues such as overcrowded and unaffordable housing are particularly present in cities where the population and/or income increase (European Union/UN-Habitat 2016: 97). Also in Austria and Germany the housing deprivation rate is higher in cities than in small towns or in rural areas (EU-SILC 2017). This phenomenon can also be observed in cities and regions where, for a long time, housing costs have not been considered a burden by the majority of inhabitants.

Larger cities, especially university cities, attract a great number of young people due to education and employment opportunities. On the other hand, structurally weak regions in rural areas face population decline. Housing shortage thus exists parallel to high vacancy rates.

Vienna is often taken as an example of a liveable and affordable city and is considered to be one of the few larger cities that have – to a certain degree – resisted the trend towards the recommodification of the housing stock which had become dominant since the 1980s within the framework of neoliberal restructuring. The city has a longstanding tradition of social housing, a tightly regulated private rental market and far-reaching tenant protection. Over 40% of units are public or non-profit housing and thus are not available for investment and real estate speculation (Kadi/Verlič 2019: 7). Despite these particularities, recent policy changes in the social housing sector and liberalisation measures in the private sector have increased market influence and reinforced exclusion (Kadi 2015). In Amsterdam, a similar tendency concerning the impact of neoliberalisation on the housing situation of low-income households can be observed. There is a widening gap between those who are already in the system of social housing

and who have stable access to affordable housing on the one hand, and those who wish to be included on the other hand. Especially for low-income households, people with experience of migration and people facing precarious working conditions with low job security, gaining access to subsidised housing is difficult due to long waiting lists and a lack of information concerning their rights (Kadi/Musterd 2015: 258f).

Increasing inequalities often go hand in hand with spatial reconfigurations, especially displacement, which in turn can aggravate processes of marginalisation. Bringing these complex dynamics down to the term “gentrification” provides only a grossly simplified picture and leads to a situation where urban groups with different socio-economic status are played off against each other. Neighbourhood changes, often described as “revitalisation”, are not solely due to preferences of wealthy groups who settle in city districts inhabited by households with lower incomes and who push out the established inhabitants. An attempt to understand the phenomenon from an economic perspective is the rent gap theory developed by Neil Smith. According to this theory, the gap between the current and potentially achievable housing prices is largest in disinvested neighbourhoods that are close to the city centre (Smith 1987). These considerations draw attention to the role of real estate investors and speculators, to developers and to landlords who try to raise rents by evicting low-income tenants. As a result, the supply of affordable housing for low-income households shrinks. These changes do not happen automatically but are made possible and encouraged by national and municipal decision-making.

Tourism is an additional factor that can intensify gentrification and aggravate the housing crisis. Case studies in cities such as Barcelona (see Cocola Gant 2016) indicate that the presence of Airbnb can fuel neighbourhood changes, hamper access to affordable housing due to the conversion of housing into lucrative short-term accommodation for tourists and contribute to displacement. As a result, cities have developed strategies to regulate short-term rentals (Nieuwland/van Melik 2018: 2).

The above-mentioned urban aspects of the housing crisis fuel an interesting countertrend to the influx of young people into large cities. As a result, affordability issues in the urban context receive more attention, and the question is raised as to how we want to live in urban space in the future. High housing prices in the inner cities as well as a declining quality of life due to traffic and air pollution make living in small and middle-sized towns with good public transport connections more attractive. This fuels housing sprawl and, as Fehlberg and Mießner illustrate by taking Göttingen as an example, makes smaller towns interesting for investors. The low rental price segment in these cities has become scarce due to welfare state restructuring, and new constructions mainly concentrate on expensive rental housing and owner-occupied dwellings because of the higher return potential (Fehlberg/Mießner 2018: 36ff).

In this section, I have shown that housing problems are particularly pressing in urban areas. This is partly due to the fact that changes in welfare measures and market-oriented housing policies had the greatest impact in cities: “Urban housing markets have been particularly affected by welfare state restructuring, as it was here that de-commodified stocks became concentrated in the post-war period” (Kadi 2015: 249). Many young city dwellers rent in the private sector. As a result of decreasing affordability, they are

increasingly pushed out or live in poorly maintained properties (Green 2017: 68). Because in cities the housing crisis becomes increasingly visible, they are fertile grounds for resistance and new initiatives, the potential of which should be more widely acknowledged and analysed. From Berlin to Hong Kong, young people are voicing their demands by taking the streets. As the mentioned example of regulatory efforts concerning Airbnb shows, cities that are directly affected tend to be in a better position to react quickly and in a creative way than the national level. Possible approaches to end the urban housing crisis range from providing inexpensive land for social housing construction and requirements for private developers concerning affordability to measures aiming at reducing vacancy rates (Pittini et al. 2017: 11).

Housing as a human right

Although the right to housing is included in article 25 of the Universal Declaration of Human Rights and in article 11.1 of the International Covenant on Economic, Social and Cultural Rights (ICESCR), the housing situation in many parts of the world does not comply with the criteria for adequate housing established by the UN Committee on Economic, Social and Cultural Rights (CESCR). The committee provides a loose definition of the right to housing as “the right to live somewhere in security, peace and dignity” (CESCR 1991: 2). Despite the fact that the concrete definition of “adequate housing” is dependent on economic and cultural factors, several general aspects can be identified: legal security of tenure; availability of services, materials, facilities and infrastructure; affordability; habitability; accessibility; location that allows access to education, employment and health services; and cultural adequacy (CESCR 1991: 3f). The Committee on Economic, Social and Cultural Rights explicitly mentions children and the elderly as disadvantaged groups with special housing needs that “should be ensured some degree of priority consideration in the housing sphere” (CESCR 1991: 4).

Framing housing as a right strengthens the position of people who face housing exclusion and provides a legal basis for eliminating homelessness.

Leilani Farha considers housing to be today’s biggest challenge and deplores the fact that the issue does not receive enough public attention. As Special Rapporteur for the United Nations, she stands up for the right to housing – housing as a human right, not as a commodity – and draws attention to the fact that housing is a prerequisite for a life in dignity. She presents several basic principles for a rights-based housing strategy. Framing housing as a right strengthens the position of people who face housing exclusion and provides a legal basis for eliminating homelessness. In this perspective, homelessness can be seen as a government’s failure to implement the right to housing: “A State is seen to be in violation of international human rights law if any significant portion of the population is deprived of access to basic shelter or housing” (HRC 2018: 5). People who live in inadequate housing and who are dependent on government programmes should not be seen as mere passive aid recipients but as right holders whose participation can help uncovering structural shortcomings of housing programmes and policies.

In order to meet the key requirements for adequate housing stated above, various context-dependent measures have to be

implemented. To address housing affordability, for instance, rent control, housing subsidies, increased tenant protection and other measures and programmes are necessary (HRC 2018: 9). Concerning market regulation, the report of the Special Rapporteur states the principle of the need for strategies to “clarify the obligations of private actors and regulate financial, housing and real estate markets” (HRC 2018: 17). National as well as sub-national decision-makers have to ensure that private actors in the private housing market respect and contribute to the implementation of the right to housing. Implementing the right to housing is a great challenge for countries where the right is already recognised in the constitution, for example in Finland and, since recently, also in Canada. As Farha emphasises, the local level plays an important role. In many contexts, local governments are responsible for the concrete implementation of national strategies and are responsible for land use planning, construction standards and for providing emergency accommodation for homeless people (HRC 2018). It can also be argued that “it is the local authorities which are best placed to build affordable homes where they are needed” (Green 2017: 110). As Farha illustrates by taking Canada as an example, affirming governments’ responsibility to improve access to housing can only be effective if evaluation mechanisms are introduced and the outcome, impact and sustainability of policies and programmes are continuously reviewed:

“Canada’s new model contains the hallmarks of a human rights approach. Not only does it include a legislated right to housing, it also establishes in law creative mechanisms to monitor and hold the Government accountable and ensure access to remedies to address systemic barriers to the enjoyment of adequate housing. This model can serve as an example for countries all over the world” (Farha in OHCHR: 2019).

Despite several positive examples, the situation continues to become more and more critical in many countries. Raquel Rolnik, former Special Rapporteur on the Right to Adequate Housing, has analysed the radical transformations of housing policies and the housing market during the last decades. She argues that the financialisation of homeownership had significant consequences. In the wake of neoliberal globalisation, the state has withdrawn from the housing sector and market-based housing finance models have been strengthened. As a result, the effective implementation of the right to adequate housing has receded into the distance: “No longer was housing conceived as a common good that a society agrees to share, by providing for those with less resources. Instead it became a mechanism of rent extraction, financial gain and wealth accumulation” (Rolnik 2019: 5).

How can the “deconstruction of housing as a social good and its transformation into a commodity and a financial asset” (Rolnik 2019: 15) be countered? Against the background of the above-mentioned dynamics, I argue that framing housing as a right and developing a rights-based housing strategy is a promising approach. As I will show, a housing strategy that addresses the generational dimension of the housing crisis has the potential to effectively improve the housing situation of young people.

Ways out of the housing crisis

In the following, I will present a number of specific recommendations for a sustainable solution for the housing crisis. The potential policy solutions are based on the framing of housing as a right. As stated before, the right to housing is already recognised

in some national constitutions. The concrete implementation, however, proves to be a challenging process. The UN Special Rapporteur advocates the establishment of a human rights-based housing strategy. This comprehensive strategy should build on the cooperation of various actors at all levels of government. A housing strategy consists of policies and programmes that aim to facilitate access to affordable and decent housing and to uncover and eliminate discrimination in the housing sector. A housing strategy thus goes beyond a housing policy:

“A [housing] strategy coordinates a wide range of laws, programmes, policies and decisions to address housing needs that, when taken together, create a housing system. The aim of a housing strategy is not only to provide housing, but also to address gaps and inequalities in existing systems. It provides opportunities to review and change policies and programmes to ensure their efficacy and challenges the stigmatization, marginalization and discrimination that lies behind failures of housing systems” (HRC 2018: 3f).

Recognising the right to adequate housing as a legal right enables the development of laws, programmes and policies adapted to the specificities of local contexts, and to take concrete steps for their implementation to increase access to adequate housing in the long term. Constitutional or legislative recognition gives disadvantaged groups that face discrimination and risk housing exclusion the possibility to draw attention to their situation and to invoke mechanisms to uphold their rights. With a rights-based housing strategy, governments and other actors in the housing sector can be held legally accountable.

As the report “The State of Housing in the EU 2017” shows, most EU member states are pursuing the strategy to reduce state expenses for housing, to facilitate access to homeownership and to implement measures to increase for-profit housing supply through tax breaks and financial incentives (Pittini et al. 2017: 10). The aggravation of the situation, especially in countries with a small social housing stock, illustrates that a free-market approach does not succeed in ending the housing crisis. Regulatory measures such as rent caps are especially important in metropolitan areas where investment and speculation activities drive housing prices up and reduce the supply of private rental housing affordable to low-income households. Government investment in affordable, non-speculative housing should therefore become a key element of a comprehensive housing strategy.

The right to housing and intergenerational justice

Calling for effective and non-discriminatory access to adequate housing for all also implies that programmes and policies should be evaluated from the standpoint of intergenerational justice. By paying specific attention to this dimension, the housing situation of young people can be improved. This also invites the development of programmes designed to specifically target issues such as homelessness and housing exclusion among young people. I therefore argue that the accessibility aspect of the right to housing (CESCR 1991: 3f) has to be extended to include an intergenerational justice perspective that explicitly pays attention to the housing needs of young people. This is justified because, as I have mentioned above, access to housing assets has declined for young people and “the protracted housing crisis has proven to be the major barrier to their life chances, and the main symbol of intergenerational declines in opportunity” (Green 2017: 63).

By adopting an intergenerational justice perspective, it becomes possible not only to develop programmes that target specific age groups, but to evaluate housing policies and programmes *in general* for their impact on different generations to analyse whether the housing needs of young people are met. Let me give a few examples. “Affordable” housing programmes need to be based on a definition of affordability that takes into account intergenerational gaps in opportunities and incomes, thus making sure that young people are not shut out. Concerning subsidised housing, policies have to be analysed to see in how far the conditions for qualifying for social housing exclude young people in need of affordable housing. When it comes to designing measures for people experiencing homelessness, policy-makers must also take into account the fact that young homeless people are at a higher risk of being exposed to violence and might refuse to go to adult shelters. When talking about the housing situation of young people, affordability issues are paramount. However, there is no unanimity among researchers and policy-makers on what would be the most effective strategy to improve access to affordable housing for young people. Some experts argue in favour of deregulation to stimulate building activity, stating that a more market-oriented approach will increase the supply of housing and thus make housing more affordable. Others argue that housing problems cannot be reduced to a simple factor of supply and demand. As Green puts it with regard to the housing situation in the UK: “The problem is not so much that we lack housing stock, but that much of it is in the wrong place and the wrong people are buying it, including foreign investor buyers and buy-to-let landlords. Housing generally has become much more unequally distributed” (2017: 65).

In order to meet the key requirements for adequate housing stated above, various context-dependent measures have to be implemented. To address housing affordability, for instance, rent control, housing subsidies, increased tenant protection and other measures and programmes are necessary.

A rights-based housing strategy needs to include regulatory measures, since the lack of supply is not the only reason for the fact that housing costs have outpaced increases in salaries. As already stated, the financialisation of housing and the withdrawal of the state as housing provider has had, among other factors, considerable influence on housing prices. A study that compares how financialisation has impacted rental housing markets in New York and Berlin comes to the conclusion that “financialisation heightened inequality and often worsened housing conditions” (Fields/Uffer 2016: 1497). Spatial upgrading strategies have undermined housing security, especially for low-income households. In Berlin, deregulation and the privatisation of state-owned housing have given way to investors aiming to maximise short-term value. Regulatory intervention to respond to these dynamics can take different forms. Berlin, for example, has decided to freeze rents for five years after protests against rising housing prices. However, implementing isolated methods without explicitly taking into account inequalities across generations and their intersection with other vulnerabilities might not be sufficient to tackle the housing crisis in a sustainable manner. For a comprehensive housing strategy, it is necessary to analyse the housing crisis in a larger context

and to consider the complex interplay of various societal transformations, especially related to family and work, and to analyse its impact on the housing needs of young people.

Housing strategies must acknowledge that housing needs as well as the impact of declining affordability affect people differently depending on age, gender, class and race. For example, young adults who live below the poverty line are at a higher risk of spending more than 40% of their income on housing than their wealthier peers (FEANTSA – Fondation Abbé Pierre 2019: 79). The intersection of age and socio-economic status should be taken into account when designing policies aiming at reducing generational inequalities:

“Current policy constellations in many countries seem to put a heavy and disproportionate burden especially on the poorest members of the younger generations, because they do not receive as many public resources as the poorest members of the older generation and their parents and grandparents cannot transfer as many private resources as can wealthier parents and grandparents” (Vanhuysse/Tremmel 2018: 482).

Since renting is especially common among young adults who have left the parental household, the younger generation profits more directly from laws and programmes that concern the rental sector than from fiscal and financial support measures for building or purchasing a home. In addition, in order to have access to quality education and career opportunities and to find affordable housing at the same time, young people are dependent on low mobility costs. Investing in and reducing prices for public transportation can help reduce the pressure to find living space in expensive inner-city quarters or compensate – at least partially – for rising rental prices.

Strengths and limits of a rights-based housing strategy

The rights-based approach presented above is a promising strategy for improving housing conditions since it not only regulates activities of private actors, but also emphasises the responsibility of governments to preserve affordable housing by putting a halt to recommodification and by ensuring that new adequate housing opportunities are created in the for-profit, limited-profit and non-profit sectors. In order to effectively implement the right to housing, a national housing strategy should formulate objectives and timetables as well as tools that make it possible that the right to housing that can effectively be claimed in courts of justice if the state fails to protect the enjoyment of the right. There are many examples of measures that can be included in a national housing strategy, such as investing in non-profit housing, implementing inclusionary zoning and providing homeless people with permanent housing.

Political measures to increase the supply of affordable housing often lack creativity and vision and are often based on outdated models that do not sufficiently take into account long-term structural changes, such as individualisation, migration, changes in employment, the changing age composition of society and the needs of different generations. Alternative housing concepts that seek to rethink tenancy and ownership structures, the design of residential buildings and apartments, and the organisation of living together already exist in many countries. Land trusts and cooperatives can be cited as examples of innovations in ownership and tenancy. These alternative forms of homeownership can function as a driver of less intergenerational inequality since they

provide long-term housing affordability and security of tenure for young adults with insufficient financial resources for private homeownership. Increasingly popular also are projects that focus explicitly on the concept intergenerational housing by taking into account the housing needs of the elderly as well as of younger generations. National housing strategies that enable participation – one of the principles of a rights-based housing strategy – can build on this experience and are thus more suited to respond to current housing problems than isolated measures. More research still has to be done to evaluate pilot projects to better understand how far these alternative concepts respond to the heterogeneous housing needs and contribute to improving the housing situation of cost-burdened young people.

However, there are several barriers to the successful realisation of the right to adequate housing. Firstly, an about-turn to a comprehensive housing strategy will not come by itself but has to be demanded by those directly affected by the housing crisis, housing advocacy groups, and other actors alike. Various bottom-up initiatives show that those facing housing exclusion instinctively frame housing as a right. Squatting, building temporary shelters in informal settlements, rent strikes and other tactics show that people are convinced that everybody has the right to be adequately housed. Rising rents and displacement are interpreted as unjust phenomena, and real estate speculation is increasingly subject to criticism. Since the situation is particularly critical in large cities, it is not surprising that housing activism thrives especially in urban areas. City dwellers show their presence in urban space, protest against the “sell-off” of their cities and voice demands for more affordable housing. Resisting these dynamics is not in vain, as recent examples such as the protests in Berlin show. The resistance resulted in the city buying former public housing apartments that had been privatised.

All states should recognise their role in the preservation and creation of affordable housing to encourage the implementation of the right to adequate housing and to reconnect housing with its social function.

Secondly, even if the right to housing is installed in such a way that it is also legally binding, its enforcement will reveal inequalities between countries. Improving access to adequate housing necessitates considerable financial resources that are not distributed equally among states. Governments should therefore work towards the progressive realisation of the objectives fixed in their housing strategy in so far as possible. Supranational political entities such as the European Union can contribute by providing adequate funding and fostering the exchange of good practices between the member states.

Conclusions and outlook

Current developments show that the “housing question” (Engels 2013 [1872]) has returned. As I have illustrated in the first part, those born since 1980 have become the first generation to have fewer housing opportunities than previous generations. A differentiated view is necessary since the reasons for, and outcomes of, this critical situation differ depending on the cultural and economic context and the housing system in place. In the second part, I have emphasised the elaboration and implementation of a housing strategy, based on the concept of housing as a human

right, as a promising response. This strategy should include a detailed action plan for ameliorating the housing situation of young people as well as instruments to systematically assess the impact of housing policies and programmes on this age group. States that recognise the right to housing in their constitution bear a legal obligation to provide financing and put legislative and administrative arrangements in place. By referring to the Universal Declaration of Human Rights, violations of the right to adequate housing become visible and there is a legal basis that gives social demands more legitimacy and momentum (Krennerich 2018: 14).

All states should recognise their role in the preservation and creation of affordable housing to encourage the implementation of the right to adequate housing and to reconnect housing with its social function. Current dynamics show that free-market approaches do not deliver what they promise, namely an efficient and just allocation of housing for all. Supranational entities such as the European Union can contribute to the elaboration of new strategies for a more just and unbureaucratic access to housing. However, even when the right to housing is anchored in legal and constitutional frameworks, the participation of civil society is needed in order to monitor the implementation of such laws and to denounce their violation. I have argued that a housing strategy with implications for all levels of government is needed. This strategy needs to make sure that young citizens have a real choice concerning location, type of housing, living arrangements and ownership structures. By adopting an intergenerational justice lens, policy-makers can analyse and respond to the increasing heterogeneity of housing needs for young people and other age groups. In this manner, alleviating the housing crisis by introducing a rights-based housing strategy can be an effective way to reduce intergenerational inequality.

Similar dynamics can be observed in different contexts, which indicates that the housing crisis has become global. This is partly due to the exportation of a dominant model of housing provision, promoted by international organisations. As Rolnik argues, this model tends to increase speculator profits rather than improve the overall housing situation (Rolnik 2019). The global dimension of the housing question also becomes visible when looking at migration. Following a human rights-based approach, the so-called “refugee crisis” in 2015 can be reframed as a situation that has uncovered structural shortcomings of housing policies on the national and European level. The European Union failed to provide non-discriminatory access to adequate housing for displaced persons. The living conditions in overcrowded camps and accommodation centres illustrate that the right to housing was not respected for this group of people. In the future, processes of migration will continue to be a challenge when it comes to the provision of adequate housing.

In order to elaborate concrete strategies, adapted to the respective cultural and economic context, more research is necessary. Research projects should be designed and carried out in cooperation with community organisers, NGOs and activists to address questions concerning the right to housing for people experiencing homelessness, non-discriminatory access to adequate housing as well as tenant rights and protection from evictions. Participatory research designs make it possible to integrate expert knowledge from housing advocates, activists and those facing housing cost overburden as well as to disseminate and make available research outcomes for their work. This would project the housing question

into the spotlight of public interest, fuel the elaboration of new and innovative remedies and draw attention to the importance of housing as prerequisite to the life chances of the younger generation.

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Do young people stand alone in their demand to live alone? The intergenerational conflict hypothesis put to test in the housing sector

by Laura Naegele, Wouter De Tavernier, Moritz Hess and Sebastian Merkel

Abstract: *The housing sector is currently under pressure: demographic shifts, urbanisation as well as the availability and costs of housing have led to increasing prices. Concerns are being raised that these rising housing costs could lead to intergenerational conflicts. While older generations often live in their privately-owned dwellings, younger cohorts struggle to become homeowners, moving the field of housing into the spotlight of national debates. We analyse the importance of housing for Europeans using data from Eurobarometer. Results show that the relevance of housing increased between 2008 and 2018. However, generational differences were found: while older and younger people see housing as an important topic at the country level, only the younger generation seems to be affected personally.*

Keywords: *Housing; Eurobarometer; Intergenerational conflict; Housing policy*

Introduction

The demographic ageing caused by increasing life expectancies and decreasing fertility rates is resulting in growing relative and absolute numbers of older people in many countries of the world and particularly in Europe (Harper 2015). This growing share of older people is expected to result in increasing welfare state spending especially in the fields of pension, healthcare and long-term care as the number of people receiving benefits is rising, while the number of people paying contributions is shrinking. Concerns are now raised that this could lead to an intergenerational conflict between the younger and older cohorts due to generational differences in preferences on welfare state spending (Hess et al. 2017). While the older generation might be in favour of higher spending in the areas of pensions and healthcare, the younger generation might support higher investments in education (Naumann et al. 2015). Due to the growing number of older people combined with their comparatively high voter turnout, this might lead to a “gerontocracy” in which older people set the agenda for welfare reform (Tepe/Vanhuyse 2009).

One area that has come at the forefront of public discourse on intergenerational conflict in recent years is that of housing. Named as “one of the most significant social changes of the 20th century” (McKee 2012: 853) home ownership has, with a few exceptions like Germany (Lennartz 2011), become the normalised “tenure of choice” in most countries over the past century, with around two-thirds of Europeans now being owner-occupiers (Doling/Elsinga 2013). This has ultimately resulted in the devalorisation of rented housing and turning the question if one can acquire property into an important marker of a “successful lifestyle” (McKee 2012). In recent years, however, housing prices have been increasing rapidly in nearly all European countries (Eurostat 2019a). Particularly for

younger cohorts it seems hard to buy real estate and start building up wealth: “[...] younger generations have faced growing barriers to home purchase and ascent up the housing ladder” (Ronald/Lennartz 2018: 149). As a consequence, the share of renters among younger generations has increased e.g. in the United Kingdom (UK) and Germany, despite their aspirations to become homeowners (Lennartz/Helbrecht 2018). Not only has it become more difficult to buy flats or houses; it is also more problematic renting a dwelling, as prices have risen in most European member states and rental properties have become scarce. Berlin, as one extreme example, had almost no vacancies in the rental sector and between 2010 and 2015, as rents increased by 32% and housing prices by 68% (Granath Hansson 2019).

At the same time, housing could also be approached as a matter of intergenerational solidarity. Owner-occupied dwellings and their inheritance are a form of family insurance and can support younger generations in becoming homeowners (Sandlie/Gulbrandsen 2015). Moreover, older family members can give more direct support to younger generations in terms of assistance for home purchases or mortgage deposits that could be crucial for younger generations to become homeowners (Wong 2019). While intergenerational (financial) support might be one way of enabling younger cohorts to buy houses, such transfers are an amplifier of social inequality as not all families have the means to do so. Given the central value of homeownership in current-day society as illustrated by the phrase “my home is my castle”, this means that individuals from low-income backgrounds may have difficulty in getting access to safe, suitable and affordable housing, ultimately impacting their quality of life (Peck/Stewart 1985; Herbers/Mulder 2017). Hence, it could be argued that generational differences, which are displayed via homeownership, reflect deeper and much more fundamental inequalities between generations (Tatch 2007; Searle/McCollum 2014; Christophers 2018).

While intergenerational (financial) support might be one way of enabling younger cohorts to buy houses, such transfers are an amplifier of social inequality as not all families have the means to do so.

In sum, two discourses on housing and intergenerational relations emerge: one of intergenerational solidarity and support in the *private* sphere, and one on intergenerational conflict for scarce resources in the *public* sphere. In this paper, we aim to assess to what extent people’s perceptions of the need for political intervention in housing markets across Europe change over time and indeed reflect intergenerational conflict. This leads us to three research questions:

- Do people perceive housing as a personal and/or a country-wide issue, and have these perceptions changed over time?

- Does age play a different role in defining housing as a personal vs. a countrywide issue?
- How do these age effects vary by country, gender, education and level of urbanisation?

The first question aims at understanding if people's perceptions changed in line with the aforementioned developments on the housing market, and to whom they assign responsibility for dealing with these developments. Housing aspirations are shaped by, among others, wider societal structures, as they form the options available to individuals and their families (Preece et al. 2019). Therefore, when trying to address housing issues, it is of utmost importance to understand the role of the individual as well as the state (Kemeny 1995). The second question highlights the intergenerational aspects of housing and the assignment of responsibility, an often-overlooked factor in studies on housing (Flynn 2020). The third question aims to develop a deeper understanding of the age effects by placing them into a wider context. Country- and region-specific aspects need to be taken into account, as they have proven to have a significant influence on housing choices and tenures. Also education and gender biases should be acknowledged as both are important determinants of life courses, e. g. via gendered career pathways and salaries affecting one's ability to acquire housing property. In doing so, we shine a light on the existence of intergenerational conflict in the public discourse on housing.

In the following, first the societal context is presented. We discuss general trends that affect housing prices, and generational preferences regarding housing, and how this might lead to intergenerational conflicts. Subsequently data and methods are introduced and the results are described. Finally, a conclusion and policy implications are drawn.

Societal context

Trends influencing housing and rental prices

The housing market in Europe is currently under pressure and affected by several trends influencing housing and rental prices. (1) *Demographics*: As decreasing fertility rates and increasing life expectancies are leading to a demographic ageing in Europe and beyond, the number of older and very old people (80 years and more) is steadily increasing (Harper 2015). Additionally, some larger European cities expect an increasing number of immigrants from abroad in coming years, changing the composition of city populations (Granath Hansson 2019).

(2) *Increasing prices for buying and renting dwellings*: Within the last four years, housing prices in Europe have increased in nearly all European Union (EU) member states (Eurostat 2019a). Compared to the second quarter of 2018, the prices increased in the EU by 4.2% in the second quarter of 2019 (ibid.). The same applies to rental costs (Dewilde 2018). Moreover, an increasing share of household income is spent on housing. In 2017, 10.4 % of the EU-28 population lived in households that spent 40% or more of their equivalised disposable income on housing (Eurostat 2019b). In addition, when taking on a long-term perspective, (rising) housing costs might lead to financial pressure and increasing social risks in older age.

(3) *Urbanisation*: Particularly metropolitan regions in Europe face a rapidly increasing population, while rural regions tend to lose inhabitants (European Commission 2019). As a consequence, availability and affordability of living space in city regions decline making

it more difficult to find proper dwellings (Inchauste et al. 2018). Simultaneously, ownership in rural areas might no longer provide financial security in later life as properties lose value, ultimately also affecting what one can pass on to the next generation (Ansell 2014).

Generational differences in housing and living preferences

Even though housing aspirations and preferences change with increasing age (Abramsson/Andersson 2016), there is a body of literature positing that people want to stay in their own homes and neighbourhoods, a preference that has also been acknowledged by policy-makers (Neven 2015; Wiles et al. 2012). The concept of "ageing-in-place" claims that older people prefer to remain in the environment that they know for as long as possible (Wiles et al. 2012) but would also consider homes with an age-appropriate infrastructure (Hillcoat-Nalletamby/Ogg 2014). Moreover, there is a connection between neighbourhood characteristics and mental health (Elliott et al. 2014) as well as between the environmental characteristics of one's home and life satisfaction (Oswald et al. 2011). Notwithstanding the proven positive effects age-appropriate housing can have on people, there seems to be a rising discrepancy between one's wish to "age-in-place" and the availability of adequate housing. A reason for this is found in the fact that age-appropriate housing is not available on a broad basis and policy-makers as well as private investors concentrate on younger target groups (McKee 2012). Against the background of rising costs of (health-)care in later life, housing wealth is regarded as a significant resource for individual welfare (Searle/McCollum, 2014). In addition, fuelled by debates on private contributions to the cost of care systems, housing assets are a substantial resource for covering for care costs (Fernandez/Forder 2010; Searle/McCollum, 2014).

More and more younger people, so it seems, are being excluded from the housing market, a trend highlighted by the declining rate of first-time buyers among the under-thirties, as well the rising percentage of younger people that find themselves in the private renting sector – the latter being dubbed as "generation rent" in the UK media.

Whereas the proverb "my home is my castle" seems to still hold true for the older generations, younger generations increasingly face difficulties in realising their housing and living preferences compared to previous generations (Flynn 2020), a development particularly affecting metropolitan areas. From the perspective of younger cohorts, it has become increasingly difficult to become a homeowner. Besides increasing prices, the main reasons are higher rates on mortgages (Meen 2011), slow earnings growth (Wang 2019) and economic uncertainties (Flynn 2020). Family resources have become much more important, as intergenerational support is one way of dealing with this issue. Therefore, home ownership has become a great source of wealth inequality between generations. More and more younger people, so it seems, are being excluded from the housing market, a trend highlighted by the declining rate of first-time buyers among the under-thirties (Beer et al. 2011; Clapham et al. 2010), as well the rising percentage of younger people that find themselves in the private renting sector – the latter being dubbed as "generation rent" in the UK media (McKee 2012). It should be noted though, that these develop-

ments often do not reflect the preferences of the younger generations, as the inability to follow the “normalised tenure” towards homeownership and/or affordable housing has proven to cause frustrations (Hoolachan et al. 2017) and an unwanted prolonging of the transition phase from youth to adulthood (Calvert 2010). “The effect, however, is that home ownership and family formation, themselves being important ‘rites of passage’ in the transition to adulthood, have also become delayed” (McKee 2012: 858). In conclusion, it could be argued that, albeit that housing aspirations and preferences (especially regarding age-appropriateness and/or accessibility) might change with age, the general wish to follow established housing tenures and accumulate housing-related wealth remains prevalent across generations.

Housing and social inequality: a source of intergenerational conflict? Nevertheless, generational inequalities regarding access to the housing market exist, which disproportionately affect the “generation rent”. This opens the floor for questions about how housing might cause a conflict between generations, about the discourses in which these conflicts might manifest themselves and about how perception of this conflict might differ between age groups (Hoolachan/McKee 2019). If, for example, the issue of housing is only of greater relevance to one generation and, hence, generations have different policy preferences, one could expect generational conflicts in the desired directions of housing policies at the national level (Hess et al. 2017). As such, there could be generational differences in support for subsidies for real-estate purchases, or for rent caps setting a maximum rent landlords can ask from their tenants. While younger generations would presumably benefit from a rent cap, older generations with higher rates of homeownership might be opposed as it would cut their potential retirement income and resources for care costs in later life. The implementation and ongoing debate of a rent cap in Berlin (“Mietpreisbremse” in German) in 2019 proves the topicality of this issue.

Irrespective of housing, previous literature has explored potential conflicts in policy preferences between the younger and the older generation in other domains. The results are ambiguous, but mostly find only a little support for intergenerational conflict, and if differences are found at all these are differences between age groups and not generations (e.g. Hess et al. 2017; Svallfors 2008). The latter refers to the concept of intergenerational justice, described as a fair or just distribution of burden and advantages between generations, for example in welfare contributions and benefits: “[A] moral intuition driving our analysis of intergenerational justice is that it is not *prima facie* problematic that at one given point in time different age groups receive an unequal treatment from the state. But if such inequalities are perpetuated across different birth cohorts over the entire life cycle, then we do end up with intergenerational inequities” (Vanhuysse/Tremmel 2018: 476).

In the paper at hand we draw upon this understanding and contribute to the existing literature via investigating a potential generational conflict in the area of housing by contrasting the importance of housing in the perception of older and younger people. Thus, if substantial generational differences exist in the perceived importance of housing as a problem within a specific country, then one could interpret this as an indicator for a potential intergenerational conflict in housing. Hence, the

question now is whether the topic of housing is indeed more important for younger generations than for older ones; and, in addition, how the perception of housing has changed in recent years across Europe. Furthermore, it is of interest to distinguish between a perceived importance on the individual level and on the country level, as one might see housing as important for the country, but not for one’s self. Finally, the country context should matter, as it has been proven to shape the aspirations of individuals, and the housing sector shows large deviations across countries. In the following, this article examines the three research questions that were introduced above.

Data and methods

This analysis is based on data derived from the Eurobarometer (EB) study (Bläser 2013). The EB is a survey of repeated data collections among Europeans aged 15 and older on different topics, with around 1,000 respondents in every country of the European Union in every wave, except for a couple of smaller countries where the sample is limited to 500 respondents. This study uses Eurobarometer data from 2008 (EB 70.1), 2013 (EB 80.1) and 2018 (EB 90.3). Respondents were asked to identify two issues that they considered most important at that moment, both for the country and for themselves personally. Housing was one option in a list of 13 possible answers.¹ We use both variables as dependent variables in the analysis. In using these measures as a means to test intergenerational conflict in the field of housing, we make two assumptions. First, we assume that, if individuals indicate that a certain topic is a countrywide problem, they are concerned about the issue and consider it so important that it requires attention from policy-makers. And second, we assume that solidarity (as opposed to conflict) entails perceiving other social groups’ problems and taking them to heart. Hence, we would see intergenerational conflict when housing is defined as a countrywide issue by an age group only to the extent that people in this age group have personal housing problems. To the contrary, intergenerational solidarity would mean that age groups where few people personally face housing problems still think of housing as an important issue at the country level if other age groups struggle with it.

Given the problem of unobserved heterogeneity when comparing logistic regression coefficients, and particularly in the case of interactions, we opt for linear probability models as our method of analysis (Mood 2010). We do so with a fixed effects model to account for country differences, in which we include age (15–34; 35–64; 65+), gender and level of urbanisation (rural, town, city), as well as the two- and three-way interactions between these variables. In a second step, we include level of education measured by age at which education was finished (15, 16–19, 20+) instead of gender; those still studying were excluded from the regression analysis. We take education into account as a proxy for socioeconomic status. Survey wave is included as control variable, and effects are indicated as significant if $p < 0.05$.

Results

Table 1 gives a descriptive overview of the sample. It shows that across the three survey years, between 6 and 7% of respondents named housing as one of the two most important issues facing their country or them personally. The covariates are quite balanced, allowing generalisation.²

<i>Housing</i>	
Personal issue	6.42%
Countrywide issue	6.70%
<i>Gender</i>	
Female	54.06%
<i>Community</i>	
Rural	34.91%
Town	36.50%
City	28.60%
<i>Age</i>	
15-24	11.32%
25-34	14.48%
35-44	16.62%
45-54	17.14%
55-64	17.21%
65-74	14.98%
75+	8.23%
<i>Left education at age</i>	
15 or less	17.91%
16-19	43.93%
20+	30.60%
Still studying	7.57%
<i>Survey year</i>	
2008	31.64%
2013	34.08%
2018	34.28%

Table 1: Descriptive overview

The data used to explore the first research question – whether people perceive housing as personal and/or a countrywide issue, and whether these perceptions have changed over time – can be found in Figures 1a and 1b. Figure 1a presents the share of the population indicating that housing is a countrywide problem in selected countries (for all countries, see Appendix 2a). The figure shows how central an issue housing has become in several countries in recent years. In 2018, six in ten Irish respondents marked housing as an important issue, while this was only mentioned by one in 20 five years before. This could be the consequence of the yearly increase in housing prices increasing again to pre-crisis levels since 2013, in combination with the construction of social housing being decimated since 2008 (Norris/Byrne 2018). Also, in Luxembourg, housing was mentioned by more than half of respondents, even though the issue of housing is not as new there as it is in other European countries. Furthermore, large parts of the population indicated that housing was a problem in Malta (29%), the Netherlands (20%) and Germany (19% in the East, 26% in the West) in 2018, whereas it was not an extraordinary concern in these countries five years earlier. While the increasing importance of housing in public discourse is spectacular in these countries, it is noteworthy that it has decreased in several Southern European countries since 2008, particularly in Cyprus, Spain, and France. An explanation for this is likely to be found in the financial crisis of 2008 and the previous property price increases in countries like Spain and France (Antipa/Lecat 2010). The crisis put an end to the boom in the housing market and resulted in increased financial vulnerability due to high mortgages in combination with lower wages or unemployment (Sánchez-Martínez et al. 2016) and many people losing their homes (Cano Fuentes et al. 2013). As the first survey was conducted only weeks after the bankruptcy of Lehman Brothers, the results for 2008 are likely to reflect the

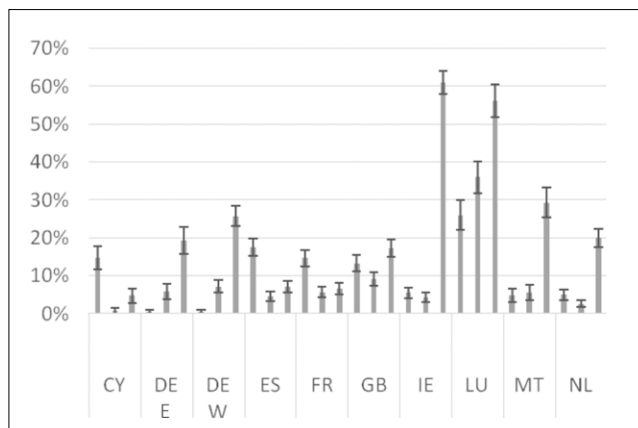


Figure 1a: The percentage of people saying housing is a countrywide problem (2008, 2013, 2018), selected countries

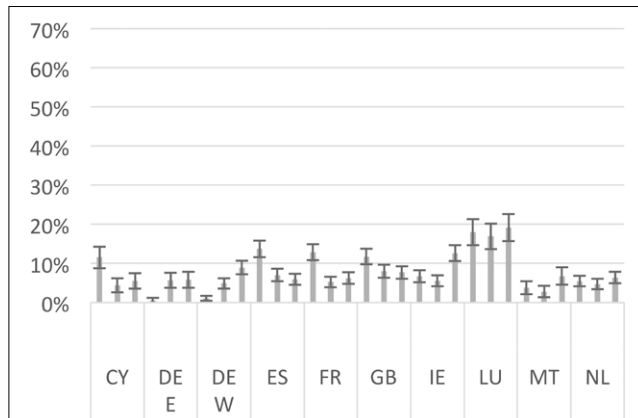


Figure 1b: The percentage of people saying housing is a personal problem (2008, 2013, 2018), selected countries

pre-crisis housing bubble in some countries. Moreover, the drop in the relevance of housing may simply be the consequence of people listing other priorities in the wake of the financial crisis.

If we look at a number of selected countries in Figure 1b (for all countries, see Appendix 2b), however, a profoundly different pattern emerges. The figure shows how important the issue of housing is for people personally. Twice as many Irish individuals declared housing to be an issue for them personally in 2018 as compared to 2008, though this still only concerned 13% of people. Housing has been a more pressing personal issue in Luxembourg than anywhere else, with almost one in five individuals indicating it as an important issue for themselves, but this figure has been quite stable over the last ten years. Also, in the Netherlands, it has remained largely stable, around 5% of the population. In Germany, there has been an increase in the amount of individuals declaring housing to be an issue of personal importance, though the 2018 number is not particularly high in an international comparison (6% in East Germany, 9% in the Western part): with virtually no participants declaring housing to be an issue in 2008, the increase in Germany could be the consequence of the exceptionally low starting point. In sum, the extent to which housing is considered a countrywide problem as well as its evolution varies greatly across countries, whereas country differences are much less pronounced over time and across countries in terms of the definition of housing as a personal problem.

The second research question asks about the role of age in defining housing as a personal or a countrywide issue and the third

aims to place these age effects in context by analysing in which situations the age effect plays out. To answer these questions, we ran fixed effects linear probability models of housing being a country-wide issue (Figure 2a) and it being a personal issue (Figure 2b). The original regression tables are not shown here as they are very complicated to interpret; they are, however, of course available upon request.³ Instead we report figures that show the probability of the particular group to mention housing as an important topic while controlling for confounding effects from the variables country and wave.

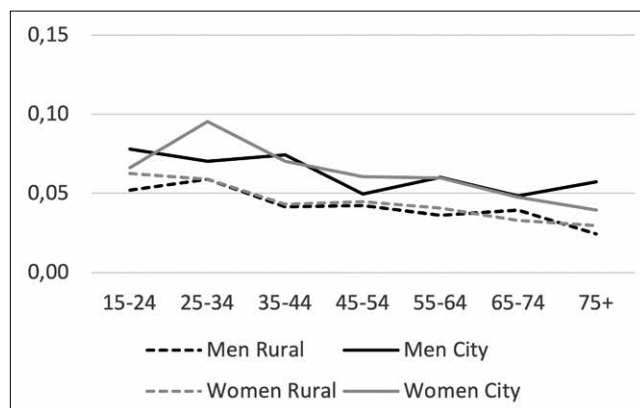


Figure 2a: Fixed-effects linear probability model of housing being a countrywide issue, 3-way interaction age, gender and urbanisation (rural vs city)

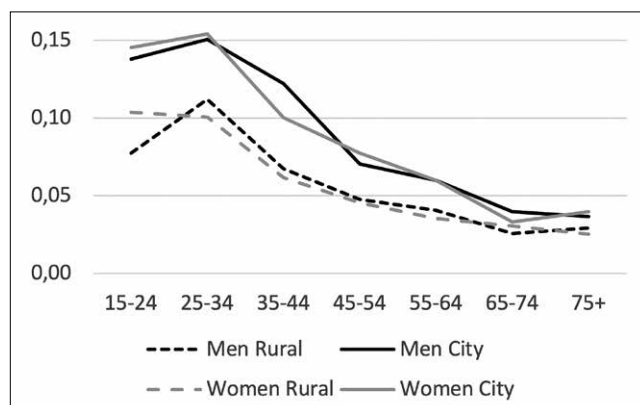


Figure 2b: Fixed-effects linear probability model of housing being a personal issue, 3-way interaction age, gender and urbanisation (rural vs city)

Analysis of the regression results of housing being a countrywide issue shows few significant results (visualised in Figure 2a). The regression shows that the idea that housing is an important issue for the country slightly decreases with age: the oldest age group on average scores about three percentage points lower than the youngest here. The fixed-effects linear probability model of housing being a personal issue (Figure 2b) shows clearer age differences: there is a five-percentage point drop in the outcome variable when comparing the oldest to the youngest age group. In other words, older people appear to care almost as much as younger people about housing as an issue requiring public attention, even if they are much less affected by the issue themselves. These findings suggest that the field of housing is characterised by intergenerational solidarity rather than conflict, at least as far as the need for public attention is concerned.

Turning to the context of these age effects (the third research

question), considering housing a countrywide problem (Figure 2a) is somewhat more common in urban areas as compared to rural ones. No general gender effect is found, nor do any of the combinations of the three variables (age, gender, urbanisation) in two-way interactions yield significant results. The three-way interactions do suggest that support for the idea is slightly higher among younger (age 25–34) and middle-aged (age 45–54) urban women. Regarding housing as a personal problem (Figure 2b), the age effect is twice as big in urban as compared to rural dwellers. Hence, with age, geographical differences in being concerned about one's housing evaporate. Furthermore, in the youngest group of people (age 15–24), the housing issue is more prevalent among women than men (3 percentage points difference), whereas no significant gender differences are found in other age groups. Finally, none of the three-way interactions between gender, age and urbanisation are significant.

In a last step, we also tested three-way interactions for age, urbanisation and education. Figure 3a shows the three-way was interaction between age, urbanisation and education and housing being an important country issue. The educational differences are not significant; education does not seem to matter for the question if one thinks that housing is important at the country level. Figure 3b shows that those with higher education tend to see housing more often as an important personal issue than those with medium education, but only in the youngest age group cohorts. Overall education differences are rather small.

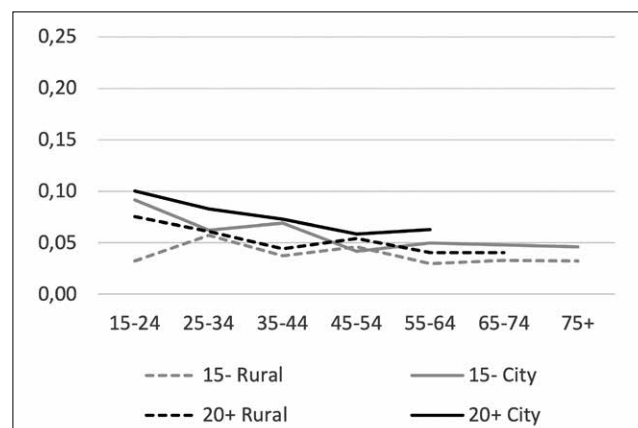


Figure 3a: Fixed-effects linear probability model of housing being a countrywide issue, 3-way interaction age, education (up to 15 v. 20+ years) and urbanisation (rural vs city)

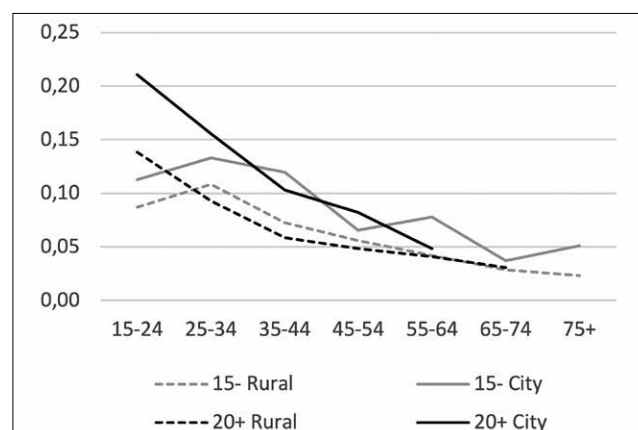


Figure 3b: Fixed-effects linear probability model of housing being a personal issue, 3-way interaction age, education (up to 15 v. 20+ years) and urbanisation (rural vs city)

In sum, also the regression data show little support for there being an intergenerational conflict in terms of housing and indicate a much stronger effect of intergenerational solidarity. While personally being confronted with a housing problem is largely concentrated among younger generations and in particular in urban youth, the concern for housing at the country-level is more shared. In addition, gender and educational differences in age effects are very small, if existing at all.

Conclusion

At the outset of this study, we aimed to assess to what extent people's perceptions of the need for political intervention in housing markets across Europe have changed over time and indeed reflect intergenerational conflict. We made that assessment using Eurobarometer data for the years 2008, 2013 and 2018, over which period the issue of housing became more salient in many countries. Our results show that, while age has an important effect on housing being a personal issue – particularly in urban environments – it has a very limited impact on considering housing an important issue for the country. In other words, while older people are less likely to personally face housing issues, they are only slightly less likely to consider housing a countrywide problem compared to younger generations. This suggests that intergenerational solidarity is a stronger force than intergenerational conflict regarding housing also in the *public* sphere.

Some country differences were found. The general pattern in most countries is for personal issues with housing to be concentrated in younger people and declining with age. There are some country differences in terms of how age affects seeing housing as an important issue for the country. In most countries where housing is not considered a particularly important topic at the country level, the pattern seems to follow that of considering housing a personal issue declining with age. In countries where housing is generally considered to be an issue of national interest, however, age effects are less pronounced. In addition to age and country differences, the results show a clear regional variation: young people in urban areas are more likely to personally face housing problems, as could be expected, and urban people in general are more likely to consider it a countrywide issue. We found little effect of gender and educational level.

We find little evidence of age groups being pitted against each other through a discourse of a house-hoarding older generation being the culprit of increasingly unaffordable housing for younger people.

Linking the results back to previous research discussed in the second section, we do find support for recent warnings that buying and owning housing as part of “a successful life” has become a more difficult standard for younger generations to attain. We see clear age differences in the importance of housing as an individual issue. An explanation is found in the previously described characteristics of the housing market and intergenerational differences. While noticing the recent developments in the housing sector, particularly the increasing prices and the lack of affordable dwellings, older generations do not seem to see this as an issue for them personally. Moreover, in line with previous studies, we find a large variance between countries and regional contexts (Inchauste et al. 2018). The study also goes beyond previous literature by explor-

ing which groups see housing as an important country (and thus policy) issue, where age differences are much less pronounced. We concluded that the field of housing is marked rather by intergenerational solidarity than intergenerational conflict due to the wide agreement across generations about how important an issue housing is at the country level, which corresponds to conclusions of earlier studies (Lennartz/Ronald 2019). However, intergenerational solidarity in these studies is typically defined as support across generations within the family, situating it in the private sphere (e.g. Ronald/Lennartz 2018). At the same time, supporting the younger generation in one's own family might already cause problems for mid-income families: homeowners-to-be relying on financial support from their (grand-)parents, often in the form of housing assets, draw upon the same assets that are more and more needed as a resource by the older generations themselves – as housing wealth is gaining more relevance as a resource that can be liquidised in order to increase private contributions to the costs of the care system in older age (Fernandez/Forder 2010). An explanation why this is not seen as a housing issue by older persons is that covering health and social care costs with housing assets is not a problem linked directly to the housing situation. On the contrary, rising prices in the real estate market could be regarded as a positive development to this regard. These inequalities might become even more pronounced in the future, potentially affecting the now-young far into their old age. Hence, future research on intergenerational relations and housing should not only pay more attention to intergenerational solidarity in the public debate, but also to intergenerational conflict in the private sphere.

Finally, while not the topic of this study, it should be noted that housing can also lead to intra-generational conflict through solidifying social inequalities. A clear socio-economic divide is opening up in under-30 cohorts between those who can draw upon family support when acquiring a home and those (e.g. children of renters) whose parents and/or grandparents have no housing equity (McKee 2012). Consequently, young people in “housing-rich” families have a higher chance of becoming a homeowner (Wong 2019). Against this background of the intergenerational transfer of social inequalities through real-estate accumulation, it is surprising that we did not find an effect of level of education. Possibly, level of education, as measured by the age at which one finished education, may not be a good proxy for socio-economic status.

The paper has two main limitations. Firstly, the cross-sectional nature of the data does not allow for comparing the complete housing life-courses of two generations and instead pictures two generations at different ages, while a complete assessment of intergenerational redistribution would require a life-course approach (Vanhuysse/Tremmel 2018). Secondly, we compare data on all European member states and do not focus on single countries. A more detailed comparison of cases could provide a better understanding of the mechanisms and developments on the national level as previous studies show (Druta/Ronald 2018; Lennartz/Helbrecht 2018).

Implications

Several political and societal implications can be drawn from the study at hand. The finding that generational differences exist in the perception of housing, and that housing is viewed as an important personal topic, suggest that younger generations face more barriers and problems to find affordable and suitable

housing than their parents and/or grandparents did. Hence, this pattern hints at housing being a source of wealth inequality between generations. While the baby boomer generation may think that housing is not an important topic for themselves, they do believe that, on the country level, housing should receive more attention. Furthermore, while housing is often approached from a perspective of intergenerational conflict, we find little evidence of age groups being pitted against each other through a discourse of a house-hoarding older generation being the culprit of increasingly unaffordable housing for younger people. On the contrary: the fact that older generations are only slightly less likely to think of housing as an important issue for the country, even though housing tends not to be a major issue for themselves personally, rather suggests a strong sense of intergenerational solidarity on this issue. Indeed, rather than younger and older people being on opposite sides of the debate, they both seem to stand together in identifying the problem, and in expecting politicians to come up with solutions (Hoolachan/McKee 2019). Thus, politicians and other societal stakeholders (employers, media, trade-unions and also housing companies) must acknowledge the significance that the topic of housing has for Europeans of all ages. They should strive to develop and implement measures that mitigate the monetary pressure on younger generations stemming from housing. This could be done in several ways:

First, policies could include subsidies supporting citizens in buying housing, while being mindful of the various stages of the life course. For younger generations this might entail financial support for acquiring housing when at the beginning of one's career and/or when starting a family. For older cohorts this might manifest itself in providing financial subsidies when investing in old-age appropriate infrastructure and could, moreover, tackle the issue of relying on housing assets in order to pay for social care costs. Second, investments in public transportation will connect suburban and rural areas to the larger cities and, hence, increase the pool of potential housing for those working the larger cities – on top of having a positive environmental impact (Cervero 2018). In addition, strengthening the infrastructure in sparsely populated areas will increase the attractiveness of housing and quality of life for all ages in these areas. Third, new forms of living together might be strengthened, including shared and intergenerational housing, which also creates the opportunity for intergenerational contact. The latter has proven to effectively decrease ageist attitudes and behaviour (Marques et al., 2020) and foster intergenerational understanding and solidarity (Arentshorst et al. 2019). Fourth, housing and rent caps – such as the “*Mietpreisbremse*” implemented in Berlin, which set a maximum price for both – should be further researched as current evaluations of their effectiveness are ambiguous and suggest that they might not be feasible to implement in all European countries (Kholodilin et al. 2016). Finally, when implementing measures to defuse the housing crisis, the context must be acknowledged. At the country level, the institutional regulations and the general economic situation differ; at the regional level, housing prices vary significantly and shape an individual's housing aspirations. A thorough understanding of the impact of these contextual factors is not only vital for the success of any measures tackling the housing crisis, it would also contribute to transferring good practices to other contexts.

Our results and conclusions are particularly relevant at this point in time. With the next crisis looming around the corner, our

findings on the definition of housing as a problem during the previous crisis and its aftermath can inform policy efforts in response to the current one. Moreover, intergenerational solidarity has been central to our collective response to the coronavirus outbreak so far. Societies have shown solidarity with physically vulnerable people, and in particular with older generations, in an attempt to reduce the spread of the virus. Our data suggest that they will be equally prepared to support the younger generations when the economic fallout in the wake of the virus restricts their access to housing.

Notes

1 On this scale of importance, “housing” occupies the tenth rank (around 10%), behind “health and social security” (around 25%), “inflation”, “unemployment”, “economic situation”, “immigration”, “pensions”, “environment”, “crime” and “education”. See Appendix 1 for further details.

2 The sample size is 93,382 people.

3 The sample size for the regressions with gender and urbanisation is 93,382 people and 90,719 people for the regression with education and urbanisation.

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An online appendix is available at www.igjr.org.

Discussion Paper for the Foundation for the Rights of Future Generations

The housing crisis as a problem of intergenerational justice: The case of Germany

by Elena Lutz

Executive summary

In this discussion paper, it is shown that the current housing affordability crisis in Germany is a problem of intergenerational injustice since it affects young Germans disproportionately negatively. To address these injustices, the following policy measures are suggested.

1. Policies to assure affordable rents

- a. *Rent controls*: Well-designed rent controls help keep rent-price increases in re-lettings in check, while still allowing landlords to pass renovation costs on to their renters and to increase their rents by a small percentage annually. This would especially benefit young individuals, since the young move more often than baby boomers and are therefore disproportionately negatively affected by price increases in re-lettings.
- b. *Strengthening social housing*: Local, state, and national governments must invest in the provision of social housing to provide below-market-priced housing for the most vulnerable households. This measure is especially important in large cities, where rents have risen steeply over the past decade, threatening to displace many poor households.

2. Measures to facilitate first-time homeownership for young Germans.

Supporting young adults in becoming first-time homeowners is another important area in which public policy can help mitigate the negative effects of the housing crisis for young Germans. This can be achieved via:

- a. *First-time home buyer programmes*: First-time home buyer programmes support individuals who are buying their first home through grants or other financial stimuli, such as a first-time home buyer tax credit. Several countries, such as Australia or Canada, already have such programmes in place, helping young individuals to become homeowners. Such measures could also be adopted in Germany.
- b. *Access to credit for first-time buyers*: Young people often face credit constraints when buying their first home since they do not yet own a home they could use as collateral. Governmental programmes, such as the first-time homebuyers plan

in Canada, can help young individuals to obtain resources for the down payment on a mortgage, thereby improving their chances to be able to obtain a mortgage at a reasonable interest rate.

3. Measures to increase housing supply.

To address issues of housing affordability and intergenerational justice, public policy should aim to increase the housing stock. It should also provide for the needs of young generations, especially in urban areas. Concrete measures to achieve these goals include:

- a. *Densification policies*: Densification policies consist of relaxing zoning restrictions. This allows landowners to build more densely and taller, thereby increasing the overall housing supply. Relaxing zoning restrictions allows the housing supply to respond to an increased demand and can therefore prevent house prices from rising. Therefore, densification policies have become a widespread tool to address housing unaffordability and could be used more extensively in German cities.
- b. *Using existing housing stock more efficiently*: Another factor that hinders young people from finding adequate homes is that houses that could be occupied by a young family or multiple students are often occupied by an old couple or individual who continue living in the homes where they raised their children, even after the children have moved out. Online platforms, such as *Tauschbörse*, that connect young individuals currently living in a smaller property with older people currently living in a larger property can help in using the existing housing stock more efficiently.

Since the current German housing crisis is a predominantly urban phenomenon, Germany's large cities should be the primary focus of these policies. Yet, because of architectural and socio-economic differences between and within cities, there exists no one-size-fits-all solution. Nevertheless, the above measures can serve as a starting point for developing comprehensive measures to fight intergenerational injustice in the German housing market.

Introduction

The majority of high-income countries are currently experiencing an unprecedented housing affordability crisis. Over the past two decades, housing costs have skyrocketed with house-price growth clearly outpacing growth in real wages. As a result, more and more households are struggling to afford adequate housing

in a suitable location – a phenomenon commonly known as “the housing affordability crisis”. Its tangible consequences are a rising number of households that face burdensome housing costs (defined as having to spend more than 40% of their income on housing), decreased satisfaction with their housing situation for many households, as well as increasing numbers of homeless in

some of the world's wealthiest nations (Eurostat 2020a). However, not all social groups are equally affected by the current housing crisis: numerous studies, such as Fields and Hodgkinson (2018), document that individuals from the lower end of the income distribution suffer the most from the housing crisis. For instance, in Germany 49.5% of households with incomes below 60% of the median income experience burdensome housing costs, i.e. they spend more than 40% of their disposable income on rent, compared to only 7.5% of households above 60% of the median income (Eurostat 2020b). Thus, many scholars and politicians have pointed out that the current housing affordability crisis creates severe social injustice in the housing market.

Yet, the key argument of this paper is that the current housing crisis is not only a problem of injustice towards the poor, but also a crisis of intergenerational justice: evidence shows that younger generations are more adversely affected by the housing crisis than individuals from the baby boomer generation (Arundel 2017, Flynn 2020). For instance, young individuals today are less likely to be able to afford to buy a home than the generation of their parents was at their age (Ball 2016, Market 2017). This is because the price of a house relative to a worker's annual wage has increased drastically over the past decades, making it very difficult for young people to become homeowners. Second, young people also struggle to pay their rent more often and live more often in overcrowded housing.

The current housing crisis is a double-edged sword. On the one hand, those individuals that do not (yet) own a home suffer from the housing crisis: for them, increasing house prices result in higher rents they must pay to their landlords and a lower likelihood that they can afford to become homeowners themselves (Haurin et al. 2007). On the other hand, there is a section of the population that benefits from the current house-price increase: homeowners. Their houses have gained in value, meaning that they can resell their homes at a much higher price than the price at which they acquired them, or that they can ask for higher rents. Tax breaks on homeownership and favourable credit conditions arising from being able to use a house as collateral further deepen this insider-outsider dynamic (see Ball 2016). Since older individuals are much more likely to own a home than individuals from younger generations, older generations tend to benefit from the current housing crisis while millennials suffer from it, naturally pitting the young against the old (Fuller et al. 2020).

Against this backdrop, this discussion paper asks the following questions: Does the housing affordability crisis constitute a problem of intergenerational injustice? And if so, which policies would be most effective in improving the situation of young people in the housing market?

This discussion paper examines the case of Germany. In many respects, Germany is representative of the situation in other high-income countries such as France, the UK, Canada, or the US: housing prices and rents have risen steeply in the country's large cities, posing serious problems to housing affordability. The German housing crisis therefore is a predominantly urban phenomenon, which is similar to the situation in other countries. Yet the German housing market differs from other countries in certain aspects. First, while Germany has experienced steep house price increases, these increases are less than in other countries, such as in the UK or Spain. Second and most importantly, Germany has a higher share of renters in international compari-

son, e.g. to Northern America or Southern Europe. For instance, the homeownership rate in Germany in 2018 was 51.5% compared to 65.1% in the UK, 72.4% in Italy, and 96.4% in Romania (Statista 2020). In Germany, renting is socially accepted and thus not only a housing tenure for low-income households that lack other options. Therefore, German renters also enjoy more comprehensive rights than in other countries (Voigtländer 2009). German housing policy must thus focus more strongly on the rental sector than in other countries. This German peculiarity should also be kept in mind when generalising the policy recommendations of this study. However, homeownership rates are currently declining in many countries such as the US and the UK, meaning that more countries may converge to the German level of homeownership in the future.

The remainder of this paper is organised as follows. First, I describe the extent of the housing crisis in Germany, then I show in detail how younger generations are more adversely affected by the housing crisis than older generations and examine the causes of this. I end by proposing different policies that could help to improve the situation of younger generations in the housing market, thereby addressing the issue of intergenerational justice in the field of housing.

The housing crisis in Germany

As in many other countries, Germany has experienced big increases in house prices and rents. House prices started to rise in 2012 and have risen very sharply since. In fact, over the past eight years German house prices have risen as much as during the 45 years between 1975 and 2010, and they have now even surpassed their pre-2008 crisis highs, which is also the case in e.g. the UK and the US. Furthermore, rents have also risen steeply. This is particularly important in the German case as Germany is a "nation of renters", with lower homeownership rates than other countries (Voigtländer 2009). Yet, at the heart of the current housing affordability crisis lies not only the problem of rising house prices, but also the problem that wages have not risen at the same pace as house prices. For instance, in Germany the price of an average flat has risen by 60% over the past 10 years while the average wage has only risen from US\$44,000 in 2008 to US\$49,800 in 2018, which corresponds to an increase of 13.8% (OECD 2020a, RWI 2019). Since house prices have risen so much faster than wages, housing has become less affordable for a majority of the population.

However, it is important to note that not all regions in Germany are equally affected by the housing crisis: large urban areas, such as Munich or Berlin, are by far the most strongly affected (Glaeser and Ward 2009). For instance, in Munich apartment prices have risen by approximately 240% compared to the national average of 60% (RWI 2019). Unsurprisingly, individuals living in large cities report that finding adequate housing is extremely difficult (European Commission 2015). According to a survey conducted by the European Union, 96% of Munich's population say finding adequate housing at a reasonable price is very hard (European Commission 2015). These values are among the highest of all European cities (ibid.). Besides large metropolitan areas such as Munich, Berlin, or Hamburg, also smaller towns with a strong job-market or large universities experienced steep price increases (Felhberg and Miessner 2015) while many rural regions have not experienced a housing crisis at all, and house prices have even

declined in some areas (Fuest and Immel 2019). Thus, when discussing the German housing crisis and potential policies to mitigate it, it is important to note that the housing crisis occurs only in certain areas of Germany and that there is no one-size-fits-all solution.

The consequences of the German housing crisis are further exacerbated by a decline in the stock of social housing in Germany over the decades preceding the current housing crisis. A key function of social housing is to provide relief for households that are unable to afford rent. Yet the market share of social housing has steadily declined in most advanced countries (Whitehead and Scanlon 2007). This also holds true for Germany, where local governments – for instance in the city of Munich – sold large parts of their social housing stock to private investors. The share of social housing in the total of housing in Germany has declined by almost 75% over the past 30 years, from 4% in 1987 to 1.2% in 2017 (Deutscher Gewerkschaftsbund 2020). Especially in large cities such as Berlin or Munich, this leaves local governments with few options to provide housing for those households that are unable to find housing through the general housing market. Thus, the decline in social housing aggravates the housing market situation in German cities.

The German housing crisis: A problem of intergenerational justice?

The key argument of this paper is that the current German housing crisis affects younger generations more adversely than older generations. This argument is based on a large body of research that documents the differing effects of house prices on different generations (see Arundel 2017, Fuller et al. 2020, Flynn 2020, McKee 2012). For instance, in their recent study covering Germany and other Western European countries Fuller et al. (2020: 314 f.) find that “housing prices’ impact on wealth may have the potential to exacerbate cleavages between older and younger generations. Homeownership rates for millennials are steadily declining, not only because their disposable income cannot keep pace with housing prices, but also because they have higher (student) debt burdens than their parents when they first attempt to climb the property ladder” – a fact confirmed by Flynn (2020), who shows that homeownership rates among 25–34-year-olds in Germany declined by over one-third from the late 1970s to early 2010s. Higher house prices also mean that millennials remain in their childhood home for a longer period of time. The proportion of Germans aged between 25 and 34 living away from their childhood home dropped by 9.5 percentage points between 1978 and 2015, from 92.7% to 83.3% (Flynn 2020). Thus, the consequences of the current housing affordability crisis are felt more directly by the young.

The main reason why the current housing crisis constitutes a problem of intergenerational justice is that the current house price increases in urban centres lower young individuals’ prospects of becoming homeowners. Given these strong price increases, Inchauste et al. (2018: 17) note that “young people and newcomers are especially affected, while older generations owning homes in prime locations have benefited from significant increases in the value of their capita”. While buying a home has always been costly and difficult for the young, empirical evidence shows that buying a home is more difficult for millennials today than it was for the baby boomer generation back in the late 1970s to the early 1990s.

In Germany, the rate of homeownership among individuals aged 30–39 declined from 10% in 1990 to 2% in 2015 (Marek 2017). But homeownership in the general population increased from 22% to 28% over the same time-period (Marek 2017). The inability to buy a home keeps millennials from participating in the “game” of gaining wealth from quickly-rising house asset prices. Thus, the housing crisis diminishes the opportunities for young individuals to participate in the housing market.

The inequality between younger and older generations is further amplified by the considerable financial advantages for homeowners in Germany. These financial advantages come in the form of better borrowing conditions and tax breaks. First, older households that already own their home can use it as collateral when borrowing. By contrast, young people today who wish to buy a home face severe credit constraints (Marek 2017). They often pay higher interest rates since they do not yet possess a house that they can use as collateral (Carozzi 2019). This creates a vicious circle in which young individuals are unable to become first-time homeowners simply because they do not already own a home. Thus we observe a “growing ability of existing homeowners to raise their housing consumption and outbid others from the available stock” (Ball 2016: 185). Second, tax benefits for homeowners further benefit older people who are more likely to own their own home (Poterba and Sinai 2007). Even though tax benefits for homeownership are less pronounced in Germany than e.g. in the Netherlands or the UK, the German tax system nevertheless favours those living in owner-occupied housing, which means that younger generations that have to rent their homes are often at a disadvantage (Voigtländer 2007). In sum, credit constraints and tax benefits in Germany give rise to an insider-outsider dynamic between the young “Generation Rent” and the older “Generation Landlord”.

The current housing crisis also concerns intergenerational justice in that homeowners are able to pass their assets on to their offspring. As noted by Helbrecht (2019), the opportunities for German millennials to become homeowners increasingly depend on the wealth of their parents, since houses have become so expensive that only those young individuals who receive financial help from their parents can buy their own home (Öst 2011, McKee 2012, Flynn 2020). The housing crisis has led to an increasing re-familialisation of the welfare state, with young adults having to rely more on their parents by e.g. living longer in their parents’ home or by tapping the “bank of mum and dad” when wanting to buy a home (Flynn 2020, p. 323). While many lower or middle class baby boomers were able to buy a home and “climb up the housing ladder”, today only young adults from wealthy family backgrounds can buy a home (Flynn and Schwartz 2017). This dynamic aggravates the already poor social mobility in German society and further exacerbates existing wealth inequality (Fuller et al. 2020). The current housing crisis thus undermines social mobility today and will make society more unequal tomorrow. In sum, the current housing crisis is both a problem of intra- and intergenerational justice, pitting poor against rich and young against old.

Addressing the challenge of intergenerational justice in the German housing crisis

The previous section shows that the current housing crisis engenders marked injustices between younger and older generations.

But what is so problematic about these injustices? Do we really need policies that specifically help younger generations in the housing market? This paper argues that, yes, we do require policies to restore intergenerational justice in the German housing market. If left unaddressed, young generations' raw deal in the housing market will lower economic growth and undermine social cohesion in Germany.

First, young Germans' precarious place in the housing market will negatively impact economic growth: skyrocketing house prices in cities such as Munich or Frankfurt deter young individuals from moving to places where they could find a well-paid job. The dramatically increasing rents in small university towns, such as Tübingen or Göttingen, are another problem particular to Germany (Fehlberg and Mießner 2015). These may prevent young Germans from moving for study. Letting high housing costs deter young people from moving to where they could obtain a productive job and a good education has a negative effect on economic growth (Ortalo-Magné and Rady 2002).

Second, intergenerational injustices in the housing market damage social cohesion. The housing crisis divides the German population into two different groups – richer homeowners and their inheritors versus poorer renters – whose political interests oppose each other. This may give rise to political conflict (Fuller et al. 2020). Furthermore, studies show that many young people are dissatisfied with the government because of their disadvantaged position in the housing market. This undermines the trust of younger generations in their own government (Hoolachan and McKee 2019). There are not only normative motivations for pursuing (intergenerational) justice, there are also very practical reasons that make intergenerational justice in the German housing market an important policy goal.

Policy proposals

There are two broad policy goals through which governments can improve the situation of young Germans on the housing market: policies to *facilitate first-time homeownership* and policies to *increase the supply of affordable housing*.

1. Facilitating first-time homeownership

Supporting young adults in becoming first-time homeowners is one important area in which public policy can help mitigate the negative effects of the housing crisis for young Germans. Purchasing the first small house or apartment – stepping onto the first rung of the “housing ladder” – is an important step which enables young people to be on an equal footing with existing homeowners from the baby boomer generation. Concrete measures to support first-time homeownership include:

- a. First-time home buyer programmes: First-time home buyer programmes support individuals who are buying their first home through grants or other financial stimuli. Several countries, such as Australia or Canada, already have such programmes in place. In Australia, for instance, first-time home buyers receive a grant of A\$7000 from the government (Milligan and Pinnegar 2010). The Canadian government has also initiated a host of measures that facilitate first-time homeownership. These measures include a first-time home buyer tax credit (where first-time buyers pay less tax), a first-time home buyers' plan (through which first-time

buyers can borrow up to CA\$25,000 tax free), and in some states also a land transfer tax rebate (where first-time buyers do not have to pay the land transfer tax) (Government of Canada 2020). Such measures could also be adopted in Germany.

- b. Access to credit for first-time buyers: As stated by Flynn (2020: 321), “governments that create accessible and liquid credit markets make it easier for young people to launch from their parental home”. However, especially since the financial crisis, young people often face severe credit constraints when applying for a mortgage to buy their first home since they do not yet own a home they can use as collateral (Ortalo-Magné and Rady 2002). In this situation, governmental programmes such as the first-time homebuyers plan in Canada could help young individuals to obtain the money for the down payment on a mortgage, thereby improving their chances to be able to obtain a mortgage at a reasonable interest rate.

2. Create more housing that is affordable and meets the younger generations' needs

A second crucial policy area to improve the housing situation of young Germans is to create more affordable housing in urban areas, so that young people can move to booming cities and university towns. Moreover, creating more affordable housing would not only benefit millennials but all German citizens facing burdensome housing costs. The design of social housing units should also take account of the needs of younger generations who tend to marry later and have fewer children and therefore often look for smaller apartments than baby boomers. Concrete measures to achieve these goals include:

- a. Densification policies to increase the housing supply: Home prices have skyrocketed partly because there is a shortage of housing in booming areas such as Munich, Frankfurt and Berlin (Glaeser and Ward 2009). One reason for the current shortage of housing in places where the demand for housing is very high is regulations that restrict building (Glaeser and Ward 2009, Cheung et al. 2009). In Germany, investors must obey strict planning laws that regulate, for instance, how high and how densely investors may build on a certain piece of land. These drive up house prices by restricting supply (Glaeser and Ward 2009, Cheung et al. 2009). Many local governments in larger cities, such as Zürich or London, have realised this problem. Their response has been so-called “densification policies”, which refer to a loosening of current building regulations, allowing investors to build more housing more densely. Such policies may prevent housing prices from rising further, thereby lowering the housing cost burden for the inhabitants of German cities. However, simply allowing for more construction will not be enough, since the price decreases achieved by relaxing building regulations are not large enough to also be felt by poor households (Beer et al. 2007, Freemark 2019). Policies should therefore also aim to produce affordable housing to support the young and the poor, which could be achieved by setting a required minimal percentage of affordable housing in new building projects – a measure called inclusionary zoning (see Schuetz et al. 2009 for more detailed information).

- b. Using existing housing stock more efficiently: Another factor that hinders young people from being able to find adequate homes is the fact that large apartments or houses that could be occupied by a young family or multiple students are often occupied by an old couple or individual. This is because many older couples continue living in the homes where they raised their children, even after their children have moved out. These older individuals may not need nor want their large homes any more but they are now unable to find a smaller flat at a decent price since housing prices have risen so much and – in the case of rented accommodation – they are better off staying with their current rental contract. Platforms exist that connect young people with a smaller property and older people with a larger property, allowing them to switch properties without fees to brokers. An example of this is the German online platform *Tauschbörse*, where two parties can switch their apartments. Of course it is important to ensure that any switching occurs on a voluntary basis and that especially elderly participants are protected from fraud. Nevertheless, a well-designed switching-platform could help in the effort to ensure that the existing housing stock is used more efficiently.
- c. Strengthening social housing: With skyrocketing house prices in many German cities, it is imperative to create housing that also the poor and the young can afford. Social housing, i.e. housing administered by the state or other bodies and rented at below-market price, plays a crucial role in providing affordable housing in Germany as well as in other high-income countries (Scanlon et al. 2015). However, the stock of social housing in Germany has declined substantially in recent years and can no longer meet the rising demand of young and poor individuals (Deutscher Gewerkschaftsbund 2020). For instance, last year the city of Munich received over 30,000 applications for social housing, but it had only approximately 3,500 apartments available (Bayerischer Rundfunk 2020); sometimes, even families or individuals with a disability cannot receive social housing. The situation is similarly precarious in other large German cities. Thus, local, state, and national governments must invest more in social housing. Furthermore, rethinking housing as a right and not a commodity could help achieve this goal: while every German has the right to emergency shelter in case of homelessness, Germans have no legal right to more permanent accommodation, i.e. long-term social housing at affordable rents. Introducing the right to one's own apartment – i.e. a right to social housing for those who need it – could help to hold governments accountable for their social housing policies.
- d. Rent controls: Rent controls are another important measure to ensure the affordability of housing. Targeting rents is an especially important measure in Germany because of the high proportion of households that rent. The German Federal Government enacted such a measure in 2015, the so-called *“Mietpreisbremse”* (literally, “rent-price brake”). It is important to note, first, that the German rent control differs fundamentally from rent controls enacted e.g. in the US: in Germany, rent control does not cap prices but only prevents landlords from drastically increasing their rents. Second, the rent control allows landlords to pass certain costs of improvements to the apartment on to their renters and is therefore unlikely

to discourage investment in the housing stock. Rent controls clearly benefit young individuals since the young move more often than baby boomers who have already settled down in a certain property. Baby boomers are often thus sheltered from drastic rent increases since landlords tend to increase the rent the most when re-letting the apartment rather than for existing tenants. However, first studies on the effect of the *Mietpreisbremse* show that rents in Germany are not decreasing. A reason for this may be its poor enforcement (see Mense et al. 2019). The German government should therefore aim at the proper enforcement of rent controls to improve the situation for young people.

Conclusion

This discussion paper asked whether the German housing market constitutes a problem of intergenerational justice. The analysis showed that individuals from younger generations in Germany are indeed disadvantaged compared to their parents' generation. Soaring house prices have made it impossible for most millennials to buy property as their parents did at their age. Tax benefits and favourable credit conditions for today's homeowners have further excluded millennials from the housing market. The housing affordability crisis also increases inequality within younger generations because many young people's only possibility of becoming homeowners themselves – and therefore of benefiting from rising property prices – is to receive financial support from their parents. Those millennials with wealthy parents are significantly more likely to become homeowners themselves and thus able to profit from price increases. However, millennials – even from the middle class – will most likely never become homeowners if their parents do not have the financial means to support them. Yet, besides ownership, there is also the problem that many young individuals are currently deterred by high housing costs from moving to Germany's most thriving cities such as Munich or Frankfurt in order to pursue their career and education. The ways in which young Germans today are disadvantaged in the housing market call for policies that specifically address the issue of intergenerational justice.

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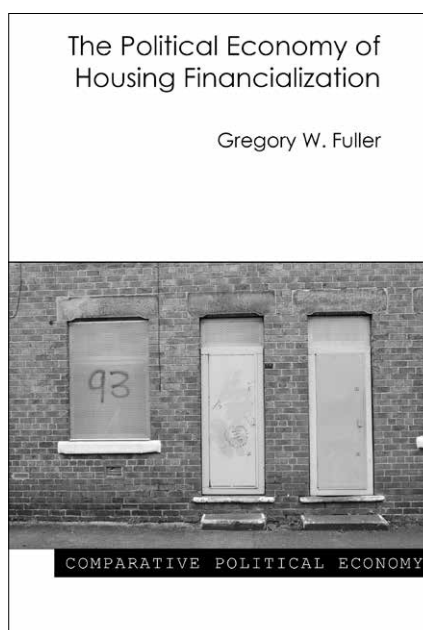
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Gregory W. Fuller: The Political Economy of Housing Financialization

Reviewed by Tod Van Gunten

The dozen years since the global financial crisis of 2008 have seen a renewal of research into the political economy of housing and mortgage markets. The crisis showed that a seemingly obscure corner of the US mortgage market – subprime lending and associated mortgage-backed securities – could bring the global economy to its knees, exposing blind spots in macroeconomics and political economy. Greg Fuller's new book *The Political Economy of Housing Financialization* is a welcome synthetic addition to this literature, taking stock and pointing in directions for further research. Fuller argues that the financialisation of housing systems – the extent to which access to homes is mediated by financial markets – has crucial implications for macroeconomic stability, inequality, and politics. In keeping with the focus of this journal, this review focuses on the linkage between housing financialisation and inequality, including intergenerational inequalities.

The structure of the housing market – whether homes are primarily purchased or rented, the size and shape of mortgage markets, and so on – varies widely across countries. Fuller helpfully characterises this variation in terms of financialisation, defined in this context as a form of commodification which makes the exchange of homes dependent on financial products. Housing financialisation varies on several dimensions: mortgage credit, housing tenure (ownership versus renting), social housing, and asset values. The most obvious form of housing financialisation is the prev-



alence of mortgage credit: given the cost of housing, homeownership practically requires access to credit in some countries. In some Southern and Eastern European countries, however, a significant subset of homeowners acquired homes through post-Communist privatisation schemes, inheritance, or simply purchasing real estate outright. Thus, homeownership often, but not always, entails greater financialisation of the housing market. Rented housing rarely makes housing contingent on access to a financial product, while homeownership more often does. Provision of social housing further decommodifies and “de-financialises” access to homes through rental price controls, subsidies and other mechanisms. Finally, residential real estate is an important component of wealth – the most valuable asset owned by all but

the wealthiest households. Households may use this wealth as leverage to fund current consumption or pass it on to the next generation, and variation in housing prices critically affects these decisions.

Thus, housing financialisation is not one-dimensional, but represents distinct configurations of owned and rented housing, levels of mortgage debt, provision of social alternatives, and trajectories of real-estate prices. Scholars of the political economy of housing have been searching for some time for a concise typology of housing systems on a par with well-known categories of welfare states and the “varieties of capitalism”. As Fuller notes, these typologies have met with numerous challenges. Fuller's own solution groups

the Netherlands with the liberal market economies to form an “Anglo-Dutch” formation, as well as Scandinavian, Continental, Southern and Eastern European clusters. The Anglo-Dutch countries are the most financialised, with high levels of mortgage debt and active housing markets with legacy social housing systems undergoing privatisation. Scandinavian countries are also highly financialised – these countries have the highest levels of household debt anywhere – though they are less involved in the trading of mortgages on secondary markets through securitisation. Continental countries have moderate levels of financialisation, and Southern and Eastern Europe even less.

While this typology is a useful heuristic, it does leave many questions answered. For example, Fuller’s “continental middle” is vastly heterogeneous, including both the high-homeownership, high-debt Iberian countries and the low-homeownership, comparatively low-debt Germany and Austria. Switzerland has levels of debt similar to Scandinavia and the Netherlands on some measures, and its more explicit inclusion would complicate the picture further. “Southern Europe” here includes only Italy and Greece, with the Iberian countries looking increasingly like the “Anglo-Dutch”. The line between the latter and Scandinavian countries is fuzzy, and a case could be made for simplifying the scheme by combining them. Like previous attempts, this typology is unlikely to resolve debates about the “varieties of residential capitalism”.

Fuller considers the implications of this typology for wealth inequality in chapter four. There are few up-to-date general texts on housing and inequality, and Fuller’s concise summary of several critical avenues for research clarifies the terrain substantially. The chapter considers three hypotheses linking housing financialisation and wealth inequality. The first is the incumbency channel. Because residential real estate makes up a large portion of the total net wealth of all but the wealthiest households, the value of homes and other housing assets is critical to understanding wealth inequality. Rising housing prices increase the net wealth of homeowners but not renters, thus benefiting housing market incumbents at the expense of outsiders (who may be attempting to purchase housing). Since homeowners are already relatively wealthy, the asset price effect should magnify existing wealth inequalities. This is connected to financialisation for several reasons, the most important of which is that the flood of capital into mortgage markets in recent decades appears to be a major driver of rising prices. Consistent with this, housing price increases have been highest in the highly financialised Scandinavian and “Anglo-Dutch” housing systems.

The incumbency effect on wealth inequality is an important hypothesis enjoying some empirical support; however, Fuller does not discuss some countervailing evidence. For example, during the 1995–2007 housing boom in the United States, wealth inequality remained virtually unchanged (Wolff 2013). Similarly, wealth inequality in the UK declined during the boom years (D’Arcy/Gardiner 2017). While this does not invalidate the incumbency hypothesis, it does require that some compensating mechanism offsets the incumbency effect. The ambiguity of the evidence only underscores the point that this is an important and promising area of empirical research.

The second hypothesis linking financialisation and housing to wealth inequality is the intergenerational channel. Since housing market incumbents tend to be older on average, the hypothesised

incumbency effect has an intergenerational dimension: rising housing prices will increase the wealth gap between younger and older households. This effect is closely associated with the widespread trend towards households acquiring owned homes later in life, and even delaying departure from the parental home and the establishment of an independent household. Fuller acknowledges that the connection between these phenomena and inequality is complex: on the one hand, increased availability of mortgages might facilitate the purchase of housing; on the other, if torrents of credit pushing housing prices up is the cause of spiralling housing prices, then financialisation contributes to inequality. Fuller acknowledges that the empirical challenges to identifying these processes; again, the book usefully outlines an important area of research.

The third hypothesis is what Fuller terms the locational channel. Housing price increases tend to be unevenly distributed across space, with prices highest (and seeming to increase more quickly) in urban cores and other enclaves, compared to other regions. Thus, another important wealth gap is between urban and rural, global financial centres and political hubs like London and Paris versus smaller cities, and even between areas within cities. Once again, data are limited, but Fuller presents evidence suggesting greater volatility in the price gap between capital cities and rural areas in highly financialised Anglo-Dutch and Scandinavian countries (though the pattern is far from clear-cut).

The incumbency, intergenerational and locational channels represent three key hypotheses that invite further research. Fuller omits another key linkage between housing and wealth inequality, which may interact in complex ways with these effects: the asset effect of homeownership itself. Countries with high homeownership rates tend to have lower levels of wealth inequality (Kaas et al. 2019); for example, Spain (with a homeownership rate around 80%) has a wealth Gini coefficient around .6, while Germany (with a 45% homeowner rate) has a coefficient above .75. This effect is large and fairly straightforward: high-homeownership countries seem to make real estate ownership more accessible to lower-income households; because housing weighs so heavily on household balance sheets, the prevalence of middle- to lower-income households with net housing wealth depresses the level of wealth inequality.

This observation has complex implications for Fuller’s observations about inequality and financialisation. To the extent that high-homeowner countries are more financialised, this implies that financialisation is associated with *lower* wealth inequality. On the other hand, the house price dynamics emphasised by Fuller point to an opposing effect resting on two observations. First, as already noted the massive shift of capital into mortgage credit over the past several decades has played a key role in pushing up housing prices. Second, this appreciation is effectively pricing recent generations out of the market (as reflected in declining homeownership rates across the board, and in younger age groups in particular) and delaying homeownership and thus wealth accumulation. To the extent that these two observations are correct (and not offset by other factors), then financialisation is driving intergenerational inequality in at least two senses. First, access to owned property is in and of itself a metric of inequality: if younger generations aspire to purchase homes but cannot afford them, this *is* an aspect of inequality. Second, as noted above, the inability to achieve homeownership (or substantially delayed ownership)

will show up in the data as increased wealth inequality between generations and, potentially, as an increase in the overall wealth Gini coefficient.

There are many other intersections of finance, housing and inequality that could be added. For example, American sociologists have long studied discrimination in housing and mortgage markets and how these processes contribute to racial and ethnic segregation. While Fuller's focus is primarily European, it may be worth asking similar questions about ethnic and immigrant communities in European cities. The locational channel connects the political economy of housing with classic questions of urban form and socio-spatial inequalities (e.g. housing segregation), a dimension not developed here.

However, the goal of the book is to synthesise and take stock, and in this sense it is successful. In short, Fuller lays out an empirical research agenda linking residential real estate and housing finance to wealth inequality in which scholars need to think broadly about inequality metrics. Intergenerational and spatial inequalities matter in addition to aggregate indexes like the Gini coefficient. Hopefully, this book will help researchers focus their attention and research effort on the important and complex intersections of housing, financial markets, and inequality.

Fuller, Gregory W. (2019): *The Political Economy of Housing Financialization*. Newcastle upon Tyne: Agenda Publishing. 168 pages. ISBN 9781788210997 (hardback), ISBN 9781788211000 (paperback), ISBN 9781788211017 (e-book). Price: hardback \$90.00/£60.00; paperback and e-book \$30.00/£19.99.

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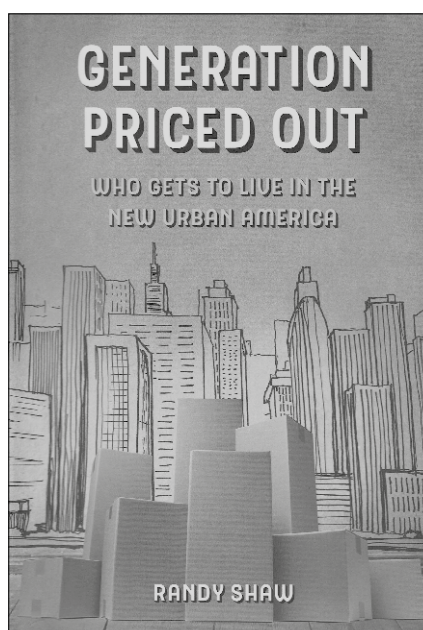
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Randy Shaw: *Generation Priced Out: Who Gets to Live in the New Urban America*

Reviewed by Nick Revington

Escalating housing costs in many American cities – and especially those with strong job markets and a reputation for quality of life – have placed housing affordability issues centre stage for an increasingly broad swath of the population. In *Generation Priced Out*, Randy Shaw channels his nearly 40-year career with the Tenderloin Housing Clinic, a tenant rights and homelessness advocacy organisation and low-income housing provider in San Francisco, into explaining why this is the case and what can be done about it. Written in a lucid and engaging style, the book draws on extensive first-hand experience of tenant organising, activism, and policy-writing as well as interviews with a real who's-who of housing activists in several high-cost US cities not only to make the case for urban policy to take housing affordability seriously, but also to outline concrete steps to get there.

The book offers an accessible guide for housing activists, politicians, bureaucrats and policy wonks, as well as for the casual



reader with an interest in cities and social justice. Despite being from a university press, this is not a scholarly book, per se. Those seeking theories of urban inequality, politics, and development should look elsewhere, as should those looking for rigorous empirical policy analysis.

Shaw's main contention is that many cities with ostensibly progressive reputations do not have very progressive track records when it comes to housing policy. An insufficient supply of housing to meet job and income growth, combined with inadequate tenant protections, is pricing the working and middle classes and racial minorities out of their homes in these cities altogether. It's hardly a progressive outcome.

Shaw argues for cities to “address the housing needs of those of all income levels” (4) by rethinking the housing crisis in four ways. First, there is a generational divide between millennials (born 1981 to 1996) facing a constricted housing supply and baby boomers

(born 1946 to 1964) who have benefited from the rapid rise in home values that has resulted from the shortage. Second, gentrification is not inevitable, but rather a consequence of political decisions. Third, neighbourhood activism – which often holds a progressive veneer – has actually been a major culprit in preventing housing opportunities for lower-income residents. Finally, preventing infill development within cities has environmental consequences as new housing and jobs are displaced to distant suburbs requiring longer commutes. None of these are particularly new ideas for urban scholars working on these issues, but Shaw does an excellent job presenting the issues in a clear and accessible way.

The first chapter recounts victories in the fight against eviction by seniors, people with AIDS, and families in San Francisco. The second chapter highlights how Los Angeles' housing crisis has resulted in rapid gentrification and tenant organising against displacement, while homeowners and landlords benefit from the crisis and oppose change. Shaw also outlines how the city under Mayor Eric Garcetti is attempting to reverse course through new strategies. In the third chapter, we see how inadequate protection for tenants' rights is a factor in displacement in Austin. Shaw draws on the experiences of Seattle and Denver in the fourth chapter to argue that new housing supply is a necessary but not sufficient condition for improved affordability.

Chapter five returns to San Francisco, with a focus on the regulatory and political barriers facing small-scale developers seeking to provide much-needed housing in the city. Generational conflict over housing is the subject of the sixth chapter, highlighting millennials' housing activism in Austin, Boulder, Cambridge, the East Bay, Portland, San Diego, San Francisco, and Seattle. In the seventh chapter, Shaw explains how the neighbourhood preservation movement, once a progressive response to the excesses of urban renewal, has in the vastly different contemporary context become a force for exclusion, with examples from Berkeley, San Francisco, New York City, and Minneapolis. Chapter eight highlights, with cases from New York City, Oakland, and San Francisco, how failing to preserve or provide new affordable housing also undermines cities' racial diversity. Finally, the concluding chapter distills the most relevant policy takeaways.

The book's greatest strength is undoubtedly its basis in Shaw's longstanding involvement in housing issues. Shaw is able to provide examples of what works and what does not, from the perspective of tenant organising as well as through a policy lens. The value of political organising is a consistent theme throughout the book, and undoubtedly a key to achieving more progressive housing policies in the face of well-organised opposition. Shaw shares stories of both wins and losses for organising, thus recognising the potential power of organising without providing an over-idealised, rosy picture of guaranteed successes. A second strength is the way Shaw humanises housing struggles by including the stories of working-class and immigrant families resisting displacement, fighting to stay in their homes and neighbourhoods. While making effort to preserve affordable housing personal, the text avoids devolving into so-called "poverty porn" voyeurism.

Shaw is pro-housing, but provides a welcome counterpoint to libertarian elements of the loose coalition known as the "YIMBY" (Yes-In-My-Back-Yard) movement. For Shaw, new housing supply is needed, but the solution is not simply to hand over cities

carte blanche to developers. Instead, developers should be required to build affordable units or pay linkage fees to support affordable housing. Meanwhile, cities should pursue affordable housing development by (among other things) leveraging city-owned land, supporting non-profit groups seeking to acquire housing to preserve its affordability, and enforcing tenant protections, including rent control where it is not pre-empted by the state. The alternative in the cities Shaw highlights has been all too often to stifle development entirely, so wealthier residents outbid poorer ones for the inadequate supply of housing, causing gentrification. But another conceivable alternative is for unfettered development and real estate speculation to upend working-class, African American, and immigrant neighbourhoods, also resulting in massive displacement. Shaw attempts to chart a middle ground that results in a more equitable city.

Such a middle ground comes with some ambivalences that the book would do well to address more explicitly. First, it paints organising in working-class neighbourhoods resisting gentrification in a favourable light – and indeed, as a crucial component of any strategy to protect and promote housing affordability – while criticising middle- and upper-class neighbourhood groups that have organised to stop development. These are different issues, as one is seeking to preserve affordable housing while the other seeks to prevent it. However, drawing this distinction more explicitly would pre-empt market-oriented agendas that conflate these two positions to vilify marginalised residents' legitimate concerns over displacement as anti-housing.

Second, it is unclear why Shaw persists in asserting that the cities profiled in the book have a "progressive" reputation for social justice when the housing issues he discusses demonstrate precisely the opposite. As Shaw observes, "By raising ideas long considered politically off limits, [activists] are exposing the 'emperor has no clothes' component of those who claim to be political progressives but who will not allow rental housing in their neighbourhoods" (162). Rather than hold those making such false claims of progressivism to account, Shaw himself participates in the charade. For instance, he writes that "Nolita is a politically progressive voting district. Its residents support social and economic justice" (188), a fact that is immediately contradicted by the next sentence: "Yet the community became engaged in a struggle to stop the only chance working- and middle-class seniors had to live in the neighborhood." Perhaps it's time cities are called "progressive" based on their actions instead of hollow assertions.

It's also unclear, exactly, in what sense contemporary housing struggles are truly a generational divide. There may be some difference in generational consciousness of the housing crisis, but Shaw's framing elides the fact that many millennials stand to benefit from the vast housing wealth of their boomer parents through intergenerational transfers, which are likely to exacerbate *intra*-generational inequalities, or that intergenerational living (as a form of intergenerational solidarity) provides a key strategy for navigating expensive housing markets.

This framing also overlooks how what appears to be a generational divide on the surface is actually one of class and race. In general, income from labour increases over the course of one's working life, as do the propensity for homeownership and the likelihood of earning non-labour income. In this sense, the apparent divide between millennials and boomers with respect to access to housing, the financial benefits of homeownership, and

resulting political contestations over creating new housing supply actually reflect differing class positions across the life course. Positioning the contemporary housing crisis as generational conflict provides an unproductive distraction from the *class* conflicts that have specifically benefited boomers at the expense of millennials: rising income inequality, stagnant wages, the hollowing out of an already weak social security net (including the chronic underfunding of affordable housing), exclusionary zoning, union busting, and tax cuts for the rich.¹

Like surging housing prices and gentrification, these trends are not inevitable. They are a product of decades of neoliberal policy. Yet Shaw's stated intention to ensure that neighbourhoods provide housing to protect "economic diversity" naturalises heightened income and wealth inequality, which, for many, compounds issues of housing affordability. Little attention is given to the policy choices behind the rampant income and racial inequalities that make housing affordability an issue for some and not others.

To be sure, these other domains may be beyond the scope of the book's stated focus on housing, but it does seem a crucial component in answering Shaw's titular question: who, indeed, gets to live in the "new urban America"? Other policies that escape attention in the book, however, are far more closely linked to housing. Policy choices have favoured ownership financially, and reinforced a culture that positions homeownership as the ultimate aspiration. Combined with the de facto reliance on housing wealth as social safety net, the stakes are much higher and the incentives much

stronger for owners to protect their own property values, no matter the social cost. As Shaw notes, perhaps the biggest social cost is the pricing-out of working and middle classes from central cities.

These criticisms do not deflect, however, from Shaw's ultimate policy prescriptions, which are well argued and summarised in a handy ten-point list in the book's concluding chapter. They are clear, actionable and realistic, and for the most part are general enough that they do not get bogged down in the legislative quirks of individual cities and states (and they may be equally valid outside the United States). The flip side is that they may not go far enough in upsetting the deeper dynamics that produce housing crises in the first place. That they may not go far enough is not a reason to shy away from them, but a call to do even more. Most encouraging is Shaw's optimism that organising, in the context of a growing generational awareness of housing issues, can and will produce more equitable housing conditions. Perhaps then America's "progressive" cities will be worthy of the name.

Shaw, Randy (2018): Generation Priced Out: Who Gets to Live in the New Urban America. Oakland: University of California Press. 304 pages. ISBN 9780520299122 (hardback), ISBN 9780520970991 (e-book). Price: \$29.95/£25.00.

Notes

1 A fuller version of this argument is presented here: Christophers, Brett (2018): Intergenerational Inequality? Labour, Capital, and Housing Through the Ages. In: *Antipode*, 50 (1), 101-121.

Nick Gallent: Whose Housing Crisis? Assets and Homes in a Changing Economy

Reviewed by Christian Lennartz

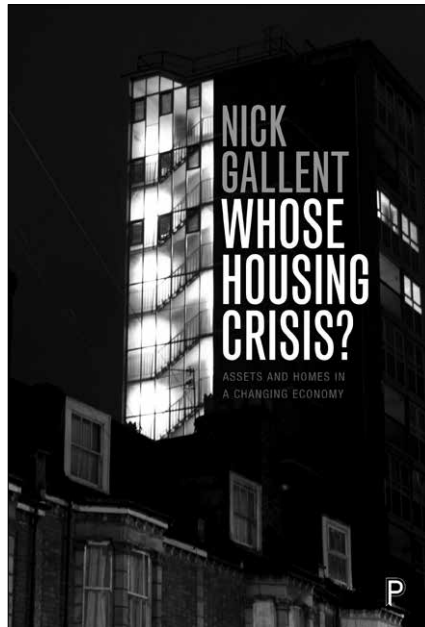
Whose Housing Crisis? by Professor Nick Gallent (The Bartlett School of Planning, UCL) is a timely and welcome addition to the growing literature on the swelling crisis of the housing market in the UK. In an engaging way, Gallent dissects the underlying causes as well as societal and economic effects of a housing market that has become increasingly unaffordable, inaccessible and inequitable in the past decades, and particularly since the Global Financial Crisis of 2008. While at times the author does not provide many new insights into the topic as such, while relying heavily on arguments and explications made elsewhere, Gallent's book makes a clear and convincing case that the "Housing Crisis" in the UK cannot be reduced to one specific group – i.e. Generation Rent – and can only be solved as a bigger effort to change the fundamental building blocks of the housing and financial system in the country. As such, the book brings together different disciplines, such as planning, (financial) geographies, political economy, and social policy, thereby speaking to a broad audience with different interests and focal points.

The book is divided into six chapters, which may be read as separate analyses. Yet, given the complexity of the issue, it works best to read the whole book as complete anatomy of the housing crisis in the UK.

1. The first chapter *The Housing Crisis* lays the groundwork for the rest of the book. It dissects what the housing crisis is about: (relative) housing costs that are spiralling out of control and a housing stock that has become out of reach for an ever-growing stratum of the UK population. This chapter also introduces the elephant in the room: the role of new housing production in explaining and solving the housing crisis. Here, Gallent does a much better job – not only in this chapter but throughout the book – than Josh Ryan Collins in his famed book *Why Can't You Afford a Home?*, who considers house-building a less fundamental concern.
2. In *Housing as a wicked problem* Gallent shows why the housing crisis is such a difficult but also fascinating research topic. He characterises the current state of the housing market as a mul-

ti-dimensional problem, in which policy interventions are highly contested, have various knock-on effects, and are strongly contextualised and embedded within other social and economic domains.

3. Leaning on the ever-growing financialisation literature, *Housing's economic context* puts the transformation of homes into assets at the centre of the analysis. Gallent deals with four central issues here: 1. The transformation of the UK's economy towards one of the global centres of financial services; 2. The workings of financialised residential capitalism; 3. The link between public policy and house price appreciation; 4. The way these developments have led to societal tensions within the UK.
4. The longest chapter of the book is *Local pathways to crisis*. It is a deeper dive into housing construction processes in the UK and the separate roles of the (semi-)public and private actors in ramping up house-building to achieve a more affordable, accessible and ultimately more equitable housing stock. It takes a prolific and easy-to-follow approach by discussing seven separate propositions on, for instance, foreign buyers, new modes of housing provision, and the tax treatment of housing.
5. Chapter 5 *Whose housing crisis?* goes back to the central question of the book. Here, Gallent emphasises the fact that today's housing crisis is not solely experienced by Generation Rent. Clearly, there is a prevalent intergenerational side to the housing crisis, where the older, asset-rich generation is pitted against a generation of younger adults who face seemingly insurmountable barriers to stepping onto the property ladder. Yet, Gallent explains convincingly that the housing crisis is more complex than that and if one wants to overcome all its underlying problems, housing should not be understood as a fringe issue but a fundamental concern by policy-makers.



6. Accordingly, the concluding chapter, *An exit strategy*, makes a case for fundamental changes to the housing system in the UK. Where inequality and precariousness become pressing concerns for a growing group of individuals and families in the country, the housing crisis does not know any winners in the long run: economic progress will be halted, social cohesion will deteriorate, and social unrest will become more likely. It is a very bleak prospect, but it may be steepled if the right lessons are drawn from recent developments. In his ideas to change the fundamental underpinnings of the housing crisis, Gallent turns to a set of policy tools that have been voiced by other scholars as well: not only more houses, but the right ones; new ways to build and provide housing with stronger

community involvement; changes to the tax system that would disturb the investment-function of homeownership and rental properties. As such, the proposed exit strategy might not be very original, but it is logical, convincing and practical.

All in all, *Whose Housing Crisis?* is a highly recommendable book for all scholars, students, policy-makers and politicians, or for that matter, anybody who is interested in contemporary housing problems. Although it is centred around the UK case, the analysis holds well for other Western housing systems, making it a worthwhile study for readers in other countries as well.

Nick Gallent (2019): Whose Housing Crisis?: Assets and Homes in a Changing Economy. Bristol: Policy Press (Bristol University Press). 192 pages. ISBN 978-1447346074 (paperback). Price £21.99.

Imprint

Publisher:

The Foundation for the Rights of Future Generations (Stiftung für die Rechte zukünftiger Generationen) and The Intergenerational Foundation

Editors: Antony Mason, Maria Lenk, Jörg Tremmel, Markus Rutsche

Guest editor: Lindsay Flynn

Layout: Angela Schmidt, Obla Design

Print: Kuhn Copyshop & Mediacenter, Nauklerstraße 37a, 72074 Tübingen

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