

Understanding European Social Housing Through a Comparative Lens

- **There is no standardized definition of social housing across Europe**
- **Because of that, its implementation varies, serving different groups in different countries**
- **In this note, we dive deeper into the structures of social housing in four European countries: the Netherlands, United Kingdom, Germany and France**
- **The Netherlands has the largest share of social housing over total housing stock in Europe. It targets low-income households, as well as elderly and disabled people**
- **In the UK, the share of social housing is lower, but still represents 16% of total housing stock**
- **In Germany, the share of social housing is one of the lowest across Europe, representing solely 3% of the housing stock**
- **One of the reasons for that regards the lack of nationwide policies to develop and promote the growth of social housing projects**
- **Finally, in France, 18% of the housing stock is social housing. The system also targets low-income families**



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According to the Universal Declaration of Human Rights, everyone has the right to housing, regardless of their employment status, health, or other conditions. Despite this, low-income households frequently encounter difficulties in accessing affordable housing. To address this issue, European governments often turn to social housing to support those who are least able to afford market-rate rents or property purchases.

However, there remains no standardized definition of social housing across Europe. Moreover, its implementation varies, serving different groups in different countries. It is, nonetheless, generally observed that the social housing sector accommodates a significant number of single-parent families, elderly individuals, and people living in poverty.

Social housing in Europe

Due to variations in social housing systems across European nations, this note will explore the differences in social housing frameworks in four countries: the Netherlands, Germany, France, and the United Kingdom (UK). We provide a summary in the table on the next page, outlining key characteristics of each country's social housing, including ownership, entities responsible for construction, rent structure, funding and subsidy mechanisms, and overarching purposes. Following this, we will delve into the current statistics for each country to better comprehend the scale and proportion of social housing available.

	Ownership	Rent	Funding and/or subsidy stream
The Netherlands	Mostly Housing associations (a small share from the private or non-subsidised sector)	The current limit is €876.66 for tenancy agreements that start in 2024, if the tenants' salary is below €47,699	Municipalities sell land at reduced rates, and housing associations secure loans backed by the Guarantee Fund for Social Housing (WSW)
Germany	Housing associations	Lower than in the private market (exact amount not available)	n/a
France	Public Housing Offices (OPH), Social Enterprises for Housing (ESH), and HLM Cooperatives	Rent levels vary per individual. Single-households without disabilities must earn below €34,693 annually to qualify	Government provides grants, subsidies, and tax incentives to social housing providers. Caisse des Dépôts et Consignations (CDC), a public financial institution, provides advantageous loans
United Kingdom	Local councils and housing associations	Rents are usually at around 50% ('social rent') and 60-80% ('affordable rent') of the average local market rent	Supported by government funding

Netherlands

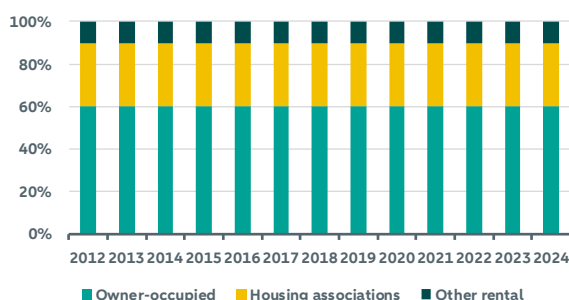
In no other European country does social housing have such a prominent presence in the housing market as in the Netherlands. Out of over 8 million homes in 2024, 60% are owner-occupied, while the remaining 40% are rental properties. Of these rental properties, 75% are managed by housing associations and designated for social housing purposes. As such, it is estimated that there are approximately 2.5 million social-rented dwellings in the Netherlands, which represents 30% of the entire housing stock. Nearly all social housing is owned by housing associations, though there may be some negligible ownership by the private sector.

In the Netherlands, social housing is primarily aimed at lower income households, older adults, individuals with disabilities, and those requiring assisted living. Consequently, rents in social housing are significantly lower than the average market rates. For example, the initial rent for a social housing contract is set below the rent limit for liberalized tenancy agreements, which in 2024 is capped at €879.66 for agreements commencing in that year. Housing associations are mandated to allocate 92.5% of their available social housing to individuals with incomes up to €47,699 for single-person households or €52,671 for multi-person households, with only 7.5% reserved for those with higher incomes. In some areas where housing shortages are particularly acute, this 7.5% threshold may be insufficient. In such cases, housing associations can negotiate with local municipalities and tenant associations to increase the percentage of free allocation, up to a maximum of 15%.

Taking into account income thresholds for social housing eligibility, we present the share of the population per income bracket on the charts below. These figures focus on the "hoofdkostwinner", the main "breadwinner" in a household or the main income earner of a household. In total, there are 8 million hoofdkostwinner across the Netherlands, which we consider to be a proxy for the total number of households in the country. Of the 8 million hoofdkostwinner, approximately 60% is eligible for social housing given that their income is below €50,000. However, this 60% likely overestimates the true figure, as combined incomes of the hoofdkostwinner and their partner often exceed €52,671.

30% of the housing stock in the Netherlands belong to housing associations

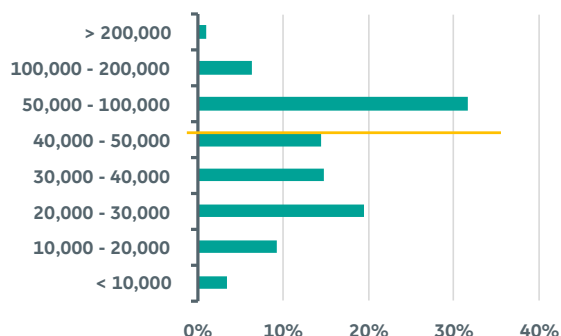
Absolute number of dwellings



Source: CBS, ABN AMRO Group Economics

Around 60% of the Dutch population is eligible for social housing

Hoofdkostwinner per income bracket (EUR per year)



Note: The yellow line indicates the income threshold for eligibility for social housing. Source: CBS, ABN AMRO Group Economics

Housing associations in the Netherlands are tasked with the construction, maintenance, and ownership of social housing properties. They achieve this through a combination of acquiring land from municipalities at reduced rates, collecting rent from tenants, and securing loans backed by the Guarantee Fund for Social Housing (WSW). Established in the 1980s, the WSW initially guaranteed loans for housing improvements and later expanded to cover all social housing loans. The fund is financed by the housing associations themselves and is supported by the government, providing a triple-A credit rating. This arrangement allows non-profit banks, such as BNG and NWB, to provide cheap funding to housing associations.

United Kingdom

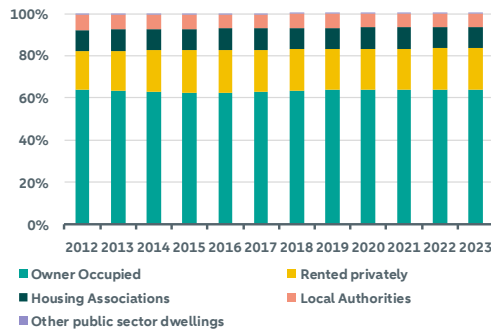
In 2023, the UK had a total of 25 million dwellings. Of these, 64% were owner-occupied, while the remaining 36% were rental properties. Among the rental properties, 45% comprised social housing, which is owned by housing associations and local authorities, with the majority being owned by the former. This results in more than 4 million dwellings in the UK classified as social housing, accounting for approximately 16.3% of the total housing stock.

Social housing rents are categorized into 'social' rents and 'affordable' rents. 'Social' rents make up the majority of rented social housing properties and are set at 50% of the average local market rent. 'Affordable' rents range between 60% and 80% of the average market rent, including service charges. Households with annual incomes below £60,000 are eligible for social or affordable rents. Housing associations can also rent properties to tenants with incomes exceeding £60,000 per year at market rent. The Office for National Statistics (see [here](#)) does not provide the share of the population per income bracket, but it presents the median disposable income per quintile. Accordingly, the first four quintiles, hence 80% of the population, has a yearly disposable income below £60,000. This implies that 80% of the population would be eligible for social housing. However, these numbers regard the entire population, and not the households. Therefore, the actual number of eligible households might be considerably lower than 80%.

Regarding funding, housing associations receive government funds for acquiring, owning, and maintaining dwellings. Although these associations are non-profit, they must generate sufficient cash flows to cover maintenance needs and expenses. Furthermore, housing associations have access to bank funding through debt capital markets and loans.

16.3% of the housing stock in the UK is social housing

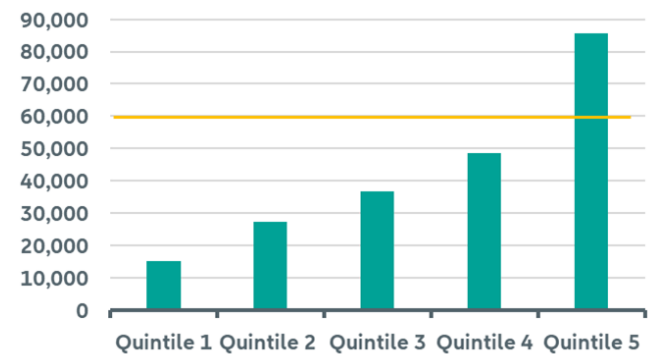
Share of owner-occupied and rental properties over total housing stock in the UK



Source: OECD, ABN AMRO Group Economics

80% of the population would be eligible for social housing, but this should be an overestimation

Median income per quintile of the population (pounds per year)



Note: The yellow line indicates the income threshold for eligibility for social housing. Source: Office for National Statistics, ABN AMRO Group Economics

Germany

Germany's social housing market contrasts with those of the Netherlands and the United Kingdom due to its smaller size. According to OECD figures, social housing in Germany accounts for only 3% of the total housing stock in 2022 (latest available data). The remainder is divided into categories such as 'owned outright,' 'owner with mortgage,' 'privately rented,' and 'other/unknown.' The categories 'owned outright' and 'owner with mortgage' resemble the 'owner occupied' categorization of the Netherlands and the UK. Together they represent 41% of the total housing stock in Germany. Privately rented properties make up the largest segment, approximately 51% of the housing stock, while close to 5% fall into the 'unknown' category.

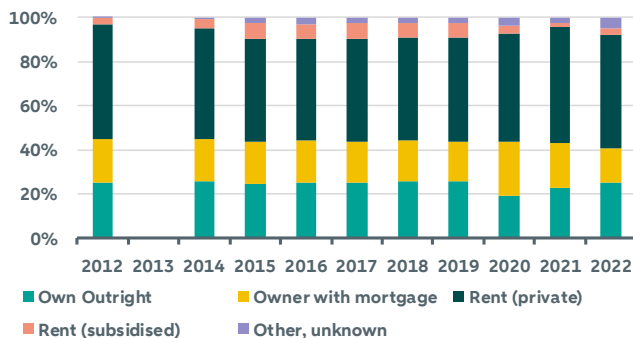
Like in other countries, social housing in Germany is government-subsidized to offer lower rent prices. To rent such an apartment, tenants must obtain a housing eligibility certificate, proving their household income is below the federal-defined threshold, as defined at the state level. Rents are price-controlled to prevent sudden increases and only cover the landlord's costs.

Over the past decade, the social housing sector has seen a reduction of one in four units, with fewer than 1.1 million units remaining nationwide. The shrink in social housing units, ultimately leading to Germany having one of the lowest rates across Europe, can be partially attributed to the expiration of the social housing commitments. This social commitment expires after a set period, ranging from 15 to 40 years, and once expired, the apartments are allowed to be rented or sold freely on the market without government restrictions. In 2020, approximately 56,000 apartments exited the social commitment, while only 23,000 new social housing units were constructed.

Effective action and investment in social housing are needed, but the governing policies at the federal and state levels are inconsistent. Instead of uniform nationwide regulations, the framework conditions and responsibilities vary, jeopardizing the development and growth of social housing.

3% of the total German housing stock is classified as social housing

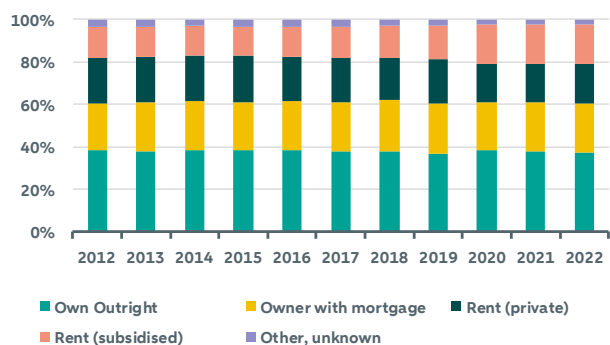
Germany's housing stock divided by ownership (%)



Source: OECD, ABN AMRO Group Economics

Social housing comprised 18% of the housing stock in France

France's housing stock divided by ownership (%)



Source: OECD, ABN AMRO Group Economics

France

Finally, in France, social housing, or Habitations à Loyer Modéré (HLM), constitutes a larger percentage of the housing stock compared to Germany, but not as large as in the Netherlands. OECD estimates indicate that in 2022, social housing comprised 18% of the housing stock in France. The majority of the housing stock is either owned outright or owned with a mortgage. Consequently, 40% of the housing stock is rented, with roughly half of these rentals classified as social housing and the other half as private rentals.

In France, the management of HLM is primarily carried out by organizations known as “social landlords”. These organizations can be public, semi-public, or private entities and include corporations, public housing offices, and cooperatives.

With regards to the financing, social housing relies on a mix of Government direct subsidies (5 to 10%), social landlords' equity (5 to 20%), and loans (70 to 85%) from the Caisse des Dépôts et Consignations (CDC). CDC plays a key role in managing savings' funds, transforming deposits from regulated savings products such as the Livret A, the sustainable and solidarity savings account, and the popular savings account into advantageous loans, spanning for periods of 20 to 80 years.

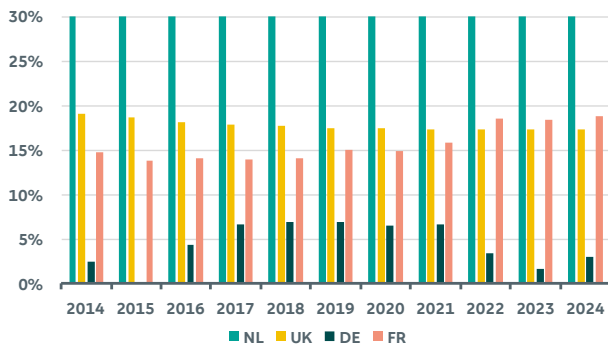
Landlords of social housing typically receive rent payments directly from the tenants. However, the tenants often benefit from various forms of housing assistance, such as the Aide Personnalisée au Logement (APL), which is a government subsidy to help low-income individuals and families afford housing costs. This assistance is paid directly to the tenant, who then uses it to pay their rent to the landlord. In some cases, the APL can be paid directly to the landlord on behalf of the tenant, depending on the arrangement. Therefore, while the rent is primarily paid by the tenants, government assistance often plays a significant role in enabling tenants to meet their rent obligations.

In France, social housing eligibility is mainly based on income criteria, among other considerations. Applicants must earn below certain thresholds, which differ by location and housing type, to ensure accessibility for low and moderate-income households. Typically, the maximum annual income threshold for a single household without disabilities is around €34,693. Priority consideration is often given to certain groups, such as families with children, elderly individuals, people with disabilities, and those experiencing urgent housing needs, like victims of domestic violence or homelessness. Social housing allocation is based on availability and need, with municipalities typically maintaining waiting lists and adhering to principles of transparency and fairness.

According to INSEE, the median income in the country is €25,750, meaning 50% of the population earns below this amount, making them eligible for social housing. Additionally, 90% of the population earns less than €46,960 annually, although specific deciles between the 5th and 9th are unknown. Assuming consistent differences between median incomes across deciles, we can infer that at least 70% of the French population falls below the eligibility threshold for social housing. However, these figures pertain to single households; for households with multiple incomes, the number of eligible individuals would decrease.

The Netherlands has the biggest share of social housing across Europe. Germany has the smallest

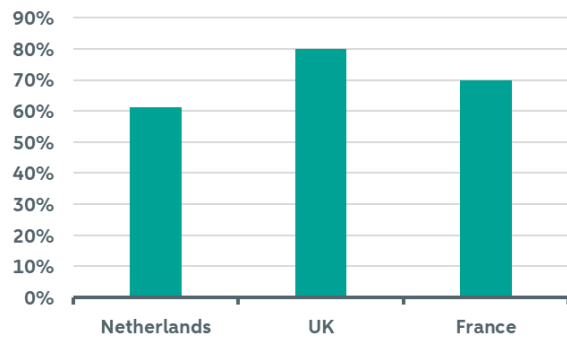
Share of social housing over total housing stock



Source: ABN AMRO Group Economics

The majority of the population in these European countries is eligible for social housing

Percentage of the population with incomes below the thresholds required for social housing eligibility



Note: The population shares are estimates and most likely are overestimating the real numbers. Source: Office for National Statistics, ABN AMRO Group Economics

To sum up...

In summary, while there is no uniform definition of social housing across Europe, many systems exhibit common traits. Typically, these systems aim to assist low-income families by offering rents that are below the market average. Conversely, the funding mechanisms for social housing vary across the continent. In certain countries, the government provides subsidies, grants, or tax exemptions to social landlords, whereas in others, such as the Netherlands, housing associations operate without state support. Given these differences and the lack of an uniform definition, the share of the population that has access to social housing also varies drastically across Europe (see chart above on the right). For example, in the Netherlands, while 30% of the housing stock is classified as social housing, only around 60% of the population is eligible for it. This contrasts to France's 18% share of social housing, which is accessible to around 70% of the population. Although these figures might be overestimated, it highlights that the social impact of social housing across Europe also differs, a topic we aim to explore in future pieces.

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