



## Alþýðusamband Íslands

### **ASI Policy on housing**

ASI 43<sup>rd</sup> Congress demands that the government provide workers with access to reliable and adequate housing, irrespective of residence and income, and demands that state and municipalities provide a decent support for developing public rental apartments throughout the country.

There is tension in the housing market, among other things due to lack of residential housing, increased number of apartments rented to tourists and due to the high building cost. The authorities have neglected their social function in the housing market and they have not ensured reliable housing for low income groups. This is, along with the high interest rate and indexation, the reason why housing cost for workers is much too high. While the housing cost has risen, housing benefits have not kept up with price and wages development, and these benefits have actually been cut.

Workers are therefore faced with a challenging and inaccessible housing market where an unacceptable part of disposable income must be used to pay for housing. This position is particularly hard for young people, those who are starting their first home and do not have many alternatives. The result is that a growing number of workers are kept in poverty, increasing inequality, class division and workload.

The Act on public rental housing was an important step towards securing the lowest income groups with access to inexpensive, reliable and adequate housing. On the other hand, more funds must be secured for initial capital contributions to speed up construction of a sufficient number of apartments for the large group of workers who are in need of housing.

There has been an ongoing debate on the housing loan system in Iceland which collapsed with the banks. In fact the authorities have done nothing to facilitate public access to credit, in spite of ASI's elaborate proposals for a new housing loan system. Pension funds have, however, taken a certain initiative with a large scale increase in direct loans to pension right holders, where interest is based on bond market rates. In fact the pension funds are implementing an important part of the Danish housing loan system whereby the public directly benefits from lower interest rates in the bond market.

### **ASI Policy**

- It is a human rights issue to have secure housing.
- Secure housing is an important factor in promoting family welfare, and more stable and favourable conditions for wage earners in which to raise their children.
- Secure housing at acceptable terms, adjusted to workers' ability and needs, will relieve workers of excessive working stress and give them time and opportunity for a more balanced family responsibility, increased education, more diverse opportunities and a more fulfilling life.
- No concessions must be made in demands for the quality and size of housing. Poor housing, too little housing or construction in specific areas for rental housing goes against ASI objectives in working for workers' interests.

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- Diverse and new ways should be sought to either give all Icelandic workers an opportunity to own their housing or have the opportunity to rent adequate and reliable rental housing for a fair payment irrespective of residence.
- More housing units in the public rental housing system are needed and sufficient funding must be secured. It is important to stipulate clearly on the legal obligation of municipalities to provide building sites for public rental housing.
- The housing loan system needs revising in order to lower interest rates and the debt burden of housing loans with direct pension fund participation.
- The authorities must secure the operation of a tenants organisation with public funds, make the organisation the legal representative of tenants and limit short term rent.
- ASI claims that young people should be encouraged to save for housing with tax incentives to facilitate increased ownership in private housing and reduce housing cost.

## ASI Tasks

- Continue to be a leader in building public rental housing and forming ideas for a fair housing market and a durable and sound housing system.
- Lead the member associations in their effort to increase the number of units in the public rental housing system from 600 to 1250 immediately and that enough housing units be secured until a balance is achieved and the need has been met.
- Promote lowering interest rates on housing loans by demanding that a new housing loan system be adopted, based on the Danish system, banning the bundling of reliable housing mortgage debts with risky loans.
- Work with the pension funds on starting up co-operative building associations that will create risk diversified funds in the bond market, and act as brokers for the general public's borrowing and financing. Emphasis be placed on fixed nominal interest, with interest rates similar to that of the Nordic countries, providing always a clear prepayment option, the loan-to-value ratio set at 80% of the purchase price, and fees for management and brokerage kept to a minimum.
- Work with the authorities to create conditions for abolishing indexation.
- Ensure that people can use their supplementary pension scheme when buying a personal home, if they have not owned residential housing for the past 5 years.
- Promote starting up non-commercial housing associations to serve a growing group of wage earners with low average income but who are not eligible for apartments in the public rental housing system. It is important for such housing associations to have access to 90% loans from the Housing Financing Fund and for them to build rental housing throughout the country and keep the rent at a minimum. These associations must be secured patient equity and attempts made to find out how the pension funds could participate.
- Promote the establishment of a framework for profit driven rental housing foundations and that those who rent be protected against rises in rent that far exceed the landlord's real cost and other unfair terms.
- Work with the authorities to change the Rent Act such that tenants rights be increased to be similar to that in the other Nordic countries. Special attention should also be paid to the legal status of those who rent from their employer and effective measures to fight violations of the Rent Act and rental agreements.
- Promote lowering building cost and sensible development options that accord with workers' need for suitable, ordinary, reliable and adequate housing.

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- That municipalities ensure a sustained and varied supply of building sites a low prices while at the same time they will be obliged to provide their social housing in accordance with the needs of inhabitants and that they be subject to penalties if they do not meet their obligations.
- ASI work with the authorities to improve the Housing Cooperatives Act for it to include more varied forms than they do at present.