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From housing as asset to housing as patrimony: policy ideas and the re-emergence of the housing question

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1. *Introduction*

The global financial crisis has ushered in a major housing crisis in many European countries: severe shortage of affordable housing, high rates of housing deprivation, over-indebted homeowners, massive evictions and increase in homelessness are the symptoms of the re-emergence of the "housing question" (Engels 1872). To a large extent, the current housing crisis reveals the failure of past policies, which saw the solution to affordable housing in privatization of housing, securitization of mortgages and "financial inclusion" of poorer people via the relaxation of borrowing standards, and subsidization of "subprime" lending. Despite a major failure of past housing policies, policy makers however have rarely radically questioned these policies and have not come up with sustainable alternatives. Even in cases where governments do experiment with new policies, these experiments typically do not address the disturbing phenomena of the housing question.

This paper seeks to shed light on why it is that despite a massive housing crisis we do not see more sustained efforts at tackling it. To this aim, the paper probes into the *ideas* that have informed housing policies over the last decades. Drawing on the literature on the political economy of policy ideas, we argue that policy responses to the housing crisis have been shaped by existing policy paradigms (Hall 1993), that is interpretative frameworks which are largely unquestioned and shape the very way how policy makers define the nature of the problem, which terminology they use etc. As Hall argues, paradigms change only rarely, as change requires a wholesale replacement of an old with a new paradigm. In housing policies, the 1980s have witnessed such a paradigm shift. Increasingly, housing has been considered an asset - a store of wealth and a reserve of cash that allows to hedge against the risks of unemployment, sickness and poverty in old age, and provides resources for additional consumption - and housing policies have been geared towards fostering private housing, making the housing asset more liquid and broadening access to housing finance (Schwartz and Seabrooke 2008; Fernandez and Aalbers 2016). This "housing as asset" paradigm has – albeit unevenly and incompletely – replaced earlier

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paradigms, where housing was either considered a social right, or a patrimony – something to pass on to family members.

The paper argues that because of the paradigm shift towards housing as asset, housing has become so embroiled in financial markets that housing policies have become subordinated to policies targeting financial market stability. Therefore, there is a major mismatch between the return of the housing question, policy ideas, and legitimating frames. Whereas policy ideas and frames are mostly focused on the question of how to deal with over-indebtedness, underwater mortgages and macroprudential regulation, the field of housing expertise – i.e. how to provide affordable housing independently of financial markets, upgrade existing housing, etc. has been left unquestioned and unanswered. As such there is a large distance between the conditions and expectations of those in vulnerable housing circumstances and the ideas present in policy programs and frames. Ironically, state weakness on housing question has ushered in – more by default than design – a much greater reliance on the family in providing for housing. To put it differently, the modernization impulse that European housing systems have received through the housing as asset policy paradigm has ultimately led to the rise of the most traditional way of coping with housing issues, namely drawing on family resources. We also suggest that the lack of European-level coordination on housing issues empowers right-wing anti-EU parties who are addressing housing issues to strengthen their domestic positions. In short, the failure to answer the housing question leads to greater family reliance mixed with national political and economic conservatism.

To tease out in how far the housing as an asset paradigm has shaped housing policies across Europe before and after the crisis, and the degree and form that the re-familiarization of housing policies has taken, we compare three cases: Denmark in Europe's core, Ireland in Europe's western and Hungary in Europe's eastern periphery. The rationale for case selection is as follows: in contrast to Anglo-America, these three countries are not normally considered as having transformed their housing into assets. Denmark has had a strong tradition of treating housing as a social right. Ireland's housing policies have traditionally come closest to the patrimony paradigm, and in Hungary paternalistic-socialist housing policies prevailed until the 1980s. Yet, all three countries experienced major changes in their housing policies from the 1990s onwards; and all have faced major housing booms and busts. Comparing these cases allows us to trace the ascent of the housing as asset paradigm in different contexts, and the degree to which it has informed policy responses to the crisis, and resulted in the re-familiarization of housing.

The paper is structured as follows. Section number two introduces our analytical framework. Sections 3 —5 trace the developments of housing ideas and policies before and after the crisis. Section 6 concludes.

2. *Analytical framework*

This paper builds on the literature on ideas in policy making (e.g. Hall 1993, Blyth 2002, Campbell 2004, Schmidt 2003). Following especially Hall 1993 and Campbell 2004, we distinguish between three types of ideas, which differ in their level of concreteness, and whether they are cognitive or normative, i.e. whether they "they are descriptions and theoretical analyses that specify cause-and-effect relationships,", or they consist of values, attitudes, and identities" (Campbell 2004: 93). Specifically, *policy paradigms* are overarching "elite assumptions that constrain the cognitive range of useful programs available to politicians" (Campbell 2004: p. 94). Hall (1993) defines policy paradigms as interpretative frameworks which are largely unquestioned and shape the very way how policy makers define the nature of the problem and which terminology they use. Paradigms are often developed by theorists, and serve as a background for more concrete programs. Examples of economic policy paradigms are monetarism or Keynesianism. These paradigms change only rarely, as change requires a wholesale "paradigm shift", a replacement of an old with a new paradigm. An additional characteristics of policy paradigms is that they also define the hierarchy of policy fields, or the relationship between different policy fields.

Programs are "cognitive concepts and theories that enable or facilitate decision making …by specifying for decision makers how to solve specific problems." (Campbell 2004: 98). Programs can change more easily than policy paradigms, but they are associated with more limited change, where the hierarchy of goals remains the same, but basic techniques to achieve them change. An example would be fiscal brakes: while the goal of reigning in public debt has remained the same, fiscal brakes are seen a better way to solve this problem than earlier approaches. Programmatic ideas are likely to be developed by policy makers, bureaucrats, experts and epistemic communities. Finally, policy *frames* are ideas that enable decision makers to legitimize programs to their constituents (Campbell 2004: 94). These are normative narratives "invented" by political campaigners, spin doctors, or others to "sell" policies to the broader population. An example is the Hungarian "fight against debt slavery" frame, the narrative used to legitimize the conversion of foreign currency mortgage loans in Hungarian Forint.[2]

How can this framework be applied to housing policies? We argue that housing policy ideas can be separated into three ideal types: housing as social right, as asset, and as patrimony. On the level of paradigm, housing as social right originates from the egalitarian impetus of social democracy. Here, an acceptable standard of housing is a necessary condition of full membership of the community, and policies need to secure that all citizens find decent housing. As conceptualized by Marshall (1964; 71-72, quoted in Bengtson 2001: 264), a social right is "the whole range from the right to a modicum of economic welfare and security to the right to share to the full in the social heritage and to live the life of a civilised being according to standards prevailing in the society". Social rights are "obligations of the state towards society as a whole", and individual claims are subordinated to the general social advance (ibid.).

To enforce housing as social right, the state needs to interfere in housing markets. In contrast to what could be called the state-socialist housing paradigm, however, policy intervention acknowledges that housing is provided by markets, and aims at enabling all citizens to "solve their housing question through voluntary transactions in the market" (Bengtson 2001: 265). Thus, while under state socialism, housing needs were defined in strongly paternalistic terms, and housing demands were largely ignored, this is not the case when housing is considered a social right. Here, the market is responsible for providing different types of dwellings at different prices, and policies have the aim of strengthening citizens in their positions as market actors. In terms of policy programs, this includes tenure legislation, rent controls, housing allowances, public or cooperative housing provision, the management of housing by public or non-profit organizations etc. Policy frames draw on egalitarian values and the need for an interventionist state to guarantee social rights (Mortensen and Seabrooke 2008). Traditionally, the housing as social right paradigm has strongly shaped Scandinavian post-war policies (Christophers 2013), and a somewhat more selective version has been characteristic for many continental European countries.

Housing as asset is diametrically opposed to housing as social right. Whereas in the latter paradigm, individual claims are subordinated to the general advance, and states interfere in markets to ensure that housing needs and demands are met, housing as asset puts individual

[2] Campbell distinguishes a fourth type of idea: public sentiments. In later versions of the paper we might include public sentiments as well.

property rights first, and markets are seen as providing most efficient solutions for satisfying housing needs and demands. While states interfere in housing markets, they do so to allow large parts of the population to have access to owner-occupied property. High levels of homeownership are, however, not identical with housing as asset. A significant number of countries have traditionally preferred homeownership over alternative tenure form, especially in Europe's periphery (Schwartz and Seabrooke 2008, Allen et al. 2004). At the core of the housing as asset paradigm is that it conceives the use of houses to build assets to hedge against the risks of unemployment, sickness and poverty in old age. It is of more recent origin than private homeownership, and has its theoretical roots in neoliberalism (e.g. Stedman Jones 2012, Watson 2009, Doling and Ronald 2009). Policy programs that foster housing as asset include a wide range of activities, such as the strengthening of private property rights, privatization of home ownership, deregulation of mortgage markets, establishment of credit scores, fiscal and tax policies geared towards home ownership, debtfare policies, residential land development and the rationalization of housing subsidies. The housing as asset paradigm is part of a broader shift towards deregulation of finance and the individualization of risks (Schwartz 2009, Hacker 2008, Albers 2016). As a World Bank study which spelled out the "Washington Consensus" of this new housing policy paradigm write: "Development of mortgage lending must go hand in hand with overall financial sector development." (Mayo and Angel 1993: 39). In terms of policy frames, housing as asset draws on the values of private property, market relations and individual responsibility. Through frames such as financial inclusion, enabling policies, and financial democratization or people's capitalism, housing as asset was broadly popularized and extended to lower income households as well.

Table 1: Housing policy paradigms

Paradigm	**Social Democracy** **Housing as a social right** An acceptable standard of housing is a necessary condition of full membership of the community. Policies thus need to secure that all citizens find decent housing Theoretical roots: Marshall, Labor Movement	**Traditional conservatism** **Housing as patrimony** Housing is strongly associated with family heritage. It is not something to be sold and bought on the market, but something that the family preserves and keeps Theoretical roots: strong family orientation of Catholic Doctrine	**Neoliberalism** **Housing as an asset** Housing is a store of wealth and a reserve of cash that allows to hedge against the risks of unemployment, sickness and poverty in old age, and provides resources for additional consumption Theoretical roots: neoliberalism (e.g. Hayek; World Bank 1993)
Programs	e.g. state-regulated finance of housing production, tenure legislation, rent control, non-profit organizations responsible for housing management, housing subsidies	e.g. promotion of private homeownership, tax incentives for family ownership, self-help housing as patrimony testifies to a general deficit of stateness	e.g. privatization of housing, deregulation of mortgage-finance markets, establishment of credit scores, taxation geared towards home ownership, debtfare policies
Frames	e.g. intervention in the market is necessary to secure decent housing for all	e.g. appealing to family values, stressing the trinity of family, patrimony and home ownership, appealing to conservative values and stability in a rapidly changing world	e.g. financial inclusion, financial democratization, asset based welfare

Both housing as social right and housing as asset are associated with active state policies, which either seek to control or foster markets. In contrast, housing as patrimony has emerged in peripheral European countries with weak state capacities, where kinship relations rooted in a more recent agrarian past play an important role. Here families rather than the state are responsible for providing for the living arrangements of their family. The concept of patrimony reflects the central role of the family. As Allen et al. (2004: 5) write: "The term [patrimony] carries implications of inherited, hereditary property…Thus, it refers directly to the specific stock of housing and land owned by a family. The normative assumptions associated with patrimony are strong. It is something not exchanged or traded on markets. Rather, patrimony is something that the family conserves and keeps…. [P]atrimony, as a social institution associated with the family, is seen as being eternal, lasting, continuing much longer in time than the life of any individual within the family. It is, therefore, the specific landed and 'immobile' property which is symbolic of the family, the 'place' of the family in geographical and social space."

Although housing as asset and housing as patrimony share preference for high homeownership, the implications could not be more different. A highly commodified, mobile means of wealth creation contrasts with a highly immobile asset passed along family lines. Typical policy programs concern inheritance laws, and public support of private home ownership. Typical policy frames appeal to family values and the trinity of family, patrimony and homeownership. The family is framed as a stabilizing force in a rapidly changing world, one that sticks together and shared political and economic preferences (Zuckerman, Dasovic and Fitzgerald 2007). Housing as patrimony has a strong conservative connotation. It originates in the family orientation of the Catholic Church. Table 1, above, summarizes the three policy paradigms. The following sections will trace the dominant housing paradigms before the crisis, and the changes after the crisis.

3. *The rise and demise of housing as asset paradigm in Hungary*

3.1 The difficult transition to housing as asset

After transition, Hungarian policy makers had to decide what to do with the peculiar legacy of a socialist housing system. This was characterized by a high share of very generously subsidized rental apartments in state-ownership, offering tenants a very high level of security. "Tenancy rights could be inherited or transferred to relatives, or exchanged with some other holders of user rights, so creating a form of 'quasi homeownership'" (Hegedüs et al. 1998, quoted in Stephens et al. 2015: 9)[3]. In Hungary, as in most former socialist countries, privatization of housing to sitting tenants at preferential prices became the dominant way of dealing with this specific legacy. This approach reflects a peculiar combination of different policy ideas. Hungarian policy makers came relatively fast under the influence of the emerging Washington Consensus of housing as asset as formulated by the World Bank (see above). However, there was no consensus on how to best get to this outcome. Thus, in an early paper, the World Bank was not in favor of privatizing housing to individual tenants. Rather, it "advocated the marketization of the sector: raising rents to market levels, protecting poorer tenants with a housing allowance, and privatizing management" (Stephens et al. 2015: 10). Other advisors however argued that "[t]he surest and most efficient way to restore housing market equilibrium without creating additional distortions during the transition is to unwind totally the socialist housing legacy by eliminating all housing subsidies and the taxes that finance them and giving away the existing stock" (Buckley et al. 1995: 18). In Hungary, this latter view coincided with the reform socialist legacy: the socialist Kádár regime offered from the second half of the 1980s onwards sitting tenants the ability to buy their flat at favorable prices.[4] Privatization took really off after the passing of the 1993 Housing Law that introduced the right to buy (Hegedüs and Szemzö 2010).

[3] Quoted after the pre-publication version.

[4] While housing could be purchased as early as 1969 in Hungary, many restrictions made it unattractive to do so (Hegedüs and Szemzö 2010).

As a result of privatization, Hungary has among the highest owner occupation rates in the EU. In the early 2000s, 90 percent of Hungarian households lived in owner occupied accommodations (Palacin and Shelburne 2005, 6). Private rental or social housing plays virtually no role.

Ironically, Hungary newly privatized housing stock was highly immobile, as high ownership rates were achieved without the institutions that would allow to sell and buy houses and use them as a source of wealth creation. Institutions such as land registries, credit scores, or property appraisal firms were non-existent, and property rights and their enforcement had to be established. Banks were still undergoing transition, too. Even though Hungary was a forerunner in privatizing its financial sector to foreign owners, banks were not interested in issuing consumer or mortgage loans (Rona Tas 2012, 157). At the same time, high unemployment, falling real wages, high inflation and a generally insecure economic environment also made consumers reluctant to borrow. The transformational recession in general, and the shortage of housing finance as well as the withdrawal of the state from providing housing also led to a collapse of residential construction during the 1990s, prolonging the trend of housing shortage inherited from socialism (Palacine and Shelburne 2005).

The year 2000 marked a change in this respect. The first Orbán government (1998-2002) introduced generously subsidized housing loans, and grants for young families to build or buy houses. The program allocated substantial resources for interest rate subsidies on long-term mortgage loans and new housing construction. Nominal interest rates were fixed for borrowers, and the difference to market rates was paid as a subsidy to the banks. Initially, this policy only applied to new houses, but subsequently it was expanded to buying and enlarging existing dwellings as well. In addition, people who took a housing loan also received income tax exemption (Hegedüs 2011, Rózsavölgyi and Kovács 2005, Palacine and Shelburne 2005, 11). While this program paved the way for the development of a mortgage market, it soon ran out of steam, as it put a significant burden on public finances. Subsequent governments therefore cut the program back. At this point, private – mostly foreign owned – banks stepped in the field vacated by governments. Bank-lending was greatly enhanced by Hungary's deep transnational financial integration that went hand in hand with its EU accession (Bohle 2014). Perhaps most notable is the high share of foreign ownership of their banking sector, a development fostered by the EU which saw in foreign banks a guarantee for a sound banking system. From the early 2000s onwards, in particular Austrian and Italian banks moved into the country. A fierce competition between these and the former domestic savings bank, OTP, took off.

Foreign banks were instrumental in developing the mortgage market. They brought expertise in mortgage lending from their home countries and could easily tap into foreign sources of credit expansion, usually through borrowing from their parent banks. A key policy innovation was that foreign banks issued loans denominated in foreign currencies, mostly Swiss francs. Given the ECB's expansionary monetary policy in 2004-2007, banks engaged in large scale carry trade of cheap international credit (Aslund and Dombrovskis 2011: 29). For consumers, foreign currency loans were attractive because of the favorable interest rates.

The Hungarian government mostly acted in collusion with banks to create more liquid (and inherently riskier) mortgage markets. As demand for housing remained very high, low interest rate Swiss franc lending provided a substitute for publicly subsidized mortgage lending (Committee on Constitution, Justice, and Standing Order of the Hungarian Parliament, 2012). Even though the Hungarian National Bank, the Financial Supervisory Authority and the IMF issued warnings about the foreign currency exposure, Hungarian politicians remained passive on the issue (Bohle 2014). While governments thus relied implicitly on the effects of transnational financial deregulation to develop mortgage markets, they also paid little attention to housing policies proper. Although there were repeated debates about reforming the housing subsidies – with some voices advocating a move away from subsidizing homeownership towards subsidizing housing, including social rentals, these debates in the end amounted to not much. Thus, a report by the Hungarian State Audit Office from 2009 concludes that governments from 2000-2007 lacked clear goals in terms of housing policies, failed to produce integrated national housing policy plans, and housing subsidies were operated under unclear and often changing institutional settings and legal insecurity.[5] In a similar vein, Hegedüs and Szemzö (2015: 85) conclude that there was no political will or capacity to implement programs aiming at increasing social rental sector. Framing housing issues during the 2000s was mostly left to banks, which stressed the ease of access to credit and the low costs of borrowing.[6]

In how far has the paradigm of housing as an asset taken root in Hungarian society? Evidence is not entirely easy to come by. According to Hegedüs and Szemzö (2015), Hungarian households have indeed started to consider real estate as a safe investment, and are aware of the value of their homes. Equity withdrawal has also become a more common practice in Hungary just before the crisis. Hungary was also one of the early movers in Europe towards a three pillar pension system, with one of the pillars being a funded one. In more advanced asset based welfare systems, there is a clear link between funded pensions and mortgage markets, as housing is considered a safe investment for pension funds (Schwartz 2014). In Hungary before the crisis, however, assets of pension funds are small, and investments occurred mostly in government bonds rather than mortgage markets (Bohl et al 2011: 83).

In sum, it seems that while Hungary's housing policies have clearly been influenced by the housing as asset paradigm, policies have not yet led to a new equilibrium before the crisis hit. The following section will analyze which policy ideas have shaped Hungary's crisis response.

3.2. Forex loan crisis, war against debt and the turn to the family

Hungary was one of the first European victims of the global financial crisis. Its banking sector was adversely affected by the financial turmoil from 2008 onwards, especially when the Lehman brothers bankruptcy led to a sudden freeze of global liquidity and let to turmoil in the foreign currency swap market (Aslund and Dombrovksis 2011, Mak and Pales 2009). From the beginning on, the most burning issue in managing Hungary's banking and mortgage crisis has been the challenge of foreign currency loans. From 2008 onwards, the forint exchange rate devalued sharply, especially against the Swiss franc with its newly acquired status of a safe haven. By 2012, Swiss Franc mortgage holders faced a 60 percent increase of their debt service due to the exchange rate change alone (IMF 2012: 19).

Hungary's crisis response evolved in two distinct phases. For the socialist Gordon Bajnai administration (2009-2010), mitigating social hardship for its over-indebted population was not a priority. It rather saw as its most urgent tasks to reign in the public debt and deficit, as defined by the IMF stand-by agreement signed in autumn 2008.[7] Thus, in a political declaration after being appointed to Prime Minister, Bajnai even proposed to suspend all new housing subsidies in

[5] Full bibliographical reference needed!

[6] Raiffeisen video.

[7] In November 2008, the IMF approved a 12.5 billion € loan to Hungary to support withering the crisis. The IMF-supported economic program had two key objectives: fiscal consolidation and the stabilization of the financial sector. This was part of a broader IMF-World Bank and EU administered loan of all in all 20 billion € (Lütz and Kranke 2014).

order to relieve public finances (Bajnai 2009).[8] The government also took some policy measures to mitigate the exchange rate risks of households. In 2009, a bailout plan for individuals with payment difficulties was announced. As the conditions of the program seemed quite restrictive, the number of participants has however been low. The government also addressed another problem that indebted consumers faced, namely bank's practices to unilaterally change their contracts and pass on their increasing operation costs to the customers. Again, the government chose a quite soft approach, as it asked the banks to voluntarily agree on a code of conduct (Molnár 2010, 16). In addition, the Hungarian Central Bank, in line with the EUs and the European Central Bank' recommendations, suggested tighter regulations of foreign currency loans and more restrictive guidelines for down payments. Overall, in its response to the housing and forex loan crisis, the Bajnai administration faced two constraints: IMF conditionality and the fear of foreign banks leaving the country (Epstein 2014). Within these constraints, it however did not look for alternatives to housing as asset, but rather concentrated on reducing some of the damage the previous policies have caused, with the overall aim of making the paradigm less crisis prone and more viable in future.

Things however took a different turn with the coming to power of the second Orbán government in May 2010. One of the cornerstones of the government's economic program was the "war against government debt" (Orban 2011)[9], and the fight for independence from "a world symbolized by banks, multinationals and a bullying IMF" (Oszkó 2012). Among the weapons of the economic freedom fight were special taxes levied on banks, insurance companies and other financial services. The government stepped up its "unorthodox economic policies" with the proclamation of war against "debt slavery" in autumn 2011. In its course, Hungary severed its ties with the IMF. It paid back its stand-by loan in full and well in advance, and consequently asked the IMF to close its Budapest office. Another major cornerstone of the war was the alleviation of the burdens for households with foreign currency loans. In 2011 the government introduced the possibility to exchange foreign currency loans in Hungarian Forint at a preferential exchange rate for debtors who could repay their debt at one stroke, and introduced an exchange rate protection mechanism, where repayments are calculated at an advantageous fixed exchange rate. In addition, lenders were forced to compensate borrowers for exchange rate spreads and other unfair charges, most importantly unilateral interest rate changes. In late 2014, finally, the government forced almost all debtors to swap their forex loans into local currency at the then current rate. This step indeed saved many households from a financial ruin, as it occurred just before a major appreciation of the Swiss Franc in early 2015 (Bogler 2015).

The lens through which the Hungarian government sought to attack the housing crisis – as a crisis of foreign exchange mortgages for which foreign banks and previous governments rather than homeowners were to blame – ushered in a paradigm shift in Hungarian housing policies. It is interesting to note that while there has been a lot of policy experimentation which could have resulted in a move towards more socially oriented housing policies, the government's conservative and highly ideological outlook prevented any significant step in that direction. Thus, the Orbán administration introduced a temporary moratorium on the repossession of homes whose owners were lagging behind with their mortgage payments. This moratorium was extended several times. Until the time of writing, banks are limited to designate only a tiny fraction of homes in their non-performing loans (NPL) portfolio for sale. An increasing number of these homes are taken over by the National Asset Management Company (NET). In this case, former owners can stay in their houses as renters. The housing portfolio of NET has increased significantly: in 2016, it has acquired 23.000 units with about 100.000 tenants.[10] The idea of the

[8] Source needed!
[9] https://theorangefiles.hu/the-orban-government-and-public-debt/
[10] http://www.netzrt.hu/wp-content/uploads/2014/09/2014_09_18_NET_aktualis_adatok.pdf

National Asset Company was however not to increase access to social housing. Janos Benczik, then secretary of home-making and energy policies told in an interview in 2010 that "nobody will find it attractive to escape to the asset management agency, therefore those who can, should repay their loans and not sit around waiting for the help of the state". He continued that the asset management agency will first act as an intermediary between the bank and the debtor trying to restore the payment capacity of the debtor. Only if this is not possible, the agency will take over the loan, including the real estate. He concluded that the National Asset Company it is not going to be a "social" agency, but a special financial agency (hirzserzo.hu, September 7, 2010).[11] Another policy experiment with social housing was the publicly financed construction of a "debtors' village" some 30 km from the capital city, Budapest. This project is addressed to poor families who cannot pay their debt. Selected by the Maltese Charity, these families pay half of the market rental price. Meanwhile, it has however been recognized that the experiment with its 80 units is a failure. Many refer to it as a debtors' ghetto, and more recently the government, acknowledging that it did not manage to attract enough families in need, decided to use it as temporary shelter for people who must leave their homes in case of natural disasters.[12]

Not only did the experimentation with more state intervention into housing not lead to more socially oriented housing policies. In addition, policies towards the most vulnerable parts of society, the homeless, have become even more restrictive. While policies aimed at accommodating homeless people were always marginal in Hungary, under the second Orbán government, homelessness became criminalized. Thus, local authorities can make it a criminal offense for the homeless to live in public spaces. In line with its broader workfarist orientation (Szikra 2014), the government moreover ties decent housing to work, where those who do not work also have no entitlement for decent housing. As argued in the New Szechenyi plan from January 2011, the goal of the government is to create "a work- and value-based society, in which it is more worth to live from work than from social benefits" (...) and in which "the value of work means a solid coverage for adequate housing conditions". It also emphasizes that social benefits and social projects should only aim to help those who face difficulties for which they are not personally responsible.[13]

Rather than shifting towards housing as social right, then, the major shift in post-crisis Hungary has been that towards housing as patrimony. Under the Orbán administration, Christian conservative family values have come back with a vengeance. In terms of housing policies, the above mentioned Szechenyi plan states: "housing today in our country is the most important asset for the vast majority of families; it is the result of the work of several generations, the foundation of the families' livelihood." After the forex mortgage crisis has been solved, increasingly, it is this conservative family orientation that has informed housing policies. Thus, most recently, the government stepped up its effort to ty family, pro-natality policies and housing. In 2016, a new housing subsidy program, CSOK, was announced, which would tie subsidies for homeownership and especially new housing to the number of children a married couple (plans to) have. In addition to subsidies, a reduction in the value-added tax rate on newly built homes is envisaged.[14] Introducing the program, Orbán said: "We want our politics built on families…[m]ake families again the core of European politics. Families and children are really a

[11] Detailed reference needed

[12] "Budapost» Ócsa FX Debtors Relief Housing Scheme Rebranded." 2015. Accessed May 23. http://www.budapost.eu/2014/01/ocsa-fx-debtors-relief-housing-scheme-rebranded/.

[13] Detailed reference needed

[14] There has been a long tradition in Hungary of pro-natalist housing policies, and CSOK is only a most recent re-invention. For a satiric overview see: https://meanwhileinbudapest.com/2016/11/25/give-me-more-children-i-give-you-some-money-or-not/

blessing – not just for the nation, but for the entire European community."[15] In a similar vein, Bence Rétvári, parliamentary secretary of the Ministry of Human Resources, argued that: "a Christian government could not let families get poor because they have children" He also stressed that these are not social benefits, but rather benefits for families. It is the state's role to protect and support families and their assets. (MTI January 27, 2016).

All taken together, the national-conservative government in Hungary has used its two third majority to redesign central elements of the Hungarian housing and housing finance system in the context of a deep economic and social crisis. Its overtly nationalistic and anti-finance-capital discourse aims at pitting vulnerable households against foreign banks, this way generating support for its interventionist policies among all strata of society. In addition, it also pursues an active reversal of the risk shift by its interventionist policies and its strategy of pushing the costs of the various support schemes on banks rather than tax payers. After the forex mortgage lending crisis has been solved, policies have increasingly turned towards promoting housing as patrimony, where family and kinship ties determine access to housing and housing finance. The downside of Hungary's ultraconservative housing ideas is the unwillingness to deal with the social issues of the current housing crisis: homelessness is rampant and homeless people got criminalized, the social rental sector has been largely ignored, and Hungary's rate of severe housing deprivation – 17% of the population - is the second highest in Europe after Romania (Housing Europe 2015: 4).

4. *Housing paradigms in Denmark*

4.1 The gradual dismantling of financial corporatism

Market concentration is an important part of financial corporatism. Denmark has one of the largest mortgage markets in the world when GDP is taken into account, and much of the Danish socio-economic success and coherence depends in large part on the institutional specificities of this mortgage market. The Danish mortgage market model is not only relatively large, it is also entirely unique – no other country has a comparable institutional setup. A low level of homeownership (53%) that has been explained by, now conventional, explanations of welfare trade-offs (Kemeny, 1980; Castles, 1998; Kemeny, 2005) is mixed with a regime that permits extremely high levels of personal debt due to tax breaks. The persistence of tax breaks for mortgage debt in the Danish system permits those owning property to push the Danes in general as the most indebted people in the world, along with the Dutch, with an average of 250% of debt per capita relative to personal income. This combination of high personal debt with low ownership led to housing credit in Denmark being a stable middle class affair and with a covered bond system that has never defaulted.

The market features highly regulated quasi-public mortgage credit institutions that issue covered bonds with private housing as collateral. They are, financially speaking, 'pass-through' institutions that do not take deposits and are therefore different from most traditional financial institutions in how the operate and are overseen. The Danish model rests on a balance or matched funding principle for the bonds that eliminates liquidity and refinancing risk for the mortgage credit institutions, and a market based prepayment system that enables mortgage holders to prepay their debt at any time by buying the underlying bonds in the bond market at par (Realkreditraadet, 2012). Danish mortgage-credit bonds (MCBs) are unique in their institutional characteristics and enable a large market for re-mortgaging in which the borrowers

[15] http://abouthungary.hu/issues/putting-families-at-the-core-the-family-housing-support-program-csok/

can prepay their existing loans and change to another mortgage credit bond when it is financially beneficial. This is due to the fact that when the interest rate rises the housing prices fall, but so do the bond prices, and borrowers can then either reduce the outstanding amount of debt, or lower the monthly interest rate payments. Those who are not owners of freehold property live in social or private rental housing, or in housing cooperatives (*andelsboligforeninger*) in the major urban centers like Copenhagen and Aarhus.

Mortgage credit institutions have enjoyed a privileged position in Danish society as the sole issuers of mortgage bonds. In the late 1980s there were important changes to the Danish mortgage and housing system, initiated by a politically-propelled housing collapse in 1986. Following the bursting of a housing bubble, which was popped when the coalition government dramatically reduced mortgage interest deductibility from taxes, the mortgage financing system was reformed in 1989 to conform with the EU's Second Banking Directive. The key change here was the transformation of mortgage companies from mutual borrowers' associations into publicly traded companies. The regulatory changes also permitted banks to acquire mortgage companies, presenting a clear case of Europeanization introducing financial liberalization and internationalization (Abdelal, 2007). As a consequence, Danish mortgage QPIs that were originally established as mutual associations and foundations, such as BRF Kredit, Nykredit, and Realkredit, and (some of whom date back to the nineteenth century), were joined by companies owned by commercial banks (DLR, LR, Nordea Kredit, RealKredit Danmark, FIH, and Totalkredit). Prior to 1989 Danish mortgage credit institutions relied on customers going through commercial banks and estate agents and with the introduction of the Second Banking Directive they bought up estate agents in order to change their operations from a wholesale to a retail basis.

In 2007 reforms allowed Danish retail banks to enter the mortgage market on equal footing with the mortgage credit institutions, while also changing how mortgage debt could be securitized through a slight change in the matched-funding principle mentioned above. Included among a range of changes on how bonds are combined and securitized in order to issue mortgages, the major difference was that the issuing institution has to put down extra security should the original securitized asset (typically a house) drop in value. The introduction of new players in the mortgage bond market provided borrowers with a greater range of choices and financial institutions with access to this stable but heavily indebted market. These changes coincided with increased foreign investment in the Danish mortgage bond market, which had increased from 5% in the 1990s to 15% by 2007 (International Monetary Fund, 2007, p. 14), while banking within Denmark remained a domestic affair, with only nine foreign banks active during 2006-9 (Lynggaard, 2013, p. 868).

While the Denmark of the 1970s and 1980s was characterized by *glidningspolitik* or 'politics of smoothness' (Katzenstein, 1985, p. 88), the 2000s showed visible cracks between the policy elites and masses and the creation of a 'dual' welfare state with 'different classes of citizens and residents' (Katzenstein, 2006, p. 440). For example, in 2002 the Danish government froze taxable property values to gain widespread public support (IMF, 2006: 45), especially the notion that tax burdens associated with property were too high. In Denmark the housing question became centered on protecting property values and minimizing tax exposures, while the more social sectors of housing were reformed and marketized.

Mutual owner-occupiers' associations (*andelsboligforening*), for example, have expressed concern over how changes within the housing finance environment are making it more difficult for ordinary Danes to acquire property. Signaling this shift also for the older Danes has been widespread political support for a freeze on property tax based on arguments that increases would hurt the elderly. On top of these changes the conservative government in 2001 liberalized the housing cooperative market, which led prices for those apartments to triple within five years in Copenhagen. This marketization of a quasi-social housing sector continues and is expected to be market-based by 2020.

4.2 Defending the Danish model

By early 2010 there was a strong perception that the Danish system had become vulnerable to international pressure for reform based on the notion that Danes carried too much private housing debt. This was also associated with a clear need to lobby European institutions in order to retain the Danish model of housing finance. Denmark did face a number of bank collapses associated with poor investments in commercial real estate, which pushed the state to form an agreement with the appropriately named Private Contingency Association to jointly rescue and manage financial institutions to ease nervousness among foreign investors (Carstensen, 2013, p. 183). The Danish housing finance system had become tarred by the brush of the resolutions to the US subprime crisis and the politics of the TARP program (Campbell, 2011), and a general perception that private housing finance was now risky. Despite the fact that much of the OECD is regulatory subprime (paying more than 34% of post-tax income on debt), especially northern Europe (Schwartz, 2009), the subprime crisis was strongly associated with the idea that credit providers had been reckless in providing credit to the less than worthy, and that financial systems with high amounts of private housing debt should be seen as risky (Seabrooke, 2010). Such attitudes were also reflected in discussions held by the Basel committee. Denmark's rotten luck came from a general discursive shift in regulatory discourse through Basel III's association of private housing-based debts as risky assets (Kjar and Seabrooke 2013). The classification of Danish bonds for housing finance within a general 'covered bonds' category by the BCBS implied that they were less liquid than their particular institutional setting permitted, raising concern among Danish housing finance experts (BCBS, 2010a).

For the mortgage credit institutions liquidity definitions are vital and capital adequacy requirements less so, because they do not take deposits. Capital adequacy is important indirectly because it matters whether there is a big or small market for Danish mortgage bonds. In short, if Danish bonds cannot be used towards capital adequacy requirements due to their perceived worse liquidity, they are not as attractive in either the Danish or European financial marketplace. It was therefore crucial for the interests of the Danish financial system that 'covered bonds' (in regulatory terms) were not to be evaluated based on their issuer or their form of securitization, but rather on their historical performance as liquid assets and the broader institutional setup surrounding the covered bonds in question. The Danish Central Bank made the case that Danish covered bond were safe (Buchholst *et al.*, 2010), but lobbying the BCBS on this point was impossible.

Some relief for the Danish position came from Australian arguments to the BCBS via the G20. Similar to Denmark, the new Basel rules on liquidity would harm their financial institutions capacity to secure sufficient safe and liquid capital to fulfill the new capital requirements if private covered bonds could not be used. It was then allowed that if there were not enough government bonds in the home currency to go round, financial institutions could use privately issued covered bonds to a larger extent than otherwise allowed, instead of exposing the national financial system to exchange rate risk by taking in foreign currency (BCBS, 2010c, p. 11). Although this might seem like a fine solution at first glance it has serious political implications at the European level for the Danes, due to Denmark not being part of the Euro. In the words of a Danish lobbyist:

> Basel made a carve-out for the Danish and Australian problem. What they said was that for countries that do not have enough government debt within their own currency, they can use other assets. I'm sure this solution sounded good from the hard-working civil servant point of view. But it does have a serious political flaw. You have just made it impossible to sell access to the Euro in Denmark. Because what would happen was that the [Danish] EU opposition would say: Vote yes - and the moment we become Euro members then we will have enough national debt, because then we have all the Euro-zone national debt in our own currency. So the second we switch, we would lose our carve-out for mortgage bonds. So vote yes, and it will cost you basis-points. That was very well understood in Brussels.[16]

Following the release of Basel III's understanding of liquidity and covered bonds in 2010, there was a clear perception of external threat to the Danish financial system. When it became clear that Danish mortgage bonds might no longer be treated equally to government bonds, in spite of the two asset types having the same credit rating both before and after the crash in 2008 (Danske Markets, 2012, p. 27), further calls for lobbying were suggested Bendt Bendtsen, a Conservative MEP, stated in 2010 ten days before the G20 meeting in Toronto that:

> We know from previously, that when the Basel Committee presents a draft it is almost entirely copied into [European] law. It is therefore important to influence the process now. To me it seems foolish that a system such as the Danish mortgage credit, which has been rock solid throughout the crisis, all of a sudden might get into serious trouble. The new liquidity rules proposed by Basel [...] will be catastrophic for banks that use Danish mortgage credit bonds as safe liquidity.[17]

Finansraadet supported the Conservative MEP and emphasized that the wrong regulations would negatively affect economic growth in all of Scandinavia. New regulations were needed that understood how the safe Danish covered bond system contributed not only to financial stability but also to real economic growth. Commentators in the Danish media noted how changes to the domestic financial systems were being made by Basel III and threatening to 'strangle' the Danish mortgage credit system. From the G20 meeting in South Korea, Peter Engbjerg Jensen, the President of Realkreditraadet states, further heightened the perception of external threat in arguing that 'when the elephants strike' the Danes would be dismissed as irrelevant, and that the only course of action was to collaborate with other European countries to get a 'foot in the door'.[18]

4.3 Cognitive closure and the return of the family

In the Danish case the particular form of capture is more what others have referred to as 'cognitive closure', whereby financialization is viewed by bankers and politicians alike as the only credible economic alternative (Aalbers et al. 2011; cf. 'cognitive locks' in Blyth 2002). The housing question is shifting from social protection to familial protection. An important trend here is parents purchasing properties for their children (*forældrekøb)*, especially within the housing cooperative system. One estimate during following the property crash in Denmark in 2008 was that *forældrekøb* made up 60 to 70 percent in 2005, during the boom period (Mortensen and Seabrooke 2009). Such a change in the system places pressure on younger owner-occupiers, given that the parents obvious have greater resources to purchase property and can therefore

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[16] Interview in November 2012 with an official representative from *Realkreditforeningen,* Copenhagen.

[17] 'Tidlig indgriben skal redde realkreditten' ('Early intervention can save mortgage credit'), *Børsen* 16.06.2010, http://borsen.dk/nyheder/avisen/artikel/12/3126358/artikel.html

[18] G20 afgør fremtiden for dansk realkredit' ('G20 decides the future for Danish mortgage credit'), *Børsen*, 11.11.2010, http://borsen.dk/nyheder/avisen/artikel/12/3138012/artikel.html

drive up prices. *Forældrekøb* is now so commonplace in Denmark that the government supports this market by offering three forms of treating tax liabilities linked to the apartment rented by the child. The most common, and encouraged, is incorporation so funnel tax burden through the corporate tax regime which reduces the overall tax paid and avoid labor market contribution costs associated with personal taxation.[19]

While the older generation benefit from such schemes there is increased pressure on the younger generation. In 2012 it was estimated that half the property owners between 30 and 40 years of age were technically insolvent due to high loans and falling property prices.[20] Financial and wellbeing pressures can also be seen on younger owner-occupiers, with a recent study finding that Denmark has seen the highest collapse in the younger cohort (<35 years of age) in Europe, with 7.6 percent less owner-occupation between 2007 and 2011 (Lennartz, Arundel, Ronald, 2014: 13). Even in a society where intergenerational equity is thought to be high the conditions for prospective replication-based sensemaking have changed rapidly as different generations benefit differentially from the liberalization of housing finance and the declaration of increased taxation as a no-go zone. Such changes are having an effect in Denmark with more couples staying in properties they own in urban centres rather than moving out to houses in the suburbs they can no longer afford. The knock-on effects of such changes are pressure on childcare systems, linking us back to the relationship between housing and family formation.

It is important to stress that this is not a case of a 'negotiated economy' in which Danes have multiple institutional avenues to have a public conversation about a common good and how to achieve it (Pedersen, 2006). Rather this financial corporatism seeks the 'politics of smoothness' in part by limiting the debate on what is possible within Denmark, while at the same time heavily contesting how these issues should be interpreted within Europe, as we have seen above. Thus, 'the national interest' is an incredibly important trope in Danish policy discourse that often coincides completely with the interests of the large house-owning middle-class (Seabrooke, 2013). It is easy to get the impression that there are no real interest group politics in Denmark because all important stakeholders seem to agree on everything, yet this phenomenon is better described as cognitive closure (Aalbers, et al., 2011) rather than regulatory capture.

5. *Housing paradigms in Ireland*

5.1 From patrimony to assets

The Irish case has a 'familial' form of residential capitalism that rapidly introduced market-based reforms and then got into trouble. Family and kinship networks played an important role in providing access to housing. In particular, Ireland is characterized by high homeownership rates (78% in 2008), low social rental sector and relatively low access to mortgage debt (in 2008, only 20,3% of Irish homeowners carried a mortgage). It should be noted that the social rental sector in Ireland is less than 10% of all dwellings and less than half of an already relatively smaller rental stock (ECB, 2003; Central Statistics Office, 2012c).

Since the early 19th century, tenants of social housing enjoyed the "right to buy" a property from local authorities at low house prices. This tendency continued in the postwar period in the 1950s, when a set of reforms were applied in order to increase access to homeownership. In particular,

[19] 'Forældrekøb', Danish Tax Authority, http://www.skat.dk/skat.aspx?oId=2234784&vId=0

[20] 'Realkreditlån bliver dyre og uigennemskuelige', Forbrugerrådet Tænk, March 9 2012, available at http://taenk.dk/presse/realkreditlaan-bliver-dyre-og-uigennemskuelige

local authorities, through the Small Dwelling Acquisition Act, offered residential loans at favorable terms. At the same time, grants for first time buyers, local supplementary grants and rates remissions shaped a framework that ensured the tenure regime. In 1964 the Irish government disengaged from the state's provision of large scale housing and promoted building and mortgage lending industries. As such until 1971 60,7% of Irish households had access to homeownership (Norris and Winston, 2011), a rate similar to Southern European countries, while it stood at much lower rates for Western European countries (i.e. 35% in Sweden, 50% in Britain) (Waldron, 2014).

Historically direct and indirect political tenure strategies favored ownership in the Irish housing system. The favorable fiscal treatment along with a political reluctance to apply property taxes promoted homeownership in the Irish housing system. In 1977 local authority rates were abolished in the context of populist agenda of Fianna Fáil political party, which lowered local authorities' funding streams while increasing the dependence of local authorities on central exchequer and development levies. In 1983 a property tax was introduced but was never applied. Another property tax based introduced in 1994 was soon abolished in 1997. The exemption of stamp duty on new houses, exemptions from taxation of units smaller than 125sqm, as well as of taxation for residents on land smaller than one acre functioned as incentives for ownership. Another incentive for owners was mortgage interest tax relief, as they were able to avoid a part of the mortgage interest. Indirect fiscal advantages included no taxation on imputed rental income for the owners.

In 1980s and 1990s, a contraction of local authority led to increasing problems with housing affordability (NESC, 2004). Support for home buyers was limited since the incentives were reduced or have been aimed at lower income social groups (Norris et al., 2007). As house prices increased significantly during the 1990s and 2000s housing affordability became part of public discourse as a crucial socioeconomic issue. This led to rental supplements and new mechanisms for social housing (NESC, 2004). A significant set of measures that ensured social housing provision and increased homeownership in the 2000s included the Shared Ownership Scheme, the Mortgage Allowance Scheme and Affordable Housing Scheme (Norris and Winston, 2004). These schemes supported homeownership for low-income groups, enabling 41.208 households to buy a residential property between 1991-2002, which represents the 29% of the total buyers in the period before the property bubble (Norris, Coates *et al.*, 2007). However, there were also extremely high arrears on mortgages held by borrowers from these schemes (44%). The logic of supporting this scheme compared to private rental and social sectors was soon questioned. In 2004 the Rental Accommodation Scheme (RAS) was introduced to provide long-term lease agreements to people in receipt of SWA rent supplement (NESC, 2004). This incentive represented a more flexible way to provide social housing, parallel to the construction and acquisition of homes.

The Planning and Development Act 2000 also dealt with issues of affordability: it provided guidance on eligibility for affordable housing programs, when their housing expenses exceeded the 35% of their net income (Fahey and Nolan, 2005). In particular, Part V of the Planning and Development Act 2000, tried to promote the increase of supply of social and affordable housing, built by actors of the private market. According to Part V, developers that could provide social and affordable housing, at lower prices than the current market value, could enjoy an increase of 20% of housing development in the permitted built surface. By 2006, Irish homeownership stood at 74,6%, while private and social rentals stood at 13,3% and 7,2% respectively (Waldron, 2014).

The Department of the Environment, Heritage and Local Government's housing policy (2007) promoted homeownership among lower income groups and first time purchasers:

> Facilitating low-income families to acquire a home, can give greater stability for communities, allows for greater tenure mix, and encourages a sense of ownership and personal autonomy.
>
> *Department of the Environment, Heritage and Local Government*

> The Government will support access to housing by first time buyers, through: affordable housing, including shared ownership and paths from social housing to home ownership
>
> *Tenant Purchase Scheme and Incremental Purchase Scheme*

In the mid-1990s and 2000s, the liberalization of the mortgage market resulted in a housing and debt bubble. Residential mortgage debt per capita increased between 2000-2008 from €8,620 to €33,810 (Waldron, 2014). It should be noted that annual house completions increased from 26,800 in 1994 to a peak of more than 93,000 in 2006. Between 1994 and 2006 house prices for newly-built properties increased by 346% and older houses by 433% (Waldron 2014).

Access to homeownership for low income groups in the Dublin Area lowered from 65% in 2001 to 46% in 2006. At the same time there was continued activity in the mortgage market, with estimates that for every 1€ in the mortgage market, house prices increased to 1,13€ (Kelly, 2010). Mortgages accelerated between 1994-2006, from 45,000 loans or 1,6€ bn to 111,000 loans or 17,8€ bn (Waldron, 2014). In that context, the construction sector became a primary economic sector, representing 13.3% of total employment in 2006 (Whelan, 2010).

A crucial and necessary feature for the property bubble was the alignment of the planning system and the neoliberal agenda towards a 'developer-led' planning system (Waldron, 2014, Kitchin et al., 2012, Murphy and Scott, 2013). A set of reforms, such as '*fast-track decision making processes, extensive facilitation of pre-application consultation, the development of Strategic Development Zones (which included housing developments) and an increasingly restricted environment for public participation in the planning process*' shaped the new legal framework of planning, which directly encouraged speculation processes. Under the Planning and Development Act 2000, An Taisce, a consultation body for legislation on planning, environmental policy and heritage, underlined that 42,000 hectares of land had been zoned for residential development in 2008, land that could be used for doubling Dublin's population.

The Planning and Development Act 2000, tried to promote the increase of supply of social and affordable housing, built by actors of the private market. According to Part V of the act, developers that could provide social and affordable housing, at lower prices than the current market value, could enjoy an increase of 20% of housing development in the permitted built surface. By 2006, Irish homeownership stood at 74,6%, while private and social rentals stood at 13,3% and 7,2% respectively (Waldron, 2014). During this period a great deal of graft occurred, with developers lobbying local councilors, member of the central government and planners in order to promote development plans and permissions and zoning decisions. Councillors had the power to overturn the planning system under Sections I 40 of the Local Government Act 2001 (Waldron, 2014). These practices of lobbying in order to promote or oppose a planning application resulted in an inadequate regulatory planning mechanism, unable to stop zoning of lands for speculative development and building permissions.

5.2 Irish Housing in Crisis

In the context of severe austerity measures, shrinking incomes, cuts of social welfare benefits, increase of unemployment, housing is considered by the Irish Government is a "one of the biggest areas of household expenditure" and a crucial terrain where the signs of crisis are being reflected (Government of Ireland, 2016). According to the Bank of Ireland (2016b), at the end of 2016, there were 738,506 private residential mortgage accounts for principal dwellings held in the Republic of Ireland, to a value of €99.9 billion, of which 79,562 accounts were in arrears, while a large part of them (56,350 accounts or 8 per cent of the total) were in arrears of more than 90 days. It should be noted that 75 per cent of this residential mortgage non-performing loans were written in the period 2005-2008 (Bank of Ireland, 2016c).

The government's implementation of austerity policies resulted in the above alarming numbers and in rising housing precariousness, inadequacy and exclusion. The Troika's bailout program[21] framed a regime of evictions through the pressure for legislation reform in order "to permit analysis of the effectiveness of alternative resolution approaches" for the 167,000 mortgage accounts with €35 billion of debt in arrears in the end of 2012. The Land and Conveyancing Law Reform Bill 2013 was created in order to reform the legal 'lacuna' in previous legislation, which restricted banks from repossessing properties in case they had not demanded full repayment before December 1st 2009 (International Monetary Fund, 2012). This measure made it possible for lenders to repossess family homes from borrowers, an action aimed to protect the financial sector rather than to generate a coherent housing policy that addressed ways of how repossessed borrowers will be accommodated, considering that the social housing waiting list in 2011 had an estimated 100,000 households on it (Department of the Environment Community and Local Government, 2011a).

In 2016 Irish households were the fourth most indebted in the European Union (Bank of Ireland, 2016), with almost one-in-five residential mortgages in arrears (Waldron, 2016, Central Bank of Ireland, 2016). In the context of the economic crisis of 2008, the over-lending had serious socioeconomic results to a wide range of the Irish population. In this dismal socioeconomic context, a dominant discourse was to claim that there was a "growing culture of strategic non-payment of debt" (Davy Research, 2013), rather than criticizing the financial institutions for overlending, or the government for encouraging property ownership. These strategic defaulters, that 'sleep well at night' are estimated to be 20 per cent of the total arrears[22] (Bloomberg, 2013), despite the announce of the Bank of Ireland that the accounts that did not have any reported resolution activity attached was 1,6 per cent. The Governor of Bank of Ireland suggests that the figure of 'strategic defaulter' that employs the "wait-and-see" tactics is a significant section of the borrowers due to the absence of immediate consequences for non-payment in Ireland. In addition, he highlights that the term of strategic defaulter is an 'ill-defined' term that hides inside it a great 'diversity and complexity of arrears circumstances' (Bank of Ireland, 2013). These "unrevealed casualties" of the financial crisis struggle to meet their payment obligations by suffering the multiple cost of serious cutbacks to their quality of life in terms of personal relations, expenditure, employment, finance, health and housing-related responses (Waldron & Redman, 2016).

In addition, the private rental sector has become uncertain and a major challenge of the Irish government's housing policy[23]. During the recession the private rental sector increased from 11

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21 Troika wants Government to reform repossession laws

http://www.irishtimes.com/business/economy/ireland/troika-wants-government-to-reform-repossession-laws-1.753960

22 Irish Banks Chasing Defaulters Who Sleep Well at Night https://www.bloomberg.com/news/articles/2013-08-12/irish-banks-chasing-defaulters-who-sleep-well-at-night

23 'Trends in Ireland's tenure mix, affordability, demography and economy suggest that one quarter to one third of the population will find it increasingly difficult to achieve homeownership and that, in the absence of an effective

per cent of dwellings in 2002 to 19 per cent in 2011, mostly located in urban centers (NESC, 2015) due to (i) the credit and housing boom that was accompanied with rising house prices beyond the reach of many households (ii) strong inward migration (iii) the economic crisis that resulted in the precariousness of homeownership and (iv) the state's withdrawal from subsidized owner occupation schemes from the 1990s. There were 106,575 households with support from rent supplement or RAS, which amounts to 35 per cent of all households renting privately (NESC, 2015). New schemes were introduced during the crisis, such as the Housing Assistance Payment (HAP). Regulations also forbid tenants to pay 'top-ups' to landlords exceeding maximum rent limits.

People at risk of homelessness and homeless increased during the crisis, who are often accommodated in bed and breakfast operators as an emergency solution[24]. At the same time there is currently a strong vacancy rate in the country that stands at the rate of 12,8 per cent[25] (CSO, 2016). Housing oversupply has become a visible problem, referring to a range between 103,000-170,000 residential properties left abandoned or unfinished, (excluding holiday homes), many of which are located in rural areas with limited demand, described as 'ghost estates' (Kitchin et al., 2010).

Among our three cases, it is probably the Irish case that bought most into the housing as asset paradigm, and where policy ideas have changed the least after the crisis. The ongoing housing crisis however, is on its way to pave the way to an increasing reliance on family resources in the housing question. Thus, for an increasing number of young people in Ireland, housing has become unaffordable. As in the UK, a "generation rent" is pitted against a "generation landlord" that controls much of the housing wealth, and young people can only climb the property ladder if they get help from their parents (Norris 2013: 24, Ronald et al. 2015)

6. *Conclusion*

This paper traces how the housing question has been handled over the past decades in Denmark, Hungary, and Ireland. The housing question has been prominent during a period in which housing affordability for would-be owners has decreased and where the state has stepped back from providing access to housing as pillar of welfare. We suggest that tough housing questions are largely unanswered by the Danish, Hungarian and Irish governments. Rather than addressing issues of heightened financial stress for homeowners, as well as lack of support for private rental and social housing, they rely on ideas of promoting private homeownership, supporting credit extensions, tax schemes for ownership.

All three cases demonstrate a shift towards housing not as a right but as an asset, and an asset tied increasingly to patrimony. As such there is a disjuncture between the ideas and frames supporting policy programs that view housing primarily as a private property asset to be developed and traded in increasingly sophisticated markets, and the reality that increased

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new social housing strategy, there will be increased polarisation in housing options and conditions' (DECLG, 2014, NESC, 2015).

[24] Trapped: Life in Ireland's homeless hotels

http://www.irishtimes.com/life-and-style/people/trapped-life-in-ireland-s-homeless-hotels-1.2731565

[25] Census 2016: Number of vacant houses 'scandalous'

http://www.irishtimes.com/news/social-affairs/census-2016-number-of-vacant-houses-scandalous-1.2722435 financial stress on younger generations combined with a weaker state means that would-be homeowners must rely increasingly on their family. In short, people's conditions and expectations in all cases, especially in Hungary and Ireland, are distant from the policy frames and programs employed by governments. Such a gap is a problem for governments' claims to legitimacy, and also a problem for the European Union, which is seen as not addressing these concerns or amplifying them by supporting the idea of housing as primarily a private property asset in an international market. Furthermore, in all three cases there is an intensified reliance of patrimony as a means to access housing. This is combined with an environment in which housing questions are being addressed primarily by right-wing parties seeking to expand their mandate. This leaves all three cases with a combination of patrimony and a new political, economic, and social conservatism.

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