CHAPTER 4.
IMMIGRATION AND HOUSING: RETHINKING THE ROLE OF FISCAL POLICIES TO MANAGE DIVERSITY

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Introduction

One of the factors that characterises European contemporary societies is that a significant percentage of the population has a migrant background. Indeed, the arrival of immigrants has been one of the catalysts affecting the diversity of our societies. This is because immigration can be associated with multiple types of diversity: racial, linguistic, religious, economic, cultural, etc., something which some authors prefer to refer to as “super-diversity” (Vertovec, 2007). We consider the economic aspects of immigration as particularly relevant.

At the same time, in many countries such as Spain, access to housing is a social problem not only for immigrants but for the whole population. Public intervention is therefore needed to protect what is, after all, a right recognised by several constitutional texts. However, not all States have followed the same policies: in some cases, they have relied principally on public spending (to build social housing or use subsidies to facilitate access to houses on the private market), while in others, tax incentives have played a pivotal role.

The purpose of this chapter is to consider the two key social issues of immigration and housing in light of each other, and to analyse which policies work best not only in order to secure adequate housing for immigrants but, especially, to distribute diversity (the coexistence of people of different racial, cultural and economic backgrounds) equally across our cities and towns. Thus, this study clearly defines diversity as a policy, that is, as a defining element of cohesion, rather than an obstacle. In particular, we understand diversity as a context that promotes creative activity and which requires political intervention for its management (see introduction to this book by Zapata-Barrero and van Ewijk). When investigating the issue of immigration and housing, we believe that it is not feasible to conceive diversity as a political criterion by which reactive initiatives are used to restore homogeneity. This is because immigration, with the multiple spheres of diversity it brings, is a structural characteristic of contemporary European society. Thus, diversity cannot but become a part of political culture.
It is well known that it is common to find populations of migrant descent concentrated in certain districts of many cities. In the most extreme cases, this may even give rise to the formation of ghettos, which leads to the emergence of “parallel societies”. In our opinion, conceiving diversity as a policy is the most reasonable way to deal with the social problems associated with immigration and housing. Although authors such as Préteceille (2004) note that homogenous neighbourhoods may have certain advantages, such as higher levels of solidarity among their inhabitants, such neighbourhoods are generally perceived as disadvantageous. Not surprisingly, some areas with a large unintegrated immigrant population have been the scene of social conflicts in several European countries.

In particular, defining diversity as a policy helps us to better understand the connection between the housing and immigration policies. Here, public intervention is necessary to create neighbourhoods with reasonable levels of diversity (where people of different origins, income levels and social status coexist), and thereby promote a creative, constructive and multidimensional environment, safe from social fracture. In this sense, it is important to remember that a dense population of immigrants in certain areas directly impacts the provision of basic public services, such as education and health care. Thus, when choosing among different housing policies, those fostering diversity should be favoured.

**General framework**

**Immigration and housing**

Access to adequate housing is a basic need and public authorities in most European countries are required to facilitate this. Indeed, Article 34(3) of the European Union’s Charter of Fundamental Rights states: “In order to combat social exclusion and poverty, the Union recognises and respects the right to social and housing assistance so as to ensure a decent existence for all those who lack sufficient resources, in accordance with the rules laid down by Union law and national laws and practices”. In fact, even Article 25(1) of the Universal Declaration of Human Rights and Article 11(1) of the International Covenant on Economic, Social and Cultural Rights refer to the right of the individual to an adequate standard of housing.

Housing standards for immigrants differ to those of the rest of the population regardless of the immigrants’ income level. This is a general phenomenon which can be observed not only in Europe but also in other areas such as the United States. For instance, Borjas (2002) maintains that one of the reasons for the particularly low home-ownership rates of immigrants in the US is that such immigrants tend to be concentrated in certain metropolitan areas. Moreover, on arrival in their new country of residence, immigrants may face particular difficulties such as lack of information about the property market and may even be subject to racial discrimination when they endeavour to rent or purchase a property. It can furthermore be observed that the proportion of low-income households living in social housing is increasing in many European countries (Priemus and Dieleman, 2002: 194-195). The fact that many people with an immigrant background belong to the lower economic classes further contributes to their spatial segregation.
Public policy instruments: direct government expenditure and tax incentives

It is possible to observe two main types of public policies which aim to provide housing: direct government expenditure and tax incentives. Public spending may be used to build social housing. However, it is important to note that a general definition of what constitutes social housing does not exist. In some countries, social housing is said to be owned by non-profit organisations or by public administrations; in others, its main characteristic is that it is priced below market levels. Nonetheless, the defining characteristic of social housing is that it is aimed at those unable to afford to be on the private market (Scanlon and Whitehead, 2007: 8).

One of the crucial questions linked to social housing is its financing. For instance, it is necessary to determine whether newly built housing will be funded by the government or by private sector loans which will have to be repaid later through the rents received from the tenants. In fact, Whitehead (2008: 93) notes that currently the trend is to shift progressively away from direct government subsidies towards greater involvement on the part of private actors. 1

Moreover, while large sectors of the population in many European countries benefited from social housing in the three first decades following the Second World War, nowadays such housing tends to be reserved for the very poor. Desjardins (2008) believes that this change does not really reflect a crisis in social housing, but rather an evolution of its social function which may be justified by some political views.

Access to housing can also be facilitated by providing certain groups with public grants and subsidies to enable them to afford housing under market conditions. A similar alternative would be the use of vouchers, which are earmarked allowances usable only for a particular purpose, such as housing, schooling or health services (Priemus and Dieleman, 2002: 196). This system, which originated in the United States, has the advantage that it gives freedom of choice to the recipient of the vouchers and thus fosters competition among public services providers.

Moreover, tax incentives seem to play a major role in the housing policies of many countries. Direct government expenditure and tax incentives do, however, share many common points. Although tax incentives may not appear in some States’ budgets, authors such as Surrey (1970) still refer to them as “tax expenditures”. For this author, “A dollar is a dollar — both for the person who receives it and the government that pays it, whether the dollar comes with a tax credit label or a direct expenditure label” (Surrey, 1970: 717).

However, whether public expenditure or tax incentives are used leads to important differences in practice. For instance, tax incentives may be simpler and easier to administer than public subsidies (Wood, 1990: 823). However, in the opinion of Surrey (1970: 717), tax incentives are frequently more difficult to apply than they appear and expenditure programmes are not necessarily more bureaucratic, even though they could often be simplified.

Furthermore, tax incentives are more inequitable, since they do not benefit people cut-off from the tax system by their low level of income.

1. This involvement has taken place, for instance, through Public Private Partnerships (PPP), which are an alternative financial option for the construction and long-term maintenance of social housing when the traditional methods are not convenient or available.
Thus, in the case of tax incentives which promote home ownership or access to the rental market, only those with sufficient income to qualify as taxpayers will benefit, while those with fewer resources will be excluded. Moreover, since income tax is generally progressive, tax incentives are likely to be greater the higher the income of the taxpayer. Consequently, according to Surrey (1970), direct government expenditure should be preferred in general. Other authors consider that rather than disregard tax incentives, it is preferable to introduce reforms to reduce their regressivity (Wood, 1990).

Another disadvantage of tax incentives for housing is that they are “spatially blind”. In other words, incentives to aid people rent or purchase are almost always provided independently of the dwelling’s location. Consequently, this type of public policy does not make any headway towards creating mixed neighbourhoods (in terms of income groups and other forms of diversity).

In the following sections, we will present the main characteristics of the immigrant housing situation in four European countries: France, Germany, Spain and the United Kingdom. Furthermore, we will summarise the main policies that have been adopted in each country to promote access to adequate housing, both through public spending (such as building social housing or providing housing benefits) and taxation (such as offering housing-related tax credits). Finally, the conclusion will analyse which policies would work best in cultivating diversity.

**Immigration and housing policies: a comparative approach**

In this section we will briefly introduce the main characteristics of immigration in France, Germany, Spain and the United Kingdom, with a particular focus on the housing situation. We will then summarise the main policies each country has adopted to provide housing assistance. Based on this information, in the final section we will observe which policies are more advisable in order to foster diversity.

**France**

**Immigration and housing in France**

France has traditionally received immigrant workers because of its industrial development. Its greatest immigration waves, which took place after the Second World War, first attracted immigrants from European countries, such as Italy, Spain and Portugal; later, former colonies such as Algeria and Morocco became the main sources of immigration.\(^2\)

According to the INSEE (French Statistical Office) online database, in 2007 5.8% of the population were foreigners, 89.9% were French-born citizens and 4.3% were French citizens who had later obtained French nationality. The percentage of foreigners present in France was higher in the past (6% in 1926; 6.6% in 1931; 6.5% in 1975; 6.8% in 1983 and 6.3% in 1990). Nevertheless, the percentage of French citizens who were not born French nationals is higher than ever before (0.7% in...
1921; 1.3% in 1936; 2.1% in 1946; 2.5% in 1954; 2.8% in 1962; 2.7% in 1968; 2.6% in 1975; 2.6% in 1982; 3.1% in 1990 and 4% in 1999), demonstrating that over time many foreigners have acquired French nationality. According to the INSEE, in 2007 the largest groups of foreigners living in France were from Portugal (13.3% of the total number of foreigners), Algeria (12.9%), Morocco (13.3%) and Turkey (6.4%).

INSEE data provided for 2007 show that the immigrant populations in France tend to be concentrated in specific regions. For instance, foreigners represent 12.4% of the total population of the Île-de-France, compared to 8% in Corsica, 7.6% in Alsace, and only 1.7% in Bretagne, 1.8% in Basse-Normandie and 1.8% in Pays de la Loire. Within the Île-de-France region, the départements of Seine-Saint-Denis has the highest percentage of immigrants of all (21.2% of the total population).

In general, immigrants are more present in municipalities with a higher proportion of rented housing and, in particular, in those areas where social housing is more common. In fact, the département of Seine-Saint-Denis has the greatest abundance of social housing in the region of Île-de-France (INSEE; 2004: 11).

Moreover, immigrants from certain countries tend to be concentrated in particular areas. For instance, Algerian and Moroccan immigrants often live in historically industrial towns where there is abundance of social housing. Immigrants from Portugal, on the other hand, are widely dispersed (INSEE, 2004: 12-13). This spatial segregation of immigrants has been commented on by other studies. For instance, Gobillon and Selod (2006) also find that in the region of Paris, African immigrants tend to live in Seine-Saint-Denis and south of the Val d’Oise. In these areas, unemployment rates are particularly high, resulting among other things from inhabitants’ low level of education, employers’ reluctance to hire workers from such conflictive areas and deficient public transport networks connecting these neighbourhoods to the areas where most jobs are located.

However, Gobillon and Selod (2006) also illustrate that managers are the most segregated social group, being concentrated in certain areas of Paris and the West of Île-de-France. This fact is also emphasised by Préteceille (2004), who maintains that during the period 1990-1999 there was a trend towards bipolarisation, although this affected very few public spaces.

Home ownership rates of the Île-de-France’s immigrant population are far below average. The reason is that house prices in this region are too high for most immigrants, who tend to have less skilled jobs. Another fact worth noting is that immigrant housing standards tend to be lower and overcrowding much more widespread especially in the case of African immigrants (INSEE, 2004: 25).

Furthermore, it is particularly common for African immigrants to live in social housing, whereas European and South East Asian immigrants are only slightly more likely to live in such housing than French nationals (INSEE, 2004: 23-24). Indeed, while social housing being concentrated in certain peripheral areas, such as Seine-Saint-Denis, has probably increased immigrant segregation, social housing in good locations, such as the centre of Paris, has helped create more mixed households with inhabitants from different social classes (Préteceille, 2004).
More precisely, data provided by Lévy-Vroelant (2007: 75-77) show that immigrants occupy 29% of rented social housing, despite only representing 9.5% of the overall population. Moreover, 44% of Turkish and 48% of Maghreb immigrants rent in the social sector, compared to only 14% of the non-immigrant population. Another significant difference is that it is more common for immigrants to live in the most dilapidated houses built before 1974. One possible explanation for this is that people with an immigrant background may have more difficulty finding housing on the private market.

Public policies to promote access to housing in France

Social housing has been important in France since the end of the Second World War and wide sectors of society have benefited from it. According to Lévy-Vroelant (2007), in 2004 rented social housing constituted 17% of France’s housing stock. However, it is important to distinguish between the two types of accommodation on offer: flats located in the city centres and dwellings in the peripheral areas of big cities such as Paris or Lyon, many of which have now been declared “sensitive urban zones”.

Another aspect to highlight is the heterogeneous distribution of social housing in large urban areas. For instance, in the metropolitan area of Paris there is a high density of social housing in the département of Seine-Saint-Denis, while in well-off municipalities such as Neuilly, social housing is almost non-existent (Lévy-Vroelant, 2007). Moreover, as Schaefer (2008: 100) notes, the presence of social housing is very limited in the South-Eastern and Western parts of France.

In France, social housing is financed principally through public funds from central or local authorities. In particular, new builds are funded by off-market loans from the Caisse des Dépôts and from the employers’ fund (a 1% tax is applied to the wages of employees in companies with 20 or more workers) (Schaefer, 2008: 97).

With regard to fiscal benefits, France has three main types of tax credits to promote access to housing. First of all, Loi n° 2007-1223 du 21 août 2007 en faveur du travail, de l’emploi et du pouvoir d’achat created a new tax credit in the income tax for the interest paid when purchasing or building the main residence of the taxpayer. In particular, this tax credit can only be applied during the first five years of occupation and it amounts, in the case of acquisition of second-hand housing, to 40% of the interest paid during the first year and 20% in the next four (these percentages are reduced to 30% and 15% respectively in the case of new housing). Moreover, the law limits the maximum deduction, depending on the number of children of the taxpayer, whether the taxpayer is disabled, if the house is new or used and whether the deduction is applied in the first year or the subsequent four. For instance, in the case of a couple with one child, the maximum tax credit when purchasing a new property amounts to 7,200 € spread over five years.

The other two types of tax credits for housing expenses have more specific purposes. One is applicable when installing special equipment for the disabled and the other, for the costs of improving the energy efficiency of the property.
Finally, another French governmental policy to promote home ownership consists in offering loans at a 0% interest rate in order to facilitate the acquisition of the first main residence. However, these loans are subject to certain quantitative restrictions, which depend on several factors such as the income level of the borrower.

Germany

Immigration and housing in Germany

Immigration has been a key issue in German society since the Second World War. Around 14 million Germans from land lost during the war were moved (voluntarily or forcibly) to the current territory of the Federal Republic of Germany (Bade and Oltmer, 2005), causing integration problems, especially in light of the difficult economic conditions of the years in the immediate aftermath of the war. In the subsequent decades, the economic expansion of the Federal Republic of Germany attracted a large number of workers from other countries. Aside from those who tried to escape from the German Democratic Republic, most immigrants came from Turkey, Italy, Greece and Spain. In principle, these people, generally known as “Gastarbeiter” (“guest workers”), were expected to stay only for a limited period of time, but many of them never returned to their country of origin.

Moreover, owing to the Federal Republic of Germany’s generous asylum regulations, the country saw an influx of politically persecuted immigrants (440,000 in 1992 alone), which lead to a tightening of these rules in 1993 (Bade and Oltmer, 2005). The late 1980s and early 1990s also gave rise to large migration movements. For instance, apart from the migration flows from East to West Germany, around 180,000 Jews from the former USSR moved to Germany with special immigration status (Bade and Oltmer, 2005).

It is interesting to compare the housing situation of the foreign population with that of the rest of the population. According to Friedrich (2008), immigrants have fewer m² per person available to them, especially if they are of Turkish origin. Furthermore, the immigrant home ownership rate is also lower. It is also noteworthy that in 2006 9.5% of households with a migrant background lived in social housing, compared to only 2.9% of non-migrant households (Friedrich, 2008).

The analysis carried out by Janßen and Schroedter (2007) shows that levels of spatial segregation of immigrants increased between 1976 and 1982, but since 1996 have been decreasing. The degree of segregation does not change depending on the immigrant’s generation; indeed, other variables such as educational and income levels, have a greater impact on segregation.

Similarly, Friedrich (2007) finds that segregation is particularly common among immigrants of Turkish origin. This situation can be observed in cities such as Berlin, Cologne and Hamburg. Immigrants from the former USSR and from the former Yugoslavia have an intermediate level of segregation, while the most integrated are immigrants from Italy.
Public policies to promote access to housing in Germany

Two different approaches can be distinguished in the evolution of social housing in Germany (Droste and Knorr-Siedow, 2007). In the former German Democratic Republic, the public administration played a pivotal role in managing social housing. Despite the quality of the public housing stock being relatively good initially, since the 1970s large residential areas of prefabricated buildings were developed in city suburbs, which became unattractive to most citizens when better housing alternatives came about after the reunification of Germany.

On the other hand in West Germany, private actors, subsidised by public funds, have traditionally played an important role in the provision of social housing. Moreover, many public housing companies, which used to represent only a small fraction of total housing, have now been privatised. Some new homeowners adopted a policy of renovating properties before reselling them at a much higher price. As a result, socio-spatial segregation has tended to increase (Stephens, Elsinga and Knorr-Siedow, 2007: 123). Furthermore, although social housing was initially aimed at broad social groups, several changes have been introduced to gradually redirect this type of dwelling towards people with particular needs, such as the elderly, large families or low-income families (Droste and Knorr-Siedow, 2007).

A crucial part of the German system are housing benefits, which are a legal right for all those who fulfil certain income requirements. These subsidies are part of the German welfare system and allow those with fewer resources to gain a foothold in the private market. As Droste and Knorr-Siedow (2007) note, the 2005 social benefit reform (generally known as “Hartz IV”) reduced allowances and consequently led to a greater concentration of low-income families in certain underprivileged areas.

To sum up, the current German policy to promote housing assistance seems to consist in replacing broad supply policies with direct subsidies aimed at the most needy. Given that these subsidies are “spatially blind”, they will probably lead to a higher degree of segregation in the future (Droste and Knorr-Siedow, 2007: 101). Indeed, only some municipalities still require a certain proportion of social housing in new residential areas. The city of Munich, for instance, has promoted the inclusion of social housing in new urban projects, contributing to a greater mix of different types of housing within the same neighbourhood and even within the same building (Knorr-Siedow, 2008: 140).

Further, there are very limited fiscal benefits for housing. In the past, a home ownership grant (Eigenheimzulage) was used to promote owner-occupied property, but since the beginning of 2006 this measure has no longer been applicable. Nowadays, fiscal benefits are available only for the renovation of certain buildings of historic or cultural significance (Bärmann and Seuβ, 2010). In these cases, some of the renovation costs are considered as deductible expenses, whether the dwelling is used by the owner (§10 of the Income Tax Act) or rented (§7 of the Income Tax Act).
Immigration and housing in Spain

Immigration in Spain has increased dramatically in recent years. In 2000 there were 923,000 foreigners living in Spain; however, in 2010 there were 5.7 million (Onrubia Fernández, 2010). Such an increase has of course had a significant impact on many sectors, not least housing. According to data collated by Reher et al. (2008), in 1998 almost one half of foreigners living in Spain came from developed countries, such as people from the North of Europe who decided to retire in Spain. At that time, Moroccan immigrants were the second largest group. However, during the first decade of this century, the number of immigrants from South America and Eastern Europe increased drastically.

The following characteristics of the immigrant housing situation in Spain were highlighted by the National Survey of Immigrants carried out by the INE (Spanish Statistical Office), on which Reher et al. (2008) have commented. To begin with, it is more common for immigrants to live in flats rather than houses, which is logical considering that immigrants tend to be concentrated in urban areas. Moreover, around 40% of immigrants live in rented accommodation. However, this rate changes depending on the origin of the immigrants. Only 20% of foreigners from developed countries rent their home, while this rate increases to more than 60% for immigrants from other areas, such as Asia. Furthermore, a study led by the Colectivo IOÉ (2005: 95) also illustrates that it is more common for immigrants from developing countries to rent a room in a shared flat than to rent a whole dwelling.

According to the National Survey of Immigrants, the number of people per home tends to be higher for immigrants, although there are not many cases of overcrowding. The survey also shows that immigrants from Asia have the fewest m² per person available to them.

Spatial segregation of immigrants is also palpable in Spain. The situation in the metropolitan area of Madrid was analysed by Echazarra de Gregorio (2009), who found that during the period 2000-2007 segregation among the foreign population of Madrid generally increased. Most segregated of all were immigrants from Asia, Africa and the Andean countries. Similar data provided by Bayona i Carrasco (2007) for Barcelona show that the extent to which certain groups of foreigners are concentrated in certain areas is closely related to their level of income. Thus, immigrants from the United States and Germany are more commonly found in wealthier neighbourhoods, while large proportions of immigrants from Pakistan and Morocco live in the old town or in the impoverished suburbs.

Public policies to promote access to housing in Spain

The duty of the Spanish public authorities to facilitate adequate housing derives from Article 47 of the Spanish Constitution, which states: “All Spaniards have the right to enjoy decent and adequate housing. The public authorities shall promote the necessary conditions and establish appropriate standards in order to make this right effective, regulating
land use in accordance with the general interest in order to prevent speculation. The community shall have a share in the benefits accruing from the town-planning policies of public bodies”. However, this right is contained in Chapter III of Part I of the Constitution (principles governing economic and social policy) and, consequently, is only enforceable when accompanied by specific legislation.

The situation in Spain is similar to that of other Mediterranean countries such as Greece and Portugal. In general, the rented social market has a marginal role in these States and owner-occupation is much more common than in other European countries (Priemus and Dieleman, 2002: 191). Consequently, one of the Spanish government’s priorities is to promote the rented market. This is in direct contrast to most European countries, however, whose objective is to facilitate home ownership, generally considered an element of social stability (Desjardins, 2008: 34).

Reviewing the immigrant housing plans of all Spanish autonomous regions, Onrubia Fernández (2010) found that such plans are in general very superficial and usually only reiterate the need to ensure the immigrant population is not discriminated against in the property market. This author also discovered that the implementation levels of these regional housing plans are not reviewed, making them very ineffective. Furthermore, Onrubia Fernández (2010) argues that the central government should play a major role in coordinating regional housing policies given that this is a nationwide problem.

Public spending in the form of direct subsidies can also be used to facilitate access to adequate housing. In Spain, this type of policy is very recent and the most relevant example is the “emancipation grant”, a direct payment for young people living in rented accommodation whose income falls below a certain level.

Tax incentives to promote home ownership, as Pérez Barrasa et al. (2011) note, have always existed over the past few decades and sometimes have even encouraged the purchase of a holiday house. Indeed, the main tax benefit promoting home ownership has been the tax credit contained in Article 68(1) of the Income Tax Act (Ley 35/2006, de 28 de noviembre, del Impuesto sobre la Renta de las Personas Físicas). In 2010 tax credits amounted to 15% of the quantities paid for the acquisition or rehabilitation of a dwelling to be the first residence of the taxpayer (a 7.5% tax credit is applied to both the income tax owed to the central State and to that owed to most regional governments). Thus, if taxpayers repay their mortgage over several years, they will be able to apply the tax credit on the sum paid each year (return of the loan and interest payments). However, as 9,015 € is the maximum expense which can be considered per year for each of the two parts of the income tax (for the central State and for the regions), the maximum tax credit amounts to 1,352.25 € (twice 7.5% of 9,015 €).

From 2011 on, only taxpayers with a tax base equal or inferior to 17,707.20 € will be able to credit up to 1,356 € (15% of 9,040 €) per year. In the case of taxpayers with a tax base between 17,707.20 and 24,107.20 €, the maximum tax credit base will amount to 9,040 € minus 1.4125 times the difference between the tax base and 17,707.20 €. Consequently, this change will significantly reduce the number of taxpayers able to apply for this tax credit.
Tax benefits to promote the rented market, Pérez Barrasa et al. (2011) conclude, have generally been less generous. For instance, in the 2011 fiscal year taxpayers can apply a tax credit of 10.05% of their renting costs, with the same limits as those applicable to the tax credit for expenses incurred through home ownership (Article 68(7) of the Income Tax Act). Moreover, certain Autonomous Communities have established additional tax credits to facilitate access to housing on the rented market.

Between 2005 and 2010, housing-related tax benefits on the income tax amount to a total of 3,000 to 4,500 million € per year (Pérez Barrasa et al., 2011: 20). In the view of authors such as Onrubia Fernández (2010: 286), the existence of broad fiscal incentives contributed to the pricing boom in the housing sector, since it increased the purchasing power of both nationals and immigrants. Moreover, income tax incentives to promote home ownership are regressive, since households with higher income levels benefit more from these incentives (Pérez Barrasa et al., 2011: 20-21). Furthermore, these authors consider that incentives included in income tax were only maintained over the past few years for political reasons, even though it was generally acknowledged that such incentives had a perverse effect.

**United Kingdom**

**Immigration and housing in the United Kingdom**

Immigration is not a new phenomenon in the United Kingdom. As Vertovec (2007: 1026-1028) explains, ever since the time of the Roman Empire, London has attracted foreigners from the most diverse regions. During the nineteenth and early twentieth centuries, Britain also received many Irish immigrants along with Jews from Eastern Europe. However, these immigrant inflows did not compare with the number of foreigners who arrived on British shores after the Second World War.

In the second part of the twentieth century, the United Kingdom attracted many immigrants from its former colonies, such as Jamaica, Trinidad, Guyana, Bangladesh, India and Pakistan. Indeed, since the last decade of the twentieth century there has been a further diversification in the country of origin of immigrants to Britain.

The housing situation of immigrants in the UK depends on their legal status as well as on their economic resources. As Diaz (2008) argues, the majority of immigrants are not eligible for social housing and consequently, many of them depend on the private rented market. This is particularly the case during immigrants’ initial years in the United Kingdom, and overcrowding and sublet dwellings are frequent during this time.

Moreover, contrary to the population’s general perception, immigrant access to social housing in the first five years after their arrival is very limited. In the long run, some may be eligible for social housing, but this will depend on their legal status. Immigrants from member states of the European Union, for instance, have the same rights as British citizens provided they are working. However, foreigners from third states will in general not be eligible for social housing. Asylum seekers, despite not
having the right to social housing, are nonetheless dispersed throughout the country by the UK Border Agency, making use of the private rented market (Diaz, 2008).

Stillwell and Duke-Williams’s analysis of the spatial distribution of immigrants (2005), using data from the census of 2001, found that ethnic minorities tend to be more concentrated in certain areas. Indians are particularly present in London and in towns and cities in the Midlands, while Pakistanis and other South Asians tend to be located more in the conurbations of the North West and Yorkshire and the Humber. The black population is the most segregated and is found in certain London boroughs.

Although the arrival of new immigrants does seem to increase segregation in the largest cities (Stillwell and Duke-Williams, 2005), according to Simpson (2004), public opinion tends to perceive higher levels of segregation than is actually the case. For instance, Simpson’s analysis of the city of Bradford shows that, contrary to popular opinion, South Asians are generally quite widely dispersed.

Public policies to promote access to housing in the United Kingdom

This section will give a brief description of the policies adopted in England to facilitate access to housing. We will begin with a review of the main expenditure policies (such as social housing and housing benefits) and will then look at the issue of housing taxation.

In England, social housing has a long tradition which dates back to the nineteenth century. However, it was not until after the Second World War that it started to form a significant proportion of the housing market, peaking in 1979, when the market for social rented housing in England made up 31% of English housing (Whitehead, 2007: 54). Since then, the importance of the social housing sector has declined in particular since the “Right to Buy” policy introduced by the first Thatcher government in 1980 which allowed many tenants to purchase the property in which they were living. In the opinion of Stephens, Elsinga and Knorr-Siedow (2008), this privatisation policy was “progressive”, as public resources were transferred to those generally in a weaker economic situation. Moreover, this policy may have also favoured mixed-income communities, bringing together wealthier households already able to afford their house with people who previously could only have afforded to rent. However, as these authors point out, this issue is controversial and may vary depending on the residential area analysed.

Over the past few decades, funding for social housing has had two main sources. Some funds were borrowed from the markets and were expected to be repaid through rents received back from tenants. The rest comes from central government capital subsidies which in short are a loan repayable only when the property is to be sold (Whitehead, 2007).

Data collated by Whitehead (2007) for 2004/05 show that people living in the social sector are disproportionately young or old. Moreover, the percentage of economically inactive people is also substantially higher, implying that tenants of social housing are significantly poorer. This situ-
ation is basically the result of the “Right to Buy” policy, which allowed many economically active households to become the owners of the homes in which they were already living. Another aspect emphasised by Whitehead (2007) is the under-representation of black and minority ethnic group home-owners even after taking into account poverty, employment status and household structure, with Indian and Chinese home-owners being particularly scarce.

Furthermore, a key expenditure policy to promote affordable housing is housing benefit, which partially subsidises rented accommodation. This benefit is based on the Social Security Contributions and Benefits Act 1992 and is usually administered by local authorities. In order to be eligible for this benefit, a person must have an income below a certain threshold and savings of less than £16,000. The rent to be paid must also be reasonable in comparison to the price levels in the vicinity.

There are no particular tax incentives for housing expenses, such as tax credits, on income tax. However, the following can be observed of housing taxation. First of all, council tax is a local tax based on property values. This tax has been criticised for being highly regressive and for offering discounts for second homes and long-term empty homes (Crawshaw, 2009: 14). Second, while stamp duty land tax must be paid when purchasing property, first-time buyers benefit from a lower rate. Moreover, tax pressure depends on whether a property is located in an area designated as “disadvantaged” by the Government. Third, capital gains tax exempts from tax the main residence of the taxpayer. However, this tax regulation does give taxpayers who own more than one home considerable freedom to determine which property is their “principal private residence” and a weekend retreat may for instance also qualify, an aspect which authors such as Crawshaw (2009: 16) have criticised. Finally, it should be noted that since 1992, if a person rents out a room in his or her main residence, this rental income will be exempt from income tax, a measure introduced to promote the supply of private rented accommodation.

Conclusions

France, Germany and the United Kingdom have a longer tradition of immigration than Spain. However, the housing situation of immigrants is not dissimilar in these four countries. It is, for instance, more common for those with a migrant background to live in rented or social housing. Moreover, the spatial segregation of certain groups of immigrants is common to all four countries.

This shows that the policies adopted in these States to promote affordable housing have failed to distribute immigrants equally. In France, for instance, the concentration of social housing in certain suburbs appears to be the main cause of segregation. In Germany and the United Kingdom, housing benefits have not succeeded in preventing immigrants from being concentrated in certain neighbourhoods, because although such benefits help recipients to find accommodation on the private market, they usually only have access to areas where rents are lower. In the case of Spain, fiscal incentives have been the main instrument to promote access to housing, especially home ownership, but their use has been widely criticised for being regressive and contributing to the pricing boom in the property market.
Consequently, it should be ensured that future housing policies take greater care to distribute immigrants more evenly across different areas, as this is the best way of promoting a sustainable level of diversity (in its racial, cultural and also economic forms), avoiding the social fracture and distrust that segregation tends to produce. However, we do not believe this should give rise to positive discrimination. Indeed, if the fact of being an immigrant is directly used as a criterion for the distribution of social housing or the allocation of housing benefits or tax incentives, such a policy may be perceived as unjust discrimination by the rest of the population.

Thus, the most reasonable policy would appear to be to distribute different types of social housing evenly across all neighbourhoods. In this way, people with fewer resources, including immigrants, would not be concentrated in certain areas and reasonable levels of diversity would be achieved. Furthermore, housing benefits and tax incentives are not advisable since too often they are “spatially blind”.

Social housing may be developed by public or private actors. As Maclellan and More (1997) explain, we cannot say whether it is better from an economic perspective for the market or the public sector to provide housing. Creating an efficient system would depend on the circumstances of each case, such as the governance or incentive structures of non-for-profit providers. Thus, as the German experience shows, private actors may play a relevant role in the provision of both rented and owner-occupied social housing.

Finally, if governments were to consider immigration indirectly in their housing policies, this would have implications in other areas. For instance, the spatial segregation of immigrants may have a negative impact on the provision of public services such as health assistance and schooling. However, establishing strict, more direct, quotas regulating the maximum number of children with a migrant background who can attend a certain school could be very problematic, for example. Thus, housing policies should place a greater emphasis on evenly distributing immigrants throughout society, since the equilibrated spatial distribution of diversity in its multiple dimensions is essential for the success of many other public policies.

**Bibliographical references**


