



How to lose friends and alienate people: The social and political consequences of Europe's housing crisis

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Abstract

This article identifies the shortage of affordable, secure housing as a key driver of political alienation, particularly among young people. The social consequences of this trend for this group include, but are not limited to, delayed independent living and family formation, declining mental health and diminishing belief in their ability to match the living standards of their parents. Increasingly vulnerable and insecure, many young people now link the issue of housing with inward migration. Left unresolved, this issue will further polarise (and radicalise) the political choices of younger generations in the years ahead. In response, this article proposes three immediate actions. First, a dramatic expansion of construction for all types of housing where excess demand exists. Second, the use of public money to ensure that housing options exist for people of all ages, social classes and income levels. Public money should not be utilised for schemes which ultimately inflate house prices further. Third, to tackle widening intergenerational inequalities, existing housing wealth must be taxed fairly.

Keywords

Housing, Politics, Migration, Young voters, Intergenerational inequality, Mental health, Affordable housing

Introduction

What do we mean when we talk about a 'housing crisis'? Put simply, it refers to a lack of affordable housing to buy or rent. And this is increasingly an issue in the developed world, not just in Europe. By 2025, 1.6 billion people are expected to be affected by the

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global housing shortage (Treveno and Nielsen 2021). In the US, estimates put the shortage of affordable housing units at over four million and rising (Barnes 2023). The situation is so critical that President Biden launched a specific Housing Action Plan in May 2022 with the sole objective of producing ‘legislative and administrative actions that will help close America’s housing supply shortfall in 5 years’ (The White House 2022).

Even in Japan—where demographic decline is well advanced—property prices in major cities are soaring, forcing young people and families out of these areas (Katsumura and Swift 2023). Housing prices have generally risen faster than income in most developed countries over the last 10 years (IMF 2022). Australia has experienced increasing housing inequality following decades of undersupply, particularly in or near employment centres (Ong Viforj 2024).

These global trends are also evident in Europe. As noted recently by the European Economic and Social Committee (2024), ‘the availability, accessibility and sustainability of decent housing are increasingly important concerns for EU citizens . . . Many households are confronted with excessive housing costs, with housing being their main consumer expenditure item and an excessive burden, to the detriment of other basic needs’.

In various ways, housing issues are evident in every EU member state. Poland exhibits the highest level of property overcrowding despite rapid economic growth and rising wages (van Sante 2024).¹ In Portugal foreign investment is partially responsible for an acute housing shortage in cities such as Lisbon (Almeida and Goyeneche 2023). Italy—despite overall housing prices being lower in 2023 than in 2010—is exhibiting dramatic property price inflation in key urban centres such as Milan. This situation is partially attributable to tax schemes designed to attract high-income workers (Borrelli 2024).

This article is structured as follows. Part one identifies some social consequences for young people of the shortage in affordable housing options. Part two sketches how these housing issues are linked to wider political shifts, including the increasing alienation of younger voters and their noticeable move to the political extremes. Part three offers a range of actions designed to improve the supply and affordability of housing for young people. Part four gives a brief conclusion.

The lack of housing is feeding social alienation

The social impacts of housing inequalities have become more apparent over the past two decades. The unsustainable rise of housing prices up to 2009 resulted in many negative social consequences becoming evident during the subsequent economic crises. Surveys undertaken in Britain in 2016 highlighted that 22% of 18-to-44-year-olds without children admitted delaying starting a family because of a lack of affordable housing (*Shelter UK* 2016).

Unfortunately, in the following years the situation has worsened further. A decade of artificially low credit, the continued privatisation of social housing sectors in many member states (and Britain), slow and inconsistent planning laws, inconsistent construction

activity, net inward migration and a surge in construction-related inflation have all combined to degrade access to affordable and secure housing for many citizens.

Notable social consequences of this crisis include, but are far from limited to, the following:

1. **Delayed independent living and family formation.** Housing is essential for the health and well-being of society and individual self-worth. It is also critical for economic growth as a lack of housing restricts labour mobility, making it more difficult for businesses and organisations to attract and retain staff at all levels. The negative economic consequences cannot be overstated. In Ireland 62% of companies recently surveyed said the housing crisis had impacted their ability to attract or retain staff, while 30% said they had to provide accommodation support (Malone 2024). This is also an issue which affects all of society. For example, university students in countries as diverse as Ireland, Germany, the Netherlands, Canada and Belgium are all feeling the knock-on consequences in the form of higher rents, increased competition for available places and low standards (see e.g. Whittle 2023). This, in turn, has a detrimental effect on the university experience for many students. Young people are the most affected by the scarcity of affordable places to live. This has resulted in an increasing number of ‘boomerang’ young adults who are already in the workforce but have been forced back into living with their family due to unaffordable housing costs (Taylor et al. 2022). Recent research highlights that the age at which 50% of people begin to live outside their parental home increased to 28 years in the decade leading up to 2019 (Dubois and Nivakoski 2023). In Italy and Spain the average age of young adults leaving their parents’ home is now 30 years old (van Sante 2024). This delay in independent living is having a knock-on effect on family formation. And although declining family sizes and fertility levels are linked to a whole host of broader socio-economic indicators, clearly the delay in living independently is contributing to falling rates of family formation and smaller family sizes. In this context, housing (or the lack of it) is an important element of younger adults’ wider anxieties about the future (Dunne 2023).
2. **Declining mental health and resilience.** Worries relating to housing insecurity and affordability can also play a key role in exacerbating many mental health conditions. A bidirectional relationship between housing and mental health exists—mental health issues can make it more difficult to cope with housing problems, while housing-related insecurities can amplify mental health challenges (Caliyurt 2022). This dynamic is consistent across both homeowners and renters. It indicates that the worries associated with gaining a secure, affordable place to live have significant long-term social impacts. Suboptimal living arrangements (e.g. adults living with parents) can have an impact on levels of resilience to other socio-economic challenges. These problems are more acute among young adults. As researchers have found, a lack of secure housing ‘can affect your very sense of self, and even warp your view of the future’ (Salleh and Qadar 2024).

3. Diminishing belief in social mobility and future affluence. Perhaps the most serious social impact of the housing crisis on young people is their increasing pessimism that their situation will improve in the future. In particular, many young people increasingly feel that despite following the social norms of previous generations—education, job, home ownership—they will never be able to match the affluence and financial security of their parents. Indeed, inherited wealth (or gifts from parents or grandparents) is becoming a much more important factor in determining whether young people can afford a place to live (Smail 2022). This in turn is fuelling greater inequality between the ‘haves’ and the ‘have nots’. Indeed, it is also becoming clearer that ‘family background continues to be an important influence on prospects for social mobility, and there is some evidence that this aspect is becoming increasingly significant’ (Eurofound 2017).

The lack of housing is feeding the political extremes

Unsurprisingly the social impacts of the housing crisis on young people are having a clear political impact. On a macro level, dissatisfaction with more established political parties is linked to clear policy failures by current and past governments (e.g. scarcity of affordable housing and rising rents). Increasingly, young voters are also associating increased inward migration with their housing challenges. By focusing on the narrative of there being too much migration, more extreme parties have been successful in directly linking young people’s dissatisfaction over housing with migration.

The Netherlands provides an interesting case study of this significant shift. Data modelled from the last general election held in November 2023 show that among voters aged between 18 and 35 years old, support for Geert Wilders’ Freedom Party (Partij voor de Vrijheid) ran significantly ahead of their overall result. In addition, support for traditional centre-right parties (e.g. Christian Democratic Appeal/Christen-Democratisch Appèl) was substantially below their already low overall result (NOS 2023). The success of Wilders’ ‘housing/migration’ strategy was neatly summed up by a young voter who argued, ‘I’m really not racist, but when it comes to my own country, I think I should get priority access to a house’ (Cokelaere and Hartog 2024). This young man’s comments are driven by his acknowledgement that houses where he grew up now cost millions of euros.

Another factor in younger voters’ move to the extremes is their antipathy for existing mainstream political parties. Housing plays an important role in this trend. And while originally it was progressive liberal and green parties who most benefited from the influx of younger people when they came of voting age, polls are showing that far-right parties are becoming increasingly popular choices for adults from their late teens to their late thirties (Chazan 2024). In this context, far-right parties are disproportionately attractive to young men frustrated by the perceived cosy cartel of mainstream political groups probably best exemplified by the current Grand Coalition in Berlin (Chazan 2024).

While housing is certainly not the only factor contributing to younger voters' drift to far-right parties, it is a key element which is evident across almost all EU member states. In countries as diverse as Portugal, Belgium and Finland, extreme right-wing parties are the most popular voting choice for men under the age of 35 (Cokelaere 2024). Similarly, in France 36% of all voters under the age of 24 back Marine Le Pen's National Rally (Rassemblement National) (Chazan 2024).

A key source of young voters' dissatisfaction is their belief in their diminishing prospects for the future. And central to this declining outlook is the belief that they will never be able to afford housing in an area where they wish to live. Coupled with this issue is the understanding that existing taxation and social security systems remain structured in favour of the older generations with no reasonable expectation of reform.

For example, Italy has experienced a multigenerational trend (from the 1970s to the early 2010s) of housing prices and associated debt rising considerably faster than income (Bitetti and Morganti 2017). This sense of alienation is compounded by a social security system focused almost exclusively on the needs of older generations—over 77% of public social spending in Italy benefits people over the age of 65. Conversely, just 3% of total expenditure ends up with families and children (Bitetti and Morganti 2017).

Overall, in Europe, up to two-thirds of respondents to surveys think that their children will be worse off financially than their parents (Siegmann and Schafer 2017). This view is intensified by a feeling that the economy is now much more unfair than in previous generations. This fundamental worry is then amplified by more populist political parties and their fear-based campaigns on issues such as immigration and social change.

Three ways to tackle Europe's housing crisis

1. *Build, build, build.* Put simply, in many EU states the delivery of new housing must be increased significantly to meet demand. This relates to all elements of the residential property market—homes to buy, homes to rent, social housing, affordable housing, supported housing for older people, student housing and everything in between. This is a particularly acute issue in key urban centres, where the vast majority of employment and educational opportunities exist. In terms of future housing needs, it should be noted that the impacts of smaller household sizes (and more single-person households) will more than compensate for declining demographics, particularly in urban areas underpinned by strong employment prospects. In this context, public policy must facilitate the expansion of the housing stock through a timely and fair planning process, availability of suitably zoned (or rezoned) land, clear rules for the reuse and repurposing of existing buildings, and investing in training to ensure an adequate supply of labour across all aspects of the housing spectrum (from architects to bricklayers).
2. *Put public money and social housing at the heart of the social market economic model.* A common trope peddled by populist parties is that unexpectedly strong

inward migration has caused housing shortages. This is simply untrue. Rather, as the cases of Ireland and the Netherlands illustrate, it has been the multi-decade failure of poorly thought-out national housing policy which has resulted in the current shortages (AFP 2023). Central to this failure has been the abdication of public responsibility for building affordable social housing. In countries such as Ireland the model of sourcing public housing from the private sector has proven unsuccessful and unsustainably expensive. Despite Ireland spending approximately €8 billion on housing support in 2024—through a raft of measures designed to encourage the private sector to deliver housing units—it still faces rising housing prices and a shortfall of nearly 60,000 social housing homes (Taylor and Bowers 2024). Remarkably Ireland will pay nearly €700 million directly to private landlords to house social housing tenants in 2024. It is a broken system.

Rather, local government should be empowered to better meet the social and affordable housing needs in their areas. This should be combined with the elimination of well-meaning but ineffective existing support schemes for encouraging home ownership. These schemes achieve nothing more than pushing up housing prices further, thereby widening existing intergenerational divisions.

3. *Ensure taxation equality across generations.* Generational equality requires taxation equality, and property represents—by far—the largest element of household wealth in Europe. It is also concentrated in the older generations, who also benefit disproportionately from the existing structure of social security systems. Across the EU27 taxes on labour account for 50% of total tax revenue, and this is a cost borne by the working population, including young people and working families. However, recurrent taxes on property accounted for just 2.5% of tax income in 2022 (European Commission 2024). If policymakers are serious about confronting the generational wealth gap, they will need to confront the basic inequalities at the heart of Europe's current taxation models. This step poses a significant challenge, particularly for centre-right political parties, which draw substantial support from property owners. However, such is the scale of the social and political challenges outlined in this paper that the greater taxation of existing wealth—primarily housing—will be essential to ensuring increased social mobility, fewer taxes on income for working families and more sustainable social security models in the decades to come.

Conclusion

This article identifies the shortage of affordable, secure housing as a key driver of political alienation, particularly among young people. Left unresolved, this issue will further polarise (and radicalise) the political choices of younger generations in the years ahead. In response, this article proposes three immediate actions linked to increasing housing supply, spending public money more effectively and tackling intergenerational inequalities.

The key challenge now is to develop the political will necessary to give young people opportunities in the future.

Note

1. Rates of overcrowding are determined by identifying the percentage of people residing in a house with an insufficient number of rooms.

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