



Housing Plan in Spain for 2018-2021

ESPN Flash Report 2018/58

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JULY 2018

In March 2018, the Spanish government published the new State Housing Plan for 2018-2021. Through a series of schemes to support rental housing, urban rehabilitation and renovation, the Plan seeks to facilitate access to housing for the most vulnerable groups, and to reactivate employment in the construction sector. The aim is to strike a new balance in access to housing, currently excessively based on ownership and on the production of new dwellings.

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Description

A new State Housing Plan has been approved in Spain for the period 2018-2021 (SHP 2018-21). Since the 1980s, three-year State Housing Plans have played a crucial role in the definition of housing policies in Spain, establishing the State's housing policy priorities. The multi-level governance structure of housing policies in Spain means that regional governments implement the State Plans, but also maintain broad powers to develop their own policies in this domain.

The new SHP 2018-21 aims at strengthening the rental market, and activating the construction sector by promoting employment in building rehabilitation, urban regeneration and renewal. These objectives replicate those of the previous Plan (SHP 2013-16), which already abandoned elements central to housing policies up to that point such as the promotion of housing production, the occupation of new land, the planning of city growth, and the commitment to property-ownership as the main way to access housing.

The SHP 2018-21 establishes the following objectives:

- Strengthening of renting as a mechanism to access housing. This is done by:
 - a) introducing rent subsidies of up to 40% (50% for young people [under 35] and elderly people [65 and above]) of the monthly rent for low-

income households (with maximum amounts between €600 and €900 per month for 3 years);

b) increasing the supply of rental housing, both public and private, in particular the use of unoccupied dwellings;

c) providing assistance to the elderly and persons with disabilities, encouraging them into rental housing with shared services; and

d) giving access to housing managed by the Housing Social Fund (Fondo Social de Vivienda [FSV], which is responsible for managing the use of real estate assets transferred by credit institutions) for low-income households experiencing forced eviction (subsidies of up to €400 per month for 2 years).

- Rehabilitation of the housing stock and urban regeneration through:

a) assistance to improve energy efficiency, safety and building accessibility; and

b) urban and rural regeneration and renewal.

The only measure that supports purchase of housing is addressed to low-income young people (under 35) in localities with fewer than 5 000 inhabitants.

These programmes concentrate public assistance on the most vulnerable social groups: households experiencing forced evictions; households on low incomes;

young people, the elderly and persons with disabilities; as well as the rural population.

The programmes included in the Plan are co-financed by the Central Administration and the Autonomous Communities. The Central Administration budget earmarked for housing subsidies for the period 2018-2021 is €1.443 billion (62.46% more than the amount implemented/executed under the SHP 2013-16).

Outlook & commentary

The dual objective of the SHP 2018-21 (to strike a better housing balance by strengthening the rental sector, and to invigorate the construction sector by building rehabilitation, urban regeneration and renewal) is an attempt to impact the Spanish model of housing provision.

As experts assess, home ownership and the production of new housing have excessive weight in access to housing in Spain (Alexandri and Janoschka, 2017; Leal and Martínez, 2017; Rubio and Carrasco-Gallego, 2017). This model has been promoted for decades through various policies (tax deductions for housing purchase, land development, pro-growth planning, infrastructure investment, easy access to credit for both developers and consumers, removal of rent controls).

The housing market was one of the main drivers of the Spanish economy during its long expansionary cycle (1997-2007) and played a central role in the crash of the Spanish economic development model during the 2008 economic crisis. From the early years of the economic crisis, the number of households unable to meet their mortgage payments grew steadily: according to the General Council of the Judiciary

[CGPJ, 2018], the number of mortgage foreclosures jumped from 25,943 in 2007 to 93,636 in 2010; it is only since 2015 that the trend has started to fall (in 2017, it was 30,094). However, the number of forced evictions from the primary home due to non-payment of mortgages or rent remains high (60,754 in 2017 [CGPJ, 2018]).

In spite of the new approach taken in the State housing policy, and specifically in the SHP since 2013 (see "Description" section above), one of the main current problems is low public investment in housing, well below the levels of the period prior to the economic crisis (from 0.9% of GDP in 2007 to 0.5% in 2016, according to Eurostat). Thus, according to this source, public investment in housing and community amenities fell from €9.841 billion in 2007 to €5.403 billion in 2016. The limited resources allocated to housing policy are insufficient to modify the model of access to housing, to offer effective solutions or to guarantee access to decent and adequate housing, especially for low-income households (CES, 2018).

Both experts and stakeholders point out that there are clear shortcomings to this policy, particularly the low level of promotion of rental housing. Rent support for the most vulnerable groups appears clearly insufficient given the shortage of public rental housing (either renovated, or newly built).

The SHP 2018-21 is being implemented in a context of growing housing demand driven by large domestic and foreign investment groups, accompanied by an increase in the price of rental housing in large cities. This hinders the access to housing of low-income households, in a context of an unemployment rate which remains high and a large share of precarious jobs.

Further reading

Alexandri, G. and Janoschka, M. (2017), "Who loses and who wins in the Housing Crisis? Lessons from Spain and Greece for a Nuanced Understanding of Dispossession", *Housing*, 28 (1), 117-134. <https://goo.gl/JpCdfY>

CES (2018), *Memoria sobre la situación socioeconómica y laboral en España 2017* [Report on the socio-economic and labour situation], Madrid.

<https://goo.gl/a4TtZr>

General Council of the Judiciary [CGPJ] (2018), *Datos sobre el efecto de la crisis en los órganos judiciales* [Data on the impacts of the crisis on judicial bodies], Madrid. <https://goo.gl/RVYWm7>

Leal, J. and Martínez del Olmo, A. (2017), "Últimas tendencias en política de vivienda" [Recent trends in housing policy in Spain], *Cuadernos de Relaciones Laborales* 35 (1), 15-41.

<https://goo.gl/tCYPrF>

Rubio, M. and Carrasco-Gallego, J.A. (2017), "Spain and the Crisis: Housing Prices, Credit, and Macroprudential Policies", *Singapore Economic Review*, 69 (1), 109. <https://goo.gl/JfRe1d>

Royal Decree 233/2013 of 5 April regulating the State Plan for the promotion of housing rental, building rehabilitation and urban regeneration and renovation, 2013-2016. <https://goo.gl/1qsYBg>

Royal Decree 106/2018 of 9 March regulating the State Housing Plan 2018-2021. <https://goo.gl/NdeEtZ>

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