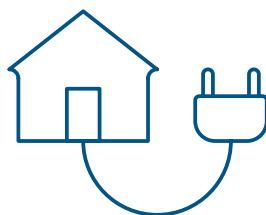
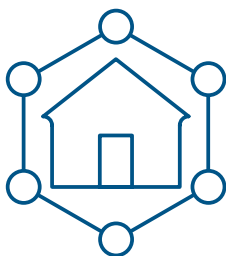

SOCIAL NEEDS IN SPAIN

Housing

Report

03

July 2019



Credits

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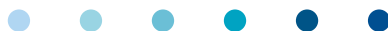
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INTRODUCTION



This new report on social needs in Spain measures the degree to which social needs related to housing have been met in recent years. The main sources that make it possible to assess social needs coverage are analysed using a broad set of indicators. These sources are the Living Conditions Survey (LCS), the Household Budget Survey (HBS) and Ministry of Public Works statistics on housing and urban initiatives.

Meeting housing-related social needs occupies an important place in any evaluation of the advances made by a society in terms of its social development. The Spanish Constitution states that all Spaniards have the right to a decent and adequate home and that the public authorities will promote the necessary conditions and will establish the appropriate rules and regulations to guarantee this right. In practice, however, a number of households have difficulties in realising this right in a satisfactory manner. There is a consensus that Spanish society faces three main challenges in providing adequate cover for housing-related needs: access to housing; adequate housing conditions; and a guarantee of energy resources for households.

To assess the achievements and limits in each of the challenges described, an extensive set of indicators is used, among them some that are commonly employed in this field, as well as others that are new and which offer a better vision of the level to which these social needs are met. These new indicators make it possible to explore in depth aspects that are not always present in the analysis of these problems, such as the excessive burden of housing costs, with considerable importance accorded to subjective evaluation, and the lack of household income to meet energy costs.

The use of a broad timespan, with information corresponding to different moments in time, makes it possible to assess how changes in the economic cycle – with data for the boom period prior to the economic recession, the financial crisis itself and subsequent recovery phase – have affected housing-related social needs. The indicators analysed show that for many people, the cost of housing is now a very significant problem, though the figures also reveal that, in general terms, some of the most serious problems associated with housing conditions affect a relatively small proportion of the Spanish population.




In the report, the situation in Spain is also compared with the situation in Europe by means of a selection of indicators representative of each of the three challenges. The information analysed shows that in some of these challenges, the Spanish population is in a more favourable position than people in other countries in the EU with a higher income, though there is a greater prevalence of problems such as the high cost of rented housing in comparison with household income, as well as increased energy poverty problems.

The report looks at the response of public policies to housing-related social needs. Various indicators are proposed that sum up the meeting of these needs by public intervention through various instruments. The information given shows the ineffectiveness of public policies on housing in Spain and the difficulties of providing a response to a rented housing market that is smaller and more expensive than in other countries.

As in other reports in this collection on social needs in Spain produced by the "la Caixa" Social Observatory, the approach adopted is innovative in terms of the studies on social reality in that information is summarised in a basic system of indicators, allowing the data to speak for itself, with brief, specific comments added to the account in order to aid the interpretation. The reader is now invited to look through this report, to arrive at their own understanding and to compare and contrast what are normally opinions and hypotheses with a fresh and extensive set of objective facts and figures.

HOUSING

A home is a basic social need and a right protected by the Spanish Constitution. It is one of our most important assets and is essential for us to lead satisfactory lives. In this chapter, we look at the extent to which housing-related social needs are met in Spain by analysing three fundamental challenges:

-  **1. Guaranteeing access to housing:** In developed countries, every citizen should have a home at all times throughout their life. Being homeless is a factor that has a severe negative impact on personal and social exclusion. It is regarded as an extreme form of poverty that society needs to put an end to. Furthermore, the spending required to access a home should not be prohibitive for families, young people or immigrants.
-  **2. Enjoying a minimum standard of housing conditions:** As well as being accessible, homes must be of an adequate condition so that people can lead satisfactory lives. This need is not met if the home lacks basic amenities or conveniences, is in a poor state of repair or is so small that its occupants are forced to live in overcrowded conditions.
-  **3. Guaranteeing the household's energy resources:** If families lack sufficient financial resources to pay for basic energy consumption, their needs for domestic heating, lighting and energy are not met and they fall into energy poverty. This has a negative economic, social and health-related impact.

SPAIN

Every person or household needs to be able to meet three fundamental challenges:

(expressed as a percentage of the total population)

First challenge:



Access to housing

Effort to purchase home (years)

7.4 ↓ 5.8

2008 2017

Household income spent on rent

31.5% ↑ 32.1%

2008 2017

Disproportionate housing costs

22.9% ↓ 22.6%

2008 2017

Late rent or mortgage payment

4.5% ↓ 3.8%

2008 2017

Subjective excessive housing costs

52.7% ↓ 48.5%

2008 2017

Second challenge:



Housing conditions

Poor housing conditions

20.4% ↓ 14.1%

2008 2017

Overcrowding

5.6% ↓ 5.1%

2008 2017

Severe housing deprivation

1.7% ↓ 1.0%

2008 2017

Third challenge:



Meeting domestic energy needs

Poor thermal comfort

5.9% ↑ 8.0%

2008 2017

Late utility bill payment

4.6% ↑ 7.4%

2008 2017

Disproportionate spending on energy

6.7% ↑ 11.1%

2008 2017

Insufficient income after spending on energy

14.6% ↑ 17.0%

2008 2017

- Even though some extreme problems such as evictions have stabilised in recent years, access to decent housing remains difficult for certain social groups, among them young people, immigrants and working families on low incomes.
- In addition, rents have risen steadily in recent years, making it more difficult for people to access this type of accommodation.

The most important issues

1.

The cost of housing rose considerably in Spain during the boom years at the start of the century, which made it more difficult to access this fundamental asset. This trend did not reverse until the start of the financial crisis following the property bubble burst, but many families' incomes fell during this period too, exacerbating the problem of evictions

2.

The number of years it took to purchase a standard home was very high until 2008. This fell during the early years of the financial crisis before eventually stabilising. However, in the case of the rental market, families have had to make a greater financial sacrifice in recent years. Overall, at least one in five citizens currently spends more than 30% of household income on housing (rent, mortgage, interest, etc.).

3.

Since the recovery from the financial crisis, the rate of late rent or mortgage payments has fallen in recent years. Even though by far the majority of families manage to make these payments, more than half of the population states that the cost of housing is a heavy burden for their households.

4.

Very few homes in Spain lack the basic amenities such as a WC or running water. However, many suffer from problems related to a lack of maintenance, poor design or an inadequate size in relation to needs. Overcrowding, though rare, may have negative consequences in terms of health and social integration, particularly if it goes hand in hand with other housing problems.

5.

Energy poverty increased in Spain during the financial crisis. Prior to 2008, there were very few homes where it was cold in winter or where occupants were unable to pay their gas or electricity bills; nine years later, the rate of energy poverty is significantly higher, despite the recent improvement. It is a problem with many causes: falls in families' income, homes' low energy efficiency and the cost of energy.

SPAIN vs EUROPE

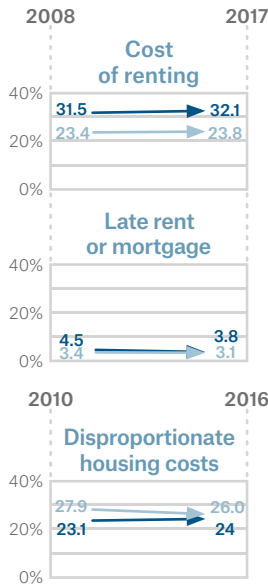
Spain → Europe →

(expressed as a percentage of the total population)

First challenge:



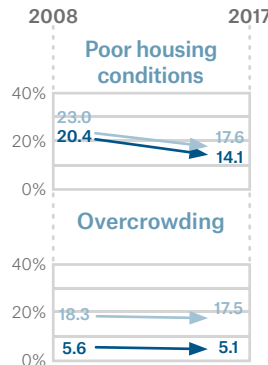
Access to housing



Second challenge:



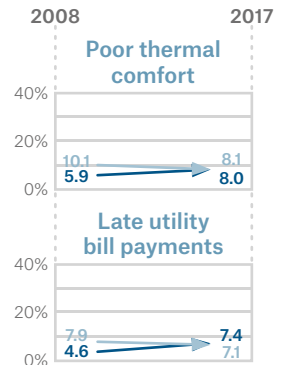
Housing conditions



Third challenge:



Meeting domestic energy needs



The most important issues

1.

The housing situation of the Spanish population compared with people in other countries in the EU varies depending on the indicator considered. Few families in Spain suffer from overcrowding in comparison with the European average. In contrast, the cost of renting and the prevalence of late mortgage or rent payments is higher in Spain than in other EU countries.

2.

Almost one in five citizens live in homes that suffer from a maintenance problem or lack of amenities, a proportion similar to the EU average. There are, however, major differences in this respect between the richest and the poorest countries in the EU.

3.

The financial crisis put an end to Spain's favourable position in terms of energy poverty, as it led to increasing numbers of households that face difficulties in paying utility bills and are unable to adequately heat their homes in cold weather.

PUBLIC POLICIES

1

Public spending on housing assistance is considerably lower in Spain than the EU-28 average (less than half). During the financial crisis, most countries increased housing aid. In Spain, however, this spending fell.

2

The poverty reducing effect of this housing assistance is much lower than that in other European countries (Spain ranks 22nd).

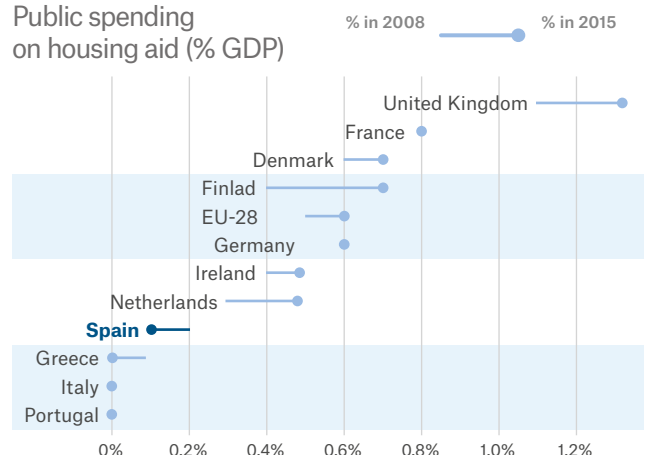
3

The level of disproportionate housing costs among Spanish households in rented accommodation is one of the highest in the EU.

4

There has been a continual fall in subsidised housing, with historic lows reached in 2017.

Public spending on housing aid (% GDP)



Source: Drawn up in-house using ESSPROS data on expenditure and receipts (Eurostat).

THE SITUATION IN SPAIN



The home is a fundamental asset for households and has traditionally been a mechanism of protection against a fall in income. In this report, we analyse the extent to which social needs are met in this ambit, structuring the discussion around three sub-aspects or basic challenges:

- a) Firstly, the ability to access a home without making an excessive financial sacrifice;
- b) Secondly, the fact that existing homes should offer occupants decent and adequate conditions;
- c) Lastly, energy poverty that affects health and social integration must be prevented.

The information obtained shows that the most serious problems (such as late rent or mortgage payments that potentially lead, if repeated, to eviction) affect only a small proportion of the Spanish population, though they were more common during the financial crisis. In addition, the cost of housing remains a very serious problem for some social groups, which have to allocate a significant percentage of their income to it. In the case of young people, the high cost of housing, be it rented or owned, contributes to keeping them in the parental home for longer.

First challenge: Access to housing

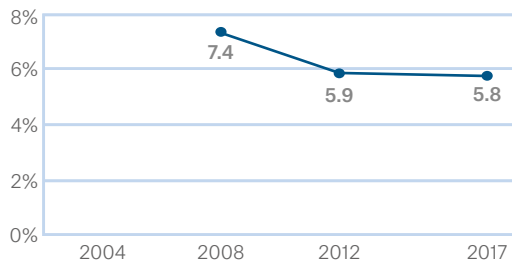
Difficulty faced by the Spanish population in accessing housing (expressed as a percentage of the total population)



Key indicators on access to housing

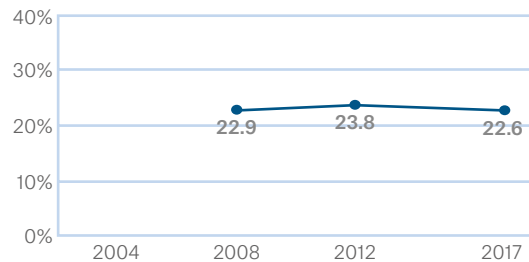
Effort required to purchase a home:

Number of years it takes a family on an average income to purchase a home, assuming that they allocate their entire disposable annual income to this. It is the quotient of the average price of a 100-m² home on the open market and households' average disposable income.



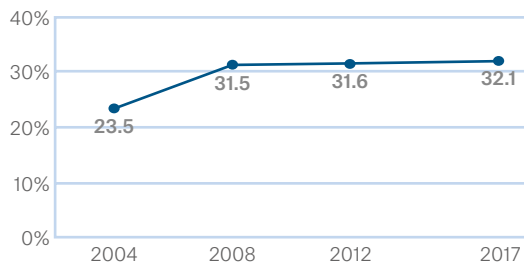
Excessive housing costs:

% of people in households whose spending on housing (rent, mortgage capital and interest payments, utility bills, etc.) exceeds 30% of the household's disposable income, even taking into account public benefits they may receive to cover these costs.



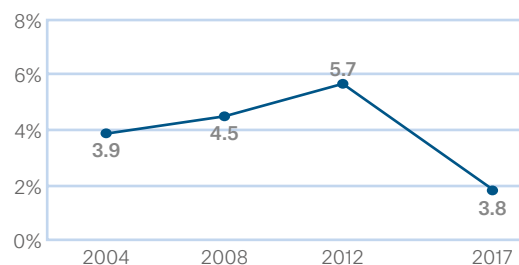
Cost of access to the rented accommodation market:

Rent as a percentage of the disposable income of households in rented accommodation.



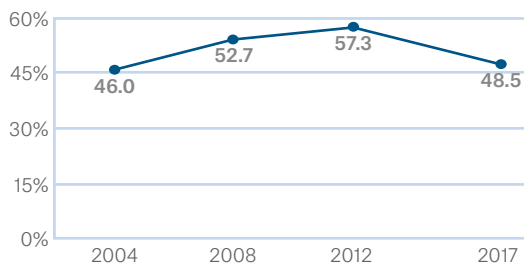
Late rent or mortgage payments:

% of people living in households that have paid their rent or mortgage late in the last year.



Subjective burden of spending or investment in housing:

% of people who say that total spending on housing, including mortgages, is a heavy burden for their households.



Source:

Drawn up in-house using data from the LCS and the Ministry of Public Works.

The financial sacrifice households had to make to purchase a home in 2017 was less than that required during the period of upward price pressure in the property market, when prices reached their highest levels. However, an average family (with an average income) would still need at least six years to be able to purchase an ordinary home at current prices, presupposing that they allocated all their annual disposable income to this (which no-one can do, but this hypothesis is used to construct the indicator). This figure is two years more than the four experts regard as a prudent financial sacrifice. The difficulty of accessing housing is much greater for households in the lowest income distribution bracket (first quintile): these families on modest incomes would take over 16 years to purchase a home, even if they were to allocate all their disposable income to this.

The rental market offers an alternative to purchasing a home and many families opted for this following the start of the financial crisis, when it became more difficult to get loans. However, home rental costs have shot up in recent years, making access to housing even more difficult. Data published by real estate portals such as Idealista show that prices rose by 18.4% in 2017.

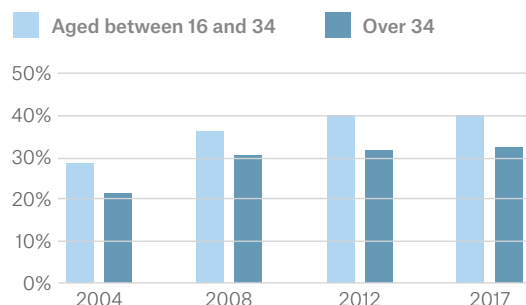
In reality, experts advise that no more than 30% of monthly income should be allocated to purchasing or renting a home. Figures show, however, that spending on housing absorbs a higher percentage than this of many families' disposable income: over a fifth of the Spanish population live in households overburdened by the cost of their housing, which exceeds more than 30% of their income. And almost half of the population states that payments associated with their home represent a heavy financial burden.

YOUNG PEOPLE'S ACCESS TO HOUSING

It is especially difficult for young people (aged under 35) to access the housing market, be it by either renting or purchasing a home.

A young person renting a home in 2017 had to spend 40% of their household's disposable income in order to access the rental market. For young people aged under 25, this percentage rose to 44% of their income. If we look at average rents on real-estate platforms such as Idealista, we can see that households headed by a young person aged under 35 need to spend over half of their disposable income on housing. In the case of young people aged under 30, the cost of their rent represents almost 70% of their income.

Figure 2. Percentage of households' disposable income spent on rental by age of the person responsible for the home.

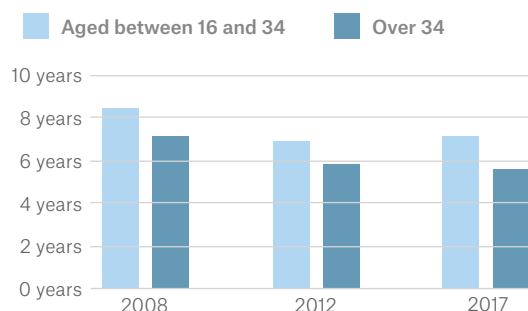


Source:
Drawn up in-house using data from the LCS.

Note:
The person responsible for the home is defined as the member of the household whose name appears as the home owner or on the rental contract.

In the case of home purchases, the fall in prices since 2009 has meant that the number of years needed to buy a home (bearing disposable income in mind) has fallen, though the time taken still remains longer than is advisable and is much longer for young people than for those aged over 34.

Figure 3. Number of years a household with an average income would take to purchase a home if they were to spend all their annual disposable income on this by the age of the person responsible for the home.



Source:
Drawn up in-house using data from the LCS and the Ministry of Public Works.

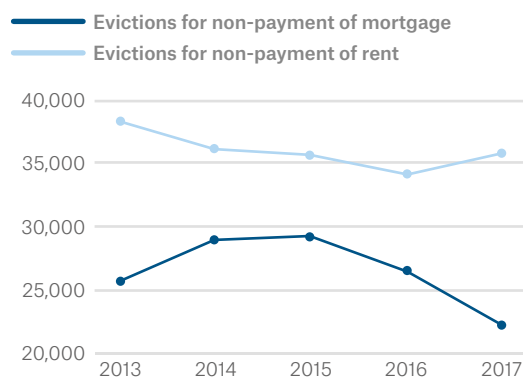
Note:
The person responsible for the home is defined as the member of the household whose name appears as the home owner or on the rental contract.

EVICCTIONS AND HOMELESSNESS

In 2017, the number of households that lost their homes rose to 60,754 (0.05% of the population): 22,330 for non-payment of their mortgage; 35,666 for non-payment of their rent; and 2,758 for other reasons. Even though the problem of evictions has tended to decline in recent years, the number due to inability to pay rent rose in 2017 due to the considerable increase in rents in Spain.

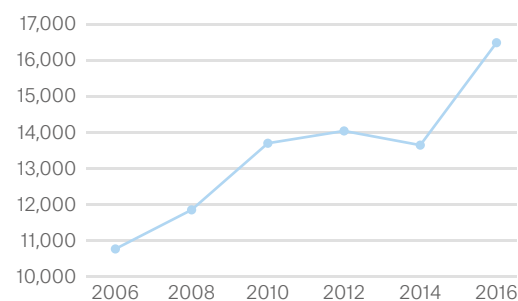
Housing prices, the economic crisis and the lack of specific protection policies has resulted in an increase in the number of homeless people in the last decade. In 2016, there were 16,437 people who, on average, had to turn each day to homeless shelters for accommodation, a rise of 50% since 2006.

Figure 4. Number of evictions for non-payment of mortgage or rent in 2013 to 2017



Source:
General Council of the Judiciary

Figure 5. Daily average number of people accommodated in homeless shelters between 2006 and 2016



Source:
Survey on Homeless Centres and Services

Second challenge: Housing conditions

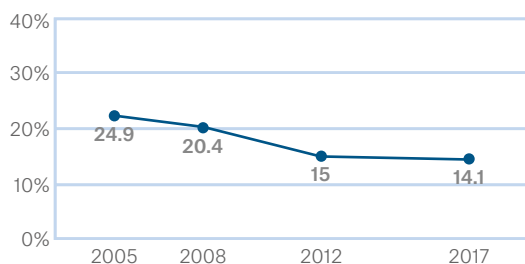
Housing conditions among the Spanish population
(expressed as a percentage of the total population)



Key indicators on housing conditions

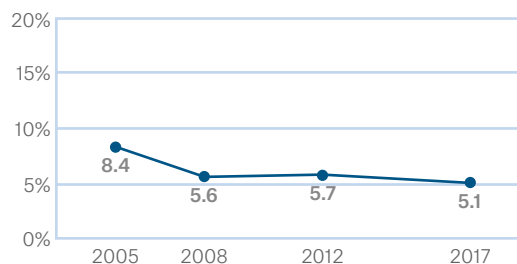
Poor housing conditions:

% of people whose homes suffer from one of the following problems: leaks, damp or mould, poor natural lighting, no indoor bath/shower or WC.



Severe housing deprivation:

% of people who live in overcrowded conditions and who suffer from at least one problem in the home: leaks, damp or mould, poor natural lighting, no bath/shower or WC.



Overcrowding:

% of people whose homes do not have sufficient space according to the criterion established by Eurostat: they do not have at least: a) a bedroom for the household; b) a bedroom for each couple; c) a bedroom for each single person aged 18 or over; d) a bedroom for every two children of the same gender aged between 12 and 17; e) a bedroom for each single person of a different gender aged between 12 and 17; and f) a bedroom for every two children under the age of 12.



Source:

Drawn up in-house using data from the LCS.

In addition to the ability to access a home, it is essential that this home should be decent. In other words, it should meet the minimum conditions for people to be able to live satisfactorily in it. The basic sanitation facilities in the home – bath or shower and WC – are to be found in virtually all Spanish homes. Consequently, this basic need is by and large met.

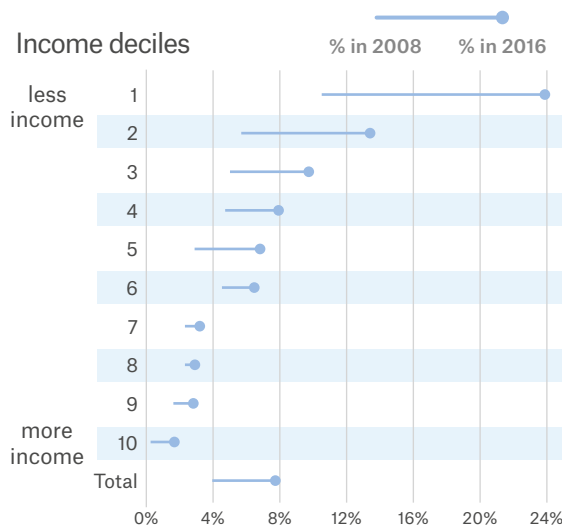
In contrast, far more people are affected by housing-related problems to do with structural shortcomings or inadequate maintenance (such as damp and leaks or the lack of natural light). Though overcrowding is less widespread, it should be noted that approximately 5% of the population suffer from this, as they live in homes that do not have the number of bedrooms required to provide sufficient living space and privacy for the members of the household. In a third of these cases, overcrowding goes hand in hand with another housing-related problem, meaning that, according to the European definition, they suffer severe housing deprivation in this respect.

Even though the indicators on housing conditions showed improvements prior to the financial crisis (and even in some cases during the early part of the crisis), there have been no observable advances in recent years. One possible reason is that some of the problems require investment, the effects of which can only be perceived in the medium term.

POOR PEOPLE LIVE IN THE SMALLEST HOMES

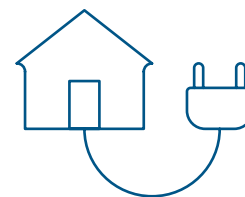
According to the data gathered in the most recent Household Budget Survey, 8% of the population live in homes that have less than 15m² per household member, double the percentage in 2008. Living in such small spaces is more common in urban areas (9.4% in towns and cities with a population of more than 100,000) than in the countryside (6.1% in municipalities with fewer than 10,000 residents). However, it is a problem that is suffered first and foremost by poor people. In 2017, it affected almost a quarter of people on incomes in the bottom decile (as opposed to just 2% of people with higher incomes). During the financial crisis and at the start of the recovery, this problem became even more acute for people on the lowest incomes.

Figure 7. Population living in homes with fewer than 15 m² per household member by income decile (%)



Source:
Drawn up in-house using data from the Household Budget Surveys of 2008 and 2017.

Third challenge: Meeting domestic energy needs

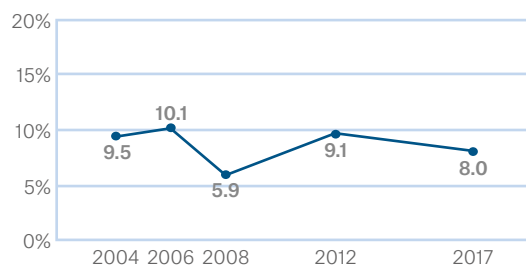


Energy poverty among the Spanish population (expressed as a percentage of the total population)

Key indicators on domestic energy needs

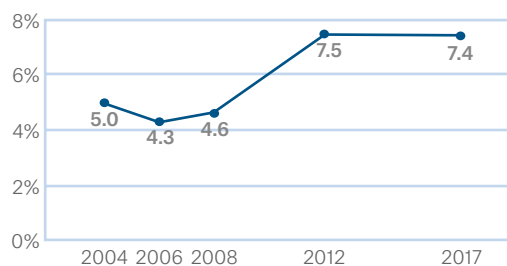
Poor thermal comfort:

% of people in households unable to afford to keep their home warm in the winter months.



Late utility bill payment:

% of people living in households that have paid their electricity, water or gas bills late in the last twelve months.



Disproportionate spending on energy:

% of people in households that spend more than 10% of their income on gas and electricity.



Insufficient income after spending on energy:

% of people living in households whose monthly income, after gas and electricity, is below €538.



Source:

Drawn up in-house using data from the LCS and the HBS.

Energy poverty means that households lack the financial resources needed to meet their domestic energy needs (such as gas, electricity or heating) due to their low income, the cost of utility supplies or their home's poor energy efficiency. In Spain, this problem has worsened since the start of the financial crisis, as energy prices rose sharply while at the same time many people lost their jobs and family incomes fell. Even though this situation has improved in recent years, late utility bill payments, disproportionate spending on energy and insufficient income (lower than the IPREM, an income indicator used for means-testing purposes) after paying domestic gas and electricity bills are more common today than they were in the years prior to the start of the financial crisis.

Late payment of utility bills is particularly serious because it can lead to supplies being cut off, an undesirable situation from a social point of view. Despite measures put in place in recent years to combat energy poverty, 2% of the population had to do without some source of energy due to financial problems in 2016 according to the Living Conditions Survey (LCS).

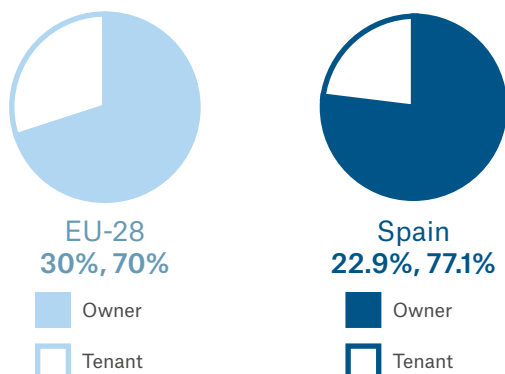
THE SITUATION IN EUROPE



Some of the problems to do with access to a home as well as living conditions discussed in the analysis of housing-related social needs are not exclusive to Spain. It is difficult, however, to identify the differences and similarities with other countries due to the very different ways in which housing is accessed in each country and the nature of public policies on the issue. Consequently, we find a wide variety of experiences within the EU related to this aspect of social needs.

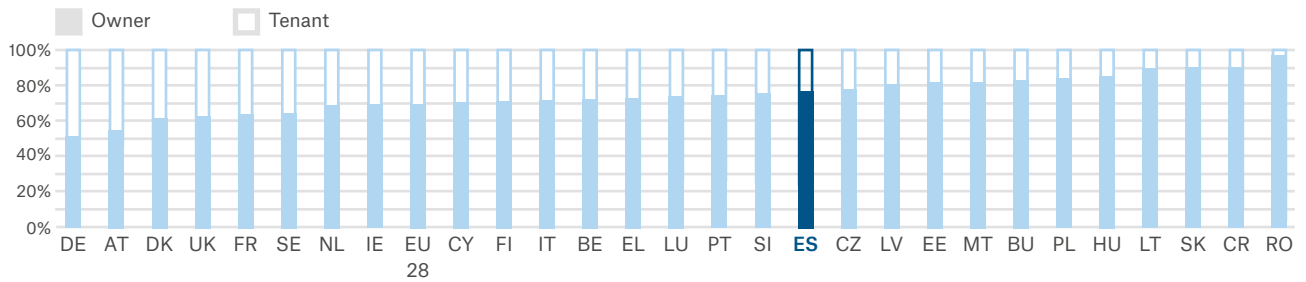
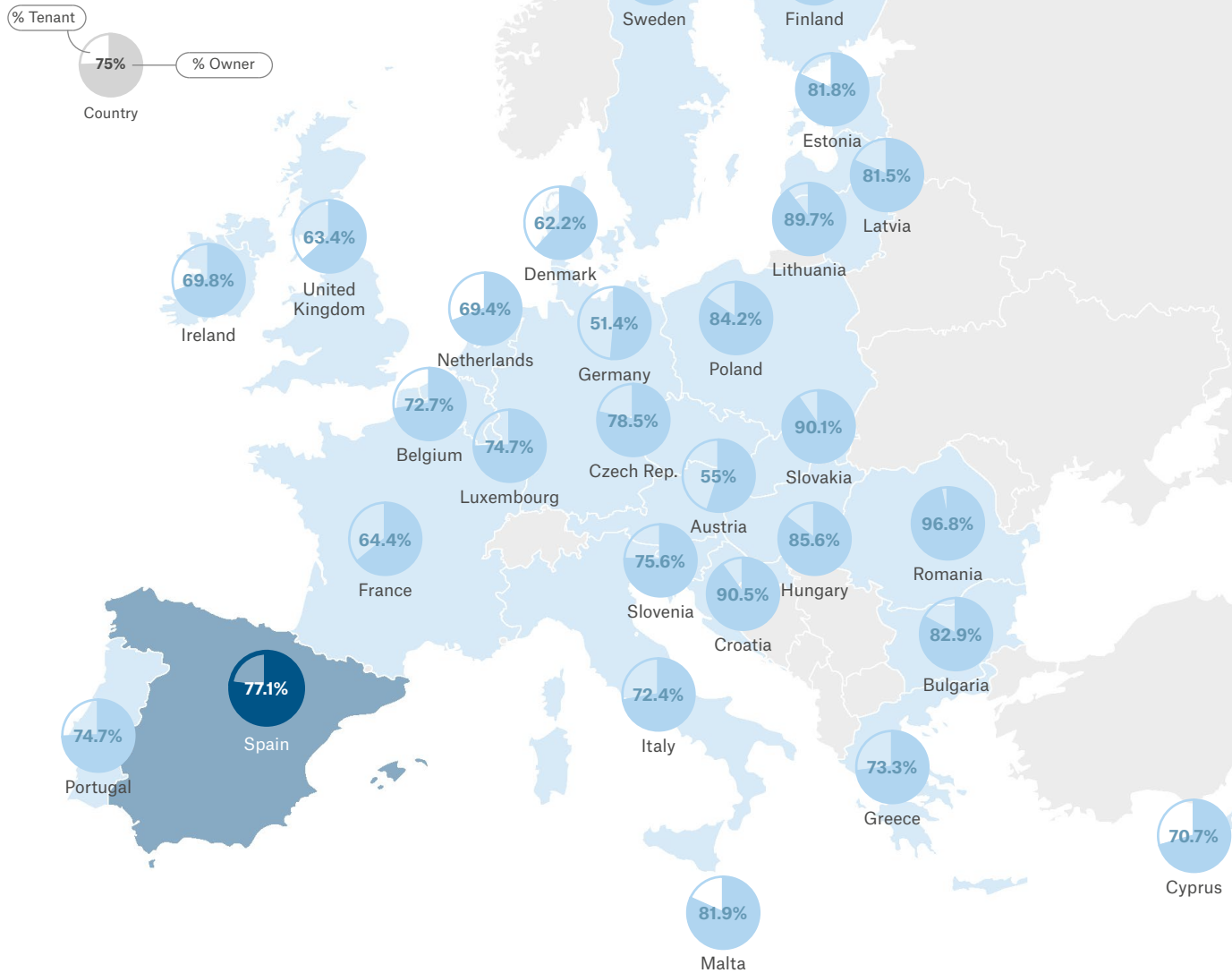
One of the reasons for the variation between European countries is the marked difference in types of home occupancy. According to Eurostat figures, 70% of the population in the EU-28 live in homes they own, though there is considerable disparity between countries, with percentages of around 50% in Austria and Germany and of over 90% in Croatia, Slovakia and Romania (Figure 10). One in four citizens in the EU own their homes but are still paying a mortgage on them, though the percentage of the population that this applies to varies from country to country, ranging from less than 15% in countries in eastern Europe and the Mediterranean, with the exception of Portugal (37%) and Spain (30%), to nearly 50% of the population in northern countries.

Figure 9. Type of home occupancy in the EU compared with Spain in 2017.



The indicator selected for comparing the challenge of access to housing is the cost of renting a home. An analysis of the values of this indicator in each country reveals the striking fact that there seems to be no clear relationship between the level of wealth and the prevalence of this problem, with various countries, Spain among them, that rank lower than would be expected given their GDP per capita. Spain particularly stands out in the European context: it occupies the lowest position in the ranking, both before the financial crisis and in recent times (Figures 11 and 12).

Figure 10. Type of home occupancy in EU countries in 2017.



Source: Drawn up in-house using data from the EU-SILC.

The figures for Ireland and the United Kingdom are for the year 2016.

Spain's position in an EU ranking of housing-related social needs (from best to worst)

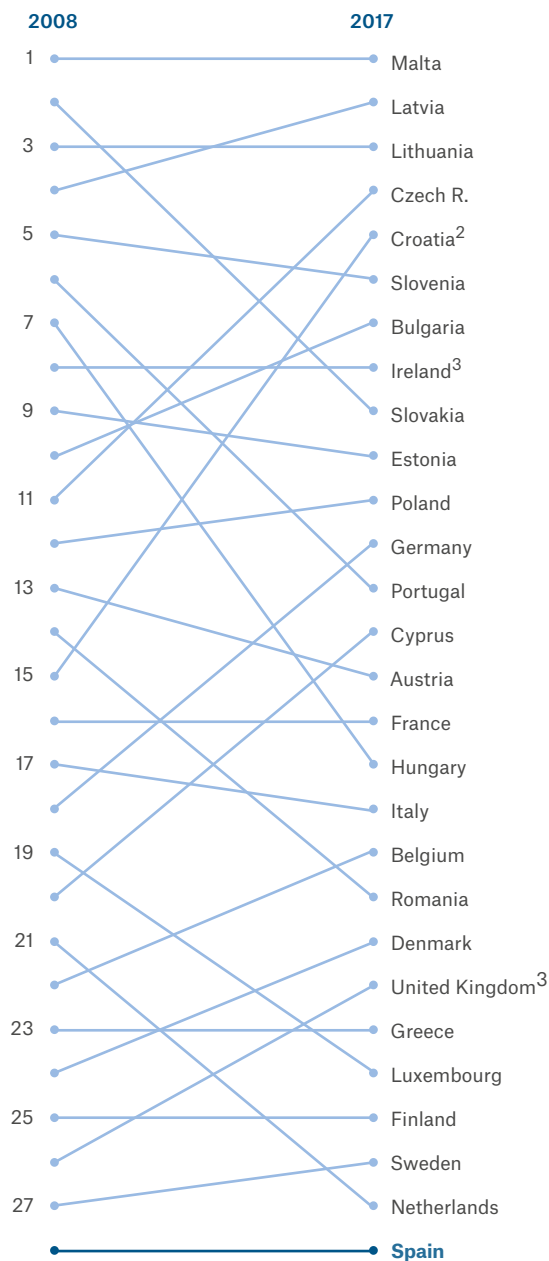
Figure 11. Per capita GDP (EU=100)¹

| | 2008 | | 2017 |
|--------------|------------|----------|-----------|
| Luxembourg | 262 | ↓ | 252 |
| Ireland | 134 | ↑ | 183 |
| Netherlands | 140 | ↓ | 128 |
| Austria | 125 | ↑ | 127 |
| Denmark | 125 | ↑ | 127 |
| Germany | 117 | ↑ | 123 |
| Sweden | 127 | ↓ | 121 |
| Belgium | 115 | ↑ | 117 |
| Finland | 121 | ↓ | 109 |
| UK | 110 | ↓ | 105 |
| France | 106 | ↓ | 104 |
| Italy | 106 | ↓ | 96 |
| Malta | 79 | ↑ | 95 |
| Spain | 101 | ↓ | 92 |
| Czech R. | 84 | ↑ | 88 |
| Cyprus | 105 | ↓ | 85 |
| Slovenia | 90 | ↓ | 84 |
| Estonia | 69 | ↑ | 79 |
| Lithuania | 63 | ↑ | 79 |
| Portugal | 81 | ↓ | 77 |
| Slovakia | 71 | ↑ | 77 |
| Poland | 55 | ↑ | 70 |
| Hungary | 63 | ↑ | 69 |
| Greece | 93 | ↓ | 68 |
| Latvia | 59 | ↑ | 67 |
| Romania | 51 | ↑ | 63 |
| Croatia | 63 | ↓ | 62 |
| Bulgaria | 43 | ↑ | 51 |

Source: Drawn up in-house based on the EU-SILC (Eurostat).

Notes: ¹ Per capita GDP in euros adjusted for parity in purchasing power.

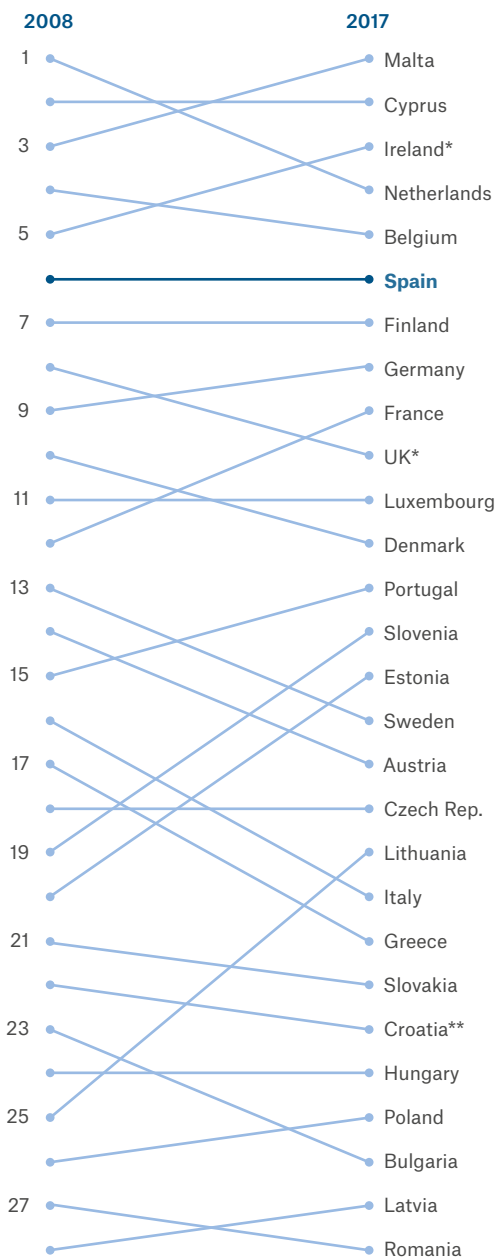
Figure 12. Cost of housing rental



Source: Drawn up in-house based on the EU-SILC (Eurostat).

Notes: ² The 2008 figure given for Croatia is from 2010. ³ The 2017 figures given for Ireland and the United Kingdom are from 2016.

Figure 13. Overcrowding
(from best to worst)



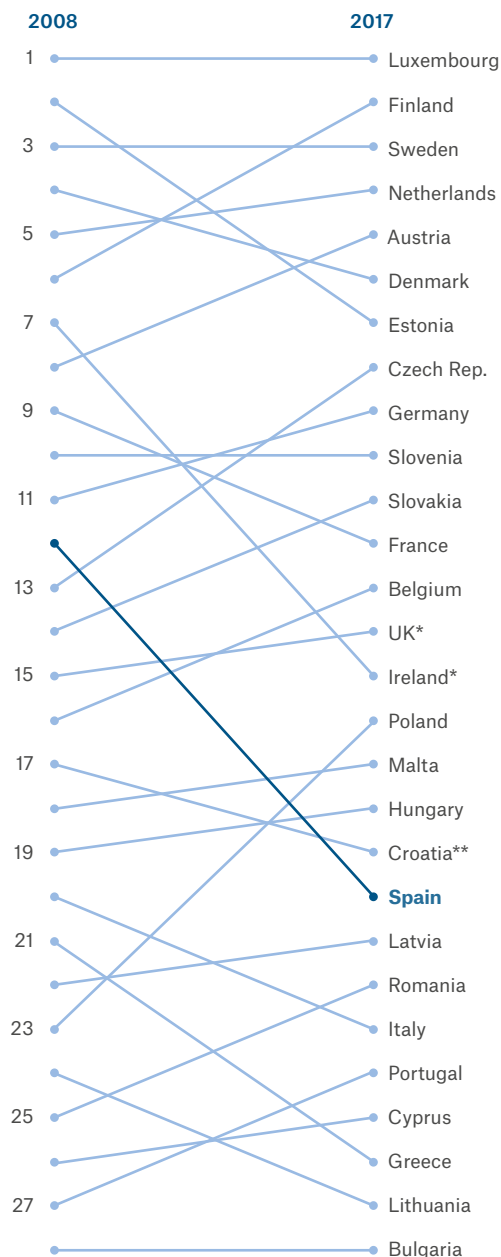
Source:
Drawn up in-house based on the EU-SILC (Eurostat).

Notes:

* The 2017 figures given for Ireland and the United Kingdom are from 2016.

** The 2008 figure given for Croatia is from 2010.

Figure 14. Poor thermal comfort
(from best to worst)



Source:
Drawn up in-house based on the EU-SILC (Eurostat).

PUBLIC POLICIES



The problems considered in the above sections and, in particular, the increased visibility they acquired during the financial crisis have placed the difficulties of ensuring access to this basic asset at the top of the political debate. The attention is drawn, however, to the fact that whereas in other countries social policies on housing have been on the political agenda for some time, in Spain there has been less political recognition of this social problem.

Access to housing, and the need for public decision-makers to intervene to make it universally available, is a right enshrined in the general legal frameworks of European countries. The EU Charter of Fundamental Rights (2000) establishes that the EU recognises and respects the right to social and housing assistance to ensure a decent existence for all those who lack sufficient resources, in accordance with the rules laid down by Community law and national laws and practices.

This general right is also included in the Magna Carta of most of the countries in the EU. In the case of Spain, the Constitution explicitly states that all Spaniards have a right to a decent and adequate home and that the public authorities must work to achieve the necessary conditions and establish the appropriate laws to enable this right to be fulfilled.

Housing policies are organised differently in each country. There are countries where regional authorities pursue most of the initiatives to facilitate access to this basic right. In other countries, it is the central government that leads public intervention in this sphere.

Governments have a range of options to ensure the fulfilment of these rights. These options can be grouped into two main types:

- Regulatory mechanisms: These facilitate a system of accessible prices by means of, for example, regulating land prices and rent levels.

- Budgetary mechanisms: These can generally be grouped into three core groups:

1.- Financial assistance: This is offered to households to enable them to access a home, be it purchased or rented. This type of transfer increases the choices open to beneficiaries, but it has also been criticised on the

grounds that it has an impact on housing prices by raising applicants' spending power.

2.- Subsidised housing: This is one of the most common types of intervention in European countries and may be public or private sector.

3.- Income tax incentives for homeowners and tenants: These have become one of the most widespread measures in Spain in recent decades. The main problem with this approach is the difficulty of meeting the housing-related needs of families on low incomes, since they generally do not benefit from assistance provided through personal income tax.

Figure 15. Public initiatives to promote access to home ownership.

a Tier of government: (Central=C, Regional=R, Municipal=M).

⊗ Policy not implemented in this context/country
 ⊙ Policy implemented in this context/country

| | Assistance solely for home purchases | Mortgage subsidies | Mortgage financing for over-indebted households | Tax incentives for home purchases | Other measures to support access to home ownership ^b | Housing benefit |
|--------------|--------------------------------------|--------------------|---|-----------------------------------|---|-----------------|
| Austria | ⊙ (C/R) ^a | ⊗ | ⊙ (C) | ⊙ (C/R) | ⊙ (C) | ⊙ (C) |
| Bulgaria | ⊗ | ⊗ | ⊗ | ⊗ | ⊗ | ⊙ (C) |
| Croatia | ⊗ | ⊙ (C) | ⊗ | ⊙ (R) | ⊙ (M) | ⊙ (C) |
| Czech Rep. | ⊗ | ⊙ (C) | ⊗ | ⊙ (C) | ⊗ | ⊙ (M/R) |
| Estonia | ⊙ (C) | ⊙ (C) | ⊗ | ⊙ (C) | ⊗ | ⊙ (C) |
| Finland | ⊗ | ⊙ (C) | ⊗ | ⊙ (C) | ⊙ (C) | ⊙ (M) |
| France | ⊗ | ⊙ (C) | ⊗ | ⊗ | ⊙ (C) | ⊙ (C) |
| Germany | ⊙ (R) | ⊙ (R) | ⊗ | ⊗ | ⊙ (M) | ⊙ (C) |
| Greece | ⊗ | ⊗ | ⊗ | ⊗ | ⊗ | ⊙ (C) |
| Hungary | ⊙ (C) | ⊙ (C) | ⊙ (C/M) | ⊙ (C) | ⊗ | ⊙ (C) |
| Ireland | ⊗ | ⊙ (M) | ⊙ (C) | ⊙ (C) | ⊗ | ⊙ (C) |
| Latvia | ⊗ | ⊙ (C) | ⊗ | ⊗ | ⊗ | ⊙ (C) |
| Lithuania | ⊗ | ⊙ (C) | ⊗ | ⊗ | ⊗ | ⊙ (M) |
| Luxembourg | ⊙ (C) | ⊙ (C) | ⊙ (C) | ⊙ (C) | ⊙ (C) | ⊙ (C/M) |
| Malta | ⊙ (C) | ⊗ | ⊗ | ⊙ (C) | ⊗ | ⊙ (C) |
| Netherlands | ⊗ | ⊙ (C/M) | ⊙ (C) | ⊙ (C) | ⊗ | ⊙ (C) |
| Poland | ⊗ | ⊙ (C) | ⊗ | ⊙ (C) | ⊙ (C) | ⊙ (M) |
| Portugal | ⊗ | ⊗ | ⊙ (C) | ⊙ (C) | ⊗ | ⊙ (C) |
| Romania | ⊗ | ⊗ | ⊗ | ⊗ | ⊗ | ⊗ |
| Slovakia | ⊗ | ⊙ (C) | ⊗ | ⊗ | ⊗ | ⊗ |
| Slovenia | ⊗ | ⊗ | ⊗ | ⊗ | ⊗ | ⊗ |
| Spain | ⊗ | ⊙ (C) | ⊗ | ⊙ (C) | ⊙ (R) | ⊙ (R) |
| Sweden | ⊗ | ⊙ (C) | ⊗ | ⊙ (C) | ⊗ | ⊙ (C) |
| UK | ⊙ (C) | ⊙ (C) | ⊗ | ⊗ | ⊙ (C) | ⊙ (C) |

Notes:

^b Includes various grants and tax incentives to support the development of new systems for accessing home ownership, such as shared ownership and rental contracts with the right to purchase.

Source:

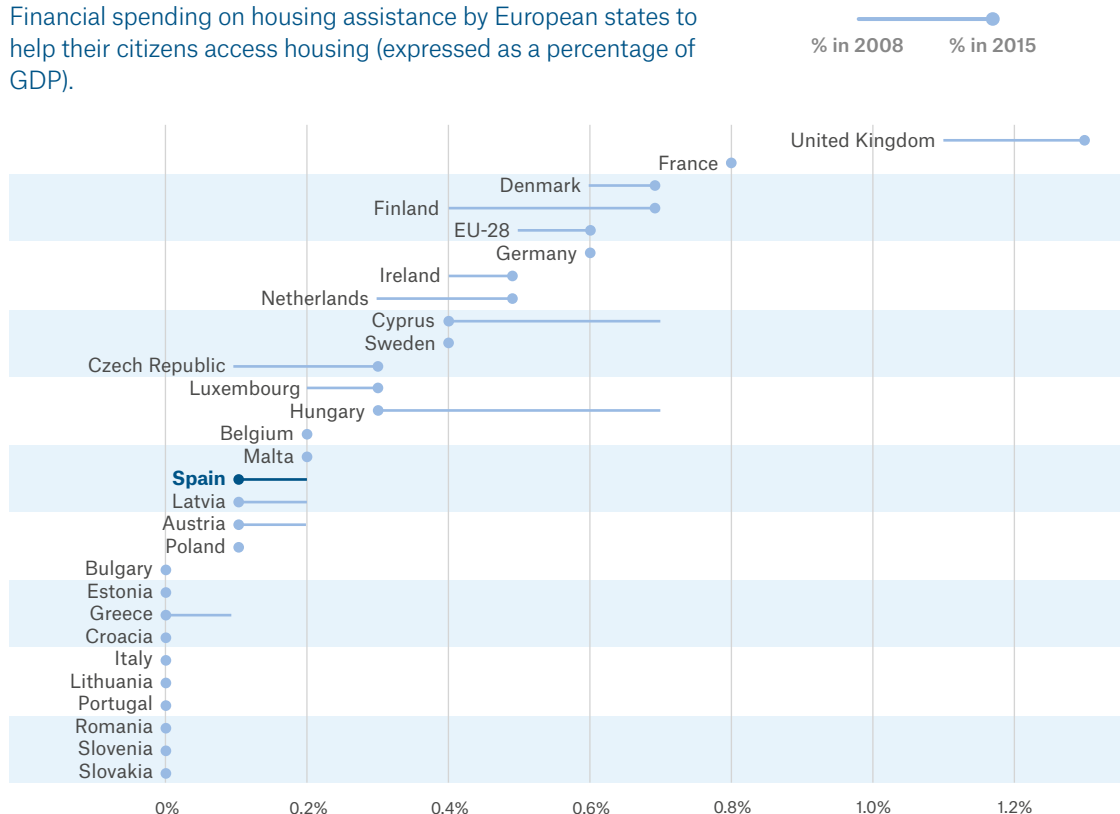
OECD Affordable Housing Database, 2016.

Spending on housing assistance

Most countries in the EU provide some kind of benefit to enable low-income families to cover the costs of maintaining or accessing a home. However, there are considerable differences in the investment of public resources that countries make and in the national trends in this spending. The United Kingdom, for example, invests far more than any other EU-28 country, with relative spending higher than 1.3% of GDP. The use of this instrument is also higher than the average in France and in most northern countries. In contrast, in countries in Eastern Europe, this type of assistance either does not exist or the spending levels are very low.

Figure 16. Housing assistance

Financial spending on housing assistance by European states to help their citizens access housing (expressed as a percentage of GDP).



Source:

Drawn up in-house based on ESSPROS data on expenditure and receipts (Eurostat).

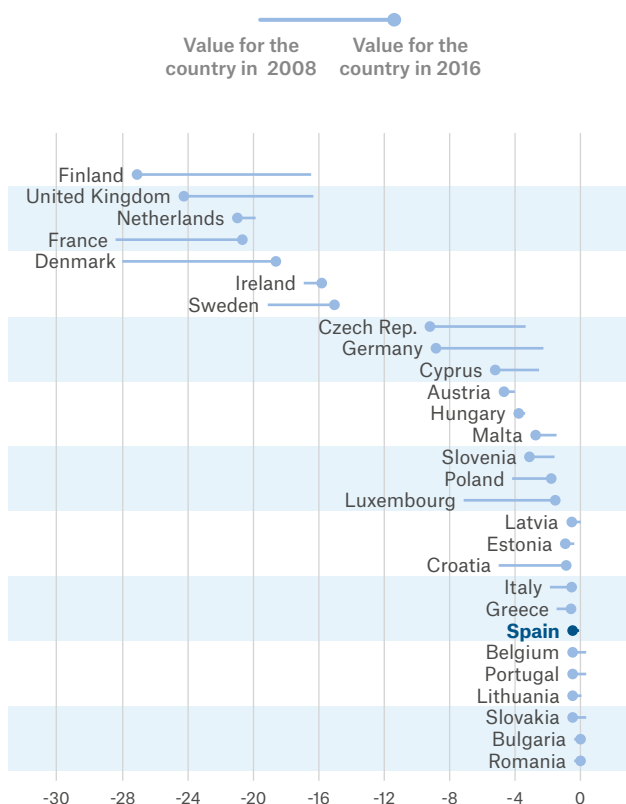
Spending on this type of assistance in Spain is considerably lower than the average of the EU-28 (less than half) and, unlike in most European countries, it fell during the financial crisis. The budgetary difficulties faced by autonomous community authorities (due to a sharp drop in tax revenues as a result of the fall in income levels and consumption) and the serious rise in the number of people facing problems as a consequence of inadequate income (causing rising demand for financial benefits) led to intense pressure on programmes for which spending was already very low even before the crisis began.

It is unsurprising then, given the circumstances, that the effect of these benefits and assistance is very low in Spain, one of the group of countries where the impact is lowest. Anglophone and northern European countries, as well as France, stand out once again as states where housing assistance has the greatest impact in reducing the poverty rate. In Finland, the United Kingdom, Netherlands and France, the difference between the rates of poverty without this type of assistance and with it included in households' disposable income is over 20%. This means that in these countries, this assistance has a major redistributive effect and it does indeed serve to remedy situations of poverty.

The effect in Spain is much lower than in the aforementioned countries (Spain occupies 22nd place in the ranking). In clear keeping with the cited reduction in spending, this effect fell, albeit slightly, in the period studied. Just 1% of the population receive this assistance – in northern countries, this figure is close to 15% – and the assistance per capita (total population) is less than 14 euros per year.

Figure 17. The effect on the poverty rate of housing assistance.

Reduction in poverty due to the assistance that European states gave in 2008 and 2016 to ensure their citizens were able to access a home. The effect is measured in accordance with the reduction in the poverty rate in each state.



Source:
Drawn up in-house based on the EU-SILC (Eurostat).

Subsidised housing

The second of the major instruments that help people to achieve their right to a home is policy on subsidised housing. Spain has traditionally opted for this kind of policy in preference to direct financial assistance. In recent decades, however, our country has leant more towards tax breaks for home purchases.

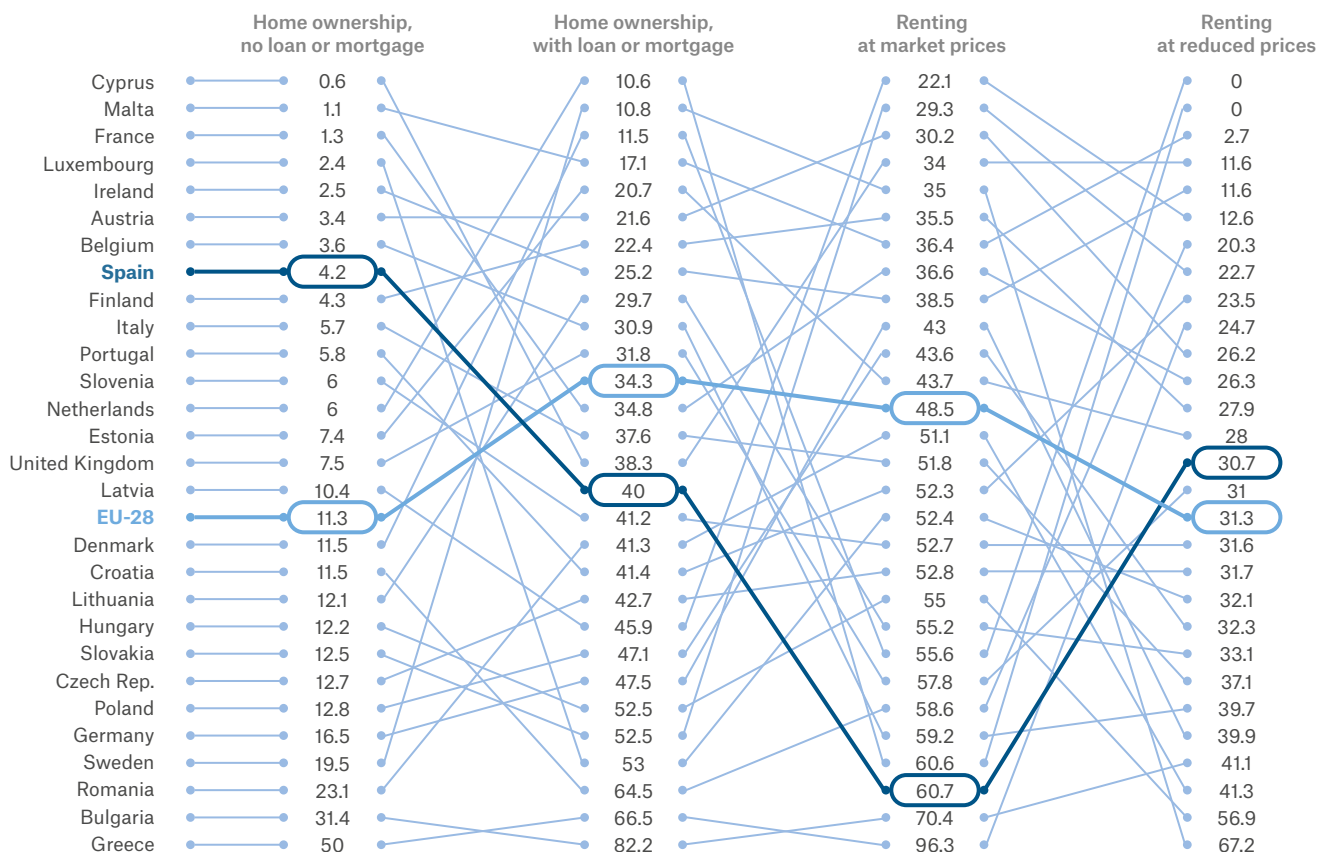
Encouraging access to home ownership by means of subsidised housing has had a major impact on other ways of meeting the social need for accommodation, with a rented housing market that is smaller and more

expensive than in other countries due to the short supply. Added to this is the limited tradition and spending on policies that aim to foster access to a home by means of renting.

The result, in practice, combined with factors mentioned in previous sections, is that Spain is the EU country where rent accounts for the highest proportion of households' disposable income and is, moreover, one of the three countries with the highest percentage of people bearing excessive rented housing costs.

Figure 18. When housing is a burden.

Percentage of people overburdened by rented housing costs. Households are overburdened when spending on housing (rent, payment of capital and interest on mortgages, utility bills, etc.) amounts to more than 30% of their disposable income.



Source: Drawn up in-house using data from the EU-SILC.

- Trilla and Bosch (2018) have identified four phases or periods in the evolution of subsidised housing in Spain.

- In the first period of growth in construction in Spain (1959-1965), subsidised housing amounted to as much as 70% of the total.

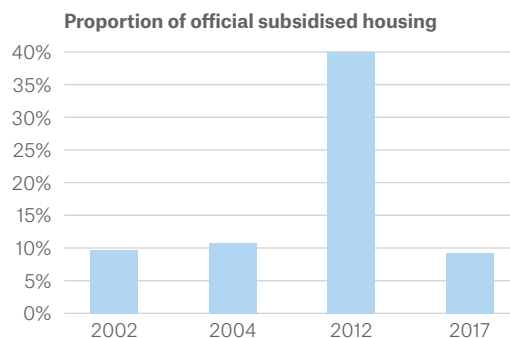
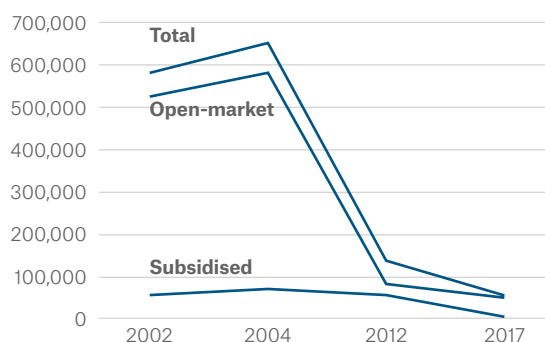
- In the years that followed up to 1981, there was a sharp decline in the volume of subsidised housing, which nevertheless still accounted for between 30% and 40% of all homes built.

- In the adjustment period of the first half of the 1980s, open-market and subsidised housing construction were almost the same.

- From the mid-1980s, the dramatic growth of the construction industry resulted in the declining importance of subsidised housing, which fell to below 20% of the total. This fall was also influenced by the increasing introduction of house purchase incentives, applied via the tax system, which became the dominant policy.

Ministry of Public Works statistics on new-build housing make it possible to draw a connection between the evolution in the past with the current situation. The figures show an ongoing fall in subsidised housing since the start of the financial crisis, to the extent that it has now reached historic lows. At the peak moments of the crisis, this type of housing once again accounted for a very high proportion of the total number of homes built despite the fall in the construction of new homes. As a result of the collapse of the sector, the construction of open-market housing fell to a volume seven times lower than before the downturn. In the economic recovery period, subsidised housing seems to have been abandoned as a housing policy instrument, with the lowest levels of construction since the 1950s.

Figure 19. Evolution in the construction of open-market and subsidised housing.



Source:
Drawn up in-house using Ministry of Public Works statistics on housing.

CONCLUSIONS

1 Housing as a right

Housing is one of the most important social needs and is essential for people to be able to lead a satisfactory life. Access to it should be guaranteed by any developed country, as recognised by the main charters of rights. In addition to guaranteed access to a home for the entire population, this home should also be of a decent standard to enable people to live in an adequate manner. Families also need to be able to meet their basic energy consumption requirements in order to prevent the negative impact that energy poverty has on people's health and the normal course of their lives.

2 The importance of the home

For many people, the price of housing is a major problem, as they have to spend a considerable percentage of their income on it. In the case of young people, the cost of housing prevents them from moving out of the parental home. Evidence of this is the fact that the number of years it would take a household to purchase a home, assuming that the household were to allocate all its disposable income to this, has stayed stable at around six ever since the height of the financial crisis. Moreover, indicators reveal that, broadly speaking, some of the most severe problems in achieving this right, such as the lack of an indoor bathroom or overcrowding, affect just a small proportion of the Spanish population.

3 The cost of housing

The cost of housing rose sharply in Spain during the boom period at the start of the century, which made accessing this fundamental asset more difficult. The climb in prices continued until 2008, when the financial crisis started. However, the recession also led to falling household incomes, greater difficulty in making agreed debt repayments, and a rise in the number of families evicted for non-payment of their rent or mortgage.

Over a fifth of citizens spend more than 30% of their income on housing. This percentage has remained relatively stable since the time of the most severe slowdown in the property market. In the light of these circumstances, it is not surprising that a very high proportion of citizens are of the view that the total cost of housing is a heavy burden for their households. In recent years, there has also been a rise in the cost of access to rented accommodation, a trend that is particularly detrimental for young people and immigrant families.

4 Housing problems

Virtually all Spanish households have basic sanitary installations in their homes and so their needs in this respect are met. However, many homes (between 15% and 20%) suffer from structural shortcomings or inadequate maintenance. Overcrowding does not seem to be a particularly prevalent problem, though there are cases in which it goes hand in hand with other failings in the home which, in some areas, can have a negative impact on health and social integration.

5 Energy poverty

Of all the social needs related to housing, one of the least known – though of growing importance in the eyes of the public and in political debate – is energy poverty. Despite the fact that in general this type of poverty is less prevalent in countries with higher per capita incomes, the indicators used to measure the extent of the problem reveal that it affects a not insignificant segment of Spanish households.

The problem came to the fore at the start of the financial crisis, as energy prices rose dramatically while family incomes were falling. The severity and length of the crisis meant that the percentage of the population affected almost doubled, whereas in other countries the indicator remained more stable. Consequently, Spain lost its advantageous position in terms of energy poverty in comparison with the European average, measured according to how difficult people find it to heat their homes. Spain is also notable for its extreme sensitivity to changes in the economic cycle.

The rise in energy poverty needs to be recognised and its causes addressed by more ambitious public policies than those we have today. To achieve this, the three origins of energy poverty must be taken into account: low family income, poor energy efficiency and the high cost of energy. It is important that we combat energy poverty due to its negative economic, social and health-related effects.

6 Overcrowding

The Spanish population is, comparatively, in a better position in terms of space in the home than other countries in the EU with higher incomes, though this assessment is highly conditioned by the indicator in question. Spanish families suffering overcrowding problems are few in number in comparison with the European average.

7 Low investment in public policies

The greater prevalence of some of the problems described may be connected with the limitations of the public housing policies in Spain. Among other public intervention measures concerning access to housing, spending on direct assistance in Spain is considerably lower than that of the EU-28 and, moreover, it fell during the financial crisis, in contrast with what happened in most European countries. These benefits are implemented and financed by autonomous community authorities, whose level of spending was already very low prior to the crisis and whose budgets were severely reduced due to the downturn in tax revenues and the need to meet the growing demand for income-support benefits. It is not surprising, given this low investment of resources, that the poverty-reducing effect of this assistance is far lower in Spain than in most European countries.

8 Subsidised and rented housing

Until tax breaks became widely implemented in the mid-1980s, subsidised housing was the main policy instrument supporting access to housing. One of the lasting effects of the encouragement of home ownership by means of fiscal incentives has been a rented housing market that is smaller and more expensive than in other countries. The disproportionate burden of housing costs in Spanish households that are renting is one of the highest in the European Union despite the fall in prices after the property bubble burst. Nevertheless, as occurs in other countries, subsidised housing can be an effective means to ensure universal access to this enshrined right of a decent home. However, the figures show a continuing fall in subsidised housing, beginning at the start of the crisis and culminating in the historic lows of today.

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