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Observatori
Metropolità
de l'Habitatge
de Barcelona

Barcelona City Council

Barcelona Metropolitan Area

Barcelona Provincial Council

Catalan Government

With the support of:
Association of Social Policy
Mangers in Housing

Collaborations

State of housing 2021.

Catalonia and Barcelona.

O-HBCOL

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Catalunya i Barcelona

Nota: s'entén per habitatge de lloguer social aquell en què l'import de la renda és inferior a la del mercat a causa de l'acció directa o indirecta de l'administració mitjançant alguns dels instruments de política d'habitatge establerts en la Llei 18/2007, de 28 de desembre, del dret a l'habitatge o en altres disposicions aprovades amb aquesta finalitat (art 4.1 de les Normes del PTSHC)

PARC D'HABITATGES DE LLOGUER SOCIAL A CATALUNYA **54.066**

2019

. Habitatges públics gestionats per l'AHC*	16.668
. Habitatges cedits gestionats per l'AHC*	3.772
. Habitatges d'ajuntaments i empreses públiques	15.615
. Habitatges del programa 60/40	90
. Habitatges captats a través de l'impost d'habitatges buits	7.007
. Xarxa de Mediació Social	8.424
. Xarxa d'Habitatges d'Inclusió	2.490

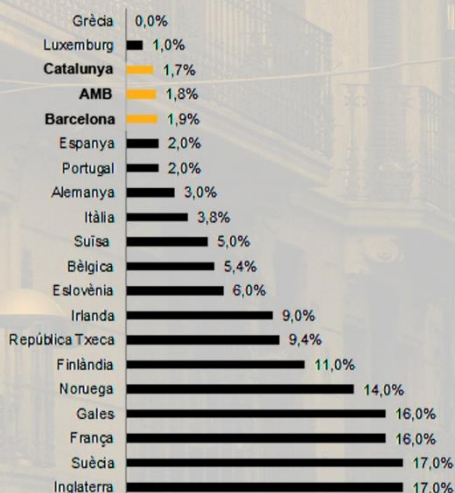
(*) Agència de l'Habitatge de Catalunya (AHC)

Parc d'habitatges de lloguer social respecte el total d'habitatges principals

1,7% CAT

1,9%
BCN

1,8%
AMB



Catalonia and Barcelona

Note: a social rental dwelling is one whose rent is lower than the established market rate as a result of the direct or indirect use by the public administration of the housing policy tools established by Law 18/2007, 28 December, of the Right to Housing, and other regulations approved with this purpose (Article 4.1 of the Catalan Territorial Housing Plan).

Rental housing stock in Catalonia in 2019	54,066
Public housing managed by the CHA*	16,668
Empty private housing managed by the CHA*	3,772
Housing belonging to town councils and public companies	15,615
Housing in Programme 60/40	90
Housing acquired via tax on empty properties	7,007
Social housing	8,424
Sheltered housing	2,490

*Catalan Housing Agency

Social rental housing stock as a proportion of all primary dwellings.

Greece

Luxemburg

Catalonia

BMA

Barcelona

Spain

Portugal

Germany

Italy

Switzerland

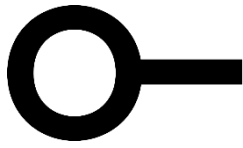
Belgium

Slovenia

Ireland

Czechia

Finland
Norway
Wales
France
Sweden
England



Presentation

In recent decades a deficit in available housing in our cities has become one of the most serious obstacles in many European countries preventing people from exercising their right to adequate housing. As a means of identifying the magnitude of this problem and of grasping the main actions undertaken and proposals put forward to solve this issue, the association *Housing Europe*¹ has for a number of years been publishing a biannual report, *State of housing in Europe*, that uses an index of shared variables to analyse the state of housing in all European countries.

Here, we adapt its most recent reports to Catalonia and Barcelona to generate a series of elements comparable at international level that will help diagnose the dynamics at work in housing and in the directions taken by public housing policy.

This document consists of four sections that mirror the structure of the report *State of Housing in Europe in 2021*². The first identifies the main socioeconomic dynamics operating in the housing and residential building market, while the second focuses its analysis on the measures aimed at supporting households living in rental accommodation. The third, via a quantification of public expenditure and the available stock of public rental properties, specifies some of the main indicators that illustrate how the crisis of access to housing has affected, above all, those who live in rental properties subject to market prices. In the final section we look forward to how some of the main possibilities – above all in terms of public investment – may be able to guarantee people's right to have a roof over their heads.

¹ The association *Housing Europe* consists of a federation of associations of promoters and providers of public, cooperative and social social housing that embraces 40 organisations from 22 European countries.

² <https://www.stateofhousing.eu/#p=1> [accessed 21/12/21]



The impact of the pandemic on households and the rental sector

The COVID-19 pandemic had a serious effect on many different dimensions of our society. The domestic lockdowns and the various public health measures implemented had a great impact on the world's economies in 2020, and the GDP of Catalonia, for example, fell by 11.5%. However, economic growth in Catalonia was positive during the second quarter of 2021 and the interquartile GDP increased by 3.3%³, with the prospect of an overall increase by 6.4% in 2021⁴ as a whole.

Unemployment rose to 13.9% in Catalonia in the fourth quarter of 2020⁵, 3.4 points above the figure for the same quarter in the previous year. Notwithstanding a fall to 12.3% in the second quarter of 2021, unemployment is still above pre-COVID levels despite the measures adopted to mitigate the social impact of the health crisis.

Due chiefly to the evolution of the economy and the labour market described above, it has been estimated that in 2020 the average monthly household income in Catalonia fell by 5.7%. The crisis hit above all the most vulnerable social groups and, for example, the rate of 'moderate poverty' in Catalonia is calculated to have risen from 19.5% in 2019 to 22.6–23% in 2020⁶.

In 2020 in the residential building sector there was a fall of 21.7% in the number of planning permissions granted in Catalonia; in the city of Barcelona, the impact of the pandemic was less severe and this figure only declined by 2%. In 2021 the number of planning permissions granted rose to pre-COVID levels, although it is important to remember that social housing still plays a relatively small part in the construction sector as a whole; Despite this, in 2020 the number of provisional classifications for social housing in Catalonia (1,943) did not continue to fall and in the city of Barcelona even rose to reach one of its highest-ever figures in recent years (595 dwellings).

After the fall in sales/purchases in 2020, the housing market and the number of rental agreements recovered in Catalonia and Barcelona, and in the second quarter of 2021 rose above pre-COVID levels. This increase in operations has not led to any significant increase in house prices and average rental prices have even dropped, above all in Barcelona. The main causes of this fall in

³ Source: Idescat, Economic indicators . <https://www.idescat.cat/indicadors/?id=conj&n=10231&tema=macro> [accessed 21/12/21]

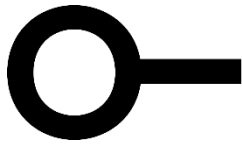
⁴ Source: Catalan Government. Ministry of Economy and Public Finances. Macroeconomic previsions. http://economia.gencat.cat/web/.content/70_economia_catalana/arxius/PM/21-10-PM-2021-2022.pdf [Accessed 21/12/21]

⁵ Source: INE, Labour force survey. https://www.ine.es/dyngs/INEbase/es/operacion.htm?c=Estadistica_C&cid=1254736176918&menu=resultados&idp=1254735976595#tabs-1254736195128 [consultat el 21/12/21]

⁶ The rate of moderate poverty is a relative indicator that analyses the percentage of the population that have an income that is below 60% of the median of the whole population. Source: Idescat, ECV-EU-SILC, 2019.

rental prices are probably linked to how COVID-19 affected (i) the demand from tourists, (ii) young people's age of emancipation (now later than ever) and (iii) the economies of poorer households, as well as (iv) the implementation of a system of rent containment in Catalonia from September 2020⁷ onwards.

⁷ Law 11/2020, 18 September, containing urgent measures designed to hold down prices rental contracts, and a modification of Laws 18/2007, 24/2015 and 4/2016 concerning the right to housing.



Measures of support for renters

The residential system in the Barcelona Metropolitan Area – and in Catalonia and Spain in general – is characterised by a very small social housing stock and low public spending on housing policies that is well below the European average. This structural deficit inevitably affects the capacity to respond to situations of residential vulnerability, ever more numerous and frequent in the rental sector in particular.

In light of this, and to complement other social policies already in force such as the promotion of social rents and the payment of housing benefit, the Catalan Parliament passed Law 11/2020, 18 September, containing urgent measures designed to hold down the prices of rents, and a modification of Laws 18/2007, 24/2015 and 4/2016 concerning the right to adequate housing. The aim of Law 11/2020 was to control price increases in private rental contracts for permanent residences.

This law is a one-off, temporary measure. To be eligible, areas/districts have to first be declared areas of 'housing concern'. Once declared, the starting rent of affected dwellings is bound by two thresholds: the reference price (defined according to an index generated from the register of deposits for rental dwellings in urban properties) for a dwelling of similar characteristics in the same area/district⁸; and, if the dwelling has been rented over the past five years, the rent cannot exceed the previous rent updated according to an index of competitiveness⁹.

It is worth remarking that the aim of this type of measure was neither to increase the supply of affordable housing nor to solve at a stroke all cases of residential vulnerability. Rather, given the structural weakness of our housing system, this urgent adoption of extraordinary measures for the housing sector by different levels of governance was essentially a response to the COVID-19 crisis whose principal target was the rental sector.

The laws passed by the Spanish state, which operates in a broader legal and financial framework, have been wide-ranging. Specifically, between Royal Decree-Law 6/2020, 10 March, and Royal Decree-Law 16/2021, 3 August, as many as nine further decree-laws were passed, along with three ministerial orders and two regulations, which in many cases were designed to extend, qualify or expand the content of previous legislation. In terms of rental housing, six principal measures were adopted: (i) the suspension of all expulsions, (ii) a moratorium on mortgages, (iii) the renewal of rental contracts, (iv) a moratorium on rental contracts, (v) easier access to credit and (vi) more housing benefits. It should be noted that these are not universal measures but, instead, are mainly selective instruments aimed at protecting vulnerable people that affect above all large property owners¹⁰ and public businesses and entities.

Some of the measures approved by the Spanish state were implemented in Catalonia through, amongst others, Resolution TES/1047/2020, 12 May, which set out the criteria for receiving benefit payments covering the rental of permanent dwellings and aimed to minimise the social and economic impact of the COVID-19 pandemic. Other measures adopted by the Catalan government included a moratorium on rental payments for properties owned by Catalan Housing

⁸ Source: <https://dogc.gencat.cat/ca/document-del-dogc/?documentId=881998> [accessed 21/12/21]

⁹ The index of competitiveness is an indicator related to the cost of living index with corrections to bring it into line with other European countries. See INE <https://www.ine.es/ss/Satellite?c=Page&pagename=ProductosYServicios%2FPYSLayout&cid=1259947704944&L=0> [accessed 21/12/21]

¹⁰ 'Large property owners' are those natural persons or legal entities that own more than 10 urban dwellings (excluding garages and storerooms) or own a constructed surface area of over 1,500 m².

Agency, and the payment in advance of housing benefits for people over 65 and female victims of domestic violence.

Between April and September 2020 Barcelona City Council waived the rent on its public housing stock and postponed mortgage repayments for its social housing properties. At the same time, through the Barcelona Municipal Institute of Housing and Restoration, the city council set up a programme of grants for vulnerable families renting dwellings via the Barcelona Housing Rental Scheme.

In a European context, these measures were similar to those implemented in other southern European countries such as Portugal and Italy, two countries in which public investment in social housing stock is also inadequate. By contrast, in the central and northern European countries such as Germany and France, where housing policies are more closely integrated into the welfare state and aim to solve cases of homelessness, no exceptional measures were considered to be required¹¹.



The need for a social rental sector

¹¹ See: Sender, M., Donat, C., Bosch, J., López, J., Gigling, M., Hernández, R., Arcarons, A., Rodríguez, I. & Trilla, C. (2021). *L'impacte de la COVID-19 en el sistema residencial de la metròpoli de Barcelona. 2020*. Barcelona Municipal Housing Observatory. www.ohb.cat [accessed 21/12/21].

One of the main factors behind the growing difficulties in obtaining and securing housing in Catalonia is the ever-increasing gap between people's incomes and the price of housing. In 2000–2020, the gross family income (GFI) in Barcelona increased by 43.5% at the same time as average rents rose by 136.3%, the price of used dwellings rose by 152.1% and the price of new homes rose by 177.8%. In terms of Catalonia as a whole, the GFI rose by 33.6% as average rental prices and prices of used and new dwellings rose, respectively, by 101.7%, 103.7% and 159.3%¹².

Although housing policy in Spain has traditionally been orientated towards purchase rather than renting (thereby converting property owning into the main form of occupancy of a primary residence), over the past two decades the number of households renting has increased significantly. In Catalonia, the percentage of households in rented accommodation is 26.8%, whilst in the city of Barcelona this figure is 38.4%¹³.

It is in these households that depend on rental property that the problems of obtaining and securing a home are most obvious. For example, in the city of Barcelona in 2018–2019, whilst housing costs were an excessive burden for 17.9% of the city's households, for renters this figure was almost double and reached 35.3%¹⁴. The data show that the number of renters with excessive rent burden in 2019–2020 increased by 37.5%.

Notwithstanding this increasing burden of housing costs, the overall social housing stock in Catalan is still very small. According to data in the Catalan Territorial Housing Plan, pending definitive approval since 26 October 2021¹⁵, there are 54,066 social rental dwellings in Catalonia, which represent just 1.7% of the overall housing stock; social rental dwellings represent 1.8% of the Barcelona Metropolitan Area stock and 1.9% of the city of Barcelona stock. This stock of social housing in Catalonia comes under an umbrella of various programmes and projects: social rental housing run by town councils and public enterprises (15,615), dwellings managed by the Catalan Housing Agency (16,668 public and 3,772 empty private properties), dwellings in the Programme 60/40 (90), dwellings acquired via the rent of empty buildings (7,007), and, finally, the network of social housing (8,424) and sheltered housing (2,490). These data suggest thus that this lack of social rental housing greatly affects the implementation of housing policies targeting low-income households.



Future perspectives

Together with the lack of social housing units, one of the other structural weaknesses in housing policy in Catalonia – and in Spain in general – is the lack of public investment in this sector. In 2000–2019 expenditure on social housing by public administrations in Spain was situated at around 0.06% of the GDP, while the average for the 28 EU countries was 0.5% of the GDP. Likewise, investment in housing development and promotion reached 0.2% of the GDP in Spain

¹² Source: Barcelona Metropolitan Housing Observatory taken from: RFDB (2000–2017), Idescat; RFDB (2018, 2019 and 2020), Barcelona Provincial Council's Service of Municipal Economic Information; average house price, Urban and Territorial Agenda Secretariat, based on data from Col·legi de Registradors de Catalunya; average rental price, Urban and Territorial Agenda Secretariat, based on deposits placed with INCASOL.

¹³ Source: INE, Life Conditions Survey (2020); Idescat and IERMB, Metropolitan Life Conditions Statistics (2018–2019).

¹⁴ v: Idescat and IERMB, Estadístiques Metropolitanas de Condicions de Vida (2018-2019 i (2019-2020).

¹⁵ DOGC 8530. <https://dogc.gencat.cat/ca/document-del-dogc/?documentId=912955> [accessed 21/12/21]

but reached on average 0.3% in the other European countries¹⁶. It should be noted, nevertheless, that much of this investment is channelled towards grants for buying subsidised housing, which has hampered the consolidation of a stock of social housing.

Since 2020 and continuing up to the present day, there has been a notable increase in public spending on housing thanks, largely, to funding designed to mitigate the social effects of the pandemic and to the EU's Next Generation funds. In the latter case, the Programme of Construction of Social Rental Housing in Energetically Sustainable Buildings includes €1,000 million designed to fund the construction of approximately 20,000 dwellings.

The financial provisions for the Spanish state in 2022 allocate €3,290 million to housing policies, seven times more than in the budget for 2018¹⁷. The investment foreseen for 2022 incorporates, aside from the European funds mentioned above, all the different programmes included in the State Housing Plan.

The budget of the Catalan Government for 2022 allocates €769.7 million (386.7 of which from Next Generation funds) for spending on housing, approximately double the figure for 2020¹⁸. Via the promotion of new constructions and the purchase of buildings the aim is to increase the public housing stock by 3,300 units¹⁹.

In combination with the increase in both state and regional spending, i.e. the two administrative levels with the most wide-ranging jurisdiction and greatest economic capacity, we should also highlight the financial efforts made by Barcelona City Council as part of the development of its *Right to Housing Plan* in 2016–2025. Looking ahead, by the end of 2021 there were 31 construction projects underway or about to be started that will increase the number of affordable dwellings in Barcelona by 2,115 via a total municipal investment of around €300 million²⁰. To compare, the housing stock managed by the Barcelona Municipal Institute of Housing and Renovation in 2016 consisted of 7,642 dwellings²¹. To this increase in available housing we should add dwellings obtained via programmes to reclaim empty properties or through the acquisition of existing dwellings.

Come what may, as has often been stated, to confront the difficulties associated with the access to and permanence in housing, any increase in public spending on housing must take place in a sustained fashion over a long period of time. As a reference, the Catalan Territorial Sectorial Housing Plan calculated that 355,000 households will be excluded from the housing market over the following 15 years (2022–2037). To guarantee that all these households have access to new housing, it would be necessary to increase the affordable new housing stock by 220,000 units, acquire 72,000 more from the existing stock and then complement this process with 63,000 direct grants to help pay the rents

These figures underline how the investment in coming years – fundamentally from European funds – will require a continuity in both the various programmes that form part of the State Housing Plan 2022–2025 and in the complementary housing benefits paid by other administrative bodies.

¹⁶ Source: Eurostat. General government expenditure by function (COFOG) https://ec.europa.eu/eurostat/databrowser/product/view/GOV_10A_EXP?lang=en [accessed 21/01/21]

¹⁷ Source: Ministry of Transport, Mobility and Urban Agenda. Press conference. <https://www.mitma.gob.es/el-ministerio/sala-de-prensa/noticias/ue-11112021-1200> [accessed 21/12/21]

¹⁸ Source: Catalan Government 2022 budget. http://aplicacions.economia.gencat.cat/wpres/2022/03_projecte.htm [accessed 21/12/21]

¹⁹ Source: Catalan Government. Press release. <https://govern.cat/salaprensa/notes-premsa/415397/govern-aprova-projecte-pessupostos-generalitat-catalunya-al-2022> [accessed 21/12/21]

²⁰ Source: Barcelona City Council. Press release. <https://ajuntament.barcelona.cat/premsa/2022/02/24/comencen-les-obres-dilla-glories-la-promocio-municipal-dhabitatge-public-mes-important-amb-238-pisos/> [accessed 24/02/22]

²¹ Source: Barcelona City Council. Overview (2019) of the Barcelona Right to Housing Plan 2016-2025. <https://www.habitatge.barcelona/ca/estrategia/pla-dret-habitatge> [accessed 21/12/21]

Thus, one of the great future challenges, which derives from the management of the 2008 financial crisis, is how to increase the stock of social rental housing on the basis of the social portfolio of stock owned by the company set up to restructure the troubled assets of rescued banks (the so-called 'bad bank').

The financial effort carried out by all the public administrations will have to be accompanied by other tools aimed at fomenting cooperation with the private sector and non-profit organisations. Thus, despite the urgent measures implemented in recent years in Catalonia, despite the moderation in average rental prices that has occurred since 2020, and despite the legislative action and exceptional measures approved during the pandemic, the increase in the number of people excluded from adequate housing has not stopped growing. For example, more legal eviction processes have been initiated than before the pandemic²².

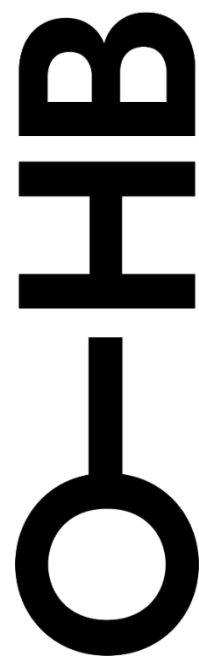
This trend will need to be tackled quickly when the exceptional measures approved during the pandemic come to an end as, otherwise, the problem of housing exclusion could worsen. A possible solution is the proposed law presented in June 2021 to the Catalan Parliament by the promoters of Law 24/2015, which includes measures that will ensure that the housing stock of large property owners can play a social role in the event of cases of vulnerability²³.

Finally, when looking to the future, it is important to bear in mind the Spanish Law for the Right to Housing that is currently being drawn up by the Spanish government as part of the agreements reached with its coalition partners. This legislation will affect highly relevant issues in an attempt to guarantee the constitutional right to adequate housing. Some of its most important aspects include the indefinite classification of protected housing, a more exact definition of the rights and obligations of the social functions of housing, the establishment of control mechanisms and rent reduction, greater involvement by judicial bodies when it comes to revising the cases of vulnerable households threatened by eviction, the promotion of social housing, and the implication of the private sector and non-profit and other organisations in the generation of sustainable housing stock.

In conclusion, within the context of the structural deficit in public investment in housing, the investment by the European Union aimed at tackling the COVID-19 crisis has – fortunately – also benefitted the housing sector, which means that the resources spent over the next few years to implementing structural measures aimed at increasing the affordable housing stock will rise. The consolidation of the financing of these policies on and beyond the Next Generation programme, as well as the final content and degree of implementation of the state's Right to Housing law and, finally, the consolidation of these policies with investment and innovative tools designed by the Catalan government and Barcelona City Council, will all have an enormous impact on the future of housing in Catalonia.

²² Source: Consejo General del Poder Judicial. See: Sender, M., Donat, C., Bosch, J., López, J., Gigling, M., Hernández, R., Arcarons, A., Rodríguez, I., & Trilla, C. (2021). *L'impacte de la COVID-19 en el sistema residencial de la metròpoli de Barcelona. 2020*. Barcelona Municipal Housing Observatory. www.ohb.cat [accessed 21/12/21]

²³ See the webpage of the group promoting this law: <https://ilphabitatge.cat/nou-pas-important-pel-dret-a-lhabitatge-es-reactiva-el-compte-enrere-per-recuperar-les-mesures-antidesnonaments-anullades-pel-constitucional/> [accessed 21/12/21].



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