



European Construction Sector Observatory

Policy measure fact sheet

Spain

Plan Estatal de Vivienda (State Housing Plan)

Thematic Objectives 1 & 3

November 2015

Implementing body:	Ministry of Public Works – Secretary for Architecture, Housing and Land
Key features & objectives:	State plan using different support measures to promote rental housing, energy efficient building renovations and urban renewal
Implementation date:	April 2013 – December 2016
Targeted beneficiaries:	Households (homeowners and tenants), Low income families, Construction sector companies, Specialised services, Not for profits, Public sector.
Targeted sub-sectors:	Rental housing, Urban planning, Construction, Energy efficiency
Budget (EUR):	€2.311 Million

In a nutshell

Spain has a residential housing stock of more than 25 million homes (houses, apartments)¹. 15 million are at least 30 years old and almost 6 million are over 50 years old². IDAE estimates that 2 million homes are poorly conserved³. According to the Government, there are also 4 million buildings with more than four floors that are without a lift, ramp or stairlift⁴. 60% of buildings were built without complying with any energy regulations and they account for 17% of Spain's energy consumption. In addition, greenhouse gas emissions from buildings have grown by 20% since 1990 and 38% of citizens experience problems due to their homes being poorly insulated⁵.

Homeownership accounts for 83% of the Spanish Housing Market. The rental market accounts for just 17%⁶. The financial downturn has created an unfavourable housing market for most sectors of society, with factors such as an unstable labour market and limited access to finance making it harder for people to access the housing market. There is a need to strike a balance between the construction of new buildings and the development of an attractive rental market. A balanced approach would help to reactivate the construction sector, generate employment, achieve cost savings and improve energy efficiency, in line with European Directives. The Government has

therefore set a target to adapt the support system to social needs and limited resources⁷.

The biggest initiative⁸ implemented in recent years to reactivate the construction sector⁹ is the State Housing Plan 2013-2016¹⁰, which has a budget of €71 million to be allocated in two annuities in the form of grants and funding for rental housing, building renovations and urban renewal. Autonomous Regions and the cities of Ceuta and Melilla have also established additional measures in their own regions.

Historically, the use of public funds to support free and protected housing has had significant impact, and almost all stakeholders agree that the measures within the State Housing Plan that address this need are necessary. However, there is some criticism directed at the measures relating to building renovations and urban renewal. Poor management of grants by some regions, the delay in implementing the Plan¹¹, the financial and regulatory fragility of the Plan, and the slow award process, are just some of the criticisms that stakeholders raise. Consequently, the measures have failed to create the impact that stakeholders expected and have not significantly improved the construction sector.

General description

The State Housing Plan was launched in April 2013 to drive the development of rental housing, building renovations and urban renewal between 2013 and 2016. The Plan is part of a new type of housing policy articulated through the adoption of two laws¹². The plan is funded by the Directorate General of Architecture, Housing and Land (€2,311 million) and the Autonomous Regions (€216 million). The total public investment is €2,527 million. Cooperation between the Regions and the Ministry of Development is formalised through agreements¹³. As a new element in this Plan, private sector initiatives are encouraged to participate through different types of agreements and contracts.

The scheme is designed to work alongside other financing options.

- ICO for Companies and Entrepreneurs 2015 for home renovations. The maximum amount is up to € 12.5 million;

- IDAE: Comprehensive programme of aid to projects for energy saving and efficiency in buildings. Funding of €100 million supports grants of up to 20% and repayable loans;
- Project Clima: Purchase of credits for verified CO2 reductions in the housing sector;
- PAREER-CRECE: Specific grant and funding programme for energy efficient renovations of existing buildings.

The objectives of the Plan are to:

- Facilitate access to housing for population groups with few resources;
- Support rental housing as an appropriate 'access to housing' route, especially for those who have lower levels of income;
- Encourage building renovations and urban regeneration and renewal, to improve the quality of housing;
- Improve energy efficiency in buildings and cities to improve quality of life, and help to achieve energy savings, lower energy consumption and the fulfilment of the Europe 2020 Strategy.

To achieve its objectives, the Plan is structured into the following programmes and measures¹⁴:

1. Agreed loan subsidies: Maintenance of aid granted in previous housing plans;
2. Rental Housing Assistance: Up to 40% of the annual rent with a maximum of €2,400;
3. Promotion of public rental housing stock: Up to €250 per useful m2 of housing, up to 30% of the cost of the building with a maximum of €22,500 per home;
4. Promotion of building renovations: Up to 35% or 50% of the eligible costs of the action, with a maximum of up to €11,000 per house or 100m2;
5. Promoting regeneration and urban renewal: Up to 35% of the eligible cost of action, up to €11,000;
6. Support for the implementation of the buildings evaluation report: €20 per household, with a maximum of €500 per building and 50% of the cost of the report;
7. Promoting sustainable and competitive cities: Up to 40% of the eligible cost of the action;
8. Support for the implementation and management of the Plan: Basic financing conditions for the creation and maintenance of computer systems.

The aid is aimed at those who may be rental promoters, ie government, public agencies, foundations and declared of public utility associations, NGOs and private companies with surface rights, homeowners and building owners.

Achieved or expected results

The Plan is very ambitious and stakeholder expectations are high. The Government is positive about the results so far, though stakeholders have been critical.

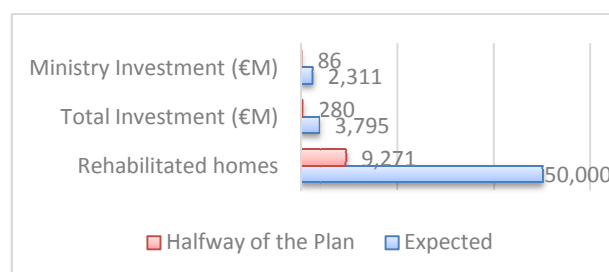
On top of the €2,527 million being made available by the Government and the Regions¹⁵, the Government is also seeking €1,268 million in private investment, in particular to support the renovation and construction of housing for rent. This raises the total investment to €3,795 million. Private investment is calculated on a public investment of 35% of the cost of works. Every million euros invested in renovations should generate 18 jobs.

The Government expects the Plan to award 200,000 rental housing support grants (the figure was 80,000 at the end of the previous plan) and 230,000 grant subsidies, to support the renovation of 50,000 homes, and to create 36,000 new jobs in 3 years. The Ministry estimates¹⁶ that "each €1,000 awarded to directly support renovation work has the potential to generate a productive investment of €3,300¹⁷ ... and the number of jobs could reach 105,000", if one adds private investment (which does not reach 30%) to state investment.

Expected results are also forecast by the Spanish Confederation of Employers' Organisations (CEOE), which is participating in the preparation of the measures. CEOE proposes four possible scenarios¹⁸. The "baseline scenario" features a public contribution of only 25%. The other three scenarios feature a public contribution of 30%, 40% and 50% respectively. In the baseline scenario, it is estimated that a public investment of €6.855 million could help to mobilise €20,979 million in private investment by 2020 and create or maintain 142,845 jobs (14.3% of all of the current workers affiliated in the sector).

Midway through the Plan's implementation period and almost a year after its approval by the Council of Ministers¹⁹, the Government announced²⁰ that it had signed 109 agreements with regional authorities pursuant to the Plan. The agreements target the restoration of 9,271 [non-rental] homes, as well as the renovation of 1,609 rental homes and the construction of 113 new rental homes. A total investment of €280.19 million is funding work on a total of 10,993 homes. The Government is contributing €85.85 million to that fund.

Figure 1: Expected and achieved results (to 2015)



Source: Ministry of Development

Through the Directorate General for Architecture, Housing and Land, the Government is also working on the design of a Long-Term Strategy for Energy Renovation in the Spanish Building Sector²¹. This is a follow up action that aims to mobilise investment for the renovation of public and private residential building stock in

accordance with Article 4 of Directive 2012/27 EU on energy efficiency. The strategy includes an assessment of the Spanish housing stock and a definition of the best approaches for renewal, and it identifies which policies and stimulus measures are most profitable; all with a future perspective.

Perspectives and lessons learned

The plan includes various programmes and it would not be fair to make a general assessment without measuring the extent to which their sub-measures have succeeded or not. Though the general consensus of stakeholders is that they expected more from the new Housing Plan, there have been significant differences in both management and application of the Plan, depending on the management of the different Regions. Another point of criticism is the slow implementation of the Plan. The planned three year implementation period (2013-2016) has in reality only been 2.5 years, due to delays at the start. Consequently, the forecast is that the Plan will not have utilised its budget allocation by 2016. In addition, in a country where the Regions are responsible for urban planning, many suggest that a single approach will make things easier, simpler and more standardised, making the Plan more attractive.

From a **consumer perspective**, the Association of Public Housing & Land Developers (AVS) identifies delays in the execution and signing of agreements with the Regions, and problems with communicating and publicising the plan, as the main problems with the measure. The application process has been slow to get going as a result. The lack of communication between consumers and authorities suggests that the creation of a one-stop-shop on building/energy renovation might be a good idea. The measure mainly promotes renovation with a focus on accessibility and conservation, with less focus on energy efficiency renovations, which was one of the highlights of the plan, established in new legislation and requested by Europe. The last factor to mention is the difficulty in accessing credit that is a pre-requisite for an application to such measures. For others, such as the Confederation of Housing Communities (CONCOVI), the measures have been successful. Only the slowness of their implementation and the issue of delegation to the Regions have reduced the success of the measures, though not too significantly.

From a **specialised services** perspective, the Green Building Council Spain (GBCe) believes that the measure has successfully delivered the required improvements in a process of change from new builds to building renovations, though implementation has been slow. GBCe argues that funds have mainly been used for conservation and accessibility rather than energy efficient renovations. They also say that many potential applicants were dissuaded from applying due to the uncertainty about whether annual funding would be available to annual calls. Both the LaCasaQueAhorra association and GBCe agree that management by the Regions makes it difficult to measure the success of the Plan at national level. They argue that in most Regions, success has not been as expected and has not significantly benefited companies in the building sector. LaCasaQueAhorra questions the

appropriateness of the Plan's regulatory framework and complains that the civil servants managing the Plan lack both the necessary knowledge and up-to-date information to do their job.

From a **government perspective**, the measure has been successful thus far and has achieved some of the expected results, though there are differences from one Region to another. Some Regions have signed agreements quickly but others have shown more reluctance to sign agreements. The Madrid Region, for example, was the last region to sign up to the Plan. The main reasons cited were the delays associated with the Plan, the fact that funding is no longer provided in advance (as with previous Plans), and because the Region did not want to agree to a new payment process for a new Plan before the previous Plan's accounts were closed²².

From an **industry perspective**, the National Construction Confederation (CNC) says that success depends on what the Regions have carried out, but that most have not been as successful as expected. The urban regeneration measure was the most relevant to CNC members, but the measures it involved were not deemed sufficient to enable industry to take advantage of the Plan's expected impacts. CNC suggest that greater uniformity and the provision of building renovation offices that are closer to beneficiaries might have improved implementation.

The Spanish Confederation of Employers' Organizations (CEOE) believe that the creation of a single window and application of soft loans have helped the Plan by facilitating access to funding²³. In fact, they suggested the adoption of the UK's Green Deal model, under which companies offer to finance energy efficiency home improvement work and then recoup their investment by adding a special charge to a householder's electricity bill.

The General Union of Workers (UGT) points to the Plan's current results being lower than expected²⁴. UGT would like to see the Government collaborate with social partners to develop and implement a truly integrated State Housing and Building Renovation Plan²⁵ that delivers a real "Renovation Strategy". The measures need to be clearer, more transparent, better publicised and easier to understand.

According to Workers Commissions (CCOO), the Plan and its measures were initially well received; however they have subsequently voiced their concerns about the slow implementation process – it was still pending in March 2015, despite the Plan being approved nearly two years earlier²⁶. They recommend that implementation of planned activities be accelerated and that specific funding mechanisms be established to enable improvement work to be carried out in poorly conserved homes, as they are mostly inhabited by people that are on lower incomes and that are more affected by energy poverty²⁷.

Endnotes

- ¹ <http://www.idae.es/index.php/id.322/mod.noticias/mem.detalle>
- ² http://www.tinsa.es/np-files/1/down/extended_papers/01_EXTENDED_Plan_de_vivienda_2_013-2016_ok.pdf
- ³ http://economia.elpais.com/economia/2013/04/11/actualidad/1365675315_987897.html
- ⁴ <http://www.idae.es/index.php/id.322/mod.noticias/mem.detalle>
http://economia.elpais.com/economia/2013/04/11/actualidad/1365675315_987897.html
- ⁵ http://economia.elpais.com/economia/2013/04/11/actualidad/1365675315_987897.html
- ⁶ In Europe, the split is different: property ownership (62%) and renting (38%).
http://www.tinsa.es/np-files/1/down/extended_papers/01_EXTENDED_Plan_de_vivienda_2_013-2016_ok.pdf
- ⁷ Government action is defined in successive housing plans: 1981-1983 (Real Decreto 2455/1980, de 7 de noviembre); 1984-1987 (Real Decreto 3280/1983, de 14 de diciembre); 1988-1992 (Real Decreto 1494/1987, de 4 de diciembre); 1992-1995 (Real Decreto 1932/1991; de 20 de diciembre); 1996-1999 (Real Decreto 2190/1995; de 28 de diciembre); 1998-2001 (Real Decreto 1186/1998, de 12 de junio); 2002-2005 (Real Decreto 1/2002, de 11 de enero); 2005-2008 (Real Decreto 801/2005, de 1 de julio); y 2009-2012 (Plan Estatal de Vivienda y Rehabilitación 2009-2012, aprobado mediante Real Decreto 2066/2008, de 12 de diciembre).
<http://www.boe.es/boe/dias/2013/04/10/pdfs/BOE-A-2013-3780.pdf>
- ⁸ <http://www.fevymar.com/electroeficiencia/index.php?d=secciones&sec=4&n=4422>
- ⁹ The Ministry for Economy, Luis de Guindos, says that the Ministry for Development has implemented the National Plan for Household Renovations, with a budget of €2,300 million, indicating that the best housing policy is one that grows the economy and creates employment.
<http://noticias.spainhouses.net/2014/09/la-rehabilitacion-plan-para-crear-hasta-212-300-empleos-en-la-construccion/>
- ¹⁰ <http://www.boe.es/boe/dias/2013/04/10/pdfs/BOE-A-2013-3780.pdf>
- ¹¹ Following the publication of the action lines in the State Housing Plan 2013-2016, it has taken 1.5 years to finance the first actions.
http://cincodias.com/cincodias/2014/11/21/economia/141658794_0_690534.html
- ¹² Regarding building renovations and urban renewal, introduced into law in April 2013 with the approval of the Council of Ministers.
http://www.tinsa.es/np-files/1/down/extended_papers/01_EXTENDED_Plan_de_vivienda_2_013-2016_ok.pdf7
- ¹³ They determine annual financing amounts, co-financing and management agreements, monitoring and control mechanisms, estimates of the number of actions to finance.
The Council of Ministries authorise the maximum figures for state spending. Financing is provided in annual payments out of the State's general budget, irrespective of the contributions from the Regions and local corporations. The Development Ministry then transfers the funding in the manner and timing stipulated in the agreement.
- ¹⁴ http://transparencia.gob.es/en/buscar/contenido/planesmenores/PLANES_E0493360212396
- ¹⁵ The plan is funded by the Directorate General of Architecture, Housing and Land (€2,311 million) and the Autonomous Regions (€216 million).
- ¹⁶ http://economia.elpais.com/economia/2013/04/11/actualidad/1365675315_987897.html
- ¹⁷ According to the experts that have worked on the document, the proposal is conservative, because it is based on GTR figures and the report by Peter Swetman and Albert Cuchí, which forecasts that every million Euros invested in renovation could create 18 new jobs. Other studies however predict that the same investment could actually help to create 50 new jobs.
<http://noticias.spainhouses.net/2014/09/la-rehabilitacion-plan-para-crear-hasta-212-300-empleos-en-la-construccion/>
- ¹⁸ <http://noticias.spainhouses.net/2014/09/la-rehabilitacion-plan-para-crear-hasta-212-300-empleos-en-la-construccion/>
- ¹⁹ <http://www.terraminium.com/noticias/noticia/43>
- ²⁰ http://www.fomento.gob.es/MFOM/LANG_CASTELLANO/GABINETE_COMUNICACION/NOTICIAS1/2015/Mayo/150505-02.htm
- ²¹ http://www.fomento.gob.es/MFOM/LANG_CASTELLANO/PLANES/ELPRESEESP/
- ²² http://cincodias.com/cincodias/2015/03/16/economia/142652627_2_301427.html

²³ <http://noticias.spainhouses.net/2014/09/la-rehabilitacion-plan-para-crear-hasta-212-300-empleos-en-la-construccion/>

²⁴ <http://www.mcaugt.org/noticia.php?cn=24081>

²⁵ <http://www.fundacionlaboral.org/actualidad/noticia/mca-ugt-reclama-un-plan-integral-de-rehabilitacion-denbspviviendas-para-reactivar-el-empleo-en-el-sector-4609>

<http://www.fomento.gob.es/MFOMBPremsa/Noticias/Balance-de-la-legislatura-del-Ministerio-de/2c949e80-f0ca-4efd-8496-7284f219dc0e>

²⁶

http://construccionyservicios.ccoo.es/fcs/Areas:Politica_Sectorial:820207

http://economia.elpais.com/economia/2013/04/11/actualidad/1365675315_987897.html

²⁷

http://construccionyservicios.ccoo.es/fcs/Areas:Politica_Sectorial:820207