

Housing Observatories: A View of Affordability in Times of Soaring Inflation

International Social Housing Festival Barcelona 2023

June 7th



O-HB Observatori
Metropolità
de l'Habitatge
de Barcelona

Session Outline

11:00 – Welcoming

11:05 – First block of presentations: Affordability indicators on European cities

- City of Amsterdam Housing Department
- Osservatorio Casa Abbordabile (DASU, Politecnico di Milano)
- Dublin Housing Observatory

11:30 – Second block of presentations: Affordability indicators on European regions (I)

- European Centre for Housing Research (ECHR)
- Observatoire de l'habitat (Luxembourg Institute of Socio-Economic Research)
- ETH Wohnforum
- Osservatorio del sistema abitativo (Regione Emilia-Romagna)

11:50 – Third block of presentations: Affordability indicators on European regions (II) Spain

- Observatorio Vasco de la Vivienda (Gobierno Vasco)
- Observatori de l'Habitat i la Segregació Urbana (Instituto Valenciano de la Edificación)
- Observatori Local d'Habitatge (Diputació de Barcelona)
- Observatori Metropolità de l'Habitatge de Barcelona

12:15 – Conclusions

12:20 – End of the session

First block of presentations:

Affordability indicators on European cities

City of Amsterdam, Housing Department

[Amsterdam.nl/wonen](https://amsterdam.nl/wonen)

Kees Dignum

research coordinator for Amsterdam Housing Department

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City of Amsterdam, Housing Department

Institutional framework: City of Amsterdam, Housing Department, team Data & Research

Location: Amsterdam

Years active: 1995 - 2023

Team Data & Research of the Amsterdam Housing Department creates and improves data, information and knowledge for designing and evaluating housing policy measures.

An important source is the biannual (since 1995) research *Wonen in Amsterdam* (Living in Amsterdam). It combines population and housing statistics with a survey among about 20,000 respondents.

This source gives great possibilities to both investigating the changing composition of the housing stock and income distribution as well as the experience of households on themes like affordability, liveability and propensity to move.



Division of income groups over social rent and free market rent

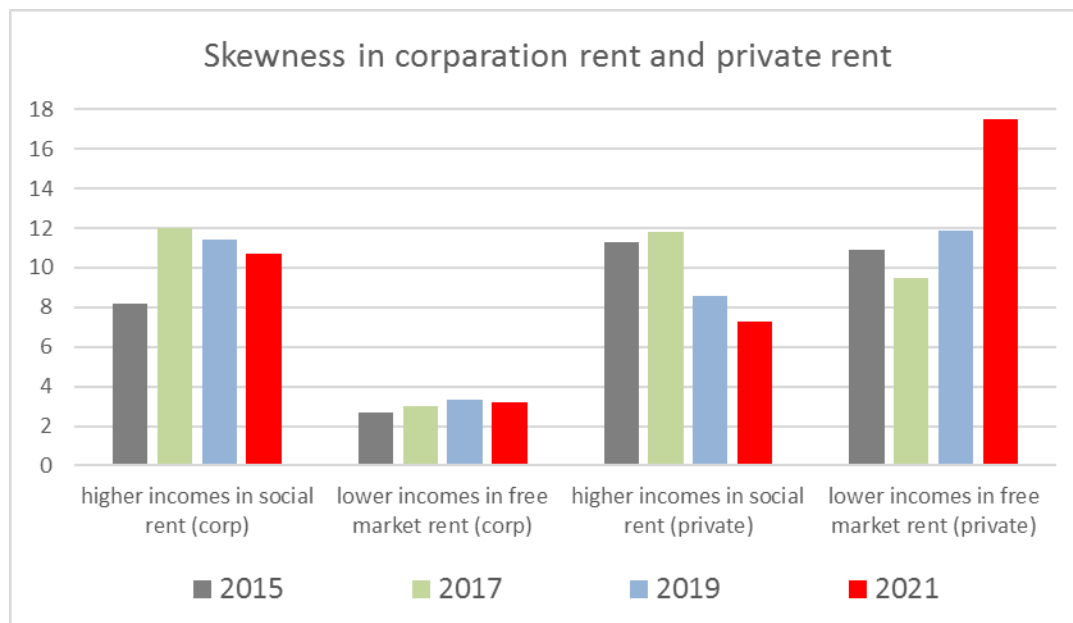
Household incomes are classified 'lower', and 'higher'. The income limit of 'lower' is the entrance threshold to social housing (€ 40.040 in 2021 with a maximum rent of € 752 per month).

The graph shows the percentage of skewness in corporation stock and private rental stock.

In the corporation stock higher income households living in a social rent dwellings (underpaying) slightly diminishes to 11%. In 86% of this stock no skewness occurs and 3% is occupied by a household with a low income in the free market part of this sector (overpaying).

In de private rental stock the percentage of underpaying households gradually diminishes to 7%, while the percentage of overpaying households rises to nearly 18% in 2021.

Division of income groups over social rental and free market rental for corporation stock and private rental stock, 2015-2021



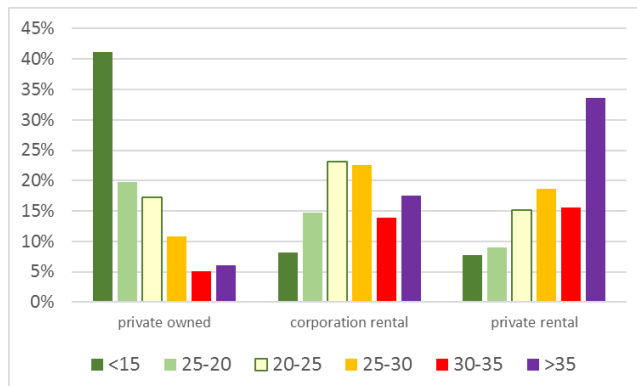
Percentage rent or mortgage to income

Low rates for mortgages to income in owner occupied dwellings. High levels of rent to income in private rental sector. Intermediate position for the corporation stock

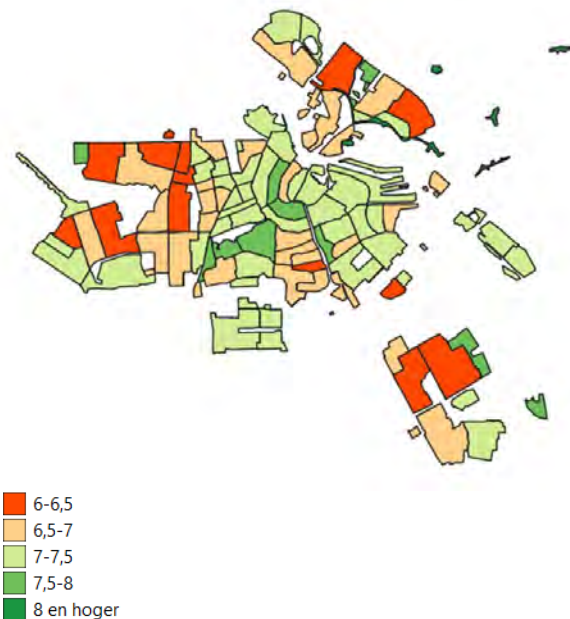
Average satisfaction rate for affordability personal housing expenditures

The lowest levels of satisfaction with affordability occurs at locations with high amount of corporation rent

Monthly rent or mortgage as percentage of household income, 2021



Average satisfaction rate for affordability personal housing expenditures (range 1-10), 2021



Also the moderate levels of rent to income in the corporation stock lead to affordability problems

Conclusions

- **Indicator 1: “Division of income groups over social rent and free market rent”**
 - Advantages: Feeds with facts the discussion on ‘just allocation’ and ‘skewed tenants’
 - Disadvantages: follows the governmental threshold to social housing
- **Indicator 2: “Percentage rent or mortgage to income”**
 - Advantages: Gives the proper information (categorically and geographically) to assign the affordability problems
 - Disadvantages: The design of the monitor Wonen in Amsterdam does not allow finding the specific households with financial problems.
- **Indicator 3: “Average satisfaction rate for household’s housing expenditure (rate 1-10)”**
 - Advantages: Goes beyond the financial figures and points at personal experience of housing poverty. Combination with the financial angle leads to extra insights.
 - Disadvantages: The design of the monitor Wonen in Amsterdam does not allow finding the specific households with financial problems.

Osservatorio Casa Abordabile (OCA) di Milano Metropolitana

Observatory of Housing Affordability of Milano Metropolis

Massimo Bricocoli, Marco Peverini

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Osservatorio Casa Abordabile (OCA) di Milano Metropolitana

Institutional framework:

Department of Architecture and Urban Studies (DASTU) – Politecnico di Milano

funding by cooperatives CCL and Delta Ecopolis

Location: Milan

Years active: 2022-today



OCA aims at monitoring housing affordability dynamics and qualifying the public debate through:

- Collecting and analysing **quantitative data** (profiles and distribution of housing costs and incomes)
- **Qualitative research** (tracing, describing, narrating the consequences of housing costs on individuals, communities and territories in the Milano Metropolitan Region)

OCA has provided **data and interviews to media** (newspapers, radio, television).

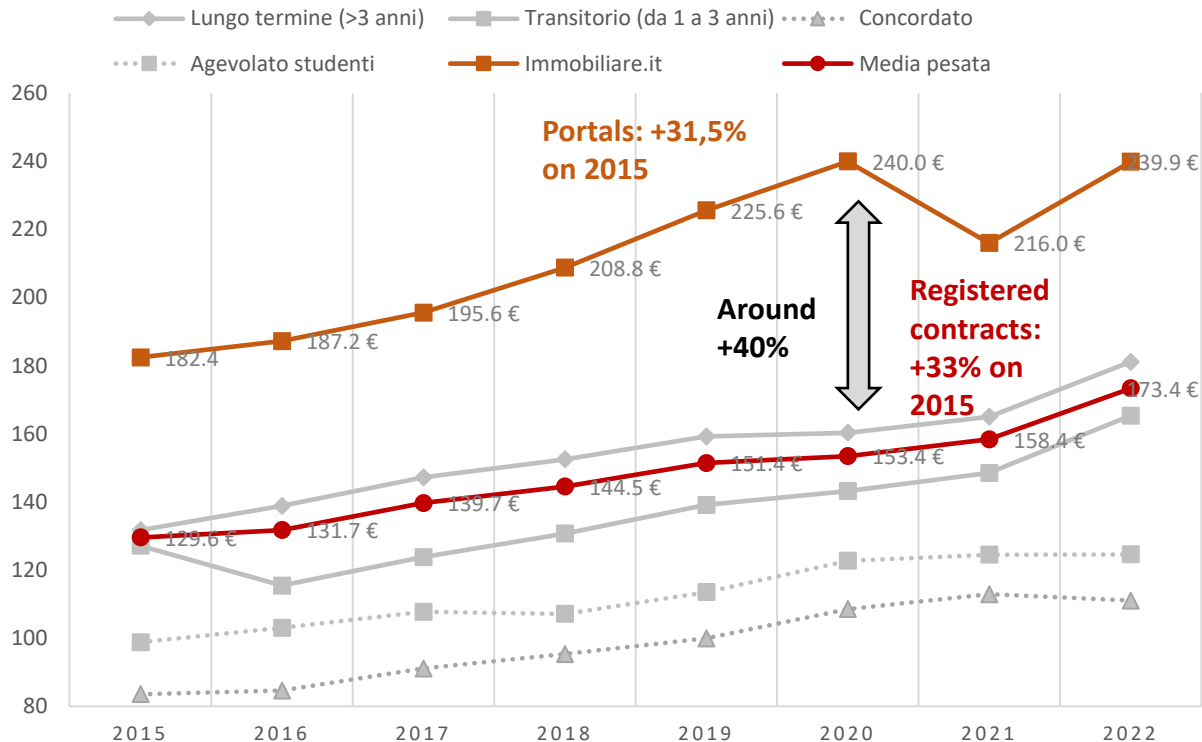
A **research report** will be published in September 2023 with a **website** and **open data** section.

Comparison of trends of average rent price per sqm to income

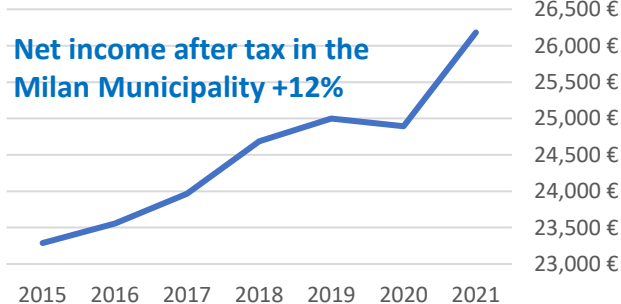
The average rent price per square meter is calculated by weighing different segments of the rental market.

The calculation of the average income is based on declared incomes after tax

Average rent price € / square meter in Milan Municipality (2015-2021)



Net income after tax in the Milan Municipality +12%



Own elaboration on Italian Ministry of Economy and Finance data

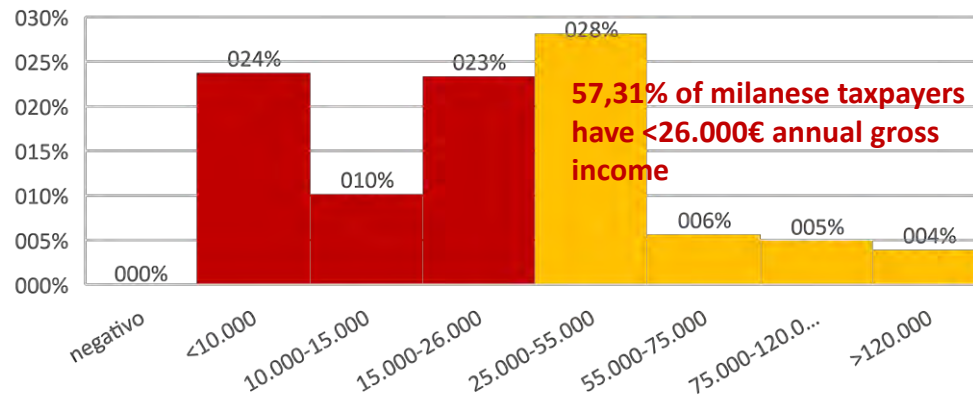
Own elaboration on Italian Income Revenue Authority (Observatory of Real Estate Market) and Immobiliare.it data

Income & salary distributions and N. of affordable sqm per workers type with mortgage

Looks at how access to housing through a **mortgage** (20 years, 80% LTV, 3,5% interest rate) impact workers according to the relation housing prices / economic distribution of incomes and salaries

% of individual gross incomes in Milan (2021)

Own elaboration on Italian Ministry of Economy and Finance data



N. of affordable Square meters per salary category with 20 years mortgage in 2022 (reduction on 2015 in brackets)

Salary category	% of milanese workers in the category	Average monthly net salary	Max affordable mortgage instalment (30%)	N. of affordable Square meters in New built	N. of affordable Square meters in Second hand refurbished	N. of affordable Square meters in Second hand unrefurbished
Manager	2,58%	5.035 €	1.259 €	51 (-12)	66 (-15)	88 (-23)
Mid-manager	8,38%	2.912 €	728 €	30 (-7)	38 (-9)	51 (-13)
White collar	47,83%	1.797 €	449 €	18 (-4)	23 (-5)	31 (-8)
Blue collar	37,76%	1.502 €	376 €	15 (-4)	20 (-5)	26 (-7)

Conclusions

- **Indicator 1: “Comparison of trends of average rent price per sqm to income”**
 - **Advantages:** to furnish a comparable measure of rent levels (per square meters instead of per dwelling and to give a simple measure of the divergence in trends of rents and incomes
 - **Disadvantages:** methodological issues in determining real rent levels between official registries and portals (usually under- and overestimating rents respectively) + growth in incomes is polarized
- **Indicator 2: “Income/salary distributions and affordable sqm/workers type (mortgage)”**
 - **Advantages:** bring in the housing market discourse the polarization of incomes and salaries
 - **Disadvantages:** household income is more important for housing costs (but in Milan 50% are single-person households); wealth is not in the picture; undetermined amount of housing costs “under the table”

Dublin City Council Housing Observatory

www.housingmodeldublin.ie

<https://airomaps.geohive.ie/dho/>

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Dublin City Council

Institutional framework: Dublin City Housing and Community Services Department and Planning Department plus independent Advisory Board

Location: Ireland **Years active:** 2017 - ongoing



Comhairle Cathrach
Bhaile Átha Cliath
Dublin City Council



Comhairle Cathrach Bhaile Átha Cliath
Réadlann Tithíochta
Dublin City Council Housing Observatory

Dublin City Council established the Dublin Housing Observatory (DHO) research and strategy unit in 2017. The main goal is to provide evidence that informs housing, community development and planning policy and leads to better practice in key areas of housing provision and sustainable development, community, inclusion and integration. The Observatory's key database is its online geospatial housing data navigator. Delivered in collaboration with Tailte Éireann (Ordnance Survey Ireland), Ireland's Central Statistics Office (CSO) and Maynooth University, it collates and integrates data on housing from a range of public bodies. The Observatory's research has investigated the impact of Dublin's Rapid Build housing programme for homeless households (*Home at Last*, 2018) and led policy development with EC DG-GROW on the impact of Short-Term Rentals (STRs) in Dublin's rental market (2019-2020). Knowledge exchange programmes on cost rental and social housing with the City of Vienna included the *Vienna Model* exhibition and programme of events in Dublin (2019) and Dublin's participation as a city partner with Vienna's International Building Exhibition (*IBA_WIEN 2022*) on new social housing. The Observatory also delivered the inaugural Housing Needs Demand Assessment (HNDA) model for Dublin's housing strategy adopted under the *City Development Plan, 2022-2028*.

Indicator 1: House Price to Income (HPI) and Rental Price to Income (RPI) Ratios for Ireland 2005Q1 to 2019Q1 (European Commission, 2020)

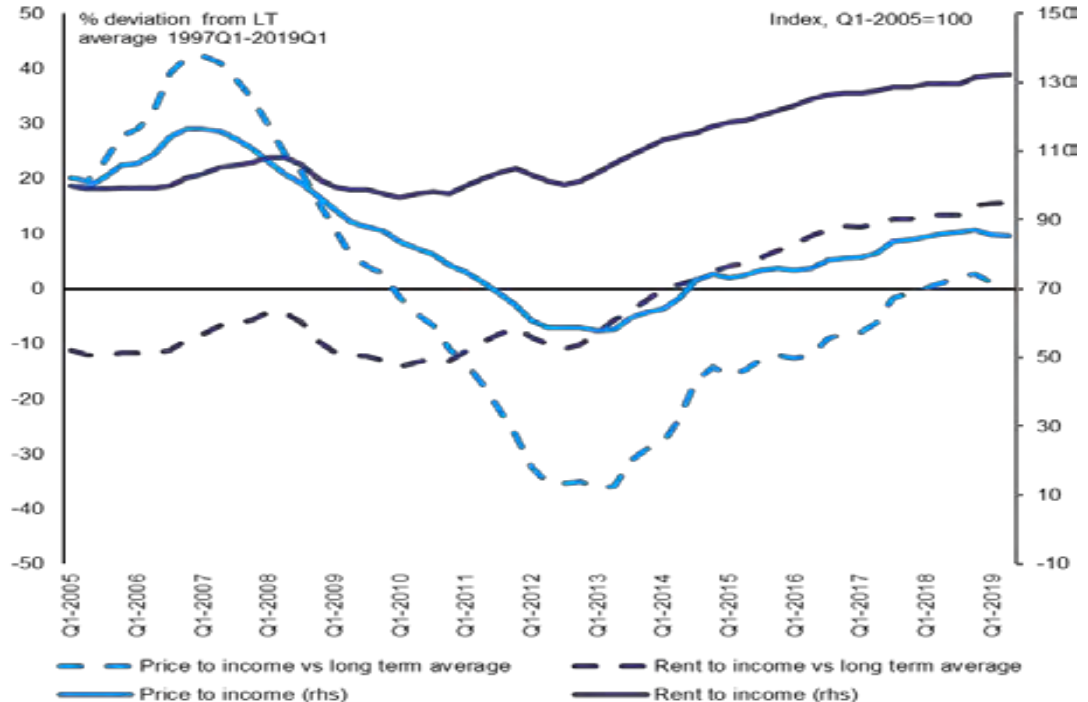
The ratios take house prices and rents and relate them to average disposable income to produce an index as a measure of housing affordability over time.

An increase in the index suggests that the affordability of housing is worsening. The ratios calculated here have two forms of expression:

1. (lhs) Shows the percentage deviation of annualised average house price and rent to income ratios from their long-term average. The long-term average HPI and RPI ratio is calculated for the reference period 1997Q1 to 2019Q1 (i.e. 21 years)
2. (rhs) Shows annualised house price and rent to income.

To calculate these ratios, the EC sourced data from Eurostat, OECD, European Central Bank (EC) and Bank of International Settlements (BIS).

https://economy-finance.ec.europa.eu/publications/housing-affordability-ireland_en



Indicator 2: Patterns of House Purchase Affordability by Geographical Area using Advance-to-Income and Real House Prices.

Data sources: Income data derived from Ireland's Central Statistics Office (CSO) Geographic Profiles of Income in Ireland, the CSO County Incomes and Regional GDP Series, and the CSO Residential Property Price Index (<https://www.cso.ie/en/>) and through plotting and aggregating data from the Property Price Register (PPR) (<https://www.propertypriceregister.ie/>) to produce an area-based analysis of the patterns of house purchase and its affordability.

Data aggregator: DHO Data Navigator <https://aiomaps.geohive.ie/dho/>

Spatial analysis: Gamma's Location Labs <https://gamma.ie/2023/03/22/geographical-home-affordability-patterns-in-ireland/>

The 'idealised' purchasing household under Ireland's macro-prudential rules for mortgage finance:

- Ireland's standard mortgage loan to value (LTV) limit is 80% of property value
- Lending criteria is fixed at 3.5 times (individual or joint) applicant's annual income.
- Assume the household purchasing has the balance of 20% as a deposit amount (i.e. via savings/ gift/ equity sale).
- Take the median Irish household income for 2020 as approximately €55,000 (CSO 2016 data adjusted for CPI).

This **median income household** qualifies for a mortgage of €192,500 and combined with a deposit of €48,000 can be said to afford to purchase a home worth €240,500. This is the theoretical median affordable house price in Ireland for 2020.

Conclusions

- **Indicator 1: “House Price to Income (HPI) and Rental Price to Income (RPI) Ratios for Ireland**
 - **Advantages:** measures market affordability of housing as a function of housing cost (price and rent) to income; reflects link made between housing costs (prices and rents) and incomes; assumes that any increase in housing costs that takes the ratio above its long-term average is likely to be unsustainable and, conversely, when housing costs fall below the long-term average a future recovery in prices and rents is assumed. Calculative methodology established by EC for country comparison.
 - **Disadvantages:** methodology not standardised (i.e. use of Gross/ Net incomes; Nominal/ Real OMVs for prices and rents). Little/ no agreement on what the stable long-term average ratio for prices and rents is. Literature suggests 4:1 for house prices (Oswald, 2022) (rents are a more problematic calculation); issues of reliability and validity can emerge.
- **Indicator 2: Patterns of House Purchase Affordability by Geographical Area using Advance to Income and Real House Prices (nominal values).**
 - **Advantages:** commonly used market affordability of housing ratios; takes account of the amount of mortgage finance that can be borrowed under M/P rules; allows for spatial expression of mortgage market affordability of house prices.
 - **Disadvantages:** ratio is a simple function of a contingent relationship between house prices and macro-prudential rules; variable over time and across space (pre- and post-GFC issues); not all-Ireland data; doesn't allow for easy cross-country comparison.
- **Towards greater sophistication in measuring housing affordability**
 - Debt-Service to Income ratios (mortgage) – measuring the cost to household income of servicing mortgage debt over the period it is borrowed.
 - User Cost of Capital – measures the direct cost of property ownership while acknowledging that house price inflation can/ does offset these costs over time.
 - Residual income measures of housing affordability - brings greater focus on the household income after housing costs are met. Allows for a measurement of housing costs as burdensome (Eurostat – SILC)

Second block of presentations:

Affordability indicators on European regions (I)

European Centre for Housing Research (ECHR)

Dr. Thorsten Heitkamp

Founder

heitkamp@stadtforschung.de

European Centre for Housing Research / ECHR

Institutional framework: private company

Location: Dortmund/Germany

Years active: since 2004

Urban Planning/Development and Research

Housing Policies/Strategies

Housing market analysis/monitoring

Affordable Housing Market Analysis El Salvador (KfW/SUM)

Draft of National Housing Policy Cambodia (GIZ)

Housing Strategies/Policies/Monitoring (mainly Germany)



ECHR

Housing Cost Burden Ratio (HCBR, North Rhine-Westphalia)

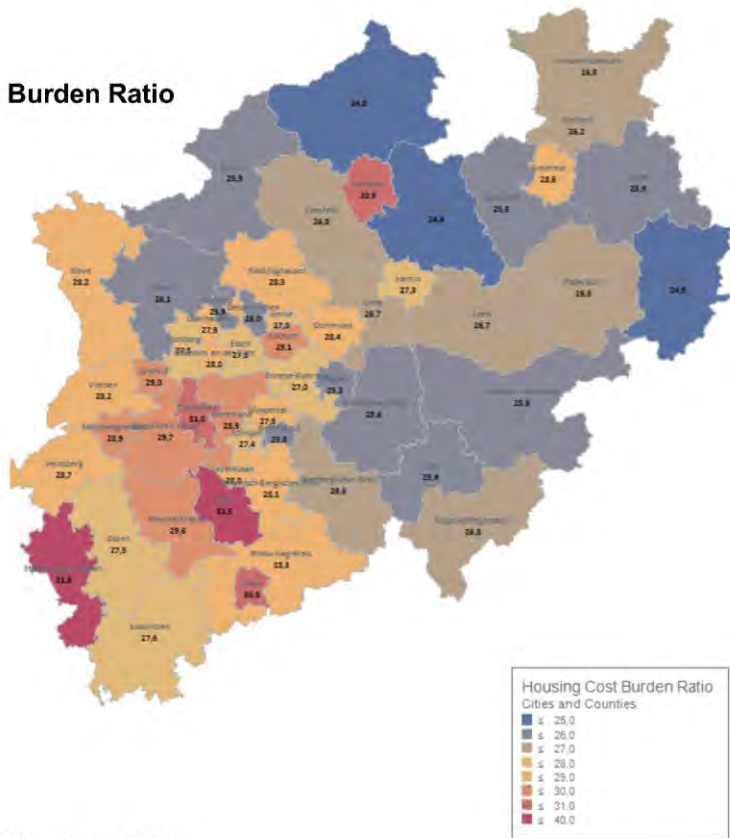
Official data → “Mikrozensus” NRW includes a special housing survey every 4 years

HCBR → data source: “Mikrozensus”, housing cost overburden = > 30% of disposable income of private households (DIPH)

Calculation:

Gross basic rent (includes all utility/service charges except heating and warm water)/DIPH

Housing Cost Burden Ratio



Source (data): IT.NRW Mikrozensus 2020

Affordability of home ownership (North Rhine-Westphalia)

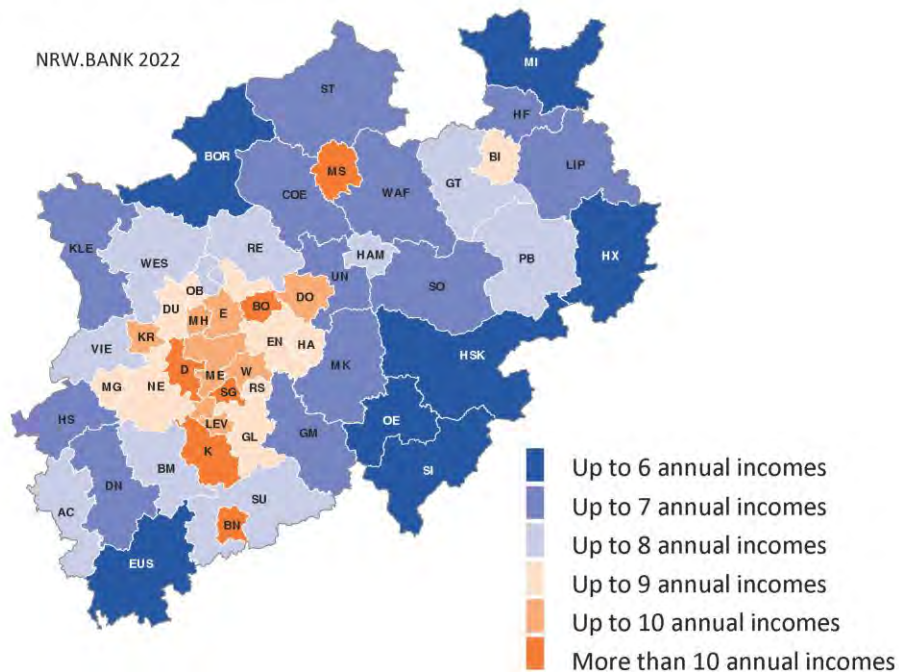
Expressed in annual disposable household incomes needed to purchase an existing one/two-family house

Calculation:

Average sales price of stock properties/disposable income of private households

Possible fine tuning of calculation by the following factors: interest rate, loan term, equity ratio, transaction costs etc.

Affordability of Home Ownership



Conclusions

- **Indicator 1: Housing Cost Burden Ratio**
 - Advantages: Easy, big picture, 'official data'
 - Disadvantages: relatively old data, every 4 years, averages only, "Mikrozensus": small data base (especially for smaller municipalities)
- **Indicator 2: Affordability of Home Ownership**
 - Advantages: flexible, can partly react to new market framework conditions, can combine several factors of influence, relatively up-to-date, data available on a local level for specific municipalities
 - Disadvantages: price data must be purchased, time lag for disposable household income data, averages only, not very suitable for political discussion and/or decision making processes (too general), more suitable for interregional comparison
- **In general**
 - The new market conditions (rise in interest rates, inflation, etc.) are not represented by the currently officially available housing market data.
 - The definition of "affordability" varies widely. Scientific studies to determine the affordability of housing (e.g. in a municipality) are necessary.

Luxembourg Institute of Socio-Economic Research (LISER)

<https://www.liser.lu/>

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Housing Observatory of Luxembourg

Institutional framework: Luxembourgish Housing Ministry + LISER (2 departments : Urban Development and Mobility and Living Condition)

Location: Luxembourg

Years active: Since 2003

Mission : Collecting & Analysing data

- To **assist and support** the Ministry of Housing in the planning of housing policy
- To **disseminate** information on housing issues

Topics and outputs

- **Monitoring** real estate prices, rents and land prices
- **Analyzing** land dynamics in Luxembourg
- **Analyzing** socio-economic aspects of housing issues (housing affordability indicators + social housing + housing taxation)

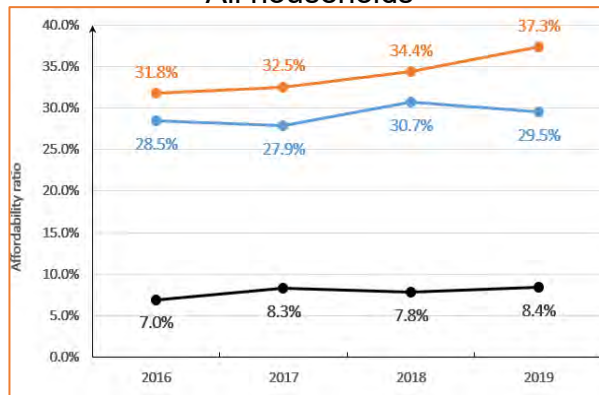


Net Affordability Ratio (EUROSTAT definition)

$$\frac{\text{Cost of housing} - \text{Housing allowances}}{\text{Disposable Income} - \text{Housing allowances}}$$

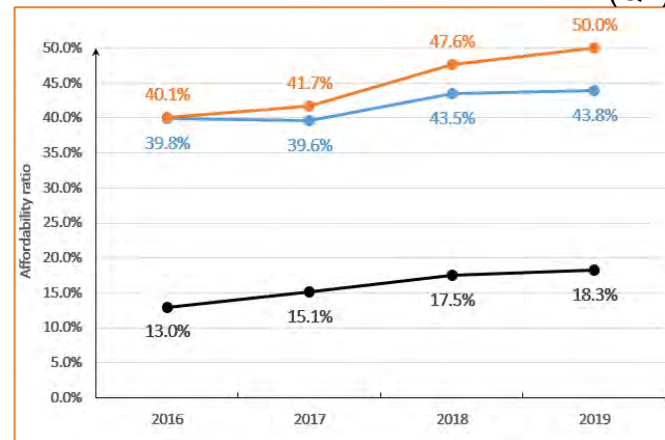
- Indicator of the **ability to access and remain in housing**
 - **Cost of housing** = Loan (with interest) / rent + usual financial charges (electricity, etc.)
 - **Disposable income** = income available to consume and save (after compulsory deductions and taxes).
 - **Housing allowances** = interventions by public authorities to help households meet the cost of housing (rent allowance, aid to construction, etc.)
- **6 out of 10 private households** have a loan or pay a rent at the market rate (stable since 2010) : 36% owners-occupied and 25% tenants.
- **Higher ratio and increase for tenants** at the market prices
- By level of **equivalised disposable income** :
 - ✓ **least well-off households (Q1)** → the most impacted by the increase in the affordability rate
 - ✓ **Higher rates for tenants** : rate of 50% in Q1 (43% for the owners-occupied) compared to 20% in Q5 (19% for the owners-occupied)
 - ✓ **Increase in the affordability rate always higher for tenants**

All households



- ◆ Owner-occupied no outstanding mortgage or housing loan
- ◆ Owner-occupied with mortgage or loan
- ◆ Tenant renting at market prices

Least well-off households (Q1)



FIELD : All **private households** and their current members residing in Luxembourg at the time of the data collection, except tenants renting at a reduced price or free.
Source : EU-SILC, 2016-2019, transversal data, version of March 2021 for Luxembourg

Cumulative Housing Deprivation

- To complete the first indicator and having a multidimensional approach

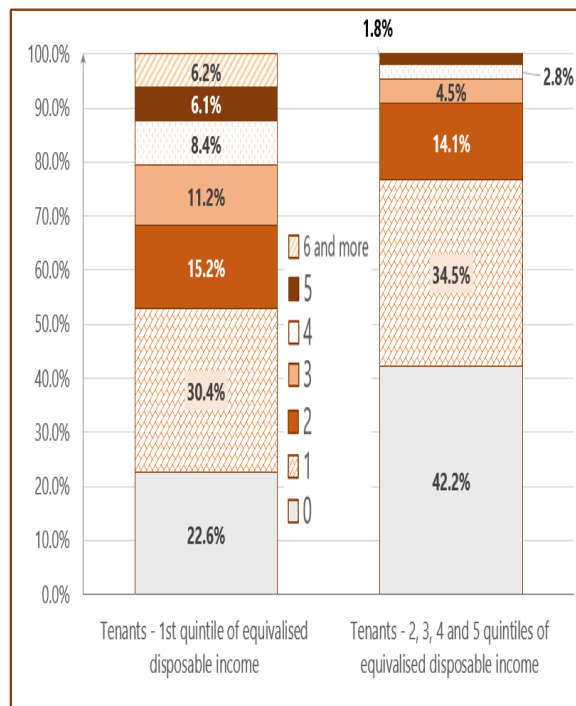
Created to better understand the housing conditions as a whole of the least well-off people (instead of one by one)

- **12 items on dwelling** (overcrowding, damp walls, floors, having neither a bath, nor a shower or flushing toilet, too dark), on **housing area** (crime, pollution, noisy), **financial arrears due to housing** (cannot afford to replace worn-out furniture) +

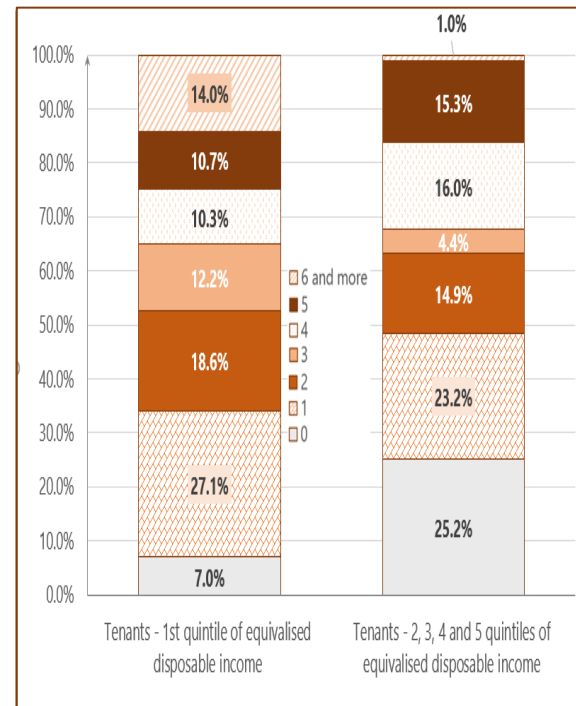
2 items on general financial problems : struggling to make ends meet + unable to cope with an unexpected expense.

- **Comparison between the least well-off tenants (Q1) and other tenants (Q2 to Q5)**

Share of private tenants households according to the accumulation of housing problems and their equivalised disposable income (2019)



Share of private tenants households having **2 main financial problems** according to the accumulation of housing problems and their equivalised disposable income (2019)



Conclusions

- **Indicator 1: “Net Affordability Ratio”**

- **Advantages:** Ministry of Housing used it as a basis to the project of law on housing affordability (2022) – can be break down by many variables on household characteristics (income, composition) or by thematic such as energy deprivation
- **Disadvantages:** difficulties to collect reliable data on housing costs

- **Indicator 2: “Cumulative Housing Deprivation”**

- **Advantages:** Multidimensional approach + identification of most vulnerable groups/households (++ for public policy)
- **Disadvantages:** declarative/subjective answers on housing conditions

ETH Centre for Research on Architecture, Society and the Built Environment

<https://wohnforum.arch.ethz.ch>

Jennifer Duyne Barenstein, PhD

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ETH Centre for Research on Architecture, Society and the Built Environment

Institutional framework: Department of Architecture, ETH Zurich

Location: Zurich, Switzerland

Years active: 33

Focus on 3 main research areas:

- **Affordable and inclusive housing** with a focus on impacts of urban and socio-demographic transformations on housing affordability, social housing, housing cooperatives, collaborative housing and housing for elderly people
- **Liveable neighbourhoods** with a focus on social inclusion and urban quality of public spaces from an architectural, infrastructural, social and cultural perspective
- **Urban and housing policy analysis** with a focus on urban densification policies and their impacts on housing accessibility and affordability.

Our partners: Federal Office for Housing, municipalities, neighbourhood associations, foundations, housing cooperatives, universities and NGOs in Switzerland, Europe and in the Global South

How affordable and accessible are housing cooperatives in Switzerland? Insights and reflections on Swiss housing policies and outcomes

Goals: Analyse the role of housing cooperatives in the provision of inclusive and affordable housing

Questions:

- How affordable are housing cooperatives compared to rental housing provided by the private sector?
- Who has access and is living in housing cooperatives?
- Are housing cooperative a viable instrument for the provision of inclusive and affordable housing?



Indicators on viability and effectiveness of housing coops in the provision of affordable and inclusive housing

- **Av. Monthly rent** for a 3-3.5 room apartment:
 - HC: 1324 CHF
 - Private sector: 2063 CHF
- **Increase in rents** in Zurich (2000-2020)
 - Private rental market: 25-38%
 - Non-profit housing: 11-19%
- **Average rents** in HC in Zurich 27-36% lower than rents in private rental market
- **74%** of HC tenants consider rent in relation to HH budget appropriate as opposed to 53% in private sector



Who benefits from housing cooperatives?

Indicator	Housing Coops	Private Rental Market	Public Housing (City of Zurich)
Median HH income	58'000	76'000	41'400
HH income > 40'000 CHF	29%	21%	48%
HH income < 150'000 CHF	5%	18%	3%
Single parent HH	8%	3%	10%
HH with children	25%	15%	22%
HH with Swiss citizenship	80%	36%	32%

Conclusions

Affordability of HC

- **Indicator 1: Monthly rents of HC vs private sector**
 - Advantages: Proves that rents in HC are significantly lower than rents in private rental market
 - Disadvantages: Does not inform about the quality of housing
- **Indicator 2: Increase in rents in HC vs. private sector**
 - Advantages: Shows that rents in HC are more stable
 - Disadvantages: Does not inform about factors triggering increase in rents
- **Indicator 3: Share of HH considering rent adequate**
 - Advantages: Expresses HH's subjective perception of affordability
 - Disadvantages: Ratio of income spent in housing remains unknown

Accessibility of HC

- **Indicator 1: Median income of household living in HC vs private sector**
 - Advantages: Shows that HC are mainly inhabited by middle- and lower middleclass HH
 - Disadvantages: Does not inform about sociocultural diversity
- **Indicator 2: Percentage of lower-income vs high-income HH living in HC**
 - Advantages: Shows that HC provide housing to socially mixed communities
 - Disadvantages: Does not inform about whether this is generally the case in HC
- **Indicator 3: Composition of households living in HC**
 - Advantages: Shows that HC reach HH discriminated in private rental market
 - Disadvantages: If not correlated to household income does not really inform about households' economic conditions
- **Indicator 4: Percentage of HH with Swiss citizenship living in HC**
 - Advantages: Shows that access to HC is challenging for non-Swiss citizens
 - Disadvantages: Correlation to socioeconomic is missing

ORSA - Regional Observatory of the Housing System

<https://regioneer.it/ORSA>

Marcello Capucci

Director - URBAN REGENERATION AND HOUSING POLICIES AREA

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ORSA Emilia-Romagna

Institutional framework: Urban Regeneration and Housing Policies Area / Sector: Government and Territorial Quality

Location: Emilia-Romagna, Italy

Years active: 2001 - ongoing

The Regional Observatory of the Housing System (ORSA) was established in 2001 on previous monitoring activities dating back to 1997.

It is one of the longest-established experiences in this field in Italy. It aims to:

- analyze housing needs
- monitor and evaluate policies
- support the improvement of housing and welfare policies and programs

ORSA is responsible for the collection and processing of information regarding: housing needs, public intervention in the housing sector (thanks to local ACER: Public Agency for management of public house), surveys on housing scenarios, evaluation and monitoring of the existing public and private housing stock.

Housing policies, in Italy, are delegated to the regions, which have primary legislative and regulatory competence in this area.



Region Emilia-Romagna
Population: 4,5 million inhabitants
Surface: 22.452 sqkm
Municipalities: 330
Regional capital city: Bologna

Which are the main housing needs and What the Region Emilia-Romagna does relating to them

Housing emergency:

For households in severe housing deprivation (like homeless, evicted...) it is granted by the municipalities. The Region has a supporting role.

Public housing (ERP):

Provided to households in an economic and housing hardship situation (to be eligible to apply it is necessary to have a family income below about 17,428 euro).

It is assigned by following a ranking list, and the rent is proportionate according to the family situation.

ERP are owned by municipalities and managed by other parties, in particular the Region has:

- 56.000 public housing units hosting about 120.000 people
- the average monthly rent is about 100-150€, the lowest rents are at about 50€ (excluding utilities)
- in the waiting list for public house there are about 26.000 applications of households

Affordable housing (ERS):

It is offered to low-income households, meeting specific requirements, at lower rents than free market ones, but higher than public housing.

Affordable housing stock was mainly built up to the 2000s, during the period of urban expansion. ERS was historically built mainly to encourage their purchase at tiered prices, they are mostly private homes. A little part was built for permanent rental.

Nowadays we consider ERS stock as houses rented at about 300-500€, depending on territorial differences.

Free market

FABER - Housing Needs in Emilia-Romagna

Institutional framework: Urban Regeneration and Housing Policies Area / Sector: Government and Territorial Quality

Location: <https://emiliaromagnainnodata.art-er.it/faber/>

Years active: 2022 - ongoing

FABER is a platform launched in 2022 as a part of the **Regional Observatory of the Housing System (ORSA)**.

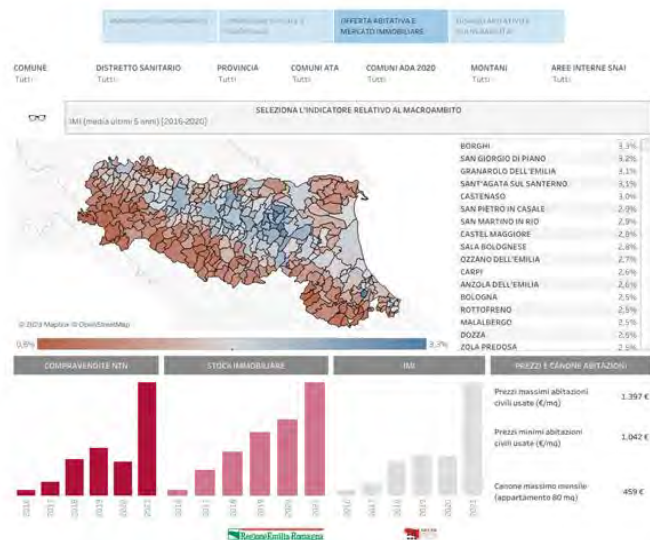
It is composed by:

- **4 thematic macro-topics**
- **35 indicators**
- **from 5 institutional sources.**

It enables to analyze different components of the housing condition, such as: demographic dynamics, social and income condition, trend of the housing market, housing supply...

Its goal is to increase the knowledge available and help to improve planning choices related to housing, urban and welfare policies.

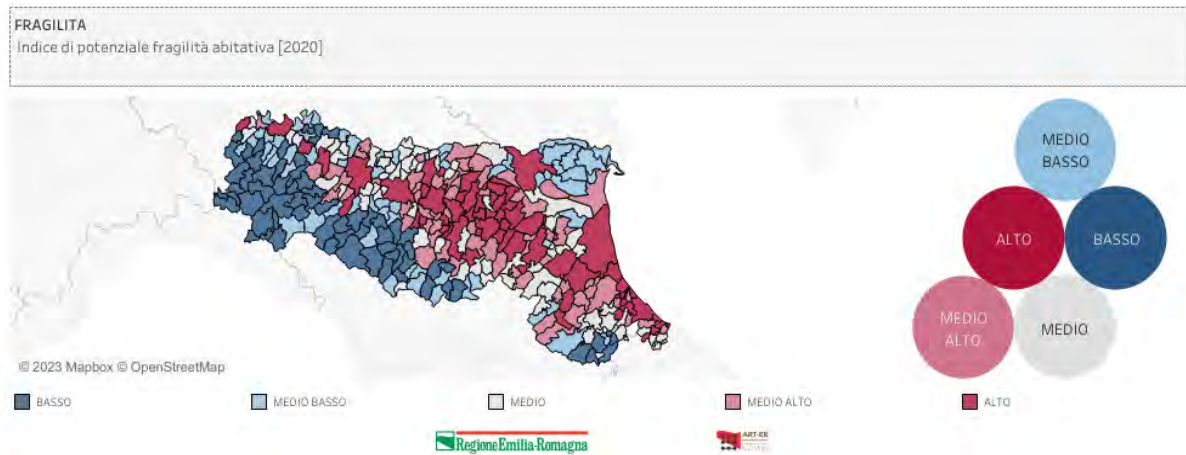
This happens by providing decision makers and stakeholders with up-to-date data and indicators useful for estimating housing tensions.



Index of potential housing fragility

This composite index is designed by aggregating a set of elementary indicators:

- average incidence of the rent for a 80 sqm house on household income 2020, %;
- average Housing Market Intensity Indicator (IMI) 2018-2020, %;
- share of households living on rent and with income and requirements for access to public housing compared to 2020 resident households, %



To design the index of potential housing fragility it has been used the Adjusted Mazziotta-Pareto Index (AMPI) method. This last one, is a time-tested and robust method that makes possible to provide a summary measure of a multidimensional phenomenon by making comparisons between spatial units in time and space.

The map shows a higher housing fragility (red) in the area around the Via Emilia where the most important cities are present; and less in the more mountainous areas of the Region (blue).

We can assume that the higher fragility is generally directly connected with higher urbanization.

Conclusions

Affordability has been a priority challenge for our policies for several years.

The unsustainable nature of housing costs is the consequence of a number of factors:

- 1) Recent inflation and the connected construction costs increase
- 2) The impact of the economic and labor market crisis
- 3) The difficulties caused by tourist short-term rentals (Airbnb) and the demand for student housing in especially the major urban centers

What Region Emilia-Romagna does to tackle such challenges :

- Analyzing data to understand the deep reasons for the disproportion between supply and demand, focusing on public housing
- Defining appropriate policies for different demands and family/economic conditions
- Seeking to provide answers not only to the demand for “house” but also for housing services (community management)
- Facilitating a new active role of local authorities, through social housing agencies, with the goal to promote more private houses for lowered renting
- Limiting soil consumption and encourages urban regeneration, in accordance with the UN Agenda 2030 goals

These trends are reflected in FABER which aims to give an up-to-date picture of housing tensions and needs, with respect to current macro and micro trends.

What is needed is a restructuring of the way we act, a change of perspective in strategic terms, able to intervene in the short term (emergency moment) and to invest in medium and long-term.

Third block of presentations:

Affordability indicators on European regions (II) Spain

Basque Housing Observatory

www.euskadi.eus/viviendaeuskadi

Carlos Lopez

Basque Housing Observatory

Basque Government

BASQUE HOUSING OBSERVATORY

Institutional framework: Basque Government – Basque Country.

Location: Vitoria-Gasteiz, capital city of the Basque Country.

Years active: 2003 – ongoing (probably the oldest observatory in Spain).

The Basque Housing Observatory is an instrument of the Basque Government focused on communicate and access to information and knowledge on housing from a triple perspective:

- support for the public decision-making process
- useful tool for professionals and agents of the sector
- reflect the reality of housing from an objective point of view

Basque Country in big numbers (I/2023):

CPI 2021: 6.4 / 2022: 5.4

CPI (April 2023): 4.2

Unemployment rate: 8.7

Employment rate: 69.1

Population (2022/1/1): 2.186.517



Average mortgage loan and percentage of salary

This lower average effort to pay for housing in the Basque Country is therefore associated with the higher average salary of the Basque working population. However, it would be of interest to know the average salary of individuals and families who have signed a mortgage in 2022, but unfortunately this indicator remains unknown.

And at the same time, it must be considered that the effort of the young working population for buying a house would be 58.7% of their average salary.

In any case, the trend is upward: in 2016 the mortgage payment was 26% of the average salary compared to the current 30%. This negative trend is taking place in the Basque Country as well as in Spain. In 2022, when the strongest increase in the Euribor happened, it can be clearly seen how this indicator increased from 28% in 2021 to 30% in 2022, two points in a single year.

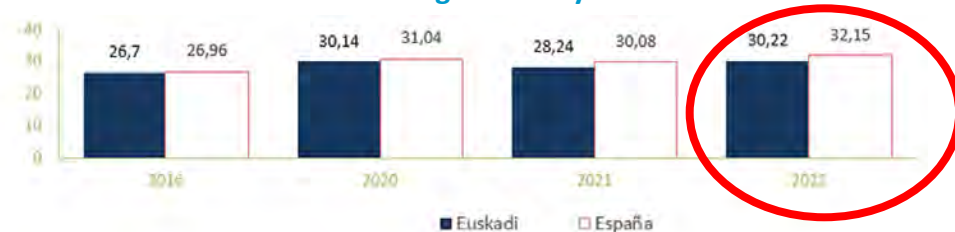
Mortgages constituted in 2022 represent an average monthly payment in the Basque Country of 720 euros, 49 euros higher than the Spain's monthly payment average.

However, the effort to pay for housing would be less in the Basque Country, since this average fee represents 30% of the average salary, while in Spain as a whole is 2 points higher (32%).

Average mortgage



Percentage of salary



Executed evictions per 100.000 inhabitants

In 2022, 141 evictions were registered in the Basque Country, 17% less than in 2021.

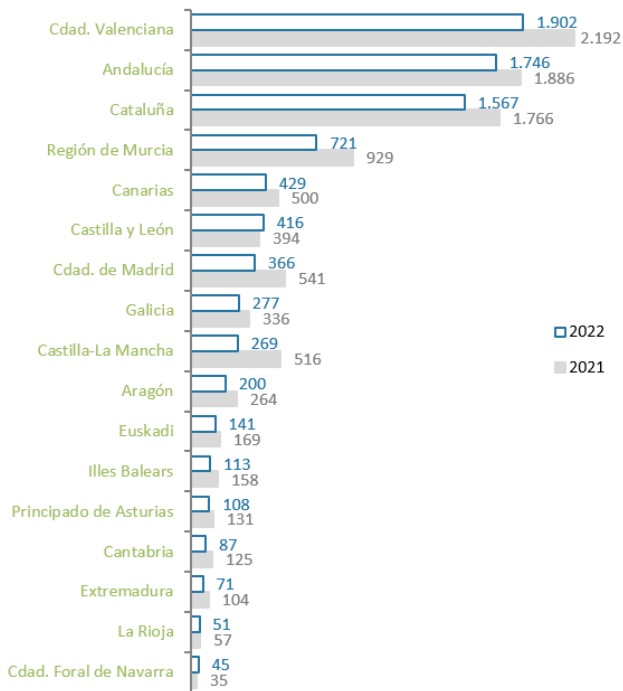
Euskadi is in the last position of evictions per 100,000 inhabitants and very far from Spain's average.

In 2019 the Provincial Councils of the Basque Country returned more than 424 million euros in tax relief for main house buyers. That amount reduces the impact of the rise of interest rates in the number of mortgages signed.

In the Basque Country from the 4th quarter of 2020 to the 4th quarter of 2022, the increase in the average monthly rent was 5.87% that represents half of the CPI increase in the same period.

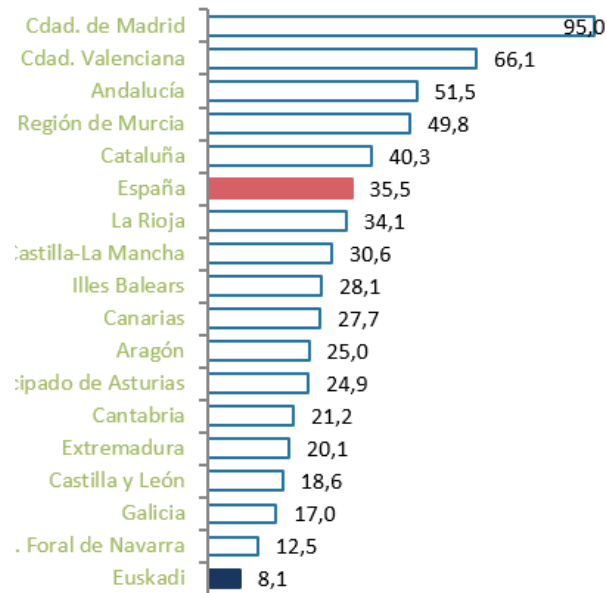
Evictions carried out as a result of foreclosure proceedings by Autonomous Regions .2021-2022 and evolution rates 2021-2022.

Source: General Council of the Judiciary



Evictions in 2022 per 100,000 inhabitants by Autonomous Regions.

Source: INE



Conclusions

- **Indicator 1: “Average mortgage loan and percentage of salary”**
 - **Advantages:** It is a real indicator, shared with other Spanish regions, of the effort people make to pay for housing. This indicator gives us a comparative picture with other nearby areas and helps us to know our situation.
 - **Disadvantages:** We do not have data on the average salaries of the population groups that need to buy a house. This would give us a better picture of the real effort involved in accessing housing.
- **Indicator 2: “Executed evictions per 100.000 inhabitants”**
 - **Advantages:** A clear and objective indicator, maintained by the General Council of the Judiciary, which allows comparison with other Spanish regions.
 - **Disadvantages:** It is an indicator that refers to a general value (the population as a whole). In order to be more precise, this value should distinguish between the population that is a home owner and the population that is a tenant.

Actual public measures taken in BC:

- Grants for house rental for young people, from 18 up to 36 years old, up to 300 € per month for paying the rent.
- Granting a subjective right to housing for family units that earn less than 9.000 € to 15.000 € (from unipersonal to 3 or more members) up to 300 € per month for paying the rent.

Observatory of Habitat and Urban Segregation

www.calab.es/observatorio-del-habitat/

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Observatory of Habitat and Urban Segregation

Institutional framework: Second Vice Presidency and Ministry of Housing and Bioclimatic Architecture of the Valencian Government | Valencia Institute of Building

Location: Comunitat Valenciana, region of Spain

Years active: 2019 - ongoing

The Law 2/2017 of the Valencian Community, establishes the **Social Function of Housing** and included a provision for the creation of the Observatory.

Its main objective is to gather both quantitative and qualitative data on housing, with a particular focus on public housing. It aims to assess the territorial distribution of housing and the indicators determined by the housing and urban regeneration policies.

The main goal is to contribute to develop more effective and efficient housing policies through examination and evaluation of housing needs and housing policies implemented.

The observatory operates under the supervision of the **Ministry of Housing**.



ANHA: Catalog of Areas with Housing Needs

Cartography identification of Areas of Housing Need (ANHA). Three levels (high, medium, and low) are shown based on the degree of mismatch between housing demand and supply, as well as the incidence of vulnerability indicators.

It considers the sensitive urban spaces indicator that identifies urban areas where socioeconomic, residential, sociodemographic, or gender dimensions are significantly lower than the average in the Region.

ANHA has been used to establish a priority order in the purchase and construction of public housing and also in defining and implementing policies to improve housing and the quality of life of citizens.

Housing need in the cartographic viewer



Source: EVHA (Valencian Housing and Land Entity); INE (National Institute of Statistics); Ministry of Finance, Cadastre, Regional Ministry of Sustainable Economy, Productive Sectors, Commerce, and Labor; Regional Ministry of Finance and Economic Model; Valencian Employment and Training Service.

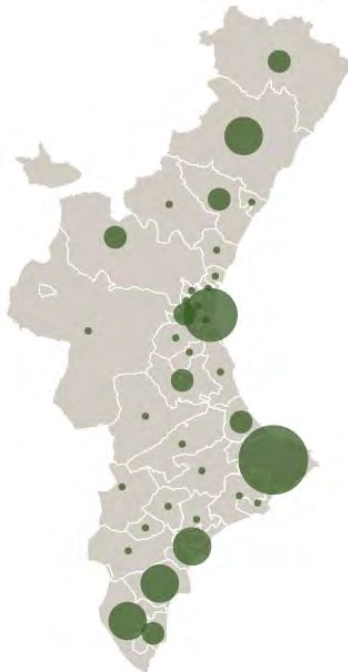
Foreclosures and evictions

Foreclosures and evictions processed in the Courts that allow for debt collection are accounted for. One eviction is counted for each real estate property, as long as it involves a change in the possession of a property. Registrations of initiated mortgage foreclosures in the property registries are also counted.

Evictions resulting from mortgage foreclosures and those resulting from the application of urban lease or rental legislation are analyzed.

Foreclosure

Preceding step to foreclosure for **mortgage** non-payment



Ejecución hipotecaria

Urban Lease Law Activation

Preceding step to eviction for **rental** non-payment



Ley de arrendamientos urbanos

Conclusions

- **Indicator 1: “ANHA: Catalog of Areas with Housing Needs”**
 - **Advantages:** provides valuable information for planning, resource allocation, informed decision-making, and evaluating the impact of implemented policies and programs. This helps address imbalances in housing access and promote appropriate solutions to meet the housing needs of the population
 - **Disadvantages:** As the sensitive urban space's indicator is included, the update is complex and requires significant resources. There is a lack of quality data at national level and methodologies to obtain common indicators that allow us to compare between region.
- **Indicator 2: “Foreclosures and evictions”**
 - **Advantages:** It provides valuable information for early problem detection, policy evaluation, planning and decision-making, trend identification, and promoting transparency in the housing sector. This helps prevent eviction situations, protect the right to housing, and seek effective solutions for those at risk of losing their homes. It is an indicator based on real data and easy to update.
 - **Disadvantages:** In order to draw accurate conclusions, it is necessary to integrate this indicator with others that provide a more comprehensive view of the issue of housing access, such as sociodemographic or gender parameters.

Local Housing Observatory (Barcelona Provincial Council)

<https://www.diba.cat/es/web/observatori-local-habitatge> @habitatgediba

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Local Housing Observatory

Institutional framework: Barcelona Provincial Council

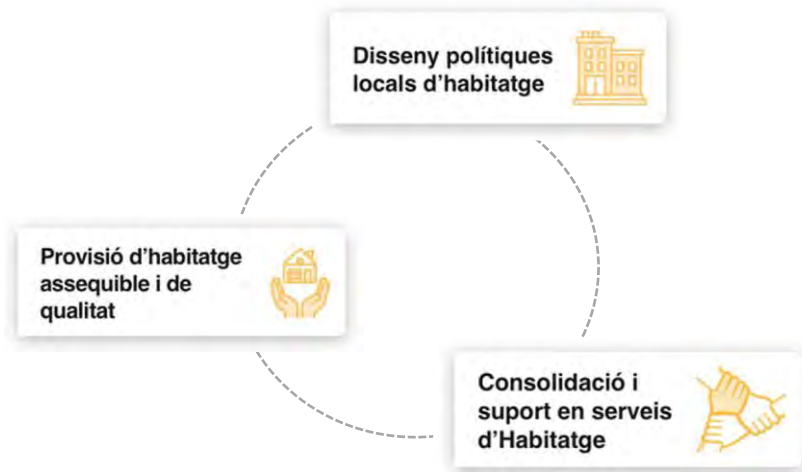
Location: Barcelona, Spain

Years active: 2010- ongoing

The Barcelona Provincial Council provides technical, financial, and technological support to the councils so that they can provide quality local services in a more homogeneous way across the territory.

The Housing Office of the Barcelona Provincial Council offers support to local governments to design and deploy local housing policies. Through the Local Housing Observatory we provide municipalities with quantitative and qualitative data and information relevant to the design and implementation of housing policies: publications, statistical reports and data viewers, surveys, conferences, legislative reports, etc.

The main objective of the Local Housing Observatory is the generation, management and dissemination of knowledge to guide local intervention in housing.



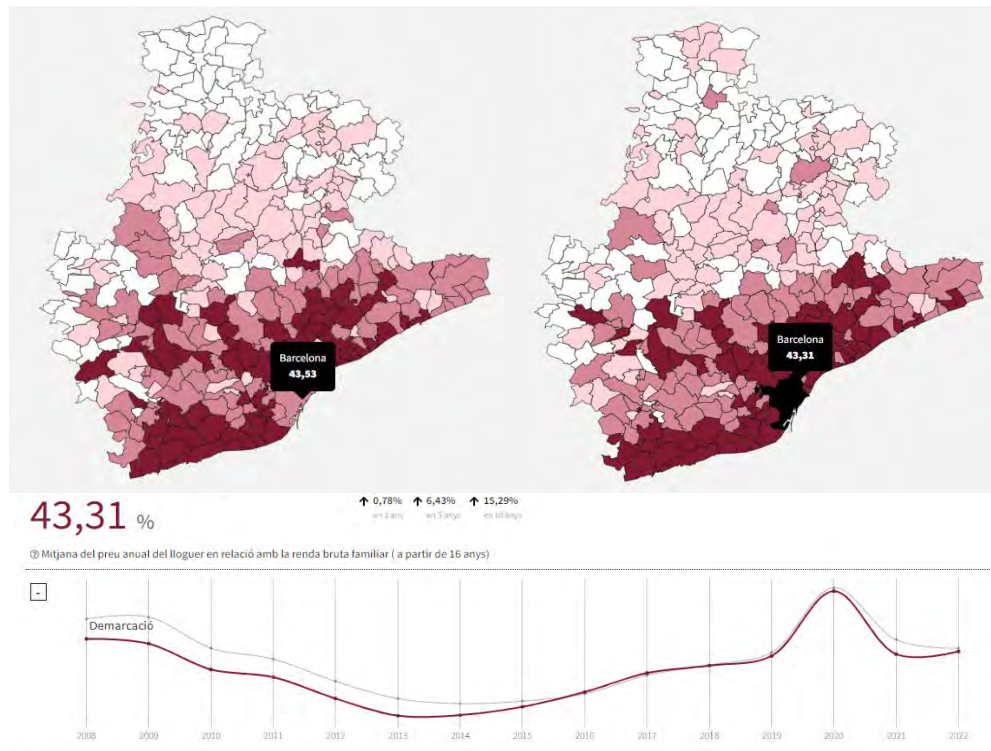
Rental effort

It is a traditional ratio approach indicator that conceives housing affordability as a measure of the relationship between housing costs and household incomes, in line with the ratio standard of 30%.

It approximates the percentage of the households' income that is dedicated to rent, providing insight into their ability to pay rent and afford housing.

Rental effort is calculated by dividing the average rent (based on rental deposits) by the average household income (based on gross disposable household income) in each municipality of the province, and it's expressed as a percentage.

Rental effort. Municipalities of Barcelona province, 2021-2022.



Source: Secretary of Housing and Social Inclusion - rental deposits and IDESCAT - Gross Disposable Household Income.

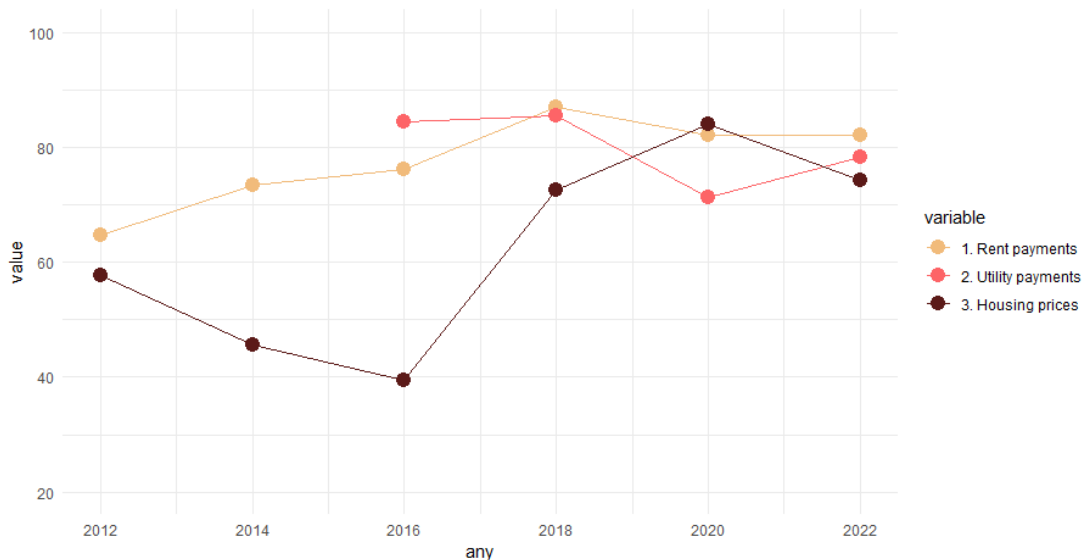
The 3 most pressing housing problems

The Panel of Local Public Housing Policies is a biannual survey that we do in collaboration with the Carles Pi i Sunyer Foundation for Autonomous and Local Studies.

The survey is aimed at all municipalities in the province with more than 10,000 inhabitants. It is used to collect data and analyze information about the design and implementation of local housing policies.

One of the questions in the survey refers to the main concerns of the housing departments of the local councils, so we can track its evolution. It is a multiple-choice question that allows us to visualize the ranking of concerns and how it has evolved.

What are local councils most worried about? The three main concerns of city councils of municipalities >10,000 inhabitants in the Province of Barcelona



Conclusions

• Indicator 1: “Rental effort”

- **Advantages:** The rule of thumb of 30% is a well-known and consolidated reference for affordability. It is easy to calculate and allows for comparisons between municipalities
- **Disadvantages:** It assumes that the population remains static in its municipality. It does not distinguish the incomes of households that live in rented houses from those that live in owned houses. The 30% cut-off is relatively arbitrary. It does not differentiate between higher income households who choose to spend large proportions of their income and low-income households who although paying low rents cannot afford the expenses of other basic needs; It does not acknowledge differences in household size or composition. It doesn't account for other expenses.

• Indicator 2: “Subjective concerns about affordability”

- **Advantages:** Subjective affordability indicators provide valuable insights into how individuals perceive their housing expenses; It can reveal hidden costs; Incorporates individual circumstances. It can be used to complement other indicators
- **Disadvantages:** Subjective affordability indicators are prone to biases and individual perceptions; It is difficult to compare across individuals and households

Barcelona Metropolitan Housing Observatory

www.ohb.cat

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Barcelona Metropolitan Housing Observatory

Institutional framework: Barcelona City Council, the Metropolitan Area of Barcelona (AMB), the Barcelona Provincial Council and the Government of Catalonia

Location: Barcelona, Spain

Years active: 2017- ongoing

The main goal of the Observatory is to contribute to develop more effective and efficient housing policies in the metropolitan area of Barcelona through examination and evaluation of housing needs and housing policies implemented.

We elaborate in-depth analysis of housing databases and housing-related studies and centralize all available data filling existing housing-data gaps.

Some of our current projects are the study of the supply and demand for rental housing, the research on home ownership structure and concentration and the investigation on strategies for residential buildings energetic retrofitting

O-HB
**Observatori
Metropolità
de l'Habitatge
de Barcelona**

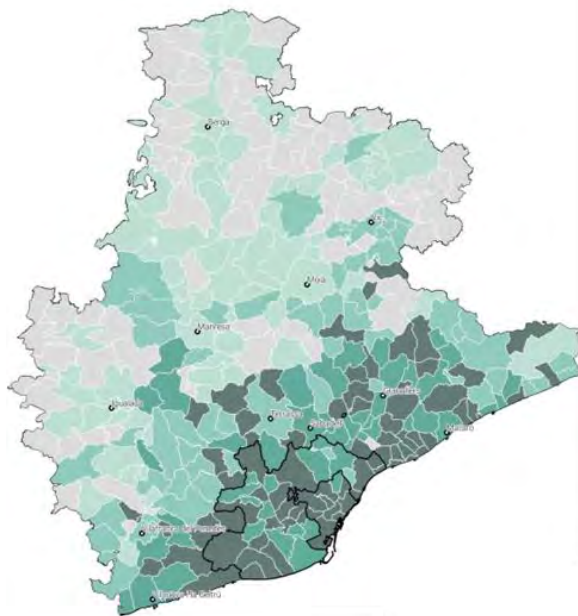
Rental housing cost burden by income group

The "Rental housing cost burden" indicator is computed by dividing the mean rental cost of a dwelling by the average gross income of residents within each municipality.

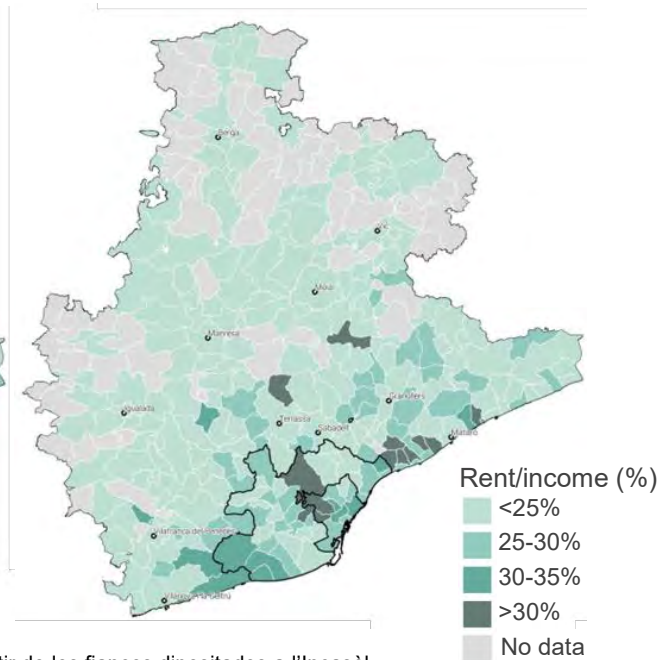
This metric offers insights into the financial strains experienced by various income groups in the rental housing market.

A percentage exceeding 30% signifies an increased burden on households, potentially indicating issues with housing affordability.

Rental housing cost burden by income group (annual household income below 25,000 euros). Municipalities of Barcelona province, 2021.



Rental housing cost burden by income group (annual household income below 35,000 euros). Municipalities of Barcelona province, 2021.



Source: Secretaria d'Habitatge i Inclusió social, a partir de les dades dipositades a l'Incasòl.

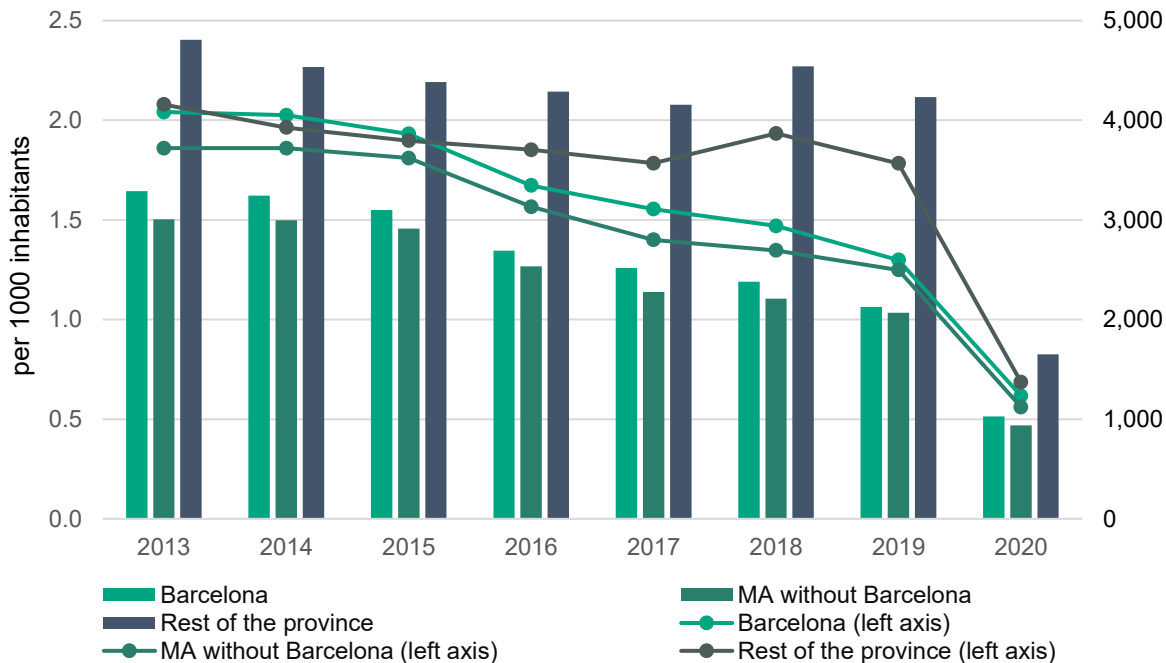
Executed evictions per 1.000 inhabitants

The eviction indicator primarily examines instances of involuntary displacement from residences.

During the period 2013-2021, 71% of the evictions in the Barcelona province were due to rent non-payment, while 22% were due to mortgage foreclosures.

This metric is computed for three geographic regions by aggregating the eviction counts within their respective judicial districts and dividing the sum by the population of each area, serving as a standardization approach.

Evictions executed by First Instance Courts. Barcelona, Barcelona metropolitan area (without Barcelona), and rest of province, 2013-2020



Source: Consejo General del Poder Judicial, *Efectos de la crisis en los órganos judiciales*

Conclusions

- **Indicator 1: “Rental housing cost burden by income group”**
 - **Advantages:** enables territorial analysis at the municipal level, the cost of housing is based on deposits which is a reliable source, allows studying temporal evolution, it is an easy-to-build statistical indicator
 - **Disadvantages:** it is an estimate that involves a significant simplification since real household incomes are unknown
- **Indicator 2: “Executed evictions per 1.000 inhabitants”**
 - **Advantages:** It is not an estimate since it is based on official data, it enables a territorialized analysis of the data
 - **Disadvantages:** it excludes non-judicial situations, the judicial areas do not match the municipal distribution