

Royal Decree 106/2018 of 9 March Regulating the State Housing Plan 2018-2021

On Friday 9 March 2018, the Spanish cabinet approved the new State Housing Plan 2018-2021 by Royal Decree 106/2018.

As set forth in the aforementioned Royal Decree, its main goals are the following:

1. Continue to adapt the aid system to current social needs and limit the available resources by means of prioritising two main pillars: encouraging renting and fostering urban and rural restoration, regeneration and renewal, especially attending to those evicted or ousted from their normal place of residence and to universal accessibility aid
2. Help first-home mortgage debtors who have acquired partly government-financed private housing meet their mortgage payments
3. Boost inter-administration cooperation and coordination, as well as foster co-responsibility in financing and management
4. Improve building quality, particularly in terms of maintenance, energy efficiency, universal accessibility and environmental sustainability
5. Increase the number of houses up for rent or under the assignment for use scheme, both private and public, at a set rent or assignment price with a minimum term of 25 years
6. Provide young people with access to decent and adequate rented housing
7. Avoid the depopulation of small municipalities (municipalities with under 5,000 inhabitants) by helping young people purchase or restore houses in these places
8. Facilitate senior citizens with access to decent and adequate rented homes, or assign use of the same at a limited rent or price, through residential developments with common, adapted facilities and services
9. Facilitate disabled persons with access to decent and adequate rented homes, or assign use of the same at a limited rent or price, through residential developments with common, adapted facilities and services
10. Maintain the upturn in real estate activity by promoting housing for rent and supporting house and building restoration and rural and urban regeneration, as well as fostering the availability of housing for rent, either new developments or recently restored buildings, and helping young people purchase and restore housing in municipalities with less than 5,000 inhabitants

In accordance with the Royal Decree, the aforementioned goals are to be achieved by means of state aid for both the renting and buying of houses.

To be eligible for this rent or purchase aid, beneficiaries must earn an annual income below €22,558.77, i.e. three times the Spanish Public Income Multiplier Effect Index (IPREM), by "family unit" or "cohabitation unit", and applicants cannot be the owners of another house. In the case of over 65s, applicants cannot have assets of or over €100,000. In addition, those who have been evicted previously may not have another house available to them.

Once these requirements are met, young people from 18 to 35 years of age are eligible for aid of up to 50% of the rent, as long as the monthly rent does not exceed €600, or €900 in justified cases, and the beneficiary is not the owner of another house in Spain. Moreover, the government will also subsidise the rent of over 65s by up to 50% if they meet the aforementioned requirements and as long as they do not have assets of or over €100,000.

Those aged 35-65 will be eligible for government aid if they have income below three times the IPREM, except in the cases of large families or those with a disabled family member. In these cases, the government will subsidise up to 40% of the rent.

In addition, under the State Housing Plan 2018-2021, the government will provide aid to individuals who have been evicted from their homes. In these cases, the national government will subsidise up to 80%, and regional governments up to 20%, of the rent if it does not exceed €400 a month. These individuals can access available, unoccupied houses that are in the hands of the Company for the Management of Assets proceeding from Restructuring of the Banking System (SAREB) or other financial entities to live in them at a rent of no more than €400 a month.

Furthermore, the government has offered to help under 35s purchase homes located in municipalities with less than 5,000 inhabitants through the State Housing Plan. This aid will consist of 20% of the purchase price up to a maximum of €10,800, as long as the beneficiaries have an income of less than €22,558.77 a year and the house price does not exceed €100,000.

This State Housing Plan is set to cost €1.443 billion according to figures provided by the Spanish Ministry of Public Works: €350 million in 2018, €357 million in 2019, €364 million in 2020 and €372 million in 2021.