“The Renta Básica de Emancipación (Basic Emancipation Allowance). A new but not long-standing initiative of rental housing policy for young-adults in Spain”

ABSTRACT: In Spain young people start living away from their parental home in average when they are 30 years old, one of the highest features in Europe. Most of the time, this delay depends on accessibility of housing market and on the scarce availability of social or renting housing, compared to the situation of their peers in the rest of Europe. In 2007 the Spanish Government implemented the so called Renta Básica de Emancipación (Basic Emancipation Allowance - RBE) in order to invert this tendency: this policy aims to the improvement of public housing rent and to a concrete aid for young-adults in moving out their parents’ home and make the rental expenditure more affordable for them. This public benefit formally disappeared few months ago (end of 2011) due to the public retrenchments related to the current financial crisis. Until now very little has been written about the original political intensions of this measure and about how it has been working during these last years. In this paper, we present a comprehensive investigation about RBE and about its attempt to support Spanish young-adults and to improve a change in their patterns of emancipation. The affordability of their projects of residential independence and personal autonomy has inspired this social policy and it still constitutes an important challenge for the society and for the Spanish government in this period of structural instability that is especially hitting the youth.

KEYWORDS: Transition to Adulthood; Leaving Home; Housing Market; Financial Crisis; Familistic Welfare State.
Introduction

Over the last decade research on independent living for young people has expanded in Europe, both as a key event in family formation and as an integral part of young people’s transitions to adulthood and independence. Spanish young-adults (20-29 years old) remain in the parental home longer than their European counterparts. Scholars documenting the experiences of residential transitions for youth in Spain have focused attention on identifying the reason for this late leave, the possible ways of preventing this delay and how new patterns of transition to adulthood can be concretely reinforced. The main outcomes describe this late leave as a rational decision based on three main socio-economic factors: 1) the characteristics of the Spanish youth labor market, specifically high rates of youth unemployment and a lack of secure job opportunities; 2) the shortage of affordable housing and limited availability of rental housing; 3) the lack of social assistance for young people, with a strong reliance on the family as the most important provider of welfare for young people (which is a traditional aspect of the Southern European welfare regime). These last patterns make young people more dependent on family support and more likely to keep living with their parents. Within this framework, housing policy favoring young-people’s early emancipation from home may provide an adequate supply of homes for rent through the private or the public sector as well as financial help for people who are not able to afford the rent by their own.

In 2007, the Socialist Government designed a law to help economically young people in the housing market. With this measure (Renta Básica de Emancipación, the Basic Emancipation Allowance, RBE) part of the rent was paid by the state, depending on the average price of the rental housing market in every Autonomous Community and on the gross annual salary of the young beneficiaries. The main aim of this act was to promote a suitable match between offer and demand in the housing market for private landlords and young tenants. This in turn would improve rental housing initiatives and create alternatives to home-ownership for young people who were pursuing an independent way to live. This policy was absolutely new for a country like Spain where home ownership has always represented the main preference of its young population for raising a family. We consider that through this initiative a new framework for residential transition and emancipation into adulthood has been institutionally encouraged: renting can be considered as a convenient and affordable opportunity for the first independent living experience of Spanish young-adults.

The main aims of this paper are: 1) to distinguish the characteristics of recent trends towards older ages of independent living for the youth. The study provides a statistical description of leaving home patterns of young-adults in Spain and in the rest of Europe, with a
comparison of this same trend before 2008 and now, during the current financial crisis; 2) to analyze how the RBE has been set out by the Spanish Central Government and how it is actually implemented; 3) to understand how this policy influenced the independent living of young-adults in these last years of economic instability and despite of its recent withdrawal due to the social spending cut aimed to the reduction of public deficit.

1. Patterns of residential transitions among Spanish young-adults

To live independently is considered to be an integral part of young-adult’s autonomy (Holdsworth, 2000). Since the beginning of the 1990s, European youth have found it common to move from their parental home into their first home as a married couple in order to reach emancipation. As different life-styles and non-conventional homes become more prevalent (i.e. single family homes, single parents, non-married couples) so do the ways in which young-adults today reach residential independence (Jones, 2000; Furlong et al., 2006).

During the last thirty years, the age at which young Europeans leave the parental home has been rising. The differences are most dramatic for those in their mid-twenties, but even at older ages (30-34) the percentage living independently has declined and Southern Europe has seen a pronounced delay in home-leaving (Bendit, 2006; Billari and Liefbroer, 2010). In Spain and in Italy young people still use to move directly from being single, childless, and living with their parents to living with a spouse and soon thereafter with children in a private home (Baizán et al., 2003).

These preferences are linked to a familialistic culture and to the institutional configuration of the Welfare State in southern European societies (Holdsworth, 2005). Diverse and extended intermediate stages of transition to adulthood, such as early residential housing, living alone or cohabiting, are prevalent in the rest of Europe (Van de Velde, 2005). It is for this reason that two opposing models exist for emancipation among European youth (Iacovou y Berthoud, 2001).

These differences are strongly defined by structural factors as well. Many existing studies on the living arrangements of youth focus on economic variables that influence patterns of emancipation. European countries have varying labour and housing markets and social policy provisions which may be a possible explanation for the different choices young-adults make to

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1 Generally, southern Europeans are also less likely than their northern counterparts to return home once they have left (Holdsworth and Solda, 2002)
stay at home with their parents or move out (Walther, 2006). In countries where young-adults tend to leave home at an early age (Nordic countries, United Kingdom, France and the Netherlands) they usually do so in order to live a “transitional” or “intermediary” (Jurado, 2003) residential experience, sharing housing with a non-relative or a romantic partner, living in a university residence or simply living on one’s own. These options are typically done by renting. On the other hand, in countries where youth emancipate from their families at a later age, they remain in their parent’s home during their studies and even though they may work and have the financial capabilities to live on their own, they prefer to move directly into their own purchased home with a stable partner or spouse.

In this context, housing market conditions affect leaving-home strategies and decisions. For young-adults, access to an independent residence is linked to one’s economic means, the price of homes, the rental market price and available public housing (Miret, 2005). These factors strongly determine the type of homes and options young-adults have at their disposal. Between 1997 and 2007, the prices of housing shot up at a rate faster than that of salaries. According to Eurostat data (2009), the salaries had increased 1.4% in this period (not including inflation), mostly due to the decrease in productivity and to an increase in flexible contracts in labour market. On the other hand, housing has gone up in value by 120% between 1999 and 2006. This feature explains why in 1977 more than 40% of the population was able to emancipate before the age of 30 while in 2001 only 35.1% was able to do so (CES, 2002).

Just before the current crisis, Spain went through a cycle of economic expansion and in 2007 it was recorded to have the lowest unemployment rate in the last thirty years (8.3%). In this same year, the percentage of emancipated young-adults was 44.9%, even though there was an elevated number of seasonal or temporary jobs (42%) for this group of individuals (CJE, 2008). From 2007 on, we begin to see a de-escalation of the number of emancipated youth on a national level. The percentage of young-adults that live outside of their families’ home increased by only 2.8%, when it was previously increasing at a rate of 5% per year. The population under the age of 30 was the first to experience the sudden economic halt. The Survey of the Labour Force (Encuesta de Población Activa) of the National Bureau of Statistics shows that in the second trimester of 2007 there were 57,800 more people employed, but there were 302,100 less among young people (16-29 years old).

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2 From an individual point of view, young people remaining in the family home longer may be interpreted in different ways: on the one hand, it may be the result of a path that favours young people’s dependence on the family as a form of identity, belonging and affective reciprocity (Requena, 2006); on the other hand, it can be interpreted as a voluntary and pragmatic strategy chosen by young people to improve their educational level and to cope with the structural insecurity of the labour market and economic system (López Blasco, 2007).
The economic struggle has been the main hurdle, along with employment, that young-adults have had to overcome in order to leave their parent’s home. According to the Housing Observatory of the National Council of Public Notaries, the value of homes in Spain shot up between 2000 and 2005 at a rate of 220%. This means that the value of the homes doubled at the beginning of the housing spiral at the end of 1997, mainly in those cities that had wider dimensions and provincial capitals. Difficulty accessing to the housing market had become urgent since the beginning of 2000: if in 1998 a young-adult needed 32% of their income in order to acquire a home, by 2007 that amount went up to an average of 80% (Miret, 2005; CJE, 2008). This is way over the 30% to 35% that financial institutions consider as probable financial risk that a family should take on. In some parts of the country, the sacrifice is even greater. For example, a young-adult in Madrid would need 101% of their income, which renders them unable to buy a home, while in Catalonia, his/her peer would need 91.7%. Although financial entities created fiscal promotions aimed specifically at young-adults during the housing boom, such as mortgages that were easily accessible, paid over 50 years and made to order, it did not relieve these difficulties. People who were entering the market for the first time were more affected by the increase of housing prices that reached very high rates by 2008. Under these conditions, the price of housing was a disincentive for creating a new family home. In these cases it was and still is today a common practice in Spain that parents take on the financial responsibilities of their children whether to pay for their rent or for their mortgage (Flaquer, 2004; Kohli et al., 2007).

Renting has particularly helped young-adults who are living together in a relationship, but has not done the same for those who live alone. Another option for leaving home is sharing a flat with roommates. This is no longer an option just for students as the Spanish online housing webpage Idealist.com indicates that the average age of people sharing a home is 27. Someone sharing a home or paying for just one room may pay on average EUR 375 in Madrid or Barcelona, while the price of the entire home may be between EUR 700 and 900. Neither of these prices includes the bills.

Even under these circumstances, buying a home is more profitable when one is trying to maximize their financial profits. In 2005, Spanish youth who were renting paid an average of EUR 451 per month, while their peers were paying a mortgage of EUR 436 per month (CJE, 2008). This data shows that under certain logic of cost and opportunity, it is more advisable to purchase a home than to rent. The financial strain is similar for both options, but the first is more

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3. According to the Ministry of Housing, in 2007, the average price of a new home reached EUR 2,989 per square meter in Madrid and EUR 2,685 in Barcelona.

4. Traditionally, families from Southern European countries have high savings rates coupled with a cultural propensity to invest their patrimony in housing. Nevertheless, these features should be kept in perspective because until the 1970s homeownership levels in Spain and Italy were at the OECD average (Castles and Ferrera, 1996).
profitable due to the fact that it is a secure way of making a private investment and cost-effective on a long term basis.

The insistency in purchasing a home manifests a strategy of protecting one’s family in the absence of universal benefits and reduction of state offered services (Jurado, 2001; Flaquer, 2004). In this way, the Spanish housing pool calls upon one’s common sense desire for home ownership over renting because people are looking for security more than mobility, especially in times of employment instability and risk of social exclusion (Gil Calvo, 2005).

A home converts into a value on its own, generally associated with the community in which one resides or the proximity to one’s family. It is material, social and symbolic wealth with interesting generational ironies. On one hand, adults and elders benefit more from their home than their children or grandchildren. On the other hand, this balance changes once the latter mentioned inherits the home from the first, as has always been done in Southern Europe due to a strong model of familialistic social system (Naldini, 2003; Moreno Mínguez and Gentile, 2011) and to a quite residual Welfare State in the provision of social protection (Moreno, 2006). So, it can be stated that the housing market represents a place where generational transfer of goods, in this case housing, perpetuates the differences among individual’s access or limitations to material wealth or larger resources attained or inherited by each family. Thus, the evolution of housing market has caused a structural break down in the access to housing, affecting those who do not have the financial well-being to purchase a home with their own resources (Leal, 2004).

These social dynamics have been significantly influenced and reproduced by politics that have structured a market around owning one’s own home as a preferable option for young-adults at the time of leaving home. The institutional approach reinforces cultural premises of Spanish families who see buying a home as the best solution for defining and establishing biographical projects for youth (Baizán, 2001; Jurado, 2003). For this reason, social policies favour the buying and selling of a home as a higher, and of course better, available solution for becoming an adult (Comas, 2007). The public as well as the private offer to rent remain a proportionally marginal option in the housing market, causing a lack of more transitory alternatives for youth even though it is more accessible for their labour situation and for their pockets (Iacovou, 2010).

2. A brief review of housing policy in Spain

The various models of home ownership, the importance given to rental housing and the size and scope of public housing are all key factors explaining why young-adults throughout Europe leave home at different ages. When housing policy offers young-adults a space to develop
their autonomy, it also favourably contributes to the youths’ ability to exercise their civic rights that they are entitled to as adults (Walther, 2006; Paton i Casas, 2007).

Spain has legal provisions in place that protect every citizen’s right to adequate housing. This right is enshrined in the Article 47 of the Spanish Constitution of 1978. Since the democratic transition after Franco’s dictatorship, important legislative advances in housing market have been reached. However, housing policy has still been unable to fulfill the provisions of this constitutional mandate, as seen by the speculative tendencies and the problems of accessibility and affordability.

In comparison with other European countries, Spanish policies for the provision of housing -both private market housing and social or subsidized housing- have been shaped more by a desire to stimulate economic activity than by social policy per se (Pareja-Eastway and San Martin, 2002). The free market has favoured real estate in the last two decades through the construction of homes and by lowering the types of mortgage interest rates that exist, but it has not been able to stop the exponential increase of housing costs (Hoekstra et al., 2010).

Spanish policy makers have made home ownership a priority as a guarantee against cyclical economic instability (Ronald, 2008), diverting the responsibility of acquiring a home from that of the state to the citizens. However, the state has given an insufficient boost to the construction of new subsidized housing (Vivienda de Protección Oficial, Officially Protected Housing, VPO, offered by public agencies or cooperatives) and it has not offered adequate guidance about renting unoccupied homes to the owners nor have they stopped rising rental costs (Patón i Casas, 2007).

This situation has configured a housing market particularly different than that of surrounding countries. According to the European Social Housing Observatory, in 2003 Spain held the highest percentage of homes owned in the Euro-zone with 86% ownership. Rental housing made up only 2% of the housing pool and only 7% of private renting. In France they had similar percentages of 17% and 21%. In Germany, public housing for lease was 6% and 51% were privately owned. In the United Kindom they had 20% and 10%, while in Italy they reached 6% and 16%. In 2006, the average percent of social housing in the entire housing pool of the main European countries was 18%, while in Spain it barely made over 1%. Housing service provisions, which in Spain are mainly dealt with in the private sector and usually under ownership regimes, make access to housing more difficult for those most vulnerable social collectives, such as low-income young people and young couples, unemployed, immigrants, elderly and single-parented households (Inurrieta, 2007).

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5 The consequent speculative effects were not only brought on by real estate investments but also by many families who wanted to get the maximum benefit increase from inherited land/homes (Hoekstra et al., 2010).
There still exists a distinction between the housing options of Spanish youth and those of their European peers. In 2007, almost 30% of Spaniards between the age of 18 and 34 found themselves renting in the private sector, compared to 70% of French and German of the same age. Likewise, young-adults who rent from the public sector constitute an insignificant proportion compared to their Danish, French and Dutch counterparts.

Spain’s housing market depends on the state aided actions of the Central Government and the responsible regional and local politicians. The National Government is in charge of coordinating housing as an economic sector; the Autonomous Communities, depending on the powers granted to them in their respective statutes of autonomy, are authorized to modify and complement the central state’s housing policies with the help of their own resources. They are responsible for establishing regional housing and land-use regulations, developing and managing their subsidized owner-occupied and rental housing stock, granting and controlling subsidized housing investments and renting or VPO provision. This system is based on agreements signed by the Central Government, regional and municipal administrations and credit agencies (savings banks and mortgage societies). The state, regional governments, municipalities, public companies, mixed public-private companies, associations, private individuals, cooperatives, not-for profit organizations, and commercial enterprises are all entitled to build subsidized housing and houses for public or private rent, provided that they fulfill the criteria established by law. In addition to that, public providers in 2008 made around 200,000 social rental dwellings available.

The two recent State Housing Plans (2005-2008 and 2009-2012) have targeted a wide housing market, establishing a variety of financial aid schemes depending on the income level of the beneficiaries. Due to the fact that some middle class households could not access adequate housing anymore, the first Housing Plan has broadened its spectrum so as to include people whose income is up to 6.5 times the minimum salary. They can now access “agreed price housing”, which consists of VPO dwellings sold to people with a higher income and at a higher price, compared to the traditional VPO sector.

One of the main short term strategies of the Spanish Government is to supply the critical conditions set by formal credit providers. In this way, many of the fiscal policies introduced in 2010 as IRPF (Impuesto sobre la Renta de las Personas Físicas) deductions tried to improve the renting market for families based on their income. For the home owners market, the second Government presided by José Luis Rodríguez Zapatero planned the elimination of IRPF deduction for the housing purchasers beginning in 2011, except for people with an annual gross salary lower than EUR 24,000.
The Government also subsidized social housing and second hand purchasers with EUR 100 per year for every loan of EUR 10,000 during a ten years period, but only if it is their first home and if their annual income is less than EUR 32,500. At the same time, Regional Governments to different extents have started integrating national housing plans with subsidies from their own budgets. Housing development has been generally encouraged through fiscal incentives, mainly through tax exemptions for home buyers. Fiscal policy, which used to be indiscriminate and only for favoured people with higher incomes, has been modified over time: currently only a partial exemption of income tax is allowed and only if the home is used as a permanent residence. However, this last legislation might prove ineffective as long as speculation continues to drive urban policies and planning and as long as public policy does not address the consequences of a totally unregulated market and all the current negative externalities of the “real estate bubble”.

The 2005-2008 State Housing Plan established a minimum qualification period of 30 years for VPO. The Autonomous Communities can make changes at their discretion and are free to determine the qualification period for medium-cost housing. If an owner of a subsidized owner-occupancy home wants to sell (second-time or subsequent sale), it should be sold to potential buyers who are listed in a register that has been set up by autonomous regions in order to prevent fraud. Presently, homes are bound to a maximum sales price determined by each regional government and are capped by the central government at twice the initial sales price (adjusted in line with the Consumer Price Index). Another collateral effect of the current crisis for Autonomous Communities and, mostly, for Municipalities, was the increasing weakness of their financial availability, traditionally linked to housing speculation, building licenses and land sale: in 2008 Spanish regional and local cashiers lost EUR 16,000 million due to the real estate slowdown.

To balance out housing offers for rent and for sale, a preferential fiscal regime has been established for those companies belonging to the construction and management sectors of housing for rent. However, due to the paradoxical characteristics of the Spanish housing market, every strategy aimed to make housing more accessible to the society was met with difficulty. For example, just before the beginning of the crisis, Spanish public authorities knew very little about the potential users of VPO and rental housing. Institutions had already targeted specific social collectives (such as students, the unemployed and immigrants) as preferential recipients of these housing regimes (Rodríguez, 2009). Nevertheless, in 2007 statistical data about available rental housing was still fragmented and incomplete⁶. Furthermore, in order to improve the rental

⁶ As Inurrieta states in his study (2007) the real data on rental housing is very less precise due to the fact that the majority of the offers come from private home-owners and are not registered. The available data in 2007 come from the Housing Census completed by the INE in 2001 the Rental Demand Survey by the Ministry of Development in 2003.
housing it would have been very important to make available the 21% of buildings and flats that in 2006 were still empty and without any residential destination: most of these house had been built between 1900 and 1960 (52%) or were not kept up by their owners (18%) (Inurrieta, 2007). In this complex framework, the Emancipation Allowance has been planned and implemented, with an ambivalent acceptance on behalf of the Spanish society, specifically by the recipients, i.e. the young-adults who are making their transition to adulthood.

3. The Emancipation Allowance initiative: characteristics and challenges

In the 2005-2008 State Housing Plan the Spanish Government outlines youth emancipation as a social problem in the political agenda that should dealt with as a priority through the direct involvement of public institutions. According to this proposal, in September 2007 the Council of Ministers approved the Plan for the improvement of youth emancipation and rental housing, with two specific aims:

- Make access to rental housing easier for young-adults in order to permit their emancipation and shorten the distance that separates these youth from their European peers;
- Energize the rental market, which in Spain represents a small percentage of available housing compared to the rest of Europe.

The RBE was elaborated by the Ministry of Housing and the Treasury Department with the idea of pursuing these previously mentioned goals. It was regulated by the Royal Decree 1427/2007 (with further modifications introduced by the Royal Decrees 366/2009 and 1260/2010) and it came into effect 1st January 2008, with bilateral signature agreements between central and regional governments. The RBE consisted of combined state financial aid for young-adults who had trouble paying their rent and met the following pre-requisites: 1) were between the age of 22 and 30; 2) were the titled holder of the rental home where they were listed as living regularly or permanently (the quantity of the benefit was divided by the number of residents on the rental contract. Each tenant could request the RBE); 3) had a consistent income of less than EUR 22,000 year⁷; 4) were employed or self-employed worker, were studying or were recipients of unemployment benefits or disability payments and could of proven that they had a work history of at least six months from the time of applying, 5) be a Spanish citizen, a member of the

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⁷ By the end of 2007 in Spain, around eight out of ten young employees were in this situation.

and the Housing Tenure Survey by the Ministry of Housing of 2006: according to these sources, available rental housing in Spain was respectively 1.6 million, 1.104 million and 1.791 million.
European Union or a legal resident in Spain, 6) be up to date on paying the rent, and 7) complied with tax and Social Security obligations.

The beneficiaries received EUR 210 a month starting from the month following their request up to 48 months, consecutive or not, for a total of EUR 10,080. Additionally, they could have received a loan of EUR 600, without interest, and a six month ban guarantee of EUR 120. The financial aid was administered by the Autonomous Communities. They received the requests, evaluated and processed their approved requests to the Ministry of Housing who then authorized the collaborating financial institutions to supply the money to the beneficiaries. There were no time limits for presenting the requests, the young-adults could do so whenever it was convenient for them, nor were there limits to how much aid could be given overall, proving to be open to as many requests as possible. The recipients should declare the amount of RBE received in the annual taxes and could benefit from a 10.05% deduction in their IRPF state premium (up to a maximum of EUR. 9,015).

The RBE was a novel institutional initiative that met the needs of young-adults who wanted to emancipate by offering an adequate rental pool that included subsidized housing and motivated home owners to rehabilitate their old homes in order to make them available for renting. Many authors have found that higher rents cause fewer young-adults to live outside of the parental home and more of them to live together sharing the cost of rent. RBE tried to create a practical, suitable and economically sustainable choice to rent versus homeownership as an independent living option. According to calculations made by the Ministry of Development in 2010, in order for young-adults to live independently, they needed to use 42.1% (45.2% for women and 38.6% for men) of their salaries for renting payment, while those who received the RBE only needed to use 25.2% (27.3% for women and 22.8% for men).

After the fourth year of the RBE, 490,991 young-adults had requested the financial aid, with a large annual increase on the number of requests, especially during the first year. Of the total number of requests, the Autonomous Communities had informed the Ministry of Development of the approval of 373,337 (76% of the total). By 30th June 2011, 301,254 young-

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8 Rent contracts among close family members were not accepted. The recipient could not be a home owner.
9 This loan had to be paid back once the deposit no longer was needed or when the prerequisites were no longer met.
10 Women requested the aid more than men did and they also received the aid in the same proportion to men with which they requested it. There were 170,726 female recipients, which made up 56.7% of the total, while men made up the other 43.3% with 130,528 recipients. Las mujeres son las que más demandan y, en la misma proporción, las que más cobran la RBE de tal forma que 170,726 la han percibido, un 56.7% del total, por 130,528 hombres, un 43.3%.
11 The Ministry of Housing, created by Zapatero during his first presidential term in 2004, was integrated into the new Ministry of Development by the same Socialist President in 2010 in order to save public resources through a better rationalization of institutional competencies regarding national economic development as a whole. Since then, this new Ministry was in charge of the implementation and monitoring of RBE.
adults (i.e. 80.7% of applicants who received a positive resolution) began to receive the RBE, while 58,416 applicants (11.9% of the total requests) had been informed of an administrative problem that needed to be rectified in order to receive the aid (Table 1). The largest number of recipients were located in Catalonia (56,098, with an increase of 12% between 2010 and 2011) and in Madrid (50,665, with an increase of 13.2%), the Autonomous Communities where the rent was highest in the country.

Table 1: Emancipation allowance. Number of recipients, 2008-2011

<table>
<thead>
<tr>
<th>Year</th>
<th>Men</th>
<th>Women</th>
<th>Total</th>
<th>Annual variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>27,919</td>
<td>35,247</td>
<td>63,166</td>
<td>--</td>
</tr>
<tr>
<td>2009</td>
<td>73,338</td>
<td>94,134</td>
<td>167,472</td>
<td>+165%</td>
</tr>
<tr>
<td>2010</td>
<td>115,983</td>
<td>150,968</td>
<td>266,951</td>
<td>+59%</td>
</tr>
<tr>
<td>2011</td>
<td>130,528</td>
<td>170,776</td>
<td>301,254</td>
<td>+13%</td>
</tr>
</tbody>
</table>

Note: the data for the year 2011 corresponds to payments ordered until the 30th of June. Source: Youth Observatory on Housing, Spanish Youth Council 2011.

The RBE provided a strong boost to the private and subsidized rental market, raising the security and confidence of owners to rent their homes and it encouraged business initiatives in the housing construction sector. In January 2008, the 2005-2008 Housing Plan was reformed, offering a subsidy of 6,000 Euros to home owners who were willing to rent their empty homes. It is important to note that they also eliminated conditions that required a rental home to be of a certain size and raised the amount to which a place could be rented. They also allowed those who received the subsidy to also benefit from a tax exemption of 50% or up to 100% if the tenants were less than 35 years of age. Every home owner had an insurance policy for possible damages to the rental home or if the tenants did not make their monthly payments. For those that had their renovated home rented for more than one year, financial assistance was broadened. Plus, the Central Government promoted subsidized rent with an option to buy and made home remodeling and renovation for the purpose of rent a priority. These newly renovated homes were able to receive a 4% tax exemption if they were rented at a low stipulated price for 25 years. The government also encouraged the expansion of the subsidized housing pool, for sale or rent, by making public land more available for this goal.

This articulated policy was a concrete assistance for young-adults and represented an institutional risk to make a paradigm change of their positioning with the national housing market and of their own emancipation strategies. With the RBE, it was clear that rent, by its own intrinsic nature, was

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12 Since November 2007, a new service called Alquiler Seguro (“Safety Rent”) was put in place in order to offer the utmost security to the rental market by offering multi-risk insurance policies for outstanding rent with legal assistance.
an option that could be adapted to the emancipation experience as a fragmented and intermittent process in the life of young-adults. Plus, it promoted rent for young-adults with medium-low wages, while understanding that renting adapts to the flexibility of someone entering the workforce for the first time, who is experimenting with labour mobility and is establishing their professional situation.

The change in rent prices, in respect to the purchasing of a home, and the possibility of residing somewhere that did not require long term commitments was a typical “intermediate” or “transitory” stage of an “emancipatory career” (Jurado, 2003) of people in their twenties. It could also have been a long term option or a way to have begun a family as many other central and Nordic European countries. For this reason, renting combined a practical living arrangement with logistical opportunities by supporting current itineraries for young-adult emancipation. During the last three decades of democracy in Spain, this was the first time that the states offered a social policy inviting young-adults to look toward rent as a way of emancipating.

4. Critical aspects of RBE and its decline in the current financial crisis

Since 2008, and compared to the previous years that the RBE was put in place, a growing number of young-adults faced with the impossibility of buying a home or requesting financial aid in order to maintain their independent living arrangements have chosen to rent. The RBE has also significantly encouraged home owners to rent out their homes instead of selling them while the over-all prices of the housing market fall.

The administration of the RBE was a complex system for all who took part. On one side there were the two administrations, the state and the Autonomous Communities, and on the other side there were home-owners, landlords and financial institutions. In 2010, a new automated method was introduced to improve the administration of the RBE, however the same problems related to meeting approved application deadlines and receiving aid persisted.

From the first year there were departmental problems between the Central Government and the Autonomous Communities. According to the Spanish Constitution, the State had the responsibility of the RBE as it was part of the national planning of fiscal activity; however, the regions demanded as much discretion as possible for the budgets and prerequisites of the aid. Moreover, there were many territorial differences in available money for this policy since not all Autonomous Communities could afford this expenditure in times of crisis.\(^\text{13}\)

\(^{13}\) This issue was related to the generalized decline in government’s fiscal revenues: at the time, the funding of public social services was facing several challenges. In housing policy, the distribution of tasks between the central, regional and local government was not matched with a similar degree of fiscal autonomy. This created tensions between the detection social service needs (regional/local) and the funding of these provisions.
In the big metropolitan cities, some of the beneficiaries of the RBE stated that the home owners took advantage of knowing that the tenants received financial aid and raised their rent prices which were not reflected in the contracts and this was causing inflationary effects in the overall price of rent. It is unknown how many people committed this speculative misuse on a national level, but some young-adult beneficiaries did make official complaints to Ombudsman.

The claims received by Ombudsman in relation to the RBE had been 385 in 2008, 628 in 2009, 532 in 2010 and 490 in 2011: the main complaint being the delays in processing their requests and in receiving the aid once requests were approved\(^\text{14}\). All of these problems created an ambivalent opinion about the RBE on behalf of Spanish citizens, particularly the youth, as reflected in the national surveys completed by the Centre for Sociological Research (Centro de Investigaciones Sociológicas) (Table 2).

Table 2: Evaluation of the Emancipation Allowance as a public service (%)

<table>
<thead>
<tr>
<th>Age cohort of respondents</th>
<th>Very/quite satisfied</th>
<th>Little/not satisfied</th>
<th>Don’t use this service</th>
<th>Don’t know about this service</th>
<th>Did Not answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-24</td>
<td>26,8</td>
<td>47,7</td>
<td>5,4</td>
<td>9,4</td>
<td>10,7</td>
</tr>
<tr>
<td>25-34</td>
<td>21,8</td>
<td>46,4</td>
<td>7,6</td>
<td>9,8</td>
<td>14,4</td>
</tr>
<tr>
<td>35-44</td>
<td>23,8</td>
<td>40,0</td>
<td>8,3</td>
<td>10,8</td>
<td>17,1</td>
</tr>
<tr>
<td>45-54</td>
<td>19,8</td>
<td>42,9</td>
<td>7,4</td>
<td>11,5</td>
<td>18,4</td>
</tr>
<tr>
<td>55-64</td>
<td>19,6</td>
<td>39,1</td>
<td>8,7</td>
<td>13,3</td>
<td>19,3</td>
</tr>
<tr>
<td>65 and above</td>
<td>16,3</td>
<td>23,3</td>
<td>12,0</td>
<td>19,5</td>
<td>28,9</td>
</tr>
<tr>
<td>Total</td>
<td>20,6</td>
<td>39,0</td>
<td>8,5</td>
<td>12,4</td>
<td>19,5</td>
</tr>
</tbody>
</table>

Source: Data from survey 2.813 Quality of Public Services, Centre for Sociological Research (2009)

The necessary fixes needed to improve the RBE could not be carried out due to the financial crisis that changed the fundamental structural premises of this social policy. The president of the Popular Party (Partido Popular), voted into office at the end of 2011, presided by Mariano Rajoy, took charge of the country’s current grave economic situation. In order to clean up the State’s finances and reduce public expenditures, drastic measures were taken to cut spending, including the elimination of certain social policies that were being implemented to date. The RBE was not exempt of this spending review process. The first step was to decline the

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\(^{14}\) The RBE should have taken affect a month after the request was approved. If the money was more than three months late, the beneficiaries could have claimed this right and requested cumulative interest for the lapse of time and they would have covered the months already paid for because the approval of the aid was retroactive.
RBE’s renovation for another four years\(^{15}\): it was abolished by the Royal Order in Council 20/2011. The beneficiaries that had the right to this aid would continue to receive it under the established conditions. As an exception, those who requested the RBE before 31\(^{st}\) December 2011 still had the right to receive the aid if they met all the prerequisites found in the original regulations.

There are two objectives of the 2009-2012 State Housing Plan: the freedom to choose the kind of housing tenure and the right to access an adequate home that doesn’t exceed one-third of the family’s expenditures. After the long growth phase experienced from 1997 to mid-2007, the Spanish housing sector started its decline during the first quarter of 2008 (-0.3\%), when the “real estate bubble” exploded\(^{16}\). Since 2008, the average price of each square meter of a home began to fall uninterruptedly, mostly during 2009’s second trimester (-7.7\%) and in the third trimester of 2012 with an 8.3\% drop\(^{17}\). For this reason, the current costs of previously owned homes are around the same price as they were in 2004.

This drop in prices could modify young-adults’ tendencies to purchase a home. However, the banks have exacerbated their ability to give mortgages and in the Spanish homes people are suffering an overall reduction of income, especially among youth, which means an inevitable reduction of buying and investing. Moreover, as a result of the large and recent increase of unemployment, access to the home-owning sector has been significantly reduced. Due to the financial crisis, the situation has been deeply stressed and there is less mortgage affordability for an increasing number of households, especially for low incomes families and for families with unemployed members and dependent people (i.e infants, and elderly but also young-adults).

Access to housing has become more difficult since the government adopted a set of laws reducing the public deficit in July 2012. In regards to housing, there are be no more tax exemptions for buying a new home, taxes have been increased (from 4\% to 10\%), there are no more state subsidized loans and in some big cities, like Madrid, there will be no financial assistance for first-time home buyers under the age of 35. Those who have low-income, especially the youth, will be affected by these policy cuts. The 30\% tax exemption for the RBE (from EUR 210 per month to EUR 147 per month) will also be eliminated and by the end of

\(^{15}\) According to the original regulation of the RBE, four years after it was put into vigor, the Ministry of Housing (later the Ministry of Development) had to send the Council of Ministers a report updating and evaluating the results of the policy, including budgetary needs, modifications and repeals. This means that, since the beginning, no end date was ever established for the aid. The Ministry of Development had budgeted EUR 410 million to cover costs in 2011.

\(^{16}\) Despite some signs of a softer sector adjustment during the summer months, the housing market continues to be affected by major imbalances, especially in terms of quantity because housing construction in Spain already generated a considerable over-supply between 1999 and 2006.

\(^{17}\) This drop took place in all the Autonomous Communities, especially in La Rioja (-11.3\%), in Catalonia and Cantabria (-10.3\%) and in Madrid (-8.9\%).
2011, state subsidies for those who developed or acquired land or promoted subsidized housing and rent will be highly negatively impacted by the lack of demand for these housing regimes.

It is important to note that there has been a small decline in the average price of rent, with a halt at the end of 2007 and a reduction between 2008 and 2009 (-5.5%) and in 2010 (-3.9%), even though they are still high in metropolitan cities such as Barcelona, Madrid and San Sebastian, where the prices have been going up consistently since the beginning of 2008. On the other hand, the RBE cannot take advantage of this drop nor can it reach enough youth who are temporarily working with a monthly gross salary inferior to EUR 1.000 or who are unemployed: the unemployment rate in Spain has gone from 24.7% to 44.5% for youth between the ages of 20 and 24 and from 16.8% to 28.1% for young-adults between the age of 25 and 29. Once again, the situation is not promising for people in their twenties who want to leave home. Living at home with their parents presents a more secure option or at least a more rational one considering the costs and opportunities. At the same time, this is producing the so-called boomerang kids phenomenon: young-adults who can no longer maintain their independence and prefer to return back home with their parents (Gentile, 2010). This reversibility is unprecedented in the typical Spanish emancipation process and is also an indicator of youth tendencies towards misleading trajectories due to the heavy effects of the financial crisis.

6. Conclusive remarks

Living independently remains a crucial landmark on the way to personal autonomy and full-fledged adulthood. Housing policies developed in each national context of emancipation play a key role in the definition of residential options and transitions for young people. During the last decades in Spain, these policies have been residual in the political agenda with respect to the other public expenditures. The RBE was (and has been) a novel example of facilitating youth emancipation through balancing the housing and rental market in this country. The joint stimulus for the supply and demand of rent had been directed towards diversifying the types of housing and consequently, the appropriate financial assistance for the social demands raised by young people, especially for those belonging to low income families.

Instead of limiting youth to the purchase of housing as the only available option, the residential transition of young-adults needs to be facilitated and driven by a more flexible, accessible and diverse environment. A social policy that goes after this objective could truly result in meeting the reality of youth today and be successful in widening this population’s opportunities, offering a variety of alternatives for accomplishing autonomy and independence.
The possibility of finding the right type of housing for emancipation, looking at personal preferences and social-labour conditions, means improving one’s individual empowerment as a basic condition to be chosen freely and sustained throughout one’s biographical trajectory. This is why having an ample choice of social housing or a variety of rental options contributes to young-adults’ ability to choose alternative ways of living, sharing space or organize their familiar arrangement.

The RBE was created in a time when there was still a relative economic boom in Spain and it has played an important redistributive function and one of social cohesion, selecting as its recipients one of the most vulnerable groups of people in the financial crisis that started in 2008. Since its beginning, the RBE’s aim has been very ambitious. It tried to break from the structural path-dependency of homeownership ascribed to the familialist welfare system of the southern European countries and it tried to give youth better conditions in which to choose, pursue and sustain their transitions to adulthood. In this way, it tried to disassociate itself from the idea that youth are considered adults only once they own their own home (often at the price of several year mortgages) and it embraced a different logic based on one’s possibility to decide their own future. The rental housing market was encouraged to promote not only the private interests of landlords, by making it profitable and offering legal protection, but also that of the social demand, sustained by youth in their crucial stage of emancipation. So, the institutional coverage of this social issue, the transition to adulthood, also presents a direct promotion of a sector of the market that could be exploited in an unprecedented way, taking charge, and at the same time, valuing unused real estate. It is important to highlight that although the objectives previously mentioned were not completely achieved, they were the principle social, political, and partly cultural, challenges, of the RBE. The decisions that the current President has taken to face the economical crisis has frustrated the RBE’s intentions. Actually, in 2012, the emancipation rate of Spanish youth has come to a halt, even though the price of housing and of rental housing has gone down. This is due to the frightfully high increase in unemployment among people less than 30 years old, all the while salaries are being stretched to their limits at an accelerated rate due to inflation. Financial transactions from parents to their children have intensified, but serve as a defensive safety net from social insecurity. Currently, leaving the parental home is becoming less convenient and quite risky for Spanish young-adults: due to the labour market and the housing market which has no institutional security or backing.

Thus, we are seeing Spanish young-adults’ rights being restricted, mostly by those who have low-income, by a progressively exacerbated vital uncertainty, by their dependence on their
families, and more generally by the social polarization between who can and who cannot fulfill their emancipation goals.

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